

FRANKLIN REGIONAL 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
FRANKLIN REGIONAL TRANSIT AUTHORITY
12 Olive Street, Suite 1
Greenfield, MA 01301

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the business-type activities of the Franklin Regional Transit Authority, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Franklin Regional 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 Franklin Regional 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 Franklin Regional 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 Franklin Regional 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 Franklin Regional 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 Franklin Regional 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 Proportionate Share of Net Pension Liability and Pension Contributions on page 23 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 Franklin Regional Transit Authority's basic financial statements. The accompanying supplementary information on pages 24 and 25 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 Franklin Regional 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 16, 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 8, 2025 on our consideration of the Franklin Regional 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 Franklin Regional Transit Authority's internal control over financial reporting and compliance.


ADELSON & COMPANY PC

September 8, 2025

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2025

The Franklin Regional Transit Authority's (the Authority) 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.

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 \$30,804,582.
- The Authority's cost of operations for fiscal year 2025 were fully covered with operating revenues (demand response income, advertising, rental and other miscellaneous income) and government support (federal, state, and local operating subsidies). See the Authority's net cost of service calculation on page 25 of the financial statements.
- The Authority's total net position decreased \$643,961 from fiscal year 2024. The primary components consist of contributed capital from the federal and state government for the acquisition of capital assets of \$1,503,541, less non-reimbursable depreciation on capital assets of \$2,010,325 and other non-reimbursable expenses of \$136,473, an increase in the Authority's reserve of \$2,850 as allowed under M.G.L. 161B Section 6(q), and an increase in the Authority's net pension liability and related deferred outflows and inflows of resources of \$3,554 which are non-reimbursable items at this time.
- Operating revenues decreased \$41,996 or 26% from fiscal year 2024 with the suspension of fares on demand response services through October 31, 2025.
- Operating expenses increased \$823,442 or 10% from fiscal year 2024. This was primarily due to an increase in fixed route service expenses of \$291,503, an increase in demand response service expenses of \$231,428, an increase in administrative expenses of \$90,911, and an increase in depreciation expense of \$209,600.
- The Authority expended \$1,483,590 on capital assets, all of which was paid for by the federal and state government
- The Authority's operations are funded annually through a required computation of the net cost of service. Except for the establishment of a restricted reserve, the Authority's funding cannot exceed its net cost of service. However, a deficit can result if funding is not sufficient to cover expenses.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2025

Overview of the Financial Statements

The Authority is a component unit of Massachusetts Department of Transportation formed for the purpose of carrying out business-type activities in western Massachusetts communities. The Authority's financial statements consist of three main statements: a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a 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 almost exclusively of its net investment in capital assets (e.g. land, intermodal transit center, revenue vehicles and equipment); less any related debt used to acquire those assets that are still outstanding. The Authority uses these capital assets to provide fixed route and demand response services to individuals within its service area; consequently, these assets are not available for future spending.

Although the Authority's investment in its capital assets is 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 lease obligations or capital debt. Net position also consists of a reserve for extraordinary expenses as allowed by Massachusetts General Laws Chapter 161B Section 6(q). Unfunded deficits, if any, 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 cash 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.

Summary of Net Position

	6/30/2025	6/30/2024	Change
Current assets	\$ 3,543,340	\$ 3,753,041	\$ (209,701)
Property and equipment, net	29,560,772	30,089,532	(528,760)
Deferred outflows of resources	247,626	385,980	(138,354)
Total assets and deferred outflows of resources	33,351,738	34,228,553	(876,815)
Accounts payable and accrued expenses	319,958	625,914	(305,956)
Unearned revenue	268,788	160,886	107,902
Note payable	1,200,000	1,100,000	100,000
Net pension liability	603,829	686,514	(82,685)
Deferred inflows of resources	154,581	206,696	(52,115)
Total liabilities and deferred inflows of resources	2,547,156	2,780,010	(232,854)
Investment in capital assets, net of related debt	29,560,772	30,089,532	(528,760)
Invested in capital funded inventory	9,531	8,632	899
Restricted reserve	116,850	114,000	2,850
Unrestricted	1,117,429	1,236,379	(118,950)
Total net position	\$ 30,804,582	\$ 31,448,543	\$ (643,961)

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

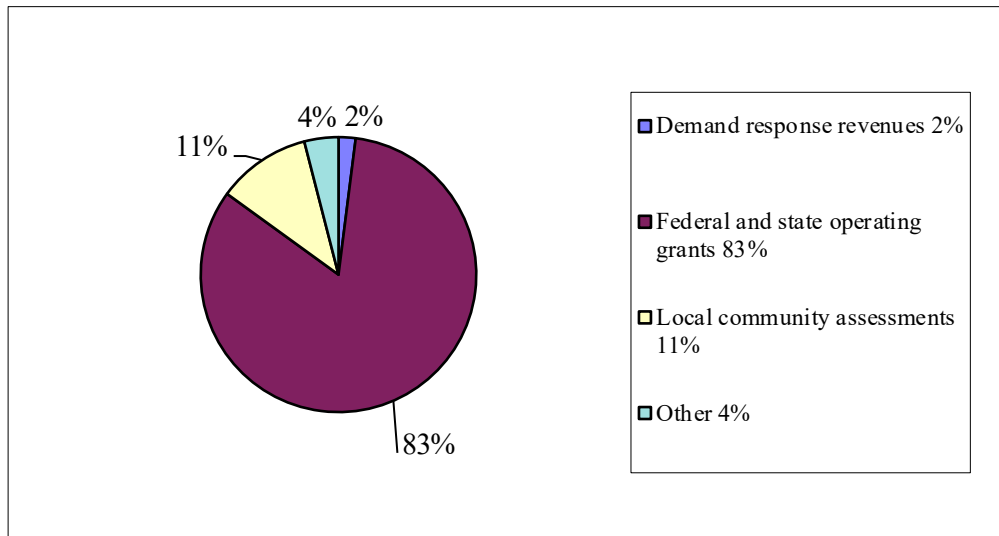
MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2025

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

	6/30/2025	6/30/2024	Change
Operating revenues	\$ 120,139	\$ 162,135	\$ (41,996)
Operating expenses	5,425,257	4,811,415	613,842
Depreciation expense	<u>2,012,350</u>	<u>1,802,750</u>	<u>209,600</u>
Operating income (loss)	(7,317,468)	(6,452,030)	(865,438)
Total non-operating revenues (expenses)	<u>5,169,966</u>	<u>4,593,870</u>	<u>576,096</u>
Income (loss) before capital contributions	(2,147,502)	(1,858,160)	(289,342)
Capital contributions	<u>1,503,541</u>	<u>1,491,473</u>	<u>12,068</u>
Change in net position	(643,961)	(366,687)	(277,274)
Net position, beginning	<u>31,448,543</u>	<u>31,815,230</u>	<u>(366,687)</u>
Net position, ending	<u>\$ 30,804,582</u>	<u>\$ 31,448,543</u>	<u>\$ (643,961)</u>

Total Operating and Non-operating
Revenues of \$5,336,220 by Source

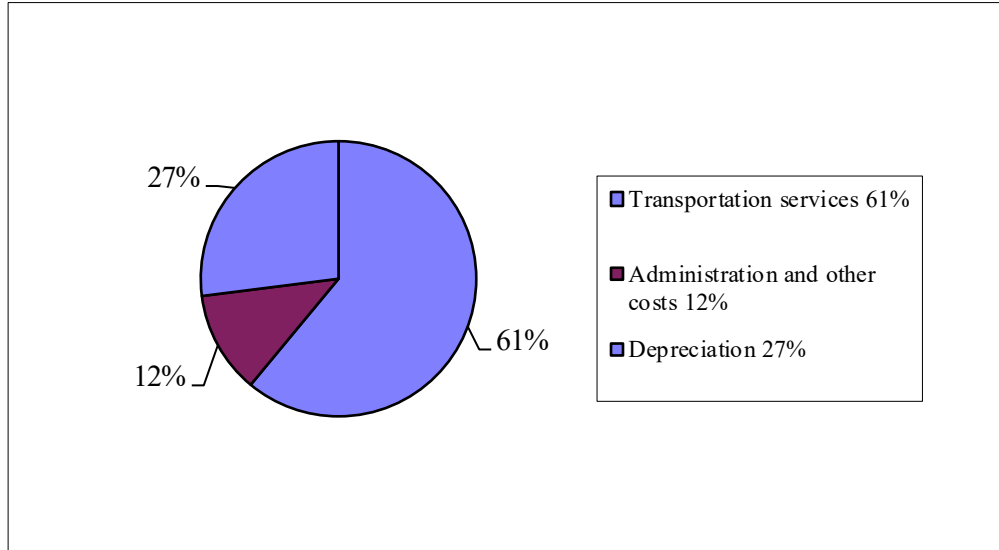


FRANKLIN REGIONAL TRANSIT AUTHORITY
(A Component Unit of the Massachusetts Department of Transportation)

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2025

Total Operating and Non-operating
Expenses of \$7,483,722 by Source



Capital Asset and Debt Administration

Capital assets

The Authority's net decrease in capital assets during the year ended June 30, 2025 was \$528,760. The Authority primarily acquires its capital assets under federal and state capital grants. During fiscal year 2025, the Authority acquired seven 2024 Frontrunner low-floor transit vans at a cost of \$1,314,474 and two 2024 New Voyager vans at a cost of \$169,116, for a total cost of \$1,483,590, which was covered by capital grants.

The details on capital assets totaling \$29,560,772, net of accumulated depreciation, are disclosed in Note 5 of the financial statements.

Revenue Anticipation Notes

At the end of fiscal year 2025, the Authority had a revenue anticipation note payable of \$1,200,000. This note provides cash flow until federal, state and local appropriations are received.

Subsequent to fiscal year end June 30, 2025, the Authority issued a new \$1,200,000 revenue anticipation note on August 1, 2025 maturing on July 31, 2026 at a rate of 4.00%. The Authority repaid the \$1,200,000 note due August 1, 2025.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2025

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. The Authority's net cost of service is also funded through assessments to member municipalities. These assessments may increase annually in the aggregate by no more than 2.5%, plus the members' share of any new services. Local assessments continue to be funded in arrears (1.5 years behind). This contributes in large part to the Authority's borrowing needs.

The Authority has been fare free since the onset of COVID-19 and has access to federal pandemic funds through fiscal year 2029. The Authority extended its suspension of fares on all of its fixed bus route and ADA service indefinitely.

Future Service / Funding Needs

The Authority expects to receive adequate funding in fiscal year 2026 from State Contract Assistance and the Federal 5311 funds that are allocated among the rural RTAs by the Department of Transportation. The Authority also has access to funds from the Federal Cares Act, under a contract with the Massachusetts Department of Transportation.

Requests for Information

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the Authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Franklin Regional Transit Authority, 12 Olive Street, Suite 1, Greenfield, MA 01301.

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

STATEMENT OF NET POSITION

June 30,

	<u>2025</u>	<u>Comparative 2024</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 1,773,568	\$ 1,031,669
Receivables	1,591,342	2,345,982
Inventory	123,820	117,539
Prepaid expenses	120,403	225,424
Net current position (deficit) of fixed route operator	<u>(65,793)</u>	<u>32,427</u>
Total current assets	3,543,340	3,753,041
Property and equipment, net	<u>29,560,772</u>	<u>30,089,532</u>
Total assets	<u>33,104,112</u>	<u>33,842,573</u>
Deferred outflows of resources		
Related to pension	<u>247,626</u>	<u>385,980</u>
Liabilities		
Accounts payable	152,978	495,098
Compensated absences	11,475	11,475
Due to Commonwealth of Massachusetts	109,504	71,491
Accrued interest	46,001	47,850
Unearned revenue	268,788	160,886
Note payable	1,200,000	1,100,000
Net pension liability	<u>603,829</u>	<u>686,514</u>
Total liabilities	<u>2,392,575</u>	<u>2,573,314</u>
Deferred inflows of resources		
Related to pension	<u>154,581</u>	<u>206,696</u>
Net position		
Invested in capital assets, net of related debt	29,560,772	30,089,532
Invested in capital funded inventory	9,531	8,632
Restricted	116,850	114,000
Unrestricted	<u>1,117,429</u>	<u>1,236,379</u>
Total net position	<u>\$ 30,804,582</u>	<u>\$ 31,448,543</u>

See notes to financial statements.

FRANKLIN REGIONAL 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
Operating revenues		
Fixed route income	\$ -	\$ -
Demand response income	120,139	162,135
Total operating revenues	<u>120,139</u>	<u>162,135</u>
Operating expenses		
Fixed route service	2,169,889	1,878,386
Demand response service	2,386,276	2,154,848
Salaries, taxes and fringe benefits	650,974	578,690
Other administrative expenses	218,118	199,491
Depreciation expense	<u>2,012,350</u>	<u>1,802,750</u>
Total operating expenses	<u>7,437,607</u>	<u>6,614,165</u>
Operating income (loss)	<u>(7,317,468)</u>	<u>(6,452,030)</u>
Non-operating revenues (expenses)		
Government assistance		
Federal	849,002	758,589
Federal CARES Act	576,140	681,304
Massachusetts contract assistance	2,618,646	2,314,977
Massachusetts fare free program	236,636	15,000
Member communities	598,856	584,250
Other federal and state assistance	106,577	93,665
Interest income	52,136	28,839
Advertising income	19,563	19,265
Rental income	153,458	135,656
Other income	5,067	7,166
Interest expense	<u>(46,115)</u>	<u>(44,841)</u>
Total non-operating revenues (expenses)	<u>5,169,966</u>	<u>4,593,870</u>
Income (loss) before capital contributions	(2,147,502)	(1,858,160)
Capital contributions	<u>1,503,541</u>	<u>1,491,473</u>
Change in net position	(643,961)	(366,687)
Net position, beginning	<u>31,448,543</u>	<u>31,815,230</u>
Net position, ending	<u>\$ 30,804,582</u>	<u>\$ 31,448,543</u>

See notes to financial statements.

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

STATEMENT OF CASH FLOWS

For the Year Ended June 30,

	2025	Comparative 2024
Cash flows from operating activities:		
Receipts from customers	\$ 111,246	\$ 166,412
Payments for goods and services	(4,585,353)	(5,067,586)
Payments to employees	(650,974)	(577,944)
Net cash provided (used) by operating activities	<u>(5,125,081)</u>	<u>(5,479,118)</u>
Cash flows from noncapital financing activities:		
Receipts of operating grants	5,811,603	4,776,328
Proceeds from issuing revenue anticipation note	1,200,000	1,100,000
Repayment of revenue anticipation note	(1,100,000)	(1,100,000)
Interest paid	(47,964)	(27,736)
Net cash provided (used) by noncapital financing activities	<u>5,863,639</u>	<u>4,748,592</u>
Cash flows from capital and related financing activities:		
Receipts of capital grants	617,605	1,998,981
Payments for capital acquisitions	(666,400)	(980,359)
Net cash provided (used) by capital and related financing activities	<u>(48,795)</u>	<u>1,018,622</u>
Cash flows from investing activities:		
Interest income	52,136	28,839
Net cash provided (used) by investing activities	<u>52,136</u>	<u>28,839</u>
Net increase (decrease) in cash and cash equivalents	741,899	316,935
Cash and cash equivalents, beginning	<u>1,031,669</u>	<u>714,734</u>
Cash and cash equivalents, ending	<u><u>\$ 1,773,568</u></u>	<u><u>\$ 1,031,669</u></u>
Reconciliation of operating loss to net cash used by operating activities:		
Operating loss	\$ (7,317,468)	\$ (6,452,030)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation	2,012,350	1,802,750
Advertising, rental and other income	178,088	162,087
Change in assets and liabilities:		
(Increase) decrease in receivables	(491,762)	(844,312)
(Increase) decrease in inventory	13,670	29,473
(Increase) decrease in prepaids	105,021	(184,195)
(Increase) decrease in net position of fixed route operator	98,220	-
Increase (decrease) in accounts payable	165,344	87,514
Increase (decrease) in unearned revenue	107,902	(86,416)
Increase (decrease) in net pension liability	3,554	6,011
Net cash used by operating activities	<u><u>\$ (5,125,081)</u></u>	<u><u>\$ (5,479,118)</u></u>
Noncash supplemental disclosures		
Capital assets purchased on behalf of the Authority by the Commonwealth	<u><u>\$ 1,306,592</u></u>	<u><u>\$ 676,906</u></u>

See notes to financial statements.

FRANKLIN REGIONAL 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

Reporting Entity

The Franklin Regional 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 forty-one towns in Franklin, Hampshire, Hampden and Worcester counties. 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 transit services is performed by a private sector transportation company (the Operator) under terms and agreements whereby the Operator provides mass transit along such routes and according to such schedules as may be defined by the Authority. The Operator is also responsible for the maintenance of the Authority's transportation property (operations and maintenance facility, rolling stock, and other transportation equipment). In return, the Authority agrees to pay the Operator a management fee and to reimburse the Operator for all costs and expenses which are reasonable and necessary for the efficient operation and maintenance of the transit service (see also Notes 4 and 8).

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.

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 operating revenues consist of fares for demand response transit services. The Authority's fixed route service has been fare free since the onset of COVID-19 and has access to federal pandemic funds through fiscal year 2029. The Authority extended its suspension of fares on all of its fixed route services and ADA services indefinitely.

NOTE 1 - (Continued)

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 \$116,850 and \$114,000, respectively.

Unrestricted

All amounts not included in other spendable 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 and rental 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.

The Authority has been fare free since the onset of COVID-19 and has extended its suspension of fares on all of its fixed bus route and ADA service indefinitely.

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 Section 5311, provides for assistance of up to 50% of the Authority's eligible operating costs. In addition, under 49 USC Sections 5309, 5310 and 5311, the federal government may provide 80% to 100% of the cost of capital acquisitions. The Authority has also received Federal CARES Act funding under Section 5311 to cover eligible operating expenses incurred through September 2029, which covers 100% of eligible expenses.

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).

NOTE 1 - (Continued)

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.

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.

Inventory

Inventory is stated at the lower of acquisition cost or net realizable value. Cost is determined by the first-in, first-out method.

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.

Compensated Absences

Full-time and part-time employees are eligible for vacation leave with pay. Unused vacation leave may be accumulated and carried over to the next fiscal year up to a maximum of two weeks (ten days). Any unused vacation time in excess of two weeks left in the current fiscal year may be paid out to the employee with the approval of the Administrator prior to the close of the current fiscal year.

Full-time and part-time employees are eligible for sick leave. Sick leave accrues at the rate of 1.25 days per month for full-time employees and pro-rata for part-time employees as defined by the policy. Sick leave can be carried forward from year to year to a maximum of 60 days and can be used as defined in the policy.

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, the compensated absence liability was \$11,475.

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 expense or revenue.

Use of Estimates

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

NOTE 1 - (Continued)

Subsequent Events

Management has evaluated subsequent events through September 8, 2025, the date which the financial statements were available to be issued.

Concentration of Source of Supply of Labor

The Authority signed a contract effective July 1, 2018 for its fixed route and some of its demand response transportation services with Franklin Transit Management, Inc. (FTM), a wholly-owned subsidiary of Transdev United States (formerly First Transit, Inc.). The contract expires on June 30, 2028. Approximately ninety percent (90%) of FTM's employees are members of the Local 274 United Electrical, Radio and Machine Workers of America Union. FTM's labor agreement with the Union is effective through March 31, 2027.

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 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. 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.

Custodial Credit Risk Related To Deposits

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 that are insured by FDIC or State depository insurance or collateralized. Bank deposits as of June 30, 2025 were \$2,036,596, all of which was insured.

NOTE 3 - RECEIVABLES

Receivables consisted of the following at June 30:

	2025	Comparative 2024
Federal		
Operating assistance	\$ 482,869	\$ 851,092
Massachusetts		
Capital assistance	190,902	611,558
Member communities		
Operating assistance for current year expenditures	598,856	584,250
Operating assistance for prior year expenditures	297,254	286,514
Total member communities	896,110	870,764
Other receivables	21,461	12,568
Total receivables	\$ 1,591,342	\$ 2,345,982

NOTE 4 - NET POSITION OF FIXED ROUTE OPERATOR

Franklin Transit Management, Inc. (FTM), a subsidiary of Transdev United States, serves as the fixed route operator for the Authority and also operates a portion of the Authority's demand response service. The assets and liabilities held by FTM are owned by the Authority and consist primarily of cash, inventory, prepaid expenses, accounts payable, accrued wages and compensated absences. The Authority is responsible for funding these expenses.

Compensated Absences (Vacation and Sick Leave)

Employees of FTM earn sick leave at a rate of one hour per thirty hours worked, with additional monthly accruals for full-time employees who maintain active status, and may accumulate up to 200 hours, though unused sick time is not paid out upon termination. Vacation leave is earned based on years of service, starting at 40 hours annually after one year and increasing incrementally up to 216 hours for long-term employees, with limited carryover and cash-in options available.

FTM recognizes a liability 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.

The value of these assets less liabilities held by FTM as of June 30, 2025 and 2024 was \$(65,793) and \$32,427, respectively, and is reported as *net current position (deficit) of fixed route operator* in the Authority's financial statements.

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	\$ 527,170	\$ -	\$ -	\$ 527,170
Capital assets, being depreciated				
Revenue vehicles	6,874,084	1,483,590	(21,843)	8,335,831
Support vehicles	259,932	-	-	259,932
Computer software and equipment	2,133,785	-	-	2,133,785
ITC Center	15,724,034	-	-	15,724,034
Maintenance and operations facility	15,785,889	-	-	15,785,889
Total capital assets, being depreciated	40,777,724	1,483,590	(21,843)	42,239,471
Less accumulated depreciation				
Revenue vehicles	3,916,959	967,192	(21,843)	4,862,308
Support vehicles	259,931	-	-	259,931
Computer software and equipment	1,413,902	190,469	-	1,604,371
ITC Center	5,219,804	449,923	-	5,669,727
Maintenance and operations facility	404,766	404,766	-	809,532
Total accumulated depreciation	11,215,362	2,012,350	(21,843)	13,205,869
Total capital assets, being depreciated, net	29,562,362	(528,760)	-	29,033,602
Capital assets, net	\$ 30,089,532	\$ (528,760)	\$ -	\$ 29,560,772

NOTE 5 - (Continued)

	Comparative 2024				
	Beginning Balance	Increases	Decreases	Reclassification	Ending Balance
Capital assets, not being depreciated					
Land	\$ 527,170	\$ -	\$ -	\$ -	\$ 527,170
Construction in process - maintenance facility	15,438,853	366,540	(19,504)	(15,785,889)	-
Total capital assets, not being depreciated	15,966,023	366,540	(19,504)	(15,785,889)	527,170
Capital assets, being depreciated					
Revenue vehicles	6,150,870	745,307	(22,093)	-	6,874,084
Support vehicles	259,932	-	-	-	259,932
Computer software and equipment	2,388,365	371,048	(625,628)	-	2,133,785
ITC Center	15,724,034	-	-	-	15,724,034
Maintenance and operations facility	-	-	-	15,785,889	15,785,889
Leasehold improvements	5,029	-	(5,029)	-	-
Total capital assets, being depreciated	24,528,230	1,116,355	(652,750)	15,785,889	40,777,724
Less accumulated depreciation					
Revenue vehicles	3,128,584	810,468	(22,093)	-	3,916,959
Support vehicles	259,931	-	-	-	259,931
Computer software and equipment	1,906,187	133,343	(625,628)	-	1,413,902
ITC Center	4,765,631	454,173	-	-	5,219,804
Maintenance and operations facility	-	404,766	-	-	404,766
Leasehold improvements	5,029	-	(5,029)	-	-
Total accumulated depreciation	10,065,362	1,802,750	(652,750)	-	11,215,362
Total capital assets, being depreciated, net	14,462,868	(686,395)	-	15,785,889	29,562,362
Capital assets, net	\$ 30,428,891	\$ (319,855)	\$ (19,504)	\$ -	\$ 30,089,532

NOTE 6 - 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 government. These 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 payable consisted of the following for the year ended June 30:

	2025	Comparative 2024
4.00% Revenue anticipation note, due August 1, 2025	\$ 1,200,000	\$ -
4.50% Revenue anticipation note, due August 2, 2024	-	1,100,000
Total	\$ 1,200,000	\$ 1,100,000

On August 1, 2025, the Authority issued a \$1,200,000 revenue anticipation note maturing on July 31, 2026 at a rate of 4.00%. The Authority repaid the \$1,200,000 note due August 1, 2025.

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 7 - NET POSITION

Net position consisted of the following at June 30:

	2025				
	Invested in capital assets, net of debt	Invested in Capital Funded Inventory	Restricted	Unrestricted	Total
Income (loss) before capital contributions	\$ -	\$ -	\$ -	\$ (2,147,502)	\$ (2,147,502)
Depreciation expense	(2,012,350)	-	-	2,012,350	-
Other nonreimbursable expenses	-	(19,052)	-	19,052	-
Capital contributions	1,483,590	19,951	-	-	1,503,541
Increase in reserve for extraordinary expenses	-	-	2,850	(2,850)	-
Increase (decrease) in net position	(528,760)	899	2,850	(118,950)	(643,961)
Net position, beginning	30,089,532	8,632	114,000	1,236,379	31,448,543
Net position, ending	<u>\$ 29,560,772</u>	<u>\$ 9,531</u>	<u>\$ 116,850</u>	<u>\$ 1,117,429</u>	<u>\$ 30,804,582</u>

	Comparative 2024				
	Invested in capital assets, net of debt	Invested in Capital Funded Inventory	Restricted	Unrestricted	Total
Income (loss) before capital contributions	\$ -	\$ -	\$ -	\$ (1,858,160)	\$ (1,858,160)
Depreciation expense	(1,802,750)	-	-	1,802,750	-
Other nonreimbursable expenses	-	(41,784)	-	41,784	-
Capital contributions	1,472,771	18,702	-	-	1,491,473
Other changes	10,124	-	-	(10,124)	-
Disposals	(19,504)	-	-	19,504	-
Increase in reserve for extraordinary expenses	-	-	9,864	(9,864)	-
Increase (decrease) in net position	(339,359)	(23,082)	9,864	(14,110)	(366,687)
Net position, beginning	30,428,891	31,714	104,136	1,250,489	31,815,230
Net position, ending	<u>\$ 30,089,532</u>	<u>\$ 8,632</u>	<u>\$ 114,000</u>	<u>\$ 1,236,379</u>	<u>\$ 31,448,543</u>

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 Chapter 161B Section 6(q). At June 30, 2025 and 2024, the Authority's restricted reserve balance was \$116,850 and \$114,000, respectively.

NOTE 8 - TRANSPORTATION CONTRACTS

- A. The Authority provided seven fixed routes with the hub being in Greenfield going to Northampton, Orange, Shelburne/Charlemont, Sunderland, and other locations within Greenfield and Montague. Only one route (Route 22) remained suspended throughout the entire operating period due to the COVID-19 pandemic as the Authority is re-evaluating reinstating that route in its current form. The Authority contracts with Franklin Transit Management, Inc. (FTM), a wholly-owned subsidiary of Transdev United States, to provide this service, with direct reimbursement for expenses and a management fee paid. FTM operated twenty of the Authority's thirty-five vehicles providing regular maintenance and drivers.

NOTE 8 - (Continued)

- B. Under agreement to the Authority, nine agencies, including five Councils on Aging (COA), and three private vendors, in addition to a group of volunteers, provide demand-response paratransit services to qualified elderly and disabled persons in their communities. In addition, the Authority offers service to the general public to fill vacant seats on demand-response paratransit vehicles – called the Access program. Customers make fare payments to the agencies, or in some cases directly to the Authority. The agencies submit invoices to the Authority for payment less fares. Service was available and provided in the following towns.

Ashfield	Erving	Middlefield	Russell
Bernardston	Gill	Montague	Shelburne
Blandford	Goshen	Montgomery	Shutesbury
Buckland	Granville	New Salem	Southampton
Charlemont	Greenfield	Northfield	Southwick
Chester	Hatfield	Orange	Warwick
Chesterfield	Hawley	Petersham	Wendell
Colrain	Heath	Phillipston	Westhampton
Conway	Huntington	Plainfield	Whately
Cummington	Leyden	Rowe	Worthington
Deerfield			

NOTE 9 - PENSION PLAN

Plan

The Franklin Regional Retirement System (the Plan) is a cost-sharing, multiple-employer defined benefit pension plan that provides pensions for eligible employees of 38 participating employers. The Plan is a member of the Massachusetts Contributory Retirement System and is governed by Chapter 32 of the Massachusetts General Laws. The Plan does not have the authority to amend benefit provisions. The Plan is governed by a Retirement Board made up of five elected and appointed members.

Results of the Plan for the fiscal year ended June 30, 2025 are based on liabilities developed in an actuarial valuation performed as of January 1, 2024 for the Plan's measurement date of December 31, 2024.

Results of the Plan for the fiscal year ended June 30, 2024 are based on liabilities developed in an actuarial valuation performed as of January 1, 2024 for the Plan's measurement date of December 31, 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.

NOTE 9 - (Continued)

Plan Membership

Plan membership consisted of the following at December 31:

	2024	Comparative 2023
Active plan members	1,064	1,014
Inactive plan members or beneficiaries currently receiving benefits	717	699
Inactive plan members entitled to but not yet receiving benefits	833	858
Total	2,614	2,571

Benefits Provided

The Plan provides retirement, disability and death benefits. Retirement benefits are determined as a percentage of the member's final 3-year (5-year for members hired after April 1, 2012) average compensation times the member's years of service. The percentage is based on the age of the member at retirement and his or her Group classification. A member may retire after reaching the age of 55 and accumulating 10 years of service or after accumulating 20 years of service regardless of age. Benefits vest after 10 years of service. Cost-of-living adjustments of 3% of the first \$17,000 of annual retirement allowance are provided at the discretion of the System's Retirement Board.

Contributions

Plan members are required to contribute a percentage of their annual compensation that varies according to their membership date, as follows:

Prior to 1975:	5% of salary
1975 – 1983:	7% of salary
1984 – June 30, 1996:	8% of salary
July 1, 1996 – present:	9% of salary
1979 – present:	An additional 2% of salary in excess of \$30,000
Group 1 members hired on or after April 2, 2012:	6% of salary with 30 or more years of creditable service

Employer contributions are determined in accordance with the requirements set forth in Section 22D and 22F of Chapter 32 of the Massachusetts General Laws. The appropriation is comprised of the annual employer normal cost and amortization payments to pay the unfunded actuarial accrued liability.

Actuarial Assumptions

The total pension liability in the December 31, 2024 and 2023 actuarial valuations were determined using the following assumptions, applied to all periods included in the measurement:

Inflation:	2.5% per year, for the year ended December 31, 2024 2.5% per year, for the year ended December 31, 2023
Salary increases:	Group 1: 6% - 4.00%, based on service Group 4: 7% - 4.50%, based on service
Investment rate of return:	7.15%, net of pension plan investment expense, including inflation, for the year ended December 31, 2024 7.15%, net of pension plan investment expense, including inflation, for the year ended December 31, 2023

NOTE 9 - (Continued)

Mortality rates for 2024 actuarial valuation was based on the RP-2014 Blue Collar Mortality Table with full generational mortality improvement using Scale MP-2021. For disabled lives, the mortality rates were based on the RP-2014 Blue Collar Mortality Table set forward one year with full generational mortality improvement using Scale MP-2021.

Mortality rates for 2023 actuarial valuation was based on the RP-2014 Blue Collar Mortality Table with full generational mortality improvement using Scale MP-2021. For disabled lives, the mortality rates were based on the RP-2014 Blue Collar Mortality Table set forward one year with full generational mortality improvement using Scale MP-2021.

The long-term expected rate of return on pension plan investments for the 2024 and 2023 actuarial valuations were determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, are summarized in the following table:

Asset Class	2024		Comparative 2023	
	Target Allocation	Long-Term Expected Rate of Return	Target Allocation	Long-Term Expected Rate of Return
PRIT Core	40%	5%	40%	5%
Domestic Equity	32%	5%	32%	4%
International Equity	5%	5%	5%	5%
Real Estate	10%	4%	10%	4%
Fixed Income	13%	3%	13%	2%
Total	100.00%		100.00%	

Discount Rate

The discount rate used to measure the total pension liability was 7.15% for the actuarial valuation. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made in accordance with Sections 22D and 22F of Chapter 32 of the Massachusetts General Laws. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected 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 9 - (Continued)**Changes in net pension liability**

	Franklin Regional Retirement System			Franklin Regional Transit Authority		
	100%			1.07% for 2024		
	1.11% for 2023					
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at January 1, 2023	\$243,685,651	\$175,857,545	\$ 67,828,106	\$ 2,802,227	\$ 2,022,247	\$ 779,980
Net changes	10,580,689	16,450,496	(5,869,807)	15,108	108,574	(93,466)
Balance at December 31, 2023	254,266,340	192,308,041	61,958,299	2,817,335	2,130,821	686,514
Net changes	8,636,719	14,022,241	(5,385,522)	(11,242)	71,443	(82,685)
Balance at December 31, 2024	<u>\$262,903,059</u>	<u>\$206,330,282</u>	<u>\$ 56,572,777</u>	<u>\$ 2,806,093</u>	<u>\$ 2,202,264</u>	<u>\$ 603,829</u>

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

The following presents the net pension liability, calculated using the discount rate of 7.15% for 2024 and 2023, 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 (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
Authority's proportionate share of the net pension liability as of December 31, 2024	\$ 911,091	\$ 603,829	\$ 343,855

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
Authority's proportionate share of the net pension liability as of December 31, 2023	\$ 996,728	\$ 686,514	\$ 423,832

Pension Liabilities, Expense and Deferred Inflows and Outflows of Resources

At June 30, 2025, the Authority reported a liability of \$603,829 for its proportionate share of the net pension liability (\$686,514 at June 30, 2024). The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension relative to the projected contributions of all participating System employers, actuarially determined. At December 31, 2024 and 2023, the Authority's proportion was 1.07% and 1.11%, respectively. Net pension liability, deferred outflows/inflows of resources and pension expense are allocated to each employer based on its proportionate share of total employer contributions. For the year ended June 30, 2025, the Authority recognized pension expense of \$102,254 (pension contribution of \$98,700 plus the increase in the net pension liability of \$3,554). For the year ended June 30, 2024, the Authority recognized pension expense of \$102,489 (pension contribution of \$96,478 plus the increase in the net pension liability of \$6,011). Contributions made subsequent to the measurement date of December 31, 2024 were \$49,971 (\$48,729 subsequent to December 31, 2023 measurement date).

NOTE 9 - (Continued)

At June 30, the Authority reported deferred inflows and outflows of resources related to pensions from the following sources:

	2025		Comparative 2024	
	Deferred Outflow of Resources	Deferred Inflow of Resources	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 2,296	\$ 2,319	\$ 12,744	\$ 3,565
Net difference between projected and actual investment earnings on pension plan assets	172,976	122,163	269,352	177,355
Changes in assumptions	22,383	-	55,155	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	30,099	-	25,776
Contributions subsequent to the measurement date	49,971	-	48,729	-
Total	<u>\$ 247,626</u>	<u>\$ 154,581</u>	<u>\$ 385,980</u>	<u>\$ 206,696</u>

Deferred outflow and inflow of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2026	\$ 69,114
2027	59,554
2028	(28,145)
2029	<u>(7,478)</u>
Total deferred outflows of resources	<u>\$ 93,045</u>

Payable to Pension Plan

At June 30, 2025 and 2024, the Authority reported a payable of \$-0- for outstanding amounts of contributions to the pension plan.

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report that includes financial statements and required supplementary information for the Plan. The Plan's report can be obtained by writing to Franklin Regional Retirement System, 101 Munson Street, Suite 108, Greenfield, MA 01301.

NOTE 10 - 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.

NOTE 11 - OPERATING LEASES

Operating Lease Revenue – Franklin Regional Transit Center

The Authority, as owner and landlord, entered into an agreement to lease office and shared common space to Franklin Regional Council of Governments (FRCOG). The term of the lease is for thirty (30) years, starting July 1, 2012, with two ten year extensions. The base rent is one dollar (\$1.00) per year. The FRCOG is responsible for its share of operating and electricity costs as defined in the lease agreement. Three Advisory Board members are also council members of the FRCOG. Total rental income was \$153,458 and \$135,656 for the years ended June 30, 2025 and 2024, respectively.

NOTE 12 - 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 assistance totaled approximately 82% of the total fiscal year 2025 revenues (81% for fiscal year 2024).

Member community local assessments totaled approximately 11% of the total fiscal year 2025 revenues (12% for fiscal year 2024).

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

NOTE 13 - 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.

NOTE 13 - (Continued)

In accordance with GASB 101, the Authority evaluated its own compensated absence policies, as well as those of its fixed-route and demand response operator, Franklin Transit Management, Inc. (FTM), for which the Authority is financially responsible. An additional liability was required for FTM's compensated absences, as existing accruals were determined to be insufficient 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 FTM, including eligibility criteria and accrual limits.

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.

FRANKLIN REGIONAL TRANSIT AUTHORITY
(A Component Unit of the Massachusetts Department of Transportation)
REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2025

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

	Plan Year Ended December 31,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Franklin Regional Retirement System net pension liability	\$ 56,572,777	\$ 61,958,299	\$ 67,828,106	\$ 30,458,083	\$ 40,571,564	\$ 48,878,620	\$ 61,337,732	\$ 45,720,415	\$ 52,538,226	\$ 46,589,813
Authority's proportion of the net pension liability	1.07%	1.11%	1.15%	1.19%	1.20%	1.20%	1.14%	1.06%	0.95%	0.85%
Authority's proportionate share of the net pension liability	\$ 603,829	\$ 686,514	\$ 779,980	\$ 362,640	\$ 487,104	\$ 588,281	\$ 696,756	\$ 482,533	\$ 499,209	\$ 397,900
Authority's covered-employee payroll	\$ 395,254	\$ 396,740	\$ 397,926	\$ 398,267	\$ 386,714	\$ 372,671	\$ 347,069	\$ 342,037	\$ 401,188	\$ 341,220
Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	152.77%	173.04%	196.01%	91.05%	125.96%	157.86%	200.75%	141.08%	124.43%	116.61%
Plan fiduciary net position as a percentage of the total pension liability	78.48%	75.63%	72.17%	87.05%	81.05%	76.27%	68.98%	75.89%	70.75%	71.73%

Schedule of Authority Pension Contributions

	Plan Year Ended December 31,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Franklin Regional Retirement System contractually required contribution	\$ 9,130,848	\$ 8,618,759	\$ 8,126,717	\$ 7,684,976	\$ 7,268,256	\$ 6,871,971	\$ 6,506,893	\$ 6,166,761	\$ 5,875,820	\$ 5,645,345
Authority's contractually required contribution	97,458	95,498	93,452	91,499	87,263	82,708	73,914	65,084	55,831	48,214
Authority's contributions in relation to the contractually required contribution	(97,458)	(95,498)	(93,452)	(91,499)	(87,263)	(82,708)	(73,914)	(65,084)	(55,831)	(48,214)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's covered-employee payroll	\$ 395,254	\$ 396,740	\$ 397,926	\$ 398,267	\$ 386,714	\$ 372,671	\$ 347,069	\$ 342,037	\$ 401,188	\$ 341,220
Contributions as a percentage of covered-employee payroll	24.66%	24.07%	23.48%	22.97%	22.57%	22.19%	21.30%	19.03%	13.92%	14.13%

Notes to the Required Supplementary Information

Changes of benefit terms: There were no changes in benefit terms.

Changes of assumptions: None.

See independent auditors' report.

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

COMPUTATION OF OPERATING ASSISTANCE
FROM THE FEDERAL TRANSIT ADMINISTRATION
UNDER 49 USC SECTION 5311

SUPPLEMENTARY INFORMATION

For Year Ended June 30,

	2025	Comparative 2024
Total operating expenses	\$ 7,437,607	\$ 6,614,165
Interest expense	46,115	44,841
Eliminate GASB adjustment for change in net pension liability	(3,554)	(6,011)
Eliminate non-reimbursable depreciation expense	(2,010,325)	(1,800,725)
Eliminate other non-reimbursable expenses	(136,473)	(61,288)
Total eligible expenses	<u>5,333,370</u>	<u>4,790,982</u>
Revenues applied to eligible expenses:		
Demand response income	120,139	162,135
Other assistance	106,577	93,665
Interest income	52,136	28,839
Advertising income	19,563	19,265
Rental income	153,458	135,656
Other income	5,067	7,166
Total revenues applied to eligible expenses	<u>456,940</u>	<u>446,726</u>
Net operating expenses eligible under Section 5311	4,876,430	4,344,256
Less CARES Act funding received under Section 5311 for 100% of eligible operating expenses incurred	<u>576,140</u>	<u>681,304</u>
Remaining operating expenses eligible under Section 5311 subject 50% participation in eligible expenses	4,300,290	3,662,952
Federal participation in eligible expenses	<u>x 50%</u>	<u>x 50%</u>
Maximum Section 5311 operating assistance allowed	<u>\$ 2,150,145</u>	<u>\$ 1,831,476</u>
Section 5311 operating assistance sought (amount of maximum funding above or less)	<u>\$ 849,002</u>	<u>\$ 758,589</u>

Note 1: The following non-reimbursable items are not included in the eligible expenses above:

- Depreciation taken on property and equipment purchased with capital grant funding.
- Expenses taken on inventory purchased with capital grant funding.
- GASB adjustment for the change in the Authority's net pension liability.

See independent auditors' report.

FRANKLIN REGIONAL 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,

	2025	Comparative 2024
Operating costs		
Fixed route service	\$ 2,169,889	\$ 1,878,386
Demand response service	2,386,276	2,154,848
Administrative costs	869,092	778,181
Depreciation expense	2,012,350	1,802,750
Debt service	46,115	44,841
Eliminate GASB adjustment for change in net pension liability	(3,554)	(6,011)
Eliminate non-reimbursable depreciation expense	(2,010,325)	(1,800,725)
Eliminate other non-reimbursable expenses	(136,473)	(61,288)
Total operating costs	<u>5,333,370</u>	<u>4,790,982</u>
Operating assistance and revenues		
Federal and other operating assistance	<u>1,531,719</u>	<u>1,533,558</u>
Local revenues		
Demand response income	120,139	162,135
Interest income	52,136	28,839
Advertising income	19,563	19,265
Rental income	153,458	135,656
Other income	5,067	7,166
Total local revenues	<u>350,363</u>	<u>353,061</u>
Total operating assistance and revenues	<u>1,882,082</u>	<u>1,886,619</u>
Net operating deficit	3,451,288	2,904,363
Increase in reserve for extraordinary expenses	2,850	9,864
Net cost of service	<u>\$ 3,454,138</u>	<u>\$ 2,914,227</u>
Net cost of service funding		
Local assessments	\$ 598,856	\$ 584,250
Massachusetts contract assistance	2,618,646	2,314,977
Massachusetts fare free program	236,636	15,000
Total funding	<u>\$ 3,454,138</u>	<u>\$ 2,914,227</u>

The following nonreimbursable items are not included in the eligible expenses above:

- Depreciation taken on property and equipment purchased with capital grant funding.
- Expenses taken on inventory purchased with capital grant funding.
- GASB adjustment for the change in the Authority's net pension liability.

See independent auditors' report.