

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

Financial Statements and
Supplementary Information

June 30, 2026

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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, 2026, 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, 2026, 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 (*Government Auditing Standards*). 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 37 to 44 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 45 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, 2025 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 19, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2025 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 30, 2026 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 30, 2026

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2026

As management of the Pioneer Valley Transit Authority (the Authority), we offer readers of the Authority's financial statements this discussion and analysis of its financial activities for the fiscal year ended June 30, 2026. This discussion is intended to provide an objective and easily readable analysis of the Authority's financial position and results of operations based on currently known facts, decisions, and conditions, with emphasis on significant changes from the prior year. Questions concerning this report or requests for additional financial information should be addressed to Pioneer Valley Transit Authority, 2808 Main Street, Springfield, Massachusetts 01107.

Overview of the Financial Statements

The Authority is a component unit of the Massachusetts Department of Transportation and conducts business-type activities through a single enterprise fund serving 24 member municipalities in Hampden, Hampshire, and Franklin Counties. Because the Authority conducts only business-type activities, its enterprise fund financial statements present its overall financial position, results of operations, and cash flows. The Statement of Net Position presents the Authority's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and the resulting net position at year-end. The Statement of Revenues, Expenses and Changes in Net Position presents the results of operations for the year and distinguishes operating revenues and expenses, noncapital subsidies, and other nonoperating revenues and expenses. The Statement of Cash Flows reports cash receipts and payments by operating, noncapital financing, capital and related financing, and investing activities. The notes to the financial statements provide additional information that is essential to understanding the amounts reported in the financial statements.

Financial Summary

The following condensed financial information compares the Authority's financial position and results of operations for fiscal years 2026 and 2025. Prior year revenue and expense amounts have been reclassified, as applicable, to conform to the fiscal year 2026 presentation required by GASB Statement No. 103. Capital assets below include property and equipment and the Authority's right-to-use lease asset.

Condensed Statement of Net Position

	<u>6/30/2026</u>	<u>6/30/2025</u>	<u>Change</u>
Current assets	\$ 39,363,909	\$ 38,458,831	\$ 905,078
Investment in Holyoke Intermodal Facility, LLC	3,880,456	3,901,544	(21,088)
Property and equipment, net	148,017,782	116,095,869	31,921,913
Lease related asset, net	4,504,472	4,742,124	(237,652)
Total assets	<u>195,766,619</u>	<u>163,198,368</u>	<u>32,568,251</u>
Deferred outflows of resources	<u>7,877,613</u>	<u>3,789,646</u>	<u>4,087,967</u>
Current liabilities	38,354,212	37,694,478	659,734
Lease related obligation	4,898,751	5,049,175	(150,424)
Net pension and OPEB liabilities	36,195,124	34,203,150	1,991,974
Total liabilities	<u>79,448,087</u>	<u>76,946,803</u>	<u>2,501,284</u>
Deferred inflows of resources	<u>11,165,373</u>	<u>10,288,066</u>	<u>877,307</u>
Net investment in capital assets	151,898,238	119,997,413	31,900,825
Restricted reserve	2,075,361	2,024,742	50,619
Unrestricted	(40,942,827)	(42,269,010)	1,326,183
Total net position	<u>\$ 113,030,772</u>	<u>\$ 79,753,145</u>	<u>\$ 33,277,627</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2026

Condensed Statement of Revenues, Expenses, and Changes in Net Position

	<u>6/30/2026</u>	<u>6/30/2025</u>	<u>Change</u>
Operating revenues	\$ 2,037,984	\$ 2,999,132	\$ (961,148)
Operating expenses	<u>86,145,918</u>	<u>79,552,276</u>	<u>6,593,642</u>
Operating income (loss)	(84,107,934)	(76,553,144)	(7,554,790)
Noncapital subsidies	<u>67,528,868</u>	<u>62,619,268</u>	<u>4,909,600</u>
Operating income (loss) and noncapital subsidies	(16,579,066)	(13,933,876)	(2,645,190)
Other nonoperating revenues (expenses)	<u>49,856,693</u>	<u>24,874,692</u>	<u>24,982,001</u>
Change in net position	33,277,627	10,940,816	22,336,811
Net position, beginning	<u>79,753,145</u>	<u>68,812,329</u>	<u>10,940,816</u>
Net position, ending	<u>\$ 113,030,772</u>	<u>\$ 79,753,145</u>	<u>\$ 33,277,627</u>

Detailed Analysis

Financial position. Total net position increased by \$33.3 million, or 41.7%, during fiscal year 2026. The increase was driven primarily by \$49.7 million of capital subsidies and contributions associated with the Authority's significant capital program. These resources were partially offset by the \$16.6 million operating loss remaining after noncapital subsidies. Net investment in capital assets increased by \$31.9 million, while unrestricted net position improved by \$1.3 million but remained negative at \$40.9 million.

Current and other assets. Other assets increased by \$884,000, or 2.1%. Cash and cash equivalents increased by \$292,000 and short-term investments increased by \$1.3 million. These increases were partially offset by a \$614,000 decrease in receivables. The investment in Holyoke Intermodal Facility, LLC decreased by approximately \$21,000 as distributions exceeded the Authority's share of current year earnings.

Capital assets. Capital assets, net, increased by \$31.7 million, or 26.2%, as a result of substantial facility, electrification, and vehicle investment during fiscal year 2026. See Significant Capital Asset and Financing Activity below for additional discussion.

Liabilities. Total liabilities increased by \$2.5 million, or 3.3%. Current liabilities increased by \$660,000. Unearned revenue increased by \$5.3 million, reflecting amounts received before applicable grant or assistance eligibility requirements were met. This increase was substantially offset by a \$2.5 million decrease in accounts payable and a \$2.0 million decrease in the year-end revenue anticipation note. Long-term liabilities increased on a net basis as the increase in OPEB liabilities was substantially offset by improvement in the Authority's reported pension position.

PIONEER VALLEY TRANSIT AUTHORITY
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MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2026

Pension and OPEB amounts. The combined net pension position improved by approximately \$6.3 million, changing from net pension liabilities of \$3.2 million at June 30, 2025 to net pension assets of \$3.1 million at June 30, 2026. The primary driver was the SATCo SERP, which changed from a \$740,000 net pension liability to a \$6.0 million net pension asset, principally because of favorable differences between expected and actual actuarial experience, contributions to the plan, and investment income. OPEB liabilities increased by \$8.3 million, primarily because SATCo's OPEB liability increased by \$8.1 million. That increase was driven largely by changes in actuarial assumptions, including a lower discount rate, together with current-year service and interest costs and actuarial experience.

Deferred outflows and inflows of resources. Deferred outflows of resources increased by \$4.1 million and deferred inflows increased by \$877,000. The changes were principally related to the significant pension and OPEB actuarial activity described above. In particular, SATCo OPEB assumption changes produced substantial deferred outflows, while favorable SERP actuarial experience produced substantial pension-related deferred inflows.

Operating revenues. Operating revenues decreased by \$961,000, or 32.0%. Fixed-route income decreased by \$779,000 because fixed-route service was fare-free throughout fiscal year 2026. Paratransit, shuttle, and advertising revenues also declined, while other operating revenue was relatively consistent with the prior year.

Operating expenses. Operating expenses increased by \$6.6 million, or 8.3%. Fixed-route service costs increased by \$3.5 million and paratransit and shuttle service costs increased by a combined \$743,000, reflecting higher costs of providing contracted transportation services. In addition, the favorable pension and OPEB accounting adjustment included in operating expenses was \$2.3 million smaller than in the prior year, which increased reported operating expenses compared with fiscal year 2025. Depreciation and administrative costs were relatively consistent with the prior year.

Noncapital subsidies. Noncapital subsidies increased by \$4.9 million, or 7.8%. Massachusetts operating assistance increased by \$3.7 million and federal operating assistance increased by \$943,000. Member municipality assessments increased by \$259,000. The higher operating assistance primarily supported the Authority's increased eligible service costs and continued fare-free service.

Other nonoperating revenues and expenses. Other nonoperating revenues, net, increased by \$25.0 million. Capital subsidies and contributions increased by \$24.7 million to \$49.7 million as capital activity accelerated substantially during fiscal year 2026. Interest income increased by \$111,000, while interest expense decreased by \$164,000.

Significant Capital Asset and Financing Activity

Capital asset activity. Property and equipment, net of accumulated depreciation, totaled \$148.0 million at June 30, 2026, an increase of \$31.9 million from the prior year. Capital asset additions totaled approximately \$49.7 million during fiscal year 2026. Major additions included \$27.0 million of construction in progress for the operations and maintenance facility, \$5.3 million for the UMass facility, and \$15.0 million of revenue vehicles. Other additions included building improvements, equipment, service vehicles, and additional facility work. Approximately \$403,000 of completed Holyoke facility construction was transferred from construction in progress to buildings and improvements. Current-year depreciation expense was \$17.8 million. The Authority generally funds capital acquisitions through federal and state capital assistance.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2026

Major capital projects. The Authority continued to advance several significant facility and electrification projects during fiscal year 2026. At the Cottage Street operations and maintenance facility, construction continued on the facility expansion and electric bus charging project, funded principally through Federal Transit Administration and MassDOT assistance. The project includes expanded bus storage capacity, additional electric bus charging infrastructure, and a new paint and body shop. The related construction contract is approximately \$32.6 million. Significant progress was made during fiscal year 2026, with remaining work continuing into fiscal year 2027.

The Authority also continued work on the UMass Bus Maintenance Garage expansion, which is funded through approximately \$11.8 million of Federal Transit Administration and MassDOT assistance. The project expands the facility to accommodate additional 60-foot articulated buses and increases maintenance and shop capacity. Significant progress was made during fiscal year 2026, with remaining structural reinforcement and other project work continuing after year-end.

In addition, the Authority continued design and planning for improvements to the Northampton Bus Maintenance Garage, including renovation of the maintenance areas and future electric bus charging infrastructure. The Authority was awarded approximately \$4.5 million of Federal Transit Administration funding for the first phase of the project, with final design expected during fiscal year 2027 and construction anticipated thereafter.

The Authority is also advancing other facility and electrification projects, including a paratransit van electrification pilot at the Main Street facility and other building and infrastructure improvements. These projects are expected to result in additional capital expenditures and related grant-funded capital assistance in future periods.

Financing activity. The Authority annually issues revenue anticipation notes to provide short-term working capital until federal and state operating assistance and local assessments are received. At June 30, 2026, the Authority had a \$16.4 million revenue anticipation note outstanding, bearing interest at 4.00 percent and maturing on July 10, 2026, compared with an \$18.4 million note outstanding at June 30, 2025. The Authority also had a \$4.9 million lease liability associated with Springfield Union Station, down from \$5.0 million at the prior year end. The Authority had no balance outstanding on its \$3.0 million revolving line of credit at June 30, 2026.

Currently Known Facts, Decisions, or Conditions

The following currently known matters are expected to affect the Authority's future financial position or results of operations:

- Fare-free transit service is expected to continue during fiscal year 2027 with Commonwealth support. The continuation of fare-free service is expected to keep passenger fare revenue below historical levels while increasing the importance of state operating assistance in funding the cost of service.
- On July 10, 2026, the Authority repaid its \$16.4 million revenue anticipation note and issued a new \$14.4 million revenue anticipation note bearing interest at 3.75 percent and maturing July 9, 2027. The Authority expects to continue using short-term revenue anticipation borrowing because the timing of certain operating assistance and local assessment receipts does not coincide with related operating expenditures.
- The Authority expects significant capital activity to continue during fiscal year 2027 as major facility and electrification projects progress toward completion. These projects are expected to result in additional capital additions and related federal and state capital assistance.

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

STATEMENT OF NET POSITION

June 30,

	2026	Comparative 2025
Assets		
Current assets		
Cash and cash equivalents	\$ 1,935,962	\$ 1,644,435
Short-term investments	9,247,722	7,966,880
Receivables	28,121,452	28,735,652
Prepaid expenses	58,773	111,864
Total current assets	39,363,909	38,458,831
Investment in Holyoke Intermodal Facility, LLC	3,880,456	3,901,544
Property and equipment, net	148,017,782	116,095,869
Lease related asset, net	4,504,472	4,742,124
Net pension asset	5,985,107	-
Total assets	201,751,726	163,198,368
Deferred outflows of resources		
Pension related items	1,756,887	3,098,978
Other post-employment benefit related items	6,120,726	690,668
Total deferred outflows of resources	7,877,613	3,789,646
Liabilities		
Current liabilities		
Accounts payable	13,225,446	15,731,842
Compensated absences	176,847	126,895
Insurance claims reserve	2,500,000	2,500,000
Unearned revenue	5,397,741	110,045
Accrued interest	654,178	825,696
Note payable	16,400,000	18,400,000
Total current liabilities	38,354,212	37,694,478
Lease related obligation	4,898,751	5,049,175
Net pension liabilities	2,898,887	3,212,517
Other post-employment benefit liabilities	39,281,344	30,990,633
Total liabilities	85,433,194	76,946,803
Deferred inflows of resources		
Pension related items	5,123,953	1,372,967
Other post-employment benefit related items	6,041,420	8,915,099
Total deferred inflows of resources	11,165,373	10,288,066
Net position		
Net investment in capital assets	151,898,238	119,997,413
Restricted reserve	2,075,361	2,024,742
Unrestricted	(40,942,827)	(42,269,010)
Total net position	\$ 113,030,772	\$ 79,753,145

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 NET POSITION

For the Year Ended June 30,

	2026	Comparative 2025
Operating revenues		
Fixed route income	\$ 1,296,789	\$ 2,075,678
Paratransit income	4,023	82,162
Shuttle service income	-	2,177
Advertising income	244,664	339,600
Other income	492,508	499,515
Total operating revenues	<u>2,037,984</u>	<u>2,999,132</u>
Operating expenses		
Fixed route service	50,168,676	46,671,191
Paratransit service	10,993,333	10,421,092
Shuttle service	1,050,422	879,320
Other operating costs	3,275,418	3,442,408
Administrative salaries, taxes and fringe benefits	3,173,291	3,155,136
Other administrative expenses	881,089	824,372
Depreciation expense	17,810,756	17,707,223
Change in net pension and other post-employment benefit liabilities	<u>(1,207,067)</u>	<u>(3,548,466)</u>
Total operating expenses	<u>86,145,918</u>	<u>79,552,276</u>
Operating income (loss)	<u>(84,107,934)</u>	<u>(76,553,144)</u>
Noncapital subsidies		
Government assistance		
Federal	2,982,652	2,039,778
Massachusetts	53,909,992	50,202,685
Member municipalities	10,636,224	10,376,805
Total noncapital subsidies	<u>67,528,868</u>	<u>62,619,268</u>
Operating income (loss) and noncapital subsidies	<u>(16,579,066)</u>	<u>(13,933,876)</u>
Other nonoperating revenues (expenses)		
Capital subsidies and contributions	49,668,435	24,961,847
Interest income	755,519	644,601
Interest expense	<u>(567,261)</u>	<u>(731,756)</u>
Total other nonoperating revenues (expenses)	<u>49,856,693</u>	<u>24,874,692</u>
Increase (decrease) in net position	33,277,627	10,940,816
Net position, beginning of period	<u>79,753,145</u>	<u>68,812,329</u>
Net position, end of period	<u>\$ 113,030,772</u>	<u>\$ 79,753,145</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,

	2026	Comparative 2025
Cash flows from operating activities:		
Receipts from operating revenues	\$ 1,689,315	\$ 2,514,759
Payments for goods and services	(61,318,818)	(61,212,722)
Payments to employees	(3,126,143)	(3,204,248)
Net cash provided (used) by operating activities	<u>(62,755,646)</u>	<u>(61,902,211)</u>
Cash flows from noncapital financing activities:		
Noncapital subsidies received	66,932,275	64,624,137
Proceeds from issuing revenue anticipation notes	16,400,000	18,400,000
Repayments of revenue anticipation notes	(18,400,000)	(15,500,000)
Interest paid, net of premiums	(738,779)	(638,220)
Net cash provided (used) by noncapital financing activities	<u>64,193,496</u>	<u>66,885,917</u>
Cash flows from capital and related financing activities:		
Capital subsidies received	48,056,689	26,668,567
Payments for capital acquisitions	(48,285,735)	(27,123,509)
Payments for lease obligations	(215,903)	(207,322)
Interest paid on lease obligations	(198,038)	(206,487)
Net cash provided (used) by capital and related financing activities	<u>(642,987)</u>	<u>(868,751)</u>
Cash flows from investing activities:		
Distribution from investment in Holyoke Intermodal Facility, LLC	21,987	11,187
(Increase) decrease in short-term investments	(1,280,842)	(4,141,601)
Interest income	755,519	644,601
Net cash provided (used) by investing activities	<u>(503,336)</u>	<u>(3,485,813)</u>
Net increase (decrease) in cash and cash equivalents	291,527	629,142
Cash and cash equivalents, beginning	<u>1,644,435</u>	<u>1,015,293</u>
Cash and cash equivalents, ending	<u><u>\$ 1,935,962</u></u>	<u><u>\$ 1,644,435</u></u>
Reconciliation of operating income (loss) to net cash used by operating activities:		
Operating income (loss)	\$ (84,107,934)	\$ (76,553,144)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	17,810,756	17,707,223
Amortization of lease related asset	237,652	278,949
Interest expense of lease related obligation	198,038	206,487
(Gain) Loss in investment in Holyoke Intermodal Facility, LLC	(899)	(1,035)
Change in assets, deferred outflows, liabilities and deferred inflows:		
Receivables	(348,669)	354,742
Prepaid expenses	53,091	69,943
Accounts payable	(728,262)	(534,095)
Compensated absences	49,952	71,185
Unearned revenue	5,287,696	46,000
Net pension and other post-employment benefit liabilities	(1,207,067)	(3,548,466)
Net cash provided (used) by operating activities	<u><u>\$ (62,755,646)</u></u>	<u><u>\$ (61,902,211)</u></u>
Noncash supplemental disclosures		
Capital assets purchased on behalf of the Authority by the Commonwealth	<u>\$ 3,171,208</u>	<u>\$ -</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, 2026

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. The Authority serves 24 member municipalities in Hampden, Hampshire, and Franklin Counties. The Authority is generally responsible for developing, financing and contracting for the operation of mass transportation facilities within its service area. It is authorized to improve, modify, or extend existing facilities and to enter into agreements with governmental agencies, municipalities, authorities, private transportation companies, railroads, corporations, and other parties for the construction, operation and use of mass transportation facilities and equipment.

The Authority's activities are managed by an administrator who is appointed by an Advisory Board, which is made up of chief elected officials or their appointees from the member municipalities. The Authority's operations are funded primarily through federal and state operating assistance and assessments to member municipalities, with additional operating revenues from fixed-route and paratransit fares and other sources. In addition, the Authority receives federal and state capital assistance to finance acquisitions and improvements of facilities and equipment.

The operation and maintenance of the Authority's 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.

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

The Authority is accounted for as an enterprise fund. The financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred.

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.

NOTE 1 - (Continued)

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 amounts due from federal and state grantor agencies, consist principally of revenues earned at year-end but not yet received. The need for an allowance for uncollectible amounts is evaluated based on historical collection experience and other relevant factors. At June 30, 2026 and 2025, management considered all receivables collectible; accordingly, no allowance for uncollectible accounts was recorded.

Property and Equipment

Property and equipment are recorded at acquisition cost. Capital assets acquired through capital subsidies or contributions, including assets purchased by governmental agencies on behalf of the Authority, are recorded at the amount paid by the contributing agency. The Authority defines capital assets as assets with an initial individual cost of \$5,000 or more and an estimated useful life in excess of one year. Depreciation is calculated using the straight-line method over estimated useful lives ranging from three to forty years.

Lease Related Assets and Obligations

The Authority recognizes an intangible right-to-use lease asset and a corresponding lease liability at the commencement of a lease, unless the lease qualifies as a short-term lease or the contract transfers ownership of the underlying asset and does not contain termination options.

The lease liability is initially measured at the present value of payments expected to be made during the lease term. The lease asset is initially measured as the amount of the lease liability, adjusted for lease payments made at or before the commencement of the lease, plus certain initial direct 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.

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, 2026 and 2025, the total compensated absences liability was \$176,847 and \$126,895, respectively.

Net Position

Net position is classified as follows:

Net investment in capital assets

Consists of capital assets, net of accumulated depreciation and amortization, reduced by outstanding principal of debt attributable to the acquisition, construction, or improvement of those assets, and adjusted for related deferred outflows and inflows of resources, if applicable.

NOTE 1 - (Continued)

Restricted

Consists of net position subject to externally imposed restrictions or restrictions imposed by law through constitutional provisions or enabling legislation. The Authority maintains a restricted Reserve for Extraordinary Expenses pursuant to Massachusetts General Laws Chapter 161B, Section 6(q). At June 30, 2026 and 2025, the Authority's reserve balance was \$2,075,361 and \$2,024,742, respectively.

Unrestricted

Consists of net position that does not meet the definition of net investment in capital assets or restricted net position.

Deferred Outflows and Inflows of Resources

Deferred outflows of resources represent a consumption of net position, while deferred inflows of resources represent an acquisition of net position, 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 inflow of resources in the Statement of Net Position consist of pension and other postemployment benefit related items.

Funding and Revenue Recognition

The Authority receives federal and state operating and capital assistance, assessments from member municipalities, and operating revenues, including fares, advertising, rental, and other miscellaneous revenues. Grant revenue is recognized when applicable eligibility requirements are met. Expenditure driven grants are recognized when qualifying expenditures are incurred. Amounts received before applicable eligibility requirements are met are reported as unearned revenue.

Operating and Nonoperating Revenues and Expenses

Operating revenues and expenses are revenues and expenses other than nonoperating revenues and expenses. Nonoperating revenues and expenses consist of subsidies received or provided, revenues and expenses related to financing, resources from the disposal of capital assets, and investment income and expenses. Revenues or expenses that otherwise meet the definition of nonoperating are reported as operating if the transactions constitute the Authority's principal ongoing operations.

Noncapital Subsidies

Subsidies are resources received from another party for which the Authority does not provide goods or services to that party and that directly or indirectly keep the Authority's current or future fees and charges lower than they otherwise would be. Noncapital subsidies are subsidies for which the provider has not limited the resources to the acquisition of capital assets. Noncapital subsidies are presented separately from other nonoperating revenues and expenses in the Statement of Revenues, Expenses, and Changes in Net Position.

Federal Operating Revenue

The federal government provides assistance toward eligible operating costs under various Federal Transit Administration programs. Federal operating assistance is recognized when applicable eligibility requirements are met and is reported as a noncapital subsidy.

Massachusetts Operating Revenue

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). Massachusetts contract assistance is reported as a noncapital subsidy.

NOTE 1 - (Continued)

Member Municipality (Local Assessment) Operating Revenue

The Authority's net cost of service is funded in part through assessments to its member municipalities. Annual increases in local assessments are generally limited to 2.5 percent, plus the member municipalities' share of new services. Local assessments are reported as noncapital subsidies.

Capital Subsidies and Contributions

The Authority's capital assets are generally acquired with federal, state, and local capital assistance. Capital assistance may be received directly by the Authority or through the purchase of capital assets by a governmental agency on behalf of the Authority. Capital assistance is recognized when applicable eligibility requirements are met and is reported as other nonoperating revenue in the Statement of Revenues, Expenses, and Changes in Net Position.

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 affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent Events

Management has evaluated subsequent events through September 30, 2026, the date which the financial statements were available to be issued.

Comparative Financial Information

The financial information for the year ended June 30, 2025 are presented for comparative purposes. Certain prior year amounts may have been reclassified to conform to the current year presentation.

NOTE 2 - DEPOSITS AND INVESTMENTS

State statutes authorize the Authority to deposit funds with certain financial institutions and to invest available funds in various instruments, including certificates of deposit, U.S. government and agency obligations, repurchase agreements, qualifying money market funds, and participation units in investment pools authorized by the Commonwealth. Certain statutory limitations apply to the amount and maturity of such deposits and investments.

Deposit Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a financial institution failure, the Authority's deposits may not be returned to it. At June 30, 2026, the Authority's bank balance was \$8,036,753, of which \$250,000 was insured by the Federal Deposit Insurance Corporation. Deposits in excess of FDIC insurance limits were fully collateralized by eligible securities pursuant to a collateral agreement with the financial institution.

Massachusetts Municipal Depository Trust

At June 30, 2026, the Authority had \$9,247,722 invested in the Massachusetts Municipal Depository Trust (MMDT) Cash Portfolio. MMDT is an external investment pool established under Massachusetts General Laws, Chapter 29, Section 38A, and administered by the Office of the State Treasurer. The MMDT Cash Portfolio is measured at amortized cost, which approximates a net asset value of \$1.00 per share.

Investments in the MMDT Cash Portfolio are not deposits of a bank and are not insured or guaranteed by the Commonwealth of Massachusetts, the U.S. government, the FDIC, or any other governmental agency. The MMDT Cash Portfolio has no redemption restrictions.

NOTE 3 - RECEIVABLES

Receivables consisted of the following at June 30:

	2026	Comparative 2025
Federal and state		
Operating assistance	\$ 1,038,379	\$ 974,892
Capital assistance	10,725,466	12,284,928
Total federal and state	<u>11,763,845</u>	<u>13,259,820</u>
Member communities		
Operating assistance for current year expenditures	10,636,224	10,376,805
Operating assistance for prior year expenditures	5,082,417	4,808,730
Total member communities	<u>15,718,641</u>	<u>15,185,535</u>
Other receivables	<u>638,966</u>	<u>290,297</u>
Total receivables	<u>\$ 28,121,452</u>	<u>\$ 28,735,652</u>

NOTE 4 - 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 for the development of the Holyoke Multimodal Transportation Center. The Authority provided public funding toward the development of the facility and, as part of the arrangement, obtained a 1% ownership interest in Holyoke Intermodal Facility, LLC. The Authority's investment is accounted for under the equity method. Under the Joint Development Agreement, the Authority is also entitled to receive 10% of the LLC's "net operating income," as defined in the agreement.

Approximately 3,000 square feet of ground-floor space is permanently restricted for transit use. In consideration of the public funding provided through the Authority, the Authority has the right to use this space and related common areas at no rental cost. The Authority is responsible for separately metered utilities and its share of common area maintenance costs. If the property is sold, the Authority may be entitled to a portion of the sales proceeds in accordance with the Joint Development Agreement.

Investment activity consisted of the following at June 30:

	2026	Comparative 2025
Investment in Holyoke Intermodal Facility, LLC, beginning	\$ 3,901,544	\$ 3,911,696
Gain (loss) from Holyoke Intermodal Facility, LLC	899	1,035
Distributions from Holyoke Intermodal Facility, LLC	<u>(21,987)</u>	<u>(11,187)</u>
Investment in Holyoke Intermodal Facility, LLC, ending	<u>\$ 3,880,456</u>	<u>\$ 3,901,544</u>

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	2026			
	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	5,806,973	5,259,268	-	11,066,241
Operations and maintenance facility	9,352,490	27,045,628	-	36,398,118
Northampton facility	791,315	202,460	-	993,775
Holyoke facility	264,428	138,137	(402,565)	-
Total capital assets, not being depreciated	<u>18,180,711</u>	<u>32,645,493</u>	<u>(402,565)</u>	<u>50,423,639</u>
Depreciable capital assets				
Buildings and improvements	122,282,874	1,285,366	402,565	123,970,805
Revenue vehicles	150,139,321	14,960,716	-	165,100,037
Equipment	35,649,565	672,226	-	36,321,791
Service vehicles	1,703,267	168,868	-	1,872,135
Total depreciable capital assets	<u>309,775,027</u>	<u>17,087,176</u>	<u>402,565</u>	<u>327,264,768</u>
Less accumulated depreciation for:				
Buildings and improvements	86,769,944	9,283,579	-	96,053,523
Revenue vehicles	91,401,126	6,952,094	-	98,353,220
Equipment	32,408,363	1,500,063	-	33,908,426
Service vehicles	1,280,436	75,020	-	1,355,456
Total accumulated depreciation	<u>211,859,869</u>	<u>17,810,756</u>	<u>-</u>	<u>229,670,625</u>
Depreciable capital assets, net	<u>97,915,158</u>	<u>(723,580)</u>	<u>402,565</u>	<u>97,594,143</u>
Capital assets, net	<u>\$ 116,095,869</u>	<u>\$ 31,921,913</u>	<u>\$ -</u>	<u>\$ 148,017,782</u>

NOTE 5 - (Continued)

	Comparative 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>
Depreciable capital assets				
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	1,584,532	175,745	(57,010)	1,703,267
Total depreciable capital assets	<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	1,239,918	97,528	(57,010)	1,280,436
Total accumulated depreciation	<u>194,209,656</u>	<u>17,707,223</u>	<u>(57,010)</u>	<u>211,859,869</u>
Depreciable capital assets, 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 6 - ACCOUNTS PAYABLE

Accounts payable consisted of the following at June 30:

	2026	Comparative 2025
Accounts payable		
Capital projects	\$ 7,303,414	\$ 9,027,688
General operations	4,172,437	5,429,787
Fixed route operator	<u>1,749,595</u>	<u>1,274,367</u>
Total	<u>\$ 13,225,446</u>	<u>\$ 15,731,842</u>

Springfield Area Transit Company (“SATCo”) serves as a fixed route operator for the Authority. Certain assets and liabilities related to the operation of transit services are held by SATCo on behalf of the Authority. These balances consist primarily of inventory, prepaid expenses, accounts payable, accrued wages, and compensated absences. The Authority is responsible for funding the costs and obligations associated with these operations. The net amount of liabilities in excess of assets held by SATCo on behalf of the Authority at June 30, 2026 and 2025 was \$1,749,595 and \$1,274,367, respectively, and is reported as *fixed route operator accounts payable*.

NOTE 7 - NOTE PAYABLE

The Authority's operations are funded in part through local assessments from member municipalities and federal and state operating assistance. The timing of certain operating assistance and local assessment receipts does not coincide with the related operating expenditures. Accordingly, the Authority issues revenue anticipation notes to provide working capital until such funding is received.

Revenue anticipation notes payable consisted of the following at June 30:

	2026	Comparative 2025
4.00% Revenue anticipation note, due July 10, 2026	\$ 16,400,000	\$ -
4.50% Revenue anticipation note, due July 11, 2025	-	18,400,000
Total	<u>\$ 16,400,000</u>	<u>\$ 18,400,000</u>

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

Subsequent to June 30, 2026, on July 10, 2026, the Authority issued an \$14,400,000 revenue anticipation note maturing on July 9, 2027 at a rate of 3.75%. The Authority repaid the \$16,400,000 note due July 10, 2026.

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 Prime Rate as published in the Wall Street Journal (6.75% at June 30, 2026). The balance outstanding as of June 30, 2026 and 2025 was \$-0-.

NOTE 8 - LEASES

The Authority, as lessee, has entered into a lease for facility space with a lease term extending through 2042.

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. The agreement expires in 2042 and provides for seven consecutive ten-year renewal options. The leased premises include bus berths, approximately 2,300 square feet of office space, 1,800 square feet of waiting area, and parking spaces.

The Authority pays an annual fee for the parking spaces and its pro-rata share of operating and maintenance costs associated with the station building. The operating and maintenance component was determined to be fixed in substance and is included in the measurement of the lease asset and related lease liability based on estimated future payments. Differences between estimated and actual amounts are recognized in the period of the annual true-up.

NOTE 8 - (Continued)

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

	Beginning Balance	Increases	Ending Balance
Right-of-use leased asset			
Leased facility space - Springfield Union Station	\$ 6,950,464	\$ -	\$ 6,950,464
Less accumulated amortization	<u>(2,208,340)</u>	<u>(237,652)</u>	<u>(2,445,992)</u>
Right-of-use leased asset, net	<u>\$ 4,742,124</u>	<u>\$ (237,652)</u>	<u>\$ 4,504,472</u>

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

	2026	Comparative 2025
Lease liability - Springfield Union Station	<u>\$ 4,898,751</u>	<u>\$ 5,049,175</u>

Future principal and interest payments related to the lease obligation at June 30, 2026 were as follows:

Fiscal Years Ending June 30,	Principal Payments	Interest Payments	Total Payments
2027	\$ 222,166	\$ 191,907	\$ 414,073
2028	231,352	182,853	414,205
2029	240,912	173,425	414,337
2030	250,873	163,607	414,480
2031	261,230	153,383	414,613
2032 - 2036	1,477,075	598,169	2,075,244
2037 - 2041	1,807,722	271,344	2,079,066
2042	<u>407,421</u>	<u>8,882</u>	<u>416,303</u>
Total	<u>\$ 4,898,751</u>	<u>\$ 1,743,570</u>	<u>\$ 6,642,321</u>

NOTE 9 - PVTA PENSION PLAN

The Authority provides retirement benefits to eligible employees through the Pioneer Valley Transit Authority Pension Plan (the Plan), a single-employer defined benefit pension plan. The Plan covers employees who work at least 1,000 hours during a consecutive twelve-month period and elect to make required employee contributions

For the year ended June 30, 2026, the Authority's net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense were measured as of June 30, 2025, based on an actuarial valuation as of that date. Comparative amounts reported for the year ended June 30, 2025 were measured as of June 30, 2024.

Accounting Policy

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the Plan's fiduciary net position and additions to and deductions from fiduciary net position is determined on the same basis as reported by the Plan. 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

Plan membership at the applicable measurement dates consisted of the following:

	2025	Comparative 2024
Active employees	17	17
Inactive employees entitled to but not yet receiving benefits	32	31
Inactive employees or beneficiaries currently receiving benefits	27	27
Total	76	75

Benefits Provided

The Plan provides retirement, death, and disability benefits. Retirement benefits are generally equal to 2.50% of a member's average compensation multiplied by years of credited service, up to a maximum of 32 years. For service before July 1, 1999, the benefit was 2.25% of average compensation multiplied by years of service, up to a maximum of 35 years.

The normal retirement date is the first day of the month following a participant's 65th birthday. The normal form of payment is a monthly life annuity with 120 monthly payments guaranteed. Other payment options are available. Early retirement is available to members who have attained age 55 and completed 10 years of service. Members become fully vested after seven years of service and are fully vested in their accrued retirement benefit upon attaining age 65.

Contributions

The Authority and participating employees make contributions to the Plan. Although there is no statutory or regulatory requirement for the Authority to contribute the actuarially determined contribution, it is the Authority's intent to contribute amounts necessary to finance benefits earned by employees each year and to amortize the existing net pension liability over a 15-year period on a level-dollar basis.

NOTE 9 - (Continued)

Actuarial Assumptions

The total pension liability was determined using the following actuarial assumptions:

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 2025 and 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 expected rate of return on Plan investments was determined using a building-block method in which expected future real rates of return are developed for each major asset class. These expected returns are weighted by the Plan's target asset allocation and combined with expected inflation.

The Plan's target asset allocation and long-term expected real rates of return were as follows:

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 employee contributions would continue at the current rate and that Authority contributions would be made at rates at least equal to the actuarially determined contribution. Based on those assumptions, the Plan's fiduciary net position was projected to be sufficient to make all projected future benefit payments. Accordingly, the long-term expected rate of return was applied to all periods of projected benefit payments

NOTE 9 - (Continued)

The components of the net pension liability were as follows:

	2026		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Plan year ended June 30, 2024	\$ 10,989,408	\$ 8,517,120	\$ 2,472,288
Changes for the year:			
Service cost	286,401	-	286,401
Interest	660,474	-	660,474
Changes in benefit terms	-	-	-
Changes in actuarial assumptions	-	-	-
Differences between actual and expected experience	262,579	-	262,579
Contributions - employer	-	-	-
Contributions - member	-	234,500	(234,500)
Net investment income	-	548,355	(548,355)
Benefit payments, including refunds of member contributions	(421,381)	(421,381)	-
Administrative expense	-	-	-
Net changes	788,073	361,474	426,599
Plan year ended June 30, 2025	\$ 11,777,481	\$ 8,878,594	\$ 2,898,887

	Comparative 2025		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Plan year ended June 30, 2023	\$ 9,529,500	\$ 6,911,076	\$ 2,618,424
Changes for the year:			
Service cost	299,690	-	299,690
Interest	691,267	-	691,267
Changes in benefit terms	-	-	-
Changes in actuarial assumptions	1,233,151	-	1,233,151
Differences between actual and expected experience	(327,608)	-	(327,608)
Contributions	-	1,463,205	(1,463,205)
Net investment income	-	579,431	(579,431)
Benefit payments, including refunds of member contributions	(436,592)	(436,592)	-
Administrative expense	-	-	-
Net changes	1,459,908	1,606,044	(146,136)
Plan year ended June 30, 2024	\$ 10,989,408	\$ 8,517,120	\$ 2,472,288

NOTE 9 - (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 one percentage point lower or one percentage point higher:

	1% Decrease (4.75%)	Current Rate (5.75%)	1% Increase (6.75%)
Reported at June 30, 2026, measured as of June 30, 2025	\$ 4,277,899	\$ 2,898,887	\$ 1,738,994
Reported at June 30, 2025, measured as of June 30, 2024	\$ 3,786,734	\$ 2,472,288	\$ 1,369,287

Pension Expense and Deferred Outflows and Inflows of Resources

For the years ended June 30, 2026 and 2025, the Authority recognized pension expense of \$677,144 and \$626,326, respectively.

At June 30, 2026 and 2025, the Authority reported deferred outflows and inflows of resources related to pensions as follows:

	2026		Comparative 2025	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 317,634	\$ 60,304	\$ 194,311	\$ 238,726
Changes in assumptions	226,989	-	730,070	-
Net difference between projected and actual earnings on pension plan investments	235,370	138,193	470,738	324,352
Contributions subsequent to the measurement date	-	-	-	-
Total	<u>\$ 779,993</u>	<u>\$ 198,497</u>	<u>\$ 1,395,119</u>	<u>\$ 563,078</u>
Net deferred outflows (inflows) of resources	<u>\$ 581,496</u>		<u>\$ 832,041</u>	

Amounts reported as deferred outflows and inflows of resources related to pensions at June 30, 2026 will be recognized in pension expense as follows:

Year ended June 30:	
2027	\$ 491,874
2028	(4,237)
2029	(6,147)
2030	7,580
2031	20,377
Thereafter	72,049
Total deferred outflows (inflows) of resources	<u>\$ 581,496</u>

Payable to Pension Plan

At June 30, 2026 and 2025, the Authority reported a payable of \$500,000 and \$613,579 for outstanding contributions to the Plan, respectively.

NOTE 10 - SATCO TRANSIT EMPLOYEE RETIREMENT PLAN (TERP)

The Transit Employee Retirement Plan (TERP) is a defined benefit pension plan maintained for certain employees of Springfield Area Transit Company, Inc. (SATCo), the Authority's fixed route operator. The Plan is subject to the provisions of the Employee Retirement Income Security Act (ERISA). The Authority is ultimately responsible for funding pension costs associated with SATCo's operations; accordingly, related pension expense and accrued obligations are included in the Authority's financial statements.

The TERP covers members of Amalgamated Transit Union Local No. 448 AFL-CIO who were participants in the Plan as of June 30, 2008. The Plan was frozen as of that date upon adoption of the SATCo Employee Retirement Plan (SERP). During fiscal year 2025, the TERP and SERP were amended to transfer certain pension obligations from the SERP to the TERP for employees who had service with SATCo before July 1, 2008. As a result, certain service previously recognized under the SERP is now recognized under the TERP.

The TERP provides retirement, death, and disability benefits. Normal retirement is at age 65, and early retirement is available at age 55 with 10 years of service. Participants become fully vested after five years of service. Retirement benefits are generally based on a monthly benefit amount multiplied by years of credited service, as defined by the Plan.

For the years ended June 30, 2026 and 2025, SATCo recognized pension expense related to the TERP of \$180,975 and \$290,760, respectively. The Plan's funding surplus was \$370,858 at July 1, 2025 and \$6,996,442 at July 1, 2024. At June 30, 2026, SATCo reported a payable of \$21,465 for outstanding contributions to the Plan.

NOTE 11 - SATCO EMPLOYEE RETIREMENT PLAN (SERP)

The SATCo Employee Retirement Plan (SERP) is a single-employer defined benefit pension plan established July 1, 2008 for employees of Springfield Area Transit Company, Inc. (SATCo), the Authority's fixed route operator. The SERP is a governmental plan within the meaning of Section 414(d) of the Internal Revenue Code. Pioneer Valley Transit Authority is the Plan Sponsor and is contractually responsible for funding the employer contribution requirements of the Plan. Accordingly, the Authority recognizes its share of the net pension liability or asset, pension expense, and related deferred outflows and inflows of resources in its financial statements. The Plan document separately identifies SATCo as the employer and the Authority as the Plan Sponsor.

For the year ended June 30, 2026, the Authority's net pension liability or asset, deferred outflows and inflows of resources related to pensions, and pension expense were measured as of June 30, 2025, based on an actuarial valuation as of that date. Comparative amounts reported for the year ended June 30, 2025 were measured as of June 30, 2024.

Salary Reduction Agreement

Following the freezing of the Transit Employee Retirement Plan (TERP), a unified salary reduction arrangement was established to provide funding flexibility between the TERP and SERP. SATCo applies amounts generated through the salary reduction arrangement toward funding the pension plans and also makes contributions based on actuarially determined amounts. Effective April 1, 2025, employee contributions were waived through June 30, 2027 under the current collective bargaining agreement. During this period, the Authority, as Plan Sponsor, is required to contribute at least 100% of the employer portion of the actuarially determined contribution.

Accounting Policy

For purposes of measuring the net pension liability or asset, deferred outflows and inflows of resources related to pensions, and pension expense, information about the Plan's fiduciary net position and additions to and deductions from fiduciary net position is determined on the same basis as reported by the Plan. 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 11 - (Continued)

Plan Membership

Plan membership at the applicable measurement dates consisted of the following:

	2025	Comparative 2024
Active employees	259	245
Inactive employees entitled to but not yet receiving benefits	23	24
Inactive employees or beneficiaries currently receiving benefits	110	103
Total	392	372

Benefits Provided

The SERP provides retirement, death, and disability benefits. The normal retirement date is the first day of the month following a participant's 65th birthday. The normal retirement benefit is a monthly benefit of \$60 multiplied by years of credited service. Credited service for benefit purposes generally includes service on or after July 1, 2008. Participants become fully vested after five years of service.

Early retirement is available to participants who have attained age 55 with 10 years of service, accumulated 85 points, or completed 30 years of service regardless of age. Unreduced early retirement is available upon attainment of 85 points or 30 years of service. Death and disability benefits are also provided under the Plan.

Contributions

Contributions to the Plan are governed by the Plan provisions, applicable collective bargaining agreements, and related funding arrangements. SATCo remits both amounts withheld from employees under the salary reduction arrangement and employer contributions to the Plan. The Authority, as Plan Sponsor, is contractually responsible for funding the employer contribution requirements of the Plan.

Actuarial Assumptions

The total pension liability was determined using the following actuarial assumptions:

Inflation:	2.50% and for future periods
Salary increases:	Not applicable
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 2025 and 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

NOTE 11 - (Continued)

The long-term expected rate of return on Plan investments was determined using a building-block method in which expected future real rates of return are developed for each major asset class, weighted by the Plan's target asset allocation, and combined with expected inflation.

The Plan's target asset allocation and long-term expected real rates of return were as follows:

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	<u>100.00%</u>	

Discount rate

The discount rate used to measure the total pension liability was 6.27%. The projection of cash flows assumed that member contributions would continue at the current rate and that employer contributions would be made at rates at least equal to the actuarially determined contribution. Based on those assumptions, the Plan's fiduciary net position was projected to be sufficient to make all projected future benefit payments. Accordingly, the long-term expected rate of return was applied to all periods of projected benefit payments.

The components of the net pension liability (asset) were as follows:

	2026		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
Plan year ended June 30, 2024	<u>\$ 16,423,763</u>	<u>\$ 15,683,534</u>	<u>\$ 740,229</u>
Changes for the year:			
Service cost	764,466	-	764,466
Interest	1,094,395	-	1,094,395
Changes in benefit terms	-	-	-
Changes in assumptions	18,485	-	18,485
Differences between actual and expected experience	(5,161,476)	-	(5,161,476)
Contributions	-	2,304,535	(2,304,535)
Net investment income	-	1,267,816	(1,267,816)
Benefit payments, including refunds of member contributions	(532,470)	(532,470)	-
Administrative expense	-	(131,145)	131,145
Net changes	<u>(3,816,600)</u>	<u>2,908,736</u>	<u>(6,725,336)</u>
Plan year ended June 30, 2025	<u>\$ 12,607,163</u>	<u>\$ 18,592,270</u>	<u>\$ (5,985,107)</u>

NOTE 11 - (Continued)

	Comparative 2025		
	Total Pension	Plan Fiduciary	Net Pension
	Liability (a)	Net Position (b)	Liability (Asset) (a) - (b)
Plan year ended June 30, 2023	<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>
Plan year ended June 30, 2024	<u>\$ 16,423,763</u>	<u>\$ 15,683,534</u>	<u>\$ 740,229</u>

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability (asset) 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 one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (5.27%)	Current Discount (6.27%)	1% Increase (7.27%)
Reported at June 30, 2026, measured as of June 30, 2025	\$ (4,142,509)	\$ (5,985,107)	\$ (7,476,361)
Reported at June 30, 2025, measured as of June 30, 2024	\$ 2,932,713	\$ 740,229	\$ (1,057,581)

Payable to Pension Plan

At June 30, 2026 and 2025, SATCo reported a payable of \$50,084 and 113,431 for outstanding contributions to the Plan, respectively

NOTE 11 - (Continued)**Pension Expense and Deferred Outflows and Inflows of Resources**

For the years ended June 30, 2026 and 2025, the Authority recognized pension recovery of \$1,882,804 and pension expense of \$1,395,931, respectively.

At June 30, 2026 and 2025, the Authority reported deferred outflows and inflows of resources related to pensions as follows:

	2026		Comparative 2025	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 505,241	\$ 4,518,967	\$ 819,653	\$ 170,205
Changes in assumptions	58,952	75,657	58,803	95,807
Net difference between projected and actual earnings on pension plan investments	412,701	330,832	825,403	543,877
Contributions subsequent to the measurement date	-	-	-	-
Total	<u>\$ 976,894</u>	<u>\$ 4,925,456</u>	<u>\$ 1,703,859</u>	<u>\$ 809,889</u>
Net deferred outflows (inflows) of resources		<u>\$ (3,948,562)</u>	<u>\$ 893,970</u>	

Amounts reported as deferred outflows and inflows of resources related to pensions at June 30, 2026 will be recognized in pension expense as follows:

Year ended June 30:	
2027	\$ (226,406)
2028	(788,607)
2029	(781,281)
2030	(861,931)
2031	(793,158)
Thereafter	(497,179)
Total deferred outflows (inflows) of resources	<u>\$ (3,948,562)</u>

NOTE 12 - SATCO TRANSIT MANAGEMENT PENSION PLAN (TMP)

The Transit Management Pension Plan (TMP) is a defined benefit pension plan maintained for nonunion employees of Springfield Area Transit Company, Inc. (SATCo) who are not covered under the TERP or SERP plans. The Plan is subject to the provisions of the Employee Retirement Income Security Act (ERISA). The Authority is ultimately responsible for funding pension costs associated with SATCo's operations; accordingly, related pension expense and any accrued obligations are included in the Authority's financial statements.

Eligible employees must work at least 1,000 hours during a consecutive twelve-month period and contribute 4% of annual compensation to the Plan. The TMP provides retirement, death, and disability benefits. Retirement benefits are generally based on 2.50% of a participant's average compensation, based on the three highest-paid consecutive years of service, multiplied by years of credited service up to a maximum of 32 years. Participants become fully vested after seven years of service. Early retirement is available at age 55 with 10 years of service, and normal retirement is at age 65.

For the years ended June 30, 2026 and 2025, SATCo recognized pension expense related to the TMP of \$265,592 and \$239,919, respectively. The Plan's funding surplus was \$417,906 and \$315,685 at June 30, 2026 and 2025, respectively. At June 30, 2026, SATCo had no outstanding contributions payable to the Plan.

NOTE 13 - PVTA OTHER POST-EMPLOYMENT BENEFITS (OPEB)

The Authority provides medical and dental insurance benefits to eligible retirees and their spouses through the Pioneer Valley Transit Authority Retiree Welfare Plan (the Plan), a single-employer defined benefit OPEB plan.

For the year ended June 30, 2026, the Authority's net OPEB liability, deferred outflows and inflows of resources related to OPEB, and OPEB expense were measured as of June 30, 2026, based on an actuarial valuation performed as of July 1, 2024. Comparative amounts reported for the year ended June 30, 2025 were measured as of June 30, 2025 using the same actuarial valuation.

Accounting Policy

For purposes of measuring the net OPEB liability, deferred outflows and 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. Investments are reported at fair value.

Plan Membership

Plan membership consisted of the following:

	2026	Comparative 2025
Active employees	25	25
Inactive employees or beneficiaries currently receiving benefits	10	10
Total	35	35

Benefits Provided

Employees hired before April 2, 2012 are eligible to retire under the Plan upon attaining age 55 with 10 years of service. Employees hired on or after April 2, 2012 are eligible upon attaining age 60 with 10 years of service. Retirees are responsible for 20% of medical and dental premiums.

Contributions and OPEB Trust

The Authority has established an OPEB trust intended to qualify as a tax-exempt trust under Section 115 of the Internal Revenue Code and as an OPEB trust under Massachusetts General Laws Chapter 32B, Section 20. The Trust was established solely to provide funding for OPEB benefits and related administrative costs. Trust assets are irrevocable, restricted for the benefit of retirees and their eligible dependents, and legally protected from creditors of the Authority and Plan administrator.

The Authority is not required to make contributions to the Trust, and Trust assets may not be sufficient at any point in time to fund the Plan's OPEB liabilities.

NOTE 13 - (Continued)**Actuarial Assumptions**

The total OPEB liability was determined using the following actuarial assumptions:

Actuarial cost method:	Individual entry age normal
Inflation:	2.50% and for future periods
Salary increases:	3% annually and for future periods
Discount rate:	4.32% per annum for 2026 (4.81% for 2025)
Municipal bond rate:	4.32% as of June 30, 2026 (4.81% as of June 30, 2025). 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 4.92% increase in healthcare costs for 2026 (4.96% for 2025)

Net OPEB Liability

The components of the net OPEB liability were as follows:

	2026		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at June 30, 2025	<u>\$ 1,804,257</u>	<u>\$ 744</u>	<u>\$ 1,803,513</u>
Changes for the year:			
Service cost	91,546	-	91,546
Interest	88,932	-	88,932
Changes in benefit terms	-	-	-
Changes in assumptions	99,500	-	99,500
Differences between actual and expected experience	-	-	-
Net investment income	-	57	(57)
Employer contributions - premiums	-	102,669	(102,669)
Benefit payments - premiums	-	(102,669)	102,669
Benefit payments including implicit cost	(102,669)	-	(102,669)
Administrative expense	-	-	-
Net changes	<u>177,309</u>	<u>57</u>	<u>177,252</u>
Balance at June 30, 2026	<u><u>\$ 1,981,566</u></u>	<u><u>\$ 801</u></u>	<u><u>\$ 1,980,765</u></u>

NOTE 13 - (Continued)

	Comparative 2025		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balance at June 30, 2024	<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>
Balance at June 30, 2025	<u>\$ 1,804,257</u>	<u>\$ 744</u>	<u>\$ 1,803,513</u>

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 one percentage point lower or one percentage point higher than the current rates:

	Discount Rate		
	1% Decrease (3.32%)	Current (4.32%)	1% Increase (5.32%)
Net OPEB liability as of June 30, 2026	\$ 2,272,971	\$ 1,980,765	\$ 1,743,608
	1% Decrease (3.81%)	Current (4.81%)	1% Increase (5.81%)
Net OPEB liability as of June 30, 2025	\$ 2,059,179	\$ 1,803,513	\$ 1,595,996
	1% Decrease (3.92%)	Current (4.92%)	1% Increase (5.92%)
Net OPEB liability as of June 30, 2026	\$ 1,703,011	\$ 1,980,765	\$ 2,335,781
	1% Decrease (3.96%)	Current (4.96%)	1% Increase (5.96%)
Net OPEB liability as of June 30, 2025	\$ 1,559,858	\$ 1,803,513	\$ 2,112,952

NOTE 13 - (Continued)**OPEB Expense and Deferred Outflows and Inflows of Resources**

For the year ended June 30, 2026, the Authority recognized OPEB recovery of \$363,768.

At June 30, 2026 and 2025 the Authority reported deferred outflows and inflows of resources related to OPEB as follows:

	2026		Comparative 2025	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 924,423	\$ -	\$ 1,328,157
Changes in assumptions	366,302	647,332	539,062	957,389
Net difference between projected and actual earnings on OPEB plan investments	-	47	-	36
Total	<u>\$ 366,302</u>	<u>\$ 1,571,802</u>	<u>\$ 539,062</u>	<u>\$ 2,285,582</u>
Net deferred outflows (inflows) of resources		<u>\$ (1,205,500)</u>		<u>\$ (1,746,520)</u>

Amounts reported as deferred outflows and inflows of resources related to OPEB at June 30, 2026 will be recognized in OPEB expense as follows:

Year ended June 30:	
2027	\$ (441,558)
2028	(561,300)
2029	(125,234)
2030	(91,283)
2031	13,875
Total deferred outflows (inflows) of resources	<u>\$ (1,205,500)</u>

Payable to the OPEB Plan

At June 30, 2026, the Authority had no outstanding contributions payable to the Plan.

NOTE 14 - SATCO OTHER POST-EMPLOYMENT BENEFITS (OPEB)

The Springfield Area Transit Company, Inc. Other Post-employment Benefits Plan (the Plan) is a single-employer defined benefit OPEB plan maintained for eligible employees of Springfield Area Transit Company, Inc. (SATCo), the Authority's fixed route operator. The Authority is ultimately responsible for funding OPEB costs associated with SATCo's operations; accordingly, the related OPEB expense, net OPEB liability, and deferred outflows and inflows of resources are included in the Authority's financial statements.

For the year ended June 30, 2026, the Authority's net OPEB liability, deferred outflows and inflows of resources related to OPEB, and OPEB expense were measured as of June 30, 2026, based on an actuarial valuation performed as of July 1, 2025. Comparative amounts reported for the year ended June 30, 2025 were measured as of June 30, 2025, based on an actuarial valuation performed as of July 1, 2023.

Accounting Policy

For purposes of measuring the net OPEB liability, deferred outflows and 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. Investments are reported at fair value.

Plan Membership

Plan membership consisted of the following:

	2026	Comparative 2025
Active employees	296	261
Inactive employees or beneficiaries currently receiving benefits	115	127
Total	411	388

Benefits Provided

The Plan provides medical, dental, and life insurance benefits to eligible retirees and their spouses. Employees generally become eligible for benefits upon attaining age 55 with 10 years of service or upon completing 20 years of service regardless of age. Retirees are responsible for 25% of premiums for non-Medicare integrated medical plans and 100% of dental premiums. The employer pays the full cost of Medicare integrated medical plans and life insurance premiums.

Contributions and OPEB Trust

The Authority has established an OPEB trust for the benefit of SATCo's OPEB Plan. The Trust is intended to qualify as a tax-exempt trust under Section 115 of the Internal Revenue Code and as an OPEB trust under Massachusetts General Laws Chapter 32B, Section 20.

The Trust was established solely to provide funding for OPEB benefits and related administrative costs. Trust assets are irrevocable, restricted for the benefit of retirees and their eligible dependents, and legally protected from creditors of the Authority, SATCo, and the Plan administrator.

The Authority and SATCo are not required to make contributions to the Trust, and Trust assets may not be sufficient at any point in time to fund the Plan's OPEB liabilities.

NOTE 14 - (Continued)**Actuarial Methods and Assumptions**

The total OPEB liability was determined using the following actuarial assumptions:

Actuarial cost method:	Individual entry age normal
Inflation:	2.50% and for future periods
Salary increases:	3% annually and for future periods
Discount rate:	4.72% for 2026 (5.14% for 2025)
Investment rate of return:	4.72%, net of OPEB plan investment expense (5.14% for 2025)
Municipal bond rate:	4.32% as of June 30, 2026 (4.81% as of June 30, 2025)
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, set forward 1 year for females
Healthcare trend:	Assumed 4.92% increase in healthcare costs for 2026 (4.96% for 2025)
Participation rate:	Assumed that 100% of employees eligible to received retirement benefits would enroll in the plan

Net OPEB Liability

The components of the net OPEB liability were as follows:

	2026		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at June 30, 2025	<u>\$ 29,934,074</u>	<u>\$ 746,954</u>	<u>\$ 29,187,120</u>
Changes for the year:			
Service cost	937,651	-	937,651
Interest	1,560,650	-	1,560,650
Changes in benefit terms	-	-	-
Changes in assumptions	6,090,715	-	6,090,715
Differences between actual and expected experience	607,114	-	607,114
Net investment income	-	51,985	(51,985)
Employer contributions - premiums	-	1,030,686	(1,030,686)
Benefit payments - premiums	-	(1,030,686)	1,030,686
Benefit payments including implicit cost	(1,030,686)	-	(1,030,686)
Administrative expense	-	-	-
Net changes	<u>8,165,444</u>	<u>51,985</u>	<u>8,113,459</u>
Balance at June 30, 2026	<u>\$ 38,099,518</u>	<u>\$ 798,939</u>	<u>\$ 37,300,579</u>

NOTE 14 - (Continued)

	Comparative 2025		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at June 30, 2024	<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	-	-	-
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>
Balance at June 30, 2025	<u>\$ 29,934,074</u>	<u>\$ 746,954</u>	<u>\$ 29,187,120</u>

Discount rate

The discount rate used to measure the total OPEB liability was 4.72% at June 30, 2026 and 5.14% at June 30, 2025. Because the Plan's fiduciary net position is projected to be insufficient to make all projected benefit payments, the long-term expected rate of return is applied to projected benefit payments to the extent Plan assets are expected to be available, and the municipal bond rate is applied thereafter.

Long-term rate of return

The long-term expected rate of return on Plan investments was determined using a building-block method in which expected future real rates of return are developed for each major asset class and weighted by the Plan's target asset allocation.

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	57.50%	4.60%
Domestic fixed income	40.50%	2.70%
Cash	2.00%	0.00%
Total	<u>100.00%</u>	

NOTE 14 - (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 one percentage point lower or one percentage point higher than the current rates:

	Discount Rate		
	<u>1% Decrease (3.72%)</u>	<u>Current (4.72%)</u>	<u>1% Increase (5.72%)</u>
Net OPEB liability as of June 30, 2026	\$ 43,434,734	\$ 37,300,579	\$ 32,326,214
	<u>1% Decrease (4.14%)</u>	<u>Current (5.14%)</u>	<u>1% Increase (6.14%)</u>
Net OPEB liability as of June 30, 2025	\$ 33,909,243	\$ 29,187,120	\$ 25,364,030
	Healthcare Cost Trend Rate		
	<u>1% Decrease (3.92%)</u>	<u>Current (4.92%)</u>	<u>1% Increase (5.92%)</u>
Net OPEB liability as of June 30, 2026	\$ 31,707,053	\$ 37,300,579	\$ 44,405,516
	<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	\$ 24,866,725	\$ 29,187,120	\$ 34,690,848

OPEB Expense and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2026, the Authority recognized OPEB expense of \$350,742.

At June 30, 2026 and 2025, the Authority reported deferred outflows and inflows of resources related to OPEB from as follows:

	<u>2026</u>		<u>Comparative 2025</u>	
	<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	\$ 520,384	\$ 2,654,928	\$ -	\$ 4,191,450
Changes in assumptions	5,234,040	1,791,178	151,606	2,429,029
Net difference between projected and actual earnings on OPEB plan investments	-	23,512	-	9,038
Total	<u>\$ 5,754,424</u>	<u>\$ 4,469,618</u>	<u>\$ 151,606</u>	<u>\$ 6,629,517</u>
Net deferred outflows (inflows) of resources	<u>\$ 1,284,806</u>			<u>\$ (6,477,911)</u>

NOTE 14 - (Continued)

Amounts reported as deferred outflows and inflows of resources related to OPEB at June 30, 2026 will be recognized in OPEB expense as follows:

Year ended June 30:	
2027	\$ (902,528)
2028	(764,386)
2029	183,498
2030	854,553
2031	956,832
Thereafter	956,837
Total deferred outflows (inflows) of resources	<u>\$ 1,284,806</u>

Payable to OPEB Plan

At June 30, 2026, SATCo had no outstanding contributions payable to the Plan.

NOTE 15 - COMMITMENTS AND CONTINGENT LIABILITIES

Federal and State funding

Amounts received or receivable from federal and state grantor agencies are subject to audit and adjustment by those agencies. Costs determined to be unallowable under the terms of the applicable grants may be subject to repayment. As of the date the financial statements were available to be issued, management is not aware of any material amounts expected to be disallowed.

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 is involved in various claims and litigation. Based on information available to the Authority and its legal counsel, management believes that the ultimate resolution of these matters 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 its operations up to \$1,000,000 per incident. Losses in excess of the self-insured amount are covered by commercial excess liability insurance, subject to policy limits of \$5 million per policy year. The Authority records a liability for reported claims and claims incurred but not reported based on a review of known claims and incidents.

At June 30, 2026 and 2025, the Authority's insurance claims reserve was \$2,500,000. Activity in the claims liability was as follows:

	2026	Comparative 2025
Insurance claims reserve, beginning	\$ 2,500,000	\$ 2,500,000
Increase in reserve for claims provisions	155,765	137,315
Claims paid	<u>(155,765)</u>	<u>(137,315)</u>
Insurance claims reserve, ending	<u>\$ 2,500,000</u>	<u>\$ 2,500,000</u>

NOTE 16 - ECONOMIC DEPENDENCE

The Authority is economically dependent on operating and capital assistance from the federal government and the Commonwealth of Massachusetts, as well as assessments from its member municipalities.

Federal and state operating and capital assistance represented approximately 89% and 79% of total revenues for the years ended June 30, 2026 and 2025, respectively. Assessments from member municipalities represented approximately 9% and 16% of total revenues for those same periods.

Substantially all of the Authority's capital acquisitions are funded through federal and state capital assistance.

NOTE 17 - IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

Current Year Implementation

In fiscal year 2026, the Authority implemented GASB Statement No. 103, *Financial Reporting Model Improvements*. The Statement establishes revised requirements for management's discussion and analysis and the presentation and classification of operating and nonoperating revenues and expenses of proprietary funds, including separate presentation of noncapital subsidies. Implementation resulted in changes to the presentation and classification of certain revenues in the Statement of Revenues, Expenses, and Changes in Net Position but did not affect total net position or the change in net position. Prior year amounts have been reclassified, as applicable, to conform to the current year presentation.

In fiscal year 2026, the Authority implemented GASB Statement No. 104, *Disclosure of Certain Capital Assets*. The Statement requires separate disclosure of certain types of capital assets and establishes additional disclosure requirements for capital assets held for sale. Implementation did not have a material effect on the Authority's financial position or results of operations.

Future Year Implementation

GASB Statement No. 105, *Subsequent Events*, is effective for fiscal years beginning after June 15, 2026 and will be implemented by the Authority in fiscal year 2027. The Statement establishes accounting and financial reporting requirements for subsequent events and is intended to improve consistency in their application. 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, 2026

	PVTA Pension Plan (see also Note 9) Plan Year End June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total pension liability										
Service cost	\$ 286,401	\$ 299,690	\$ 241,371	\$ 244,213	\$ 218,816	\$ 174,453	\$ 234,749	\$ 399,036	\$ 237,541	\$ 218,696
Interest	660,474	691,267	665,620	628,061	604,319	594,104	574,663	528,550	458,403	426,044
Changes of benefit terms	-	-	-	-	-	-	-	-	-	-
Changes of assumptions	-	1,233,151	-	-	-	-	-	-	-	-
Differences between expected and actual experience	262,579	(327,608)	(166,976)	92,934	(115,171)	(265,360)	(145,773)	238,470	447,146	101,296
Benefit payment, including refunds of employee contributions	(421,381)	(436,592)	(429,231)	(420,717)	(399,085)	(399,085)	(346,878)	(336,643)	(302,220)	(297,102)
Net change in total pension liability	788,073	1,459,908	310,784	544,491	308,879	104,112	316,761	829,413	840,870	448,934
Total pension liability, beginning	10,989,408	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
Total pension liability, ending (a)	\$ 11,777,481	\$ 10,989,408	\$ 9,529,500	\$ 9,218,716	\$ 8,674,225	\$ 8,365,346	\$ 8,261,234	\$ 7,944,473	\$ 7,115,060	\$ 6,274,190
Plan fiduciary net position										
Contributions	\$ 234,500	\$ 1,463,205	\$ 202,062	\$ 186,274	\$ 197,873	\$ 710,158	\$ 676,663	\$ 231,081	\$ 415,512	\$ 433,624
Net investment income	548,355	579,431	559,365	(670,056)	1,427,157	215,527	632,125	310,301	364,336	259,833
Benefit payments, including refunds of employee contributions	(421,381)	(436,592)	(429,231)	(420,717)	(399,085)	(399,085)	(346,878)	(336,643)	(302,220)	(297,102)
Administrative expense	-	-	-	-	-	-	-	-	(40)	(14,305)
Net change in plan fiduciary net position	361,474	1,606,044	332,196	(904,499)	1,225,945	526,600	961,910	204,739	477,588	382,050
Plan fiduciary net position, beginning	8,517,120	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
Plan fiduciary net position, ending (b)	\$ 8,878,594	\$ 8,517,120	\$ 6,911,076	\$ 6,578,880	\$ 7,483,379	\$ 6,257,434	\$ 5,730,834	\$ 4,768,924	\$ 4,564,185	\$ 4,086,597
Net pension liability (a) - (b)	\$ 2,898,887	\$ 2,472,288	\$ 2,618,424	\$ 2,639,836	\$ 1,190,846	\$ 2,107,912	\$ 2,530,400	\$ 3,175,549	\$ 2,550,875	\$ 2,187,593
Plan fiduciary net position as a percentage of the total pension liability	75.39%	77.50%	72.52%	71.36%	86.27%	74.80%	69.37%	60.03%	64.15%	65.13%
Covered employee payroll	\$ 1,748,445	\$ 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
Net pension liability as a percentage of covered employee payroll	165.80%	182.55%	192.82%	201.40%	93.23%	165.03%	198.11%	207.69%	166.81%	178.76%

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, 2026

	SATCo SERP Plan (see also Note 11) Plan Year End June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total pension liability										
Service cost	\$ 764,466	\$ 739,292	\$ 593,752	\$ 463,547	\$ 500,646	\$ 405,985	\$ 404,377	\$ 408,631	\$ 399,561	\$ 365,630
Interest	1,094,395	1,027,355	909,270	840,842	708,305	648,403	594,567	527,876	448,386	399,919
Changes of benefit terms	-	-	-	-	-	-	-	-	-	-
Changes of assumptions	18,485	(106,137)	47,367	50,228	(9,309)	(13,691)	-	-	-	-
Differences between expected and actual experience	(5,161,476)	(170,341)	497,761	(42,215)	1,268,422	(17,058)	38,305	434,823	461,424	41,217
Benefit payment, including refunds of employee contributions	(532,470)	(474,904)	(365,210)	(355,903)	(330,056)	(218,642)	(193,026)	(266,628)	(122,646)	(86,013)
Net change in total pension liability	(3,816,600)	1,015,265	1,682,940	956,499	2,138,008	804,997	844,223	1,104,702	1,186,725	720,753
Total pension liability, beginning	16,423,763	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
Total pension liability, ending (a)	<u>\$ 12,607,163</u>	<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>
Plan fiduciary net position										
Contributions - employer and employees	\$ 2,304,535	\$ 1,427,322	\$ 1,427,322	\$ 330,497	\$ 1,187,785	\$ 940,000	\$ 910,398	\$ 1,150,000	\$ 1,168,595	\$ 1,800,000
Net investment income	1,267,816	940,979	1,069,824	(1,239,507)	2,315,863	391,852	944,844	439,395	407,457	233,325
Benefit payments, including refunds of employee contributions	(532,470)	(474,904)	(365,210)	(355,903)	(330,056)	(218,642)	(193,026)	(266,628)	(122,646)	(86,013)
Administrative expense	(131,145)	(105,987)	(82,977)	(85,199)	(85,199)	(67,848)	(42,714)	(50,575)	(41,841)	(27,871)
Net change in plan fiduciary net position	2,908,736	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
Plan fiduciary net position, beginning	15,683,534	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
Plan fiduciary net position, ending (b)	<u>\$ 18,592,270</u>	<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>
Net pension liability (asset) (a) - (b)	<u>\$ (5,985,107)</u>	<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>
Plan fiduciary net position as a percentage of the total pension liability (asset)	147.47%	95.49%	90.18%	86.31%	103.35%	95.09%	92.24%	82.88%	78.35%	71.15%
Covered employee payroll	\$ 21,245,672	\$ 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
Net pension liability (asset) as a percentage of covered employee payroll	-28.17%	4.19%	10.01%	11.54%	-2.59%	3.27%	4.80%	10.05%	11.78%	13.09%

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, 2026

	PVTA Pension Plan (see also Note 9) Plan Year End June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 654,452	\$ 613,579	\$ 508,319	\$ 513,344	\$ 340,222	\$ 389,354	\$ 492,723	\$ 722,782	\$ 497,602	\$ 441,721
Contributions to the plan	234,500	1,463,205	202,062	186,274	197,873	710,158	676,663	231,081	415,512	433,624
Contribution deficiency (excess)	\$ 419,952	\$ (849,626)	\$ 306,257	\$ 327,070	\$ 142,349	\$ (320,804)	\$ (183,940)	\$ 491,701	\$ 82,090	\$ 8,097
Covered employee payroll	\$ 1,748,445	\$ 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
Contribution as a percentage of covered employee payroll	13.41%	108.04%	14.88%	14.21%	15.49%	55.60%	52.98%	15.11%	27.17%	35.43%

Notes to Schedules for PVTA Pension Plan

Valuation date:

Actuarially determined contribution rates are calculated as of June 30, 2025.

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
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SCHEDULE OF PENSION CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2026

	SATCo SERP Plan (see also Note 11) Plan Year End June 30,										
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 174,472	\$ 812,262	\$ 742,837	\$ 648,714	\$ 458,434	\$ 457,459	\$ 479,545	\$ 560,224	\$ 567,665	\$ 555,898	\$ 635,705
Contributions to the plan *	2,304,535	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>\$ (2,130,063)</u>	<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	\$ 21,245,672	\$ 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	10.85%	8.07%	9.44%	2.03%	3.96%	2.56%	2.39%	4.09%	4.39%	8.78%	0.92%

* Contributions presented include both employee salary-reduction amounts and employer contributions remitted to the Plan by SATCo. Accordingly, the amounts presented are not solely employer contributions and may exceed the actuarially determined employer contribution. The amounts agree to the contribution amounts reported by the Plan's actuary.

Notes to Schedules for SATCO SERP Pension Plan

Valuation date:

Actuarially determined contribution rates are calculated as of June 30, 2025.

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, 2025 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, 2026

**PVTA OPEB Plan
(see also Note 13)
Plan Year End June 30,**

	2026	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability									
Service cost	\$ 91,546	\$ 254,647	\$ 249,203	\$ 230,108	\$ 397,463	\$ 220,047	\$ 209,018	\$ 196,680	\$ 310,684
Interest	88,932	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	99,500	(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	(102,669)	(131,300)	(118,410)	(146,751)	(146,751)	(144,388)	(138,205)	(141,814)	(93,312)
Net change in total OPEB liability	177,309	(3,530,389)	286,029	(713,520)	(1,600,817)	1,321,970	234,356	411,922	388,661
Total OPEB liability, beginning	1,804,257	5,334,646	5,048,617	5,762,137	7,362,954	6,040,984	5,806,628	5,394,706	5,006,045
Total OPEB liability, ending (a)	\$ 1,981,566	\$ 1,804,257	\$ 5,334,646	\$ 5,048,617	\$ 5,762,137	\$ 7,362,954	\$ 6,040,984	\$ 5,806,628	\$ 5,394,706
Plan fiduciary net position									
Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net investment income	57	48	64	72	(31)	115	(24)	-	-
Employer contributions - premiums	102,669	131,300	118,410	146,751	146,751	144,388	138,705	141,814	93,312
Benefit payments - premiums	(102,669)	(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	57	48	64	72	(31)	115	476	-	-
Plan fiduciary net position, beginning	744	696	632	560	591	476	-	-	-
Plan fiduciary net position, ending (b)	\$ 801	\$ 744	\$ 696	\$ 632	\$ 560	\$ 591	\$ 476	\$ -	\$ -
Net OPEB liability (a) - (b)	\$ 1,980,765	\$ 1,803,513	\$ 5,333,950	\$ 5,047,985	\$ 5,761,577	\$ 7,362,363	\$ 6,040,508	\$ 5,806,628	\$ 5,394,706
Plan fiduciary net position as a percentage of the total OPEB liability	0.04%	0.04%	0.01%	0.01%	0.01%	0.01%	0.01%	0.00%	0.00%
Covered employee payroll	\$ 1,954,498	\$ 1,897,571	\$ 1,595,983	\$ 1,549,498	\$ 1,514,115	\$ 1,470,015	\$ 1,550,298	\$ 1,505,144	\$ 1,442,016
Net OPEB liability as a percentage of covered employee payroll	101.34%	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 4.81% to 4.32%.

As of August 1, 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 2026 available.

See independent auditors' report.

PIONEER VALLEY TRANSIT AUTHORITY
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**SCHEDULE OF CHANGES IN NET OPEB
LIABILITIES AND RELATED RATIOS**

REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2026

SATCo OPEB Plan
(see also Note 14)
Plan Year End June 30,

	2026	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability									
Service cost	\$ 937,651	\$ 995,095	\$ 1,172,870	\$ 1,089,988	\$ 1,360,593	\$ 869,836	\$ 798,091	\$ 1,292,292	\$ 1,533,958
Interest	1,560,650	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	6,090,715	(1,625,543)	(1,774,209)	-	223,197	6,110,270	(3,670,465)	(5,055,906)	-
Differences between actual and expected experience	607,114	-	(5,736,351)	-	(2,448,711)	-	(5,818,732)	-	(805,038)
Benefit payments including implicit cost	(1,030,686)	(945,285)	(907,850)	(813,400)	(851,166)	(816,030)	(764,208)	(726,472)	(574,275)
Net change in total OPEB liability	8,165,444	(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	29,934,074	30,065,785	35,743,245	33,976,118	34,625,301	27,281,935	35,308,134	36,182,703	34,854,684
Total OPEB liability, ending (a)	\$ 38,099,518	\$ 29,934,074	\$ 30,065,785	\$ 35,743,245	\$ 33,976,118	\$ 34,625,301	\$ 27,281,935	\$ 35,308,134	\$ 36,182,703
Plan fiduciary net position									
Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net investment income	51,985	50,440	51,481	52,183	(52,900)	121,160	8,291	16,299	-
Employer contributions to trust	-	-	-	-	-	-	-	500,000	-
Employer contributions - premiums	1,030,686	945,285	907,850	813,400	851,166	816,030	764,208	726,472	574,275
Benefit payments - premiums	(1,030,686)	(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	51,985	50,440	51,481	52,183	(52,900)	121,160	8,291	516,299	-
Plan fiduciary net position, beginning	746,954	696,514	645,033	592,850	645,750	524,590	516,299	-	-
Plan fiduciary net position, ending (b)	\$ 798,939	\$ 746,954	\$ 696,514	\$ 645,033	\$ 592,850	\$ 645,750	\$ 524,590	\$ 516,299	\$ -
Net OPEB liability (a) - (b)	\$ 37,300,579	\$ 29,187,120	\$ 29,369,271	\$ 35,098,212	\$ 33,383,268	\$ 33,979,551	\$ 26,757,345	\$ 34,791,835	\$ 36,182,703
Plan fiduciary net position as a percentage of the total OPEB liability	2.10%	2.50%	2.32%	1.80%	1.74%	1.86%	1.92%	1.46%	0.00%
Covered employee payroll	\$ 19,340,851	\$ 17,874,921	\$ 17,354,292	\$ 17,375,484	\$ 16,869,402	\$ 16,378,060	\$ 15,901,029	\$ 15,640,248	\$ 14,477,280
Net OPEB liability as a percentage of covered employee payroll	192.86%	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 5.14% to 4.72%.

Last 10 years: Only plan years 2018 to 2026 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, 2026

	PVTA OPEB Plan (see also Note 13) Plan Year End June 30,								
	2026	2025	2024	2023	2022	2021	2020	2019	2018
Actuarially determined contribution	\$ 170,481	\$ 458,738	\$ 458,738	\$ 426,341	\$ 620,260	\$ 440,343	\$ 488,100	\$ 475,762	\$ 585,941
Contributions in relation to the actuarially determined contribution	102,669	118,410	118,410	146,751	146,751	144,388	138,205	141,814	93,312
Contribution deficiency (excess)	<u>\$ 67,812</u>	<u>\$ 340,328</u>	<u>\$ 340,328</u>	<u>\$ 279,590</u>	<u>\$ 473,509</u>	<u>\$ 295,955</u>	<u>\$ 349,895</u>	<u>\$ 333,948</u>	<u>\$ 492,629</u>
Covered employee payroll	\$ 1,954,498	\$ 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	5.25%	6.24%	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, 2026.

Methods and assumptions:

Actuarial cost method:	Individual entry age normal
Municipal bond rate:	4.32%
Discount rate:	4.32%
Inflation:	2.50%
Salary increases:	3.00%
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
Changes in assumptions:	Effective June 30, 2026, discount rate changed from 4.81% to 4.32%. As of August 1, 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 2026 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, 2026

	SATCo OPEB Plan (see also Note 14) Plan Year End June 30,								
	2026	2025	2024	2023	2022	2021	2020	2019	2018
Actuarially determined contribution	\$ 2,502,353	\$ 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	1,030,686	945,285	907,850	813,400	851,166	816,030	764,208	1,226,472	574,275
Contribution deficiency (excess)	\$ 1,471,667	\$ 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	\$ 19,340,851	\$ 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	5.33%	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, 2025 with a measurement date of June 30, 2026.

Methods and assumptions:

Actuarial cost method:	Individual entry age normal
Municipal bond rate:	4.32%
Discount rate:	4.72%
Inflation:	2.50%
Salary increases:	3.00%
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-2021 for males and females, set forward 1 year for females
Changes in assumptions:	Discount rate changed from 5.14% to 4.72%.

Last 10 years: Only plan years 2018 to 2026 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 2026	Comparative Total Service Area 2025
Costs		
Total operating expenses	\$ 86,145,918	\$ 79,552,276
Interest expense	567,261	731,756
Pension and OPEB adjustments	1,207,067	3,458,945
Lease accounting adjustment	(87,228)	(71,627)
Non-reimbursable depreciation	(17,561,266)	(17,457,733)
Total eligible costs	<u>70,271,752</u>	<u>66,213,617</u>
Federal and other operating subsidies	<u>4,156,654</u>	<u>5,523,343</u>
Local revenues		
Fixed route income	1,296,789	2,075,678
Paratransit income	4,023	82,162
Shuttle service income	-	2,177
Advertising income	244,664	339,600
Other income	492,508	499,515
Interest income	755,519	644,601
Total local revenues	<u>2,793,503</u>	<u>3,643,733</u>
Total operating subsidies and local revenues	<u>6,950,157</u>	<u>9,167,076</u>
Net operating deficit	63,321,595	57,046,541
Increase in reserve for extraordinary expense	50,619	49,384
Net cost of service	<u>\$ 63,372,214</u>	<u>\$ 57,095,925</u>
Net cost of service funding		
Member municipalities	\$ 10,636,224	\$ 10,376,805
Massachusetts	<u>52,735,990</u>	<u>46,719,120</u>
Total	<u>\$ 63,372,214</u>	<u>\$ 57,095,925</u>

Non-Reimbursable Costs

In determining total eligible costs, the Authority excludes depreciation associated with property and equipment acquired with capital grant funding and accounting adjustments related to net pension and other postemployment benefit liabilities, compensated absences, and right-to-use lease assets and liabilities.

See independent auditors' report.



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, 2026, 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 30, 2026.

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 30, 2026