

**ROSELLI, CLARK & ASSOCIATES**  
Certified Public Accountants

**WORCESTER REGIONAL TRANSIT AUTHORITY**

Report on Examination of  
Basic Financial Statements  
an Additional Information

Year Ended June 30, 2020



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

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**YEAR ENDED JUNE 30, 2020**

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**INDEPENDENT AUDITORS' REPORT**

To the Administrator of  
Worcester Regional Transit Authority  
Worcester, Massachusetts

**Report on the Financial Statements**

We have audited the accompanying financial statements of the Worcester Regional Transit Authority (the "Authority"), a component unit of the Massachusetts Department of Transportation, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority as of June 30, 2020, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules listed under the required supplementary information section in the accompanying table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinion on the financial statements that comprise the Authority's basic financial statements. The other information listed under the other information section in the accompanying table of contents is presented for purposes of additional analysis and are not a required part of the basic financial statements. The other information is the responsibility of management. We have applied certain limited procedures to the other information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 25, 2020 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, contract, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Roselli, Clark & Associates". The signature is written in black ink and is positioned above the printed name of the firm.

Roselli, Clark & Associates  
Woburn, Massachusetts  
August 25, 2020

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As the management of the Worcester Regional Transit Authority (the "Authority"), we offer readers of the financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with their review of the basic financial statements, notes to the financial statements, required supplementary information and other information as listed in the table of contents.

### **Financial Highlights**

- The assets and deferred outflows of financial resources of the Authority exceeded its liabilities and deferred inflows of financial resources at the close of the most recent fiscal year by nearly \$81.8 (*total net position*).
- The Authority continues to report a deficit in its unrestricted net position. The deficit in the unrestricted net position increased approximately \$290,000 in fiscal year 2020 to approximately \$20.7 million. This deficit is entirely attributable to long-term liabilities associated with the Authority's net other postemployment benefits and pension liabilities, which total over \$22.4 million at June 30, 2020.
- The Authority's long-term debt in the form of a transportation facility note payable decreased to \$3.3 million at June 30, 2020. This long-term debt instrument is scheduled for final maturity in December 2020.
- The Authority issued \$9.6 million in revenue anticipation notes payable in fiscal year 2020, which are set to mature in June 2021.
- The Authority's operations are funded through a state-required computation of net cost of service. Except for the establishment of a small, restricted reserve, the Authority's funding cannot exceed its net cost of service. However, a deficit can result if funding is insufficient to cover expenses. The Authority incurred an approximate \$291,000 deficit in its unrestricted funds, which was entirely the result of its accounting for other postemployment benefits and pensions under accounting principles generally accepted in the United States of America, or GAAP.
- The COVID-19 pandemic and its associated public/private enterprise shutdowns affected the Authority in a variety of ways. Passenger fares were waived beginning in March 2020, which resulted in an approximate \$1.0 million budget shortfall. This shortfall was offset by expense reductions and the receipt of Coronavirus Aid, Relief and Economic Security Act (the "CARES Act") funds. The Authority implemented a number of cost saving measures directly as well as through its contracted transit service operators in response to the COVID-19 pandemic, which included payroll reductions and many budgeted expenses were either deferred, reduced or eliminated entirely.

### **Overview of the Financial Statements**

The Authority, a component unit of the Massachusetts Department of Transportation, is a special purpose government engaged in a single business-type activity. The Authority follows enterprise fund reporting. Accordingly, the financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Enterprise fund statements offer short-term and long-term financial information about the activities and operations of the Authority. These basic financial statements are presented in a manner similar to a private business using the accrual basis of accounting.

This report consists of four parts – (1) management's discussion and analysis; (2) the basic financial statements, (3) required supplementary information, and (4) other information.

Management's discussion and analysis is intended to provide the user of these financial statements an objective and easily readable analysis of the Authority's financial activities based on currently known facts, decisions or conditions.

The statement of net position presents information on all of the Authority's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between those categories reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The statement of revenues, expenses and changes in net position presents information showing how the Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected member communities' assessments).

The statement of cash flows presents information on the Authority's cash receipts, cash payments and changes in cash resulting from operating, investing and financing activities.

The basic financial statements are accompanied by notes to the financial statements, which explain information in the basic financial statements in more detail.

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Authority's budget to actual results and progress in funding long-term obligations to its employees and retirees.

Finally, this report contains certain other information that is required by the Massachusetts Department of Transportation, or MassDOT.

### **Statement of Net Position**

The condensed comparative statements of net position for the two most recent fiscal years are as follows:

	June 30, 2020	June 30, 2019	Dollar Change	Percent Change
<b>Assets:</b>				
Current and other assets	\$ 12,148,674	\$ 10,185,648	\$ 1,963,026	19.3%
Capital assets, net	104,762,756	110,445,847	(5,683,091)	-5.1%
<b>Total Assets</b>	<b>116,911,430</b>	<b>120,631,495</b>	<b>(3,720,065)</b>	<b>-3.1%</b>
Deferred Outflows of Resources	2,320,664	1,488,699	831,965	55.9%
<b>Liabilities:</b>				
Long-term liabilities	22,431,060	24,482,331	(2,051,271)	-8.4%
Other liabilities	14,596,277	12,633,251	1,963,026	15.5%
<b>Total Liabilities</b>	<b>37,027,337</b>	<b>37,115,582</b>	<b>(88,245)</b>	<b>-0.2%</b>
Deferred Inflows of Resources	453,623	579,470	(125,847)	-21.7%
<b>Net Position:</b>				
Net investment in capital assets	101,462,756	103,845,847	(2,383,091)	-2.3%
Restricted	968,183	968,183	-	0.0%
Unrestricted	(20,679,805)	(20,388,888)	(290,917)	1.4%
<b>Total Net Position</b>	<b>\$ 81,751,134</b>	<b>\$ 84,425,142</b>	<b>\$ (2,674,008)</b>	<b>-3.2%</b>

As noted earlier, net position may serve over time as a useful indicator of the Authority's financial position. The Authority's total net position decreased by approximately \$2.7 million from the prior year.

The largest portion of the Authority's overall net position reflects its investment in capital assets including land, buildings and improvements, transportation equipment, machinery and equipment, less any related debt used to acquire those assets that is still outstanding. The Authority uses these capital assets to provide transit services to its member communities; consequently, these assets are not available for future spending. Although the Authority's investment in its capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net position includes amounts restricted for extraordinary expenses. These amounts were accumulated in prior periods in accordance with a formula established under Massachusetts General Laws, or MGL. The use of these funds requires advance approval from MassDOT.

The remaining category represents unrestricted net position, which currently has a deficit balance of approximately \$20.7 million. This deficit is entirely attributable to long-term liabilities associated with the Authority's net other postemployment benefits and pension liabilities, which total over \$22.4 million at June 30, 2020.

### **Statement of Revenues, Expenses and Changes in Net Position**

The condensed comparative statements of revenues, expenses and changes in net position for the two most recent fiscal years are as follows:

	<u>Fiscal Year Ended June 30,</u>		<u>Dollar</u>	<u>Percent</u>
	<u>2020</u>	<u>2019</u>	<u>Change</u>	<u>Change</u>
Revenues:				
Operating revenues	\$ 2,406,123	\$ 3,306,954	\$ (900,831)	-27.2%
Nonoperating revenues:				
Federal and state assistance	18,974,684	17,207,018	1,767,666	10.3%
Member communities' assessments	5,157,143	4,983,450	173,693	3.5%
Interest income	5,439	42,656	(37,217)	-87.2%
Total Revenues	<u>26,543,389</u>	<u>25,540,078</u>	<u>1,003,311</u>	3.9%
Expenses:				
Public transportation	25,262,472	24,046,394	1,216,078	5.1%
Administrative and professional	1,194,278	1,081,113	113,165	10.5%
Depreciation and amortization	6,350,055	7,135,197	(785,142)	-11.0%
Interest	251,187	379,883	(128,696)	-33.9%
Other expenses	126,369	128,385	(2,016)	-1.6%
Total Expenses	<u>33,184,361</u>	<u>32,770,972</u>	<u>413,389</u>	1.3%
Change in Net Position Before Capital Contributions	(6,640,972)	(7,230,894)	589,922	-8.2%
Capital Contributions	<u>3,966,964</u>	<u>6,024,624</u>	<u>(2,057,660)</u>	-34.2%
Change in Net Position	<u>(2,674,008)</u>	<u>(1,206,270)</u>	<u>(1,467,738)</u>	121.7%
Net Position:				
Beginning of year	<u>84,425,142</u>	<u>85,631,412</u>	<u>(1,206,270)</u>	-1.4%
End of year	<u>\$ 81,751,134</u>	<u>\$ 84,425,142</u>	<u>\$ (2,674,008)</u>	-3.2%



**Revenues** – Total operating and nonoperating revenues increased approximately \$1.0 million, or 3.9%, year-over-year. Operating revenues decreased nearly \$901,000 year-over-year. The Authority suspended fare collections beginning in March 2020 as a result of the COVID-19 pandemic, which was the primary contributor to a nearly \$875,000 decrease in passenger fare revenues.

Federal and state operating assistance increased nearly \$1.8 million year-over-year. This increase was due primarily to the decrease in operating revenues and budgeted increases in public transportation expenses.

**Expenses** – Total expenses increased over \$413,000, or 1.3%, year-over-year. This increase was due primarily to an approximate \$1.2 million increase in public transportation expenses, which was offset by an approximate \$785,000 decrease in depreciation and amortization expense and nearly \$129,000 decrease in interest expense.

Public transportation expenses increased 5.1% in fiscal year 2020. However, these costs were originally budgeted to increase approximately 6.7%. The Authority implemented a number of cost saving measures directly as well as through its contracted transit service operators in response to the COVID-19 pandemic.

The decrease in depreciation and amortization expense is due to the timing of certain assets becoming fully depreciated. Additionally, recent fiscal years' capital additions have been lower than in the fiscal periods immediately preceding.

The decrease in interest expense is due to the continued repayments on long-term debt.

### **Capital Asset and Debt Administration**

**Capital Assets** – The Authority's investment in capital assets as of June 30, 2020 totaled approximately \$104.8 million, net of accumulated depreciation. Net capital assets decreased nearly \$5.7 million year-over-year as depreciation expense exceeded current year capital additions.

Additional information on the Authority's net capital assets can be found in the notes to the basic financial statements.

**Long-Term Debt** – At June 30, 2020, the Authority's total general long-term debt decreased \$3.3 million to \$3.3 million. The Authority's sole long-term debt instrument is set for final maturity in December 2020.

The Authority completed a \$9.6 million revenue anticipation note sale in June 2020. This temporary note has a stated interest rate of 2.0% and is scheduled for repayment in June 2021. The Authority received and deferred approximately \$105,000 in premiums associated with this temporary borrowing. As a result, the effective interest rate on this temporary borrowing is 0.88%.

Additional information on the Authority's long-term debt and temporary debt can be found in the notes to the basic financial statements.

### **Economic Factors and Next Year's Budget**

- The Authority suspended the collection of passenger fares at the onset of the COVID-19 pandemic and continued this policy into fiscal year 2021. The Authority intends to use state and federal operating assistance to offset this revenue loss.
- Member communities' assessments are permitted to increase up to 2 ½% annually plus the member communities' proportionate share of any new services.
- The Authority has received federal awards totaling approximately \$5.0 million in CARES Act awards to assist it in delivery of public transit services in fiscal year 2021.

The above items were considered with the Authority set its preliminary fiscal year 2021 budget in May 2020. The fiscal year 2021 approved budgeted expenses totaled approximately \$28.3 million, of which approximately \$19.5 million of funding is expected from federal and state sources.

### **Requests for Information**

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. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Administrator of the Worcester Regional Transit Authority, 60 Foster Street, Worcester, Massachusetts 01608.

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

**STATEMENT OF NET POSITION**  
**JUNE 30, 2020**

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Assets:

Current Assets:

Cash and cash equivalents	\$ 2,254,101
Receivables, net of allowances:	
Intergovernmental	2,269,267
Member communities	7,588,392
Other	19,420
Prepaid items	<u>17,494</u>
Total Current Assets	<u>12,148,674</u>

Noncurrent Assets:

Land and land improvements	20,919,303
Depreciable capital assets, net	<u>83,843,453</u>
Total Noncurrent Assets	<u>104,762,756</u>

Total Assets	<u>116,911,430</u>
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Deferred Outflows of Resources:

Other postemployment benefits	782,302
Pensions	<u>1,538,362</u>

Total Deferred Outflows of Resources	<u>2,320,664</u>
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*(continued)*

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

**STATEMENT OF NET POSITION**  
**JUNE 30, 2020**

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Liabilities:

Current Liabilities:

Accounts payable	1,474,092
Accrued payroll and related costs	9,648
Accrued expenses	43,533
Accrued interest	111,741
Unearned revenues	57,263
Short-term notes payable	9,600,000
Current portion of long-term debt	<u>3,300,000</u>

Total Current Liabilities	<u>14,596,277</u>
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Noncurrent liabilities:

Net other postemployment benefits liability	9,252,389
Net pension liability	<u>13,178,671</u>

Total Noncurrent Liabilities	<u>22,431,060</u>
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Total Liabilities	<u>37,027,337</u>
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Deferred Inflows of Resources:

Other postemployment benefits	48,379
Pensions	<u>405,244</u>

Total Deferred Inflows of Resources	<u>453,623</u>
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Net Position:

Net investment in capital assets	101,462,756
Restricted for extraordinary expenses	968,183
Unrestricted	<u>(20,679,805)</u>

Total Net Position	<u>\$ 81,751,134</u>
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*(concluded)*

See accompanying notes to basic financial statements.

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

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2020**

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Operating Revenues:	
Passenger fares	\$ 2,223,205
Other operating revenues	<u>182,918</u>
Total Operating Revenues	<u>2,406,123</u>
Operating Expenses:	
Public transportation	25,262,472
Administrative payroll and related expenses	634,298
Professional and other services	559,980
Depreciation and amortization	6,350,055
Other operating expenses	<u>126,369</u>
Total Operating Expenses	<u>32,933,174</u>
Operating Loss	<u>(30,527,051)</u>
Nonoperating Revenues (Expenses):	
Federal assistance	6,603,105
State assistance	12,371,579
Member communities' assessments	5,157,143
Investment income	5,439
Interest expense	<u>(251,187)</u>
Total Nonoperating Revenues (Expenses)	<u>23,886,079</u>
Income Before Capital Contributions	<u>(6,640,972)</u>
Capital Contributions:	
Federal and state assistance	5,308,008
Member municipality and other	335,285
Transfer of Union Station projects	<u>(1,676,329)</u>
Total Capital Contributions	<u>3,966,964</u>
Change in Net Position	(2,674,008)
Net Position:	
Beginning of the year	<u>84,425,142</u>
End of the year	<u>\$ 81,751,134</u>

See accompanying notes to basic financial statements.

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

**STATEMENT OF CASH FLOWS**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2020**

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Cash Flows from Operating Activities:	
Receipts from passenger fares	\$ 2,232,388
Receipts from other operating revenues	192,612
Payments to employees	(344,287)
Payments to vendors	<u>(25,665,485)</u>
Net Cash Used in Operating Activities	<u>(23,584,772)</u>
 Cash Flows from Noncapital Financial Activities:	
Proceeds from federal and state operating grants	19,092,743
Proceeds from member communities' assessments	<u>4,825,552</u>
Net Cash Provided By Noncapital Financing Activities	<u>23,918,295</u>
 Cash Flows from Capital and Related Financing Activities:	
Proceeds from capital grants	3,966,964
Proceeds from the issuance of short-term debt	9,600,000
Acquisition and construction of capital assets	(666,964)
Principal repayments on long-term debt	(3,300,000)
Repayments on short-term debt	(8,000,000)
Interest payments	<u>(180,321)</u>
Net Cash Provided by Capital and Related Financing Activities	<u>1,419,679</u>
 Cash Flow from Investing Activities:	
Investment income	<u>5,439</u>
Net Cash Provided by Investing Activities	<u>5,439</u>
 Net Increase in Cash and Cash Equivalents	1,758,641
 Cash and Cash Equivalents:	
Beginning of the year	<u>495,460</u>
End of the year	<u><u>\$ 2,254,101</u></u>

*(continued)*

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

**STATEMENT OF CASH FLOWS**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2020**

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Reconciliation of Operating Loss to Net Cash Used in Operating Activities:

Operating Loss	\$ (30,527,051)
Adjustments to Reconcile Operating Loss to Net Cash Used In Operating Activities:	
Depreciation expense	6,350,055
Changes in assets, deferred outflows (inflows) of resources and liabilities:	
Receivables and other current assets	9,147
Deferred outflows (inflows) of resources	(957,812)
Accounts payable and other current liabilities	292,160
Net OPEB and pension liabilities	<u>1,248,729</u>
Net Cash Used in Operating Activities	<u>\$ (23,584,772)</u>
	<i>(concluded)</i>

See accompanying notes to basic financial statements.

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

**NOTES TO BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2020**

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**I. Summary of Significant Accounting Policies**

The basic financial statements of the Worcester Regional Transit Authority (the “Authority”) have been prepared in conformity with generally accepted accounting principles in the United States of America, or GAAP, as applied to state and local governments. GAAP is prescribed by the Governmental Accounting Standards Board (“GASB”), which is the primary standard-setting body for state and local governmental entities. The following is a summary of the more significant policies and practices used by the Authority.

**A. Reporting Entity**

The Authority, a political subdivision of the Commonwealth of Massachusetts (the “Commonwealth”), provides public mass transportation in the City of Worcester and other communities within Worcester County. The Authority is primarily funded through passenger fares, member communities’ assessments and federal and state operating and capital subsidies.

The Authority is governed by an advisory board (the “Board”) comprised of representatives from member communities. The Board appoints an administrator to manage the Authority’s day-to-day operations. While legally separate, the Authority is considered a component unit of the Commonwealth of Massachusetts Department of Transportation (“MassDOT”), which is a component unit of the Commonwealth, for financial reporting purposes.

**B. Basis of Accounting and Financial Statement Presentation**

The Authority is a special purpose government engaged in single business-type activity. The Authority’s financial statement are reported using the accrual basis of accounting. Revenues and expenses are when incurred, regardless of the timing of related cash flows.

The Authority’s financial statements distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing mass transit services to the general public. The principal operating revenues are passenger fares. Operating expenses primarily consist of the cost of transit services provided by third parties (see below), salaries and wages, administrative expenses and depreciation. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The Authority is exempt from all federal and state income taxes and local property taxes.

The cost of transit services provided by third parties primarily represents contracted services with First Transit, Inc. and its wholly-owned subsidiaries Central Mass Transit Management, Inc. and Paratransit Brokerage Services TM, Inc. These entities manage and operate the Authority’s fixed route and certain demand response transit services. The majority of the employees of Central Mass Transit Management, Inc. are subject to a collective bargaining agreement, which expires in August 2022.



### C. Assets, Liabilities, and Deferred Outflows/Inflows of Resources and Net Position

Deposits – The Authority’s cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. The Authority reports its investments at fair value.

Receivables – Member communities’ assessments are generally collected subsequent to the year of assessment; accordingly, the Authority reports receivables from member communities’ assessments at year end. Additionally, intergovernmental receivables are reported at year end.

Federal and State Contract Assistance – The Federal Transit Administration (“FTA”) approved the use of federal capital funds for operating expenses for the fiscal year ended June 30, 2020. Any amounts unallowed by the FTA will be ultimately due from the Commonwealth and the member communities. Generally, state contract assistance ranges between 50% and 75% of the Authority’s net cost of service (as defined under MassDOT guidelines), unless otherwise agreed upon by the parties.

Member Communities’ Assessments – Annual increases to member communities’ assessments are limited to 2 ½% plus their proportionate share of new transit service costs incurred during the year.

Prepaid Items – Certain payments to vendors reflect costs applicable to future accounting periods and may be recorded as prepaid items in the financial statements.

Capital Assets – Capital assets, which include land, construction in-progress, buildings and improvements, transportation equipment (i.e., buses and vans) and office equipment are reported at historical cost. All material purchases and construction costs are capitalized at the date of acquisition or construction, respectively, if expected lives are deemed greater than two years. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets (excluding land and construction in-progress) are depreciated by the Authority on a straight-line basis over the following estimated useful lives:

Buildings and improvements	3 to 40 years
Transportation equipment	5 to 12 years
Office equipment and other	5 to 15 years

Revenue Recognition – Revenue is recognized when services are performed and the Authority has completed all performance obligations. Unearned revenue represents receipts for which the Authority has not met all revenue recognition criteria.

Long-Term Debt – Long-term debt is reported as liabilities in these basic financial statements. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method, if material.

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Authority reports deferred outflows of resources relative to other postemployment benefits (“OPEB”) and pension-related transactions. The Authority expects to recognize the reported

deferred outflows of resources relative to these personnel-related transactions over the next five years.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority reports deferred inflows of resources relative to pension-related transactions and expects to recognize these amounts over the next five years against personnel-related transactions.

*Net Position* – Net position reported as net investment in capital assets includes capital assets, net of accumulated depreciation, less the principal balance of outstanding debt used to acquire capital assets. Unspent proceeds of capital related debt are not considered to be capital related debt.

Restricted net position is comprised of a reserve for extraordinary costs and expenses, which is permissible under Section 6 of Massachusetts General Law (“MGL”) Chapter 161B. This reserve fund consists of annual payments made by the Authority in amounts not to exceed 3% of the prior year’s member communities’ assessments, provided that the total reserve fund cannot exceed 20% of the prior year’s member communities’ assessment. Expenditures from this fund are subject to the approval of the MassDOT.

Net position that does not meet the definitions above is reported as unrestricted.

#### **D. Postemployment Benefits**

Employees of the Authority are eligible to participate in a 457(b) deferred compensation plan.

Certain employees of Central Mass Transit Management, Inc. are eligible to participate in a defined benefit pension plan and a retiree health and life insurance plan. These plans are accounted for and presented in the Authority’s financial statements as the Authority is responsible for funding these postemployment benefit plans. Each plan issues annual audited financial statements, which can be obtained by contacting the chief financial officer of Central Mass Transit Management, Inc., 42 Quinsigamond Avenue, Worcester, MA 01610.

#### **E. Budgetary Data**

An annual budget is adopted by the Authority on a basis that differs from GAAP. A budgetary comparison is included as required supplementary information to the Authority’s financial statements. A reconciliation between the budgetary basis of accounting and GAAP is provided in the required supplementary information.

#### **F. Use of Estimates**

The preparation of basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure for contingent assets and liabilities at the date of the basic financial statements and the reported amounts of the revenues and expenses during the fiscal year. Actual results could vary from estimates that were used.

## II. Detailed Notes to All Funds

### A. Deposits

State laws and regulations require the Authority to invest funds only in preapproved investment instruments which include, but are not necessarily limited to, bank deposits, money markets, certificates of deposit, U.S. treasury bonds, repurchase agreements, and the State Treasurer's investment pool, which is administered by the Massachusetts Municipal Depository Trust, or MMDT. In addition, the statutes impose various limitations on the amount and length of investments and deposits.

*Custodial Credit Risk: Deposits* – In the case of deposits, this is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority relies on depository insurance coverage at each financial institution to address this risk. At June 30, 2020, \$2,586,833 in bank deposits were uninsured.

### B. Receivables

Receivables as of June 30, 2020, net of applicable allowances for uncollectible accounts, were as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Member communities' assessments	\$ 7,588,392	\$ -	\$ 7,588,392
Intergovernmental:			
Commonwealth of Massachusetts	165,751	-	165,751
Federal	2,103,516	-	2,103,516
Other	19,420	-	19,420
	<u>\$ 9,877,079</u>	<u>\$ -</u>	<u>\$ 9,877,079</u>

## C. Capital Assets

Capital asset activity for the year ended June 30, 2020 was as follows:

	Beginning Balance (a)	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land and land improvements	\$ 20,919,303	\$ -	\$ -	\$ 20,919,303
Capital assets being depreciated:				
Buildings and improvements	80,319,262	24,756	(19,794)	80,324,224
Transportation equipment	43,504,974	293,122	(1,588,803)	42,209,293
Office equipment and other	1,963,849	349,086	(18,671)	2,294,264
Total capital assets being depreciated	<u>125,788,085</u>	<u>666,964</u>	<u>(1,627,268)</u>	<u>124,827,781</u>
Less accumulated depreciation for:				
Buildings and improvements	(7,821,894)	(2,314,487)	19,794	(10,116,587)
Transportation equipment	(27,326,474)	(3,701,943)	1,588,803	(29,439,614)
Office equipment and other	<u>(1,113,173)</u>	<u>(333,625)</u>	<u>18,671</u>	<u>(1,428,127)</u>
Total accumulated depreciation	<u>(36,261,541)</u>	<u>(6,350,055)</u>	<u>1,627,268</u>	<u>(40,984,328)</u>
Total capital assets being depreciated, net	<u>89,526,544</u>	<u>(5,683,091)</u>	<u>-</u>	<u>83,843,453</u>
Total capital assets, net	<u>\$ 110,445,847</u>	<u>\$ (5,683,091)</u>	<u>\$ -</u>	<u>\$ 104,762,756</u>

(a) Certain reclassifications were made to the beginning balances to conform to current year presentation.

During the fiscal year ended June 30, 2020, the Authority procured \$1,676,329 in capital assets on behalf of the Worcester Redevelopment Authority through federal awards. These capital assets are not reflected in the activity above as the capital assets are not owned or under the control of the Authority.

## D. Temporary Debt

The Authority is authorized to borrow on a temporary or short-term basis. Temporary borrowing activity for the year ended June 30, 2020 was as follows:

Type	Interest Rate	Maturity Date	Beginning Balance	Additions	Deductions	Ending Balance
Revenue anticipation note	2.0%	matured	\$ 8,000,000	\$ -	\$ (8,000,000)	\$ -
Revenue anticipation note	2.0%	6/25/2021	-	9,600,000	-	9,600,000
			<u>\$ 8,000,000</u>	<u>\$ 9,600,000</u>	<u>\$ (8,000,000)</u>	<u>\$ 9,600,000</u>

## E. Long-Term Obligations

The Authority issues general obligation bonds and notes payable to provide funds for the acquisition and construction of major capital facilities. Additionally, the Authority incurs various other long-term obligations relative to associated personnel costs. The following table reflects the activity in the Authority's long-term liability accounts:

Description of Issue	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Notes from direct borrowings and placements	\$ 6,600,000	\$ -	\$ (3,300,000)	\$ 3,300,000	\$ 3,300,000
Net pension liability	12,531,909	3,546,101	(2,899,339)	13,178,671	-
Net other postemployment benefits liability	8,650,422	1,753,696	(1,151,729)	9,252,389	-
Total Long-Term Obligations	<u>\$ 8,650,422</u>	<u>\$ 1,753,696</u>	<u>\$ (1,151,729)</u>	<u>\$ 9,252,389</u>	<u>\$ -</u>

Debt Service – The transportation facility note payable of \$3,300,000 and associated interest expense of \$41,745 are scheduled to mature on December 1, 2020.

Authorized But Unissued Debt – At June 30, 2020, there were no amounts authorized but unissued for long-term debt.

## III. Other Information

### A. Deferred Contribution Plan

The Authority established a 457(b) deferred contribution plan for eligible employees. Under this plan, the Authority contributes between 4% and 7% of individual eligible employees' compensation. The Authority recorded \$37,742 in pension expense relative to its contributions to this plan in fiscal year 2020.

### B. Defined Benefit Pension Plan

The union employees of Central Mass Transit Management, Inc. participate in a defined benefit pension plan administered by Central Mass Transit Management, Inc. (the "Pension Plan"). However, the financial responsibility and burden of the Pension Plan rests with the Authority and the employees' union. Accordingly, the Authority's proportionate share of the pension expense, net pension liability and associated deferred outflows and inflows of resources related to the Pension Plan are accounted and reported on the Authority's financial statements. Stand-alone financial statements are issued annually.

Current membership in the Pension Plan as of December 31, 2019 (the measurement and reporting date of the pension plan) was as follows:

Active plan members	141
Inactive vested plan members	37
Retirees and beneficiaries	141
Disabled	<u>23</u>
	<u>342</u>

In a January 2, 1996 letter, the Pension Benefit Guaranty Corporation ruled that the Pension Plan is a governmental pension plan within the meaning of Section 4021(b)(2) of the Employee Retirement Income Security Act of 1974, or ERISA. Accordingly, as a governmental pension plan, the Pension Plan is not subject to the minimum funding requirements of ERISA as contained in Internal Revenue Code Section 412.

*Pension Plan Benefits* – The Pension Plan provides for regular retirement benefits as well as accidental disability and preretirement death benefits. Participants are completely vested in the Pension Plan after five years' creditable service. Under the terms of the Pension Plan, the normal retirement age is 65. The Pension Plan permits early retirement at age 55 with a minimum of five year's credited service. Participants' retirement benefits vary depending on years of credited service, age at retirement and retirement option selected by participants at the time of their retirement. The minimum annual retirement benefit is \$1,440.

Participants are eligible for disability retirement benefits if after completing five years' creditable service a participant is determined to be totally and permanently disabled. Disability benefits vary depending on a disabled participants age at the time of disability. The minimum annual disability benefit is \$1,380.

Beneficiaries of participants who died and who have not yet vested in the Pension Plan will be paid the deceased participant's accumulated contributions plus interest. For vested participants, the surviving beneficiary may elect a variety of retirement benefit options, which are determined based on the age and creditable service of the deceased participant.

*Contributions* – Employee contribution rates vary based on when an employee commenced their creditable service. Active participants with less than five year's creditable service or while in a salary progression contribute 9.5% of their total compensation; all other participants contribute 11.5% of their total compensation. Central Mass Transit Management, Inc. matches all employee contributions dollar-for-dollar. Employer contributions for the year ended December 31, 2019 totaled \$1,104,955.

*Net Pension Liability* – At June 30, 2020, the Authority reported a net pension liability of \$13,178,671. The net pension liability was measured as of December 31, 2019 by an actuarial valuation as of that date. A number of changes were made to the actuarial assumptions in the December 31, 2018 valuation study versus the previous valuation study. The most significant assumption change included a decrease in the discount rate from 8.00% to 7.75%.

The Authority's proportion of the net pension liability is based on a projection of its long-term share of contributions to the Pension Plan. Through collective bargaining, the Authority and union equally share in the Pension Plan's future obligations.

*Fiduciary Net Position* – The elements of the Pension Plan's basic financial statements (that is, all information about the Pension Plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources and fiduciary net position) can be found in the Pension Plan's full financial statements as of and for the year ended December 31, 2019, which can be obtained by contacting Central Mass Transit Management, Inc.

The Pension Plan's fiduciary net position was determined using the accrual basis of accounting. The Pension Plan's accounting records are maintained on a calendar-year basis. Contributions from employers and employees are recognized in the period in which they become due pursuant to formal commitments or contractual requirements. Benefit payments (including refunds of employee contributions) are recorded when incurred, regardless of the timing of payment.

Investments are reported at fair value; fair value is determined as the price one would receive in an orderly transaction between market participants at a measurement date.

Pension Expense – The Authority recognized \$1,519,353 in pension expense in fiscal year 2020.

Deferred Outflows of Resources and Deferred Inflows of Resources – At June 30, 2020, the Authority 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	\$ 352,625	\$ 188,930
Changes of assumptions	568,870	-
Net difference between projected and actual earnings on pension plan investments	-	214,027
Changes in proportion share of contributions	-	2,287
Contributions subsequent to the measurement date	616,867	-
	<u>\$ 1,538,362</u>	<u>\$ 405,244</u>

The deferred outflows and inflows of resources are expected to be recognized in the Authority's pension expense (benefit) as follows:

Year ended June 30,

2021	\$ 751,195
2022	138,053
2023	144,905
2024	83,670
2025	15,295
	<u>\$ 1,133,118</u>

Actuarial Valuation – The measurement of the Pension Plan’s total pension liability is developed by an independent actuary. The latest actuarial valuation was performed as of December 31, 2019. The significant actuarial assumptions used in this actuarial valuation included:

Actuarial cost method	Entry age normal
Investment rate of return	7.75% per year, net of expenses (previously 8.0%)
Projected salary increases	3.00% per year
Cost of living adjustments	3% on first \$12,000 of benefits
Employee termination	6.6% at age 20 grading to 0.3% at age 55; based on Table T-3 of the Actuary's Pension Handbook (less rates of mortality from 1951 Group Annuity Mortality Table)
Retirement age - males	2.0% at age 55 grading to 100% at age 70
Retirement age - females	5.5% at age 55 grading to 100% at age 70
Annual rate of disability	0.02% at age 20 grading up to 0.62% at age 60
Mortality	RP-2000 Mortality Table with improvements through 2015 using Scale AA for both pre-retirement and post-retirement
Pre-death benefit	Calculated using the aforementioned mortality, interest and termination assumptions and on the assumption that 100% of the participants have spouses; male participants are assumed to have spouses three years younger and female participants are assumed to have spouses three years older

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 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 rates of return by the target asset allocation percentage and by adding expected inflation. Target allocations by asset class to achieve the long-term expected rate of return on Pension Plan investments as of December 31, 2019 were:

Asset Class	Target Allocation
Fixed income mutual funds	35%
Domestic equity mutual funds	40%
International equity mutual funds	25%

Discount Rate – The discount rate used to measure the total pension liability in the December 31, 2019 actuarial valuation report was 7.75%, which was a reduction from the previous discount rate of 8.0%. The projection of cash flows used to determine the discount rate assumed plan member contributions were made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates and the member rate. 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 plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. A twenty-five-year funding schedule was developed by the Pension Plan’s independent actuary for the year ended December 21, 2019 based on the funding goal as described in the collective bargaining agreement.



*Sensitivity Analysis* – The following presents the Authority’s proportionate share of the net pension liability calculated using the discount rate of 7.75% as well as its proportionate share of the net pension liability using a discount rate that is one percentage point lower or higher than the current rate:

Current Discount Rate	Net Pension Liability At		
	1% Decrease	Current Rate	1% Increase
7.75%	\$ 14,935,694	\$ 13,178,671	\$ 11,672,651

### C. Other Postemployment Benefits

The union employees of Central Mass Transit Management, Inc. participate in a postemployment medical and life insurance benefit plan administered by Central Mass Transit Management, Inc. (the “OPEB Plan”). However, the financial responsibility and burden of the OPEB Plan rests with the Authority. Accordingly, the Authority accounts for and reports the OPEB expense, net OPEB liability and associated deferred outflows and inflows of resources related to the OPEB Plan. Stand-alone financial statements are issued annually.

Current membership in the OPEB Plan was as follows:

Active employees	154
Retirees and survivors	<u>177</u>
	<u><u>331</u></u>

*Contributions* – Retiree and survivor contributions to medical insurance vary depending on age, creditable service and retirement date and are collectively bargained. The monthly medical insurance benefit an individual retiree can receive cannot exceed their monthly pension benefit. The Company pays 100% of life insurance costs. The face values of the life insurance benefit range from \$2,000 to \$3,000 dependent on the retiree’s years of creditable service. Central Mass Transit Management, Inc. is responsible for the cost of administering the OPEB Plan.

*Net OPEB Liability* – The Authority’s net OPEB liability was determined using an actuarial valuation as of June 30, 2020. The components of the net OPEB liability of the Authority at June 30, 2020 were as follows:

Total OPEB liability	\$ 11,694,946
Plan fiduciary net position	<u>2,442,557</u>
Net OPEB liability	<u><u>\$ 9,252,389</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	20.9%

The total OPEB liability in the most recent actuarial valuation was determined using the following key actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

Actuarial cost method	Entry age normal
Asset valuation method	Market value on the reporting date
Investment rate of return	7.5% per year, net of expenses (formerly 8.0%)
Healthcare cost trend rates	4.5% per year
Participation	65% of future retirees are assumed to participate in the retiree medical insurance plan; 100% of future retirees are expected to participate in the life insurance plan
Marital status	50% of employees are assumed to have a covered spouse at retirement; wives are assumed to be three years younger than their husbands
Mortality	The 2008 IRS Static Mortality Table; for period after disability retirement, the RP-2000 Combined Healthy with improvements based on MP-2015

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. The target allocation and benchmark indices for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Benchmark Index
Fixed income mutual funds	40%	Barclays Aggregate
Domestic equity mutual funds	40%	Russell 3000
International equity mutual funds	20%	MSCI ACWI excluding USA

Discount Rate – The discount rate used to measure the total OPEB liability was 7.5%.

Changes in the Net OPEB Liability – The following table summarizes the changes in the net OPEB liability for the year ended June 30, 2020:

	Increase (Decrease)		
	Total OPEB	Plan Fiduciary	Net OPEB
	Liability	Net Position	Liability
	(a)	(b)	(a) - (b)
Balances at June 30, 2019	\$ 10,793,554	\$ 2,143,132	\$ 8,650,422
Changes for the year:			
Service cost	113,434	-	113,434
Interest	789,892	-	789,892
Experience differences	747,858	-	747,858
Employer contributions	-	946,221	(946,221)
Net investment income	-	102,996	(102,996)
Benefit payments	(749,792)	(749,792)	-
Net changes	901,392	299,425	601,967
Balances at June 30, 2020	<u>\$ 11,694,946</u>	<u>\$ 2,442,557</u>	<u>\$ 9,252,389</u>

Sensitivity Analyses – The following presents the Authority’s net OPEB liability calculated using the current discount rate of 7.5% as well as what the Authority’s net OPEB liability using a discount rate that is 1% lower or higher than the current rate:

Current Rate	Net OPEB Liability At		
	1% Decrease	Current Rate	1% Increase
7.50%	\$ 10,413,716	\$ 9,252,389	\$ 8,097,871

The following presents the Authority’s net OPEB liability calculated using the current healthcare trend rate assumption of 4.5% as well as what the Authority’s net OPEB liability using a healthcare trend rate that is 1% lower or higher than the current rate:

Current Rate	Net OPEB Liability At		
	1% Decrease	Current Rate	1% Increase
4.50%	\$ 8,038,368	\$ 9,252,389	\$ 10,396,813

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB – For the year ended June 30, 2020, the Authority recognized OPEB expense of \$830,310. Deferred outflows of resources and deferred inflows of resources related to OPEB at June 30, 2020 were reported as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 629,992	\$ 48,379
Changes of assumptions	97,383	-
Net difference between projected and actual earnings on OPEB Plan investments	54,927	-
	<u>\$ 782,302</u>	<u>\$ 48,379</u>

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:

2020	\$ 173,150
2021	169,446
2022	146,164
2023	143,467
2024	101,696
	<u>\$ 733,923</u>

#### **D. Risk Financing**

The Authority is exposed to various risks of loss related to torts; theft, damage, and destruction of assets; errors and omissions; and natural disasters for which the Authority carries commercial insurance. The amount of claim settlements has not exceeded insurances coverage in any of the previous three years.

#### **E. Commitments and Contingencies**

General – The Authority may be party to certain legal terms that arise during the normal course of operations. These legal claims are subject to many uncertainties, the outcome of which is not always predictable. The Authority does not believe any such material claims currently exist.

Environmental – The former property owner of the land the Authority's maintenance and operations facility is located was required to complete certain environmental remediation at no cost to the Authority, which was completed in fiscal year 2019. The Authority is responsible for ongoing monitoring. No provision has been made in these financial statements for any environmental matters as the Authority does not believe that its ongoing monitoring costs and efforts are material at this time.

Grants – Other amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Authority expects such amounts, if any, to be immaterial.

#### **F. Economic Dependence**

Operating assistance from the Commonwealth and federal government totaled approximately 47% and 25%, respectively, of total fiscal year 2020 operating and nonoperating revenues.

### **IV. Implementation of New GASB Pronouncements**

#### **A. Current Year Implementations**

None.

#### **B. Future Year Implementations**

In January 2017, the GASB issued GASB Statement No. 84, *Fiduciary Activities*. The objective of the Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how these activities should be reported. As amended, the provisions of this Statement are effective for financial reporting periods beginning after December 15, 2019 (fiscal year 2021). The Authority is currently evaluating whether adoption will have a material impact on the financial statements.

In June 2017, the GASB issued GASB Statement No. 87, *Leases*. This Statement redefines the manner in which long-term leases are accounted and reported. As amended, the provisions of this Statement are effective for financial reporting periods beginning after June 15, 2021 (fiscal year 2022). The Authority is currently evaluating whether adoption will have a material impact on the financial statements.

In June 2018, the GASB issued GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. This statement establishes accounting requirements for interest costs incurred before the end of a construction period. As amended, the provisions of this Statement are effective for financial reporting periods beginning after December 15, 2020 (fiscal year 2022). The Authority is currently evaluating whether adoption will have a material impact on the financial statements.

In August 2018, the GASB issued GASB Statement No. 90, *Majority Equity Interest – An Amendment of GASB Statements No. 14 and No. 61*. The objective of this Statement is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. As amended, the provisions of this Statement are effective for financial reporting periods beginning after December 15, 2019 (fiscal year 2021). The Authority is currently evaluating whether adoption will have a material impact on the financial statements.

In May 2019, the GASB issued GASB Statement No. 91, *Conduit Debt Obligations*. The objective of this Statement is to standardize the reporting of conduit debt obligations by issuers by clarifying the existing definition of conduit debt obligation, among other matters. As amended, the provisions of this Statement are effective for financial reporting periods beginning after December 15, 2021 (fiscal year 2023). The Authority is currently evaluating whether adoption will have a material impact on the financial statements.

In March 2020, the GASB issued GASB Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of this Statement is to address accounting and financial reporting implications that result from the replacement of an interbank offered rate. As amended, the provisions of this Statement are effective for financial reporting periods beginning after June 15, 2021 (fiscal year 2023). The Authority is currently evaluating whether adoption will have a material impact on the financial statements.

In March 2020, the GASB issued GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The objective of this Statement is to improve financial reporting by addressing issued related to public-private and public-public partnership arrangements. The provisions of this Statement are effective for financial reporting periods beginning after June 15, 2022 (fiscal year 2024). The Authority is currently evaluating whether adoption will have a material impact on the financial statements.

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The objective of this Statement is to address accounting for subscription-based information technology arrangements to government end users based on the standards established in Statement No. 87, as amended. The provisions of this Statement are effective for financial reporting periods beginning after June 15, 2022 (fiscal year 2024). The Authority is currently evaluating whether adoption will have a material impact on the financial statements.

In June 2020, the GASB issued GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*. The objective of this Statement is to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution OPEB plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans. The provisions of this Statement are effective for financial reporting periods beginning after June 15, 2021 (fiscal year 2023). The Authority is currently evaluating whether adoption will have a material impact on the financial statements.

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

**REQUIRED SUPPLEMENTARY INFORMATION**  
**PENSION PLAN**

**SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY**  
*(dollar amounts are in thousands)*

	<u>2020</u>	<u>Year Ended June 30,</u> <u>2019</u>	<u>2018</u>	<u>2017</u>
Proportion of the net pension liability	50.0%	50.0%	50.0%	50.0%
Proportionate share of the net pension liability	\$ 13,179	\$ 12,532	\$ 12,138	\$ 11,979
Covered payroll	\$ 10,191	\$ 9,784	\$ 9,006	\$ 9,419
Proportionate share of the net pension liability as a percentage of its covered payroll	129.3%	128.1%	134.8%	127.2%
Plan fiduciary net position as a percentage of the total net pension liability	23.8%	22.5%	25.5%	24.3%
	<u>2016</u>	<u>2015</u>		
Proportion of the net pension liability	50.0%	50.0%		
Proportionate share of the net pension liability	\$ 11,737	\$ 11,011		
Covered payroll	\$ 9,125	\$ 8,239		
Proportionate share of the net pension liability as a percentage of its covered payroll	128.6%	133.6%		
Plan fiduciary net position as a percentage of the total net pension liability	24.5%	27.2%		

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is completed, information is presented for those years in which information is available.

See accompanying independent auditors' report.

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

**REQUIRED SUPPLEMENTARY INFORMATION**  
**PENSION PLAN**

**SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS TO THE PENSION PLAN**

*(dollar amounts are in thousands)*

	<u>2020</u>	<u>Year Ended June 30,</u> <u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined contribution	\$ 989	\$ 1,038	\$ 891	\$ 969
Contributions in relation to the actuarially-determined contribution	<u>1,104</u>	<u>1,053</u>	<u>1,031</u>	<u>962</u>
Contribution deficiency (excess)	<u>\$ (115)</u>	<u>\$ (15)</u>	<u>\$ (140)</u>	<u>\$ 7</u>
Covered payroll	\$ 10,191	\$ 9,784	\$ 9,006	\$ 9,418
Contributions as a percentage of covered payroll	10.8%	10.8%	11.4%	10.2%
	<u>2016</u>	<u>2015</u>		
Actuarially determined contribution	\$ 937	\$ 783		
Contributions in relation to the actuarially-determined contribution	<u>877</u>	<u>809</u>		
Contribution deficiency (excess)	<u>\$ 60</u>	<u>\$ (26)</u>		
Covered payroll	\$ 9,125	\$ 8,239		
Contributions as a percentage of covered payroll	9.6%	9.8%		

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is completed, information is presented for those years in which information is available.

See accompanying independent auditors' report.



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

**REQUIRED SUPPLEMENTARY INFORMATION**  
**OTHER POSTEMPLOYMENT BENEFITS PLAN**

**SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS**  
*(dollar amounts are in thousands)*

	2020	Year Ended June 30, 2019	2018	2017
Total OPEB Liability:				
Service cost	\$ 113	\$ 108	\$ 115	\$ 110
Interest	790	782	810	792
Experience differences	747	-	(136)	-
Changes in assumptions	-	-	274	-
Benefit payments	(749)	(805)	(711)	(667)
Net Change in Total OPEB Liability	901	85	352	235
Total OPEB Liability:				
Beginning of year	10,794	10,709	10,357	10,122
End of year (a)	<u>\$ 11,695</u>	<u>\$ 10,794</u>	<u>\$ 10,709</u>	<u>\$ 10,357</u>
Plan Fiduciary Net Position:				
Contributions	\$ 946	\$ 950	\$ 891	\$ 842
Net investment income	103	130	110	138
Benefit payments	(749)	(770)	(711)	(661)
Net Change in Plan Fiduciary Net Position	300	310	290	319
Plan Fiduciary Net Position:				
Beginning of year	2,143	1,833	1,543	1,224
End of year (b)	<u>\$ 2,443</u>	<u>\$ 2,143</u>	<u>\$ 1,833</u>	<u>\$ 1,543</u>
Net OPEB Liability — End of Year (a) - (b)	<u>\$ 9,252</u>	<u>\$ 8,651</u>	<u>\$ 8,876</u>	<u>\$ 8,814</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	20.9%	19.9%	17.1%	14.9%
Covered payroll	\$ 9,803	\$ 9,072	\$ 9,072	\$ 7,715
Net OPEB Liability as a Percentage of Covered Payroll	94.4%	95.4%	97.8%	114.2%

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is completed, information is presented for those years in which information is available.

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

**REQUIRED SUPPLEMENTARY INFORMATION**  
**OTHER POSTEMPLOYMENT BENEFITS PLAN**

**SCHEDULE OF CONTRIBUTIONS**

*(dollar amounts are in thousands)*

	2020	Year Ended June 30, 2019	2018	2017
Actuarially determined contribution	\$ 961	\$ 1,251	\$ 1,282	\$ 1,247
Contributions in relation to the actuarially-determined contribution	924	950	891	842
Contribution deficiency (excess)	<u>\$ 37</u>	<u>\$ 2,201</u>	<u>\$ 391</u>	<u>\$ 405</u>
Covered payroll	\$ 9,803	\$ 9,072	\$ 9,072	\$ 7,715
Contribution as a percentage of covered payroll	9.4%	10.5%	9.8%	10.9%

Notes to Schedule:

Asset valuation method	Market value on the reporting date
Actuarial cost method	Entry age normal
Investment rate of return	7.5% per year (formerly 8.0%)
Healthcare cost trend rates	4.5% per year
Participation	65% of future retirees are assumed to participate in the retiree medical plan; 100% of future retirees are expected to participate in the life insurance plan
Mortality	The 2008 IRS Static Mortality Table; for the period after disability retirement, the RP-2000 Combined Healthy with improvements based on MP-2015

**SCHEDULE OF INVESTMENT RETURNS**

	2020	Year Ended June 30, 2021	2019	2018
Annual money-weighted rate of return, net of investment expenses	4.95%	6.77%	6.73%	10.60%

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten year trend is completed, information is presented for those years in which information is available.

See accompanying independent auditors' report.

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

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual	Positive
	Original	Final	Budgetary	(Negative)
			Amounts	Variance
Revenues:				
Federal operating assistance	\$ 5,853,768	\$ 6,220,028	\$ 6,439,932	\$ 219,904
Commonwealth of Massachusetts:				
Contract assistance	12,323,497	12,183,457	12,183,457	-
Other operating assistance	72,500	268,151	233,018	(35,133)
Member communities' assessments	5,213,134	5,108,036	5,157,143	49,107
Passenger fares	3,278,600	3,270,484	2,223,204	(1,047,280)
Advertising and other	238,555	237,763	211,813	(25,950)
Total Revenues	26,980,054	27,287,919	26,448,567	(839,352)
Expenditures:				
Fixed route transit services	19,211,830	19,241,819	19,205,972	35,847
Demand response	4,215,505	4,238,249	3,990,267	247,982
Brokerage and customer service	1,576,808	1,709,673	1,364,213	345,460
Administration	1,398,887	1,470,212	1,378,428	91,784
Management fee	379,574	376,778	376,778	-
Interest	197,450	251,188	132,909	118,279
Total Expenditures	26,980,054	27,287,919	26,448,567	839,352
Net Budget	\$ -	\$ -	\$ -	\$ -

See notes to required supplementary information.

See accompanying independent auditors' report.

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

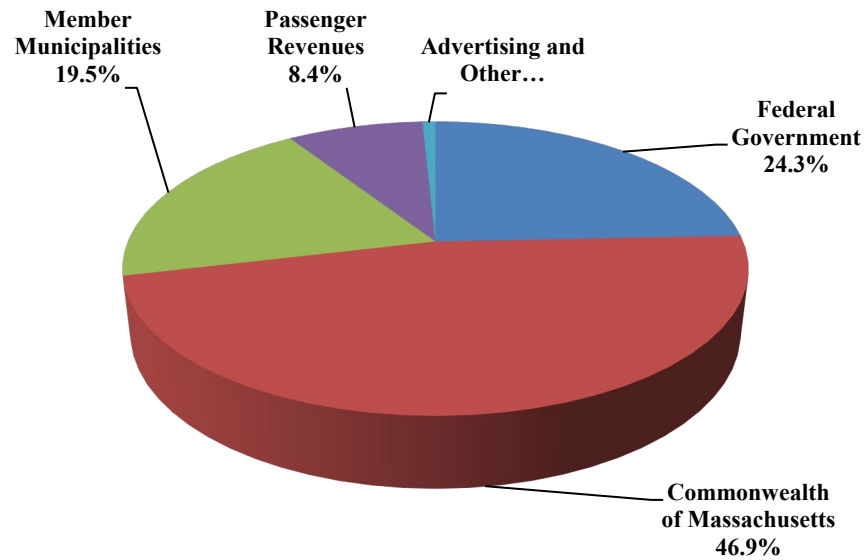
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2020**

An annual budget is legally adopted by the Authority. The Authority's Administrator oversees the budgeting process, which is approved annually by the Advisory Board.

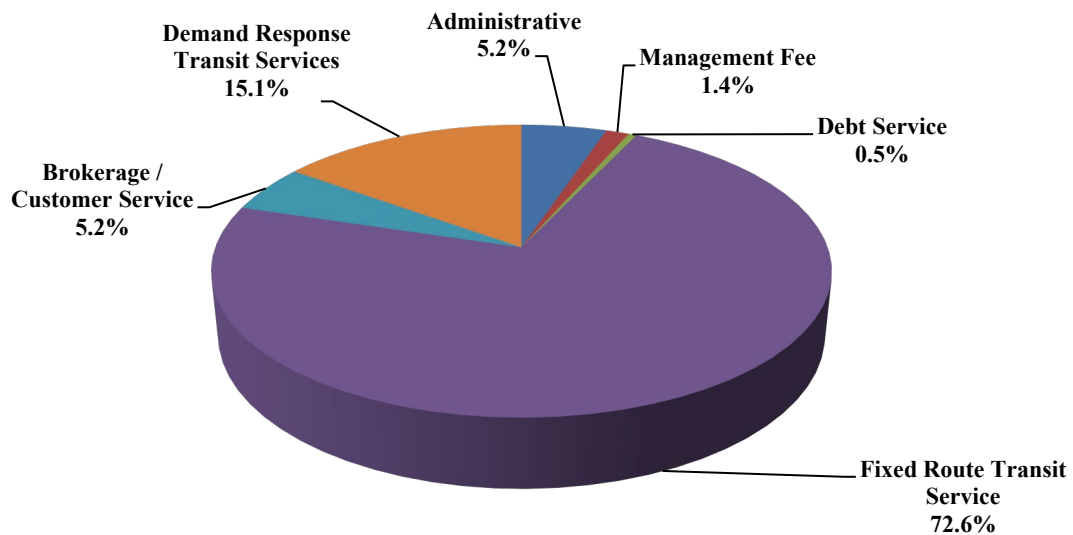
The Authority's annual budget is prepared on a basis of accounting other than GAAP. The actual budgetary amounts column of the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budgetary Basis is presented on a budgetary basis to provide meaningful comparison to the adopted budget. A complete reconciliation is provided below:

	Basis of Accounting Differences	Fund Perspective Differences	Total
Revenues — budgetary basis			\$ 26,448,567
Bond interest	\$ -	\$ 118,278	118,278
Revenue recognition	-	(23,456)	(23,456)
Revenues — GAAP basis	<u>\$ -</u>	<u>\$ 94,822</u>	<u>\$ 26,543,389</u>
Expenditures — budgetary basis			\$ 26,448,567
Depreciation and amortization	\$ -	\$ 6,350,055	6,350,055
Bond interest	-	118,278	118,278
Expense recognition	-	(23,456)	(23,456)
Accounting for pensions	334,828	-	334,828
Accounting for other postemployment benefits	(43,911)	-	(43,911)
Expenditures — GAAP basis	<u>\$ 290,917</u>	<u>\$ 6,444,877</u>	<u>\$ 33,184,361</u>

***Actual Revenues – Budgetary Basis:***



***Actual Expenses – Budgetary Basis:***



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

**OTHER INFORMATION**  
**SCHEDULE OF NET COST OF SERVICE**

<b>I. Operating Costs</b>		
A.	RTA Administrative Costs (Excluding Depreciation)	\$ 1,320,646
B.	Purchased Services	
	Fixed Route	20,021,679
	Demand Response	5,240,793
	Brokerage	-
C.	Debt Service	251,187
D.	Less GASB Statement #68 and #75 Adjustment	(290,917)
	Total Operating Costs	\$ 26,543,388
<b>II. Federal Operating Assistance:</b>		
A.	FTA Operating	6,484,828
B.	Other Federal	118,277
	Total Federal Assistance	6,603,105
<b>III. Revenues</b>		
A.	Operating:	
	1. Fare Box Revenue	2,223,205
B.	Brokerage Service Reimbursement	-
C.	Other State Assistance	188,122
D.	Other Revenues:	
	1. Advertising	157,622
	2. Parking	-
	3. Sale of Capital Assets	13,296
	4. Interest Income	5,438
	5. Miscellaneous	12,000
	Total Revenues	2,599,683
		9,202,788
<b>IV. Net Operating Deficit (I-II-III)</b>		17,340,600
<b>V. Adjustments:</b>		
A.	Extraordinary Expenses (Not to Exceed 3% of Prior Year's Local Assessment)	-
<b>VI. Net Operating Deficit After Adjustment</b>		17,340,600
<b>VII. Net Cost of Service Funding</b>		
A.	Local Assessments	5,157,143
B.	State Contract Assistance	12,183,457
	1. Less: Adjustment For Exceeding 2 1/2% Cap on Prior Year Net Operating Expenses	-
C.	State Contract Assistance to be Funded	12,183,457
	1. Less: Forward Funding Made by DOT Before July 1,	12,183,457
D.	Balance Requested From (Due To) State	\$ -
<b>VIII. Unreimbursed Deficit (Surplus) (IV-VLA-VIC)</b>		\$ -

See accompanying independent auditors' report.

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

**OTHER INFORMATION**  
**SCHEDULE OF NET COST OF SERVICE BY MUNICIPALITY**

	2020 Actual	Cherry Sheet	Increase (Decrease)	2019 Actual	Increase (Decrease)
	Assessments	Estimates	in Cherry Sheet	Assessments	in Actual
			Estimates		Assessments
Auburn	\$ 190,298	\$ 195,948	\$ (5,650)	\$ 195,948	\$ (5,650)
Barre	5,931	6,792	(861)	6,792	(861)
Boylston	1,604	1,375	229	1,375	229
Brimfield	5,408	5,475	(67)	5,475	(67)
Brookfield	12,015	11,732	283	11,732	283
Charlton	102,780	64,815	37,965	64,815	37,965
Clinton	12,242	12,124	118	12,124	118
Douglas	5,408	6,024	(616)	6,024	(616)
Dudley	17,137	18,930	(1,793)	18,930	(1,793)
East Brookfield	16,600	16,501	99	16,501	99
Grafton	95,146	83,946	11,200	83,946	11,200
Holden	16,136	14,219	1,917	14,219	1,917
Holland	3,030	3,126	(96)	3,126	(96)
Leicester	144,822	128,919	15,903	128,919	15,903
Millbury	103,456	106,012	(2,556)	106,012	(2,556)
New Braintree	553	649	(96)	649	(96)
Northborough	20,552	23,374	(2,822)	23,374	(2,822)
Northbridge	139,707	122,548	17,159	122,548	17,159
North Brookfield	1,633	2,687	(1,054)	2,687	(1,054)
Oakham	1,308	2,286	(978)	2,286	(978)
Oxford	142,108	132,517	9,591	132,517	9,591
Paxton	543	1,017	(474)	1,017	(474)
Princeton	2,951	1,718	1,233	1,718	1,233
Rutland	16,797	14,620	2,177	14,620	2,177
Shrewsbury	82,470	86,313	(3,843)	86,313	(3,843)
Southbridge	97,061	74,504	22,557	74,504	22,557
Spencer	108,839	106,614	2,225	106,614	2,225
Sturbridge	34,477	38,734	(4,257)	38,734	(4,257)
Sutton	9,301	10,262	(961)	10,262	(961)
Wales	138	611	(473)	611	(473)
Warren	13,846	12,596	1,250	12,596	1,250
Webster	117,376	101,793	15,583	101,793	15,583
Westborough	81,013	93,379	(12,366)	93,379	(12,366)
West Boylston	63,260	64,805	(1,545)	64,805	(1,545)
West Brookfield	5,265	5,570	(305)	5,570	(305)
Worcester	3,485,912	3,410,915	74,997	3,410,915	74,997
	<u>\$ 5,157,123</u>	<u>\$ 4,983,450</u>	<u>\$ 173,673</u>	<u>\$ 4,983,450</u>	<u>\$ 173,673</u>

See accompanying independent auditors' report.

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

**OTHER INFORMATION**  
**ALLOCATION BASIS FOR NET COST OF SERVICE TO MUNICIPALITIES**

	FIXED ROUTE TRANSIT SERVICE						(C) Net Cost of Demand Response Transit Service	(D) Basis of Allocation Of Net Cost of Service	Allocation
	(A)		(B)		Net Loss (Gain)	Loss Route Percentage			
	Ratio Of Revenue To Operating Costs		Revenue From Operations	Operating Cost					
	2020	2019							
Auburn	7.5022%	12.0136%	\$ 58,355	\$ 777,841	\$ 719,486	4.0018%	\$ 160,047	\$ 879,533	3.8565%
Barre							27,406	27,406	0.1202%
Boylston							7,420	7,420	0.0325%
Brimfield							25,003	25,003	0.1096%
Brookfield	5.2027%	10.6243%	1,867	35,885	34,018	0.1892%	21,515	55,533	0.2435%
Charlton	0.2563%	1.3679%	1,013	395,313	394,300	2.1931%	80,737	475,037	2.0829%
Clinton							56,582	56,582	0.2481%
Douglas							25,005	25,005	0.1096%
Dudley							79,204	79,204	0.3473%
East Brookfield	8.5293%	7.7205%	6,591	77,275	70,684	0.3931%	6,031	76,715	0.3364%
Grafton	1.8456%	3.3796%	2,186	118,443	116,257	0.6466%	24,289	140,546	0.6163%
Holden							74,586	74,586	0.3270%
Holland							14,011	14,011	0.0614%
Leicester	3.9998%	6.9509%	25,364	634,138	608,774	3.3860%	60,566	669,340	2.9349%
Millbury	6.1122%	9.3691%	26,421	432,267	405,846	2.2573%	72,304	478,150	2.0966%
New Braintree							2,560	2,560	0.0112%
Northborough							94,979	94,979	0.4165%
Northbridge	1.7391%	3.2325%	3,198	183,884	180,686	1.0050%	-	180,686	0.7923%
North Brookfield							7,560	7,560	0.0331%
Oakham							6,039	6,039	0.0265%
Oxford	3.3005%	4.4707%	21,072	638,454	617,382	3.4339%	39,406	656,788	2.8799%
Paxton							2,516	2,516	0.0110%
Princeton							13,644	13,644	0.0598%
Rutland							77,643	77,643	0.3404%
Shrewsbury	9.7930%	13.0853%	32,996	336,933	303,937	1.6905%	77,222	381,159	1.6713%
Southbridge	11.4544%	33.9731%	18,809	164,207	145,398	0.8087%	303,191	448,589	1.9670%
Spencer	7.9050%	11.5575%	31,995	404,742	372,747	2.0732%	130,294	503,041	2.2057%
Sturbridge							159,357	159,357	0.6987%
Sutton							42,998	42,998	0.1885%
Wales							647	647	0.0028%
Warren							63,986	63,986	0.2806%
Webster	10.6554%	14.3661%	44,385	416,548	372,163	2.0700%	170,322	542,485	2.3787%
Westborough	1.9087%	2.9603%	2,003	104,938	102,935	0.5725%	6,589	109,524	0.4802%
West Boylston	20.6519%	29.0504%	59,631	288,744	229,113	1.2743%	63,256	292,369	1.2820%
West Brookfield							24,330	24,330	0.1067%
Worcester	11.3680%	16.1138%	1,706,570	15,012,067	13,305,497	74.0048%	2,805,781	16,111,278	70.6442%
	10.2012%	14.8678%	\$ 2,042,456	\$ 20,021,679	\$ 17,979,223	100.0000%	\$ 4,827,026	\$ 22,806,249	100.0000%

See accompanying independent auditors' report.



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

**OTHER INFORMATION**  
**REVENUE AND COST OF TRANSIT SERVICE BY BUS ROUTE**

		For The Years Ended June 30, 2020				2019			
Route Number	Description	Revenue From Operations	Operating Cost	Loss (Gain) Per Route	Ratio of Revenue To Operating Cost	Revenue From Operations	Operating Cost	Loss (Gain) Per Route	Ratio of Revenue To Operating Cost
Auburn									
25	Auburn Ind. Park-Canterbury St.-Southbridge St.	\$ -	\$ -	\$ -	-	\$ 7,156	\$ 95,159	\$ 88,003	7.520%
27	Auburn Mall - Main Street	46,869	483,130	436,261	9.701%	72,918	458,692	385,774	15.897%
29	Southbridge - Charlton	11,486	294,711	283,225	3.897%	17,359	257,172	239,813	6.750%
Total Auburn		58,355	777,841	719,486	7.502%	97,433	811,023	713,590	12.014%
Brookfield									
33	Brookfield - East Brookfield - Spencer - Leicester	1,867	35,885	34,018	5.203%	3,378	31,795	28,417	10.624%
Charlton									
29	Southbridge - Charlton	1,013	395,313	394,300	0.256%	2,726	199,279	196,553	1.368%
East Brookfield									
33	Brookfield - East Brookfield - Spencer - Leceister	6,591	77,275	70,684	8.529%	5,301	68,661	63,360	7.721%
Grafton									
A	Northbridge Walmart- Blackstone Valley Shoppes	740	18,497	17,757	4.001%	670	15,761	14,097	4.251%
B	New Village - Rockdale - Grafton MBTA Station	1,446	99,946	98,500	1.447%	2,741	85,167	82,426	3.218%
Total Grafton		2,186	118,443	116,257	1.846%	3,411	100,928	97,517	3.380%
Leicester									
19	Webster Square - Clark University - Main St.	5,119	147,155	142,036	3.479%	7,930	138,257	130,327	5.736%
33	Brookfield - East Brookfield - Spencer - Leicester	20,245	486,983	466,738	4.157%	31,927	435,153	403,226	7.337%
Total Leicester		25,364	634,138	608,774	4.000%	39,857	573,410	533,553	6.951%
Millbury									
4	Shoppes at Blackstone Valley-Millbury St.-Millbury Ctr	26,421	432,267	405,846	6.112%	39,990	426,829	386,839	9.369%
Northbridge									
A	Northbridge Walmart -Blackstone Valley Shoppes	1,224	64,841	63,617	1.888%	1,999	55,252	53,253	3.618%
B	New Village - Rockdale - Grafton MBTA Station	1,974	119,043	117,069	1.658%	3,066	101,439	98,373	3.023%
Total Northbridge		3,198	183,884	180,686	1.739%	5,065	156,691	151,626	3.232%

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

**OTHER INFORMATION**  
**REVENUE AND COST OF TRANSIT SERVICE BY BUS ROUTE**

		For The Years Ended June 30,				2019			
		2020							
Route		Revenue	Operating	Loss (Gain)	Ratio of	Revenue	Operating	Loss (Gain)	Ratio of
Number	Description	From	Cost	Per Route	Revenue To	From	Cost	Per Route	Revenue To
		Operations			Operating Cost	Operations			Operating Cost
Oxford									
42	Auburn - Oxford - Webster	\$ 21,072	\$ 638,454	\$ 617,382	3.300%	\$ 24,918	\$ 557,367	\$ 532,449	4.471%
Shrewsbury									
15	Shrewsbury Center - Shrewsbury St. - Route 9	32,996	336,933	303,937	9.793%	41,939	320,504	278,565	13.085%
Southbridge									
29	Southbridge - Charlton	18,809	164,207	145,398	11.454%	34,288	100,927	66,639	33.973%
Spencer									
19	Webster Square - Clark University - Main St.	3,399	53,639	50,240	6.337%	5,193	59,963	54,770	8.660%
33	Brookfield - East Brookfield - Spencer - Leicester	28,596	351,103	322,507	8.145%	38,039	314,098	276,059	12.111%
	Total Spencer	31,995	404,742	372,747	7.905%	43,232	374,061	330,829	11.557%
Webster									
42	Auburn - Oxford - Webster	44,385	416,548	372,163	10.655%	52,257	363,753	311,496	14.366%
Westborough									
West	Westborough Shuttle	2,003	104,938	102,935	1.909%	3,465	117,047	113,582	2.960%
West Boylston									
30	West Boylston - Grove St. - West Boylston St.	59,631	288,744	229,113	20.652%	92,541	318,553	226,012	29.050%
Worcester									
1	Providence Street - Dillon St.	54,926	524,491	469,565	10.472%	67,646	538,164	470,518	12.570%
2	Tatnuck Square - Pleasant St.	44,446	634,100	589,654	7.009%	68,704	624,816	556,112	10.996%
3	Worcester State - Highland St.-EcoTarium-North HS	32,284	383,388	351,104	8.421%	45,846	354,116	308,270	12.947%
4	Shoppes at Blackstone Valley-Millbury St.-Millbury Ctr.	27,926	468,039	440,113	5.967%	39,192	400,976	361,784	9.774%
5	Grafton St. - South Plaza - Blithewood	58,927	495,707	436,780	11.887%	92,763	542,194	449,431	17.109%
6	West Tatnuck - Chandler St.	53,260	407,710	354,450	13.063%	66,664	384,766	318,102	17.326%
7	Washington Heights	124,843	1,019,249	894,406	12.249%	177,914	954,232	776,318	18.645%
8	Park Avenue Connector	7,994	307,743	299,749	2.598%	155	7,091	6,936	2.186%
11	Fair Plaza - Vernon Hill - Greenwood St.	178,010	1,360,871	1,182,861	13.081%	246,407	1,243,292	996,885	19.819%
12	Grafton St. - Southwest Commons	3,479	30,813	27,334	11.291%				-

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

**OTHER INFORMATION**  
**REVENUE AND COST OF TRANSIT SERVICE BY BUS ROUTE**

		For The Years Ended June 30,				2019			
		2020							
Route		Revenue	Operating	Loss (Gain)	Ratio of	Revenue	Operating	Loss (Gain)	Ratio of
Number	Description	From Operations	Cost	Per Route	Revenue To Operating Cost	From Operations	Cost	Per Route	Revenue To Operating Cost
14	Showcase Cinemas - QCC - Burncoat St.	\$ 52,417	\$ 587,919	535,502	8.916%	\$ 92,039	\$ 770,859	\$ 678,820	11.940%
15	Shrewsbury Center - Shrewsbury St. - Route 9	15,753	280,078	264,325	5.625%	24,741	279,837	255,096	8.841%
16	Lincoln Plaza - Hamilton Street - Lake Ave.	64,730	816,361	751,631	7.929%	90,412	819,551	729,139	11.032%
19	Webster Square - Clark University - Main St.	161,952	898,383	736,431	18.027%	225,505	864,033	638,528	26.099%
23	East Mountain St. - Lincoln St.	128,715	1,008,531	879,816	12.763%	173,330	962,054	788,724	18.017%
24	UMass Medical Center - Belmont St.	111,862	731,987	620,125	15.282%	165,844	695,837	529,993	23.834%
25	Auburn Industrial Park-Canterbury St.-Southbridge St.	18,085	263,224	245,139	6.871%	36,755	499,434	462,679	7.359%
26	Great Brook Valley - Lincoln St.	191,969	1,104,069	912,100	17.387%	249,516	912,523	663,007	27.344%
27	Auburn Mall - Main St.	119,534	769,066	649,532	15.543%	154,118	721,246	567,128	21.368%
29	Southbridge - Charlton	13,977	140,387	126,410	9.956%	12,198	122,505	110,307	9.957%
30	West Boylston - Grove St. - West Boylston St.	92,643	1,324,484	1,231,841	6.995%	116,420	1,311,035	1,194,615	8.880%
31	Lincoln Plaza - Park Ave. - West Boylston St.	100,991	1,083,087	982,096	9.324%	140,463	1,090,258	949,795	12.883%
33	Brookfield - East Brookfield - Spencer - Leicester	46,682	353,755	307,073	13.196%	51,310	316,105	264,795	16.232%
ESS	Elder Shopper Speical	1,165	18,625	17,460	6.255%	1,645	21,158	19,513	7.775%
40	Downtown Hub Loop	-	-	-	-	18,450	197,551	179,101	9.339%
<b>Total Worcester</b>		1,706,570	15,012,067	13,305,497	11.368%	2,358,037	14,633,633	12,275,596	16.114%
<b>Grand Total All Routes</b>		\$ 2,042,456	\$ 20,021,679	\$ 17,979,223	10.201%	\$ 2,847,838	\$ 19,154,461	\$ 16,306,623	14.868%

See accompanying independent auditors' report.

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	2020			2019		
	Costs	Passenger Fares	Net Cost of Service	Costs	Passenger Fares	Net Cost of Service
<b>Auburn:</b>						
Council on Aging	\$ 46,865	\$ 6,272	\$ 40,593	\$ 52,244	\$ 4,828	\$ 47,416
Leicester Council on Aging	971	100	871	1,927	172	1,755
Oxford Council on Aging	3,074	374	2,700	1,742	163	1,579
Northborough Council on Aging	298	21	277	31	2	29
PBSI - Brokerage	27,529	1,714	25,815	30,742		30,742
CMTM - Van Division	93,463	3,668	89,795	65,100	2,591	62,509
	<b>172,200</b>	<b>12,149</b>	<b>160,051</b>	<b>151,786</b>	<b>7,756</b>	<b>144,030</b>
<b>Barre:</b>						
South Central Massachusetts Elderbus, Inc.	<b>30,068</b>	<b>2,663</b>	<b>27,405</b>	<b>31,371</b>	<b>1,639</b>	<b>29,732</b>
<b>Boylston:</b>						
Northborough Council on Aging	1,531	108	1,423	4,160	228	3,932
Auburn Council on Aging			-	15	1	14
PBSI - Brokerage	2,301	143	2,158	1,386		1,386
CMTM - Van Division	3,997	157	3,840	717	29	688
	<b>7,829</b>	<b>408</b>	<b>7,421</b>	<b>6,278</b>	<b>258</b>	<b>6,020</b>
<b>Brimfield:</b>						
South Central Massachusetts Elderbus, Inc.	<b>26,570</b>	<b>1,567</b>	<b>25,003</b>	<b>24,911</b>	<b>956</b>	<b>23,955</b>

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<b>Brookfield:</b>						
South Central Massachusetts Elderbus, Inc.	\$ 16,688	\$ 1,793	\$ 14,895	\$ 20,215	\$ 1,092	\$ 19,123
PBSI - Brokerage	4,381	273	4,108	3,014		3,014
CMTM - Van Division	2,613	103	2,510	827	33	794
	<b>23,682</b>	<b>2,169</b>	<b>21,513</b>	<b>24,056</b>	<b>1,125</b>	<b>22,931</b>
<b>Charlton:</b>						
South Central Massachusetts Elderbus, Inc.	83,091	9,143	73,948	92,029	6,393	85,636
PBSI - Brokerage	2,201	137	2,064	1,074		1,074
CMTM - Van Division	4,919	193	4,726	441	18	423
	<b>90,211</b>	<b>9,473</b>	<b>80,738</b>	<b>93,544</b>	<b>6,411</b>	<b>87,133</b>
<b>Clinton:</b>						
Council on Aging	<b>62,344</b>	<b>5,761</b>	<b>56,583</b>	<b>58,659</b>	<b>5,597</b>	<b>53,062</b>
<b>Douglas:</b>						
South Central Massachusetts Elderbus, Inc.	<b>26,716</b>	<b>1,711</b>	<b>25,005</b>	<b>27,694</b>	<b>1,332</b>	<b>26,362</b>
<b>Dudley:</b>						
South Central Massachusetts Elderbus, Inc.	89,125	10,372	78,753	90,149	7,354	82,795
PBSI - Brokerage	480	30	450			-
CMTM - Van Division			-	55	2	53
	<b>89,605</b>	<b>10,402</b>	<b>79,203</b>	<b>90,204</b>	<b>7,356</b>	<b>82,848</b>

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	2020			2019		
	Costs	Passenger Fares	Net Cost of Service	Costs	Passenger Fares	Net Cost of Service
<b>East Brookfield:</b>						
South Central Massachusetts Elderbus, Inc.	\$ 6,551	\$ 521	\$ 6,030	\$ 8,530	\$ 340	\$ 8,190
PBSI - Brokerage			-	675		675
	<b>6,551</b>	<b>521</b>	<b>6,030</b>	<b>9,205</b>	<b>340</b>	<b>8,865</b>
<b>Grafton:</b>						
Council on Aging	26,281	2,938	23,343	25,808	3,527	22,281
Leicester Council on Aging			-	42	4	38
PBSI - Brokerage	300	19	281	35		35
CMTM - Van Division	692	27	665	110	4	106
	<b>27,273</b>	<b>2,984</b>	<b>24,289</b>	<b>25,995</b>	<b>3,535</b>	<b>22,460</b>
<b>Holden:</b>						
Council on Aging	46,382	2,319	44,063	46,756	3,490	43,266
Auburn Council on Aging			-	15	1	14
Leicester Council on Aging			-	42	4	38
Northborough Council on Aging			-			-
Oxford Council on Aging	24	3	21	84	8	76
PBSI - Brokerage	25,899	6,231	19,668	20,764	6,058	14,706
CMTM - Van Division	11,576	743	10,833	4,406	269	4,137
	<b>83,881</b>	<b>9,296</b>	<b>74,585</b>	<b>72,067</b>	<b>9,830</b>	<b>62,237</b>

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	2020			2019		
	Costs	Passenger Fares	Net Cost of Service	Costs	Passenger Fares	Net Cost of Service
<b>Holland:</b>						
South Central Massachusetts Elderbus, Inc.	\$ 14,815	\$ 804	\$ 14,011	\$ 14,320	\$ 643	\$ 13,677
<b>Leicester:</b>						
Council on Aging	25,003	2,577	22,426	15,483	1,388	14,095
Auburn Council on Aging	20	3	17	60	6	54
Oxford Council on Aging	95	12	83			-
West Boylston Council on Aging	26	3	23			-
PBSI - Brokerage	15,265	950	14,315	9,387		9,387
CMTM - Van Division	24,672	968	23,704	7,442	296	7,146
	<b>65,081</b>	<b>4,513</b>	<b>60,568</b>	<b>32,372</b>	<b>1,690</b>	<b>30,682</b>
<b>Millbury:</b>						
Council on Aging	85,582	16,219	69,363	96,211	23,693	72,518
Auburn Council on Aging			-	15	1	14
Leicester Council on Aging			-	63	6	57
PBSI - Brokerage	1,641	102	1,539	1,593		1,593
CMTM - Van Division	1,460	57	1,403	3,087	123	2,964
	<b>88,683</b>	<b>16,378</b>	<b>72,305</b>	<b>100,969</b>	<b>23,823</b>	<b>77,146</b>
<b>New Braintree:</b>						
South Central Massachusetts Elderbus, Inc.	<b>2,763</b>	<b>203</b>	<b>2,560</b>	<b>2,949</b>	<b>107</b>	<b>2,842</b>

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	2020			2019		
	Costs	Passenger Fares	Net Cost of Service	Costs	Passenger Fares	Net Cost of Service
<b>Northborough:</b>						
Council on Aging	\$ 101,620	\$ 7,192	\$ 94,428	\$ 106,711	\$ 5,860	\$ 100,851
Leicester Council on Aging	86	\$ 9	77			-
West Boylston Council on Aging	26	3	23	284	24	260
CMTM - Van Division	77	3	74			-
PBSI - Brokerage	400	25	375	1,195		1,195
	<b>102,209</b>	<b>7,232</b>	<b>94,977</b>	<b>108,190</b>	<b>5,884</b>	<b>102,306</b>
<b>North Brookfield:</b>						
South Central Massachusetts Elderbus, Inc.	<b>8,588</b>	<b>1,027</b>	<b>7,561</b>	<b>12,425</b>	<b>669</b>	<b>11,756</b>
<b>Oakham:</b>						
South Central Massachusetts Elderbus, Inc.	<b>6,651</b>	<b>611</b>	<b>6,040</b>	<b>10,560</b>	<b>563</b>	<b>9,997</b>
<b>Oxford:</b>						
Council on Aging	24,016	2,920	21,096	20,130	1,881	18,249
Auburn Council on Aging	20	3	17	194	18	176
Leicester Council on Aging	171	18	153	293	26	267
Northborough Council on Aging	43	3	40	31	2	29
South Central Massachusetts Elderbus, Inc.			-			-
PBSI - Brokerage	10,403	648	9,755	20,472		20,472
CMTM - Van Division	8,685	341	8,344	8,709	347	8,362
	<b>43,338</b>	<b>3,933</b>	<b>39,405</b>	<b>49,829</b>	<b>2,274</b>	<b>47,555</b>



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	2020			2019		
	Costs	Passenger Fares	Net Cost of Service	Costs	Passenger Fares	Net Cost of Service
<b>Paxton:</b>						
Auburn Council on Aging	\$ -	\$ -	\$ -	\$ 45	\$ 4	\$ 41
Leicester Council on Aging	-	-	-	42	4	38
Oxford Council on Aging	-	-	-	33	3	30
Northborough Council on Aging	43	3	40			-
West Boylston Council on Aging	26	3	23			-
CMTM - Van Division	307	12	295	2,205	88	2,117
PBSI - Brokerage	2,300	143	2,157	2,234		2,234
	<b>2,676</b>	<b>161</b>	<b>2,515</b>	<b>4,559</b>	<b>99</b>	<b>4,460</b>
<b>Princeton:</b>						
South Central Massachusetts Elderbus, Inc.	<b>15,128</b>	<b>1,484</b>	<b>13,644</b>	<b>8,674</b>	<b>1,156</b>	<b>7,518</b>
<b>Rutland:</b>						
South Central Massachusetts Elderbus, Inc.	<b>87,114</b>	<b>9,471</b>	<b>77,643</b>	<b>69,050</b>	<b>5,051</b>	<b>63,999</b>

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	2020			2019		
	Costs	Passenger Fares	Net Cost of Service	Costs	Passenger Fares	Net Cost of Service
<b>Shrewsbury:</b>						
Council on Aging	\$ 67,929	\$ 8,757	\$ 59,172	\$ 96,495	\$ 17,752	\$ 78,743
Auburn Council on Aging			-			-
Leicester Council on Aging	171	18	153	63	6	57
Northborough Council on Aging	85	6	79	373	20	353
Oxford Council on Aging	71	9	62	17	2	15
West Boylston Council on Aging			-	53	5	48
CMTM - Van Division	10,453	410	10,043	12,293	489	11,804
PBSI - Brokerage	8,223	512	7,711	8,192		8,192
	<b>86,932</b>	<b>9,712</b>	<b>77,220</b>	<b>117,486</b>	<b>18,274</b>	<b>99,212</b>
<b>Southbridge:</b>						
South Central Massachusetts Elderbus, Inc.	355,451	56,589	298,862	306,177	48,713	257,464
Leicester Council on Aging	57	6	51	42	4	38
Oxford Council on Aging			-	17	2	15
CMTM - Van Division	3,612	142	3,470	496	20	476
PBSI - Brokerage	860	54	806	1,455		1,455
	<b>359,980</b>	<b>56,791</b>	<b>303,189</b>	<b>308,187</b>	<b>48,739</b>	<b>259,448</b>

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<b>Spencer:</b>						
PBSI - Brokerage	\$ 11,604	\$ 722	\$ 10,882	\$ 15,449	\$ -	\$ 15,449
Leicester Council on Aging	714	74	640	482	43	439
Oxford Council on Aging			-	33	3	30
West Boylston Council on Aging	26	3	23			-
CMTM - Van Division	10,453	410	10,043	8,213	327	7,886
South Central Massachusetts Elderbus, Inc.	128,858	20,152	108,706	128,245	16,255	111,990
	<b>151,655</b>	<b>21,361</b>	<b>130,294</b>	<b>152,422</b>	<b>16,628</b>	<b>135,794</b>
<b>Sturbridge:</b>						
South Central Massachusetts Elderbus, Inc.	<b>187,233</b>	<b>27,876</b>	<b>159,357</b>	<b>184,831</b>	<b>15,303</b>	<b>169,528</b>
<b>Sutton:</b>						
South Central Massachusetts Elderbus, Inc.	<b>46,236</b>	<b>3,238</b>	<b>42,998</b>	<b>47,296</b>	<b>2,376</b>	<b>44,920</b>
<b>Wales:</b>						
South Central Massachusetts Elderbus, Inc.	<b>696</b>	<b>48</b>	<b>648</b>	<b>2,762</b>	<b>97</b>	<b>2,665</b>
<b>Warren:</b>						
South Central Massachusetts Elderbus, Inc.	<b>71,888</b>	<b>7,903</b>	<b>63,985</b>	<b>60,131</b>	<b>4,993</b>	<b>55,138</b>

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<b>Webster:</b>						
PBSI - Brokerage	\$ 3,841	\$ 239	\$ 3,602	\$ 5,785	\$ -	\$ 5,785
Auburn Council on Aging	20	3	17	75	7	68
Leicester Council on Aging	57	6	51	105	9	96
Oxford Council on Aging	381	46	335	368	34	334
CMTM - Van Division	5,073	199	4,874	2,425	97	2,328
South Central Massachusetts Elderbus, Inc.	193,904	32,460	161,444	143,165	17,752	125,413
	<b>203,276</b>	<b>32,953</b>	<b>170,323</b>	<b>151,923</b>	<b>17,899</b>	<b>134,024</b>
<b>Westborough:</b>						
Northborough Council on Aging	6,931	491	6,440	7,172	394	6,778
CMTM - Van Division	77	3	74			-
PBSI - Brokerage	80	5	75	139		139
	<b>7,088</b>	<b>499</b>	<b>6,589</b>	<b>7,311</b>	<b>394</b>	<b>6,917</b>
<b>West Boylston</b>						
Council on Aging	37,543	4,175	33,368	36,253	3,101	33,152
Auburn Council on Aging	20	3	17			-
Leicester Council on Aging	57	6	51	63	6	57
Northborough Council on Aging	298	21	277	124	7	117
Oxford Council on Aging	71	9	62			-
PBSI - Brokerage	7,182	447	6,735	3,966		3,966
CMTM - Van Division	23,673	929	22,744	21,167	842	20,325
	<b>68,844</b>	<b>5,590</b>	<b>63,254</b>	<b>61,573</b>	<b>3,956</b>	<b>57,617</b>

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<b>West Brookfield:</b>						
South Central Massachusetts Elderbus, Inc.	\$ 26,648	\$ 2,318	\$ 24,330	\$ 25,720	\$ 1,342	\$ 24,378
<b>Worcester:</b>						
CMTM - Van Division	2,169,975	85,493	2,084,482	1,952,693	77,803	1,874,890
Auburn Council on Aging	4,463	598	3,865	9,610	888	8,722
Leicester Council on Aging	21,316	2,198	19,118	22,921	2,055	20,866
Northborough Council on Aging	30,189	2,137	28,052	22,541	1,238	21,303
Oxford Council on Aging	15,774	1,919	13,855	11,288	1,054	10,234
West Boylston Council on Aging	8,874	987	7,887	10,741	919	9,822
PBSI - Brokerage	695,750	47,225	648,525	712,830	5,601	707,229
	<b>2,946,341</b>	<b>140,557</b>	<b>2,805,784</b>	<b>2,742,624</b>	<b>89,558</b>	<b>2,653,066</b>
<b>Grand Total All Routes</b>	<b>\$ 5,240,793</b>	<b>\$ 413,767</b>	<b>\$ 4,827,026</b>	<b>\$ 4,891,933</b>	<b>\$ 307,653</b>	<b>\$ 4,584,280</b>

Note - The costs for the Auburn, Leicester, Northborough, Oxford (2020), and West Boylston Councils on Aging include \$97,802 for 2020 and \$87,080 for 2019 of costs from PBSI - Brokerage for scheduling and dispatching services. Revenues include funds from Federal and State Grants in 2020 of \$233,018 and 2019 of \$57,768 for eligible communities.

See accompanying independent auditors' report.