

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

Financial Statements and
Supplementary Information

June 30, 2026

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the business-type activities of the Berkshire Regional Transit Authority, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the Berkshire Regional Transit Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities of the Berkshire Regional Transit Authority, as of June 30, 2026, and the respective changes in financial position and, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Berkshire Regional Transit Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Berkshire Regional Transit Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on page 5 and the Schedules of Changes in Net Pension Liability, Related Ratios, and Pension Contributions on pages 22 and 23, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Berkshire Regional Transit Authority's basic financial statements. The accompanying supplementary information on page 24 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited Berkshire Regional Transit Authority's June 30, 2025 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 18, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2025 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2026 on our consideration of the Berkshire Regional Transit Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Berkshire Regional Transit Authority's internal control over financial reporting and compliance.



ADELSON & COMPANY PC

September 24, 2026

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2026

As management (Administrator) of the Berkshire Regional Transit Authority (the Authority), we offer readers of the Authority's financial statements this discussion and analysis of its financial activities for the fiscal year ended June 30, 2026. This discussion is intended to provide an objective and easily readable analysis of the Authority's financial position and results of operations based on currently known facts, decisions, and conditions, with emphasis on significant changes from the prior year. Questions concerning this report or requests for additional financial information should be addressed to Berkshire Regional Transit Authority, One Columbus Avenue - Suite 201, Pittsfield, Massachusetts 01201.

Overview of the Financial Statements

The Authority is a component unit of the Massachusetts Department of Transportation and conducts business-type activities through a single enterprise fund serving 30 member municipalities in western Massachusetts. Because the Authority conducts only business-type activities, its enterprise fund financial statements present its overall financial position, results of operations, and cash flows.

The Statement of Net Position presents the Authority's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and the resulting net position at year-end. Net position is reported as net investment in capital assets, restricted net position, and unrestricted net position.

The Statement of Revenues, Expenses and Changes in Net Position presents the results of operations for the year. It distinguishes operating revenues and expenses, noncapital subsidies, and other nonoperating revenues and expenses. The Statement of Cash Flows reports cash receipts and payments by operating, noncapital financing, capital and related financing, and investing activities. The notes to the financial statements provide additional information that is essential to understanding the amounts reported in the financial statements.

Financial Summary

The following condensed financial information compares the Authority's financial position and results of operations for fiscal years 2026 and 2025. Prior year revenue and expense amounts have been reclassified, as applicable, to conform to the fiscal year 2026 presentation required by GASB Statement No. 103.

Condensed Statement of Net Position

	<u>6/30/2026</u>	<u>6/30/2025</u>	<u>Change</u>
Other assets	\$ 7,736,197	\$ 7,337,950	\$ 398,247
Property and equipment, net	<u>14,330,405</u>	<u>13,629,542</u>	<u>700,863</u>
Total assets	<u>22,066,602</u>	<u>20,967,492</u>	<u>1,099,110</u>
Deferred outflows of resources	<u>393,569</u>	<u>509,459</u>	<u>(115,890)</u>
Other liabilities	859,996	517,299	342,697
Note payable	5,700,000	5,600,000	100,000
Net pension liability	<u>98,596</u>	<u>721,004</u>	<u>(622,408)</u>
Total liabilities	<u>6,658,592</u>	<u>6,838,303</u>	<u>(179,711)</u>
Deferred inflows of resources	<u>711,093</u>	<u>320,122</u>	<u>390,971</u>
Net investment in capital assets	14,330,405	13,629,542	700,863
Restricted net position	728,436	928,918	(200,482)
Unrestricted	<u>31,645</u>	<u>(239,934)</u>	<u>271,579</u>
Total net position	<u>\$ 15,090,486</u>	<u>\$ 14,318,526</u>	<u>\$ 771,960</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2026

Condensed Statement of Revenues, Expenses, and Changes in Net Position

	<u>6/30/2026</u>	<u>6/30/2025</u>	<u>Change</u>
Operating revenues	\$ 149,235	\$ 414,565	\$ (265,330)
Operating expenses	<u>12,876,473</u>	<u>11,786,929</u>	<u>1,089,544</u>
Operating income (loss)	(12,727,238)	(11,372,364)	(1,354,874)
Noncapital subsidies	<u>11,384,560</u>	<u>10,086,762</u>	<u>1,297,798</u>
Operating income (loss) and noncapital subsidies	(1,342,678)	(1,285,602)	(57,076)
Other nonoperating revenues (expenses)	<u>2,114,638</u>	<u>1,780,313</u>	<u>334,325</u>
Change in net position	771,960	494,711	277,249
Net position, beginning of period	<u>14,318,526</u>	<u>13,823,815</u>	<u>494,711</u>
Net position, end of period	<u>\$ 15,090,486</u>	<u>\$ 14,318,526</u>	<u>\$ 771,960</u>

Detailed Analysis

Financial position. Total net position increased by \$771,960, or 5.4%, during fiscal year 2026. The increase was driven primarily by \$2.4 million of capital subsidies and contributions used to acquire capital assets, partially offset by depreciation expense of \$1.4 million and a \$229,323 loss on disposal of capital assets. The Authority also experienced a significant decrease in its net pension liability during the year.

Current assets. Current assets increased by \$429,495, or 5.9%. Cash and cash equivalents increased by \$538,791, while receivables increased modestly by \$112,502. These increases were partially offset by a \$205,861 decrease in working capital held by the fixed route and paratransit operator and a reduction in current lease receivables. The decrease in working capital reflects the reduction in net assets held by the outgoing operator on behalf of the Authority at year-end.

Property and equipment. Net property and equipment increased by \$700,863, or 5.1%. The Authority acquired approximately \$2.4 million of capital assets during the year, including revenue vehicles, building improvements, office equipment, and construction in progress related to the HVAC project. These additions were partially offset by depreciation expense of approximately \$1.4 million and a \$229,323 net loss associated with capital asset disposals.

Accounts payable and accrued liabilities. Accounts payable and accrued liabilities increased by \$342,697, or 66.3%. The increase was principally attributable to accounts payable at year end, including amounts related to capital asset additions that had been incurred by not yet paid as of June 30, 2026.

Pension liability. The net pension liability decreased by \$622,408, from \$721,004 to \$98,596. The decrease was driven primarily by favorable differences between expected and actual actuarial experience of \$514,573, together with employer contributions of \$200,000 and investment income of \$99,917. A significant benefit payment of approximately \$1.1 million reduced both the total pension liability and plan fiduciary net position.

BERKSHIRE REGIONAL TRANSIT AUTHORITY
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MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2026

Deferred outflows and inflows of resources. Deferred outflows of resources decreased and deferred inflows of resources increased primarily as a result of pension-related activity. Pension deferred inflows increased substantially because of differences between expected and actual experience, while pension deferred outflows decreased from the prior year.

Operating revenues. Operating revenues decreased by \$265,330, or 64.0%. Fixed-route fare revenue decreased by \$251,480 because fixed-route service was fare-free throughout fiscal year 2026. Demand-response revenue also decreased by \$47,129 as ADA and non-ADA services were fare-free, except for trips scheduled same-day. These decreases were partially offset by an increase in other operating revenue.

Operating expenses. Operating expenses increased by \$1,089,544, or 9.2%. Fixed-route service costs increased by \$515,942, primarily due to higher wages, fuel, and maintenance costs. Demand-response service costs increased by \$289,612, while other operating expenses increased by \$261,574, including costs associated with specific federally and state-funded activities. Administrative expenses also increased, partially offset by a decrease in administrative salaries, taxes, and fringe benefits.

Noncapital subsidies. Noncapital subsidies increased by \$1,297,798, or 12.9%. Massachusetts operating assistance increased by \$963,419 and Massachusetts fare-free assistance increased by \$805,696, reflecting increased state support and the continuation of fare-free fixed-route service for the full fiscal year. These increases were partially offset by a \$498,887 decrease in federal operating assistance. Local assessments increased modestly by \$27,570.

Other nonoperating revenues and expenses. Other nonoperating revenues, net, increased by \$334,325. Capital subsidies and contributions increased due to higher capital activity during fiscal year 2026. The Authority also recognized \$76,760 of other nonoperating revenue and higher interest income, while fiscal year 2026 included a \$229,323 loss on disposal of capital assets.

Significant Capital Asset and Financing Activity

Capital asset activity. Property and equipment, net of accumulated depreciation, totaled \$14,330,405 at June 30, 2026, an increase of \$700,863 from the prior year. During fiscal year 2026, the Authority added approximately \$2.4 million of capital assets, including revenue vehicles, building improvements, office equipment and furniture, and construction in progress related to the HVAC project. These additions were partially offset by current-year depreciation of \$1,448,358 and a \$229,323 loss on disposal of capital assets. The Authority generally funds capital acquisitions through federal and state capital assistance.

Financing activity. The Authority annually issues revenue anticipation notes to provide short-term working capital until federal and state operating assistance and local assessments are received. At June 30, 2026, the Authority had a \$5,700,000 revenue anticipation note outstanding, bearing interest at 4.00 percent and maturing on July 24, 2026. The outstanding balance was \$100,000 higher than at June 30, 2025. On July 24, 2026, the Authority repaid the \$5,700,000 note and issued a new \$5,800,000 revenue anticipation note bearing interest at 3.75 percent and maturing on July 23, 2027. The Authority had no capital debt or lease obligations as lessee at June 30, 2026.

BERKSHIRE REGIONAL TRANSIT AUTHORITY
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MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2026

Currently Known Facts, Decisions, or Conditions

The following currently known matters are expected to affect the Authority's future financial position or results of operations:

- Effective July 1, 2026, the Authority began a new three-year contract for the management, operation, and maintenance of its fixed route and paratransit services. Because contracted transportation services represent the Authority's largest category of operating expense, the terms and performance of the new agreement are expected to affect future operating costs.
- The Authority continues to depend substantially on federal and state operating assistance and assessments from member municipalities to fund transit operations. Changes in the amount or timing of these funding sources could significantly affect future operating results and liquidity.
- Local assessments continue to be received approximately 1.5 years in arrears. The timing difference is expected to result in a continuing need for short-term revenue anticipation borrowing to finance operations until the assessments and other operating assistance are received.

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

STATEMENT OF NET POSITION

June 30,

	2026	Comparative 2025
Assets		
Current assets		
Cash and cash equivalents	\$ 1,361,683	\$ 822,892
Receivables	5,731,321	5,618,819
Prepaid expenses	27,304	21,864
Working capital held by fixed route and paratransit operator	507,880	713,741
Lease receivables	31,248	52,625
Total current assets	7,659,436	7,229,941
Leases receivable, long-term	76,761	108,009
Property and equipment, net	14,330,405	13,629,542
Total assets	22,066,602	20,967,492
Deferred outflows of resources		
Pension related items	393,569	509,459
Liabilities		
Current liabilities		
Accounts payable	372,041	7,821
Accrued payroll and related liabilities	10,695	10,056
Compensated absences	9,237	3,387
Unearned revenue	256,825	262,310
Accrued interest	211,198	233,725
Note payable	5,700,000	5,600,000
Total current liabilities	6,559,996	6,117,299
Net pension liability	98,596	721,004
Total liabilities	6,658,592	6,838,303
Deferred inflows of resources		
Lease related items	94,688	151,197
Pension related items	616,405	168,925
Total deferred inflows of resources	711,093	320,122
Net position		
Net investment in capital assets	14,330,405	13,629,542
Restricted for:		
Reserve	220,556	215,177
Working capital held by fixed route and paratransit operator	507,880	713,741
Unrestricted	31,645	(239,934)
Total net position	\$ 15,090,486	\$ 14,318,526

See notes to financial statements.

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

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Year Ended June 30,

	2026	Comparative 2025
Operating revenues		
Fixed route income	\$ -	\$ 251,480
Demand response income	4,195	51,324
Advertising income	31,563	31,563
Rental income	50,172	50,848
Other income	63,305	29,350
Total operating revenues	<u>149,235</u>	<u>414,565</u>
Operating expenses		
Fixed route service	7,467,610	6,951,668
Demand response service	2,628,336	2,338,724
Other operating expenses	504,629	243,055
Administrative salaries, taxes and fringe benefits	499,032	524,437
Administrative expenses	328,508	266,727
Depreciation expense	1,448,358	1,462,318
Total operating expenses	<u>12,876,473</u>	<u>11,786,929</u>
Operating income (loss)	<u>(12,727,238)</u>	<u>(11,372,364)</u>
Noncapital subsidies		
Government assistance		
Federal	3,106,387	3,605,274
Massachusetts	5,739,473	4,776,054
Massachusetts fare free program	1,408,348	602,652
Member municipalities	1,130,352	1,102,782
Total noncapital subsidies	<u>11,384,560</u>	<u>10,086,762</u>
Operating income (loss) and noncapital subsidies	<u>(1,342,678)</u>	<u>(1,285,602)</u>
Other nonoperating revenues (expenses)		
Capital subsidies and contributions	2,378,544	1,923,721
Interest income	84,785	75,386
Other nonoperating revenue	76,760	-
Interest expense	(196,128)	(218,794)
Loss on disposal of asset	(229,323)	-
Total other nonoperating revenues (expenses)	<u>2,114,638</u>	<u>1,780,313</u>
Increase (decrease) in net position	771,960	494,711
Net position, beginning of period	<u>14,318,526</u>	<u>13,823,815</u>
Net position, end of period	<u>\$ 15,090,486</u>	<u>\$ 14,318,526</u>

See notes to financial statements.

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

STATEMENT OF CASH FLOWS

For the Year Ended June 30,

	2026	Comparative 2025
Cash flows from operating activities:		
Receipts from operating revenues	\$ 197,801	\$ 398,901
Payments for goods and services	(10,604,983)	(10,154,673)
Payments to employees	(557,431)	(542,574)
Net cash provided (used) by operating activities	<u>(10,964,613)</u>	<u>(10,298,346)</u>
Cash flows from noncapital financing activities:		
Noncapital subsidies received	11,662,307	9,884,039
Proceeds from insurance	50,000	-
Proceeds from issuing revenue anticipation notes	5,700,000	5,600,000
Repayments of revenue anticipation notes	(5,600,000)	(5,600,000)
Interest paid, net of premiums	(218,655)	(219,987)
Net cash provided (used) by noncapital financing activities	<u>11,593,652</u>	<u>9,664,052</u>
Cash flows from capital and related financing activities:		
Capital subsidies and contributions received	448,395	1,932,866
Proceeds from sale of capital assets	26,760	-
Purchases of capital assets	(650,188)	(1,923,721)
Net cash provided (used) by capital and related financing activities	<u>(175,033)</u>	<u>9,145</u>
Cash flows from investing activities:		
Interest income	84,785	75,386
Net cash provided (used) by investing activities	<u>84,785</u>	<u>75,386</u>
Net increase (decrease) in cash and cash equivalents	538,791	(549,763)
Cash and cash equivalents, beginning of period	<u>822,892</u>	<u>1,372,655</u>
Cash and cash equivalents, end of period	<u><u>\$ 1,361,683</u></u>	<u><u>\$ 822,892</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (12,727,238)	\$ (11,372,364)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	1,448,358	1,462,318
Change in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:		
Receivables	(188,456)	(273,800)
Prepaid expenses	(5,440)	(11,873)
Working capital held by fixed route and paratransit operator	205,861	-
Lease receivable and related deferred outflows of resources	(3,884)	(5,019)
Accounts payable	364,220	(696)
Accrued payroll and related liabilities	6,489	(13,532)
Unearned revenue	(5,485)	(63,592)
Net pension liability and related deferred outflows and inflows of resources	(59,038)	(19,788)
Net cash provided (used) by operating activities	<u><u>\$ (10,964,613)</u></u>	<u><u>\$ (10,298,346)</u></u>
Noncash supplemental disclosures		
Capital assets purchased on behalf of the Authority by the Commonwealth	<u>\$ 1,728,356</u>	<u>\$ -</u>

See notes to financial statements.

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2026

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Berkshire Regional Transit Authority (the Authority) operates under Massachusetts General Laws (MGL) Chapter 161B as a body politic and a corporate and political subdivision of the Commonwealth of Massachusetts. The Authority is a component unit of the Massachusetts Department of Transportation. The Authority serves 30 member municipalities in Berkshire County and provides fixed-route and on-demand paratransit services for older adults and individuals with disabilities. The Authority is generally responsible for developing, financing and contracting for the operation of mass transportation facilities within its service area. It is authorized to improve, modify, or extend existing facilities and to enter into agreements with governmental agencies, municipalities, authorities, private transportation companies, railroads, corporations, and other parties for the construction, operation and use of mass transportation facilities and equipment.

The Authority's activities are managed by an administrator who is appointed by an Advisory Board, which is made up of chief elected officials or their appointees from the member municipalities. The Authority's operations are funded primarily through federal and state operating assistance and assessments to member municipalities, with additional operating revenues from paratransit fares and other sources. In addition, the Authority receives federal and state capital assistance to finance acquisitions and improvements of facilities and equipment.

The operation and maintenance of the Authority's transit services is performed by a private sector transportation company (the Operator) under terms and agreements whereby the Operator provides mass transit along such routes and according to such schedules as may be defined by the Authority. The Operator is also responsible for the maintenance of the Authority's transportation property (operations and maintenance facility, rolling stock, and other transportation equipment). In return, the Authority agrees to pay the Operator a management fee and to reimburse the Operator for all costs and expenses which are reasonable and necessary for the efficient operation and maintenance of the transit service.

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

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

Basis of Accounting

The Authority is accounted for as an enterprise fund. The financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred.

Cash and Cash Equivalents

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

NOTE 1 - (Continued)

Receivables

Receivables, including amounts due from federal and state grantor agencies, consist principally of revenues earned at year-end but not yet received. The need for an allowance for uncollectible amounts is evaluated based on historical collection experience and other relevant factors. At June 30, 2026 and 2025, management considered all receivables collectible; accordingly, no allowance for uncollectible accounts was recorded.

Leases (Lessor)

The Authority, as lessor, enters into lease agreements for the use of certain Authority-owned property and facilities. The Authority continues to report the underlying capital assets in its financial statements. Lease receivables are measured at the present value of lease payments expected to be received during the lease term. A corresponding deferred inflow of resources is recognized and subsequently recognized as lease revenue over the lease term.

Property and Equipment

Property and equipment are recorded at acquisition cost. Capital assets acquired through capital subsidies or contributions, including assets purchased by governmental agencies on behalf of the Authority, are recorded at the amount paid by the contributing agency. The Authority defines capital assets as assets with an initial individual cost of \$5,000 or more and an estimated useful life in excess of one year. Depreciation is calculated using the straight-line method over estimated useful lives ranging from three to forty years.

Compensated Absences

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

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

A liability is recorded for vacation leave earned and unused at year-end and for the portion of accumulated sick leave that is more likely than not to be used for future paid time off. The liabilities are measured using employees' current rates of pay and include amounts attributable to services already rendered. At June 30, 2026 and 2025, the total compensated absences liability was \$9,237 and \$3,387, respectively.

Net Position

Net position is classified as follows:

Net investment in capital assets

Consists of capital assets, net of accumulated depreciation and amortization, reduced by outstanding principal of debt attributable to the acquisition, construction, or improvement of those assets, and adjusted for related deferred outflows and inflows of resources, if applicable.

Restricted

Consists of net position subject to externally imposed restrictions or restrictions imposed by law through constitutional provisions or enabling legislation. The Authority maintains a restricted Reserve for Extraordinary Expenses pursuant to Massachusetts General Laws Chapter 161B, Section 6(q). At June 30, 2026 and 2025, the reserve totaled \$220,556 and \$215,177, respectively.

Unrestricted

Consists of net position that does not meet the definition of net investment in capital assets or restricted net position.

NOTE 1 - (Continued)

Deferred Outflows and Inflows of Resources

Deferred outflows of resources represent a consumption of net position, while deferred inflows of resources represent an acquisition of net position, that applies to a future period(s) and will not be recognized as an outflow (expenditure) or inflow (revenue) of resources until that time. Deferred outflows of resources in the Statement of Net Position consist of pension related items. Deferred inflows of resources consist of lease related and pension related items.

Funding and Revenue Recognition

The Authority receives federal and state operating and capital assistance, assessments from member municipalities, and operating revenues, including fares, advertising, rental, and other miscellaneous revenues. Grant revenue is recognized when applicable eligibility requirements are met. Expenditure driven grants are recognized when qualifying expenditures are incurred. Amounts received before applicable eligibility requirements are met are reported as unearned revenue.

Operating and Nonoperating Revenues and Expenses

Operating revenues and expenses are revenues and expenses other than nonoperating revenues and expenses. Nonoperating revenues and expenses consist of subsidies received or provided, revenues and expenses related to financing, resources from the disposal of capital assets, and investment income and expenses. Revenues or expenses that otherwise meet the definition of nonoperating are reported as operating if the transactions constitute the Authority's principal ongoing operations.

Noncapital Subsidies

Subsidies are resources received from another party for which the Authority does not provide goods or services to that party and that directly or indirectly keep the Authority's current or future fees and charges lower than they otherwise would be. Noncapital subsidies are subsidies for which the provider has not limited the resources to the acquisition of capital assets. Noncapital subsidies are presented separately from other nonoperating revenues and expenses in the Statement of Revenues, Expenses, and Changes in Net Position.

Federal Operating Revenue

The federal government provides assistance toward eligible operating costs under various Federal Transit Administration programs. Federal operating assistance is recognized when applicable eligibility requirements are met and is reported as a noncapital subsidy.

Massachusetts Operating Revenue

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

Member Municipality (Local Assessment) Operating Revenue

The Authority's net cost of service is funded in part through assessments to its member municipalities. Annual increases in local assessments are generally limited to 2.5 percent, plus the member municipalities' share of new services. Local assessments are reported as noncapital subsidies.

NOTE 1 - (Continued)

Capital Subsidies and Contributions

The Authority's capital assets are generally acquired with federal, state, and local capital assistance. Capital assistance may be received directly by the Authority or through the purchase of capital assets by a governmental agency on behalf of the Authority. Capital assistance is recognized when applicable eligibility requirements are met and is reported as other nonoperating revenue in the Statement of Revenues, Expenses, and Changes in Net Position.

Use of Estimates

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

Subsequent Events

Management has evaluated subsequent events through September 24, 2026, the date on which the financial statements were available to be issued.

Comparative Financial Information

The financial information for the year ended June 30, 2025 is presented for comparative purposes. Certain prior year amounts may have been reclassified to conform to the current year presentation.

NOTE 2 - DEPOSITS

State statutes authorize the Authority to deposit funds with certain financial institutions and to invest available funds in various instruments, including certificates of deposit, U.S. government and agency obligations, repurchase agreements, qualifying money market funds, and participation units in investment pools authorized by the Commonwealth. Certain statutory limitations apply to the amount and maturity of such deposits and investments.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that, in the event of a financial institution failure, the Authority's deposits may not be returned to it. The Authority's deposits are insured by the Federal Deposit Insurance Corporation (FDIC) and, where applicable, the Depositors Insurance Fund (DIF). At June 30, 2026, the Authority's bank balances totaled \$1,044,153 and were fully insured. Accordingly, the Authority had no deposits exposed to custodial credit risk.

NOTE 3 - RECEIVABLES

Receivables consisted of the following at June 30:

	2026	Comparative 2025
Federal		
Operating assistance	\$ 2,996,515	\$ 3,404,556
Capital assistance	143,228	75,497
Total federal	<u>3,139,743</u>	<u>3,480,053</u>
Massachusetts		
Operating assistance	195,727	53,014
Capital assistance	108,232	43,245
Total Massachusetts	<u>303,959</u>	<u>96,259</u>
Member municipalities		
Operating assistance for current year expenditures	1,130,352	1,102,782
Operating assistance for prior year expenditures	396,985	367,899
Total member municipalities	<u>1,527,337</u>	<u>1,470,681</u>
Other receivables	<u>760,282</u>	<u>571,826</u>
Total receivables	<u>\$ 5,731,321</u>	<u>\$ 5,618,819</u>

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

Berkshire Transit Management, Inc. (BTM), a wholly owned subsidiary of Transdev United States, served as the fixed route and paratransit operator for the Authority through June 30, 2026. Certain assets and liabilities related to the operation of transit services were held by BTM on behalf of the Authority. These balances consist primarily of cash, inventory, prepaid expenses, accounts payable, accrued wages, and compensated absences. The Authority is responsible for funding the costs and obligations associated with these operations.

The net amount of assets less liabilities held by BTM on behalf of the Authority at June 30, 2026 and 2025 was \$507,880 and \$713,741, respectively, and is reported as *working capital held by fixed route and paratransit operator* in the Statement of Net Position.

NOTE 5 - LEASES

The Authority, as lessor, has entered into agreements for the use of certain Authority-owned property, including advertising space on its rolling stock and office space within its Intermodal Center. Certain agreements meet the definition of a lease under GASB Statement No. 87, *Leases*.

As of June 30, 2026 and 2025, the Authority had no lease arrangements for which it was the lessee.

Advertising Lease

In fiscal year 2025, the Authority entered into an agreement with a third party that provides the third party with the exclusive right to sell, install, maintain, and place advertising, including bus wraps, on and inside certain Authority-owned rolling stock through fiscal year 2029. The agreement provides for minimum annual guaranteed payments beginning at \$30,000 and increasing to \$40,000 over the term of the agreement.

At commencement, the Authority recognized a lease receivable of \$157,813. At June 30, 2026 and 2025, the lease receivable was \$108,009 and \$133,141, respectively, and the related deferred inflow of resources was \$94,688 and \$126,701, respectively. The lease receivable was measured using a discount rate of 4.00 percent.

The Authority recognized lease revenue of \$31,563 for each of the years ended June 30, 2026 and 2025. Interest revenue related to the lease was \$4,868 and \$5,327 for the years ended June 30, 2026 and 2025, respectively.

Lease receivable activity consisted of the following at June 30:

	2026			Ending Balance
	Beginning Balance	Increases	Decreases	
Advertising space	\$ 133,141	\$ -	\$ (25,132)	\$ 108,009
Rental space	27,493	-	(27,493)	-
Leases receivable	<u>\$ 160,634</u>	<u>\$ -</u>	<u>\$ (52,625)</u>	<u>\$ 108,009</u>

	Comparative 2025			Ending Balance
	Beginning Balance	Increases	Decreases	
Advertising space	\$ -	\$ 157,813	\$ (24,672)	\$ 133,141
Rental space	59,300	-	(31,807)	27,493
Leases receivable	<u>\$ 59,300</u>	<u>\$ 157,813</u>	<u>\$ (56,479)</u>	<u>\$ 160,634</u>

Office Space Rental

The Authority had an agreement with a third party for the use of office space within the Authority's Intermodal Center that expired in April 2026. Subsequent to expiration, the arrangement has continued on a month-to-month basis. No lease receivable was recorded at June 30, 2026 related to the continuing month-to-month arrangement.

The Authority recognized rental income of \$31,053 and \$31,729 for the years ended June 30, 2026 and 2025, respectively.

Other Month-to-Month Rental Arrangements

The Authority also has several month-to-month arrangements for the use of office space within the Intermodal Center. Rental income from these arrangements was \$19,119 for each of the years ended June 30, 2026 and 2025.

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	2026			
	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 61,628	\$ -	\$ -	\$ 61,628
Construction in process	154,279	272,157	-	426,436
Total capital assets, not being depreciated	<u>215,907</u>	<u>272,157</u>	<u>-</u>	<u>488,064</u>
Depreciable capital assets				
Buildings	15,383,916	131,407	(5,819)	15,509,504
Revenue equipment	16,349,320	1,938,144	(3,167,880)	15,119,584
Office equipment and furniture	557,939	36,836	-	594,775
Service vehicles	426,124	-	(56,070)	370,054
Total depreciable capital assets	<u>32,717,299</u>	<u>2,106,387</u>	<u>(3,229,769)</u>	<u>31,593,917</u>
Less accumulated depreciation for:				
Buildings	8,994,125	399,424	(5,819)	9,387,730
Revenue equipment	9,612,509	979,827	(2,938,557)	7,653,779
Office equipment and furniture	365,830	47,081	-	412,911
Service vehicles	331,200	22,026	(56,070)	297,156
Total accumulated depreciation	<u>19,303,664</u>	<u>1,448,358</u>	<u>(3,000,446)</u>	<u>17,751,576</u>
Depreciable capital assets, net	<u>13,413,635</u>	<u>658,029</u>	<u>(229,323)</u>	<u>13,842,341</u>
Capital assets, net	<u>\$ 13,629,542</u>	<u>\$ 930,186</u>	<u>\$ (229,323)</u>	<u>\$ 14,330,405</u>

	Comparative 2025			
	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 61,628	\$ -	\$ -	\$ 61,628
Construction in process	154,279	-	-	154,279
Total capital assets, not being depreciated	<u>215,907</u>	<u>-</u>	<u>-</u>	<u>215,907</u>
Depreciable capital assets				
Buildings	15,276,276	107,640	-	15,383,916
Revenue equipment	14,647,940	1,701,380	-	16,349,320
Office equipment and furniture	481,710	114,701	(38,472)	557,939
Service vehicles	426,124	-	-	426,124
Total depreciable capital assets	<u>30,832,050</u>	<u>1,923,721</u>	<u>(38,472)</u>	<u>32,717,299</u>
Less accumulated depreciation for:				
Buildings	8,606,399	387,726	-	8,994,125
Revenue equipment	8,606,276	1,006,233	-	9,612,509
Office equipment and furniture	360,128	44,174	(38,472)	365,830
Service vehicles	307,015	24,185	-	331,200
Total accumulated depreciation	<u>17,879,818</u>	<u>1,462,318</u>	<u>(38,472)</u>	<u>19,303,664</u>
Depreciable capital assets, net	<u>12,952,232</u>	<u>461,403</u>	<u>-</u>	<u>13,413,635</u>
Capital assets, net	<u>\$ 13,168,139</u>	<u>\$ 461,403</u>	<u>\$ -</u>	<u>\$ 13,629,542</u>

NOTE 7 - NOTE PAYABLE

The Authority's operations are funded in part through local assessments from member municipalities and federal and state operating assistance. The timing of certain operating assistance and local assessment receipts does not coincide with the related operating expenditures. Accordingly, the Authority issues revenue anticipation notes to provide working capital until such funding is received.

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

	2026	Comparative 2025
4.00% Revenue anticipation note due July 24, 2026	\$ 5,700,000	\$ -
4.50% Revenue anticipation note due July 25, 2025	<u>-</u>	<u>5,600,000</u>
Total	<u>\$ 5,700,000</u>	<u>\$ 5,600,000</u>

Pursuant to Section 10 of Chapter 161B of the Massachusetts General Laws, the Commonwealth is required to pay to the Authority amounts duly certified by the Administrator as necessary to pay the principal and interest on the revenue anticipation notes if sufficient funds are not otherwise available. The Commonwealth's obligation to make such payments is a general obligation of the Commonwealth, and the full faith and credit of the Commonwealth is pledged for such payments.

Subsequent to June 30, 2026, on July 24, 2026, the Authority issued a \$5,800,000 revenue anticipation note bearing interest at 3.75 percent and maturing on July 23, 2027. The proceeds were used, in part, to repay the \$5,700,000 revenue anticipation note that matured on July 24, 2026.

NOTE 8 - TRANSIT OPERATIONS

The Authority contracts with third-party transportation providers to operate and maintain its fixed route and paratransit services. These arrangements include fixed route transportation, paratransit services required under the Americans with Disabilities Act, and other demand-response transportation services.

Payments under the transportation contracts are generally based on reimbursement of allowable operating costs and, where applicable, contractual management fees. The Authority is responsible for funding the costs associated with these transportation services.

The Authority also contracts with Council on Aging organizations and other transportation providers to provide transportation services to eligible older adults and individuals with disabilities within its service area.

Effective July 1, 2026, the Authority entered into a new contract for the management, operation, and maintenance of its fixed route and paratransit services through June 30, 2029.

NOTE 9 - PENSION PLAN

Plan

The Authority provides retirement benefits to eligible employees through the Berkshire Regional Transit Authority Pension Plan (the Plan), a single-employer defined benefit pension plan. Employees who have attained age 21 are eligible to participate in the Plan in accordance with the Plan's eligibility provisions. Participants become fully vested after five years of credited service.

The net pension liability reported at June 30, 2026 was measured as of June 30, 2026, based on an actuarial valuation performed as of that date.

The net pension liability reported at June 30, 2025 was measured as of June 30, 2025, based on an actuarial valuation performed as of that date.

Accounting Policy

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

Plan Membership

Plan membership at June 30 consisted of the following:

	2026	Comparative 2025
Active plan members	4	6
Inactive plan members currently receiving benefits	1	-
Total	5	6

Benefits Provided

The Plan provides retirement benefits to members and survivor benefits to designated beneficiaries. Retirement benefits are generally calculated at 2.5 percent of a member's average monthly compensation multiplied by years of credited service, up to a maximum of 40 years. Normal retirement age is 65 with at least five years of credited service. Participants may elect early retirement upon attaining age 55 and completing five years of credited service.

Contributions

The Authority makes contributions to the Plan based on actuarial funding considerations. Although there is no statutory or regulatory requirement to contribute the actuarially determined contribution, it is the Authority's policy to contribute amounts expected to be sufficient to meet the Plan's benefit obligations as they become due.

Actuarial Assumptions

The total pension liability at June 30, 2026 and 2025 were determined using the following actuarial assumptions:

Inflation	2.00%
Salary increases	2.00% annually
Investment rate of return	4.00%, net of pension plan investment expense, including inflation.
Mortality	Mortality rates were based upon the 2026 and 2025 IRC 430(h)(3)(A) Combined Mortality Tables

NOTE 9 - (Continued)

Employee termination	None assumed
Retirement age	Age 65 or normal retirement date, if later
Pre-retirement death benefit	Determined using the mortality, interest and termination assumptions described above and assuming 100% of members have spouses.
Administrative expenses	Investment return is assumed to be net of plan expenses paid from the trust

The long-term expected rate of return on pension plan investments for the 2026 and 2025 actuarial valuations was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	2026		Comparative 2025	
	Target Allocation	Long-term Expected Real Rate of Return	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	50.00%	4.50%	50.00%	4.50%
International equity	0.00%	5.50%	0.00%	5.50%
Fixed income	50.00%	2.00%	50.00%	2.00%
Real estate	0.00%	4.00%	0.00%	4.00%
Cash	0.00%	1.00%	0.00%	1.00%
	<u>100.00%</u>		<u>100.00%</u>	

Discount rate

The discount rate used to measure the total pension liability for 2026 and 2025 was 4.00%. The projection of cash flows used to determine the discount rate assumed that contributions will continue to be made at the current rate and that contributions will be made at rates at least equal to the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 9 - (Continued)**Change in net pension liability**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2024	<u>\$ 1,806,094</u>	<u>\$ 1,202,601</u>	<u>\$ 603,493</u>
Changes for the year:			
Service cost	79,851	-	79,851
Interest	75,438	-	75,438
Changes in benefit terms	-	-	-
Changes of assumptions	4,247	-	4,247
Differences between actual and expected experience	248,611	-	248,611
Contributions - employer	-	200,000	(200,000)
Net investment income	-	90,636	(90,636)
Benefit payments	-	-	-
Administrative expense	-	-	-
Net changes	<u>408,147</u>	<u>290,636</u>	<u>117,511</u>
Balances at June 30, 2025	<u>2,214,241</u>	<u>1,493,237</u>	<u>721,004</u>
Changes for the year:			
Service cost	77,637	-	77,637
Interest	113,247	-	113,247
Changes in benefit terms	-	-	-
Changes of assumptions	1,198	-	1,198
Differences between actual and expected experience	(514,573)	-	(514,573)
Contributions - employer	-	200,000	(200,000)
Net investment income	-	99,917	(99,917)
Benefit payments	(1,078,609)	(1,078,609)	-
Administrative expense	-	-	-
Net changes	<u>(1,401,100)</u>	<u>(778,692)</u>	<u>(622,408)</u>
Balances at June 30, 2026	<u>\$ 813,141</u>	<u>\$ 714,545</u>	<u>\$ 98,596</u>

NOTE 9 - (Continued)**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

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

	1% Decrease (3.00%)	Current Discount (4.00%)	1% Increase (5.00%)
Plan net pension liability as of June 30, 2026	\$ 198,220	\$ 98,596	\$ 14,798

	1% Decrease (3.00%)	Current Discount (4.00%)	1% Increase (5.00%)
Plan net pension liability as of June 30, 2025	\$ 996,658	\$ 721,004	\$ 487,666

Pension Expense and Deferred Outflows and Inflows of Resources

For the years ended June 30, 2026 and 2025, the Authority recognized pension expense of \$140,962 and \$180,212, respectively. At June 30, 2026 and 2025, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2026		Comparative 2025	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 317,937	\$ 525,474	\$ 383,731	\$ 107,804
Changes in assumptions	75,632	16,623	108,651	20,923
Net difference between projected and actual earnings on pension plan investments	-	74,308	17,077	40,198
Total	<u>\$ 393,569</u>	<u>\$ 616,405</u>	<u>\$ 509,459</u>	<u>\$ 168,925</u>

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

Year ended June 30:	
2027	\$ (24,844)
2028	(32,995)
2029	(42,919)
2030	(36,005)
2031	(55,145)
Thereafter	(30,928)
Total	<u>\$ (222,836)</u>

NOTE 10 - COMMITMENTS AND CONTINGENT LIABILITIES

Federal and State funding

Amounts received or receivable from grantor agencies are subject to audit and adjustment by the grantor agencies, principally the federal and state governments. Any costs determined to be unallowable under the terms of the applicable grants may be subject to repayment. As of the date the financial statements were available to be issued, management is not aware of any material amounts that are expected to be disallowed.

Risk management

The Authority is exposed to various risks of loss related to torts, theft of or damage to assets, errors and omissions, natural disasters, and workers' compensation claims. The Authority maintains commercial insurance coverage for these risks.

NOTE 11 - ECONOMIC DEPENDENCE

The Authority is economically dependent on operating and capital assistance from the federal government and the Commonwealth of Massachusetts, as well as assessments from its member municipalities.

Federal and state assistance represented approximately 90% and 87% of total revenues for the years ended June 30, 2026 and 2025, respectively. Local assessments from member municipalities represented approximately 8% and 9% of total revenues for the years ended June 30, 2026 and 2025, respectively.

In addition, substantially all of the Authority's capital acquisitions are funded through federal and state capital assistance.

NOTE 12 - IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

Current Year Implementation

In fiscal year 2026, the Authority implemented GASB Statement No. 103, *Financial Reporting Model Improvements*. The Statement establishes revised requirements for management's discussion and analysis and the presentation and classification of operating and nonoperating revenues and expenses of proprietary funds, including separate presentation of noncapital subsidies. Implementation resulted in changes to the presentation and classification of certain revenues in the Statement of Revenues, Expenses, and Changes in Net Position but did not affect total net position or the change in net position. Prior year amounts have been reclassified, as applicable, to conform to the current year presentation.

In fiscal year 2026, the Authority implemented GASB Statement No. 104, *Disclosure of Certain Capital Assets*. The Statement requires separate disclosure of certain types of capital assets and establishes additional disclosure requirements for capital assets held for sale. Implementation did not have a material effect on the Authority's financial position or results of operations.

Future Year Implementation

GASB Statement No. 105, *Subsequent Events*, is effective for fiscal years beginning after June 15, 2026 and will be implemented by the Authority in fiscal year 2027. The Statement establishes accounting and financial reporting requirements for subsequent events and is intended to improve consistency in their application. The Authority is currently evaluating the impact of this Statement on its financial reporting.

BERKSHIRE REGIONAL TRANSIT AUTHORITY
(A Component Unit of the Massachusetts Department of Transportation)
SCHEDULE OF CHANGE IN NET PENSION LIABILITY AND RELATED RATIOS
REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2026

BRTA Pension Plan
(see also Note 9)
Plan Year End June 30,

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total pension liability										
Service cost	\$ 77,637	\$ 79,851	\$ 75,935	\$ 72,477	\$ 71,027	\$ 91,955	\$ 101,455	\$ 95,207	\$ 99,853	\$ 99,716
Interest	113,247	75,438	68,199	60,627	82,666	77,168	68,958	61,031	58,458	44,571
Changes in benefit terms	-	-	-	-	-	-	-	-	-	-
Changes of assumptions	1,198	4,247	(24,289)	7,527	5,639	216,168	(1,653)	(5,620)	44,668	2,129
Differences between expected and actual experience	(514,573)	248,611	57,211	45,205	(89,923)	(48,364)	78,616	(204)	(17,135)	85,419
Benefit payment, including refunds of employee contributions	(1,078,609)	-	-	-	(414,546)	-	(49,115)	(15,111)	(91,535)	-
Net change in total pension liability	(1,401,100)	408,147	177,056	185,836	(345,137)	336,927	198,261	135,303	94,309	231,835
Total pension liability, beginning	2,214,241	1,806,094	1,629,038	1,443,202	1,788,339	1,451,412	1,253,151	1,117,848	1,023,539	791,704
Total pension liability, ending (a)	\$ 813,141	\$ 2,214,241	\$ 1,806,094	\$ 1,629,038	\$ 1,443,202	\$ 1,788,339	\$ 1,451,412	\$ 1,253,151	\$ 1,117,848	\$ 1,023,539
Plan fiduciary net position										
Contributions - employer	\$ 200,000	\$ 200,000	\$ 250,000	\$ 200,000	\$ 238,664	\$ 160,000	\$ 136,000	\$ 115,001	\$ 108,522	\$ 121,564
Net investment income	99,917	90,636	44,277	49,370	(53,378)	45,472	27,989	24,118	26,692	8,062
Benefit payments, including refunds of employee contributions	(1,078,609)	-	-	-	(414,546)	-	(49,115)	(15,111)	(91,535)	-
Administrative expense	-	-	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	(778,692)	290,636	294,277	249,370	(229,260)	205,472	114,874	124,008	43,679	129,626
Plan fiduciary net position, beginning	1,493,237	1,202,601	908,324	658,954	888,214	682,742	567,868	443,860	400,181	270,555
Plan fiduciary net position, ending (b)	\$ 714,545	\$ 1,493,237	\$ 1,202,601	\$ 908,324	\$ 658,954	\$ 888,214	\$ 682,742	\$ 567,868	\$ 443,860	\$ 400,181
Net pension liability (a) - (b)	\$ 98,596	\$ 721,004	\$ 603,493	\$ 720,714	\$ 784,248	\$ 900,125	\$ 768,670	\$ 685,283	\$ 673,988	\$ 623,358
Plan fiduciary net position as a percentage of the total pension liability	87.87%	67.44%	66.59%	55.76%	45.66%	49.67%	47.04%	45.32%	39.71%	39.10%
Covered employee payroll	\$ 271,722	\$ 493,650	\$ 434,194	\$ 410,798	\$ 391,095	\$ 390,160	\$ 582,240	\$ 551,610	\$ 548,422	\$ 547,603
Net pension liability as a percentage of covered employee payroll	36.29%	146.06%	138.99%	175.44%	200.53%	230.71%	132.02%	124.23%	122.90%	113.83%

See independent auditors' report.

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

SCHEDULE OF PENSION CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2026

	BRTA Pension Plan (see also Note 9) Plan Year End June 30,									
	<u>2026</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined contribution	\$ 89,325	\$ 165,325	\$ 147,479	\$ 157,917	\$ 163,999	\$ 198,664	\$ 171,984	\$ 158,085	\$ 161,694	\$ 156,912
Contributions in relation to the actuarially determined contribution	<u>200,000</u>	<u>200,000</u>	<u>250,000</u>	<u>200,000</u>	<u>238,664</u>	<u>160,000</u>	<u>136,000</u>	<u>115,001</u>	<u>108,522</u>	<u>121,564</u>
Contribution deficiency (excess)	<u>\$ (110,675)</u>	<u>\$ (34,675)</u>	<u>\$ (102,521)</u>	<u>\$ (42,083)</u>	<u>\$ (74,665)</u>	<u>\$ 38,664</u>	<u>\$ 35,984</u>	<u>\$ 43,084</u>	<u>\$ 53,172</u>	<u>\$ 35,348</u>
Covered employee payroll	\$ 271,722	\$ 493,650	\$ 434,194	\$ 410,798	\$ 391,095	\$ 390,160	\$ 582,240	\$ 551,610	\$ 548,422	\$ 547,603
Contribution as a percentage of covered Employee payroll	73.60%	40.51%	57.58%	48.69%	61.02%	41.01%	23.36%	20.85%	19.79%	22.20%

Notes to Schedule

Actuarially determined contribution rates are calculated as of June 30, 2026.

Methods and assumptions used to determine contribution rates:

Actuarial cost method:	Entry Age Normal
Amortization method:	10 year level dollar of the existing net pension liability as of the valuation date
Remaining amortization period	10 years. Fresh start method with amortization remaining unfunded amortized each year
Asset valuation method:	Market value of assets as of the measurement date
Inflation:	2.00% as of June 30, 2026 and for future periods
Salary increases:	2.00% annually as of June 30, 2026 and for future periods
Investment rate of return:	4.00%, net of pension plan investment expense, including inflation

See independent auditors' report.

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

STATEMENT OF NET COST OF SERVICE

SUPPLEMENTARY INFORMATION

For the Year Ended June 30,

	Total Service Area 2026	Comparative Total Service Area 2025
Costs		
Fixed route service	\$ 7,467,610	\$ 6,951,668
Demand response service	2,628,336	2,338,724
Other operating expenses	504,629	243,055
Administrative costs	827,540	791,164
Depreciation expense	1,448,358	1,462,318
Interest expense	196,128	218,794
Pension adjustment	59,038	19,788
Non-reimbursable depreciation	<u>(1,445,562)</u>	<u>(1,459,065)</u>
Total eligible costs	<u>11,686,077</u>	<u>10,566,446</u>
Federal and other operating subsidies	<u>3,488,051</u>	<u>3,748,105</u>
Local Revenues		
Fixed route income	-	251,480
Demand response income	4,195	51,324
Advertising income	31,563	31,563
Rental income	50,172	50,848
Other income	140,065	29,350
Interest income	84,785	75,386
Eliminate GASB adjustment for change in leases receivable	<u>(3,884)</u>	<u>(5,019)</u>
Total local revenues	<u>306,896</u>	<u>484,932</u>
Total operating subsidies and local revenues	<u>3,794,947</u>	<u>4,233,037</u>
Net operating deficit	7,891,130	6,333,409
Increase in reserve for extraordinary expenses	<u>5,379</u>	<u>5,248</u>
Net cost of service	<u><u>\$ 7,896,509</u></u>	<u><u>\$ 6,338,657</u></u>
Net cost of service funding		
Member municipalities	\$ 1,130,352	\$ 1,102,782
Massachusetts contract assistance	5,357,809	4,633,781
Massachusetts fare free program	<u>1,408,348</u>	<u>602,094</u>
Total funding	<u><u>\$ 7,896,509</u></u>	<u><u>\$ 6,338,657</u></u>

Non-Reimbursable Costs

In determining total eligible costs, the Authority excludes depreciation associated with property and equipment acquired with capital grant funding and accounting adjustments related to the net pension liability and other non-reimbursable costs.

See independent auditors' report.



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

To the Advisory Board

BERKSHIRE REGIONAL TRANSIT AUTHORITY

One Columbus Avenue, Suite 201

Pittsfield, MA 01201

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the business-type activities, of the Berkshire Regional Transit Authority as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the Berkshire Regional Transit Authority's basic financial statements, and have issued our report thereon dated September 24, 2026.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

A handwritten signature in black ink that reads "Adelson + Company PC". The script is cursive and fluid.

ADELSON & COMPANY PC

September 24, 2026