

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

Financial Statements
and
Independent Auditors' Reports

June 30, 2021

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Bruce D. Norling, CPA, P.C

INDEPENDENT AUDITORS' REPORT

To the Advisory Board
Montachusett Regional Transit Authority
Fitchburg, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of Montachusett Regional Transit Authority ("the Authority"), a component unit of the Massachusetts Department of Transportation, which comprise the statement of net position at June 30, 2021, and the statements of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective net position of the Authority as of June 30, 2021Error! No document variable supplied., 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The schedule of expenditures of federal awards is presented on page 32 for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

The schedule of net cost of service on page 15 and the supplementary information presented on pages 29 through 31 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 16, 2021 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 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.

September 16, 2021

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

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 Interim 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, 2021. The intent of this discussion and analysis is to look at the Authority’s financial performance as a whole. 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 FY2021 with no deficit or surplus, despite the effects of the Covid-19 Pandemic.
2. MART was notified of being awarded in FY2021 two new grants to start in FY2022. These new grants will be utilized in FY2022, and beyond, to cover the loss of revenues and increased costs associated with and experienced during the time frame of the pandemic. These new grants will allow MART to be financially stable over the next two to three years. The two Grants are as follows: the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) for \$2.3 million and the American Rescue Plan Act of 2021 (ARPA) for approximately \$9.6 million.
3. MART continued to maintain all of its core transportation services during FY2021, even while the Covid-19 virus disrupted the overall transportation needs and the economy.
4. MART utilized CARES grant funds totaling \$3,866,301 in FY2021 in lieu of using regular federal Section 5307 funds. This puts MART in a favorable position, as the federal Section 5307 funds can be carried over to future years and used to cover any potential future operational and capital requirements due to the pandemic that are unforeseen.
5. In FY2021 MART began to replace and enhance our Intelligent Transportation Systems. Phase 1 began with acquiring Automatic Passenger Counters for all fixed route vehicles. This system includes a bus tracking and on-time performance monitoring system. This will allow for significant data analysis for route improvement and real-time information for MART Ridership. Phase 1 cost will be \$565,707 in 5307 capital funds. Phase 2, which is the replacement of MART’s Automated Fare Collection system and which also provides geographic data on ridership trends, will be completed in FY2022. This will cost \$1,500,000 through a combination of 5307 capital funds and a \$1M FY2021 FTA Award of 5339 Discretionary funds.
6. The Authority was able to continue to obtain a favorable interest rate of 0.271% (NIC) in July 2021 for borrowing on its Revenue Anticipation Note (RAN), compared to 0.736% (NIC) for the prior year’s note. The RAN note had a balance of \$19,000,000 at FY2021 year-end. There is no increase in the FY2021 RAN, and there is no planned increase in RAN borrowing for FY2022.

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 23 communities listed in Note A of the financial statements. At the May 25, 2021 MART Advisory Board Meeting, it was voted on and accepted by the Board that the Town of Barre will join the MART communities as a member, with services to commence in FY2022.

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

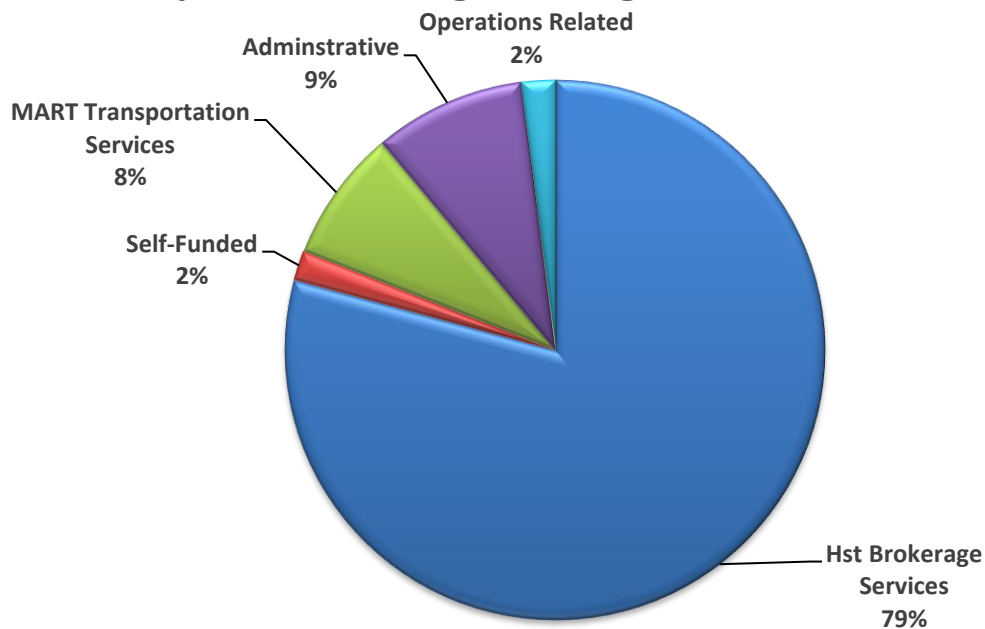
Overview of Financial Statements (Continued):

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

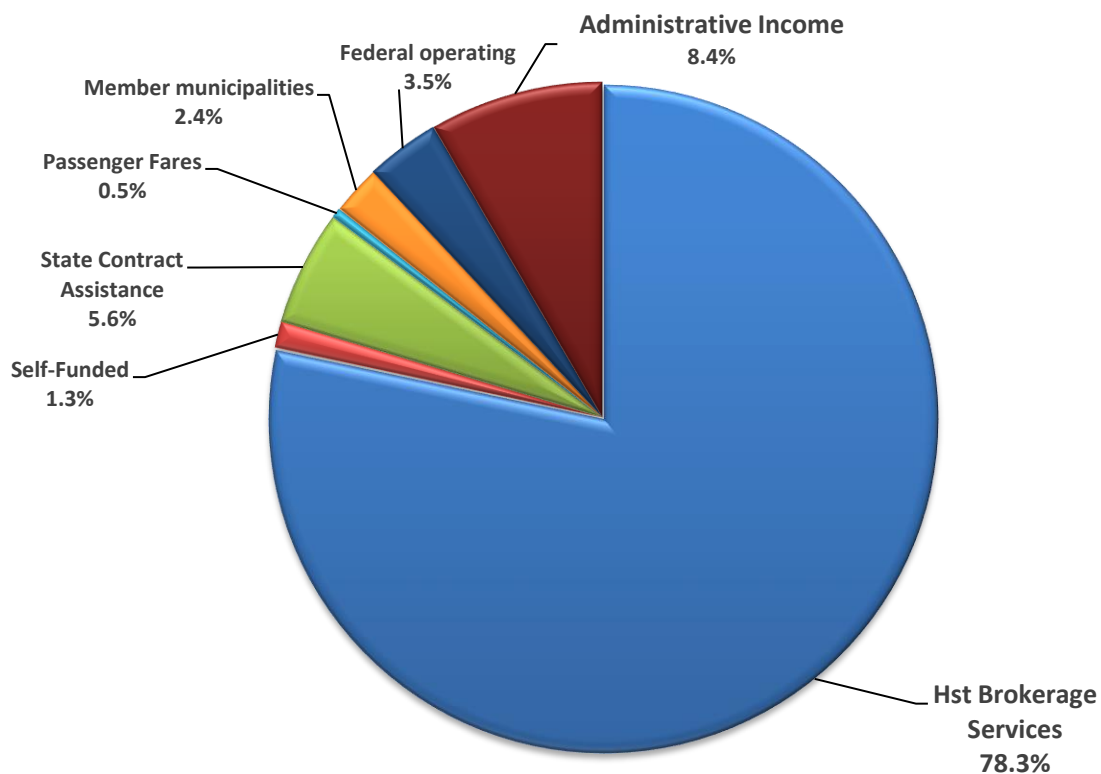
As seen in the following charts, a large percentage of service the Authority provides is through its brokerage services, a self (fully) funded program which requires no funds outside of the program funds paid by the Human Services Transportation Agency (HST) with the understanding that HST continues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

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

2021 Expenses Including Brokerage Services \$108,652,163



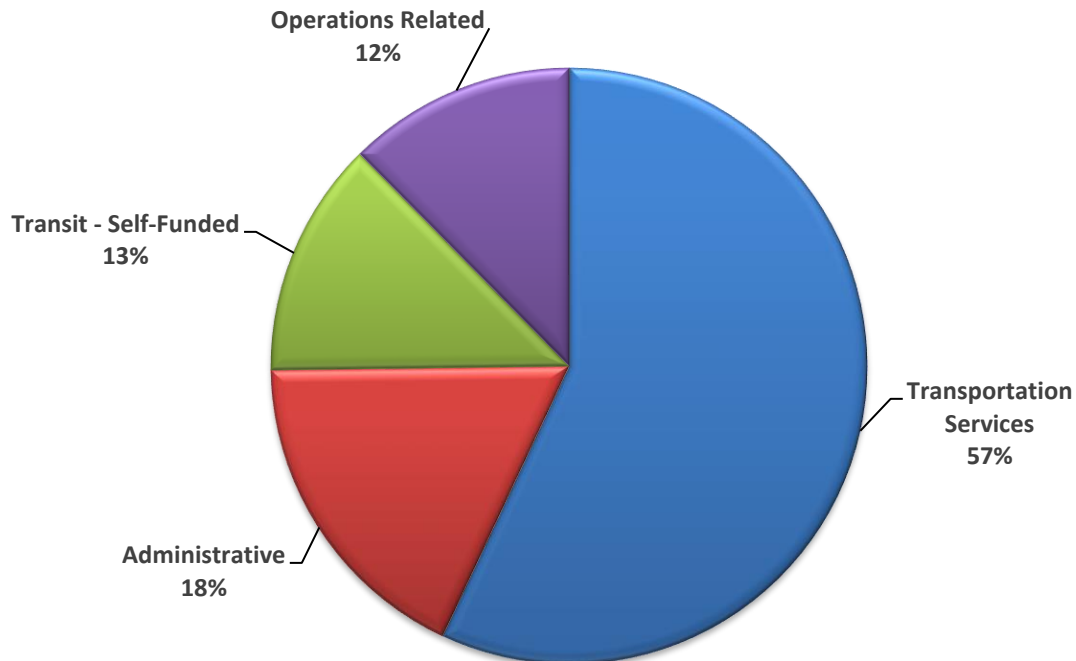
2021 Revenues Including Brokerage Services \$108,652,163



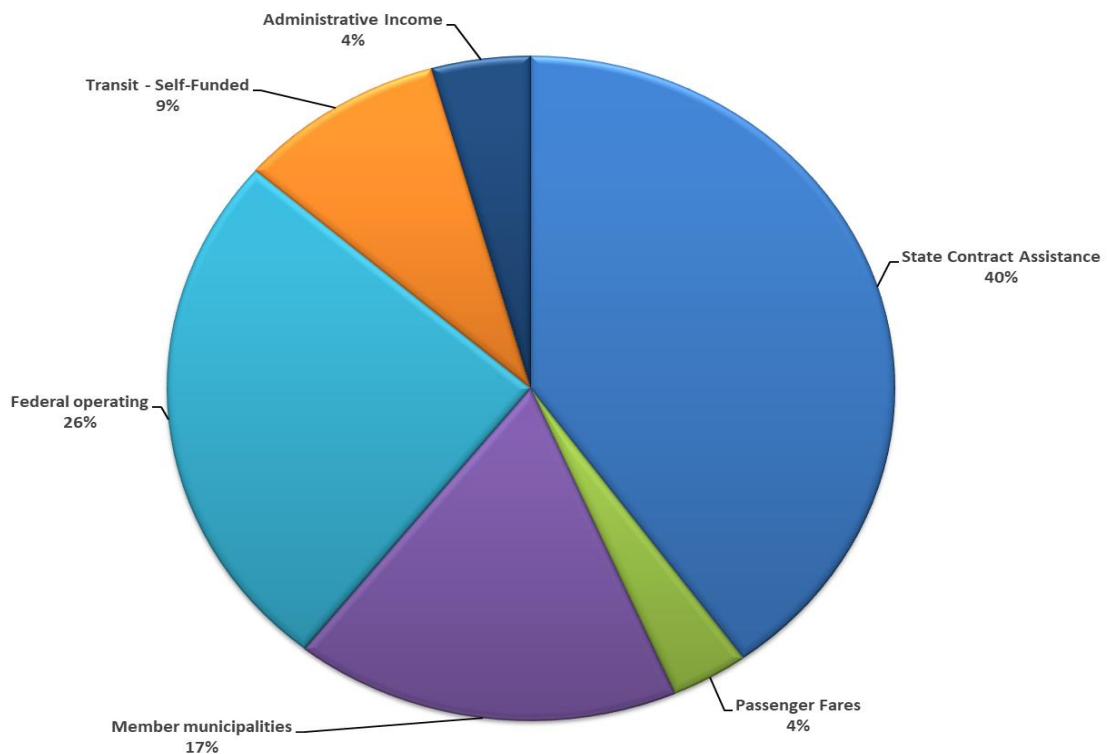
These charts reflect the net cost of service as presented on page 15.

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

2021 Expenses excluding Brokerage Services \$15,132,836



2021 Revenues excluding Brokerage Services \$15,132,836



These charts reflect the net cost of service as presented on page 15.

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

Government Financial Analysis

The table below provides a summary of the Authority's net position for FY2021 and FY2020.

	<u>2021 Business - type Activities</u>	<u>2020 Business - type Activities</u>
<u>Assets</u>		
Current assets	\$ 27,646,796	\$ 15,782,283
Capital assets	<u>49,420,937</u>	<u>46,744,637</u>
Total assets	<u>77,067,733</u>	<u>62,526,920</u>
<u>Liabilities</u>		
Long-term liabilities	210,004	263,337
Other liabilities	<u>38,536,570</u>	<u>26,906,040</u>
Total liabilities	<u>38,746,574</u>	<u>27,169,377</u>
<u>Net Position</u>		
Invested in capital assets, Net of related debt	49,157,600	46,427,967
Unrestricted deficit	<u>(10,836,441)</u>	<u>(11,070,424)</u>
Total net position	<u>\$ 38,321,159</u>	<u>\$ 35,357,543</u>

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2021, the Authority's assets exceeded liabilities by \$38,321,159.

Capital assets reported on the government-wide statements represent the largest portion of the Authority's net assets. As of June 30, 2021, capital assets represented 64% 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, 2021, were \$49,157,600. 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, 2021 and 2020

Change in Net Position:

The table below shows the change in net position for fiscal years 2021 and 2020.

	2021	2020	Change
Operating Revenues			
Transportation Revenue-HST Brokerage	\$ 85,082,164	\$ 133,628,903	\$ (48,546,739)
Transportation Revenue-Self-Funded	1,398,891	2,342,863	(943,972)
Transportation Revenue-Urban/Rural Service	520,321	671,696	(151,375)
Total Operating Revenues	<u>87,001,376</u>	<u>136,643,462</u>	<u>(49,642,086)</u>
Non-Operating Revenues			
Federal	-	1,675,396	(1,675,396)
Commonwealth of Massachusetts	6,064,554	5,908,180	156,374
Member Municipalities	2,596,672	2,533,339	63,333
Interest Income	7,332	32,047	(24,715)
HST Management Fee	8,437,162	8,599,073	(161,911)
Other Income, net	4,545,067	3,233,535	1,311,532
Total Non-Operating Revenues	<u>21,650,787</u>	<u>21,981,570</u>	<u>(330,783)</u>
Total Revenues	<u>108,652,163</u>	<u>158,625,032</u>	<u>(49,972,869)</u>
Operating expenses			
Transportation Expense-HST Brokerage	85,210,082	134,085,961	(48,875,879)
Transportation Expense-Self-Funded	1,939,639	2,476,897	(537,258)
Transportation Expense-Urban/Rural Service	8,622,309	9,764,745	(1,142,436)
Administrative	11,776,921	11,442,259	334,662
Depreciation and Amortization	3,460,672	5,201,888	(1,741,216)
Total Operating Expenses	<u>111,009,623</u>	<u>162,971,750</u>	<u>(51,962,126)</u>
Non-Operating Expenses			
Interest Expense	189,194	335,411	(146,217)
	<u>189,194</u>	<u>335,411</u>	<u>(146,217)</u>
Total Expenses	<u>111,198,817</u>	<u>163,307,161</u>	<u>(52,108,343)</u>
Loss Before Capital Grants	(2,546,654)	(4,682,129)	2,135,474
Capital Grants	<u>5,510,270</u>	<u>4,998,801</u>	<u>511,469</u>
Change in Net Position	2,963,616	316,672	2,646,943
Net Position - Beginning of Year	<u>35,357,543</u>	<u>35,040,871</u>	<u>316,672</u>
Net Position - End of Year	<u>\$ 38,321,159</u>	<u>\$ 35,357,543</u>	<u>\$ 2,963,616</u>

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

Capital Assets:

Capital asset activity for the year ended June 30, 2021 was as follows:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Disposals / Transfers</u>	<u>Ending Balances</u>
Land and Land Improvements	\$ 4,342,839	\$ -	\$ -	\$ 4,342,839
Depreciable Properties:				
Building/Improvements Fitchburg Parking	12,329,892	9,820	-	12,339,712
Building/Improvements Fitchburg Intermodal	5,665,174	49,897	-	5,715,071
Building/Improvements Leominster Parking Lot	12,548,655	-	-	12,548,655
Building/Improvements Leominster Storage	6,716,400	-	-	6,716,400
Building/Improvements Fitchburg Maintenance	11,369,453	492,449	-	11,861,902
Building/Improvements Gardner Maintenance	7,963,174	4,428	-	7,967,602
Improvements Fitchburg Rail	972,146	-	-	972,146
Improvements Wachusett Rail	1,071,374	-	-	1,071,374
Building/Improvements Athol Maintenance	178,960	1,779	-	180,739
Building/Improvements Ayer Parking	6,127,512	2,217	-	6,129,729
Other Fixed Assets	2,193,633	27,514	(7,562)	2,213,585
Systems Development	4,292,487	1,123,283	-	5,415,770
Transportation Equipment	21,493,343	4,049,514	(2,011,338)	23,531,519
	<u>92,922,203</u>	<u>5,760,901</u>	<u>(2,018,900)</u>	<u>96,664,204</u>
Less Accumulated Depreciation For:				
Building/Improvements Fitchburg Parking	(5,765,114)	(424,837)	-	(6,189,951)
Building/Improvements Fitchburg Intermodal	(3,977,390)	(299,793)	-	(4,277,183)
Building/Improvements Leominster Parking Lot	(5,002,027)	(331,145)	-	(5,333,172)
Building/Improvements Leominster Storage	(2,695,576)	(252,132)	-	(2,947,708)
Building/Improvements Fitchburg Maintenance	(8,258,086)	(292,540)	-	(8,550,626)
Building/Improvements Gardner Maintenance	(3,047,529)	(290,399)	-	(3,337,928)
Improvements Fitchburg Rail	(972,146)	-	-	(972,146)
Improvements Wachusett Rail	(133,433)	(42,519)	-	(175,952)
Building/Improvements Athol Maintenance	(40,681)	(17,584)	-	(58,265)
Building/Improvements Ayer Parking	(84,585)	(208,274)	-	(292,859)
Other Fixed Assets	(2,014,314)	(37,318)	7,562	(2,044,070)
Systems Development	(3,313,461)	(376,925)	-	(3,690,386)
Transportation Equipment	(16,497,485)	(887,206)	2,011,338	(15,373,353)
	<u>(51,801,827)</u>	<u>(3,460,672)</u>	<u>2,018,900</u>	<u>(53,243,599)</u>
Net Depreciable Property	41,120,376	2,300,229	-	43,420,605
Construction In Progress	895,847	750,680	-	1,646,527
Fixed Assets in Process	385,575	(374,609)	-	10,966
Net Capital Assets	\$ 46,744,637	\$ 2,676,300	\$ -	\$ 49,420,937

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

In FY2021 the Authority used \$250,000 of Section 5307 and RTACAP funds for IT support equipment, including computer switches, replacement computers, related IT accessories and photocopier replacement. This also includes enhanced security via an upgrade to the surveillance and video storage systems at the Intermodal in Fitchburg and the Gardner Maintenance facilities.

In early FY2021 MART completed the Winter Equipment Storage Building in the western corner of our Water Street Maintenance Facility. The final costs for all activities associated with this out-building was \$348,754.

In FY2021 MART had smaller scale rehabilitation projects in almost every facility. Some that were completed in FY2021 were the Security Office reconfiguration at the Intermodal and fixing the concrete stairs at the rear of the Water Street facility. The medium scaled projects completed in FY2021 were the scrape and painting of all of the bus storage and mechanics bays, installation of a CO/NO2 detection system, and expansion/re-pavement of the rear employee parking at the Water Street facility. The following large-scale projects undertaken in FY2021 required A&E design services or investigative studies to be performed prior to construction. The large-scale projects started in FY2021 included the roof replacement at 840 N. Main Street, the floor replacement in the Gardner facility Bus Bays, and the fire panel replacement at the Water Street facility. In FY2021 MART invested \$1,263,150 of 5307, 5339, and MassDOT RTACAP funds. In FY2022 MART will utilize its funds for completion of these projects.

MART procured five para-transit vans (type E2) using \$344,850 in a combination of Small Urban Section 5307, 5339 and MassDOT RTACAP funds. MART was also awarded Section 5310/MAP funds thru MassDOT's Community Transit Grant program which allowed MART to receive eight additional Type E2 para-transit vans for a total of thirteen new vans in FY2021.

In addition to the above and as mentioned on page 3, MART began the enhancement of our Intelligent Transportation Systems. Installations of Automatic Passenger Counters with Automated Voice Announcements, as well as with LED Visuals were completed in 34 of the 50 fixed route buses and shuttle vehicles. The remaining installs were to be completed in August 2021 when the remainder of our new Arboc Low-Floor Mini-buses will be delivered. MART will start to utilize this efficient data and performance management system in FY2022 to increase the efficiency and performance of the Fixed Route System for the benefit of MART's patrons.

Budgetary Highlights:

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

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

- a. Unplanned loss of revenue due to the Covid-19 virus from the following categories: reduced parking, loss of farebox, suspension of private/public partnerships and self-funded programs, which is estimated to be \$1,370,493 for FY2021. CARES 5307 Grant funds were used to cover this revenue and associated costs.
- b. Unplanned increase in operational costs due to the Covid-19 virus from the following categories: cleaning/ disinfecting of facilities and vehicles, vehicle/driver protection, customer protection, restructuring of staff location to maintain social distancing, remote working capabilities of significant levels of staff, general cleaning and PPE (facemasks, gloves, etc.). This cost is estimated to be \$150,000.
- c. MART received in FY2021 a portion of the increased state assistance which calculated to \$6,064,554 from FY2020 calculated amount of \$5,908,180 which was distributed at the existing percentage allocation levels to each RTA. The increase resulted in an additional amount of \$156,374 in state funding.

MART Administration believes the Authority will be able to meet its transit commitments in FY2022 through FY2025 with the assumption of a continued resumption of normal transit operations in FY2022 through FY2025. MART will continue to improve efficiencies and manage as best it can during these unprecedented times.

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

Funding of the Authority:

- Expenses for all Transit services, less self-funded and the brokerage program were \$12 million, and were funded by the following:

	% of Expense	% of Funding
Authority generated revenue	9%	9%
Federal operating funds	28%	28%
Local contributions	19%	19%
Commonwealth assistance	44%	44%
State Grant	0%	0%

Montachusett Regional Transit Authority
(A Component Unit of Massachusetts Department of Transportation)
Statement of Net Position
June 30, 2021

Assets

Current Assets	
Cash and Short-Term Investments	\$ 10,250,431
Receivables for Operating Assistance	
U.S. Department of Transportation	325,301
Commonwealth of Massachusetts and Cities and Towns	
Constituting the Authority	3,789,790
Receivables for Capital Grants	
U.S. Department of Transportation	1,521,460
Commonwealth of Massachusetts	437,872
Accounts Receivable	10,539,821
Other Current Assets	782,121
Total Current Assets	<u>27,646,796</u>
Capital Assets	
Non Depreciable Capital Assets	6,972,478
Depreciable Capital Assets, Net of Accumulated Depreciation	<u>42,448,459</u>
Net Capital Assets	<u>49,420,937</u>
Total Assets	<u><u>\$ 77,067,733</u></u>

Liabilities and Net Position

Current Liabilities	
Accounts Payable	\$ 18,687,697
Accrued Expenses	483,591
Deferred Revenue	27,449
Revenue Anticipation Notes Payable	19,000,000
Current Portion of Long Term Debt	53,333
Accrued Interest	284,500
Total Current Liabilities	<u>38,536,570</u>
Long Term Liabilities	
Long Term Debt Net of Current Portion	210,004
Total Liabilities	<u>38,746,574</u>
Net Position	
Invested in Capital Assets, Net of Related Debt	49,157,600
Unrestricted Deficit	<u>(10,836,441)</u>
Total Net Position	<u>38,321,159</u>
Total Liabilities and Net Position	<u><u>\$ 77,067,733</u></u>

See accompanying notes to the Financial Statements.

Montachusett Regional Transit Authority
(A Component Unit of Massachusetts Department of Transportation)
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2021

Operating Revenues	
Transportation Revenue - HST Brokerage	\$ 85,082,164
Transportation Revenue - Self-Funded	1,398,891
Transportation Revenue - Urban/Rural Service	<u>520,321</u>
Total Operating Revenues	<u>87,001,376</u>
Operating Expenses	
Transportation Expense - HST Brokerage	85,210,082
Transportation Expense - Self-Funded	1,939,639
Transportation Expense - Urban/Rural Service	8,622,309
Administrative (Including Brokerage Administrative)	11,776,921
Depreciation and Amortization	<u>3,460,672</u>
Total Operating Expenses	<u>111,009,623</u>
Operating Loss	(24,008,247)
Non-Operating Revenues (Expenses)	
Federal	-
Commonwealth of Massachusetts	6,064,554
Member Municipalities	2,596,672
Interest Expense	(189,194)
Interest Income	7,332
HST Management Fee	8,437,162
Other Income, Net	<u>4,545,067</u>
Total Non-Operating Revenues	<u>21,461,593</u>
Loss before Capital Grants	(2,546,654)
Capital Grants	<u>5,510,270</u>
Change in Net Position	2,963,616
Net Position - Beginning of the Year	<u>35,357,543</u>
Net Position - End of the Year	<u><u>\$ 38,321,159</u></u>

See accompanying notes to the Financial Statements.

MONTACHUSETT REGIONAL TRANSIT AUTHORITY
(A Component Unit of the Massachusetts Department of Transportation)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from passenger fares and contract reimbursements	80,816,129
Cash paid to vendors	(83,538,197)
Cash paid to employees for services	(4,621,474)
Cash paid for other administrative costs	<u>\$ (7,155,447)</u>

NET CASH USED FOR OPERATING ACTIVITIES **(14,498,989)**

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	(120,289)
Interest Income	7,332
Proceeds from Operating Grants	10,550,185
Proceeds from HST Management fee	8,437,162
Proceeds from Line of Credit	1,000,000
Payment on Line of Credit	(1,750,000)
Other Income	<u>4,545,067</u>

NET CASH PROVIDED BY NON CAPITAL FINANCING ACTIVITIES **22,669,457**

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Principal Payments on Notes Payable	(53,333)
Purchase of Capital Assets	<u>(6,136,972)</u>

NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES **(1,331,697)**

NET DECREASE IN CASH AND SHORT-TERM INVESTMENTS **6,838,771**

BEGINNING CASH AND SHORT-TERM INVESTMENTS **3,411,660**

ENDING CASH AND CASH EQUIVALENTS **\$ 10,250,431**

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

Operating Loss	\$ (24,008,247)
Depreciation and amortization	3,460,672
Changes in Assets and Liabilities:	
(Increase) / Decrease in Receivables	(6,536,806)
(Increase) / Decrease in Other Assets	135,953
Increase / (Decrease) in Payables	12,577,087
Increase / (Decrease) in Accrued Expenses and Liabilities	<u>(127,648)</u>

Net Cash Used for Operating Activities **\$ (14,498,989)**

Supplemental disclosures of noncash transactions

Fully depreciated assets written off	\$ 2,018,900
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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, 2021

	Urbanized Area Service	Rural Area Service	Other Services	HST Brokerage Services	Total Area Service
Operating Costs					
RTA Administration Costs (excluding depreciation)	\$ 4,092,904	\$ 245,697	\$ -	\$ 7,491,644	\$ 11,830,245
Purchased Services					
Fixed Route	4,776,732	207,160	-	-	4,983,892
Demand Reponse	3,348,834	332,672	1,369,101	10,883	5,061,490
Brokerage Services	-	-	-	86,016,799	86,016,799
Self-Funded Services	-	-	570,540	-	570,540
Debt Service	177,291	11,906	-	-	189,197
Total Operating Costs	12,395,761	797,435	1,939,641	93,519,326	108,652,163
Federal Operating Assistance					
FTA Operating & Administrative	-	-	-	-	-
Other Federal	3,648,581	240,028	-	-	3,888,609
Total Federal Assistance	3,648,581	240,028	-	-	3,888,609
Revenues					
Transit Operating	495,789	24,532	-	-	520,321
Brokerage Service	-	-	-	93,519,326	93,519,326
Self-Funded Services	-	-	1,398,891	-	1,398,891
Other Revenues					
Advertising	31,643	2,124	-	-	33,767
Interest Income	6,871	463	-	-	7,334
Miscellaneous	588,549	34,140	-	-	622,689
Total Revenues	1,122,852	61,259	1,398,891	93,519,326	96,102,328
Net Cost of Service	7,624,328	496,148	540,750	-	8,661,226
Net Cost of Service Funding					
Local Assessments	2,438,825	157,847	-	-	2,596,672
State Contract Assistance	5,690,213	374,341	-	-	6,064,554
Unreimbursed surplus	\$ 504,710	\$ 36,040	\$ (540,750)	\$ -	\$ -
State Contract Assistance	\$ 5,690,213	\$ 374,341	\$ -	\$ -	\$ 6,064,554
Less: Payment made by MassDOT prior to June 30	5,690,213	242,938	-	-	5,933,151
Balance Requested from the State	\$ -	\$ 131,403	\$ -	\$ -	\$ 131,403

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, 2021

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 23 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

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

Montachusett Regional Transit Authority
(A Component Unit of Massachusetts Department of Transportation)
Notes to the Financial Statements
For the Year Ended June 30, 2021

Note A – The Authority and Operators (Continued)

The Operating Company that performs all transportation services for MART, which includes Fixed Route and Demand Response, are the companies that make up the Management of Transportation Services and its one Division. The three transportation companies and the one division share a common ownership.

The Authority paid a management fee of \$433,254 for the year ended June 30, 2021.

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 new contract commenced on July 1st 2019 and is for a four-year period.

The operations of the Authority’s para-transit services intended to provide services for elderly and handicapped individuals is provided by local Councils on Aging (“COA”), in accordance with an understanding whereby the COAs operate specialized non-fixed route service for elderly/disabled persons. In the communities of Fitchburg, Leominster and Ashby, this service is operated by Dial-A-MART Services, Inc. Management of Transportation Services, Gardner (MTG) performs this service for the city of Gardner. Management of Transportation Services of Gardner, Athol Division performs this service for Athol. The Authority also reimburses member communities for reasonable and necessary transit related expenses for the efficient operation of the COA para-transit service. The local COA’s are departments of the municipalities having membership in the Authority and their expenses are billed by and reimbursed to the member municipalities. The Authority implemented a limit on the level of COA reimbursements for administrative expenses not to exceed one-third the cost of the operating expenses beginning in FY2018. In FY2019 MART signed a new contract with all the COA’s providing uniform guidance on the management of the COA programs and the vehicle insurance now being covered by the COA participating communities. MART will continue to provide updated contracts as required.

Brokerage programs (referred to as HST and ICOs) are self-funded and consist of the brokerage of transportation for various human service agencies collectively funded and administered under the Commonwealth of Massachusetts’ Executive Office of Health and Human Services (EOHHS) and managed by the Human Service Transportation (HST) Office.

The human service agencies under the HST brokerage managed by MART include: MassHealth (state Medicaid program), Department of Public Health’s Early Intervention program (DPH), Department of Developmental Services (DDS), Department of Mental Health (DMH), Massachusetts Rehabilitation Commission (MRC) and the Massachusetts Commission for the Blind (MCB). For managing the brokered transportation programs, the Authority receives an annual management fee for all operating expenses. MART also directly manages two Integrated Care Options (ICO) programs for dual enrolled MassHealth and Medicare eligible individuals: Commonwealth Care Alliance, Inc. and Tufts-Network Health, LLC.

The Authority’s current service areas for the HST and ICO brokerage transportation programs includes the Greater Pioneer Valley Area, the North Central and South Central MA areas, as well as the greater metropolitan Boston region. The transportation services are provided through private for-profit and non-profit subcontractors that are contracted with MART. Subcontractors are required to bid for all transportation services needed by consumers of the agencies. After the formal selection process, assigned consumers are transported and MART reimburses the subcontractors based on their contracted rates. The Authority provides administrative functions including: trip reservation and scheduling, coordination, 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. For FY2021, the Authority executed a contract extension of one additional year, taking the administrative contract through June 30, 2021.

Montachusett Regional Transit Authority
(A Component Unit of Massachusetts Department of Transportation)
Notes to the Financial Statements
For the Year Ended June 30, 2021

Note A – The Authority and Operators (Continued)

The new extension extends the original six-year administrative contract to provide brokerage services for the HST department that became effective July 1, 2014.

As noted previously, MART delivered a response to EOHHS for the Non-Emergency Human Service Transportation Broker Service RFR on June 26th, 2020. The RFR significantly modifies the service areas, reducing the regions from nine to three and includes substantive changes to the performance standards for the broker(s). In late November 2020, MART was selected as the broker for the newly defined Regions 1 and 2. MART successfully negotiated a contract with EOHHS, executed in January 2021, for startup in July 2021.

There were 340 brokerage program providers for the fiscal year ended June 30, 2021. The provider list is provided 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 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, 2021 and may be applicable to the Organization. The Organization has not yet adopted these statements, and the implication on the Organization's fiscal practices and financial reports is being evaluated.

Montachusett Regional Transit Authority
(A Component Unit of Massachusetts Department of Transportation)
Notes to the Financial Statements
For the Year Ended June 30, 2021

Note B- Summary of Significant Accounting Policies (Continued)

Statement No.		Adoption Required in Fiscal Year
87	<i>Leases</i>	2022
89	<i>Accounting for Interest Cost Incurred Before The End of Construction Period</i>	2022
90	<i>Majority Equity Interests – an amendment of GASB Statements No. 14 and 61</i>	2020
91	<i>Conduit Debt Obligations</i>	2023

Operating vs. Non-operating Revenue and Expense

Operating revenues and expenses are distinguished from non-operating items. Operating revenues and expenses generally result from providing transit services to the general public. The principal operating revenues consist of passenger fares and advertising revenue. Revenue is recognized at the time service is delivered. Operating expenses include the cost of transit services and maintenance provided by third party vendors, administrative expense and insurance. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Capital Grants

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

Cash and Short-Term Investments

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

Use of Estimates

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

Capital Assets

Capital assets consist of land, construction in progress, buildings and improvements, equipment, and vehicles and are recorded at historical cost. Capital Assets with a cost in excess of \$500 are capitalized. The cost of normal maintenance and repairs that do not add value to the asset or materially extend asset lives are expensed. 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.

Montachusett Regional Transit Authority
(A Component Unit of Massachusetts Department of Transportation)
Notes to the Financial Statements
For the Year Ended June 30, 2021

Note B- Summary of Significant Accounting Policies (Continued)

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, 2021.

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, 2021, the Massachusetts Municipal Depository Trust (MMDT) bank balance of federally uninsured deposits totaled \$686,627. 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, 2021, under Sections 5307, 5309, 5339 and CARES Act 5307 of the Federal Transit Administration ("FTA"), as amended, the U.S. Department of Transportation has current active capital grants to the Authority aggregating a remaining balance of approximately \$8.2 million. The federal government normally funds up to 80% of capital projects. However, the Authority has at times been awarded federal grant funding up to 100% for approved capital improvement projects. The remaining non-federal share may be financed through state capital grants, local capital funds, the issuance of long-term debt, and toll development credits.

The Authority has a contract with the Commonwealth for operating assistance as provided for in the enabling legislation. The contract provides that the Commonwealth will pay the Authority a portion of its net cost of service. The amount of this contract assistance for FY2021 was \$6,064,554. In addition, the various cities and towns constituting the Authority contributed assistance in the amount of \$2,596,672 for FY2021.

The receivable for operating assistance includes \$1,125,165 from Cities and Towns constituting the Authority for previous years which are generally paid through local assessments "Cherry Sheets". Whether these amounts will eventually be funded is undeterminable. The Authority has not reserved any amount as uncollectible related to these receivables.

Montachusett Regional Transit Authority
(A Component Unit of Massachusetts Department of Transportation)
Notes to the Financial Statements
For the Year Ended June 30, 2021

Note E – Capital Assets

Capital asset activity for the year ended June 30, 2021 was as follows:

	Balance <u>7/1/2020</u>	<u>Additions/Transfers</u>	<u>Disposals</u>	Balance <u>7/1/2021</u>
Capital assets, not being depreciated:				
Land	\$ 4,342,839	\$ -	\$ -	\$ 4,342,839
Construction in progress	1,867,993	750,680	-	2,618,673
Fixed Assets in process	<u>385,575</u>	<u>(374,609)</u>	<u>-</u>	<u>10,966</u>
Total capital assets not being depreciated:	<u>6,596,407</u>	<u>376,071</u>	<u>-</u>	<u>6,972,478</u>
Capital assets, being depreciated:				
Buildings	63,970,594	560,590	-	64,531,184
Transportation Equipment	21,493,343	4,049,514	(2,011,338)	23,531,519
System Development	4,292,487	1,123,283	-	5,415,770
Other Fixed Assets	<u>2,193,633</u>	<u>27,514</u>	<u>(7,562)</u>	<u>2,213,585</u>
Total capital assets, being depreciated	91,950,057	5,760,901	(2,018,900)	95,692,058
Total accumulated depreciation	<u>51,801,827</u>	<u>3,460,672</u>	<u>(2,018,900)</u>	<u>53,243,599</u>
Total capital assets, being depreciated, net	<u>40,148,230</u>	<u>2,300,229</u>	<u>-</u>	<u>42,448,459</u>
Net Capital Assets	<u>\$ 46,744,637</u>	<u>\$ 2,676,300</u>	<u>\$ -</u>	<u>\$ 49,420,937</u>

Note F – Revenue Anticipation Notes

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

The Revenue Anticipation Note (RAN) outstanding on June 30, 2021, consisted of one note totaling \$19,000,000. This note bore an interest rate of 0.736% net interest cost (NIC). This note is due to be paid on July 30, 2021. Interest expense related to the RAN note amounted to \$285,000 in FY2021 and was offset by a premium upon issuance of \$145,160. At the same time the FY2021 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, 2021

Note G - Long Term Debt

During the year ended June 30, 2021, the following changes occurred in long-term liabilities:

	Interest Rate	Original Amount	Maturity Date	Balance 6/30/20	Reductions	Total Balance 6/30/21	Current Portion	Long-Term Portion
Note Payable - Fitchburg Redevelopment Authority	0%	\$1,050,000	June-2026	<u>\$316,670</u>	<u>(\$53,333)</u>	<u>\$263,337</u>	<u>(\$53,333)</u>	<u>\$210,004</u>
Total				<u>\$316,670</u>	<u>(\$53,333)</u>	<u>\$263,337</u>	<u>(\$53,333)</u>	<u>\$210,004</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>
2022	\$53,333	\$ -
2023	53,333	-
2024	53,333	-
2025	53,333	-
2026	<u>50,005</u>	-
Total	<u>\$263,337</u>	<u>\$ -</u>

Note H - Notes Payable

Effective June 30, 2021, 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, 2021.

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, 2021.

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, 2021

Note I – Contingencies - continued

As disclosed previously in the FY19 and FY20 financial statements, MART successfully defended itself in the civil actions and binding arbitration pursued by TLT against MART for the North Leominster Parking Garage. Having successfully defended itself in the arbitration, MART was awarded \$153,382.65 against TLT and correspondingly, demand was made to TLT for the final award amount. Concurrently, demand was also 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 attorney’s fees and costs, professional fees and delay costs, as well as 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. MART 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 FY2021, the Authority contributed 10% of each employee’s base pay for a total contribution of \$436,950. The Authority also sponsors an investment plan under Section 401(a) of the Internal Revenue Code. No contributions were made to this plan since FY2016, and it is the intention of the Authority to continue the move to abandon this investment plan in FY2022.

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 FY2021, the Authority collected ticket revenues of \$21,336 and remitted \$26,093 to MBTA.

Montachusett Regional Planning Commission (MRPC) – the Authority paid MRPC \$110,306 in FY2021 for contractual services that MRPC employees provided to the Authority.

801 CMR 53.03(2) Disclosure (Unaudited)

The Administrator held a dual role with MRPC and MART as of August 07, 1978, and then held a sole role as Administrator for MART as of February 13, 2003. A Base compensation for tax year ending December 31, 2020, was \$156,999. The Administrator did not receive health insurance. The Administrator’s retirement was announced at the May 25, 2021, Advisory Board Meeting, the final date of employment was July 09, 2021.

The Deputy Administrator, date of hire of February 3, 1993, received base compensation for tax year ending December 31, 2020, of \$139,562. The Deputy Administrator receives health insurance coverage and contributes 30% of the cost of the premium. The Deputy Administrator was appointed to Interim Administrator at the May 25, 2021, Advisory Board Meeting, with the announcement of the Administrators retirement.

The Chief Financial Officer, date of hire of March 16, 2015, received compensation for tax year ending December 31, 2020, of \$136,012. 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, 2021

Note L – Subsequent Events

In July 2021, 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 16, 2021, the date the financial statements were available to be issued.

The COVID-19 pandemic has developed rapidly in FY2020 through FY2021, with a significant number of cases. Measures taken by various governments to contain the virus have affected economic activity. The Authority has taken a number of measures to monitor and mitigate the effects of COVID-19, including safety and health measures for its employees and operating companies, such as having staff work from home, segregate essential staff to separate locations to provide safe working environments, physical barriers to protect bus and van drivers and by securing personal protective equipment and technology to support our staff, providers and clients.

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

The Authority did not have any other non-recognized or recognized subsequent events after June 30, 2021, the date of the statement of financial position. Subsequent events have been evaluated through September 16, 2021, 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, 2021

Note M – List of Brokerage Vendors

A & G Transportation Services Inc., Revere	Brazukinha Transport And Care Inc., Lynn
Aaron Transport LLC, Springfield	Bridgewell Inc., Lynnfield
Abees Transportation, North Grafton	Brook Limo Transportation Inc., Lowell
Above All Transportation Inc.	By Trans Corp., Wilmington
Absolutransit, Gardner	Cab Transportation LLC, New Bedford
Access Care Ride Inc., Leominster	Camme Transportation Inc., Burlington
Achias Transportation Inc., Leominster	Cape Ann Transportation, Gloucester
Act Care & Transportation LLC, Lowell	Care & Beyond Home Care LLC, Dracut
Adh Transit Services, Worcester	Careplus Medical Transport LLC, Chelmsford
Advisor Limo Inc., Ashland	CAREPLUS Transports LLC, Auburn
Agawam Transportation Inc., Agawam	Caribbean Transportation Inc., Worcester
All Ride Transportation Inc., Haverhill	Castelly's Transportation LLC, Ashland
All Year Inc., Billerica	Ccare Transit LLC, Chicopee
Alliance Community Connections Inc., Woburn	CCR Transportation LLC, Worcester
Allroad Transit Corporation, Stoughton	Center Of Hope Foundation Inc., Southbridge
Allroad Transportation Corp., Stoughton	Centerpoint Delivery Inc., Fitchburg
All-Savants Transportation LLC, Quincy	City Cab Company Inc., Fitchburg
Alternative Transportation Systems LLC, Arlington	City Cab Company Inc., Fitchburg
Alternatives Transportation System LLC, Worcester	City Voyager Corporation, Ashland
American Training Inc., Andover	Citytrans Inc., Worcester
American Way Transportation Inc., Waltham	Citytrans Inc., Worcester
Anb Transportation Inc., Dedham	Clar LLC, Lowell
Angel Transportation, Westford	Clinton Livery Inc., Clinton
Annex Transit LLC, Lowell	Comfort Care Resource Group, Woburn
Arko Transportation Services, Lynn	Comfort Way Inc., Stoughton
Atlantic Trans Inc., Sharon	Commonwealth Community Inc., Springfield
Aurora Transportation Service LLC, Lynn	Community Access Inc., Easton
Aurus Logistics Inc., Swampscott	Community Ambulance Inc., Pittsfield
Aurus Logistics Inc., Winthrop	Community Heathlink Inc., Worcester
Austin Transportation LLC, Dorchester	Community Transportation, Indian Orchard
Awesome Transportation International Inc., Winthrop	Compass Transportation Inc., Worcester
Bahati Transportation LLC, Methuen	Convenient Homecare Services Inc., Waltham
Band Of Heroes & Emt LLC, Lawrence	Covenant Transportation Inc., Newton
Banka General Staffing LLC, Ayer	Crown Homes Healthcare &, Saugus
Barry L Price Rehabilitation, W. Newton	CTLS Enterprise Inc., Greenfield
Bass River Day Activity Program Inc., Beverly	D & T Transportation, Worcester
BAT Enterprises LLC, Beverly	Dasa Medical Transit Inc., Worcester
Bay State Transportation Co., Lynn	Dasa Transportation Inc., Norton
BECCA Transportation LLC, Leominster	Dean General Services LLC, Lowell
Bellieve Transporataation Inc., Worcester	Desire Safety Transportation LLC, Dedham
Best Choice Transportation Inc., Stoughton	Digits Transportation LLC, Lowell
Best Ride Inc., Dedham	Dominion Healthcare LLC, Dorchester
Best Transportation, Natick	Donahue Limousine Service Inc., Leominster
Beyond Transportation LLC, Tewksbury	Double L Transportation LLC, Marblehead
Binfin Coach And Cab LLC, Leominster	Dracut Transportation Service, Dracut
Blackstone Valley Livery LLC, Uxbridge	DS Express Transportation Co., Chicopee
Blue Hills Limousine LLC, Leominster	E & A Transportation, LLC, Chestnut Hill
Boston Health & Recovery Serv, Inc., Leominster	Eagle Spirit Transportation Inc., Worcester
Boston Mass Transportation Inc., Newton Upper Falls	East Middlesex Arc Inc., Wakefield
Bostonnex Livery Corporation, Boston	East West Child Care & Transportation, Lynn

Montachusett Regional Transit Authority
(A Component Unit of Massachusetts Department of Transportation)
For the Year Ended June 30, 2021

Note M – List of Brokerage Vendors Continued

Easton Auto Service Inc., Easton	Ireland and Company LLC, Lynn
Eliot Community Human Services Inc., Lexington	J&J Care Transportation Corp., Springfield
Elite Trans LLC, Woburn	Janny Transportation Services Inc. Worcester
Elm Transportation Inc., Lowell	JBM Health & Educational Services Inc., Waltham
Emmanuel Home Care Svc LLC, Lowell	JC Transportation Inc., Lawrence
E-POD Transportation LLP, North Adams	Jet Transportation Inc., Shrewsbury
Exodus Transportation Inc., Dracut	JFK Transportation Inc., Natick
Express Medical Transportation Inc., Stoughton	JK Services Inc., Wrentham
Extracare Transport, Holden	JOMO Transportation LLC, Lowell
E-Z Transportation LLC, Chelsford	Justice Services Inc., Billerica
Faith Transportation, West Springfield	JYL Transportation Inc., Spencer
Favored Home Care Inc., Lynn	K&C Transportation Inc., Lawrence
Fitchburg Transportation LLC, Fitchburg	Kenmore Transit Inc., Swampscott
Five Stars Transportation Inc., Natick	Kiessling Transit Inc., Norfolk
Flow Transportation Services LLC, Leominster	King Courier Trans Inc., Webster
Focal Points Healthcare LLC, Framingham	Kingdom Transportation, Milford
Frances Health Services LLC, Woburn	Kiten Inc., Billerica
Francois Transportation Inc., Tewksbury	Konastone Services Inc., Dracut
Friendly Ride Transportation Inc., Feeding Hills	Kush Transportation Inc., Methuen
Furtuna Enterprise Inc., Somerville	L & G Transportation Services, Leominster
Gaamha Inc., Gardner	L & M Transportation LLC, Lawrence
Gabriel Transportation, Amherst	L.B. Transportation, Waltham
Ganda Services Inc., Burlington	Lande Light Home Helath LLC, Woburn
GEM Logistics Inc., Worcester	Lifedots Transportation LLC, Lowell
Gentle Arms Daily Transportation Co. LLC, Chelmsford	Lifeworks Inc., Westwood
Global Clean Transportation Inc., Woburn	Light Global Inc., Lynn
Gloria Kush Inc., West Roxbury	Lodge T LLC, Swampscott
Gloria Transportation Inc., Stoughton	Longonot Transportation Inc., Springfield
Go Time Transportation, Methuen	Lowell Transportation, Tewksbury
Goodness Transportation LLC, Lawrence	Lumi Transports LLC, Lowell
GQ Mass Inc., Westford	Luxus Inc., Sharon
Greater Lynn Senior Serv Inc., Lynn	M & J Transportation Service Inc., Dorchester
Greater North Transportation Inc., N. Chelmsford	M.J. Transportation Inc., Southwick
GREATWAY Care LLC, Lawrence	Maack Enterprises Inc., Malden
Green Cab Company Inc., Somerville	Malden Trans Inc., Malden
Habilitation Assistance Corp., Plymouth	Malka Inc., Randolph
Haytrans LLC, Revere	Marks Transportation LLC, Milford
HB Livery Service Inc., Winthrop	Mass Express Transportation Inc., West Springfield
HCH Services Inc., Waltham	Mass Proud LLC, Revere
Helios Ride Inc., Worcester	MassFinest Inc., Billerica
Higher Ground Enterprise, Mattapan	Maximus Trans Services Inc., Waltham
Horace Mann Educational Assoc, Franklin	MassFinest Inc., Billerica
Hulmes Transportation Serv Ltd, Belchertown	Maximus Trans Services Inc., Waltham
Humble Hands Health Care Svc LLC, Methuen	Maxride Inc., Dracut
Hunter Transit Inc., Milford	Mazare Transportation LLC, Dracut
Hybrid Ride Inc., West Bridgewater	MCJ Transportation Inc., Brockton
In Time Med Transport LLC, Malden	Medical Transportation Inc., Waltham
Infinity Transport LLC, Gardner	Metro Transport Services LLC, Revere
Instant Transportation LLC, Worcester	Michael Transportation Service Corp, Lynn
Integrity Medical Transportation Corp., Lawrence	Middlesex Transporters LLC, Worcester

Montachusett Regional Transit Authority
(A Component Unit of Massachusetts Department of Transportation)
For the Year Ended June 30, 2021

Note M – List of Brokerage Vendors Continued

Mighty Livery Transportation LLC, Fairhaven	Rideright Transportaiton Inc., Revere
Minute Man Arc For, Concord	Rio Hondo Transport LLC, Lawrence
Mobile Transportation Etc LLC, Quincy	Riverside Industries Inc., Easthampton
MRC Transportation LLC, Bridgewater	RM Transportation Inc., Swampscott
Mtrans, W. Roxbury	Royal Care Transportation Inc., Framingham
Mystic Service Corp Inc., Medford	Royal Comfort Transport LLC, Lowell
Mystic Transport LLC, Worcester	Royal Ride Inc., Wakefield
National Ambulance LLC, Springfield	Rwendo Transportation Inc., North Chelmsford
Need A Lift Medivan Inc., Leominster	S & K Transportation Inc., Brockton
New Beginnings Transportation LLC, Westfield	S & T Health Transportation Inc., Watertown
New England Health Transportation Inc., Haverhill	Safari Care Transportation, Everett
New Worcester Yellow Cab Inc., Worcester	Safe Hands Inc., Lowell
North Adams Ambulance Services Inc., N. Adams	Safe Ride Transportation Inc., Malden
Northeast Arc Inc., Danvers	Safe Transportation Inc., Braintree
Northern Destinations Inc., Lynnfield	SAMI Health Care Services inc., Marlborough
Nu Checker Inc., Worcester	Samtag Resource Inc., Worcester
Nu Path Inc., Woburn	Sanko Inc., Stoughton
Nursecare Transportation, Methuen	Savannah Transportation LLC, Worcester
OBAS Enterprise LLC, North Andover	Serene Transportation Inc., South Hadley
Ocar Transportation LLC, Beverly	Serenity LLC, Wilmington
Ocean Transportation Services Inc., Lynn	Seven Hills Community, Worcester
Oceanside Medical Transportation, Beverly	Shamrock Livery Inc., Marshfield
Omar Transport LLC, Newton	Shining Care LLC, Boston
Oshe Transport LLC, Worcester	Shore Transit Inc., QuInc.y
Outlook Transportation, Leominster	Six Star Transportation Inc., Watertown
Patrick Hendershott, Malden	SLG Run, LLC, Holbrook
PCMC Transportation Inc., Springfield	Smart Transportation Inc., Quincy
Perfection Inc., Brighton	Smiles Health Services Inc., Worcester
PFM Services LLC, Lynn	Smood Transportation Inc., Lynn
Phephi Services Inc., Woburn	Soldier On Inc., Pittsfield
Phils Transportation Inc., Wales	Solika Transit Inc., Springfield
Pilgrim Transportation Inc., Stoughton	Soughtafter Transportation Inc., Andover
PN Transportation LLC, Dorchester	South Shore Community, Plymouth
Premium Care Transportation LLC, Worcester	Space Time Transportation LLC, Melrose
Present Line LLC, Chicopee	Spartacus Transportation LLC, Dover
Prestige Livery Transportation LLP, Dracut	Springfield Partners Comm. Action Inc., Springfield
Prestige Ride LLC, Dudley	St. Agnes Transport, Worcester
Prevalent Transport Inc., Chicopee	Standards Care Staffing Inc., Beverly
Prime Solution Group Inc., Brookline	Star International Charity Found. Inc., Worcester
Prospects Transportation LLC, Worcester	Star Line Transportation LLC, West Springfield
R & F Services Inc., North Attleboro	Stralinks Inc., Worcester
R & M Ride, Woburn	STS Special Transportation, Newton
Rafa Transportation LLC, West Springfield	Success Corportation, Newton
RCK Transportation Inc., Everett	Sunrise Transit LLC, Randolph
Reliable LLC, Lawrence	Superb Enterprises Inc., Lowell
Reliable Trans, Worcester	Support Management Inc., Dedham
Reliable Transportation Inc., Westford	Surrimassini Inc., Peabody
Reliamed Transportation Inc., Shrewsbury	Tamba-Kromah Ventures LLC, Lynn
Rem Services Trans LLC, Bedford	Tatis Transportation LLC, Lynn
Ride On Time Inc., Lynn	Teallia LLC, Rutland

Montachusett Regional Transit Authority
(A Component Unit of Massachusetts Department of Transportation)
For the Year Ended June 30, 2021

Note M – List of Brokerage Vendors Continued

Teamwork Transportation Inc., Natick
The Drivers Transportation LLC, Fitchburg
Thom Legacy Enterprises LLC, Boxborough
TLL Medical Transport Inc., Weymouth
Tommys Taxi Inc., Framingham
Town Car Limousine Inc., Stoneham
Transportation On Call, Stoughton
Travelcom Inc., Upton
Travelers Transit Inc., Blackstone
Tri-City Services Inc., Peabody
TSS Transportation LLC, Methuen
United Transportation Group Inc., Worcester
US Comfort Express LLC, Springfield
USA Comfort LLC, West Springfield
V&K Trans LLC, Malden
Valley Transporter Inc., Amherst
Vectra Transportation LLC, Natick
Vegas Transportation LLC, Methuen
Venture Community Service Inc., Sturbridge
Vesta Inc., Norton

Veterans Taxi Of Newton LLC, Waltham
VHS Transportation Company, South Easton
Viability Inc., Northampton Ma
Victorious Services Inc., Waltham
Victory Human Services Inc., Brockton
VLADS's Transportation, W. Springfield
VO Transportation LLC, Boston
Voyage Transportation LLC, Quincy
Way Transportation LLC, Milford
West Medical Transportation Inc., Stoughton
Woods Ambulance Inc., Gardner
Worcester Medical Trans LLC, Worcester
Worcester Transportation Corp, West Springfield
World Class Limousine LLC, Andover
WOW Transportation Inc., Quincy
Yaris Transportation, Lynn
Yellow Cab Company, Springfield
Yerevan Group Inc., Wakefield
Youth On The Move Inc., Springfield
Zoe Transptortation, Cherry Valley

Montachusett Regional Transit Authority
(A Component Unit of Massachusetts Department of Transportation)
Self-Funded Cost of Service
For the Year Ended June 30, 2021

		Cost of Service			
	Revenue	Transportation Service	Administrative	Net Interest Expense	Net Income/(Loss)
SELF-FUNDED - TRANSIT					
Gardner VNA Service	\$ 19,415	\$ (133,879)	\$ -	\$ -	\$ 153,294
Suscription Service	180,333	1,369,100	-	-	(1,188,767)
Operating Co - HST Service	1,199,143	704,418	-	-	494,725
TOTAL SELF-FUNDED - TRANSIT	1,398,891	1,939,639	-	-	(540,748)
SELF-FUNDED - BROKERAGE					
Mass Health Services	47,667,671	47,755,654	4,198,317	-	(4,286,300)
Mass Health Ico Services	85,928	71,163	5,993	-	8,772
Department of Developmental Services	8,130,945	7,622,822	670,502	-	(162,379)
Department of Public Health Services	939	939	0	-	0
Department of Developmental Services Dayhab	29,605,391	28,952,473	2,545,661	-	(1,892,743)
Department of Developmental Services Dayhab Ico	49,140	53,775	4,495	-	(9,130)
Department of Mental Health Services	609,528	610,103	53,940	-	(54,515)
Mass Rehab Services	131,765	132,270	11,987	-	(12,492)
Mass Commission for the Blind Services	0	0	-	-	-
Dial-a-Mart	(1,199,143)	10,883	749	-	(1,210,775)
Non-Grant Funded Capital Assets	-	817,600	-	-	(817,600)
Administration	8,437,162	-	-	-	8,437,162
TOTAL SELF-FUNDED - BROKERAGE	93,519,326	86,027,682	7,491,644	-	-
TOTAL SELF-FUNDED	\$ 94,918,217	\$ 87,967,321	\$ 7,491,644	\$ -	\$ (540,748)

See Independent Auditors' Report.

Montachusett Regional Transit Authority
(A Component Unit of Massachusetts Department of Transportation)
Allocation of Net Cost of Service
For the Year Ended June 30, 2021

	Fixed Motor Bus Route	Paratransit	Council on Aging	Total	General and Administrative	Federal/Other Assistance	Other Income	Cost of Service	Self- Funded	HST Brokerage	State Assistance	Local Assessment
Fitchburg	\$ 1,887,503	\$ 568,996	\$ 691,438	\$ 3,147,937	\$ 1,865,174	\$ (1,539,352)	\$ (274,799)	\$ 3,198,960	\$ 223,861	\$ -	\$ (2,400,723)	\$ (1,012,295)
Leominster	1,594,247	552,266	547,993	2,694,506	1,422,899	(1,265,904)	(220,798)	2,630,703	179,870	-	(1,974,264)	(832,476)
Gardner	523,552	121,569	102,438	747,559	397,488	(353,598)	(56,630)	734,819	46,131	-	(551,459)	(232,531)
Lunenburg	107,380	60,641	39,511	207,532	104,281	(96,277)	(15,459)	200,077	12,593	-	(150,152)	(63,313)
Templeton	145,024	7,538	22,750	175,312	93,553	(83,091)	(13,101)	172,673	10,673	-	(129,586)	(54,642)
Westminster	21,654	8,860	20,921	51,435	26,916	(24,236)	(3,749)	50,366	3,054	-	(37,798)	(15,938)
Winchendon	60,873	15,958	19,400	96,231	47,230	(44,302)	(7,095)	92,064	5,780	-	(69,092)	(29,133)
Ayer	-	4,876	63,939	68,815	142,074	(65,045)	(10,673)	135,171	8,695	-	(101,442)	(42,774)
Boxborough	-	-	30,342	30,342	14,255	(13,866)	(1,914)	28,817	1,559	-	(21,626)	(9,119)
Harvard	(35)	24,455	42,166	66,586	33,119	(30,831)	(4,804)	64,070	3,914	-	(48,082)	(20,275)
Littleton	(89)	14,553	20,129	34,593	18,831	(16,537)	(2,521)	34,366	2,054	-	(25,791)	(10,875)
Shirley	-	1,105	64,413	65,518	53,654	(37,362)	(4,166)	77,644	3,394	-	(58,270)	(24,570)
Lancaster	24,145	16,618	29,540	70,303	36,970	(33,152)	(5,227)	68,894	4,258	-	(51,703)	(21,801)
Sterling	-	12,982	77,567	90,549	54,180	(45,028)	(6,127)	93,574	4,991	-	(70,225)	(29,611)
Stow	-	-	39,472	39,472	-	-	-	39,472	-	-	-	(39,472)
Ashburnham	-	177	43,071	43,248	20,728	(19,879)	(2,786)	41,311	2,270	-	(31,002)	(13,073)
Ashby	-	9,798	30,928	40,726	18,872	(18,499)	(2,655)	38,444	2,163	-	(28,851)	(12,166)
Athol	189,522	50,741	112,281	352,544	182,950	(165,450)	(26,219)	343,825	21,359	-	(258,030)	(108,802)
Hubbardston	-	-	28,023	28,023	13,338	(12,855)	(1,792)	26,714	1,460	-	(20,048)	(8,454)
Bolton	-	-	15,281	15,281	7,257	(7,005)	(974)	14,559	793	-	(10,926)	(4,607)
Hardwick	-	-	35,476	35,476	17,121	(16,340)	(2,300)	33,957	1,874	-	(25,484)	(10,745)
Totals	\$ 4,553,776	\$ 1,471,133	\$ 2,077,079	\$ 8,101,988	\$ 4,570,890	\$ (3,888,609)	\$ (663,789)	\$ 8,120,480	\$ 540,746	\$ -	\$ (6,064,554)	\$ (2,596,672)

See Independent Auditors' Report.

Montachusett Regional Transit Authority
(A Component Unit of Massachusetts Department of Transportation)
Schedule of Administrative, General and Interest Expenses
For the Year Ended June 30, 2021

ADMINISTRATIVE	REGIONAL TRANSIT AUTHORITY	HST BROKERAGE PROGRAMS	TOTAL
Insurance - General Liability Ex/Umbr	\$ 375,590	\$ 131,076	\$ 506,666
Insurance - Operating Property	\$ 74,891	-	74,891
Insurance - Parking Property	\$ -	-	-
Insurance - Other Vehicles	\$ 469,027	23,680	492,707
Insurance - Bus	\$ 121,842	-	121,842
Payroll - Administrative	\$ 1,052,824	3,267,831	4,320,655
Payroll - Temporary Staff	\$ -	132,742	132,742
Payroll - Uncompensated Absences	\$ 6,012	44,336	50,348
Payroll - Fica/Medicare Tax	\$ 73,468	235,961	309,429
Payroll - Unemployment Tax	\$ 9,625	30,137	39,762
Payroll - Health Insurance	\$ 87,191	538,339	625,530
Payroll - Life/Disability Insurance	\$ 7,237	37,409	44,646
Payroll - Workers Comp Insurance	\$ 880	3,518	4,398
Payroll - Retirement 401K	\$ 105,749	331,201	436,950
Advertising - Marketing / Legal / Consultant	\$ 17,596	875	18,471
Printing	\$ 3,259	-	3,259
Consultant - Technical/MRPC	\$ 110,306	-	110,306
Consultant - Other	\$ 43,772	-	43,772
Security	\$ 106,116	-	106,116
Legal Counsel	\$ 155,329	38,497	193,826
Auditor	\$ 20,074	19,795	39,869
Office Supplies	\$ 44,912	30,281	75,193
Equipment/Maintenance	\$ 19,668	6,033	25,701
Equipment Lease Expense	\$ 3,600	6,476	10,076
Purchase Services	\$ 101,415	24,837	126,252
IT Software	\$ 14,529	89,508	104,037
Travel	\$ 600	2,105	2,705
Meetings	\$ 4,676	1,367	6,043
Rent Expense	\$ 19,982	397,623	417,605
Consultants - Computer Service Contracts	\$ 185,423	566,282	751,705
Consultants - Operational / CATA	\$ -	-	-
Miscellaneous Expense	\$ 39,757	65,911	105,668
Telephone	\$ 248,400	281,820	530,220
Telephone - Maintenance	\$ 23,866	-	23,866
Reserve Fund / Bad Debt Expense	\$ -	1,009,924	1,009,924
Maintenance - Water St. Facility	\$ 89,613	-	89,613
Maintenance - ITC Facility	\$ 734	80,144	80,878
Maintenance - Gardner Facility	\$ 34,792	-	34,792
Maintenance - N. Main Facility	\$ 34,357	963	35,320
Maintenance - Athol Facility	\$ 3,064	-	3,064
Utilities - Water St. Facility	\$ 67,222	18,626	85,848
Utilities - ITC Facility	\$ 70,343	66,726	137,069
Utilities - Gardner Facility	\$ 47,414	-	47,414
Utilities - N. Main Facility	\$ 25,114	7,621	32,735
Utilities - Athol Facility	\$ 12,720	-	12,720
Total Administrative	\$ 3,932,989	7,491,644	11,424,633
GENERAL AND INTEREST			
Debt Service / Bank fees	\$ 22,086	-	22,086
Interest Expense	\$ 167,109	-	167,109
Ticket Agency Service	\$ 26,093	-	26,093
Commuter Rail Service	\$ 379,521	-	379,521
Total General And Interest	\$ 594,809	-	594,809
Total Administrative, General and Interest	\$ 4,527,798	\$ 7,491,644	\$ 12,019,442

See Independent Auditors' Report.

Montachusett Regional Transit Authority
(A Component Unit of Massachusetts Department of Transportation)
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

	Federal CFDA Number	Pass Through Entity Identifying Number	Federal Expenditures
U.S. Department of Transportation (FTA) Federal Transit Cluster			
Capital - Section 5309 Bus and Bus Facility Ayer-Right-of-way Acquisition	20.500	MA-55-0006	\$2,833
Subtotal CFDA 20.500			<u>\$2,833</u>
Operating Assistance - Section 5307 Urban Area Formula (CARES Act)	20.507	MA-2020-011-00	\$3,866,301
Capital - Section 5307 (MAP21) Urbanized Area Formula Bus station equipment and rehab	20.507	MA-2016-15-00	9,680
Capital - Section 5307 (MAP21) Urbanized Area Formula Buy replacement vans, shop and support equip Related non-capital expenditures	20.507	MA-2017-018-00	9,962
Capital - Section 5307 Urban Area Formula (CARES Act) COVID related capital	20.507	MA-2020-011-00	232,298
Capital - Section 5307 Urban Area Formula Purchase mini buses & cutaways, misc support equip, Ayer garage equip and winter storage bldg	20.507	MA-2020-040-00	280,206
Capital - Section 5307 Urban Area Formula Replace cutaways and support vehicle, AVL and APC equipment,automated fare collection system,rehab admin and maintenance facility Related non-capital expenditures	20.507	MA-2021-042-00	1,013,549
Subtotal CFDA 20.507			<u>9,061</u> <u>\$5,421,057</u>
Capital - Section 5339 Bus and Bus Facilities Buses	20.526	MA-2019-13-00	\$666
Capital - Section 5339 Bus and Bus Facilities Buses	20.526	MA-2020-28-00	2,333,728
Capital - Section 5339 Bus and Bus Facilities Buses	20.526	MA-2021-042-00	240,949
Subtotal CFDA 20.526			<u>\$2,575,343</u>
TOTAL FEDERAL TRANSIT CLUSTER			\$7,999,233
U.S. Department of Transportation (FTA) Transit Services Programs Cluster			
Capital - Section 5310 MAP Vans (8)	20.513	TBD	\$889,347
Subtotal CFDA 20.513			<u>\$889,347</u>
TOTAL TRANSIT SERVICES PROGRAMS CLUSTER			\$889,347
Total Expenditures of Federal Awards			\$8,888,580

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, 2021

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, 2021. 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 minimus cost rate.

Bruce D. Norling, CPA, P.C.

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
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 Montachusett Regional Transit Authority (the Authority), as of and for the year ended June 30, 2021, 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 16, 2021.

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 opinion 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 may exist that have not been identified.

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 statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Bruce D. Norling, CPA, P.C.

September 16, 2021

Bruce D. Norling, CPA, P.C.

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

To the Advisory Board
Montachusett Regional Transit Authority
Fitchburg, Massachusetts

Report on Compliance for Each Major Federal Program

We have audited the Montachusett Regional Transit Authority's (the Authority) compliance with the types of compliance requirements described 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, 2021. **Error! No document variable supplied..** The Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on Each Major Federal Program

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, 2021.

Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Bruce D. Norling, CPA, P.C.

September 16, 2021

Montachusett Regional Transit Authority
(A Component Unit of Massachusetts Department of Transportation)
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

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. 20.500, 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