

**MONTACHUSETT REGIONAL TRANSIT AUTHORITY**  
(A Component Unit of Massachusetts Department of Transportation)

**Financial Statements  
and  
Auditors' Reports**

**June 30, 2019**

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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, 2019, 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, 2019, 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 10 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 30 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 relate 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 are 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 14 and the supplementary information presented on pages 27 through 30 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 30, 2019, on our consideration of the Authority's internal control over financial reporting and 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 30, 2019

**Montachusett Regional Transit Authority**  
**(A Component Unit of Massachusetts Department of Transportation)**  
**Management Discussion and Analysis (Unaudited)**  
**For the Year Ended June 30, 2019**

The following is the Management Discussion and Analysis (“MD&A”) of the financial statements of the Montachusett Regional Transit Authority (“the Authority”), located at 1427R Water Street, Fitchburg, Massachusetts as presented. This MD&A is prepared by the Administrator, Mohammed H. Khan. 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, 2019. 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:**

- In FY2019 MART upgraded the Brokerage Computer Systems and developed new software modules to help stay a head of the continued robust growth of the Brokerage business. The total cost was roughly \$400,000, which was covered by the Management Fee provided by EOHHS to MART for the management and administration of the Brokerage services.
- Through the contract with the Commonwealth of Massachusetts’ Executive Office of Health and Human Services (EOHHS), the Authority increased its brokerage services revenue from \$146,414,111 in FY2018 to \$160,746,244 in FY2019 a 9.8% increase. The increase in the prior year comparison was only 7.0%.
- The amount of the Authority’s Federal 5307 funds used for operations was \$2,680,440 in FY2019. These funds were allocated directly from the Formula funds and used toward urban area and ADA operations.
- The Ayer Rail Trail Parking facility was successfully bid in FY2019 for a sum of \$4,950,000, MassDOT helped assure the project’s success by providing \$1,000,000 in funding to the project in FY2019.
- The TLT Construction, Inc. legal case was resolved in FY2019, removing any potential legal liability to MART. MART did win an award of \$153,382.65 in net, from the legal action. The effect on the FY2019 and the possible recovery of legal expenses are covered in details included in the Budgetary Highlights: section and Note I – Contingencies.
- The Authority was able to continue to obtain a favorable interest rate for borrowing on its Revenue Anticipation Note (RAN) of 1.545 (NIC) in August 2019, compared to 1.885% (NIC) for the prior year note. The RAN note has a balance of \$19,000,000 at FY2019 yearend. There is no increase in the FY2019 RAN and there is no planned increase in the RAN borrowing for FY2020.
- MART ended the FY2019 with a deficit of \$1,205,135. There were many efforts made to reduce the deficit, details are included in the Budgetary Highlights: section. MART Administration believes that with the changes performed in FY2019 and the additional funding by the Commonwealth of Massachusetts in FY2020, the Authority will be able to meet its transit commitments in Fiscal Year 2020. See the Budgetary Highlights: page 9 for additional details

**Overview of Financial Statements:**

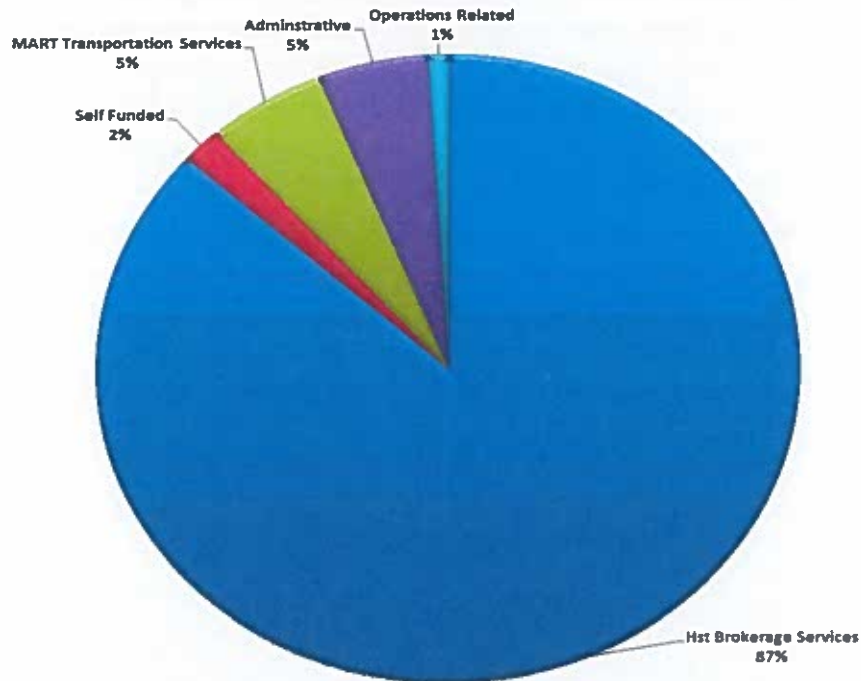
The Authority was established on August 7, 1978, by the cities of Fitchburg, Leominster and Gardner, pursuant to Section 3 of Chapter 161B of the General Laws of the Commonwealth of Massachusetts to provide transit services to the communities of Fitchburg, Leominster and Gardner beginning July 30, 1979. Currently, the Authority is comprised of 22 communities listed in Note A of the financial statements.

The financial statements are general purpose and the notes thereto are considered as 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.

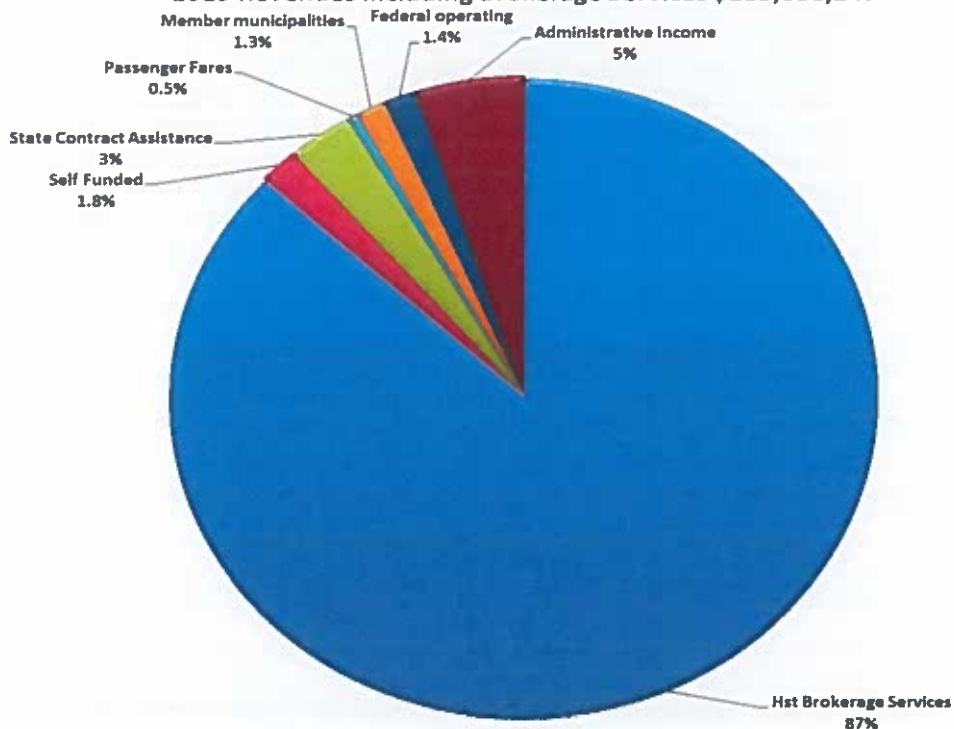
As seen in the following charts a large percentage of service the Authority provides is through its brokerage services, a self (fully) funded program which requires no funds outside of the program funds paid by the Human Services Transportation Agency (HST) with the understanding that HST continues with 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, 2019**

**2019 Expenses Including Brokerage Services \$186,265,382**



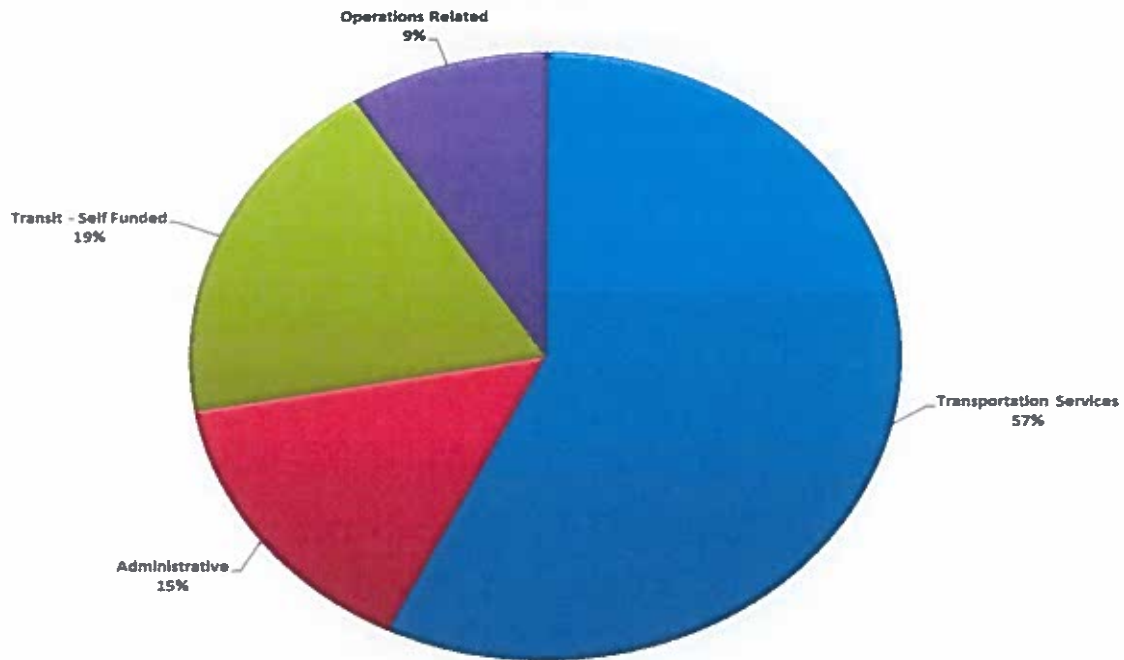
**2019 Revenues Including Brokerage Services \$185,060,247**



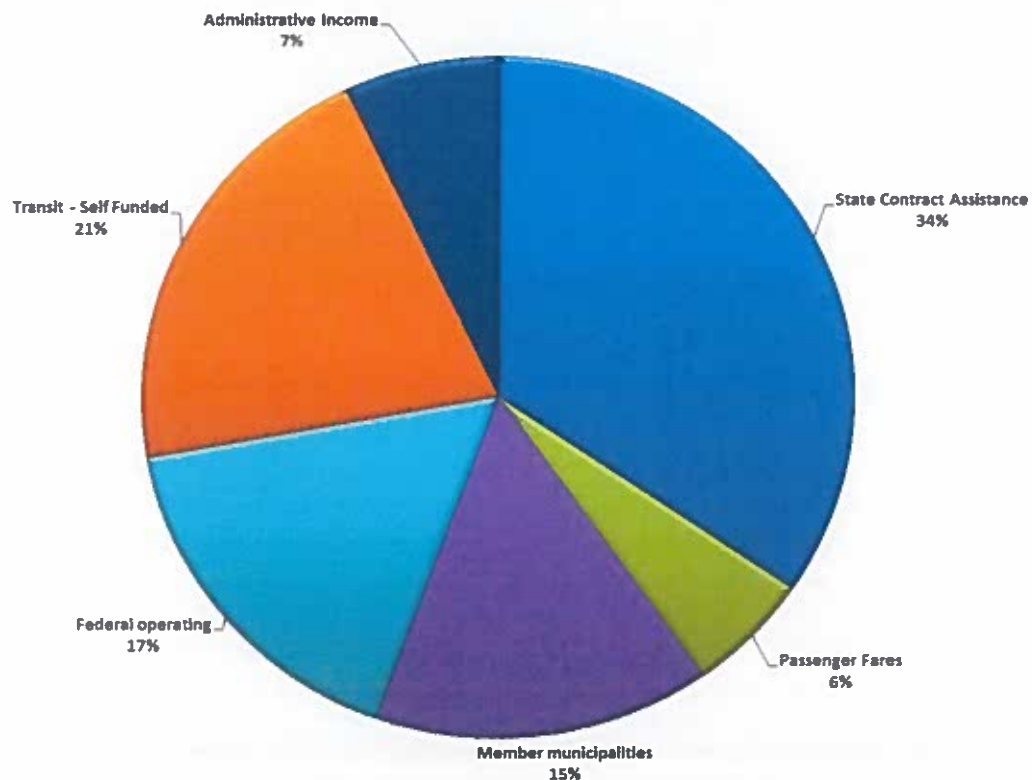
These charts reflect the net cost of service as presented on page 13.

**Montachusett Regional Transit Authority**  
**(A Component Unit of Massachusetts Department of Transportation)**  
**Management Discussion and Analysis (Unaudited)**  
**For the Year Ended June 30, 2019**

**2019 Expenses excluding Brokerage Services \$17,875,115**



**2019 Revenues excluding Brokerage Services \$16,136,225**



These charts reflect the net cost of service as presented on page 13.

**Montachusett Regional Transit Authority**  
**(A Component Unit of Massachusetts Department of Transportation)**  
**Management Discussion and Analysis (Unaudited)**  
**For the Year Ended June 30, 2019**

**Government Financial Analysis**

The table below provides a summary of the Authority's net position for 2019 and 2018.

	<u>2019 Business- type Activities</u>	<u>2018 Business- type Activities</u>
<u>Assets</u>		
Current assets	\$ 37,713,119	\$ 37,151,602
Capital assets	<u>46,220,017</u>	<u>46,482,443</u>
Total assets	<u>83,933,136</u>	<u>83,634,045</u>
<u>Liabilities</u>		
Long-term liabilities	316,670	370,003
Other liabilities	<u>48,575,595</u>	<u>46,866,581</u>
Total liabilities	<u>48,892,265</u>	<u>47,236,584</u>
<u>Net Position</u>		
Invested in capital assets, Net of related debt	45,850,014	46,059,107
Unrestricted deficit	<u>(10,809,143)</u>	<u>(9,661,646)</u>
Total net position	<u>\$ 35,040,871</u>	<u>\$ 36,397,461</u>

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2019, the Authority's assets exceeded liabilities by \$35,040,871.

Capital assets reported on the government-wide statements represent the largest portion of the Authority's net assets. As of June 30, 2019, capital assets represented 55% 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, 2019, were \$45,850,014. 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, 2019 and 2018**

**Change in Net Position:**

The table below shows the change in net position for fiscal years 2019 and 2018.

	2019	2018	Change
<b>Operating Revenues</b>			
Transportation Revenue-HST Brokerage	\$ 160,746,244	\$ 146,414,111	\$ 14,332,133
Transportation Revenue-Self Funded	3,355,330	3,541,676	(186,346)
Transportation Revenue-Urban/Rural Service	915,916	943,992	(28,076)
<b>Total Operating Revenues</b>	<u>165,017,490</u>	<u>150,899,779</u>	<u>14,117,711</u>
<b>Non-Operating Revenues</b>			
Federal	2,680,440	2,800,000	(119,560)
Commonwealth of Massachusetts	5,568,629	5,709,974	(141,345)
Member Municipalities	2,471,550	2,411,268	60,282
Interest Income	38,248	28,499	9,749
HST Management Fee	8,177,778	7,787,051	390,727
Other Income, net	1,106,112	1,246,144	(140,032)
<b>Total Non-Operating Revenues</b>	<u>20,042,757</u>	<u>19,982,936</u>	<u>59,821</u>
<b>Total Revenues</b>	<u>185,060,247</u>	<u>170,882,715</u>	<u>14,177,532</u>
<b>Operating expenses</b>			
Transportation Expense-HST Brokerage	160,687,765	146,394,846	14,292,919
Transportation Expense-Self Funded	3,361,161	3,087,968	273,193
Transportation Expense-Urban/Rural Service	10,225,470	10,022,228	203,242
Administrative	10,757,231	10,828,046	(70,815)
Depreciation and Amortization	4,881,853	4,951,942	(70,089)
<b>Total Operating Expenses</b>	<u>189,913,480</u>	<u>175,285,030</u>	<u>14,628,450</u>
<b>Non-Operating Expenses</b>			
Interest Expense	396,407	228,066	168,341
	<u>396,407</u>	<u>228,066</u>	<u>168,341</u>
<b>Total Expenses</b>	<u>190,309,887</u>	<u>175,513,096</u>	<u>14,796,791</u>
<b>Loss Before Capital Grants</b>	<u>(5,249,640)</u>	<u>(4,630,381)</u>	<u>(619,259)</u>
<b>Capital Grants</b>	<u>3,893,050</u>	<u>2,584,732</u>	<u>1,308,318</u>
<b>Change in Net Position</b>	<u>(1,356,590)</u>	<u>(2,045,649)</u>	<u>689,059</u>
<b>Net Position - Beginning of Year</b>	<u>36,397,461</u>	<u>38,443,110</u>	<u>(2,045,649)</u>
<b>Net Position - End of Year</b>	<u>\$ 35,040,871</u>	<u>\$ 36,397,461</u>	<u>\$ (1,356,590)</u>

**Montachusett Regional Transit Authority**  
**(A Component Unit of Massachusetts Department of Transportation)**  
**Management Discussion and Analysis (Unaudited)**  
**For the Year Ended June 30, 2019**

**Capital Assets:**

Capital asset activity for the year ended June 30, 2019 was as follows:

	Beginning Balances	Additions	Disposals / Transfers	Ending Balances
Land and Land Improvements	\$ 4,780,040	\$ -	\$ -	\$ 4,780,040
Depreciable Properties:				
Building/Improvements Fitchburg Parking	12,316,437	13,455	-	12,329,892
Building/Improvements Fitchburg Intermodal	5,049,860	37,925	128,283	5,216,068
Building/Improvements Leominster Parking Lot	12,543,088	5,567	-	12,548,655
Building/Improvements Leominster Storage	6,714,956	1,444	-	6,716,400
Building/Improvements Fitchburg Maintenance	11,252,367	68,694	16,921	11,337,982
Building/Improvements Gardner Maintenance	7,936,887	-	4,750	7,941,637
Improvements Fitchburg Rail	-	-	-	-
Improvements Wachusett Rail	952,141	22,735	95,888	1,070,764
Building/Improvements Athol Maintenance	39,116	6,389	133,455	178,960
Other Fixed Assets	2,065,132	43,760	75,346	2,184,238
Systems Development	3,162,227	240,059	277,903	3,680,189
Transportation Equipment	21,210,033	1,618,017	(1,222,703)	21,605,347
	<u>83,242,244</u>	<u>2,058,045</u>	<u>(490,157)</u>	<u>84,810,132</u>
Less Accumulated Depreciation For:				
Building/Improvements Fitchburg Parking	(4,842,135)	(461,518)	-	(5,303,653)
Building/Improvements Fitchburg Intermodal	(2,956,549)	(287,278)	-	(3,243,827)
Building/Improvements Leominster Parking Lot	(4,085,409)	(534,903)	-	(4,620,312)
Building/Improvements Leominster Storage	(2,181,490)	(256,989)	-	(2,438,479)
Building/Improvements Fitchburg Maintenance	(7,692,591)	(295,488)	21,763	(7,966,316)
Building/Improvements Gardner Maintenance	(2,471,491)	(288,652)	-	(2,760,143)
Improvements Fitchburg Rail	(324,049)	(324,048)	-	(648,097)
Improvements Wachusett Rail	(51,241)	(39,784)	-	(91,025)
Building/Improvements Athol Maintenance	(5,907)	(16,331)	-	(22,238)
Other Fixed Assets	(1,917,229)	(48,446)	-	(1,965,675)
Systems Development	(2,154,939)	(655,591)	-	(2,810,530)
Transportation Equipment	(14,558,353)	(1,672,825)	1,222,703	(15,008,475)
	<u>(43,241,383)</u>	<u>(4,881,853)</u>	<u>1,244,466</u>	<u>(46,878,770)</u>
Net Depreciable Property	40,000,861	(2,823,808)	754,309	37,931,362
Construction In Progress	1,701,542	2,559,244	(754,309)	3,506,477
Fixed Assets in Process	-	2,138	-	2,138
Net Capital Assets	<u>\$ 46,482,443</u>	<u>\$ (262,426)</u>	<u>\$ -</u>	<u>\$ 46,220,017</u>

**Montachusett Regional Transit Authority**  
**(A Component Unit of Massachusetts Department of Transportation)**  
**Management Discussion and Analysis (Unaudited)**  
**For the Year Ended June 30, 2019**

In 2019 the Authority used \$87,000 in Section 5307 and RTACAP funds on miscellaneous support equipment which included furniture, servers, computers, two photocopiers, upgrade of network cabling, and security cameras.

A few rehabilitation projects were completed at various facilities. MART used CMAQ funds to expand the sidewalk from Wachusett Station along Authority Drive out to Princeton Road in Fitchburg making the station more accessible to pedestrian traffic. MART also replaced all the metal halide lighting fixtures at Wachusett Station with LEDs and has already seen a significant savings in electricity. MART also used funding generated by our Brokerage Division to improve the conditions at the 150 Main St Office. Remodeling efforts included renovating the restrooms to bring them into the office area, LED replacement, and a new AHU unit. The Intermodal Atrium was also retrofitted with De-stratification Fans and window glazing to make this converted office area more energy efficient and better climate controlled.

MART procured five para-transit vans (type E2) using Small Urban Section 5339 funds. MART was also awarded 5310/MAP funds thru MassDOT's Community Transit Grant program which allowed us to receive six additional Type E2's and two Type D additional para-transit vans for a total of thirteen new vans in 2019. MART also used 5339 funds to purchase two Alexander Dennis Enviro 200 narrow-body Heavy Duty 30 foot transit buses.

Improvements were made to the Water and Sewer Lines at the Depot Square Commuter Rail Station in Ayer, as well as temporary commuter rail parking. The bids for construction of the Ayer Parking Facility were opened on January 23, 2019 and was awarded to Hutter Construction of New Ipswich, NH for \$4,945,000. Construction began on May 2, 2019 and is progressing on-time with a projected completion in December 2019. MART supplemented the old Ayer grant (FHWA 5309 Flex Funds) with FY19 5307 funds and received an overmatch in FY19 RTACAP of slightly over \$1 million dollars to allow MART to have a full budget with contingency funds for the Ayer Project. In the last two months of FY2019 the Ayer Project had approximately \$1.3M in expenses to spend down the expiring RTACAP.

**Budgetary Highlights:**

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

The Authority ended the fiscal year with a deficit of \$1,205,135. The primary drivers of the deficit were:

- a. Unplanned legal expenses of \$377,569 associated with the resolution of the TLT legal case. Further information is provided in Note I – Contingencies.
- b. Loss of the \$250,000 State earmark for the Athol services in FY2019, the Athol services have now been restructured into a facilitated fixed route system carrying the same number of riders with a potential cost reduction of 45%.
- c. Loss of the planned \$250,000 cost reduction in MART performed subscription services. MART increased the price per subscription pass by 33%, instead of the service being reduced and having a greater portion of the cost covered by the increased pass revenue, the service increased in volume offsetting the pass increase in revenue. The subscription service has now started to be converted to Taxi service which has a substantial lower cost per ride compared to Dial-A-Mart performed services.
- d. MART has been operating transit services for five years at level or reduced State funding, without reducing services. The recently approved FY2020 budget for all RTA's has been increased from \$82,000,000 to \$87,000,000 which will be distributed at the existing percentage allocation levels to each RTA. The increase will render MART an additional amount of \$340,000 in additional state funding per year. Due to the lack of increased funding over the last five years, MART has ended FY2019 in a deficit financial position. MART over the past five years, had been able to utilize all forms of cost savings to overcome potential deficits. The cost savings going forward will be in structural and performance components of the operations with changes to assure MART's financial success.

- MART performed the following steps to help offset further deficits:
  - a. Parking fares increased on average by 30%, which rendered an additional \$65,000 for the period from January through June (six months), MART continues to see increases in vehicle parking volume at MART facilities.
  - b. MART restructured several Fixed Route Services, to meet effective demand for service, only removing service that was not needed based on low ridership.
  - c. MART utilized an additional \$280,440 of Section 5307 Federal funds to help offset operating costs, releasing other revenues to be used to cover higher than expected operational expenses. In FY2020 we project that there will be no need to use 5307 funds allocated for capital to cover operating costs.
  - d. The completion of the Ayer Parking Garage is scheduled for December 2019 which will bring into service 185 new revenue generating parking spaces that has demonstrated a 100% demand response by patrons. The net revenue will be used for Transit Programs.
  - e. MART restructured the ticket agency hours, located at the Fitchburg ITC, reducing the need for overtime and eliminating the need to replace an individual who left through attrition.

MART Administration believes the operational changes which were implemented in FY19, together with the increased FY20 funding from the Commonwealth of Massachusetts, will enable the Authority to meet its transit commitments in FY2020 and that the FY2019 deficit will be controlled by effective cash flow management without any increase in the FY2020 RAN or any additional State or Local funds not already anticipated will be required.

**Funding of the Authority:**

- Expenses for all Transit services, less self-funded and the brokerage program were \$12.4 million, and were funded by the following:

	% of Expense	% of Funding
Authority generated revenue	16%	16%
Federal operating funds	21%	21%
Local contribution	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, 2019**

Current Assets	
Cash and Cash Equivalents	\$ 5,845,520
Receivables for Operating Assistance	
U.S. Department of Transportation	2,680,440
Commonwealth of Massachusetts and Cities and Towns	
Constituting the Authority	3,447,365
Receivables for Capital Grants	
U.S. Department of Transportation	1,040,070
Commonwealth of Massachusetts	1,803,610
Accounts Receivable	22,321,294
Other Current Assets	574,820
Total Current Assets	<u>37,713,119</u>
Capital Assets	
Non Depreciable Capital Assets	8,288,655
Depreciable Capital Assets, Net of Accumulated Depreciation	<u>37,931,362</u>
Net Capital Assets	<u>46,220,017</u>
Total Assets	<u><u>\$ 83,933,136</u></u>
<b>Liabilities and Net Position</b>	
Current Liabilities	
Accounts Payable	\$ 28,626,482
Accrued Expenses	412,018
Deferred Revenue	39,910
Revenue Anticipation Notes Payable	19,000,000
Current Portion of Long Term Debt	53,333
Accrued Interest	443,852
Total Current Liabilities	<u>48,575,595</u>
Long Term Liabilities	
Long Term Debt Net of Current Portion	<u>316,670</u>
Total Liabilities	<u>48,892,265</u>
Net Position	
Invested in Capital Assets, Net of Related Debt	45,850,014
Unrestricted Deficit	<u>(10,809,143)</u>
Total Net Position	<u>35,040,871</u>
Total Liabilities and Net Position	<u><u>\$ 83,933,136</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, 2019**

Operating Revenues	
Transportation Revenue - HST Brokerage	\$ 160,746,244
Transportation Revenue - Self Funded	3,355,330
Transportation Revenue - Urban/Rural Service	<u>915,916</u>
Total Operating Revenues	<u>165,017,490</u>
Operating Expenses	
Transportation Expense - HST Brokerage	160,687,765
Transportation Expense - Self Funded	3,361,161
Transportation Expense - Urban/Rural Service	10,225,470
Administrative (Including Brokerage Administrative)	10,757,231
Depreciation and Amortization	<u>4,881,853</u>
Total Operating Expenses	<u>189,913,480</u>
Operating Loss	(24,895,990)
Non-Operating Revenues (Expenses)	
Federal	2,680,440
Commonwealth of Massachusetts	5,568,629
Member Municipalities	2,471,550
Interest Expense	(396,407)
Interest Income	38,248
HST Management Fee	8,177,778
Other Income, Net	<u>1,106,112</u>
Total Non-Operating Revenues	<u>19,646,350</u>
Loss before Capital Grants	(5,249,640)
Capital Grants	<u>3,893,050</u>
Change in Net Position	(1,356,590)
Net Position - Beginning of the Year	<u>36,397,461</u>
Net Position - End of the Year	<u>\$ 35,040,871</u>

See accompanying notes to the Financial Statements.

**MONTACHUSETT REGIONAL TRANSIT AUTHORITY**  
**(A Component Unit of the Massachusetts Department of Transportation)**  
**STATEMENT OF CASH FLOW**  
**FOR THE YEAR ENDED JUNE 30, 2019**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash received from passenger fares and contract reimbursements	169,899,344
Cash paid to vendors	(178,285,115)
Cash paid to employees for services	(4,227,595)
Cash paid for other administrative costs	<u>\$ (6,529,636)</u>

<b>NET CASH USED FOR OPERATING ACTIVITIES</b>	<u><b>(19,143,002)</b></u>
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**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	(304,964)
Interest Income	38,248
Proceeds from Operating Grants	10,512,838
Proceeds from HST Management fee	8,177,778
Other Income	<u>1,106,116</u>

<b>NET CASH PROVIDED BY NON CAPITAL FINANCING ACTIVITIES</b>	<u><b>19,530,016</b></u>
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**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Principal Payments on Notes Payable	(53,333)
Proceeds from Capital Grants	1,767,360
Purchase of Capital Assets	<u>(4,619,427)</u>

<b>NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u><b>(2,905,400)</b></u>
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<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(2,518,386)</b>
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<b>BEGINNING CASH AND CASH EQUIVALENTS</b>	<u><b>8,363,906</b></u>
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<b>ENDING CASH AND CASH EQUIVALENTS</b>	<u><b>\$ 5,845,520</b></u>
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**RECONCILIATION OF OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES:**

Operating Loss	\$ (24,895,996)
Depreciation and amortization	4,881,853
Changes in Assets and Liabilities:	
(Increase) / Decrease in Receivables	(1,606,286)
(Increase) / Decrease in Other Assets	859,857
Increase / (Decrease) in Payables	1,436,238
Increase / (Decrease) in Accrued Expenses	<u>181,332</u>
Net Cash Used for Operating Activities	<u><b>\$ (19,143,002)</b></u>

Supplemental disclosures of noncash transactions	
Fully depreciated assets written off	\$ 1,244,465

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, 2019**

	Urbanized Area Service	Rural Area Service	Other Services	HST Brokerage Services	Total Area Service
Operating Costs					
RTA Administration Costs (excluding depreciation)	\$ 3,613,738	\$ 213,137	\$ -	\$ 6,983,689	\$ 10,810,564
Purchased Services					
Fixed Route	5,036,056	196,830	-	-	5,232,886
Demand Reponse	4,600,804	456,982	1,412,588	10,816	6,481,190
Brokerage Services	-	-	-	161,395,762	161,395,762
Self Funded Services	-	-	1,948,573	-	1,948,573
Debt Service	370,944	25,463	-	-	396,407
Total Operating Costs	13,621,542	892,412	3,361,161	168,390,267	186,265,382
Federal Operating Assistance					
FTA Operating & Administrative	2,505,884	174,556	-	-	2,680,440
Other Federal	-	-	-	-	-
Total Federal Assistance	2,505,884	174,556	-	-	2,680,440
Revenues					
Transit Operating	869,675	46,242	-	-	915,917
Brokerage Service	-	-	-	168,924,022	168,924,022
Self Funded Services	-	-	3,355,330	-	3,355,330
Other Revenues					
Advertising	39,078	2,682	-	-	41,760
Interest Income	35,791	2,457	-	-	38,248
Miscellaneous	1,027,202	37,149	-	-	1,064,351
Total Revenues	1,971,746	88,530	3,355,330	168,924,022	174,339,628
Net Cost of Service	9,143,912	629,326	5,831	(533,755)	9,245,314
Net Cost of Service Funding					
Local Assessments	2,313,123	158,427	-	-	2,471,550
State Contract Assistance	5,205,987	362,642	-	-	5,568,629
Unreimbursed surplus	\$ (1,624,802)	\$ (108,257)	\$ (5,831)	\$ 533,755	\$ (1,205,135)
State Contract Assistance	\$ 5,205,987	\$ 362,642	\$ -	\$ -	\$ 5,568,629
Less: Payment made by Mass DOT prior to June 30	5,205,987	362,642	-	-	5,568,629
Balance Requested from the State	\$ -	\$ -	\$ -	\$ -	\$ -

See Independent Auditors' Report.

**Montachusett Regional Transit Authority**  
**(A Component Unit of Massachusetts Department of Transportation)**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2019**

**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 22 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

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, 2019**

Note A – The Authority and Operators (Continued)

In Fitchburg and Leominster the fixed route service is provided by Management of Transportation Services Inc. (“MTS”). The Authority paid a management fee of \$102,813 for the year ended June 30, 2019. MTS was selected through a competitive process in 2013 for a five year period, the contract was extended through June 30, 2019 after an RFP was performed and required negotiations for a new four year contract to be finalized. The competitive procurement was won by MTS. The new contract commenced on July 1<sup>st</sup> 2019.

In Gardner the fixed route and paratransit services are provided by Management of Transportation Services of Gardner, Inc. (“MTG”). The Authority paid a management fee of \$46,835 for the year ended June 30, 2019. MTG was selected through a competitive process in 2013 for a five year period, the contract was extended through June 30, 2019 after an RFP was performed and required negotiations for a new four year contract to be finalized. The competitive procurement was won by MTG. The new contract commenced on July 1<sup>st</sup> 2019.

The Authority also operates a para-transit transportation service for local human and social service agencies which is a non-fixed route service. This service is provided by Dial-A-MART Services, Inc. (“DAMS”). The services provided by DAMS include local Dial-A-Ride transportation, veteran’s shuttles to the VA facilities in eastern Massachusetts, monthly subscription services and other agency sponsored transportation services. The Authority paid a management fee of \$84,533 for the year ended June 30, 2019. Dial-A-MART Services, Inc. was selected through a competitive process in 2013 for a five year period, the contract was extended through June 30, 2019 after an RFP was performed and required negotiations for a new four year contract to be finalized. The competitive procurement was won by DAMS. The new contract commenced on July 1<sup>st</sup> 2019.

In Athol, services are provided by Management of Transportation Services of Gardner, Athol Division. The Authority paid a management fee of \$33,999 for the year ended June 30, 2019. The Athol Division was an expansion of services through MTG. The Athol Division was selected through a competitive process in 2013 for a five year period, the contract was extended through June 30, 2019 after an RFP was performed and required negotiations for a new four year contract to be finalized. The competitive procurement was won by The Athol Division. The new contract commenced on July 1<sup>st</sup> 2019.

The three transportation companies and the one division share a common ownership.

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 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.

Brokerage programs (referred to as HST, ICO’s, and are self-funded) consist of the brokerage of transportation for various human service agencies through the Human Service Transportation (HST) Office under the Commonwealth of Massachusetts’ Executive Office of Health and Human Services (EOHHS). These agencies include: MassHealth (Medicaid), Department of Public Health (DPH), Department of Developmental Services (DDS), Department of Mental Health (DMH), Massachusetts Rehabilitation Commission (MRC) and the Massachusetts Commission for the Blind (MCB); two Integrated Care Options (ICO) which are

**Montachusett Regional Transit Authority**  
**(A Component Unit of Massachusetts Department of Transportation)**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2019**

Note A – The Authority and Operators (Continued)

Commonwealth Care Alliance, Inc., and Tufts-Network Health, LLC. For managing the brokered transportation programs, the Authority receives an annual management fee yearly.

The Authority's service area for the HST and ICO transportation programs includes the greater Pioneer Valley Area, the North and South Central areas, as well as the greater Metro Boston region. The service is provided by private operators utilizing their own vehicles. Operators are required to bid through a formal selection process whereby the Authority reimburses them through contracted negotiated rates. The Authority provides administrative functions including: scheduling, coordination, monitoring for quality and cost control, management and vehicle inspections, safety instruction and backup services in case of emergency or special requirements. General and administrative expenses are allocated to each program. The Authority executed a contract extension of one year taking the administrative contract through FY20 or June 30, 2020. The new extension, extends the original six year administrative contract to provide brokerage services for the Human Service Transportation (HST) department that became effective July 1, 2014 date.

There were 284 brokerage program providers for the fiscal year ended June 30, 2019. 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 the 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 that are 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.

**Montachusett Regional Transit Authority**  
**(A Component Unit of Massachusetts Department of Transportation)**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2019**

Note B- Summary of Significant Accounting Policies (Continued)

Adoption of New Accounting Pronouncements

The GASB has issued the following statements, which require adoption subsequent to June 30, 2019 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.

Statement No.		Adoption Required in Fiscal Year
84	<i>Fiduciary Activities</i>	2020
87	<i>Leases</i>	2021
89	<i>Accounting for Interest Cost Incurred Before The End of Construction Period</i>	2021
90	<i>Majority Equity Interests – an amendment of GASB Statements No. 14 and 61</i>	2020
91	<i>Conduit Debt Obligations</i>	2022

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 Cash Equivalents

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.

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

**Montachusett Regional Transit Authority**  
**(A Component Unit of Massachusetts Department of Transportation)**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2019**

assets, other than land and construction in progress, are depreciated using the straight-line method over their useful lives. These lives range from five to forty years for buildings and improvements, five to twelve years for vehicles, and three to ten years for equipment. Construction in progress is transferred to building and improvements at the time the capital asset is placed in service for its intended use.

**Restricted Assets**

Restricted assets are restricted for the acquisition of capital assets under the terms defined in the various capital grants received by the Authority. In substantially all cases, the Authority draws down the grant funds after the vendor has been paid. Accordingly, there are no restricted assets at June 30, 2019.

**Other Current Assets**

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

**Note C – Cash and Cash Equivalents**

**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, 2019, the Massachusetts Municipal Depository Trust (MMDT) bank balance of federally uninsured deposits totaled \$282,938.94. 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 and cash equivalents 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, 2019, under Sections 5307, 5309, and 5339 of the Federal Transit Administration ("FTA"), as amended, the U.S. Department of Transportation has current active capital grants to the Authority aggregating a remaining balance of approximately \$4.59 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 FY2019 was \$5,568,629. In addition, the various cities and towns constituting the Authority contributed assistance in the amount of \$2,471,550 for FY2019.

**Montachusett Regional Transit Authority**  
**(A Component Unit of Massachusetts Department of Transportation)**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2019**

The receivable for operating assistance includes \$975,815 from Cities and Towns constituting the Authority for previous years which are generally paid through "Cherry Sheets." Whether these amounts will eventually be funded is undeterminable. The Authority has not reserved any amount as uncollectible related to these receivables.

**Note E – Capital Assets**

Capital asset activity for the year ended June 30, 2019 was as follows:

	Balance <u>7/1/2018</u>	<u>Additions/Transfers</u>	<u>Disposals</u>	Balance <u>6/30/2019</u>
Capital assets, not being depreciated:				
Land	\$ 4,780,040	\$ -	\$ -	\$ 4,780,040
Construction in progress	1,701,542	1,804,935	-	3,506,477
Fixed Assets in process	-	2,138	-	2,138
Total capital assets not being depreciated:	<u>6,481,582</u>	<u>1,807,073</u>	<u>-</u>	<u>8,288,655</u>
Capital assets, being depreciated:				
Buildings	56,804,852	535,507	-	57,340,359
Transportation Equipment	21,210,033	1,618,017	(1,222,703)	21,605,347
System Development	3,162,227	517,962	-	3,680,189
Other Fixed Assets	<u>2,065,132</u>	<u>43,760</u>	<u>75,346</u>	<u>2,184,238</u>
Total capital assets, being depreciated	83,242,244	2,715,246	(1,147,357)	84,810,133
Total accumulated depreciation	<u>43,241,383</u>	<u>4,881,853</u>	<u>(1,244,466)</u>	<u>46,878,770</u>
Total capital assets, being depreciated, net	<u>40,000,861</u>	<u>(2,166,607)</u>	<u>97,109</u>	<u>37,931,363</u>
Net Capital Assets	<u>\$ 46,482,443</u>	<u>\$ (359,534)</u>	<u>\$ 97,109</u>	<u>\$ 46,220,018</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 at June 30, 2019 consisted of one note totaling \$19,000,000. This note bore an interest rate of 1.885% net interest cost (NIC). This note is due to be paid in August 2019. Interest expense related to the RAN note amounted to \$473,681 in FY2019, and was offset by a premium upon issuance of \$115,615. At the same time the FY2019 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, 2019**

**Note G - Long Term Debt**

During the year ended June 30, 2019, the following changes occurred in long-term liabilities:

	Interest Rate	Original Amount	Maturity Date	Balance 6/30/18	Reductions	Total Balance 6/30/19	Current Portion	Long-Term Portion
Note Payable - Fitchburg Redevelopment Authority	0%	\$1,050,000	June-2026	<u>\$423,336</u>	<u>(\$53,333)</u>	<u>\$370,003</u>	<u>(\$53,333)</u>	<u>\$316,670</u>
Total				<u>\$423,336</u>	<u>(\$53,333)</u>	<u>\$370,003</u>	<u>(\$53,333)</u>	<u>\$316,670</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>
2020	\$53,333	\$ -
2021	53,333	-
2022	53,333	-
2023	53,333	-
2024	53,333	-
2025-2026	<u>103,338</u>	<u>-</u>
Total	<u>\$370,003</u>	<u>\$ -</u>

**Note H - Notes Payable**

Effective July 03, 2019 the Authority has a demand commercial line of credit (LOC) available up to a maximum borrowing of \$8 million. No amounts were outstanding as of June 30, 2019. Interest is charged at a base rate of 5.5%. The interest at June 30, 2019 was 5.5%.

**Note I - Contingencies**

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, 2019.

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

As disclosed in the June 30, 2018 and previous financial statements, MART was a third party defendant in a civil suit and claim filed by TLT Construction, Inc., the General Contractor for the previously completed North Leominster Parking Garage project. Claims were previously filed in Middlesex Superior Court by legal counsel for TLT Construction, Inc., as a defendant in civil suits filed by two plaintiffs – Canatal Steel USA and Barker Steel against TLT Construction, Inc. and its bond holder – CNA / Western Surety Company. MART defended itself in both of the lawsuits and subsequently those claims were resolved by defendant TLT and subsequently consolidated into the remaining civil action pursued by TLT against MART. The presiding judge in the civil action ordered the consolidated claims to be arbitrated, which TLT had amended to seek approximately \$1.4M plus treble damages, penalties and interest.

**Montachusett Regional Transit Authority**  
**(A Component Unit of Massachusetts Department of Transportation)**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2019**

MART continued to defend itself throughout the lengthy and expensive arbitration process over five years and attempted to resolve the outstanding claims by TLT through mediation on two separate occasions without success.

The arbitration hearings were completed in late September and early October 2018 and a formal decision was issued by the Arbitrator on October 31, 2018. The Interim Award concluded that TLT had materially breached its contract with MART by failing to complete the project by the required date and by failing to timely and fully pay subcontractors and that TLT had not been wrongfully terminated, as they had alleged.

On November 14, 2018, the Arbitrator issued a Final award indicating MART was due \$153,382.65 as a result of the successful defense against TLT's claim and MART's counterclaim against TLT. 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, as well as design professional fees and delay costs.

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

No liability has been recorded as of June 30, 2019.

**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 FY2019, the Authority contributed 10% of each employee's base pay for a total contribution of \$421,389. 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 the future.

**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 FY2019, the Authority collected ticket revenues of \$166,555 and remitted \$166,034 to MBTA.

Cape Ann Transit Authority (CATA) – the Authority paid CATA \$12,500 in FY2019 for contractual services that CATA employees provided to the Authority for HST vendor inspection services. CATA provided services were converted to be performed by a MART employee in August, 2019. This to improve efficiencies and reduce cost. The Authority will continue to contract with CATA as a vendor as part of the brokerage line of business, this in accordance with the HST contract where CATA is the low bid for these services.

Montachusett Regional Planning Commission (MRPC) – the Authority paid MRPC \$127,083 in FY2019 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, 2019 was \$144,003. The Administrator did not receive health insurance.

**Montachusett Regional Transit Authority**  
**(A Component Unit of Massachusetts Department of Transportation)**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2019**

The Deputy Administrator, date of hire of February 3, 1993, received base compensation for tax year ending December 31, 2019 of \$126,881. The Deputy Administrator receives health insurance coverage and contributes 30% of the cost of the premium.

The Chief Financial Officer, date of hire of March 16, 2015, received compensation for tax year ending December 31, 2019 of \$124,754. The Chief Financial Officer receives health insurance coverage and contributes 30% of the cost of the premium.

**Note L – Subsequent Events**

In August 2019, 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 30, 2019 the date the financial statements were available to be issued.

**Montachusett Regional Transit Authority**  
**(A Component Unit of Massachusetts Department of Transportation)**  
**List of Brokerage Vendors totaling 284**  
**For the Year Ended June 30, 2019**

A & G Transportation Services Inc., Revere	CAREPLUS Medical Transportation LLC, Chelmsford
Aaron Transport LLC, Springfield	Carol J. Ringer, Lynnfield
Abees Transportation, North Grafton	Ccare Transit LLC, Chicopee
ABSOLUTRANSIT, Gardner	CCR Transportation LLC, Worcester
Access Care Ride, Leominster	Center of Hope Foundation Inc., Southbridge
Achias Transportation Inc., Leominster	Center Point Delivery Inc., Fitchburg
Act Care & Transportation LLC, Leominster	Cheryl Mechellotti, Malden
ADH Transit Services, Worcester	City Cab Company Inc., Fitchburg
Advisor Limo Inc., Ashland	City Voyager Corp., Ashland
Agawam Transportation Inc., Agawam	CityTrans Inc., Worcester
All Ride transportation Inc., Haverhill	CLAR LLC, Lowell
Alliance Community Connections Inc., Woburn	Clinton Livery Inc., Clinton
Allroad Transit Corp., Stoughton	Comfort Care Resource Group, Woburn
Allroad Transportation Corp., Stoughton	Comfort Way Inc., Stoughton
All-Savants Transportation LLC, Quincy	Commonwealth Community, Springfield
Alternative Transportation Systems LLC, Arlington	Community Access Inc., Brockton
Alternatives Unlimited Inc., Whitinsville	Community Healthlink Inc., Worcester
American Training Inc., Andover	Community Transportation Services Inc., Indian Orchard
American Way Transportation Inc., Woburn	Compass Transportation Inc., Worcester
ANB Transportation, Inc., Waltham	Crown Home Healthcare, Saugus
Angel Transportation, Westford	Daisy Jebb, Essex
Angela Caswell, Plymouth	Dasa Transportation Inc., Stoughton
Antonio Paiva, Everett	Dawn Freeman, Peabody
Arko Transportation Services, Lynn	Dean General Services LLC, Lowell
Atlantic Trans Inc., Sharon	Deborah Apraku, Malden
Aurora Transportation Service LLC, Swampscott	Denise Conry, North Reading
Aurus Logistics Inc., Swampscott	Dial-a-Mart Services Inc., Fitchburg
Awesome Transportation International Inc., Winthrop	Digits Transportation, Lowell
Bahati Transportation LLC, Methuen	Donahue Limousine Service, Leominster
Banka General Staffing LLC, Ayer	Dracut Transportation Service, Dracut
Barry L. Price Rehabilitation Center Inc., W. Newton	DS Express Transportation Co., Chicopee
Bass River Inc., Beverly	E&A Transportation LLC, Chestnut Hill
Bay State Transportation Co., Swampscott	East Middlesex ARC Inc., Wakefield
Bernard Orenstein, Peabody	East West Child Care & Transportation, Lynn
Best Choice Transportation Inc., Stoughton	Easton Auto Service Inc., Easton
Best Ride Inc., Newton	Eileen Cappello, Plymouth
Best Transportation, Natick	Eliot Community Human Services, Lexington
Blackstone Valley Limo, Uxbridge	Elite Trans LLC, Woburn
Blue Hills Limousine LLC, Leominster	Emmanuel Home Care SVC LLC, Woburn
Boston Health & Recovery Serv. Inc., Leominster	Employment Options Inc., Marlboro
Boston Mass Trans. Inc., Newton Upper Falls	Exodus Transportation Inc., Springfield
Bostonnex Livery Corp., Livery	Extracare Transport, Worcester
Bree Levitz, Stoughton	E-Z Transportation LLC, Chelmsford
Bridgewell Inc., Lynnfield	Faith Manning, Burlington
Brook Limo Transportation Inc., Waltham	Faith Transportation, West Springfield
Cab Transportation LLC, New Bedford	Fitchburg Transportation LLC, Fitchburg
Camme Transportation Inc., Andover	Five Stars Transportation, Natick
Cape Ann Transportation Operating Co., Gloucester	Flow Transportation Services Inc., Leominster
Care & Beyond Home Care LLC, Dracut	Frances Health Services LLC, Woburn

Francois Transportation Inc., Tewksbury  
 Friendly Ride Transportation Inc., Feeding Hills  
 Furtuna Enterprise Inc., Somerville  
 GAAMHA Inc., Gardner  
 Gabriel Transportation, Amherst  
 Ganda Services Inc., Burlington  
 Gentle Arms Daily Trans., Chelmsford  
 Gloria Kush Inc., West Roxbury  
 Gloria Transportation Inc., Canton  
 Go Time Transportation, Methuen  
 Goodness Transportation LLC, Lawrence  
 Greater Lynn Senior Services, Lynn  
 Greater North Transportation Inc., North Chelmsford  
 Green Cab Co. Inc., Somerville  
 Habilitation Assistance Corp, Plymouth  
 HB Livery Inc., Winthrop  
 HCH Services Inc., Waltham  
 Helios Ride Inc., Stoughton  
 Higher Ground Enterprise, Mattapan  
 Horace Mann Educational Associates Inc., Franklin  
 Hulmes Transportation Service, Belchertown  
 Human Resources Unlimited, Springfield  
 Humble Hands Health Care SVC LLC, Methuen  
 Hunter Transit Inc., Milford  
 In Time Med Transport LLC, Malden  
 Infinity Transport LLC, Gardner  
 Instant Transportation, Worcester  
 Integrity Medical Transportation Corp., Lawrence  
 J&J Care Transportation Corp., Springfield  
 Janet Wainwright, Sudbury  
 JBM Health and educational Services Inc., Waltham  
 JC Transportation Inc., Lawrence  
 Jet Transportation Inc., Shrewsbury  
 JFK Transportation Inc., Natick  
 JOMO Transportation Inc., Lowell  
 Justice Service Inc., Billerica  
 JYL Transportation, Spencer  
 Kenmore Transit, Swampscott  
 Kiessling Transit Inc., Norfolk  
 King Courier Trans. Inc., Webster  
 Kingdom Transportation, Milford  
 Konastone Service Inc., Dracut  
 Kush Transportation Inc., Methuen  
 L. B. Transportation, Waltham  
 Lifedots Transportation LLC, Lowell  
 Lifeworks Inc., Westwood  
 Light Global Inc., Lynn  
 Lodge T LLC, Revere  
 Longonot Transportation Inc., Springfield  
 Lowell Transportation Inc., Tewksbury  
 LUX Transportation, Sharon  
 Luxus Inc., Quincy  
 Maack Enterprises Inc., Malden  
 Malka Inc., Randolph  
 Management of Transportation Services Inc., Fitchburg

Management of Transportation Services of Gardner Inc.  
 Maria Bonafine, Medford  
 Marie T. Bell, Arlington  
 Mark's Transportation LLC, Milford  
 Mary Fuller, Hinsdale  
 Mass Express Transportation Inc., West Springfield  
 Mass Proud LLC, Revere  
 Mass Trans LLC, Woburn  
 MassFinest Inc., Billerica  
 Masstran Corp., Danvers  
 Maximus Transportation Services Inc., Waltham  
 Maxride Inc., Dracut  
 Mazare Transportation LLC, Dracut  
 Medical Transportation Inc., Auburndale  
 Metro Transport Services LLC, Revere  
 Michael Transportation Services Corp., Lynn  
 Middlesex Transporters LLC, Worcester  
 Mighty Livery Transportation LLC, Wilmington  
 Minute Man Arc for Human Services Inc., Concord  
 Mobile Transportation, Quincy  
 MRC Transportation LLC, Bridgewater  
 Mtrans, West Roxbury  
 Mystic Service Corp. Inc., Medford  
 Mystic Transportation, Worcester  
 National Ambulance, Springfield  
 Need-A-Lift Medivan Inc., Leominster  
 New Worcester Yellow Cab Inc., Worcester  
 Northeast ARC Inc., Danvers  
 Northern Destinations, Lynnfield  
 NU Checker Inc., Worcester  
 NuPath Inc., Woburn  
 Nursecare Transportation, Methuen  
 Ocar Transportation LLC, Beverly  
 Ocean Transportation Services Inc., Lynn  
 Oceanside Medical Transportation, Lynn  
 Omar Transport LLC, Newton  
 Outlook Healthcare Services LLC, Leominster  
 PARS Inc., Springfield  
 Patrick Hendershott, Malden  
 PCMC Transportation Inc., Springfield  
 Perfection, Inc., Brighton  
 Phephi Services Inc., Woburn  
 Phil's Transportation, Wales  
 Pilgrim Transportation Inc., Stoughton  
 PN Transportation LLC, Dorchester  
 Premium Care Transportation LLC, Worcester  
 Present Line LLC, Chicopee  
 Prestige Livery Transportation LLP, Woburn  
 Prevalent Transport Inc., Chicopee  
 Prime Solution Group Inc., Brookline  
 Prospects Transportation, Worcester  
 R & F Services Inc., North Attleboro  
 R&M Ride, Lexington  
 R.E.M. Services Trans. LLC, Belmont  
 Rafa Transportation LLC, Springfield

RCK Transportation Inc., Everett  
 Reliable Trans, Worcester  
 Reliable Transportation, North Chelmsford  
 Reliamed Transportation, Inc., Shrewsbury  
 Ride on Time Inc., Lynn  
 Rideright Transportation Inc., Lynn  
 Riverside Industries Inc., Easthampton  
 RM Transportation Inc., Swampscott  
 Royal Care Transportation, Framingham  
 Royal Comfort Transport LLC, Lowell  
 Royal Ride, Wakefield  
 Rwendo Transportation Inc., North Chelmsford  
 S and K Transportation, Brockton  
 S&T Health Transportation Inc., Watertown  
 Safari Care Transportation, Everett  
 Safe Ride Transportation, Inc., Woburn  
 Safe Transportation Inc., Holbrook  
 Samtag Transit LLC, Worcester  
 Sanko Inc., Stoughton  
 Savannah Transportation LLC, Worcester  
 Serene Transportation, Inc., South Hadley  
 Serenity LLC, Wilmington  
 Seven Hills Community Services Inc., Worcester  
 Shamrock Livery Inc., Marshfield  
 Six Star Transportation, Inc., Watertown  
 SLG Run LLC, Holbrook  
 Smart Transportation Inc., Quincy  
 Smood Transportation Inc., Lynn  
 Soldier On Inc., Leeds  
 Solika Transit, Springfield  
 Soughtafter Transportation Inc., Andover  
 South Shore Community Action Council Inc., Plymouth  
 Spartacus Transportation LLC, Dover  
 St. Agnes Transport, Worcester  
 Standard Care Staffing Inc., Beverly  
 Standards Transportation Group, Beverly  
 Star International Charity Foundation Inc., Worcester  
 Star Line Transportation LLC, West Springfield

Starlinks, Worcester  
 STS Special Transportation, Newton  
 Success Corp, Watertown  
 Sunrise Transit LLC, Randolph  
 Support Management Inc., Waltham  
 Surrimassini Inc., Salem  
 Tamba-Kromah Ventures LLC, Lynn  
 Tatis Transportation LLC, Lynn  
 The May Institute Inc., Randolph  
 Time Saver Transport Inc., Woburn  
 Tommy's Taxi Inc., Framingham  
 Town Car Limousine Inc., Winthrop  
 Transability Inc., Melrose  
 Transportation On Call, Stoughton  
 Travelcom Inc., Groton  
 Travelers Transit Inc., Blackstone  
 Tri-City Services Inc., Peabody  
 United Transportation Group Inc., Worcester  
 US Comfort Express LLC, West Springfield  
 Venture Community Service Inc., Sturbridge  
 Vesta Inc., Stoughton  
 Veteran's Taxi of Newton LLC, Waltham  
 VHS Transportation Company, South Easton  
 Victorious Services Inc., Waltham  
 VIE 1 Transportation LLC, Randolph  
 Vision Beyond Transportation, North Chelmsford  
 Vlads Transportation, West Springfield  
 Voyage Transportation LLC, Quincy  
 West Medical Transportation Inc., Stoughton  
 Wood's Ambulance Inc., Gardner  
 Worcester Medical Transportation, Worcester  
 Worcester Transportation Corp., West Springfield  
 World Class Limousine LLC, Andover  
 WOW Transportation Inc., Quincy  
 Yaris Transportation, Lynn  
 Yerevan Group Inc., Lynn  
 Youth on the Move, Springfield  
 Zoe Transportation, Cherry Valley

**Montachusett Regional Transit Authority**  
**(A Component Unit of Massachusetts Department of Transportation)**  
**Self-Funded Cost of Service**  
**For the Year Ended June 30, 2019**

	Revenue	Cost of Service		Net Interest Expense	Net Income/(Loss)
		Transportation Service	Administrative		
<b>SELF FUNDED - TRANSIT</b>					
Gardner VNA Service	\$ 557,358	\$ 308,763	\$ -	\$ -	\$ 248,595
Suscription Service	198,284	1,412,588	-	-	(1,214,304)
Operating Co - HST Service	2,599,688	1,639,810	-	-	959,878
<b>TOTAL SELF FUNDED - TRANSIT</b>	<b>3,355,330</b>	<b>3,361,161</b>	<b>-</b>	<b>-</b>	<b>(5,831)</b>

**SELF FUNDED - BROKERAGE**

Mass Health Services	58,570,795	58,538,538	2,544,157	-	(2,511,900)
Mass Health Ico Services	349,061	294,844	12,814	-	41,403
Department of Developmental Services	17,389,238	16,559,903	719,738	-	109,597
Department of Public Health Services	3,274,487	3,274,285	142,313	-	(142,111)
Department of Developmental Services Dayhab	81,554,504	79,807,312	3,468,727	-	(1,721,535)
Department of Developmental Services Dayhab Ico	163,865	167,421	6,983	-	(10,539)
Department of Mental Health Services	1,629,937	1,620,492	70,464	-	(61,019)
Mass Rehab Services	413,411	413,520	17,976	-	(18,085)
Mass Commission for the Blind Services	634	634	28	-	(28)
Dial-a-Mart	(2,599,688)	10,816	489	-	(2,610,993)
Unfunded Capital Assets	-	718,813	-	-	(718,813)
Administration	8,177,778	-	-	-	8,177,778
<b>TOTAL SELF FUNDED - BROKERAGE</b>	<b>168,924,022</b>	<b>161,406,578</b>	<b>6,983,689</b>	<b>-</b>	<b>533,755</b>

**TOTAL SELF FUNDED**

\$ 172,279,352	\$ 164,767,739	\$ 6,983,689	\$ -	\$ 527,924
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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, 2019**

	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	Unreimbursed Cost of Service
Fitchburg	\$ 1,655,482	\$ 741,938	\$ 818,839	\$ 3,216,259	\$ 1,669,620	\$ (946,728)	\$ (502,904)	\$ 3,436,247	\$ 2,562	\$ (187,667)	\$ (1,966,835)	\$ (859,239)	\$ 425,068
Leominster	1,559,821	646,662	787,694	2,994,177	1,356,197	(849,489)	(417,579)	3,083,306	2,128	(168,391)	(1,764,818)	(770,988)	381,237
Gardner	551,280	315,113	132,018	998,411	422,212	(290,122)	(77,476)	1,053,025	395	(57,510)	(602,729)	(263,311)	129,870
Lunenburg	91,217	71,829	65,106	228,152	91,778	(65,469)	(16,833)	237,628	86	(12,978)	(136,013)	(59,420)	29,303
Templeton	131,896	14,871	40,287	187,054	78,223	(54,287)	(13,949)	197,041	71	(10,761)	(112,782)	(49,271)	24,298
Westminster	48,879	31,704	50,946	131,529	55,265	(38,323)	(9,376)	139,095	48	(7,597)	(79,615)	(34,781)	17,150
Winchendon	51,956	37,638	36,457	126,051	49,050	(35,827)	(9,235)	130,039	47	(7,102)	(74,431)	(32,517)	16,036
Ayer	20,653	12,639	109,986	143,278	62,070	(42,090)	(10,489)	152,769	53	(8,343)	(87,442)	(38,200)	18,837
Boxborough	-	-	15,737	15,737	5,716	(4,437)	(912)	16,104	5	(880)	(9,217)	(4,027)	1,985
Harvard	53,241	35,675	71,236	160,152	70,330	(46,988)	(12,948)	170,546	66	(9,314)	(97,617)	(42,646)	21,035
Littleton	66,906	23,716	75,148	165,770	62,291	(46,830)	(11,259)	169,972	57	(9,283)	(97,288)	(42,502)	20,956
Shirley	4,456	2,022	67,086	73,564	40,688	(23,650)	(4,761)	85,841	24	(4,688)	(49,133)	(21,465)	10,579
Lancaster	42,169	19,476	50,925	112,570	43,443	(31,996)	(7,884)	116,133	40	(6,342)	(66,472)	(29,039)	14,320
Sterling	-	13,782	91,189	104,971	38,756	(29,648)	(6,467)	107,612	33	(5,877)	(61,595)	(26,909)	13,264
Stow	-	-	44,308	44,308	-	-	-	44,308	-	(2,420)	-	(38,808)	3,080
Ashburnham	-	-	58,877	58,877	22,079	(16,724)	(3,529)	60,703	18	(3,315)	(34,745)	(15,179)	7,482
Ashby	-	19,161	104,140	123,301	44,668	(34,665)	(7,482)	125,822	38	(6,872)	(72,018)	(31,462)	15,508
Athol	168,264	71,023	88,578	327,865	139,104	(95,387)	(25,364)	346,318	129	(18,908)	(198,167)	(86,573)	42,699
Hubbardsston	-	-	25,447	25,447	9,484	(7,218)	(1,515)	26,198	8	(1,431)	(14,995)	(6,551)	3,229
Bolton	-	-	28,262	28,262	10,523	(8,014)	(1,682)	29,089	9	(1,589)	(16,650)	(7,274)	3,585
Hardwick	-	-	43,818	43,818	16,988	(12,548)	(2,716)	45,542	14	(2,487)	(26,067)	(11,388)	5,614

<b>Totals</b>	<b>\$ 4,446,220</b>	<b>\$ 2,057,219</b>	<b>\$ 2,806,084</b>	<b>\$ 9,309,553</b>	<b>\$ 4,288,485</b>	<b>\$ (2,680,440)</b>	<b>\$ (1,144,360)</b>	<b>\$ 9,773,238</b>	<b>\$ 5,831</b>	<b>\$ (533,755)</b>	<b>\$ (5,568,629)</b>	<b>\$ (2,471,550)</b>	<b>\$ 1,205,135</b>
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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, 2019**

	REGIONAL TRANSIT AUTHORITY	HST BROKERAGE PROGRAMS	TOTAL
<b>ADMINISTRATIVE</b>			
Insurance - General Liability Ex/Umbr	\$ 74,423	\$ 175,504	\$ 249,927
Insurance - Operating Property	\$ 115,683	-	115,683
Insurance - Parking Property	\$ -	-	-
Insurance - Other Vehicles	\$ 425,100	30,400	455,500
Insurance - Bus	\$ 97,569	-	97,569
Payroll - Administrative	\$ 968,561	3,241,331	4,209,892
Payroll - Temporary Staff	\$ -	754,952	754,952
Payroll - Uncompensated Absences	\$ 14,512	3,191	17,703
Payroll - Fica/Medicare Tax	\$ 69,114	235,654	304,768
Payroll - Unemployment Tax	\$ 10,554	41,029	51,583
Payroll - Health Insurance	\$ 87,102	436,773	523,875
Payroll - Life/Disability Insurance	\$ 11,438	43,135	54,573
Payroll - Workers Comp Insurance	\$ 956	3,388	4,344
Payroll - Pension Benefit	\$ 96,559	324,830	421,389
Advertising - Marketing / Legal / Consultant	\$ 11,662	72	11,734
Printing	\$ 9,459	-	9,459
Consultant - Technical/MRPC	\$ 126,274	-	126,274
Consultant - Other	\$ -	-	-
Security	\$ 64,020	-	64,020
Legal Counsel	\$ 379,147	61,381	440,528
Auditor	\$ 15,600	23,400	39,000
Office Supplies	\$ 31,117	38,313	69,430
Equipment/Maintenance	\$ 32,758	1,415	34,173
Equipment Lease Expense	\$ 3,199	6,387	9,586
Purchase Services	\$ 39,787	748	40,535
IT Software	\$ 9,224	66,088	75,312
Travel	\$ 1,695	2,313	4,008
Meetings	\$ 15,554	11,316	26,870
Rent Expense	\$ 22,787	397,623	420,410
Consultants - Computer Service Contracts	\$ 48,472	583,450	631,922
Consultants - Operational / CATA	\$ -	12,500	12,500
Miscellaneous Expense	\$ (43,573)	2,069	(41,504)
Telephone	\$ 228,703	362,129	590,832
Telephone - Maintenance	\$ 18,160	11,164	29,364
Reserve Fund / Bad Debt Expense	\$ -	-	-
Maintenance - Water St. Facility	\$ 62,483	-	62,483
Maintenance - ITC Facility	\$ 2,898	22,690	25,588
Maintenance - Gardner Facility	\$ 35,581	-	35,581
Maintenance - N. Main Facility	\$ 31,574	504	32,078
Maintenance - Athol Facility	\$ 3,951	-	3,951
Utilities - Water St. Facility	\$ 58,888	12,371	71,259
Utilities - ITC Facility	\$ 66,565	66,626	133,191
Utilities - Gardner Facility	\$ 65,470	-	65,470
Utilities - N. Main Facility	\$ 36,409	10,923	47,332
Utilities - Athol Facility	\$ 13,400	-	13,400
<b>Total Administrative</b>	<b>\$ 3,362,855</b>	<b>6,983,689</b>	<b>10,346,544</b>
<b>GENERAL AND INTEREST</b>			
Debt Service / Bank fees	\$ 20,456	-	20,456
Interest Expense	\$ 375,951	-	375,951
Ticket Agency Service	\$ 166,034	-	166,034
Commuter Rail Service	\$ 297,986	-	297,986
<b>Total General And Interest</b>	<b>\$ 860,427</b>	<b>-</b>	<b>\$ 860,427</b>
<b>Total Administrative, General and Interest</b>	<b>\$ 4,223,282</b>	<b>\$ 6,983,689</b>	<b>\$ 11,206,971</b>

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, 2019**

	<b>Federal CFDA Number</b>	<b>Pass Through Entity Identifying Number</b>	<b>Federal Expenditures</b>
<b>U.S. Department of Transportation (FTA)</b>			
<b>Federal Transit Cluster</b>			
Capital - Section 5309 Bus and Bus Facility Ayer-Right-of-way Acquisition	20.500	MA-55-0006	\$ 263,522
Subtotal CFDA 20.500			<u>\$ 263,522</u>
Operating Assistance - Section 5307 Urban Area Formula	20.507	MA-2019-13	\$ 2,680,440
Capital - Section 5307 Urban Area Formula Misc support equip, winter equipment facility	20.507	MA-90-X705	(5,000)
Capital - Section 5307 ( MAP21) Urbanized Area Formula Bus station equipment and rehab Related non-capital expenditures	20.507	MA-2016-15-00	17,627
Capital - Section 5307 ( MAP21) Urbanized Area Formula Buy replacement vans, shop and support equip Related non-capital expenditures	20.507	MA-2017-018-00	6,200
Capital - Section 5307 Urban Area Formula Wachusett Station support equipment Related non-capital expenditures	20.507	MA-2017-008-00	33,034
Capital - Section 5307 Urban Area Formula Purchase replacement paratransit vans, rehab/renovate admin and maint fac	20.507	MA-2018-027-01	64,824
Capital - Section 5307 Urban Area Formula Purchase replacement buses, surveil/security equip, construct park & ride lot	20.507	MA-2019-13-00	91,211
Subtotal CFDA 20.507			<u>\$ 2,888,336</u>
Capital - Section 5339 Bus and Bus Facilities Buses	20.526	MA-2019-13-00	\$ 805,342
Subtotal CFDA 20.526			<u>\$ 805,342</u>
<b>TOTAL FEDERAL TRANSIT CLUSTER</b>			<b>\$ 3,957,200</b>
<b>U.S. Department of Transportation (FTA)</b>			
<b>Transit Services Programs Cluster</b>			
Capital - Section 5310 MAP (6) TypeE2 vans	20.513	MA-16-0012	\$ 421,451
Subtotal CFDA 20.513			<u>\$ 421,451</u>
Capital - Section 5317 New Freedom Athol facility ADA upgrades	20.521	MA-57-0011	\$ 6,388
Subtotal CFDA 20.521			<u>\$ 6,388</u>
<b>TOTAL TRANSIT SERVICES PROGRAMS CLUSTER</b>			<b>\$ 427,839</b>
<b>Total Expenditures of Federal Awards</b>			<b>\$ 4,385,039</b>

See accompanying notes to schedule of expenditures of federal awards.

**Montachusett Regional Transit Authority**  
**(A Component Unit of Massachusetts Department of Transportation)**  
**Notes to Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2019**

**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, 2019. 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, 2019, 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 30, 2018.

### *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) to determine the 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 determination of financial statement amounts. 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 30, 2019

# 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, 2019. 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, 2019.

## 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 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 30, 2019

**Montachusett Regional Transit Authority**  
**(A Component Unit of Massachusetts Department of Transportation)**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2019**

**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**