

METROWEST REGIONAL TRANSIT AUTHORITY
(a Component Unit of the Massachusetts Department of Transportation)

**FINANCIAL STATEMENTS, REQUIRED SUPPLEMENTARY
INFORMATION AND SUPPLEMENTARY INFORMATION**
(With Independent Auditors' Report Thereon)

YEAR ENDED JUNE 30, 2024

METROWEST REGIONAL TRANSIT AUTHORITY
(A COMPONENT UNIT OF THE MASSACHUSETTS DEPARTMENT OF TRANSPORTATION)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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INDEPENDENT AUDITORS' REPORT

To the Advisory Board
MetroWest Regional Transit Authority
Framingham, Massachusetts

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of MetroWest Regional Transit Authority (the Authority), a component unit of the Massachusetts Department of Transportation, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Authority, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with

generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 to 9 and required supplementary information on pages 30-31 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The supplemental information on pages 32-34 and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other

records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Emphasis of a Matter

The Authority's inability to timely issue its financial statements is a result of its participation in the Framingham Retirement System. The Authority is required by GASB 68 to report its proportionate share of the System's expense and net pension liability. The final audited report was received on April 3, 2025. This date is well beyond the statutory filing time noted in Chapter 161B, the Authority's enabling legislation.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 14, 2025 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Bruce D. Norling, CPA, P.C.

Sudbury, Massachusetts
May 14, 2025

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Required Supplementary Information
Management's Discussion and Analysis
June 30, 2024

The following is offered to the readers of the MetroWest Regional Transit Authority's financial statements. It is a narrative overview and analysis of the financial performance of the MetroWest Regional Transit Authority (the Authority) during the fiscal year ended June 30, 2024. Please read this discussion and analysis in conjunction with the Authority's financial statements which begin on page 10.

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the Authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to James Nee, Administrator, MetroWest Regional Transit Authority, 15 Blandin Avenue, Framingham, Massachusetts, 01702.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority is a special-purpose government engaged in only business-type activities. As such, its financial statements consist of only those financial statements required for proprietary funds and the related notes.

Revenue is recorded when earned and expenses are recorded when incurred. The financial statements include a statement of net position, a statement of revenues, expenses and changes in net position, and a statement of cash flows. These are followed by the notes to the financial statements. In addition to the financial statements, this report also contains supplemental schedules pertaining to the net cost of service of the Authority.

The statement of net position presents information on the assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The Statement of revenues, expenses and changes in net position reports the operating revenues and expenses and nonoperating revenues and expenses of the Authority for the fiscal year with the difference – the increase or decrease in net position – being combined with any capital grants to determine the net change in position for the fiscal year. That change combined with the previous year-end net position total reconciles to the net position total at the end of this fiscal year.

The statement of cash flows reports cash and investment activities for the fiscal year resulting from operating activities, capital and related activities, noncapital and related financing activities and investing activities. The net result of these activities added to the beginning of the year cash and investment balance reconciles to the cash and investment balance of the current fiscal year.

The notes to the financial statements provide additional information that is essential to the understanding of the data provided in the basic financial statements and can be found on pages 13 through 28 of the report.

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Condensed Financial Information

	2024	2023
Current assets	\$ 5,967,339	\$ 6,832,557
Restricted, non-current assets, deferred outflows	8,093,525	5,569,223
Capital assets, net	22,125,337	23,549,929
Total assets and deferred outflows	<u>36,186,201</u>	<u>35,951,709</u>
Current liabilities	2,972,758	1,933,209
Restricted & non-current liabilities	9,797,904	9,702,159
Long-term Liabilities	2,231,846	2,656,682
Total liabilities	<u>15,002,508</u>	<u>14,292,050</u>
Net position		
Invested in capital assets, net of related debt	22,125,337	23,549,929
Unrestricted	(1,783,498)	(1,890,270)
	841,854	-
Total net position	<u>\$ 21,183,693</u>	<u>\$ 21,659,659</u>
Operating revenue		
Revenue from transportation	\$ 379,307	\$ 87,553
Other	952,701	638,847
Total operating revenues	<u>1,332,008</u>	<u>726,400</u>
Operating expenses		
Transportation services	11,399,073	8,668,367
Other operating expenses	4,576,154	3,608,785
Total operating expenses, excluding depreciation	15,975,227	12,277,152
Depreciation and amortization	3,395,379	3,193,432
Total operating expenses, including depreciation	19,370,606	15,470,584
Operating Loss	<u>(18,038,598)</u>	<u>(14,744,185)</u>
Net non-operating revenue	14,749,992	11,493,893
Loss before capital grants	(3,288,606)	(3,250,292)
Capital grants and contributions	2,812,640	2,422,407
Change in net position	(475,966)	(827,885)
Net position		
Beginning of year	21,659,659	22,487,544
End of year net position	<u>\$ 21,183,693</u>	<u>\$ 21,659,659</u>

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Financial Highlights

The assets of the Authority exceed its liabilities at the close of the most recent fiscal year by \$21,183,693. The Authority's total net position decreased by \$475,966, mainly due to an increase in operating expenses. The Authority's expenses, except for depreciation and amortization are fully funded annually through a combination of federal, state and local assistance.

The Authority's net position consists of its investment in capital assets (e.g., land, buildings, vehicles and other equipment). The Authority uses these capital assets to provide fixed route and paratransit services to individuals within its service area; consequently, these net assets are not available for future spending. Although the Authority's investment in capital assets is reported as net of related debt, it should be noted that the resources needed to repay any related debt outstanding must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Key factors in the changes in revenues and expenses are as follows:

- Passenger fares increased from \$87,533 to \$379,307, due to the recommencement of collecting fares.
- Total operating expenses, excluding depreciation, increased by \$3,804,846, or 31%.
- Revenues from assessments from member municipalities increased by 24% and the establishment of the new services as allowed by law.
- Federal operating assistance decreased while state operating assistance increased. Federal and state capital assistance decreased.

Capital Assets and Debt

The Authority's capital assets as of June 30, 2024 amounted to \$22,125,337 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, transportation equipment, office and other equipment.

Capital asset additions during the fiscal year include the following:

Building and Improvements	\$ 596,338
Transit Equipment	1,120,332
Furniture and Fixtures	8,434
Electronic Equipment	<u>259,068</u>
	<u>\$ 1,984,172</u>

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The Authority acquires its capital assets under federal capital grants and state matching funds.

At year end, the Authority had \$8,895,000 of notes outstanding, a decrease of \$33,000 over the prior period.

The Authority's net cost of service (NCS) consists of all operating expenses less operating revenue without regard to local assessments and State contracted Assistance (SCA). The NCS is partially funded through local assessments to the member communities which usually increases no more than 2 1/2 % annually plus the member's share of any new services for the year then ended. The remaining balance of net cost of service is then funded by the Commonwealth's SCA. MGLA Ch. 161B section 23 mandates "that fifty percent of the net cost of service of each Authority shall be paid by the Commonwealth and shall not be assessed upon the cities and towns constituting the Authority." Notwithstanding this statute, the Commonwealth has not paid fifty percent of the net cost of service that it is obligated to pay for FY 2017, FY 2018 and FY2019. Rather than operate at a deficit, this Authority's member communities have been assessed and are paying the "short fall" in the amount of \$168,598, \$658,255, and \$268,073 respectively. Therefore, these financial statements reflect a receivable of \$1,094,925 due from the Commonwealth in keeping with the requirements of the law. During fiscal year ending June 30, 2024 the parties determined the receivable would not be collected and wrote off the \$1,094,925 as a bad debt expense.

The MWRTA continues to operate its consolidated maintenance operation, allowing the MWRTA to underwrite some of its own maintenance expenses through collaboration with other non-profit agencies.

The MWRTA's Fixed Route fleet is powered by low emission compressed natural gas (CNG), and it continues to maintain a CNG fill station on-site, which is also available for public use, including by partner agencies such as MassDOT Highway. In FY24, the MWRTA placed an order for its first Heavy Duty Transit buses which it anticipates taking delivery of and deploying into service during FY25.

The MWRTA replaced four Type "E2" vehicles. The Fixed Route Fleet is now at 42 vehicles, with a max pull out of 37 vehicles, giving us a 13 % spare ratio. The Authority's five-year plan is to replace and expand the fleet with a combination of "D" CNG Vehicles and 30 FT CNG Vehicles next year and five each year thereafter, unless funding for growth dictates an increase in those numbers. The Authority is set to receive its first three vehicles of this type and plans to place them in service during the next fiscal year. The MWRTA received three new type "E" vehicles into its ADA Demand Response Fleet this year. The Authority will surplus 3 vehicles. The Demand Response, including Dial a Ride and Catch Connect, fleet is now at 53 vehicles, with a max vehicle pull out of 44, for a spare ratio of 20%. This spare ratio includes 4 Electric Vans, which were found to have a varying range depending on temperature. During particularly cold winter

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months, the current iteration of vehicles have too low of a range to be operationally available for any demand response shift lengths. These conditions improve during warmer months, but does present a challenge when counted against the spare ratio. MWRTA will continue to review advertised ranges for upcoming electric vehicles in anticipation of a vehicle with a longer range. The MWRTA has requested from MassDOT funds to be made available to determine feasibility and launch a pilot of Hydrogen powered vehicles. Due to the Authority's current use of other lighter-than-air fuel technology, and the availability of vehicles with adequate range on the current market, Hydrogen powered vehicles may be the form of zero emission technology capable of being deployed effectively in a public transit system like the MWRTA.

Framingham State University (FSU) continues to collaborate with MWRTA in the provision of transportation services to the students and faculty for the eleventh consecutive year. The Authority provides the vehicles, maintenance, training, and some oversight, while the FSU transit system is operated by students with direct oversight from the FSU Transportation Services Department. MWRTA also partners with MassBay Community College in order to provide fixed route services aimed at serving student populations.

In 2016, the Authority partnered with MassDOT, the MBTA, and Keolis to pilot a maintenance program at the Framingham Commuter Rail Station (FCRS), which included oversight of the parking facilities, as well as developing additional parking spaces and providing maintenance. The MWRTA has maintained and refurbished significant portions of the station from inception to present day, and finalized a five year contract renewal with the MBTA to continue the FCRS maintenance and operation program. MWRTA also created an intermodal connection between the FCRS and the Blandin Facility by developing, along with the City, a "rail with trail" element of the northern most section of the Framingham Secondary line, as well as upgrading the pedestrian access to the Commuter Rail area. The pedestrian access was named "Nau Way" and is continuously maintained with landscaping, trash removal, and safety enhancements by the MWRTA. The Authority hopes to continue promoting multi-modal transportation options to achieve the goal of opening up environmental justice opportunities for the Southside Framingham neighborhood.

Currently, MWRTA provides a Boston Hospital Shuttle to the Veteran's Administration in Jamaica Plain and West Roxbury, as well as the major hospitals in the Longwood Area, along with three commuter shuttles that run during peak commute hours. The MWRTA also applied in FY24 for a grant through MassDOT to expand the hospital shuttle to include Sudbury and Wayland, with an anticipated start in FY25. "First and Last Mile" shuttle service is a large area of concentration for the MWRTA, as it works to coordinate with the MBTA's commuter rail service and its operator, Keolis. MWRTA also operates a shuttle that runs between the MassBay College Campuses, and one that runs from the MassBay Wellesley Campus to the Riverside Green Line Station, transporting hundreds

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of students a week. All reductions in service to shuttles and fixed routes were returned to normal or expanded service levels in FY24.

Utilizing a discretionary in FY 2019, the MWRTA developed a mobile app for MicroTransit, Fixed Route, and Fare Payments.

The MWRTA has several new and innovative demand response pilot programs in the form of MicroTransit service, which it has branded as "Catch Connect". MicroTransit is similar to Transportation Network Companies (TNC) such as Uber and Lyft, in that they provide demand response trips to the general public, based on booking a trip in a mobile application. Limitation to MicroTransit, as compared to a TNC as a service type, are related to geographic boundaries, span of service, and available resources. Agencies such as MWRTA must operate fiscally constrained versions of service. As of FY24, the MWRTA operates MicroTransit pilot programs in Wellesley, Hudson, Framingham, and Natick. All of these programs were originally grant funded by MassDOT and the Boston MPO, with programs requiring state and local funding to continue past their pilot phase. All programs currently show various levels of success. In FY24, the MWRTA applied for another MicroTransit pilot to be operated in Sudbury Monday through Friday from 10AM to 6PM, as well as an expansion of the Hudson program into a joint RTA zone that incorporates Berlin, a WRTA member community. These services are anticipated to start in FY25.

The Administrator's designee serves on the Board of Directors for the 495/MetroWest Corridor Partnership, Inc., and the MetroWest Center for Independent Living, giving the Authority a voice in both the economic development and disabled community. In FY24, the MWRTA was able to advocate for inclusion on the Boston MPO Board as a voting member, and anticipates membership starting in FY25.

The Authority has continued to work with our local legislators and the administration to build a public transportation infrastructure in MetroWest which serves all of its citizens, and increases the economic opportunities for the citizens of the state's second largest payroll and revenue generator. The future of public transportation in the MetroWest region, because it is strategically placed between the two largest cities in New England, Boston and Worcester, depends on operating growth. Because of the regionally equitable distributions of funds in the FY24 State Budget, the MWRTA was able to fully recover service levels, and begin the expansion of services. In FY24, services were increased by approximately 20%, with an additional 10% anticipated for FY25. The MWRTA also anticipates beginning Phase 1 of a Metro-Boston urban loop system, interconnecting all MBTA Commuter Rail and RTA systems in the region through two route loops that encircle the Inner Core, one at 95 and another at 495. Through a MassDOT discretionary grant, the MWRTA plans to launch a partial version of the 495 corridor in the MetroWest region, completing approximately 1/3 of the outer ring.

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Statement of Net Position
June 30, 2024

Assets and Deferred Outflows of Resources

Current assets

Cash and cash equivalents (Note 3)	\$ 1,623,758
Receivables (Note 5)	4,145,788
Prepaid expenses	<u>197,793</u>
Total current assets	<u>5,967,339</u>

Restricted and noncurrent assets

Capital assistance receivables (Note 5)	2,251,863
Deposit on Transit Equipment	<u>728,904</u>
Total restricted assets	<u>2,980,767</u>
Receivables (Note 5)	4,664,410
Capital assets, net (Note 6)	<u>22,125,337</u>
Total restricted and non-current assets	<u>29,770,514</u>
Total assets	<u><u>35,737,853</u></u>

Deferred outflows of resources

Deferred outflows from pension plans	<u>448,348</u>
Total assets and deferred outflows of resources	<u><u>36,186,201</u></u>

Liabilities

Current liabilities

Accounts payable and accrued expenses	2,452,572
Accrued interest payable	310,629
Accrued payroll	63,898
Compensated absences	<u>145,659</u>
Total current liabilities	<u>2,972,758</u>

Restricted and non-current liabilities

Accounts payable from restricted assets	<u>902,904</u>
Total liabilities payable from restricted assets	902,904
Revenue anticipation notes (Note 7)	8,895,000
Net pension liability	<u>2,231,846</u>
Total restricted and non-current liabilities	<u>12,029,750</u>
Total liabilities	<u><u>15,002,508</u></u>

Net Position

Invested in capital assets, net of related debt	22,125,337
Reserve for vehicle purchases	728,904
Reserve for Extraordinary Expense	112,950
Unrestricted (Note 16)	<u>(1,783,498)</u>
Total net position	<u><u>\$ 21,183,693</u></u>

See accompanying notes to the financial statements

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Statement of Revenues, Expenses and Changes in Net Position
June 30, 2024

Operating revenue	
Passenger fares	\$ 379,307
Other income	952,701
Total operating revenues	<u>1,332,008</u>
Operating expenses	
Transit service and Maintenance	11,399,073
Bad Debt Expense	1,094,925
Intermodal center	252,165
Extraordinary Expense Reserve	112,950
General Administration	3,222,886
Pension expense-GASB 68 expense	<u>(106,772)</u>
	15,975,227
Depreciation	<u>3,395,379</u>
Total operating expenses	<u>19,370,606</u>
Operating loss	<u>(18,038,598)</u>
Non-operating revenues (expense)	
Operating assistance grants	
Federal	885,188
Commonwealth of Massachusetts	9,503,995
Local assessments	4,664,410
Interest income	30,445
Interest expense	<u>(334,046)</u>
Total non-operating revenues	<u>14,749,992</u>
Loss before capital contributions	<u>(3,288,606)</u>
Capital grants and contributions	
Federal	1,073,357
Commonwealth of Massachusetts	854,551
Local Communities	42,878
Reserve for Extraordinary Expense	112,950
Reserve for Vehicle Purchases	<u>728,904</u>
Total capital grants and contributions	<u>2,812,640</u>
Change in net position	(475,966)
Net position, beginning of year	<u>21,659,659</u>
Net position, end of the year	<u><u>\$ 21,183,693</u></u>

See accompanying notes to the financial statements

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Statement of Cash Flows
June 30, 2024

Cash flows from operating activities	
Passenger fares	\$ 379,307
Other cash receipts	952,702
Payments to operators	(9,894,109)
Payments to other vendors	(1,114,720)
Payments to employees for services	(3,255,232)
Net cash used in operating activities	<u>(12,932,052)</u>
Cash flows from non-capital financing activities	
Proceeds from sale of revenue anticipation notes	8,895,000
Principal paid on revenue anticipation notes	(8,928,000)
Line of credit repayments	-
Interest paid on debt	(333,870)
Operating and contract assistance	13,662,390
Net cash provided by non-capital financing activities	<u>13,295,520</u>
Cash flows from capital and related financing activities	
Acquisition of capital assets	(2,567,124)
Capital contributions	
United States Department of Transportation	1,430,385
Commonwealth of Massachusetts	856,358
Net cash provided by capital and related financing activities	<u>(280,381)</u>
Cash flows from investing activities	
Interest income	30,445
Net cash provided by investment activities	<u>30,445</u>
Net change in cash and cash equivalents	113,532
Cash and cash equivalents, beginning of year	1,510,226
Cash and cash equivalents, end of year	<u><u>1,623,758</u></u>
Reconciliation of operating loss to net cash used in operating activities	
Operating loss	(18,038,598)
Adjustments to reconcile loss to net cash used in operating activities	
Depreciation	3,395,379
Pension expense	-
Changes in assets and liabilities	
Receivables, net	(1,087,602)
Other assets	776,014
Accounts payable and accrued expenses	1,006,549
Reserves	1,016,206
Net cash used in operating activities	<u><u>\$ (12,932,052)</u></u>

See accompanying notes to the financial statements

METROWEST REGIONAL TRANSIT AUTHORITY
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Notes to the Financial Statements
June 30, 2024

NOTE 1 – THE REPORTING ENTITY

The Authority, a political subdivision of the Commonwealth of Massachusetts (the Commonwealth), was established in accordance with Chapter 161B of the Massachusetts General Laws to provide a public transit system for the territory comprised of the cities of Framingham and Marlborough, and the towns of Ashland, Dover, Holliston, Hopedale, Hopkinton, Hudson, Milford, Natick, Sherborn, Southborough, Sudbury, Wayland, Wellesley and Weston. In accordance with the requirements of Statement No. 14, *The Financial Reporting Entity*, of the Governmental Accounting Standards Board (GASB), the financial statements must present the Authority (the primary government) and its component units. Pursuant to this criterion, no component units were identified for inclusion in the accompanying financial statements. Additionally, the accompanying financial statements are incorporated into the financial statements of the Commonwealth as the Authority is a component unit of the Massachusetts Department of Transportation.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The operations of the Authority are accounted for as an enterprise fund on an accrual basis in order to recognize the flow of economic resources. Under this basis, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, depreciation of assets is recognized, and all assets and liabilities associated with the operation of the Authority are included in the Statements of Net Position. The principal revenues of the authority are fare box revenues received from patrons, elderly and handicapped fares. Operating expenses for the Authority include the costs of operating mass transit and demand response service, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

B. Budget

The Authority must establish an operating budget each year so that the amount will equal the sum of (a) the aggregate of all annual appropriations for expenditures and transfers, less (b) the aggregate of all revenue and transfers projected to be received by the Authority, including available surplus funds. The budget for all operations of the Authority is prepared by the Administrator and is acted upon by the Advisory Board. The budget is prepared on the accrual basis. Depreciation is not recognized as an expense, but capital outlays are recognized as expenses for budgetary control purposes. These expenses are reclassified for the purpose of preparing financial reports in accordance with GAAP.

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C. Cash and Cash Equivalents

Cash includes amounts in demand deposits. Cash equivalents include all highly liquid deposits with an original maturity of three months or less when purchased. These deposits are fully collateralized or covered by federal deposit insurance except as stated in Note 2. The carrying amount of the cash equivalents is fair value. For purposes of the statement of cash flows, the Authority considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

D. Compensated Absences

Employees of the Authority are entitled to paid vacations, paid sick days and personal days off, depending on job classification, length of service and other factors. The Authority's policy is to recognize the costs of compensated absences when earned, subject to accumulation limitations in accordance with personnel policies. Compensated absences at June 30, 2024 totaled \$140,922.

E. Capital Assets

Capital assets are stated at cost. Cost includes not only purchase price or construction cost, but also ancillary charges necessary to place the asset in condition for use. Capital assets are defined as assets with initial, individual costs exceeding \$5,000.

F. Depreciation

The Authority provides for depreciation using the straight-line method. Depreciation is intended to distribute the cost of depreciable properties over the following estimated average useful lives:

Building	30 years
Building improvements	10 years
Vehicles	3-6 years
Passenger shelters	5 years
Furniture, fixtures and equipment	5 years

A full month's depreciation is taken in the month an asset is placed in service. When property and equipment are disposed, depreciation is removed from the respective accounts, and the resulting gain or loss, if any, is recorded in operations.

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G. Estimates

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

H. Investments

Investments consist of short-term investments in the Massachusetts Municipal Depository Trust (MMDT), which is an external investment pool that is overseen by the Massachusetts State Treasurer. MMDT is recorded at its net asset value per share, or NAV, which is equal to \$1.00 per share. MMDT has no redemption restrictions.

I. Concentration of Credit Risk

Financial instruments which potentially subject the Authority to concentrations of credit risk consist principally of investments, cash equivalents and grants receivable. The Authority's cash equivalents were with various credit-worthy financial institutions; investments consist of grants receivable from Federal and State operating assistance and local assessments. The Authority considers the credit risk associated with financial instruments to be minimal.

J. Available Unrestricted Resources

The Authority's policy is to utilize available unrestricted resources prior to restricted resources.

K. Statement of Net Position

The statement of net position presents all the Authority's assets and liabilities, with the difference reported as net position. Net position is reported in three categories:

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt that are attributed to the acquisition, construction or improvement of those assets.

Restricted net position results when constraints placed on net position use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through enabling legislation.

Unrestricted net position consists of net position which does not meet the definition of the two preceding categories.

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L. Restricted Assets and Restricted Liabilities

Restricted assets are restricted for the acquisition of capital assets and the reserve for extraordinary expense. Restricted liabilities are amounts payable from restricted assets.

M. Implementation of GASB Pronouncements

The GASB has issued the following statement which requires adoption subsequent to June 30, 2024 and are applicable to the Authority. The Authority has not yet adopted this statement, and the implications on the Authority's fiscal practices and financial reports are being evaluated.

Statement No.		Adoption Required in Fiscal Year
101	<i>Compensated Absences</i>	2025
102	<i>Certain Risk Disclosures</i>	2025
103	<i>Financial Reporting Model Improvements</i>	2026

N. Pension Plans

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

O. Deferred Outflows/Inflows of Resources

The Authority accounts for certain transactions that result in consumption or acquisition in one period that are applicable to future periods as deferred outflows and inflows, respectively, to distinguish them from assets and liabilities. For fiscal FY24, the Authority has reported deferred inflows that are related to its pension plan.

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NOTE 3 – UNRESTRICTED CASH, RESTRICTED CASH AND SHORT-TERM INVESTMENTS

The following represents essential risk information about the Authority's deposits and investments.

A. Investment Policy

State and local statutes place certain limitations on the nature of deposits and investments available to the Authority. Deposits (including demand deposits, term deposits and certificates of deposit) in any one financial institution may not exceed certain levels without collateralization by the financial institutions involved. Investments can also be made in securities issued by or unconditionally guaranteed by the U.S. Government or Agencies that have a maturity of less than one year from the date of purchase, repurchase agreements guaranteed by such securities with maturity dates of no more than 90 days from the date of purchase, and units in the Massachusetts Municipal Depository Trust (MMDT).

B. Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a deposit policy for custodial risk. As of June 30, 2024, \$1,369,311 of the Authority's bank balance of \$1,619,311 was exposed to custodial credit risk as uninsured and uncollateralized.

C. Interest Rate Risk

As of June 30, 2024, the Authority's primary short-term investment was in the State Treasurer's investment pool, MMDT. The fair value of the MMDT investment at June 30, 2024 was \$4,447 and its average maturity is less than one year.

D. Credit Risk

As of June 30, 2024, the Authority's investment in the state investment pool, MMDT, was not rated.

E. Fair Value Measurement

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

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Because MMDT is measured at net asset value, it is not required to be measured within the fair value hierarchy described above.

F. Restricted Cash

Restricted cash is segregated from operating cash due to being restricted for capital asset purchases.

NOTE 4 - GRANTS

Under various sections of the Fixing America's Surface Transportation (FAST) Act, the United States Department of Transportation approves capital grants to fund up to 80% of the Authority's capital improvement projects. The remaining portion of approximately 20% will be financed through the Commonwealth's Massachusetts Department of Transportation. Capital grants of the Authority are reported as revenue rather than contributed capital as required by GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. In addition, the Federal government may fund up to 80% of the Authority's preventative maintenance and complementary ADA services costs, as defined.

The Authority has a contract with the Commonwealth for operating assistance as provided for in the enabling legislation, under which the Commonwealth will pay the Authority a portion of its net cost of service. The amount of this contract assistance for fiscal year 2024 was \$9,503,995.

NOTE 5 – RECEIVABLES

The receivables for operating and capital assistance are disaggregated as follows:

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Commonwealth of Massachusetts	
State Operating Assistance	\$ -
Operating Grants	
Local operating assistance billed by the State to the communities constituting the Authority and paid by the State to the Authority	8,735,421
Other	<u>74,777</u>
Total Receivables	8,810,198
Less Non-Current Receivables	<u>4,664,410</u>
Current Receivables	\$ <u>4,145,788</u>
Capital Assistance	
Federal Grants	1,380,485
Commonwealth of Massachusetts	871,379
Total Capital Grant Receivables	\$ <u><u>2,251,863</u></u>

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NOTE 6 – CAPITAL ASSETS

The following is a summary of changes in Capital Assets at June 30, 2024:

	Beginning Balance	Additions	Disposals	Ending Balance
Capital Assets not being depreciated				
Land	\$ 2,957,863	-	-	\$ 2,957,863
Construction in progress	-	-	-	-
Total capital assets not being depreciated	<u>2,957,863</u>	<u>-</u>	<u>-</u>	<u>2,957,863</u>
Other capital assets				
Buildings and improvements	19,582,613	596,338	-	20,178,951
Transit equipment	6,500,174	427,668	20,847	6,906,995
Electronic equipment	2,508,082	259,068	76,616	2,690,534
Passenger shelters	28,115	-	-	28,115
Furniture and fixtures	624,152	8,434	-	632,586
Service equipment	1,472,572	73,388	-	1,545,960
Service vehicle	599,196	74,840	13,000	661,036
MAP vehicles	5,117,122	544,436	44,616	5,616,942
Solar equipment	1,700,000	-	-	1,700,000
Total other capital asset at historical cost	<u>38,132,026</u>	<u>1,984,172</u>	<u>155,079</u>	<u>39,961,117</u>
Less accumulated depreciation for				
Buildings and improvements	7,099,267	1,330,559	-	8,429,826
Transit equipment	3,429,968	732,303	20,847	4,141,424
Electronic equipment	1,634,496	293,999	76,616	1,851,879
Passenger shelters	27,822	293	-	28,115
Furniture and fixtures	596,772	10,601	-	607,373
Service equipment	1,067,318	91,098	-	1,158,416
Service vehicle	279,428	49,782	13,000	316,210
MAP vehicles	2,876,000	773,409	31,231	3,618,178
Solar equipment	528,889	113,333	-	642,222
Total accumulated depreciation	<u>17,539,960</u>	<u>3,395,377</u>	<u>141,694</u>	<u>20,793,643</u>
Other capital assets, net	<u>20,592,066</u>	<u>(1,411,206)</u>	<u>13,385</u>	<u>19,167,474</u>
Total capital assets, net	<u>\$ 23,549,929</u>	<u>\$ (1,411,206)</u>	<u>\$ 13,385</u>	<u>\$ 22,125,337</u>

NOTE 7 – REVENUE ANTICIPATION NOTES

At June 30, 2024, the Authority had \$8,895,000 of revenue anticipation notes (RAN) outstanding. The RANs have a weighted average net interest cost (NIC) of 3.95% and are due September 15, 2024.

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Subsequent to year end, the Authority retired \$8,895,000 of the notes outstanding at prior year end. The retirement was financed by the borrowing of \$6,775,000 of revenue anticipation notes with a weighted average net interest cost of 3.634% and are due September 13, 2025. The Authority uses the proceeds of these notes to fund its mass transit operations. The RAN is considered short-term debt that is expected to be refinanced and is included in the accompanying Statement of Net Position as a non-current liability.

NOTE 8 – BANK CREDIT LINE

The Authority has a revolving line of credit with Eastern Bank for a revolving line of credit in the maximum amount of \$2,000,000 that is due on demand. The note contains a variable interest rate. The loan is secured by all assets of the Authority. The Authority owed \$0 at June 30, 2024.

NOTE 9 – RETIREMENT PLAN

General Information About the Pension Plan

A. Plan Description

The Framingham Retirement System (FRS) is a multiple employer, cost sharing, contributory defined benefit pension plan covering all employees of the government member units deemed eligible by the Framingham Retirement Board, with the exception of school department employees who serve in a teaching capacity. The pensions of such school employees are administered by the Commonwealth of Massachusetts Teachers' Retirement System. Membership in the System is mandatory upon the commencement of employment for all permanent employees working a minimum of 20 hours per week. Participating member units include the City of Framingham, the Framingham Housing Authority and the MetroWest Regional Transit Authority.

Chapter 32 of the Massachusetts General Laws (MGL) assigns authority to establish and amend benefit provisions of the plan. The Retirement System issues a publicly available financial report, which can be obtained by contacting the City Accountant located at 150 Concord Street, Framingham, Massachusetts, 01702.

B. Benefits Provided

The Retirement System provides retirement, disability and death benefits to plan members and beneficiaries. Massachusetts contributory retirement system benefits are uniform from system to system, with certain exceptions such as cost of living adjustments which can be adopted by the board from time to time. The System provides for retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. For persons who became members on or after April

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2, 2012, average salary is the average annual rate of regular compensation received during the five consecutive years that produce the highest average, or, if greater, during the last five years (whether or not consecutive) proceeding retirement. Benefit payments are based upon a member's age, length of creditable service, level of compensation, and group classification. Members become vested after ten years of creditable service.

Employees who resign from service and who are not eligible to receive a retirement allowance or are under the age of 55 are entitled to request a refund of the accumulated total deductions. Survivor benefits are extended to eligible beneficiaries of members whose death occurs prior to or following retirement.

Cost-of-living adjustments granted between 1981 and 1997 and any increase in other benefits imposed by the Commonwealth's state law during those years are borne by the Commonwealth and are deposited into the pension fund. Cost-of-living adjustments granted after 1997 must be approved by the Board and are borne by the System.

C. Funding Policy

Chapter 32 of the MGL governs the contributions of plan members and member units. Active plan members are required to contribute at rates ranging from 5% to 9% of gross regular compensation with an additional 2% contribution required for compensation exceeding \$30,000. The percentage rate is keyed to the date upon which an employee's membership commences, as mandated by statute. The member units are required to pay into the System 100% of the actuarially determined contribution that, when combined with plan member contributions, is expected to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The Authority's contribution to the Retirement System for the year ended June 30, 2024 was \$508,014 which equaled its required contribution for the year.

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

At June 30, 2024, the Authority reported a liability of \$2,231,846 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2022. The Authority's proportion of the net pension liability was based on a projection of the long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2023, the Authority's proportion of net pension liability was 2.27%.

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Since FRS performs an actuarial valuation bi-annually, there are no reported amounts for changes in benefit terms differences between expected and actual experience and changes in assumptions as of December 31, 2023.

In the FRS financial statements for the year ended December 31, 2023, in addition to assets, the statement of fiduciary net position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, *deferred outflow of resources*, represents a consumption of fiduciary net position that applies to a future period(s) and so will not be recognized as an outflow of resources (deduction) until then.

In addition to liabilities, the statement of fiduciary net position will sometimes report a separate section for deferred inflow of resources. This separate financial element, *deferred inflow of resources*, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (addition) until that time. The FRS did not have any items that qualify for reporting in this category.

For the year ended June 30, 2024, the Authority recognized pension expense of \$ 306,700. At June 30, 2024, the Authority deferred inflows related to pensions from the following sources:

	Deferred Inflows of resources
Assumption changes	\$ (104,102)
Difference between expected and actual experience	18,319
Net difference between projected and actual investment earnings	(362,565)
Total Deferred inflows of resources	\$ (448,348)

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

Year ended June 30:	2024	\$ 84,558
	2025	126,734
	2026	310,831
	2027	<u>(73,775)</u>
	Total	\$ <u>448,348</u>

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Actuarial Assumptions

The total pension liability in the January 1, 2022 actuarial valuation and the related roll forward to December 31, 2023 (the measurement date), were determined using the following actuarial assumptions, applied to all periods included in the measurement.

Valuation date	January 1, 2022
Actuarial cost method	Entry age normal cost method
Amortization method	Increasing payments 5.5% per year
Remaining amortization period	Six years from July 1, 2024
Asset valuation method	Market value
Investment rate of return	7.00% net of pension plan investment expense, including inflation
Inflation rate	Not explicitly assumed
Salary increases	4.25% per year for Group 1 and 4.75% per year for Group 4
Cost of living adjustments	3.0% on the first \$16,000
Mortality rates:	Pre-Retirement-RP-2014 Blue Collar Employees Table projected generationally with Scale MP-2020 (gender distinct) Healthy Retiree-RP-2014 Blue Collar Healthy Annuitant Table projected generationally with Scale MP-2020 (gender distinct) Disabled Retiree-RP-2014 Blue Collar Healthy Annuitant Table projected generationally with Scale MP-2020 (gender distinct)

A. Investment Policy

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Board. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits through the pension plans.

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

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<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	36.00%	4.58%
Fixed Income	24.00%	7.70%
Private Equity	16.00%	7.70%
Real Estate	10.00%	4.10%
Timber/National Resources	4.00%	4.60%
Portfolio Completion Strategies	<u>10.00%</u>	3.90%
Total	<u>100.00%</u>	

B. Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that contributions from employers will be made at actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

C. Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate:

	1% Decrease 6.00%	Discount Rate 7.00%	1% Increase 8.00%
Authority's proportionate share of net pension liability	\$ 3,593,410	\$ 2,231,846	\$ 1,078,250

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D. Changes in Assumptions and Plan Provisions

Changes in Assumptions – None

Changes in Plan Provisions – None

NOTE 10 – RISK MANAGEMENT

In conjunction with its normal operations, the Authority is exposed to various risks related to the damage or destruction of its assets from both natural and man-made occurrences, tort/liability claims, errors and omissions claims and professional liability claims. As a result of these exposures, the Authority has developed a comprehensive risk management program. There have been no significant reductions in coverage from the prior year and settlements have not exceeded insurance coverage for the current year.

GASB Statement No. 10 *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, requires that liabilities for self-insured claims be reported if it is probable that a loss has been incurred and the amount can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. The estimated liability for all self-insured losses incurred but not reported is not material at June 30, 2024.

Health insurance benefits for employees are provided through a health maintenance organization. The Authority contributes 50% of the premium cost for employees. In 2024, expenditures for the Authority's share of health insurance contributions were \$87,487. The Authority purchases insurance for worker's compensation for its employees.

NOTE 11 – COMMITMENTS AND CONTINGENT LIABILITIES

A. Capital Investment Program

The terms of the federal grant contracts require the Authority to, in part, utilize the equipment and facilities for the purposes specified in the grant agreement, maintain these items in operation for a specified time period, which normally approximates the useful life of the equipment, and to comply with the Equal Employment Opportunity and Affirmative Action programs required by Fixing America's Surface Transportation (FAST) Act. Failure to comply with these terms may jeopardize future funding and require the Authority to refund a portion of these grants to the Federal Transit Administration (FTA). In management's opinion, no events have occurred that would result in the termination of the grants or require the refund of a significant amount of funds received under these grants.

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NOTE 12 – NET ASSETS - INVESTMENTS IN CAPITAL ASSETS

This balance is represented by the amount invested in capital assets net of related debt. It is comprised of the following

Cost of Capital Assets Acquired	\$ 42,918,980
Less: Accumulated Depreciation	20,793,643
Less: Outstanding Debt Related to Capital Assets	<u>-</u>
Investments in Capital Assets	<u>\$ 22,125,337</u>

NOTE 13 – TRANSIT SERVICE

Fixed route services are provided by Kiessling Transit, Inc., a subsidiary of National Express Transit Corp., under a three-year contract effective July 1, 2020, that contains two additional one-year options. The contract is based on an hourly rate for providing specific revenue fixed route hours (less fuel, insurance and maintenance). The rates range from \$46.80 to \$52.69 per vehicle service hour through the extended fifth year.

ADA complementary paratransit and dial-a-ride demand response services are provided by Kiessling Transit, Inc. under a three-year contract effective July 1, 2020, that contains two additional one-year options. Both services are provided at an hourly rate. The first-year rate was \$42.98 per service vehicle hour. Subsequent year rates are adjusted based on monthly service hours.

The Authority also contracts with several member community Councils on Aging, as well as two non-profit agencies to provide service for ADA, elderly, disabled and journeys to work. For several years the Authority has been working with Framingham State University to develop an on-campus transportation system by providing rolling stock, training and collaborative management oversight. It will continue to develop and enhance this project while looking to expand its collegiate opportunities with MassBay Community College.

NOTE 14 – EXECUTIVE COMPENSATION

Administration and Finance regulations, 801 CMR 53.00, on Executive Compensation require that the Authority disclose in the annual financial statements the “salaries and other compensation of its executive director, officers, board members and other highly compensated employees.” Compensation is defined in the regulation, 801 CMR 53.04 (1) to include “base salary, bonuses, severance, retirement or deferred compensation packages and policies relative to the accrual and payment of sick and vacation time, including payouts for unused sick and vacation time.” The Administrator is the only individual for whom disclosure is required. Based on the above definition of compensation, the Administrator received \$145,696 during the fiscal year.

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NOTE 15 – RELATED PARTY

The Authority is deemed to be a related party of the Commonwealth of Massachusetts and the Massachusetts Department of Transportation due to its status as a component unit. Related-party transactions consisted of Operating Assistance of \$9,503,995; State Capital Assistance of \$854,551; Federal pass-through funds of \$80,000; and Local Assessment of \$4,664,410 to be paid to the Authority by the Commonwealth. Related-party receivables consist of \$8,735,421 in operating assistance to be billed to the Communities constituting the Authority and \$871,379 of State Capital Assistance. The money due from State Contract Assistance is for prior year receivables due under Section 23 of MGL Chapter 161B. This section calls for the State to pay 50% of net costs and limit community assessments to 50%. Community assessments in those earlier years were greater than 50%.

NOTE 16 – UNRESTRICTED NET POSITION

The balance in the Unrestricted Net Position on the Statement of Net Position primarily reflects the effect of the presentation of the net pension liability by GASB 68 that is listed as a non-current liability. This requirement was effective with the fiscal year ended June 30, 2015. The effect as of June 30, 2024 is to reduce the unrestricted net position by \$1,783,498.

NOTE 17 – COVID-19

During fiscal 2020 the Coronavirus epidemic significantly affected the Authority's operations. Most demand response services were discontinued, fare revenues were not collected and ridership decreased significantly. MWRTA was required to incur expenses for personal protection equipment, barriers and disinfectant related products and cleaning services. In response to the effects of COVID-19, the Coronavirus Aid Relief, and Economic Security Act (CARES Act) was signed into law. The purpose of that law was to help the Authority fully fund their revenue losses and cover the additional expenses required to protect employees and riders. The funding requires no local match. The Authority was awarded \$6,738,647.

In December of 2020 the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) was enacted to provide additional assistance. Funding was intended to support eligible expenses with priority given to payroll and operational needs. The grant awarded was for \$1,337,046.

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In March of 2021 the American Rescue Plan Relief Act of 2021 (ARP) was enacted to provide ongoing assistance to ensure the ability of the Authority to provide services well into the future. The grant will assist with operating expenses related to maintaining day-to-day operations, cleaning and sanitization, combating the spread of pathogens on transit systems and maintaining critical staffing levels. The award to MWRTA was in the amount of \$6,162,337.

The following table represents drawdowns made to June 30, 2024.

	<u>Grant Amount</u>	<u>Current Expenditures</u>	<u>Prior Expenditures</u>	<u>Remaining Balance</u>
CARES Act	\$ 6,738,647	-	6,738,647	-
CRRSAA	1,337,046	-	1,337,046	-
ARPA	6,162,337	-	1,000,000	5,162,337
	\$ 14,238,030	-	9,075,693	5,162,337

NOTE 18 – SUBSEQUENT EVENTS

The Authority has evaluated events subsequent to June 30, 2024 through May 14, 2025 the date on which the financial statements were available to be issued, and determined that, other than the RAN refinancing in Note 7, there are no material items that would require recognition in the Authority's financial statements.

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Required Supplementary Information (Unaudited)
Schedule of Pension Liability
Last 10 Fiscal Years

	Authority's proportion of net pension liability	Authority's proportionate share of the net pension liability A	Authority's covered- employee Payroll B	Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll A/B	Plan fiduciary net position as a percentage of total pension liability
2023	2.2270%	\$ 2,656,682	\$ 1,926,912	137.87%	82.20%
2022	2.0200%	1,051,106	1,506,760	69.76%	89.90%
2021	2.2300%	2,010,361	1,596,836	125.90%	81.30%
2020	2.2900%	2,527,050	1,639,800	154.11%	76.29%
2019	2.3200%	3,028,000	1,538,000	196.88%	70.20%
2018	2.0200%	2,120,999	1,339,000	158.40%	75.20%
2017	1.4000%	1,785,280	897,126	199.00%	68.20%
2016	0.8200%	885,625	457,281	193.67%	70.50%

Notes to Required Supplementary Information

Measurement Date

The amounts presented in this schedule were determined as of December 31, 2023.

Schedule Presentation

This schedule is intended to present information for 10 years. Until a 10-year trend is compiled, information is presented for those years for which information is available.

Changes in Information

Since the Framingham Retirement System performs an actuarial valuation bi-annually, there are no reported amounts for the changes in benefits terms, differences between expected and actual experience and changes in assumptions as of December 31, 2021.

METROWEST REGIONAL TRANSIT AUTHORITY
(a Component Unit of the Massachusetts Department of Transportation)
Required Supplementary Information (Unaudited)
Schedule of Pension Contributions
Last 10 Fiscal Years

	Actuarially required contribution	Contributions in relation to the actuarially required contribution	Contribution deficiency (excess)	Covered- employee payroll	Contributions as a percentage of its covered- employee payroll
2023	\$458,196	\$458,196		\$1,926,912	23.78%
2022	400,652	400,652		1,506,760	26.59%
2021	413,562	413,562	-	1,596,836	25.90%
2020	402,549	402,549	-	1,639,800	24.55%
2019	380,000	381,000	(1,000)	1,538,000	24.71%
2018	312,406	312,406	-	1,339,000	23.33%
2017	191,610	191,610	-	897,126	21.36%
2016	\$106,885	\$106,885	-	\$457,281	23.37%

Notes to Required Supplementary Information

Schedule Presentation

This schedule is intended to present information for 10 years. Until a 10-year trend is compiled, information is presented for those years for which information is available.

Contributions

The Authority is required to pay an annual appropriation as established by the Massachusetts Contributory Retirement System. The total appropriation includes the amounts to pay the pension portion of each member's retirement allowance to amortize the actuarially determined unfunded liability to zero in accordance with adopted early retirement incentive programs.

See accompanying independent auditors' report

METROWEST REGIONAL TRANSIT AUTHORITY
(a Component Unit of the Massachusetts Department of Transportation)
Budgetary Comparison Schedule
Year Ended June 30, 2024

<u>Expense Description</u>	<u>Final Budget</u>	<u>Actual Expenses</u>	<u>Variance (Over)/Under</u>
Administrative	1,565,190	1,479,748	85,442
Operations Center	1,772,321	2,353,483	(581,162)
Call Center	584,088	575,024	9,064
Fuel	938,042	765,440	172,602
Insurance	969,968	832,329	137,639
General & Admin	333,073	353,470	(20,397)
Intermodal Parking Lot	233,036	252,165	(19,129)
Debt Service – Interest	379,440	334,046	45,394
Transportation			
Fixed Route	4,081,750	4,163,726	(81,976)
Special Services	4,316,588	4,098,739	217,849
MGL161B Sec 6- 3% Local Assessment Reserve	112,908	112,950	(42)
Total Expenses before Bad Debt Expense	\$15,286,404	\$15,321,120	\$ (34,716)

See accompanying independent auditors' report

METROWEST REGIONAL TRANSIT AUTHORITY
(a Component Unit of the Massachusetts Department of Transportation)
Schedule of Net Cost of Service
Year Ended June 30, 2024

OPERATING COSTS

MWRTA administrative costs	\$ 701,902
Purchased services	6,074,503
Fixed route	5,698,749
Demand response	2,440,436
Call Center	575,024
Personnel	226,271
Operations center	252,165
Intermodal center	112,950
Debt service - interest	<u>334,046</u>
Total operating costs	<u>16,416,046</u>

FEDERAL OPERATING ASSISTANCE

FTA operating and administrative	721,484
Other federal	<u>163,704</u>
Total federal assistance	885,188

REVENUES

Operating	
Farebox revenue	379,307
Other Revenue	
Interest income	30,445
Miscellaneous	<u>952,701</u>
Total revenues	1,362,453

NET OPERATING DEFICIT ADJUSTMENTS

Extraordinary expenses

NET COST OF SERVICE 14,168,405

NET COST OF SERVICE FUNDING

Local assessments	4,664,410
State contract assistance to be funded	9,503,995
Less: State contract assistance received	
Balance requested from the State	-

UNREIMBURSED DEFICIT -

METROWEST REGIONAL TRANSIT AUTHORITY
(a Component Unit of the Massachusetts Department of Transportation)

Schedule of Local Assessments

Year Ended June 30, 2024

The following table shows the local share that has been assessed upon each member municipality by the Commonwealth for fiscal year 2023 as well as the audited amount for fiscal 2024.

	Fiscal 2023 Audited	Fiscal 2024 Audited
Ashland	\$ 158,703	\$ 162,031
Dover	6,200	6,942
Framingham	1,512,801	1,760,264
Holliston	154,120	170,122
Hopedale	1,550	3,913
Hopkinton	57,028	92,133
Hudson	52,644	62,500
Marlborough	372,805	424,969
Milford	84,655	103,932
Natick	630,414	819,670
Sherborn	3,664	7,334
Southborough	94,898	113,975
Sudbury	130,606	124,625
Wayland	68,086	92,002
Wellesley	436,836	719,998
Weston	-	-
Totals	\$3,765,010	\$4,664,410

See accompanying independent auditors' report