

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

MANAGEMENT LETTER

June 30, 2024

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

Dear Members of the Advisory Board:

In connection with our audit of the financial statements of the Berkshire Regional Transit Authority, a component unit of the Massachusetts Department of Transportation, as of June 30, 2024, we have made a review of the Authority's accounting procedures and internal control. While the primary objective of such a review is to afford us a basis of determining the scope of our audit procedures, it nevertheless presents us with an opportunity to submit, for the Authority's consideration, suggestions for changes in procedures, which, in our opinion, would strengthen internal control or contribute to the improvement of operating efficiency.

The comments and recommendations in this letter are based upon observations made in the course of such review. The review was not designed for the purpose of expressing an opinion on the internal accounting control, and it would not necessarily disclose all weaknesses in the system.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various Authority personnel, and we will be pleased to discuss them in further detail at your convenience. We are also available to provide guidance to assist the Authority in implementing the recommendations.

We would like to express our thanks and appreciation to the Authority and its personnel for the cooperation given us during the course of our audit.

Sincerely,

ADELSON & COMPANY PC

September 26, 2024

Comments and Recommendations

1. The Governmental Accounting Standards Board (GASB) has issued the following Statements which will be effective for the Authority's fiscal year ending June 30, 2025:

- a. GASB No. 101, *Compensated Absences*. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

The Authority's compensated absence policy allows employees to accrue and carry over vacation and sick time from year to year.

- b. GASB No. 102, *Certain Risk Disclosures*. The objective of this statement is to identify potential risks in governmental environments and develop disclosure requirements associated with information about risks related to a government's vulnerabilities due to certain concentrations or constraints. As a result of this statement, users will have better information with which to understand and anticipate certain risks to a government's financial condition.

The Authority has an economic dependency on the Commonwealth of Massachusetts and the Federal government for operating subsidies.

Recommendation:

Management of the Authority should familiarize themselves with GASB No. 101 and 102 in order to prepare for their implementation and the impact on the Authority's financial reporting for fiscal year 2025.

The Authority should include maintaining calculations of the compensated absence liabilities for sick and vacation time allowed to be carried over to subsequent fiscal years per GASB No. 101.

The Authority should also identify whether there are any other concentrations or constraints meeting the definitions per GASB No. 102 that would require disclosure in the financial statements, in addition to its economic dependency disclosure on the federal and state government for operating subsidies.

Action Taken:

The Authority's staff will educate themselves on GASB No. 101 and 102 during the upcoming months.

Status of Prior Year Recommendations

1. As recommended, the Authority has updated its procurement policy to incorporate a prequalification process in hopes that it will attract more vendors for a fuel contract. A request for proposal for a fuel contract is expected to be issued in fiscal year 2025.
2. As recommended, the Authority has been verifying that payroll taxes are being remitted on a timely basis. Taxes are being verified quarterly as part of the review of the quarterly payroll filings.