

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, 2014

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, 2014

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, 2014 by \$24,682,000.
- \* The Authority's total net position increased by \$2,974,000.
- \* The total operating revenue increased from \$27,903,000 in fiscal year 2013 to \$31,560,000 in fiscal year 2014.
- \* The operating expenses increased from \$41,839,000 in fiscal year 2013 to \$46,498,000 in fiscal year 2014.
- \* The Authority expended \$9,429,000 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 Position, Statement of Revenues, Expenses and Changes in Net Position, Statement of Cash Flows and the Notes to the Financial Statements.

The statement of net position presents information on all of the Authority's assets and outflows of resources and liabilities and inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 position presents information showing how the assets changed during the fiscal year. All changes in net position 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.

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**Financial Position Analysis**

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

Statement of Net Position  
(000 omitted)

	<u>2014</u>	<u>2013</u>	<u>Percentage Change</u>
Current assets	\$ 17,730	\$ 16,550	7%
Capital assets	24,696	21,664	14%
Other noncurrent assets	<u>3,479</u>	<u>3,076</u>	<u>13%</u>
Total assets	<u>45,905</u>	<u>41,290</u>	<u>11%</u>
Long-term liabilities	<u>11,556</u>	<u>13,726</u>	<u>-16%</u>
Current liabilities	<u>9,667</u>	<u>5,856</u>	<u>65%</u>
Total liabilities	<u>21,223</u>	<u>19,582</u>	<u>8%</u>
Net position			
Invested in capital assets	24,696	21,664	14%
Restricted	299	0	100%
Unrestricted	<u>(313)</u>	<u>44</u>	<u>-811%</u>
Total net position	<u>\$ 24,682</u>	<u>\$ 21,708</u>	<u>14%</u>

Net position may serve over time as a useful indicator of a government's financial position. In the case of the Authority, assets exceeded liabilities by \$24,682,000 at the close of the most recent fiscal year.

By far the largest portion of the Authority's net position reflects its investment in capital assets of \$24,696,000. (Namely, Land, Construction in progress, Buildings and Structures, Vehicles, 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 position represents resources that are subject to external restrictions on how they may be used. The \$299,000 of restricted net position reflects the amounts restricted for the acquisition of capital assets, 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 position.

The Authority's net position increased by \$2,974,000 during the current fiscal year.

The Authority's total debt increased by \$1,641,000 during the current year. This increase was caused by increases in accounts payable to general vendors and accrued expenses of \$811,000, increases in accounts payable to capital asset contractors of \$193,000 and increases in other noncurrent liabilities of \$637,000.

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**Operations Analysis**

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

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

	<u>2014</u>	<u>2013</u>	<u>Percentage Change</u>
Operating revenues			
Transportation services	\$ 31,560	\$ 27,903	13%
Operating expenses			
Cost of service, maintenance			
administration	43,098	38,736	11%
Depreciation	3,400	3,103	10%
	<u>46,498</u>	<u>41,839</u>	<u>11%</u>
Operating loss	<u>(14,938)</u>	<u>(13,936)</u>	<u>7%</u>
Nonoperating revenues and (expenses)			
Operating assistance grants	11,380	10,892	4%
Other	71	62	15%
	<u>11,451</u>	<u>10,954</u>	<u>4.5%</u>
Loss before capital contribution	<u>(3,487)</u>	<u>(2,982)</u>	<u>17%</u>
Capital contributions			
Commonwealth of Massachusetts			
appropriations	2,417	1,854	30%
Federal and other	4,044	3,556	14%
	<u>6,461</u>	<u>5,410</u>	<u>19%</u>
Increase in net position	2,974	2,428	22%
Net position			
Beginning of year	21,708	19,280	13%
End of year	<u>\$ 24,682</u>	<u>\$ 21,708</u>	<u>14%</u>

The Authority's operating loss increased by \$1,002,000 from the prior year.

Operating revenues increased \$3,657,000 from the prior year.

Operating expenses, inclusive of depreciation, increased \$4,659,000.

The "Increase in net position" increased by \$546,000.

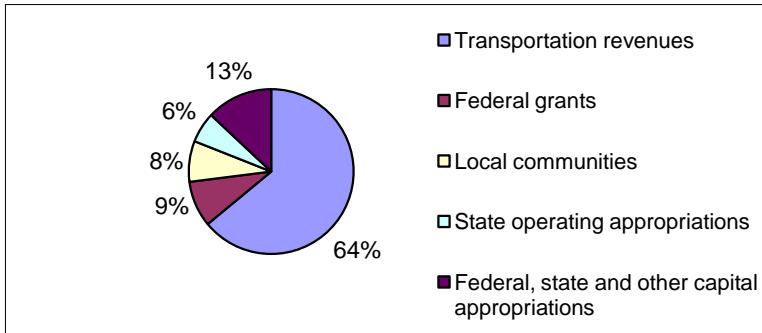
The increase in operating revenues of \$3,657,000 was caused primarily by an increase in human service agency revenue.

The increase in net position of \$2,974,000 was caused by capital contributions of \$6,461,000, nonoperating revenue of \$11,451,000 less an operating loss of \$14,938,000.

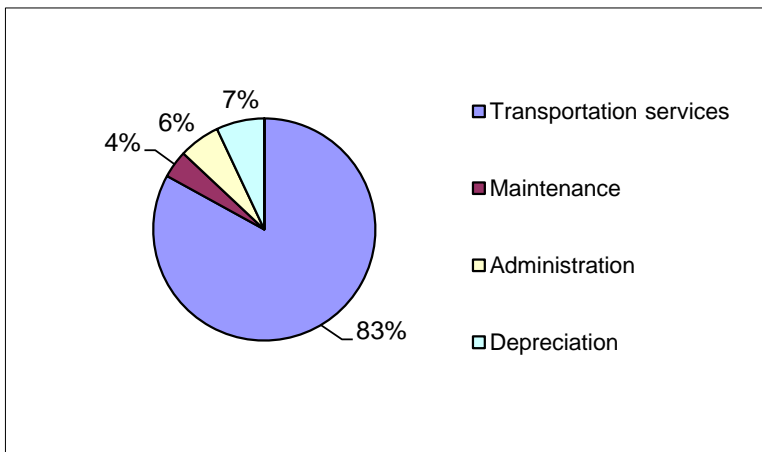
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The revenues and expenses by source are delineated in the following graphs:

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>2014</u>	<u>2013</u>
Working Capital	\$ 8,063,000	\$ 10,694,000
Current ratio	2:1	3:1

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

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

	<u>2014</u>	<u>2013</u>
Liabilities to net position	86%	90%

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

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**Capital and Debt Administration**

Capital Assets

The Authority's investment in capital assets as of June 30, 2014 amounts to \$24,696,000, net of accumulated depreciation. The investment in capital assets includes Land, Construction in progress, Buildings and structures, Vehicles, Equipment and Intangible assets. The total net increase in capital assets for the current year was \$3,032,000 or a 14% increase.

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

1. Expenditures for construction in progress of \$1,622,000.
2. The acquisition of improvements to buildings of \$6,703,000.
3. The acquisition of rolling stock (buses and vans) of \$748,000.
4. The acquisition of equipment of \$172,000.
5. The acquisition of intangible assets of \$184,000.

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

	<u>2014</u>	<u>2013</u>
Land	\$ 822	\$ 822
Construction in progress	2,659	4,033
Buildings and structures	27,460	20,757
Vehicles	16,549	16,065
Equipment	4,943	5,144
Intangible assets	693	623
	53,126	47,444
Less accumulated depreciation	28,430	25,780
	\$ 24,696	\$ 21,664

Revenue Anticipation Notes

At the end of both 2014 and 2013 the Authority had revenue anticipation notes of \$10,500,000 and \$10,000,000, respectively. These notes provide operating cash flow until funds are received from the State.

**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 (45%) on operating assistance from the Commonwealth of Massachusetts and 55% by assessments to member communities. In the past, operating assistance was funded a year in arrears by the State for years prior to fiscal year 2014. Presently, the Authority's operating assistance from MassDOT is paid during the current year.

A number of economic factors may effect the Authority's 2015 operations. The following conditions may effect 2015 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.

**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 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 Regional Transit Authority

We have audited the accompanying financial statements of the Greater Attleboro Regional Transit Authority (the Authority), a component unit of the Massachusetts Department of Transportation, as of and for the years ended June 30, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### **Auditor's Responsibility**

Our responsibility is to express opinions on the financial statements based on our audit. 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. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

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, 2014 and 2013, and the respective changes in financial position and cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages i through v and the schedule of funding progress on page 19 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.

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The supplementary information, included in the accompanying schedules on pages 20 through 23, is presented for purposes of additional analysis and is not a required part of the basic financial statements. These

supplementary schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated October 9, 2014 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

*Bruce D. Norling, CPA, P.C.*

October 9, 2014

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

Statement of Net Position  
June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 3,513,397	\$ 121,663
Receivables	13,865,594	16,013,903
Other current assets	351,281	414,158
Total current assets	<u>17,730,272</u>	<u>16,549,724</u>
Restricted and noncurrent assets		
Restricted assets		
Cash and cash equivalents	477,895	505,941
Receivables capital grants	<u>3,000,889</u>	<u>2,480,561</u>
Total restricted assets	3,478,784	2,986,502
Receivables		89,488
Capital assets, net	<u>24,695,931</u>	<u>21,664,500</u>
Total noncurrent assets	<u>28,174,715</u>	<u>24,740,490</u>
 Total assets	 <u>45,904,987</u>	 <u>41,290,214</u>
 <b>LIABILITIES</b>		
Current liabilities		
Accounts payable and accrued expense	6,667,234	5,855,487
Current portion of long-term debt	<u>3,000,000</u>	
Total current liabilities	9,667,234	<u>5,855,487</u>
Restricted and noncurrent liabilities		
Liabilities payable from restricted assets		
Accounts payable and accrued expense	3,179,385	2,986,502
Accrued expense	275,875	223,958
OPEB Liability	600,249	515,617
Long-term debt	<u>7,500,000</u>	<u>10,000,000</u>
Total noncurrent liabilities	<u>11,555,509</u>	<u>13,726,077</u>
Total liabilities	<u>21,222,743</u>	<u>19,581,564</u>
 <b>NET POSITION</b>		
Invested in capital assets	24,695,931	21,664,500
Restricted	299,399	
Unrestricted	(313,086)	44,150
Total net position	<u>\$ 24,682,244</u>	<u>\$ 21,708,650</u>

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

Statement of Revenues, Expenses and Changes in Net Position

Year Ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Operating revenues		
Transportation services	\$ 31,560,394	\$ 27,903,038
Operating expenses		
Cost of service, maintenance and administration		
Transportation service	38,604,484	34,586,599
Maintenance	1,729,992	1,527,755
General and administration	<u>2,763,159</u>	<u>2,621,449</u>
	43,097,635	38,735,803
Depreciation	<u>3,400,352</u>	<u>3,103,126</u>
	<u>46,497,987</u>	<u>41,838,929</u>
Operating loss	(14,937,593)	(13,935,891)
Nonoperating revenues and (expenses)		
Operating assistance grants		
Federal	4,569,902	4,565,068
State	3,075,517	2,739,413
Local	3,734,501	3,587,123
Interest expense	(47,302)	(56,557)
Other	<u>118,177</u>	<u>119,117</u>
	<u>11,450,795</u>	<u>10,954,164</u>
Loss before capital contributions	(3,486,798)	(2,981,727)
Capital contributions		
Commonwealth of Massachusetts appropriations	2,416,572	1,854,556
Federal appropriations	3,927,858	3,426,179
Other	<u>115,962</u>	<u>129,823</u>
	<u>6,460,392</u>	<u>5,410,558</u>
Increase in net position	2,973,594	2,428,831
Total net position		
Beginning of year	21,708,650	19,279,819
End of year	<u>\$ 24,682,244</u>	<u>\$ 21,708,650</u>

GREATER ATTLEBORO-TAUNTON REGIONAL TRANSIT AUTHORITY  
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Statement of Cash Flows

Year Ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities		
Receipts from customers	\$ 31,617,194	\$ 27,273,722
Payments to vendors and suppliers	(41,010,081)	(36,997,430)
Payments to employees	(1,067,192)	(932,296)
Payments of fringe	<u>(58,546)</u>	<u>(58,607)</u>
Net cash used in operations	<u>(10,518,625)</u>	<u>(10,714,611)</u>
Cash flows from noncapital financing activities		
Proceeds from revenue anticipation notes	10,544,292	10,048,330
Repayment of revenue anticipation notes	(10,000,000)	(10,000,000)
Operating assistance grants	13,668,531	9,943,464
Interest expense	<u>(105,062)</u>	<u>(143,142)</u>
Net cash provided by noncapital financing activities	<u>14,107,761</u>	<u>9,848,652</u>
Cash flows from capital and related financing activities		
Acquisition of capital assets	(6,093,141)	(4,234,185)
Capital contributions		
United States Department of Transportation	4,157,424	3,318,642
Commonwealth of Massachusetts capital appropriations	1,519,527	1,109,483
Other	76,523	130,051
Proceeds from sale of capital assets	<u>13,135</u>	<u>23,439</u>
Net cash provided by (used in) capital and related financing activities	<u>(326,532)</u>	<u>347,430</u>
Cash flows from investing activities		
Interest income	7,242	6,097
Rental income	<u>93,842</u>	<u>104,184</u>
Net cash provided by investing activities	<u>101,084</u>	<u>110,281</u>
Net increase (decrease) in cash and cash equivalents	3,363,688	(408,248)
Cash and cash equivalents at beginning of year	<u>627,604</u>	<u>1,035,852</u>
Cash and cash equivalents at end of year	<u>\$ 3,991,292</u>	<u>\$ 627,604</u>
Reconciliation of operating loss to net cash used in operations		
Operating loss	\$ (14,937,593)	\$ (13,935,891)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	3,400,352	3,103,126
Changes in assets and liabilities:		
Receivables, net	56,800	(629,316)
Other assets	62,878	(73,008)
Accounts payable and accrued expense	<u>898,938</u>	<u>820,478</u>
Net cash used in operations	<u>\$ (10,518,625)</u>	<u>\$ (10,714,611)</u>
Non-cash capital related financing activities		
Capital assets purchased on behalf of the Authority by the Commonwealth of Massachusetts	\$ 126,778	\$ 148,556
At June 30, the Authority had capital expenditures that were financed via accounts payable	\$ 2,701,489	\$ 2,500,342
Use of reserve for extraordinary expense for capital asset expenditures	\$ 60,294	

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

Notes to Financial Statements  
June 30, 2014 and 2013

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, MassDOT, 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 services in connection with the Authority's principal ongoing operations. 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, 2014 and 2013

2. Summary of Significant Accounting Policies (continued)

a) Measurement Focus, Basis of Accounting and Financial Reporting Presentation (continued)

The Authority has adopted GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which establishes guidance for applying standards established in Financial Accounting Standards Board (FASB) statements and interpretations to the preparation of financial statements for proprietary fund activities. In accordance with GASB Statement No. 62, the Authority complies with and observes all FASB statements and interpretations that were issued on or before November 30, 1989, unless they conflict with GASB pronouncements.

b) Adoption of New Accounting Pronouncements – In March, 2012, the GASB issued GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The adoption of this standard did not have a material impact on the Authority’s financial statements.

In March, 2012, the GASB issued GASB Statement No. 66, *Technical Corrections – 2012 – An Amendment of GASB Statements No. 10 and No. 62*. The objective of this statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The adoption of this standard did not have a material impact on the Authority’s financial statements.

In May, 2013, the GASB issued GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. This statement improves the accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. 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, 2014 and are applicable to the Authority. The Authority has not yet adopted these statements, and the implication on the Authority’s fiscal practices and financial reports is being evaluated.

<u>Statement No.</u>		<u>Adoption Required in Fiscal Year</u>
68	<i>Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27</i>	2015
69	<i>Government Combinations and Disposals of Government Operations</i>	2015
71	<i>Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68</i>	2015

GREATER ATTLEBORO-TAUNTON REGIONAL TRANSIT AUTHORITY  
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Notes to Financial Statements  
June 30, 2014 and 2013

2. Summary of Significant Accounting Policies (continued)

c) Capital Grants – The Authority receives capital grants from various governmental agencies to be used for various purposes connected with the planning, modernization and expansion of transportation facilities and equipment. Capital grants are reported as revenue rather than contributed capital as required by GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

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.

g) Capital Assets – Capital assets are stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method based on the estimated service lives of the assets. The Authority's capitalization policy is to capitalize all assets acquired with capital funds regardless of the dollar amount. The estimated service lives are as follows:

Buildings	20 – 40 years
Vehicles	4 – 12 years
Equipment	5 – 7 years
Intangible assets	2 – 7 years

h) Net Position - Net position is the residual of all other elements presented in a statement of net position. It is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. The categories of reporting net position 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 position is 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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.



GREATER ATTLEBORO-TAUNTON REGIONAL TRANSIT AUTHORITY  
(a Component Unit of the Massachusetts Department of Transportation)  
Notes to Financial Statements  
June 30, 2014 and 2013

2. Summary of Significant Accounting Policies (continued)

i) Restricted Cash and Investment Accounts – Certain cash and investments are segregated from operating cash due to certain internal or external restrictions as follows:

- Stabilization and contingency reserve accounts – represent funds held in accordance with statutory requirements to be used when annual revenues are projected to be less than annual expenses, or if the Authority has insufficient funds on hand to pay current expenses.
- Other Accounts – represent internally restricted funds held for capital acquisitions and other expenses.

j) Postemployment Benefits – Postemployment (OPEB) benefits, primarily healthcare, are recognized on an accrual basis. The accrual is the recognition of an expense that is calculated based on the annual required contribution of the Authority, an amount actuarially determined in accordance with the parameters of GASB No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The expense is recorded while the future retiree is earning the benefit (i.e., employed) rather than when they receive the benefit (i.e., when retired). To the extent that the Authority does not fund the contribution, a postemployment benefit liability is recognized.

k) Available Unrestricted Resources – The Authority's policy is to utilize available unrestricted resources prior to restricted resources.

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 and repurchase agreements guaranteed by such securities with maturity dates of no more than 90 days from the date of purchase.

Custodial credit risk exists for cash deposits when, in the event of the failure of a depository financial institution, the Authority's deposits will not be recovered. The Authority does not have a formal policy with regard to custodial credit risk, but generally invests its funds in deposits that are fully FDIC insured or collateralized with securities held by the pledging financial institution's trust department in the financial institution's name. At June 30, 2014, the Authority does not have any uninsured or uncollateralized bank deposits.

GREATER ATTLEBORO-TAUNTON REGIONAL TRANSIT AUTHORITY  
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Notes to Financial Statements  
June 30, 2014 and 2013

3. Cash and Cash Equivalents (continued)

	<u>2014</u>	<u>2013</u>
Balance per banks	\$ 4,579,374	\$ 1,351,582
Deposits covered by:		
Federal Depository Insurance Corporation	(500,000)	(306,192)
Depositors Insurance Fund	(3,267,575)	(711,722)
Collateralized with pledged securities	<u>(811,799)</u>	<u>(333,668)</u>
 Total uninsured and uncollateralized deposits	 <u>\$ -</u>	 <u>\$ -</u>

Cash and cash equivalents reported in the accompanying statement of net position as of June 30, 2014 and 2013, are as follows:

	<u>2014</u>	<u>2013</u>
Current assets - cash and cash equivalents	\$ 3,513,397	\$ 121,663
Noncurrents assets - restricted funds	<u>477,895</u>	<u>505,941</u>
Total	<u>\$ 3,991,292</u>	<u>\$ 627,604</u>

4. Grants

The Federal government provides both operating and capital funding pursuant to the various sections of the Safe, Accountable, Flexible, Efficient Transportation Equity Act (SAFETEA-LU), of 2005. Activities that previously received dedicated funding from SAFETEA-LU are being replaced by funding from new legislation, namely, the Moving Ahead for Progress in the 21<sup>st</sup> Century (MAP-21) Act, of 2012.

Further, the Commonwealth of Massachusetts (MassDOT) and the member communities provide the local share of both operating and capital funding.

GREATER ATTLEBORO-TAUNTON REGIONAL TRANSIT AUTHORITY  
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Notes to Financial Statements  
June 30, 2014 and 2013

5. Receivables

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

	<u>2014</u>	<u>2013</u>
United States Department of Transportation - Pass-through grants through the Commonwealth		
Operating grants		
Rural area assistance	\$ -	\$ 47,306
Federal Grants		
Operating grants	<u>3,188,591</u>	<u>2,286,816</u>
	<u>3,188,591</u>	<u>2,334,122</u>
Commonwealth of Massachusetts		
Operating grants		
State contract assistance		2,929,090
Local operating assistance to be billed by the Commonwealth to Cities and Towns constituting the Authority and paid by the Commonwealth to the Authority	5,919,276	6,025,652
Executive Office of Human Services Transportation Revenue	<u>4,757,727</u>	<u>4,814,527</u>
	<u>10,677,003</u>	<u>13,769,269</u>
Total Receivables	<u>\$ 13,865,594</u>	<u>\$ 16,103,391</u>
The total receivables is shown on the accompanying statement of net position as follows:		
Current receivables	13,865,594	16,013,903
Noncurrent receivables		89,488
	<u>\$ 13,865,594</u>	<u>\$ 16,103,391</u>
Capital assistance		
Commonwealth of Massachusetts	\$ 2,090,524	\$ 1,380,069
Federal grants	857,894	1,087,460
Other	52,471	13,032
Total Receivables capital grants	<u>\$ 3,000,889</u>	<u>\$ 2,480,561</u>

6. Other Current Assets

The other current asset balance includes inventory of motor vehicle parts and fuel for 2014 and 2013 of approximately \$242,000 and \$250,000, respectively. This inventory is stated at the lower of cost or market.

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Notes to Financial Statements  
June 30, 2014 and 2013

7. Capital Assets and Depreciation

The capital asset activity for the year ended June 30, 2014 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land	\$ 822,107	\$ -	\$ -	\$ 822,107
Construction in progress	4,032,732	1,622,141	2,995,888	2,658,985
Subtotal	<u>4,854,839</u>	<u>1,622,141</u>	<u>2,995,888</u>	<u>3,481,092</u>
Depreciable capital assets				
Buildings and structures	20,757,573	6,702,464		27,460,037
Vehicles	16,065,312	748,360	265,012	16,548,660
Equipment	5,143,523	172,422	372,802	4,943,143
Intangible assets	623,592	183,869	113,993	693,468
Subtotal	<u>42,590,000</u>	<u>7,807,115</u>	<u>751,807</u>	<u>49,645,308</u>
Accumulated depreciation	<u>25,780,339</u>	<u>3,400,352</u>	<u>750,222</u>	<u>28,430,469</u>
Net depreciable capital assets	<u>16,809,661</u>	<u>4,406,763</u>	<u>1,585</u>	<u>21,214,839</u>
Net depreciable and net capital assets	<u>\$ 21,664,500</u>	<u>\$ 6,028,904</u>	<u>\$ 2,997,473</u>	<u>\$ 24,695,931</u>

The capital asset activity for the year ended June 30, 2013 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land	\$ 822,107	\$ -	\$ -	\$ 822,107
Construction in progress	694,079	3,849,087	510,434	4,032,732
Subtotal	<u>1,516,186</u>	<u>3,849,087</u>	<u>510,434</u>	<u>4,854,839</u>
Depreciable capital assets				
Buildings and structures	20,278,655	526,364	47,446	20,757,573
Vehicles	15,887,751	1,354,066	1,176,505	16,065,312
Equipment	5,079,587	457,041	393,105	5,143,523
Intangible assets	590,502	85,239	52,149	623,592
Subtotal	<u>41,836,495</u>	<u>2,422,710</u>	<u>1,669,205</u>	<u>42,590,000</u>
Accumulated depreciation	<u>24,270,395</u>	<u>3,103,126</u>	<u>1,593,182</u>	<u>25,780,339</u>
Net depreciable capital assets	<u>17,566,100</u>	<u>(680,416)</u>	<u>76,023</u>	<u>16,809,661</u>
Net depreciable and net capital assets	<u>\$ 19,082,286</u>	<u>\$ 3,168,671</u>	<u>\$ 586,457</u>	<u>\$ 21,664,500</u>

Depreciation expense for 2014 and 2013 was \$3,400,352 and \$3,103,126, respectively.

GREATER ATTLEBORO-TAUNTON REGIONAL TRANSIT AUTHORITY  
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June 30, 2014 and 2013

8. Accounts Payable and Accrued Expense

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

	<u>2014</u>	<u>2013</u>
Accounts payable	\$ 9,169,114	\$ 8,136,212
Accrued expense	668,590	692,266
Unearned revenue	284,789	237,469
	<u>10,122,493</u>	<u>9,065,947</u>
Less: Long-term portion	<u>(3,455,259)</u>	<u>(3,210,460)</u>
Accounts payable and accrued expense - current	<u>\$ 6,667,234</u>	<u>\$ 5,855,487</u>

The long-term portion of accounts payable and accrued expense is reported in the accompanying statement of net position as of June 30, 2014 and 2013 are as follows:

	<u>2014</u>	<u>2013</u>
Liabilities payable from restricted assets	\$ 3,179,385	\$ 2,986,502
Accounts payable and accrued expense	275,875	223,958
Accrued expense	<u>\$ 3,455,260</u>	<u>\$ 3,210,460</u>

9. Long-Term Debt

During the years ended June 30, 2014 and 2013, the following changes occurred in the Authority's revenue anticipation notes (RANs):

	<u>2014</u>	<u>2013</u>
Beginning balance	\$ 10,000,000	\$ 10,000,000
New notes issued	10,500,000	10,000,000
Notes retired	<u>(10,000,000)</u>	<u>(10,000,000)</u>
Ending balance	10,500,000	10,000,000
Less current portion of long-term debt	<u>(3,000,000)</u>	<u>(3,000,000)</u>
Long-term debt	<u>\$ 7,500,000</u>	<u>\$ 10,000,000</u>

The RANs outstanding at June 30, 2014, have an interest rate of 1.0%, are due in August, 2014 and are fully guaranteed by the Commonwealth of Massachusetts.

A portion of the RAN is expected to be refinanced upon maturity with generally the same terms as the note currently outstanding. Therefore, it is short-term debt expected to be refinanced and is thus classified as long-term debt.

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.

GREATER ATTLEBORO-TAUNTON REGIONAL TRANSIT AUTHORITY  
(a Component Unit of the Massachusetts Department of Transportation)  
Notes to Financial Statements  
June 30, 2014 and 2013

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, 2014, 2013 and 2012 were \$94,741, \$52,271 and \$51,025, respectively. These contributions were equal to the Authority's required contribution in each year and represented .6% of system-wide employer contributions in all three years.

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, 2014 and 2013

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 for Postemployment Benefits Other Than Pensions*. 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, 2014 and 2013, 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>2014</u>	<u>2013</u>
Annual required contribution (ARC)	\$ 103,742	\$ 98,176
ARC adjustment	(15,469)	(12,993)
Interest on net OPEB obligation	18,047	15,158
Additional adjustment		23,264
Annual OPEB cost	106,320	123,605
Contributions made	(21,688)	(17,812)
Increase in net OPEB obligation	84,632	105,793
Net OPEB obligation - beginning of year	515,617	409,824
Net OPEB obligation - end of year	\$ 600,249	\$ 515,617

The Authority’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014, 2013 and 2012 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, 2012	\$ 93,966	44.5%	\$ 409,824
June 30, 2013	123,604	14.4%	515,617
June 30, 2014	106,320	20.4%	600,249

Funded Status and Funding Progress – The funded status of the plan as of June 30, 2012, the actuarial valuation date, 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, 2014 and 2013

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.

12. Commitments and Contingencies

- a) Purchase commitments – Construction in progress at June 30, 2014 consisted of expenditures by the Authority for various construction projects, which management expects will be completed in the years 2015 and 2016. At June 30, 2014, remaining construction commitments for these projects aggregated \$335,000.
- b) Litigation – 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, 2014 and 2013

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 2014 and 2013 is as follows:

	<u>2014</u>	<u>2013</u>
Operating assistance		
Commonwealth appropriations	\$ 3,075,517	\$ 2,839,602
Federal pass-through grants	146,618	420,459
Local communities' assistance	3,734,501	3,587,123
Capital assistance		
Commonwealth appropriations	2,416,572	1,854,556
Executive Office of Human Services Transportation	<u>30,896,622</u>	<u>26,315,963</u>
 Total related party transactions	 <u>\$ 40,269,830</u>	 <u>\$ 35,017,703</u>

14. Subsequent Event

Subsequent to June 30, 2014, the Authority issued a \$7,500,000 revenue anticipation note that has an interest rate of 1.00%. These RANs will mature in August, 2015 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. During the current year, the Authority contributed \$107,614 to the reserve and used \$60,294 of the reserve to fund the local share of federal grants. Further, contributions to the reserve in 2013 and 2012 were \$100,189 and none, respectively. The balance in the reserve account at June 30, 2014 is \$147,509.

GREATER ATTLEBORO-TAUNTON REGIONAL TRANSIT AUTHORITY  
(a Component Unit of the Massachusetts Department of Transportation)  
Required Supplementary Information (Unaudited)  
Schedule of Funding Progress  
Other Postemployment Benefit Plan  
For the years ended June 30, 2012, 2010 and 2008

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 (Unaudited)  
Year ended June 30, 2014  
Form 1

	Urbanized Area Service	Rural Area Service	Total Area Service
<b>I. Operating Costs</b>			
A. RTA administrative costs (excluding depreciation)	\$ 307,106	18,563	
<b>B. Purchased services</b>			
Fixed route	6,434,854		
Demand response	4,950,641	759,441	
Brokerage services	28,445,176	1,719,380	
C. Debt Service	51,435	3,109	
D. Commuter rail stations/parking	376,029		
Total Operating Costs	<u>40,565,241</u>	<u>2,500,493</u>	<u>43,065,734</u>
<b>II. Federal Operating Assistance</b>			
A. FTA operating and administrative	4,569,902		
B. Other federal			
Total Federal Assistance	<u>4,569,902</u>	-	<u>4,569,902</u>
<b>III. Revenues</b>			
<b>A. Operating</b>			
1. Farebox Revenue	929,027	56,155	985,182
B. Brokerage service reimbursement	28,416,886	1,717,670	30,134,556
C. Other third party reimbursement			-
<b>D. Other fully funded</b>			
Local Communities	808,892	48,894	857,786
Other	276,224	16,696	292,920
<b>E. Other Revenues</b>			
1. Advertising	60,834		60,834
2. Parking	65,813		65,813
3. Sale of capital assets	10,891	658	11,549
4. Interest income	6,829	413	7,242
5. Miscellaneous	127,718		127,718
Total Other Revenues	<u>272,085</u>	<u>1,071</u>	<u>273,156</u>
IV. Net Operating Deficit (I-II-III)	5,292,225	660,007	5,952,232
<b>V. Adjustments</b>			
A. Extraordinary expenses (not to exceed 2.5% of prior year's local assessment)	101,480	6,134	107,614
B. Current expense			-
	<u>101,480</u>	<u>6,134</u>	<u>107,614</u>
VI. Net Cost of Service (IV+V)	5,393,705	666,141	6,059,846
<b>VII. Net Cost of Service Funding</b>			
A. Local Assessments	2,560,564	316,151	2,876,715
<b>B. State contract assistance</b>			
1. LESS: Adjustment for exceeding 2.5% cap on prior year net operating expenses	2,833,141	349,990	<u>3,183,131</u>
<b>C. State Contract Assistance to be funded</b>			
1. LESS: Payment made by MassDOT during current year			<u>3,183,131</u>
			<u>(3,183,131)</u>
D. Balance requested from the State			-
Viii. Unreimbursed Deficit (VI-VIIA-VIIC)			-

Net Cost of Service-Calculation Worksheet (Unaudited)  
Year Ended June 30, 2014  
Form 2

I. Proof calculations and other required information:

A. Prior year operating exp., net of fully funded brokerage serv. costs	\$ 12,345,166
Allowable percentage increase:	2.50%
Prior year, net operating expenses times 2.5%	<u>308,629</u>
Current year, allowable net operating expense	<u>12,653,795</u>
Plus adjustments:	
ADA expenses in excess of the 2.5% cap	
Brokerage funded costs	30,164,556
New service costs	57,700
Other fully funded	189,683
Amount under allowable net operating expense	<u>\$ 43,065,734</u>
 B. Amount of extraordinary expenses (See V. Adjustments, Form 1)	 \$ 107,615
Prior year local assessment	<u>3,587,123</u>
Percentage extraordinary expense to prior local assessment (not to exceed 3%)	<u>3.0%</u>
 C. Aggregate amount of reserve account at June 30.	 \$ 147,509
Prior year local assessment	<u>3,587,123</u>
Percentage of reserve account to prior local assessment (not to exceed 20%)	<u>4.1%</u>
 D. State the management fee paid to major service providers as a percentage of operating costs incurred.	 4.4%
 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.	 70.0%
 G. Stabilization Fund:	
1. Current year	\$ 0
2. Aggregate balance	<u>\$ 0</u>

Schedule of Local (Cities and Towns) Funding (Unaudited)

Year Ended June 30, 2014

<u>Community</u>	<u>Share</u>
Attleboro	\$ 388,496
Bellingham	140,537
Berkley	33,814
Carver	54,146
Dighton	13,490
Duxbury	110,684
Kingston	84,730
Foxboro	118,998
Franklin	221,451
Hanover	69,886
Lakeville	47,351
Mansfield	159,226
Marshfield	180,527
Medway	84,809
Middleborough	157,969
Norfolk	77,950
North Attleboro	199,271
Norton	97,873
Pembroke	135,326
Plainville	25,661
Plymouth	382,479
Raynham	93,397
Rehoboth	18,213
Scituate	72,872
Seekonk	98,064
Taunton	396,405
Wareham	194,638
Wrentham	76,238
	<u>\$ 3,734,501</u>

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

Schedule 5

Schedule of Compensation Required by Massachusetts  
Executive Office for Administration and Finance (Unaudited)  
June 30, 2014

<u>Title</u>	<u>Base Salary</u>	<u>Bonus</u>	<u>Severance</u>	<u>Retirement Contribution</u>	<u>Other</u>
Administrator	\$ 99,701	\$ -	\$ -	\$ 8,232	\$ 25,554
Other employees	-	-	-	-	-
Advisory Board Members	-	-	-	-	-