

GREATER ATTLEBORO-TAUNTON REGIONAL TRANSIT AUTHORITY
(a component Unit of the Massachusetts Department of Transportation)

Basic Financial Statements, Supplementary Data
For the Year Ended June 30, 2012

GREATER ATTLEBORO-TAUNTON REGIONAL TRANSIT AUTHORITY
(a Component Unit of the Massachusetts Department of Transportation)

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GREATER ATTLEBORO-TAUNTON REGIONAL TRANSIT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED
FOR THE YEAR ENDED JUNE 30, 2012

The management of the Greater Attleboro-Taunton Regional Transit Authority (the Authority) has generated this narrative overview and analysis to assist our readers in understanding the Authority's basic financial statements.

Financial Highlights

- * The assets of the Authority exceeded its liabilities at June 30, 2012 by \$19,280,000.
- * The Authority's total net assets increased by \$2,145,000.
- * The total operating revenue increased from \$23,543,000 in fiscal year 2011 to \$26,116,000 in fiscal year 2012.
- * The operating expenses increased from \$35,861,000 in fiscal year 2011. to \$39,475,000 in fiscal year 2012.
- * The Authority expended \$5,061,000 for capital assets.
- * Explanations of the above changes are delineated later in this narrative.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The basic financial statements are comprised of the following: Statement of Net Assets, Statement of Revenues, Expenses and Changes in Net Assets, Statement of Cash Flows and the Notes to the Financial Statements.

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

The statement of revenues, expenses and changes in net assets presents information showing how the assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected receivables or unpaid accounts payable).

The statement of cash flows indicates the sources of the Authority's cash inflows and the uses of its cash outflows.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

GREATER ATTLEBORO-TAUNTON REGIONAL TRANSIT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED
FOR THE YEAR ENDED JUNE 30, 2012

Financial Position Analysis

The following is a condensed statement of net assets. It also indicates percentage changes in the Authority's assets, liabilities and net assets.

Statement of Net Assets
(000 omitted)

	<u>2012</u>	<u>2011</u>	<u>Percentage Change</u>
Current assets	\$ 15,016	\$ 14,040	7%
Capital assets	19,082	17,144	11%
Other noncurrent assets	<u>2,931</u>	<u>2,870</u>	<u>2%</u>
Total assets	<u>37,029</u>	<u>34,054</u>	<u>9%</u>
Long-term liabilities	<u>12,340</u>	<u>12,122</u>	<u>2%</u>
Current liabilities	<u>5,409</u>	<u>4,797</u>	<u>13%</u>
Total liabilities	<u>17,749</u>	<u>16,919</u>	<u>5%</u>
Net assets			
Invested in capital assets	19,082	17,144	11%
Restricted	323	445	-27%
Unrestricted	<u>(125)</u>	<u>(454)</u>	<u>-72%</u>
Total net assets	<u>\$ 19,280</u>	<u>\$ 17,135</u>	<u>13%</u>

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the Authority, assets exceeded liabilities by \$19,280,000 at the close of the most recent fiscal year.

By far the largest portion of the Authority's net assets reflects its investment in capital assets of \$19,082,000. (Namely, Land, Construction in progress, Buildings, Buses and vans, Equipment and Intangible assets). The Authority uses these capital assets to provide transportation services to the general public; consequently, these assets are not available for future spending.

An additional portion of the Authority's net assets represents resources that are subject to external restrictions on how they may be used. The \$323,000 of restricted net assets reflects the Authority's reserve for the acquisition of capital assets and the reserve for the liquidation of certain obligations pursuant to an agreement with another transportation authority, less related liabilities.

At the end of the current fiscal year, the Authority is able to report positive balances in two of the three categories of net assets.

The Authority's net assets increased by \$2,145,000 during the current fiscal year.

The Authority's total debt increased by \$830,000 (5%) during the current year. This increase was caused by increases in accounts payable to general vendors and accrued expenses of \$612,000, increases in accounts payable to capital asset contractors of \$255,000 and decreases in restricted accrued expenses of \$37,000.

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MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED
FOR THE YEAR ENDED JUNE 30, 2012

Operations Analysis

The following is the Authority's statement of revenues, expenses and changes in net assets. It also indicates percentage changes in the various accounts.

Statement of Revenues, Expenses and Changes in Net Assets
(000 omitted)

	2012	2011	Percentage Change
Operating revenues			
Transportation services	\$ 26,116	\$ 23,543	11%
Operating expenses			
Cost of service, maintenance			
administration	36,467	32,934	11%
Depreciation	3,008	2,927	3%
	39,475	35,861	10%
Operating loss	(13,359)	(12,318)	8%
Nonoperating revenues and (expenses)			
Operating assistance grants	10,430	9,676	8%
Write-off receivable			100%
Other	(2)	5	-140%
	10,428	9,681	7.7%
Loss before capital contribution	(2,931)	(2,637)	11%
Capital contributions			
Commonwealth of Massachusetts			
appropriations	1,036	862	20%
Federal and other	4,040	2,267	78%
	5,076	3,129	62%
Increase in net assets	2,145	492	336%
Net assets			
Beginning of year	17,135	16,643	3%
End of year	\$ 19,280	\$ 17,135	13%

The Authority's operating loss increased by \$1,041,000 (8%) from the prior year.

Operating revenues increased \$2,573,000 an 11% increase from the prior year.

Operating expenses, inclusive of depreciation, increased \$3,614,000, an 10% increase.

The "Increase in net assets" increased by \$1,653,000 (336%).

The increase in operating revenues of \$2,753,000 was caused primarily by an increase in human service agency revenue.

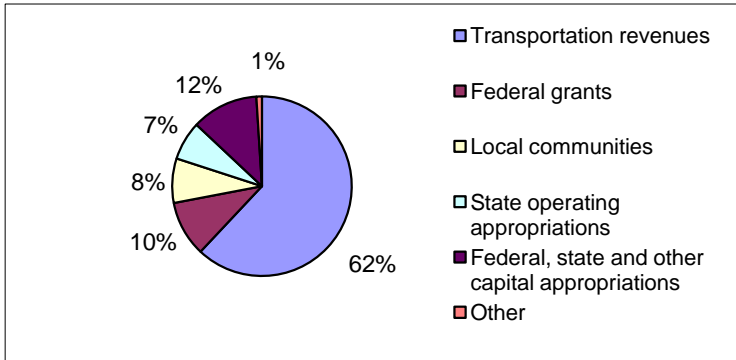
The increase in net assets of \$2,145,000 was caused by capital contributions of \$5,076,000, nonoperating revenue of \$10,428,000 less an operating loss of \$13,359,000.

This decrease in "liabilities to net assets" was caused primarily by an increase in the amount invested in

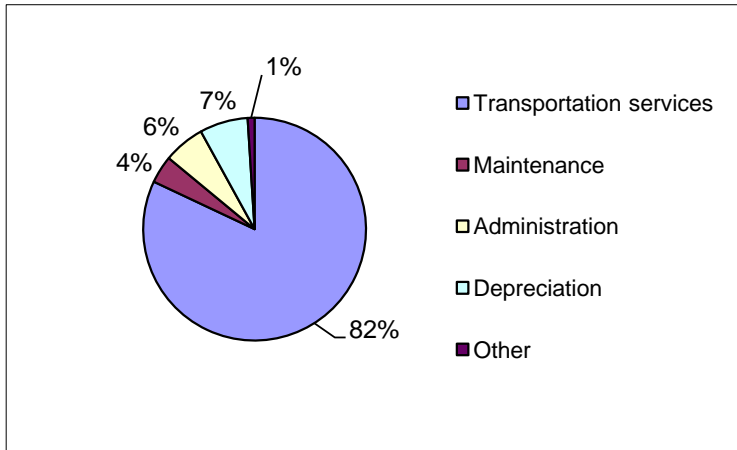
GREATER ATTLEBORO-TAUNTON REGIONAL TRANSIT AUTHORITY
 MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED
 FOR THE YEAR ENDED JUNE 30, 2012

The revenues and expenses by source are delineated in the following graphs:

Revenues by source:



Expenses by source:



Financial Ratios

"Working Capital" is the amount by which current assets exceed current liabilities. The Current Ratio, which compares current assets to current liabilities, is an indicator of the ability to pay current obligations.

	<u>2012</u>	<u>2011</u>
Working Capital	\$ 9,607,000	\$ 9,243,000
Current ratio	3:1	3:1

The working capital and current ratio indicate that the Authority has an excellent ability to meet current obligations.

"Liabilities to Net Assets" indicates the extent of borrowing.

	<u>2012</u>	<u>2011</u>
Liabilities to net assets	92%	99%

This decrease in "liabilities to net assets" was caused primarily by an increase in the amount invested in capital assets included in the net assets balance.

GREATER ATTLEBORO-TAUNTON REGIONAL TRANSIT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED
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Capital and Debt Administration

Capital Assets

The Authority's investment in capital assets as of June 30, 2012 amounts to \$19,082,000, net of accumulated depreciation. The investment in capital assets includes Land, Construction in progress, Buildings, Buses and vans, Equipment and Intangible assets. The total net increase in capital assets for the current year was \$1,938,000 or a 11% increase.

Major capital assets events during the current year included the following:

1. Expenditures for construction in progress of \$694,000.
2. The acquisition of improvements to buildings of \$2,045,000.
3. The acquisition of rolling stock (buses and vans) of \$1,958,000.
4. The acquisition of equipment of \$267,000.
5. The increase in intangible assets of \$97,000.

Capital assets at year-end net of accumulated depreciation
(000 omitted)

	<u>2012</u>	<u>2011</u>
Land	\$ 822	\$ 822
Construction in progress	694	
Buildings	20,279	18,333
Buses and vans	15,888	15,028
Equipment	5,080	5,081
Intangible assets	590	548
	43,353	39,812
Less accumulated depreciation	24,271	22,668
	\$ 19,082	\$ 17,144

Revenue Anticipation Notes

At the end of both 2012 and 2011 the Authority had revenue anticipation notes of \$10,000,000, These notes provide operating cash flow until Commonwealth appropriation funds are received.

Economic Factors and Next Year's Budget

Funding for the Authority's net cost of service (noncapital expenses less all noncapital revenues except state contract assistance and member municipality assessments) is dependent primarily (47%) on operating assistance from the Commonwealth of Massachusetts. This operating assistance is funded a year in arrears by the State (the Authority's fiscal 2012 assistance will be included in the Commonwealth's fiscal 2013 budget). The balance (53%) of the Authority's net cost of service is funded through assessments to member municipalities. These assessments may increase annually in the aggregate by no more than 2 1/2%, plus the members share of any new services.

A number of economic factors may effect the Authority's 2013 operations. The following conditions may effect 2013 operations: fixed increases in payroll and fringe related to a union contract, potential fuel increases, potential insurance increases and decreases in Federal and Commonwealth funding due to budgetary problems.

Contracting 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 Francis Gay, Administrator, Greater Attleboro-Taunton Regional Transit Authority, 10 Oak Street, 2nd Floor, Taunton, MA 02780-1222.

Bruce D. Norling, CPA, P.C.

INDEPENDENT AUDITORS' REPORT

The Advisory Board
Greater Attleboro-Taunton Regional Transit Authority

We have audited the accompanying statement of net assets of the Greater Attleboro-Taunton Regional Transit Authority (the Authority), a component unit of the Massachusetts Department of Transportation, as of June 30, 2012 and 2011, and the related statements of revenues, expenses and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated October 26, 2012 on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audits.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages i through v be presented to supplement the basic financial statements. Such information, 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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the Authority taken as a whole. The supplementary information included in the accompanying schedules 1, 2, 3, and 4 is presented for purposes of additional analysis and is not a required part of the basic financial statements. These schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Bruce D. Norling, CPA, P.C.

October 26, 2012

GREATER ATTLEBORO-TAUNTON REGIONAL TRANSIT AUTHORITY
(a Component Unit of the Massachusetts Department of Transportation)

Statement of Net Assets
June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 908,559	\$ 1,582,666
Receivables	13,766,131	12,118,643
Other current assets	341,150	338,813
Total current assets	<u>15,015,840</u>	<u>14,040,122</u>
Noncurrent assets		
Restricted assets		
Cash and cash equivalents	127,293	503,817
Receivables capital grants	<u>1,879,326</u>	<u>1,498,103</u>
Total restricted assets	2,006,619	2,001,920
Receivables	924,396	868,733
Capital assets, net	<u>19,082,286</u>	<u>17,143,680</u>
Total noncurrent assets	<u>22,013,301</u>	<u>20,014,333</u>
Total assets	<u>37,029,141</u>	<u>34,054,455</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued expense	<u>5,408,835</u>	<u>4,796,712</u>
Total current liabilities	5,408,835	4,796,712
Noncurrent liabilities		
Liabilities payable from restricted assets		
Accounts payable and accrued expense	1,683,903	1,556,998
Accrued expense	246,760	207,741
OPEB Liability	409,824	357,649
Revenue anticipation notes	<u>10,000,000</u>	<u>10,000,000</u>
Total noncurrent liabilities	<u>12,340,487</u>	<u>12,122,388</u>
Total liabilities	<u>17,749,322</u>	<u>16,919,100</u>
NET ASSETS		
Invested in capital assets	19,082,286	17,143,680
Restricted	322,716	444,922
Unrestricted	(125,183)	(453,247)
Total net assets	<u>\$ 19,279,819</u>	<u>\$ 17,135,355</u>

GREATER ATTLEBORO-TAUNTON REGIONAL TRANSIT AUTHORITY
(a Component Unit of the Massachusetts Department of Transportation)

Statement of Revenues, Expenses and Changes in Net Assets

Year Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Operating revenues		
Transportation services	\$ 26,116,206	\$ 23,543,171
Operating expenses		
Cost of service, maintenance and administration		
Transportation service	32,387,708	29,193,374
Maintenance	1,666,329	1,528,355
General and administration	<u>2,413,519</u>	<u>2,211,635</u>
	36,467,556	32,933,364
Depreciation	<u>3,007,676</u>	<u>2,927,336</u>
	<u>39,475,232</u>	<u>35,860,700</u>
Operating loss	(13,359,026)	(12,317,529)
Nonoperating revenues and (expenses)		
Operating assistance grants		
Federal	4,091,896	3,878,271
State	2,998,024	2,681,180
Local	3,339,632	3,116,978
Interest expense	(100,994)	(136,845)
Other	98,912	141,518
	<u>10,427,470</u>	<u>9,681,102</u>
Loss before capital contributions	(2,931,556)	(2,636,427)
Capital contributions		
Commonwealth of Massachusetts appropriations	1,035,537	861,889
Federal appropriations	3,796,860	2,181,000
Other	243,623	85,899
	<u>5,076,020</u>	<u>3,128,788</u>
Increase in net assets	2,144,464	492,361
Total net assets		
Beginning of year	17,135,355	16,642,994
End of year	<u>\$ 19,279,819</u>	<u>\$ 17,135,355</u>

GREATER ATTLEBORO-TAUNTON REGIONAL TRANSIT AUTHORITY
(a Component Unit of the Massachusetts Department of Transportation)

Statement of Cash Flows

Year Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities		
Receipts from customers	\$ 25,542,459	\$ 22,473,366
Payments to vendors and suppliers	(34,863,645)	(32,091,605)
Payments to employees	(900,888)	(778,377)
Payments of fringe	(94,191)	(41,090)
	<u>(10,316,265)</u>	<u>(10,437,706)</u>
Net cash used in operations		
Cash flows from noncapital financing activities		
Proceeds from revenue anticipation notes	10,040,830	10,043,920
Repayment of revenue anticipation notes	(10,000,000)	(9,200,000)
Operating assistance grants	9,300,148	10,605,534
Interest expense	(185,626)	(205,657)
	<u>9,155,352</u>	<u>11,243,797</u>
Net cash provided by noncapital financing activities		
Cash flows from capital and related financing activities		
Acquisition of capital assets	(4,588,427)	(2,610,946)
Capital contributions		
United States Department of Transportation	3,418,713	2,504,847
Commonwealth of Massachusetts capital appropriations	893,889	195,013
Other	257,415	79,995
Proceeds from sale of capital assets	23,850	26,484
	<u>5,440</u>	<u>195,393</u>
Net cash provided by capital and related financing activities		
Cash flows from investing activities		
Interest income	8,062	9,984
Rental income	96,780	115,033
	<u>104,842</u>	<u>125,017</u>
Net cash provided by investing activities		
Net increase (decrease) in cash and cash equivalents	(1,050,631)	1,126,501
Cash and cash equivalents at beginning of year	<u>2,086,483</u>	<u>959,982</u>
Cash and cash equivalents at end of year	<u>\$ 1,035,852</u>	<u>\$ 2,086,483</u>
Reconciliation of operating loss to net cash used in operations		
Operating loss	\$ (13,359,026)	\$ (12,317,529)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	3,007,676	2,927,336
Changes in assets and liabilities:		
Receivables, net	(573,747)	(1,069,805)
Other assets	(2,337)	(101,158)
Accounts payable and accrued expense	611,169	123,450
	<u>(10,316,265)</u>	<u>(10,437,706)</u>
Net cash used in operations		
Non-cash capital related financing activities		
Capital assets purchased on behalf of the Authority by the Commonwealth of Massachusetts	\$ 124,780	\$ 82,178
At June 30, the Authority had capital expenditures that were financed via accounts payable	\$ 1,556,610	\$ 1,301,817

GREATER ATTLEBORO-TAUNTON REGIONAL TRANSIT AUTHORITY
(a Component Unit of the Massachusetts Department of Transportation)
Notes to Financial Statements
June 30, 2012 and 2011

1. The Authority and Operators

The Greater Attleboro-Taunton Regional Transit Authority (the Authority) is a component unit of the Massachusetts Department of Transportation (MassDOT) and MassDOT is a component unit of the Commonwealth of Massachusetts (the Commonwealth). The Authority was established as a political subdivision of the Commonwealth on December 15, 1976, by the various cities and towns constituting the Authority, pursuant to Section 3 of Chapter 161B of the General Laws of the Commonwealth, for the purpose of continuing and improving local transit service.

The Authority is managed by an Administrator appointed by an Advisory Board. The Advisory Board is made up of appointed representatives from the member communities. The Authority's operations are primarily funded through passenger fares, contractual reimbursements and operating subsidies from the Federal government, the Commonwealth, and the member communities. In addition, the Authority receives federal and state capital grants that are used to finance acquisitions and improvements to facilities and equipment.

The operation and maintenance of the Authority is performed by various private sector transportation companies (the Operators) under terms and agreements whereby the carriers provide mass transit along such routes and according to such schedules as may be defined by the Authority. In return, the Authority agreed to reimburse the Operators for all costs and expenses which are reasonable and necessary for the efficient operation of the system.

The Authority also has a brokerage contract with the Commonwealth's Executive Office of Health and Human Services, whereby, the Authority coordinates with this Agency to provide its clients with transportation services. The actual services are provided by various private sector transportation companies.

2. Summary of Significant Accounting Policies

a) Measurement Focus, Basis of Accounting and Financial Reporting Presentation – The financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to government entities. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Under these standards, the Authority is defined as a special-purpose government, engaged only in business-type activities.

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized at the time transportation services are provided. Unearned revenue represents cash received in advance of future services.

The Authority distinguishes between operating revenues and expenses and nonoperating revenues and expenses. Operating revenues and expenses generally result from providing transit services to the general public. The Authority's principal operating revenue is passenger fares. Operating expenses include the cost of transit services, provided by third party vendors, maintenance, administrative and depreciation expense. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

GREATER ATTLEBORO-TAUNTON REGIONAL TRANSIT AUTHORITY
(a Component Unit of the Massachusetts Department of Transportation)
Notes to Financial Statements
June 30, 2012 and 2011

2. Summary of Significant Accounting Policies (continued)

b) Adoption of New Accounting Pronouncements - In December, 2010, the GASB issued GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This Statement incorporates into GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements: 1) Financial Accounting Standards Board (FASB) Statements and Interpretations, 2) Accounting Principles Board Opinions and 3) Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure. The adoption of this statement did not have a material impact on the Authority's financial statements.

The GASB has issued the following statements, which require adoption subsequent to June 30, 2012, and may be applicable to the Authority. The Authority has not yet adopted these statements, and the implications on the Authority's fiscal practices and financial reports is being evaluated.

<u>Statement No.</u>	<u>Adoption Required in Fiscal Year</u>
61 <i>The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34</i>	2013
63 <i>Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position</i>	2013
65 <i>Items previously reported as Assets and Liabilities</i>	2014
66 <i>Technical Corrections - 2012 - an amendment of GASB Statements No. 10 and No. 62</i>	2014

c) Capital Grants – The Authority receives capital grants from the United States Department of Transportation and the Commonwealth to be used for various purposes connected with the planning, modernization and expansion of transportation service. These grants are reflected in the accompanying statement of revenues, expenses and changes in net assets as revenue in the capital contributions category.

d) Statement of Cash Flows – For purposes of the statement of cash flows, the Authority considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

e) Accrued Sick Leave and Vacation – Employees are granted vacation and sick leave in varying amounts. Upon retirement, termination or death, certain employees are compensated for unused vacation and sick leave at the then-current rates of pay. The accumulated amount of sick and vacation leave is recorded as an expense and liability as the benefits accrue to employees.

f) Restricted Assets and Restricted Liabilities – Restricted assets are restricted for the acquisition of capital assets and for the liquidation of certain obligations pursuant to an agreement with another transportation authority. Restricted liabilities are amounts payable from the restricted assets.

GREATER ATTLEBORO-TAUNTON REGIONAL TRANSIT AUTHORITY
(a Component Unit of the Massachusetts Department of Transportation)
Notes to Financial Statements
June 30, 2012 and 2011

2. Summary of Significant Accounting Policies (continued)

g) Capital Assets – Capital assets are stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the economic useful lives of the assets. These lives range from forty years for buildings, four to twelve years for motor vehicles and five to seven years for equipment. The Authority’s capitalization policy is to capitalize all assets acquired with capital funds regardless of the dollar amount.

h) Net Assets - Net assets are reported in classifications that conform to the use of those net assets. The categories of reporting net assets are (1) amounts invested in capital assets – net of related debt, (2) amounts that are legally or statutorily restricted as to their use – net of related debt, and (3) amounts that are unrestricted.

The restricted net assets are all expendable.

i) 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. Some of the Authority’s more significant estimates relate to grant receivables and related income, capital asset impairment and certain accrued expenses. Actual results could differ from these estimates.

j) Reclassifications – Certain prior period amounts have been reclassified to conform to current year presentation.

3. Cash and Cash Equivalents

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

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

GREATER ATTLEBORO-TAUNTON REGIONAL TRANSIT AUTHORITY
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Notes to Financial Statements
June 30, 2012 and 2011

3. Cash and Cash Equivalents (continued)

The Authority does not have a formal policy with regard to custodial credit risk, but generally invests its funds in deposits that are insured or collateralized with securities held by the pledging financial institution's trust department or agent in the pledging financial institutions name. The total amounts of Authority deposits in financial institutions, per the bank statements, as of June 30, 2012 and 2011, are as follows:

	<u>2012</u>	<u>2011</u>
Balance per banks		
Deposits covered by:		
Federal Depository Insurance Corporation	\$ 750,000	\$ 750,000
Depositors insurance fund protection	1,653,317	1,299,369
Collateralized with pledged securities	43,495	701,141
 Total balance per banks	 \$ 2,446,812	 \$ 2,750,510

The composition and amount of the Authority's cash and cash equivalents fluctuates during the fiscal year. The primary reason for the fluctuation involves the timing of the proceeds of borrowings, collections of federal, state and local aid, and capital outlays made.

4. Grants

Under various sections of the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU), of 2005, the United States Department of Transportation approves capital grants to fund up to 80% of the Authority's capital improvement projects. The amount of this funding for 2012 and 2011 was \$3,514,236 and \$1,106,568, respectively. The remaining capital expenditures were financed through Commonwealth, local communities and private capital contributions. These contributions for 2012 and 2011 were \$1,279,160 and \$947,788, respectively.

Further, pursuant to the American Recovery and Reinvestment Act of 2009 (ARRA), the United States Department of Transportation approves capital grants to fund 100% of selected capital improvement projects. ARRA capital appropriations for 2012 and 2011 were \$282,625 and \$1,074,432, respectively.

In addition, the Authority is eligible for grants for operating assistance from the United States Department of Transportation. Pursuant to various sections of the SAFETEA-LU, and other acts, the Federal government may fund up to 80% of the Authority's preventative maintenance related expenses and ADA related operating costs. Funding for 2012 and 2011 was \$4,091,896 and \$2,921,842, respectively.

Further, under the American Recovery and Reinvestment Act of 2009 (ARRA), the United States Department of Transportation may fund up to 100% certain operating expenses of the Authority. ARRA operating funding for 2011 was \$956,429.

The Authority has a contract with the Commonwealth for operating assistance as provided for in the enabling legislation. The contract provides that the Commonwealth will pay the Authority a portion of its net cost of service. The amount of this contract assistance for fiscal year 2012 and 2011 was \$2,998,024 and \$2,681,180, respectively. In addition, for 2012 and 2011, the various cities and towns constituting the Authority provided \$3,339,632 and \$3,116,978, respectively.

GREATER ATTLEBORO-TAUNTON REGIONAL TRANSIT AUTHORITY
(a Component Unit of the Massachusetts Department of Transportation)

Notes to Financial Statements
June 30, 2012 and 2011

5. Receivables

The receivables balance on the accompanying statement of net assets is disaggregated as follows:

	<u>2012</u>	<u>2011</u>
United States Department of Transportation - Pass-through grants through the Commonwealth		
Operating grants		
Rural area assistance	\$ 94,612	\$ 47,306
Direct Federal Grants		
Operating grants	<u>1,797,257</u>	<u>1,455,018</u>
	<u>1,891,869</u>	<u>1,502,324</u>
Commonwealth of Massachusetts		
Operating grants		
State contract assistance	3,087,512	2,770,668
Local operating assistance to be billed by the Commonwealth to Cities and Towns constituting the Authority and paid by the Commonwealth to the Authority	<u>5,525,935</u>	<u>5,102,920</u>
Executive Office of Human Services Transportation Revenue	<u>4,185,211</u>	<u>3,611,464</u>
	<u>12,798,658</u>	<u>11,485,052</u>
Total Receivables	<u>\$ 14,690,527</u>	<u>\$ 12,987,376</u>
The total receivables is shown on the accompanying statement of net assets as follows:		
Current receivables	13,766,131	12,118,643
Noncurrent receivables	<u>924,396</u>	<u>868,733</u>
	<u>\$ 14,690,527</u>	<u>\$ 12,987,376</u>
Capital assistance		
Commonwealth of Massachusetts	\$ 786,370	\$ 769,502
Federal grants	1,079,696	701,549
Other	<u>13,260</u>	<u>27,052</u>
Total Receivables capital grants	<u>\$ 1,879,326</u>	<u>\$ 1,498,103</u>

Noncurrent receivable for operating assistance – This receivable is due from the Commonwealth pursuant to Massachusetts General Laws, Chapter 161B. However, of this amount, \$89,488 has not been funded as yet by State Contract Assistance. This receivable is included on the accompanying statement of net assets in the noncurrent asset section in the receivables category.

6. Other Current Assets

The other current asset balance includes inventory of motor vehicle parts and fuel for 2012 and 2011 of approximately \$242,000 and \$213,000, respectively. This inventory is stated at the lower of cost or market.

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Notes to Financial Statements
June 30, 2012 and 2011

7. Capital Assets and Depreciation

The capital asset activity for the year ended June 30, 2012 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land	\$ 822,107	\$ -	\$ -	\$ 822,107
Construction in progress		694,079		694,079
Subtotal	<u>822,107</u>	<u>694,079</u>	<u>-</u>	<u>1,516,186</u>
Depreciable capital assets				
Buildings	18,333,431	2,045,583	100,359	20,278,655
Vehicles	15,027,577	1,958,023	1,097,849	15,887,751
Equipment	5,081,377	266,675	268,465	5,079,587
Intangible assets	547,865	96,640	54,003	590,502
Subtotal	<u>38,990,250</u>	<u>4,366,921</u>	<u>1,520,676</u>	<u>41,836,495</u>
Accumulated depreciation	<u>22,668,677</u>	<u>3,007,676</u>	<u>1,405,958</u>	<u>24,270,395</u>
Net depreciable capital assets	<u>16,321,573</u>	<u>1,359,245</u>	<u>114,718</u>	<u>17,566,100</u>
Net depreciable and net capital assets	<u>\$ 17,143,680</u>	<u>\$ 2,053,324</u>	<u>\$ 114,718</u>	<u>\$ 19,082,286</u>

The capital asset activity for the year ended June 30, 2011 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land	\$ 822,107	\$ -	\$ -	\$ 822,107
Subtotal	<u>822,107</u>	<u>-</u>	<u>-</u>	<u>822,107</u>
Depreciable capital assets				
Buildings	16,527,987	1,805,444		18,333,431
Vehicles	15,651,369	851,443	1,475,235	15,027,577
Equipment	4,926,702	401,878	247,203	5,081,377
Intangible assets	454,698	142,154	48,987	547,865
Subtotal	<u>37,560,756</u>	<u>3,200,919</u>	<u>1,771,425</u>	<u>38,990,250</u>
Accumulated depreciation	<u>21,512,767</u>	<u>2,927,335</u>	<u>1,771,425</u>	<u>22,668,677</u>
Net depreciable capital assets	<u>16,047,989</u>	<u>273,584</u>	<u>-</u>	<u>16,321,573</u>
Net depreciable and net capital assets	<u>\$ 16,870,096</u>	<u>\$ 273,584</u>	<u>\$ -</u>	<u>\$ 17,143,680</u>

Depreciation expense for 2012 and 2011 was \$3,007,676 and \$2,927,336, respectively.

GREATER ATTLEBORO-TAUNTON REGIONAL TRANSIT AUTHORITY
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Notes to Financial Statements
June 30, 2012 and 2011

8. Accounts Payable and Accrued Expense

The accounts payable and accrued expense balance is disaggregated as follows:

	<u>2012</u>	<u>2011</u>
Accounts payable	\$ 6,623,179	\$ 5,830,725
Accrued salaries, vacation and expenses	579,039	593,446
Unearned revenue	137,280	137,280
OPEB obligation	409,824	357,649
	<u>7,749,322</u>	<u>6,919,100</u>
Less: Long term portion	<u>(2,340,487)</u>	<u>(2,122,388)</u>
Accounts payable and accrued expense - current	<u><u>5,408,835</u></u>	<u><u>4,796,712</u></u>

9. Revenue Anticipation Notes

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 flow deficiencies until funding is received.

During the years ended June 30, 2012 and 2011, the following changes occurred in the Authority's revenue anticipation notes (RANs):

	<u>2012</u>	<u>2011</u>
Beginning balance	\$ 10,000,000	\$ 9,200,000
New notes issued	10,000,000	10,000,000
Notes retired	<u>(10,000,000)</u>	<u>(9,200,000)</u>
Ending balance	<u><u>\$ 10,000,000</u></u>	<u><u>\$ 10,000,000</u></u>

The RANs outstanding at June 30, 2012 had a weighted average interest rate of 1.50% and are due in August, 2012. These RANs were refinanced in August, 2012 with generally the same terms as the notes outstanding at June 30, 2012. The notes are short-term debt expected to be refinanced and are classified in the accompanying statement of net assets as noncurrent liabilities. These RANs are guaranteed by the Commonwealth of Massachusetts.

10. Leases

The Authority leases two commuter rail stations from the Massachusetts Bay Transportation Authority (MBTA). The leases require the Authority to pay essentially all the operating expenses of the facilities in lieu of rent. These expenses are not material to the Authority's financial statements. One of the leases allows the Authority to operate the MBTA's Attleboro Station paid parking facility. The excess of revenues over expenses is shared with the MBTA. However, the Authority's share of income is restricted as to use as it must be used for capital improvements to the Attleboro Station.

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Notes to Financial Statements
June 30, 2012 and 2011

11. Retirement Plans

Pension Plan

The Authority provides retirement benefits to employees through the City of Taunton Contributory Retirement System (The System). The System operates a cost sharing, multi-employer, defined benefit pension plan. The Plan covers all eligible employees and provides retirement, disability, cost-of-living adjustments and death benefits to Plan members and beneficiaries.

The System is a member of the Massachusetts Contributory Retirement System and is governed by Massachusetts General Laws, Chapter 32. Oversight of the System is provided by a five person Retirement Board. The System issues a publicly available unaudited financial report in accordance with guidelines established by the Commonwealth's PERAC. This report may be obtained by contacting the System located at 40 Dean Street, Unit 3, Taunton, MA 02780.

Plan members are required to pay into the System 8% to 11% of their covered compensation. The Authority is required to pay into the System its share of the remaining actuarially determined, System-wide contribution. This contribution is apportioned among employers based on active current payroll. The contribution requirements of plan members and the Authority are established and may be amended by Massachusetts General Laws, Chapter 32.

The Authority's contributions to the System for years ended June 30, 2012, 2011 and 2010 were \$51,025, \$59,675 and \$57,428, respectively. These contributions were equal to the Authority's required contribution in each year.

Post Employment Healthcare Benefits

Plan Description – In addition to pension benefits the Authority provides postemployment health care benefits for eligible employees who have attained age 55 and render at least 10 or more years of service or at any age with 20 years of service, until the employee is eligible for Medicare. The benefits, benefit level, employee contributions and employer contributions are governed by the Authority. As of June 30, 2012, the actuarial valuation date, approximately 14 active employees and six retirees meet eligibility requirements. The plan does not issue separate stand-alone financial statements.

Benefits Provided – Medical coverage, excluding dental, under the group health insurance plan for regular full-time employees will continue until the employee is eligible for Medicare. Coverage for the dependents of such regular full-time employees will also continue during this period provided that the employee pay 10% of the enrollment cost as established annually by the Plan administrator. Once the retired employee is entitled to Medicare, health care coverage for the employee's spouse will continue, provided that the enrollment costs as established annually by the Plan administrator are paid.

Funding Policy – The retired employee must pay 10% of the enrollment cost (the "working rate") as established annually by the Plan administrator. The Authority contributes the remainder of the health plan costs on a pay-as-you-go basis.

GREATER ATTLEBORO-TAUNTON REGIONAL TRANSIT AUTHORITY
(a Component Unit of the Massachusetts Department of Transportation)
Notes to Financial Statements
June 30, 2012 and 2011

11. Retirement Plans (continued)

Post Employment Healthcare Benefits (continued)

Annual OPEB Costs and Net OPEB Obligation – The Authority’s annual OPEB expense is calculated based on the annual required contribution of the employer, an amount actuarially determined in accordance with the parameters of GASB No. 45, *Accounting and Financial Reporting by Employers*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liability over a period not to exceed 30 years. The components of the Authority’s annual OPEB cost for the years ended June 30, 2012 and 2011, the amount actually contributed to the plan and changes in the Authority’s net OPEB obligation based on an actuarial valuation as of June 30, 2012 are as follows:

	<u>2012</u>	<u>2011</u>
Annual required contribution (ARC)	\$ 92,944	\$ 104,985
ARC adjustment	(11,496)	(7,772)
Interest on net OPEB obligation	12,518	9,381
Annual OPEB cost	93,966	106,594
Contributions made	(41,791)	(16,960)
Increase in net OPEB obligation	52,175	89,634
Net OPEB obligation - beginning of year	357,649	268,015
Net OPEB obligation - end of year	\$ 409,824	\$ 357,649

The Authority’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 and 2011 are as follows:

<u>Fiscal Years Ended</u>		<u>Annual OPEB Cost</u>	<u>Percentage Annual OPEB Contribution</u>	<u>Net OPEB Obligation</u>
June 30, 2011	\$	106,590	15.9%	357,649
June 30, 2012	\$	93,966	44.5%	409,824

Funded Status and Funding Progress – The funded status of the plan as of June 30, 2012 was as follows:

Actuarial accrued liability (AAL)	\$ 1,013,512
Actuarial value of plan assets	
Unfunded actuarial accrued liability (UAAL)	\$ 1,013,512
Funded ratio (actuarial value of plan assets/AAL)	0.0%
Covered payroll (active plan members)	702,263
UAAL as a percentage of covered payroll	144.3%

GREATER ATTLEBORO-TAUNTON REGIONAL TRANSIT AUTHORITY
(a Component Unit of the Massachusetts Department of Transportation)
Notes to Financial Statements
June 30, 2012 and 2011

11. Retirement Plans (continued)

Post Employment Healthcare Benefits (continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions – Projections of benefits for financial reporting purposes are based on the plan as understood by the Authority and plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2012 actuarial valuation, the projected unit credit method was used. The actuarial value of the assets was zero. The actuarial assumptions included a 4.0% investment rate of return, when applicable, and an annual healthcare cost trend rate of 8.0% initially, reduced by .5% per year to an ultimate rate of 4.5% after six years. Both rates include a 4.0% general inflation assumption. The UAAL is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at June 30, 2012 was 28 years.

12. Commitments and Contingencies

- a) Purchase commitments – Construction in progress at June 30, 2012 consisted of expenditures by the Authority for various construction projects, which management expects will be completed in the years 2013 and 2014. At June 30, 2012, remaining construction commitments for these projects aggregated \$2,005,000. In addition, overhaul commitments for buses aggregated \$201,000.
- b) Contingencies – In the normal course of operations, the Authority has been named in various claims and litigation. Based upon information available to counsel and the Authority, management believes that the ultimate outcome from these claims and litigations will not have a material adverse effect on the Authority's financial position.
- c) Risk management - The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and workers compensation claims for which the Authority carries commercial insurance. Settlements have not exceeded coverages for each of the past three fiscal years.

The Authority's workers compensation coverage is insured under a retrospectively rated policy. In the opinion of management, any insurance carrier audit adjustment, if any, will not be material to the accompanying financial statements.

GREATER ATTLEBORO-TAUNTON REGIONAL TRANSIT AUTHORITY
(a Component Unit of the Massachusetts Department of Transportation)
Notes to Financial Statements
June 30, 2012 and 2011

12. Commitments and Contingencies (continued)

c) Risk management (continued)

The Authority has received capital and operating financial assistance from Federal and State agencies in the form of grants. Expenditure of funds under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Authority. In the opinion of Authority management, liabilities resulting from such disallowed expenditures, if any, would not be material to the accompanying financial statements.

13. Related Party Transactions

Transactions with MassDOT (Primary Government) and the Commonwealth are as follows:

- a. Receivables are delineated in Note 5.
- b. Actual operating and capital assistance for 2012 and 2011 is as follows:

	<u>2012</u>	<u>2011</u>
Operating assistance		
Commonwealth appropriations	\$ 2,998,024	\$ 2,681,180
Federal pass-through grants	122,752	105,037
Local communities' assistance	3,339,632	3,118,178
Capital assistance		
Commonwealth appropriations	1,035,537	861,889
Executive Office of Human Services Transportation	<u>24,585,237</u>	<u>22,199,467</u>
 Total related party transactions	 <u>\$ 32,081,182</u>	 <u>\$ 28,965,751</u>

14. Subsequent Event

Subsequent to June 30, 2012, the Authority issued \$10,000,000 in revenue anticipation notes that had a weighted average interest rate of 1.13%. These RANs will mature in August, 2013 and are guaranteed by the Commonwealth of Massachusetts.

15. Reserve for Extraordinary Expense

In accordance with Section 6 of Chapter 161B of the General Laws of the Commonwealth, the Authority is allowed to establish a reserve account for the purpose of meeting the cost of extraordinary expenses in an amount not to exceed three percent of the prior year's local assessment. Any balance in the reserve account at the end of the fiscal year may be carried forward into the next fiscal year; provided, however, that the aggregate amount in the account does not exceed twenty percent of the prior year's local assessment. The Authority has not made material contributions to the reserve for the past two years and the balance in the reserve account at June 30, 2012 is zero.

GREATER ATTLEBORO-TAUNTON REGIONAL TRANSIT AUTHORITY
(a Component Unit of the Massachusetts Department of Transportation)
Required Supplementary Information - Retiree Health Plan Funding Progress
June 30, 2012

Schedule 1

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
	(a)	(b)	(b - a)	(a/b)	(c)	([b - a] / c)
6/30/2008	\$ -	\$ 1,276,810	\$ 1,276,810	0.0%	\$ 585,228	218.2%
6/30/2010	\$ -	1,448,456	1,448,456	0.0%	643,633	225.0%
6/30/2012	\$ -	1,013,512	1,013,512	0.0%	702,263	144.3%

GREATER ATTLEBORO-TAUNTON REGIONAL
TRANSIT AUTHORITY

Schedule 2

(a Component Unit of the Massachusetts Department of Transportation)

Statement of Net Cost of Service
Year ended June 30, 2012
Form 1

	Urbanized Area Service	Rural Area Service	Total Area Service
I. Operating Costs			
A. RTA administrative costs (excluding depreciation)	\$ 181,588	10,772	
B. Purchased services			
Fixed route	6,258,855		
Demand response	4,287,042	657,643	
Brokerage services	23,358,844	1,385,694	
C. Debt Service	108,940	6,463	
D. Commuter rail stations/parking	269,596		
Total Operating Costs	34,464,865	2,060,572	36,525,437
II. Federal Operating Assistance			
A. FTA operating and administrative	4,044,590	47,306	
B. Other federal	-	-	
Total Federal Assistance	4,044,590	47,306	4,091,896
III. Revenues			
A. Operating			
1. Farebox Revenue	845,453	51,104	896,557
B. Brokerage service reimbursement	23,334,099	1,410,439	24,744,538
C. Other third party reimbursement			-
D. Other fully funded			
Local Communities	557,711	33,711	591,422
Other	279,521	16,896	296,417
E. Other Revenues			
1. Advertising	33,516		33,516
2. Parking			-
3. Sale of capital assets	2,011	122	2,133
4. Interest income	7,602	460	8,062
5. Miscellaneous	114,662		114,662
Total Other Revenues	157,791	582	158,373
IV. Net Operating Deficit (I-II-III)	5,245,700	500,534	5,746,234
V. Adjustments			
A. Extraordinary expenses (not to exceed 2.5% of prior year's local assessment)			-
B. Current expense			-
	-	-	-
VI. Net Cost of Service (IV+V)	5,245,700	500,534	5,746,234
VII. Net Cost of Service Funding			
A. Local Assessments	2,594,310	153,900	2,748,210
B. State contract assistance			
1. LESS: Adjustment for exceeding 2.5% cap on prior year net operating expenses	2,830,135	167,889	2,998,024
C. State Contract Assistance to be funded			2,998,024
1. LESS: Partial payment made by MADOT after July 1			(2,547,121)
D. Balance requested from the State			450,903
Viii. Unreimbursed Deficit (VI-VIIA-VIIC)			-

Net Cost of Service-Calculation Worksheet
Year Ended June 30, 2012
Form 2

I. Proof calculations and other required information:

A. Prior year operating exp., net of fully funded brokerage serv. costs	\$ 10,980,008
Allowable percentage increase:	2.50%
Prior year, net operating expenses times 2.5%	<u>274,500</u>
Current year, allowable net operating expense	<u>11,254,508</u>
Plus adjustments:	
ADA expenses in excess of the 2.5% cap	382,891
Brokerage funded costs	24,744,538
New service costs	143,500
Other fully funded	
Amount under allowable net operating expense	<u>\$ 36,525,437</u>
 B. Amount of extraordinary expenses (See V. Adjustments, Form 1)	 \$ 0
Prior year local assessment	<u>2,681,180</u>
Percentage extraordinary expense to prior local assessment (not to exceed 3%)	<u>0.0%</u>
 C. Aggregate amount of reserve account at June 30.	 \$ 0
Prior year local assessment	<u>2,681,180</u>
Percentage of reserve account to prior local assessment (not to exceed 20%)	<u>0.0%</u>
 D. State the management fee paid to major service providers as a percentage of operating costs incurred.	 5.0%
 E. State the percentage of benefits paid by RTA on behalf of RTA employees for:	
1. Group life and accidental death insurance	N/A
2. Group health insurance	90.0%
 F. State the brokerage service contracts costs as a percentage of total operating costs.	 67.7%
 G. Stabilization Fund:	
1. Current year	\$ 0
2. Aggregate balance	<u>\$ 0</u>

Schedule of Local (Cities and Towns) Funding

Year Ended June 30, 2012

<u>Community</u>	<u>Share</u>
Attleboro	\$ 369,776
Bellingham	120,344
Berkley	32,184
Carver	48,681
Dighton	12,840
Duxbury	102,020
Kingston	80,647
Foxboro	113,264
Franklin	205,903
Lakeville	42,785
Mansfield	151,553
Marshfield	166,307
Medway	76,915
Middleborough	150,357
Norfolk	66,897
North Attleboro	189,669
Norton	93,157
Pembroke	128,805
Plainville	24,424
Plymouth	342,347
Raynham	88,897
Rehoboth	17,336
Seekonk	93,339
Taunton	377,304
Wareham	171,316
Wrentham	<u>72,565</u>
	<u>\$ 3,339,632</u>