

WORCESTER REGIONAL TRANSIT AUTHORITY
(A Component Unit of the Massachusetts Department of Transportation)
Financial Statements And Supplementary
Information
For The Year Ended
June 30, 2019
And
Independent Auditors' Report

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

Financial Statements and Supplementary Information
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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
Pension Schedules	35 - 36
OPEB Schedules	37 - 39
 Additional Information:	
Schedule of Net Cost Service	41
Summary of Net Cost of Service by Municipality	42
Allocation Basis for Net Cost of Service to Municipalities	43
Revenue and Cost of Transit Service by Bus Route	44 - 46
Details of Regular Demand Response Transit Services by Community	47 - 51



McCarthy, Hargrave & Co.

Certified Public Accountants

Mr. Dennis Lipka, 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, 2019 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 evaluating 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 financial position of the Worcester Regional Transit Authority as of June 30, 2019, 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 (on pages 3 through 10) and the schedule of revenues and expenditures – budget and actual, pension schedules and OPEB schedules (on pages 33 through 39) 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 41 through 51) is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2019 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 solely 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.

October 7, 2019

McCarthy, Hargrave & Co.

WORCESTER REGIONAL TRANSIT AUTHORITY

(A Component Unit of the Massachusetts Department of Transportation)

Management's Discussion and Analysis

For the Year Ended June 30, 2019

As the 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, 2019.

Financial Highlights:

- The assets and deferred outflows of resources of the Worcester Regional Transit Authority exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$ 84,425,142.
- The Authority's total net position decreased by \$ 1,206,270.
- 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 2019, the Authority had a net deficit of \$ 95,697. It resulted from the net unfunded additional pension and OPEB expenses for the year under GASB Statements No. 68 and No.75 of \$ 183,712 offset by an addition to the restricted reserve of \$ 88,015.

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 39 of this report.

Further, this report also contains additional information on pages 41 through 51.

WORCESTER REGIONAL TRANSIT AUTHORITY

(A Component Unit of the Massachusetts Department of Transportation)

Management's Discussion and Analysis

For the Year Ended June 30, 2019

(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>2019</u>	<u>2018</u>
Current Assets	\$ 10,185,648	\$ 13,051,207
Capital and Intangible Assets, Net	<u>110,445,847</u>	<u>114,856,420</u>
Total Assets	<u>120,631,495</u>	<u>127,907,627</u>
Deferred Outflow of Resources	<u>1,488,699</u>	<u>1,374,685</u>
Notes Payable	8,000,000	9,000,000
Other Liabilities	1,333,251	3,286,825
Net Pension Liability	12,531,909	12,138,303
Net OPEB Liability	8,650,422	8,875,964
Other Long-Term Debt	<u>6,600,000</u>	<u>9,900,000</u>
Total Liabilities	<u>37,115,582</u>	<u>43,201,092</u>
Deferred Inflow of Resources	<u>579,470</u>	<u>449,808</u>
Net Position:		
Invested in Capital and Intangible Assets, Net	103,845,847	104,956,420
Restricted for Extraordinary Expenses	968,183	880,168
Unrestricted (Deficit)	<u>(20,388,888)</u>	<u>(20,205,176)</u>
Total Net Position	<u>\$ 84,425,142</u>	<u>\$ 85,631,412</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 2019, net of capital asset activity, resulted in an increase in the unrestricted deficit of \$ 183,712 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, 2019

(Continued)

Government Financial Analysis (Continued):

Worcester Regional Transit Authority's Changes in Net Position

	<u>2019</u>	<u>2018</u>
Revenues:		
Passenger Fares:		
Fixed Route Services	\$ 2,847,838	\$ 3,047,573
Demand Response Services	<u>249,885</u>	<u>259,768</u>
Total Operating Revenues	<u>3,097,723</u>	<u>3,307,341</u>
Nonoperating Revenues:		
Federal-Noncapital Assistance:		
Operating Assistance	5,120,745	4,162,130
Preventive Maintenance Reimbursements	-	344,747
Planning, Project Administration and Interest	201,767	361,412
Enhanced Mobility Programs	<u>57,768</u>	<u>49,252</u>
Total Federal Noncapital Assistance	<u>5,380,280</u>	<u>4,917,541</u>
Commonwealth of Massachusetts		
State Contract Assistance	11,804,258	11,259,194
Other State Assistance	<u>22,480</u>	<u>-</u>
	<u>11,826,738</u>	<u>11,259,194</u>
Member Municipalities -		
Assessments	<u>4,983,450</u>	<u>4,840,914</u>
Interest Income	42,656	40,640
Miscellaneous	23,557	41,249
Advertising	<u>185,674</u>	<u>170,930</u>
Total Nonoperating Revenues	<u>22,442,355</u>	<u>21,270,468</u>
Capital Activity:		
Federal Government	7,716,972	3,028,055
Commonwealth of Massachusetts	923,399	570,889
Member Municipality and Other	<u>655,268</u>	<u>327,194</u>
Total Capital Grants	<u>9,295,639</u>	<u>3,926,138</u>
Total Revenues	<u>\$ 34,835,717</u>	<u>\$ 28,503,947</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, 2019

(Continued)

Government Financial Analysis (Continued):

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

	<u>2019</u>	<u>2018</u>
Expenses:		
Operating Expenses:		
Public Transportation:		
Fixed Route	\$ 19,154,461	\$ 18,428,163
Demand Response Transit Services	<u>4,891,933</u>	<u>4,877,391</u>
	<u>24,046,394</u>	<u>23,305,554</u>
Administrative Salaries and Fringe	541,773	544,533
Professional and Other Services	481,303	491,977
Travel Training Services	58,037	60,583
Other Administrative Expenses	128,385	113,003
Depreciation and Amortization	<u>7,135,197</u>	<u>6,787,124</u>
Total Operating Expenses	<u>32,391,089</u>	<u>31,302,774</u>
Nonoperating Expenses -		
Interest Expense	<u>379,883</u>	<u>398,578</u>
Total Expenses	<u>32,770,972</u>	<u>31,701,352</u>
Capital Activity -		
Transfer of Union Station Project	<u>3,271,015</u>	<u>1,638,016</u>
Decrease in Net Position	<u>(1,206,270)</u>	<u>(4,835,421)</u>
Net Position, Beginning of Year, as Previously Reported	85,631,412	97,391,455
GASB Statement No. 75 OPEB Liability Adjustment	<u>-</u>	<u>(6,924,622)</u>
Net Position, Beginning of Year, as Restated	<u>85,631,412</u>	<u>90,466,833</u>
Net Position, End of Year	<u>\$ 84,425,142</u>	<u>\$ 85,631,412</u>

WORCESTER REGIONAL TRANSIT AUTHORITY

(A Component Unit of the Massachusetts Department of Transportation)

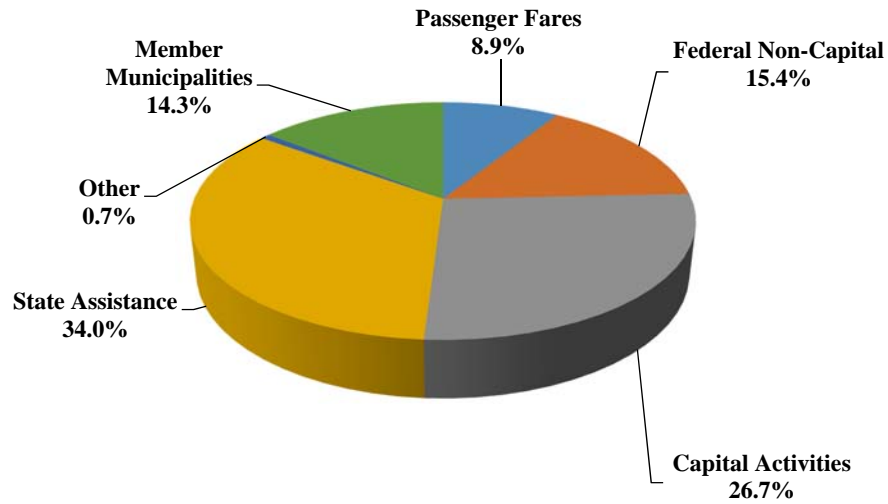
Management's Discussion and Analysis

For the Year Ended June 30, 2019

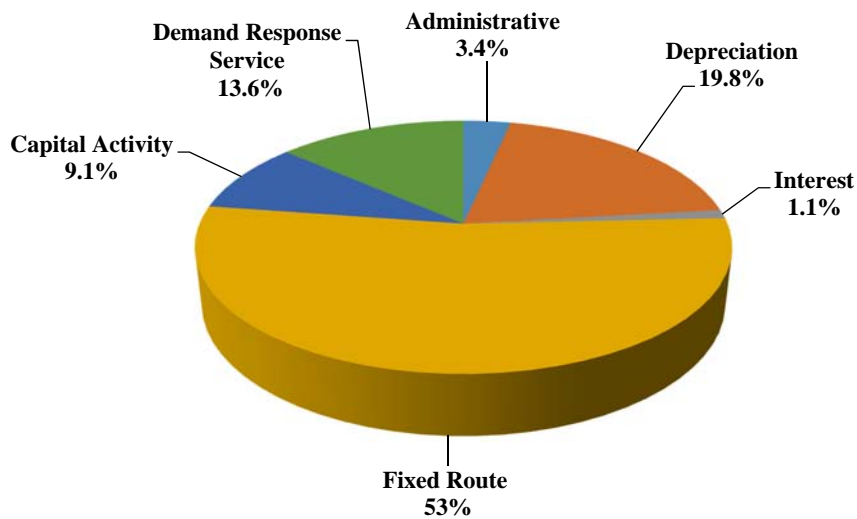
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Government Financial Analysis (Continued):

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, 2019

(Continued)

Government Financial Analysis (Continued):

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

- Passenger fares decreased by \$ 209,618 or 6.3 % due to a decrease in ridership. Fixed route fares decreased \$ 199,735 while demand response fares decreased \$ 9,883.
- Federal noncapital assistance (generally targeted for certain specific expenses) increased overall by \$ 462,739 or 9.4% .
- State contract and other assistance increased \$ 567,544 or 5.0% in fiscal year 2019.
- Revenues from member municipalities assessments increased by \$ 142,536 or 2.9% as a result of the statutorily allowed annual 2.5% increase plus new service for 2019.
- Fixed route transit services expenses overall increased by \$ 726,298 or 3.9% due primarily to increases in personnel costs, fuel and repair parts expenses.
- Demand response transit services expenses overall increased by \$ 14,542 or 0.3%.
- Administrative expenses increased by \$ 598.

The Authority's revenues from capital activities increased by \$ 5,369,501. This was due primarily to the costs for Union Station plus the acquisition of transportation equipment. The costs for Union Station are transferred to the City of Worcester, who owns the property.

Budgetary Highlights:

The Authority's original budget increased \$ 532,800 during fiscal 2019 primarily due to additional state contract assistance.

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

- Operating and nonoperating revenues were less than the budget by \$ 621,416 or 2.4% 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 \$ 621,416 or 2.4% primarily due to lower than anticipated expenses for demand response and brokerage/customer service 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, 2019

(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, 2019 amounted to \$ 110,445,847 (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 \$ 4,410,573 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 \$ 2,311,386.

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

	<u>2019</u>	<u>2018</u>
Land and Improvements	\$ 20,919,303	\$ 20,919,303
Buildings and Improvements	72,497,368	74,686,142
Transportation Equipment	16,163,019	18,407,205
Office Equipment and Other	655,618	619,740
Intangible Assets	<u>210,539</u>	<u>224,030</u>
Total	<u><u>\$ 110,445,847</u></u>	<u><u>\$ 114,856,420</u></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 \$ 1,000,000 and was \$ 8,000,000 as of June 30, 2019. 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, 2019

(Continued)

Capital and Intangible Assets and Debt Administration (Continued):

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>2019</u>	<u>2018</u>
Bond Payable	<u>\$ 6,600,000</u>	<u>\$ 9,900,000</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 2020, the Authority anticipates state contract assistance in the amount of \$ 12,183,457 of which \$ 5,741,629 was paid on August 6, 2019 and the balance (\$ 6,441,828) was paid on September 26, 2019. 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 2020 is \$ 26,980,054 as compared to \$ 25,987,769 for fiscal 2019.

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, 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, 2019

ASSETS

Current Assets:	
Cash and Cash Equivalents	\$ 495,460
Receivables:	
Federal Government	2,102,106
Commonwealth of Massachusetts and Member Municipalities	7,542,021
Other	29,114
Other Current Assets	16,947
Total Current Assets	<u>10,185,648</u>
Capital and Intangible Assets:	
Land and Improvements	20,919,303
Depreciable Capital and Intangible Assets, Net	89,526,544
Total Capital Assets	<u>110,445,847</u>
Total Assets	<u>120,631,495</u>
Deferred Outflows of Resources:	
Pension Related	1,309,570
OPEB Related	179,129
Total Deferred Outflows of Resources	<u>1,488,699</u>

LIABILITIES

Current Liabilities:	
Notes Payable	8,000,000
Accounts Payable:	
Operating	546,189
Capital	638,777
Accrued Expenses	59,330
Unearned Revenue	48,080
Accrued Interest	40,875
Current Portion of Long-Term Debt	3,300,000
Total Current Liabilities	<u>12,633,251</u>
Long-Term Liabilities:	
Net Pension Liability	12,531,909
Net OPEB Liability	8,650,422
Long-Term Debt, Less Portion Included in Current Liabilities	3,300,000
Total Long-Term Liabilities	<u>24,482,331</u>
Total Liabilities	<u>37,115,582</u>
Deferred Inflows of Resources:	
Pension Related	488,386
OPEB Related	91,084
Total Deferred Inflows of Resources	<u>579,470</u>

NET POSITION

Invested in Capital and Intangible Assets, Net of Related Debt	103,845,847
Restricted for Extraordinary Expenses	968,183
Unrestricted (Deficit)	(20,388,888)
Total Net Position	<u>\$ 84,425,142</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 Revenues, Expenses and Changes in Net Position

For the Year Ended June 30, 2019

Operating Revenues:

Passenger Fares	\$ 3,097,723
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Operating Expenses:

Public Transportation:	
Fixed Route Transit Services	19,154,461
Demand Response Transit Services	4,891,933
Administrative Salaries and Fringe	541,773
Professional and Other Services	481,303
Travel Training Services	58,037
Other Administrative Expenses	128,385
Depreciation and Amortization	7,135,197

Total Operating Expenses	32,391,089
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Operating Loss	(29,293,366)
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Nonoperating Revenues (Expenses):

Federal Government - Noncapital Assistance	5,380,280
Commonwealth of Massachusetts - Contract Assistance	11,804,258
Commonwealth of Massachusetts - Other Assistance	22,480
Member Municipalities - Assessments	4,983,450
Interest Expense	(379,883)
Interest Income	42,656
Miscellaneous Income	23,557
Advertising Income	185,674

Total Nonoperating Revenues	22,062,472
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Loss Before Capital Activity	(7,230,894)
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Capital Activity:

Capital Grants:	
Federal Government	7,716,972
Commonwealth of Massachusetts	923,399
Member Municipality and Other	655,268
Transfer of Union Station Project	(3,271,015)

	6,024,624
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Change in Net Position	(1,206,270)
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Net Position, Beginning of Year	85,631,412
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Net Position, End of Year	\$ 84,425,142
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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, 2019

Cash Flows From Operating Activities:	
Cash Received from Passenger Fares	\$ 3,097,723
Cash Paid to Vendors	(24,891,642)
Cash Paid to Employees	<u>(419,110)</u>
Net Cash Used By Operating Activities	<u>(22,213,029)</u>
Cash Flows From Noncapital Financing Activities:	
Noncapital Assistance Received From Federal Government	4,790,918
Contract Assistance Received From Commonwealth of Massachusetts and Member Municipalities	16,450,550
Net Operating Borrowing Decrease	(1,000,000)
Interest Paid on Operating Borrowings	(406,140)
Other Nonoperating Revenues	<u>216,593</u>
Net Cash Provided By Noncapital Financing Activities	<u>20,051,921</u>
Cash Flows From Capital And Related Financing Activities:	
Acquisition of Capital Assets	(6,275,526)
Capital Contributions:	
Federal	6,122,317
Commonwealth of Massachusetts	953,770
Member Municipality and Other	655,268
Payment of Bond Payable	<u>(3,300,000)</u>
Net Cash Used By Capital and Related Financing Activities	<u>(1,844,171)</u>
Cash Flows From Investing Activities:	
Interest Income	<u>42,656</u>
Net Decrease In Cash And Cash Equivalents	(3,962,623)
Cash and Cash Equivalents At Beginning Of Year	<u>4,458,083</u>
Cash and Cash Equivalents At End Of Year	<u>\$ 495,460</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, 2019

(Continued)

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

Operating Loss	\$ (29,293,366)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation and Amortization	7,135,197
Changes in Assets, Deferred Outflows and Liabilities:	
Increase in Other Current Assets	(4,084)
Decrease in Accounts Payable and Accrued Expenses	(234,488)
Increase in Deferred Outflows of Resources	(114,014)
Increase in Deferred Inflows of Resources	129,662
Increase in Net Pension Liability	393,606
Decrease in OPEB Liability	<u>(225,542)</u>
Total Adjustments	<u>\$ 7,080,337</u>
Net Cash Used By Operating Activities	<u>\$ (22,213,029)</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, 2019

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, 2019.

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.

Federal and State Contract Assistance – The Authority 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, 2019. 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, 2019

(Continued)

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

Federal and 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 \$ 2,450,000 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 162 employees of Central Mass Transit Management, Inc., 153 are covered by a union contract, which expires August 31, 2022.

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 generally 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, 2019

(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, 2019.

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.

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, 2019

(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, 2019, the Authority’s deposits with MMDT totaled \$ 96,641. 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, 2019

(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, 2019, \$ 1,496,812 of the Authority’s bank balance of \$ 1,746,812 was uninsured.

C. Receivables and Payables:

Receivables consist of the following as of June 30, 2019:

Due from Federal Government:

Noncapital Assistance:

Operating	\$ 582,360	
Other	46,029	\$ 628,389
Capital Assistance		1,473,717
		\$ 2,102,106

Due from Commonwealth of Massachusetts and Member Municipalities:

Other State Assistance \$ 22,480

Member Municipalities Assessments:

Current Year	\$ 4,983,450	
Prior Years	2,273,351	7,256,801
Capital Assistance		262,740
		\$ 7,542,021

Other:

Advertising and Other		\$ 29,114
Less Allowance for Doubtful Accounts		-
		\$ 29,114

Accounts payable operating consists of the following as of June 30, 2019:

Amounts Due to Central Mass Transit Management, Inc. and Affiliate		\$ 354,730
Amounts Due to Elderly and Disabled Transit Providers and Other Vendors		191,459
		\$ 546,189

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, 2019

(Continued)

D. Capital and Intangible Assets:

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

	Beginning Balance	Increases	Decreases	Ending Balances
Land and Improvements	\$ 20,919,303	\$ -	\$ -	\$ 20,919,303
Depreciable/Amortizable Assets:				
Buildings and Improvements	80,204,851	3,402,810	(3,288,399)	80,319,262
Transportation Equipment	41,658,372	2,311,386	(668,485)	43,301,273
Office Equipment and Other	1,292,177	224,598	(180,313)	1,336,462
Intangible Assets (Software)	774,243	56,845		831,088
	<u>123,929,643</u>	<u>5,995,639</u>	<u>(4,137,197)</u>	<u>125,788,085</u>
Less Accumulated Depreciation/ Amortization For:				
Buildings and Improvements	(5,518,709)	(2,320,569)	17,384	(7,821,894)
Transportation Equipment	(23,251,167)	(4,555,572)	668,485	(27,138,254)
Office Equipment and Other	(672,437)	(188,720)	180,313	(680,844)
Intangible Assets (Software)	(550,213)	(70,336)		(620,549)
	<u>(29,992,526)</u>	<u>(7,135,197)</u>	<u>866,182</u>	<u>(36,261,541)</u>
Net Depreciable/Amortizable Assets	<u>93,937,117</u>	<u>(1,139,558)</u>	<u>(3,271,015)</u>	<u>89,526,544</u>
Capital Assets, Net	<u>\$ 114,856,420</u>	<u>\$ (1,139,558)</u>	<u>\$ (3,271,015)</u>	<u>\$ 110,445,847</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.

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, 2019

(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 was completed in fiscal 2019 at no cost to the Authority other than monitoring costs.

E. Short-Term Debt:

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
	\$ 9,000,000	\$ 8,000,000	\$ 9,000,000	\$ 8,000,000

The notes payable outstanding at June 30, 2019 are due June 26, 2020 and bear interest at 2.00%.

F. Long-Term Debt:

Long-Term debt consists of a \$ 6,600,000 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	\$ 9,900,000	\$ -	\$ 3,300,000	\$ 6,600,000	\$ 3,300,000

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

Fiscal Year	Principal	Interest	Total
2020	\$ 3,300,000	\$ 125,235	\$ 3,425,235
2021	3,300,000	41,745	3,341,745
	<u>\$ 6,600,000</u>	<u>\$ 166,980</u>	<u>\$ 6,766,980</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, 2019

(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 \$ 18,679 in 2019.

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, 2019

(Continued)

H. Pension Plans (Continued):

Plan Description (Continued) –

The individuals covered by the Plan as of December 31, 2018 are as follows:

Active Employees	140
Retirees and beneficiaries	140
Vested	27
Disabled	23
	<hr/>
	330
	<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, 2018, the employer's total covered payroll was \$ 9,783,791.

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, 2018 were \$ 1,052,614.

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

At June 30, 2019, the Authority had a liability of \$ 12,531,909 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018 and the total pension liability used to determine the net pension liability was determined by an actuarial valuation as of January 1, 2019. 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, 2019

(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, 2019, under this Plan, the Authority recognized pension expense of \$ 1,471,770. At June 30, 2019, 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
	<u> </u>	<u> </u>
Differences Between Expected and Actual Results	\$ 284,789	\$ 247,602
Changes in Assumptions	840	-
Net Difference Between Projected and Actual Earnings on Plan Investments	486,644	239,232
Changes in Proportionate Share	-	1,552
Employer Contributions Subsequent to the Measurement Date	<u>537,297</u>	<u>-</u>
Total	<u>\$ 1,309,570</u>	<u>\$ 488,386</u>

The \$ 537,297 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, 2020. 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>
2020	\$ 166,955
2021	40,039
2022	41,475
2023	48,328
2024	<u>(12,910)</u>
	<u>\$ 283,887</u>

Actuarial Assumptions –

The total pension liability in the January 1, 2019 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, 2019

(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, 2018 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	10%	7.10%	8.15%
International Dev. Equity	15%	7.25%	8.05%

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-percent-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	\$ 14,167,732	\$ 12,531,909	\$ 11,128,952

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, 2019

(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 July 1, 2018, the latest actuarial valuation, the plan membership consisted of the following:

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

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, 2019

(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, 2019.

	<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, 2019, were as follows:

Total OPEB Liability	\$ 10,793,554
Plan Fiduciary Net Position	<u>2,143,132</u>
Net OPEB Plan Liability	<u><u>\$ 8,650,422</u></u>

Actuarial Assumptions –

The total OPEB liability was determined by an actuarial valuation as of June 30, 2019, 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, 2019

(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, 2019 (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%	0.25%
Core Fixed Income	40.0%	4.00%	1.60%
Large Cap	30.0%	7.85%	5.00%
Small Cap	10.0%	8.15%	5.55%
International Equity Developed	20.0%	8.05%	5.35%
Portfolio Long-Term Expected Real Return	3.77%		
Assumed Rate of Inflation		2.50%	

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, 2019

(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	\$ 9,857,725	\$ 8,650,422	\$ 7,774,956

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	\$ 7,586,015	\$ 8,650,422	\$ 10,003,922

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

For the year ended June 30, 2019, the Authority through its major transit provider Central Mass Transit Management, Inc. recognized OPEB expense of \$ 660,207. At June 30, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows	Deferred Inflows
Difference between projected and actual earnings on OPEB plan investments	\$ 22,727	\$ 13,385
Difference between expected and actual experience	-	77,699
Change in assumptions	156,402	-
Total	\$ 179,129	\$ 91,084

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, 2019

(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 Ending June 30:</u>	
2020	\$ 29,683
2021	29,684
2022	25,980
2023	<u>2,698</u>
	<u>\$ 88,045</u>

Changes in Net OPEB Liability:

Total OPEB Liability

Service Cost	\$ 108,549
Interest	781,633
Changes in Benefit Terms	-
Difference Between Expected and Actual Experience	-
Changes in Assumptions	-
Benefit Payments	<u>(805,137)</u>

Net Change in Total OPEB Liability 85,045

Total OPEB Liability - Beginning 10,708,509

Total OPEB Liability - Ending (a) \$ 10,793,554

Plan Fiduciary Net Position

Contributions - Employer (Includes Implicit Premium Subsidy)	\$ 950,282
Contributions - Plan Members	99,266
Net Investment Income	130,587
Benefit Payments (Includes Implicit Premium Subsidy)	<u>(869,548)</u>

Net Change in Plan Fiduciary Net Position 310,587

Plan Fiduciary Net Position - Beginning 1,832,545

Plan Fiduciary Net Position - Ending (b) \$ 2,143,132

Net OPEB Liability - Ending (a) - (b) \$ 8,650,422

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.

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, 2019

(Continued)

J. Implementation of GASB Pronouncements:

Statement #83, *Certain Asset Retirement Obligations*, which was required to be implemented during fiscal 2019. The implementation of this statement had no effect on the Authority's basic financial statements.

Statement #88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placement*, which was required to be implemented during fiscal 2019. The implementation of this statement had no effect on the Authority's basic financial statements.

K. Future Implementation of GASB Pronouncements:

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 #89, *Accounting for Interest Cost incurred before the end of a Construction Period*, 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 #90, *Majority Equity Interests*, 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 #91, *Conduit Debt Obligations*, which is required to be implemented during fiscal 2022. 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, 2019

	Original Budget	Final Budget	Actual	Variances Positive (Negative)
Revenues:				
Federal Government -				
Operating Assistance	\$ 5,748,134	\$ 5,636,461	\$ 5,120,745	\$ (515,716)
Commonwealth of Massachusetts:				
Contract Assistance	11,259,194	11,804,259	11,804,258	(1)
Other Operating Assistance	72,500	72,500	80,248	7,748
Member Municipalities	4,892,528	4,961,936	4,983,450	21,514
Passenger Revenues	3,284,814	3,284,814	3,097,723	(187,091)
Advertising and Other	197,799	227,799	279,929	52,130
	<u>25,454,969</u>	<u>25,987,769</u>	<u>25,366,353</u>	<u>(621,416)</u>
Expenses:				
Fixed Route Transit Services	17,926,435	18,457,703	18,398,475	59,228
Demand Response	4,193,480	4,195,011	3,667,090	527,921
Brokerage/Customer Service	1,471,948	1,471,949	1,367,052	104,897
Administrative Expenses	1,333,912	1,333,912	1,296,395	37,517
Management Fee	372,131	372,131	371,210	921
Debt Service	157,063	157,063	178,116	(21,053)
Reserve For Extraordinary Expenses	-	-	88,015	(88,015)
	<u>25,454,969</u>	<u>25,987,769</u>	<u>25,366,353</u>	<u>621,416</u>
Net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Reconciliation to Statement of Changes in Net Position:

	Revenues	Expenses
Per Schedule Above	\$ 25,366,353	\$ 25,366,353
Add (Less):		
GASB #68 and #75 Adjustments		183,712
Depreciation and Amortization		7,135,197
Reserve for Extraordinary Expenses		88,015
Bond Interest Expense and Related Funding	201,767	201,767
Other Revenue Reclassifications for Budget Purposes	(28,042)	(28,042)
Per Statement of Changes in Net Position (Pages 5 and 6)*	<u>\$ 25,540,078</u>	<u>\$ 32,947,002</u>

*Total of Operating and Nonoperating Revenues

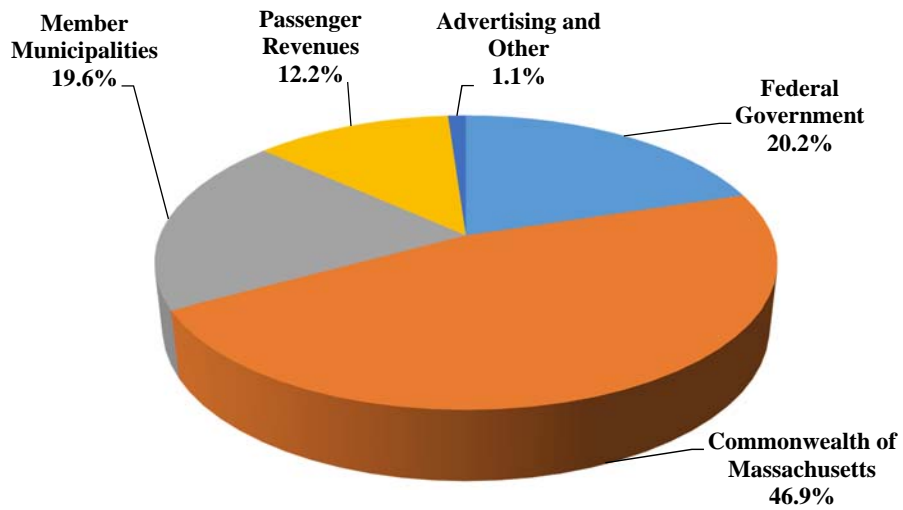
WORCESTER REGIONAL TRANSIT AUTHORITY

A Component Unit of the Massachusetts Department of Transportation)

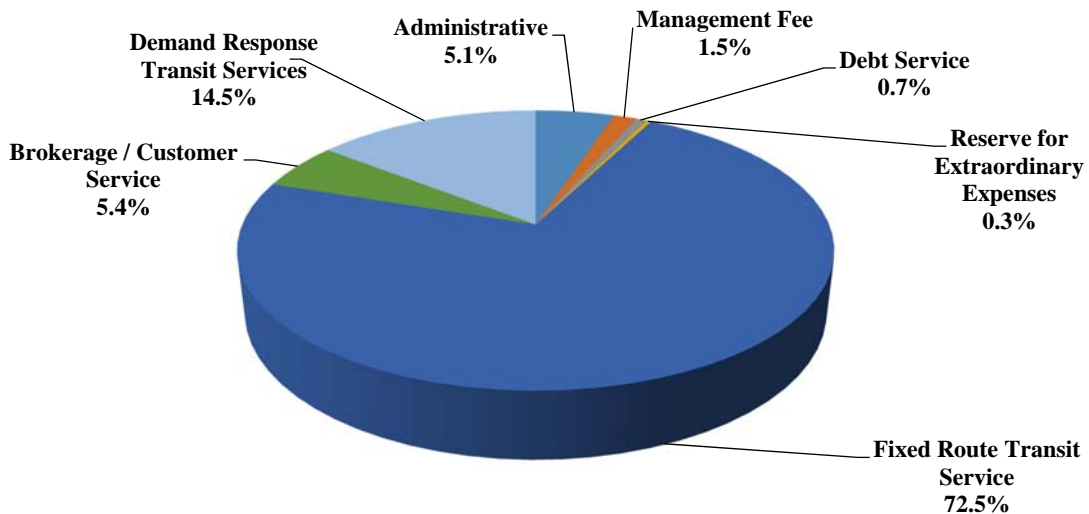
**Schedule of Revenues and Expenditures –
Budget and Actual**

For the Year Ended June 30, 2019

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,				
	2019	2018	2017	2016	2015
Authority's Proportion of the Net Pension Liability	50%	50%	50%	50%	50%
Authority's Proportionate Share of the Net Pension Liability	\$ 12,531,909	\$ 12,138,303	\$ 11,978,766	\$ 11,737,266	\$ 11,010,812
Employer's Cover-Employee Payroll**	\$ 9,783,791	\$ 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	128.09%	134.78%	127.18%	128.63%	133.64%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	22.47%	25.50%	24.30%	24.50%	27.20%

* The amounts presented for the fiscal years 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,				
	2019	2018	2017	2016	2015
Annual Required Contribution	\$ 1,037,581	\$ 890,980	\$ 968,839	\$ 937,108	\$ 782,723
Contributions in Relation to the Annual Required Contributions	1,052,614	1,030,987	962,086	876,586	808,508
Contributions Deficiency (Excess)	\$ (15,033)	\$ (140,007)	\$ 6,753	\$ 60,522	\$ (25,785)
Employer's Cover Payroll**	\$ 9,783,791	\$ 9,005,571	\$ 9,418,901	\$ 9,124,798	\$ 8,239,191
Contributions as a Percentage of Covered-Employee Payroll	10.76%	11.45%	10.21%	9.61%	9.81%

* The amounts presented for the fiscal years 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 Net OPEB Liability

	For the Year Ended June 30,		
	2019	2018	2017
Total OPEB Liability	\$ 10,793,554	\$ 10,708,509	\$ 10,356,886
Plan Fiduciary Net Position	2,143,132	1,832,545	1,542,591
Net OPEB Liability	<u>\$ 8,650,422</u>	<u>\$ 8,875,964</u>	<u>\$ 8,814,295</u>
Plan Fiduciary Net Position as a Percentage of the Total Liability	19.86%	17.11%	14.89%
Covered Payroll	\$ 9,071,809	\$ 9,071,809	\$ 7,714,572
Net OPEB Liability as a Percentage of Covered Payroll	95.35%	97.84%	114.26%

WORCESTER REGIONAL TRANSIT AUTHORITY

(A Component Unit of the Massachusetts Department of Transportation)

Schedule of Changes in the Net OPEB Liability

	For the Year Ended June 30,		
	2019	2018	2017
Total OPEB Liability			
Service Cost	\$ 108,549	\$ 114,573	\$ 109,639
Interest	781,633	809,828	792,375
Changes in Benefit Terms	-	-	-
Difference Between Expected and Actual Experience	-	(136,339)	-
Changes in Assumptions	-	274,440	-
Benefit Payments	(805,137)	(710,879)	(667,500)
Net Change in Total OPEB Liability	85,045	351,623	234,514
Total OPEB Liability - Beginning	10,708,509	10,356,886	10,122,372
Total OPEB Liability - Ending (a)	\$ 10,793,554	\$ 10,708,509	\$ 10,356,886
Plan Fiduciary Net Position			
Contributions - Employer (Includes Implicit Premium Subsidy)	\$ 950,282	\$ 890,879	\$ 842,461
Contributions - Plan Members	99,266	73,605	53,667
Net Investment Income	130,587	109,954	138,441
Benefit Payments (Includes Implicit Premium Subsidy)	(869,548)	(784,484)	(715,719)
Net Change in Plan Fiduciary Net Position	310,587	289,954	318,850
Plan Fiduciary Net Position - Beginning	1,832,545	1,542,591	1,223,741
Plan Fiduciary Net Position - Ending (b)	\$ 2,143,132	\$ 1,832,545	\$ 1,542,591
Net OPEB Liability - Ending (a) - (b)	\$ 8,650,422	\$ 8,875,964	\$ 8,814,295

WORCESTER REGIONAL TRANSIT AUTHORITY

(A Component Unit of the Massachusetts Department of Transportation)

Schedule of Investment Returns

	For the Year Ended June 30,		
	2019	2018	2017
Annual Money-Weighted Rate of Return, Net of Investment Expense	6.77%	6.75%	10.60%

Note to Required Supplementary Information

Change in Assumptions: In the June 30, 2018 actuarial valuation, the discount rate changed to 7.5% from 8.0% 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, 2019

I. Operating Costs		
A. RTA Administrative Costs (Excluding Depreciation)	\$	1,209,498
B. Purchased Services		
Fixed Route		19,154,461
Demand Response		4,891,933
Brokerage		-
C. Debt Service		379,883
D. Less GASB Statement #68 and #75 Adjustment		<u>(183,712)</u>
Total Operating Costs	\$	25,452,063
II. Federal Operating Assistance:		
A. FTA Operating		5,178,513
B. Other Federal		<u>201,767</u>
Total Federal Assistance		5,380,280
III. Revenues		
A. Operating:		
1. Fare Box Revenue		3,097,723
B. Brokerage Service Reimbursement		-
C. Other State Assistance		22,480
D. Other Revenues:		
1. Advertising		185,674
2. Parking		-
3. Sale of Capital Assets		11,557
4. Interest Income		42,656
5. Miscellaneous		<u>12,000</u>
Total Revenues		<u>8,752,370</u>
IV. Net Operating Deficit (I-II-III)		16,699,693
V. Adjustments:		
A. Extraordinary Expenses (Not to Exceed 3% of Prior Year's Local Assessment)		<u>88,015</u>
VI. Net Operating Deficit After Adjustment		16,787,708
VII. Net Cost of Service Funding		
A. Local Assessments		4,983,450
B. State Contract Assistance		11,804,258
1. Less: Adjustment For Exceeding 2 1/2% Cap on Prior Year Net Operating Expenses		<u>-</u>
C. State Contract Assistance to be Funded		<u>11,804,258</u>
1. Less: Forward Funding Made BY DOT Before July 1,		<u>11,804,258</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, 2019 and 2018

	2019 Actual Assessments	Cherry Street Estimates	Increase (Decrease) In Cherry Street Estimates	2018 Actual Assessments	Increase (Decrease) in Actual Assessments
Auburn	\$ 195,948	\$ 195,571	\$ 377	\$ 195,571	\$ 377
Barre	6,792	8,333	(1,541)	8,333	(1,541)
Boylston	1,375	1,782	(407)	1,782	(407)
Brimfield	5,475	5,359	116	5,359	116
Brookfield	11,732	12,778	(1,046)	12,778	(1,046)
Charlton	64,815	64,270	545	64,270	545
Clinton	12,124	11,799	325	11,799	325
Douglas	6,024	2,589	3,435	2,589	3,435
Dudley	18,930	13,038	5,892	13,038	5,892
East Brookfield	16,501	17,974	(1,473)	17,974	(1,473)
Grafton	83,946	79,865	4,081	79,865	4,081
Holden	14,219	15,293	(1,074)	15,293	(1,074)
Holland	3,126	3,058	68	3,058	68
Leicester	128,919	116,774	12,145	116,774	12,145
Millbury	106,012	106,868	(856)	106,868	(856)
New Braintree	649	575	74	575	74
Northborough	23,374	25,440	(2,066)	25,440	(2,066)
Northbridge	122,548	115,403	7,145	115,403	7,145
North Brookfield	2,687	1,814	873	1,814	873
Oakham	2,286	2,320	(34)	2,320	(34)
Oxford	132,517	133,477	(960)	133,477	(960)
Paxton	1,017	923	94	923	94
Princeton	1,718	993	725	993	725
Rutland	14,620	11,836	2,784	11,836	2,784
Shrewsbury	86,313	79,994	6,319	79,994	6,319
Southbridge	74,504	79,136	(4,632)	79,136	(4,632)
Spencer	106,614	101,861	4,753	101,861	4,753
Sturbridge	38,734	39,749	(1,015)	39,749	(1,015)
Sutton	10,262	6,022	4,240	6,022	4,240
Wales	611	2,037	(1,426)	2,037	(1,426)
Warren	12,596	12,170	426	12,170	426
Webster	101,793	100,112	1,681	100,112	1,681
Westborough	93,379	91,219	2,160	91,219	2,160
West Boylston	64,805	62,938	1,867	62,938	1,867
West Brookfield	5,570	3,396	2,174	3,396	2,174
Worcester	3,410,915	3,314,148	96,767	3,314,148	96,767
	\$ 4,983,450	\$ 4,840,914	\$ 142,536	\$ 4,840,914	\$ 142,536

WORCESTER REGIONAL TRANSIT AUTHORITY

Allocation Basis For Net Cost Of Service To Municipalities

For The Years Ended June 30, 2019

FIXED ROUTE TRANSIT SERVICE

	Ratio Of Revenue To Operating Costs		(A)	(B)	Net Loss	Loss	(C)	(D)	Allocation
	2019	2018	Revenue From Operations	Operating Cost	(Gain)	Route Percentage	Net Cost of Demand Response Transit Service	Basis of Allocation Of Net Cost of Service	
Auburn	12.0136%	12.3658%	\$ 97,433	\$ 811,023	\$ 713,590	4.3761%	\$ 144,030	\$ 857,620	4.1052%
Barre							29,732	29,732	0.1423%
Boylston							6,020	6,020	0.0288%
Brimfield							23,955	23,955	0.1147%
Brookfield	10.6243%	6.3385%	3,378	31,795	28,417	0.1743%	22,931	51,348	0.2458%
Charlton	1.3679%	1.2062%	2,726	199,279	196,553	1.2054%	87,133	283,686	1.3579%
Clinton							53,062	53,062	0.2540%
Douglas							26,362	26,362	0.1262%
Dudley							82,848	82,848	0.3966%
East Brookfield	7.7205%	6.9973%	5,301	68,661	63,360	0.3886%	8,865	72,225	0.3457%
Grafton	3.3796%	3.6255%	3,411	100,928	97,517	0.5980%	22,460	119,977	0.5743%
Holden							62,237	62,237	0.2979%
Holland							13,677	13,677	0.0655%
Leicester	6.9509%	6.0963%	39,857	573,410	533,553	3.2720%	30,682	564,235	2.7009%
Millbury	9.3691%	8.8556%	39,990	426,829	386,839	2.3723%	77,146	463,985	2.2210%
New Braintree							2,842	2,842	0.0136%
Northborough							102,306	102,306	0.4897%
Northbridge	3.2325%	3.8999%	5,065	156,691	151,626	0.9298%		151,626	0.7258%
North Brookfield							11,756	11,756	0.0563%
Oakham							9,997	9,997	0.0479%
Oxford	4.4707%	4.1929%	24,918	557,367	532,449	3.2652%	47,555	580,004	2.7763%
Paxton							4,460	4,460	0.0213%
Princeton							7,518	7,518	0.0360%
Rutland							63,999	63,999	0.3063%
Shrewsbury	13.0853%	11.1244%	41,939	320,504	278,565	1.7083%	99,212	377,777	1.8083%
Southbridge	33.9731%	39.9188%	34,288	100,927	66,639	0.4087%	259,448	326,087	1.5609%
Spencer	11.5575%	10.1265%	43,232	374,061	330,829	2.0288%	135,794	466,623	2.2336%
Sturbridge							169,528	169,528	0.8115%
Sutton							44,920	44,920	0.2150%
Wales							2,665	2,665	0.0128%
Warren							55,138	55,138	0.2639%
Webster	14.3661%	16.2913%	52,257	363,753	311,496	1.9102%	134,024	445,520	2.1326%
Westborough	2.9603%	3.4804%	3,465	117,047	113,582	0.6965%	6,917	120,499	0.5768%
West Boylston	29.0504%	21.0826%	92,541	318,553	226,012	1.3860%	57,617	283,629	1.3577%
West Brookfield							24,378	24,378	0.1167%
Worcester	16.1138%	18.4844%	2,358,037	14,633,633	12,275,596	75.2798%	2,653,066	14,928,662	71.4602%
	14.8678%	16.5376%	\$ 2,847,838	\$ 19,154,461	\$ 16,306,623	100.0000%	\$ 4,584,280	\$ 20,890,903	100.0000%

WORCESTER REGIONAL TRANSIT AUTHORITY

Revenue and Cost of Transit Service By Bus Route

For The Years Ended June 30,

2019

2018

Route Number	Description	Revenue From Operations	Operating Cost	Loss (Gain) Per Route	Ratio of Revenue To Operating Cost	Revenue From Operations	Operating Cost	Loss (Gain) Per Route	Ratio of Revenue To Operating Cost
Auburn									
25	Auburn Ind. Park-Canterbury St.-Southbridge St.	\$ 7,156	\$ 95,159	\$ 88,003	7.520%	\$ 7,830	\$ 95,870	\$ 88,040	8.167%
27	Auburn Mall - Main Street	72,918	458,692	385,774	15.897%	74,937	481,136	406,199	15.575%
29	Southbridge - Charlton	17,359	257,172	239,813	6.750%	15,261	215,730	200,469	7.074%
	Total Auburn	97,433	811,023	713,590	12.014%	98,028	792,736	694,708	12.366%
Brookfield									
33	Brookfield - East Brookfield - Spencer - Leicester	3,378	31,795	28,417	10.624%	1,943	30,654	28,711	6.338%
Charlton									
29	Southbridge - Charlton	2,726	199,279	196,553	1.368%	2,285	189,432	187,147	1.206%
East Brookfield									
33	Brookfield - East Brookfield - Spencer - Leicester	5,301	68,661	63,360	7.721%	4,632	66,197	61,565	6.997%
Grafton									
A	Northbridge Walmart- Blackstone Valley Shoppes	670	15,761	15,091	4.251%	561	14,658	14,097	3.827%
B	New Village - Rockdale - Grafton MBTA Station	2,741	85,167	82,426	3.218%	2,842	79,205	76,363	3.588%
	Total Grafton	3,411	100,928	97,517	3.380%	3,403	93,863	90,460	3.625%
Leicester									
19	Webster Square - Clark University - Main St.	7,930	138,257	130,327	5.736%	6,258	122,508	116,250	5.108%
33	Brookfield - East Brookfield - Spencer - Leicester	31,927	435,153	403,226	7.337%	24,331	379,258	354,927	6.415%
	Total Leicester	39,857	573,410	533,553	6.951%	30,589	501,766	471,177	6.096%
Millbury									
4	Shoppes at Blackstone Valley-Millbury St.-Millbury Ctr	39,990	426,829	386,839	9.369%	36,729	414,754	378,025	8.856%
Northbridge									
A	Northbridge Walmart -Blackstone Valley Shoppes	1,999	55,252	53,253	3.618%	2,654	51,384	48,730	5.165%
B	New Village - Rockdale - Grafton MBTA Station	3,066	101,439	98,373	3.023%	3,029	94,338	91,309	3.211%
	Total Northbridge	5,065	156,691	151,626	3.232%	5,683	145,722	140,039	3.900%

WORCESTER REGIONAL TRANSIT AUTHORITY

Revenue and Cost of Transit Service By Bus Route

For The Years Ended June 30,

2019

2018

Route Number	Description	Revenue From Operations	Operating Cost	Loss (Gain) Per Route	Ratio of Revenue To Operating Cost	Revenue From Operations	Operating Cost	Loss (Gain) Per Route	Ratio of Revenue To Operating Cost
Oxford									
42	Auburn - Oxford - Webster	\$ 24,918	\$ 557,367	\$ 532,449	4.471%	\$ 23,331	\$ 556,438	\$ 533,107	4.193%
Shrewsbury									
15	Shrewsbury Center - Shrewsbury St. - Route 9	41,939	320,504	278,565	13.085%	32,408	291,323	258,915	11.124%
Southbridge									
29	Southbridge - Charlton	34,288	100,927	66,639	33.973%	38,663	96,854	58,191	39.919%
Spencer									
19	Webster Square - Clark University - Main St.	5,193	59,963	54,770	8.660%	2,924	59,133	56,209	4.945%
33	Brookfield - East Brookfield - Spencer - Leicester	38,039	314,098	276,059	12.111%	34,364	309,089	274,725	11.118%
	Total Spencer	43,232	374,061	330,829	11.557%	37,288	368,222	330,934	10.126%
Webster									
42	Auburn - Oxford - Webster	52,257	363,753	311,496	14.366%	57,163	350,881	293,718	16.291%
Westborough									
West	Westborough Shuttle	3,465	117,047	113,582	2.960%	3,951	113,520	109,569	3.480%
West Boylston									
30	West Boylston - Grove St. - West Boylston St.	92,541	318,553	226,012	29.050%	55,235	261,993	206,758	21.083%
Worcester									
1	Providence Street - Dillon St.	67,646	538,164	470,518	12.570%	58,560	518,849	460,289	11.287%
2	Tatnuck Square - Pleasant St.	68,704	624,816	556,112	10.996%	71,633	603,351	531,718	11.873%
3	Worcester State - Highland St.-EcoTarium-North HS	45,846	354,116	308,270	12.947%	55,876	321,070	265,194	17.403%
4	Shoppes at Blackstone Valley-Millbury St.-Millbury Ctr.	39,192	400,976	361,784	9.774%	40,255	350,634	310,379	11.481%
5	Grafton St. - South Plaza - Blithewood	92,763	542,194	449,431	17.109%	138,615	756,868	618,253	18.314%
6	West Tatnuck - Chandler St.	66,664	384,766	318,102	17.326%	77,196	369,685	292,489	20.882%
7	Washington Heights	177,914	954,232	776,318	18.645%	193,492	862,730	669,238	22.428%
8	Park Avenue Connector	155	7,091	6,936	2.186%	-	-	-	-
11	Fair Plaza - Vernon Hill - Greenwood St.	246,407	1,243,292	996,885	19.819%	277,893	1,199,016	921,123	23.177%
14	Showcase Cinemas - QCC - Burncoat St.	92,039	770,859	678,820	11.940%	101,940	744,868	642,928	13.686%
15	Shrewsbury Center - Shrewsbury St. - Route 9	24,741	279,837	255,096	8.841%	36,750	271,584	234,834	13.532%

WORCESTER REGIONAL TRANSIT AUTHORITY

Revenue and Cost of Transit Service By Bus Route

For The Years Ended June 30,

2019

2018

Route Number	Description	2019			2018				
		Revenue From Operations	Operating Cost	Loss (Gain) Per Route	Ratio of Revenue To Operating Cost	Revenue From Operations	Operating Cost	Loss (Gain) Per Route	Ratio of Revenue To Operating Cost
16	Lincoln Plaza - Hamilton Street - Lake Ave.	\$ 90,412	\$ 819,551	\$ 729,139	11.032%	\$ 88,698	\$ 745,491	\$ 656,793	11.898%
19	Webster Square - Clark University - Main St.	225,505	864,033	638,528	26.099%	245,433	854,445	609,012	28.724%
23	East Mountain St. - Lincoln St.	173,330	962,054	788,724	18.017%	185,347	930,922	745,575	19.910%
24	UMass Medical Center - Belmont St.	165,844	695,837	529,993	23.834%	180,317	692,740	512,423	26.030%
25	Auburn Industrial Park-Canterbury St.-Southbridge St.	36,755	499,434	462,679	7.359%	46,957	480,768	433,811	9.767%
26	Great Brook Valley - Lincoln St.	249,516	912,523	663,007	27.344%	259,550	874,755	615,205	29.671%
27	Auburn Mall - Main St.	154,118	721,246	567,128	21.368%	178,538	753,468	574,930	23.695%
29	Southbridge - Charlton	12,198	122,505	110,307	9.957%	7,377	87,660	80,283	8.415%
30	West Boylston - Grove St. - West Boylston St.	116,420	1,311,035	1,194,615	8.880%	153,074	1,107,277	954,203	13.824%
31	Lincoln Plaza - Park Ave. - West Boylston St.	140,463	1,090,258	949,795	12.883%	141,015	1,019,373	878,358	13.834%
33	Brookfield - East Brookfield - Spencer - Leicester	51,310	316,105	264,795	16.232%	59,174	395,298	336,124	14.969%
ESS	Elder Shopper Speical	1,645	21,158	19,513	7.775%	1,637	22,188	20,551	7.378%
40	Downtown Hub Loop	18,450	197,551	179,101	9.339%	16,915	190,768	173,853	8.867%
Total Worcester		2,358,037	14,633,633	12,275,596	16.114%	2,616,242	14,153,808	11,537,566	18.484%
Grand Total All Routes		\$ 2,847,838	\$ 19,154,461	\$ 16,306,623	14.868%	\$ 3,047,573	\$ 18,428,163	\$ 15,380,590	16.538%

WORCESTER REGIONAL TRANSIT AUTHORITY
Details of Regular Demand Response Transit Services by Community
For The Years Ended June 30, 2019 and 2018

	2019			2018		
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Auburn:						
Council on Aging	\$ 52,244	\$ 4,828	\$ 47,416	\$ 59,802	\$ 5,892	\$ 53,910
Leicester Council on Aging	1,927	172	1,755	1,202	127	1,075
Oxford Council on Aging	1,742	163	1,579			-
Northborough Council on Aging	31	2	29	58	3	55
PBSI - Brokerage	30,742		30,742	29,080		29,080
CMTM - Van Division	65,100	2,591	62,509	64,506	2,467	62,039
	151,786	7,756	144,030	154,648	8,489	146,159
Barre:						
South Central Massachusetts Elderbus, Inc.	31,371	1,639	29,732	38,278	2,443	35,835
Boylston:						
Northborough Council on Aging	4,160	228	3,932	5,765	348	5,417
Auburn Council on Aging	15	1	14			-
PBSI - Brokerage	1,386		1,386	1,373		1,373
CMTM - Van Division	717	29	688	911	35	876
	6,278	258	6,020	8,049	383	7,666
Brimfield:						
South Central Massachusetts Elderbus, Inc.	24,911	956	23,955	24,121	1,074	23,047
Brookfield:						
South Central Massachusetts Elderbus, Inc.	20,215	1,092	19,123	25,962	1,534	24,428
PBSI - Brokerage	3,014		3,014	1,698		1,698
CMTM - Van Division	827	33	794	114	4	110
	24,056	1,125	22,931	27,774	1,538	26,236
Charlton:						
South Central Massachusetts Elderbus, Inc.	92,029	6,393	85,636	97,639	8,446	89,193
PBSI - Brokerage	1,074		1,074			-
CMTM - Van Division	441	18	423			-
	93,544	6,411	87,133	97,639	8,446	89,193
Clinton:						
Council on Aging	58,659	5,597	53,062	57,908	7,186	50,722
Douglas:						
South Central Massachusetts Elderbus, Inc.	27,694	1,332	26,362	12,058	921	11,137
Dudley:						
South Central Massachusetts Elderbus, Inc.	90,149	7,354	82,795	64,010	7,962	56,048
CMTM - Van Division	55	2	53			-
	90,204	7,356	82,848	64,010	7,962	56,048

WORCESTER REGIONAL TRANSIT AUTHORITY
Details of Regular Demand Response Transit Services by Community
For The Years Ended June 30, 2019 and 2018

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East Brookfield:						
South Central Massachusetts Elderbus, Inc.	\$ 8,530	\$ 340	\$ 8,190	\$ 16,400	\$ 674	\$ 15,726
PBSI - Brokerage	675		675			-
	9,205	340	8,865	16,400	674	15,726
Grafton:						
Council on Aging	25,808	3,527	22,281	25,618	2,803	22,815
Leicester Council on Aging	42	4	38			-
PBSI - Brokerage	35		35	51		51
CMTM - Van Division	110	4	106			-
	25,995	3,535	22,460	25,669	2,803	22,866
Holden:						
Council on Aging	46,756	3,490	43,266	50,629	3,415	47,214
Auburn Council on Aging	15	1	14			-
Leicester Council on Aging	42	4	38	35	4	31
Northborough Council on Aging			-	29	2	27
Oxford Council on Aging	84	8	76			-
PBSI - Brokerage	20,764	6,058	14,706	21,084	6,252	14,832
CMTM - Van Division	4,406	269	4,137	4,035	381	3,654
	72,067	9,830	62,237	75,812	10,054	65,758
Holland:						
South Central Massachusetts Elderbus, Inc.	14,320	643	13,677	13,913	775	13,138
Leicester:						
Council on Aging	15,483	1,388	14,095	16,660	1,767	14,893
Auburn Council on Aging	60	6	54	57	6	51
PBSI - Brokerage	9,387		9,387	11,529		11,529
CMTM - Van Division	7,442	296	7,146	4,611	176	4,435
	32,372	1,690	30,682	32,857	1,949	30,908
Millbury:						
Council on Aging	96,211	23,693	72,518	94,461	21,826	72,635
Auburn Council on Aging	15	1	14			-
Leicester Council on Aging	63	6	57	35	4	31
PBSI - Brokerage	1,593		1,593	2,282		2,282
CMTM - Van Division	3,087	123	2,964	6,775	259	6,516
	100,969	23,823	77,146	103,553	22,089	81,464
New Braintree:						
South Central Massachusetts Elderbus, Inc.	2,949	107	2,842	2,576	111	2,465

WORCESTER REGIONAL TRANSIT AUTHORITY
Details of Regular Demand Response Transit Services by Community
For The Years Ended June 30, 2019 and 2018

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Northborough:						
Council on Aging	\$ 106,711	\$ 5,860	\$ 100,851	\$ 113,516	\$ 6,845	\$ 106,671
West Boylston Council on Aging	284	24	260	244	20	224
CMTM - Van Division			-	114	4	110
PBSI - Brokerage	1,195		1,195	2,385		2,385
	108,190	5,884	102,306	116,259	6,869	109,390
North Brookfield:						
South Central Massachusetts Elderbus, Inc.	12,425	669	11,756	8,228	419	7,809
Oakham:						
South Central Massachusetts Elderbus, Inc.	10,560	563	9,997	10,520	538	9,982
Oxford:						
Council on Aging	20,130	1,881	18,249			-
Auburn Council on Aging	194	18	176	186	18	168
Leicester Council on Aging	293	26	267	262	28	234
Northborough Council on Aging	31	2	29	29	2	27
South Central Massachusetts Elderbus, Inc.			-	25,180	3,743	21,437
PBSI - Brokerage	20,472		20,472	15,029		15,029
CMTM - Van Division	8,709	347	8,362	4,042	155	3,887
	49,829	2,274	47,555	44,728	3,946	40,782
Paxton:						
Auburn Council on Aging	45	4	41	43	4	39
Leicester Council on Aging	42	4	38	52	6	46
Oxford Council on Aging	33	3	30			-
Northborough Council on Aging			-	87	5	82
CMTM - Van Division	2,205	88	2,117	1,196	46	1,150
PBSI - Brokerage	2,234		2,234	2,659		2,659
	4,559	99	4,460	4,037	61	3,976
Princeton:						
South Central Massachusetts Elderbus, Inc.	8,674	1,156	7,518	4,846	574	4,272
Rutland:						
South Central Massachusetts Elderbus, Inc.	69,050	5,051	63,999	54,135	3,255	50,880

WORCESTER REGIONAL TRANSIT AUTHORITY
Details of Regular Demand Response Transit Services by Community
For The Years Ended June 30, 2019 and 2018

	2019			2018		
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Shrewsbury:						
Council on Aging	\$ 96,495	\$ 17,752	\$ 78,743	\$ 91,845	\$ 17,532	\$ 74,313
Auburn Council on Aging			-	28	3	25
Leicester Council on Aging	63	6	57	52	6	46
Northborough Council on Aging	373	20	353	117	7	110
Oxford Council on Aging	17	2	15			-
West Boylston Council on Aging	53	5	48	35	3	32
CMTM - Van Division	12,293	489	11,804	6,775	259	6,516
PBSI - Brokerage	8,192		8,192	3,980		3,980
	117,486	18,274	99,212	102,832	17,810	85,022
Southbridge:						
South Central Massachusetts Elderbus, Inc.	306,177	48,713	257,464	324,462	42,539	281,923
Leicester Council on Aging	42	4	38			-
Oxford Council on Aging	17	2	15			-
CMTM - Van Division	496	20	476	57	2	55
PBSI - Brokerage	1,455		1,455	86		86
	308,187	48,739	259,448	324,605	42,541	282,064
Spencer:						
PBSI - Brokerage	15,449		15,449	7,618		7,618
Leicester Council on Aging	482	43	439	70	7	63
Oxford Council on Aging	33	3	30			-
CMTM - Van Division	8,213	327	7,886	1,879	72	1,807
South Central Massachusetts Elderbus, Inc.	128,245	16,255	111,990	114,742	17,198	97,544
	152,422	16,628	135,794	124,309	17,277	107,032
Sturbridge:						
South Central Massachusetts Elderbus, Inc.	184,831	15,303	169,528	186,258	15,346	170,912
Sutton:						
South Central Massachusetts Elderbus, Inc.	47,296	2,376	44,920	28,340	2,444	25,896
Wales:						
South Central Massachusetts Elderbus, Inc.	2,762	97	2,665	9,140	383	8,757
Warren:						
South Central Massachusetts Elderbus, Inc.	60,131	4,993	55,138	57,172	4,839	52,333

WORCESTER REGIONAL TRANSIT AUTHORITY
Details of Regular Demand Response Transit Services by Community
For The Years Ended June 30, 2019 and 2018

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Webster:						
PBSI - Brokerage	\$ 5,785	\$ -	\$ 5,785	\$ 2,282	\$ -	\$ 2,282
Auburn Council on Aging	75	7	68	57	6	51
Leicester Council on Aging	105	9	96	52	6	46
Oxford Council on Aging	368	34	334			-
CMTM - Van Division	2,425	97	2,328	1,879	72	1,807
South Central Massachusetts Elderbus, Inc.	143,165	17,752	125,413	155,648	23,114	132,534
	151,923	17,899	134,024	159,918	23,198	136,720
Westborough:						
Northborough Council on Aging	7,172	394	6,778	4,018	242	3,776
PBSI - Brokerage	139		139	206		206
	7,311	394	6,917	4,224	242	3,982
West Boylston						
Council on Aging	36,253	3,101	33,152	36,110	2,908	33,202
Leicester Council on Aging	63	6	57			-
Northborough Council on Aging	124	7	117			-
PBSI - Brokerage	3,966		3,966	7,806		7,806
CMTM - Van Division	21,167	842	20,325	23,741	908	22,833
	61,573	3,956	57,617	67,657	3,816	63,841
West Brookfield:						
South Central Massachusetts Elderbus, Inc.	25,720	1,342	24,378	15,265	672	14,593
Worcester:						
CMTM - Van Division	1,952,693	77,803	1,874,890	1,991,972	76,325	1,915,647
Auburn Council on Aging	9,610	888	8,722	13,067	1,287	11,780
Leicester Council on Aging	22,921	2,055	20,866	17,444	1,850	15,594
Northborough Council on Aging	22,541	1,238	21,303	22,330	1,347	20,983
Oxford Council on Aging	11,288	1,054	10,234			-
West Boylston Council on Aging	10,741	919	9,822	11,369	915	10,454
PBSI - Brokerage	712,830	5,601	707,229	743,471	6,169	737,302
	2,742,624	89,558	2,653,066	2,799,653	87,893	2,711,760
Grand Total All Routes	\$ 4,891,933	\$ 307,653	\$ 4,584,280	\$ 4,877,391	\$ 309,020	\$ 4,568,371

Note - The costs for the Auburn, Leicester, Northborough, Oxford (2019), and West Boylston Councils on Aging include \$ 87,080 for 2019 and \$ 87,470 for 2018 of costs from PBSI - Brokerage for scheduling and dispatching services. Revenues include funds from Federal Grants in 2019 of \$ 57,768 and 2018 of \$ 49,252 for eligible communities.