

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

ANNUAL FINANCIAL STATEMENTS

Year Ended June 30, 2022

This page was intentionally left blank.

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

June 30, 2022

Table of Contents

Independent Auditor’s Report	1
Management’s Discussion and Analysis – Required Supplementary Information (Unaudited)	5
Basic Financial Statements:.....	13
Statement of Net Position – Business-Type Activities	13
Statement of Revenues, Expenses and Changes in Net Position – Business-Type Activities.....	15
Statement of Cash Flows – Business-Type Activities.....	17
Statement of Fiduciary Net Position – OPEB Trust Fund.....	19
Statement of Changes in Fiduciary Net Position – OPEB Trust Fund.....	20
Notes to the Financial Statements	21
Required Supplementary Information:	58
Schedule of the Authority’s Proportionate Share of the Net Pension Liability – New Bedford Contributory Retirement	58
Schedule of Employer Contributions – New Bedford Contributory Retirement	59
Schedule of Changes in the Net Pension Liability and Related Ratios – Hourly Plan.....	60
Schedule of Contributions – Hourly Plan	61
Schedule of Money-Weighted Rate of Return – Hourly Plan.....	61
Schedule of Changes in the Net Pension Liability and Related Ratios – Salaried Plan	62
Schedule of Contributions – Salaried Plan.....	63
Schedule of Money-Weighted Rate of Return – Salaried Plan	63
Schedule of Changes in the Authority’s Net OPEB Liability and Related Ratios	64
Schedule of the OPEB Authority’s Contributions	65
Schedule of Money-Weighted Rate of Return – OPEB Trust.....	65
Supplementary Information:.....	66
Statement of Revenues and Expenses – Budget to Actual	66
Notes to the Statement of Revenues and Expenses – Budgetary Basis.....	67
Statement of Revenue and Cost of Service	68
Statement of Unreimbursed Cost of Service	69

INDEPENDENT AUDITOR'S REPORT

To the Advisory Board of the Southeastern Regional Transit Authority
New Bedford, Massachusetts

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and the aggregate remaining fund information of the Southeastern Regional Transit Authority ("the Authority"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate remaining fund information of the Authority, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Notes 8 and 25 to the financial statements, during fiscal year 2022 the Authority adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

SOUTHEASTERN REGIONAL TRANSIT AUTHORITY

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and certain pension and other post-employment information be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

SOUTHEASTERN REGIONAL TRANSIT AUTHORITY

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying budgetary comparison, the statement of revenue and cost of service and the statement of unreimbursed cost of service, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying budgetary comparison, the statement of revenue and cost of service and the statement of unreimbursed cost of service are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2022, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's 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 Authority's internal control over financial reporting and compliance.

Hague, Sahady & Co., CPAs, P.C.

Hague, Sahady & Co., CPAs, P.C.

Fall River, Massachusetts
September 27, 2022

This page was intentionally left blank.

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

Management's Discussion and Analysis (Unaudited) (Continued)

For the Year Ended June 30, 2022

The Authority's discussion and analysis of Southeastern Regional Transit Authority's financial performance provides an overview of the Authority's financial activities for the years ended June 30, 2022 and June 30, 2021. This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the Authority's finances. The summary should not be taken as a replacement for the audit which consists of the financial statements and other supplementary information that presents all the Authority's revenues and expenses.

Please read this management discussion and analysis in conjunction with the Authority's basic financial statements, which begin on page 13.

FINANCIAL Highlights:

- Total operating revenue increased from \$452,434 in fiscal year 2021 to \$1,923,963 in fiscal year 2022 (a 325.2% increase). The increase is due to the economic effects of the COVID-19 pandemic. On March 17, 2020, the Commonwealth of Massachusetts issued a stay at home order, which effected 4th quarter fiscal year 2020 ridership for both fixed route and paratransit. The COVID-19 pandemic continued to effect fiscal year 2021, as once the stay at home order was lifted, the Authority did not collect farebox revenues until the 4th quarter of fiscal year 2021. In fiscal year 2022, ridership is on a steady track to return to pre-pandemic levels.
- Total operating expenses decreased from \$24,754,894 in fiscal year 2021 to \$24,512,384 in fiscal year 2022 (a 1.0% decrease).
- Operating assistance from the Commonwealth increased \$444,593 and Federal operating assistance decreased \$570,084 during fiscal year 2022 versus fiscal year 2021
- During fiscal years 2020 and 2021, the Authority received Federal CARES Act operating assistance under 49 USC Section 5307 direct funding. The Federal CARES Act 5307 funding expended by the Authority during fiscal 2020 totaled \$3,772,733 and was used to cover eligible operating expenses and costs incurred in response to COVID-19 beginning on January 20, 2020. CARES Act funding expended by the Authority during fiscal year 2021 totaled \$10,312,803. CARES Act funding was still available to be expended in fiscal year 2022, and the Authority expended \$4,452,947. Total funding awarded was \$21,043,483.
- Capital assistance from the Commonwealth decreased \$1,464,027 during fiscal year 2022 and Federal capital assistance increased \$1,210,927 during fiscal year 2022 versus fiscal year 2021.

Using the Annual Report:

This annual report consists of four parts - *management discussion and analysis* (this section), the *basic financial statements*, *required supplementary information* and *supplementary information*.

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority is a special purpose government engaged in only business-type activities.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements consist of the statement of net position, the statement of activities and the statement of cash flows. These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources and the net position of Southeastern Regional Transit Authority. The statement of net position presents the assets, deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference reported as net position. The statement of activities shows in broad terms how the net position changed during the fiscal year. The statement of cash flows summarizes the movement of cash and the utilization of resources during the year. The notes to the financial statements provide additional information that is essential to the understanding of the data provided in the basic financial statements.

Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating. There are three allowable categories of net position as prescribed under GASB 34; net position invested in capital assets, net of related debt; net position that is restricted in use, and net position that is unrestricted.

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

Management's Discussion and Analysis (Unaudited) (Continued)

For the Year Ended June 30, 2022

CONDENSED FINANCIAL INFORMATION

Net Position. The Authority's net position increased between fiscal years ended June 30, 2022 and June 30, 2021 by \$1,091,810 on the GAAP basis. The largest contributing factors to this increase in 2022 was pension/OPEB expense and the return to pre-pandemic levels of ridership. Pension and OPEB expense, which is recorded for GAAP only, totaled \$645,498 versus \$2,542,555 in the prior year. Total pension expense is the product of three plans, the New Bedford Contributory Retirement Plan, the operator's Hourly Plan and the Salaried Plan, plus the OPEB expense associated with the Authority's OPEB plan. Within the pension plans, asset performance exceeded expectations during the measurement period.

Any cost of service in excess of revenue is reimbursed by Commonwealth of Massachusetts operating assistance (currently formula based and forward-funded), with a portion of net cost of service assessed to the cities and towns served by the Authority. The remainder is funded through federal operating assistance pursuant to Section 9 of the Urban Mass Transportation Act of 1964. See Table 1.

Table 1

	<u>2022</u>	<u>2021</u>	<u>Total Dollar Change</u>	<u>Total Percentage Change</u>
Assets:				
Current assets	\$ 14,241,169	\$ 14,467,025	\$ (225,856)	-1.6%
Capital assets	23,215,161	22,807,210	407,951	1.8%
Total assets	<u>37,456,330</u>	<u>37,274,235</u>	<u>182,095</u>	<u>0.5%</u>
Deferred outflows:				
GASB 68/75 related deferred outflows	2,787,081	3,122,560	(335,479)	-10.7%
Total deferred outflows of resources	<u>2,787,081</u>	<u>3,122,560</u>	<u>(335,479)</u>	<u>-10.7%</u>
Liabilities:				
Current liabilities	9,724,568	10,017,424	(292,856)	-2.9%
Long-term liabilities	4,105,538	10,860,851	(6,755,313)	-62.2%
Total liabilities	<u>13,830,106</u>	<u>20,878,275</u>	<u>(7,048,169)</u>	<u>-33.8%</u>
Deferred inflows:				
GASB 68/75 related deferred inflows	6,738,443	935,468	5,802,975	620.3%
Total deferred inflows of resources	<u>6,738,443</u>	<u>935,468</u>	<u>5,802,975</u>	<u>620.3%</u>
Net position:				
Unrestricted	(5,038,364)	(5,697,783)	659,419	-11.6%
Restricted	1,498,065	1,473,625	24,440	1.7%
Investment in capital assets, net of related debt	<u>23,215,161</u>	<u>22,807,210</u>	<u>407,951</u>	<u>1.8%</u>
Total net position	<u>\$ 19,674,862</u>	<u>\$ 18,583,052</u>	<u>\$ 1,091,810</u>	<u>5.9%</u>

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

Management's Discussion and Analysis (Unaudited) (Continued)

For the Year Ended June 30, 2022

Changes in Net Position. The Authority's total operating revenue increased by 325.2% to \$1,923,963. This significant increase is due to the COVID-19 pandemic, which resulted in reduced ridership beginning with the 4th quarter of fiscal year 2020, continuing into fiscal year 2021. The Authority also suspended the collection of farebox revenues until the 4th quarter of fiscal year 2021. This practice was consistent with the policies of other RTAs within the Commonwealth. During 2022, ridership is on a steady track to return to pre-pandemic levels.

Operating expenses decreased by \$242,511 in the current year, primarily due to decreases in charges to net pension liabilities, on the GAAP basis net with increases in fuel costs. The GAAP basis includes the actuarially determined contribution of the three pension plans, as well as the change in estimated net pension liability as a result of revised actuarial estimates calculated under the parameters of GASB Statement No. 68. The effects of the revised estimates are reflected within "general and administrative" expenses on Table 2 below. Of the \$1,711,940 decrease to "general and administrative," \$645,498 was attributable to the required GASB 68 net pension liability.

	<u>Table 2</u>			
	<u>2022</u>	<u>2021</u>	<u>Total Dollar Change</u>	<u>Total Percentage Change</u>
Operating revenue:				
Service revenue	\$ 1,678,051	\$ 319,357	\$ 1,358,694	425.4%
Other income	245,912	133,077	112,835	84.8%
Total operating revenue	<u>1,923,963</u>	<u>452,434</u>	<u>1,471,529</u>	<u>325.2%</u>
Operating expenses:				
Operator costs	16,415,290	16,087,300	327,990	2.0%
General and administrative	2,796,805	4,508,745	(1,711,940)	-38.0%
Depreciation	3,236,172	2,979,068	257,104	8.6%
Other costs of service	2,064,117	1,179,782	884,335	75.0%
Total operating expenses	<u>24,512,384</u>	<u>24,754,895</u>	<u>(242,511)</u>	<u>-1.0%</u>
Operating gain (loss)	<u>(22,588,421)</u>	<u>(24,302,461)</u>	<u>1,714,040</u>	<u>-7.1%</u>
Nonoperating revenues/(expenses):				
Local assessment	3,614,280	3,498,078	116,202	3.3%
State assistance	7,276,933	6,832,340	444,593	6.5%
Federal assistance	9,742,719	10,312,803	(570,084)	-5.5%
Other nonoperating revenue/(expense) net:	(8,213)	(34,649)	26,436	-76.3%
Total nonoperating revenues/(expenses):	<u>20,625,719</u>	<u>20,608,572</u>	<u>17,147</u>	<u>0.1%</u>
Net loss before capital grants	<u>(1,962,702)</u>	<u>(3,693,889)</u>	<u>1,731,187</u>	<u>-46.9%</u>
Capital grants and contributions	3,054,512	3,307,612	(253,100)	-7.7%
Increase (decrease) in net position	<u>1,091,810</u>	<u>(386,277)</u>	<u>1,478,087</u>	<u>-382.6%</u>
Net position, beginning of year	<u>18,583,052</u>	<u>18,969,329</u>	<u>(386,277)</u>	<u>-2.0%</u>
Net position, end of year	<u>\$ 19,674,862</u>	<u>\$ 18,583,052</u>	<u>\$ 1,091,810</u>	<u>5.9%</u>

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

Management's Discussion and Analysis (Unaudited) (Continued)

For the Year Ended June 30, 2022

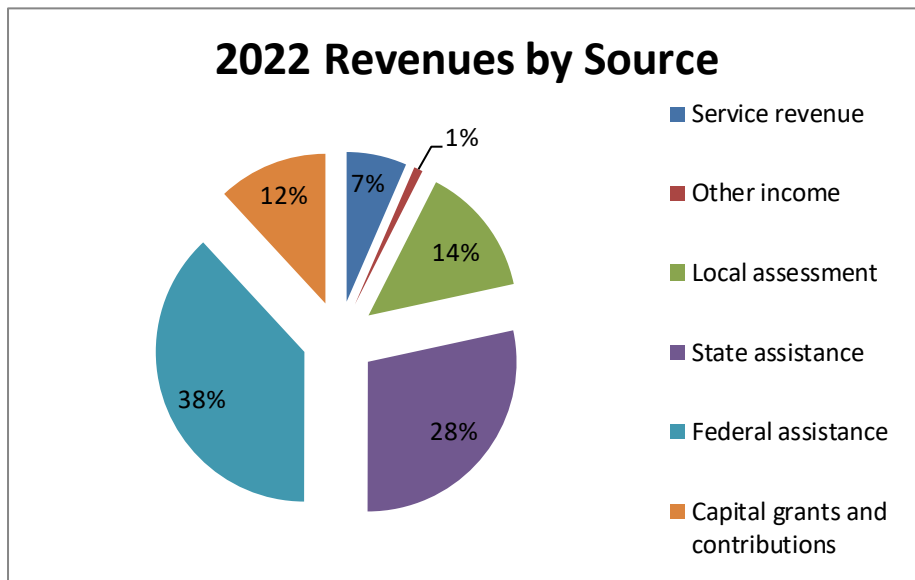
ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

Approximately 78% for 2022 and 84% for 2021 of the Authority's support comes from federal and state operating assistance and from federal and state capital grants and contributions. The capital grants are to be used for various purposes connected with the planning, modernization and expansion of transportation and facilities. These grants are deferred until such time that the related facilities are put into service and are then amortized over the estimated useful life of the assets as a reduction of unreimbursed cost of service. The remaining revenues of service, other revenue and local assessments to member communities generate the remaining 22% for 2022 and 16% for 2021. See Table 3.

The operation of bus service is contracted to Southcoast Transit Management, Inc. and a management fee is paid. Transportation service expenses are reimbursed to Southcoast Transit Management weekly upon receipt of an invoice detailing the 2022 weekly expenses. Approximately 67% of the operating cost relates to the cost of transportation services (i.e., salaries and fringe benefits), with 13% of the operating cost representing non-cash depreciation and amortization costs for 2022, as well as 11% of the costs relating to general and administrative costs. See Table 4.

Approximately 65% of the operating cost relates to the cost of transportation services (i.e. salaries and fringe benefits), with 13% of the operating cost representing non-cash depreciation and amortization costs for 2021, with the remaining 18% of the costs relating to general and administrative costs.

Table 3

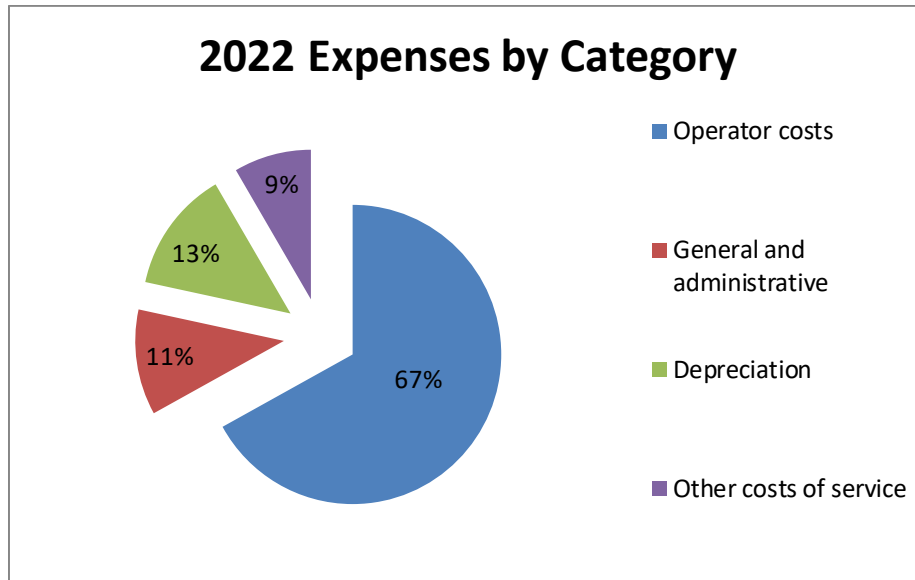


SOUTHEASTERN REGIONAL TRANSIT AUTHORITY
(A Component Unit of the Massachusetts Department of Transportation)

Management's Discussion and Analysis (Unaudited) (Continued)

For the Year Ended June 30, 2022

Table 4



DISCUSSION AND ANALYSIS OF BALANCES AND TRANSACTIONS

The Authority finished the current year with an increase in net position of \$1,091,810. The increase is a result of decreases in pension and OPEB expense, as a result of the actual investment performance that exceeded expectations in the Authority's three pension plans and its OPEB plan.

The Authority's capital improvement program provides for the replacement and expansion of the present bus fleet and other transportation equipment and the construction of the bus loading facilities, of which \$89,769,557 has been approved for grant spending through June 30, 2022. (See Note 2)

DISCUSSION AND ANALYSIS OF SIGNIFICANT BUDGET VARIANCES

The Authority did revise its budget during fiscal year 2022 as a result of overall operations. Unfavorable variances were present only in intermodal transportation centers. These unfavorable variances totaled \$40. The remaining categories had favorable variances. Overall, "total expenses" had an favorable variances of \$429,418. See the "Supplementary Information" section for more information.

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

Management's Discussion and Analysis (Unaudited) (Continued)

For the Year Ended June 30, 2022

DISCUSSION OF SIGNIFICANT CAPITAL ASSETS AND LONG-TERM DEBT ACTIVITY DURING THE YEAR

At the end of fiscal year 2022, the Authority had invested \$60,413,746 in property, plant and equipment. \$17,962,174 had been invested in buildings and improvements; \$2,603,645 is invested in non-depreciable assets (land and construction in progress) with the remaining \$39,847,927 in buses and equipment. This amount represents a 6.2% increase or \$3,507,517 over fiscal year 2021 when the Authority had \$56,906,229 invested in property, plant and equipment of which \$17,112,734 had been invested in buildings and improvements, \$2,725,087 was invested in non-depreciable assets, with the remaining \$37,068,408 in buses and equipment. More detailed information about the Authority's capital assets is presented in the notes to the basic financial statements.

	<u>2022</u>	<u>2021</u>	<u>Change in Balances</u>
Land	\$ 326,611	\$ 326,611	\$ -
Construction in progress	2,277,034	2,398,476	(121,442)
Building and improvements, net	7,123,638	6,853,704	269,934
Right-to-use lease assets - office space, net	283,313	-	283,313
Buses and equipment, net	11,567,266	11,761,430	(194,164)
Service equipment, net	175,833	226,731	(50,898)
Right-to-use lease assets - tire lease, net	310,483	-	310,483
Furniture and fixtures, net	244	3,162	(2,918)
Computers, net	745,631	875,412	(129,781)
Planning, net	405,108	361,684	43,424
Total	<u>\$ 23,215,161</u>	<u>\$ 22,807,210</u>	<u>\$ 407,951</u>

As of June 30, 2022 the Authority had \$6,005,500 in revenue bonds outstanding. The purpose of these bonds is to provide cash flow when the revenue from the FTA, Local Assessment and State Contract Assistance is received at a later date. Under Chapter 161B of the Massachusetts General Laws, the Commonwealth is required to pay principal and interest that is due on any of the Authority bonds issued when the Authority does not have the funds available. The amount of revenue bonds outstanding at June 30, 2022 provides necessary cash flow to cover the expanded services being provided during prior fiscal years for which local assessment receipts (i.e. the physical cash receipts) will not be collected until fiscal years 2023 and 2024.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The passing of the Bipartisan Infrastructure Law (BIL) helps to secure federal funding for the upcoming years. In May, the Authority applied for a Low or No Emission Vehicle Program grant from the Federal Transit Administration under the BIL. In August, the Authority received notice that we had been awarded \$12.2 million under the program. In the calendar year 2022, the Authority has secured more than \$19 million in new, previously unavailable funding to purchase 24 buses across fiscal years 23-26, allowing the Authority to meet the bus replacement schedule needs over that time. Additionally, there will be increased opportunities to take on other needed capital improvements.

The Bipartisan Infrastructure Law has also helped increase our formula funding. SRTA will receive an additional \$1 million in Small Urban funding. The BIL also set the stage to renegotiate the Providence UZA Split. SRTA was able to increase its share of the funding by 29% annually, which translates to an increase of almost \$2 million in the first year.

Unfortunately, the news is not as positive on funding from the Commonwealth. The State budget level funded the Regional Transit Authorities in FY23. The current state funding levels for the Regional Transit Authorities is inadequate. To ensure SRTA is ready, no matter the outcome, we have engaged our planning consultants to evaluate options for service reductions to balance future budgets.

The 2020 Census may have potential impacts on the New Bedford UZA. There is a chance for Providence and New Bedford to become one Large Urban Area. This change could drastically limit Federal Funding available for SRTA to flex toward operating expenses. We continue to monitor this situation and have communicated concerns to all funding partners.

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

Management's Discussion and Analysis (Unaudited) (Continued)

For the Year Ended June 30, 2022

We expect to know in December of 2022.

The pandemic has hit SRTA's ridership very hard. Ridership continues to recover but we are still short of FY19 ridership. The work that was done to adjust the fares seems to have helped riders come back. The service is more affordable and convenient for the customers, contributing to the service growing each quarter steadily.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have any questions or need additional information, contact Kristen A. Sniezek, Deputy Administrator and Chief Financial Officer, Southeastern Regional Transit Authority, 700 Pleasant Street, Fifth Floor, New Bedford, MA 02740-6263.

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

Management's Discussion and Analysis (Unaudited) (Continued)

For the Year Ended June 30, 2022

This page was intentionally left blank.

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

Statement of Net Position

June 30, 2022

	TOTAL BUSINESS-TYPE ACTIVITIES
Assets	
Current Assets:	
Cash and cash equivalents	\$ 2,224,774
Receivables:	
State grants receivable	578,038
Local assessment receivable	7,396,706
Federal grants receivable	2,716,191
Other receivables	71,624
Inventory	1,075,321
Prepaid expenses	178,515
Total current assets	14,241,169
Non-Current Assets:	
Land	326,611
Construction in progress	2,277,034
Building and improvements, net	7,123,638
Right-to-use lease assets - office space, net	283,313
Buses and equipment, net	11,567,266
Service equipment, net	175,833
Right-to-use lease assets - tire lease, net	310,483
Furniture and fixtures, net	244
Computers, net	745,631
Planning, net	405,108
Total non-current assets	23,215,161
Total assets	\$ 37,456,330
Deferred outflows of resources	
Pension related - New Bedford Plan	514,600
Pension related - Hourly Plan	1,771,360
Pension related - Salaried Plan	453,010
OPEB related	48,111
Total deferred outflows of resources	2,787,081
Total assets and deferred outflows of resources	\$ 40,243,411

The notes to the basic financial statements are an integral part of this statement

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

Statement of Net Position (Continued)

June 30, 2022

	TOTAL BUSINESS-TYPE ACTIVITIES
Liabilities	
Current liabilities:	
Revenue anticipation notes payable	\$ 6,005,500
Accounts payable and other liabilities	3,069,139
Payable to operator	392,125
Accrued salaries payable	207,943
Accrued interest payable	49,861
Total current liabilities	9,724,568
Non-Current Liabilities:	
Right-to-use lease liability	593,796
Net OPEB obligation (NOO)	77,617
Net pension liability (NPL)	2,615,808
Compensated absences	818,317
Total non-current liabilities	4,105,538
Total liabilities	13,830,106
Deferred inflows of resources	
Pension related - New Bedford Plan	339,606
Pension related - Hourly Plan	4,939,520
Pension related - Salaried Plan	1,345,893
OPEB related	113,424
Total deferred inflows of resources	6,738,443
Net Position	
Unrestricted	\$ (5,038,364)
Restricted:	
Stabilization fund (MGL Ch.161B s.26)	798,262
Fall River terminal project	188
Extraordinary repairs reserve (MGL Ch.161B s.6(q))	699,615
Investment in capital assets:	
Net of accumulated depreciation	489,905
Net of accumulated amortization	22,725,256
Total net position	\$ 19,674,862

The notes to the basic financial statements are an integral part of this statement

SOUTHEASTERN 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, 2022

	TOTAL BUSINESS-TYPE ACTIVITIES
Operating revenues:	
Service revenue	\$ 1,678,051
Advertising income	158,898
Other income	87,014
Total operating revenues	1,923,963
Operating expenses:	
Cost of service	
Salaries	11,948,294
Fringe	2,596,021
Materials and supplies	1,063,063
Miscellaneous	72,160
Utilities	329,724
Office expense and services	406,028
Subtotal - Cost of service	16,415,290
Additional costs of service:	
Depreciation	3,236,172
Diesel fuel and gasoline	1,557,856
Management fees paid to operator	506,261
Subtotal - additional costs of service:	5,300,289
Total operating expenses:	21,715,579
Administrative expenses:	
Salaries and fringe	732,997
Advertising	1,846
Professional fees	119,162
Office expense	68,565
Other administrative expense	135,160
Insurance expense	1,093,577
Pension and OPEB expense	645,498
Total administrative expenses:	2,796,805
Operating income (loss):	(22,588,421)

The notes to the basic financial statements are an integral part of this statement

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

Statement of Revenues, Expenses and Changes in Net Position (Continued)

For the Year Ended June 30, 2022

	TOTAL BUSINESS-TYPE ACTIVITIES
Nonoperating revenues (expenses):	
Local assessment (MGL Ch.161B s.9)	\$ 3,614,280
State operating assistance (MGL Ch.161B s.23)	6,691,881
Federal - operating assistance (49 USC 5307(d)(2))	9,742,719
Other state assistance	585,052
Disposition of capital assets	10,413
Interest income	2,482
Interest expense	(67,191)
Amortization of premium	46,083
Total nonoperating revenues (expenses)	20,625,719
Net loss before capital grants	(1,962,702)
Capital Grants:	
Federal	2,402,103
Commonwealth of Massachusetts	652,409
Total capital grants	3,054,512
Increase (decrease) in net position	1,091,810
Net position, beginning of year	18,583,052
Net position, end of year	\$ 19,674,862

The notes to the basic financial statements are an integral part of this statement

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

Statement of Cash Flows

For the Year Ended June 30, 2022

Cash flows from operating activities:

Cash received from federal, state and local governments	\$ (254,762)
Cash received from passenger fares	1,678,051
Cash received from rentals, parking and other	245,912
Cash paid to operators, other vendors and employees	<u>(22,849,455)</u>
Net cash provided (used) by operating activities	<u>(21,180,254)</u>

Cash flows from noncapital financing activities:

Operating and contract assistance	20,875,212
Net proceeds from sale of revenue anticipation notes	6,000,000
Net proceeds from revolving line of credit	(500,000)
Principal payments made on anticipation notes	(5,000,000)
Interest payments on bond anticipation notes	<u>(24,113)</u>
Net cash provided (used) in noncapital financing activities	<u>21,351,099</u>

Cash flows from capital and related financing activities:

Capital revenue from state and federal capital grants	4,016,309
Purchase of capital assets	<u>(3,633,710)</u>
Net cash provided (used) by capital and related financing activities	<u>382,599</u>

Cash flows from investing activities:

Interest income on invested funds	<u>2,482</u>
Net cash provided (used) in investing activities	<u>2,482</u>

Net increase (decrease) in cash 555,926

Cash and cash equivalents at beginning of year 1,668,848

Cash and cash equivalents at end of year \$ 2,224,774

Displayed at June 30, 2022 as:

Cash and cash equivalents: \$ 2,224,774

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

Statement of Cash Flows (Continued)

For the Year Ended June 30, 2022

Reconciliation of operating income (loss) to net cash provided (used) by operating activities:

Operating income (loss)	<u>\$ (22,588,421)</u>
Adjustments to reconcile net operating loss to net cash provided by operating activities:	
Depreciation and amortization	3,236,172
(Increase) decrease in accounts receivable	(254,762)
(Increase) decrease in inventory	(150,100)
(Increase) decrease in prepaid expenses	(16,434)
(Increase) decrease in deferred outflows of resources	335,479
Increase (decrease) in accounts payable and accrued expenses	(752,766)
Increase (decrease) in accrued salaries payable	54,279
Increase (decrease) in accrued pay/compensated absences	42,563
Increase (decrease) in due to operator	(91,363)
Increase (decrease) in right-to-use lease liability	593,796
Increase (decrease) in net OPEB obligation (NOO)	(36,609)
Increase (decrease) in net pension liability (NPL)	(7,355,063)
Increase (decrease) in deferred inflows of resources	<u>5,802,975</u>
Subtotal	<u>1,408,167</u>

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

Statement of Fiduciary Net Position – OPEB Trust Fund

For the Year Ended June 30, 2022

ASSETS

Cash:	
Restricted	\$ 2,159
Investments:	
Restricted	<u>210,054</u>
Total assets	<u><u>\$ 212,213</u></u>

LIABILITIES

Accounts payable	<u>-</u>
Total liabilities	<u>-</u>

NET POSITION

Restricted	<u>212,213</u>
Total net position	<u><u>\$ 212,213</u></u>

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

Statement of Changes in Fiduciary Net Position – OPEB Trust Fund

For the Year Ended June 30, 2022

Revenues:	
Employer contributions	<u>\$ 23,884</u>
Total revenue	<u>23,884</u>
Operating expenses:	
Benefits paid	<u>4,027</u>
Total operating expenses	<u>4,027</u>
Operating income	<u>19,857</u>
Nonoperating revenues (expenses):	
Investment income	<u>(17,291)</u>
Total nonoperating revenue (expenses)	<u>(17,291)</u>
Change in net position	2,566
Net position, beginning of year	<u>209,647</u>
Net position, end of year	<u><u>\$ 212,213</u></u>

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

Notes to Financial Statements

June 30, 2022

1. ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

The financial statements of the Southeastern Regional Transit Authority (“the Authority”) have been prepared in accordance with generally accepted accounting principles in the United States of America (“GAAP”). The Governmental Accounting Standards Board (“GASB”) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

Reporting Entity

The Southeastern Regional Transit Authority (“the Authority”) was established on April 24, 1974 and commenced operations on July 1, 1974, pursuant to Chapter 1141 of the Acts of 1973 of the Commonwealth of Massachusetts (“the Commonwealth”), Massachusetts General Law 161B to provide public transportation for the territory comprised of the cities of New Bedford and Fall River and the Towns of Acushnet, Dartmouth, Fairhaven, Freetown, Mattapoisett, Somerset, Swansea and Westport. Beginning in 1974, the Authority entered into an operating agreement with a contracted operator who would provide public transportation in the Authority’s service area at levels and on routes specified by the Authority, as required by MGL Chapter 161B, Section 25.

Such agreements are put out to bid in three year intervals, the most recent agreement beginning on June 1, 2017. The Authority has the exclusive right and option to extend the agreement for two additional one year terms. The Authority has the right to terminate the agreement in writing, 90 days prior to the end of the term or with 90 days’ notice upon termination based on good cause, for lack of funding for the transit system or for convenience. The Authority provides the full financial support necessary to reimburse the operator for losses sustained in the operating of service, plus an annual management fee for each year of the contract.

The financial statements present information on activities of the Authority for which the Advisory Board has oversight responsibility. The criteria, as established by the Governmental Accounting Standards Board, for inclusion of activities in the oversight entity’s financial statements are: selection of governing authority, designation of management, ability to significantly influence operations, accountability over fiscal matters and scope of public service. Accordingly, the accompanying statements of revenue, expenses and changes in net position include the revenues and expenses of the operator incurred in the operation of transportation services.

Component Units

In conformity with accounting principles generally accepted in the United States of America, management has evaluated any potential component units being considered for inclusion in the financial reporting entity.

GASB Statement No. 61 modified existing requirements for the assessment of potential component units in determining what should be included in the financial reporting entity and applicable financial reporting entity disclosure requirements. Based on GASB Statement No. 61 guidance, organizations that previously were required to be included as a component units by meeting the fiscal dependence criterion now must also have a "financial benefit or burden relationship" present between the primary government and that organization for it to be included in the reporting entity as a component unit. Pursuant to this GASB pronouncement, no component units were identified based on management’s evaluation for inclusion in the accompanying financial statements. Additionally, the accompanying financial statements are incorporated into the financial statements of the Commonwealth as the Authority is a component unit of the Commonwealth’s Department of Transportation.

Basis of Accounting

The operations of the Authority are accounted for as an enterprise fund on the accrual basis in order to recognize the form of economic resources. Under this basis, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, depreciation of assets is recognized, and all assets and liabilities associated with the operations of the Authority are included in the Statement of Net Position. Operating revenues and expenses result from providing transportation services to member communities. All other revenue and expenses are reported as nonoperating revenue and expenses.

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

Notes to Financial Statements (Continued)

June 30, 2022

1. ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***

Basis of Accounting (Continued)

Under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Government Entities that use Proprietary Fund Accounting*, the Authority has adopted the option to apply only those Financial Accounting Standards Board (FASB) statements and interpretations issued before November 30, 1989, that do not conflict with or contradict GASB pronouncements. Only GASB pronouncements issued after this date will be followed.

Budgeting

Under Massachusetts General Law Chapter 161B, Section 8h, the Authority adopts an annual operating budget for the planning and administrative activities. The budgeting process enables the Authority to determine the annual contributions required from the member jurisdictions and the Commonwealth of Massachusetts to fund its planning and administrative activities. The budget is prepared on the accrual basis. Depreciation/amortization of grants are not recognized as an expense as these expenses are not budgeted each year. These expenses are reclassified for the purpose of preparing financial reports in accordance with GAAP.

Unreimbursed Cost of Service

Massachusetts General Law Chapter 161B Section 10, provides that the Commonwealth shall reimburse the Authority for the Net Cost of Service, as defined by MGL Chapter 161B Section 1. The Net Cost of Service includes a charge equal to the payments made on long-term debt during the period, but does not include charges for depreciation/amortization or grants for operating assistance from the Federal Department of Transportation. The Net Cost of Service is the remaining amount of the net operating expense after the local assessment is taken. This balance is the contracted amount owed by the Commonwealth as State Contract Assistance.

The cost of service in excess of revenue presented in the accompanying Statements of Revenue, Expenses and Changes in Net Position differs from the Net Cost of Service because the Authority follows generally accepted accounting principles for financial reporting purposes. The following table reconciles the Authority's cost of service in excess of revenue to its Net Cost of Service for the year ended June 30, 2022.

Balance at beginning of year	\$ -
Cost of service in excess of revenue	(23,870,104)
Expenses not reimbursable and other operating assistance:	
Depreciation and amortization in excess of principal payments on long-term debt	3,236,172
Local assistance	3,614,280
Federal operating assistance including associated capital maintenance and expanded services	9,742,719
Net cost of service	(7,276,933)
Net cost of service reimbursed by the Commonwealth	7,276,933
Over reimbursement of cost of service	\$ -

For financial reporting purposes, the Authority follows the generally accepted accounting principle of depreciating the cost of property over its estimated useful life. The cumulative excess and principal payments on long-term debt are charged to the unreimbursed cost of service account and are recovered in years when the sum of grant amortization and principal payments made on long-term debt exceed depreciation.

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

Notes to Financial Statements (Continued)

June 30, 2022

1. ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and amounts on deposit with banks, including certificates of deposit with maturities of 90 days or less.

Grants and Other Receivables

The Authority carries its accounts receivable at an amount equal to uncollected but earned revenue less write-offs. On a periodic basis, the Authority evaluates its accounts receivable and utilizes the direct write-off method. Accounts receivable are considered delinquent if not in accordance with the contractual terms. Receivables are written off after collection efforts have failed.

Accrued Sick and Vacation

Authority employees are granted vacation and sick leave in varying amounts. At the end of employment, an employee may be reimbursed for accumulated vacation days and sick days if certain conditions are met. The Authority records accrued sick and vacation costs as an accrued expense.

Net Position

The Authority reports net position as restricted when legally segregated for a specific use or for other special purposes. Otherwise, these balances are considered unrestricted.

Legal restrictions on net position as of June 30, 2022 consisted of the Authority's stabilization fund and its extraordinary repairs reserve. The "investment in capital assets" section of net position represent resources related to the capital assets of the Authority.

Capital Assets

Capital assets are recorded at historical cost, while donated fixed assets are recorded at fair market value as of the date of the gift with an aggregated cost of \$1,000 or more and a useful life of more than one year.

Depreciation is charged to operating expense, based on the straight-line method, at rates that are designed to amortize the cost of the property over its estimated useful life. The estimated useful lives on the depreciable portion of the major categories of transportation property are as follows:

	<u>Estimated Useful Life</u>
Buildings and improvements	10 - 40 years
Buses and equipment (including service equipment)	3 - 12 years
Furniture and fixtures	6 - 10 years
Planning	10 years

When property and equipment are disposed, depreciation is removed from the respective accounts, and the resulting gain or loss, if any, is recorded in operations. In fiscal year 2022, this gain/loss was immaterial to the Statement of Revenues, Expenses and Changes in Net Position.

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

Notes to Financial Statements (Continued)

June 30, 2022

1. ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***

Leases

A lease is a contract that conveys the control of the right to use another entity's nonfinancial asset (the Underlying asset) for a period of time in an exchange or exchange like transaction. The Authority has contracts in which it is a lessee. Lessors recognize a lease receivable and a deferred inflow of resources (not applicable to the Authority). Lessees recognize an intangible right to use asset and a lease liability. These transactions are measured at the present value of payments expected to be made during the lease term using the discount rate in the lease. If the lease discount rate cannot be readily determined from the lease, the Authority uses its incremental borrowing rate.

A right to use lease asset with a lease term greater than 1 year and an initial present value over \$50,000 are recorded as intangible assets. Right to use lease assets are amortized over the contract term of the lease. Leases that do not meet these criteria are recognized as current period revenues and expenses.

Grants

The Authority receives grants from certain governmental agencies to be used for various purposes connected with the planning, modernization and expansion of transportation and facilities. These grants are deferred until such time as the related facilities are put into service. The grants are then amortized over the estimated useful lives of the assets as a reduction of the unreimbursed cost of service.

In addition, the Authority receives grants for operating assistance from the Federal Department of Transportation and the Commonwealth Department of Transportation. Those funds are credited to the Net Cost of Service, as they are a reduction of the amounts that would otherwise be paid by the 10 cities and towns constituting the Authority. Capital grants of the Authority are reported as revenue rather than contributed capital as required by GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

Materials, Supplies and Inventory

The Authority uses the weighted average cost method for valuation purposes. The costs of inventory items are recorded as expenditures when used.

Income Taxes

The Authority is exempt from Federal and Commonwealth of Massachusetts income taxes since it is a public body established by statute.

Advertising

Advertising costs are expensed as incurred. Advertising costs totaled \$1,846 for the year ended June 30, 2022.

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

Notes to Financial Statements (Continued)

June 30, 2022

1. ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes and disclosures. Actual results could differ from those estimates.

Concentration of Credit Risk

Financial instruments which potentially subject the Authority to concentrations of credit risk consist principally of investments, cash equivalents and grant receivables. The Authority's cash equivalents were with various credit-worthy financial institutions, investments consisted of grant receivables due from Federal, state and local assessments. The Authority considers the credit risk associated with financial instruments to be minimal.

Implementation of New Accounting Principles

For the year ending June 30, 2022, the Authority implemented GASB Statement No. 87, *Leases*. The effects of the implementation of this statement were material to these financial statements. Please see Notes 8 and 25 for more information. During fiscal year 2022, the Authority also implemented GASB Statement Nos. 89, 93 and 97, which had no reporting impact on these financial statements.

Summary of Significant Accounting Policies – City of New Bedford Contributory Retirement System

Pensions. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City of New Bedford's Contributory Employees' Retirement System ("the System") and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Summary of Significant Accounting Policies – Hourly Plan

Pensions. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Pension Plan of the Southeastern Regional Transit Authority and South Coast Transit Management Inc. for Employees Covered by Collective Bargaining ("the Hourly Plan") and additions to/deductions from the Hourly Plan's fiduciary net position have been determined on the same basis as they are reported by the Hourly Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Summary of Significant Accounting Policies – Salaried Plan

Pensions. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Salaried Employees' Pension Plan of the Southeastern Regional Transit Authority and South Coast Transit Management, Inc. ("the Salaried Plan"). Additions to/deductions from the Salaried Plan's fiduciary net position have been determined on the same basis as they are reported by the Salaried Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

Notes to Financial Statements (Continued)

June 30, 2022

2. ***CAPITAL IMPROVEMENT PROGRAM AND RELATED GRANTS***

The Authority's capital improvement program provides for the replacement and expansion of the present bus fleet and other transportation equipment and the construction of bus loading facilities. Grant spending net depreciation/amortization is as follows:

	Federal	State, Local & Other	Total
Approved grant spending through June 30, 2022	\$ 65,245,348	\$ 24,524,209	\$ 89,769,557
Amortization	(52,155,577)	(15,482,520)	(67,638,097)
Net grants balance	\$ 13,089,771	\$ 9,041,689	\$ 22,131,460

Receivables for capital grant expenditures from the federal and state governments were \$1,775,409 as of June 30, 2022. The expenditures were funded by transportation bonds and operating funds.

3. ***CASH, CASH EQUIVALENTS AND INVESTMENTS***

Cash and investments as of June 30, 2022 is classified in the accompanying financial statements as follows:

Cash and investments – business-type activities	\$2,224,774
Cash and investments – fiduciary funds	\$212,213

Deposits are in various financial institutions and are carried at cost which approximates market value. The carrying amount of deposits is displayed in the Statement of Net Position as "Cash". Petty cash is included in the presentation of cash on the Statement of Net Position in the amount of \$1,408 on June 30, 2022.

Custodial credit risk for deposits is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party.

At year end the Authority's fiscal year, carrying amount of deposits was \$2,436,992, including \$1,408 of petty cash and the bank balance was \$2,421,449. Of the bank balance, \$888,998 was covered by Federal Depository Insurance and \$809,972 was covered by the Depository Insurance Fund, and \$722,478 was uninsured. This uninsured amount includes the OPEB trust fund.

The OPEB trust fund, which has a balance of \$212,213 at June 30, 2022, is not FDIC or DIF insured as it contains stocks, bonds, mutual funds and other securities that are not bank deposits or obligations, are not guaranteed by any bank and are not insured or guaranteed by the FDIC, the Federal Reserve Board, or any government agency.

The Authority has not formally adopted a deposit and investment policy that limits the Authority's allowable deposits and investments and addresses the specific types of risk to which the Authority is exposed.

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

Notes to Financial Statements (Continued)

June 30, 2022

4. **INVESTMENTS – DEFINED BENEFIT PENSION PLANS AND OPEB TRUST FUND**

a.) **HOURLY PLAN**

The Hourly Plan is a defined benefit pension plan that holds significant amounts of investments that are measured at fair value on a recurring basis. Because investing is a key part of the Plan's activities, the plan shows greater disaggregation in its disclosures. The Plan investments are presented in a tabular format for disclosing the levels within the fair value hierarchy as defined in GASB Statement No. 72.

The Hourly Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Plan has the following recurring fair value measurements as of June 30, 2021 (the measurement date):

	Fair Value Measurements Using:			
	Measurement Date: June 30, 2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level:				
Debt Securities				
None				
Fixed Income Securities				
Short-Term Fixed Income				
Principal Global Investors - Liquid Assets Separate Acct - R5	\$ 867,241	\$ 867,241	\$ -	\$ -
Other Fixed Income				
Principal Global Investors - Core Plus Bond Separate Act-R5	1,311,062	1,311,062	-	-
Principal Real Estate Inv - US Property Separate Acct-R5	1,323,657	1,323,657	-	-
Loomis Sayles & Company - Loomis Sayles Strat Inc A Fund	1,337,738	1,337,738	-	-
PGIM Investments, LLC - PGIM Total Ret Bond A Fd	1,384,127	1,384,127	-	-
Wells Fargo ST HY Bond I Fund	1,247,224	1,247,224	-	-
Equity Securities				
Large US Equity				
MFS Investment Management - MFS Value R3 Fund	2,703,802	2,703,802	-	-
Harris Associates - Oakmark Fund Service Class	-	-	-	-
Principal Global Investors - LargeCap S&P 500 Index SA-R5	2,155,656	2,155,656	-	-
T. Rowe Price Associates, Inc - T. Rowe Price Divident Gr Fund	2,408,897	2,408,897	-	-
Legg Mason Institutional Funds - ClearBridge Lg Cap Gr A Fd	2,809,655	2,809,655	-	-
Small/Mid US Equity				
LA Capital Mgmt/Victory - MidCap Value I Sep Acct-R5	465,436	465,436	-	-
Principal Global Investors - MidCap S&P 400 Index SA-R5	261,090	261,090	-	-
Principal Global Investors - MidCap Separate Acct-R5	540,818	540,818	-	-
Fidelity Management & Research - Fidelity Adv Sm Cap Val M Fund	397,317	397,317	-	-
Principal Global Investors - SmallCap S&P 600 Index SA-R5	261,342	261,342	-	-
Legg Mason Institutional Funds - ClearBridge Sm Cp Gr A Fund	400,134	400,134	-	-
International Equity				
Oppenheimer Funds, Inc. - Inv Oppenheim Dev Mark R Fund	1,674,495	1,674,495	-	-
Invesco - Inv Int'l Equity Y Fund	1,988,056	1,988,056	-	-
Legg Mason Institutional Funds - ClearBridge Int Growth FI Fund	2,089,821	2,089,821	-	-
Total investments by fair value level	<u>\$ 25,627,568</u>	<u>\$ 25,627,568</u>	<u>\$ -</u>	<u>\$ -</u>
Total investments measured at fair value	<u>\$ 25,627,568</u>	<u>\$ 25,627,568</u>	<u>\$ -</u>	<u>\$ -</u>

Debt, equity and fixed income securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. The Hourly Plan had no investments categorized as Level 2 or Level 3 at June 30, 2021 (the measurement date).

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

Notes to Financial Statements (Continued)

June 30, 2022

4. **INVESTMENTS – DEFINED BENEFIT PENSION PLANS AND OPEB TRUST FUND (CONTINUED)**

b.) SALARIED PLAN

The Salaried Plan is a defined benefit pension plan that holds significant amounts of investments that are measured at fair value on a recurring basis. Because investing is a key part of the Plan's activities, the plan shows greater disaggregation in its disclosures. The Plan investments are presented in a tabular format for disclosing the levels within the fair value hierarchy as defined in GASB Statement No. 72.

The Salaried Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Plan has the following recurring fair value measurements as of June 30, 2021 (the measurement date):

	Fair Value Measurements Using:			
	Measurement Date: June 30, 2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level:				
Debt Securities				
None				
Fixed Income Securities				
Short-Term Fixed Income				
Principal Global Investors - Liquid Assets Separate Acct - R5	\$ 298,283	\$ 298,283	\$ -	\$ -
Other Fixed Income				
Loomis Sayles & Company - Loomis Sayles Strat Inc A Fund	486,783	486,783	-	-
Wells Fargo Fund Management - Wells Fargo ST HY Bond I Fund	453,830	453,830	-	-
PGIM Investments, LLC - PGIM Total Ret Bon A Fd	503,656	503,656	-	-
Principal Global Investors - Core Plus Bond Separate Act-R5	477,064	477,064	-	-
Principal Real Estate Inv - U.S. Property Separate Acct-R5	481,641	481,641	-	-
Equity Securities				
Large US Equity				
MFS Investment Management - MFS Value R3 Fund	983,964	983,964	-	-
Principal Global Investors - LargeCap S&P 500 Index SA-R5	784,483	784,483	-	-
T Rowe Price Associates, Inc. - T. Rowe Price Dividend Gr Fund	876,650	876,650	-	-
T Rowe Price/Brown Advisory - LargeCap Growth I Sep Acct-R5	1,038,783	1,038,783	-	-
Small/Mid US Equity				
LA Capital Mgmt/Victory - MidCap Value I Sep Acct-R5	169,385	169,385	-	-
Principal Global Investors - MidCap S&P 400 Index SA-R5	95,016	95,016	-	-
Eaton Vance Management - Etn Vnc Atl Cp SMID-Cap A Fd	192,083	192,083	-	-
JP Morgan Investment Mgmt Inc. - Undisc Mgrs Behav Value R4 Fd	142,981	142,981	-	-
Principal Global Investors - SmallCap S&P 600 Index SA-R5	95,104	95,104	-	-
AB/CCI/Brown/Emerald - SmallCap Growth I Sep Acct-R5	141,126	141,126	-	-
International Equity				
Capital Research and Mgmt Co. - Amer Funds New World R3 Fund	636,179	636,179	-	-
Invesco - Inv Int'l Equity Y Fund	723,429	723,429	-	-
Legg Mason Institutional Funds - ClearBridge Int Growth FI Fund	760,505	760,505	-	-
Total investments by fair value level	<u>\$ 9,340,945</u>	<u>\$ 9,340,945</u>	<u>\$ -</u>	<u>\$ -</u>
Total investments measured at fair value	<u>\$ 9,340,945</u>	<u>\$ 9,340,945</u>	<u>\$ -</u>	<u>\$ -</u>

The equity and fixed income securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. The Salaried Plan had no investments categorized as Level 2 or Level 3 at June 30, 2021 (the measurement date).

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

Notes to Financial Statements (Continued)

June 30, 2022

4. ***INVESTMENTS – DEFINED BENEFIT PENSION PLANS AND OPEB TRUST FUND (CONTINUED)***

c.) OPEB TRUST FUND

The Authority holds investments that are measured at fair value on a recurring basis. Recurring fair value measurements are those that the GASB Statement requires or permits in the Statement of Net Position at the end of each reporting period. Because investing is not a core part of the Authority's mission, the Authority determined that the disclosures related to these investments only need to be disaggregated by major type. The Authority chose a narrative format for the fair value disclosures of the OPEB Trust Fund instead of using a tabular format for disclosing the levels within the fair value hierarchy.

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles and GASB Statement No. 72, Fair Value Measurement and Application. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. The Authority has the following recurring fair value measurements as of June 30, 2022:

Debt Securities:

- Fixed Income Mutual Funds totaling \$69,435 are valued using quoted market prices (Level 1 inputs)

Equity Securities:

- Equities totaling \$140,619 are valued using quoted market prices (Level 1 inputs)

Cash (Money Market Funds):

- Uninvested cash of \$2,159. These funds are not classified within the fair value hierarchy as they are not measured at fair value.

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

Notes to Financial Statements (Continued)

June 30, 2022

5. DUE FROM COMMONWEALTH OF MASSACHUSETTS

The Authority receives various forms of assistance from the Commonwealth for operating assistance as provided in enabling legislation under which the Commonwealth will pay the Authority a portion of its net cost of service. At June 30, 2022, the Authority was owed from the Commonwealth local assessments earned during fiscal years 2021 and 2022, as well as state capital grant funding. The department providing the Commonwealth this support is the Executive Office of Transportation.

The following is the amount due to the Authority as of June 30, 2022:

<u>Date Received</u>	<u>Commonwealth Appropriation Account Number</u>	<u>Commonwealth Department Name</u>	<u>Appropriation Number / Payment Ref</u>	<u>Fiscal Year of Appropriation</u>	<u>Amount</u>
7/14/2022	N/A	Treasurer	114855	FY22 Local Assessment	\$ 284,348
Open A/R	RTACAP	DOT	#9	2022	6,625
Open A/R	RTACAP	DOT	Tech Assist	2022	24,900
8/4/2022	RTACAP	DOT	#10	2022	63,983
Open A/R	RTACAP	DOT	#11	2022	2,653
Open A/R	RTACAP	DOT	#12	2022	422,396
Open A/R	N/A	Treasurer	Misc Short Pays CF	N/A	722
Open A/R	N/A	Treasurer	114433	2022	56,759
Open A/R	N/A	Treasurer	Earned FY21	FY23 Local Assessment	3,498,078 *
Open A/R	N/A	Treasurer	Earned FY22	FY24 Local Assessment	3,614,280 **

Total amount due from the Commonwealth (June 30, 2022):

\$ 7,974,744

* - To be collected on the fiscal year 2023 "Cherry Sheet" for amounts earned during the fiscal year 2021

** - To be collected on the fiscal year 2024 "Cherry Sheet" for amounts earned during the fiscal year 2022

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

Notes to Financial Statements (Continued)

June 30, 2022

6. **LOCAL ASSESSMENTS**

The Authority's net cost of service is also funded through assessments to member municipalities, which may increase by no more than 2.5% annually *plus* the members' share of any new services. (MGL Chapter 59 Section 20A). Any increase above 2.5% as noted below is as a result of votes of the Authority's Advisory Board whereas the Board voted for expanded services to the participating communities.

Below is a comparison of local assessments to member communities under the provisions of MGL Chapter 161B Section 9 for the current and prior fiscal year as well as the upcoming fiscal year.

Please note – the fiscal year indicated below is based on the “Cherry Sheet” year, not the year in which the local assessments were *earned*. For example, the amount budgeted for local assessments in the fiscal year 2022 budget will not be assessed on the Cherry Sheets until fiscal year 2024.

Member Communities	2021	2022	Percent Change*	2022 Member Allocation
New Bedford	\$ 1,272,830	\$ 1,304,651	2.5%	38.2%
Fall River	1,474,245	1,511,101	2.5%	44.3%
Acushnet	33,561	34,400	2.5%	1.0%
Dartmouth	191,367	196,151	2.5%	5.7%
Fairhaven	36,358	37,267	2.5%	1.1%
Freetown	1	36,882	N/A	1.1%
Mattapoissett	10,702	10,970	2.5%	0.3%
Somerset	108,268	110,975	2.5%	3.3%
Swansea	119,771	122,765	2.5%	3.6%
Westport	46,436	47,597	2.5%	1.4%
Subtotals:	<u>\$ 3,293,539</u>	<u>\$ 3,412,759</u>	<u>3.6%</u>	<u>100.0%</u>

Upcoming fiscal year (fiscal year 2023 and 2024 “Cherry Sheet”):

Member Communities	2022	2023	Percent Change*	2023 Member Allocation	(earned during FY22) 2024
New Bedford	\$ 1,304,651	\$ 1,337,267	2.5%	38.2%	\$ 1,370,699
Fall River	1,511,101	1,548,879	2.5%	44.3%	1,616,350
Acushnet	34,400	35,260	2.5%	1.0%	36,142
Dartmouth	196,151	201,055	2.5%	5.7%	206,081
Fairhaven	37,267	38,199	2.5%	1.1%	39,154
Freetown	36,882	37,804	2.5%	1.1%	38,749
Mattapoissett	10,970	11,244	2.5%	0.3%	11,525
Somerset	110,975	113,749	2.5%	3.3%	116,594
Swansea	122,765	125,834	2.5%	3.6%	128,980
Westport	47,597	48,787	2.5%	1.4%	50,006
Subtotals:	<u>\$ 3,412,759</u>	<u>\$ 3,498,078</u>	<u>2.5%</u>	<u>100.0%</u>	<u>\$ 3,614,280</u>

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

Notes to Financial Statements (Continued)

June 30, 2022

7. CAPITAL ASSETS AND DEPRECIATION

	July 01, 2021 Beginning Balance	Increases	Decreases	June 30, 2022 Ending Balance
Not Being Depreciated:				
Land	\$ 326,611	\$ -	\$ -	\$ 326,611
Construction in progress	2,398,476	246,406	367,848	2,277,034
Subtotal	2,725,087	246,406	367,848	2,603,645
Other Capital Assets:				
Building and improvements	17,112,734	849,440	-	17,962,174
Right-to-use lease assets - office spac	-	283,313	-	283,313
Buses and equipment	31,274,216	2,032,305	94,118	33,212,403
Service equipment	1,393,469	42,393	24,712	1,411,150
Right-to-use lease assets - tire lease	789,442	354,419	-	1,143,861
Furniture and fixtures	167,742	-	-	167,742
Computer equipment	1,796,507	78,521	21,963	1,853,065
Planning	1,647,032	129,361	-	1,776,393
Subtotal	54,181,142	3,769,752	140,793	57,810,101
Accumulated Depreciation:				
Building and improvements	10,259,030	579,506	-	10,838,536
Right-to-use lease assets - office spac	-	-	-	-
Buses and equipment	19,512,785	2,222,285	89,933	21,645,137
Service equipment	1,199,270	60,759	24,712	1,235,317
Right-to-use lease assets - tire lease	756,910	76,468	-	833,378
Furniture and fixtures	164,580	2,918	-	167,498
Computer equipment	921,095	208,300	21,961	1,107,434
Planning	1,285,349	85,936	-	1,371,285
Subtotal	34,099,019	3,236,172	136,606	37,198,585
Net other capital assets	20,082,123	533,580	4,187	20,611,516
Net capital assets	\$ 22,807,210	\$ 779,986	\$ 372,035	\$ 23,215,161

Depreciation expense was \$3,236,172 for the fiscal year ended June 30, 2022.

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

Notes to Financial Statements (Continued)

June 30, 2022

8. **GASB 87 - LEASES**

Right to Use Lease Assets and Liabilities

Goodyear Tire and Rubber Company – Tire Lease

The Authority entered into a lease agreement for the purpose of the right to use tires provided by Goodyear Tire and Rubber Company for its fleet of buses. The initial term of the leases is for five (5) years beginning August of 2022. This contract was a renewal of the prior tire lease, also with Goodyear Tire and Rubber Company. For accounting purposes, the right to use lease asset and lease liability are reported at the present value of the future minimum lease payments using 3.75% interest rate. This rate was estimated based on the recent RAN issued in August of 2022.

The annual payments were used to calculate the present value of these leases. The leases do not convey ownership at the end of the lease, provide a purchase option or guaranteed residual value.

As of June 30, 2022, the principal and interest requirements to maturity for the *tire lease* are as follows:

<u>Year</u> <u>Ended</u> <u>June 30</u>	<u>Payment</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 65,745	\$ 54,102	\$ 11,643
2024	67,066	57,452	9,614
2025	69,075	61,615	7,460
2026	71,144	65,995	5,149
2027	73,993	71,319	2,674
	\$ 347,024	\$ 310,483	\$ 36,540

Lease of Office Space

The Authority has a lease agreement for office space for a total of seven years, beginning on July 1, 2020 with Bank Plaza LLC. For accounting purposes, the right to use leased asset and lease liability are reported at the present value of the future minimum lease payments using 3.75% interest rate. This rate was estimated based on the recent RAN issued in August of 2022.

The lease sets forth fixed monthly payments of \$5,266 throughout the life of the lease. The present value of the total payments under the lease were used to calculate the value of the leased asset and lease liability. The lease does not convey ownership at the end of the lease, provide a purchase option or guaranteed residual value.

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

Notes to Financial Statements (Continued)

June 30, 2022

8. ***GASB 87 – LEASES (CONTINUED)***

As of June 30, 2022, the principal and interest requirements to maturity for the *office lease* are as follows:

<u>Year</u> <u>Ended</u> <u>June 30</u>	<u>Payment</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 63,194	\$ 52,570	\$ 10,624
2024	63,194	54,541	8,653
2025	63,194	56,586	6,608
2026	63,194	58,708	4,486
2027	63,194	60,908	2,284
	<u>\$ 315,968</u>	<u>\$ 283,313</u>	<u>\$ 32,655</u>

The table below is the summary of the lease assets and the related accumulated amortization:

<u>Note</u> <u>Type</u>	<u>Interest</u> <u>Rates</u>	<u>Issuance</u> <u>Dates</u>	<u>Maturity</u> <u>Date</u>	<u>Beginning</u> <u>Balance</u>	<u>Acquisitions</u>	<u>Premium</u>	<u>Dispositions</u>	<u>Amortized</u> <u>Premium</u>	<u>Ending</u> <u>Balance</u>	<u>Interest</u> <u>Paid</u>
Lease	3.75%	8/1/22	8/1/27	\$ -	\$ 310,483	\$ -	\$ -	\$ -	\$ 310,483	\$ -
Lease	3.75%	7/1/20	6/30/27	346,507	-	-	(63,194)	-	283,313	-
				<u>\$ 346,507</u>	<u>\$ 310,483</u>	<u>\$ -</u>	<u>\$ (63,194)</u>	<u>\$ -</u>	<u>\$ 593,796</u>	<u>\$ -</u>

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

Notes to Financial Statements (Continued)

June 30, 2022

9. **NOTES PAYABLE AND LINES OF CREDIT**

The Authority is subsidized by the Commonwealth for its annual “Net Cost of Service” as defined in the legislation. These subsidies are funded subsequent to the year in which the costs are incurred. Therefore, the Authority issues revenue anticipation notes to cover cash from deficiencies until funding is received.

Under Chapter 161B of the Massachusetts General Laws, the Commonwealth is required to pay principal or interest that is due on any of the Authority’s bond or note issues if the Authority does not have the funds available.

At June 30, 2022, the Authority had a revenue anticipation note of \$6,000,000 outstanding with interest rate of 1.00% due to mature on August 19, 2022. Of the balance on the note, an unamortized premium of \$5,500 remains. The original premium on the note when issued was \$45,300.

The revenue anticipation notes acquired during 2022 were for the purposes of funding operating expenses. Interest expense for 2022 on revenue anticipation notes was \$67,192.

<u>Note Type</u>	<u>Interest Rates</u>	<u>Issuance Dates</u>	<u>Maturity Date</u>	<u>Beginning Balance</u>	<u>Acquisitions</u>	<u>Premium</u>	<u>Dispositions</u>	<u>Amortized Premium</u>	<u>Ending Balance</u>	<u>Interest Paid</u>
RAN	1.25%	8/21/20	8/20/21	\$ 5,006,283	\$ -	\$ -	\$ (5,000,000)	\$ (6,283)	\$ -	\$ 16,185
RAN	1.00%	8/20/21	8/19/22	-	6,000,000	45,300	-	(39,800)	6,005,500	51,007
				<u>\$ 5,006,283</u>	<u>\$ 6,000,000</u>	<u>\$ 45,300</u>	<u>\$ (5,000,000)</u>	<u>\$ (46,083)</u>	<u>\$ 6,005,500</u>	<u>\$ 67,192</u>

In fiscal year 2020, the Authority opened a revolving line of credit in the amount of \$1,500,000, with an interest rate equal to that of the Prime Rate as published by the Wall Street Journal minus 0.50%, with no floor rate, to cover short-term cash needs while State contracts were in process of being executed. In the current year, this line of credit remained the same at \$1,500,000, effective June 5, 2020. The terms of the interest rate were the same, with the exception of the fact that a floor rate was established at 2.75% upon renewal in June of 2020. The assets of the Authority act as collateral on the line of credit in the event of a default. At June 30, 2022, the Authority had an outstanding balance on the line of credit of \$0.

10. **FEDERAL CONTRACT ASSISTANCE**

The Authority is eligible for grants of operating assistance from the Federal Department of Transportation. Pursuant to Section 5307 of the Federal Transit Administration T21, as amended, the federal government will fund up to 50% of the Authority’s Net Cost of Service, as defined. Federal operating assistance amounted to \$9,742,719 for the year ended June 30, 2022 and was 46% funded by the CARES Act.

The United States Department of Transportation approves capital grants to fund up to 80% of the Authority’s capital improvement projects. Capital grants of the Authority are reported as revenue rather than contributed capital as required by GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. In addition, the Federal government may fund up to 80% of the Authority’s preventive maintenance and ADA services costs.

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

Notes to Financial Statements (Continued)

June 30, 2022

11. **STATE CONTRACT ASSISTANCE**

The Authority has a contract with the Commonwealth of Massachusetts for operating assistance (MGL Chapter 161B Section 23) providing the Authority with up to 50% of the Authority's net cost of service be paid by the Commonwealth and shall not be assessed upon the cities and towns constituting the Authority. Funding is determined in the Commonwealth's budget and is divided between RTAs based on a formula considering such factors as size and operating environment, as well as ridership and previous state funding levels. Total State Contract Assistance (SCA) for fiscal year 2022 totaled \$6,691,881, an increase of \$292,153 over the previous year. In fiscal year 2021, SRTA received SCA of \$6,399,728.

12. **NET POSITION - RESTRICTED FOR OTHER PURPOSES**

In accordance with Massachusetts General Laws Chapter 161 Section 6(q), the Authority has established a reserve for extraordinary expenses. Prior approval from state officials is required before any expenditures can be made from this reserve. At June 30, 2022, that reserve amounted to \$699,615. The Authority added \$24,440 to this reserve in the current fiscal year from its net position. This reserve is at its maximum allowable balance under the law at fiscal year end June 30, 2022.

13. **SRTA EMPLOYEE PENSION PLAN (CITY OF NEW BEDFORD CONTRIBUTORY RETIREMENT)**

General Information about the Pension Plan

Plan description. The System is a contributory defined benefit plan, as established by MGL Chapter 32, covering all City of New Bedford Retirement System member unit employees deemed eligible by the retirement board, with the exception of the school department employees who serve in a teaching capacity.

The System qualifies as a *cost-sharing multiple employer plan* since pension obligations exist for employees of more than one employer and plan assets can be used to pay the benefits of the employees of any employer. Five employers currently participate in the System, the City of New Bedford, the New Bedford Housing Authority, the Greater New Bedford Regional Technical Vocational High School, the Greater New Bedford Regional Refuse Management District, and the Southeastern Regional Transit Authority. Each employer contributes into the plan annually as determined by the Public Employee Retirement Administration Commission ("PERAC"). Please see the section below entitled "Contributions" for more information.

The PERAC issues a publicly available report on the City of New Bedford Retirement System pursuant to MGL Chapter 32 Section 21 that can be obtained at www.mass.gov/perac. This report contains additional information with respect to the System.

Benefits provided. The System provides retirement, disability, and death benefits. Retirement benefits vest after ten years of creditable service and are determined by multiplying average salary by a benefit rate related to the member's age and job classification at retirement, and the resulting product by his creditable service. The amount determined by the benefit formula cannot exceed 80% of the member's highest three year average salary (for employees hired prior to April 2, 2012) or 80% of the member's highest five year average (for employees hired on or after April 2, 2012). The benefit rate also varies with the member's retirement age and group classification (see below). Members may elect to receive their retirement allowances in one of three forms of payment (Options A, B and C) per MGL Chapter 32.

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

Notes to Financial Statements (Continued)

June 30, 2022

13. SRTA EMPLOYEE PENSION PLAN (CITY OF NEW BEDFORD CONTRIBUTORY RETIREMENT)
(Continued)

Benefits provided (continued). Members of the System are eligible for two types of disability benefits (ordinary and accidental disability) for which allowances are determined based on the date the member entered the System along with the “group” the member belongs to. Death benefits are also available for members who die as a result of a work-related injury if the member was retired for accidental disability and the death was the natural and proximate result of the injury or hazard undergone on account of which such member was retired. Allowances for death benefits consist of immediate payments to a named beneficiary equal to the accumulated deductions at the time of death, plus a pension equal to 72% of current salary. Other allowances are also available to those surviving spouses of the police or fire departments.

Chapter 17 of the Acts of 1997 was adopted by the New Bedford Contributory Retirement System. The result of such adoption allows the Retirement Board to vote to pay a cost of living increase (COLA) for that year, with the percentage determined by the increase in the Consumer Price Index used for indexing Social Security benefits, but cannot exceed 3.0%.

Contributions. Member contributions vary depending on the most recent date of membership. Members who entered the system prior to 1975 contribute 5% of regular compensation. Members who entered between 1975 and 1983 contribute 7% of regular compensation. Members who entered between 1984 and June 30, 1996 contribute 8% of regular compensation. Members who entered after July 1, 1996 will contribute 9% of regular compensation. Also, members who joined after 1978 are required to make extra contributions equal to 2% of all compensation exceeding \$30,000 annually.

Under Chapter 32 Section 22F of the Massachusetts Laws, employers are required to make the necessary contributions to the trust such that the plan reaches a full funding status by 2040. Thereafter, annual contributions equal to the normal cost will keep the Plan's assets and liabilities in balance. Contributions to the pension plan from participating employers was \$38,735,948 for the fiscal year ended June 30, 2022 as determined by PERAC. Of the total contributed, \$228,542 represents contributions from the Southeastern Regional Transit Authority (“the Authority”). PERAC establishes rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of the benefits earned by the employees during the year, with an additional amount to finance any unfunded accrued liability.

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

The System’s net pension liability was measured as of December 31, 2021 (i.e. the “measurement date” as defined by GASB Statement No. 68), and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2022, rolled forward to the measurement date.

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

Notes to Financial Statements (Continued)

June 30, 2022

**13. SRTA EMPLOYEE PENSION PLAN (CITY OF NEW BEDFORD CONTRIBUTORY RETIREMENT)
(Continued)**

At June 30, 2022 (i.e. the “reporting date” as defined by GASB Statement No. 68), the System reported a net pension liability of \$340,255,806 while the Authority reported a liability of \$2,007,508 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2022. The Authority’s proportion of the net pension liability was based on a projection of the Authority’s long-term share of contributions to the pension plan relative to the projected contributions of the participating employers, actuarially determined. The following chart illustrates each employers’ proportionate share used at the measurement date:

<u>Employer</u>	<u>Fiscal Year 2022 Actual Employer Contributions</u>	<u>Employer Allocation Percentage</u>
City of New Bedford	\$ 33,851,345	87.3900%
New Bedford Housing Authority	2,603,056	6.7200%
Greater NB Regional Voc. Tech HS	1,692,761	4.3700%
Greater NB Regional Refuse Mgmt. District	360,244	0.9300%
Southeastern Regional Transit Authority	228,542	0.5900%
	\$ 38,735,948	100.0000%

At December 31, 2021, the Authority’s proportion was 0.5900 percent, which was 0.0700 more than its proportion measured as of December 31, 2020, when it was 0.5200 percent. Under GASB Statement No. 68, that change in proportion is noted in deferred outflows / inflows (below).

For the year ended June 30, 2022, the Authority recognized pension expense of \$266,951. At June 30, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 8,300	\$ 30,764
Changes of assumptions	249,987	-
Net difference between projected and actual earnings on pension plan investments	-	301,280
Changes in proportion and differences between employer contributions and proportionate share of contributions	256,313	7,562
	\$ 514,600	\$ 339,606

\$0 was reported as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date of December 31, 2021. There were no employer contributions after December of 2021. Had employer contributions been made subsequent to the December 31, 2021 measurement date, it would have been recognized as a deferred outflow of resources in the year ended June 30, 2022 (per GASB Statement No. 71).

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

Notes to Financial Statements (Continued)

June 30, 2022

13. SRTA EMPLOYEE PENSION PLAN (CITY OF NEW BEDFORD CONTRIBUTORY RETIREMENT)
(Continued)

Actuarial assumptions. The total pension liability in the January 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement (not a list of all assumptions):

Inflation	2.4% per year
Salary increases	Group 1: 6% - 4.25%, based on service Group 4: 7% - 4.75%, based on service
Investment rate of return	7.0%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with full generational mortality improvement using Scale MP-2020. For disabled members, the mortality rates were based on the RP-2014 Blue Collar Mortality Table, set forward one year, with full generational mortality improvement using Scale MP-2020. For further details on the assumptions used, please refer to the January 1, 2022 actuarial valuation.

The actuarial assumptions used in the January 1, 2022 valuation were prepared using generally accepted actuarial principles and practices and meet the parameters set by GASB Statement No. 68. The assumptions used represent the best estimate of anticipated experience of the system.

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 weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (2.4% per year, as indicated above). The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equities	32.00%	4.80%
International Equities	9.00%	5.00%
Emerging Markets Equities	9.00%	5.80%
Private Equity	10.00%	7.90%
Fixed Income	18.00%	0.30%
Real Estate	11.00%	3.10%
Alternatives (GTAA)	7.00%	2.60%
Timber	4.00%	2.70%
Total	<u>100.00%</u>	

Discount rate. The discount rate used to measure the total pension liability was 7.00 percent (as selected by the Retirement Board; this discount rate approximates the long-term expectation of investment returns). The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made in accordance with Sections 22D and 22F of Chapter 32 of the Massachusetts General Laws. Under Chapter 32 of the Massachusetts Laws, employers are required to make the necessary contributions to the trust such that the plan reaches a fully funded status by 2040. In addition, Chapter 32 also gives the Retirement Board the right to go directly to the Assessors of the community and add an additional property tax to bills for amounts not paid by employer. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. 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 the Authority's proportionate share of the net pension liability to changes in the discount rate. The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 7.0 percent, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current rate:

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

Notes to Financial Statements (Continued)

June 30, 2022

13. SRTA EMPLOYEE PENSION PLAN (CITY OF NEW BEDFORD CONTRIBUTORY RETIREMENT)
(Continued)

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Authority's proportionate share of the net pension liability	\$ 2,541,462	\$ 2,007,508	\$ 1,555,401

Pension plan fiduciary net position. Detailed information about the System's fiduciary net position is available in the City of New Bedford financial statements.

Payables to the pension plan

At June 30, 2022, the Authority reported a payable of \$6,205 to the System for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2022.

14. DEFINED BENEFIT PENSION PLANS (HOURLY AND SALARIED)

a.) HOURLY PLAN

General Information about the Pension Plan

Plan description. The Hourly Plan's defined benefit pension plan provides pensions for all employees covered by the collective bargaining agreement between the Union and the Operating Company. The Hourly Plan is a *single-employer defined benefit pension plan* administered by the Southeast Regional Transit Authority and South Coast Transit Management. The Authority has agreed under terms of the operating agreement, to provide retirement benefits to the employees of the Operator and to continue playing benefits to those retired employees who were eligible to collect benefits. The Hourly Plan's provisions were last approved on July 1, 2019. There were no nonemployer contributing entities or special funding situations, as defined by GASB 68, for this plan.

Benefits provided. The Hourly Plan provides retirement, termination, disability, and death benefits. Retirement benefits for general employees are calculated as 1.5 percent of the employee's average compensation times the employee's years of service. Employees with 5 years of continuous service are eligible to retire at age 62. Termination benefits are 100% vested after 5 years of vesting service and are the same as normal retirement benefits with income deferred until Normal Retirement Date. Termination benefits equal the accrued benefit on the date of termination multiplied by the vesting percentage. All employees are eligible for disability benefits after 10 years of service with monthly income payable until normal retirement, death, or recovery and a deferred annuity payable at the Normal Retirement Date. Death benefits equal a monthly annuity payable to spouse, deferred to participant's earliest retirement date if later than the date of death. The amount paid for death benefits equal the amount that would have been paid had the participant terminated employment on the date of death and survived to his/her earliest retirement age, retired with a qualified joint and 50% survivor annuity in effect, then died the next day.

There have been no changes in plan provisions during the measurement period (July 1, 2020 to June 30, 2021) or between the measurement date and the fiscal year end (June 30, 2022).

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

Notes to Financial Statements (Continued)

June 30, 2022

14. **DEFINED BENEFIT PENSION PLANS (HOURLY AND SALARIED) (Continued)**

Employees covered by benefit terms. At June 30, 2021 (the measurement date), the following employees were covered by the benefit terms:

Active plan members	118
Inactive plan members entitled to but not yet receiving benefits	28
Disabled plan members entitled to benefits	0
Retired plan members or beneficiaries currently receiving benefits	116
Subtotal	262

Contributions. The basis for determining contributions is an actuarially determined contribution rate that is calculated each year in the plan's actuarial valuation report. The actuarially determined contribution rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with additional amounts to finance any unfunded accrued liability and plan administrative expenses. The actuarially determined contribution for the measurement period ending June 30, 2021 is \$1,193,188 for employer contributions. The actuarially determined contribution for the upcoming measurement period ending June 30, 2022 is \$999,140. Currently, there is no written funding policy. It is assumed that the past contribution pattern will continue.

Net Pension Liability

The Hourly Plan's net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial assumptions. The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement (not a complete list of all assumptions used):

Inflation	2.25% increase per year
Salary increases	4.00% increase each year until retirement
Investment rate of return	6.50% (long-term)
Discount rate	6.50% (single rate)

Mortality rates were based on the 2021 IRS Prescribed Mortality – Optional Combined Table for Small Plans, male and female, both during and before the benefit payment period.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2020 – June 30, 2021.

The expected long-term return on plan assets assumption was developed as a weighted average rate based on the target allocation of the plan and the Long-Term Capital Market Assumptions (CMA) 2021 Version. The key fundamental economic inputs for these models are future inflation, economic growth, and interest rate environment. Due to the long-term nature of the pension obligations, the investment horizon for the CMA 2021 is 20-30 years.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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

Notes to Financial Statements (Continued)

June 30, 2022

14. **DEFINED BENEFIT PENSION PLANS (HOURLY AND SALARIED) (Continued)**

<u>Asset Class</u>	<u>Expected Arithmetic Return</u>	<u>Expected Geometric Return</u>	<u>Target Allocation</u>
US Equity - Large Cap	7.70%	6.20%	38.82%
US Equity - Mid Cap	8.00%	6.20%	4.54%
US Equity - Small Cap	8.55%	6.20%	3.89%
Non-US Equity	8.00%	6.20%	23.93%
Real Estate (direct property)	5.35%	5.00%	4.79%
Cash	1.30%	1.30%	2.51%
Core Bond	2.70%	2.55%	18.90%
High Yield Bond	4.65%	4.20%	2.62%
Total			<u>100.00%</u>

Discount rate. The discount rate used to determine the total pension liability was 6.50%. The discount rate used for the prior measurement date was 6.16%.

The plan's fiduciary net position and benefit payments were projected to determine if the plan's fiduciary net position was greater than or equal to the expected benefit payments for each period from 2021 to 2114. Benefit payments after 2114 are projected to be \$0.

The long-term rate of return of 6.50% is used to calculate the actuarial present value of projected payments for each future period when the projected fiduciary net position is greater than the projected benefit payments. Otherwise, a municipal bond rate of 3.09% is used. The municipal bond rate is from Barclays Municipal GO Long Term (17+ Y) Index, which includes 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher securities, as of the measurement date.

The discount rate of 6.50% is the single rate that incorporates the long-term rate of return and municipal bond rate assumptions as described above.

Changes in the Net Pension Liability

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (a) - (b)</u>
Balances at the beginning of the period	\$ 26,441,469	\$ 20,348,111	\$ 6,093,358
Changes for the year:			
Service cost	782,619	-	782,619
Interest	1,632,693	-	1,632,693
Differences between expected and actual experience	(747,492)	-	(747,492)
Changes in assumptions	(1,008,977)	-	(1,008,977)
Contributions - employer	-	1,152,359	(1,152,359)
Net investment income	-	5,537,200	(5,537,200)
Benefit payments, including refunds of employee contributions	(1,376,496)	(1,376,496)	-
Administrative expense	-	(33,606)	33,606
Net changes	<u>(717,653)</u>	<u>5,279,457</u>	<u>(5,997,110)</u>
Balances at the end of the period	<u>\$ 25,723,816</u>	<u>\$ 25,627,568</u>	<u>\$ 96,248</u>

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

Notes to Financial Statements (Continued)

June 30, 2022

14. **DEFINED BENEFIT PENSION PLANS (HOURLY AND SALARIED) (Continued)**

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the Hourly Plan, calculated using the discount rate of 6.50 percent, as well as what the Hourly Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50 percent) or 1 percentage point higher (7.50 percent) than the current rate:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Hourly Plan Net Pension Liability	\$ 2,897,736	\$ 96,248	\$ (2,290,026)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2022, the Hourly Plan recognized pension expense of (\$7,697). At June 30, 2022, the Plan reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 194,149	\$ 739,021
Changes of assumptions	729,754	766,434
Net difference between projected and actual earnings on pension plan investments	847,457	3,434,065
	\$ 1,771,360	\$ 4,939,520

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

Year ended June 30:	
2023	\$ (635,262)
2024	(725,691)
2025	(894,625)
2026	(912,582)
2027	-
Thereafter	-
Subtotal - all years	\$ (3,168,160)

Payable to the Pension Plan

At June 30, 2022, the Hourly Plan did not report any payables for outstanding amounts of contributions to the pension plan required for the year ended June 30, 2022.

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

Notes to Financial Statements (Continued)

June 30, 2022

14. **DEFINED BENEFIT PENSION PLANS (HOURLY AND SALARIED) (Continued)**

b.) SALARIED PLAN

General Information about the Pension Plan

Plan description. The Salaried Employees' Pension Plan is a *single-employer defined benefit pension plan* administered by the Southeast Regional Transit Authority and South Coast Transit Management. The Salaried Plan's provisions were last approved on July 1, 2015. There were no nonemployer contributing entities or special funding situations, as defined by GASB 68, for this plan.

Benefits provided. The Hourly Plan provides retirement, termination, disability, and death benefits. Retirement benefits for general employees are calculated as 2.15% of the employee's average compensation times the employee's years of service, with maximum service of 40 years. For participants employed after November 1, 2015, the benefit amount changes to 1.65% of average compensation times service. Employees with 5 years of service are eligible to retire at age 62. Termination benefits are 100% vested after 5 years of vesting service and are the same as normal retirement benefits with income deferred until Normal Retirement Date. Termination benefits equal the accrued benefit on the date of termination multiplied by the vesting percentage. Totally and permanently disabled employees are eligible for disability benefits at attained age 55 after 10 years of service with monthly income payable until normal retirement reduced by 2% for a participant that does not qualify for social security disability for each year that the early retirement date precedes the normal retirement date with a max reduction of 20%. Death benefits equal a monthly annuity payable to spouse, deferred to participant's earliest retirement date if later than the date of death. The amount paid for death benefits equal the amount that would have been paid had the participant terminated employment on the date of death and survived to his/her earliest retirement age, retired with a qualified joint and 50% survivor annuity in effect, then died the next day.

There have been no changes in plan provisions during the measurement period (July 1, 2020 to June 30, 2021) and no changes in plan provisions were made between the measurement date and the fiscal year end (June 30, 2022).

Employees covered by benefit terms. At June 30, 2021 (the measurement date), the following employees were covered by the benefit terms:

Active plan members	27
Inactive plan members entitled to but not yet receiving benefits	13
Disabled plan members entitled to benefits	0
Retired plan members or beneficiaries currently receiving benefits	28
Subtotal	68

Contributions. The basis for determining contributions is an actuarially determined contribution rate that is calculated each year in the plan's actuarial valuation report. The actuarially determined contribution rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with additional amounts to finance any unfunded accrued liability and plan administrative expenses. The actuarially determined contribution for the measurement period ending June 30, 2021 is \$460,490 for employer contributions. The actuarially determined contribution for the upcoming measurement period ending June 30, 2022 is \$323,884. Currently, there is no written funding policy. It is assumed that the past contribution pattern will continue.

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

Notes to Financial Statements (Continued)

June 30, 2022

14. **DEFINED BENEFIT PENSION PLANS (HOURLY AND SALARIED) (Continued)**

Net Pension Liability

The Salaried Plan's net pension liability was measured as of June 30, 2010 (for the employers' fiscal year ended June 30, 2022), and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial assumptions. The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25% increase per year
Salary increases	3.50% increase each year until retirement
Investment rate of return	6.50% (long-term)
Discount rate	6.50% (single rate)

Mortality rates were based on the 2021 IRS Prescribed Mortality – Optional Combined Table for Small Plans, male and female, during the benefit payment period.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2020 – June 30, 2021.

The expected long-term return on plan assets assumption was developed as a weighted average rate based on the target allocation of the plan and the Long-Term Capital Market Assumptions (CMA) 2021 Version. The key fundamental economic inputs for these models are future inflation, economic growth, and interest rate environment. Due to the long-term nature of the pension obligations, the investment horizon for the CMA 2021 is 20-30 years.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Expected Arithmetic Return</u>	<u>Expected Geometric Return</u>	<u>Target Allocation</u>
US Equity - Large Cap	7.70%	6.20%	38.90%
US Equity - Mid Cap	8.00%	6.20%	4.52%
US Equity - Small Cap	8.55%	6.20%	3.86%
Non-US Equity	8.00%	6.20%	24.26%
Real Estate (direct property)	5.35%	5.00%	4.78%
Cash	1.30%	1.30%	2.32%
Core Bond	2.70%	2.55%	18.75%
High Yield Bond	4.65%	4.20%	2.61%
Total			<u>100.00%</u>

Discount rate. The discount rate used to determine the total pension liability was 6.50%. The discount rate used for the prior measurement date was 6.50%.

The plan's fiduciary net position and benefit payments were projected to determine if the plan's fiduciary net position was greater than or equal to the expected benefit payments for each period from 2021 to 2108. Benefit payments after 2108 are projected to be \$0.

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

Notes to Financial Statements (Continued)

June 30, 2022

14. **DEFINED BENEFIT PENSION PLANS (HOURLY AND SALARIED) (Continued)**

The long-term rate of return of 6.50% is used to calculate the actuarial present value of projected payments for each future period when the projected fiduciary net position is greater than the projected benefit payments. Otherwise, a municipal bond rate of 3.09% is used. The municipal bond rate is from Barclays Municipal GO Long Term (17+ Y) Index, which includes 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher securities, as of the measurement date.

The discount rate of 6.50% is the single rate that incorporates the long-term rate of return and municipal bond rate assumptions as described above.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at the beginning of the period	\$ 9,548,963	\$ 7,482,787	\$ 2,066,176
Changes for the year:			
Service cost	216,555	-	216,555
Interest	615,334	-	615,334
Differences between expected and actual experience	67,348	-	67,348
Changes in assumptions	(26,392)	-	(26,392)
Contributions - employer	-	381,358	(381,358)
Net investment income	-	2,087,803	(2,087,803)
Benefit payments, including refunds of employee contributions	(568,812)	(568,812)	-
Administrative expense	-	(42,192)	42,192
Net changes	<u>304,033</u>	<u>1,858,157</u>	<u>(1,554,124)</u>
Balances at the end of the period	<u>\$ 9,852,996</u>	<u>\$ 9,340,944</u>	<u>\$ 512,052</u>

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the Salaried Plan, calculated using the discount rate of 6.50 percent, as well as what the Salaried Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50 percent) or 1 percentage point higher (7.50 percent) than the current rate:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Salaried Plan Net Pension Liability	\$ 1,594,452	\$ 512,052	\$ (397,000)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2022, the Salaried Plan recognized pension expense of \$258,019. At June 30, 2022, the Plan reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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

Notes to Financial Statements (Continued)

June 30, 2022

14. **DEFINED BENEFIT PENSION PLANS (HOURLY AND SALARIED) (Continued)**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 114,286	\$ -
Changes of assumptions	53,805	32,328
Net difference between projected and actual earnings on pension plan investments	284,919	1,313,565
	\$ 453,010	\$ 1,345,893

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

Year ended June 30:	
2023	\$ (142,418)
2024	(200,447)
2025	(230,759)
2026	(319,259)
2027	-
Thereafter	-
Subtotal - all years	\$ (892,883)

Payable to the Pension Plan

At June 30, 2022, the Salaried Plan did not report any payables for outstanding amounts of contributions to the pension plan required for the year ended June 30, 2022.

15. **PENSION INFORMATION**

As required by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the table below presents the aggregate amount of pension expenses, pension liabilities (assets), and deferred inflows and outflows for the three defined benefit pension plans.

	New Bedford Contributory Retirement Plan	Hourly Plan	Salaried Plan	Total
Pension Expenses	\$ 258,875	\$ 33,132	\$ 337,151	\$ 629,158
Net Pension Liability (Asset)	2,007,508	96,248	512,052	2,615,808
Deferred Outflows	514,600	1,771,360	453,010	2,738,970
Deferred Inflows	339,606	4,939,520	1,345,893	6,625,019

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

Notes to Financial Statements (Continued)

June 30, 2022

16. **OTHER POST EMPLOYMENT BENEFITS**

General Information about the OPEB Plan

Plan description. The Authority provides health, life and dental insurance benefits to actives, retirees, their dependents and beneficiaries in accordance with Chapter 32B of Massachusetts General Laws under various contributory plans. Specific benefit provisions and contribution rates are established by collective-bargaining agreements, state laws and the Authority. All benefits are provided through third-party insurance carriers and health maintenance organizations that administer, assume and pay all claims for specific plans. The Plan does not issue a standalone financial report.

GASB Statement No. 75 requires the following disclosures in the financial statements:

Benefits provided. The Authority provides retiree medical, dental and life insurances. Employees are eligible for the retiree medical plan at age 55 and the completion of 10 years of service (if hired before April 2, 2012) or with 20 years of service regardless of age. Those hired on or after April 2, 2012 shall be eligible to retire upon attainment of age 60 with 10 years of credible service. Retirees shall pay 25% of the premiums in retirement.

The eligibility requirements for the dental and life insurance plans are the same as they are for the medical plan. However, employees will pay 0% of the premiums in retirement for the dental plan and 25% of the premiums in retirement for the life insurance plan.

Employees covered by benefit terms. At June 30, 2022 (the measurement date), the following employees were covered by the benefit terms:

Active plan members	7
Subtotal	7

Contributions. The contribution requirements of plan members and the Authority are established and may be amended through Authority ordinances. For the period ending on the June 30, 2022 measurement date, total Authority premiums plus implicit costs for the retiree medical program are \$4,027. The Authority is also made a contribution to the OPEB Trust of \$19,857 for a total contribution of \$23,884.

Net OPEB Liability

The Authority's net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2021, rolled forward to the measurement date.

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

Notes to Financial Statements (Continued)

June 30, 2022

16. **OTHER POST EMPLOYMENT BENEFITS (Continued)**

Actuarial assumptions. The total OPEB liability at the measurement date of June 30, 2022 (valuation date of July 1, 2021) was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date:	July 1, 2021
Measurement Date:	June 30, 2022
Reporting Date:	June 30, 2022
Actuarial Cost Method:	Individual Entry Age Normal
Single Equivalent Discount Rate:	5.36%, net of OPEB plan investment expense, including inflation
Compensation Increases:	3.00% per year
Inflation Rate:	2.50% per year
Healthcare Cost Trend Rates:	Medicare Supplement Plans: Initial Trend of 4.50% for 2022 and an ultimate trend rate of 3.60%.
	Non-Medicare Plans: Initial Trend of 4.50% for 2022 and an ultimate trend rate of 3.60%.
	Dental Plans: Initial Trend of 4.50% for 2022 and an ultimate trend rate of 3.60%.
Mortality Tables:	RP-2014 Blue Collar Employees projected generationally with scale MP-2016
Participation:	80% of future retirees are assumed to participate in the retiree medical plan upon retirement. 100% of future retirees are expected to elect life insurance.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results the experience of the plan and reasonable expectations and, in combination, represent the best estimate of the anticipated experience under the plan.

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

Notes to Financial Statements (Continued)

June 30, 2022

16. **OTHER POST EMPLOYMENT BENEFITS (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 OPEB 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 weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (assumed at 2.5% per year). The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic Equity - Large Cap	32.50%	4.42%
Domestic Equity - Small/Mid Cap	4.75%	4.81%
International Equity - Developed Market	4.50%	4.91%
International Equity - Emerging Market	2.25%	5.58%
Domestic Fixed Income	37.00%	1.00%
International Fixed Income	2.75%	1.04%
Alternatives	10.75%	5.98%
Real Estate	4.50%	6.25%
Cash & Cash Equivalents	1.00%	0.00%
Total	100.00%	3.33%

Discount rate. The single equivalent discount rate used to measure the total OPEB liability was 5.36 percent (up from 5.25 percent at the prior measurement date). The projection of cash flows used to determine the discount rate assumed that Authority contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB Plan's Fiduciary Net Position is projected to be insufficient to make all projected benefit payments to current plan members. Therefore, the long-term expected rate of return on the OPEB Plan assets is applied to the projected benefits payments which the Fiduciary Net Position is expected to be sufficient to cover until Fiscal Year 2080 and the Municipal Bond Rate is applied thereafter. The Municipal Bond Rate is based on the S&P Municipal Bond 20 – Year High Grade Index ("SAPIHG"), which was 4.09% as of June 30, 2022. The S&P Municipal Bond 20 - Year High Grade Index is the index rate for 20 – Year, tax exempt general obligation municipal bonds with an average rate of AA/Aa or higher.

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

Notes to Financial Statements (Continued)

June 30, 2022

16. **OTHER POST EMPLOYMENT BENEFITS (Continued)**

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at the beginning of the period (GASB 75)	\$ 323,872	\$ 209,646	\$ 114,226
Changes for the year:			
Service cost	21,043	-	21,043
Interest on Total OPEB Liability, Service Cost, and Benefit Payments	18,004	-	18,004
Differences between expected and actual experience	(76,491)	-	(76,491)
Changes in assumptions	7,429	-	7,429
Contributions - employer	-	23,884	(23,884)
Net investment income	-	(17,290)	17,290
Benefit payments withdrawn from the Trust	-	(4,027)	4,027
Benefit payments excluding Implicit Cost	(4,027)	-	(4,027)
Net changes	<u>(34,042)</u>	<u>2,567</u>	<u>(36,609)</u>
Balances at the end of the period	<u>\$ 289,830</u>	<u>\$ 212,213</u>	<u>\$ 77,617</u>

Sensitivity of the net OPEB liability to changes in the discount rate. The following presents the net OPEB liability of the Authority, as well as what the Authority's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.36 percent) or 1-percentage-point higher (6.36 percent) than the current discount rate:

	1% Decrease (4.36%)	Current Discount Rate (5.36%)	1% Increase (6.36%)
Net OPEB Liability (Asset)	\$ 149,786	\$ 77,617	\$ 22,727

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the net OPEB liability of the Authority, as well as what the Authority's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (3.50 percent) or 1-percentage-point higher (5.50 percent) than the current healthcare cost trend rates:

	1% Decrease (3.50%)	Current Trend (4.50%)	1% Increase (5.50%)
Net OPEB Liability (Asset)	\$ 10,349	\$ 77,617	\$ 171,527

OPEB plan fiduciary net position. Detailed information about the OPEB plan's fiduciary net position is available in this report on the "Fiduciary Fund" page.

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

Notes to Financial Statements (Continued)

June 30, 2022

16. **OTHER POST EMPLOYMENT BENEFITS (Continued)**

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

For the year ended June 30, 2022, the Authority recognized OPEB expense of \$15,656. At June 30, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 104,985
Changes of assumptions	36,371	8,439
Net difference between projected and actual earnings on pension plan investments	11,740	-
	\$ 48,111	\$ 113,424

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

Year ended June 30:	
2023	\$ (10,716)
2024	(10,412)
2025	(11,255)
2026	(6,713)
2027	(7,040)
Thereafter	(19,177)
Subtotal - all years	\$ (65,313)

Payable to the OPEB Plan

At June 30, 2022, the Authority reported a payable of \$24,568 for the outstanding amount of contributions to the OPEB Trust required for the year ended June 30, 2022.

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

Notes to Financial Statements (Continued)

June 30, 2022

17. ***DEFERRED COMPENSATION PLANS***

Certain employees of the Authority are eligible to contribute to a deferred compensation plan pursuant to Section 457 of the Internal Revenue Code (“IRC”). Under this plan, the Authority withholds the amount of compensation mutually agreed upon with each participant up to a prescribed limit outlined in the plan.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights shall be held in one or more annuity contracts, issued by an insurance company qualified to do business in the state where the contract was issued, for the exclusive benefit of participants and beneficiaries under the plan. The Authority disclaims any and all rights with respect to entitlement to proceeds of any plan as set and deems them reserved solely for the benefit of participants under the terms of the plan.

Certain employees of the Authority are eligible to contribute to a deferred compensation plan pursuant to Section 401 of the IRC and ERISA Section 501. At the end of the plan year there were four (4) participants and the net plan assets totaled \$217,473.

18. ***RISK MANAGEMENT***

In conjunction with its normal operations, the Authority is exposed to various risks of loss related to torts, theft of, damage to and destruction of property and injuries to employees. The Authority purchases commercial insurance from independent third parties to cover these risks. There have been no claims that have exceeded insurance coverage.

GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, requires that liabilities for self-insured claims be reported when it is probable that a loss has been incurred and the amounts can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. The estimated liability for all self-insured losses incurred but not reported is not material at June 30, 2022.

19. ***LEGAL AND OTHER***

The Authority is involved in numerous lawsuits, claims and grievances arising in the normal course of business, including claims for personal injury and personnel practices, property damage, and disputes. In the opinion of the General Counsel to the Authority, payment of claims by the Authority, for amounts not covered by insurance, in the aggregate, are not expected to have a material adverse effect on the Authority’s financial position.

20. ***ECONOMIC DEPENDENCY***

The Authority received a substantial amount of its support from federal and state governments. A significant reduction of this support, if this were to occur, may have an effect on operations.

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

Notes to Financial Statements (Continued)

June 30, 2022

21. ***TRANSIT SERVICE***

The operation of the Authority's fixed route service and maintenance of the Authority's transportation property are performed by First Transit under the terms of an agreement whereby First Transit operates mass transit along such routes and according to such a schedule as defined by the Authority. First Transit uses South Coast Transit Management, Inc. (SCTM), a wholly owned subsidiary, for the performance of the actual fixed route and ADA paratransit operations. In return, the Authority agrees to pay First Transit a management fee and to reimburse SCTM for all costs and expenses which are reasonable and necessary for the efficient operation of the service.

22. ***SUBSEQUENT EVENTS***

For purposes of determining the effects of subsequent events on these financial statements, management has evaluated events which have occurred subsequent to June 30, 2022, and through September 27, 2022, the date on which the financial statements were available to be issued.

On July 26, 2022, the Massachusetts Department of Transportation signed the 2023 fiscal year's contract assistance in the amount of \$6,399,729 of which half the amount (\$3,199,865) was received by the Authority on August 8, 2022.

The Authority issued a Revenue Anticipation Note (RAN) dated August 19, 2022 in the amount of \$6,000,000, with an interest rate of 3.75%. The due date of the RAN is August 18, 2023 and is to be used to fund operating expenses.

The Authority has received a federal award of more than \$12.2 million to purchase 18 hybrid buses over a period extending through Fiscal Year 2026. SRTA applied through the Federal Transit Administration (FTA) for grant awards funded by the recent Bipartisan Infrastructure Law, which includes more than \$1.6 billion in FTA funding for projects around the country.

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

Notes to Financial Statements (Continued)

June 30, 2022

23. ***FUTURE IMPLEMENTATION OF GASB PRONOUNCEMENTS***

The GASB has issued the following statements:

- GASB Statement No. 91, *Conduit Debt Obligations*, which is required to be implemented during fiscal year 2023. Management will evaluate the potential impact that the implementation of this Statement will have on the financial statements at some point in the future.
- GASB Statement No. 92, *Omnibus 2020*, which is required to be implemented during fiscal year 2023. Management will evaluate the potential impact that the implementation of this Statement will have on the financial statements at some point in the future.
- GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which is required to be implemented during fiscal year 2023. Management will evaluate the potential impact that the implementation of this Statement will have on the financial statements at some point in the future.
- GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, which is required to be implemented during fiscal year 2023. Management will evaluate the potential impact that the implementation of this Statement will have on the financial statements at some point in the future.
- GASB Statement No. 98, *The Annual Comprehensive Financial Report*, which is required to be implemented during fiscal year 2023. Management will evaluate the potential impact that the implementation of this Statement will have on the financial statements at some point in the future.
- GASB Statement No. 99, *Omnibus 2022*, which is required to be implemented during fiscal years 2023 and 2024. Management will evaluate the potential impact that the implementation of this Statement will have on the financial statements at some point in the future.
- GASB Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*, which is required to be implemented during fiscal year 2024. Management will evaluate the potential impact that the implementation of this Statement will have on the financial statements at some point in the future.
- GASB Statement No. 101, *Compensated Absences*, which is required to be implemented during fiscal year 2025. Management will evaluate the potential impact that the implementation of this Statement will have on the financial statements at some point in the future.

These pronouncements will be implemented by their respective implementation dates.

24. ***810 CMR 53.03(2) DISCLOSURE***

The Administrator (CEO), date of hire November 30, 2011, compensation for fiscal year 2022 was \$135,191. The CEO was paid \$2,553 for one week of unused vacation time buyback as per the Authority's personnel policies. The CEO receives a family health insurance plan and contributes 25% of the cost of the premium.

The Deputy Administrator & CFO, date of hire October 5, 2011, compensation for fiscal year 2022 was \$117,809. The Deputy Administrator & CFO receives a family health insurance plan and contributes 25% of the cost of the premium.

Advisory Board members and officers do not receive compensation.

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

Notes to Financial Statements (Continued)

June 30, 2022

25. ***RESTATEMENT NOTE***

Accounting and Reporting Changes

In 2022, the Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The effective date was deferred to fiscal years beginning after June 15, 2021, or fiscal year 2022. The Authority implemented this Statement in 2022 and recognized \$593,796 of intangible assets and related debt with the adoption of this standard. In addition, certain amounts were reclassified to conform to the current year presentation.

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

Notes to Financial Statements (Continued)

June 30, 2022

This page was intentionally left blank.

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

Required Supplementary Information

Schedule of the Authority's Proportionate Share of the Net Pension Liability –
New Bedford Contributory Retirement

Last 10 Fiscal Years*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Authority's proportion of the net pension liability (asset)	0.5900%	0.5200%	0.5200%	0.4900%	0.4995%	0.4609%	0.4954%	0.4300%
Authority's proportionate share of the net pension liability (asset)	\$ 2,007,508	\$ 1,811,336	\$ 1,964,750	\$ 2,023,934	\$ 1,872,431	\$ 1,619,608	\$ 1,652,859	\$ 1,435,210
Authority's covered employee payroll	\$ 554,213	\$ 529,562	\$ 499,350	\$ 488,915	\$ 412,299	\$ 466,665	\$ 425,766	\$ 394,711
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	362.23%	342.04%	393.46%	413.96%	454.14%	347.06%	388.21%	363.61%
Plan fiduciary net position as a percentage of the total pension liability	58.30%	54.09%	49.20%	43.05%	47.29%	46.29%	44.37%	46.00%

* - Per paragraph 138 of GASB Statement No. 68, the Authority is not required to retrospectively present its' 10-year RSI schedules, as this information was not available at transition and historical information was not measured in accordance with the parameters of GASB Statement No. 68.

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

Required Supplementary Information

Schedule of Employer Contributions –
New Bedford Contributory Retirement

Last 10 Fiscal Years*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Authority's contractually required contribution	\$ 228,542	\$ 191,107	\$ 181,316	\$ 162,112	\$ 160,188	\$ 147,741	\$ 147,741	\$ 121,415
Authority's contributions in relation to the contractually required contribution	<u>228,542</u>	<u>191,107</u>	<u>181,316</u>	<u>162,112</u>	<u>160,188</u>	<u>147,741</u>	<u>147,741</u>	<u>121,415</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered-employee payroll	\$ 554,213	\$ 529,562	\$ 499,350	\$ 488,915	\$ 412,299	\$ 466,665	\$ 425,766	\$ 394,711
Contributions as a percentage of covered-employee payroll	41.24%	36.09%	36.31%	33.16%	38.85%	31.66%	34.70%	30.76%

Notes to Schedule

Valuation Date:

The January 1, 2022 actuarial valuation was used, in accordance with the parameters of GASB Statement No. 68, rolled forward for the December 31, 2021 measurement date.

Methods and assumptions used to determine contribution rates:

Contribution rates are recommended by the System's independent actuary and are approved by PERAC in order to comply with the applicable funding statute (MGL Chapter 32 Section 22F)

* - Per paragraph 138 of GASB Statement No. 68, the Authority is not required to retrospectively present its' 10-year RSI schedules, as this information was not available at transition and historical information was not measured in accordance with the parameters of GASB Statement No. 68.

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

Required Supplementary Information

Schedule of Changes in the Net Pension Liability and Related Ratios – Hourly Plan

Last 10 Fiscal Years*

	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability								
Service cost	\$ 782,619	\$ 701,801	\$ 612,517	\$ 551,377	\$ 666,967	\$ 499,413	\$ 478,461	\$ 428,907
Interest	1,632,693	1,584,667	1,573,589	1,483,051	1,397,531	1,405,327	1,342,457	1,274,483
Differences between expected and actual experience	(747,492)	318,704	(498,377)	137,727	(720,682)	(110,703)	(14,150)	147,415
Changes in assumptions	(1,008,977)	754,615	529,718	1,091,647	(2,036,526)	2,125,310	129,136	37,856
Changes in benefit terms	-	-	-	-	130,984	-	-	-
Benefit payments, including refunds of employee contributions	(1,376,496)	(1,267,214)	(1,211,457)	(1,179,095)	(1,136,275)	(1,114,642)	(1,040,049)	(852,624)
Net change in total pension liability	(717,653)	2,092,573	1,005,990	2,084,707	(1,698,001)	2,804,705	895,855	1,036,037
Total pension liability - beginning	26,441,469	24,348,896	23,342,906	21,258,199	22,956,200	20,151,495	19,255,640	18,219,603
Total pension liability - ending (a)	<u>\$ 25,723,816</u>	<u>\$ 26,441,469</u>	<u>\$ 24,348,896</u>	<u>\$ 23,342,906</u>	<u>\$ 21,258,199</u>	<u>\$ 22,956,200</u>	<u>\$ 20,151,495</u>	<u>\$ 19,255,640</u>
Plan fiduciary net position								
Contributions - employer	\$ 1,152,359	\$ 1,005,742	\$ 832,409	\$ 870,050	\$ 658,392	\$ 783,617	817,454	940,181
Other contributions ⁽¹⁾	-	-	-	-	(2,819)	(159,760)	-	-
Net investment income	5,537,200	98,037	1,042,955	1,562,065	2,792,716	(848,314)	45,708	2,679,160
Benefit payments, including refunds of employee contributions	(1,376,496)	(1,267,214)	(1,211,457)	(1,179,095)	(1,136,275)	(1,114,642)	(1,040,049)	(852,624)
Administrative expense	(33,606)	(14,744)	(16,745)	(20,622)	(10,972)	(26,662)	(16,424)	(10,722)
Net change in plan fiduciary net position	5,279,457	(178,179)	647,162	1,232,398	2,301,042	(1,365,761)	(193,311)	2,755,995
Plan fiduciary net position - beginning	20,348,111	20,526,290	19,879,128	18,646,730	16,345,688	17,711,449	17,904,760	15,148,765
Plan fiduciary net position - ending (b)	<u>\$ 25,627,568</u>	<u>\$ 20,348,111</u>	<u>\$ 20,526,290</u>	<u>\$ 19,879,128</u>	<u>\$ 18,646,730</u>	<u>\$ 16,345,688</u>	<u>\$ 17,711,449</u>	<u>\$ 17,904,760</u>
Hourly Plan's net pension liability - ending (a) - (b)	<u>\$ 96,248</u>	<u>\$ 6,093,358</u>	<u>\$ 3,822,606</u>	<u>\$ 3,463,778</u>	<u>\$ 2,611,469</u>	<u>\$ 6,610,512</u>	<u>\$ 2,440,046</u>	<u>\$ 1,350,880</u>
Plan fiduciary net position as a percentage of the total pension liability	99.63%	76.96%	84.30%	85.16%	87.72%	71.20%	87.89%	92.98%
Covered-employee payroll	\$ 6,825,779	\$ 7,658,584	\$ 6,961,306	\$ 6,449,524	\$ 5,990,897	\$ 5,989,703	\$ 5,654,202	\$ 5,545,429
Hourly Plan's net pension liability as a percentage of covered employee payroll	1.41%	79.56%	54.91%	53.71%	43.59%	110.36%	43.15%	24.36%

⁽¹⁾ A transfer of assets and liabilities was made for participants who moved from a bargained to a salaried status under the normal operation of the plan.

* - Per paragraph 138 of GASB Statement No. 68, the Authority is not required to retrospectively present its' 10-year RSI schedules, as this information was not available at transition and historical information was not measured in accordance with the parameters of GASB Statement No. 68.

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

Required Supplementary Information

Schedule of Contributions – Hourly Plan and the
Schedule of Money-Weighted Rate of Return for the Hourly Plan

Last 10 Fiscal Years*

	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 1,193,188	\$ 1,141,661	\$ 1,042,554	\$ 821,682	\$ 886,046	\$ 790,070	\$ 783,617	\$ 817,454
Contributions in relation to the actuarially determined contribution	1,152,359	1,005,742	832,409	870,050	658,392	783,617	817,454	940,181
Contribution deficiency (excess)	\$ 40,829	\$ 135,919	\$ 210,145	\$ (48,368)	\$ 227,654	\$ 6,453	\$ (33,837)	\$ (122,727)
Covered-employee payroll	\$ 6,825,779	\$ 7,658,584	\$ 6,961,306	\$ 6,449,524	\$ 5,990,897	\$ 5,990,897	\$ 5,989,703	\$ 5,654,202
Contributions as a percentage of covered-employee payroll	16.88%	13.13%	11.96%	13.49%	10.99%	13.08%	13.65%	16.63%

Notes to Schedule

Valuation Date:

A measurement date of June 30, 2021 has been used for the fiscal year ending June 30, 2022.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Cost Method, level percent of pay
Asset Valuation Method	Market value of assets as of the measurement date
Inflation	2.25% long-term
Salary Increases	4.00% increase each year until retirement
Investment Rate of Return	6.50% (weighted average rate)
Retirement Age	Active and inactive participants are assumed to retire at normal retirement age, or current age if later, as defined in the Summary of Plan Provisions.
Mortality	2021 IRS Prescribed Mortality - Optional Combined Table for Small Plans, male and female, before and during benefit payment period

* - Per paragraph 138 of GASB Statement No. 68, the Authority is not required to retrospectively present its' 10-year RSI schedules, as this information was not available at transition and historical information was not measured in accordance with the parameters of GASB Statement No. 68.

Schedule of Money-Weighted Rate of Return – Hourly Plan

	2022	2021	2020	2019	2018	2017	2016	2015
Money-weighted rate of return	27.43%	0.48%	5.32%	8.46%	17.35%	-5.78%	0.26%	17.73%

* - Per paragraph 138 of GASB Statement No. 68, the Authority is not required to retrospectively present its' 10-year RSI schedules, as this information was not available at transition and historical information was not measured in accordance with the parameters of GASB Statement No. 68.

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

Required Supplementary Information

Schedule of Changes in the Net Pension Liability and Related Ratios – Salaried Plan

Last 10 Fiscal Years*

	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability								
Service cost	\$ 216,555	\$ 221,576	\$ 193,671	\$ 154,180	\$ 183,518	\$ 144,110	\$ 158,780	\$ 147,089
Interest	615,334	595,325	580,460	544,420	517,265	484,292	479,405	468,215
Differences between expected and actual experience	67,348	85,247	87,586	173,816	(146,902)	156,886	(185,781)	(170,036)
Changes in assumptions	(26,392)	(26,862)	195,123	381,871	13,657	13,315	(42,284)	12,347
Change in benefit terms	-	-	-	-	236,148	-	-	-
Benefit payments, including refunds of employee contributions	(568,812)	(563,727)	(479,166)	(450,573)	(329,325)	(365,720)	(320,244)	(292,084)
Net change in total pension liability	304,033	311,559	577,674	803,714	474,361	432,883	89,876	165,531
Total pension liability - beginning	9,548,963	9,237,404	8,659,730	7,856,016	7,381,655	6,948,772	6,858,896	6,693,365
Total pension liability - ending (a)	<u>\$ 9,852,996</u>	<u>\$ 9,548,963</u>	<u>\$ 9,237,404</u>	<u>\$ 8,659,730</u>	<u>\$ 7,856,016</u>	<u>\$ 7,381,655</u>	<u>\$ 6,948,772</u>	<u>\$ 6,858,896</u>
Plan fiduciary net position								
Contributions - employer	\$ 381,358	\$ 365,779	\$ 259,992	\$ 343,163	\$ 203,002	\$ 237,824	259,296	201,848
Other contributions ⁽¹⁾	-	-	-	-	-	159,760	-	-
Net investment income	2,087,803	79,988	395,899	615,300	1,056,344	(209,692)	38,093	836,221
Benefit payments, including refunds of employee contributions	(568,812)	(563,727)	(479,166)	(450,573)	(329,325)	(365,720)	(320,244)	(292,084)
Administrative expense	(42,192)	(31,683)	(35,601)	(39,913)	(30,263)	(43,263)	(30,013)	(22,092)
Other	-	-	-	-	2,819	-	-	-
Net change in plan fiduciary net position	1,858,157	(149,643)	141,124	467,977	902,577	(221,091)	(52,868)	723,893
Plan fiduciary net position - beginning	7,482,787	7,632,430	7,491,306	7,023,329	6,120,752	6,341,843	6,394,711	5,670,818
Plan fiduciary net position - ending (b)	<u>\$ 9,340,944</u>	<u>\$ 7,482,787</u>	<u>\$ 7,632,430</u>	<u>\$ 7,491,306</u>	<u>\$ 7,023,329</u>	<u>\$ 6,120,752</u>	<u>\$ 6,341,843</u>	<u>\$ 6,394,711</u>
Salaried Plan's net pension liability - ending (a) - (b)	<u>\$ 512,052</u>	<u>\$ 2,066,176</u>	<u>\$ 1,604,974</u>	<u>\$ 1,168,424</u>	<u>\$ 832,687</u>	<u>\$ 1,260,903</u>	<u>\$ 606,929</u>	<u>\$ 464,185</u>
Plan fiduciary net position as a percentage of the total pension liability	94.80%	78.36%	82.63%	86.51%	89.40%	82.92%	91.27%	93.23%
Covered-employee payroll	\$ 1,737,323	\$ 1,620,648	\$ 1,447,120	\$ 1,443,635	\$ 1,284,184	\$ 1,451,933	\$ 1,272,201	\$ 1,301,056
Salaried Plan's net pension liability as a percentage of covered employee payroll	29.47%	127.49%	110.91%	80.94%	64.84%	86.84%	47.71%	35.68%

⁽¹⁾ A transfer of assets and liabilities was made for participants who moved from a bargained to a salaried status under the normal operation of the plan.

* - Per paragraph 138 of GASB Statement No. 68, the Authority is not required to retrospectively present its' 10-year RSI schedules, as this information was not available at transition and historical information was not measured in accordance with the parameters of GASB Statement No. 68.

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

Required Supplementary Information

Schedule of Contributions – Salaried Plan and the
Schedule of Money-Weighted Rate of Return for the Salaried Plan

Last 10 Fiscal Years*

	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 460,490	\$ 418,460	\$ 359,143	\$ 265,973	\$ 363,075	\$ 243,602	\$ 237,824	\$ 259,296
Contributions in relation to the actuarially determined contribution	381,358	365,779	259,992	343,163	203,002	237,824	259,296	201,848
Contribution deficiency (excess)	\$ 79,132	\$ 52,681	\$ 99,151	\$ (77,190)	\$ 160,073	\$ 5,778	\$ (21,472)	\$ 57,448
Covered-employee payroll	\$ 1,737,323	\$ 1,620,648	\$ 1,447,120	\$ 1,443,635	\$ 1,284,184	\$ 1,451,933	\$ 1,272,201	\$ 1,301,056
Contributions as a percentage of covered-employee payroll	21.95%	22.57%	17.97%	23.77%	15.81%	16.38%	20.38%	15.51%

Notes to Schedule

Valuation Date:

A measurement date of June 30, 2021 has been used for the fiscal year ending June 30, 2022.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Cost Method, level percent of pay
Asset Valuation Method	Market value of assets as of the measurement date
Inflation	2.25% long-term
Salary Increases	3.5% increase each year until retirement
Investment Rate of Return	6.50% (weighted average rate)
Retirement Age	Active and inactive participants are assumed to retire at normal retirement age, or current age if later.
Mortality	2021 IRS Prescribed Mortality - Optional Combined Table for Small Plans, male and female, during benefit payment period 2021 IRS Prescribed Mortality - Optional Combined Table for Small Plans, male and female, before benefit payment period

* - Per paragraph 138 of GASB Statement No. 68, the Authority is not required to retrospectively present its' 10-year RSI schedules, as this information was not available at transition and historical information was not measured in accordance with the parameters of GASB Statement No. 68.

Schedule of Money-Weighted Rate of Return – Salaried Plan

	2022	2021	2020	2019	2018	2017	2016	2015
Money-weighted rate of return	28.37%	1.07%	5.39%	8.86%	17.55%	-3.36%	0.60%	14.90%

* - Per paragraph 138 of GASB Statement No. 68, the Authority is not required to retrospectively present its' 10-year RSI schedules, as this information was not available at transition and historical information was not measured in accordance with the parameters of GASB Statement No. 68.

See independent auditor's report

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

Required Supplementary Information

Schedule of Changes in the Authority's Net OPEB Liability and Related Ratios

For the Year Ended June 30, 2022

	2022	2021	2020	2019	2018	2017
Total OPEB liability						
Service cost	\$ 21,043	\$ 16,448	\$ 15,810	\$ 19,738	\$ 14,925	\$ 24,539
Interest on total OPEB liability, service cost and benefit payments	18,004	16,066	17,340	15,932	14,791	16,087
Differences between expected and actual experience	(76,491)	-	(24,896)	-	-	(41,081)
Changes in assumptions	7,429	42,003	(14,766)	-	-	-
Benefit payments, including implicit cost	(4,027)	(3,867)	(3,730)	(14,537)	(17,951)	(3,609)
Net change in total OPEB liability	(34,042)	70,650	(10,242)	21,133	11,765	(4,064)
Total OPEB liability - beginning	323,872	253,222	263,464	242,331	230,566	234,630
Total OPEB liability - ending (a)	<u>\$ 289,830</u>	<u>\$ 323,872</u>	<u>\$ 253,222</u>	<u>\$ 263,464</u>	<u>\$ 242,331</u>	<u>\$ 230,566</u>
Plan fiduciary net position						
Contributions - employer	\$ 23,884	\$ 22,269	\$ 22,847	\$ 34,187	\$ 124,037	\$ 3,609
Contributions - employee	-	-	-	-	-	(3,609)
Net investment income	(17,290)	32,400	4,782	8,126	1,083	-
Benefit payments, including refunds of employee contributions	(4,027)	(3,867)	(3,730)	(14,537)	(17,951)	-
Net change in plan fiduciary net position	2,567	50,802	23,899	27,776	107,169	-
Plan fiduciary net position - beginning	209,646	158,844	134,945	107,169	-	-
Plan fiduciary net position - ending (b)	<u>\$ 212,213</u>	<u>\$ 209,646</u>	<u>\$ 158,844</u>	<u>\$ 134,945</u>	<u>\$ 107,169</u>	<u>\$ -</u>
Authority's net OPEB liability - ending (a) - (b)	<u>\$ 77,617</u>	<u>\$ 114,226</u>	<u>\$ 94,378</u>	<u>\$ 128,519</u>	<u>\$ 135,162</u>	<u>\$ 230,566</u>
Plan fiduciary net position as a percentage of the total OPEB liability	73.22%	64.73%	62.73%	51.22%	44.22%	0.00%
Covered-employee payroll	\$ 624,849	\$ 479,314	\$ 465,353	\$ 479,918	\$ 465,940	\$ 465,940
Authority's net OPEB liability as a percentage of covered employee payroll	12.42%	23.83%	20.28%	26.78%	29.01%	49.48%

** - Per GASB Statement No. 75, the Authority is not required to retrospectively present its' 10-year RSI schedules, as this information was not available at transition and historical information was not measured in accordance with the parameters of GASB Statement No. 75.

See independent auditor's report

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

Required Supplementary Information

Schedule of the Authority's OPEB Contributions and the
Schedule of Money-Weighted Rate of Return for the OPEB Trust Fund

For the Year Ended June 30, 2022

Schedule of the OPEB Authority's Contributions

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined contribution	\$ 24,568	\$ 21,567	\$ 22,278	\$ 28,762	\$ 34,843	\$ 47,233
Contributions in relation to the actuarially determined contribution	23,884	22,269	22,847	34,187	124,037	3,609
Contribution deficiency (excess)	<u>\$ 684</u>	<u>\$ (702)</u>	<u>\$ (569)</u>	<u>\$ (5,425)</u>	<u>\$ (89,194)</u>	<u>\$ 43,624</u>
Covered-employee payroll	\$ 624,849	\$ 479,314	\$ 465,353	\$ 479,918	\$ 465,940	\$ 465,940
Contributions as a percentage of covered-employee payroll	3.82%	4.65%	4.91%	7.12%	26.62%	0.77%

** - Per GASB Statement No. 75, the Authority is not required to retrospectively present its' 10-year RSI schedules, as this information was not available at transition and historical information was not measured in accordance with the parameters of GASB Statement No. 75.

Schedule of Money-Weighted Rate of Return – OPEB Trust

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Money-weighted rate of return	-8.25%	20.40%	3.39%	7.58%	1.54%	N/A

** - Per GASB Statement No. 75, the Authority is not required to retrospectively present its' 10-year RSI schedules, as this information was not available at transition and historical information was not measured in accordance with the parameters of GASB Statement No. 75.

See independent auditor's report

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

Supplementary Information

Statement of Revenues and Expenses - Budget and Actual

For the Year Ended June 30, 2022

	Budget As Adopted	Appropriations and Transfers	Total Available	Actual	Variance Favorable (Unfavorable)
Revenues:					
Cash Fares:					
Farebox revenue - fixed route	\$ 1,297,444	\$ 160,654	\$ 1,458,098	\$ 1,489,280	\$ 31,182
Farebox revenue - paratransit	148,510	36,490	185,000	188,772	3,772
Auxiliary revenue	172,000	49,691	221,691	262,994	41,303
Total revenues	1,617,954	246,835	1,864,789	1,941,046	76,257
Expenses:					
Operating/Cost of Service:					
Fixed Route	14,222,716	162,000	14,384,716	14,067,543	317,173
Paratransit	3,795,078	-	3,795,078	3,776,232	18,846
Intermodal Centers	225,153	-	225,153	225,193	(40)
Fuel	1,100,000	490,785	1,590,785	1,557,856	32,929
Insurance	1,093,858	2,142	1,096,000	1,093,577	2,423
Management fees	504,773	1,727	506,500	506,261	239
SRTA administration	1,482,166	(100,442)	1,381,724	1,323,876	57,848
Total expenses	22,423,744	556,212	22,979,956	22,550,538	429,418
Other financing sources (uses):					
Transfer to Reserve Fund	-	-	-	(24,440)	(24,440)
Net Cost of Service:					
Federal Grants	10,208,199	17,225	10,225,424	9,742,719	(482,705)
State Contract Assistance	6,399,729	292,152	6,691,881	6,693,351	1,470
Other State Assistance	583,582	-	583,582	583,582	-
Local Assessments	3,614,280	-	3,614,280	3,614,280	-
Total other financing sources (uses):	20,805,790	309,377	21,115,167	20,609,492	(505,675)
Excess (deficiency) of revenues and other financing sources over expenses and other financing uses	\$ -	\$ -	\$ -	-	\$ -
Budgetary retained earnings at the beginning of year				\$ -	
Budgetary retained earnings at the end of year				\$ -	

See independent auditor's report

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

Supplementary Information

Notes to the Statement of Revenues and Expenses - Budgetary Basis

For the Year Ended June 30, 2022

The accompanying Statement of Revenues and Expenses - Budget and Actual presents comparisons of the legally adopted budget (more fully described in Note 1) with actual data on the budgetary basis. Since accounting principles applied for purposes of developing data on a budgetary basis do not differ significantly from those used to present financial statements in conformity with GAAP, a reconciliation of resultant basis, timing, perspective and entity differences in the excess (deficiency) of revenues over expenses for the year ended June 30, 2022 are as follows:

Increase (decrease) in net position - GAAP basis	\$ 1,091,810
Capital grants and contributions	(3,054,512)
Depreciation	3,236,172
(Gain)/loss on asset dispositions (GAAP only)	4,187
Pension expense (GAAP only)	(1,244,990)
OPEB expense (GAAP only)	(8,228)
Transfer to extraordinary repairs reserve	(24,440)
Rounding and other adjustments	1
Increase (decrease) in net position - Budget basis	<u><u>\$ -</u></u>

See independent auditor's report

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

Supplementary Information

Statement of Revenue and Cost of Service

For the Year Ended June 30, 2022

Transportation revenue	<u>\$ 1,678,052</u>
Operating expenses:	
Fixed route	14,067,543
Paratransit	3,776,232
Intermodal centers	225,193
Amortization of grants	3,236,172
Fuel	1,557,856
Insurance	1,093,577
SRTA administration	1,323,876
Management fees	<u>506,261</u>
Total operating expenses	<u>25,786,710</u>
Net operating loss	(24,108,658)
Other income (expenses):	
Transfer to extraordinary reserve	(24,440)
Interest income	2,482
Auxiliary income	<u>260,512</u>
Cost of service in excess of revenue	<u><u>\$ (23,870,104)</u></u>

See independent auditor's report

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

Supplementary Information

Statement of Unreimbursed Cost of Service

For the Year Ended June 30, 2022

Balance at beginning of year	<u>\$ -</u>
Cost of service in excess of revenue	<u>(23,870,104)</u>
Add:	
Net cost of service reimbursable by the Commonwealth of Massachusetts, a portion of which is to be assessed to the cities and towns served by the Authority:	
Commonwealth of Massachusetts - State Contract Assistance	6,691,881
Local assessments	3,614,280
Federal operating assistance pursuant to Section 9 of the Urban Mass Transportation Act of 1964	9,742,719
Other state assistance	<u>585,052</u>
Total operating net cost of service reimbursements	20,633,932
Amortization of grants	<u>3,236,172</u>
Total subsidy	<u>23,870,104</u>
Balance at end of year	<u><u>\$ -</u></u>

See independent auditor's report