PIONEER VALLEY TRANSIT AUTHORITY

(A Component Unit of the Massachusetts Department of Transportation)

Financial Statements and Supplementary Information

June 30, 2022 and 2021

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INDEPENDENT AUDITORS' REPORT

To the Advisory Board of the
PIONEER VALLEY TRANSIT AUTHORITY
2808 Main Street
Springfield, MA 01107

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of Pioneer Valley Transit Authority as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Pioneer Valley Transit Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Pioneer Valley Transit Authority as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

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Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Pioneer Valley Transit Authority's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Pioneer Valley Transit Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on page 5, Schedule of Change in Net Pension Liability and Related Ratios, Schedule of Pension Contributions Schedule of Changes in Net Other Postemployment Benefits (OPEB) Liabilities and Related Ratios, and Schedule of OPEB Contributions, on pages 42 to 49 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Pioneer Valley Transit Authority's basic financial statements. The accompanying supplementary information on pages 50 to 51 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Emphasis of Matter

As discussed in Notes 10 and 20 of the financial statements, the Authority adopted the provisions of GASB Statement No. 87, *Leases*. The financial statements have been retroactively restated for these changes. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2022, on our consideration of the Pioneer Valley Transit Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Pioneer Valley Transit Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Pioneer Valley Transit Authority's internal control over financial reporting and compliance.

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September 19, 2022

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

Management's Discussion and Analysis

For the Year Ended June 30, 2022

As the Administrator of the Pioneer Valley Transit Authority (the Authority), I offer readers of the Authority's financial statements this overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2022.

The Authority owns, manages, and has direct capital responsibilities for rolling stock, facilities and equipment. Currently, the Authority has a total of 370+ revenue vehicles in its inventory that fall into categories such as articulated buses, transit buses, cutaway buses and minivans. The Authority uses nine facilities in the provision of its transit services, of which it has direct capital responsibility for seven. Equipment includes non-revenue support vehicles, passenger waiting shelters and other equipment which is divided into two categories: facilities critical equipment and support equipment. Through the Authority's Transit Asset Management Plan (TAM Plan), the Authority has established and maintains an investment strategy to ensure its capital assets are kept in a state of good repair. State of good repair is defined as the condition in which a capital asset is able to operate at its intended level of performance throughout its useful life

Impact of COVID-19 on the Authority's Fiscal Year 2022 Operations

The Authority continued operating reduced weekday service with reduced service hours in response to demand for transit service as well as the availability of the workforce. Fixed route ridership for fiscal year 2022 was 30% lower than pre-COVID ridership levels. In terms of recovery, at the end of the fiscal year, system-wide ridership was at about 70% of pre-COVID ridership levels; SATCo at 70%, VATCo at 73%, and UMass at 69%. Nine out of twenty-one SATCo routes had recovered more than 70% ridership, including some of the top volume routes (G1, P20, P21). The college routes remained above 70% recovery since February despite the end of the academic year. Paratransit ridership continues to increase steadily and has rebounded to just over 66% of pre-pandemic levels in the month June. To continue to ensure the safety of our drivers and passengers, the measures implemented in 2020 were continued including cleaning technologies, increased time spent on cleaning and disinfection of vehicles, requiring drivers and riders to wear a nose and mouth covering until changes to the CDC guidelines. The Authority completed the installation of permanent driver barriers on all vehicles, these barriers are now standard, as is, plastic passenger seating and modified securement system for mobility devices. In addition, the Authority installed air purifiers on all transit buses as well as in common areas at all Authority facilities.

The Authority implemented the contactless mobile fare payment App, MassDOT BusPlus, on July 19, 2020. At the end of the fiscal year, 52,000 monthly mobile ticket activations account for about 14% of the total fare-paying rides. One-rides and passes are the most popular tickets being bought on the App. The platform was used by Holyoke Community College students, as well as Springfield Technical Community College students.

The Authority's operating costs, because of the pandemic, are expected to continue to increase as the economy recovers and ridership slowly increases.

The biggest impact of the pandemic has been the workforce. Staffing continues to be a problem for many transit systems, and the Authority is no exception. Each of the Authority's operators is experiencing labor challenges to some degree. The Authority has launched a broad-based media campaign to support hiring efforts for each operator, including radio, social media, email, and other advertising media, to raise awareness of our staffing needs. In the meantime, the Authority had to institute labor related service adjustments throughout the Transit District affecting service frequency and span of service. As these adjustments are lasting more than six months the Authority needs to implement its public participation plan to obtain comments from the riders.

COVID-19 and the Fiscal Year 2023 Budget

The Authority's fiscal year 2023 budget approved by the Advisory Board is made with the following assumptions for fiscal year 2023 as it pertains to the approved budget: State Contract Assistance (SCA) is funded just below fiscal year 2022 levels; local assessments funded at 100%; advertisement at 100%; other subsidy at 100% and, fare revenue collection funded at 80% of 2019 pre-COVID levels. Expenses for fiscal year 2023 include an increase in labor and benefits for the fixed route contractor due to contractual obligations as well as an increase in insurance and legal expenses attributed to a new management contract as well as ongoing arbitration cases. Expenses for fiscal year 2023 will also reflect continued monthly expenses in labor and supplies associated with additional cleaning and disinfecting of the vehicles and facilities although not as high as in previous years. Expenses are reflective of the interest rate of the revenue anticipation notes increasing due to higher market rates at time of sale as well as an increase in utilities due to the fleet being moved over to cellular communications for data as well as the implementation of real time information to all the on-board monitors.

As of the beginning of fiscal year 2023, most of the universities, colleges and schools have reopened to in-person learning although some classes are conducted in the hybrid mode. UMass and the region's higher learning institutions returned to full on-campus learning as of September 2021. The Authority has instituted a contactless mobile fare payment option during 2021 that has shown a steady increase of sales using that platform. The Authority will complete the installation of ticket validators on the fixed route system to continue to support and expand the contactless mobile payment.

Paratransit operation assumptions are based on predictions of restored ridership levels of approximately 70% for fiscal year 2023, as compared to pre-pandemic levels as the communities and residents continue to return to pre-pandemic transit needs. The COA's of the member towns have reopened and ridership is expected to increase as seniors become accustomed to in-person events again. The Authority also expanded the hours of operation for the Dial-A-Ride program available to seniors allowing them to travel on Saturdays.

The Authority's expenses in other categories have also been directly affected by COVID-19. Printing has decreased significantly due to a companywide movement towards paperless schedules. The fuel expense is expected to increase due to current fuel market still being affected by the war in Ukraine. The worker shortage caused by the pandemic continues to directly affect the Authorities' expenses as the number of employees affect the ability to delivery service and maintain the fleet and facilities.

Federal CARES Act Funding

The Authority was awarded federal operating assistance under the Coronavirus Aid Relief and Economic Security (CARES) Act through an existing federal program 49 USC Section 5307. The funding is to cover eligible operating expenses and other costs, net of fare revenue, incurred as part of the Authority's response to COVID-19 beginning on or after January 20, 2020. Per the CARES Act and the awarding contract, the funding covers 100% of eligible expenses and does not require state or local matches. The following contract was awarded to the Authority:

	Performance Period	Total Contract Amount	Funds Spent through Fiscal Year 2021	Funds Spent in Fiscal Year 2022	Remaining Contract Amount
Federal CARES Act Funding					
Federal Section 5307	1/20/2020 until spent	$ 36,615,416	$ 10,414,144	$ 2,950,135	$ 23,251,137

Financial Highlights

- The assets and deferred outflows of resources of the Authority exceeded its liabilities and deferred inflows of resources at June 30, 2022 by $63,455,779.

- The total operating revenue increased $1,884,336 or 33% from fiscal year 2021.

- The total operating expenses increased $5,253,159 or 11% from fiscal year 2021.

- The Authority's net cost of service, after applying operating assistance and revenues, for eligible reimbursable expenses for fiscal year 2022 was $36,537,561. The net cost of service was funded with local assessments of $9,635,895 and state contract assistance of $26,901,666. The calculation of the net cost of service can be found on page 50 of this report.

- The Authority expended $16,969,708 on capital assets, which were mostly funded with federal and state capital grants.

The Authority's operations are funded annually through a state required computation of the net cost of service. Except for the establishment of a restricted reserve, as allowed under Massachusetts General Laws, the Authority's funding cannot exceed its net cost of service.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements, which consist of the Statement of Net Position, Statement of Revenues, Expenses and Changes in Fund Net Position, Statement of Cash Flows and Notes to the Financial Statements. The Authority is a special purpose government engaged only in business-type activities. As such, its financial statements consist of only those required for enterprise funds and notes to the financial statements.

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. The notes to the financial statements can be found on pages 10 through 41 of this report. In addition to the basic financial statements and accompanying notes, this report also presents the schedule of changes in net pension liabilities and related ratios, schedule of pension contributions, the schedule of changes in net other postemployment benefits liabilities and related ratios, and the schedule of other postemployment benefit contributions, which are required supplemental information. The required supplementary information can be found on pages 42 to 49 of this report.

Government Financial Analysis

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

Summary of Net Position

	6/30/2022	6/30/2021
Total current assets	$ 26,976,190	$ 35,027,481
Investment in Holyoke Intermodal Facility, LLC	3,946,359	3,946,020
Property and equipment, net	103,551,585	106,599,811
Lease related asset, net	5,555,724	5,834,672
Deferred outflows of resources related to pensions	2,266,270	1,566,286
Deferred outflows related to other post employment benefits	5,007,404	6,237,489
Total assets and deferred outflows of resources	147,303,532	159,211,759
Accounts payable and other accrued liabilities	11,990,644	18,576,982
Note payable	14,500,000	14,500,000
Lease related obligation	5,631,111	5,834,672
Net pension liabilities	762,628	2,630,079
Accrued other post employment benefits	39,144,845	41,341,914
Deferred inflows of resources related to pensions	2,749,102	962,590
Deferred inflows related to other post employment benefits	9,069,423	8,548,386
Total liabilities	83,847,753	92,394,623
Investment in capital assets, net of related debt	107,497,944	110,545,831
Restricted reserve	1,862,201	1,580,175
Unrestricted	(45,904,366)	(45,308,870)
Total net position	$ 63,455,779	$ 66,817,136

The Authority's assets exceeded its liabilities by $63,455,779 at the close of fiscal year 2022. An additional portion of the Authority's net position, shown as "restricted reserve", represents resources that are subject to approval of the Secretary of Transportation. As of June 30, 2022, the Authority's reserve for extraordinary expenses was $1,862,201. During fiscal year 2022, the Authority's unrestricted net position decreased a net amount of $595,496 from fiscal year 2021 for a total negative unrestricted balance of $(45,904,366) at June 30, 2022. The negative unrestricted net position of $45,904,366 is primarily the result of the Authority reporting its projected long-term obligations for its net pension liabilities of $1,245,460 and other postemployment benefits liabilities of $43,206,864. The recognition of these long-term liabilities are estimates based on actuarial valuations.

A summary of the Authority's revenues, expenses, and changes in fund net position is as follows:

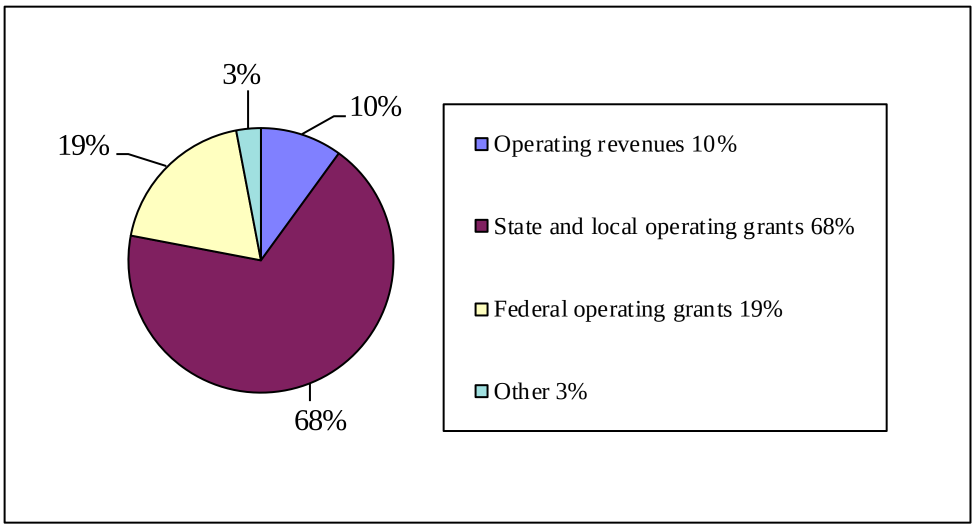
Summary of Statement of Revenues, Expenses and Changes in Fund Net Position

	6/30/2022	6/30/2021	Increase (Decrease)
Operating revenues	$ 5,174,271	$ 3,289,935	$ 1,884,336
Reimbursable operating expenses	53,017,613	47,171,529	5,846,084
Nonreimbursable operating expenses (recovery) -			
Change in net pension and OPEB liabilities	(1,226,870)	(558,155)	(668,715)
Change in lease related asset and obligation	75,790	-	75,790
Operating income (loss)	(46,692,262)	(43,323,439)	(3,368,823)
Total non-operating revenues (expenses)	48,125,368	43,881,594	4,243,774
Income (loss) before capital contributions and other items	1,433,106	558,155	874,951
Capital contributions	15,827,346	15,290,577	536,769
Nonreimbursable depreciation	(20,017,934)	(19,792,442)	(225,492)
Other changes	(603,875)	-	(603,875)
Change in net position	(3,361,357)	(3,943,710)	582,353
Net assets, beginning	66,817,136	70,760,846	(3,943,710)
Net position, ending	$ 63,455,779	$ 66,817,136	$ (3,361,357)

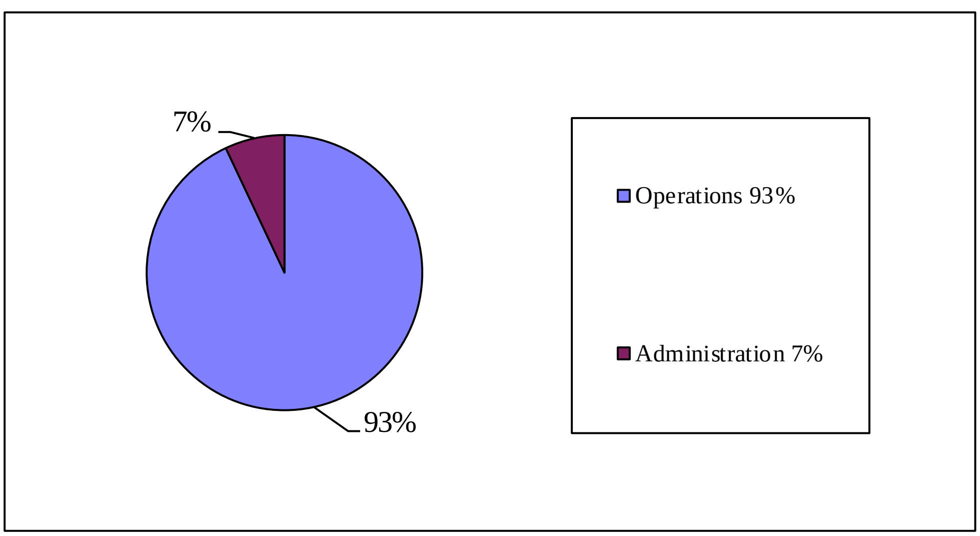
Operating revenues increased $1,884,336 or 57% from the prior year comprised of an increase in fixed route revenue of $1,513,917, increase in paratransit revenue of $371,311 and a decrease in shuttle service revenue of $(892). These increases in operating revenues are due to the return of riders following the COVID-19 pandemic and educational institutions having in-person learning.

Non-operating revenues (expenses) increased $4,243,774 or 10% from the prior year primarily due to an increase in local assessments of $235,022 as allowed under Massachusetts General Laws, an increase in federal and other assistance of $2,807,306, a decrease in advertising income of $(10,919), increase in interest income of $12,202, increase in miscellaneous income of $192,442, and a decrease in interest expense of $68,154, all offset by an increase in State Operating assistance of $939,567.

Total Operating and Non-operating
Revenues of $53,345,361 by Source



Total Operating and Non-operating
Expenses of $51,912,255 by source



Budget vs. Actual - an analysis of significant budget variances (budget versus actual results), including reasons for the variances is as follows:

Revenues

Fare revenues

	FY2022 Actual	FY2022 Budget	Variance + (-)
Fixed route income	$ 4,516,896	$ 5,085,197	$ (568,301)
Paratransit income	647,519	439,944	207,575
Shuttle service income	9,856	13,875	(4,019)
Total operating income	$ 5,174,271	$ 5,539,016	$ (364,745)

The decrease in revenues is contributed to the Omicron surge in early 2022. Ridership was predicted to be at 75% of pre COVID-19 levels but only reached 70%.

Government and other assistance

	FY2022 Actual	FY2022 Budget	Variance + (-)
Federal and other assistance	$ 10,953,163	$ 12,206,213	$ (1,253,050)
State contract assistance	26,901,666	26,901,666	-
Local assistance	9,635,895	9,635,895	-

The final federal and other assistance came in under the budgeted amount by $1,253,050. The reduction in various operating costs during the fiscal year, allowed the Authority to not use as much federal operating funds.

Other revenues

	FY2022 Actual	FY2022 Budget	Variance + (-)
Advertising income	$ 232,019	$ 230,000	$ 2,019
Other income	428,942	194,500	234,442
Interest income	19,405	150,000	(130,595)

Advertising income came in over budget by $2,019. Other income came in over budget by $234,442 due to insurance recoveries being higher than anticipated. Interest income was under budget by $130,595 due to lower interest rates and due to a delay in receiving SCA (State Contract Assistance) therefore effecting cash on hand.

Expenses

	FY2022 Actual	FY2022 Budget	Variance + (-)
Fixed route service expense	$ 38,244,154	$ 38,409,078	$ 164,924
Paratransit service expense	7,182,977	9,222,022	2,039,045
Shuttle service expense	308,812	382,824	74,012
Administrative salaries, taxes and fringe benefits	2,597,666	2,829,963	232,297
Other administrative expenses	1,118,321	1,308,800	190,479

Fixed route costs came in under budget by $164,924, which was affected by the Authority's adjustment to its net pension and other postemployment benefit (OPEB) liabilities. These liabilities are determined through actuarial valuations performed by Odyssey Advisors. The net pension and OPEB liabilities (net of deferred outflows and inflows of resources) decreased by $1,310,264. This recovery (reduction to expense) included in fixed route costs is non-reimbursable at this time and is therefore not budgeted for. After removing the effect of the net pension and OPEB adjustment of $1,310,264, the remaining variance of $1,475,188 under budget is the ridership not recovering as predicted primarily due to the COVID Omicron surge in late winter as well as a labor shortage and a reduction in routes. Although the Authority has actively engaged in workforce development there is still a challenge to recruit operators.

Paratransit service expense was under budget by $2,039,045 and is primarily due to a new paratransit service contract with significantly lower per trip rates. Although ridership increased by more than 30,000 trips from the previous year, the rate for those trips was 51% lower than the previous year, resulting in paratransit being under budget. The ridership as well did not recover as fast as predicted due to the COVID Omicron surge in late winter.

Shuttle service came in under budget by $74,012 and is due to fewer riders on the community shuttles as a result of the COVID-19 pandemic.

Administrative salaries, taxes and fringe benefits came in under budget by $232,297 partly because of the Authority's adjustment to its net pension and other postemployment benefit (OPEB) liabilities. These liabilities are determined through actuarial valuations performed by Odyssey Advisors. The net pension and OPEB liabilities (net of deferred outflows and inflows of resources) increased by $83,394. This expense is non-reimbursable at this time and is therefore not budgeted for. The remaining variance is primarily related to wages, health insurance, and pension contributions coming in under budget.

Debt

Revenue Anticipation Notes

At the end of fiscal year 2022, the Authority had a revenue anticipation note of $14,500,000. This note provides operating cash flow until federal, state, and local appropriations are received. On July 15, 2022, the Authority issued a $14,500,000 revenue anticipation note maturing on July 14, 2023. The Authority repaid the $14,500,000 note due on July 15, 2022.

Revolving Line of Credit

The Authority has a $3,000,000 revolving line of credit, due on demand. The line of credit is secured by the Authority's assets. Interest is at the Prime Rate as published in the Wall Street Journal. The interest rate was 4.75% at June 30, 2022. The balance outstanding as of June 30, 2022 and 2021 was $-0-.

Capital Assets

The Authority's investment in capital assets as of June 30, 2022 amounted to $103,551,585, net of accumulated depreciation. The investment in capital assets includes land, buildings, vehicles, and equipment. The Authority primarily acquires its capital assets under federal and state capital grants. The total purchase of capital assets for the current year was $16,969,708. Additional information can be found in Note 5 on pages 14 and 15 of this report.

Capital Assets

	6/30/2022	6/30/2021
Land	$ 1,965,505	$ 1,965,505
Buildings and improvements	117,125,818	113,372,801
Revenue vehicles	108,923,606	115,696,278
Equipment	35,686,772	63,089,532
Service vehicles	1,306,621	1,806,760
Total capital assets	265,008,322	295,930,876
Accumulated depreciation	(161,456,737)	(189,331,065)
Capital assets, net	$ 103,551,585	$ 106,599,811

Adoption of New Accounting Standard

The Authority adopted GASB Statement No. 87, *Leases*, in fiscal year 2022 with a conversion date of July 1, 2020. The details of this note and its impact on the Authority's financial reporting are disclosed in Note 10 and 20 or this report.

Economic Factors

Funding for the Authority's net cost of service (non-capital expenses less all non-capital revenues except state contract assistance and member municipality assessments) is dependent primarily on operating assistance from the Commonwealth of Massachusetts, assessments to member municipalities, and federal operating assistance. The balance of the funding comes from farebox revenue, insurance recoveries, interest and advertising revenue. The municipal assessments continue to be funded in arrears (currently 2 years back). This contributes in large part to the Authority's borrowing needs.

Contacting the Authority's Financial Management

This 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 Sandra E. Sheehan, Administrator, Pioneer Valley Transit Authority, 2808 Main Street, Springfield, MA 01107.

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

STATEMENTS OF NET POSITION

June 30,

	2022	2021
Assets and deferred outflows of resources		
Current assets		
Cash and equivalents	$ 534,032	$ 748,939
Short-term investments	5,613,462	5,644,057
Receivables, net	20,511,400	28,187,006
Prepaid expenses	317,296	447,479
Total current assets	26,976,190	35,027,481
Investment in Holyoke Intermodal Facility, LLC	3,946,359	3,946,020
Property and equipment, net	103,551,585	106,599,811
Lease related asset, net	5,555,724	5,834,672
Total assets	140,029,858	151,407,984
Deferred outflows of resources		
Deferred outflows related to pensions	2,266,270	1,566,286
Deferred outflows related to other post employment benefits	5,007,404	6,237,489
Total deferred outflows of resources	7,273,674	7,803,775
Total assets and deferred outflows or resources	147,303,532	159,211,759
Liabilities and deferred inflows of resources		
Current liabilities		
Accounts payable	8,508,624	15,200,210
Accrued payroll and related liabilities	113,792	158,461
Insurance claims reserve	2,500,000	2,500,000
Unearned revenue	651,332	430,992
Accrued interest	216,896	287,319
Note payable	14,500,000	14,500,000
Total current liabilities	26,490,644	33,076,982
Lease related obligation	5,631,111	5,834,672
Net pension liabilities	762,628	2,630,079
Accrued other post employment benefits	39,144,845	41,341,914
Total liabilities	72,029,228	82,883,647
Deferred inflows of resources		
Deferred inflows related to pensions	2,749,102	962,590
Deferred inflows related to other post employment benefits	9,069,423	8,548,386
Total deferred inflows of resources	11,818,525	9,510,976
Total liabilities and deferred inflows of resources	83,847,753	92,394,623
Net position		
Invested in capital assets, net of related debt	107,497,944	110,545,831
Restricted reserve	1,862,201	1,580,175
Unrestricted	(45,904,366)	(45,308,870)
Total net position	$ 63,455,779	$ 66,817,136

See notes to financial statements.

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

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

For the Year Ended June 30, 2022

	Budget	Actual	Variance Favorable (Unfavorable)
Operating revenues			
Fixed route income	$ 5,085,197	$ 4,516,896	$ (568,301)
Paratransit income	439,944	647,519	207,575
Shuttle service income	13,875	9,856	(4,019)
Total operating revenues	5,539,016	5,174,271	(364,745)
Operating expenses			
Fixed route service	38,409,078	38,244,154	164,924
Paratransit service	9,222,022	7,182,977	2,039,045
Shuttle service	382,824	308,812	74,012
Other operating costs	2,414,603	2,414,603	-
Administrative salaries, taxes and fringe benefits	2,829,963	2,597,666	232,297
Other administrative expenses	1,308,800	1,118,321	190,479
Total operating expenses	54,567,290	51,866,533	2,700,757
Operating income (loss)	(49,028,274)	(46,692,262)	2,336,012
Non-operating revenues (expenses)			
Government operating assistance			
Federal	8,537,113	7,629,736	(907,377)
Massachusetts	26,901,666	26,901,666	-
Member communities	9,635,895	9,635,895	-
Other federal and state assistance	2,414,603	2,414,603	-
Other assistance	1,254,497	908,824	(345,673)
Advertising income	230,000	232,019	2,019
Other income	194,500	428,942	234,442
Interest income	150,000	19,405	(130,595)
Interest expense	(290,000)	(45,722)	244,278
Total non-operating revenues (expenses)	49,028,274	48,125,368	(902,906)
Income (loss) before capital contributions and other items	$ -	1,433,106	$ 1,433,106
Contributed capital		15,827,346	
Other changes		(603,875)	
Nonreimbursable depreciation		(20,017,934)	
Change in net position		(3,361,357)	
Net position, beginning		66,817,136	
Net position, ending		$ 63,455,779	

See notes to financial statements.

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

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

For the Year Ended June 30, 2021

	Budget	Actual	Variance Favorable (Unfavorable)
Operating revenues			
Fixed route income	$ 3,498,796	$ 3,002,979	$ (495,817)
Paratransit income	341,005	276,208	(64,797)
Shuttle service income	9,556	10,748	1,192
Total operating revenues	3,849,357	3,289,935	(559,422)
Operating expenses			
Fixed route service	38,587,890	36,270,960	2,316,930
Paratransit service	9,631,553	6,993,034	2,638,519
Shuttle service	403,230	280,171	123,059
Administrative salaries, taxes and fringe benefits	2,522,181	1,809,102	713,079
Other administrative expenses	1,310,471	1,260,107	50,364
Total operating expenses	52,455,325	46,613,374	5,841,951
Operating income (loss)	(48,605,968)	(43,323,439)	5,282,529
Non-operating revenues (expenses)			
Government operating assistance			
Federal	11,690,744	7,607,847	(4,082,897)
Massachusetts	25,962,099	25,962,099	-
Member communities	9,400,873	9,400,873	-
Other assistance	1,178,814	538,010	(640,804)
Advertising income	225,000	242,938	17,938
Other income	269,020	236,500	(32,520)
Interest income	150,000	7,203	(142,797)
Interest expense	(270,582)	(113,876)	156,706
Total non-operating revenues (expenses)	48,605,968	43,881,594	(4,724,374)
Income (loss) before capital contributions and other items	$ -	558,155	$ 558,155
Contributed capital		15,290,577	
Nonreimbursable depreciation		(19,792,442)	
Change in net position		(3,943,710)	
Net position, beginning		70,760,846	
Net position, ending		$ 66,817,136	

See notes to financial statements.

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

STATEMENTS OF CASH FLOWS

For the Year Ended June 30,

	2022	2021
Cash flows from operating activities:		
Receipts from customers	$ 4,960,811	$ 3,462,487
Payments for goods and services	(49,464,710)	(42,705,468)
Payments to employees	(2,642,335)	(1,769,880)
Net cash provided (used) by operating activities	(47,146,234)	(41,012,861)
Cash flows from noncapital financing activities:		
Receipts of operating grants	50,570,810	41,101,665
Proceeds from issuing revenue anticipation notes	14,500,000	14,500,000
Repayments of revenue anticipation notes	(14,500,000)	(13,000,000)
Interest paid on revenue anticipation notes	(116,145)	(84,390)
Net cash provided (used) by noncapital financing activities	50,454,665	42,517,275
Cash flows from capital and related financing activities:		
Receipts of capital grants	20,032,451	7,114,299
Payments for capital acquisitions	(23,192,353)	(7,093,562)
Payments for lease obligations	(203,561)	(278,948)
Interest paid on lease obligations	(209,875)	(221,753)
Net cash provided (used) by capital and related financing activities	(3,573,338)	(479,964)
Cash flows from investing activities:		
Distribution from investment in Holyoke Intermodal Facility, LLC	-	37,129
(Increase) decrease in short-term investments	30,595	(2,007,203)
Interest income	19,405	7,203
Net cash provided (used) by investing activities	50,000	(1,962,871)
Net increase (decrease) in cash and equivalents	(214,907)	(938,421)
Cash and equivalents, beginning	748,939	1,687,360
Cash and equivalents, ending	$ 534,032	$ 748,939
Reconciliation of operating income to net cash used by operating activities:		
Operating loss	$ (46,692,262)	$ (43,323,439)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Amortization of lease related asset	278,948	278,948
Interest expense of lease related obligation	209,875	221,753
(Gain) Loss in investment in Holyoke Intermodal Facility, LLC	(339)	(613)
Advertising and other income	660,961	479,438
Change in assets and liabilities:		
(Increase) decrease in receivables	(213,460)	172,552
(Increase) decrease in prepaid expenses	130,183	90,795
Increase (decrease) in accounts payable	(468,941)	1,595,590
Increase (decrease) in accrued payroll and related liabilities	(44,669)	39,222
Increase (decrease) in insurance claims reserve	-	(250,000)
Increase (decrease) in unearned revenue	220,340	241,048
Increase (decrease) in net pension liabilities	(780,923)	(287,673)
Increase (decrease) in other post employment benefits	(445,947)	(270,482)
Net cash provided (used) by operating activities	$ (47,146,234)	$ (41,012,861)

See notes to financial statements.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Pioneer Valley Transit Authority (the Authority) operates under Massachusetts General Laws (MGL) Chapter 161B as a body politic and a corporate and political subdivision of the Commonwealth of Massachusetts. The Authority is a component unit of the Massachusetts Department of Transportation. Massachusetts provides funding to the Authority. Its members consist of the cities and towns of Agawam, Amherst, Belchertown, Chicopee, East Longmeadow, Easthampton, Granby, Hadley, Hampden, Holyoke, Leverett, Longmeadow, Ludlow, Northampton, Palmer, Pelham, South Hadley, Springfield, Sunderland, Ware, West Springfield, Westfield, Wilbraham and Williamsburg. It has a general responsibility to develop, finance and contract for the operation of mass transportation facilities within its territory. It is authorized to improve, modify, or extend existing facilities and enter into agreements with other parties, including government agencies, municipalities, authorities, private transportation companies, railroads, corporations, and other concerns, providing for construction, operation and use by such other party of any mass transportation facility or equipment of the Authority.

The Authority's activities are managed by an administrator who is appointed by an Advisory Board, which is made up of the chief elected officials or their appointees from the member communities. The Authority's operations are primarily funded through passenger fares, contractual reimbursements and operating subsidies from the federal and state government and member municipalities. In addition, the Authority receives capital grants from the federal and state government to finance acquisitions and improvements of facilities and equipment.

The Authority provides fixed route service to the cities and towns above, which is provided by Springfield Area Transit Company, Valley Area Transit Company and UMass Transit.

The Authority provides ADA paratransit service for people with disabilities throughout the Pioneer Valley within ¾ miles of a fixed route. This service provides a shared-ride and door-to-door van transportation for individuals with disabilities that prevent them from riding the fixed route bus service.

The Authority provides door-to-door, demand responsive accessible van service to seniors over the age of 60 throughout the Pioneer Valley.

Basis of Accounting

An enterprise fund is used to account for the Authority, which is maintained on the accrual basis of accounting.

The Authority uses proprietary fund accounting which follows all Governmental Accounting Standards Board (GASB) pronouncements. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing transit services to the general public. The principal operating revenues consist of passenger fares and contract reimbursements for demand response transit services provided to agencies of the Commonwealth of Massachusetts. Operating expenses include the cost of transit services provided by third party vendors, administrative expenses and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

NOTE 1 - (Continued)

Fund Net Position
Fund net positions are classified as follows in the Authority's financial statements:

Invested in capital assets, net of related debt
The portion of net position represented by capital assets less accumulated depreciation, less outstanding debt incurred by the Authority to buy or construct them. The Authority uses these capital assets to provide transportation services; consequently, these assets are not available for future spending. Although the Authority's investment in its capital assets is reported net of related debt, the resources needed to repay this debt, if any, must be provided from other sources, since these capital assets themselves cannot be used to liquidate these liabilities.

Restricted
Amounts that can be spent only for specific purposes because of state laws, or externally imposed conditions by grantors or creditors. The Authority has a restricted reserve established for the purpose of meeting the cost of extraordinary expenses in accordance with Massachusetts General Laws, Chapter 161b, Section 6(q). At June 30, 2022 and 2021, the Authority's reserve balance was $ 1,862,201 and $1,580,175, respectively.

Unrestricted
All amounts not included in other classifications.

Funding and Revenue Recognition
The Authority realizes revenue from a variety of different sources including but not limited to local assessment revenue, federal and state operating and capital assistance, fare revenue, and non-fare revenue such as advertising and rental income. Revenue is recognized on the accrual basis of accounting.

Federal and state operating and capital assistance grants are recorded at the time eligible expenditures under the terms of the grants are incurred. Reimbursement under these grants is based on expenses incurred during the fiscal year and is subject to certain compliance regulations.

Budgetary Basis of Accounting
The Authority follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Administrator presents to the Advisory Board a proposed budget by April 1 each year for the fiscal year commencing the following July. The budget includes proposed expenditures and the means of financing them.

2. By June 1 each year, the budget is legally enacted by a vote of the Advisory Board.

Capital Grants
The Authority's capital assets are generally acquired with federal, state and local capital grants. These assets are owned by the Authority and included in property and equipment. Proceeds received from dispositions of these assets must be either refunded to the grantor agency or used to acquire new capital items. Capital grant revenues are reflected in the Statement of Revenues, Expenses and Changes in Fund Net Position as capital contributions.

Cash and Equivalents
For purposes of the statements of cash flows, the Authority considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

Short-term Investments
The Authority has short-term investments in the Massachusetts Municipal Depository Trust (MMDT), which is an external investment pool that is overseen by the Massachusetts State Treasurer. The fund is valued at amortized cost, which approximates fair value.

NOTE 1 - (Continued)

Accounts Receivable
Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to bad debt expense and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. The valuation allowance has not been material to the financial statements.

Property and Equipment
Property and equipment are recorded at acquisition cost and depreciation is calculated using the straight-line method over three to forty year lives.

Lease Related Assets
The Authority has recorded right to use leased assets as a result of implementing GASB Statement No. 87, *Leases*. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

Use of Estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent Events
Management has evaluated subsequent events through September 19, 2022, the date which the financial statements were available to be issued.

Concentration of Source of Supply of Labor
The Authority has a contract, expiring on June 30, 2025, for fixed route transportation services with the University of Massachusetts.

The Authority has a contract, expiring on September 30, 2023, for its fixed route transportation services with Springfield Area Transit Company (SATCo) and Valley Area Transit Company (VATCo), which are operated by DGR Management, Inc.

Approximately ninety-seven percent (97%) of SATCo's employees are members of the Local 448 of the Amalgamated Transit Union. SATCo's labor agreement with the Union is effective through June 30, 2024. Approximately eighty-five percent (85%) of VATCo's employees are members of the Local 1459 United Food and Commercial Workers International Union. VATCo's labor agreement with the Union is effective through December 31, 2025.

Comparative Information
Certain prior year amounts may have been reclassified to conform to the current year presentation.

NOTE 2 - DEPOSITS AND SHORT-TERM INVESTMENTS

State and local statutes place certain limitations on the nature of deposits and investments available to the Authority. Deposits, including demand deposits, money markets and certificates of deposit in any one financial institution, may not exceed certain levels unless collateralized by the financial institution involved. Investments may be made in unconditionally guaranteed U.S. Government obligations having maturities of a year or less from the date of purchase, or through repurchase agreements with maturities of no greater than 90 days in which the underlying securities consist of such obligations. Other allowable investments include authorized bonds of all states, banker's acceptances, commercial paper rated within the three highest classifications established by rating agencies, and units in the Massachusetts Municipal Depository Trust (MMDT).

NOTE 2 - (Continued)

Deposit Custodial Credit Risk
Custodial credit risk is the risk that in the event of bank failure, the Authority's deposits may not be returned. The Authority carries deposits with Berkshire Bank that are insured by FDIC insurance or collateralized. Bank deposits as of June 30, 2022, were $1,185,219, all of which were insured and collateralized.

Investment Custodial Credit Risk
For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party.

The Authority has $5,613,462 invested in Massachusetts Municipal Depository Trust (MMDT) cash portfolio as of June 30, 2022. MMDT is a local government investment pool, established under Massachusetts General Laws, Chapter 29, Section 38A. The Authority reports its investment in MMDT at amortized cost which approximates the net asset value of $1.00 per share. An investment in the MMDT cash portfolio is not a deposit of a bank and is neither insured nor guaranteed by the Commonwealth of Massachusetts or the U.S. government, the Federal Deposit Insurance Corporation (FDIC) or any other government agency. MMDT has no redemption restrictions.

NOTE 3 - RECEIVABLES CONSISTED OF THE FOLLOWING AT JUNE 30:

	2022	2021
Current receivables		
Federal		
Operating assistance	$ -	$ 2,842,695
Capital assistance	3,243,030	6,729,545
Total - Federal	3,243,030	9,572,240
Massachusetts		
Operating assistance	255,852	71,230
Capital assistance	2,985,411	4,307,876
Total - Massachusetts	3,241,263	4,379,106
Member communities		
Operating assistance for current year expenditures	9,635,895	9,400,873
Operating assistance for prior year expenditures	4,080,494	4,737,529
Total - member communities	13,716,389	14,138,402
Trade receivables		
Accounts receivable	310,718	97,258
Total receivables	$ 20,511,400	$ 28,187,006

Based on management’s assessment of the outstanding receivable balances at year end, they have concluded that an allowance for uncollectible accounts was not considered necessary.

The Federal government, under 49 USC may provide 50% to 100% of the cost of operations, including capital equipment and maintenance costs.

NOTE 3 - (Continued)

Massachusetts general laws require the operating assistance assessed upon local cities and towns be at least 25% of net cost of service, including new services. The local assessment can be increased by a maximum of 2.5% of the previous year's local assessment plus 25% of the cost of new service.

The Authority has a contract with the Commonwealth of Massachusetts under which Massachusetts agrees to provide operating assistance for a portion of the operating deficit remaining after any federal grants and the local assistance have been applied.

NOTE 4 - PREPAID EXPENSES CONSISTED OF THE FOLLOWING AT JUNE 30:

	2022	2021
Insurance	$ 6,165	$ 57,390
Pension	137,593	288,869
Fuel	138,639	56,098
Other	34,899	45,122
Total	$ 317,296	$ 447,479

NOTE 5 - PROPERTY AND EQUIPMENT CONSISTED OF THE FOLLOWING AT JUNE 30:

	2022			
	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$ 1,965,505	$ -	$ -	$ 1,965,505
Total capital assets, not being depreciated	1,965,505	-	-	1,965,505
Capital assets, being depreciated:				
Buildings and improvements	113,372,801	4,906,386	(1,153,369)	117,125,818
Revenue vehicles	115,696,278	11,106,274	(17,878,946)	108,923,606
Equipment	63,089,532	957,048	(28,359,808)	35,686,772
Service vehicles	1,806,760	-	(500,139)	1,306,621
Total capital assets, being depreciated	293,965,371	16,969,708	(47,892,262)	263,042,817
Less accumulated depreciation for:				
Buildings and improvements	50,570,992	8,959,574	(1,153,369)	58,377,197
Revenue vehicles	79,946,881	7,876,939	(17,878,946)	69,944,874
Equipment	57,029,667	3,158,186	(28,359,808)	31,828,045
Service vehicles	1,783,525	23,235	(500,139)	1,306,621
Total accumulated depreciation	189,331,065	20,017,934	(47,892,262)	161,456,737
Total capital assets, being depreciated, net	104,634,306	(3,048,226)	-	101,586,080
Capital assets, net	$ 106,599,811	$ (3,048,226)	$ -	$ 103,551,585

NOTE 5 - (Continued)

	2021			
	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$ 1,965,505	$ -	$ -	$ 1,965,505
Total capital assets, not being depreciated	1,965,505	-	-	1,965,505
Capital assets, being depreciated:				
Buildings and improvements	110,159,951	3,212,850	-	113,372,801
Revenue vehicles	112,684,314	9,409,271	(6,397,307)	115,696,278
Equipment	60,278,335	2,811,197	-	63,089,532
Service vehicles	1,806,760	-	-	1,806,760
Total capital assets, being depreciated	284,929,360	15,433,318	(6,397,307)	293,965,371
Less accumulated depreciation for:				
Buildings and improvements	41,335,935	9,235,057	-	50,570,992
Revenue vehicles	78,671,540	7,672,648	(6,397,307)	79,946,881
Equipment	54,211,352	2,818,315	-	57,029,667
Service vehicles	1,717,103	66,422	-	1,783,525
Total accumulated depreciation	175,935,930	19,792,442	(6,397,307)	189,331,065
Total capital assets, being depreciated, net	108,993,430	(4,359,124)	-	104,634,306
Capital assets, net	$ 110,958,935	$ (4,359,124)	$ -	$ 106,599,811

NOTE 6 - INVESTMENT IN HOLYOKE INTERMODAL FACILITY, LLC

On February 7, 2007 the Authority entered into a Joint Development Agreement with the City of Holyoke and Holyoke Intermodal Facility, LLC, (a limited liability company created by the real estate arm of Peter Pan Bus Lines, Inc.) for the purpose of undertaking the design and construction of the renovations to a building located at 206 Maple Street, Holyoke, Massachusetts, known as the Holyoke Multimodal Transportation Center. Holyoke Intermodal Facility, LLC is the owner of the building. The Authority has a one percent (1%) interest in the Holyoke Intermodal Facility, LLC which is accounted for under the equity method. The Authority receives, on an annual basis, ten percent of the "net operating income" of the LLC as defined in the Joint Development Agreement.

The City of Holyoke had conveyed certain property to Holyoke Intermodal Facility, LLC which included a permanent restriction on approximately 3,000 square feet of space on the ground level to be used for transit purposes only. In consideration of the extent of public funding provided to the project through the Authority, the 3,000 square feet of the ground floor was restricted for transit use and is leased back to the Authority free of charge in perpetuity. The project was completed in fiscal year 2011 at which time the Authority started leasing back a portion of the facility. In the event that the LLC should sell the property, and depending on the timing of the sale, a portion of the sales proceeds will go to the Authority as described in the Joint Development Agreement. The details of the lease agreement with the LLC are described in Note 10 of these financial statements.

NOTE 6 - (Continued)

During the years ended June 30, the following was recorded:

	2022	2021
Investment in Holyoke Intermodal Facility, LLC, beginning	$ 3,946,020	$ 3,982,536
Gain (Loss) from Holyoke Intermodal Facility, LLC	339	613
Distributions from Holyoke Intermodal Facility, LLC	-	(37,129)
Investment in Holyoke Intermodal Facility, LLC, ending	$ 3,946,359	$ 3,946,020

NOTE 7 - ACCOUNTS PAYABLE CONSISTED OF THE FOLLOWING AT JUNE 30:

	2022	2021
Accounts payable		
Capital projects	$ 3,281,351	$ 9,503,996
General operations	2,489,990	3,642,171
Fixed route operator	2,737,283	2,054,043
Total	$ 8,508,624	$ 15,200,210

The Springfield Area Transit Company, Valley Area Transit Company and UMass Transit are the fixed route operators for the Authority. The assets and liabilities held by the fixed route operators are owned by the Authority and consist mainly of inventory, prepaid expenses, accounts payable and accrued wages and benefits. The value of these assets less liabilities held by the fixed route operators as of June 30, 2022 and 2021 was $2,737,283 and $2,054,043, respectively, and are reported as fixed route operator accounts payable in the Authority's financials statements.

NOTE 8 - NOTE PAYABLE CONSISTED OF THE FOLLOWING AT JUNE 30:

Revenue anticipation notes consisted of the following for the year ended June 30:

	2022	2021
1.50% Revenue anticipation note, due July 15, 2022	$ 14,500,000	$ -
2.00% Revenue anticipation note, due July 16, 2021	-	14,500,000
Total	$ 14,500,000	$ 14,500,000

Revolving Line of Credit
The Authority has a $3,000,000 revolving line of credit, due on demand with Berkshire Bank. The line of credit is secured by the Authority's assets. Interest is at the Prime Rate as published in the Wall Street Journal. The interest rate was 4.75% at June 30, 2022. The balance outstanding as of June 30, 2022 and 2021 was $-0-.

NOTE 8 - (Continued)

On July 15, 2022, the Authority issued a $14,500,000 operating assistance anticipation note maturing on July 14, 2023 at a rate of 2.8%. The Authority repaid the $14,500,000 note due July 15, 2022.

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

NOTE 9 - NET POSITION CONSISTED OF THE FOLLOWING AT JUNE 30:

	2022			
	Invested in capital assets	Restricted Reserve	Unrestricted	Total
Net income	$ -	$ -	$ 1,433,106	$ 1,433,106
Nonreimbursable depreciation	(20,017,934)	-	-	(20,017,934)
Contributed capital	15,827,346	-	-	15,827,346
Authority funded capital	1,142,362	-	(1,142,362)	-
Other changes	-		(603,875)	(603,875)
Decrease in investment in Holyoke Intermodal Facility, LLC	339	-	(339)	-
Increase in reserve for extraordinary expenses	-	282,026	(282,026)	-
Increase (decrease) in net position	(3,047,887)	282,026	(595,496)	(3,361,357)
Net position, beginning	110,545,831	1,580,175	(45,308,870)	66,817,136
Net position, ending	$ 107,497,944	$ 1,862,201	$ (45,904,366)	$ 63,455,779

	2021			
	Invested in capital assets	Restricted Reserve	Unrestricted	Total
Net income	$ -	$ -	$ 558,155	$ 558,155
Nonreimbursable depreciation	(19,792,442)			(19,792,442)
Contributed capital	15,290,577			15,290,577
Authority funded capital	142,741		(142,741)	-
Decrease in investment in Holyoke Intermodal Facility, LLC	(36,516)		36,516	-
Increase (decrease) in net position	(4,395,640)	-	451,930	(3,943,710)
Net position, beginning	114,941,471	1,580,175	(45,760,800)	70,760,846
Net position, ending	$ 110,545,831	$ 1,580,175	$ (45,308,870)	$ 66,817,136

NOTE 10 - LEASES

The Authority, as lessee, has entered into various leases for facility space with lease terms expiring in 2042.

The Authority adopted GASB Statement No. 87, *Leases*, in fiscal year 2022 with a conversion date of July 1, 2020. In accordance with the adopted standard, the Authority, as a lessee, is required to recognize intangible right-of-use assets and corresponding lease liabilities, for all leases that meet the definition of a lease under GASB 87, and that are not considered short-term.

In accordance with GASB 87, a lease is a contract that conveys control of the right to use another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction.

The Authority determines whether a contract conveys control of the right to use the underlying asset by assessing both of the following:

- The right to obtain the present service capacity from use of the underlying asset as specified in the contract, and

- The right to determine the nature and manner of use of the underlying asset as specified in the contract.

Lease related asset consists of the following:

Springfield Union Station Lease
In July 2017, the Authority entered into a 25-year agreement to lease space at the Springfield Union Station Intermodal Facility at 55 Frank B. Murray Street, Springfield, MA. The Authority has the right to renew the lease for seven consecutive ten-year terms. The leased premises consist of station building space (18 bus berths, 2,300 square feet of office space, and 1,800 square feet of waiting area space) and 10 parking spaces. There are no residual value guarantees included in the lease agreement.

The Authority shall pay rent as follows:

Parking space
Base fee of $7,800 per annum, increasing 1.5% each year ($8,279 in 2022 and $8,156 in 2021).

Station building space (bus berths, office and waiting area)
Pro-rata share of operation and maintenance expenses of the bus berths, office space, and waiting area space. Every year during the lease, the Authority shall pay, as rent, their pro-rata allocation of shared services for the operation and maintenance of the station building, based on the Authority's total rentable square feet and occupied bus berths. The rent shall be paid monthly in the amounts reasonably estimated by the lessor, with an adjustment made after the close of the lease year to account for the actual operating and maintenance costs. The approximate annual rent for the station building space is $405,000. The Authority pays approximately $33,800 per month during the year with a true-up adjustment paid by (or credited to) the Authority in October. Historically, the final true-up payment due (or credit received) has been immaterial, and accordingly, is not included in the measurement of the lease liability but is expensed (or credited) in the year paid or received.

The Pro-rata share of operating and maintenance costs are dependent upon the operating costs of the lessor each year, which are unknown at this time. However, the Authority has reasonably estimated the future annual rent based on presently known information and historical rent paid. As such, the Authority's estimate of future rent is included in the right-to-use lease asset and corresponding lease liability reported on the Statement of Net Position.

NOTE 10 - (Continued)

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

	2022			
	Beginning Balance	Increases	Decreases	Ending Balance
Right to use leased asset				
Leased facility space - Springfield Union Station	$ 6,950,464	$ -	$ -	$ 6,950,464
Less accumulated amortization	(1,115,792)	(278,948)	-	(1,394,740)
Right to use leased asset, net	$ 5,834,672	$ (278,948)	$ -	$ 5,555,724

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

	2022	Comparative 2021
Lease liability - Springfield Union Station	$ 5,631,111	$ 5,834,672

Minimum future lease payments for the Springfield Union Station, through 2042 is as follows:

Fiscal Year Ending June 30,	Principal Payments	Interest Payments	Total Payments
2023	$ 191,815	$ 221,753	$ 413,568
2024	199,752	213,936	413,688
2025	208,024	205,796	413,820
2026	216,634	197,318	413,952
2027	225,595	188,489	414,084
2028 - 2032	1,192,256	804,391	1,996,647
2033 - 2037	1,543,198	532,850	2,076,048
2038 - 2042	1,853,837	191,405	2,045,242
Total	$ 5,631,111	$ 2,555,938	$ 8,187,049

Other Operating Lease

Holyoke Multimodal Transportation Center Lease
The Authority is leasing approximately 3,000 square feet with the right to use common areas of the Holyoke Multimodal Transportation Center building, including all driveways, parking areas and roadways serving the property. The lease commenced in September 2010 and expires on the last date of the fiftieth (50^{th}) year following the commencement date. The Authority has the option to extend the lease for separate and successive extension periods of fifty (50) lease years each. The Authority has no obligation to pay rent, it being agreed that the public funding provided for the project was in lieu of any rent owed. Notwithstanding, the Authority does have the obligation to pay for separately metered utilities and its share of common area maintenance (CAM) charges. CAM charges for the years ended June 30, 2022 and 2021 were $22,084 and $21,346, respectively.

The Authority has a one-percent (1%) ownership interest in Holyoke Intermodal Facility, LLC which is disclosed in Note 6 of these financial statements.

NOTE 11 - PVTA PENSION PLAN

Plan

The Authority provides retirement benefits to employees through the Pioneer Valley Transit Authority Pension Plan (the Plan), a single-employer pension plan. This is a defined benefit pension plan that covers all employees that work at least 1,000 hours in a twelve-month consecutive period, and agree to make employee contributions. The Plan issues a publicly available financial report that includes financial statements and required supplementary information for the plan. The Plan's report can be obtained by writing to Pioneer Valley Transit Authority, 2808 Main Street, Springfield, Massachusetts 01107 or by calling (413) 732-6248.

Results of the Plan for fiscal year ended June 30, 2022 are based on liabilities developed in an actuarial valuation performed as of June 30, 2021 with a measurement date of June 30, 2021.

Results of the Plan for fiscal year ended June 30, 2021 are based on liabilities developed in an actuarial valuation performed as of June 30, 2020 with a measurement date of June 30, 2020.

Accounting Policy

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

Plan Membership

The following employees were covered by the benefit terms for the plan year ending June 30:

	2021	2020
Active employees	17	15
Inactive employees entitled to but not yet receiving benefits	28	25
Inactive employees or beneficiaries currently receiving benefits	26	25
Total	71	65

Benefits Provided

The Plan provides retirement, death and disability benefits and provides for retirement benefits of 2.50% of a member's average compensation times the number of years of service to a maximum of 32 years. Before July 1, 1999, the benefit was 2.25% of average compensation times years of service to a maximum of 35 years. The normal retirement date is the first day of the month following a participant's 65th birthday. The normal form of payment is a monthly annuity payable for life, with 120 monthly payments guaranteed. Other options are available. Early retirement is available for any member who has attained age 55 and completed 10 years of service. The amount payable to an early retiree is the member's accrued benefit at the time of early retirement, reduced by 3% per year for each of the first five years before age 65 plus 7% for each additional year. If a participant works past age 65, the benefit payable on the deferred retirement date will be the greater of (i) the actuarial equivalent of the age 65 accrued benefit or (ii) the benefit calculated using credited service as of the participant's deferred retirement date. Members of the Plan become fully vested after seven years of service. A member becomes 100% vested in their accrued retirement pension upon their 65th birthday.

Contributions

Each year, the Authority and its employees make contributions to the Plan. While there is no statutory or regulatory requirement to contribute the actuarially determined contribution, it is the intent of the Authority to contribute the amount necessary to finance the costs of benefits earned by employees each year as well as a 15-year level dollar amortization of existing net pension liability as of the valuation date.

NOTE 11 - (Continued)

Actuarial Assumptions
The total pension liability in the June 30, 2021 and 2020 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation:	3% and for future periods
Salary increases:	4% annually and for future periods
Investment rate of return:	6.88%, net of pension plan investment expense, including inflation.
Pre- and post-retirement mortality:	Mortality rates were based upon the 2021 IRS Mortality Tables for small plans
Employee termination:	None assumed
Retirement age:	Age 65 or normal retirement date, if later
Pre-retirement death benefit:	Calculated using aforementioned mortality, interest and termination assumptions and on the assumption that 100% of plan members have spouses
Expenses:	Investment return is assumed to be net of plan expenses paid from the trust fund

The long term rate of return on pension plan investments for the 2021 and 2020 actuarial valuations were determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	65.00%	4.50%
Fixed income	30.00%	3.00%
Cash	5.00%	1.00%
Total	100.00%	

Discount rate
The discount rate used to measure the total pension liability was 6.88% for the 2021 and 2020 actuarial valuations. The projection of cash flows used to determine the discount rate assumed that plan member contributions will continue to be made at the current rate and that contributions will be made at rates at least equal to the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 11 - (Continued)

Changes in net pension liability – PVTA Pension Plan

	Increase (Decrease) (Plan year end June 30, 2021)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2021	$ 8,365,346	$ 6,257,434	$ 2,107,912
Changes for the year:			
Service cost	218,816	-	218,816
Interest	604,319	-	604,319
Changes in benefit terms	-	-	-
Differences between actual and expected experience	(115,171)	-	(115,171)
Contributions - employer	-	148,125	(148,125)
Contributions - employee	-	49,748	(49,748)
Net investment income	-	1,427,157	(1,427,157)
Benefit payments, including refunds of member contributions	(399,085)	(399,085)	-
Administrative expense	-	-	-
Net changes	308,879	1,225,945	(917,066)
Balances at June 30, 2022	$ 8,674,225	$ 7,483,379	$ 1,190,846

	Increase (Decrease) (Plan year end June 30, 2020)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2020	$ 8,261,234	$ 5,730,834	$ 2,530,400
Changes for the year:			
Service cost	174,453	-	174,453
Interest	594,104	-	594,104
Changes in benefit terms	-	-	-
Differences between actual and expected experience	(265,360)	-	(265,360)
Contributions - employer	-	547,481	(547,481)
Contributions - employee	-	162,677	(162,677)
Net investment income	-	215,527	(215,527)
Benefit payments, including refunds of member contributions	(399,085)	(399,085)	-
Administrative expense	-	-	-
Net changes	104,112	526,600	(422,488)
Balances at June 30, 2021	$ 8,365,346	$ 6,257,434	$ 2,107,912

NOTE 11 - (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability, calculated using the discount rate of 6.88%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.88%) or 1 percentage point higher (7.88%) than the current rate:

	1% Decrease (5.88%)	Current Discount (6.88%)	1% Increase (7.88%)
Plan net pension liability as of June 30, 2022			
for plan year ending June 30, 2021	$ 2,207,359	$ 1,190,846	$ 337,942
Plan net pension liability as of June 30, 2021			
for plan year ending June 30, 2020	$ 3,111,566	$ 2,107,912	$ 1,262,280

Pension Expense and Deferred Inflows and Outflows of Resources

For the year ended June 30, 2022, the Transit Authority recognized pension expense of $271,079, which includes the change in deferred outflows and inflows of resources (pension recovery was $328,021 for the year ended June 30, 2021). The Transit Authority reported deferred outflows and deferred inflows of resources related to pensions from the following sources at June 30:

	2022		2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 459,189	$ (205,314)	$ 615,919	$ (249,969)
Changes in assumptions	-	-	-	-
Net difference between projected and actual earnings on pension plan investments	113,673	(1,000,711)	151,564	(384,834)
Contributions subsequent to the measurement date	115,992	-	104,342	-
Total	$ 688,854	$ (1,206,025)	$ 871,825	$ (634,803)
Net deferred outflows (inflows) of resources	$ (517,171)		$ 237,022	

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

Year ended June 30:	2022	2021
2022		$ 152,477
2023	$ (88,902)	(137,232)
2024	(244,771)	(10,425)
2025	(156,717)	58,267
2026	(180,338)	20,378
2027	20,377	153,557
Thereafter	133,180	-
Total deferred outflows (inflows) of resources	$ (517,171)	$ 237,022

Payable to Pension Plan

At June 30, 2022, the Authority reported a payable of $-0- for outstanding contributions to the Plan ($-0- for the year ended June 30, 2021).

NOTE 12 - SATCO TRANSIT EMPLOYEE RETIREMENT PLAN (TERP)

Transit Employee Retirement Plan (TERP)

The liability for the TERP pension plan of the Authority's major transportation provider, Springfield Area Transportation Company, Inc. (SATCo) is included in the Authority's financial statements under transportation expenses and accrued expenses. The Authority is responsible for funding these expenses.

The TERP plan, which is subject to the provisions of the Employment Retirement Income Security Act (ERISA), covers only members of the Amalgamated Transit Union Local No. 448 AFL-CIO (the Union) who were plan participants as of June 30, 2008. The TERP plan, as of June 30, 2008, was frozen and employee contributions were discontinued upon adoption of the SATCo Employees Retirement Plan (SERP) (see Note 13). Prior to June 30, 2008, employees could become members of the plan on their forty-fifth day of employment.

The TERP plan provides retirement benefits in the form of an annuities payable monthly for life, commencing on the date of retirement and terminating the month prior to death. The benefit is $50.00 multiplied by the years of credited service through June 30, 2008 when the plan was frozen. Pension provisions also include death and disability benefits, whereby the disabled employee or surviving spouse is entitled to receive a reduced annual benefit. Members of the TERP plan became vested after five years of service. Retirement is available if a participant has reached the age of 55 with 10 years of service. Normal retirement is attained at age 65.

For the years ended June 30, 2022 and 2021, SATCo's pension expense for the TERP plan was $634,072 and $684,138, respectively. The funding surplus as of July 1, 2021 was $4,938,665. The funding surplus as of July 1, 2020 was $3,580,936.

The TERP Plan issues a publicly available financial report that includes financial statements and required supplementary information for the plan. The TERP Plan's report can be obtained by writing to Pioneer Valley Transit Authority, 2808 Main Street, Springfield, Massachusetts 01107 or by calling (413) 732-6248.

At June 30, 2022, SATCo reported a payable of $634,072 for outstanding contributions to the Plan ($366,138 for the year ended June 30, 2021).

NOTE 13 - SATCO EMPLOYEE RETIREMENT PLAN (SERP)

Plan

The liability for the SERP pension plan of the Authority's major transportation provider, Springfield Area Transportation Company, Inc. (SATCo) is included in the Authority's financial statements under transportation expenses and accrued expenses. The Authority is responsible for funding these expenses.

The SERP plan was adopted on July 1, 2008. This plan is a governmental plan within the means of Section 414(d) of the Internal Revenue Code and Sections 3(32) and 4021(b)(d) of ERISA and is exempt from funding rules under Title I of ERISA. Pioneer Valley Transit Authority is the Plan Sponsor for the SERP plan. The SERP plan is available to all employees of SATCo who were members of the Transit Employee Retirement Plan (TERP) or have completed 45 days of employment and agree to join the plan via the required member application.

The SERP Plan issues a publicly available financial report that includes financial statements and required supplementary information for the plan. The SERP Plan's report can be obtained by writing to Pioneer Valley Transit Authority, 2808 Main Street, Springfield, Massachusetts 01107 or by calling (413) 732-6248.

Results of the SERP Plan for fiscal year ended June 30, 2022 are based on liabilities developed in an actuarial valuation performed as of June 30, 2021 with a measurement date of June 30, 2021.

Results of the SERP Plan for fiscal year ended June 30, 2021 are based on liabilities developed in an actuarial valuation performed as of June 30, 2020 with a measurement date of June 30, 2020.

NOTE 13 - (Continued)

Salary Reduction Agreement
As the Transit Employee Retirement Plan (TERP) had been frozen, and it was determined that employee contributions could not be made directly to a frozen plan, a general funding plan was adopted to fund both the TERP and the SERP. In order to provide for approximately the same total contribution amount to both plans and to maintain funding amount flexibility as needed between the two plans, it was agreed that a unified wage reduction plan be established. Under the agreement, SATCo uses the entire proceeds of the salary reduction program to fund the pension plans. Additionally, SATCo makes contributions into the plans based upon actuarially determined amounts.

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

Plan Membership
The following employees were covered by the benefit terms for the plan year ending June 30:

	2021	2020
Active employees	242	232
Inactive employees entitled to but not yet receiving benefits	10	13
Inactive employees or beneficiaries currently receiving benefits	85	80
Total	337	325

Benefits Provided
The SERP Plan provides retirement, death and disability benefits. The normal retirement date is the first day of the month following a participant's 65th birthday. The normal retirement benefit is a monthly benefit of $42.57 multiplied by years of credited service. Credited service is elapsed time from date of hire to termination of service date. Credited service for benefit purposes only considers service on or after July 1, 2008. The normal form of payment is a monthly annuity payable for life. Vesting is 0% for fewer than 5 years of service and is 100% for 5 or more years of service.

Early retirement is available for any participant who has attained age 55 and completed 10 years of service, 85 "points" or 30 years of service regardless of age. Unreduced early retirement is available to anyone with 85 points or 30 years of service at retirement. Otherwise, the amount payable to an early retiree is the participant's accrued benefit at the time of early retirement, reduced by 4% per year for each of the first five years before age 65 plus 5% for each additional year. If a participant works past age 65, the benefit payable on the deferred retirement date will be the greater of (i) the actuarial equivalent of the age 65 accrued benefit or (ii) the benefit calculated using credited service as of the participants deferred retirement date.

In the event of death of a participant prior to their retirement, the surviving spouse will receive the amount that would have been paid had the participant retired early and elected the 100% joint and survivor benefit. In the event a participant incurs, prior to their normal retirement date, a disability as defined in the plan agreement, they shall be entitled to a fully vested interest in their accrued pension as of the date of disability.

Contributions
Each year SATCo and its employees make contributions to the Plan. While there is no statutory or regulatory requirement to contribute the actuarially determined contribution, it is the intent of SATCo to contribute the amount necessary to meet benefit obligations when due. The Company's average contribution rate was 3.77% for plan year ending June 30, 2021 (2.56% for plan year ending June 30, 2020) of annual payroll.

NOTE 13 - (Continued)

Actuarial Assumptions
The total pension liability in the June 30, 2021 and 2020 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation:	2.50% and for future periods
Salary increases:	N/A
Investment rate of return:	6.27%, net of pension plan investment expense, including inflation
Cost of living adjustment:	None
Pre- and post-retirement mortality:	Mortality rates were based upon the 2021 IRS Mortality Tables for small plans
Retirement age:	Age 65 or normal retirement date, if later
Pre-retirement death benefit	Calculated using aforementioned mortality, interest and termination assumptions and on the assumption that 100% of plan members have spouses
Expenses:	Investment return is assumed to be net of plan expenses paid from the trust fund

The long term rate of return on pension plan investments for the 2021 and 2020 actuarial valuations were determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	59.00%	4.50%
Fixed income	35.00%	3.00%
Cash	6.00%	1.00%
Total	100.00%	

Discount rate
The discount rate used to measure the total pension liability was 6.27% for the 2021 and 2020 actuarial valuations. The projection of cash flows used to determine the discount rate assumed that plan member contributions will continue to be made at the current rate and that contributions will be made at rates at least equal to the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 13 - (Continued)

Changes in net pension liability – SATCo SERP

	Increase (Decrease) (Plan year end June 30, 2021)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2021	$ 10,631,051	$ 10,108,884	$ 522,167
Changes for the year:			
Service cost	500,646	-	500,646
Interest	708,305	-	708,305
Changes in benefit terms	-	-	-
Changes in assumptions	(9,309)	-	(9,309)
Differences between actual and expected experience	1,268,422	-	1,268,422
Contributions - employer	-	655,255	(655,255)
Contributions - employee	-	532,530	(532,530)
Net investment income	-	2,315,863	(2,315,863)
Benefit payments, including refunds of member contributions	(330,056)	(330,056)	-
Administrative expense	-	(85,199)	85,199
Net changes	2,138,008	3,088,393	(950,385)
Balances at June 30, 2022	$ 12,769,059	$ 13,197,277	$ (428,218)

	Increase (Decrease) (Plan year end June 30, 2020)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2020	$ 9,826,054	$ 9,063,522	$ 762,532
Changes for the year:			
Service cost	405,985	-	405,985
Interest	648,403	-	648,403
Changes in benefit terms	-	-	-
Changes in assumptions	(13,691)		(13,691)
Differences between actual and expected experience	(17,058)	-	(17,058)
Contributions - employer	-	408,549	(408,549)
Contributions - employee	-	531,451	(531,451)
Net investment income	-	391,852	(391,852)
Benefit payments, including refunds of member contributions	(218,642)	(218,642)	-
Administrative expense	-	(67,848)	67,848
Net changes	804,997	1,045,362	(240,365)
Balances at June 30, 2021	$ 10,631,051	$ 10,108,884	$ 522,167

NOTE 13 - (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability, calculated using the discount rate of 6.27%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.27%) or 1 percentage point higher (7.27%) than the current rate:

	1% Decrease (5.27%)	Current Discount (6.27%)	1% Increase (7.27%)
Plan net pension liability (asset) as of June 30, 2022 for plan year ending June 30, 2021	$ 1,202,778	$ (428,218)	$ (1,792,249)
Plan net pension liability (asset) as of June 30, 2021 for plan year ending June 30, 2020	$ 1,889,608	$ 522,167	$ (620,370)

Pension Expense and Deferred Inflows and Outflows of Resources

For the year ended June 30, 2022, the Transit Authority recognized pension expense (recovery) of $(443,420), which includes the change in deferred inflows and outflows of resources (pension expense was $1,563,983 for the year ended June 30, 2021). The Transit Authority reported deferred outflows and deferred inflows of resources related to pensions from the following sources at June 30:

	2022		2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,459,266	$ (11,628)	$ 536,927	$ (16,078)
Changes in assumptions	-	(17,154)	-	(11,512)
Net difference between projected and actual earnings on pension plan investments	-	(1,514,295)	-	(300,197)
Contributions subsequent to the measurement date	118,150	-	157,534	-
Total	$ 1,577,416	$ (1,543,077)	$ 694,461	$ (327,787)
Net deferred outflows (inflows) of resources	$ 34,339		$ 366,674	

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

Year ended June 30:	2022	2021
2022		$ 63,903
2023	$ (58,769)	71,503
2024	(57,144)	73,128
2025	4,223	134,495
2026	(106,202)	23,645
2027	252,231	-
Total deferred outflows (inflows) of resources	$ 34,339	$ 366,674

Payable to Pension Plan

At June 30, 2022, SATCo reported a payable of $839,300 for the outstanding amount of contributions to the plan ($106,000 for the year ended June 30, 2021).

NOTE 14 - SATCO TRANSIT MANAGEMENT PENSION PLAN (TMP)

Transit Management Pension Plan (TMP)

The TMP plan is subject to the provisions of ERISA and covers SATCo's nonunion employees who are not covered under the SERP and TERP plans. Eligible participants must work at least 1,000 hours in a twelve-month consecutive period and contribute 4% of their annual compensation into the plan.

The TMP plan provides for benefits in the form of an annuity payable for life, with 120 minimum monthly payments guaranteed. The benefit is 2.25% of the average compensation, calculated using the average of the participants' five highest paid consecutive years of service prior to retirement, termination or disability, multiplied by the number of years of service up to 35 years. Pension provisions also include death and disability benefits whereby the disabled employee or surviving spouse is entitled to receive a reduced annual benefit.

Members of the TMP plan become fully vested after seven years of service. Retirement is available for participants who have reached the age of 55 with 10 years of service. Normal retirement is attained at age 65.

At June 30, 2022, there were 27 plan participants; 13 active members, 9 retirees and beneficiaries, and 5 terminated vested members.

For the years ended June 30, 2021 and 2020, SATCo's pension expense for the TMP plan was $141,047 and $145,000, respectively, and the funding surplus was $708,200 and $199,149, respectively.

The TMP plan issues a publicly available financial report that includes financial statements and required supplementary information for the plan. This report can be obtained by writing to Pioneer Valley Transit Authority, 2808 Main Street, Springfield, Massachusetts 01107 or by calling (413) 732-6248.

Annual Pension Cost and Net Pension Asset – Transit Management Pension Plan

SATCo's annual pension cost and net pension obligation for the TMP plan for the years ended June 30, were as follows:

	2022	2021
Annual required contribution	$ -	$ 46,692
Contributions made	(141,047)	(122,789)
Increase (decrease) in net pension obligation	(141,047)	(76,097)
Other adjustments and assumption changes	(368,004)	154,389
Net pension liability (asset) at beginning of year	(199,149)	(277,441)
Net pension liability (asset) at end of year	$ (708,200)	$ (199,149)

	2022	2021
Actuarial value of assets	$ 4,917,480	$ 3,992,923
Actuarial accrued liability	4,209,280	3,793,774
Funding surplus (shortfall)	$ 708,200	$ 199,149

NOTE 14 - (Continued)

Funding Policy and Actuarial Assumptions
The Plan requires members to contribute 4% of their payroll, and requires the Authority to contribute an amount equal to approximately 10% of the total member payroll. The actuarial method and assumptions for the plan are as follows:

Valuation date:	July 1, 2021
Actuarial cost method:	Traditional unit credit cost method
Amortization method:	Level dollar
Asset valuation method:	Market value
Investment rate of return:	5.10% (4.21% at July 1, 2020)

Payable to Pension Plan
At June 30, 2022, SATCo reported a payable of $-0- for the outstanding amount of contributions to the pension plan ($22,211 for the year ended June 30, 2021).

Additional pension disclosures required by generally accepted accounting principles were not available for presentation for the TMP plan, but management of the Authority feels this information would not have a material effect on the financial statements.

NOTE 15 - PVTA OTHER POSTEMPLOYMENT BENEFITS

Effective July 1, 2017, the Authority implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions*. This statement established new financial reporting requirements for government entities that provide other postemployment benefits (OPEB) to its employees and retirees and required the Authority to record the net OPEB liability measured as the total actuarially accrued liability.

Plan Description and Benefits Provided
The Pioneer Valley Transit Authority Retiree Welfare Plan (the Plan) is a single-employer defined benefit plan which provides for medical and dental insurance benefits to eligible retirees and their spouses. Employees hired before April 2, 2012 become eligible to retire under this plan upon attainment of age 55 as an active member and completion of 10 years of service (age 60 with 10 years of service for those hired on or after April 2, 2012). The plan is a cost-sharing plan with employees paying 20% of medical and dental premiums in retirement.

The Authority does not issue separate financial statements on this plan.

Accounting Policy
For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

NOTE 15 - (Continued)

Plan Membership
The following employees were covered by the benefit terms for the plan year ending June 30:

	2022	2021
Active employees	25	25
Inactive employees or beneficiaries currently receiving benefits	17	17
Total	42	42

Contributions
In fiscal year 2018, the Authority established a Qualified OPEB Trust (the Trust) with the intention that it qualifies as a tax-exempt trust performing an essential governmental function within the meaning of Section 115 of the Internal Revenue Code and Regulations issued thereunder and as a trust for OPEB in accordance with MGL Chapter 32B, Section 20.

The Trust was created for the sole purpose of providing funding for OPEB, as determined by the Authority, or as may be required by collective bargaining agreement, or by any general or special law providing for such benefits, for the exclusive benefit of the retired employees and their eligible dependents and for defraying the reasonable administrative, legal, actuarial and other expenses of the Trust. The assets held in the Trust shall not be used for or diverted to any other purpose, except as described in the Trust. The Trust is irrevocable and no trust funds shall revert to the Authority until all benefits owed to the retired employees have been satisfied or released. In addition, the assets are legally protected from creditors of the Authority and the Plan administrator.

The Authority shall have no obligation to make contributions to the Trust to fund OPEB, and the size of the Trust may not be sufficient at any one time to meet the OPEB liabilities. The fair market value of the Trust assets as of June 30, 2022 is $560 ($591 at June 30, 2021).

Actuarial Methods and Assumptions
Results of the Plan for the fiscal year ended on June 30, 2022 are based on liabilities developed in an actuarial valuation performed as of July 1, 2020 with a measurement date of June 30, 2022.

Results of the Plan for the fiscal year ended on June 30, 2021 are based on liabilities developed in an actuarial valuation performed as of July 1, 2020 with a measurement date of June 30, 2021.

The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method:	Individual entry age normal
Inflation:	2.50% and for future periods
Salary increases:	3% annually and for future periods
Discount rate:	4.09% per annum for 2021 (2.25% for 2021)
Municipal bond rate:	4.09% as of June 30, 2022 (2.18% as of June 30, 2021). Source is the S&P Municipal Bond 20-Year High Grade Index
Participation rate:	Assumed that 80% of employees eligible to receive retirement benefits would enroll in the Plan

NOTE 15 - (Continued)

Pre- and post-retirement mortality:	Mortality rates were based upon the RP-2014 Mortality Table for Blue Collar Employees projected generationally with scale MP-2016 for males and females, set forward 1 year for females
Healthcare trend rate:	Assumed 4.50% for 2022 and 2021 increase in healthcare costs

Changes in net OPEB liability	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2020	$ 6,040,984	$ 476	$ 6,040,508
Changes for the year:			
Service cost	220,047	-	220,047
Interest	170,206	-	170,206
Changes in benefit terms	-	-	-
Changes in assumptions	1,537,121	-	1,537,121
Differences between actual and expected experience	(461,016)	-	(461,016)
Net investment income	-	115	(115)
Employer contributions - premiums	-	144,388	(144,388)
Benefit payments - premiums	-	(144,388)	144,388
Benefit payments including implicit cost	(144,388)	-	(144,388)
Administrative expense	-	-	-
Net changes	1,321,970	115	1,321,855
Balances at June 30, 2021	7,362,954	591	7,362,363
Changes for the year:			
Service cost	397,463	-	397,463
Interest	172,968	-	172,968
Changes in benefit terms	-	-	-
Changes in assumptions	(2,024,497)	-	(2,024,497)
Differences between actual and expected experience	-	-	-
Net investment income	-	(31)	31
Employer contributions - premiums	-	146,751	(146,751)
Benefit payments - premiums	-	(146,751)	146,751
Benefit payments including implicit cost	(146,751)	-	(146,751)
Administrative expense	-	-	-
Net changes	(1,600,817)	(31)	(1,600,786)
Balances at June 30, 2022	$ 5,762,137	$ 560	$ 5,761,577

NOTE 15 - (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rates
The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using a discount and healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rates:

	Discount Rate		
	1% Decrease (1.25%)	Current (2.25%)	1% Increase (3.25%)
Net OPEB liability as of June 30, 2022	$ 6,857,240	$ 5,761,577	$ 4,905,633
	1% Decrease (1.25%)	Current (2.25%)	1% Increase (3.25%)
Net OPEB liability as of June 30, 2021	$ 8,994,520	$ 7,362,363	$ 6,112,467

	Healthcare Cost Trend Rate		
	1% Decrease (3.50%)	Current (4.50%)	1% Increase (5.50%)
Net OPEB liability as of June 30, 2022	$ 4,815,621	$ 5,761,577	$ 7,008,849
	1% Decrease (3.50%)	Current (4.50%)	1% Increase (5.50%)
Net OPEB liability as of June 30, 2021	$ 6,071,759	$ 7,362,363	$ 9,117,249

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources
For the year ended June 30, 2022, the Authority recognized OPEB expense of $246,267, which includes the change in deferred outflows and inflows of resources ($357,659 for the year ended June 30, 2021). At June 30, the Authority reported deferred outflows and inflows of resources related to OPEB from the following sources:

	2022		2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ (345,256)	$ -	$ (427,075)
Changes in assumptions	1,097,943	(1,761,225)	1,317,532	(51,883)
Net difference between projected and actual earnings on OPEB plan investments	-	(22)	-	(81)
Total	$ 1,097,943	$ (2,106,503)	$ 1,317,532	$ (479,039)
Net deferred outflows (inflows) of resources		$ (1,008,560)		$ 838,493

NOTE 15 - (Continued)

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

Year ended June 30:	2022	2021
2022	$ -	$ 111,808
2023	(177,393)	111,811
2024	(135,494)	153,710
2025	(135,495)	153,709
2026	(135,471)	153,730
2027	(135,488)	153,725
Thereafter	(289,219)	-
Total deferred outflows (inflows) of resources	$ (1,008,560)	$ 838,493

Payable to the OPEB Plan
At June 30, 2022, the Authority reported a payable of $-0- for outstanding contributions to the Plan ($-0- for the year ended June 30, 2021).

NOTE 16 - SATCO OTHER POSTEMPLOYMENT BENEFITS

The liability for other postemployment benefits of the Authority's major transportation provider, Springfield Area Transit Company, Inc. (SATCo) is included in the Authority's financial statements under transportation expense and long-term accrued expenses. The Authority is responsible for funding these expenses.

Plan Description and Benefits Provided
The Springfield Area Transportation Company Other Postemployment Benefits Plan (the Plan) is a single-employer defined benefit plan which provides for medical, dental and life insurance benefits to eligible retirees and their spouses. An employee becomes eligible to retire under this plan upon attainment of age 55 with 10 years of service or with 20 years of service regardless of age. For employees hired prior to July 1, 1990, an employee shall become eligible to retire under this plan upon the attainment of age 55 as an active member and completion of 10 years of service. Retirees will pay 25% of premiums for non-Medicare integrated plans and 0% for Medicare integrated plans. Retirees pay 100% of premiums for dental insurance. The employer will pay 100% of life insurance premiums.

Springfield Area Transportation Company, Inc. does not issue separate financial statements on this plan.

Accounting Policy
For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

Plan Membership
The following employees were covered by the benefit terms for the plan year ending June 30:

	2022	2021
Active employees	255	241
Inactive employees or beneficiaries currently receiving benefits	127	127
Total	382	368

NOTE 16 - (Continued)

Contributions
In fiscal year 2018, the Authority established a Qualified OPEB Trust (the Trust) for the benefit of SATCO's OPEB Plan with the intention that it qualifies as a tax-exempt trust performing an essential governmental function within the meaning of Section 115 of the Internal Revenue Code and Regulations issued thereunder and as a trust for OPEB in accordance with MGL Chapter 32B, Section 20.

The Trust was created for the sole purpose of providing funding for OPEB, as determined by the Authority, or as may be required by collective bargaining agreement, or by any general or special law providing for such benefits, for the exclusive benefit of the retired employees and their eligible dependents and for defraying the reasonable administrative, legal, actuarial and other expenses of the Trust. The assets held in the Trust shall not be used for or diverted to any other purpose, except as described in the Trust. The Trust is irrevocable and no trust funds shall revert to the Authority until all benefits owed to the retired employees have been satisfied or released. In addition, the assets are legally protected from creditors of the Authority, SATCo, and the Plan administrator.

The Authority and SATCo shall have no obligation to make contributions to the Trust to fund OPEB, and the size of the Trust may not be sufficient at any one time to meet the OPEB liabilities. The fair market value of the trust assets as of June 30, 2022 is $592,850 ($645,750 as of June 30, 2021).

Payable to OPEB Plan
At June 30, 2022, SATCo reported a payable of $-0- for outstanding contributions to the Plan ($-0- for the year ended June 30, 2021).

Actuarial Methods and Assumptions

Results of the Plan for the fiscal year ended on June 30, 2022 are based on liabilities developed in an actuarial valuation performed as of July 1, 2021 with a measurement date of June 30, 2022.

Results of the Plan for the fiscal year ended on June 30, 2021 are based on liabilities developed in an actuarial valuation performed as of July 1, 2019 with a measurement date of June 30, 2021.

The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method:	Individual entry age normal
Inflation:	2.50% and for future periods
Salary increases:	3% annually and for future periods
Discount rate:	4.30% for 2022 (3.00% for 2021)
Investment rate of return:	5.19%, net of OPEB plan investment expense (5.54% for 2021)
Municipal bond rate:	4.09% as of June 30, 2022 (2.18% as of June 30, 2021)
Pre- and post-retirement mortality:	Mortality rates were based upon the RP-2014 Blue Collar Employee Mortality Tables for males and females
Healthcare trend:	Assumed healthcare trend rate of 4.50%
Participation rate:	Assumed that 100% of employees eligible to received retirement benefits would enroll in the plan

NOTE 16 - (Continued)

Changes in net OPEB liability	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2020	$ 27,281,935	$ 524,590	$ 26,757,345
Changes for the year:			
Service cost	869,836	-	869,836
Interest	1,179,290	-	1,179,290
Changes in benefit terms	-	-	-
Changes in assumptions	6,110,270	-	6,110,270
Differences between actual and expected experience	-	-	-
Net investment income	-	121,160	(121,160)
Employer contributions to trust	-	-	-
Employer contributions - premiums	-	816,030	(816,030)
Benefit payments - premiums	-	(816,030)	816,030
Benefit payments including implicit cost	(816,030)	-	(816,030)
Administrative expense	-	-	-
Net changes	7,343,366	121,160	7,222,206
Balances at June 30, 2021	34,625,301	645,750	33,979,551
Changes for the year:			
Service cost	1,360,593	-	1,360,593
Interest	1,066,904	-	1,066,904
Changes in benefit terms	-	-	-
Changes in assumptions	223,197	-	223,197
Differences between actual and expected experience	(2,448,711)	-	(2,448,711)
Net investment income	-	(52,900)	52,900
Employer contributions to trust	-	-	-
Employer contributions - premiums	-	851,166	(851,166)
Benefit payments - premiums	-	(851,166)	851,166
Benefit payments including implicit cost	(851,166)	-	(851,166)
Administrative expense	-	-	-
Net changes	(649,183)	(52,900)	(596,283)
Balances at June 30, 2022	$ 33,976,118	$ 592,850	$ 33,383,268

NOTE 16 - (Continued)

Discount rate

The discount rate used to measure the total OPEB liability was 4.30% as of June 30, 2022 and 3.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions will be made in accordance with the Authority's funding policy. Based on these assumptions, the OPEB Plan's Fiduciary Net Position is projected to be insufficient to make all projected benefit payments to current plan members. Therefore, the long-term expected rate of return on the OPEB Plan assets is applied to the projected benefits payments which the Fiduciary Net Position is expected to be sufficient to cover and the Municipal Bond Rate is applied thereafter. The Municipal Bond Rate is based on the S&P Municipal Bond 20-Year High Grade Index ("SAPIHG"), which was 4.09% as of June 30, 2022. The S&P Municipal Bond 20-Year High Grade Index is the index rate for 20 year, tax exempt general obligation municipal bonds with an average rate of AA/Aa or higher.

Long-term rate of return

The long term rate of return on OPEB plan investments for the 2022 actuarial valuation was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	60.00%	4.90%
Fixed income	25.00%	1.40%
Cash	15.00%	0.00%
Total	100.00%	

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rates

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using a discount and healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rates:

	Discount Rate		
	1% Decrease (3.30%)	Current (4.30%)	1% Increase (5.30%)
Net OPEB liability as of June 30, 2022	$ 39,439,813	$ 33,383,268	$ 28,538,109
	1% Decrease (2.00%)	Current (3.00%)	1% Increase (4.00%)
Net OPEB liability as of June 30, 2021	$ 40,218,243	$ 33,979,551	$ 28,846,489

NOTE 16 - (Continued)

	Healthcare Cost Trend Rate		
	1% Decrease (3.50%)	Current (4.50%)	1% Increase (5.50%)
Net OPEB liability as of June 30, 2022	$ 27,987,626	$ 33,383,268	$ 40,325,053
	1% Decrease (3.50%)	Current (4.50%)	1% Increase (5.50%)
Net OPEB liability as of June 30, 2021	$ 28,270,341	$ 33,979,551	$ 41,424,580

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources
For the year ended June 30, 2022, the Authority recognized OPEB expense (recovery) of $(692,214), which includes the change in deferred outflows and deferred inflows of resources (recovery of $628,141 for the year ended June 30, 2021). At June 30, the Authority reported deferred outflows or resources and deferred inflows of resources related to OPEB from the following sources:

	2022		2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ (4,388,765)	$ -	$ (3,702,292)
Changes in assumptions	3,885,895	(2,574,155)	4,907,461	(4,292,487)
Net difference between projected and actual earnings on OPEB plan investments	23,566	-	12,496	(74,568)
Total	$ 3,909,461	$ (6,962,920)	$ 4,919,957	$ (8,069,347)
Net deferred outflows (inflows) of resources		$ (3,053,459)		$ (3,149,390)

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

Year ended June 30:	2022	2021
2022	$ -	$ (1,832,175)
2023	(2,085,100)	(1,684,505)
2024	(1,146,129)	(745,534)
2025	616,004	1,016,599
2026	(304,370)	96,225
2027	(133,864)	-
Total deferred outflows (inflows) of resources	$ (3,053,459)	$ (3,149,390)

NOTE 17 - COMMITMENTS AND CONTINGENT LIABILITIES

Fiscal year 2023 budget
For the fiscal year 2023, the Authority has an operating budget of $54,519,475 which excludes depreciation expense. This budget includes grant-matching expenditures, which the Authority is required to meet as its share of Federal and State programs.

Federal and State funding
Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. As of the date of the financial statements, the Authority is not aware of any expenditure that may be disallowed by a grantor.

Risk management
The Authority is exposed to various risks of loss related to torts, theft, damage and destruction of assets, errors and omissions, natural disasters, and workers compensation claims for which the Authority carries commercial insurance.

Litigation and self-insurance
In the normal course of operations, the Authority 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

The Authority is self-insured for property damage and personal injury related to operations to a maximum amount of $1,000,000 per incident. An excess liability, up to a maximum of $5 million of losses per policy year, is covered by comprehensive insurance policies. It is the policy of the Authority to record a liability for reported claims as well as claims incurred and not yet reported based on a review of specific claims and incidents. Insurance claims have not exceeded insurance coverage in the past three years. At June 30, 2022 and 2021, the Authority's insurance claims reserve is $2,500,000 for the self-insured portion of the risks associated with property damage and personal injury. A summary of the activity in the claims liability account during the years ended June 30 are as follows:

	2022	2021
Insurance claims reserve, beginning	$ 2,500,000	$ 2,750,000
Increase in reserve for claims provisions	433,565	217,297
Claims paid	(433,565)	(467,297)
Insurance claims reserve, ending	$ 2,500,000	$ 2,500,000

NOTE 18 - FEDERAL CARES ACT FUNDING

The Authority was awarded federal operating assistance under the Coronavirus Aid Relief and Economic Security (CARES) Act through an existing federal program 49 USC Section 5307. The funding is to cover eligible operating expenses and other costs, net of fare revenue, incurred as part of the Authority's response to COVID-19 beginning on or after January 20, 2020. Per the CARES Act and the awarding contract, the funding covers 100% of eligible expenses and does not require state or local matches.

The following contract was awarded to the Authority:

	Performance Period	Total Contract Amount	Funds Spent through Fiscal Year 2021	Funds Spent in Fiscal Year 2022	Remaining Contract Amount
Federal CARES Act Funding					
Federal Section 5307	1/20/2020 until spent	$ 36,615,416	$ 10,414,144	$ 2,950,135	$ 23,251,137

NOTE 19 - IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

The Governmental Accounting Standards Board (GASB) issued Statement No. 87, *Leases*, for implementation in fiscal year 2022. This Statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The Authority adopted this statement in fiscal year 2022. The Authority's lease contracts are disclosed in Note 10.

The GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, for implementation in fiscal year 2022. The statement establishes accounting requirements for interest cost incurred before the end of a construction period. This statement had no impact on the Authority's financial reporting.

The GASB issued Statement No. 92, *Omnibus 2020*, for implementation in fiscal year 2022. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB statements. This statement had no impact on the Authority's financial reporting.

The GASB issued Statement No. 93, *Replacement of interbank offered rates*, for implementation in fiscal year 2022. The statement addresses the issue of the London Interbank Offered Rate ceasing to exist as well as addresses the accounting and financial reporting implications that result from the replacement of an interbank offered rate. This statement had no impact on the Authority's financial reporting.

The GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, for implementation in fiscal year 2022. The primary objectives of this statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units; (2) mitigate costs associated with the reporting of certain pension and other employee benefit plans as fiduciary component units; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans. This statement had no impact on the Authority's financial reporting.

NOTE 20 - ADOPTION OF NEW ACCOUNTING PRINCIPLE

The Authority adopted GASB Statement No. 87, *Leases*, during fiscal year 2022 resulting in the restatement of 2021 amounts in various line items related to the accounting of leases. Lease related items that were significantly impacted include lease related asset (right to use asset) and lease related obligation. See Note 10 for disclosure of leases.

	Lease Related Asset	Lease Related Obligation	Net Position
Amounts previously reported at June 30, 2021	$ -	$ -	$ 66,817,136
Prior period adjustment			
Reporting for leases under GASB 87	5,834,672	5,834,672	-
Amounts restated, June 30, 2021	$ 5,834,672	$ 5,834,672	$ 66,817,136

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

SCHEDULE OF CHANGES IN NET PENSION LIABILITIES AND RELATED RATIOS

REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2022

	PVTA Pension Plan (see also Note 11) Plan Year End June 30,							
Total pension liability	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Service cost	$ 218,816	$ 174,453	$ 234,749	$ 399,036	$ 237,541	$ 218,696	$ 199,780	$ 226,520
Interest	604,319	594,104	574,663	528,550	458,403	426,044	405,613	360,702
Changes of benefit terms	-	-	-	-	-	-	-	-
Differences between expected and actual experience	(115,171)	(265,360)	(145,773)	238,470	447,146	101,296	(70,204)	398,081
Changes of assumptions	-	-	-	-	-	-	-	-
Benefit payment, including refunds of employee contributions	(399,085)	(399,085)	(346,878)	(336,643)	(302,220)	(297,102)	(270,461)	(294,010)
Net change in total pension liability	308,879	104,112	316,761	829,413	840,870	448,934	264,728	691,293
Total pension liability, beginning	8,365,346	8,261,234	7,944,473	7,115,060	6,274,190	5,825,256	5,560,528	4,869,235
Total pension liability, ending (a)	$ 8,674,225	$ 8,365,346	$ 8,261,234	$ 7,944,473	$ 7,115,060	$ 6,274,190	$ 5,825,256	$ 5,560,528
Plan fiduciary net position								
Contributions - employer	$ 148,125	$ 547,481	$ 470,855	$ 174,456	$ 355,018	$ 377,718	$ 157,377	$ 141,588
Contributions - employee	49,748	162,677	205,808	56,625	60,494	55,906	48,887	45,886
Net investment income	1,427,157	215,527	632,125	310,301	364,336	259,833	144,609	469,701
Benefit payments, including refunds of employee contributions	(399,085)	(399,085)	(346,878)	(336,643)	(302,220)	(297,102)	(270,461)	(294,010)
Administrative expense	-	-	-	-	(40)	(14,305)	-	-
Net change in plan fiduciary net position	1,225,945	526,600	961,910	204,739	477,588	382,050	80,412	363,165
Plan fiduciary net position, beginning	6,257,434	5,730,834	4,768,924	4,564,185	4,086,597	3,704,547	3,624,135	3,260,970
Plan fiduciary net position, ending (b)	$ 7,483,379	$ 6,257,434	$ 5,730,834	$ 4,768,924	$ 4,564,185	$ 4,086,597	$ 3,704,547	$ 3,624,135
Net pension liability (a) - (b)	$ 1,190,846	$ 2,107,912	$ 2,530,400	$ 3,175,549	$ 2,550,875	$ 2,187,593	$ 2,120,709	$ 1,936,393
Plan fiduciary net position as a percentage of the total pension liability	86.27%	74.80%	69.37%	60.03%	64.15%	65.13%	63.59%	65.18%
Covered employee payroll	$ 1,277,270	$ 1,277,270	$ 1,277,270	$ 1,528,975	$ 1,529,167	$ 1,223,784	$ 1,223,784	$ 1,169,373
Net pension liability as a percentage of covered employee payroll	93.23%	165.03%	198.11%	207.69%	166.81%	178.76%	173.29%	165.59%

See independent auditors' report.

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

SCHEDULE OF CHANGES IN NET PENSION LIABILITIES AND RELATED RATIOS

REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2022

SATCo SERP Plan
(see also Note 13)
Plan Year End June 30,

	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability								
Service cost	$ 500,646	$ 405,985	$ 404,377	$ 408,631	$ 399,561	$ 365,630	$ 327,274	$ 290,750
Interest	708,305	648,403	594,567	527,876	448,386	399,919	351,881	317,682
Changes of benefit terms	-	-	-	-	-	-	-	-
Differences between expected and actual experience	1,268,422	(17,058)	38,305	434,823	461,424	41,217	96,577	(63,258)
Changes of assumptions	(9,309)	(13,691)	-	-	-	-	-	-
Benefit payment, including refunds of employee contributions	(330,056)	(218,642)	(193,026)	(266,628)	(122,646)	(86,013)	(60,634)	(44,384)
Net change in total pension liability	2,138,008	804,997	844,223	1,104,702	1,186,725	720,753	715,098	500,790
Total pension liability, beginning	10,631,051	9,826,054	8,981,831	7,877,129	6,690,404	5,969,651	5,254,553	4,753,763
Total pension liability, ending (a)	$ 12,769,059	$ 10,631,051	$ 9,826,054	$ 8,981,831	$ 7,877,129	$ 6,690,404	$ 5,969,651	$ 5,254,553
Plan fiduciary net position								
Contributions - employer	$ 655,255	$ 408,549	$ 380,619	$ 625,074	$ 635,316	$ 1,295,000	$ 129,644	$ 470,000
Contributions - employee	532,530	531,451	529,779	524,926	533,279	505,000	490,356	-
Net investment income	2,315,863	391,852	944,844	439,395	407,457	233,325	44,799	211,580
Benefit payments, including refunds of employee contributions	(330,056)	(218,642)	(193,026)	(266,628)	(122,646)	(86,013)	(60,634)	(44,384)
Administrative expense	(85,199)	(67,848)	(42,714)	(50,575)	(41,841)	(27,871)	(18,764)	(13,093)
Net change in plan fiduciary net position	3,088,393	1,045,362	1,619,502	1,272,192	1,411,565	1,919,441	585,401	624,103
Plan fiduciary net position, beginning	10,108,884	9,063,522	7,444,020	6,171,828	4,760,263	2,840,822	2,255,421	1,631,318
Plan fiduciary net position, ending (b)	$ 13,197,277	$ 10,108,884	$ 9,063,522	$ 7,444,020	$ 6,171,828	$ 4,760,263	$ 2,840,822	$ 2,255,421
Net pension liability (a) - (b)	$ (428,218)	$ 522,167	$ 762,532	$ 1,537,811	$ 1,705,301	$ 1,930,141	$ 3,128,829	$ 2,999,132
Plan fiduciary net position as a percentage of the total pension liability	103.35%	95.09%	92.24%	82.88%	78.35%	71.15%	47.59%	42.92%
Covered employee payroll	$ 16,542,216	$ 15,973,184	$ 15,901,029	$ 15,301,015	$ 14,477,280	$ 14,742,434	$ 14,042,201	$ 12,774,455
Net pension liability as a percentage of covered employee payroll	-2.59%	3.27%	4.80%	10.05%	11.78%	13.09%	22.28%	23.48%

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

SCHEDULE OF PENSION CONTRIBUTIONS

REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2022

	PVTA Pension Plan (see also Note 11) Plan Year End June 30,							
	2021	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Actuarially determined contribution	$ 340,222	$ 389,354	$ 492,723	$ 722,782	$ 497,602	$ 441,721	$ 415,986	$ 423,935
Contributions in relation to the actuarially determined contribution	197,873	710,158	676,663	231,081	415,512	433,624	206,264	187,474
Contribution deficiency (excess)	$ 142,349	$ (320,804)	$ (183,940)	$ 491,701	$ 82,090	$ 8,097	$ 209,722	$ 236,461
Covered employee payroll	$ 1,277,270	$ 1,277,270	$ 1,277,270	$ 1,528,975	$ 1,529,167	$ 1,223,784	$ 1,223,784	$ 1,169,373
Contribution as a percentage of covered employee payroll	15.49%	55.60%	52.98%	15.11%	27.17%	35.43%	16.85%	16.03%

Notes to Schedules for PVTA Pension Plan

Valuation date:
Actuarially determined contribution rates are calculated as of June 30, 2021.

Methods and assumptions used to determine contribution rates:

Actuarial cost method:	Entry age normal
Amortization method:	15 year level dollar of the existing net pension liability as of the valuation date
Remaining amortization period	15 years. Fresh start method with amortization remaining unfunded amortized each year.
Asset valuation method	Market value of assets as of the measurement date
Inflation:	3% and for future periods
Salary increases:	4% annually and for future periods
Investment rate of return:	6.88%, net of pension plan investment expense, including inflation for small plans

Last 10 years: Only plan years 2014 to 2021 available.

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

SCHEDULE OF PENSION CONTRIBUTIONS

REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2022

	SATCo SERP Plan (see also Note 13) Plan Year End June 30,							
	2021	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Actuarially determined contribution	$ 458,434	$ 457,459	$ 479,545	$ 560,224	$ 567,665	$ 555,898	$ 635,705	$ 586,396
Contributions in relation to the actuarially determined contribution	655,255	408,549	380,619	625,074	635,316	1,295,000	129,644	470,000
Contribution deficiency (excess)	$ (196,821)	$ 48,910	$ 98,926	$ (64,850)	$ (67,651)	$ (739,102)	$ 506,061	$ 116,396
Covered employee payroll	$ 16,542,216	$ 15,973,184	$ 15,901,029	$ 15,301,015	$ 14,477,280	$ 14,742,434	$ 14,042,201	$ 12,774,455
Contribution as a percentage of covered employee payroll	3.96%	2.56%	2.39%	4.09%	4.39%	8.78%	0.92%	3.68%

Notes to Schedules for SATCO SERP Pension Plan

Valuation date:
Actuarially determined contribution rates are calculated as of June 30, 2021.

Methods and assumptions used to determine contribution rates:

Actuarial cost method:	Entry age normal
amortization method:	15 year level dollar of the existing net pension liability as of the valuation date
Remaining amortization period	15 years. Fresh start method with amortization remaining unfunded amortized each year.
Asset valuation method	Market value of assets as of the measurement date
Inflation:	2.5% and for future periods
Salary increases:	N/A
Investment rate of return:	6.27%, net of pension plan investment expense, including inflation for small plans

Last 10 years: Only plan years 2014 to 2021 available.

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

SCHEDULE OF CHANGES IN NET OPEB LIABILITIES AND RELATED RATIOS

REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2022

	PVTA OPEB Plan (see also Note 15) Plan Year End June 30,				
Total OPEB liability	**2022**	**2021**	**2020**	**2019**	**2018**
Service cost	$ 397,463	$ 220,047	$ 209,018	$ 196,680	$ 310,684
Interest	172,968	170,206	163,543	151,826	171,289
Changes of benefit terms	-	-	-	414,737	-
Changes of assumptions	(2,024,497)	1,537,121	-	(129,709)	-
Differences between actual and expected experience	-	(461,016)	-	(79,798)	-
Benefit payments including implicit cost	(146,751)	(144,388)	(138,205)	(141,814)	(93,312)
Net change in total OPEB liability	(1,600,817)	1,321,970	234,356	411,922	388,661
Total OPEB liability, beginning	7,362,954	6,040,984	5,806,628	5,394,706	5,006,045
Total OPEB liability, ending (a)	$ 5,762,137	$ 7,362,954	$ 6,040,984	$ 5,806,628	$ 5,394,706
Plan fiduciary net position					
Interest	$ -	$ -	$ -	$ -	$ -
Net investment income	(31)	115	(24)	-	-
Employer contributions - premiums	146,751	144,388	138,705	141,814	93,312
Benefit payments - premiums	(146,751)	(144,388)	(138,205)	(141,814)	(93,312)
Administrative expense	-	-	-	-	-
Net change in plan fiduciary net position	(31)	115	476	-	-
Plan fiduciary net position, beginning	591	476	-	-	-
Plan fiduciary net position, ending (b)	$ 560	$ 591	$ 476	$ -	$ -
Net OPEB liability (a) - (b)	$ 5,761,577	$ 7,362,363	$ 6,040,508	$ 5,806,628	$ 5,394,706
Plan fiduciary net position as a percentage of the total OPEB liability	0.01%	0.01%	0.01%	0.00%	0.00%
Covered employee payroll	$ 1,514,115	$ 1,470,015	$ 1,550,298	$ 1,505,144	$ 1,442,016
Net OPEB liability as a percentage of covered employee payroll	380.52%	500.84%	389.64%	385.79%	374.11%

Notes to Schedule:

Changes of assumptions:
Discount rate changed from 2.25% to 4.09%.

Last 10 years: Only plan years 2018 to 2022 available.

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

SCHEDULE OF CHANGES IN NET OPEB LIABILITIES AND RELATED RATIOS

REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2022

	SATCo OPEB Plan (see also Note 16) Plan Year End June 30,				
Total OPEB liability	**2022**	**2021**	**2020**	**2019**	**2018**
Service cost	$ 1,360,593	$ 869,836	$ 798,091	$ 1,292,292	$ 1,533,958
Interest	1,066,904	1,179,290	1,429,115	1,484,613	1,173,374
Changes of benefit terms	-	-	-	2,130,904	-
Changes of assumptions	223,197	6,110,270	(3,670,465)	(5,055,906)	-
Differences between actual and expected experience	(2,448,711)	-	(5,818,732)	-	(805,038)
Benefit payments including implicit cost	(851,166)	(816,030)	(764,208)	(726,472)	(574,275)
Net change in total OPEB liability	(649,183)	7,343,366	(8,026,199)	(874,569)	1,328,019
Total OPEB liability, beginning	34,625,301	27,281,935	35,308,134	36,182,703	34,854,684
Total OPEB liability, ending (a)	$ 33,976,118	$ 34,625,301	$ 27,281,935	$ 35,308,134	$ 36,182,703
Plan fiduciary net position					
Interest	$ -	$ -	$ -	$ -	$ -
Net investment income	(52,900)	121,160	8,291	16,299	-
Employer contributions to trust	-	-	-	500,000	-
Employer contributions - premiums	851,166	816,030	764,208	726,472	574,275
Benefit payments - premiums	(851,166)	(816,030)	(764,208)	(726,472)	(574,275)
Administrative expense	-	-	-	-	-
Net change in plan fiduciary net position	(52,900)	121,160	8,291	516,299	-
Plan fiduciary net position, beginning	645,750	524,590	516,299	-	-
Plan fiduciary net position, ending (b)	$ 592,850	$ 645,750	$ 524,590	$ 516,299	$ -
Net OPEB liability (a) - (b)	$ 33,383,268	$ 33,979,551	$ 26,757,345	$ 34,791,835	$ 36,182,703
Plan fiduciary net position as a percentage of the total OPEB liability	1.74%	1.86%	1.92%	1.46%	0.00%
Covered employee payroll	$ 16,869,402	$ 16,378,060	$ 15,901,029	$ 15,640,248	$ 14,477,280
Net OPEB liability as a percentage of covered employee payroll	197.89%	207.47%	168.27%	222.45%	249.93%

Notes to Schedule:

Changes of assumptions:
Discount rate changed from 3.00 to 4.30%.

Last 10 years: Only plan years 2018 to 2022 available.

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

SCHEDULE OF OPEB CONTRIBUTIONS

REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2022

	PVTA OPEB Plan (see also Note 15) Plan Year End June 30,				
	2022	**2021**	**2020**	**2019**	**2018**
Actuarially determined contribution	$ 620,260	$ 440,343	$ 488,100	$ 475,762	$ 585,941
Contributions in relation to the actuarially determined contribution	146,751	144,388	138,205	141,814	93,312
Contribution deficiency (excess)	$ 473,509	$ 295,955	$ 349,895	$ 333,948	$ 492,629
Covered employee payroll	$ 1,514,115	$ 1,470,015	$ 1,550,298	$ 1,505,144	$ 1,442,016
Contribution as a percentage of covered employee payroll	9.69%	9.82%	8.91%	9.42%	6.47%

Notes to Schedule

PVTA OPEB Valuation date:
Actuarially determined contribution rates were calculated as of July 1, 2020 with a measurement date of June 30, 2022.

Methods and assumptions used to determine contribution rates for PVTA:

Actuarial cost method:	Individual entry age normal
Municipal bond rate:	4.09% as of June 30, 2022 (Source: S&P Municipal Bond 20-Year High Grade Index)
Discount rate:	4.09%
Inflation:	2.50% as of June 30, 2021 and for future periods
Salary increases:	3.00% annually and for future periods
Pre- and post-retirement mortality:	Mortality rates were based upon the RP-2014 Mortality Table for Blue Collar Employees projected generationally with scale MP-2016 for males and females, set forward 1 year for females
Disabled mortality:	Mortality rate was based upon the RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 year.
Changes in assumptions:	Effective June 30, 2022, discount rate changed from 2.25% to 4.09%.

Last 10 years: Only plan years 2018 to 2022 available.

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

SCHEDULE OF OPEB CONTRIBUTIONS

REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2022

	SATCo OPEB Plan (see also Note 16) Plan Year End June 30,				
	2022	**2021**	**2020**	**2019**	**2018**
Actuarially determined contribution	$ 2,687,481	$ 2,002,488	$ 2,327,770	$ 3,226,922	$ 3,343,115
Contributions in relation to the actuarially determined contribution	851,166	816,030	764,208	1,226,472	574,275
Contribution deficiency (excess)	$ 1,836,315	$ 1,186,458	$ 1,563,562	$ 2,000,450	$ 2,768,840
Covered employee payroll	$ 16,869,402	$ 16,378,060	$ 15,901,029	$ 15,640,248	$ 14,477,280
Contribution as a percentage of covered employee payroll	5.05%	4.98%	4.81%	7.84%	3.97%

Notes to Schedule

SATCo OPEB Valuation date:
Actuarially determined contribution rates were calculated as of July 1, 2021 with a measurement date of June 30, 2022.

Methods and assumptions used to determine contribution rates for SATCo:

Actuarial cost method:	Individual entry age normal
Municipal bond rate:	4.09% as of June 30, 2022 (Source: S&P Municipal Bond 20-Year High Grade Index)
Discount rate:	4.30%
Inflation:	2.50% as of June 30, 2022 and for future periods
Salary increases:	3.00% annually and for future periods
Pre- and post-retirement mortality:	Mortality rates were based upon the RP-2014 Blue Collar Employee Mortality Tables for males and females projected generationally with scale MP-2016 for males and females, set forward 1 year for females
Disabled mortality:	Mortality rate was based upon the RP-2014 Blue Collar Healthy Annuitant Table projected with scale MP-2016 for males and females, set forward 1 year
Changes in assumptions:	Effective June 30, 2022, discount rate changed from 3.00% to 4.30%.

Last 10 years: Only plan years 2018 to 2022 available.

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

STATEMENT OF NET COST OF SERVICE

SUPPLEMENTARY INFORMATION

For the Year Ended June 30,

	Total Service Area 2022	Total Service Area 2021
Operating costs		
Administrative costs	$ 3,715,987	$ 3,069,209
Purchased services		
Fixed route	38,244,154	36,270,960
Paratransit	7,182,977	6,993,034
Shuttle	308,812	280,171
Other operating costs	2,414,603	-
Debt service	45,722	113,876
Eliminate GASB adjustment for other post employment benefits	445,947	270,482
Eliminate GASB adjustment for pension expense	780,923	287,673
Eliminate GASB adjustment for right to use lease asset and liability	(75,790)	-
Total operating costs	53,063,335	47,285,405
Operating assistance and revenues		
Federal operating and administrative assistance	7,629,736	7,607,847
Other operating assistance	3,323,427	538,010
Revenues		
Local revenues		
Fixed route	4,516,896	3,002,979
Paratransit	647,519	276,208
Shuttle	9,856	10,748
Advertising	232,019	242,938
Other income	428,942	236,500
Interest	19,405	7,203
Total operating assistance and revenues	16,807,800	11,922,433
Net operating deficit	36,255,535	35,362,972
Increase in reserve for extraordinary expense	282,026	-
Net cost of service	$ 36,537,561	$ 35,362,972
Local assessments	$ 9,635,895	$ 9,400,873
State contract assistance	26,901,666	25,962,099
Total	$ 36,537,561	$ 35,362,972

The following nonreimbursable items are not included in the eligible expenses above:
- Depreciation taken on property and equipment purchased with capital grant funding
- GASB adjustment for the change in other post employment benefits and net pension liabilities
- GASB adjustment for the change in right-to-use lease asset and liability

See independent auditors' report.

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Advisory Board of the
PIONEER VALLEY TRANSIT AUTHORITY
2808 Main Street
Springfield, MA 01107

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Pioneer Valley Transit Authority, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Pioneer Valley Transit Authority's basic financial statements and have issued our report thereon dated September 19, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Pioneer Valley Transit Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Pioneer Valley Transit Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Pioneer Valley Transit Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2022-001 and 2022-002 that we consider to be material weaknesses.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Pioneer Valley Transit Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Pioneer Valley Transit Authority's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Pioneer Valley Transit Authority's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Pioneer Valley Transit Authority's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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September 19, 2022

Finding 2022-001: Lack of Controls over Financial Reporting
Material Weakness

Reportable Condition
During our audit, we noted several account balances which were not properly reconciled prior to the start of the audit. As a result, we proposed several material adjustments to be recorded in the Authority's general ledger.

a. Accounts receivable contained erroneous balances, which had been previously collected by the Authority. The amount to be written off from accounts receivable is $603,875.

b. Multiple capital projects were incorrectly expensed, rather than being capitalized as required by *Generally Accepted Accounting Principles* and the federal Uniform Guidance. As a result, we proposed adjustments to capitalize assets of $1,809,385.

c. We proposed additional adjustments to the following accounts:

    i. Accrued expenses of $357,089 to reclassify expenses previously paid by the Authority;

    ii. Deferred revenue of $161,140 to reclassify amounts previously recognized as revenue;

    iii. Intercompany payables of $556,328 to agree with the general ledger of the Authority's fixed route operator.

Criteria:
As part of its month-end closing, the Authority should review and reconcile its balance sheet accounts to ensure the balances are accurate.

Cause:
The Authority does not have the proper oversight in place over its general ledger. Account reconciliations are not being properly completed, and erroneous balances are reported on the Authority's internal financial statements.

Effect:
Prior to adjustments proposed by the auditor, the Authority's internal financial statements were misstated as follows:

a. The Authority's accounts receivable were overstated by $603,875.

b. The Authority's capital assets were understated by $1,809,385.

c. The Authority's accrued expenses were overstated by $357,089.

d. The Authority's deferred revenue was overstated by $161,140.

e. The Authority's intercompany payable was overstated by $556,328.

Repeat Finding:
No.

Auditors' Recommendation:
The Authority should document in its Accounting Policies and Procedures manual the required month-end closing procedures to be performed by the Finance department. To assist in the monthly closing process, the Authority should develop a month-end closing checklist, noting the accounts to be reconciled, position responsible for preparation, and due date of the reconciliation to be submitted to the CFO for review.

Additionally, the month-end closing checklist should also note certain financial reports to be provided to the Administrator on a monthly basis. These reports should be generated directly from the Operating and Capital general ledger systems, and should include:

a. Comparative balance sheet, for operating and capital;

b. Comparative income statement, for operating and capital;

c. Budget versus actual income statement;

d. Accounts receivable aging, for operating and capital;

e. Accounts payable aging, for operating and capital.

f. Reconciliation of fixed asset module to capital general ledger.

The Authority should plan its month-end close schedule so the internal financial statements are made available to the Administrator three weeks after month-end. These reports should also be provided to the Finance Committee after review and approval by the Administrator.

Response:
The Authority will revise the Accounting Policies and Procedures Manual's month-end closing procedures including updating the month-end closing checklist to note the accounts that need to be reconciled, the Department's position responsible for the task and the due date of reconciled accounts. The month-end checklist will include the preparation of financial reports generated from the Operating and Capital ledger systems to include:

a. Comparative balance sheet, for operating and capital;
b. Comparative income statement, for operating and capital;
c. Budget versus actual income statement;
d. Accounts receivable aging, for operating and capital;
e. Accounts payable aging, for operating and capital.
f. Reconciliation of fixed asset module to capital general ledger.

The CFO and Administrator will meet on the 5th day of each month to review the financial reports/statements that were closed in the prior month. These reports will be provided to the Authority's Finance Committee.

Finding 2022-002: Lack of Reconciliation over Fixed Assets
Material Weakness

Reportable Condition
In fiscal year 2020, the Authority began conversion to a new fixed asset software module. The conversion project has been ongoing, and the balances reported in the fixed asset software do not agree to the balances reported in the accounting general ledger by $3,712,158 at June 30, 2022. This variance is related to the import and maintenance of data in the fixed asset module. The fixed asset balance reported in the general ledger, and ultimately, the financial statements, is fairly stated.

Depreciation and disposals for fiscal year 2022 were being recorded after the audit began in August 2022, which delayed receipt of reports from the fixed asset software during the audit.

Criteria:
The balances per the fixed asset software should be reconciled to the balances reported in the accounting general ledger.

Cause:
The Authority's conversion of fixed asset modules is ongoing, and monthly reconciliations between the general ledger and software module are not being prepared.

Effect:
The fixed asset software does not agree to the accounting general ledger.

Repeat Finding:
No.

Auditors' Recommendation:
The fixed asset software should be reconciled to the accounting general ledger monthly. This reconciliation should be included as part of the month-end closing process recommended in Finding 2022-001.

Additions and disposals should be recorded in the fixed asset software at the time the transaction occurs. Depreciation should be recorded into the general ledger monthly.

Response:
Historical balances will be reconciled from the fixed asset software to the accounting general ledger.

Finance Department staff will be trained on the Abila Software System Asset Module.

The Account Payable Module from Abila will be integrated with the Abila Fixed Asset Module. This integration will facilitate additions and disposals of assets at time of transaction. Small items, equipment and services will not be posted to the Capital Fixed Asset Module.

Fixed assets will be reconciled monthly as part of the month-end closing schedule. Depreciation will be recorded monthly into the general ledger.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no findings or questioned costs for the year ended June 30, 2022.

STATUS OF PRIOR AUDIT FINDINGS

There were no findings or questioned costs for the prior year ended June 30, 2021.