

WORCESTER REGIONAL TRANSIT AUTHORITY

(A Component Unit of the Massachusetts Department of Transportation)

**Financial Statements And Supplementary
Information**

For The Year Ended

June 30, 2018

And

Independent Auditors' Report

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

Financial Statements and Supplementary Information
For The Year Ended
June 30, 2018
And
Independent Auditors' Report

TABLE OF CONTENTS

	Page
Independent Auditors' Report on Financial Statements	1-2
Management's Discussion and Analysis – Required Supplementary Information	3-10
 Basic Financial Statements:	
Statement of Net Position	11
Statement of Revenues, Expenses and Change in Net Position	12
Statement of Cash Flows	13 - 14
Notes to the Basic Financial Statements	15 - 31
 Required Supplementary Information:	
Schedule of Revenues and Expenditures –	
Budget and Actual	33 - 34
Schedule of the Authority's Proportionate Share of the Net Pension Liability	35
Schedule of Employer Contributions	36
OPEB Schedules	37
 Additional Information:	
Schedule of Net Cost Service	39
Summary of Net Cost of Service by Municipality	40
Allocation Basis for Net Cost of Service to Municipalities	41
Revenue and Cost of Transit Service by Bus Route	42 - 44
Details of Regular Demand Response Transit Services by Community	45 - 49



McCarthy, Hargrave & Co.

Certified Public Accountants

Mr. Dennis Lipka, Interim Administrator
Worcester Regional Transit Authority
Worcester, Massachusetts

Independent Auditors' Report

We have audited the accompanying basic financial statements of the Worcester Regional Transit Authority as of and for the year ended June 30, 2018 and the related notes to the 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 State 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United State 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 judgement, 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 evaluation the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Worcester Regional Transit Authority as of June 30, 2018, and the respective changes in financial position and cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United State 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 and the schedule of revenues and expenditures – budget and actual, schedule of Authority's proportionate share of the net pension liability, the schedule of employer contributions, and OPEB schedules information on page 3 through 10 and 33 through 37 to 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 an opinion on the Worcester Regional Transit Authority's financial statements taken as a whole. The additional information on pages 39 through 49 is presented for purposes of additional analysis and is not 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 the *Governmental Accounting Standard*, we have also issued our report dated September 21, 2018 on our consideration of the Worcester Regional Transit Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Worcester Regional Transit Authority's internal control over financial reporting and compliance.

WORCESTER REGIONAL TRANSIT AUTHORITY

(A Component Unit of the Massachusetts Department of Transportation)

Management's Discussion and Analysis

For the Year Ended June 30, 2018

As the Interim Administrator of the Worcester Regional Transit Authority, I offer readers of the Worcester Regional Transit Authority's financial statements this narrative overview and analysis of the financial activities of the Worcester Regional Transit Authority for the year ended June 30, 2018.

Financial Highlights:

- The assets of the Worcester Regional Transit Authority exceeded its liabilities at the close of the most recent fiscal year by \$ 85,631,412.
- The Authority's total net position decreased by \$4,835,421 after adjustment for the implementation of GASB Statement No.75 of \$6,924,622.
- The Authority's operations are funded annually through a state required computation of net cost of service. Except for the establishment of a small restricted reserve, the Authority's funding cannot exceed its net cost of service. However, a deficit can result if funding is not sufficient to cover expenses. For fiscal 2018, the Authority had a net deficit of \$ 336,419. It resulted from the net unfunded additional pension and OPEB expenses for the year under GASB Statements No. 68, and No.75.

Overview of the Financial Statements:

This discussion and analysis is intended to serve as an introduction to the Worcester Regional Transit Authority's basic financial statements. The Authority is a special purpose government engaged in only business type activities. As such, its financial statements consist of only those required for enterprise funds and notes to the financial statements.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the basic financial statements can be found on pages 15 through 31 of the report.

In addition to the basic financial statements and accompanying notes, this report also presents budgetary pension and OPEB information as required supplementary information. The required supplementary information can be found on pages 33 through 37 of this report.

Further, this report also contains additional information on pages 39 through 49.

WORCESTER REGIONAL TRANSIT AUTHORITY

(A Component Unit of the Massachusetts Department of Transportation)

Management's Discussion and Analysis

For the Year Ended June 30, 2018

(Continued)

Government Financial Analysis:

The Worcester Regional Transit Authority's net position consists primarily of its net investment in capital and intangible assets (e.g., land, buildings, equipment, and intangible assets). The Worcester Regional Transit Authority uses these capital assets to provide fixed route and demand response transit services to individuals within its service area; consequently, this net position is not available for future spending.

Worcester Regional Transit Authority's Net Position

	<u>2018</u>	<u>2017</u>
Current Assets	\$ 13,051,207	\$ 14,624,186
Capital and Intangible Assets	<u>114,856,420</u>	<u>120,240,804</u>
Total Assets	<u>127,907,627</u>	<u>134,864,990</u>
Deferred Outflow of Resources	<u>1,374,685</u>	<u>1,066,601</u>
Notes Payable	9,000,000	9,600,000
Other Liabilities	3,286,825	3,761,370
Net Pension Liability	12,138,303	11,978,766
Net OPEB Liability	8,875,964	-
Other Long-Term Debt	<u>9,900,000</u>	<u>13,200,000</u>
Total Liabilities	<u>43,201,092</u>	<u>38,540,136</u>
Deferred Inflow of Resources	<u>449,808</u>	<u>-</u>
Net Position:		
Invested in Capital and Intangible Assets, Net	104,956,420	109,455,422
Restricted for Extraordinary Expenses	880,168	880,168
Unrestricted (Deficit)	<u>(20,205,176)</u>	<u>(12,944,135)</u>
Total Net Position	<u>\$ 85,631,412</u>	<u>\$ 97,391,455</u>

The decrease in invested in capital and intangible assets occurred because the current year's depreciation exceeded the current year's additions to capital assets and a portion of the reduction of bond principal. The additions were funded by federal, state, and local capital assistance.

The Authority's operations for fiscal 2018 net of capital asset activity resulted in an increase in the unrestricted deficit of \$ 336,419 for the net additional pension and OPEB expense under GASB Statements No. 68 and No.75. The unrestricted deficit is the primary result of the implementation of GASB Statements, No. 68 and No.75 for pension and postemployment benefits liabilities related to employees of Central Mass Transit Management, Inc. (a major transit provider).

WORCESTER REGIONAL TRANSIT AUTHORITY

(A Component Unit of the Massachusetts Department of Transportation)

Management's Discussion and Analysis

For the Year Ended June 30, 2018

(Continued)

Government Financial Analysis (Continued):

Worcester Regional Transit Authority's Changes in Net Position

	<u>2018</u>	<u>2017</u>
Revenues:		
Passenger Fares:		
Fixed Route Services	\$ 3,047,573	\$ 3,097,841
Demand Response Services	259,768	218,061
Total Operating Revenues	<u>3,307,341</u>	<u>3,315,902</u>
Nonoperating Revenues:		
Federal-Noncapital Assistance:		
Operating Assistance	4,162,130	-
Preventive Maintenance Reimbursements	344,747	3,769,550
Americans with Disabilities Act Services	-	958,551
Planning, Project Administration and Interest	361,412	682,716
Enhanced Mobility Programs	49,252	71,335
Total Federal Noncapital Assistance	<u>4,917,541</u>	<u>5,482,152</u>
Commonwealth of Massachusetts		
State Contract Assistance	11,259,194	11,483,258
Member Municipalities -		
Assessments	4,840,914	4,656,779
Interest Income	40,640	17,638
Miscellaneous	41,249	46,374
Advertising	170,930	89,494
Total Nonoperating Revenues	<u>21,270,468</u>	<u>21,775,695</u>
Capital Activity:		
Federal Government	3,028,055	5,832,296
Commonwealth of Massachusetts	570,889	1,495,105
Member Municipality	327,194	143,431
Total Capital Grants	<u>3,926,138</u>	<u>7,470,832</u>
Total Revenues	<u>\$ 28,503,947</u>	<u>\$ 32,562,429</u>

WORCESTER REGIONAL TRANSIT AUTHORITY

(A Component Unit of the Massachusetts Department of Transportation)

Management's Discussion and Analysis

For the Year Ended June 30, 2018

(Continued)

Government Financial Analysis (Continued):

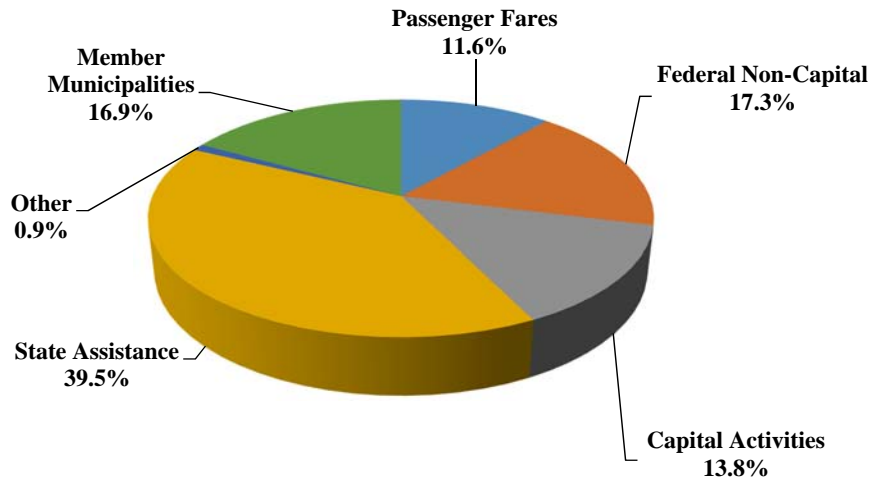
Worcester Regional Transit Authority's Changes in Net Position (Continued)

	<u>2018</u>	<u>2017</u>
Expenses:		
Operating Expenses:		
Public Transportation:		
Fixed Route	\$ 18,428,163	\$ 19,229,027
Demand Response Transit Services	<u>4,877,391</u>	<u>4,736,804</u>
	<u>23,305,554</u>	<u>23,965,831</u>
Administrative Salaries and Fringe	544,533	423,911
Professional and Other Services	491,977	564,560
Travel Training Services	60,583	59,509
Other Administrative Expenses	113,003	102,289
Depreciation and Amortization	<u>6,787,124</u>	<u>5,963,937</u>
Total Operating Expenses	<u>31,302,774</u>	<u>31,080,037</u>
Nonoperating Expenses -		
Interest Expense	<u>398,578</u>	<u>400,543</u>
Total Expenses	<u>31,701,352</u>	<u>31,480,580</u>
Capital Activity -		
Transfer of Union Station Project	<u>1,638,016</u>	<u>712,907</u>
Change in Net Position	<u>(4,835,421)</u>	<u>368,932</u>
Net Position, Beginning of Year, as Previously Reported	97,391,455	97,022,523
GASB Statement No. 75 OPEB Liability Adjustment	<u>(6,924,622)</u>	<u>-</u>
Net Position, Beginning of Year, as Restated	<u>90,466,833</u>	<u>97,022,523</u>
Net Position,, End of Year	<u>\$ 85,631,412</u>	<u>\$ 97,391,455</u>

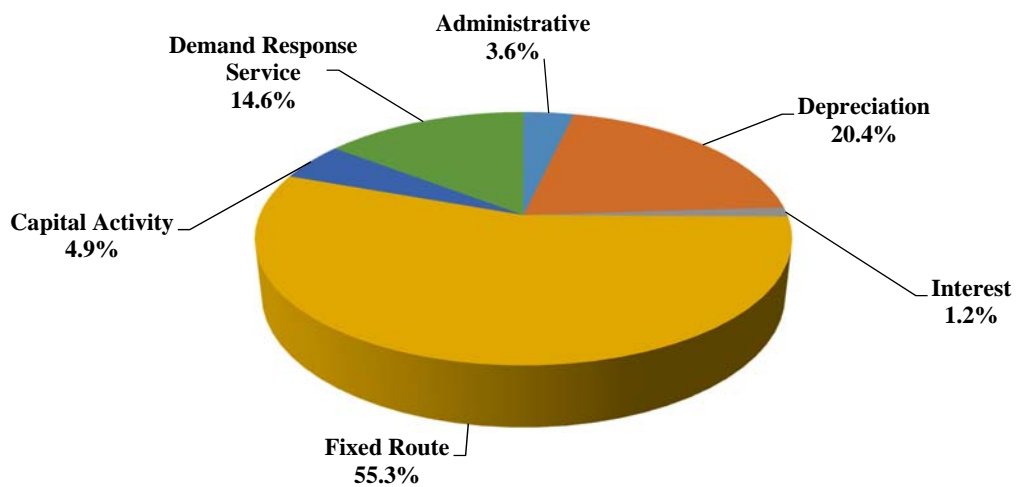
WORCESTER REGIONAL TRANSIT AUTHORITY
 (A Component Unit of the Massachusetts Department of Transportation)
Management's Discussion and Analysis
For the Year Ended June 30, 2018
 (Continued)

Government Financial Analysis (Continued):

Revenues By Source:



Expenses By Source:



WORCESTER REGIONAL TRANSIT AUTHORITY
(A Component Unit of the Massachusetts Department of Transportation)
Management's Discussion and Analysis
For the Year Ended June 30, 2018
(Continued)

Government Financial Analysis (Continued):

Key factors in the changes in noncapital revenues and expenses are as follows:

- Passenger fares decreased by \$8,561 or .3 % due to a decrease in ridership. Fixed route fares decreased \$50,268 while demand response fares increased \$41,707.
- Federal noncapital assistance (generally targeted for certain specific expenses) decreased overall by \$564,611 or 10.3% .
- State contract assistance decreased \$224,064 or 2.0% in fiscal year 2018.
- Revenues from member municipalities assessments increased by \$184,135 or 4.0% as a result of the statutorily allowed annual 2.5% increase plus new service for 2018.
- Fixed route transit services expenses overall decreased by \$800,864 or 4.2% due primarily to service adjustments and decreased fuel costs.
- Demand response transit services expenses overall increased by \$140,587 or 3.0%.
- Administrative expenses increased by \$59,827 or 5.2% primarily due to increased costs for personnel of \$120,622 (positions added during fiscal 2018) and decreased costs for professional services (less technical services).

The Authority's revenues from capital activities decreased by \$3,544,694. This was due primarily to the completion of the new maintenance and operations center in early fiscal 2017. The costs for Union Station are transferred to the City of Worcester, who owns the property.

Budgetary Highlights:

The Authority's original budget decreased \$211,294 during fiscal 2018.

Differences between actual amounts and budgetary amounts are explained as follows:

- Operating and nonoperating revenues were less than the budget by \$1,167,153 or 4.6% primarily as a result of less than budgeted assistance from the federal government and lower passenger revenues.
- Operating and nonoperating expenses were less than the budget by \$1,167,153 or 4.6% primarily due to the lower than anticipated expenses of the combined transit services and administrative expenses.

WORCESTER REGIONAL TRANSIT AUTHORITY

(A Component Unit of the Massachusetts Department of Transportation)

Management's Discussion and Analysis

For the Year Ended June 30, 2018

(Continued)

Capital and Intangible Assets and Debt Administration:

Capital and Intangible Assets – The Worcester Regional Transit Authority's investment in capital and intangible assets as of June 30, 2018 amounted to \$114,856,420 (net of accumulated depreciation/amortization). This investment in capital assets includes land, buildings and improvements, transportation equipment, office equipment, intangible assets (software), and completion of the project in progress. The Authority's investment in capital and intangible assets decreased \$5,384,384 during the current fiscal year primarily because the current year's depreciation and amortization exceeded the cost of current year additions.

Major capital asset events during the fiscal year included the following:

- Expenditures for new transportation equipment of \$ 1,071,935.

Worcester Regional Transit Authority's Capital and Intangible Assets Net of Depreciation/Amortization

	<u>2018</u>	<u>2017</u>
Land and Improvements	\$ 20,919,303	\$ 20,919,303
Buildings and Improvements	74,686,142	76,860,073
Transportation Equipment	18,407,205	21,600,900
Office Equipment and Other	619,740	619,392
Intangible Assets	224,030	241,136
	<u>\$ 114,856,420</u>	<u>\$ 120,240,804</u>

The Authority acquires its capital and intangible assets under federal capital grants and state matching funds. Additional information on the Worcester Regional Transit Authority's capital and intangible assets can be found in Note D to the financial statements.

Short-Term Debt – The Worcester Regional Transit Authority issues short-term debt to finance its operations. Short-term debt decreased \$600,000 and was \$9,000,000 as of June 30, 2018. Additional information on the Worcester Regional Transit Authority's short-term debt can be found in Note E to the financial statements.

WORCESTER REGIONAL TRANSIT AUTHORITY

(A Component Unit of the Massachusetts Department of Transportation)

Management's Discussion and Analysis

For the Year Ended June 30, 2018

(Continued)

Capital and Intangible Assets and Debt Administration:

Long-Term Debt – On December 22, 2015, the Authority issued a Transportation Facility Bond for \$ 16,500,000, due in annual installments of \$ 3,300,000 with interest at 2.530% until December 1, 2020. Additional information on the long-term debt can be found in Note F to the financial statements.

	<u>2018</u>	<u>2017</u>
Bond Payable	<u>\$9,900,000</u>	<u>\$13,200,000</u>

Economic Factors and Next Year's Budget:

Funding for the Worcester Regional Transit Authority's net cost of service (noncapital expenses less all noncapital revenues except state contract assistance and member municipality assessments) is dependent primarily (contracted 70%) on operating assistance from the Massachusetts Department of Transportation. For fiscal year 2019, the Authority has a contract for state contract assistance in the amount of \$11,483,259 and additional special operating funding for fiscal 2019 of \$321,000 of which \$ 5,741,629 was paid on August 21, 2018 with the balance expected in two equal installments in December 2017 and March 2018. The balance (approximately 30%) of the Authority's net cost of service is funded through assessments to member municipalities. These assessments may increase annually in the aggregate by no more than 2.5% plus the member's share of any new services. The Authority's budget for fiscal 2019 is \$25,987,768 as compared to \$25,486,654 for fiscal 2018.

Requests for Information:

This financial report is designed to provide a general overview of the Worcester Regional Transit Authority's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Mr. Dennis Lipka, Interim Administrator, Worcester Regional Transit Authority, 60 Foster Street, Worcester, Massachusetts 01608.

WORCESTER REGIONAL TRANSIT AUTHORITY

(A Component Unit of the Massachusetts Department of Transportation)

Statement of Net Position as of June 30, 2018

ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 4,458,083
Receivables:	
Federal Government	1,331,031
Commonwealth of Massachusetts and Member Municipalities	7,212,754
Other	36,476
Other Current Assets	12,863
Total Current Assets	13,051,207
Capital and Intangible Assets:	
Land and Improvements	20,919,303
Depreciable Capital and Intangible Assets, Net	93,937,117
Total Capital Assets	114,856,420
Total Assets	127,907,627
Deferred Outflows of Resources:	
Pension Related	1,143,342
OPEB Related	231,343
Total Deferred Outflows of Resources	1,374,685
LIABILITIES	
Current Liabilities	
Notes Payable	9,000,000
Accounts Payable:	
Operating	779,490
Capital	918,664
Accrued Expenses	60,517
Unearned Revenue	1,461,022
Accrued Interest	67,132
Current Portion of Long-Term Debt	3,300,000
Total Current Liabilities	15,586,825
Long-Term Liabilities:	
Net Pension Liability	12,138,303
Net OPEB Liability	8,875,964
Long-Term Debt, Less Portion Included in Current Liabilities	6,600,000
Total Long-Term Liabilities	27,614,267
Total Liabilities	43,201,092
Deferred Inflows of Resources:	
Pension Related	322,711
OPEB Related	127,097
Total Deferred Inflows of Resources	449,808
NET POSITION	
Invested in Capital and Intangible Assets, Net of Related Debt	104,956,420
Restricted for Extraordinary Expenses	880,168
Unrestricted (Deficit)	(20,205,176)
Total Net Position	\$ 85,631,412

The accompanying notes are an integral part of the basic financial statements

WORCESTER REGIONAL TRANSIT AUTHORITY

(A Component Unit of the Massachusetts Department of Transportation)

Statement of Revenues, Expenses and Changes in Net Position

For the Year Ended June 30, 2018

Operating Revenues:

Passenger Fares	\$ 3,307,341
-----------------	--------------

Operating Expenses:

Public Transportation:	
Fixed Route Transit Services	18,428,163
Demand Response Transit Services	4,877,391
Administrative Salaries and Fringe	544,533
Professional and Other Services	491,977
Travel Training Services	60,583
Other Administrative Expenses	113,003
Depreciation and Amortization	6,787,124

Total Operating Expenses	<u>31,302,774</u>
---------------------------------	-------------------

Operating Loss	<u>(27,995,433)</u>
-----------------------	---------------------

Nonoperating Revenues (Expenses):

Federal Government - Noncapital Assistance	4,917,541
Commonwealth of Massachusetts - Contract Assistance	11,259,194
Member Municipalities - Assessments	4,840,914
Interest Expense	(398,578)
Interest Income	40,640
Miscellaneous Income	41,249
Advertising Income	170,930

Total Net Nonoperating Revenues	<u>20,871,890</u>
--	-------------------

Loss Before Capital Activity	<u>(7,123,543)</u>
-------------------------------------	--------------------

Capital Activity:

Capital Grants:	
Federal Government	3,028,055
Commonwealth of Massachusetts	570,889
Member Municipality and Other	327,194
Transfer of Union Station Project	(1,638,016)

Total Capital Activity	<u>2,288,122</u>
-------------------------------	------------------

Change in Net Position	(4,835,421)
-------------------------------	-------------

Net Position, Beginning of Year, As Restated	<u>90,466,833</u>
---	-------------------

Net Position, End of Year	<u><u>\$ 85,631,412</u></u>
----------------------------------	-----------------------------

The accompanying notes are an integral part of the basic financial statements.

WORCESTER REGIONAL TRANSIT AUTHORITY

(A Component Unit of the Massachusetts Department of Transportation)

Statement of Cash Flows

For the Year Ended June 30, 2018

Cash Flows From Operating Activities:

Cash Received from Passenger Fares	\$ 3,307,341
Cash Paid to Vendors	(23,762,673)
Cash Paid to Employees	(394,576)

Net Cash Used By Operating Activities (20,849,908)

Cash Flows From Noncapital Financing Activities:

Noncapital Assistance Received From Federal Government	7,213,652
Contract Assistance Received From Commonwealth of Massachusetts and Member Municipalities	15,779,556
Net Operating Borrowing Decrease	(600,000)
Interest Paid on Operating Borrowings	(437,422)
Other Nonoperating Revenues	206,260

Net Cash Provided By Noncapital Financing Activities 22,162,046

Cash Flows From Capital And Related Financing Activities:

Acquisition of Capital Assets	(3,011,986)
Capital Contributions:	
Federal	3,914,751
Commonwealth of Massachusetts	498,489
Member Municipality and Other	327,194
Payment of Bond Payable	(3,300,000)

Net Cash Used By Capital and Related Financing Activities (1,571,552)

Cash Flows From Investing Activities:

Interest Income	40,640
-----------------	--------

Net Decrease In Cash And Cash Equivalents (218,774)

Cash and Cash Equivalents At Beginning Of Year 4,676,857

Cash and Cash Equivalents At End Of Year \$ 4,458,083

The accompanying notes are an integral part of the basic financial statements.

WORCESTER REGIONAL TRANSIT AUTHORITY

(A Component Unit of the Massachusetts Department of Transportation)

Statement of Cash Flows

For the Year Ended June 30, 2018

(Continued)

Reconciliation Of Operating Loss To Net Cash Used by Operating Activities:

Operating Loss	\$ (27,995,433)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation and Amortization	6,787,124
Changes in Assets, Deferred Outflows and Inflows and Liabilities:	
Increase in Other Current Assets	(1,823)
Increase in Accounts Payable and Accrued Expenses	24,065
Increase in Deferred Outflows of Resources	(308,084)
Increase in Deferred Inflows of Resources	449,868
Increase in Net Pension Liability	159,477
Increase in OPEB Liability	<u>34,898</u>
Total Adjustments	<u>\$ 7,145,525</u>
Net Cash Used By Operating Activities	<u><u>\$ (20,849,908)</u></u>

The accompanying notes are an integral part of the basic financial statements.

WORCESTER REGIONAL TRANSIT AUTHORITY

(A Component Unit of the Massachusetts Department of Transportation)

Notes to the Basic Financial Statements

For the Year Ended June 30, 2018

A. Summary of Significant Accounting Policies and Other Information:

Introduction – The Worcester Regional Transit Authority’s financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). The accounting and reporting framework and the more significant accounting principles and practices of the Authority are discussed in subsequent sections of this note. The remainder of the notes is organized to provide explanations, including required disclosures, of the Authority’s financial activities for the fiscal year ended June 30, 2018.

Reporting Entity – The Worcester Regional Transit Authority (“Authority”) is a political subdivision of the Commonwealth of Massachusetts. The Authority provides fixed route and demand response paratransit service to the general public through contracts with various transit providers. The service area of the Authority includes the central and southern portions of Worcester County.

The Authority’s activities are managed on a day-to-day basis by an administrator who is appointed by an Advisory Board. The Advisory Board is made up of appointed representatives from the member communities. The Authority’s operations are primarily funded through passenger fares, contractual reimbursements and operating subsidies from the federal and state governments and member municipalities. In addition, the Authority receives capital grants from the federal and state governments to finance acquisitions and improvements of facilities and equipment.

For financial reporting purposes, the Authority is considered a component unit of the Massachusetts Department of Transportation.

Basis of Accounting and Financial Statement Presentation – The Authority is a special purpose government engaged in only a business-type activity. As such, its financial statements consist of only those required for enterprise funds and notes to the financial statements. The financial statements are prepared on the accrual basis of accounting. Under this method of accounting, expenses are recorded as incurred and revenue is recorded when earned.

Operating revenues and expenses are distinguished from nonoperating items. Operating revenues and expenses generally result from providing transit services to the general public. The principal operating revenues consist of passenger fares and contract reimbursements for demand response transit services provided. Operating expenses include the cost of transit services provided by third party vendors, administrative expenses and depreciation and amortization of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

State Contract Assistance – The Authority has received approval for federal capital funds to be used for operating expenses from the Federal Transit Administration (FTA) for the fiscal year ended June 30, 2018. Any amounts not allowed by the federal agency will be due ultimately from the Commonwealth of Massachusetts and Member Municipalities. In addition, the annual increase in the aggregate annual

WORCESTER REGIONAL TRANSIT AUTHORITY
(A Component Unit of the Massachusetts Department of Transportation)
Notes to the Basic Financial Statements
For the Year Ended June 30, 2018
(Continued)

A. Summary of Significant Accounting Policies and Other Information (continued):

State Contract Assistance (Continued)

assessments to the member municipalities is limited to two and one-half percent under proposition two and one-half plus the net cost of any new services during the year. Generally, state contract assistance shall be at least fifty percent and up to seventy-five percent of the Authority's net cost of service, as defined, unless otherwise agreed upon by the parties.

Fixed Route and Demand Response Transit Services Expenses – The cost of fixed route transit service is principally the cost to the Worcester Regional Transit Authority under its arrangement with Central Mass Transit Management, Inc. In addition, it also includes the fees paid to First Transit, Inc. to manage the mass transit system. Further, the cost of demand response transit services for the elderly and disabled includes approximately \$2,400,000 of charges from Central Mass Transit Management, Inc. and Paratransit Brokerage Services TM, Inc. The companies are subsidiaries of First Transit, Inc. Also, of the 157 employees of Central Mass Transit Management, Inc., 148 are covered by a union contract, which expired July 1, 2018 and is currently in negotiations.

Cash and Cash Equivalents – For purposes of the Statement of Cash Flows, the Authority considers all demand deposits, savings deposits, and short-term investments, including amounts with the Massachusetts Municipal Depository Trust to be cash equivalents.

State statutes place certain limitations on the nature of deposits and investments available to the Authority. Deposits (including demand deposits, term deposits and certificates of deposit) in any one financial institution may not exceed certain levels without collateralization by the financial institutions involved. Investments can also be made in securities issued by or unconditionally guaranteed by the U. S. Government or Agencies that have a maturity of less than one year from the date of purchase, repurchase agreements guaranteed by such securities with maturity dates of no more than ninety days from the date of purchase and units in the Massachusetts Municipal Depository Trust.

Receivables and Payables – Receivables consist primarily of amounts due from the federal government, the member municipalities for operating assistance, and the Commonwealth of Massachusetts for capital assistance.

Accounts payable operating consist of amounts due to various transit providers. Accounts payable capital consist of amounts due for the acquisition of property and equipment.

WORCESTER REGIONAL TRANSIT AUTHORITY

((A Component Unit of the Massachusetts Department of Transportation))

Notes to the Basic Financial Statements

For the Year Ended June 30, 2018

(Continued)

A. Summary of Significant Accounting Policies and Other Information (continued):

Capital and Intangible Assets – Capital and intangible assets, which include land, buildings, equipment, computer software, and projects in progress are recorded at historical cost. Major betterments are capitalized whereas expenditures for maintenance and repairs are expensed as incurred.

Depreciation and amortization is provided on a straight-line basis over the estimated useful lives of the assets as follows:

<u>Assets</u>	<u>Estimated Lives</u>
Buildings and Improvements	3-40 Years
Transportation Equipment	5-12 Years
Office Equipment and Other	5-15 Years
Intangible Assets (Software)	3 Years

Unearned Revenue – Unearned revenue consists of receipts for which the requirements to be recognized as revenue have not been met as of June 30, 2018.

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Authority has several items that qualify for reporting in this category that are pension and OPEB related.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority has several items that qualify for reporting in this category that are pension and OPEB related.

Advertising Costs – Advertising costs are expensed as incurred. No advertising expense was incurred for the year ended June 30, 2018.

Accounting Estimates and Assumptions – 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. On an ongoing basis, the Authority’s management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. The Authority’s management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates. The significant estimates included in these financial statements are federal and state operating and capital assistance, depreciation expense, its proportionate share of the net pension liability and the net OPEB liability.

WORCESTER REGIONAL TRANSIT AUTHORITY

(A Component Unit of the Massachusetts Department of Transportation)

Notes to the Basic Financial Statements

For the Year Ended June 30, 2018

(Continued)

A. Summary of Significant Accounting Policies and Other Information (continued):

Pension Plan – For purposes of measuring the net pension liability of the defined benefit pension plan, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Central Mass Transit Management, Inc. Retirement Plan for Employees (the Plan) and additions to/deductions from the Plan’s fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

OPEB Plan - For purposes of measuring the net OPEB liability of the defined benefit pension plan, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense information about the fiduciary net position of the Central Mass Transit Management, Inc. Welfare Benefit Plan (the Plan) and additions to/deductions from the Plan’s fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

Budgetary Information – An annual budget is adopted on a basis that differs from generally accepted accounting principles. Funding for capital asset additions, depreciation/amortization, interest on the bond payable, and the GASB Statements, No. 68 and No. 75 adjustments are not included.

Net Assets Restricted for Extraordinary Expenses – The Authority, under Massachusetts General Laws, Chapter 161b, Section 6, has established a reserve account for the purpose of meeting the cost of extraordinary expenses of the Authority. Annually, the Authority may add to the reserve an amount not to exceed three percent of the prior year’s local assessment, provided the aggregate amount of the reserve may not exceed twenty percent of the prior year’s local assessment. Any expenditure made by the Authority for extraordinary expenses is subject to the approval of Secretary of Transportation, Massachusetts Department of Transportation.

B. Deposits and Investments:

Short-Term Investment – The Authority invests in units in the Massachusetts Municipal Depository Trust (MMDT). At June 30, 2018, the Authority’s deposits with MMDT totaled \$3,078,187. The MMDT was established to provide a short-term external investment pool entirely separate from other financial activities of the Commonwealth of Massachusetts. The investment pool measures its investments at amortized cost and there are no restrictions on withdrawals. The State Treasurer serves as the Trustee, and has sole authority pertaining to rules, regulations, and operations of the Trust. A participant’s holdings in the Trust are not subject to creditors of the Commonwealth, nor will the Trust itself be affected by the financial difficulties of any participant. The MMDT is not rated by any independent fund rating institution and the weighted average maturity of its investments in its Cash Portfolio is less than one year. For a complete copy of MMDT’s separately issued financial statements, the Cash Management Department of the State Treasurer’s Office should be contacted.

Interest Rate Risk – Investments – The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

WORCESTER REGIONAL TRANSIT AUTHORITY
(A Component Unit of the Massachusetts Department of Transportation)
Notes to the Basic Financial Statements
For the Year Ended June 30, 2018
(Continued)

B. Deposits and Investments (continued):

Credit Risk – Investments – The Authority’s sole investment is in units of the MMDT, which is not rated by any independent fund rating institution.

Custodial Credit Risk – Deposits – In the case of deposits, this is the risk that in the event of bank failure, the Authority’s deposits may not be returned to it. The Authority’s policy for custodial credit risk of deposits is to rely on FDIC Insurance coverage for its deposits held at each financial institution. As of June 30, 2018, \$250,000 of the Authority’s bank balance of \$2,220,566 was uninsured.

C. Receivables and Payables:

Receivables consist of the following as June 30, 2018:

Due from Federal Government:

Noncapital Assistance:

Bond Interest	\$ 20,872	
Other	18,155	\$ 39,027
		1,292,004
Capital Assistance		\$ 1,331,031

Due from Commonwealth of Massachusetts and Member Municipalities:

Member Municipalities Assessments:

Current Year	\$ 4,840,914	
Prior Years	2,078,729	\$ 6,919,643

Capital Assistance		293,111
		\$ 7,212,754

Other:

Advertising and Other		\$ 36,476
Less Allowance for Doubtful Accounts		-
		\$ 36,476

Accounts payable operating consists of the following at June 30, 2018:

Amounts Due to Central Mass Transit Management, Inc. and Affiliate		\$ 610,506
Amounts Due to Elderly and Disabled Transit Providers and Other Vendors		168,984
		\$ 779,490

WORCESTER REGIONAL TRANSIT AUTHORITY

(A Component Unit of the Massachusetts Department of Transportation)

Notes to the Basic Financial Statements

For the Year Ended June 30, 2018

(Continued)

D. Capital and Intangible Assets:

Capital and intangible asset activity for the year ended June 30, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balances
Land and Improvements	\$ 20,919,303	\$ -	\$ -	\$ 20,919,303
Depreciable/Amortizable Assets:				
Building and Improvements	80,050,188	1,802,174	(1,647,511)	80,204,851
Transportation Equipment	41,569,214	1,071,935	(982,777)	41,658,372
Office Equipment and Other	1,187,234	130,721	(25,778)	1,292,177
Intangible Assets (Software)	738,317	35,926		774,243
	<u>123,544,953</u>	<u>3,040,756</u>	<u>(2,656,066)</u>	<u>123,929,643</u>
Less Accumulated Depreciation/ Amortization For:				
Building and Improvements	(3,190,115)	(2,338,089)	9,495	(5,518,709)
Transportation Equipment	(19,968,314)	(4,265,630)	982,777	(23,251,167)
Office Equipment and Other	(567,842)	(130,373)	25,778	(672,437)
Intangible Assets (Software)	(497,181)	(53,032)		(550,213)
	<u>(24,223,452)</u>	<u>(6,787,124)</u>	<u>1,018,050</u>	<u>(29,992,526)</u>
Net Depreciable/Amortizable Assets	<u>99,321,501</u>	<u>(3,746,368)</u>	<u>(1,638,016)</u>	<u>93,937,117</u>
Capital Assets, Net	<u>\$ 120,240,804</u>	<u>\$ (3,746,368)</u>	<u>\$ (1,638,016)</u>	<u>\$ 114,856,420</u>

Maintenance And Operations Facility

During fiscal 2017, the Authority completed its new 150,000 square foot maintenance and operations facility at a total cost, including land and land improvements, of \$ 83,754,729. As part of the funding for the project, the Authority issued a \$16,500,000 bond payable, which it will pay off the principal that was used for the project and interest with future federal grants. During fiscal 2018, \$2,414,321 of the principal payment of \$3,300,000 was made using unspent bond proceeds.

WORCESTER REGIONAL TRANSIT AUTHORITY

(A Component Unit of the Massachusetts Department of Transportation)

Notes to the Basic Financial Statements

For the Year Ended June 30, 2018

(Continued)

D. Capital and Intangible Assets (Continued):

The former owner of the property on which the Authority built its new maintenance and operations facility, including site remediation, has been informed by the Massachusetts Department of Environmental Protection that it may be responsible for a portion or all of the site remediation costs. The site remediation is expected to be completed by September 30, 2018 at no cost to the Authority other than monitoring costs.

E. Notes Payable:

The Authority issues short-term notes payable to finance operations partly since operating assistance from the Member Municipalities is received during the following year.

Beginning Balance	Issued	Paid	Ending Balance
\$ 9,600,000	\$ 9,000,000	\$ 9,600,000	\$ 9,000,000

The notes payable outstanding at June 30, 2018 are due June 28, 2019 and bear interest at 2.50%.

F. Long-Term Debt:

Long-Term debt consists of a \$9,900,000 Transportation Facility bond dated December 22, 2015. It is payable in annual installments of \$ 3,300,000 with interest at 2.530% until December 1, 2020.

Changes in Long-Term Debt:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds Payable	\$ 13,200,000	\$ -	\$ 3,300,000	\$ 9,900,000	\$ 3,300,000

The following is a summary of the future payments including interest on the bond payable:

Fiscal Year	Principal	Interest	Total
2019	\$ 3,300,000	\$ 208,725	\$ 3,508,725
2020	3,300,000	125,235	3,425,235
2021	3,300,000	41,745	3,341,745
	<u>\$ 9,900,000</u>	<u>\$ 375,705</u>	<u>\$ 10,275,705</u>

WORCESTER REGIONAL TRANSIT AUTHORITY

(A Component Unit of the Massachusetts Department of Transportation)

Notes to the Basic Financial Statements

For the Year Ended June 30, 2018

(Continued)

G. Lease Arrangements:

On September 11, 2012, the Authority entered into a lease arrangement for the land that its Union Station Transfer Hub occupies with the Worcester Redevelopment Authority. The lease provides for annual payments of \$ 74,000 per year which increase after the fifth year by the increase in the U. S. Consumer Price Index. The lease terminates December 31, 2111. However, if the Authority obtains Federal Transit Administration or similar funds to provide preventive maintenance to the Union Station facilities, then no rental payment is due. The Authority has obtained such funds, hence no rent is due. Further, if, in any year that the actual rental payment is required, it becomes a significant financial hardship to the Authority's budget, then the parties agree to review and consider alternative rent scenarios.

H. Pension Plans:

Defined Contribution Pension Plan –

The Authority has a Section 457b Deferred Compensation (defined contribution) Plan for eligible employees. The authority contributes 4% to 7% of particular eligible employees' compensation. Pension expense for this Plan charged to operations amounted to \$23,723 in 2018.

Defined Benefit Pension Plan –

Through its subsidy arrangement with its major transportation provider, Central Mass Transit Management, Inc., the Authority is obligated along with the Union (50/50) for its defined benefit pension plan.

Plan Description –

Central Mass Transit Management, Inc. (the employer) contributes to the Central Mass Transit Management, Inc. Retirement Plan for Employees, which is a cost sharing plan (50/50) with the Union. This Plan was established on July 1, 1951 and was most recently restated generally effective January 1, 2001. An employee becomes a participant in the Plan 60 days following their employment date, or on the date they consent to employee contributions, if later. Effective January 1, 1998, nonunion employees are ineligible to become active Plan participants.

In a letter dated January 2, 1996, the Pension Benefit Guaranty (PBGC) ruled that the Plan is, in fact a "governmental" Plan within the meaning of Section 4021(b)(2) of the Employee Retirement Income Security Act of 1974 (ERISA). One of several effects of this ruling is that the Plan, as a governmental plan, is not subject to the minimum funding requirements of ERISA, as contained in Internal Revenue Code (IRC) Section 412.

WORCESTER REGIONAL TRANSIT AUTHORITY

(A Component Unit of the Massachusetts Department of Transportation)

Notes to the Basic Financial Statements

For the Year Ended June 30, 2018

(Continued)

H. Pension Plans (Continued):

Plan Description (Continued) –

The individuals covered by the Plan as of December 31, 2017 are as follows:

Active Employees	137
Retirees and Beneficiaries	147
Vested	29
Disabled	25
	<hr/>
	338
	<hr/>

The amount of retirement income is established through the collective bargaining agreement with the Union and provides for normal retirement (age 65), early retirement and disability retirement benefits to employees and their beneficiaries. Employees are 100% vested after five years of service. The Plan also provides a pre-retirement death benefit.

For the year ended December 31, 2017, the employer's total covered payroll was \$9,005,751.

Contributions –

The contribution requirements of the Plan members and their employer are established through collective bargaining. The employer and employee contributions were 11.5% for vested employees of compensation up to the Social Security Taxable Wage Base. Nonvested employees' contributions were 9.5% of the same wage base. The employer's contributions to the Plan for the year ended December 31, 2017 were \$1,030,987.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions –

At June 30, 2018, the Authority had a liability of \$12,138,303 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2017 and the total pension liability used to determine the net pension liability was determined by an actuarial valuation as of January 1, 2018. The employer's proportion (50%) of the net pension liability was based upon the collective bargaining agreement.

WORCESTER REGIONAL TRANSIT AUTHORITY

(A Component Unit of the Massachusetts Department of Transportation)

Notes to the Basic Financial Statements

For the Year Ended June 30, 2018

(Continued)

H. Pension Plans (Continued):

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions (Continued) –

For the year ended June 30, 2018, under this Plan, the Authority recognized pension expense of \$1,429,540. At June 30, 2018, the Authority reported deferred outflows of resources and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Results	\$ 500,505	\$ -
Changes in Assumptions	3,561	
Net Difference Between Projected and Actual Earnings on Plan investments.	128,080	321,992
Changes in Proportionate Share		719
Employer Contributions Subsequent to the Measurement Date	511,196	
Total	\$ 1,143,342	\$ 322,711

The \$511,196 of deferred outflows of resources resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2019	\$ 204,401
2020	120,178
2021	(8,290)
2022	(6,854)
	<u>\$ 309,435</u>

Actuarial Assumptions –

The total pension liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions:

Actuarial Cost Method	Entry Age
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	25 Years
Asset Valuation Method	Market Value
Salary Increases	3.0%
Investment Rate of Return	8.0%, Per year compounded annually, net of pension plan investment expense.

WORCESTER REGIONAL TRANSIT AUTHORITY

(A Component Unit of the Massachusetts Department of Transportation)

Notes to the Basic Financial Statements

For the Year Ended June 30, 2018

(Continued)

H. Pension Plans (Continued):

Actuarial Assumptions (Continued) –

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements through 2015, based on Scale AA.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation class included in the pension plan's target asset allocation as of December 31, 2016 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	
		7-10 Year	20 Year
Large Cap Domestic Equity	40%	6.75%	7.85%
Core Fixed Income	35%	3.25%	4.00%
Small Mid Cap	15%	7.10%	8.15%
International Dev. Equity	10%	7.25%	8.00%

Discount Rate –

The discount rate used to measure the total pension liability was 8.0 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions and the employer contributions will be made at rates equal to the actuarially determined contribution rates as collectively bargained. Based on those assumptions, the pension Plan's net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of Net Pension Liability to Changes in the Discount Rate –

The following presents the employer's proportionate share of the net pension liability of the Plan, calculated using the discount rate of 8.0 percent, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.0 percent) or 1-percentage-point higher (9.0 percent) than the current rate.

	1% Decrease (7.0%)	Current Discount Rate (8.0%)	1% Increase (9.0%)
Employer's Share of the Plan Net Pension Liability	\$ 13,746,788	\$ 12,138,303	\$ 10,757,265

WORCESTER REGIONAL TRANSIT AUTHORITY

(A Component Unit of the Massachusetts Department of Transportation)

Notes to the Basic Financial Statements

For the Year Ended June 30, 2018

(Continued)

H. Pension Plans (Continued):

Plan Fiduciary Net Position –

Detailed information about the Plan’s fiduciary net position is available in the separately issued Central Mass Transit Management, Inc. Retirement Plan for Employees financial report.

I. Other Postemployment Benefits Plan:

Through its subsidy arrangement with its major transportation provider, Central Mass Transit Management, Inc., the Authority is obligated for its other postemployment benefits plan (OPEB).

Plan Description –

Central Mass Transit Management, Inc. Welfare Benefit Plan is a single-employer defined benefit plan. The Plan provides health, dental, and life insurance to eligible retirees and their spouses, if so elected. The benefit provisions of the Plan may be amended through the collective bargaining agreement with the Worcester Local 22 of the Amalgamated Transit Union.

Plan Membership –

As of June 30, 2018, the plan membership consisted of the following:

Active Employees	128
Retirees and Survivors	189
	<hr/>
Total	317
	<hr/> <hr/>

Contributions –

The collective bargaining agreement provides the authority to establish and amend contributions of Plan members. Retired, disabled, and vested terminated employees pay a variable portion of their post-retirement medical costs, which vary by age, credited service, and date of retirement. Retirees pay 100% of dental coverage costs. The employer pays 100% of life insurance coverage (\$2,000 - \$3,000) which varies with length of service.

WORCESTER REGIONAL TRANSIT AUTHORITY

(A Component Unit of the Massachusetts Department of Transportation)

Notes to the Basic Financial Statements

For the Year Ended June 30, 2018

(Continued)

I. Other Postemployment Benefits Plan (Continued):

Investment Policy –

The OPEB plan’s policy in regard to the allocation of invested assets is established and may be amended by the Trustees. Plan assets are managed on a total return basis with the long-term objective of achieving and maintaining a fully funded status for the benefits provided through the OPEB plan. The following was the Trustee’s adopted asset allocation policy as of June 30, 2018.

	<u>Target Allocation</u>
Schwab Government Money Fund Sweep	0.0%
Vanguard Total Bond Index Admiral	40.0%
Vanguard 500 Index Admiral	30.0%
Vanguard Extended Market Index	10.0%
Vanguard Total International Stock Index	<u>20.0%</u>
Total	<u><u>100.0%</u></u>

Net OPEB Plan Liability –

The components of the net OPEB liability at June 30, 2018, were as follows:

Total OPEB Liability	\$ 10,708,509
Plan Fiduciary Net Position	<u>1,832,545</u>
Net OPEB Plan Liability	<u><u>\$ 8,875,964</u></u>

Actuarial Assumptions –

The total OPEB liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

- Interest – Unfunded, 7.5% per year net of expenses
- Actuarial Cost Method – Entry Age Normal Cost Method
- Medical Care Inflation – 5.0% initially reduced to 4.5% after one year.

Mortality rates were based upon the 2008 IRS Static Mortality Table and for the period after disability retirement, the RP-2000 Combined Healthy e MP-2015.

WORCESTER REGIONAL TRANSIT AUTHORITY

(A Component Unit of the Massachusetts Department of Transportation)

Notes to the Basic Financial Statements

For the Year Ended June 30, 2018

(Continued)

I. Other Postemployment Benefits Plan (Continued):

Actuarial Assumptions (Continued) –

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2018 (see the discussion of the Plan's investment policy) are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Return	Long-Term Expected Real Return
Short-Term Liquidity	0.0%	2.75%	0.50%
Core Fixed Income	40.0%	4.00%	1.75%
Large Cap	30.0%	7.85%	5.60%
Small Cap	10.0%	8.15%	5.90%
International Equity Developed	20.0%	8.05%	5.80%
Portfolio Long-Term Expected Real Return	4.13%		
Assumed Rate of Inflation		2.25%	

The discount rate used to measure the total OPEB liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

WORCESTER REGIONAL TRANSIT AUTHORITY

(A Component Unit of the Massachusetts Department of Transportation)

Notes to the Basic Financial Statements

For the Year Ended June 30, 2018

(Continued)

I. Other Postemployment Benefits Plan (Continued):

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate –

The following presents the net OPEB liability as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current discount rate:

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
Net OPEB Liability	\$ 10,021,501	\$ 8,875,964	\$ 7,916,029

Sensitivity of the Net OPEB Liability to Changes in Health Care Cost Trends –

The following presents the net OPEB liability of the system calculated using the current trend rates, as well as what the system's net OPEB liability would be if it were calculated using trend rates 1-percentage-point lower for all years or 1-percentage-point higher than the current rates.

	1% Decrease	Current Trend	1% Increase
Net OPEB Liability	\$ 7,837,930	\$ 8,875,964	\$ 10,029,815

OPEB Expense and Deferred Outflow of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the Authority through its major transit provider Central Mass Transit Management, Inc. recognized OPEB expense of \$821,531. At June 30, 2018, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual earnings on OPEB plan investments	\$ 15,922	\$ 20,078
Difference between expected and actual experience		107,019
Change in assumptions	215,421	
Total	\$ 231,343	\$ 127,097

WORCESTER REGIONAL TRANSIT AUTHORITY

(A Component Unit of the Massachusetts Department of Transportation)

Notes to the Basic Financial Statements

For the Year Ended June 30, 2018

(Continued)

I. Other Postemployment Benefits Plan (Continued):

**OPEB Expense and Deferred Outflow of Resources and Deferred Inflows of Resources
Related to OPEB (Continued):**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended June 30:</u>		
2019	\$	26,987
2020		26,987
2021		26,988
2022		23,284
		<hr/>
	\$	<u>104,246</u>

Plan Fiduciary Net Position –

Detailed information about the Plan’s Fiduciary Net Position is available in the separately issued Central Mass Transit Management, Inc. Welfare Benefit Plan financial report.

J. Implementation of GASB Pronouncements:

Statement #75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, was implemented during fiscal year 2018. The primary objective of this statement was to improve accounting and financial reporting by state and local governments for other postemployment benefits (OPEB). The recording of the net liability of the OPEB plan covering employees of Central Mass Transit Management, Inc. (major transit provider) resulted in the following adjustment:

Net Position at July 1, 2017	\$	97,391,455
Change in reporting of OPEB Plan		<u>(6,924,622)</u>
Net Position at July 1, 2017, as restated	\$	<u>90,466,833</u>

Statement #81, *Irrevocable Split-Interest Agreements*, which was required to be implemented during fiscal 2018. The implementation of this statement had no effect on the Authority’s basic financial statements.

Statement #85, *Omnibus 2017*, which was required to be implemented during fiscal 2018. The implementation of this statement had no effect on the Authority’s basic financial statements

Statement #86, *Certain Debt Extinguishment Issues*, which was required to be implemented during fiscal 2018. The implementation of this statement had no effect on the Authority’s basic financial statements

WORCESTER REGIONAL TRANSIT AUTHORITY

(A Component Unit of the Massachusetts Department of Transportation)

Notes to the Basic Financial Statements

For the Year Ended June 30, 2018

(Continued)

K. Future Implementation of GASB Pronouncements:

Statement #83, *Certain Asset Retirement Obligations*, which is required to be implemented during fiscal 2019. The Authority is currently evaluating the effect that this statement will have on its basic financial statements.

Statement #84, *Fiduciary Activities*, which is required to be implemented during fiscal 2020. The Authority is currently evaluating the effect that this statement will have on its basic financial statements.

Statement #87, *Leases*, which is required to be implemented during fiscal 2021. The Authority is currently evaluating the effect that this statement will have on its basic financial statements.

Statement #88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placement*, which is required to be implemented during fiscal 2019. The Authority is currently evaluating the effect that this statement will have on its basic financial statements.

These pronouncements will be implemented by their respective implementation dates.

REQUIRED SUPPLEMENTARY INFORMATION

WORCESTER REGIONAL TRANSIT AUTHORITY

(A Component Unit of the Massachusetts Department of Transportation)

Schedule of Revenues and Expenditures –

Budget and Actual

For the Year Ended June 30, 2018

	Original Budget	Final	Budget	Actual	Variances Positive (Negative)
Revenues					
Federal Government:					
Operating Assistance	\$ 5,577,747	\$ 5,577,747		\$ 4,162,130	\$ (1,415,617)
Preventive Maintenance				344,747	344,747
Other				76,155	76,155
Commonwealth of Massachusetts:					
Contract Assistance	11,483,258	11,259,194		11,259,194	-
Other Operating Assistance	72,500	72,500		49,252	(23,248)
Member Municipalities	4,760,429	4,773,199		4,840,914	67,715
Passenger Revenues	3,686,208	3,686,208		3,307,341	(378,867)
Advertising and Other	117,806	117,806		279,768	161,962
	<u>25,697,948</u>	<u>25,486,654</u>		<u>24,319,501</u>	<u>(1,167,153)</u>
Expenses:					
Fixed Route Transit Services	18,204,821	18,045,237		17,587,921	457,316
Demand Response	4,054,971	4,054,971		3,631,971	423,000
Brokerage/Customer Service	1,484,865	1,484,865		1,347,607	137,258
Administrative Expenses	1,444,177	1,422,497		1,272,918	149,579
Management Fee	365,763	365,763		365,763	-
Debt Service	143,351	113,321		113,321	-
	<u>25,697,948</u>	<u>25,486,654</u>		<u>24,319,501</u>	<u>1,167,153</u>
Net	<u>\$ -</u>	<u>\$ -</u>		<u>\$ -</u>	<u>\$ -</u>

Reconciliation to Statement of Changes in Net Position:

	Revenues	Expenses
Per Schedule Above	\$ 24,319,501	\$ 24,319,501
Add (Less):		
GASB #68 and #75 Adjustments		336,419
Depreciation and Amortization		6,787,124
Bond Interest Expense and Related Funding	285,257	285,257
Other Revenue Reclassifications for Budget Purposes	<u>(26,949)</u>	<u>(26,949)</u>
Per Statement of Changes in Net Position (Pages 5 and 6)*	<u>\$ 24,577,809</u>	<u>\$ 31,701,352</u>

*Total of Operating and Nonoperating Revenues

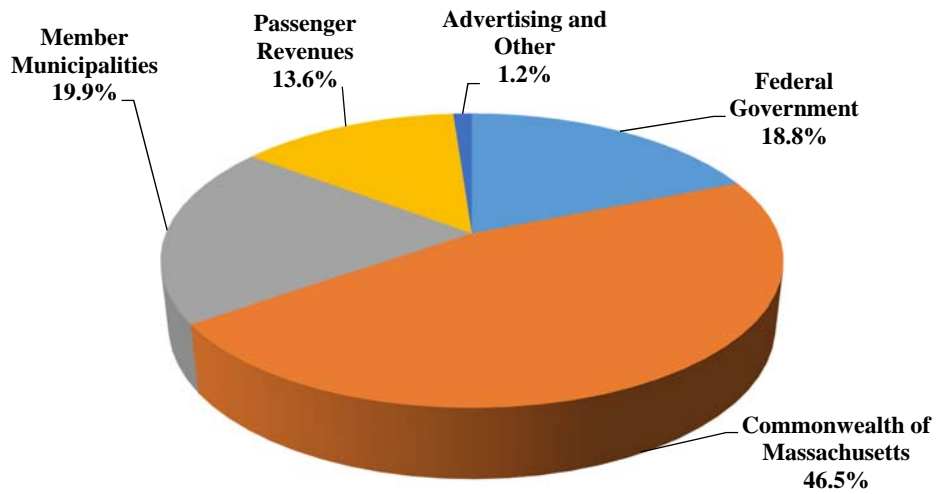
WORCESTER REGIONAL TRANSIT AUTHORITY

A Component Unit of the Massachusetts Department of Transportation)

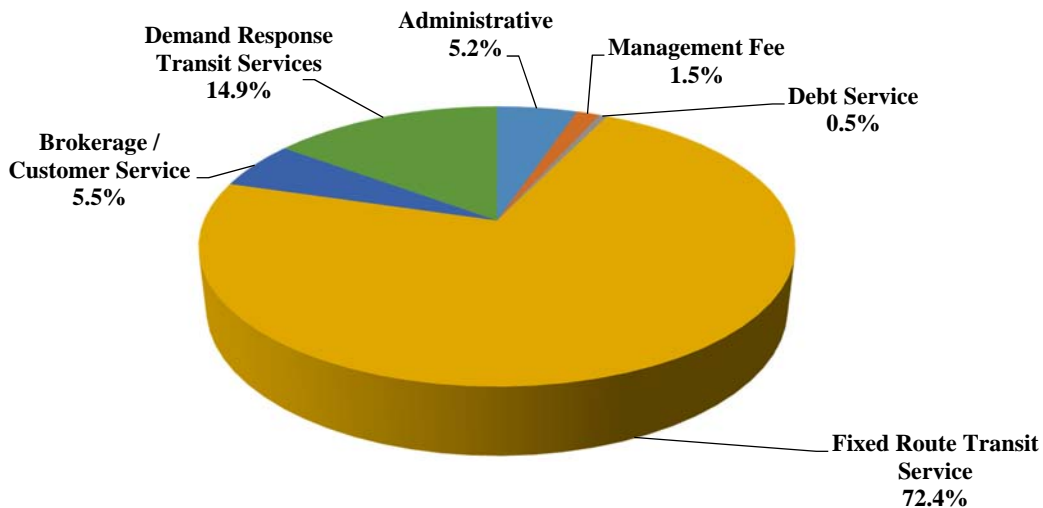
**Schedule of Revenues and Expenditures –
Budget and Actual**

For the Year Ended June 30, 2018

Actual Revenues – Budgetary Basis:



Actual Expenses – Budgetary Basis:



WORCESTER REGIONAL TRANSIT AUTHORITY

(A Component Unit of the Massachusetts Department of Transportation)

Schedule of the Authority's Proportionate Share of the Net Pension Liability

For the Year Ended June 30, 2018

	2018	2017	2016	2015
Authority's Proportion of the Net Pension Liability	50%	50%	50%	50%
Authority's Proportionate Share of the Net Pension Liability	\$ 12,138,303	\$ 11,978,766	\$ 11,737,266	\$ 11,010,812
Employer's Covered Employee Payroll**	\$ 9,005,751	\$ 9,418,901	\$ 9,124,798	\$ 8,239,191
Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	134.78%	127.18%	128.63%	133.64%
Plan fiduciary Net Position as a Percentage of the Total Pension Liability	25.50%	24.30%	24.50%	27.20%

* The amounts presented for the fiscal year were determined as of 12/31

** Employer is Central Mass Transit Management, Inc.

WORCESTER REGIONAL TRANSIT AUTHORITY

(A Component Unit of the Massachusetts Department of Transportation)

Schedule of Employer Contributions

For the Year Ended June 30, 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Annual Required Contribution	\$ 890,980	\$ 968,839	\$ 937,108	\$ 782,723
Contributions in Relation to the Annual Required Contributions	<u>1,030,987</u>	<u>962,086</u>	<u>876,586</u>	<u>808,508</u>
Contributions Deficiency (Excess)	<u>\$ (140,007)</u>	<u>\$ 6,753</u>	<u>\$ 60,522</u>	<u>\$ (25,785)</u>
Employer's Cover Payroll**	<u>\$ 9,005,571</u>	<u>\$ 9,418,901</u>	<u>\$ 9,124,798</u>	<u>\$ 8,239,191</u>
Contributions as a Percentage of Covered - Employee Payroll	11.45%	10.21%	9.61%	9.81%

* The amounts presented for the fiscal year were determined as of 12/31

** Employer is Central Mass Transit Management, Inc.

WORCESTER REGIONAL TRANSIT AUTHORITY

(A Component Unit of the Massachusetts Department of Transportation)

OPEB Schedules

For The Year Ended June 30, 2018

Schedule of OPEB Net Liability

	2018	2017
Total OPEB Liability	\$ 10,708,509	\$ 10,356,686
Plan Fiduciary Net Position	1,832,545	1,542,591
Net OPEB Liability	<u>\$ 8,875,964</u>	<u>\$ 8,814,095</u>
Plan Fiduciary Net Position as a Percentage of the Total Liability	17.11%	14.89%
Covered Payroll	\$ 9,071,809	\$ 7,714,572
Net OPEB Liability as a Percentage of Covered Payroll	97.84%	114.25%

Schedule of Changes in the Net OPEB Liability

	2018	2017
Total OPEB Liability		
Service Cost	\$ 114,573	\$ 109,639
Interest	809,828	792,375
Difference Between Expected and Actual Experience	(136,339)	-
Changes in Assumptions	274,440	-
Benefit Payments	<u>(710,879)</u>	<u>(667,500)</u>
Net Change in Total OPEB Liability	351,623	234,514
Total OPEB Liability - Beginning	10,356,886	10,122,372
Total OPEB Liability - Ending (a)	<u>\$ 10,708,509</u>	<u>\$ 10,356,886</u>
Plan Fiduciary Net Position		
Contributions - Employer (Includes Implicit Premium Subsidy)	\$ 890,879	\$ 842,461
Contributions - Plan Members	73,605	53,667
Net Invest Income	109,954	138,441
Benefit Payments (Includes Implicit Premium Subsidy)	<u>(784,484)</u>	<u>(715,719)</u>
Net Change in Plan Fiduciary Net Position	289,954	318,850
Plan Fiduciary Net Position - Beginning	1,542,591	1,223,741
Plan Fiduciary Net Position - Ending (b)	<u>\$ 1,832,545</u>	<u>\$ 1,542,591</u>
Net OPEB Liability - Ending (a) - (b)	<u>\$ 8,875,964</u>	<u>\$ 8,814,295</u>

Note to Required Supplementary Information.

Change in assumptions: In the June 30, 2018 actuarial valuation, the discount rate was changed to 7.5% from 8% which was used for the June 30, 2017 valuation.

ADDITIONAL INFORMATION

WORCESTER REGIONAL TRANSIT AUTHORITY

Schedule of Net Cost of Service

For The Year Ended June 30, 2018

I. Operating Costs		
A.	RTA Administrative Costs (Excluding Depreciation) \$	1,210,096
B.	Purchased Services	
	Fixed Route	18,428,163
	Demand Response	4,877,391
	Brokerage	-
C.	Debt Service	398,578
D.	Less GASB Statement #68 and #75 Adjustment	<u>(336,419)</u>
	Total Operating Costs	\$ 24,577,809
II. Federal Operating Assistance:		
A.	FTA Operating and Administrative	4,211,382
B.	Other Federal	<u>706,159</u>
	Total Federal Assistance	4,917,541
III. Revenues		
A.	Operating:	
	1. Fare Box Revenue	3,307,341
B.	Brokerage Service Reimbursement	-
C.	Reserve for Extraordinary Expenses	-
D.	Other Revenues:	
	1. Advertising	170,930
	2. Parking	-
	3. Sale of Capital Assets	33,263
	4. Interest Income	40,640
	5. Miscellaneous	7,986
	Total Revenues	<u>3,560,160</u>
		<u>8,477,701</u>
IV. Net Operating Deficit (I-II-III)		16,100,108
V. Adjustments:		
A.	Extraordinary Expenses (Not to Exceed 3% of Prior Year's Local Assessment)	<u>-</u>
VI. Net Operating Deficit After Adjustment		16,100,108
VII. Net Cost of Service Funding		4,840,914
A.	Local Assessments	11,259,194
B.	State Contract Assistance	
	1. Less: Adjustment For Exceeding 2 1/2% Cap on Prior Year Net Operating Expenses	<u>-</u>
C.	State Contract Assistance to be Funded	11,259,194
	1. Less: Forward Funding Made BY DOT Before July 1,	<u>11,259,194</u>
D.	Balance Requested From (Due To) State	<u>\$ -</u>
VIII. Unreimbursed Deficit (Surplus) (IV-VLA-VIC)		<u>\$ -</u>

WORCESTER REGIONAL TRANSIT AUTHORITY
Summary of Net Cost of Service by Municipality
For The Years Ended June 30, 2018 and 2017

	2018 Actual Assessments	Cherry Street Estimates	Increase (Decrease) In Cherry Street Estimates	2017 Actual Assessments	Increase (Decrease) in Actual Assessments
Auburn	\$ 195,571	\$ 183,484	\$ 12,087	\$ 183,484	\$ 12,087
Barre	8,333	9,696	(1,363)	9,696	(1,363)
Boylston	1,782	2,247	(465)	2,247	(465)
Brimfield	5,359	3,941	1,418	3,941	1,418
Brookfield	12,778	11,595	1,183	11,595	1,183
Charlton	64,270	53,400	10,870	53,400	10,870
Clinton	11,799	10,775	1,024	10,775	1,024
Douglas	2,589	3,192	(603)	3,192	(603)
Dudley	13,038	10,538	2,500	10,538	2,500
East Brookfield	17,974	16,409	1,565	16,409	1,565
Grafton	79,865	76,300	3,565	76,300	3,565
Holden	15,293	12,705	2,588	12,705	2,588
Holland	3,058	2,407	651	2,407	651
Leicester	116,774	107,086	9,688	107,086	9,688
Millbury	106,868	113,296	(6,428)	113,296	(6,428)
New Braintree	575	651	(76)	651	(76)
Northborough	25,440	25,601	(161)	25,601	(161)
Northbridge	115,403	110,407	4,996	110,407	4,996
North Brookfield	1,814	1,132	682	1,132	682
Oakham	2,320	1,088	1,232	1,088	1,232
Oxford	133,477	116,300	17,177	116,300	17,177
Paxton	923	8,432	(7,509)	8,432	(7,509)
Princeton	993	664	329	664	329
Rutland	11,836	9,575	2,261	9,575	2,261
Shrewsbury	79,994	75,752	4,242	75,752	4,242
Southbridge	79,136	84,048	(4,912)	84,048	(4,912)
Spencer	101,861	88,546	13,315	88,546	13,315
Sturbridge	39,749	24,906	14,843	24,906	14,843
Sutton	6,022	7,761	(1,739)	7,761	(1,739)
Wales	2,037	1,431	606	1,431	606
Warren	12,170	13,873	(1,703)	13,873	(1,703)
Webster	100,112	89,741	10,371	89,741	10,371
Westborough	91,219	83,300	7,919	83,300	7,919
West Boylston	62,938	59,187	3,751	59,187	3,751
West Brookfield	3,396	2,849	547	2,849	547
Worcester	3,314,148	3,234,464	79,684	3,234,464	79,684
	\$ 4,840,914	\$ 4,656,779	\$ 184,135	\$ 4,656,779	\$ 184,135

WORCESTER REGIONAL TRANSIT AUTHORITY

Allocation Basis For Net Cost Of Service To Municipalities

For The Years Ended June 30, 2018

FIXED ROUTE TRANSIT SERVICE

	<u>Ratio Of Revenue To Operating Costs</u>		(C) Net Cost of							
	2018	2017	(A) Revenue From Operations	(B) Operating Cost	Net Loss (Gain)	Loss Route Percentage	Demand Response Transit Service	Basis of Allocation Of Net Cost of Service	Allocation	
Auburn	12.3658%	12.2061%	\$ 98,028	\$ 792,736	\$ 694,708	4.5168%	\$ 146,159	\$ 840,867	4.2151%	
Barre							35,835	35,835	0.1796%	
Boylston							7,666	7,666	0.0384%	
Brimfield							23,047	23,047	0.1155%	
Brookfield	6.3385%	6.5657%	1,943	30,654	28,711	0.1867%	26,236	54,947	0.2754%	
Charlton	1.2062%	1.0991%	2,285	189,432	187,147	1.2168%	89,193	276,340	1.3852%	
Clinton							50,722	50,722	0.2543%	
Douglas							11,137	11,137	0.0558%	
Dudley							56,048	56,048	0.2810%	
East Brookfield	6.9973%	5.8920%	4,632	66,197	61,565	0.4003%	15,726	77,291	0.3874%	
Grafton	3.6255%	3.1333%	3,403	93,863	90,460	0.5881%	22,866	113,326	0.5681%	
Holden							65,758	65,758	0.3296%	
Holland							13,138	13,138	0.0659%	
Leicester	6.0963%	6.2383%	30,589	501,766	471,177	3.0635%	30,908	502,085	2.5168%	
Millbury	8.8556%	10.2728%	36,729	414,754	378,025	2.4578%	81,464	459,489	2.3033%	
New Braintree							2,465	2,465	0.0124%	
Northborough							109,390	109,390	0.5483%	
Northbridge	3.8999%	5.1204%	5,683	145,722	140,039	0.9105%		140,039	0.7020%	
North Brookfield							7,809	7,809	0.0391%	
Oakham							9,982	9,982	0.0500%	
Oxford	4.1929%	4.4561%	23,331	556,438	533,107	3.4661%	40,782	573,889	2.8768%	
Paxton		2.9942%					3,976	3,976	0.0199%	
Princeton							4,272	4,272	0.0214%	
Rutland							50,880	50,880	0.2551%	
Shrewsbury	11.1244%	11.0984%	32,408	291,323	258,915	1.6834%	85,022	343,937	1.7241%	
Southbridge	39.9188%	26.7319%	38,663	96,854	58,191	0.3783%	282,064	340,255	1.7056%	
Spencer	10.1265%	9.3042%	37,288	368,222	330,934	2.1516%	107,032	437,966	2.1954%	
Sturbridge							170,912	170,912	0.8567%	
Sutton							25,896	25,896	0.1298%	
Wales							8,757	8,757	0.0439%	
Warren							52,333	52,333	0.2623%	
Webster	16.2913%	14.9066%	57,163	350,881	293,718	1.9097%	136,720	430,438	2.1577%	
Westborough	3.4804%	5.5575%	3,951	113,520	109,569	0.7124%	3,982	113,551	0.5692%	
West Boylston	21.0826%	19.4850%	55,235	261,993	206,758	1.3443%	63,841	270,599	1.3565%	
West Brookfield							14,593	14,593	0.0732%	
Worcester	18.4844%	17.9138%	2,616,242	14,153,808	11,537,566	75.0138%	2,711,760	14,249,326	71.4292%	
	16.5376%	16.1102%	\$ 3,047,573	\$ 18,428,163	\$ 15,380,590	100.0000%	\$ 4,568,371	\$ 19,948,961	100.0000%	

WORCESTER REGIONAL TRANSIT AUTHORITY

Revenue and Cost of Transit Service By Bus Route

For The Years Ended June 30,

Route Number Description		2018				2017			
		Revenue From Operations	Operating Cost	Loss (Gain) Per Route	Revenue To Operating Cost	Revenue From Operations	Operating Cost	Loss (Gain) Per Route	Ratio of Revenue To Operating Cost
Auburn									
25	Canterbury St.- Auburn Industrial Park	\$ 7,830	\$ 95,870	\$ 88,040	8.167%	\$ 8,607	\$ 101,700	\$ 93,093	8.463%
27	Auburn Mall	74,937	481,136	406,199	15.575%	76,050	475,399	399,349	15.997%
29	Southbridge - Auburn Mall	15,261	215,730	200,469	7.074%	11,825	213,339	201,514	5.543%
Total Auburn		98,028	792,736	694,708	12.366%	96,482	790,438	693,956	12.206%
Brookfield									
33	Brookfield	1,943	30,654	28,711	6.338%	1,998	30,431	28,433	6.566%
Charlton									
29	Southbridge - Auburn Mall	2,285	189,432	187,147	1.206%	2,057	187,149	185,092	1.099%
East Brookfield									
33	Brookfield	4,632	66,197	61,565	6.997%	3,872	65,716	61,844	5.892%
Grafton									
A	Northbridge Walmart- Blackstone Valley Shoppes	561	14,658	14,097	3.827%	696	14,389	13,693	4.837%
B	New Village Rockdale-Grafton MBTA Station	2,842	79,205	76,363	3.588%	2,191	77,751	75,560	2.818%
Total Grafton		3,403	93,863	90,460	3.625%	2,887	92,140	89,253	3.133%
Leicester									
19	Webster Square - Leicester Ctr.-Walmart	6,258	122,508	116,250	5.108%	6,453	117,336	110,883	5.500%
33	Brookfield	24,331	379,258	354,927	6.415%	24,354	376,500	352,146	6.469%
Total Leicester		30,589	501,766	471,177	6.096%	30,807	493,836	463,029	6.238%
Millbury									
4	Millbury St.-Blackstone Valley Shoppes	36,729	414,754	378,025	8.856%	25,331	192,308	166,977	13.172%
22	Millbury St.-Blackstone Valley Shoppes			-	-	26,274	310,039	283,765	8.474%
Total Millbury		36,729	414,754	378,025	8.856%	51,605	502,347	450,742	10.273%
Northbridge									
A	Northbridge Walmart -Blackstone Valley Shoppes	2,654	51,384	48,730	5.165%	2,884	50,441	47,557	5.718%
B	New Village Rockdale -Grafton MBTA Station	3,029	94,338	91,309	3.211%	4,518	94,118	89,600	4.800%
Total Northbridge		5,683	145,722	140,039	3.900%	7,402	144,559	137,157	5.120%

WORCESTER REGIONAL TRANSIT AUTHORITY

Revenue and Cost of Transit Service By Bus Route

For The Years Ended June 30,

Route Number	Description	2018				2017				
		Revenue From Operations	Operating Cost	Loss (Gain) Per Route	Revenue To Operating Cost	Revenue From Operations	Operating Cost	Loss (Gain) Per Route	Ratio of Revenue To Operating Cost	
Oxford										
42	Webster	\$ 23,331	\$ 556,438	\$ 533,107	4.193%	\$ 22,681	\$ 508,986	\$ 486,305	4.456%	
Paxton										
	Paxton Shuttle			-	-	299	9,986	9,687	2.994%	
Shrewsbury										
15	Plantation St. - Shrewsbury Ctr.	32,408	291,323	258,915	11.124%	30,939	278,771	247,832	11.098%	
Southbridge										
29	Southbridge - Auburn Mall	38,663	96,854	58,191	39.919%	25,579	95,687	70,108	26.732%	
Spencer										
19	Webster Square-Leicester Ctr-Walmart	2,924	59,133	56,209	4.945%	3,129	57,004	53,875	5.489%	
33	Brookfield	34,364	309,089	274,725	11.118%	30,724	306,841	276,117	10.013%	
	Total Spencer	37,288	368,222	330,934	10.126%	33,853	363,845	329,992	9.304%	
Webster										
42	Webster	57,163	350,881	293,718	16.291%	47,953	321,689	273,736	14.907%	
Westborough										
	Westborough Shuttle	3,951	113,520	109,569	3.480%	6,011	108,161	102,150	5.557%	
West Boylston										
30	West Boylston St.	55,235	261,993	206,758	21.083%	52,082	267,293	215,211	19.485%	
Worcester										
1	Mount St. Ann / Providence Street	58,560	518,849	460,289	11.287%	41,299	202,891	161,592	20.355%	
2	Pleasant - Tatnuck Square	71,633	603,351	531,718	11.873%	65,555	593,562	528,007	11.044%	
3	Highland - June - Worc. St Univ	55,876	321,070	265,194	17.403%	51,671	317,563	265,892	16.271%	
4	Millbury St- Blackstone Valley Shoppes	40,255	350,634	310,379	11.481%	38,448	374,107	335,659	10.277%	
5	Grafton St. - Wheelock - SW Commons	138,615	756,868	618,253	18.314%	127,974	778,120	650,146	16.447%	
6	Chandler - West Tatnuck	77,196	369,685	292,489	20.882%	67,862	366,881	299,019	18.497%	
7	Washington Heights	193,492	862,730	669,238	22.428%	188,874	882,190	693,316	21.410%	
8	Greendale Mall - Shore Dr.			-	-	14,254	231,148	216,894	6.167%	
9	Worc. St. Univ. - Pleasant St.			-	-	31,631	166,727	135,096	18.972%	
10	Assumption College - WSU - Holy Cross			-	-	32,763	349,795	317,032	9.366%	

WORCESTER REGIONAL TRANSIT AUTHORITY

Revenue and Cost of Transit Service By Bus Route

For The Years Ended June 30,

		2018				2017			
Route		Revenue	Operating	Loss (Gain)	Revenue To	Revenue	Operating	Loss (Gain)	Ratio of
Number	Description	From	Cost	Per Route	Operating	From	Cost	Per Route	Revenue To
		Operations	Cost	Per Route	Cost	Operations	Cost	Per Route	Operating Cost
11	Vernon Hill - Fair Plaza	\$ 277,893	\$ 1,199,016	\$ 921,123	23.177%	\$ 248,182	\$ 1,260,400	\$ 1,012,218	19.691%
14	Burncoat	101,940	744,868	642,928	13.686%	138,435	970,010	831,575	14.272%
15	Plantation St. - Shrewsbury Ctr.	36,750	271,584	234,834	13.532%	37,718	270,779	233,061	13.929%
16	Hamilton St. - Lake Ave - Lincoln Plaza	88,698	745,491	656,793	11.898%	80,339	639,600	559,261	12.561%
19	Webster Square - Leicester Ctr. - Walmart	245,433	854,445	609,012	28.724%	267,031	927,778	660,747	28.782%
22	Millbury - Blackstone Valley Shoppes			-	-	30,038	286,254	256,216	10.493%
23	Lincoln East - Mountain St.	185,347	930,922	745,575	19.910%	181,400	980,188	798,788	18.507%
24	Belmont Street - UMass	180,317	692,740	512,423	26.030%	175,433	689,949	514,516	25.427%
25	Canterbury St. - Auburn Industrial Park	46,957	480,768	433,811	9.767%	37,162	443,336	406,174	8.382%
26	Lincoln St. - GBV	259,550	874,755	615,205	29.671%	284,699	916,791	632,092	31.054%
27	Auburn Mall	178,538	753,468	574,930	23.695%	187,701	743,994	556,293	25.229%
29	Southbridge - Auburn Mall	7,377	87,660	80,283	8.415%	8,869	86,554	77,685	10.247%
30	W. Boylston St. - W. Boylston	153,074	1,107,277	954,203	13.824%	178,635	1,215,288	1,036,653	14.699%
31	Lincoln Plaza - Grove St.	141,015	1,019,373	878,358	13.834%	93,577	631,939	538,362	14.808%
33	Brookfield	59,174	395,298	336,124	14.969%	64,819	392,478	327,659	16.515%
34	Belmont Street - UMass			-	-	4,936	45,155	40,219	10.931%
ESS	Elder Shopper Express	1,637	22,188	20,551	7.378%	2,029	30,573	28,544	6.637%
40	HUB Downtown Loop	16,915	190,768	173,853	8.867%	-	173,943	173,943	0.000%
Total Worcester		2,616,242	14,153,808	11,537,566	18.484%	2,681,334	14,967,993	12,286,659	17.914%
Grand Total All Routes		\$ 3,047,573	\$ 18,428,163	\$ 15,380,590	16.538%	\$ 3,097,841	\$ 19,229,027	\$ 16,131,186	16.110%

WORCESTER REGIONAL TRANSIT AUTHORITY
Details of Regular Demand Response Transit Services by Community
For The Years Ended June 30, 2018 and 2017

	2018			2017		
	Costs	Passenger Fares	Net Cost of Service	Costs	Passenger Fares	Net Cost of Service
Auburn:						
Council on Aging	\$ 59,802	\$ 5,892	\$ 53,910	\$ 64,629	\$ 6,151	\$ 58,478
Leicester Council on Aging	1,202	127	1,075	1,037	89	948
Oxford Council on Aging			-	937	61	876
Northborough Council on Aging	58	3	55			-
PBSI - Brokerage	29,080		29,080	37,050		37,050
CMTM - Van Division	64,506	2,467	62,039	57,771	2,061	55,710
Total Auburn	154,648	8,489	146,159	161,424	8,362	153,062
Barre:						
South Central Massachusetts Elderbus, Inc.	38,278	2,443	35,835	47,508	2,758	44,750
Boylston:						
Northborough Council on Aging	5,765	348	5,417	6,988	413	6,575
PBSI - Brokerage	1,373		1,373	2,309		2,309
CMTM - Van Division	911	35	876	1,546	55	1,491
Total Boylston	8,049	383	7,666	10,843	468	10,375
Brimfield:						
South Central Massachusetts Elderbus, Inc.	24,121	1,074	23,047	19,074	877	18,197
Brookfield:						
South Central Massachusetts Elderbus, Inc.	25,962	1,534	24,428	26,988	1,895	25,093
PBSI - Brokerage	1,698		1,698			-
CMTM - Van Division	114	4	110			-
Total Brookfield	27,774	1,538	26,236	26,988	1,895	25,093
Charlton:						
South Central Massachusetts Elderbus, Inc.	97,639	8,446	89,193	67,252	5,828	61,424
Clinton:						
Council on Aging	57,908	7,186	50,722	55,613	5,867	49,746
Douglas:						
South Central Massachusetts Elderbus, Inc.	12,058	921	11,137	15,548	814	14,734
Dudley:						
South Central Massachusetts Elderbus, Inc.	64,010	7,962	56,048	54,623	5,970	48,653
East Brookfield:						
South Central Massachusetts Elderbus, Inc.	16,400	674	15,726	14,542	633	13,909

WORCESTER REGIONAL TRANSIT AUTHORITY
Details of Regular Demand Response Transit Services by Community
For The Years Ended June 30, 2018 and 2017

	2018			2017		
	Costs	Passenger Fares	Net Cost of Service	Costs	Passenger Fares	Net Cost of Service
Grafton:						
Council on Aging	\$ 25,618	\$ 2,803	\$ 22,815	\$ 22,805	\$ 2,462	\$ 20,343
PBSI - Brokerage	51		51	150		150
CMTM - Van Division			-	55	2	53
Total Grafton	25,669	2,803	22,866	23,010	2,464	20,546
Holden:						
Council on Aging	50,629	3,415	47,214	44,699	3,537	41,162
Leicester Council on Aging	35	4	31	85	7	78
Northborough Council on Aging	29	2	27			-
Oxford Council on Aging			-	72	5	67
West Boylston Council on Aging			-	16	1	15
PBSI - Brokerage	21,084	6,252	14,832	20,552	6,372	14,180
CMTM - Van Division	4,035	381	3,654	3,399	246	3,153
Total Holden	75,812	10,054	65,758	68,823	10,168	58,655
Holland:						
South Central Massachusetts Elderbus, Inc.	13,913	775	13,138	11,753	632	11,121
Leicester:						
Council on Aging	16,660	1,767	14,893	17,444	1,492	15,952
Auburn Council on Aging	57	6	51			-
Oxford Council on Aging			-	72	5	67
PBSI - Brokerage	11,529		11,529	12,145		12,145
CMTM - Van Division	4,611	176	4,435	3,259	116	3,143
Total Leicester	32,857	1,949	30,908	32,920	1,613	31,307
Millbury:						
Council on Aging	94,461	21,826	72,635	88,470	21,817	66,653
Auburn Council on Aging			-	241	23	218
Leicester Council on Aging	35	4	31	51	4	47
Oxford Council on Aging			-	48	3	45
PBSI - Brokerage	2,282		2,282	1,578		1,578
CMTM - Van Division	6,775	259	6,516	3,866	138	3,728
Total Millbury	103,553	22,089	81,464	94,254	21,985	72,269
New Braintree:						
South Central Massachusetts Elderbus, Inc.	2,576	111	2,465	3,108	104	3,004

WORCESTER REGIONAL TRANSIT AUTHORITY
Details of Regular Demand Response Transit Services by Community
For The Years Ended June 30, 2018 and 2017

	2018			2017		
	Costs	Passenger Fares	Net Cost of Service	Costs	Passenger Fares	Net Cost of Service
Northborough:						
Council on Aging	\$ 113,516	\$ 6,845	\$ 106,671	\$ 122,075	\$ 7,215	\$ 114,860
West Boylston Council on Aging	244	20	224	187	17	170
CMTM - Van Division	114	4	110	55	2	53
PBSI - Brokerage	2,385		2,385	3,107		3,107
Total Northborough	116,259	6,869	109,390	125,424	7,234	118,190
North Brookfield:						
South Central Massachusetts Elderbus, Inc.	8,228	419	7,809	6,608	1,373	5,235
Oakham:						
South Central Massachusetts Elderbus, Inc.	10,520	538	9,982	5,354	333	5,021
Oxford:						
Council on Aging			-	15,883	1,038	14,845
Auburn Council on Aging	186	18	168	735	70	665
Leicester Council on Aging	262	28	234	323	28	295
Northborough Council on Aging	29	2	27			-
South Central Massachusetts Elderbus, Inc.	25,180	3,743	21,437	12,609	1,880	10,729
PBSI - Brokerage	15,029		15,029	18,708		18,708
CMTM - Van Division	4,042	155	3,887	5,523	197	5,326
Total Oxford	44,728	3,946	40,782	53,781	3,213	50,568
Paxton:						
Auburn Council on Aging	43	4	39	27	3	24
Leicester Council on Aging	52	6	46			-
Oxford Council on Aging			-	48	3	45
Northborough Council on Aging	87	5	82			-
CMTM - Van Division	1,196	46	1,150	110	4	106
PBSI - Brokerage	2,659		2,659	2,725		2,725
South Central Massachusetts Elderbus, Inc.			-	615	595	20
Total Paxton	4,037	61	3,976	3,525	605	2,920
Princeton:						
South Central Massachusetts Elderbus, Inc.	4,846	574	4,272	3,323	248	3,075
Rutland:						
South Central Massachusetts Elderbus, Inc.	54,135	3,255	50,880	48,493	4,294	44,199

WORCESTER REGIONAL TRANSIT AUTHORITY
Details of Regular Demand Response Transit Services by Community
For The Years Ended June 30, 2018 and 2017

	2018			2017		
	Costs	Passenger Fares	Net Cost of Service	Costs	Passenger Fares	Net Cost of Service
Shrewsbury:						
Council on Aging	\$ 91,845	\$ 17,532	\$ 74,313	\$ 87,745	\$ 16,335	\$ 71,410
Auburn Council on Aging	28	3	25	27	3	24
Leicester Council on Aging	52	6	46	85	7	78
Northborough Council on Aging	117	7	110	98	6	92
Oxford Council on Aging			-	24	2	22
West Boylston Council on Aging	35	3	32	31	3	28
CMTM - Van Division	6,775	259	6,516	23,528	840	22,688
PBSI - Brokerage	3,980		3,980	7,526		7,526
Total Shrewsbury	102,832	17,810	85,022	119,064	17,196	101,868
Southbridge:						
South Central Massachusetts Elderbus, Inc.	324,462	42,539	281,923	365,656	47,843	317,813
CMTM - Van Division	57	2	55			-
PBSI - Brokerage	86		86	67		67
Total Southbridge	324,605	42,541	282,064	365,723	47,843	317,880
Spencer:						
PBSI - Brokerage	7,618		7,618	781		781
Leicester Council on Aging	70	7	63			-
CMTM - Van Division	1,879	72	1,807	276	10	266
South Central Massachusetts Elderbus, Inc.	114,742	17,198	97,544	93,966	16,261	77,705
Total Spencer	124,309	17,277	107,032	95,023	16,271	78,752
Sturbridge:						
South Central Massachusetts Elderbus, Inc.	186,258	15,346	170,912	124,198	9,235	114,963
Sutton:						
South Central Massachusetts Elderbus, Inc.	28,340	2,444	25,896	39,265	3,428	35,837
Wales:						
South Central Massachusetts Elderbus, Inc.	9,140	383	8,757	7,074	467	6,607
Warren:						
South Central Massachusetts Elderbus, Inc.	57,172	4,839	52,333	69,393	5,361	64,032

WORCESTER REGIONAL TRANSIT AUTHORITY
Details of Regular Demand Response Transit Services by Community
For The Years Ended June 30, 2018 and 2017

	2018			2017		
	Costs	Passenger Fares	Net Cost of Service	Costs	Passenger Fares	Net Cost of Service
Webster:						
PBSI - Brokerage	\$ 2,282	\$ -	\$ 2,282	\$ -	\$ -	\$ -
Auburn Council on Aging	57	6	51	27	3	24
Leicester Council on Aging	52	6	46	17	1	16
Oxford Council on Aging			-	24	2	22
CMTM - Van Division	1,879	72	1,807	3,590	128	3,462
South Central Massachusetts Elderbus, Inc.	155,648	23,114	132,534	156,459	19,450	137,009
Total Webster	159,918	23,198	136,720	160,117	19,584	140,533
Westborough:						
Northborough Council on Aging	4,018	242	3,776	4,848	286	4,562
PBSI - Brokerage	206		206	382		382
Total Westborough	4,224	242	3,982	5,230	286	4,944
West Boylston						
Council on Aging	36,110	2,908	33,202	38,301	3,516	34,785
PBSI - Brokerage	7,806		7,806	3,423		3,423
CMTM - Van Division	23,741	908	22,833	20,546	733	19,813
Total West Boylston	67,657	3,816	63,841	62,270	4,249	58,021
West Brookfield:						
South Central Massachusetts Elderbus, Inc.	15,265	672	14,593	13,905	750	13,155
Worcester:						
CMTM - Van Division	1,991,972	76,325	1,915,647	1,844,242	65,895	1,778,347
Auburn Council on Aging	13,067	1,287	11,780	10,658	1,014	9,644
Leicester Council on Aging	17,444	1,850	15,594	15,046	1,287	13,759
Northborough Council on Aging	22,330	1,347	20,983	9,302	550	8,752
Oxford Council on Aging			-	10,213	667	9,546
West Boylston Council on Aging	11,369	915	10,454	9,548	876	8,672
PBSI - Brokerage	743,471	6,169	737,302	822,742	6,699	816,043
Total Worcester	2,799,653	87,893	2,711,760	2,721,751	76,988	2,644,763
Grand Total All Routes	\$ 4,877,391	\$ 309,020	\$ 4,568,371	\$ 4,736,804	\$ 289,396	\$ 4,447,408

Note - The costs for the Auburn, Leicester, Northborough, Oxford (2017), and West Boylston Councils on Aging include \$87,470 for 2018 and \$94,046 for 2017 of costs from BBSI - Brokerage for scheduling and dispatching services. Revenues include funds from Federal Grants in 2018 of \$49,252 and 2017 of \$71,338 for eligible communities.