

**PIONEER VALLEY TRANSIT AUTHORITY**  
**(A Component Unit of the Massachusetts**  
**Department of Transportation)**

**Financial Statements and**  
**Supplementary Information**

**June 30, 2025**

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## INDEPENDENT AUDITORS' REPORT

To the Advisory Board  
**PIONEER VALLEY TRANSIT AUTHORITY**  
2808 Main Street  
Springfield, MA 01107

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of the business-type activities of the Pioneer Valley Transit Authority, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Pioneer Valley Transit Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities of the Pioneer Valley Transit Authority, as of June 30, 2025, and the respective changes in financial position and, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

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

#### *Responsibilities of Management for the Financial Statements*

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

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

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Pioneer Valley Transit Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Pioneer Valley Transit Authority's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on page 5 and the Schedule of Changes in Net Pension Liabilities and Related Ratios, the Schedule of Pension Contributions, and Schedule of Changes in Net Other Postemployment Benefit (OPEB) Liabilities and Related Ratios, and Schedule of OPEB Contributions on pages 41 to 48 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Pioneer Valley Transit Authority's basic financial statements. The accompanying supplementary information on page 49 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Report on Summarized Comparative Information***

We have previously audited Pioneer Valley Transit Authority's June 30, 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 26, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024 is consistent, in all material respects, with the audited financial statements from which it has been derived.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2025 on our consideration of the Pioneer Valley Transit Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 Pioneer Valley Transit Authority's internal control over financial reporting and compliance.



ADELSON & COMPANY PC

September 19, 2025

**PIONEER VALLEY TRANSIT AUTHORITY**  
**(A Component Unit of the Massachusetts Department of Transportation)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**For the Year Ended June 30, 2025**

The Pioneer Valley Transit Authority's (the Authority) management discussion and analysis for the fiscal year ended June 30, 2025 is designed to assist the reader in focusing on significant financial issues, provide an overview of the Authority's financial activity and identify changes in the Authority's financial position.

**Reporting Entity**

The Authority provides public transportation and operates under Massachusetts General Laws (MGL) Chapter 161B as a body politic and a corporate and political subdivision of the Commonwealth of Massachusetts. The Authority is a component unit of the Massachusetts Department of Transportation. Massachusetts provides funding to the Authority. See Note 1 to the financial statements for additional information on the reporting entity.

The Authority owns, manages, and has direct capital responsibilities for rolling stock, facilities and equipment. Currently, the Authority has a total of 370+ revenue vehicles in its inventory that fall into categories such as articulated buses, transit buses, cutaway buses and minivans. The Authority uses nine facilities in the provision of its transit services, of which it has direct capital responsibility for seven. Equipment includes non-revenue support vehicles, passenger waiting shelters and other equipment which is divided into two categories: facilities critical equipment and support equipment. Through the Authority's Transit Asset Management Plan (TAM Plan), the Authority has established and maintains an investment strategy to ensure its capital assets are kept in a state of good repair. State of good repair is defined as the condition in which a capital asset is able to operate at its intended level of performance throughout its useful life

**Fiscal Year 2025 Operations**

The Authority continued operating reduced weekday service in some routes but was able to increase service frequency on certain routes in response to the availability of the workforce.

Ridership in fiscal year 2025 totaled 9,472,133 on the fixed route and 211,794 on the paratransit system. Fixed route ridership for the year was 93.6% of 2019's ridership, and 20.92% over 2024. Paratransit ridership was 81.3% of 2019's ridership, and 13.4% over 2024.

With the increase in funding in this year's budget, the Authority continued its commitment to improve service where possible in both the short and long term. With improving staffing situation, while we continue to take an incremental approach to adjusting service on routes, the Authority was able to add service on some routes as well as introduce new service. Ultimately, the goal is to expand weekend service throughout the region, increase frequency on all routes to 30 minutes or less across the system, and improve connections and options for all residents.

The Authority over the last two years has implemented enhancements in service that improved transit access by adjusting area coverage, frequency of service, hours of service and by expanding weekend service.

- Reconfigured select routes to provide new service and more frequent service in areas of need.
- Improved frequency on several routes, in some instances doubling the service.
- Added early morning and late evening service on select routes.
- Added Saturday and Sunday service on nine routes.

**PIONEER VALLEY TRANSIT AUTHORITY**  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**For the Year Ended June 30, 2025**

- Implemented paratransit same day service in four communities.
- Implemented micro-transit in the City of Northampton.
- Expanded Dial-A-Ride Senior Program hours of service 8am to 7pm Monday to Saturday.
- Implemented the X94 Outer Crosstown route connecting East Longmeadow, Ludlow and Springfield.
- Added new service between Amherst and Greenfield via Leverett in coordination with the Franklin Regional Transit Authority.

To continue to ensure the safety of our drivers and passengers, the Authority's operators continue to include cleaning technologies, increased time spent on cleaning and disinfection of vehicles and optional nose and mouth coverings. The Authority's new vehicles come equipped with permanent driver barriers, which are now standard, as is plastic passenger seating and modified securement systems for mobility devices. In addition, the Authority continues to operate air purifiers on all transit buses as well as in common areas at all Authority facilities.

The Authority in November 2024 implemented the Try-Transit Program funded by the Massachusetts Legislation whereby fixed route and paratransit services are free to all passengers. Fares are only collected in the B79 Amherst to Worcester Route connecting UMass Amherst to Worcester's Union Station.

The Authority's operating costs are expected to continue to increase in part due to increases in costs associated with the Collective Bargaining Agreement (CBA) negotiated with the employees' union. The biggest concern continues to be the workforce. Staffing continues to be a problem for many transit systems, and the Authority is no exception. Each of the Authority's operators is experiencing labor challenges to some degree. To continue to attract more operators, the Authority has continued the in-house CDL Operator Trainee program utilizing a CDL course leased from MassDOT. This program has proven to be extremely successful.

**Financial Highlights**

- The assets and deferred outflows of resources of the Authority exceeded its liabilities and deferred inflows of resources at June 30, 2025 by \$79,753,145.
- The Authority's cost of operations were fully covered with operating revenues (fixed route, paratransit and shuttle service, advertising, and other miscellaneous income) and government support (federal, state, and local operating subsidies). See the Authority's net cost of service calculation on page 49 of the financial statements.
- Operating revenues (fixed route and paratransit service) decreased \$2,998,693 or 58% from fiscal year 2024, due to fare-free events, for which the Authority received subsidies from Massachusetts for.
- Operating expenses increased \$2,556,648 or 4% from fiscal year 2024 due to an increase in fixed route service of \$1,716,273, an increase in paratransit expenses of \$771,362, an increase in shuttle service expenses of \$122,798, an increase in other operating costs of \$467,942, a decrease in administrative expenses of \$521,727.

**PIONEER VALLEY TRANSIT AUTHORITY**  
**(A Component Unit of the Massachusetts Department of Transportation)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**For the Year Ended June 30, 2025**

- The Authority's net cost of service, after applying operating assistance and revenues, for eligible reimbursable expenses for fiscal year 2025 was \$57,095,925. The net cost of service was funded with local assessments of \$10,376,805, state contract assistance of \$39,440,070, and state fare free assistance of \$7,279,050. The calculation of the net cost of service can be found on page 49 of this report.
- The Authority expended \$24,961,847 on capital assets, which were funded with federal and state capital grants.

The Authority's operations are funded annually through a state required computation of the net cost of service. Except for the establishment of a restricted reserve, as allowed under Massachusetts General Laws, the Authority's funding cannot exceed its net cost of service.

**Overview of the Financial Statements**

The Authority is a component unit of the Massachusetts Department of Transportation formed for the purpose of carrying out business-type activities in 24 Massachusetts communities. The Authority's financial statements consist of three main statements: Statement of Net Position, Statement of Revenues, Expenses and Changes in Fund Net Position, and Statement of Cash Flows. Notes and supplementary information that disclose information about the nature of the Authority's business, accounting policies and additional information about specific statement amounts follow these statements.

The Authority's net position consists of its net investment in capital assets (e.g. land, buildings, revenue vehicles and office equipment), less any debt used to acquire those assets, and working capital held by the Authority's fixed route and paratransit operators. The Authority uses these capital assets and working capital held by the fixed route and paratransit operators to provide transportation services to individuals within its service area. Although the Authority's capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt, if any, must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The Authority currently has no capital debt.

Net position also consists of a restricted reserve for extraordinary expenses as allowed by Massachusetts General Laws Chapter 161B Section 6(q). Unfunded deficits are reported as unrestricted net position.

The Statement of Revenues, Expenses and Changes in Fund Net Position report the results of both operating and non-operating activities. The Statement of Cash Flows, which is presented using the direct method, accounts for the change in the cash and equivalents balance between July 1 and June 30. The cash flows statement provides the detail on the cash the Authority received from and paid for operating and non-operating activities, investing, and financing activities.

**PIONEER VALLEY TRANSIT AUTHORITY**  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**For the Year Ended June 30, 2025**

A summary of the Authority's net position consisted of the following at June 30:

<b>Summary of Net Position</b>			
	<u>6/30/2025</u>	<u>6/30/2024</u>	<u>Change</u>
Total current assets	\$ 38,458,831	\$ 37,824,362	\$ 634,469
Investment in Holyoke Intermodal Facility, LLC	3,901,544	3,911,696	(10,152)
Property and equipment, net	116,095,869	108,841,245	7,254,624
Lease related asset, net	4,742,124	5,021,073	(278,949)
Deferred outflows of resources related to pensions	3,098,978	3,522,017	(423,039)
Deferred outflows related to other post-employment benefits	690,668	2,190,566	(1,499,898)
Total assets and deferred outflows of resources	<u>166,988,014</u>	<u>161,310,959</u>	<u>5,677,055</u>
Accounts payable and other accrued liabilities	19,294,478	21,779,514	(2,485,036)
Note payable	18,400,000	15,500,000	2,900,000
Lease related obligation	5,049,175	5,256,497	(207,322)
Net pension liabilities	3,212,517	4,130,798	(918,281)
Accrued other post employment benefits	30,990,633	34,703,221	(3,712,588)
Deferred inflows of resources related to pensions	1,372,967	1,558,705	(185,738)
Deferred inflows related to other post-employment benefits	8,915,099	9,569,895	(654,796)
Total liabilities	<u>87,234,869</u>	<u>92,498,630</u>	<u>(5,263,761)</u>
Investment in capital assets, net of related debt	119,997,413	112,752,941	7,244,472
Restricted reserve	2,024,742	1,975,358	49,384
Unrestricted	<u>(42,269,010)</u>	<u>(45,915,970)</u>	<u>3,646,960</u>
Total net position	<u>\$ 79,753,145</u>	<u>\$ 68,812,329</u>	<u>\$ 10,940,816</u>

The Authority's assets exceeded its liabilities by \$79,753,145 at the close of fiscal year 2025. A portion of the Authority's net position, shown as "restricted reserve", represents resources that are subject to approval of the Secretary of Transportation. As of June 30, 2025, the Authority's reserve for extraordinary expenses was \$2,024,742. During fiscal year 2025, the Authority's unrestricted net position increased a net amount of \$3,646,960 from fiscal year 2024 for a total negative unrestricted balance of \$42,269,010 at June 30, 2025. The negative unrestricted net position of \$42,269,010 is primarily the result of the Authority reporting its projected long-term obligations for its net pension liabilities of \$1,486,506 and other postemployment benefits liabilities of \$39,215,064. The recognition of these long-term liabilities are estimates based on actuarial valuations.



**PIONEER VALLEY TRANSIT AUTHORITY**  
**(A Component Unit of the Massachusetts Department of Transportation)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

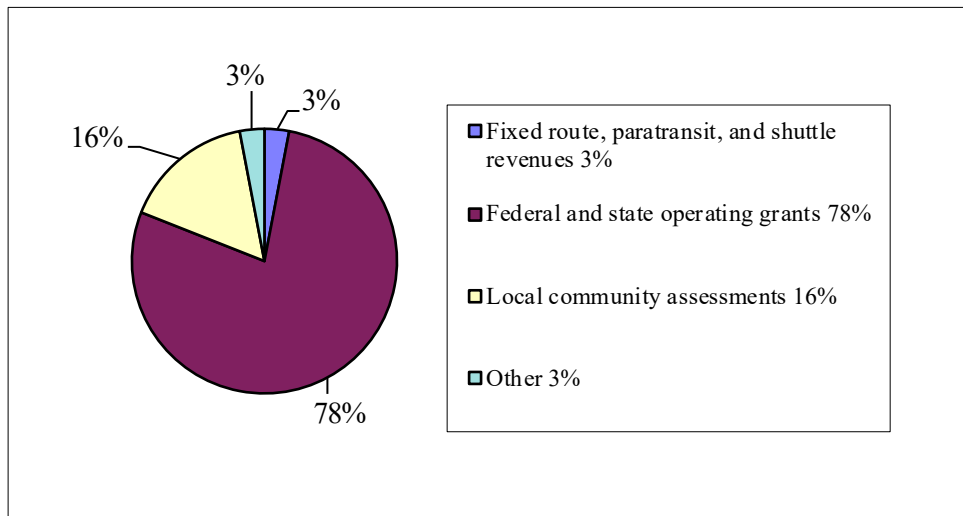
**For the Year Ended June 30, 2025**

A summary of the Authority's revenues, expenses, and changes in fund net position is as follows:

**Summary of Statement of Revenues, Expenses  
and Changes in Fund Net Position**

	<u>6/30/2025</u>	<u>6/30/2024</u>	<u>Change</u>
Operating revenues	\$ 2,160,017	\$ 5,158,710	\$ (2,998,693)
Operating expenses	65,393,519	62,836,871	2,556,648
Depreciation expense	17,707,223	17,813,883	(106,660)
Change in net pension and OPEB liabilities	<u>(3,548,466)</u>	<u>(767,468)</u>	<u>(2,780,998)</u>
Operating income (loss)	(77,392,259)	(74,724,576)	(2,667,683)
 Total non-operating revenues (expenses)	 <u>63,371,228</u>	 <u>57,902,928</u>	 <u>5,468,300</u>
Income (loss) before capital contributions	(14,021,031)	(16,821,648)	2,800,617
 Capital contributions	 <u>24,961,847</u>	 <u>24,450,242</u>	 <u>511,605</u>
Change in net position	10,940,816	7,628,594	3,312,222
 Net assets, beginning	 <u>68,812,329</u>	 <u>61,183,735</u>	 <u>7,628,594</u>
 Net position, ending	 <u>\$ 79,753,145</u>	 <u>\$ 68,812,329</u>	 <u>\$ 10,940,816</u>

Total Operating and Non-operating  
Revenues of \$66,263,001 by Source

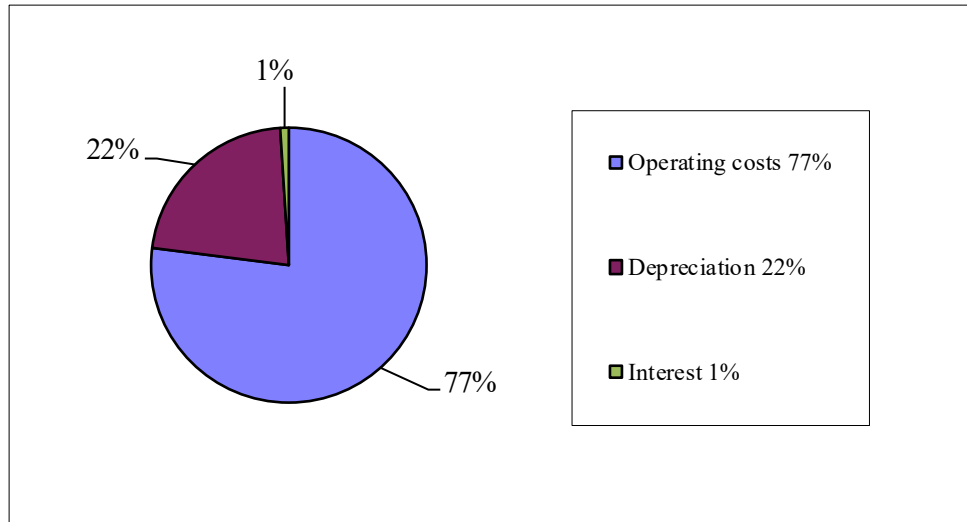


**PIONEER VALLEY TRANSIT AUTHORITY**  
**(A Component Unit of the Massachusetts Department of Transportation)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**For the Year Ended June 30, 2025**

Total Operating and Non-operating  
Expenses of \$80,284,032 by source



**Debt**

*Revenue Anticipation Notes*

At the end of fiscal year 2025, the Authority had a revenue anticipation note payable of \$18,400,000. This note provides operating cash flow until federal, state, and local appropriations are received. On July 11, 2025, the Authority issued a \$16,400,000 revenue anticipation note maturing on July 10, 2026 at a rate of 4%. The Authority repaid the \$18,400,000 note due on July 11, 2025.

*Revolving Line of Credit*

The Authority has a \$3,000,000 revolving line of credit, due on demand. The line of credit is secured by the Authority's assets. Interest is at the Prime Rate as published in the Wall Street Journal. The interest rate was 7.50% at June 30, 2025. The balance outstanding as of June 30, 2025 and 2024 was \$-0-.

**Capital Assets**

The Authority's investment in capital assets as of June 30, 2025 amounted to \$116,095,869, net of accumulated depreciation. The investment in capital assets includes land, buildings, vehicles, and equipment. The Authority primarily acquires its capital assets under federal and state capital grants. Additional information can be found in Note 5 on pages 14 and 15 of this report.

**PIONEER VALLEY TRANSIT AUTHORITY**  
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**MANAGEMENT’S DISCUSSION AND ANALYSIS**

**For the Year Ended June 30, 2025**

	<b>Capital Assets</b>	
	<u>6/30/2025</u>	<u>6/30/2024</u>
Land	\$ 1,965,505	\$ 1,965,505
Buildings and improvements	138,498,080	126,080,580
Revenue vehicles	150,139,321	138,739,637
Equipment	35,649,565	34,680,647
Service vehicles	<u>1,703,267</u>	<u>1,584,532</u>
Total capital assets	327,955,738	303,050,901
Accumulated depreciation	<u>(211,859,869)</u>	<u>(194,209,656)</u>
Capital assets, net	<u>\$ 116,095,869</u>	<u>\$ 108,841,245</u>

Some of the Authority’s major capital projects consist of the following:

***Cottage Street Bus O&M Facility***  
***665 Cottage Street, Springfield***

**Electric Bus Charging System Upgrade & Expansion** – the Authority was awarded \$55.7 million in FTA No/Lo Emissions Grant and MassDOT funding in 2022 for further electrification and expansion of the O&M facility plus 4 new electric buses. \$48.1 million of this funding is dedicated to expanding the facility to accommodate electric bus charging for up to 38 EV buses with additional bus storage capability as well as a potential new bus paint and body shop. The project requires new primary electric services to be brought to the site by Eversource to accommodate the additional power loads required by the expanded bus charging system. The project will be completed in two phases.

The ***Phase I electrification project***, which included replacement of the existing six (6) antiquated 60kW Proterra bus chargers inside the facility with new, state-of-the-art 180kW Heliox bus chargers, was completed earlier this year. The Phase I improvements allow the Authority to charge up to 18 BEB buses at the same time.

The ***Phase II electrification project*** includes a 50,000 square-foot expansion of the bus storage facility with the new paint and body shop and installation of new overhead pantograph bus charging stations to allow electric charging for an additional 20 buses- for a total of 38 overall. The Authority’s design consultant is Wendel Architects of Hartford, CT, its construction management firm is Skanska of Worcester, and its General Contractor is Fontaine Brothers of Springfield. The Authority’s construction contract with Fontaine is for \$32,573,987. The construction start date was March 18, 2025, and the contract completion date is November 18, 2026.

In June, Fontaine completed concrete footings and foundations for the new expansion and began tying in plumbing and electrical to the existing facility. They also began trenching with conduit installation for the new primary electrical service in coordination with Eversource.

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**MANAGEMENT’S DISCUSSION AND ANALYSIS**

**For the Year Ended June 30, 2025**

**Roof-top PV Solar Array Project** –the Authority executed a Power Purchase Agreement (PPA) with Solect Energy of Hopkinton, MA that would allow Solect to construct a 1 Mega Watt PV Solar Array with battery storage on most of the Cottage Street facility roof. The Authority will leverage a \$357,300 Mass DOER Grant awarded to the Authority for the project to increase the energy savings to the Authority resulting from the project. Based on current electric utility rates, it is projected that the Authority will realize over \$100,000 in energy savings annually over the 20-year agreement. Solect commenced installation of the solar array system in August 2024 after obtaining building permits from the City of Springfield. By October, Solect had completed 100% installation of the ballasted solar array panels on the facility roof. In December, they initiated on-the-ground site work to support the electrical infrastructure and battery connection to the array. However, construction was delayed through January and February as Solect sought and obtained approvals from Eversource for non-compliant electrical equipment/connections that have since been remedied. In March-April, Solect completed underground electrical conduit runs connecting the array power source to the onsite transformer and aboveground conduits up the building to the array. In May, Solect poured the electrical and battery equipment concrete pads, set the equipment, and pulled/terminated AC conductors into the pad gear. The solar storage battery was set in June, and conduit power connections were advanced to the building.

***Northampton Bus Maintenance Garage***

**Maintenance Garage Renovation Design Study & Programming** - While the administrative and dispatch areas of the facility were renovated in 2015, the facility’s bus maintenance shop, maintenance bays, and bus storage areas are original to the 1985 building construction. The Authority issued RFQ#25-007B for Phase 1 Design Study and Conceptual Engineering services for the maintenance garage renovation in March. The Design Study will result in a series of prioritized packages of renovation improvements over time. The renovation program will include upgrades to the air handling system, fire protection, MEP/IT, and lighting systems. The maintenance bathrooms will need to be upgraded to the current building code and energy efficiency standards. All maintenance and bus storage bay doors will need to be replaced to include safety sensors. Ceilings and floors will need to be refinished and approximately 80 floor drain grates refurbished or replaced. The maintenance shop will be renovated and the maintenance garage’s three (3) hydraulic lifts, that currently only service fixed-route buses, will be replaced/refurbished to allow servicing of cars, vans, 35- foot and 40-foot hydraulic buses. A 4th hydraulic lift installation to accommodate maintenance of 60-foot articulated buses will be evaluated. Wendel was selected as the most qualified A&E firm to complete the design study. A design study kick-off meeting was held with Wendel and the Authority staff in April. A 2-day onsite “immersion study process” was completed by Wendel engineers with the Authority staff in May. Wendel completed phased facility renovation and expansion plans working with an Authority study advisory committee. Utilizing this work, the Authority developed and submitted a \$4.5 million Bus & Bus Facilities Grant Application to FTA for the Phase I physical improvements that would renovate the bus maintenance garage with hydraulic lift replacements and lift additions to allow the Authority to accommodate 60-foot articulated buses within the building. The Design Study itself, including recommended program improvement packages with engineering cost estimates and schedules over time, will conclude by September 2025.

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**MANAGEMENT’S DISCUSSION AND ANALYSIS**

**For the Year Ended June 30, 2025**

***UMass Bus Maintenance Garage***

**UMass Bus Maintenance Garage 4-Bay Expansion Project** – the Authority was awarded a combined \$11.8 Million in FTA Bus & Bus Facilities Grant and MassDOT funding to expand the existing bus maintenance facility so that it can service up to four, 60-foot articulated buses on hydraulic lifts at the same time. The 4-bay expansion will also increase maintenance staff work and shop areas. STV of Boston completed the project design and City Enterprises, Inc. (CEI) of Springfield, MA was the lowest responsive and responsible bidder at \$8,896,000. A contract Notice to Proceed (NTP) was issued to CEI on August 27<sup>th</sup> and CEI mobilized to the site in October. In the fall, CEI demoed the internal maintenance bays, relocated underground utilities, and poured concrete footings. In early spring, new foundations and walls were poured. Steel erection and installation of light steel wall framing advanced in April, as did roof decking and the setting of the new rooftop HVAC unit. Later in May, new insulated metal wall panels were installed. In June, new hydraulic lift pits and roof structure were installed. The project remains on budget and schedule for the contract completion date in February 2026.

**Chassis Wash Bay Hydraulic Lift Replacement Project** - In December, UMass reported an inordinate amount of hydraulic oil pumped out of its oil-water separator near their hydraulic lift located in the bus wash chassis area of the garage - indicating a potential leak. The Authority called its contracted on-call LSP Roux Associates to conduct soil and groundwater testing and reporting in compliance with Mass Department of Environmental Protection regulations to determine if the leak was confined to the lift pit and oil-water separator. The lift is scheduled for replacement this year – so Roux was retained in March for pre-design environmental services to determine the potential environmental costs and impacts to the project’s design, construction and overall schedule. Through a series of 3 geotechnical sample pits and soil/groundwater lab sampling in April – no MDEP reportable levels of hydraulic fluid were found – indicating that the leaks were confined to the lift pit trench drains and oil/water separators. With this positive finding, the Authority advanced RFQ#25-014 for the lift replacement design.

***Holyoke Multi-modal Transportation Center (HMTC)***

**Site/Civil Improvements** - In October 2024, VHB completed design plans for the recommended fiscal year 2025 site/civil improvements (flatwork) that include paving, sidewalk, walkway, site furniture, and curbing upgrades, as well as repair to a retaining wall at the back-alley side of the site. The concrete repairs to the bus bay canopy area will require temporary relocation of buses to the nearby street system in coordination with the City of Holyoke. The Authority has worked closely with the city and owner of the HMTC Building to coordinate construction of improvements adjacent to the HMTC Building and within the right-of-way. The construction was advertised on May 8<sup>th</sup>. A.J. Virgilio was the lowest, responsive bidder at \$197,000, which was 5.7% under the engineer’s construction estimate. A preconstruction meeting was held in June; construction will begin in July and completed in the first week of August.

The project includes removal and re-installation of concrete walkways, sidewalks, and handicapped ramps that have settled, removal and rebuilding of a retaining wall at the back-alley of the site, removal and reinstallation of pedestrian protective bollards and railing along the sidewalk, replacement of two site benches, cleaning of the stormwater infiltration tank under the bus bay canopy lot, removal and replacement of the damaged wall separating the bus bay canopy lot from the City’s public parking lot, and concrete crack-sealing and power washing the bus bay canopy lot.

**PIONEER VALLEY TRANSIT AUTHORITY**  
**(A Component Unit of the Massachusetts Department of Transportation)**

**MANAGEMENT’S DISCUSSION AND ANALYSIS**

**For the Year Ended June 30, 2025**

***Main Street Paratransit Facility, 2840 Main St., Springfield***

**Paratransit Van Electrification Pilot Project** – the Authority developed and advertised RFQ#25-012 on April 22<sup>nd</sup> for design services to prepare a design study, master plan, and program of prioritized improvements with engineering cost estimate to fully electrify the paratransit fleet and provide the electric charging infrastructure to support it. The RFQ scope of services also included the design, bidding assistance, and construction administration of the designer for electric charging infrastructure to support the initial operations and maintenance of 5-10 battery electric paratransit vehicles. The design and construction of the project is funded through a Massachusetts Clean Energy Center grant. On May 7<sup>th</sup>, the Authority conducted a pre-proposal consultant walk-through of the paratransit facility. Four (4) design proposals were submitted to the Authority on May 29<sup>th</sup>, and STV of Boston was selected as the most qualified firm in June. SATCO, and MV Transit was held on August 7<sup>th</sup>. The Design Study and Master Plan is scheduled for completion in October at which time formal design services for the pilot program will be advanced.

**Vehicle Repair Pit Infill Project** - Since converting the bus maintenance garage to a paratransit facility in 2020, the Authority no longer has a use for the in-ground vehicle repair pit in the garage. The in-ground pit is plated so it represents a tripping hazard and wastes much needed space within the garage. As such, the Authority has had it slated for filling and capping. The pit, which includes electrical and mechanical systems that need to be decommissioned and removed, will ultimately be backfilled and capped with steel-reinforced concrete. Wendel of Hartford, CT prepared final design plans for the Authority bidding in April. The Authority solicited quote proposals from several qualified area firms and received three bids from Keiter Construction of West Springfield, Universal Electric Company of West Springfield, and CEI, Inc. of Springfield. Keiter Construction was the lowest responsive and responsible bidder at \$99,200, which was 1.8% lower than Wendel’s engineering construction cost estimate of \$100,850. Construction is planned to begin in early September and be completed by the end of October.

**Maintenance Garage Roof Repairs** - Earlier this year, following a storm, the 16-year-old garage roof membrane partially pulled away from its ballasted edges with associated masonry wall and sill damage. The 15-year-old roof warranty has expired, and the roof wasn’t scheduled for replacement until fiscal year 2029. The Authority went out to RFQ to qualified roof contractors and received 3 quotes in July that are now being evaluated. The Authority anticipates awarding the project in August and initiating roof and masonry repairs in September. The Authority plans to move up the roof replacement in the 5-year Capital Plan to fiscal year 2027.

**Maintenance and Bus Storage Garage Masonry Repairs** – the Authority issued RFQ#25-004 for on-call engineering design services for masonry repairs to the exterior walls of the maintenance garage in December. In February, STV of Boston was selected as the consultant to prepare plans, photo logs, and developing quantities of areas where full and partial brick and mortar repairs will be needed so the Authority can advertise the construction project based on competitively bid unit/priced work. The Authority has obtained findings of “no significant impact” from the Springfield Historical Commission on the proposed improvements since the building is eligible to be placed on the National Register of Historic Buildings. STV completed condition assessments in June and will be submitting design plans for the Authority’s review in August. The Authority anticipates bidding the masonry repair project in the fall.

**PIONEER VALLEY TRANSIT AUTHORITY**  
**(A Component Unit of the Massachusetts Department of Transportation)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**For the Year Ended June 30, 2025**

***Authority Administration Building***  
***2808 Main Street, Springfield***

**Restoration of Flat Roof Decorative Railing/Fall Protection** - The cantilevered, decorative metal railing along the small, second floor flat roof was coming loose from the building's brick façade and was therefore removed in 2023 with the installation of the new roof. The Authority advanced design plans with STV of Boston suitable for obtaining contractor quotes to install a new decorative/protective railing to the flat roof. The Authority and STV met with the Springfield Historic Commission in May to present the design plans and received a finding from them of "no adverse impact to the building" caused by the project. The Authority solicited quotes from several qualified area firms and received three quotes from Brodeur-Campbell Fence of Springfield, GMH Fence of East Longmeadow, and Hastie Fence of Agawam. Brodeur-Campbell Fence was the lowest responsive and responsible quote proposal at \$33,250. The installation of the roof railing will take place in Jul with the final 8-foot removable railing section in front of the existing roof-top HVAC unit to complete the project in August.

***Authority Bus Facility***

**Asphalt Crack-Sealing & Sealcoating Program** – the Authority received MassDOT fiscal year 2025 funding for preventative maintenance to paved areas at the Westfield/Olver Transit Pavilion, Northampton Bus Maintenance Facility and UMass Transit Facility's driver training lot. The Authority developed bid specifications for crack-sealing, oil primer spot removal, sealcoating and restriping of pavement markings for the three lots. The Authority solicited quotes for qualified pavement restoration services contractors and received three quotes from local contractors. Crack Man of Westfield was the lowest quote received at \$35,461 for the three lots. Crack Man completed all work in June.

**Economic Factors**

Funding for the Authority's net cost of service (non-capital expenses less all non-capital revenues except state contract assistance and member municipality assessments) is dependent primarily on operating assistance from the Commonwealth of Massachusetts, assessments to member municipalities, and federal operating assistance. The balance of the funding comes from farebox revenue, insurance recoveries, interest and advertising revenue. The municipal assessments continue to be funded in arrears (currently 1.5 years back). This contributes in large part to the Authority's borrowing needs.

**Contacting the Authority's Financial Management**

This financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have any questions or need additional information, contact Sandra E. Sheehan, Administrator, Pioneer Valley Transit Authority, 2808 Main Street, Springfield, MA 01107.

**PIONEER VALLEY TRANSIT AUTHORITY**  
**(A Component Unit of the Massachusetts Department of Transportation)**

**STATEMENT OF NET POSITION**

**June 30,**

	2025	Comparative 2024
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 1,644,435	\$ 1,015,293
Short-term investments	7,966,880	3,825,279
Receivables	28,735,652	32,801,983
Prepaid expenses	111,864	181,807
Total current assets	38,458,831	37,824,362
Investment in Holyoke Intermodal Facility, LLC	3,901,544	3,911,696
Property and equipment, net	116,095,869	108,841,245
Lease related asset, net	4,742,124	5,021,073
Total assets	163,198,368	155,598,376
<b>Deferred outflows of resources</b>		
Related to pensions	3,098,978	3,522,017
Related to other post-employment benefits	690,668	2,190,566
Total deferred outflows of resources	3,789,646	5,712,583
<b>Liabilities</b>		
Current liabilities		
Accounts payable	15,731,842	18,427,599
Compensated absences	126,895	55,710
Insurance claims reserve	2,500,000	2,500,000
Unearned revenue	110,045	64,045
Accrued interest	825,696	732,160
Note payable	18,400,000	15,500,000
Total current liabilities	37,694,478	37,279,514
Lease related obligation	5,049,175	5,256,497
Net pension liabilities	3,212,517	4,130,798
Other post-employment benefit liabilities	30,990,633	34,703,221
Total liabilities	76,946,803	81,370,030
<b>Deferred inflows of resources</b>		
Related to pensions	1,372,967	1,558,705
Related to other post-employment benefits	8,915,099	9,569,895
Total deferred inflows of resources	10,288,066	11,128,600
<b>Net position</b>		
Invested in capital assets, net of related debt	119,997,413	112,752,941
Restricted reserve	2,024,742	1,975,358
Unrestricted	(42,269,010)	(45,915,970)
Total net position	\$ 79,753,145	\$ 68,812,329

See notes to financial statements.



**PIONEER VALLEY TRANSIT AUTHORITY**  
**(A Component Unit of the Massachusetts Department of Transportation)**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**

**For the Year Ended June 30,**

	2025	Comparative 2024
<b>Operating revenues</b>		
Fixed route income	\$ 2,075,678	\$ 4,734,079
Paratransit income	82,162	417,628
Shuttle service income	2,177	7,003
Total operating revenues	<u>2,160,017</u>	<u>5,158,710</u>
<b>Operating expenses</b>		
Fixed route service	46,671,191	44,954,918
Paratransit service	10,421,092	9,649,730
Shuttle service	879,320	756,522
Other operating costs	3,442,408	2,974,466
Administrative salaries, taxes and fringe benefits	3,155,136	3,475,821
Other administrative expenses	824,372	1,025,414
Depreciation expense	17,707,223	17,813,883
Change in net pension and other post-employment benefit liabilities	<u>(3,548,466)</u>	<u>(767,468)</u>
Total operating expenses	<u>79,552,276</u>	<u>79,883,286</u>
Operating income (loss)	<u>(77,392,259)</u>	<u>(74,724,576)</u>
<b>Non-operating revenues (expenses)</b>		
Government assistance		
Federal	1,660,187	5,412,773
Massachusetts contract assistance	39,440,070	36,099,082
Massachusetts fare free program	7,279,050	2,047,090
Member communities	10,376,805	10,123,712
Other federal and state assistance	3,345,160	2,974,466
Other assistance	517,996	625,791
Advertising income	339,600	310,234
Other income	499,515	399,976
Interest income	644,601	517,809
Interest expense	<u>(731,756)</u>	<u>(608,005)</u>
Total non-operating revenues (expenses)	<u>63,371,228</u>	<u>57,902,928</u>
Income (loss) before capital contributions	(14,021,031)	(16,821,648)
Capital contributions	<u>24,961,847</u>	<u>24,450,242</u>
Change in net position	10,940,816	7,628,594
Net position, beginning	<u>68,812,329</u>	<u>61,183,735</u>
Net position, ending	<u>\$ 79,753,145</u>	<u>\$ 68,812,329</u>

See notes to financial statements.

**PIONEER VALLEY TRANSIT AUTHORITY**  
**(A Component Unit of the Massachusetts Department of Transportation)**

**STATEMENT OF CASH FLOWS**

**For the Year Ended June 30,**

	2025	Comparative 2024
<b>Cash flows from operating activities:</b>		
Receipts from customers	\$ 2,160,017	\$ 5,158,710
Payments for goods and services	(60,857,980)	(55,691,877)
Payments to employees	(3,204,248)	(3,578,662)
Net cash provided (used) by operating activities	<u>(61,902,211)</u>	<u>(54,111,829)</u>
<b>Cash flows from noncapital financing activities:</b>		
Receipts of operating grants	64,624,137	54,705,550
Proceeds from issuing revenue anticipation notes	18,400,000	15,500,000
Repayments of revenue anticipation notes	(15,500,000)	(14,500,000)
Interest paid on revenue anticipation notes	(638,220)	(454,232)
Net cash provided (used) by noncapital financing activities	<u>66,885,917</u>	<u>55,251,318</u>
<b>Cash flows from capital and related financing activities:</b>		
Receipts of capital grants	26,668,567	12,901,675
Payments for capital acquisitions	(27,123,509)	(14,639,608)
Payments for lease obligations	(207,322)	(182,809)
Interest paid on lease obligations	(206,487)	(213,936)
Net cash provided (used) by capital and related financing activities	<u>(868,751)</u>	<u>(2,134,678)</u>
<b>Cash flows from investing activities:</b>		
Distribution from investment in Holyoke Intermodal Facility, LLC	11,187	16,305
(Increase) decrease in short-term investments	(4,141,601)	(231,014)
Interest income	644,601	517,809
Net cash provided (used) by investing activities	<u>(3,485,813)</u>	<u>303,100</u>
Net increase (decrease) in cash and cash equivalents	629,142	(692,089)
Cash and cash equivalents, beginning	<u>1,015,293</u>	<u>1,707,382</u>
Cash and cash equivalents, ending	<u>\$ 1,644,435</u>	<u>\$ 1,015,293</u>
<b>Reconciliation of operating income to net cash used by operating activities:</b>		
Operating loss	\$ (77,392,259)	\$ (74,724,576)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation expense	17,707,223	17,813,883
Amortization of lease related asset	278,949	255,709
Interest expense of lease related obligation	206,487	213,936
Advertising and other income	838,080	710,196
Change in assets and liabilities:		
(Increase) decrease in receivables	354,742	(300,322)
(Increase) decrease in prepaid expenses	69,943	26,676
Increase (decrease) in accounts payable	(534,095)	2,704,989
Increase (decrease) in compensated absences	71,185	(7,363)
Increase (decrease) in unearned revenue	46,000	(37,489)
Increase (decrease) in net pension and other post-employment benefit liabilities	(3,548,466)	(767,468)
Net cash provided (used) by operating activities	<u>\$ (61,902,211)</u>	<u>\$ (54,111,829)</u>
<b>Noncash supplemental disclosures</b>		
Capital assets purchased on behalf of the Authority by the Commonwealth	<u>\$ -</u>	<u>\$ 2,099,360</u>

See notes to financial statements.

**PIONEER VALLEY TRANSIT AUTHORITY**  
**(A Component Unit of the Massachusetts Department of Transportation)**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2025**

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

The Pioneer Valley Transit Authority (the Authority) operates under Massachusetts General Laws (MGL) Chapter 161B as a body politic and a corporate and political subdivision of the Commonwealth of Massachusetts. The Authority is a component unit of the Massachusetts Department of Transportation. Massachusetts provides funding to the Authority. Its members consist of the cities and towns of Agawam, Amherst, Belchertown, Chicopee, Easthampton, East Longmeadow, Granby, Hadley, Hampden, Holyoke, Leverett, Longmeadow, Ludlow, Northampton, Palmer, Pelham, South Hadley, Springfield, Sunderland, Ware, Westfield, West Springfield, Wilbraham and Williamsburg. It has a general responsibility to develop, finance and contract for the operation of mass transportation facilities within its territory. It is authorized to improve, modify, or extend existing facilities and enter into agreements with other parties, including government agencies, municipalities, authorities, private transportation companies, railroads, corporations, and other concerns, providing for construction, operation and use by such other party of any mass transportation facility or equipment of the Authority.

The Authority's activities are managed by an administrator who is appointed by an Advisory Board, which is made up of the chief elected officials or their appointees from the member communities. The Authority's operations are primarily funded through passenger fares, contractual reimbursements and operating subsidies from the federal and state government and member municipalities. In addition, the Authority receives capital grants from the federal and state government to finance acquisitions and improvements of facilities and equipment.

The operation and maintenance of the Authority's fixed route transit services is performed by private sector transportation companies (the Operators) under terms and agreements whereby the Operators provide mass transit along such routes and according to such schedules as may be defined by the Authority. The Operators are also responsible for the maintenance of the Authority's transportation property (operations and maintenance facilities, rolling stock, and other transportation equipment). In return, the Authority agrees to pay the Operators a management fee and to reimburse the Operators for all costs and expenses which are reasonable and necessary for the efficient operation and maintenance of the transit service.

The Authority provides ADA paratransit service for people with disabilities throughout the Pioneer Valley within  $\frac{3}{4}$  miles of a fixed route. This service provides a shared-ride and door-to-door van transportation for individuals with disabilities that prevent them from riding the fixed route bus service.

The Authority provides door-to-door, demand responsive accessible van service to seniors over the age of 60 throughout the Pioneer Valley.

Accounting principles generally accepted in the United States of America require that the reporting entity include (1) the Authority, (2) organizations for which the Authority is financially accountable and (3) other organizations for which the nature and significance of their relationship with the Authority are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria provided in Governmental Accounting Standards Board (GASB) statements have been considered, and no component units were identified to be included in the Authority's financial statements.

The financial statements of the Authority are incorporated into the financial statements of the Commonwealth of Massachusetts as the Authority is a component unit of the Massachusetts Department of Transportation.

## **NOTE 1 - (Continued)**

### **Basis of Accounting**

An enterprise fund is used to account for the Authority, which is maintained on the accrual basis of accounting.

The Authority uses proprietary fund accounting which follows all GASB pronouncements. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing transit services to the general public. The principal operating revenues consist of passenger fares for fixed route, demand response, and shuttle transit services.

Operating expenses include the cost of transit services provided by third party vendors, administrative expenses and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

### **Fund Net Position**

Fund net positions are classified as follows in the Authority's financial statements:

#### *Invested in capital assets, net of related debt*

The portion of net position represented by capital assets less accumulated depreciation, less outstanding debt incurred by the Authority to buy or construct them. The Authority uses these capital assets to provide transportation services; 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, if any, must be provided from other sources, since these capital assets themselves cannot be used to liquidate these liabilities.

#### *Restricted*

Amounts that can be spent only for specific purposes because of state laws, or externally imposed conditions by grantors or creditors. The Authority has a restricted reserve established for the purpose of meeting the cost of extraordinary expenses in accordance with Massachusetts General Laws, Chapter 161b, Section 6(q). At June 30, 2025 and 2024, the Authority's reserve balance was \$2,024,742 and \$1,975,358, respectively.

#### *Unrestricted*

All amounts not included in other classifications.

### **Funding and Revenue Recognition**

The Authority realizes revenue from a variety of different sources including but not limited to local assessment revenue, federal and state operating and capital assistance, fare revenue, and non-fare revenue such as advertising income. Revenue is recognized on the accrual basis of accounting. Revenue received in advance is reported as unearned revenue on the statement of net position.

Federal and state operating and capital assistance grants are recorded at the time eligible expenditures under the terms of the grants are incurred. Reimbursement under these grants is based on expenses incurred during the fiscal year and is subject to certain compliance regulations.

#### *Federal Grants and Contracts*

The Federal government under 49 USC Sections 5307 and other sections, provides for assistance of up to 50% of the Authority's eligible operating costs. In addition, under 49 USC Sections 5307, 5310 and 5339, the Federal government may provide 80% to 100% of the cost of capital acquisitions.

The Authority has also received Federal CARES Act and ARPA funding under Section 5307, which covers 100% of eligible operating expenses.

## **NOTE 1 - (Continued)**

### *Local Assessments*

The Authority's net cost of service is funded through local assessments to member municipalities (cities and towns constituting the Authority), which may increase by no more than 2.5% annually plus the members' share of any new services.

### *State Contract Assistance*

The Authority has a contract with the Commonwealth of Massachusetts (executed through the Massachusetts Department of Transportation), pursuant to MGL 161B, to provide operating assistance for a portion the Authority's net cost of service (operating deficit remaining after federal grants and local assessments have been applied, including payments made for debt service during the period, and excluding non-reimbursable expenses and depreciation).

Funding is determined in the Commonwealth's annual budget and is allocated between the regional transit authorities in the State based on a formula considering such factors as size and operating environment, ridership, and previous State funding levels.

### **Capital Grants**

The Authority's capital assets are generally acquired with federal, state and local capital grants. These assets are owned by the Authority and included in property and equipment. Proceeds received from dispositions of these assets must be either refunded to the grantor agency or used to acquire new capital items. Capital grant revenues are reflected in the Statement of Revenues, Expenses and Changes in Fund Net Position as capital contributions.

### **Cash and Cash Equivalents**

For purposes of the statements of cash flows, the Authority considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

### **Short-term Investments**

The Authority has short-term investments in the Massachusetts Municipal Depository Trust (MMDT), which is an external investment pool that is overseen by the Massachusetts State Treasurer. The fund is valued at amortized cost, which approximates fair value.

### **Receivables**

Receivables, including federal and state grants, consist of revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. As of June 30, 2025 and 2024, the Authority considers all its receivable's collectible and has not established an allowance for uncollectible accounts.

### **Property and Equipment**

Property and equipment are recorded at acquisition cost and depreciation is calculated using the straight-line method over three to forty year lives.

### **Lease Related Assets and Obligations**

The Authority accounts for leases in accordance with GASB Statement No. 87, *Leases*, by recognizing a right-to-use intangible lease asset and a lease liability at the beginning of a lease, unless it is a short-term lease or transfers ownership of the underlying asset. The lease liability is measured at the present value of payments to be made over the lease term. The lease asset is measured at the amount of the initial measurement of the lease liability plus any payments made to the lessor at or before the beginning of the lease and certain indirect costs.

### **Compensated Absences**

Employees are eligible for vacation leave with pay. The number of vacation days are awarded to employees based on years of service and range from 12 days after one year of service to 20 days after nine years of service. Unused vacation leave may be accumulated and carried over to the next calendar year up to a maximum of 5 days.

## **NOTE 1 - (Continued)**

Paid sick days are provided to each eligible employee for workdays missed due to illness or injury. Sick leave is accrued at the rate of 7.5 hours per month for full-time employees. Sick time for employees working less than full-time is accrued at a pro-rated rate. Employees are not eligible to receive sick time during the first three months of employment. Unused sick days may be accumulated to a maximum of 90 days. Unused sick time is not paid upon termination.

A liability is recorded for vacation leave earned and unused at year-end, and for the portion of unused sick leave that is more likely than not to be used for future paid time off. The liabilities are measured using current pay rates and reflect amounts attributable to past service. At June 30, 2025 and 2024, the total compensated absences liability was \$126,895 and \$55,710, respectively.

### **Deferred Outflows and Inflows of Resources**

Deferred outflows of resources represent a consumption of net assets, while deferred inflows of resources represent an acquisition of net assets, that applies to a future period(s) and will not be recognized as an outflow (expenditure) or inflow (revenue) of resources until that time. Deferred outflows and inflows of resources in the statement of net position consist of items not yet credited to pension and other post employment benefit expenses.

### **Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### **Subsequent Events**

Management has evaluated subsequent events through September 19, 2025, the date which the financial statements were available to be issued.

### **Concentration of Source of Supply of Labor**

The Authority has a contract, expiring on June 30, 2025, for fixed route transportation services with the University of Massachusetts. As of the date of our report, negotiations for a new contract are ongoing, and a successor agreement has not yet been executed.

The Authority has a contract, expiring on September 30, 2024, for its fixed route transportation services with Springfield Area Transit Company (SATCo) and Valley Area Transit Company (VATCo), which are operated by DGR Management, Inc. The contract has been extended through September 30, 2026.

Approximately ninety-seven percent (97%) of SATCo's employees are members of the Local 448 of the Amalgamated Transit Union. SATCo's labor agreement with the Union is effective through June 30, 2027. Approximately eighty-five percent (85%) of VATCo's employees are members of the Local 1459 United Food and Commercial Workers International Union. VATCo's labor agreement with the Union is effective through December 31, 2025.

### **Comparative Financial Information**

The financial information for the year ended June 30, 2024 are presented for comparative purposes. Certain items in the comparative prior year totals may have been reclassified to conform to the current year presentation.

## **NOTE 2 - DEPOSITS AND SHORT-TERM INVESTMENTS**

State and local statutes place certain limitations on the nature of deposits and investments available to the Authority. Deposits, including demand deposits, money markets and certificates of deposit in any one financial institution, may not exceed certain levels unless collateralized by the financial institution involved.

## NOTE 2 - (Continued)

Investments may be made in unconditionally guaranteed U.S. Government obligations having maturities of a year or less from the date of purchase, or through repurchase agreements with maturities of no greater than 90 days in which the underlying securities consist of such obligations. Other allowable investments include authorized bonds of all states, banker's acceptances, commercial paper rated within the three highest classifications established by rating agencies, and units in the Massachusetts Municipal Depository Trust (MMDT).

### Deposit Custodial Credit Risk

Custodial credit risk is the risk that in the event of bank failure, the Authority's deposits may not be returned. The Authority carries deposits with Berkshire Bank that are insured by FDIC insurance or collateralized. Bank deposits as of June 30, 2025, were \$2,676,344, all of which were insured and collateralized.

### Investment Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party.

The Authority has \$7,966,880 invested in Massachusetts Municipal Depository Trust (MMDT) cash portfolio as of June 30, 2025. MMDT is a local government investment pool, established under Massachusetts General Laws, Chapter 29, Section 38A. The Authority reports its investment in MMDT at amortized cost which approximates the net asset value of \$1.00 per share. An investment in the MMDT cash portfolio is not a deposit of a bank and is neither insured nor guaranteed by the Commonwealth of Massachusetts or the U.S. government, the Federal Deposit Insurance Corporation (FDIC) or any other government agency. MMDT has no redemption restrictions.

## NOTE 3 - RECEIVABLES

Accounts receivable consisted of the following at June 30:

	2025	Comparative 2024
Federal and state		
Operating assistance	\$ 974,892	\$ 3,446,492
Capital assistance	12,284,928	13,991,648
Total federal and state	<u>13,259,820</u>	<u>17,438,140</u>
Member communities		
Operating assistance for current year expenditures	10,376,805	10,123,712
Operating assistance for prior year expenditures	4,808,730	4,595,092
Total member communities	<u>15,185,535</u>	<u>14,718,804</u>
Other receivables	<u>290,297</u>	<u>645,039</u>
Total receivables	<u>\$ 28,735,652</u>	<u>\$ 32,801,983</u>

Based on management's assessment of the outstanding receivable balances at year end, they have concluded that an allowance for uncollectible accounts was not considered necessary.

#### NOTE 4 - PREPAID EXPENSES

Prepaid expenses consisted of the following at June 30:

	2025	Comparative 2024
Insurance	\$ -	\$ 5,605
Fuel	111,864	107,581
Other	-	68,621
Total	<u>\$ 111,864</u>	<u>\$ 181,807</u>

#### NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	2025			
	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 1,965,505	\$ -	\$ -	\$ 1,965,505
Construction in progress - facility improvements and electrification projects				
Umass facility	720,156	5,086,817	-	5,806,973
Operations and maintenance facility	3,070,413	6,282,077	-	9,352,490
Northampton facility	88,760	702,555	-	791,315
Holyoke facility	19,238	245,190	-	264,428
Total capital assets, not being depreciated	<u>5,864,072</u>	<u>12,316,639</u>	<u>-</u>	<u>18,180,711</u>
Capital assets, being depreciated:				
Buildings and improvements	122,182,013	100,861	-	122,282,874
Revenue vehicles	138,739,637	11,399,684	-	150,139,321
Equipment	34,680,647	968,918	-	35,649,565
Service vehicles	<u>1,584,532</u>	<u>175,745</u>	<u>(57,010)</u>	<u>1,703,267</u>
Total capital assets, being depreciated	<u>297,186,829</u>	<u>12,645,208</u>	<u>(57,010)</u>	<u>309,775,027</u>
Less accumulated depreciation for:				
Buildings and improvements	77,540,330	9,229,614	-	86,769,944
Revenue vehicles	84,512,389	6,888,737	-	91,401,126
Equipment	30,917,019	1,491,344	-	32,408,363
Service vehicles	<u>1,239,918</u>	<u>97,528</u>	<u>(57,010)</u>	<u>1,280,436</u>
Total accumulated depreciation	<u>194,209,656</u>	<u>17,707,223</u>	<u>(57,010)</u>	<u>211,859,869</u>
Total capital assets, being depreciated, net	<u>102,977,173</u>	<u>(5,062,015)</u>	<u>-</u>	<u>97,915,158</u>
Capital assets, net	<u>\$ 108,841,245</u>	<u>\$ 7,254,624</u>	<u>\$ -</u>	<u>\$ 116,095,869</u>



**NOTE 5 - (Continued)**

	Comparative 2024			
	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 1,965,505	\$ -	\$ -	\$ 1,965,505
Construction in progress - facility improvements and electrification projects				
Umass facility	-	720,156	-	720,156
Operations and maintenance facility	-	3,070,413	-	3,070,413
Northampton facility	-	88,760	-	88,760
Holyoke facility	-	19,238	-	19,238
Total capital assets, not being depreciated	<u>1,965,505</u>	<u>3,898,567</u>	<u>-</u>	<u>5,864,072</u>
Capital assets, being depreciated:				
Buildings and improvements	121,413,798	768,215	-	122,182,013
Revenue vehicles	122,940,251	17,312,775	(1,513,389)	138,739,637
Equipment	32,399,047	2,281,600	-	34,680,647
Service vehicles	1,603,034	189,085	(207,587)	1,584,532
Total capital assets, being depreciated	<u>278,356,130</u>	<u>20,551,675</u>	<u>(1,720,976)</u>	<u>297,186,829</u>
Less accumulated depreciation for:				
Buildings and improvements	68,255,121	9,285,209	-	77,540,330
Revenue vehicles	79,072,464	6,953,314	(1,513,389)	84,512,389
Equipment	29,416,692	1,500,327	-	30,917,019
Service vehicles	1,372,472	75,033	(207,587)	1,239,918
Total accumulated depreciation	<u>178,116,749</u>	<u>17,813,883</u>	<u>(1,720,976)</u>	<u>194,209,656</u>
Total capital assets, being depreciated, net	<u>100,239,381</u>	<u>2,737,792</u>	<u>-</u>	<u>102,977,173</u>
Capital assets, net	<u>\$ 102,204,886</u>	<u>\$ 6,636,359</u>	<u>\$ -</u>	<u>\$ 108,841,245</u>

**NOTE 6 - INVESTMENT IN HOLYOKE INTERMODAL FACILITY, LLC**

On February 7, 2007 the Authority entered into a Joint Development Agreement with the City of Holyoke and Holyoke Intermodal Facility, LLC, (a limited liability company created by the real estate arm of Peter Pan Bus Lines, Inc.) for the purpose of undertaking the design and construction of the renovations to a building located at 206 Maple Street, Holyoke, Massachusetts, known as the Holyoke Multimodal Transportation Center. Holyoke Intermodal Facility, LLC is the owner of the building. The Authority has a one percent (1%) interest in the Holyoke Intermodal Facility, LLC which is accounted for under the equity method. The Authority receives, on an annual basis, ten percent of the “net operating income” of the LLC as defined in the Joint Development Agreement.

The City of Holyoke had conveyed certain property to Holyoke Intermodal Facility, LLC which included a permanent restriction on approximately 3,000 square feet of space on the ground level to be used for transit purposes only. In consideration of the extent of public funding provided to the project through the Authority, the 3,000 square feet of the ground floor was restricted for transit use and is leased back to the Authority free of charge in perpetuity. The project was completed in fiscal year 2011 at which time the Authority started leasing back a portion of the facility. In the event that the LLC should sell the property, and depending on the timing of the sale, a portion of the sales proceeds will go to the Authority as described in the Joint Development Agreement. The details of the lease agreement with the LLC are described in Note 10 of these financial statements.

**NOTE 6 - (Continued)**

Investment activity consisted of the following at June 30:

	2025	Comparative 2024
Investment in Holyoke Intermodal Facility, LLC, beginning	\$ 3,911,696	\$ 3,927,987
Gain (loss) from Holyoke Intermodal Facility, LLC	1,035	14
Distributions from Holyoke Intermodal Facility, LLC	<u>(11,187)</u>	<u>(16,305)</u>
Investment in Holyoke Intermodal Facility, LLC, ending	<u>\$ 3,901,544</u>	<u>\$ 3,911,696</u>

**NOTE 7 - ACCOUNTS PAYABLE**

Accounts payable consisted of the following at June 30:

	2025	Comparative 2024
Accounts payable		
Capital projects	\$ 9,027,688	\$ 11,189,350
General operations	5,429,787	5,064,306
Fixed route operator	<u>1,274,367</u>	<u>2,173,943</u>
Total	<u>\$ 15,731,842</u>	<u>\$ 18,427,599</u>

The Springfield Area Transit Company, Valley Area Transit Company and UMass Transit are the fixed route operators for the Authority. The assets and liabilities held by the fixed route operators are owned by the Authority and consist mainly of inventory, prepaid expenses, accounts payable, accrued wages and compensated absences (see Note 17). The value of these assets less liabilities held by the fixed route operators as of June 30, 2025 and 2024 was \$1,274,367 and \$2,173,943, respectively, and are reported as fixed route operator accounts payable in the Authority's financials statements.

**NOTE 8 - NOTE PAYABLE**

The Authority is subsidized by local assessments received from its member communities for its annual net cost of service. The Authority is also subsidized by the Federal and State government. The local assessments, and in some cases the federal and state subsidies, are funded subsequent to the year in which the costs are incurred. Therefore, the Authority issues revenue anticipation notes to cover cash flow deficiencies until funding is received. Revenue anticipation notes consisted of the following for the years ended June 30:

	2025	Comparative 2024
4.50% Revenue anticipation note, due July 11, 2025	\$ 18,400,000	\$ -
4.75% Revenue anticipation note, due July 14, 2024	<u>-</u>	<u>15,500,000</u>
Total	<u>\$ 18,400,000</u>	<u>\$ 15,500,000</u>

**NOTE 8 - (Continued)**

On July 11, 2025, the Authority issued an \$16,400,000 revenue anticipation note maturing on July 10, 2026 at a rate of 4.00%. The Authority repaid the \$18,400,000 note due July 11, 2025.

*Revolving Line of Credit*

The Authority has a \$3,000,000 revolving line of credit, due on demand. The line of credit is secured by the Authority's assets. Interest is at the Prime Rate as published in the Wall Street Journal. The interest rate was 7.50% at June 30, 2025. The balance outstanding as of June 30, 2025 and 2024 was \$-0-.

The Commonwealth is required pursuant to Section 10 of Chapter 161B of the Massachusetts General Laws to pay to the Authority amounts duly certified by the Administrator as necessary to pay the principal and interest on these notes if sufficient funds are not otherwise available; the obligation of the Commonwealth to pay such amounts to the Authority is a general obligation of the Commonwealth, and the full faith and credit of the Commonwealth is pledged to make such payments.

**NOTE 9 - NET POSITION**

Net position consisted of the following at June 30:

	2025			
	Invested in capital assets	Restricted Reserve	Unrestricted	Total
Income (loss) before capital contributions	\$ -	\$ -	\$ (14,021,031)	\$ (14,021,031)
Depreciation	(17,707,223)	-	17,707,223	-
Capital contributions	24,961,847	-	-	24,961,847
Decrease in investment in Holyoke Intermodal Facility, LLC	(10,152)	-	10,152	-
Increase in reserve for extraordinary expenses	-	49,384	(49,384)	-
Increase (decrease) in net position	7,244,472	49,384	3,646,960	10,940,816
Net position, beginning	112,752,941	1,975,358	(45,915,970)	68,812,329
Net position, ending	<u>\$ 119,997,413</u>	<u>\$ 2,024,742</u>	<u>\$ (42,269,010)</u>	<u>\$ 79,753,145</u>
	Comparative 2024			
	Invested in capital assets	Restricted Reserve	Unrestricted	Total
Income (loss) before capital contributions	\$ -	\$ -	\$ (16,821,648)	\$ (16,821,648)
Depreciation	(17,813,883)	-	17,813,883	-
Capital contributions	24,450,242	-	-	24,450,242
Decrease in investment in Holyoke Intermodal Facility, LLC	(16,291)	-	16,291	-
Increase in reserve for extraordinary expenses	-	48,179	(48,179)	-
Increase (decrease) in net position	6,620,068	48,179	960,347	7,628,594
Net position, beginning	106,132,873	1,927,179	(46,876,317)	61,183,735
Net position, ending	<u>\$ 112,752,941</u>	<u>\$ 1,975,358</u>	<u>\$ (45,915,970)</u>	<u>\$ 68,812,329</u>

## NOTE 9 - (Continued)

### Restricted net position

A reserve has been established by the Authority, restricted for the purpose of meeting the cost of extraordinary expenses in accordance with MGL 161B Section 6(q). At June 30, 2025 and 2024, the Authority's restricted reserve balance was \$2,024,742 and \$1,975,358, respectively.

## NOTE 10 - LEASES

The Authority, as lessee, has entered into various leases for facility space with lease terms expiring in 2042.

A lease is a contract that conveys control of the right to use another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. The Authority determines whether a contract conveys control of the right to use the underlying asset by assessing both of the following:

- The right to obtain the present service capacity from use of the underlying asset as specified in the contract, and
- The right to determine the nature and manner of use of the underlying asset as specified in the contract.

### Lease related asset and liability consists of the following:

#### *Springfield Union Station Lease*

In July 2017, the Authority entered into a 25-year agreement to lease space at the Springfield Union Station Intermodal Facility at 55 Frank B. Murray Street, Springfield, MA. The Authority has the right to renew the lease for seven consecutive ten-year terms. The leased premises consist of station building space (18 bus berths, 2,300 square feet of office space, and 1,800 square feet of waiting area space) and 10 parking spaces. There are no residual value guarantees included in the lease agreement. The initial lease related asset and liability was recorded in the amount of \$6,950,464. The lease has an interest rate of 4.00%.

The Authority shall pay rent as follows:

#### *Parking space*

Base fee of \$7,800 per annum, increasing 1.5% each year (\$8,657 in 2025 and \$8,529 in 2024).

#### *Station building space (bus berths, office and waiting area)*

Pro-rata share of operation and maintenance expenses of the bus berths, office space, and waiting area space. Every year during the lease, the Authority shall pay, as rent, their pro-rata allocation of shared services for the operation and maintenance of the station building, based on the Authority's total rentable square feet and occupied bus berths. The rent shall be paid monthly in the amounts reasonably estimated by the lessor, with an adjustment made after the close of the lease year to account for the actual operating and maintenance costs. The approximate annual rent for the station building space is \$414,000. The Authority pays approximately \$34,500 per month during the year with a true-up adjustment paid by (or credited to) the Authority in October. Historically, the final true-up payment due (or credit received) has been immaterial, and accordingly, is not included in the measurement of the lease liability but is expensed (or credited) in the year paid or received.

The pro-rata share of operating and maintenance costs are dependent upon the operating costs of the lessor each year, which are unknown at this time. However, the Authority has reasonably estimated the future annual rent based on presently known information and historical rent paid. As such, the Authority's estimate of future rent is included in the right-to-use lease asset and corresponding lease liability reported on the Statement of Net Position.

**NOTE 10 - (Continued)**

The lease related asset for the Springfield Union Station consists of the following:

	2025		
	Beginning Balance	Increases	Ending Balance
Right-to-use leased asset			
Leased facility space - Springfield Union Station	\$ 6,950,464	\$ -	\$ 6,950,464
Less accumulated amortization	(1,929,391)	(278,949)	(2,208,340)
Right-to-use leased asset, net	<u>\$ 5,021,073</u>	<u>\$ (278,949)</u>	<u>\$ 4,742,124</u>

The lease related obligation for the Springfield Union Station consists of the following:

	2025	Comparative 2024
Lease liability - Springfield Union Station	<u>\$ 5,049,175</u>	<u>\$ 5,256,497</u>

Minimum future lease payments for the Springfield Union Station, through 2042 is as follows:

Fiscal Years Ending June 30,	Principal Payments	Interest Payments	Total Payments
2026	\$ 215,903	\$ 198,038	\$ 413,941
2027	224,834	189,239	414,073
2028	234,129	180,076	414,205
2029	243,802	170,535	414,337
2030	250,873	163,607	414,480
2031 - 2035	1,411,668	655,953	2,067,621
2036 - 2040	1,736,183	342,093	2,078,276
2041 - 2042	<u>731,783</u>	<u>31,743</u>	<u>763,526</u>
Total	<u>\$ 5,049,175</u>	<u>\$ 1,931,284</u>	<u>\$ 6,980,459</u>

**Other Operating Lease***Holyoke Multimodal Transportation Center Lease*

The Authority is leasing approximately 3,000 square feet with the right to use common areas of the Holyoke Multimodal Transportation Center building, including all driveways, parking areas and roadways serving the property. The lease commenced in September 2010 and expires on the last date of the fiftieth (50<sup>th</sup>) year following the commencement date. The Authority has the option to extend the lease for separate and successive extension periods of fifty (50) lease years each. The Authority has no obligation to pay rent, it being agreed that the public funding provided for the project was in lieu of any rent owed. Notwithstanding, the Authority does have the obligation to pay for separately metered utilities and its share of common area maintenance (CAM) charges. CAM charges for the years ended June 30, 2025 and 2024 were \$23,741 and \$23,473, respectively. The Authority has a one-percent (1%) ownership interest in Holyoke Intermodal Facility, LLC which is disclosed in Note 6 of these financial statements.

## NOTE 11 - PVTA PENSION PLAN

### Plan Provisions

The Authority provides retirement benefits to employees through the Pioneer Valley Transit Authority Pension Plan (the Plan), a single-employer pension plan. This is a defined benefit pension plan that covers all employees that work at least 1,000 hours in a twelve-month consecutive period, and agree to make employee contributions. The Plan issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. The Plan's report can be obtained by writing to Pioneer Valley Transit Authority, 2808 Main Street, Springfield, Massachusetts 01107 or by calling (413) 732-6248.

Results of the Plan for fiscal year ended June 30, 2025 are based on liabilities developed in an actuarial valuation performed as of June 30, 2024 with a measurement date of June 30, 2024.

Results of the Plan for fiscal year ended June 30, 2024 are based on liabilities developed in an actuarial valuation performed as of June 30, 2023 with a measurement date of June 30, 2023.

### Accounting Policy

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

### Plan Membership

The following employees were covered by the benefit terms for the plan year ending June 30:

	2024	Comparative 2023
Active employees	17	18
Inactive employees entitled to but not yet receiving benefits	31	31
Inactive employees or beneficiaries currently receiving benefits	27	27
Total	75	76

### Benefits Provided

The Plan provides retirement, death and disability benefits and provides for retirement benefits of 2.50% of a member's average compensation times the number of years of service to a maximum of 32 years. Before July 1, 1999, the benefit was 2.25% of average compensation times years of service to a maximum of 35 years. The normal retirement date is the first day of the month following a participant's 65<sup>th</sup> birthday. The normal form of payment is a monthly annuity payable for life, with 120 monthly payments guaranteed. Other options are available. Early retirement is available for any member who has attained age 55 and completed 10 years of service. The amount payable to an early retiree is the member's accrued benefit at the time of early retirement, reduced by 3% per year for each of the first five years before age 65 plus 7% for each additional year. If a participant works past age 65, the benefit payable on the deferred retirement date will be the greater of (i) the actuarial equivalent of the age 65 accrued benefit or (ii) the benefit calculated using credited service as of the participant's deferred retirement date. Members of the Plan become fully vested after seven years of service. A member becomes 100% vested in their accrued retirement pension upon their 65<sup>th</sup> birthday.

### Contributions

Each year, the Authority and its employees make contributions to the Plan. While there is no statutory or regulatory requirement to contribute the actuarially determined contribution, it is the intent of the Authority to contribute the amount necessary to finance the costs of benefits earned by employees each year as well as a 15-year level dollar amortization of existing net pension liability as of the valuation date.

## NOTE 11 - (Continued)

### Actuarial Assumptions

The total pension liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation:	2% and for future periods
Salary increases:	4% annually and for future periods
Investment rate of return:	5.75%, net of pension plan investment expense, including inflation.
Pre- and post-retirement mortality:	Mortality rates were based upon the 2024 IRS Mortality Tables for small plans
Employee termination:	None assumed
Retirement age:	Age 65 or normal retirement date, if later
Pre-retirement death benefit:	Calculated using aforementioned mortality, interest and termination assumptions and on the assumption that 100% of plan members have spouses
Expenses:	Investment return is assumed to be net of plan expenses paid from the trust fund

The long-term rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each 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 best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	54.00%	4.50%
International equity	3.00%	5.00%
Fixed income	41.00%	2.50%
Cash	2.00%	0.00%
Total	100.00%	

### Discount rate

The discount rate used to measure the total pension liability was 5.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will continue to be made at the current rate and that contributions will be made at rates at least equal to the actuarially determined contribution rates. 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.

**NOTE 11 - (Continued)**

**Changes in net pension liability - PVTA Pension Plan**

	2025 (Plan year end June 30, 2024)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
<b>Balances at June 30, 2024</b>	<u>\$ 9,529,500</u>	<u>\$ 6,911,076</u>	<u>\$ 2,618,424</u>
Changes for the year:			
Service cost	299,690	-	299,690
Interest	691,267	-	691,267
Changes in benefit terms	-	-	-
Changes in actuarial assumptions	(16,849)	-	(16,849)
Differences between actual and expected experience	(327,608)	-	(327,608)
Contributions	-	213,205	(213,205)
Net investment income	-	579,431	(579,431)
Benefit payments, including refunds of member contributions	(436,592)	(436,592)	-
Administrative expense	-	-	-
Net changes	<u>209,908</u>	<u>356,044</u>	<u>(146,136)</u>
<b>Balances at June 30, 2025</b>	<u>\$ 9,739,408</u>	<u>\$ 7,267,120</u>	<u>\$ 2,472,288</u>

	Comparative 2024 (Plan year end June 30, 2023)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
<b>Balances at June 30, 2023</b>	<u>\$ 9,218,716</u>	<u>\$ 6,578,880</u>	<u>\$ 2,639,836</u>
Changes for the year:			
Service cost	241,371	-	241,371
Interest	665,620	-	665,620
Changes in benefit terms	-	-	-
Differences between actual and expected experience	(166,976)	-	(166,976)
Contributions	-	202,062	(202,062)
Net investment income	-	559,365	(559,365)
Benefit payments, including refunds of member contributions	(429,231)	(429,231)	-
Administrative expense	-	-	-
Net changes	<u>310,784</u>	<u>332,196</u>	<u>(21,412)</u>
<b>Balances at June 30, 2024</b>	<u>\$ 9,529,500</u>	<u>\$ 6,911,076</u>	<u>\$ 2,618,424</u>



**NOTE 11 - (Continued)****Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the net pension liability, calculated using the current discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease (4.75%)	Current Discount (5.75%)	1% Increase (6.75%)
<b>Plan net pension liability as of June 30, 2025</b>			
for plan year ending June 30, 2024	\$ 3,786,734	\$ 2,472,288	\$ 1,369,287
<b>Plan net pension liability as of June 30, 2024</b>			
for plan year ending June 30, 2023	\$ 3,687,209	\$ 2,618,424	\$ 1,714,826

**Pension Expense and Deferred Inflows and Outflows of Resources**

For the year ended June 30, 2025, the Transit Authority recognized pension expense (recovery) of \$(12,747), which includes the change in deferred outflows and inflows of resources. The Transit Authority reported deferred outflows and deferred inflows of resources related to pensions from the following sources at June 30:

	2025		Comparative 2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 194,311	\$ 238,726	\$ 221,067	\$ 120,145
Changes in assumptions	730,070	-	-	-
Net difference between projected and actual earnings on pension plan investments	470,738	324,352	743,999	493,070
Contributions subsequent to the measurement date	-	-	-	-
<b>Total</b>	<b>\$ 1,395,119</b>	<b>\$ 563,078</b>	<b>\$ 965,066</b>	<b>\$ 613,215</b>
Net deferred outflows (inflows) of resources	<u>\$ 832,041</u>		<u>\$ 351,851</u>	

Amounts reported as of June 30 for deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2026	\$ 343,053
2027	385,792
2028	(16,259)
2029	6,652
2030	20,377
Thereafter	92,426
<b>Total deferred outflows (inflows) of resources</b>	<b>\$ 832,041</b>

**Payable to Pension Plan**

At June 30, 2025, the Authority reported a payable of \$613,579 for outstanding contributions to the Plan.

## **NOTE 12 - SATCO TRANSIT EMPLOYEE RETIREMENT PLAN (TERP)**

### ***Transit Employee Retirement Plan (TERP)***

The liability for the TERP pension plan of the Authority's major transportation provider, Springfield Area Transportation Company, Inc. (SATCo) is included in the Authority's financial statements under transportation expenses and accrued expenses. The Authority is responsible for funding these expenses.

The TERP plan, which is subject to the provisions of the Employment Retirement Income Security Act (ERISA), covers members of the Amalgamated Transit Union Local No. 448 AFL-CIO (the Union) who were plan participants as of June 30, 2008. The TERP plan, as of June 30, 2008, was frozen upon adoption of the SATCo Employee Retirement Plan (SERP) (see Note 13). In fiscal year 2025, the TERP and SERP Plans were amended to transfer liabilities for a subset of the SERP population to the TERP (e.g., employees who were hired by SATCo prior to July 1, 2008 and remain employed as of July 1, 2025 shall have 100% of their service through June 30, 2024, recognized only in the TERP).

The TERP plan provides retirement benefits in the form of an annuities payable monthly for life, commencing on the date of retirement and terminating the month prior to death. The benefit is \$55 (\$60 effective April 1, 2025) multiplied by the years of credited service through June 30, 2008 when the plan was frozen. Pension provisions also include death and disability benefits, whereby the disabled employee or surviving spouse is entitled to receive a reduced annual benefit. Members of the TERP plan became vested after five years of service. Retirement is available if a participant has reached the age of 55 with 10 years of service. Normal retirement is attained at age 65.

For the years ended June 30, 2025 and 2024, SATCo's pension expense for the TERP plan was \$290,760 and \$553,794, respectively. The funding surplus as of July 1, 2024 was \$6,996,442. The funding surplus as of July 1, 2023 was \$5,639,121. At June 30, 2025, SATCo reported a payable of \$48,600 for outstanding contributions to the Plan.

The TERP Plan issues a publicly available financial report that includes financial statements and required supplementary information for the plan. The TERP Plan's report can be obtained by writing to Pioneer Valley Transit Authority, 2808 Main Street, Springfield, Massachusetts 01107 or by calling (413) 732-6248.

## **NOTE 13 - SATCO EMPLOYEE RETIREMENT PLAN (SERP)**

### **Plan**

The liability for the SERP pension plan of the Authority's major transportation provider, Springfield Area Transportation Company, Inc. (SATCo) is included in the Authority's financial statements under transportation expenses and accrued expenses. The Authority is responsible for funding these expenses.

The SERP plan was adopted on July 1, 2008. This plan is a governmental plan within the means of Section 414(d) of the Internal Revenue Code and Sections 3(32) and 4021(b)(d) of ERISA and is exempt from funding rules under Title I of ERISA. Pioneer Valley Transit Authority is the Plan Sponsor for the SERP plan. The SERP plan is available to all employees of SATCo who were members of the Transit Employee Retirement Plan (TERP) or have completed 45 days of employment and agree to join the plan via the required member application.

The SERP Plan issues a publicly available financial report that includes financial statements and required supplementary information for the plan. The SERP Plan's report can be obtained by writing to Pioneer Valley Transit Authority, 2808 Main Street, Springfield, Massachusetts 01107 or by calling (413) 732-6248.

Results of the SERP Plan for fiscal year ended June 30, 2025 are based on liabilities developed in an actuarial valuation performed as of June 30, 2024 with a measurement date of June 30, 2024.

Results of the SERP Plan for fiscal year ended June 30, 2024 are based on liabilities developed in an actuarial valuation performed as of June 30, 2023 with a measurement date of June 30, 2023.

## NOTE 13 - (Continued)

### Salary Reduction Agreement

As the Transit Employee Retirement Plan (TERP) had been frozen, and it was determined that employee contributions could not be made directly to a frozen plan, a general funding plan was adopted to fund both the TERP and the SERP. In order to provide for approximately the same total contribution amount to both plans and to maintain funding amount flexibility as needed between the two plans, it was agreed that a unified wage reduction plan be established. Under the agreement, SATCo uses the entire proceeds of the salary reduction program to fund the pension plans. Additionally, SATCo makes contributions into the plans based upon actuarially determined amounts.

Effective April 1, 2025, employee contributions have been waived for the duration of the current collective bargaining agreement which expires on June 30, 2027. Employee contributions will be reinstated on July 1, 2027. The Authority (Plan Sponsor) will make a contribution of at least 100% of the employer portion of the actuarially determined contribution as developed by the Plan's actuary.

### Accounting Policy

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

### Plan Membership

The following employees were covered by the benefit terms for the plan year ending June 30:

	2024	Comparative 2023
Active employees	245	226
Inactive employees entitled to but not yet receiving benefits	24	30
Inactive employees or beneficiaries currently receiving benefits	103	95
Total	372	351

### Benefits Provided

The SERP Plan provides retirement, death and disability benefits. The normal retirement date is the first day of the month following a participant's 65<sup>th</sup> birthday. The normal retirement benefit is a monthly benefit of \$55 (\$60 effective April 1, 2025) multiplied by years of credited service. Credited service is elapsed time from date of hire to termination of service date. Credited service for benefit purposes only considers service on or after July 1, 2008. The normal form of payment is a monthly annuity payable for life. Vesting is 0% for fewer than 5 years of service and is 100% for 5 or more years of service.

Early retirement is available for any participant who has attained age 55 and completed 10 years of service, 85 "points" or 30 years of service regardless of age. Unreduced early retirement is available to anyone with 85 points or 30 years of service at retirement. Otherwise, the amount payable to an early retiree is the participant's accrued benefit at the time of early retirement, reduced by 4% per year for each of the first five years before age 65 plus 5% for each additional year. If a participant works past age 65, the benefit payable on the deferred retirement date will be the greater of (i) the actuarial equivalent of the age 65 accrued benefit or (ii) the benefit calculated using credited service as of the participants deferred retirement date.

In the event of death of a participant prior to their retirement, the surviving spouse will receive the amount that would have been paid had the participant retired early and elected the 100% joint and survivor benefit. In the event a participant incurs, prior to their normal retirement date, a disability as defined in the plan agreement, they shall be entitled to a fully vested interest in their accrued pension as of the date of disability.

## NOTE 13 - (Continued)

### Contributions

Each year SATCo and its employees make contributions to the Plan. While there is no statutory or regulatory requirement to contribute the actuarially determined contribution, it is the intent of SATCo to contribute the amount necessary to meet benefit obligations when due.

### Actuarial Assumptions

The total pension liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation:	2.50% and for future periods
Salary increases:	N/A
Investment rate of return:	6.27%, net of pension plan investment expense, including inflation
Cost of living adjustment:	None
Pre- and post-retirement mortality:	Mortality rates were based upon the 2024 IRS Mortality Tables for small plans
Retirement age:	Age 65 or normal retirement date, if later
Pre-retirement death benefit	Calculated using aforementioned mortality, interest and termination assumptions and on the assumption that 100% of plan members have spouses
Expenses:	Investment return is assumed to be net of plan expenses paid from the trust fund

The long-term rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each 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 best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	59.00%	4.50%
Fixed income	35.00%	3.00%
Cash	6.00%	1.00%
Total	100.00%	

### Discount rate

The discount rate used to measure the total pension liability was 6.27%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will continue to be made at the current rate and that contributions will be made at rates at least equal to the actuarially determined contribution rates. 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.

**NOTE 13 - (Continued)****Changes in net pension liability - SATCo SERP**

	2025		
	(Plan year end June 30, 2024)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
<b>Balances at June 30, 2024</b>	<u>\$ 15,408,498</u>	<u>\$ 13,896,124</u>	<u>\$ 1,512,374</u>
Changes for the year:			
Service cost	739,292	-	739,292
Interest	1,027,355	-	1,027,355
Changes in benefit terms	-	-	-
Changes in assumptions	(106,137)	-	(106,137)
Differences between actual and expected experience	(170,341)	-	(170,341)
Contributions	-	1,427,322	(1,427,322)
Net investment income	-	940,979	(940,979)
Benefit payments, including refunds of member contributions	(474,904)	(474,904)	-
Administrative expense	-	(105,987)	105,987
Net changes	<u>1,015,265</u>	<u>1,787,410</u>	<u>(772,145)</u>
<b>Balances at June 30, 2025</b>	<u>\$ 16,423,763</u>	<u>\$ 15,683,534</u>	<u>\$ 740,229</u>
	Comparative 2024		
	(Plan year end June 30, 2023)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
<b>Balances at June 30, 2023</b>	<u>\$ 13,725,558</u>	<u>\$ 11,847,165</u>	<u>\$ 1,878,393</u>
Changes for the year:			
Service cost	593,752	-	593,752
Interest	909,270	-	909,270
Changes in benefit terms	-	-	-
Changes in assumptions	47,367	-	47,367
Differences between actual and expected experience	497,761	-	497,761
Contributions	-	1,427,322	(1,427,322)
Net investment income (loss)	-	1,069,824	(1,069,824)
Benefit payments, including refunds of member contributions	(365,210)	(365,210)	-
Administrative expense	-	(82,977)	82,977
Net changes	<u>1,682,940</u>	<u>2,048,959</u>	<u>(366,019)</u>
<b>Balances at June 30, 2024</b>	<u>\$ 15,408,498</u>	<u>\$ 13,896,124</u>	<u>\$ 1,512,374</u>

**NOTE 13 - (Continued)****Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the net pension liability, calculated using the current discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease (5.27%)	Current Discount (6.27%)	1% Increase (7.27%)
<b>Plan net pension liability (asset) as of June 30, 2025</b> for plan year ending June 30, 2024	\$ 2,932,713	\$ 740,229	\$ (1,057,581)
<b>Plan net pension liability (asset) as of June 30, 2024</b> for plan year ending June 30, 2023	\$ 3,448,712	\$ 1,512,374	\$ (109,994)

**Pension Expense and Deferred Inflows and Outflows of Resources**

For the year ended June 30, 2025, the Transit Authority recognized pension expense of \$1,395,931, which includes the change in deferred inflows and outflows of resources. The Transit Authority reported deferred outflows and deferred inflows of resources related to pensions from the following sources at June 30:

	2025		Comparative 2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 819,653	\$ 170,205	\$ 1,205,108	\$ 35,493
Changes in assumptions	58,803	95,807	74,356	9,820
Net difference between projected and actual earnings on pension plan investments	825,403	543,877	1,277,487	900,177
Contributions subsequent to the measurement date	-	-	-	-
<b>Total</b>	<b>\$ 1,703,859</b>	<b>\$ 809,889</b>	<b>\$ 2,556,951</b>	<b>\$ 945,490</b>
 Net deferred outflows (inflows) of resources	 <b>\$ 893,970</b>		 <b>\$ 1,611,461</b>	

Amounts reported as of June 30 for deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2026	\$ 287,430
2027	594,499
2028	32,298
2029	39,624
2030	(59,881)
<b>Total deferred outflows (inflows) of resources</b>	<b>\$ 893,970</b>

**Payable to Pension Plan**

At June 30, 2025, SATCo reported a payable of \$113,400 for the outstanding amount of contributions to the plan.

## NOTE 14 - SATCO TRANSIT MANAGEMENT PENSION PLAN (TMP)

### *Transit Management Pension Plan (TMP)*

The TMP plan is subject to the provisions of ERISA and covers SATCo's nonunion employees who are not covered under the SERP and TERP plans. Eligible participants must work at least 1,000 hours in a twelve-month consecutive period and contribute 4% of their annual compensation into the plan.

The TMP plan provides for benefits in the form of an annuity payable for life, with 120 minimum monthly payments guaranteed. The benefit is 2.50% of the average compensation, calculated using the average of the participants' three highest paid consecutive years of service prior to retirement, termination or disability, multiplied by the number of years of service up to 32 years. Pension provisions also include death and disability benefits whereby the disabled employee or surviving spouse is entitled to receive a reduced annual benefit.

Members of the TMP plan become fully vested after seven years of service. Retirement is available for participants who have reached the age of 55 with 10 years of service. Normal retirement is attained at age 65.

At June 30, 2025, there were 32 plan participants; 16 active members, 11 retirees and beneficiaries, and 5 terminated vested members.

For the years ended June 30, 2025 and 2024, SATCo's pension expense for the TMP plan was \$239,919 and \$224,558, respectively, and the funding surplus was \$315,685 and \$115,675, respectively.

The TMP plan issues a publicly available financial report that includes financial statements and required supplementary information for the plan. This report can be obtained by writing to Pioneer Valley Transit Authority, 2808 Main Street, Springfield, Massachusetts 01107 or by calling (413) 732-6248.

### **Annual Pension Cost and Net Pension Asset – Transit Management Pension Plan**

SATCo's annual pension cost and net pension obligation for the TMP plan for the years ended June 30, were as follows:

	2025	Comparative 2024
Net pension liability (asset) at beginning of year	\$ (115,675)	\$ (225,830)
Contributions made	239,919	224,558
Other adjustments and assumption changes	39,909	334,713
Net pension liability (asset) at end of year	<u>\$ (315,685)</u>	<u>\$ (115,675)</u>

	2025	Comparative 2024
Actuarial value of assets	\$ 5,308,207	\$ 4,836,370
Actuarial accrued liability	4,860,720	4,599,631
Carryover balance	131,802	121,064
Funding surplus (shortfall)	<u>\$ 315,685</u>	<u>\$ 115,675</u>

## NOTE 14 - (Continued)

### Funding Policy and Actuarial Assumptions

The Plan requires members to contribute 4% of their payroll, and requires the Authority to contribute an amount equal to approximately 10% of the total member payroll. The actuarial method and assumptions for the plan are as follows:

Valuation date:	July 1, 2024
Actuarial cost method:	Traditional unit credit cost method
Amortization method:	Level dollar
Asset valuation method:	Market value
Investment rate of return:	5.44% (5.41% at July 1, 2023)

### Payable to Pension Plan

At June 30, 2025, SATCo reported a payable of \$-0- for the outstanding amount of contributions to the pension plan.

Additional pension disclosures required by generally accepted accounting principles were not available for presentation for the TMP plan, but management of the Authority feels this information would not have a material effect on the financial statements.

## NOTE 15 - PVTA OTHER POST-EMPLOYMENT BENEFITS (OPEB)

### Plan Description and Benefits Provided

The Pioneer Valley Transit Authority Retiree Welfare Plan (the Plan) is a single-employer defined benefit plan which provides for medical and dental insurance benefits to eligible retirees and their spouses. Employees hired before April 2, 2012 become eligible to retire under this plan upon attainment of age 55 as an active member and completion of 10 years of service (age 60 with 10 years of service for those hired on or after April 2, 2012). The plan is a cost-sharing plan with employees paying 20% of medical and dental premiums in retirement.

The Authority does not issue separate financial statements on this plan.

### Accounting Policy

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

### Plan Membership

The following employees were covered by the benefit terms for the plan year ending June 30:

	2025	Comparative 2024
Active employees	25	23
Inactive employees or beneficiaries currently receiving benefits	10	10
Total	35	33



## NOTE 15 - (Continued)

### Contributions

The Authority has established a Qualified OPEB Trust (the Trust) with the intention that it qualifies as a tax-exempt trust performing an essential governmental function within the meaning of Section 115 of the Internal Revenue Code and Regulations issued thereunder and as a trust for OPEB in accordance with MGL Chapter 32B, Section 20.

The Trust was created for the sole purpose of providing funding for OPEB, as determined by the Authority, or as may be required by collective bargaining agreement, or by any general or special law providing for such benefits, for the exclusive benefit of the retired employees and their eligible dependents and for defraying the reasonable administrative, legal, actuarial and other expenses of the Trust. The assets held in the Trust shall not be used for or diverted to any other purpose, except as described in the Trust. The Trust is irrevocable and no trust funds shall revert to the Authority until all benefits owed to the retired employees have been satisfied or released. In addition, the assets are legally protected from creditors of the Authority and the Plan administrator.

The Authority shall have no obligation to make contributions to the Trust to fund OPEB, and the size of the Trust may not be sufficient at any one time to meet the OPEB liabilities. The fair market value of the Trust assets as of June 30, 2025 is \$744 (\$696 at June 30, 2024).

### Actuarial Methods and Assumptions

Results of the Plan for the fiscal year ended on June 30, 2025 are based on liabilities developed in an actuarial valuation performed as of July 1, 2024 with a measurement date of June 30, 2025.

Results of the Plan for the fiscal year ended on June 30, 2024 are based on liabilities developed in an actuarial valuation performed as of July 1, 2022 with a measurement date of June 30, 2024.

The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method:	Individual entry age normal
Inflation:	2.50% and for future periods
Salary increases:	3% annually and for future periods
Discount rate:	4.81% per annum for 2025 (4.21% for 2024)
Municipal bond rate:	4.81% as of June 30, 2025 (4.21% as of June 30, 2024). Source is the S&P Municipal Bond 20-Year High Grade Index
Participation rate:	Assumed that 80% of employees eligible to receive retirement benefits would enroll in the Plan
Pre- and post-retirement mortality:	Mortality rates were based upon the RP-2014 Mortality Table for Blue Collar Employees projected generationally with scale MP-2021 for males and females, set forward 1 year for females
Healthcare trend rate:	Assumed 4.96% increase in healthcare costs for 2025 (5.00% for 2024)

**NOTE 15 - (Continued)**

	2025		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
<b>Balances at June 30, 2024</b>	<u>\$ 5,334,646</u>	<u>\$ 696</u>	<u>\$ 5,333,950</u>
Changes for the year:			
Service cost	254,647	-	254,647
Interest	232,574	-	232,574
Changes in benefit terms	(3,108,797)	-	(3,108,797)
Changes in assumptions	(59,967)	-	(59,967)
Differences between actual and expected experience	(717,546)	-	(717,546)
Net investment income	-	48	(48)
Employer contributions - premiums	-	131,300	(131,300)
Benefit payments - premiums	-	(131,300)	131,300
Benefit payments including implicit cost	(131,300)	-	(131,300)
Administrative expense	-	-	-
Net changes	<u>(3,530,389)</u>	<u>48</u>	<u>(3,530,437)</u>
<b>Balances at June 30, 2025</b>	<u>\$ 1,804,257</u>	<u>\$ 744</u>	<u>\$ 1,803,513</u>
	Comparative 2024		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
<b>Balances at June 30, 2023</b>	<u>\$ 5,048,617</u>	<u>\$ 632</u>	<u>\$ 5,047,985</u>
Changes for the year:			
Service cost	249,203	-	249,203
Interest	216,380	-	216,380
Changes in benefit terms	-	-	-
Changes in assumptions	(61,144)	-	(61,144)
Differences between actual and expected experience	-	-	-
Net investment income	-	64	(64)
Employer contributions - premiums	-	118,410	(118,410)
Benefit payments - premiums	-	(118,410)	118,410
Benefit payments including implicit cost	(118,410)	-	(118,410)
Administrative expense	-	-	-
Net changes	<u>286,029</u>	<u>64</u>	<u>285,965</u>
<b>Balances at June 30, 2024</b>	<u>\$ 5,334,646</u>	<u>\$ 696</u>	<u>\$ 5,333,950</u>

**NOTE 15 - (Continued)****Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rates**

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using a discount and healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rates:

	<b>Discount Rate</b>		
	<u>1% Decrease (3.82%)</u>	<u>Current (4.81%)</u>	<u>1% Increase (5.82%)</u>
Net OPEB liability as of June 30, 2025	\$ 2,059,179	\$ 1,803,513	\$ 1,595,996

	<u>1% Decrease (3.21%)</u>	<u>Current (4.21%)</u>	<u>1% Increase (5.21%)</u>
Net OPEB liability as of June 30, 2024	\$ 5,379,676	\$ 5,333,950	\$ 4,516,112

	<b>Healthcare Cost Trend Rate</b>		
	<u>1% Decrease (3.96%)</u>	<u>Current (4.96%)</u>	<u>1% Increase (5.96%)</u>
Net OPEB liability as of June 30, 2025	\$ 1,559,858	\$ 1,803,513	\$ 2,112,952

	<u>1% Decrease (4.00%)</u>	<u>Current (5.00%)</u>	<u>1% Increase (6.00%)</u>
Net OPEB liability as of June 30, 2024	\$ 4,425,780	\$ 5,333,950	\$ 6,526,006

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources**

For the year ended June 30, 2025, the Authority recognized OPEB expense (recovery) of \$(3,211,598), which includes the change in deferred outflows and inflows of resources. At June 30, the Authority reported deferred outflows and inflows of resources related to OPEB from the following sources:

	<b>2025</b>		<b>Comparative 2024</b>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 1,328,157	\$ -	\$ 1,014,345
Changes in assumptions	539,062	957,389	794,197	1,207,479
Net difference between projected and actual earnings on OPEB plan investments	-	36	-	54
Total	<u>\$ 539,062</u>	<u>\$ 2,285,582</u>	<u>\$ 794,197</u>	<u>\$ 2,221,878</u>
Net deferred outflows (inflows) of resources		<u>\$ (1,746,520)</u>		<u>\$ (1,427,681)</u>

**NOTE 15 - (Continued)**

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

Year ended June 30:

2026	\$	(458,659)
2027		(458,680)
2028		(578,422)
2029		(142,356)
2030		(108,403)
Total deferred outflows (inflows) of resources	\$	<u>(1,746,520)</u>

**Payable to the OPEB Plan**

At June 30, 2025, the Authority reported a payable of \$-0- for outstanding contributions to the Plan.

**NOTE 16 - SATCO OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

The liability for other postemployment benefits of the Authority's major transportation provider, Springfield Area Transit Company, Inc. (SATCo) is included in the Authority's financial statements under transportation expense and long-term accrued expenses. The Authority is responsible for funding these expenses.

**Plan Description and Benefits Provided**

The Springfield Area Transportation Company Other Postemployment Benefits Plan (the Plan) is a single-employer defined benefit plan which provides for medical, dental and life insurance benefits to eligible retirees and their spouses. An employee becomes eligible to retire under this plan upon attainment of age 55 with 10 years of service or with 20 years of service regardless of age. For employees hired prior to July 1, 1990, an employee shall become eligible to retire under this plan upon the attainment of age 55 as an active member and completion of 10 years of service. Retirees will pay 25% of premiums for non-Medicare integrated plans and 0% for Medicare integrated plans. Retirees pay 100% of premiums for dental insurance. The employer will pay 100% of life insurance premiums.

Springfield Area Transportation Company, Inc. does not issue separate financial statements on this plan.

**Accounting Policy**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

**Plan Membership**

The following employees were covered by the benefit terms for the plan year ending June 30:

	2025	Comparative 2024
Active employees	261	261
Inactive employees or beneficiaries currently receiving benefits	127	127
Total	<u>388</u>	<u>388</u>

## NOTE 16 - (Continued)

### Contributions

In fiscal year 2018, the Authority established a Qualified OPEB Trust (the Trust) for the benefit of SATCO's OPEB Plan with the intention that it qualifies as a tax-exempt trust performing an essential governmental function within the meaning of Section 115 of the Internal Revenue Code and Regulations issued thereunder and as a trust for OPEB in accordance with MGL Chapter 32B, Section 20.

The Trust was created for the sole purpose of providing funding for OPEB, as determined by the Authority, or as may be required by collective bargaining agreement, or by any general or special law providing for such benefits, for the exclusive benefit of the retired employees and their eligible dependents and for defraying the reasonable administrative, legal, actuarial and other expenses of the Trust. The assets held in the Trust shall not be used for or diverted to any other purpose, except as described in the Trust. The Trust is irrevocable and no trust funds shall revert to the Authority until all benefits owed to the retired employees have been satisfied or released. In addition, the assets are legally protected from creditors of the Authority, SATCo, and the Plan administrator.

The Authority and SATCo shall have no obligation to make contributions to the Trust to fund OPEB, and the size of the Trust may not be sufficient at any one time to meet the OPEB liabilities. The fair market value of the trust assets as of June 30, 2025 is \$746,954 (\$696,514 as of June 30, 2024).

### Payable to OPEB Plan

At June 30, 2025, SATCo reported a payable of \$-0- for outstanding contributions to the Plan.

### Actuarial Methods and Assumptions

Results of the Plan for the fiscal year ended on June 30, 2025 are based on liabilities developed in an actuarial valuation performed as of July 1, 2023 with a measurement date of June 30, 2025.

Results of the Plan for the fiscal year ended on June 30, 2024 are based on liabilities developed in an actuarial valuation performed as of July 1, 2023 with a measurement date of June 30, 2024.

The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method:	Individual entry age normal
Inflation:	2.50% and for future periods
Salary increases:	3% annually and for future periods
Discount rate:	5.14% for 2025 (4.72% for 2024)
Investment rate of return:	4.81%, net of OPEB plan investment expense (4.21% for 2024)
Municipal bond rate:	4.81% as of June 30, 2025 (4.21% as of June 30, 2024)
Pre- and post-retirement mortality:	Mortality rates were based upon the RP-2014 Mortality Table for Blue Collar Employees projected generationally with scale MP-2016, set forward 1 year for females
Healthcare trend:	Assumed healthcare trend rate of 4.96%
Participation rate:	Assumed that 100% of employees eligible to received retirement benefits would enroll in the plan

**NOTE 16 - (Continued)**

	2025		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
<b>Balances at June 30, 2024</b>	<u>\$ 30,065,785</u>	<u>\$ 696,514</u>	<u>\$ 29,369,271</u>
Changes for the year:			
Service cost	995,095	-	995,095
Interest	1,444,022	-	1,444,022
Changes in benefit terms	-	-	-
Changes in assumptions	(1,625,543)	-	(1,625,543)
Differences between actual and expected experience	-	-	-
Net investment income	-	50,440	(50,440)
Employer contributions - premiums	-	945,285	(945,285)
Benefit payments - premiums	-	(945,285)	945,285
Benefit payments including implicit cost	(945,285)	-	(945,285)
Administrative expense	-	-	-
Net changes	<u>(131,711)</u>	<u>50,440</u>	<u>(182,151)</u>
<b>Balances at June 30, 2025</b>	<u><u>\$ 29,934,074</u></u>	<u><u>\$ 746,954</u></u>	<u><u>\$ 29,187,120</u></u>
	Comparative 2024		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
<b>Balances at June 30, 2023</b>	<u>\$ 35,743,245</u>	<u>\$ 645,033</u>	<u>\$ 35,098,212</u>
Changes for the year:			
Service cost	1,172,870	-	1,172,870
Interest	1,568,080	-	1,568,080
Changes in benefit terms	-	-	-
Changes in assumptions	(1,774,209)	-	(1,774,209)
Differences between actual and expected experience	(5,736,351)	-	(5,736,351)
Net investment income	-	51,481	(51,481)
Employer contributions - premiums	-	-	-
Benefit payments - premiums	-	(907,850)	907,850
Benefit payments including implicit cost	(907,850)	-	(907,850)
Administrative expense	-	-	-
Net changes	<u>(5,677,460)</u>	<u>51,481</u>	<u>(5,728,941)</u>
<b>Balances at June 30, 2024</b>	<u><u>\$ 30,065,785</u></u>	<u><u>\$ 696,514</u></u>	<u><u>\$ 29,369,271</u></u>

## NOTE 16 - (Continued)

### Discount rate

The discount rate used to measure the total OPEB liability was 5.14% as of June 30, 2025 and 4.72% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed that contributions will be made in accordance with the Authority's funding policy. Based on these assumptions, the OPEB Plan's Fiduciary Net Position is projected to be insufficient to make all projected benefit payments to current plan members. Therefore, the long-term expected rate of return on the OPEB Plan assets is applied to the projected benefits payments which the Fiduciary Net Position is expected to be sufficient to cover and the Municipal Bond Rate is applied thereafter. The Municipal Bond Rate is based on the S&P Municipal Bond 20-Year High Grade Index ("SAPIHG"), which was 4.81% as of June 30, 2025. The S&P Municipal Bond 20-Year High Grade Index is the index rate for 20 year, tax exempt general obligation municipal bonds with an average rate of AA/Aa or higher.

### Long-term rate of return

The long term rate of return on OPEB plan investments for the 2025 actuarial valuation was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each 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 best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	57.00%	4.52%
Domestic fixed income	42.75%	2.44%
Cash	0.25%	0.00%
Total	100.00%	

### Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rates

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using a discount and healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rates:

	Discount Rate		
	1% Decrease (4.14%)	Current (5.14%)	1% Increase (6.14%)
Net OPEB liability as of June 30, 2025	\$ 33,909,243	\$ 29,187,120	\$ 25,364,030
	1% Decrease (3.72%)	Current (4.72%)	1% Increase (5.72%)
	\$ 34,267,300	\$ 29,369,271	\$ 25,418,584
Net OPEB liability as of June 30, 2024			
	Healthcare Cost Trend Rate		
	1% Decrease (3.96%)	Current (4.96%)	1% Increase (5.96%)
Net OPEB liability as of June 30, 2025	\$ 24,866,725	\$ 29,187,120	\$ 34,690,848
	1% Decrease (5.50%)	Current (6.50%)	1% Increase (7.50%)
	\$ 24,906,579	\$ 29,369,271	\$ 35,081,751
Net OPEB liability as of June 30, 2024			

**NOTE 16 - (Continued)****OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources**

For the year ended June 30, 2025, the Authority recognized OPEB expense of \$344,112, which includes the change in deferred outflows and deferred inflows of resources. At June 30, the Authority reported deferred outflows or resources and deferred inflows of resources related to OPEB from the following sources:

	2025		Comparative 2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 4,191,450	\$ -	\$ 5,830,859
Changes in assumptions	151,606	2,429,029	1,396,369	1,506,242
Net difference between projected and actual earnings on OPEB plan investments	-	9,038	-	10,916
Total	<u>\$ 151,606</u>	<u>\$ 6,629,517</u>	<u>\$ 1,396,369</u>	<u>\$ 7,348,017</u>
Net deferred outflows (inflows) of resources		<u>\$ (6,477,911)</u>		<u>\$ (5,951,648)</u>

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

Year ended June 30:	
2026	\$ (2,028,235)
2027	(1,857,732)
2028	(1,719,590)
2029	(771,706)
2030	<u>(100,648)</u>
Total deferred outflows (inflows) of resources	<u>\$ (6,477,911)</u>

**NOTE 17 - SATCO COMPENSATED ABSENCES (VACATION AND PERSONAL LEAVE)**

The Springfield Area Transportation Company, Inc. (SATCo), fixed route operator for the Authority, provides vacation and personal leave benefits to its employees. The Authority is responsible for funding these expenses.

*Vacation Leave*

Full-time employees earn paid vacation leave based on their length of continuous service, with benefit accruals increasing at set service milestones. Employees become eligible to use vacation leave after completing one year of service. Vacation time must be scheduled with supervisor approval, and unused vacation may be carried over subject to the policy's limits. Upon separation from employment, unused accrued vacation is paid out to the employee.

*Personal Leave*

SATCo provides paid personal leave to eligible employees. Employees who have completed at least 90 days of active service prior to January 1st are entitled to seven (7) paid personal days annually, equivalent to 56 hours. New employees accrue personal leave at a rate of one hour per 30 hours worked, up to a maximum of 40 hours per calendar year, with usage permitted only after 90 days of employment. Personal leave may be used for various purposes, including sick leave, and may be taken in increments of one hour or more.



## NOTE 17 - (Continued)

Unused personal days may be carried forward year to year, subject to a maximum accrual of 40 days. Excess personal days beyond this cap are converted to vacation time. Additionally, accumulated personal days may be applied toward pension eligibility or early retirement, with 20 personal days equating to one month of credited service. Employees with at least 80 hours of accrued personal leave may elect to convert 40 hours into either an additional week of vacation or a cash payment at their current wage rate.

A liability is recorded for vacation leave earned and unused at year-end, and for the portion of unused personal leave that is more likely than not to be used for future paid time off. The liabilities are measured using current pay rates and reflect amounts attributable to past service. At June 30, 2025 and 2024, the total compensated absences liability was \$1,782,224 and \$1,596,711, respectively, and is included within fixed route operator accounts payable in the Authority's financial statements (see Note 7).

## NOTE 18 - COMMITMENTS AND CONTINGENT LIABILITIES

### *Federal and State funding*

Amounts received or receivable from grant 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. As of the date of the financial statements, the Authority is not aware of any expenditure that may be disallowed by a grantor.

### *Risk management*

The Authority is exposed to various risks of loss related to torts, theft, damage and destruction of assets, errors and omissions, natural disasters, and workers compensation claims for which the Authority carries commercial insurance.

### *Litigation and self-insurance*

In the normal course of operations, the Authority has been named in various claims and litigation. Based upon information available to counsel and the Authority, management believes that the ultimate outcome from these claims and litigations will not have a material adverse effect on the Authority's financial position

The Authority is self-insured for property damage and personal injury related to operations to a maximum amount of \$1,000,000 per incident. An excess liability, up to a maximum of \$5 million of losses per policy year, is covered by comprehensive insurance policies. It is the policy of the Authority to record a liability for reported claims as well as claims incurred and not yet reported based on a review of specific claims and incidents. Insurance claims have not exceeded insurance coverage in the past three years. At June 30, 2025 and 2024, the Authority's insurance claims reserve is \$2,500,000 for the self-insured portion of the risks associated with property damage and personal injury. A summary of the activity in the claims liability account during the years ended June 30 are as follows:

	2025	Comparative 2024
Insurance claims reserve, beginning	\$ 2,500,000	\$ 2,500,000
Increase in reserve for claims provisions	137,315	161,616
Claims paid	<u>(137,315)</u>	<u>(161,616)</u>
Insurance claims reserve, ending	<u>\$ 2,500,000</u>	<u>\$ 2,500,000</u>

## **NOTE 19 - ECONOMIC DEPENDENCE**

The Authority receives operating assistance from the federal government and Commonwealth of Massachusetts, as well as assessments charged to local member communities of the Authority.

Federal and state operating assistance totaled approximately 78% of the total fiscal year 2025 revenues (73% in 2024).

Member community local assessments totaled approximately 16% of the total fiscal year 2025 revenues (16% in 2024).

The Federal and State government pay for approximately all of the Authority's capital acquisitions each year.

## **NOTE 20 - IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS**

### *Current Year Implementation*

The Governmental Accounting Standards Board (GASB) issued Statement No. 101, *Compensated Absences*, which became effective for fiscal year 2025. The objective of this statement is to improve the usefulness of information provided to financial statement users by establishing a unified recognition and measurement model for compensated absences and modifying certain disclosure requirements.

In accordance with GASB 101, the Authority evaluated its own compensated absence policies, as well as those of its fixed-route operator, Springfield Area Transit Company, Inc. (SATCo), for which the Authority is financially responsible. As a result of this evaluation, the Authority recorded an additional liability related to accrued sick leave. The impact of this adjustment was not material to the financial statements. No additional liability was required for SATCo's compensated absences, as existing accruals were determined to be sufficient under the new standard.

The Authority has enhanced its disclosures to reflect the nature and terms of compensated absence benefits for both the Authority and SATCo, including eligibility criteria, accrual limits, and conversion options for personal leave benefits as outlined in SATCo's labor contract.

The GASB issued Statement No. 102, *Certain Risk Disclosures*, which became effective for fiscal year 2025. The objective of this statement is to enhance transparency by requiring disclosures of risks arising from a government's vulnerabilities due to certain concentrations or constraints. These disclosures are intended to provide users with better information to understand and assess potential risks to a government's financial condition. Adoption of this statement did not have a material impact on the Authority's financial reporting, other than enhancing certain note disclosures.

### *Future Year Implementation*

The GASB issued Statement No. 103, *Financial Reporting Model Improvements*, which is effective for fiscal years beginning after June 15, 2025, and will be implemented by the Authority in fiscal year 2026. The objective of this statement is to enhance the existing financial reporting model by improving the relevance, consistency, and clarity of key components, thereby strengthening its usefulness for decision-making and for assessing a government's accountability. The Authority is currently evaluating the impact of this statement on its financial reporting.

The GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*, which is effective for fiscal years beginning after June 15, 2025, and will be implemented by the Authority in fiscal year 2026. This statement requires separate disclosure of specified types of capital assets to provide users of the financial statements with more relevant information. The Authority is currently evaluating the impact of this statement on its financial reporting.

**PIONEER VALLEY TRANSIT AUTHORITY**  
(A Component Unit of the Massachusetts Department of Transportation)

**SCHEDULE OF CHANGES IN NET PENSION LIABILITIES AND RELATED RATIOS**

**REQUIRED SUPPLEMENTARY INFORMATION**

**June 30, 2025**

	<b>PVTA Pension Plan</b> <b>(see also Note 11)</b> <b>Plan Year End June 30,</b>									
	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
<b>Total pension liability</b>										
Service cost	\$ 299,690	\$ 241,371	\$ 244,213	\$ 218,816	\$ 174,453	\$ 234,749	\$ 399,036	\$ 237,541	\$ 218,696	\$ 199,780
Interest	691,267	665,620	628,061	604,319	594,104	574,663	528,550	458,403	426,044	405,613
Changes of benefit terms	-	-	-	-	-	-	-	-	-	-
Changes of assumptions	(16,849)	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	(327,608)	(166,976)	92,934	(115,171)	(265,360)	(145,773)	238,470	447,146	101,296	(70,204)
Benefit payment, including refunds of employee contributions	(436,592)	(429,231)	(420,717)	(399,085)	(399,085)	(346,878)	(336,643)	(302,220)	(297,102)	(270,461)
Net change in total pension liability	209,908	310,784	544,491	308,879	104,112	316,761	829,413	840,870	448,934	264,728
Total pension liability, beginning	9,529,500	9,218,716	8,674,225	8,365,346	8,261,234	7,944,473	7,115,060	6,274,190	5,825,256	5,560,528
<b>Total pension liability, ending (a)</b>	<b>\$ 9,739,408</b>	<b>\$ 9,529,500</b>	<b>\$ 9,218,716</b>	<b>\$ 8,674,225</b>	<b>\$ 8,365,346</b>	<b>\$ 8,261,234</b>	<b>\$ 7,944,473</b>	<b>\$ 7,115,060</b>	<b>\$ 6,274,190</b>	<b>\$ 5,825,256</b>
<b>Plan fiduciary net position</b>										
Contributions	\$ 213,205	\$ 202,062	\$ 186,274	\$ 197,873	\$ 710,158	\$ 676,663	\$ 231,081	\$ 415,512	\$ 433,624	\$ 206,264
Net investment income	579,431	559,365	(670,056)	1,427,157	215,527	632,125	310,301	364,336	259,833	144,609
Benefit payments, including refunds of employee contributions	(436,592)	(429,231)	(420,717)	(399,085)	(399,085)	(346,878)	(336,643)	(302,220)	(297,102)	(270,461)
Administrative expense	-	-	-	-	-	-	-	(40)	(14,305)	-
Net change in plan fiduciary net position	356,044	332,196	(904,499)	1,225,945	526,600	961,910	204,739	477,588	382,050	80,412
Plan fiduciary net position, beginning	6,911,076	6,578,880	7,483,379	6,257,434	5,730,834	4,768,924	4,564,185	4,086,597	3,704,547	3,624,135
<b>Plan fiduciary net position, ending (b)</b>	<b>\$ 7,267,120</b>	<b>\$ 6,911,076</b>	<b>\$ 6,578,880</b>	<b>\$ 7,483,379</b>	<b>\$ 6,257,434</b>	<b>\$ 5,730,834</b>	<b>\$ 4,768,924</b>	<b>\$ 4,564,185</b>	<b>\$ 4,086,597</b>	<b>\$ 3,704,547</b>
<b>Net pension liability (a) - (b)</b>	<b>\$ 2,472,288</b>	<b>\$ 2,618,424</b>	<b>\$ 2,639,836</b>	<b>\$ 1,190,846</b>	<b>\$ 2,107,912</b>	<b>\$ 2,530,400</b>	<b>\$ 3,175,549</b>	<b>\$ 2,550,875</b>	<b>\$ 2,187,593</b>	<b>\$ 2,120,709</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	74.62%	72.52%	71.36%	86.27%	74.80%	69.37%	60.03%	64.15%	65.13%	63.59%
<b>Covered employee payroll</b>	\$ 1,354,309	\$ 1,357,938	\$ 1,310,769	\$ 1,277,270	\$ 1,277,270	\$ 1,277,270	\$ 1,528,975	\$ 1,529,167	\$ 1,223,784	\$ 1,223,784
<b>Net pension liability as a percentage of covered employee payroll</b>	182.55%	192.82%	201.40%	93.23%	165.03%	198.11%	207.69%	166.81%	178.76%	173.29%

See independent auditors' report.

**PIONEER VALLEY TRANSIT AUTHORITY**  
**(A Component Unit of the Massachusetts Department of Transportation)**

**SCHEDULE OF CHANGES IN NET PENSION LIABILITIES AND RELATED RATIOS**

**REQUIRED SUPPLEMENTARY INFORMATION**

**June 30, 2025**

	SATCo SERP Plan (see also Note 13) Plan Year End June 30,									
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Total pension liability</b>										
Service cost	\$ 739,292	\$ 593,752	\$ 463,547	\$ 500,646	\$ 405,985	\$ 404,377	\$ 408,631	\$ 399,561	\$ 365,630	\$ 327,274
Interest	1,027,355	909,270	840,842	708,305	648,403	594,567	527,876	448,386	399,919	351,881
Changes of benefit terms	-	-	-	-	-	-	-	-	-	-
Changes of assumptions	(106,137)	47,367	50,228	(9,309)	(13,691)	-	-	-	-	-
Differences between expected and actual experience	(170,341)	497,761	(42,215)	1,268,422	(17,058)	38,305	434,823	461,424	41,217	96,577
Benefit payment, including refunds of employee contributions	(474,904)	(365,210)	(355,903)	(330,056)	(218,642)	(193,026)	(266,628)	(122,646)	(86,013)	(60,634)
Net change in total pension liability	1,015,265	1,682,940	956,499	2,138,008	804,997	844,223	1,104,702	1,186,725	720,753	715,098
Total pension liability, beginning	15,408,498	13,725,558	12,769,059	10,631,051	9,826,054	8,981,831	7,877,129	6,690,404	5,969,651	5,254,553
<b>Total pension liability, ending (a)</b>	<u>\$ 16,423,763</u>	<u>\$ 15,408,498</u>	<u>\$ 13,725,558</u>	<u>\$ 12,769,059</u>	<u>\$ 10,631,051</u>	<u>\$ 9,826,054</u>	<u>\$ 8,981,831</u>	<u>\$ 7,877,129</u>	<u>\$ 6,690,404</u>	<u>\$ 5,969,651</u>
<b>Plan fiduciary net position</b>										
Contributions	\$ 1,427,322	\$ 1,427,322	\$ 330,497	\$ 1,187,785	\$ 940,000	\$ 910,398	\$ 1,150,000	\$ 1,168,595	\$ 1,800,000	\$ 620,000
Net investment income	940,979	1,069,824	(1,239,507)	2,315,863	391,852	944,844	439,395	407,457	233,325	44,799
Benefit payments, including refunds of employee contributions	(474,904)	(365,210)	(355,903)	(330,056)	(218,642)	(193,026)	(266,628)	(122,646)	(86,013)	(60,634)
Administrative expense	(105,987)	(82,977)	(85,199)	(85,199)	(67,848)	(42,714)	(50,575)	(41,841)	(27,871)	(18,764)
Net change in plan fiduciary net position	1,787,410	2,048,959	(1,350,112)	3,088,393	1,045,362	1,619,502	1,272,192	1,411,565	1,919,441	585,401
Plan fiduciary net position, beginning	13,896,124	11,847,165	13,197,277	10,108,884	9,063,522	7,444,020	6,171,828	4,760,263	2,840,822	2,255,421
<b>Plan fiduciary net position, ending (b)</b>	<u>\$ 15,683,534</u>	<u>\$ 13,896,124</u>	<u>\$ 11,847,165</u>	<u>\$ 13,197,277</u>	<u>\$ 10,108,884</u>	<u>\$ 9,063,522</u>	<u>\$ 7,444,020</u>	<u>\$ 6,171,828</u>	<u>\$ 4,760,263</u>	<u>\$ 2,840,822</u>
<b>Net pension liability (a) - (b)</b>	<u>\$ 740,229</u>	<u>\$ 1,512,374</u>	<u>\$ 1,878,393</u>	<u>\$ (428,218)</u>	<u>\$ 522,167</u>	<u>\$ 762,532</u>	<u>\$ 1,537,811</u>	<u>\$ 1,705,301</u>	<u>\$ 1,930,141</u>	<u>\$ 3,128,829</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	95.49%	90.18%	86.31%	103.35%	95.09%	92.24%	82.88%	78.35%	71.15%	47.59%
<b>Covered employee payroll</b>	\$ 17,677,691	\$ 15,113,935	\$ 16,271,274	\$ 16,542,216	\$ 15,973,184	\$ 15,901,029	\$ 15,301,015	\$ 14,477,280	\$ 14,742,434	\$ 14,042,201
<b>Net pension liability as a percentage of covered employee payroll</b>	4.19%	10.01%	11.54%	-2.59%	3.27%	4.80%	10.05%	11.78%	13.09%	22.28%

See independent auditors' report.

**PIONEER VALLEY TRANSIT AUTHORITY**  
**(A Component Unit of the Massachusetts Department of Transportation)**

**SCHEDULE OF PENSION CONTRIBUTIONS**

**REQUIRED SUPPLEMENTARY INFORMATION**

**June 30, 2025**

	<b>PVTA Pension Plan</b> <b>(see also Note 11)</b> <b>Plan Year End June 30,</b>									
	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Actuarially determined contribution	\$ 613,579	\$ 508,319	\$ 513,344	\$ 340,222	\$ 389,354	\$ 492,723	\$ 722,782	\$ 497,602	\$ 441,721	\$ 415,986
Contributions in relation to the actuarially determined contribution	213,205	202,062	186,274	197,873	710,158	676,663	231,081	415,512	433,624	206,264
Contribution deficiency (excess)	\$ 400,374	\$ 306,257	\$ 327,070	\$ 142,349	\$ (320,804)	\$ (183,940)	\$ 491,701	\$ 82,090	\$ 8,097	\$ 209,722
Covered employee payroll	\$ 1,354,309	\$ 1,357,938	\$ 1,310,769	\$ 1,277,270	\$ 1,277,270	\$ 1,277,270	\$ 1,528,975	\$ 1,529,167	\$ 1,223,784	\$ 1,223,784
Contribution as a percentage of covered employee payroll	15.74%	14.88%	14.21%	15.49%	55.60%	52.98%	15.11%	27.17%	35.43%	16.85%

**Notes to Schedules for PVTA Pension Plan**

*Valuation date:*

Actuarially determined contribution rates are calculated as of June 30, 2024.

*Methods and assumptions used to determine contribution rates:*

Actuarial cost method:	Entry age normal
Amortization method:	15 year level dollar of the existing net pension liability as of the valuation date
Remaining amortization period	15 years. Fresh start method with amortization remaining unfunded amortized each year.
Asset valuation method	Market value of assets as of the measurement date
Inflation:	2% and for future periods
Salary increases:	4% annually and for future periods
Investment rate of return:	5.75%, net of pension plan investment expense, including inflation for small plans

See independent auditors' report.

**PIONEER VALLEY TRANSIT AUTHORITY**  
**(A Component Unit of the Massachusetts Department of Transportation)**

**SCHEDULE OF PENSION CONTRIBUTIONS**

**REQUIRED SUPPLEMENTARY INFORMATION**

**June 30, 2025**

	<b>SATCo SERP Plan</b> <b>(see also Note 13)</b> <b>Plan Year End June 30,</b>									
	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Actuarially determined contribution	\$ 812,262	\$ 742,837	\$ 648,714	\$ 458,434	\$ 457,459	\$ 479,545	\$ 560,224	\$ 567,665	\$ 555,898	\$ 635,705
Contributions in relation to the actuarially determined contribution	1,427,322	1,427,322	330,497	655,255	408,549	380,619	625,074	635,316	1,295,000	129,644
Contribution deficiency (excess)	<u>\$ (615,060)</u>	<u>\$ (684,485)</u>	<u>\$ 318,217</u>	<u>\$ (196,821)</u>	<u>\$ 48,910</u>	<u>\$ 98,926</u>	<u>\$ (64,850)</u>	<u>\$ (67,651)</u>	<u>\$ (739,102)</u>	<u>\$ 506,061</u>
Covered employee payroll	\$ 17,677,691	\$ 15,113,935	\$ 16,271,274	\$ 16,542,216	\$ 15,973,184	\$ 15,901,029	\$ 15,301,015	\$ 14,477,280	\$ 14,742,434	\$ 14,042,201
Contribution as a percentage of covered employee payroll	8.07%	9.44%	2.03%	3.96%	2.56%	2.39%	4.09%	4.39%	8.78%	0.92%

**Notes to Schedules for SATCO SERP Pension Plan**

*Valuation date:*

Actuarially determined contribution rates are calculated as of June 30, 2024.

*Methods and assumptions used to determine contribution rates:*

Actuarial cost method:	Entry age normal
Amortization method:	15 year level dollar of the existing net pension liability as of the valuation date
Remaining amortization period	15 years. Fresh start method with amortization remaining unfunded amortized each year.
Asset valuation method	Market value of assets as of the measurement date
Inflation:	2.5% as of June 30, 2024 and for future periods
Salary increases:	N/A
Investment rate of return:	6.27%, net of pension plan investment expense, including inflation for small plans

See independent auditors' report.

**PIONEER VALLEY TRANSIT AUTHORITY**  
**(A Component Unit of the Massachusetts Department of Transportation)**

**SCHEDULE OF CHANGES IN NET OPEB**  
**LIABILITIES AND RELATED RATIOS**

**REQUIRED SUPPLEMENTARY INFORMATION**

**June 30, 2025**

	<b>PVTA OPEB Plan</b> <b>(see also Note 15)</b> <b>Plan Year End June 30,</b>							
	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>Total OPEB liability</b>								
Service cost	\$ 254,647	\$ 249,203	\$ 230,108	\$ 397,463	\$ 220,047	\$ 209,018	\$ 196,680	\$ 310,684
Interest	232,574	216,380	242,112	172,968	170,206	163,543	151,826	171,289
Changes of benefit terms	(3,108,797)	-	-	-	-	-	414,737	-
Changes of assumptions	(59,967)	(61,144)	206,524	(2,024,497)	1,537,121	-	(129,709)	-
Differences between actual and expected experience	(717,546)	-	(1,245,513)	-	(461,016)	-	(79,798)	-
Benefit payments including implicit cost	(131,300)	(118,410)	(146,751)	(146,751)	(144,388)	(138,205)	(141,814)	(93,312)
Net change in total OPEB liability	(3,530,389)	286,029	(713,520)	(1,600,817)	1,321,970	234,356	411,922	388,661
Total OPEB liability, beginning	5,334,646	5,048,617	5,762,137	7,362,954	6,040,984	5,806,628	5,394,706	5,006,045
<b>Total OPEB liability, ending (a)</b>	<b>\$ 1,804,257</b>	<b>\$ 5,334,646</b>	<b>\$ 5,048,617</b>	<b>\$ 5,762,137</b>	<b>\$ 7,362,954</b>	<b>\$ 6,040,984</b>	<b>\$ 5,806,628</b>	<b>\$ 5,394,706</b>
<b>Plan fiduciary net position</b>								
Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net investment income	48	64	72	(31)	115	(24)	-	-
Employer contributions - premiums	131,300	118,410	146,751	146,751	144,388	138,705	141,814	93,312
Benefit payments - premiums	(131,300)	(118,410)	(146,751)	(146,751)	(144,388)	(138,205)	(141,814)	(93,312)
Administrative expense	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	48	64	72	(31)	115	476	-	-
Plan fiduciary net position, beginning	696	632	560	591	476	-	-	-
<b>Plan fiduciary net position, ending (b)</b>	<b>\$ 744</b>	<b>\$ 696</b>	<b>\$ 632</b>	<b>\$ 560</b>	<b>\$ 591</b>	<b>\$ 476</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Net OPEB liability (a) - (b)</b>	<b>\$ 1,803,513</b>	<b>\$ 5,333,950</b>	<b>\$ 5,047,985</b>	<b>\$ 5,761,577</b>	<b>\$ 7,362,363</b>	<b>\$ 6,040,508</b>	<b>\$ 5,806,628</b>	<b>\$ 5,394,706</b>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	0.04%	0.01%	0.01%	0.01%	0.01%	0.01%	0.00%	0.00%
<b>Covered employee payroll</b>	\$ 1,897,571	\$ 1,595,983	\$ 1,549,498	\$ 1,514,115	\$ 1,470,015	\$ 1,550,298	\$ 1,505,144	\$ 1,442,016
<b>Net OPEB liability as a percentage of covered employee payroll</b>	95.04%	334.21%	325.78%	380.52%	500.84%	389.64%	385.79%	374.11%

**Notes to Schedule:**

Changes of assumptions:

Discount rate changed from 4.21% to 4.81%.

As of August 1st, 2026, the Authority will no longer offer or pay for prescription drugs for retirees enrolled in Medicare.

Last 10 years: Only plan years 2018 to 2025 available.

See independent auditors' report.

**PIONEER VALLEY TRANSIT AUTHORITY**  
(A Component Unit of the Massachusetts Department of Transportation)

**SCHEDULE OF CHANGES IN NET OPEB  
LIABILITIES AND RELATED RATIOS**

**REQUIRED SUPPLEMENTARY INFORMATION**

**June 30, 2025**

	SATCo OPEB Plan (see also Note 16) Plan Year End June 30,							
	2025	2024	2023	2022	2021	2020	2019	2018
<b>Total OPEB liability</b>								
Service cost	\$ 995,095	\$ 1,172,870	\$ 1,089,988	\$ 1,360,593	\$ 869,836	\$ 798,091	\$ 1,292,292	\$ 1,533,958
Interest	1,444,022	1,568,080	1,490,539	1,066,904	1,179,290	1,429,115	1,484,613	1,173,374
Changes of benefit terms	-	-	-	-	-	-	2,130,904	-
Changes of assumptions	(1,625,543)	(1,774,209)	-	223,197	6,110,270	(3,670,465)	(5,055,906)	-
Differences between actual and expected experience	-	(5,736,351)	-	(2,448,711)	-	(5,818,732)	-	(805,038)
Benefit payments including implicit cost	(945,285)	(907,850)	(813,400)	(851,166)	(816,030)	(764,208)	(726,472)	(574,275)
Net change in total OPEB liability	(131,711)	(5,677,460)	1,767,127	(649,183)	7,343,366	(8,026,199)	(874,569)	1,328,019
Total OPEB liability, beginning	30,065,785	35,743,245	33,976,118	34,625,301	27,281,935	35,308,134	36,182,703	34,854,684
<b>Total OPEB liability, ending (a)</b>	<u>\$ 29,934,074</u>	<u>\$ 30,065,785</u>	<u>\$ 35,743,245</u>	<u>\$ 33,976,118</u>	<u>\$ 34,625,301</u>	<u>\$ 27,281,935</u>	<u>\$ 35,308,134</u>	<u>\$ 36,182,703</u>
<b>Plan fiduciary net position</b>								
Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net investment income	50,440	51,481	52,183	(52,900)	121,160	8,291	16,299	-
Employer contributions to trust	-	-	-	-	-	-	500,000	-
Employer contributions - premiums	945,285	907,850	813,400	851,166	816,030	764,208	726,472	574,275
Benefit payments - premiums	(945,285)	(907,850)	(813,400)	(851,166)	(816,030)	(764,208)	(726,472)	(574,275)
Administrative expense	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	50,440	51,481	52,183	(52,900)	121,160	8,291	516,299	-
Plan fiduciary net position, beginning	696,514	645,033	592,850	645,750	524,590	516,299	-	-
<b>Plan fiduciary net position, ending (b)</b>	<u>\$ 746,954</u>	<u>\$ 696,514</u>	<u>\$ 645,033</u>	<u>\$ 592,850</u>	<u>\$ 645,750</u>	<u>\$ 524,590</u>	<u>\$ 516,299</u>	<u>\$ -</u>
<b>Net OPEB liability (a) - (b)</b>	<u>\$ 29,187,120</u>	<u>\$ 29,369,271</u>	<u>\$ 35,098,212</u>	<u>\$ 33,383,268</u>	<u>\$ 33,979,551</u>	<u>\$ 26,757,345</u>	<u>\$ 34,791,835</u>	<u>\$ 36,182,703</u>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	2.50%	2.32%	1.80%	1.74%	1.86%	1.92%	1.46%	0.00%
<b>Covered employee payroll</b>	\$ 17,874,921	\$ 17,354,292	\$ 17,375,484	\$ 16,869,402	\$ 16,378,060	\$ 15,901,029	\$ 15,640,248	\$ 14,477,280
<b>Net OPEB liability as a percentage of covered employee payroll</b>	163.29%	169.23%	202.00%	197.89%	207.47%	168.27%	222.45%	249.93%

**Notes to Schedule:**

Changes of assumptions:

Discount rate changed from 4.72% to 5.14%.

Last 10 years: Only plan years 2018 to 2025 available.

See independent auditors' report.



**PIONEER VALLEY TRANSIT AUTHORITY**  
**(A Component Unit of the Massachusetts Department of Transportation)**

**SCHEDULE OF OPEB CONTRIBUTIONS**  
**REQUIRED SUPPLEMENTARY INFORMATION**

**June 30, 2025**

	<b>PVTA OPEB Plan</b> <b>(see also Note 15)</b> <b>Plan Year End June 30,</b>							
	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Actuarially determined contribution	\$ 331,263	\$ 458,738	\$ 426,341	\$ 620,260	\$ 440,343	\$ 488,100	\$ 475,762	\$ 585,941
Contributions in relation to the actuarially determined contribution	131,300	118,410	146,751	146,751	144,388	138,205	141,814	93,312
Contribution deficiency (excess)	\$ 199,963	\$ 340,328	\$ 279,590	\$ 473,509	\$ 295,955	\$ 349,895	\$ 333,948	\$ 492,629
Covered employee payroll	\$ 1,897,571	\$ 1,595,983	\$ 1,549,498	\$ 1,514,115	\$ 1,470,015	\$ 1,550,298	\$ 1,505,144	\$ 1,442,016
Contribution as a percentage of covered employee payroll	6.92%	7.42%	9.47%	9.69%	9.82%	8.91%	9.42%	6.47%

**Notes to Schedule**

*PVTA OPEB Valuation date:*

Actuarially determined contribution rates were calculated as of July 1, 2024 with a measurement date of June 30, 2025.

*Methods and assumptions used to determine contribution rates for PVTA:*

Actuarial cost method:	Individual entry age normal
Municipal bond rate:	4.81% as of June 30, 2025 (Source: S&P Municipal Bond 20-Year High Grade Index)
Discount rate:	4.81%
Inflation:	2.50% as of June 30, 2025 and for future periods
Salary increases:	3.00% annually and for future periods
Pre- and post-retirement mortality:	Mortality rates were based upon the RP-2014 Mortality Table for Blue Collar Employees projected generationally with scale MP-2021 for males and females, set forward 1 year for females
Disabled mortality:	Mortality rate was based upon the RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2021 for males and females, set forward 1 year.

*Changes in assumptions:*

Effective June 30, 2025, discount rate changed from 4.21% to 4.81%.  
As of August 1st, 2026, the Authority will no longer offer or pay for prescription drugs for retirees enrolled in Medicare.

Last 10 years: Only plan years 2018 to 2025 available.

See independent auditors' report.

**PIONEER VALLEY TRANSIT AUTHORITY**  
**(A Component Unit of the Massachusetts Department of Transportation)**

**SCHEDULE OF OPEB CONTRIBUTIONS**  
**REQUIRED SUPPLEMENTARY INFORMATION**

**June 30, 2025**

	SATCo OPEB Plan (see also Note 16) Plan Year End June 30,							
	2025	2024	2023	2022	2021	2020	2019	2018
Actuarially determined contribution	\$ 2,285,447	\$ 2,404,866	\$ 2,485,040	\$ 2,687,481	\$ 2,002,488	\$ 2,327,770	\$ 3,226,922	\$ 3,343,115
Contributions in relation to the actuarially determined contribution	945,285	907,850	813,400	851,166	816,030	764,208	1,226,472	574,275
Contribution deficiency (excess)	\$ 1,340,162	\$ 1,497,016	\$ 1,671,640	\$ 1,836,315	\$ 1,186,458	\$ 1,563,562	\$ 2,000,450	\$ 2,768,840
Covered employee payroll	\$ 17,874,921	\$ 17,354,292	\$ 17,375,484	\$ 16,869,402	\$ 16,378,060	\$ 15,901,029	\$ 15,640,248	\$ 14,477,280
Contribution as a percentage of covered employee payroll	5.29%	5.23%	4.68%	5.05%	4.98%	4.81%	7.84%	3.97%

**Notes to Schedule**

*SATCo OPEB Valuation date:*

Actuarially determined contribution rates were calculated as of July 1, 2023 with a measurement date of June 30, 2025.

*Methods and assumptions used to determine contribution rates for SATCo:*

Actuarial cost method:	Individual entry age normal
Municipal bond rate:	4.81% as of June 30, 2025 (Source: S&P Municipal Bond 20-Year High Grade Index)
Discount rate:	5.14%
Inflation:	2.50% as of June 30, 2025 and for future periods
Salary increases:	3.00% annually and for future periods
Pre- and post-retirement mortality:	Mortality rates were based upon the RP-2014 Blue Collar Employee Mortality Tables for males and females projected generationally with scale MP-2016 for males and females, set forward 1 year for females
Disabled mortality:	Mortality rate was based upon the RP-2014 Blue Collar Healthy Annuitant Table projected with scale MP-2016 for males and females, set forward 1 year

*Changes in assumptions:* Discount rate changed from 4.72% to 5.14%.

Last 10 years: Only plan years 2018 to 2025 available.

See independent auditors' report.

**PIONEER VALLEY TRANSIT AUTHORITY**  
**(A Component Unit of the Massachusetts Department of Transportation)**  
**STATEMENT OF NET COST OF SERVICE**  
**SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30,**

	Total Service Area 2025	Comparative Total Service Area 2024
Operating costs		
Total operating expenses	79,552,276	79,883,286
Debt service	731,756	608,005
Eliminate GASB adjustment for changes in net pension, other post-employment benefit, and compensated absence liabilities	3,458,945	767,468
Eliminate GASB adjustment for change in lease asset and liability	(71,627)	(72,902)
Eliminate non-reimbursable depreciation expense	(17,457,733)	(17,564,393)
Total eligible costs	<u>66,213,617</u>	<u>63,621,464</u>
Operating assistance and revenues		
Federal and other operating assistance	5,523,343	9,013,030
Local revenues		
Fixed route	2,075,678	4,734,079
Paratransit	82,162	417,628
Shuttle	2,177	7,003
Advertising	339,600	310,234
Other income	499,515	399,976
Interest	644,601	517,809
Total operating assistance and revenues	<u>9,167,076</u>	<u>15,399,759</u>
Net operating deficit	57,046,541	48,221,705
Increase in reserve for extraordinary expense	49,384	48,179
Net cost of service	<u>\$ 57,095,925</u>	<u>\$ 48,269,884</u>
Net cost of service funding		
Local assessments	\$ 10,376,805	\$ 10,123,712
Massachusetts contract assistance	39,440,070	36,099,082
Massachusetts fare free program	7,279,050	2,047,090
Total	<u>\$ 57,095,925</u>	<u>\$ 48,269,884</u>

The following non-reimbursable items are not included in the eligible expenses above:

- Depreciation taken on property and equipment purchased with capital grant funding
- GASB adjustment for changes in net pension and other post-employment benefit liabilities
- GASB adjustment for changes in compensated absence liability
- GASB adjustment for change in right-to-use lease asset and liability

See independent auditors' report.



# Adelson & Company PC

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## INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Advisory Board

### **PIONEER VALLEY TRANSIT AUTHORITY**

2808 Main Street  
Springfield, MA 01107

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the business-type activities, of the Pioneer Valley Transit Authority as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Pioneer Valley Transit Authority's basic financial statements, and have issued our report thereon dated September 19, 2025.

### **Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Pioneer Valley Transit Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Pioneer Valley Transit Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Pioneer Valley Transit Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Pioneer Valley Transit Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Adelson + Company PC". The script is cursive and fluid.

ADELSON & COMPANY PC

September 19, 2025