

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

ANNUAL FINANCIAL STATEMENTS

For the Year Ended June 30, 2025

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

June 30, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Advisory Board of the Southeastern Regional Transit Authority
New Bedford, Massachusetts

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and the aggregate remaining fund information of the Southeastern Regional Transit Authority ("the Authority"), as of and for the year ended June 30, 2025, 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 and the aggregate remaining fund information of the Authority, as of June 30, 2025, 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.

Continued

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 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 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 and certain pension and other post-employment information 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.

SOUTHEASTERN REGIONAL TRANSIT AUTHORITY

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 accompanying budgetary comparison, the statement of revenue and cost of service and the statement of unreimbursed cost of service, 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 accompanying budgetary comparison, the statement of revenue and cost of service and the statement of unreimbursed cost of service are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 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 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 the Authority's 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 Authority's internal control over financial reporting and compliance.

Hague, Sahady & Co., CPAs, P.C.

Hague, Sahady & Co., CPAs, P.C.

Fall River, Massachusetts
October 21, 2025

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

Management's Discussion and Analysis (Unaudited) (Continued)

For the Year Ended June 30, 2025

The Authority's discussion and analysis of Southeastern Regional Transit Authority's financial performance provides an overview of the Authority's financial activities for the years ended June 30, 2025 and June 30, 2024. 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. The summary should not be taken as a replacement for the audit which consists of the financial statements and other supplementary information that presents all the Authority's revenues and expenses.

Please read this management discussion and analysis in conjunction with the Authority's basic financial statements, which begin on page 13.

FINANCIAL Highlights:

- Total operating revenue decreased from \$1,198,691 in fiscal year 2024 to \$182,909 in fiscal year 2025 (a 84.7% decrease). The decrease is due to the Authority being "fare free" since January 1, 2024. This program is being funded by the Commonwealth of Massachusetts.
- Total operating and administrative expenses increased from \$30,564,728 in fiscal year 2024 to \$34,303,920 in fiscal year 2025 (a 12.2% increase). The increase is due to increases in demand caused by Sunday Service, "fare free" ridership and changes in pension expense required by GAAP.
- Operating assistance from the Commonwealth increased \$3,134,535 and Federal operating assistance increased \$703,383 during fiscal year 2025 versus fiscal year 2024.
- Capital assistance from the Commonwealth increased \$2,959,214 during fiscal year 2025 and Federal capital assistance increased \$18,263,208 during fiscal year 2025 versus fiscal year 2024.

Using the Annual Report:

This annual report consists of four parts - *management discussion and analysis* (this section), the *basic financial statements*, *required supplementary information* and *supplementary information*.

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.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements consist of the statement of net position, the statement of activities and the statement of cash flows. These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources and the net position of Southeastern Regional Transit Authority. The statement of net position presents the assets, deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference reported as net position. The statement of activities shows in broad terms how the net position changed during the fiscal year. The statement of cash flows summarizes the movement of cash and the utilization of resources during the 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.

Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating. There are three allowable categories of net position as prescribed under GASB 34; net position invested in capital assets, net of related debt; net position that is restricted in use, and net position that is unrestricted.

SOUTHEASTERN REGIONAL TRANSIT AUTHORITY
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Management's Discussion and Analysis (Unaudited) (Continued)

For the Year Ended June 30, 2025

CONDENSED FINANCIAL INFORMATION

Net Position. The Authority's net position increased between fiscal years ended June 30, 2025 and June 30, 2024 by \$23,346,890 on the GAAP basis. The largest contributing factors to this increase in 2025 was continued capital investments, as the Authority placed twenty-eight 35-foot hybrid Gillig buses into service during fiscal year 2025. Operating assistance from Federal and State sources also was increased by \$3,837,918 over the prior year.

Any cost of service in excess of revenue is reimbursed by Commonwealth of Massachusetts operating assistance (currently formula based and forward-funded), with a portion of net cost of service assessed to the cities and towns served by the Authority. The remainder is funded through federal operating assistance pursuant to Section 9 of the Urban Mass Transportation Act of 1964. See Table 1.

Table 1

	2025	2024	Total Dollar Change	Total Percentage Change
Assets:				
Current assets	\$ 21,885,459	\$ 13,015,319	\$ 8,870,140	68.2%
Capital assets	50,907,826	28,378,515	22,529,311	79.4%
Total assets	72,793,285	41,393,834	31,399,451	75.9%
Deferred outflows:				
Deferred outflows	5,149,822	8,273,846	(3,124,024)	-37.8%
Total deferred outflows of resources	5,149,822	8,273,846	(3,124,024)	-37.8%
Liabilities:				
Current liabilities	18,141,647	10,382,848	7,758,799	74.7%
Long-term liabilities	8,528,438	11,119,531	(2,591,093)	-23.3%
Total liabilities	26,670,085	21,502,379	5,167,706	24.0%
Deferred inflows:				
Deferred inflows	4,867,300	5,106,469	(239,169)	-4.7%
Total deferred inflows of resources	4,867,300	5,106,469	(239,169)	-4.7%
Net position:				
Unrestricted	(6,059,815)	(6,858,873)	799,058	-11.6%
Restricted	1,557,711	1,539,191	18,520	1.2%
Investment in capital assets, net of related debt	50,907,826	28,378,514	22,529,312	79.4%
Total net position	\$ 46,405,722	\$ 23,058,832	\$ 23,346,890	101.2%

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

Management's Discussion and Analysis (Unaudited) (Continued)

For the Year Ended June 30, 2025

Changes in Net Position. The Authority's total operating revenue decreased by 84.7% to \$182,909. This decrease is due to the Authority being "fare free" since January 1, 2024, which is being funded by the Commonwealth of Massachusetts.

Operating expenses increased by \$3,739,193 in the current year, primarily due increases in demand caused by Sunday Service, "fare free" ridership and changes in pension expense required by GAAP.

	<u>Table 2</u>			
	<u>2025</u>	<u>2024</u>	<u>Total Dollar Change</u>	<u>Total Percentage Change</u>
Operating revenue:				
Service revenue	\$ 82	\$ 1,032,967	\$ (1,032,885)	-100.0%
Other income	182,827	165,724	17,103	10.3%
Total operating revenue	182,909	1,198,691	(1,015,782)	-84.7%
Operating expenses:				
Operator costs	22,357,657	18,880,152	3,477,505	18.4%
General and administrative	5,424,365	6,394,519	(970,154)	-15.2%
Depreciation	4,472,826	3,347,157	1,125,669	33.6%
Other costs of service	2,049,072	1,942,899	106,173	5.5%
Total operating expenses	34,303,920	30,564,727	3,739,193	12.2%
Operating gain (loss)	(34,121,011)	(29,366,036)	(4,754,975)	16.2%
Nonoperating revenues/(expenses):				
Local assessment	5,203,175	3,797,250	1,405,925	37.0%
State assistance	16,329,771	13,195,236	3,134,535	23.8%
Federal assistance	8,929,048	8,225,665	703,383	8.6%
Other nonoperating revenue/(expense) net:	(137,513)	(89,124)	(48,389)	54.3%
Total nonoperating revenues/(expenses)	30,324,481	25,129,027	5,195,454	20.7%
Net loss before capital grants	(3,796,530)	(4,237,009)	440,479	-10.4%
Capital grants and contributions	27,143,420	5,920,998	21,222,422	358.4%
Increase (decrease) in net position	23,346,890	1,683,989	21,662,901	1286.4%
Net position, beginning of year	23,058,832	21,374,843	1,683,989	7.9%
Net position, end of year	\$ 46,405,722	\$ 23,058,832	\$ 23,346,890	101.2%

SOUTHEASTERN REGIONAL TRANSIT AUTHORITY
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Management's Discussion and Analysis (Unaudited) (Continued)

For the Year Ended June 30, 2025

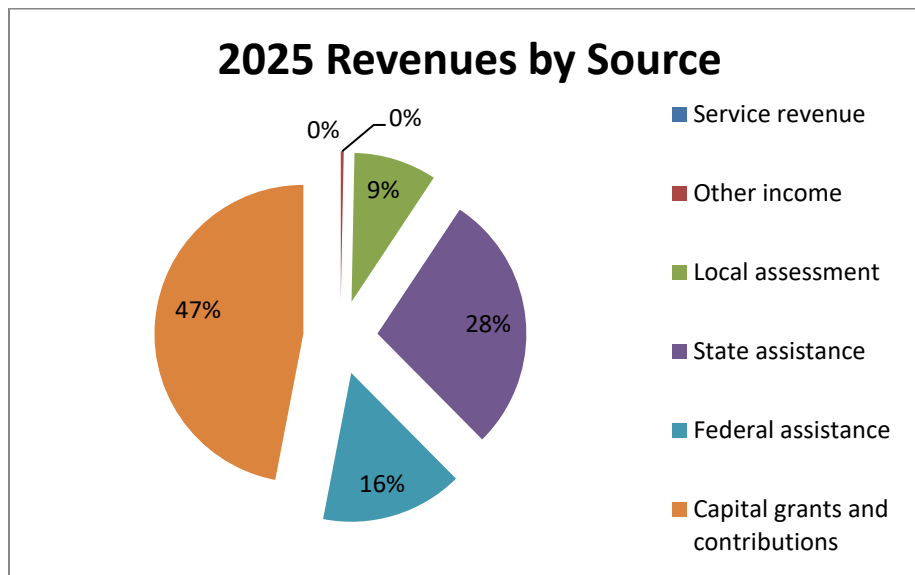
ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

Approximately 91% for 2025 and 84% for 2024 of the Authority's support comes from federal and state operating assistance and from federal and state capital grants and contributions. The capital grants are to be used for various purposes connected with the planning, modernization and expansion of transportation and facilities. These grants are deferred until such time that the related facilities are put into service and are then amortized over the estimated useful life of the assets as a reduction of unreimbursed cost of service. The remaining revenues of service, other revenue and local assessments to member communities generate the remaining 9% for 2025 and 16% for 2024. See Table 3.

The operation of bus service is contracted to Southcoast Transit Management, Inc. and a management fee is paid. Transportation service expenses are reimbursed to Southcoast Transit Management weekly upon receipt of an invoice detailing the 2025 weekly expenses. Approximately 65% of the operating cost relates to the cost of transportation services (i.e., salaries and fringe benefits), with 13% of the operating cost representing non-cash depreciation and amortization costs for 2025, as well as 16% of the costs relating to general and administrative costs. See Table 4.

During the prior year, approximately 62% of the operating cost relates to the cost of transportation services (i.e. salaries and fringe benefits), with 11% of the operating cost representing non-cash depreciation and amortization costs, with the remaining 21% of the costs relating to general and administrative costs.

Table 3

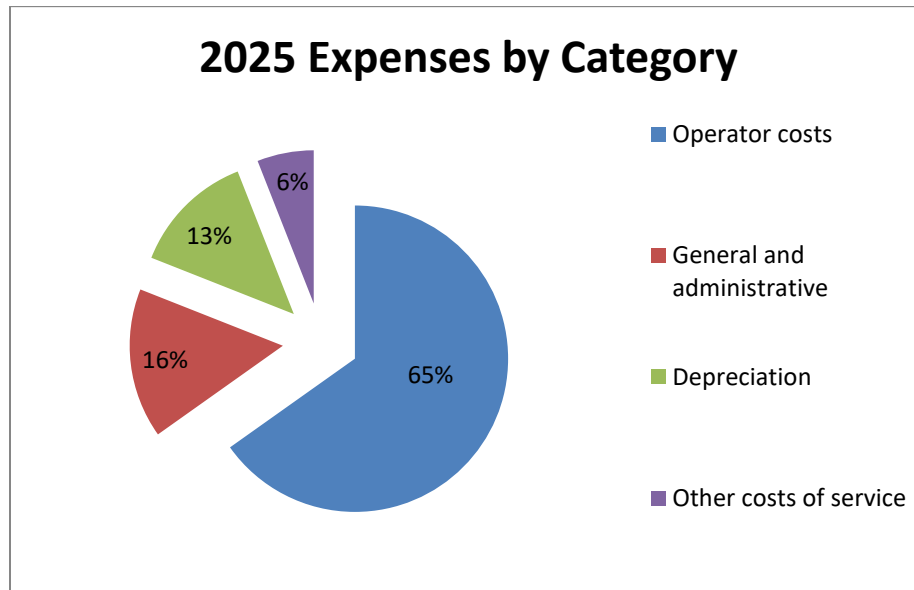


SOUTHEASTERN REGIONAL TRANSIT AUTHORITY
(A Component Unit of the Massachusetts Department of Transportation)

Management's Discussion and Analysis (Unaudited) (Continued)

For the Year Ended June 30, 2025

Table 4



DISCUSSION AND ANALYSIS OF BALANCES AND TRANSACTIONS

The Authority finished the current year with a increase in net position of \$23,346,890. The increase is a result of increases in Federal and State operating grants and capital investments in new hybrid and battery electric buses for the Authority, which were funded by Federal and State capital grants.

The Authority's capital improvement program provides for the replacement and expansion of the present bus fleet and other transportation equipment and the construction of the bus loading facilities, of which \$101,651,044 has been approved for grant spending through June 30, 2025. (See Note 2)

DISCUSSION AND ANALYSIS OF SIGNIFICANT BUDGET VARIANCES

The Authority did revise its budget during fiscal year 2025 as a result of overall operations. Overall, "total expenses" had an unfavorable variance of \$30,603. See the "Supplementary Information" section for more information.

SOUTHEASTERN REGIONAL TRANSIT AUTHORITY
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For the Year Ended June 30, 2025

DISCUSSION OF SIGNIFICANT CAPITAL ASSETS AND LONG-TERM DEBT ACTIVITY DURING THE YEAR

At the end of fiscal year 2025, the Authority had invested \$89,884,081 in property, plant and equipment. \$18,097,675 had been invested in buildings and improvements; \$569,727 is invested in non-depreciable assets (land and construction in progress) with the remaining \$71,216,679 in buses and equipment. This amount represents a 32.69% increase or \$22,143,550 over fiscal year 2024 when the Authority had \$67,740,531 invested in property, plant and equipment of which \$18,097,675 had been invested in buildings and improvements, \$569,727 was invested in non-depreciable assets, with the remaining \$48,863,614 in buses and equipment. More detailed information about the Authority's capital assets is presented in the notes to the basic financial statements.

	<u>2025</u>	<u>2024</u>	<u>Change in Balances</u>
Land	\$ 326,611	\$ 326,611	\$ -
Construction in progress	243,116	514,630	(271,514)
Building and improvements, net	5,574,294	6,027,795	(453,501)
Right-to-use lease assets - office space, net	96,181	175,848	(79,667)
Buses and equipment, net	40,752,827	17,717,323	23,035,504
Service equipment, net	599,064	400,398	198,666
Right-to-use lease assets - tire lease, net	174,776	212,686	(37,910)
Computers, net	2,532,213	2,335,167	197,046
Planning, net	608,744	668,057	(59,313)
Total	<u>\$ 50,907,826</u>	<u>\$ 28,378,515</u>	<u>\$22,529,311</u>

As of June 30, 2025 the Authority had \$6,508,551 in revenue bonds outstanding. The purpose of these bonds is to provide cash flow when the revenue from the FTA, Local Assessment and State Contract Assistance is received at a later date. Under Chapter 161B of the Massachusetts General Laws, the Commonwealth is required to pay principal and interest that is due on any of the Authority bonds issued when the Authority does not have the funds available. The amount of revenue bonds outstanding at June 30, 2025 provides necessary cash flow to cover the expanded services being provided during prior fiscal years for which local assessment receipts (i.e. the physical cash receipts) will not be collected until fiscal years 2026 and 2027.

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

For the Year Ended June 30, 2025

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

Federal funding has entered a new era of uncertainty. The nation's largest public transportation association believes that the current administration will largely keep federal transportation funding near recent levels. There is no clear commitment at the moment to support that outlook. Additionally, there has been considerable discussion about whether future funding will be distributed differently. At this point, all we can do is monitor the situation and adjust accordingly as the future of federal funding unfolds.

The Commonwealth continues to demonstrate its commitment to funding Regional Transit Authorities. The FY26 saw a slight increase in funding for RTA's at a time when many agencies in the Commonwealth saw cuts. The Education and Transportation fund continues to outpace expectations, which allowed the legislature to allocate an additional \$25 million in operating and workforce support as well as an extra \$25 million in capital funds to advance essential initiatives for every RTA.

SRTA's ridership has hit record numbers. A whole year of Sunday and fare-free service has increased ridership by approximately 33% over FY24. In addition, the Commonwealth has taken the next logical step to communicate the intention for long-term support of future fare-free funding by changing MGL 161B to require all 15 RTAs to operate fixed route and complimentary ADA paratransit service without collecting fares, subject to appropriation. Fare-Free funding in FY26 has reached a new high at \$35 million to be distributed to all the RTAs.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have any questions or need additional information, contact Kristen A. Sniezek, Deputy Administrator and Chief Financial Officer, Southeastern Regional Transit Authority, 700 Pleasant Street, Fifth Floor, New Bedford, MA 02740-6263.

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

Statement of Net Position

June 30, 2025

	BUSINESS-TYPE ACTIVITIES
Assets	
Current Assets:	
Cash and cash equivalents	\$ 2,503,775
Receivables:	
State grants receivable	1,713,900
Local assessment receivable	9,309,087
Federal grants receivable	6,696,390
Other receivables	27,099
Inventory	1,386,223
Prepaid expenses	248,985
Total current assets	<u>21,885,459</u>
Non-Current Assets:	
Land	326,611
Construction in progress	243,116
Building and improvements, net	5,574,294
Right-to-use lease assets - office space, net	96,181
Buses and equipment, net	40,752,827
Service equipment, net	599,064
Right-to-use lease assets - tire lease, net	174,776
Computers, net	2,532,213
Planning, net	608,744
Total non-current assets	<u>50,907,826</u>
Total assets	<u>\$ 72,793,285</u>
Deferred outflows of resources	
Pension related - New Bedford Plan	431,057
Pension related - Hourly Plan	2,589,205
Pension related - Salaried Plan	996,539
Related to the public-private partnership (operator)	1,068,460
OPEB related	64,561
Total deferred outflows of resources	<u>5,149,822</u>
Total assets and deferred outflows of resources	<u>\$ 77,943,107</u>

The notes to the basic financial statements are an integral part of this statement

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

Statement of Net Position (Continued)

June 30, 2025

	<u>BUSINESS-TYPE ACTIVITIES</u>
Liabilities	
Current liabilities:	
Revenue anticipation notes payable	\$ 6,508,551
Accounts payable and other liabilities	8,610,786
Payable to operator	1,274,570
Public-private partnership liability	1,068,460
Accrued salaries payable	435,530
Accrued interest payable	243,750
Total current liabilities	18,141,647
Non-Current Liabilities:	
Right-to-use lease liability	233,495
Net OPEB obligation (NOO)	66,016
Net pension liability (NPL)	7,174,781
Compensated absences	1,054,146
Total non-current liabilities	8,528,438
Total liabilities	26,670,085
Deferred inflows of resources	
Pension related - New Bedford Plan	91,324
Pension related - Hourly Plan	3,736,434
Pension related - Salaried Plan	933,308
OPEB related	106,234
Total deferred inflows of resources	4,867,300
Net Position	
Unrestricted	\$ (6,059,815)
Restricted:	
Stabilization fund (MGL Ch.161B s.26)	798,262
Extraordinary repairs reserve (MGL Ch.161B s.6(q))	759,449
Investment in capital assets:	
Net of accumulated depreciation/amortization	50,907,826
Total net position	<u><u>\$ 46,405,722</u></u>

The notes to the basic financial statements are an integral part of this statement

SOUTHEASTERN REGIONAL 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, 2025

	BUSINESS-TYPE ACTIVITIES
Operating revenues:	
Service revenue	\$ 82
Advertising income	114,301
Other income	68,526
Total operating revenues	<u>182,909</u>
Operating expenses:	
Cost of service	
Salaries	16,792,956
Fringe	3,462,073
Materials and supplies	1,517,079
Miscellaneous	129,363
Utilities	280,715
Office expense and services	175,471
Subtotal - Cost of service	<u>22,357,657</u>
Additional costs of service:	
Depreciation	4,472,826
Diesel fuel and gasoline	1,299,333
Management fees paid to operator	541,675
Expanded service expenses	208,064
Subtotal - additional costs of service:	<u>6,521,898</u>
Total operating expenses:	<u>28,879,555</u>
Administrative expenses:	
Salaries and fringe	1,052,299
Advertising	9,871
Professional fees	185,175
Office expense	317,465
Other administrative expense	488,494
Insurance expense	1,744,093
Pension and OPEB expense	1,626,968
Total administrative expenses:	<u>5,424,365</u>
Operating income (loss):	<u>(34,121,011)</u>

The notes to the basic financial statements are an integral part of this statement

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

Statement of Revenues, Expenses and Changes in Net Position (Continued)

For the Year Ended June 30, 2025

	BUSINESS-TYPE ACTIVITIES
Nonoperating revenues (expenses):	
Local assessment (MGL Ch.161B s.9)	\$ 5,203,175
State operating assistance (MGL Ch.161B s.23)	12,342,138
Federal - operating assistance (49 USC 5307(d)(2))	8,929,048
Other state assistance	3,987,633
Disposition of capital assets	7,460
Interest income	94,761
Interest expense	(288,482)
Amortization of premium	48,748
Total nonoperating revenues (expenses)	<u>30,324,481</u>
Net loss before capital grants	<u>(3,796,530)</u>
Capital Grants:	
Federal	20,675,588
Commonwealth of Massachusetts	6,467,832
Total capital grants	<u>27,143,420</u>
Increase (decrease) in net position	23,346,890
Net position, beginning of year	<u>23,058,832</u>
Net position, end of year	<u><u>\$ 46,405,722</u></u>

The notes to the basic financial statements are an integral part of this statement

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

Statement of Cash Flows

For the Year Ended June 30, 2025

	<u>BUSINESS-TYPE ACTIVITIES</u>
Cash flows from operating activities:	
Cash received from federal, state and local governments	\$ (1,513,152)
Cash received from passenger fares	82
Cash received from rentals, parking and other	182,827
Cash paid to operators, other vendors and employees	<u>(22,571,856)</u>
Net cash provided (used) by operating activities	<u>(23,902,099)</u>
Cash flows from noncapital financing activities:	
Operating and contract assistance	29,589,805
Net proceeds from purchase of revenue anticipation notes	6,500,000
Principal payments made on revenue anticipation notes	(6,000,000)
Amortization of premium	51,309
Interest payments on bond anticipation notes	<u>(268,500)</u>
Net cash provided (used) in noncapital financing activities	<u>29,872,614</u>
Cash flows from capital and related financing activities:	
Capital revenue from state and federal capital grants	20,531,227
Asset dispositions	7,460
Purchase of capital assets	<u>(27,002,137)</u>
Net cash provided (used) by capital and related financing activities	<u>(6,463,450)</u>
Cash flows from investing activities:	
Interest income on invested funds	<u>94,761</u>
Net cash provided (used) in investing activities	<u>94,761</u>
Net increase (decrease) in cash	(398,174)
Cash and cash equivalents at beginning of year	<u>2,901,949</u>
Cash and cash equivalents at end of year	<u><u>\$ 2,503,775</u></u>

The notes to the basic financial statements are an integral part of this statement

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

Statement of Cash Flows (Continued)

For the Year Ended June 30, 2025

	<u>BUSINESS-TYPE ACTIVITIES</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	<u>\$ (34,121,011)</u>
Adjustments to reconcile net operating loss to net cash provided by operating activities:	
Depreciation and amortization	4,472,826
(Increase) decrease in accounts receivable	(1,513,152)
(Increase) decrease in inventory	(234,330)
(Increase) decrease in prepaid expenses	(36,450)
(Increase) decrease in deferred outflows of resources	3,124,024
Increase (decrease) in accounts payable and accrued expenses	7,003,259
Increase (decrease) in accrued salaries payable	100,862
Increase (decrease) in accrued pay/compensated absences	112,676
Increase (decrease) in due to operator	1,112,279
Increase (decrease) in right-to-use lease liability	(141,282)
Increase (decrease) in net OPEB obligation (NOO)	4,687
Increase (decrease) in net pension liability (NPL)	(2,567,174)
Increase (decrease) in deferred inflows of resources	<u>(239,169)</u>
Subtotal	<u>10,218,912</u>
Net cash provided (used) by operating activities	<u><u>\$ (23,902,099)</u></u>

The notes to the basic financial statements are an integral part of this statement

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

Statement of Fiduciary Net Position – OPEB Trust Fund

June 30, 2025

ASSETS

Cash:

Restricted	\$ 5,834
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Investments:

Restricted	<u>364,557</u>
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Total assets	<u><u>\$ 370,391</u></u>
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LIABILITIES

Accounts payable	<u>-</u>
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Total liabilities	<u>-</u>
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NET POSITION

Restricted	<u>370,391</u>
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Total net position	<u><u>\$ 370,391</u></u>
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The notes to the basic financial statements are an integral part of this statement

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

Statement of Changes in Fiduciary Net Position – OPEB Trust Fund

For the Year Ended June 30, 2025

Revenues:	
Employer contributions	<u>\$ 31,612</u>
Total revenue	<u>31,612</u>
Operating expenses:	
Benefits paid	<u>-</u>
Total operating expenses	<u>-</u>
Operating income	<u>31,612</u>
Nonoperating revenues (expenses):	
Investment income	<u>26,153</u>
Total nonoperating revenue (expenses)	<u>26,153</u>
Change in net position	57,765
Net position, beginning of year	<u>312,626</u>
Net position, end of year	<u><u>\$ 370,391</u></u>

The notes to the basic financial statements are an integral part of this statement

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

Notes to Financial Statements

June 30, 2025

1. ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

The financial statements of the Southeastern Regional Transit Authority ("the Authority") have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP"). The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

Reporting Entity

The Southeastern Regional Transit Authority ("the Authority") was established on April 24, 1974 and commenced operations on July 1, 1974, pursuant to Chapter 1141 of the Acts of 1973 of the Commonwealth of Massachusetts ("the Commonwealth"), Massachusetts General Law 161B to provide public transportation for the territory comprised of the cities of New Bedford and Fall River and the Towns of Acushnet, Dartmouth, Fairhaven, Freetown, Mattapoisett, Somerset, Swansea and Westport. Beginning in 1974, the Authority entered into an operating agreement with a contracted operator who would provide public transportation in the Authority's service area at levels and on routes specified by the Authority, as required by MGL Chapter 161B, Section 25.

Such agreements are put out to bid in three year intervals, the most recent agreement beginning on June 1, 2022. The Authority has the exclusive right and option to extend the agreement for two additional one year terms. The Authority has the right to terminate the agreement in writing, 90 days prior to the end of the term or with 90 days' notice upon termination based on good cause, for lack of funding for the transit system or for convenience. The Authority provides the full financial support necessary to reimburse the operator for losses sustained in the operating of service, plus an annual management fee for each year of the contract.

The financial statements present information on activities of the Authority for which the Advisory Board has oversight responsibility. The criteria, as established by the Governmental Accounting Standards Board, for inclusion of activities in the oversight entity's financial statements are: selection of governing authority, designation of management, ability to significantly influence operations, accountability over fiscal matters and scope of public service. Accordingly, the accompanying statements of revenue, expenses and changes in net position include the revenues and expenses of the operator incurred in the operation of transportation services.

Component Units

In conformity with accounting principles generally accepted in the United States of America, management has evaluated any potential component units being considered for inclusion in the financial reporting entity.

GASB Statement No. 61 modified existing requirements for the assessment of potential component units in determining what should be included in the financial reporting entity and applicable financial reporting entity disclosure requirements. Based on GASB Statement No. 61 guidance, organizations that previously were required to be included as a component units by meeting the fiscal dependence criterion now must also have a "financial benefit or burden relationship" present between the primary government and that organization for it to be included in the reporting entity as a component unit. Pursuant to this GASB pronouncement, no component units were identified based on management's evaluation 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 Commonwealth's Department of Transportation.

Basis of Accounting

The operations of the Authority are accounted for as an enterprise fund on the accrual basis in order to recognize the form 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 operations of the Authority are included in the Statement of Net Position. Operating revenues and expenses result from providing transportation services to member communities. All other revenue and expenses are reported as nonoperating revenue and expenses.

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

Notes to Financial Statements (Continued)

June 30, 2025

1. ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***

Basis of Accounting (Continued)

Under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Government Entities that use Proprietary Fund Accounting*, the Authority has adopted the option to apply only those Financial Accounting Standards Board (FASB) statements and interpretations issued before November 30, 1989, that do not conflict with or contradict GASB pronouncements. Only GASB pronouncements issued after this date will be followed.

Budgeting

Under Massachusetts General Law Chapter 161B, Section 8h, the Authority adopts an annual operating budget for the planning and administrative activities. The budgeting process enables the Authority to determine the annual contributions required from the member jurisdictions and the Commonwealth of Massachusetts to fund its planning and administrative activities. The budget is prepared on the accrual basis. Depreciation/amortization of grants are not recognized as an expense as these expenses are not budgeted each year. These expenses are reclassified for the purpose of preparing financial reports in accordance with GAAP.

Unreimbursed Cost of Service

Massachusetts General Law Chapter 161B Section 10, provides that the Commonwealth shall reimburse the Authority for the Net Cost of Service, as defined by MGL Chapter 161B Section 1. The Net Cost of Service includes a charge equal to the payments made on long-term debt during the period, but does not include charges for depreciation/amortization or grants for operating assistance from the Federal Department of Transportation. The Net Cost of Service is the remaining amount of the net operating expense after the local assessment is taken. This balance is the contracted amount owed by the Commonwealth as State Contract Assistance.

The cost of service in excess of revenue presented in the accompanying Statements of Revenue, Expenses and Changes in Net Position differs from the Net Cost of Service because the Authority follows generally accepted accounting principles for financial reporting purposes. The following table reconciles the Authority's cost of service in excess of revenue to its Net Cost of Service for the year ended June 30, 2025.

Balance at beginning of year	\$ -
Cost of service in excess of revenue	<u>(34,934,820)</u>
Expenses not reimbursable and other operating assistance:	
Depreciation and amortization in excess of principal payments on long-term debt	4,472,826
Local assistance	5,203,175
Federal operating assistance including associated capital maintenance and expanded services	<u>8,929,048</u>
Net cost of service	<u>(16,329,771)</u>
Net cost of service reimbursed by the Commonwealth	<u>16,329,771</u>
Over reimbursement of cost of service	<u>\$ -</u>

For financial reporting purposes, the Authority follows the generally accepted accounting principle of depreciating the cost of property over its estimated useful life. The cumulative excess and principal payments on long-term debt are charged to the unreimbursed cost of service account and are recovered in years when the sum of grant amortization and principal payments made on long-term debt exceed depreciation.

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

Notes to Financial Statements (Continued)

June 30, 2025

1. ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and amounts on deposit with banks, including certificates of deposit with maturities of 90 days or less.

Grants and Other Receivables

The Authority carries its accounts receivable at an amount equal to uncollected but earned revenue less write-offs. On a periodic basis, the Authority evaluates its accounts receivable and utilizes the direct write-off method. Accounts receivable are considered delinquent if not in accordance with the contractual terms. Receivables are written off after collection efforts have failed.

Accrued Sick and Vacation

Authority employees are granted vacation and sick leave in varying amounts. At the end of employment, an employee may be reimbursed for accumulated vacation days and sick days if certain conditions are met. The Authority records accrued sick and vacation costs as an accrued expense.

Net Position

The Authority reports net position as restricted when legally segregated for a specific use or for other special purposes. Otherwise, these balances are considered unrestricted.

Legal restrictions on net position as of June 30, 2025 consisted of the Authority's stabilization fund and its extraordinary repairs reserve. The "investment in capital assets" section of net position represent resources related to the capital assets of the Authority.

Capital Assets

Capital assets are recorded at historical cost, while donated fixed assets are recorded at fair market value as of the date of the gift with an aggregated cost of \$1,000 or more and a useful life of more than one year.

Depreciation is charged to operating expense, based on the straight-line method, at rates that are designed to amortize the cost of the property over its estimated useful life. The estimated useful lives on the depreciable portion of the major categories of transportation property are as follows:

	<u>Estimated Useful Life</u>
Buildings and improvements	10 - 40 years
Buses and equipment (including service equipment)	3 - 12 years
Furniture and fixtures	6 - 10 years
Planning	10 years

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. In fiscal year 2025, this gain/loss was immaterial to the Statement of Revenues, Expenses and Changes in Net Position.

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

Notes to Financial Statements (Continued)

June 30, 2025

1. ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***

Leases

A lease is a contract that conveys the control of the right to use another entity's nonfinancial asset (the Underlying asset) for a period of time in an exchange or exchange like transaction. The Authority has contracts in which it is a lessee. Lessors recognize a lease receivable and a deferred inflow of resources (not applicable to the Authority). Lessees recognize an intangible right to use asset and a lease liability. These transactions are measured at the present value of payments expected to be made during the lease term using the discount rate in the lease. If the lease discount rate cannot be readily determined from the lease, the Authority uses its incremental borrowing rate.

A right to use lease asset with a lease term greater than 1 year and an initial present value over \$50,000 are recorded as intangible assets. Right to use lease assets are amortized over the contract term of the lease. Leases that do not meet these criteria are recognized as current period revenues and expenses.

Grants

The Authority receives grants from certain governmental agencies to be used for various purposes connected with the planning, modernization and expansion of transportation and facilities. These grants are deferred until such time as the related facilities are put into service. The grants are then amortized over the estimated useful lives of the assets as a reduction of the unreimbursed cost of service.

In addition, the Authority receives grants for operating assistance from the Federal Department of Transportation and the Commonwealth Department of Transportation. Those funds are credited to the Net Cost of Service, as they are a reduction of the amounts that would otherwise be paid by the 10 cities and towns constituting the Authority. 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*.

Materials, Supplies and Inventory

The Authority uses the weighted average cost method for valuation purposes. The costs of inventory items are recorded as expenditures when used.

Income Taxes

The Authority is exempt from Federal and Commonwealth of Massachusetts income taxes since it is a public body established by statute.

Advertising

Advertising costs are expensed as incurred. Advertising costs totaled \$9,871 for the year ended June 30, 2025.

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

Notes to Financial Statements (Continued)

June 30, 2025

1. ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***

Use of 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 amounts reported in the financial statements and accompanying notes and disclosures. Actual results could differ from those estimates.

Concentration of Credit Risk

Financial instruments which potentially subject the Authority to concentrations of credit risk consist principally of investments, cash equivalents and grant receivables. The Authority's cash equivalents were with various credit-worthy financial institutions, investments consisted of grant receivables due from Federal, state and local assessments. The Authority considers the credit risk associated with financial instruments to be minimal.

Implementation of New Accounting Principles

For the year ending June 30, 2025, the District implemented GASB Statement No. 101, *Compensated Absences* and GASB Statement No. 102, *Certain Risk Disclosures*. The implementation of these standards was immaterial to these financial statements.

Summary of Significant Accounting Policies – City of New Bedford Contributory Retirement System

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

Summary of Significant Accounting Policies – Hourly Plan

Pensions. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Pension Plan of the Southeastern Regional Transit Authority and South Coast Transit Management Inc. for Employees Covered by Collective Bargaining ("the Hourly Plan") and additions to/deductions from the Hourly Plan's fiduciary net position have been determined on the same basis as they are reported by the Hourly Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Summary of Significant Accounting Policies – Salaried Plan

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

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

Notes to Financial Statements (Continued)

June 30, 2025

2. ***CAPITAL IMPROVEMENT PROGRAM AND RELATED GRANTS***

The Authority's capital improvement program provides for the replacement and expansion of the present bus fleet and other transportation equipment and the construction of bus loading facilities. Grant spending net depreciation/amortization is as follows:

	<u>Federal</u>	<u>State, Local & Other</u>	<u>Total</u>
Approved grant spending through June 30, 2024	\$ 72,037,089	\$ 29,613,955	\$ 101,651,044
Amortization	<u>(56,144,968)</u>	<u>(17,993,611)</u>	<u>(74,138,579)</u>
Net grants balance	<u>\$ 15,892,121</u>	<u>\$ 11,620,344</u>	<u>\$ 27,512,466</u>

Receivables for *capital grant* expenditures from the federal and state governments were \$6,803,760 as of June 30, 2025. The expenditures were funded by transportation bonds and operating funds.

3. ***CASH AND CASH EQUIVALENTS***

Cash and cash equivalents as of June 30, 2025 is classified in the accompanying financial statements as follows:

Cash and cash equivalents – business-type activities	\$2,503,775
Cash and cash equivalents – fiduciary funds	\$5,834

Deposits are in various financial institutions and are carried at cost which approximates market value. The carrying amount of deposits is displayed in the Statement of Net Position as "Cash". Petty cash is included in the presentation of cash on the Statement of Net Position in the amount of \$0 on June 30, 2025.

Custodial credit risk for deposits is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party.

At year end the Authority's fiscal year, carrying amount of deposits (including OPEB) was \$2,868,332, including \$0 of petty cash and the bank balance was \$3,268,160. Of the bank balance, \$760,744 was covered by Federal Depository Insurance and \$1,014,460 was covered by the Depository Insurance Fund, and \$1,492,955 was uninsured.

The Authority has not formally adopted a deposit and investment policy that limits the Authority's allowable deposits and investments and addresses the specific types of risk to which the Authority is exposed.

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

Notes to Financial Statements (Continued)

June 30, 2025

4. **INVESTMENTS – DEFINED BENEFIT PENSION PLANS AND OPEB TRUST FUND**

a.) HOURLY PLAN

The Hourly Plan is a defined benefit pension plan that holds significant amounts of investments that are measured at fair value on a recurring basis. Because investing is a key part of the Plan's activities, the plan shows greater disaggregation in its disclosures. The Plan investments are presented in a tabular format for disclosing the levels within the fair value hierarchy as defined in GASB Statement No. 72. The assets of the Hourly Plan are held by the Operator.

The Hourly Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Plan has the following recurring fair value measurements as of June 30, 2024 (the measurement date):

		Fair Value Measurements Using:		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Measurement Date: June 30, 2024				
Investments by Fair Value Level:				
Debt Securities				
None				
Fixed Income Securities				
Short-Term Fixed Income				
Principal Global Investors - Liquid Assets Separate Acct - Z	\$ 998,759	\$ 998,759	\$ -	\$ -
PIMCO Low Dur Income Inst Fd	1,916,962	1,916,962	-	-
Other Fixed Income				
Principal Global Investors - Core Plus Bond Separate Act-Z	1,990,001	1,990,001	-	-
Principal Real Estate Inv - US Property Separate Acct-Z	1,234,249	1,234,249	-	-
Lord Abbett & Co., LLC - Lord Abbett Bd Debenture R6 Fd	2,063,523	2,063,523	-	-
PGIM Investments, LLC - PGIM Total Ret Bond R6 Fd	1,995,567	1,995,567	-	-
Blackrock Advisors, LLC - BlackRock Comm Str Port K Fd	1,260,693	1,260,693	-	-
Equity Securities				
Large US Equity				
Massachusetts Financial Svc Co - MFS Value R6 Fund	2,458,119	2,458,119	-	-
Fidelity Management & Research - Fidelity 500 Index Fund	2,182,083	2,182,083	-	-
T. Rowe Price Associates, Inc - T. Rowe Price Dividend Gr I Fund	2,122,543	2,122,543	-	-
T. Rowe Price Associates, Inc - T. Rowe Price Lg Cap Growth I Fund	2,637,122	2,637,122	-	-
Small/Mid US Equity				
LA Capital Mgmt/Victory - MidCap Value I Sep Acct-Z	257,305	257,305	-	-
Principal Global Investors - MidCap Separate Acct-Z	260,470	260,470	-	-
Fidelity Management & Research - Fidelity Mid Cp Index Fund	-	-	-	-
JP Morgan - Undisc Mgrs Behav Value R6 Fd	256,721	256,721	-	-
Putnam Investment Management Co. - Sm Cap Growth R6 Fund	255,928	255,928	-	-
Legg Mason Institutional Funds - ClearBridge Sm Cp Gr A Fund	-	-	-	-
International Equity				
Hartford Mutual Funds - Hartford Schroder Intl Stk SDR	1,331,567	1,331,567	-	-
Capital Research and Mgmt Co - American Funds NewWorld R6	1,298,402	1,298,402	-	-
Legg Mason Institutional Funds - ClearBridge Int Growth IS Fund	1,312,730	1,312,730	-	-
Total investments by fair value level	\$ 25,832,744	\$ 25,832,744	\$ -	\$ -
Total investments measured at fair value	\$ 25,832,744	\$ 25,832,744	\$ -	\$ -

Debt, equity and fixed income securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. The Hourly Plan had no investments categorized as Level 2 or Level 3 at June 30, 2024 (the measurement date).

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

Notes to Financial Statements (Continued)

June 30, 2025

4. **INVESTMENTS – DEFINED BENEFIT PENSION PLANS AND OPEB TRUST FUND (CONTINUED)**

b.) SALARIED PLAN

The Salaried Plan is a defined benefit pension plan that holds significant amounts of investments that are measured at fair value on a recurring basis. Because investing is a key part of the Plan's activities, the plan shows greater disaggregation in its disclosures. The Plan investments are presented in a tabular format for disclosing the levels within the fair value hierarchy as defined in GASB Statement No. 72. The assets of the Salaried Plan are held by the Operator.

The Salaried Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Plan has the following recurring fair value measurements as of June 30, 2024 (the measurement date):

		Fair Value Measurements Using:			
			Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	Measurement Date: June 30, 2024				
Investments by Fair Value Level:					
Debt Securities					
None					
Fixed Income Securities					
Short-Term Fixed Income					
	PIMCO Low Dur Income Inst Fd	\$ 669,382	\$ 669,382	\$ -	\$ -
	Principal Global Investors - Liquid Assets Separate Acct - Z	326,513	326,513	-	-
Other Fixed Income					
	Lord Abbett & Co, LLC - Lord Abbett Bd Debenture R6 Fd	721,168	721,168	-	-
	BlackRock Advisors LLC - BlackRock Comm Str Port K Fd	438,695	438,695	-	-
	PIMCO - PIM Com Real Ret Stra Instl Fd	-	-	-	-
	PGIM Investments, LLC - PGIM Total Ret Bon R6 Fd	697,282	697,282	-	-
	Principal Global Investors - Core Plus Bond Separate Act-Z	695,368	695,368	-	-
	Principal Real Estate Inv - U.S. Property Separate Acct-Z	428,507	428,507	-	-
Equity Securities					
Large US Equity					
	Massachusetts Financial Svc Co - MFS Value R6 Fund	858,512	858,512	-	-
	Fidelity Management & Research - Fidelity 500 Index Fund	762,334	762,334	-	-
	T Rowe Price Associates, Inc. - T. Rowe Price Dividend Gr I Fund	741,225	741,225	-	-
	T Rowe Price Associates, Inc. - T. Rowe Price Lg Cp Grwth I Fund	920,925	920,925	-	-
Small/Mid US Equity					
	LA Capital Mgmt/Victory - MidCap Value I Sep Acct-Z	89,843	89,843	-	-
	Fidelity Management & Research - Fidelity Mid Cp Index Fd	-	-	-	-
	Virtus Investment Advisers, Inc - Virtus KAR MdCp Growth R6 Fd	90,076	90,076	-	-
	JP Morgan Investment Mgmt Inc. - Undisc Mgrs Behav Value R6 Fd	89,654	89,654	-	-
	Fidelity Management & Research - Fidelity Sm Cap Index Fund	-	-	-	-
	AB/Brown/Emerald - SmallCap Growth I Sep Acct-Z	92,037	92,037	-	-
International Equity					
	Capital Research and Mgmt Co. - Amer Funds New World R6	459,037	459,037	-	-
	Hartford Mutual Funds - Hartford Schroder Intl Stk SDR	464,962	464,962	-	-
	Legg Mason Institutional Funds - ClearBridge Int Growth FI Fund	458,403	458,403	-	-
Total investments by fair value level		\$ 9,003,923	\$ 9,003,923	\$ -	\$ -
Total investments measured at fair value		\$ 9,003,923	\$ 9,003,923	\$ -	\$ -

The equity and fixed income securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. The Salaried Plan had no investments categorized as Level 2 or Level 3 at June 30, 2024 (the measurement date).

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

Notes to Financial Statements (Continued)

June 30, 2025

4. ***INVESTMENTS – DEFINED BENEFIT PENSION PLANS AND OPEB TRUST FUND (CONTINUED)***

c.) OPEB TRUST FUND

The Authority holds investments that are measured at fair value on a recurring basis. Recurring fair value measurements are those that the GASB Statement requires or permits in the Statement of Net Position at the end of each reporting period. Because investing is not a core part of the Authority's mission, the Authority determined that the disclosures related to these investments only need to be disaggregated by major type. The Authority chose a narrative format for the fair value disclosures of the OPEB Trust Fund instead of using a tabular format for disclosing the levels within the fair value hierarchy.

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles and GASB Statement No. 72, Fair Value Measurement and Application. 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 that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. The Authority has the following recurring fair value measurements as of June 30, 2025:

Debt Securities:

- Fixed Income Mutual Funds totaling \$162,126 are valued using quoted market prices (Level 1 inputs)

Equity Securities:

- Equities totaling \$202,431 are valued using quoted market prices (Level 1 inputs)

Cash (Money Market Funds):

- Uninvested cash of \$5,834. These funds are not classified within the fair value hierarchy as they are not measured at fair value.

The OPEB trust fund, which has a balance of \$370,391 at June 30, 2025, is not FDIC or DIF insured as it contains stocks, bonds, mutual funds and other securities that are not bank deposits or obligations, are not guaranteed by any bank and are not insured or guaranteed by the FDIC, the Federal Reserve Board, or any government agency.

SOUTHEASTERN REGIONAL TRANSIT AUTHORITY
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Notes to Financial Statements (Continued)

June 30, 2025

5. DUE FROM COMMONWEALTH OF MASSACHUSETTS

The Authority receives various forms of assistance from the Commonwealth for operating assistance as provided in enabling legislation under which the Commonwealth will pay the Authority a portion of its net cost of service. At June 30, 2025, the Authority was owed from the Commonwealth local assessments earned during fiscal years 2024 and 2025, as well as state capital grant funding. The department providing the Commonwealth this support is the Executive Office of Transportation.

The following is the amount due to the Authority as of June 30, 2025:

Date Received	Commonwealth Appropriation Account Number	Commonwealth Department Name	Appropriation Number / Payment Ref	Fiscal Year of Appropriation	Amount
7/15/2025	N/A	Treasurer	126200-12	FY25 Local Assessment	\$ 308,662
8/5/2025	MassDOT RTIG Connectivity	DOT	127040-06	2025	108,565
9/4/2025	MassDOT MicroTransit	DOT	128945-05	2025	38,338
7/2/2025	MassDOT MicroTransit	DOT	128945-03	2025	54,560
7/23/2025	MassDOT MicroTransit	DOT	128945-04	2025	45,707
8/6/2025	RTACAP	DOT	#7	2025	1,319,094
9/4/2025	RTACAP	DOT	#8	2025	146,915
Open A/R	N/A	Treasurer	Misc Short Pays CF	N/A	721
Open A/R	N/A	Treasurer	Earned FY24	FY26 Local Assessment	3,797,250 *
Open A/R	N/A	Treasurer	Earned FY25	FY27 Local Assessment	5,203,175 **

Total amount due from the Commonwealth (June 30, 2025):

\$ 11,022,987

* - To be collected on the fiscal year 2026 "Cherry Sheet" for amounts earned during the fiscal year 2024

** - To be collected on the fiscal year 2027 "Cherry Sheet" for amounts earned during the fiscal year 2025

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Notes to Financial Statements (Continued)

June 30, 2025

6. LOCAL ASSESSMENTS

The Authority's net cost of service is also funded through assessments to member municipalities, which may increase by no more than 2.5% annually *plus* the members' share of any new services. (MGL Chapter 59 Section 20A). Any increase above 2.5% as noted below is as a result of votes of the Authority's Advisory Board whereas the Board voted for expanded services to the participating communities.

Below is a comparison of local assessments to member communities under the provisions of MGL Chapter 161B Section 9 for the current and prior fiscal year as well as the upcoming fiscal year.

Please note – the fiscal year indicated below is based on the “Cherry Sheet” year, not the year in which the local assessments were *earned*. For example, the amount budgeted for local assessments in the fiscal year 2025 budget will not be assessed on the Cherry Sheets until fiscal year 2027.

Member Communities	2024	2025	Percent Change*	2025 Member Allocation
New Bedford	\$ 1,370,699	\$ 1,404,966	2.5%	37.9%
Fall River	1,616,350	1,656,759	2.5%	44.7%
Acushnet	36,142	37,045	2.5%	1.0%
Dartmouth	206,081	211,233	2.5%	5.7%
Fairhaven	39,154	40,132	2.5%	1.1%
Freetown	38,749	39,718	2.5%	1.1%
Mattapoisett	11,525	11,813	2.5%	0.3%
Somerset	116,594	119,509	2.5%	3.2%
Swansea	128,980	132,204	2.5%	3.6%
Westport	50,006	51,258	2.5%	1.4%
Subtotals:	<u>\$ 3,614,280</u>	<u>\$ 3,704,637</u>	<u>2.5%</u>	<u>100.0%</u>

Upcoming fiscal year (fiscal year 2026 and 2027 “Cherry Sheet”):

Member Communities	2025	2026	Percent Change*	2026 Member Allocation	(earned during FY25) 2027
New Bedford	\$ 1,404,966	\$ 1,440,090	2.5%	37.9%	\$ 1,928,253
Fall River	1,656,759	1,698,178	2.5%	44.7%	2,322,260
Acushnet	37,045	37,971	2.5%	1.0%	38,920
Dartmouth	211,233	216,514	2.5%	5.7%	337,835
Fairhaven	40,132	41,135	2.5%	1.1%	103,012
Freetown	39,718	40,711	2.5%	1.1%	57,672
Mattapoisett	11,813	12,108	2.5%	0.3%	12,411
Somerset	119,509	122,497	2.5%	3.2%	149,404
Swansea	132,204	135,509	2.5%	3.6%	159,658
Westport	51,258	52,537	2.5%	1.4%	93,750
Subtotals:	<u>\$ 3,704,637</u>	<u>\$ 3,797,250</u>	<u>2.5%</u>	<u>100.0%</u>	<u>\$ 5,203,175</u>

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Notes to Financial Statements (Continued)

June 30, 2025

7. CAPITAL ASSETS AND DEPRECIATION

	July 01, 2024			June 30, 2025
	Beginning			Ending
	Balance	Increases	Decreases	Balance
Not Being Depreciated:				
Land	\$ 326,611	\$ -	\$ -	\$ 326,611
Construction in progress	514,630	164,243	435,757	243,116
Subtotal	841,241	164,243	435,757	569,727
Other Capital Assets:				
Building and improvements	18,035,676	62,000	-	18,097,676
Right-to-use lease assets - office spac	175,848	-	79,667	96,181
Buses and equipment	39,233,149	26,047,134	4,764,724	60,515,559
Service equipment	1,570,758	384,419	-	1,955,177
Right-to-use lease assets - tire lease	1,186,138	137,315	103,336	1,220,117
Furniture and fixtures	167,742	-	-	167,742
Computer equipment	4,286,214	776,600	93,862	4,968,952
Planning	2,243,765	49,185	-	2,292,950
Subtotal	66,899,290	27,456,653	5,041,589	89,314,354
Accumulated Depreciation:				
Building and improvements	12,007,882	515,500	-	12,523,382
Buses and equipment	21,515,825	3,011,631	4,764,724	19,762,732
Service equipment	1,170,360	185,753	-	1,356,113
Right-to-use lease assets - tire lease	973,452	71,889	-	1,045,341
Furniture and fixtures	167,742	-	-	167,742
Computer equipment	1,951,047	579,555	93,863	2,436,739
Planning	1,575,708	108,498	-	1,684,206
Subtotal	39,362,016	4,472,826	4,858,587	38,976,255
Net other capital assets	27,537,274	22,983,827	183,002	50,338,099
Net capital assets	\$ 28,378,515	\$ 23,148,070	\$ 618,759	\$ 50,907,826

Depreciation expense was \$4,472,826 for the fiscal year ended June 30, 2025.

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Notes to Financial Statements (Continued)

June 30, 2025

8. ***GASB 87 - LEASES***

Right to Use Lease Assets and Liabilities

Goodyear Tire and Rubber Company – Tire Lease

The Authority entered into a lease agreement for the purpose of the right to use tires provided by Goodyear Tire and Rubber Company for its fleet of buses. The initial term of the leases is for five (5) years beginning August of 2022. This contract was a renewal of the prior tire lease, also with Goodyear Tire and Rubber Company. For accounting purposes, the right to use lease asset and lease liability are reported at the present value of the future minimum lease payments using 3.75% interest rate. This rate was estimated based on the RAN issued in August of 2022.

The annual payments were used to calculate the present value of these leases. The leases do not convey ownership at the end of the lease, provide a purchase option or guaranteed residual value.

As of June 30, 2025, the principal and interest requirements to maturity for the *tire lease* are as follows:

<u>Year Ended June 30</u>	<u>Payment</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 71,144	\$ 65,995	\$ 5,149
2027	73,993	71,319	2,674
	<u>\$ 145,137</u>	<u>\$ 137,314</u>	<u>\$ 7,823</u>

Lease of Office Space

The Authority has a lease agreement for office space for a total of seven years, beginning on July 1, 2020 with Bank Plaza LLC. For accounting purposes, the right to use leased asset and lease liability are reported at the present value of the future minimum lease payments using 3.75% interest rate. This rate was estimated based on the RAN issued in August of 2022.

The lease sets forth fixed monthly payments of \$5,266 throughout the life of the lease. The present value of the total payments under the lease were used to calculate the value of the leased asset and lease liability. The lease does not convey ownership at the end of the lease, provide a purchase option or guaranteed residual value.

SOUTHEASTERN REGIONAL TRANSIT AUTHORITY
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Notes to Financial Statements (Continued)

June 30, 2025

8. ***GASB 87 – LEASES (CONTINUED)***

As of June 30, 2025, the principal and interest requirements to maturity for the *office lease* are as follows:

<u>Year</u> <u>Ended</u> <u>June 30</u>	<u>Payment</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 63,194	\$ 58,354	\$ 4,840
2027	63,194	60,908	2,284
	<u>\$ 126,387</u>	<u>\$ 119,262</u>	<u>\$ 7,124</u>

The table below is the summary of the lease assets and the related accumulated amortization for the present value of the leases as presented in the business-type activities:

<u>Note</u> <u>Type</u>	<u>Interest</u> <u>Rates</u>	<u>Issuance</u> <u>Dates</u>	<u>Maturity</u> <u>Date</u>	<u>Beginning</u> <u>Balance</u>	<u>Acquisitions</u>	<u>Premium</u>	<u>Dispositions</u>	<u>Amortized</u> <u>Premium</u>	<u>Ending</u> <u>Balance</u>	<u>Interest</u> <u>Paid</u>
Lease	3.75%	8/1/22	8/1/27	\$ 198,929	\$ -	\$ -	\$ (61,615)	\$ -	\$ 137,314	\$ 7,460
Lease	3.75%	7/1/20	6/30/27	175,848	-	-	(79,667)	-	96,181	6,608
				<u>\$ 374,777</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (141,282)</u>	<u>\$ -</u>	<u>\$ 233,495</u>	<u>\$ 14,068</u>

SOUTHEASTERN REGIONAL TRANSIT AUTHORITY
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Notes to Financial Statements (Continued)

June 30, 2025

9. **NOTES PAYABLE AND LINES OF CREDIT**

The Authority is subsidized by the Commonwealth for its annual “Net Cost of Service” as defined in the legislation. These subsidies are funded subsequent to the year in which the costs are incurred. Therefore, the Authority issues revenue anticipation notes to cover cash from deficiencies until funding is received.

Under Chapter 161B of the Massachusetts General Laws, the Commonwealth is required to pay principal or interest that is due on any of the Authority’s bond or note issues if the Authority does not have the funds available.

At June 30, 2025, the Authority had a revenue anticipation note of \$6,500,000 outstanding with interest rate of 4.25% due to mature on August 15, 2025. Of the balance on the note, an unamortized premium of \$8,551 remains. The original premium on the note when issued was \$51,309.

The revenue anticipation notes acquired during 2025 were for the purposes of funding operating expenses. Interest expense for 2025 on revenue anticipation notes was \$190,987.

<u>Note Type</u>	<u>Interest Rates</u>	<u>Issuance Dates</u>	<u>Maturity Date</u>	<u>Beginning Balance</u>	<u>Acquisitions</u>	<u>Premium</u>	<u>Dispositions</u>	<u>Amortized Premium</u>	<u>Ending Balance</u>	<u>Interest Paid</u>
RAN	4.25%	8/16/24	8/15/25	\$ -	\$ 6,500,000	\$ 51,309	\$ -	\$ (42,758)	\$ 6,508,551	\$ 158,235
RAN	4.50%	8/18/23	8/16/24	6,005,990	-	-	(6,000,000)	(5,990)	-	32,752
				<u>\$ 6,005,990</u>	<u>\$ 6,500,000</u>	<u>\$ 51,309</u>	<u>\$ (6,000,000)</u>	<u>\$ (48,748)</u>	<u>\$ 6,508,551</u>	<u>\$ 190,987</u>

In fiscal year 2020, the Authority opened a revolving line of credit in the amount of \$1,500,000, with an interest rate equal to that of the Prime Rate as published by the Wall Street Journal minus 0.50%, with no floor rate, to cover short-term cash needs while State contracts were in process of being executed. In the current year, this line of credit remained the same at \$1,500,000. The terms of the interest rate were the same, with the exception of the fact that a floor rate was established at 2.75% upon renewal in July of 2024. The assets of the Authority act as collateral on the line of credit in the event of a default. At June 30, 2025, the Authority had an outstanding balance on the line of credit of \$0.

10. **FEDERAL CONTRACT ASSISTANCE**

The Authority is eligible for grants of operating assistance from the Federal Department of Transportation. Pursuant to Section 5307 of the Federal Transit Administration T21, as amended, the federal government will fund up to 50% of the Authority’s Net Cost of Service, as defined. Federal operating assistance amounted to \$8,929,048 for the year ended June 30, 2025.

The United States Department of Transportation approves capital grants to fund up to 80% of the Authority’s capital improvement projects. 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 preventive maintenance and ADA services costs.

SOUTHEASTERN REGIONAL TRANSIT AUTHORITY
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Notes to Financial Statements (Continued)

June 30, 2025

11. ***STATE CONTRACT ASSISTANCE***

The Authority has a contract with the Commonwealth of Massachusetts for operating assistance (MGL Chapter 161B Section 23) providing the Authority with up to 50% of the Authority's net cost of service be paid by the Commonwealth and shall not be assessed upon the cities and towns constituting the Authority. Funding is determined in the Commonwealth's budget and is divided between RTAs based on a formula considering such factors as size and operating environment, as well as ridership and previous state funding levels. Total State Contract Assistance (SCA) for fiscal year 2025 totaled \$12,342,138, an increase of \$626,372 over the previous year. In fiscal year 2024, SRTA received SCA of \$11,715,766.

12. ***NET POSITION - RESTRICTED FOR OTHER PURPOSES***

In accordance with Massachusetts General Laws Chapter 161 Section 6(q), the Authority has established a reserve for extraordinary expenses. Prior approval from state officials is required before any expenditures can be made from this reserve. At June 30, 2025, that reserve amounted to \$759,449. The Authority added \$18,520 to this reserve in the current fiscal year from its net position. This reserve is at its maximum allowable balance under the law at fiscal year end June 30, 2025.

13. ***SRTA EMPLOYEE PENSION PLAN (CITY OF NEW BEDFORD CONTRIBUTORY RETIREMENT)***

General Information about the Pension Plan

Plan description. The System is a contributory defined benefit plan, as established by MGL Chapter 32, covering all City of New Bedford Retirement System member unit employees deemed eligible by the retirement board, with the exception of the school department employees who serve in a teaching capacity.

The System qualifies as a *cost-sharing multiple employer plan* since pension obligations exist for employees of more than one employer and plan assets can be used to pay the benefits of the employees of any employer. Five employers currently participate in the System, the City of New Bedford, the New Bedford Housing Authority, the Greater New Bedford Regional Technical Vocational High School, the Greater New Bedford Regional Refuse Management District, and the Southeastern Regional Transit Authority. Each employer contributes into the plan annually as determined by the Public Employee Retirement Administration Commission ("PERAC"). Please see the section below entitled "Contributions" for more information.

The PERAC issues a publicly available report on the City of New Bedford Retirement System pursuant to MGL Chapter 32 Section 21 that can be obtained at www.mass.gov/perac. This report contains additional information with respect to the System.

Benefits provided. The System provides retirement, disability, and death benefits. Retirement benefits vest after ten years of creditable service and are determined by multiplying average salary by a benefit rate related to the member's age and job classification at retirement, and the resulting product by his creditable service. The amount determined by the benefit formula cannot exceed 80% of the member's highest three year average salary (for employees hired prior to April 2, 2012) or 80% of the member's highest five year average (for employees hired on or after April 2, 2012). The benefit rate also varies with the member's retirement age and group classification (see below). Members may elect to receive their retirement allowances in one of three forms of payment (Options A, B and C) per MGL Chapter 32.

Members of the System are eligible for two types of disability benefits (ordinary and accidental disability) for which allowances are determined based on the date the member entered the System along with the "group" the member belongs to. Death benefits are also available for members who die as a result of a work-related injury if the member was retired for accidental disability and the death was the natural and proximate result of the injury or hazard undergone on account of which such member was retired.

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Notes to Financial Statements (Continued)

June 30, 2025

13. *SRTA EMPLOYEE PENSION PLAN (CITY OF NEW BEDFORD CONTRIBUTORY RETIREMENT)*
(Continued)

Allowances for death benefits consist of immediate payments to a named beneficiary equal to the accumulated deductions at the time of death, plus a pension equal to 72% of current salary. Other allowances are also available to those surviving spouses of the police or fire departments.

Chapter 17 of the Acts of 1997 was adopted by the New Bedford Contributory Retirement System. The result of such adoption allows the Retirement Board to vote to pay a cost of living increase (COLA) for that year, with the percentage determined by the increase in the Consumer Price Index used for indexing Social Security benefits, but cannot exceed 3.0%.

Contributions. Member contributions vary depending on the most recent date of membership. Members who entered the system prior to 1975 contribute 5% of regular compensation. Members who entered between 1975 and 1983 contribute 7% of regular compensation. Members who entered between 1984 and June 30, 1996 contribute 8% of regular compensation. Members who entered after July 1, 1996 will contribute 9% of regular compensation. Also, members who joined after 1978 are required to make extra contributions equal to 2% of all compensation exceeding \$30,000 annually.

Under Chapter 32 Section 22F of the Massachusetts Laws, employers are required to make the necessary contributions to the trust such that the plan reaches a full funding status by 2040. Thereafter, annual contributions equal to the normal cost will keep the Plan's assets and liabilities in balance. Contributions to the pension plan from participating employers was \$46,029,922 for the fiscal year ended June 30, 2025 as determined by PERAC. Of the total contributed, \$280,783 represents contributions from the Southeastern Regional Transit Authority ("the Authority"). PERAC establishes rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of the benefits earned by the employees during the year, with an additional amount to finance any unfunded accrued liability.

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

The System's net pension liability was measured as of December 31, 2024 (i.e. the "measurement date" as defined by GASB Statement No. 68), and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2024, rolled forward to the measurement date.

At June 30, 2025 (i.e. the "reporting date" as defined by GASB Statement No. 68), the System reported a net pension liability of \$387,387,493 while the Authority reported a liability of \$2,363,068 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2024. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of the participating employers, actuarially determined.

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Notes to Financial Statements (Continued)

June 30, 2025

**13. SRTA EMPLOYEE PENSION PLAN (CITY OF NEW BEDFORD CONTRIBUTORY RETIREMENT)
(Continued)**

The following chart illustrates each employers' proportionate share used at the measurement date:

<u>Employer</u>	<u>Fiscal Year 2025 Actual Employer Contributions</u>	<u>Employer Allocation Percentage</u>
City of New Bedford	\$ 40,667,436	88.3500%
New Bedford Housing Authority	2,761,795	6.0000%
Greater NB Regional Voc. Tech HS	1,914,845	4.1600%
Greater NB Regional Refuse Mgmt. District	405,063	0.8800%
Southeastern Regional Transit Authority	280,783	0.6100%
	<u>\$ 46,029,922</u>	<u>100.0000%</u>

At December 31, 2024, the Authority's proportion was 0.6100 percent, which was 0.0519 more than its proportion measured as of December 31, 2023, when it was 0.5581 percent. Under GASB Statement No. 68, that change in proportion is noted in deferred outflows / inflows (below).

For the year ended June 30, 2025, the Authority recognized pension expense of \$334,259. At June 30, 2025, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 76,405	\$ 10,555
Changes of assumptions	78,288	-
Net difference between projected and actual earnings on pension plan investments	9,526	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	266,838	80,769
	<u>\$ 431,057</u>	<u>\$ 91,324</u>

<u>Measurement period ending December 31</u>	
2025	\$ 141,716
2026	142,555
2027	6,048
2028	31,252
2029	18,162
Total	<u>\$ 339,733</u>

\$0 was reported as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date of December 31, 2024. There were no employer contributions after December of 2024. Had employer contributions been made subsequent to the December 31, 2024 measurement date, it would have been recognized as a deferred outflow of resources in the year ended June 30, 2025 (per GASB Statement No. 71).

SOUTHEASTERN REGIONAL TRANSIT AUTHORITY
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Notes to Financial Statements (Continued)

June 30, 2025

**13. SRTA EMPLOYEE PENSION PLAN (CITY OF NEW BEDFORD CONTRIBUTORY RETIREMENT)
(Continued)**

Actuarial assumptions. The total pension liability in the January 1, 2024 actuarial valuation (updated for the June 30, 2024 measurement date) was determined using the following actuarial assumptions, applied to all periods included in the measurement (not a list of all assumptions):

Inflation	2.5% per year
Salary increases	Group 1: 6% - 4.25%, based on service Group 4: 7% - 4.75%, based on service
Investment rate of return	7.0%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with full generational mortality improvement using Scale MP-2020. For disabled members, the mortality rates were based on the RP-2014 Blue Collar Mortality Table, set forward one year, with full generational mortality improvement using Scale MP-2020. For further details on the assumptions used, please refer to the January 1, 2024 actuarial valuation.

The actuarial assumptions used in the January 1, 2024 valuation were prepared using generally accepted actuarial principles and practices and meet the parameters set by GASB Statement No. 68. The assumptions used represent the best estimate of anticipated experience of the system.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future 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 (2.5% per year, as indicated above). The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equities	28.00%	4.70%
International Equities	9.00%	4.70%
Emerging Markets Equities	9.00%	5.10%
Fixed Income	20.00%	1.80%
Real Estate	10.00%	2.80%
Alternatives (GTAA)	5.00%	2.70%
Private Equity	9.00%	7.30%
Timber	4.00%	2.90%
Infrastructure	4.00%	5.30%
Cash	2.00%	1.10%
Total	100.00%	

Discount rate. The discount rate used to measure the total pension liability was 7.00 percent (as selected by the Retirement Board; this discount rate approximates the long-term expectation of investment returns). The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made in accordance with Sections 22D and 22F of Chapter 32 of the Massachusetts General Laws. Under Chapter 32 of the Massachusetts Laws, employers are required to make the necessary contributions to the trust such that the plan reaches a fully funded status by 2040. In addition, Chapter 32 also gives the Retirement Board the right to go directly to the Assessors of the community and add an additional property tax to bills for amounts not paid by employer. 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 active and inactive employees.

SOUTHEASTERN REGIONAL TRANSIT AUTHORITY
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Notes to Financial Statements (Continued)

June 30, 2025

**13. SRTA EMPLOYEE PENSION PLAN (CITY OF NEW BEDFORD CONTRIBUTORY RETIREMENT)
(Continued)**

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.

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 7.0 percent, 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 (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current rate:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Authority's proportionate share of the net pension liability	\$ 2,977,852	\$ 2,363,068	\$ 1,843,786

Pension plan fiduciary net position. Detailed information about the System's fiduciary net position is available in the City of New Bedford financial statements.

Payables to the pension plan

At June 30, 2025, the Authority reported a payable of \$6,500 to the System for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2025.

14. DEFINED BENEFIT PENSION PLANS (HOURLY AND SALARIED)

a.) HOURLY PLAN

General Information about the Pension Plan

Plan description. The Hourly Plan's defined benefit pension plan provides pensions for all employees covered by the collective bargaining agreement between the Union and the Operating Company. The Hourly Plan is a *single-employer defined benefit pension plan* administered by the Southeast Regional Transit Authority and South Coast Transit Management. The Authority has agreed under terms of the operating agreement, to provide retirement benefits to the employees of the Operator and to continue playing benefits to those retired employees who were eligible to collect benefits. The Hourly Plan's provisions were last approved on July 1, 2019. There were no nonemployer contributing entities or special funding situations, as defined by GASB 68, for this plan.

Benefits provided. The Hourly Plan provides retirement, termination, disability, and death benefits. Retirement benefits for general employees are calculated as 1.5 percent of the employee's average compensation times the employee's years of service. Employees with 5 years of continuous service are eligible to retire at age 62. Termination benefits are 100% vested after 5 years of vesting service and are the same as normal retirement benefits with income deferred until Normal Retirement Date. Termination benefits equal the accrued benefit on the date of termination multiplied by the vesting percentage. All employees are eligible for disability benefits after 10 years of service with monthly income payable until normal retirement, death, or recovery and a deferred annuity payable at the Normal Retirement Date. Death benefits equal a monthly annuity payable to spouse, deferred to participant's earliest retirement date if later than the date of death. The amount paid for death benefits equal the amount that would have been paid had the participant terminated employment on the date of death and survived to his/her earliest retirement age, retired with a qualified joint and 50% survivor annuity in effect, then died the next day.

There have been no changes in plan provisions during the measurement period (July 1, 2023 to June 30, 2024) or between the measurement date and the fiscal year end (June 30, 2025).

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14. **DEFINED BENEFIT PENSION PLANS (HOURLY AND SALARIED) (Continued)**

Employees covered by benefit terms. At June 30, 2024 (the measurement date), the following employees were covered by the benefit terms:

Active plan members	135
Inactive plan members entitled to but not yet receiving benefits	30
Retired plan members or beneficiaries currently receiving benefits	<u>115</u>
Subtotal	<u><u>280</u></u>

Contributions. The basis for determining contributions is an actuarially determined contribution rate that is calculated each year in the plan's actuarial valuation report. The actuarially determined contribution rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with additional amounts to finance any unfunded accrued liability and plan administrative expenses. The actuarially determined contribution for the measurement period ending June 30, 2024 is \$1,412,695 for employer contributions. The actuarially determined contribution for the upcoming measurement period ending June 30, 2025 is \$1,358,875. Currently, there is no written funding policy. It is assumed that the past contribution pattern will continue.

Net Pension Liability

The Hourly Plan's net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial assumptions. The total pension liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement (not a complete list of all assumptions used):

Inflation	2.40% increase per year
Salary increases	4.00% increase each year until retirement
Investment rate of return	6.50% (long-term)
Discount rate	6.45% (single rate)

Mortality rates were based on the 2024 IRS Prescribed Mortality – Optional Combined Table for Small Plans, male and female, both during and before the benefit payment period.

The actuarial assumptions used in the June 30, 2024 valuation were based on the results of an actuarial experience study for the period July 1, 2023 – June 30, 2024.

The expected long-term return on plan assets assumption was developed as a weighted average rate based on the target allocation of the plan and the Long-Term Capital Market Assumptions (CMA) May 2023 Version. The key fundamental economic inputs for these models are future inflation, economic growth, and interest rate environment. Due to the long-term nature of the pension obligations, the investment horizon for the CMA 2023 is 20-30 years.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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14. **DEFINED BENEFIT PENSION PLANS (HOURLY AND SALARIED) (Continued)**

<u>Asset Class</u>	<u>Expected Arithmetic Return</u>	<u>Expected Geometric Return</u>	<u>Target Allocation</u>
US Equity - Large Cap	7.80%	6.35%	38.66%
US Equity - Mid Cap	8.35%	6.35%	2.33%
US Equity - Small Cap	8.70%	6.35%	2.33%
Non-US Equity	8.00%	6.35%	16.35%
US Private Real Estate	6.85%	6.20%	4.70%
Cash	2.80%	2.80%	7.23%
TIPS	3.60%	3.45%	2.43%
Core Bond	4.40%	4.30%	22.27%
Intermediate IG Credit	4.55%	4.45%	3.70%
Total			<u>100.00%</u>

Discount rate. The discount rate used to determine the total pension liability was 6.50%. The discount rate used for the prior measurement date was 6.45%.

The plan's fiduciary net position and benefit payments were projected to determine if the plan's fiduciary net position was greater than or equal to the expected benefit payments for each period from 2024 to 2119. Benefit payments after 2119 are projected to be \$0.

The long-term rate of return of 6.50% is used to calculate the actuarial present value of projected payments for each future period when the projected fiduciary net position is greater than the projected benefit payments. Otherwise, a municipal bond rate of 3.90% is used. The municipal bond rate from Barclays Municipal GO Long Term (17+ Y) Index, which includes 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher securities, as of the measurement date.

The discount rate of 6.50% is the single rate that incorporates the long-term rate of return and municipal bond rate assumptions as described above.

Changes in the Net Pension Liability

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
	<u>(a)</u>	<u>(b)</u>	<u>(a) - (b)</u>
Balances at the beginning of the period	\$ 28,490,844	\$ 23,398,626	\$ 5,092,218
Changes for the year:			
Service cost	878,278	-	878,278
Interest	1,841,082	-	1,841,082
Differences between expected and actual experience	(579,107)	-	(579,107)
Changes in assumptions	(291,911)	-	(291,911)
Contributions - employer	-	1,436,411	(1,436,411)
Net investment income	-	2,568,555	(2,568,555)
Benefit payments, including refunds of employee contributions	(1,565,848)	(1,565,848)	-
Administrative expense	-	(5,000)	5,000
Net changes	<u>282,494</u>	<u>2,434,118</u>	<u>(2,151,624)</u>
Balances at the end of the period	<u>\$ 28,773,338</u>	<u>\$ 25,832,744</u>	<u>\$ 2,940,594</u>

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June 30, 2025

14. **DEFINED BENEFIT PENSION PLANS (HOURLY AND SALARIED) (Continued)**

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the Hourly Plan, calculated using the discount rate of 6.50 percent, as well as what the Hourly Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50 percent) or 1 percentage point higher (7.50 percent) than the current rate:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Hourly Plan Net Pension Liability	\$ 6,093,080	\$ 2,940,594	\$ 261,811

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2025, the Hourly Plan recognized pension expense of \$774,906. At June 30, 2025, the Plan reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,312,463
Changes of assumptions	506,447	268,342
Net difference between projected and actual earnings on pension plan investments	<u>2,082,758</u>	<u>2,155,629</u>
	<u>\$ 2,589,205</u>	<u>\$ 3,736,434</u>

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

Year ended June 30:	
2026	\$ (451,702)
2027	395,316
2028	(753,715)
2029	(337,128)
2030	-
Thereafter	<u>-</u>
Subtotal - all years	<u>\$ (1,147,229)</u>

Payable to the Pension Plan

At June 30, 2025, the Hourly Plan did not report any payables for outstanding amounts of contributions to the pension plan required for the year ended June 30, 2025.

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14. **DEFINED BENEFIT PENSION PLANS (HOURLY AND SALARIED) (Continued)**

b.) SALARIED PLAN

General Information about the Pension Plan

Plan description. The Salaried Employees' Pension Plan is a *single-employer defined benefit pension plan* administered by the Southeast Regional Transit Authority and South Coast Transit Management. The Salaried Plan's provisions were last approved on July 1, 2015. There were no nonemployer contributing entities or special funding situations, as defined by GASB 68, for this plan.

Benefits provided. The Hourly Plan provides retirement, termination, disability, and death benefits. Retirement benefits for general employees are calculated as 2.15% of the employee's average compensation times the employee's years of service, with maximum service of 40 years. For participants employed after November 1, 2015, the benefit amount changes to 1.65% of average compensation times service. Employees with 5 years of service are eligible to retire at age 62. Termination benefits are 100% vested after 5 years of vesting service and are the same as normal retirement benefits with income deferred until Normal Retirement Date. Termination benefits equal the accrued benefit on the date of termination multiplied by the vesting percentage. Totally and permanently disabled employees are eligible for disability benefits at attained age 55 after 10 years of service with monthly income payable until normal retirement reduced by 2% for a participant that does not qualify for social security disability for each year that the early retirement date precedes the normal retirement date with a max reduction of 20%. Death benefits equal a monthly annuity payable to spouse, deferred to participant's earliest retirement date if later than the date of death. The amount paid for death benefits equal the amount that would have been paid had the participant terminated employment on the date of death and survived to his/her earliest retirement age, retired with a qualified joint and 50% survivor annuity in effect, then died the next day.

There have been no changes in plan provisions during the measurement period (July 1, 2023 to June 30, 2024) and no changes in plan provisions were made between the measurement date and the fiscal year end (June 30, 2025).

Employees covered by benefit terms. At June 30, 2024 (the measurement date), the following employees were covered by the benefit terms:

Active plan members	27
Inactive plan members entitled to but not yet receiving benefits	12
Retired plan members or beneficiaries currently receiving benefits	<u>33</u>
Subtotal	<u><u>72</u></u>

Contributions. The basis for determining contributions is an actuarially determined contribution rate that is calculated each year in the plan's actuarial valuation report. The actuarially determined contribution rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with additional amounts to finance any unfunded accrued liability and plan administrative expenses. The actuarially determined contribution for the measurement period ending June 30, 2024 is \$516,949 for employer contributions. The actuarially determined contribution for the upcoming measurement period ending June 30, 2025 is \$534,215. Currently, there is no written funding policy. It is assumed that the past contribution pattern will continue.

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14. **DEFINED BENEFIT PENSION PLANS (HOURLY AND SALARIED) (Continued)**

Net Pension Liability

The Salaried Plan's net pension liability was measured as of June 30, 2024 (for the employers' fiscal year ended June 30, 2025), and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

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

Inflation	2.40% increase per year
Salary increases	3.50% increase each year until retirement
Investment rate of return	6.50% (long-term)
Discount rate	6.50% (single rate)

Mortality rates were based on the 2024 IRS Prescribed Mortality – Optional Combined Table for Small Plans, male and female, during the benefit payment period.

The actuarial assumptions used in the June 30, 2024 valuation were based on the results of an actuarial experience study for the period July 1, 2023 – June 30, 2024.

The expected long-term return on plan assets assumption was developed as a weighted average rate based on the target allocation of the plan and the Long-Term Capital Market Assumptions (CMA) May 2023 Version. The key fundamental economic inputs for these models are future inflation, economic growth, and interest rate environment. Due to the long-term nature of the pension obligations, the investment horizon for the CMA 2023 is 20-30 years.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Expected Arithmetic Return</u>	<u>Expected Geometric Return</u>	<u>Target Allocation</u>
US Equity - Large Cap	7.80%	6.35%	38.69%
US Equity - Mid Cap	8.35%	6.35%	2.34%
US Equity - Small Cap	8.70%	6.35%	2.35%
Non-US Equity	8.00%	6.35%	16.52%
US Private Real Estate	6.85%	6.20%	4.75%
High Yield Bond	6.30%	5.85%	0.00%
Cash	2.80%	2.80%	6.95%
TIPS	3.60%	3.45%	2.43%
Core Bond	4.40%	4.30%	22.25%
Intermediate IG Credit	4.55%	4.45%	3.72%
Total			<u>100.00%</u>

Discount rate. The discount rate used to determine the total pension liability was 6.50%. The discount rate used for the prior measurement date was 6.50%.

The plan's fiduciary net position and benefit payments were projected to determine if the plan's fiduciary net position was greater than or equal to the expected benefit payments for each period from 2024 to 2117. Benefit payments after 2117 are projected to be \$0.

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14. **DEFINED BENEFIT PENSION PLANS (HOURLY AND SALARIED) (Continued)**

The long-term rate of return of 6.50% is used to calculate the actuarial present value of projected payments for each future period when the projected fiduciary net position is greater than the projected benefit payments. Otherwise, a municipal bond rate of 3.90% is used. The municipal bond rate is from Barclays Municipal GO Long Term (17+ Y) Index, which includes 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher securities, as of the measurement date.

The discount rate of 6.50% is the single rate that incorporates the long-term rate of return and municipal bond rate assumptions as described above.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at the beginning of the period	\$ 10,607,307	\$ 8,281,774	\$ 2,325,533
Changes for the year:			
Service cost	202,351	-	202,351
Interest	679,604	-	679,604
Differences between expected and actual experience	186,479	-	186,479
Changes in assumptions	(124,836)	-	(124,836)
Contributions - employer	-	551,434	(551,434)
Net investment income	-	934,970	(934,970)
Benefit payments, including refunds of employee contributions	(675,865)	(675,865)	-
Administrative expense	-	(88,392)	88,392
Net changes	267,733	722,147	(454,414)
Balances at the end of the period	\$ 10,875,040	\$ 9,003,921	\$ 1,871,119

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the Salaried Plan, calculated using the discount rate of 6.50 percent, as well as what the Salaried Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50 percent) or 1 percentage point higher (7.50 percent) than the current rate:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Salaried Plan Net Pension Liability	\$ 3,036,856	\$ 1,871,119	\$ 890,017

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2025, the Salaried Plan recognized pension expense of \$520,672. At June 30, 2025, the Plan reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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June 30, 2025

14. **DEFINED BENEFIT PENSION PLANS (HOURLY AND SALARIED) (Continued)**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 234,091	\$ -
Changes of assumptions	10,615	93,970
Net difference between projected and actual earnings on pension plan investments	<u>751,833</u>	<u>839,338</u>
	<u>\$ 996,539</u>	<u>\$ 933,308</u>

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

Year ended June 30:

2026	\$ (6,980)
2027	283,158
2028	(132,192)
2029	(80,755)
2030	-
Thereafter	<u>-</u>
Subtotal - all years	<u>\$ 63,231</u>

Payable to the Pension Plan

At June 30, 2025, the Salaried Plan did not report any payables for outstanding amounts of contributions to the pension plan required for the year ended June 30, 2025.

15. **PENSION INFORMATION**

As required by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the table below presents the aggregate amount of pension expenses, pension liabilities (assets), and deferred inflows and outflows for the three defined benefit pension plans.

	<u>New Bedford Contributory Retirement Plan</u>	<u>Hourly Plan</u>	<u>Salaried Plan</u>	<u>Total</u>
Pension Expenses	\$ 334,259	\$ 774,906	\$ 520,672	\$ 1,629,837
Net Pension Liability (Asset)	2,363,068	2,940,594	1,871,119	7,174,781
Deferred Outflows	431,057	2,589,205	996,539	4,016,801
Deferred Inflows	91,324	3,736,434	933,308	4,761,066

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June 30, 2025

16. **OTHER POST EMPLOYMENT BENEFITS**

General Information about the OPEB Plan

Plan description. The Authority provides health, life and dental insurance benefits to actives, retirees, their dependents and beneficiaries in accordance with Chapter 32B of Massachusetts General Laws under various contributory plans. Specific benefit provisions and contribution rates are established by collective-bargaining agreements, state laws and the Authority. All benefits are provided through third-party insurance carriers and health maintenance organizations that administer, assume and pay all claims for specific plans. The Plan does not issue a standalone financial report.

GASB Statement No. 75 requires the following disclosures in the financial statements:

Benefits provided. The Authority provides retiree medical, dental and life insurances. Employees are eligible for the retiree medical plan at age 55 and the completion of 10 years of service (if hired before April 2, 2012) or with 20 years of service regardless of age. Those hired on or after April 2, 2012 shall be eligible to retire upon attainment of age 60 with 10 years of credible service. Retirees shall pay 25% of the premiums in retirement.

The eligibility requirements for the dental and life insurance plans are the same as they are for the medical plan. However, employees will pay 0% of the premiums in retirement for the dental plan and 25% of the premiums in retirement for the life insurance plan.

Employees covered by benefit terms. At June 30, 2025 (the measurement date), the following employees were covered by the benefit terms:

Active plan members	<u>8</u>
Subtotal	<u><u>8</u></u>

Contributions. The contribution requirements of plan members and the Authority are established and may be amended through Authority ordinances. For the period ending on the June 30, 2025 measurement date, total Authority premiums plus implicit costs for the retiree medical program are \$2,401. The Authority has also made a contribution to the OPEB Trust of \$31,612 for a total contribution of \$34,013.

Net OPEB Liability

The Authority's net OPEB liability was measured as of June 30, 2025, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2023, rolled forward to the measurement date.

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June 30, 2025

16. **OTHER POST EMPLOYMENT BENEFITS (Continued)**

Actuarial assumptions. The total OPEB liability at the measurement date of June 30, 2025 (valuation date of July 1, 2023) was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date:	July 1, 2023
Measurement Date:	June 30, 2025
Reporting Date:	June 30, 2025
Actuarial Cost Method:	Individual Entry Age Normal
Single Equivalent Discount Rate:	5.89%, net of OPEB plan investment expense, including inflation (decreased from 6.12%)
Compensation Increases:	3.00% per year
Inflation Rate:	2.50% per year
Healthcare Cost Trend Rates (including dental plans):	Getzen Model of Long-Run Medical Cost Trends for Active and Medicare supplement plans: Initial Trend of 4.96% increase for 2025 and an ultimate trend rate of 3.63% in fiscal year 2060.
Mortality Tables:	RP-2014 Blue Collar Employees projected generationally with scale MP-2016
Participation:	80% of future retirees are assumed to participate in the retiree medical plan upon retirement. 100% of future retirees are expected to elect life insurance.

The actuarial assumptions used in the July 1, 2023 valuation were based on the results the experience of the plan and reasonable expectations and, in combination, represent the best estimate of the anticipated experience under the plan.

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June 30, 2025

16. ***OTHER POST EMPLOYMENT BENEFITS (Continued)***

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (assumed at 2.5% per year). The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic Equity - Large Cap	38.00%	4.52%
Domestic Equity - Small/Mid Cap	3.75%	5.06%
International Equity - Developed Market	5.75%	5.08%
International Equity - Emerging Market	2.00%	5.80%
Domestic Fixed Income	40.25%	2.44%
International Fixed Income	3.50%	2.13%
Alternatives	3.25%	6.09%
Real Estate	2.00%	3.73%
Cash & Cash Equivalents	1.50%	0.00%
Total	100.00%	3.64%

Discount rate. The single equivalent discount rate used to measure the total OPEB liability was 5.89 percent (up from 6.12 percent at the prior measurement date). The projection of cash flows used to determine the discount rate assumed that Authority contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB Plan's Fiduciary Net Position is projected to be sufficient to make all projected benefit payments to current plan members. Therefore, the long-term expected rate of return on the OPEB Plan assets is applied to the projected benefits payments which the Fiduciary Net Position is expected to be sufficient to cover and the Municipal Bond Rate would be applied thereafter. The Municipal Bond Rate is based on the S&P Municipal Bond 20 – Year High Grade Index ("SAPIHG"), which was 4.81% as of June 30, 2025. The S&P Municipal Bond 20 - Year High Grade Index is the index rate for 20 – Year, tax exempt general obligation municipal bonds with an average rate of AA/Aa or higher.

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Notes to Financial Statements (Continued)

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16. **OTHER POST EMPLOYMENT BENEFITS (Continued)**

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at the beginning of the period (GASB 75)	\$ 373,955	\$ 312,626	\$ 61,329
Changes for the year:			
Service cost	25,641	-	25,641
Interest on Total OPEB Liability, Service Cost, and Benefit Payments	24,383	-	24,383
Changes in assumptions	14,829	-	14,829
Contributions - employer	-	34,013	(34,013)
Net investment income	-	26,153	(26,153)
Benefit payments withdrawn from the Trust	-	(2,401)	2,401
Benefit payments excluding Implicit Cost	(1,613)	-	(1,613)
Implicit Cost amount	(788)	-	(788)
Net changes	62,452	57,765	4,687
Balances at the end of the period	\$ 436,407	\$ 370,391	\$ 66,016

Sensitivity of the net OPEB liability to changes in the discount rate. The following presents the net OPEB liability of the Authority, as well as what the Authority's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.89 percent) or 1-percentage-point higher (6.89 percent) than the current discount rate:

	1% Decrease (4.89%)	Current Discount Rate (5.89%)	1% Increase (6.89%)
Net OPEB Liability (Asset)	\$ 163,093	\$ 66,016	\$ (8,901)

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the net OPEB liability of the Authority, as well as what the Authority's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Trend	1% Increase
Net OPEB Liability (Asset)	\$ (25,682)	\$ 66,016	\$ 191,040

OPEB plan fiduciary net position. Detailed information about the OPEB plan's fiduciary net position is available in this report on the "Fiduciary Fund" page.

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16. ***OTHER POST EMPLOYMENT BENEFITS (Continued)***

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2025, the Authority recognized OPEB expense of \$15,029. At June 30, 2025, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 26,681	\$ 52,002
Changes of assumptions	37,880	45,560
Net difference between projected and actual earnings on pension plan investments	-	8,672
	<u>\$ 64,561</u>	<u>\$ 106,234</u>

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

Year ended June 30:

2026	\$ (10,382)
2027	(10,711)
2028	(15,373)
2029	(3,134)
2030	(4,194)
Thereafter	<u>2,121</u>
Subtotal - all years	<u>\$ (41,673)</u>

Payable to the OPEB Plan

At June 30, 2025, the Authority reported a payable of \$28,835 for the outstanding amount of contributions to the OPEB Trust required for the year ended June 30, 2025.

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Notes to Financial Statements (Continued)

June 30, 2025

17. ***DEFERRED COMPENSATION PLANS***

Certain employees of the Authority are eligible to contribute to a deferred compensation plan pursuant to Section 457 of the Internal Revenue Code ("IRC"). Under this plan, the Authority withholds the amount of compensation mutually agreed upon with each participant up to a prescribed limit outlined in the plan.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights shall be held in one or more annuity contracts, issued by an insurance company qualified to do business in the state where the contract was issued, for the exclusive benefit of participants and beneficiaries under the plan. The Authority disclaims any and all rights with respect to entitlement to proceeds of any plan as set and deems them reserved solely for the benefit of participants under the terms of the plan.

Certain employees of the Authority are eligible to contribute to a deferred compensation plan pursuant to Section 401 of the IRC and ERISA Section 501. At the end of the plan year there were eight (8) participants and the net plan assets totaled \$446,100.

18. ***RISK MANAGEMENT***

In conjunction with its normal operations, the Authority is exposed to various risks of loss related to torts, theft of, damage to and destruction of property and injuries to employees. The Authority purchases commercial insurance from independent third parties to cover these risks. There have been no claims that have exceeded insurance coverage.

GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, requires that liabilities for self-insured claims be reported when it is probable that a loss has been incurred and the amounts 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, 2025.

19. ***LEGAL AND OTHER***

The Authority is involved in numerous lawsuits, claims and grievances arising in the normal course of business, including claims for personal injury and personnel practices, property damage, and disputes. In the opinion of the General Counsel to the Authority, payment of claims by the Authority, for amounts not covered by insurance, in the aggregate, are not expected to have a material adverse effect on the Authority's financial position.

20. ***ECONOMIC DEPENDENCY***

The Authority received a substantial amount of its support from federal and state governments. A significant reduction of this support, if this were to occur, may have an effect on operations.

SOUTHEASTERN REGIONAL TRANSIT AUTHORITY
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Notes to Financial Statements (Continued)

June 30, 2025

21. ***TRANSIT SERVICE – PUBLIC PRIVATE PARTNERSHIP (GASB STATEMENT NO. 94)***

First Transit, Inc. – Public-Private Partnership

The Authority entered into a public-private partnership with First Transit, Inc. for the purpose of obtaining transit management services, as the Authority may not directly operate its mass transportation service in accordance with MGL Chapter 161B, Section 25. Under this partnership, First Transit, Inc. serves as an operator through its wholly owned subsidiary South Coast Transit Management, Inc. (SCTM), which provides the performance of the actual fixed route and ADA paratransit operations for the Authority; however, the routes and schedules of the services provided are still defined by the Authority. In return, the Authority agrees to pay First Transit, Inc. a management fee and additionally agrees to reimburse SCTM for all costs and expenses which are reasonable and necessary for the efficient operations of the service. The initial term of the partnership is for five (5) years beginning June of 2022.

For accounting purposes, the partnership liability and associated deferred outflows of resources are reported at the present value of the future partnership installment payments using 3.75% interest rate. This rate was estimated based on the RAN issued in August of 2022.

The monthly installment payments were used to calculate the present value of the partnership liability. As of June 30, 2025, the principal and interest requirements to maturity for the partnership are as follows:

<u>Year Ended</u>			
<u>June 30</u>	<u>Payment</u>	<u>Principal</u>	<u>Interest</u>
2026	581,537	541,470	40,067
2027	546,751	526,989	19,762
	<u>\$ 1,128,288</u>	<u>\$ 1,068,459</u>	<u>\$ 59,829</u>

The initial present value of the monthly installment payments was \$2,490,615. The balance of the liability at June 30, 2025 was \$1,068,460.

22. ***SUBSEQUENT EVENTS***

For purposes of determining the effects of subsequent events on these financial statements, management has evaluated events which have occurred subsequent to June 30, 2025, and through October 21, 2025, the date on which the financial statements were available to be issued.

Massachusetts Department of Transportation signed the 2026 fiscal year's contract assistance in the amount of \$12,342,139 of which \$6,724,704 was received by the Authority on August 14, 2025. In addition, the Massachusetts Department of Transportation issued a supplemental contract assistance award for fiscal year 2026 in the amount of \$1,928,459 of which was received by the Authority on September 22, 2025.

The Authority issued a Revenue Anticipation Note (RAN) dated August 15, 2025 in the amount of \$7,500,000, with an interest rate of 4.00%. The due date of the RAN is August 14, 2026 and is to be used to fund operating expenses.

SOUTHEASTERN REGIONAL TRANSIT AUTHORITY
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Notes to Financial Statements (Continued)

June 30, 2025

23. ***FUTURE IMPLEMENTATION OF GASB PRONOUNCEMENTS***

The GASB has issued the following statements:

- GASB Statement No. 103, *Financial Reporting Model Improvements*, which is required to be implemented during fiscal year 2026. Management will evaluate the potential impact that the implementation of this Statement will have on the financial statements at some point in the future.
- GASB Statement No. 104, *Disclosure of Certain Capital Assets*, which is required to be implemented during fiscal year 2027. Management will evaluate the potential impact that the implantation of this Statement will have on the financial statements at some point in the future.

Earlier application of these statements is encouraged. For the original pronouncements and the related implementation guides, please visit the GASB's website, www.gasb.org.

24. ***810 CMR 53.03(2) DISCLOSURE***

The Administrator (CEO), date of hire November 30, 2011, compensation for fiscal year 2025 was \$154,350. The CEO was paid \$2,968.27 for one week of unused vacation time buyback as per the Authority's personnel policies. The CEO receives a family health insurance plan and contributes 25% of the cost of the premium.

The Deputy Administrator & CFO, date of hire October 5, 2011, compensation for fiscal year 2025 was \$137,812.50. The Deputy Administrator & CFO receives a family health insurance plan and contributes 25% of the cost of the premium.

Advisory Board members and officers do not receive compensation.

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SOUTHEASTERN REGIONAL TRANSIT AUTHORITY
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Required Supplementary Information

Schedule of the Authority's Proportionate Share of the Net Pension Liability –
New Bedford Contributory Retirement

Last 10 Fiscal Years

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Authority's proportion of the net pension liability (asset)	0.6100%	0.5581%	0.5395%	0.5900%	0.5200%
Authority's proportionate share of the net pension liability (asset)	\$ 2,363,068	\$ 2,324,204	\$ 2,297,495	\$ 2,007,508	\$ 1,811,336
Authority's covered employee payroll	\$ 843,151	\$ 773,461	\$ 622,433	\$ 554,213	\$ 529,562
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	280.27%	300.49%	369.12%	362.23%	342.04%
Plan fiduciary net position as a percentage of the total pension liability	57.00%	52.70%	49.44%	58.30%	54.09%
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Authority's proportion of the net pension liability (asset)	0.5200%	0.4900%	0.4995%	0.4609%	0.4954%
Authority's proportionate share of the net pension liability (asset)	\$ 1,964,750	\$ 2,023,934	\$ 1,872,431	\$ 1,619,608	\$ 1,652,859
Authority's covered employee payroll	\$ 499,350	\$ 488,915	\$ 412,299	\$ 466,665	\$ 425,766
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	393.46%	413.96%	454.14%	347.06%	388.21%
Plan fiduciary net position as a percentage of the total pension liability	49.20%	43.05%	47.29%	46.29%	44.37%

See independent auditor's report

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

Required Supplementary Information

Schedule of Employer Contributions –
New Bedford Contributory Retirement

Last 10 Fiscal Years

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Authority's contractually required contribution	\$ 280,783	\$ 242,765	\$ 220,470	\$ 228,542	\$ 191,107
Authority's contributions in relation to the contractually required contribution	<u>280,783</u>	<u>242,765</u>	<u>220,470</u>	<u>228,542</u>	<u>191,107</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered-employee payroll	\$ 843,151	\$ 773,461	\$ 622,433	\$ 554,213	\$ 529,562
Contributions as a percentage of covered-employee payroll	33.30%	31.39%	35.42%	41.24%	36.09%

Notes to Schedule

Valuation Date:

The January 1, 2024 actuarial valuation was used, in accordance with the parameters of GASB Statement No. 68, rolled forward for the December 31, 2024 measurement date.

Methods and assumptions used to determine contribution rates:

Contribution rates are recommended by the System's independent actuary and are approved by PERAC in order to comply with the applicable funding statute (MGL Chapter 32 Section 22F)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Authority's contractually required contribution	\$ 181,316	\$ 162,112	\$ 160,188	\$ 147,741	\$ 147,741
Authority's contributions in relation to the contractually required contribution	<u>181,316</u>	<u>162,112</u>	<u>160,188</u>	<u>147,741</u>	<u>147,741</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered-employee payroll	\$ 499,350	\$ 488,915	\$ 412,299	\$ 466,665	\$ 425,766
Contributions as a percentage of covered-employee payroll	36.31%	33.16%	38.85%	31.66%	34.70%

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

Required Supplementary Information

Schedule of Changes in the Net Pension Liability and Related Ratios – Hourly Plan

Last 10 Fiscal Years

	2025	2024	2023	2022	2021
Total pension liability					
Service cost	\$ 878,278	\$ 900,373	\$ 671,673	\$ 782,619	\$ 701,801
Interest	1,841,082	1,745,308	1,667,612	1,632,693	1,584,667
Differences between expected and actual experience	(579,107)	(1,341,972)	(113,538)	(747,492)	318,704
Changes in assumptions	(291,911)	184,256	1,105,426	(1,008,977)	754,615
Changes in benefit terms	-	-	826,281	-	-
Benefit payments, including refunds of employee contributions	(1,565,848)	(1,488,213)	(1,390,178)	(1,376,496)	(1,267,214)
Net change in total pension liability	282,494	(248)	2,767,276	(717,653)	2,092,573
Total pension liability - beginning	28,490,844	28,491,092	25,723,816	26,441,469	24,348,896
Total pension liability - ending (a)	<u>\$ 28,773,338</u>	<u>\$ 28,490,844</u>	<u>\$ 28,491,092</u>	<u>\$ 25,723,816</u>	<u>\$ 26,441,469</u>
Plan fiduciary net position					
Contributions - employer	\$ 1,436,411	\$ 932,049	\$ 1,289,476	\$ 1,152,359	\$ 1,005,742
Other contributions ⁽¹⁾	-	-	-	-	-
Net investment income	2,568,555	2,178,725	(3,548,956)	5,537,200	98,037
Benefit payments, including refunds of employee contributions	(1,565,848)	(1,488,213)	(1,390,178)	(1,376,496)	(1,267,214)
Administrative expense	(5,000)	(104,814)	(97,031)	(33,606)	(14,744)
Net change in plan fiduciary net position	2,434,118	1,517,747	(3,746,689)	5,279,457	(178,179)
Plan fiduciary net position - beginning	23,398,626	21,880,879	25,627,568	20,348,111	20,526,290
Plan fiduciary net position - ending (b)	<u>\$ 25,832,744</u>	<u>\$ 23,398,626</u>	<u>\$ 21,880,879</u>	<u>\$ 25,627,568</u>	<u>\$ 20,348,111</u>
Hourly Plan's net pension liability - ending (a) - (b)	<u>\$ 2,940,594</u>	<u>\$ 5,092,218</u>	<u>\$ 6,610,213</u>	<u>\$ 96,248</u>	<u>\$ 6,093,358</u>
Plan fiduciary net position as a percentage of the total pension liability	89.78%	82.13%	76.80%	99.63%	76.96%
Covered-employee payroll	\$ 8,737,977	\$ 7,995,519	\$ 7,756,952	\$ 6,825,779	\$ 7,658,584
Hourly Plan's net pension liability as a percentage of covered employee payroll	33.65%	63.69%	85.22%	1.41%	79.56%

⁽¹⁾ A transfer of assets and liabilities was made for participants who moved from a bargained to a salaried status under the normal operation of the plan.

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SOUTHEASTERN REGIONAL TRANSIT AUTHORITY
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Schedule of Changes in the Net Pension Liability and Related Ratios – Hourly Plan

Last 10 Fiscal Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Total pension liability					
Service cost	\$ 612,517	\$ 551,377	\$ 666,967	\$ 499,413	\$ 478,461
Interest	1,573,589	1,483,051	1,397,531	1,405,327	1,342,457
Differences between expected and actual experience	(498,377)	137,727	(720,682)	(110,703)	(14,150)
Changes in assumptions	529,718	1,091,647	(2,036,526)	2,125,310	129,136
Changes in benefit terms	-	-	130,984	-	-
Benefit payments, including refunds of employee contributions	<u>(1,211,457)</u>	<u>(1,179,095)</u>	<u>(1,136,275)</u>	<u>(1,114,642)</u>	<u>(1,040,049)</u>
Net change in total pension liability	1,005,990	2,084,707	(1,698,001)	2,804,705	895,855
Total pension liability - beginning	<u>23,342,906</u>	<u>21,258,199</u>	<u>22,956,200</u>	<u>20,151,495</u>	<u>19,255,640</u>
Total pension liability - ending (a)	<u><u>\$ 24,348,896</u></u>	<u><u>\$ 23,342,906</u></u>	<u><u>\$ 21,258,199</u></u>	<u><u>\$ 22,956,200</u></u>	<u><u>\$ 20,151,495</u></u>
Plan fiduciary net position					
Contributions - employer	\$ 832,409	\$ 870,050	658,392	783,617	817,454
Other contributions ⁽¹⁾	-	-	(2,819)	(159,760)	-
Net investment income	1,042,955	1,562,065	2,792,716	(848,314)	45,708
Benefit payments, including refunds of employee contributions	(1,211,457)	(1,179,095)	(1,136,275)	(1,114,642)	(1,040,049)
Administrative expense	<u>(16,745)</u>	<u>(20,622)</u>	<u>(10,972)</u>	<u>(26,662)</u>	<u>(16,424)</u>
Net change in plan fiduciary net position	647,162	1,232,398	2,301,042	(1,365,761)	(193,311)
Plan fiduciary net position - beginning	<u>19,879,128</u>	<u>18,646,730</u>	<u>16,345,688</u>	<u>17,711,449</u>	<u>17,904,760</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 20,526,290</u></u>	<u><u>\$ 19,879,128</u></u>	<u><u>\$ 18,646,730</u></u>	<u><u>\$ 16,345,688</u></u>	<u><u>\$ 17,711,449</u></u>
Hourly Plan's net pension liability - ending (a) - (b)	<u><u>\$ 3,822,606</u></u>	<u><u>\$ 3,463,778</u></u>	<u><u>\$ 2,611,469</u></u>	<u><u>\$ 6,610,512</u></u>	<u><u>\$ 2,440,046</u></u>
Plan fiduciary net position as a percentage of the total pension liability	84.30%	85.16%	87.72%	71.20%	87.89%
Covered-employee payroll	\$ 6,961,306	\$ 6,449,524	\$ 5,990,897	\$ 5,989,703	\$ 5,654,202
Hourly Plan's net pension liability as a percentage of covered employee payroll	54.91%	53.71%	43.59%	110.36%	43.15%

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SOUTHEASTERN REGIONAL TRANSIT AUTHORITY
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Required Supplementary Information

Schedule of Contributions – Hourly Plan and the
Schedule of Money-Weighted Rate of Return for the Hourly Plan

Last 10 Fiscal Years

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Actuarially determined contribution	\$ 1,412,695	\$ 1,385,332	\$ 999,140	\$ 1,193,188	\$ 1,141,661
Contributions in relation to the actuarially determined contribution	<u>1,436,411</u>	<u>932,049</u>	<u>1,289,476</u>	<u>1,152,359</u>	<u>1,005,742</u>
Contribution deficiency (excess)	<u>\$ (23,716)</u>	<u>\$ 453,283</u>	<u>\$ (290,336)</u>	<u>\$ 40,829</u>	<u>\$ 135,919</u>
Covered-employee payroll	\$ 8,737,977	\$ 7,995,519	\$ 7,756,952	\$ 6,825,779	\$ 7,658,584
Contributions as a percentage of covered-employee payroll	16.44%	11.66%	16.62%	16.88%	13.13%

Notes to Schedule

Valuation Date:

A measurement date of June 30, 2024 has been used for the
fiscal year ending June 30, 2025.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Cost Method, level percent of pay
Asset Valuation Method	Market value of assets as of the measurement date
Inflation	2.40% long-term
Salary Increases	4.00% increase each year until retirement
Investment Rate of Return	6.50% (weighted average rate)
Retirement Age	Active and inactive participants are assumed to retire at normal retirement age, or current age if later, as defined in the Summary of Plan Provisions.
Mortality	2024 IRS Prescribed Mortality - Optional Combined Table for Small Plans, male and female, before and during benefit payment period

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Actuarially determined contribution	\$ 1,042,554	\$ 821,682	\$ 886,046	\$ 790,070	\$ 783,617
Contributions in relation to the actuarially determined contribution	<u>832,409</u>	<u>870,050</u>	<u>658,392</u>	<u>783,617</u>	<u>817,454</u>
Contribution deficiency (excess)	<u>\$ 210,145</u>	<u>\$ (48,368)</u>	<u>\$ 227,654</u>	<u>\$ 6,453</u>	<u>\$ (33,837)</u>
Covered-employee payroll	\$ 6,961,306	\$ 6,449,524	\$ 5,990,897	\$ 5,990,897	\$ 5,989,703
Contributions as a percentage of covered-employee payroll	11.96%	13.49%	10.99%	13.08%	13.65%

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SOUTHEASTERN REGIONAL TRANSIT AUTHORITY
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Required Supplementary Information

Schedule of Contributions – Hourly Plan and the
Schedule of Money-Weighted Rate of Return for the Hourly Plan

Last 10 Fiscal Years

Schedule of Money-Weighted Rate of Return – Hourly Plan

	2025	2024	2023	2022	2021
Money-weighted rate of return	11.01%	10.13%	-13.92%	27.43%	0.48%

	2020	2019	2018	2017	2016
Money-weighted rate of return	5.32%	8.46%	17.35%	-5.78%	0.26%

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SOUTHEASTERN REGIONAL TRANSIT AUTHORITY
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Required Supplementary Information

Schedule of Changes in the Net Pension Liability and Related Ratios – Salaried Plan

Last 10 Fiscal Years

	2025	2024	2023	2022	2021
Total pension liability					
Service cost	\$ 202,351	\$ 225,733	\$ 225,423	\$ 216,555	\$ 221,576
Interest	679,604	656,305	634,804	615,334	595,325
Changes in benefit terms	-	-	-	-	-
Differences between expected and actual experience	186,479	149,799	79,337	67,348	85,247
Changes in assumptions	(124,836)	17,227	9,297	(26,392)	(26,862)
Change in benefit terms	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(675,865)	(657,747)	(585,867)	(568,812)	(563,727)
Net change in total pension liability	267,733	391,317	362,994	304,033	311,559
Total pension liability - beginning	10,607,307	10,215,990	9,852,996	9,548,963	9,237,404
Total pension liability - ending (a)	<u>\$ 10,875,040</u>	<u>\$ 10,607,307</u>	<u>\$ 10,215,990</u>	<u>\$ 9,852,996</u>	<u>\$ 9,548,963</u>
Plan fiduciary net position					
Contributions - employer	\$ 551,434	\$ 308,278	\$ 486,416	\$ 381,358	\$ 365,779
Other contributions ⁽¹⁾	-	-	-	-	-
Net investment income	934,970	822,859	(1,277,201)	2,087,803	79,988
Benefit payments, including refunds of employee contributions	(675,865)	(657,747)	(585,867)	(568,812)	(563,727)
Administrative expense	(88,392)	(89,026)	(66,882)	(42,192)	(31,683)
Other	-	-	-	-	-
Net change in plan fiduciary net position	722,147	384,364	(1,443,534)	1,858,157	(149,643)
Plan fiduciary net position - beginning	8,281,774	7,897,410	9,340,944	7,482,787	7,632,430
Plan fiduciary net position - ending (b)	<u>\$ 9,003,921</u>	<u>\$ 8,281,774</u>	<u>\$ 7,897,410</u>	<u>\$ 9,340,944</u>	<u>\$ 7,482,787</u>
Salaried Plan's net pension liability - ending (a) - (b)	<u>\$ 1,871,119</u>	<u>\$ 2,325,533</u>	<u>\$ 2,318,580</u>	<u>\$ 512,052</u>	<u>\$ 2,066,176</u>
Plan fiduciary net position as a percentage of the total pension liability	82.79%	78.08%	77.30%	94.80%	78.36%
Covered-employee payroll	\$ 1,982,380	\$ 2,013,845	\$ 1,991,209	\$ 1,737,323	\$ 1,620,648
Salaried Plan's net pension liability as a percentage of covered employee payroll	94.39%	115.48%	116.44%	29.47%	127.49%

⁽¹⁾ A transfer of assets and liabilities was made for participants who moved from a bargained to a salaried status under the normal operation of the plan.

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SOUTHEASTERN REGIONAL TRANSIT AUTHORITY
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Required Supplementary Information

Schedule of Changes in the Net Pension Liability and Related Ratios – Salaried Plan

Last 10 Fiscal Years

	2020	2019	2018	2017	2016
Total pension liability					
Service cost	\$ 193,671	\$ 154,180	\$ 183,518	\$ 144,110	\$ 158,780
Interest	580,460	544,420	517,265	484,292	479,405
Changes in benefit terms	-	-	-	-	-
Differences between expected and actual experience	87,586	173,816	(146,902)	156,886	(185,781)
Changes in assumptions	195,123	381,871	13,657	13,315	(42,284)
Change in benefit terms	-	-	236,148	-	-
Benefit payments, including refunds of employee contributions	(479,166)	(450,573)	(329,325)	(365,720)	(320,244)
Net change in total pension liability	577,674	803,714	474,361	432,883	89,876
Total pension liability - beginning	8,659,730	7,856,016	7,381,655	6,948,772	6,858,896
Total pension liability - ending (a)	<u>\$ 9,237,404</u>	<u>\$ 8,659,730</u>	<u>\$ 7,856,016</u>	<u>\$ 7,381,655</u>	<u>\$ 6,948,772</u>
Plan fiduciary net position					
Contributions - employer	\$ 259,992	343,163	203,002	237,824	259,296
Other contributions ⁽¹⁾	-	-	-	159,760	-
Net investment income	395,899	615,300	1,056,344	(209,692)	38,093
Benefit payments, including refunds of employee contributions	(479,166)	(450,573)	(329,325)	(365,720)	(320,244)
Administrative expense	(35,601)	(39,913)	(30,263)	(43,263)	(30,013)
Other	-	-	2,819	-	-
Net change in plan fiduciary net position	141,124	467,977	902,577	(221,091)	(52,868)
Plan fiduciary net position - beginning	7,491,306	7,023,329	6,120,752	6,341,843	6,394,711
Plan fiduciary net position - ending (b)	<u>\$ 7,632,430</u>	<u>\$ 7,491,306</u>	<u>\$ 7,023,329</u>	<u>\$ 6,120,752</u>	<u>\$ 6,341,843</u>
Salaried Plan's net pension liability - ending (a) - (b)	<u>\$ 1,604,974</u>	<u>\$ 1,168,424</u>	<u>\$ 832,687</u>	<u>\$ 1,260,903</u>	<u>\$ 606,929</u>
Plan fiduciary net position as a percentage of the total pension liability	82.63%	86.51%	89.40%	82.92%	91.27%
Covered-employee payroll	\$ 1,447,120	\$ 1,443,635	\$ 1,284,184	\$ 1,451,933	\$ 1,272,201
Salaried Plan's net pension liability as a percentage of covered employee payroll	110.91%	80.94%	64.84%	86.84%	47.71%

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

Required Supplementary Information

Schedule of Contributions – Salaried Plan and the
Schedule of Money-Weighted Rate of Return for the Salaried Plan

Last 10 Fiscal Years

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Actuarially determined contribution	\$ 516,949	\$ 542,677	\$ 323,884	\$ 460,490	\$ 418,460
Contributions in relation to the actuarially determined contribution	<u>551,434</u>	<u>308,278</u>	<u>486,416</u>	<u>381,358</u>	<u>365,779</u>
Contribution deficiency (excess)	<u>\$ (34,485)</u>	<u>\$ 234,399</u>	<u>\$ (162,532)</u>	<u>\$ 79,132</u>	<u>\$ 52,681</u>
Covered-employee payroll	\$ 1,982,380	\$ 2,013,845	\$ 1,991,209	\$ 1,737,323	\$ 1,620,648
Contributions as a percentage of covered-employee payroll	27.82%	15.31%	24.43%	21.95%	22.57%

Notes to Schedule

Valuation Date:

A measurement date of June 30, 2024 has been used for the
fiscal year ending June 30, 2025.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Cost Method, level percent of pay
Asset Valuation Method	Market value of assets as of the measurement date
Inflation	2.40% long-term
Salary Increases	3.5% increase each year until retirement
Investment Rate of Return	6.50% (weighted average rate)
Retirement Age	Active and inactive participants are assumed to retire at normal retirement age, or current age if later.
Mortality	2024 IRS Prescribed Mortality - Optional Combined Table for Small Plans, male and female, during benefit payment period 2024 IRS Prescribed Mortality - Optional Combined Table for Small Plans, male and female, before benefit payment period

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Actuarially determined contribution	\$ 359,143	\$ 265,973	\$ 363,075	\$ 243,602	\$ 237,824
Contributions in relation to the actuarially determined contribution	<u>259,992</u>	<u>343,163</u>	<u>203,002</u>	<u>237,824</u>	<u>259,296</u>
Contribution deficiency (excess)	<u>\$ 99,151</u>	<u>\$ (77,190)</u>	<u>\$ 160,073</u>	<u>\$ 5,778</u>	<u>\$ (21,472)</u>
Covered-employee payroll	\$ 1,447,120	\$ 1,443,635	\$ 1,284,184	\$ 1,451,933	\$ 1,272,201
Contributions as a percentage of covered-employee payroll	17.97%	23.77%	15.81%	16.38%	20.38%

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SOUTHEASTERN REGIONAL TRANSIT AUTHORITY
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Required Supplementary Information

Schedule of Contributions – Salaried Plan and the
Schedule of Money-Weighted Rate of Return for the Salaried Plan

Last 10 Fiscal Years

Schedule of Money-Weighted Rate of Return – Salaried Plan

	2025	2024	2023	2022	2021
Money-weighted rate of return	11.44%	10.72%	-13.79%	28.37%	1.07%
	2020	2019	2018	2017	2016
Money-weighted rate of return	5.39%	8.86%	17.55%	-3.36%	0.60%

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SOUTHEASTERN REGIONAL TRANSIT AUTHORITY
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Required Supplementary Information

Schedule of Changes in the Authority's Net OPEB Liability and Related Ratios

Last 10 Fiscal Years*

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Total OPEB liability					
Service cost	\$ 25,641	\$ 28,564	\$ 26,016	\$ 21,043	\$ 16,448
Interest on total OPEB liability, service cost and benefit payments	24,383	19,559	16,928	18,004	16,066
Differences between expected and actual experience	-	37,353	-	(76,491)	-
Changes in assumptions	14,829	(60,826)	17,466	7,429	42,003
Benefit payments, including implicit cost	(2,401)	(870)	(65)	(4,027)	(3,867)
Net change in total OPEB liability	62,452	23,780	60,345	(34,042)	70,650
Total OPEB liability - beginning	373,955	350,175	289,830	323,872	253,222
Total OPEB liability - ending (a)	<u>\$ 436,407</u>	<u>\$ 373,955</u>	<u>\$ 350,175</u>	<u>\$ 289,830</u>	<u>\$ 323,872</u>
Plan fiduciary net position					
Contributions - employer	\$ 34,013	\$ 31,064	\$ 24,633	\$ 23,884	\$ 22,269
Contributions - employee	-	-	-	-	-
Net investment income	26,153	26,412	19,239	(17,290)	32,400
Benefit payments, including refunds of employee contributions	(2,401)	(870)	(65)	(4,027)	(3,867)
Net change in plan fiduciary net position	57,765	56,606	43,807	2,567	50,802
Plan fiduciary net position - beginning	312,626	256,020	212,213	209,646	158,844
Plan fiduciary net position - ending (b)	<u>\$ 370,391</u>	<u>\$ 312,626</u>	<u>\$ 256,020</u>	<u>\$ 212,213</u>	<u>\$ 209,646</u>
Authority's net OPEB liability - ending (a) - (b)	<u>\$ 66,016</u>	<u>\$ 61,329</u>	<u>\$ 94,155</u>	<u>\$ 77,617</u>	<u>\$ 114,226</u>
Plan fiduciary net position as a percentage of the total OPEB liability	84.87%	83.60%	73.11%	73.22%	64.73%
Covered-employee payroll	\$ 845,671	\$ 821,040	\$ 643,594	\$ 624,849	\$ 479,314
Authority's net OPEB liability as a percentage of covered employee payroll	7.81%	7.47%	14.63%	12.42%	23.83%

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SOUTHEASTERN REGIONAL TRANSIT AUTHORITY
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Schedule of Changes in the Authority's Net OPEB Liability and Related Ratios

Last 10 Fiscal Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB liability				
Service cost	\$ 15,810	\$ 19,738	\$ 14,925	\$ 24,539
Interest on total OPEB liability, service cost and benefit payments	17,340	15,932	14,791	16,087
Differences between expected and actual experience	(24,896)	-	-	(41,081)
Changes in assumptions	(14,766)	-	-	-
Benefit payments, including implicit cost	<u>(3,730)</u>	<u>(14,537)</u>	<u>(17,951)</u>	<u>(3,609)</u>
Net change in total OPEB liability	(10,242)	21,133	11,765	(4,064)
Total OPEB liability - beginning	<u>263,464</u>	<u>242,331</u>	<u>230,566</u>	<u>234,630</u>
Total OPEB liability - ending (a)	<u><u>\$ 253,222</u></u>	<u><u>\$ 263,464</u></u>	<u><u>\$ 242,331</u></u>	<u><u>\$ 230,566</u></u>
Plan fiduciary net position				
Contributions - employer	\$ 22,847	\$ 34,187	\$ 124,037	\$ 3,609
Contributions - employee	-	-	-	(3,609)
Net investment income	4,782	8,126	1,083	-
Benefit payments, including refunds of employee contributions	<u>(3,730)</u>	<u>(14,537)</u>	<u>(17,951)</u>	<u>-</u>
Net change in plan fiduciary net position	23,899	27,776	107,169	-
Plan fiduciary net position - beginning	<u>134,945</u>	<u>107,169</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 158,844</u></u>	<u><u>\$ 134,945</u></u>	<u><u>\$ 107,169</u></u>	<u><u>\$ -</u></u>
Authority's net OPEB liability - ending (a) - (b)	<u><u>\$ 94,378</u></u>	<u><u>\$ 128,519</u></u>	<u><u>\$ 135,162</u></u>	<u><u>\$ 230,566</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	62.73%	51.22%	44.22%	0.00%
Covered-employee payroll	\$ 465,353	\$ 479,918	\$ 465,940	\$ 465,940
Authority's net OPEB liability as a percentage of covered employee payroll	20.28%	26.78%	29.01%	49.48%

** - Per GASB Statement No. 75, the Authority is not required to retrospectively present its' 10-year RSI schedules, as this information was not available at transition and historical information was not measured in accordance with the parameters of GASB Statement No. 75.

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

Required Supplementary Information

Schedule of the Authority's OPEB Contributions and the
Schedule of Money-Weighted Rate of Return for the OPEB Trust Fund

Last 10 Fiscal Years*

Schedule of the OPEB Authority's Contributions

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Actuarially determined contribution	\$ 28,835	\$ 31,612	\$ 30,194	\$ 24,568	\$ 21,567
Contributions in relation to the actuarially determined contribution	<u>34,013</u>	<u>31,064</u>	<u>24,633</u>	<u>23,884</u>	<u>22,269</u>
Contribution deficiency (excess)	<u>\$ (5,178)</u>	<u>\$ 548</u>	<u>\$ 5,561</u>	<u>\$ 684</u>	<u>\$ (702)</u>
Covered-employee payroll	\$ 845,671	\$ 821,040	\$ 643,594	\$ 624,849	\$ 479,314
Contributions as a percentage of covered-employee payroll	4.02%	3.78%	3.83%	3.82%	4.65%
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	
Actuarially determined contribution	\$ 22,278	\$ 28,762	\$ 34,843	\$ 47,233	
Contributions in relation to the actuarially determined contribution	<u>22,847</u>	<u>34,187</u>	<u>124,037</u>	<u>3,609</u>	
Contribution deficiency (excess)	<u>\$ (569)</u>	<u>\$ (5,425)</u>	<u>\$ (89,194)</u>	<u>\$ 43,624</u>	
Covered-employee payroll	\$ 465,353	\$ 479,918	\$ 465,940	\$ 465,940	
Contributions as a percentage of covered-employee payroll	4.91%	7.12%	26.62%	0.77%	

** - Per GASB Statement No. 75, the Authority is not required to retrospectively present its' 10-year RSI schedules, as this information was not available at transition and historical information was not measured in accordance with the parameters of GASB Statement No. 75.

Schedule of Money-Weighted Rate of Return – OPEB Trust

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Money-weighted rate of return	8.37%	10.32%	8.58%	-8.25%	20.40%
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	
Money-weighted rate of return	3.39%	7.58%	1.54%	N/A	

** - Per GASB Statement No. 75, the Authority is not required to retrospectively present its' 10-year RSI schedules, as this information was not available at transition and historical information was not measured in accordance with the parameters of GASB Statement No. 75.

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SOUTHEASTERN REGIONAL TRANSIT AUTHORITY
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Supplementary Information

Statement of Revenues and Expenses - Budget and Actual

For the Year Ended June 30, 2025

	Budget As Adopted	Appropriations and Transfers	Total Available	Actual	Variance Favorable (Unfavorable)
Revenues:					
Cash Fares:					
Farebox revenue - fixed route	\$ 1,848,000	\$ (1,847,926)	\$ 74	\$ 79	\$ 5
Farebox revenue - paratransit	230,000	(229,997)	3	4	1
Auxiliary revenue	307,500	64,400	371,900	285,048	(86,852)
Total revenues	2,385,500	(2,013,523)	371,977	285,131	(86,846)
Expenses:					
Operating/Cost of Service:					
Fixed Route	17,193,020	309,216	17,502,236	18,022,565	(520,329)
Paratransit	6,395,100	145,784	6,540,884	5,984,345	556,539
Intermodal Centers	316,512	-	316,512	289,297	27,215
Fuel	1,732,000	(367,000)	1,365,000	1,299,333	65,667
Insurance	1,495,289	111,836	1,607,125	1,744,093	(136,968)
Management fees	565,702	(20,702)	545,000	541,675	3,325
SRTA administration	2,700,611	120,634	2,821,245	2,847,297	(26,052)
Total expenses	30,398,234	299,768	30,698,002	30,728,605	(30,603)
Other financing sources (uses):					
Transfer to Reserve Fund	-	-	-	(18,520)	(18,520)
Net Cost of Service:					
Federal Grants	11,093,793	(1,990,709)	9,103,084	8,929,048	(174,036)
State Contract Assistance	11,715,766	626,372	12,342,138	12,342,138	-
Other State Assistance	-	3,677,628	3,677,628	3,987,633	310,005
Local Assessments	5,203,175	-	5,203,175	5,203,175	-
Total other financing sources (uses):	28,012,734	2,313,291	30,326,025	30,443,474	117,449
Excess (deficiency) of revenues and other financing sources over expenses and other financing uses	\$ -	\$ -	\$ -	-	\$ -
Budgetary retained earnings at the beginning of year				\$ -	
Budgetary retained earnings at the end of year				\$ -	

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SOUTHEASTERN REGIONAL TRANSIT AUTHORITY
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Supplementary Information

Notes to the Statement of Revenues and Expenses - Budgetary Basis

For the Year Ended June 30, 2025

The accompanying Statement of Revenues and Expenses - Budget and Actual presents comparisons of the legally adopted budget (more fully described in Note 1) with actual data on the budgetary basis. Since accounting principles applied for purposes of developing data on a budgetary basis do not differ significantly from those used to present financial statements in conformity with GAAP, a reconciliation of resultant basis, timing, perspective and entity differences in the excess (deficiency) of revenues over expenses for the year ended June 30, 2025 are as follows:

Increase (decrease) in net position - GAAP basis	\$ 23,346,890
Capital grants and contributions	(27,143,420)
Depreciation	4,472,826
Pension expense (GAAP only)	(638,793)
OPEB expense (GAAP only)	(18,984)
Transfer to extraordinary repairs reserve	(18,520)
Rounding and other adjustments	1
Increase (decrease) in net position - Budget basis	<u>\$ -</u>

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SOUTHEASTERN REGIONAL TRANSIT AUTHORITY
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Supplementary Information

Statement of Revenue and Cost of Service

For the Year Ended June 30, 2025

Transportation revenue	<u>\$ 83</u>
Operating expenses:	
Fixed route	18,022,565
Paratransit	5,984,345
Intermodal centers	289,297
Amortization of grants	4,472,826
Fuel	1,299,333
Insurance	1,744,093
SRTA administration	2,847,297
Management fees	<u>541,675</u>
Total operating expenses	<u>35,201,431</u>
Net operating loss	(35,201,348)
Other income (expenses):	
Transfer to extraordinary reserve	(18,520)
Interest income	94,761
Auxiliary income	<u>190,287</u>
Cost of service in excess of revenue	<u><u>\$ (34,934,820)</u></u>

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SOUTHEASTERN REGIONAL TRANSIT AUTHORITY
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Supplementary Information

Statement of Unreimbursed Cost of Service

For the Year Ended June 30, 2025

Balance at beginning of year	<u>\$ -</u>
Cost of service in excess of revenue	<u>(34,934,820)</u>
Add:	
Net cost of service reimbursable by the Commonwealth of Massachusetts, a portion of which is to be assessed to the cities and towns served by the Authority:	
Commonwealth of Massachusetts - State Contract Assistance	12,342,138
Local assessments	5,203,175
Federal operating assistance pursuant to Section 9 of the Urban Mass Transportation Act of 1964	8,929,048
Other state assistance	<u>3,987,633</u>
Total operating net cost of service reimbursements	30,461,994
Amortization of grants	<u>4,472,826</u>
Total subsidy	<u>34,934,820</u>
Balance at end of year	<u><u>\$ -</u></u>

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