LOWELL REGIONAL TRANSIT AUTHORITY

(A Component Unit of the Massachusetts Department of Transportation)

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2015

(WITH INDEPENDENT AUDITORS' REPORT THEREON)

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

Year Ended June 30, 2015

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The following is offered to the readers of the Lowell Regional Transit Authority's financial statements. It is a narrative overview and analysis of the financial performance of the Lowell Regional Transit Authority (the Authority) during the fiscal year ended June 30, 2015. Please read this discussion and analysis in conjunction with the Authority's financial statements which begin on page 7.

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the Authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to James H. Scanlan, Administrator, Lowell Regional Transit Authority, 145 Thorndike Street, Lowell, Massachusetts 01850.

Overview of the Financial Statements

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

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

> The statement of net position presents information on the assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.
>
> The statement of revenues, expenses and changes in net position reports the operating revenues and expenses and nonoperating revenues and expenses of the Authority for the fiscal year with the difference – the increase or decrease in net position – being combined with any capital grants to determine the net change in position for the fiscal year. That change combined with the previous year's end net position total reconciles to the net position total at the end of this fiscal year.
>
> The statement of cash flows reports cash and investment activities for the fiscal year resulting from operating activities, capital and related activities, noncapital and related financing activities and investing activities. The net result of these activities added to the beginning of the year cash and investment balance reconciles to the cash and investment balance of the current fiscal year.

The notes to the financial statements provide additional information that is essential to the understanding of the data provided in the basic financial statements and can be found on pages 10 through 28 of the report.

Condensed Financial Information

Condensed financial information as of and for the years ended June 30, 2015 and 2014 are as follows:

	2015	2014
Current assets	$ 4,876,404	$ 6,551,840
Restricted and noncurrent assets	4,008,379	2,965,903
Capital assets, net	31,934,157	28,412,503
Total assets	40,818,940	37,930,246
Current liabilities	341,521	522,016
Restricted and noncurrent liabilities	9,630,823	8,995,727
Long term liabilities	-	-
Total liabilities	9,972,344	9,517,743
Net position:		
Invested in capital assets, net of related debt	31,934,157	28,412,503
Restricted	-	-
Unrestricted	(1,087,561)	-
Total net position	$ 30,846,596	$ 28,412,503
Operating revenue		
Revenue from transportation	$ 1,393,145	$ 1,323,831
Other	1,354,002	1,399,441
Total operating revenues	2,747,147	2,723,272
Operating expenses:		
Transportation services	8,951,436	8,693,642
Other operating expenses	2,013,244	1,920,135
Total operating expenses, excluding depreciation	10,964,680	10,613,777
Depreciation and amortization	2,551,318	2,652,981
Total operating expenses, including depreciation	13,515,998	13,266,758
Operating loss	(10,768,851)	(10,543,486)
Net nonoperating revenue	8,222,949	7,890,505
Loss before capital grants	(2,545,902)	(2,652,981)
Capital grants and contributions	6,072,972	3,466,458
Change in net position	3,527,070	813,477
Net position:		
Beginning of year		
As previously reported	28,412,503	27,599,026
Prior period adjustment	(1,092,977)	-
As restated	27,319,526	27,599,026
End of year net position	$ 30,846,596	$ 28,412,503

Financial Highlights

The assets of the Authority exceed its liabilities at the close of the most recent fiscal year by $30,846,596 The Authorities total net position increased by $2,434,093 mainly due to the acquisition of fixed assets. The Authority's expenses, except for depreciation and amortization, are fully funded annually through a combination of federal, state, and local assistance.

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

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

- Passenger fares increased $69,314, or 5.23%, due to an increase in ridership during the year.
- Total operating expenses, excluding depreciation, increased by $350,903, or 3.31%.
- Revenues from assessments from member municipalities increased due to new service implemented during the year.
- Federal operating assistance decreased while capital assistance increased. State assistance increased.

Capital Assets and Debt

The Authority's capital assets as of June 30, 2015 amounted to $31,934,157 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, transportation equipment, office, and other equipment.

Capital asset additions during the fiscal include the following:

Building improvements	$ 3,505,091
Transit equipment	2,499,901
Service vehicles	56,880
Service equipment	11,100
	$ 6,072,972

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

At year-end, the Authority had $5,900,000 of notes outstanding, a decrease of $2,410,000 from the prior year.

Economic Factors and Next Year's Budgets

Funding the Authority's net cost of service consists of non-capital expenses less all non-capital revenues, except member municipality assessments and contract assistance from the Commonwealth of Massachusetts. The net cost of service is funded through assessments to member municipalities, which may increase by no more than 2.5% annually plus the members' share of any new services. In Fiscal 2015, the State has continued its funding policy to provide State Contract Assistance currently as opposed to reimbursing as in prior years.

The LRTA concluded it's $8 million dollar renovation of the Gallagher Parking Garage in February, two months ahead of schedule. This project was a success and included all new concrete, new steel, lighting, signage and new fire alarm systems. This Garage was funded with both Federal and State funding.

The LRTA is continually looking to maintain an updated vehicle fleet. In June of 2015 the LRTA received 6 new 30 foot buses from Gillig Corporation of California. The total cost was approximately $2.5 million dollars. Additionally, the LRTA took receipt of 2 new 25 foot cutaway buses for its fixed route system.

The LRTA received 5 new vehicles through the Commonwealth of Massachusetts Mobility Assistance Program (MAP) in June. These new vehicles will be used for Paratransit Service with the LRTA's Roadrunner and Local Council on Aging Senior services.

In the upcoming year, the LRTA has an ambitious Capital Program which includes:

- Purchase of twelve (12) new 30' Fixed Route Transit Buses
- Purchase of two (2) smaller 25' Fixed Route Buses
- Implementation of a new Automated Vehicle Location (AVL), Global Positioning System (GPS) on all of the LRTA's Fixed Route Buses. This System will also include a new Custom Information System (CIS) at the Gallagher and Kennedy Center so passengers will know the location via internet, cell phones, video monitors, etc., the location of the LRTA's buses.
- The LRTA is presently designing Terminal Improvements to the Gallagher Station. These improvements include remodeling the interior of the Terminal with new walls, ceiling and lighting. Additionally, the LRTA will extend the façade closer to the street providing for additional space. The LRTA anticipates that this project will be advertised for construction in early January 2016 at an estimated cost of $2.7 million dollars.

On the service side, the LRTA, like all RTA's in the Commonwealth, recently completed a new Transit Service Plan. This plan has identified a number of proposed service improvements. Over the next few months, the LRTA will be reviewing the improvements outlined in chapter 7 of the recently completed plan and identify an implementation plan. This plan is available on the LRTA website at www.LRTA.com under "Transit Plan".

The LRTA will continue to work with all of its partners at the Local, State and Federal levels to ensure compliance with all regulatory requirements.

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INDEPENDENT AUDITOR'S REPORT

To the Advisory Board of the
Lowell Regional Transit Authority

We have audited the accompanying financial statements of the Lowell Regional Transit Authority (the Authority), a component unit of the Massachusetts Department of Transportation, which comprise the statement of net financial position as of and for the year ended June 30, 2015, and the related statement of changes in net position, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of the Lowell Regional Transit Authority as of June 30, 2015 and the respective changes in its net position and in its cash flows thereof for year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages 1 through 4, Schedule of Authority's Proportionate Share of the Net Pension Liability and Schedule of Pension Liability on pages 29 and 30 are presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The supplementary information included on pages 31 and 32 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2015, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Roland P. Lambalot, PC

Methuen, Massachusetts
October 26, 2015

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

Statement of Net Position

June 30, 2015

Assets

Current assets:		
Cash and cash equivalents	$	1,722,932
Federal operating assistance receivable		292,145
Local assessments receivable		2,647,943
Other receivables		9,180
Contractor advances		96,502
Deferred outflow of resources		1,934
Deferred costs		105,768
Total current assets		4,876,404
Restricted and noncurrent assets:		
Local assessments receivable		807,914
Deferred outflow of resources		5,801
Capital assistance receivables		3,194,664
Capital assets, net		31,934,157
Total noncurrent assets		35,942,536
Total Assets	$	40,818,940

Liabilities

Current liabilities:		
Accounts payable and accrued expenses	$	195,109
Accrued payroll		87,881
Accrued interest payable		56,259
Other post employment benefits		2,272
Total current liabilities		341,521
Restricted and noncurrent liabilities:		
Accounts payable		2,635,527
Net pension liability		1,095,296
Revenue anticipation notes		5,900,000
Total restricted and noncurrent liabilities		9,630,823
Total Liabilities	$	9,972,344

Net Position

Invested in capital assets, net of related debt	$	31,934,157
Restricted		-
Unrestricted		(1,087,561)
Total Net Position	$	30,846,596

See accompanying notes to the financial statements

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

Statement of Revenues, Expenses, and Changes in Net Position

Year Ended June 30, 2015

Operating Revenues:	
Passenger fares	$ 1,393,145
Terminal revenues	1,107,041
Other Income	246,961
Total operating revenues	2,747,147
Operating Expenses:	
Transit service	6,791,428
Maintenance	2,160,008
Terminal expenses	1,249,094
General Administration	764,150
	10,964,680
Depreciation	2,551,318
Total operating expenses	13,515,998
Operating loss	(10,768,851)
Nonoperating revenues (expense)	
Operating assistance grants	
Federal operating assistance	2,303,900
Commonwealth of Massachusetts contract assistance	3,520,299
Local Assessments	2,451,937
Interest income	5,006
Interest expense	(58,193)
Total nonoperating revenues	8,222,949
Loss before capital grants	(2,545,902)
Capital grants and contributions	6,072,972
Change in net position	3,527,070
Net position	
Beginning of year, as reported	28,412,503
Prior period adjustment - implementation of GASB 68	(1,092,977)
Beginning of year, as restated	27,319,526
Net position, end of year	$ 30,846,596

See accompanying notes to the financial statements

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

Statement of Cash Flows

Year ended June 30, 2015

Cash flows from operating activities:	
Passenger fares	$ 1,393,145
Terminal revenue	1,107,041
Other cash receipts	246,961
Payments to operators	(8,929,116)
Payments to other vendors	(1,807,596)
Payments to employees for services	(423,268)
Net cash used in operating activities	(8,412,833)
Cash flows from non-capital financing activities:	
Proceeds from sale of revenue anticipation notes	5,900,000
Principal paid on revenue anticipation notes	(8,310,000)
Interest paid on revenue anticipation notes	(48,805)
Operating and contract assistance	9,222,602
Net cash provided by non-capital financing activities	6,763,797
Cash flows from financing activities:	
Capital grants	6,923,772
Purchase of capital assets	(6,072,972)
Net cash used by capital and related financing activities	850,800
Cash flows from investing activities:	
Interest income	5,006
Net cash used by investing activities	5,006
Net increase in cash and cash equivalents	(793,230)
Cash and cash equivalents, beginning of year	2,495,485
Cash and cash equivalents, end of year	$ 1,702,255
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	$ (10,768,851)
Adjustments:	
Depreciation	2,551,318
Changes in assets and liabilities	
Local assessment and other receivables	938,731
Accounts payable	(1,134,031)
Net cash used in operating activities	$ (8,412,833)

See accompanying notes to the financial statements

Note 1. Nature of the Organization and Summary of Significant Accounting Policies

The financial statements of the Lowell Regional Transit Authority (the Authority) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Authority applies Financial Accounting Standards Board pronouncements and Accounting Principles Board opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails, and all of the GASB pronouncements issued subsequently. The more significant of the Authority's accounting policies are described below:

A. Reporting Entity

The Authority, a political subdivision of the Commonwealth of Massachusetts (the Commonwealth), was established in accordance with Chapter 161B of the Massachusetts General Laws to provide a public transit system for the territory comprised of the City of Lowell and the towns of Billerica, Chelmsford, Dracut, Dunstable, Tewksbury, Tyngsboro, Pepperell, Acton, Groton, Townsend, Westford, Maynard, and Carlisle. In accordance with requirements of Statement No. 14, *The Financial Reporting Entity, of the Governmental Accounting Standards Board* (GASB), the financial statements must present the Authority (the primary government) and its component units. Pursuant to this criterion, no component units were identified for inclusion in the accompanying financial statements. Additionally, the accompanying financial statements are incorporated into the financial statements of the Commonwealth as the Authority is a component unit of the Massachusetts Department of Transportation.

B. Basis of Accounting

The operations of the Authority are accounted for as an enterprise fund on an accrual basis in order to recognize the flow of economic resources. Under this basis, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, depreciation of assets is recognized, and all assets and liabilities associated with the operation of the Authority are included in the Statements of Net Position. The principal revenues of the Authority are fare box revenues received from patrons and terminal revenues from parking facilities. The Authority also recognizes as operating revenue the rental fees received from vendors from operating leases of Authority property. Operating expenses for the Authority include the costs of operating mass transit and demand responsive services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

C. Budget

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

D. Cash and Cash Equivalents

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

E. Compensated Absences

Employees of the Authority are allowed to accumulate sick leave up to 60 days. In the event of termination, there is no provision to compensate employees for unused sick time. Upon retirement, there is a provision for employees who retire or die in service to be paid up to a maximum of 30 days, 50% of the value of their unused sick time, at the time of their retirement or death. The amount recorded is the unused days earned at the current rate of pay, up to a maximum of 30 days.

F. Capital Assets

Capital assets are stated at cost. Cost includes not only purchase price or construction cost, but also ancillary charges necessary to place the asset in condition for use.

G. Depreciation

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

Buildings	30 years
Vehicles	5-12 years
Passenger Shelters	5 years
Furniture, fixtures and equipment	5-7 years

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

H. Estimates

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

I. Concentration of Credit Risk

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

J. Investment Valuation

Investments are carried at fair value. Where applicable, fair values are based on quotations from national securities exchanges. The Authority invests in the Massachusetts Municipal Depository Trust, which is an external pool that is not SEC registered. This fund is regulated by the Commonwealth and is valued at current share price.

K. Available Unrestricted Resources

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

L. Statement of Net Position

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

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

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

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

M. Restricted Assets and Restricted Liabilities

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

N. Reclassifications

Certain prior year amounts have been reclassified to conform to current year presentation.

O. New Accounting Pronouncements

In June, 2012, the GASB issued GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*. This statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures related to pensions. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about pensions also are addressed.

The Authority implemented this statement in fiscal year 2015. The adoption of this standard had he following effects on the Authority's financial statements:

a) The recording of the net pension liability (unfunded pension plan obligation)
b) An actuarially determined pension expense and deferred outflows of resources
c) Significant new note disclosures, and new required supplementary information data

In November, 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. This statement amends paragraph 137 of Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The Authority implemented this statement during fiscal year 2015. The adoption of this standard did not have a material impact on the Authority's financial statements.

In January, 2013, the GASB issued GASB No. 69, *Government Combinations and Disposals of Government Operations*. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The Authority implemented this statement during fiscal year 2015. The adoption of this standard did not have a material impact on the Authority's financial statements.

The GASB has issued the following statements, which require adoption subsequent to June 30, 2015 and are applicable to the Authority. The Authority has not yet adopted these statements, and the implication on the Authority's fiscal practices and financial reports is being evaluated.

Statement No.		Adoption Required in Fiscal Year
72	*Fair Value Measurement and Application*	2016
73	*Accounting and Financial Reporting for Pensions and Financial Reporting for Pension Plans That Are Not Administered through Trusts that Meet Specified Criteria*	2016
74	*Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*	2017
75	*Accounting and Financial Reporting for Postemployment Benefits Other Than Pension Plans*	2018
76	*The Hierachy of Generally Accepted Accounting Principles for State and Local Governments*	2016
77	*Tax Abatement Disclosures*	2017

O. Pensions

For purposes of measuring the Authority's net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Lowell Retirement System (LRS) and additions to/deductions from the LRS's fiduciary position have been determined on the same basis as they are reported by LRS. 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.

P. Deferred Outflows/Inflows of Resources

The Authority accounts for certain transactions that result in the consumption or acquisition of one period that are applicable to future periods as deferred outflows and inflows, respectively, to distinguish them from assets and liabilities. For fiscal 2015, the Authority has reported deferred outflows that are related to its pension plan.

Q. Postemployment Benefits

Postemployment benefits, primarily healthcare, are recognized on an accrual basis. The accrual is the recognition of an actuarially required contribution as an expense, on the state of revenues, expenses, and changes in net position, when future retirees earn their postemployment benefit rather than when they use their postemployment benefit. To the extent that the Authority does not fund their actuarially required contribution, a postemployment benefit liability is recognized on the statement of net position.

Note 2. Cash and Cash Investments

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

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a deposit policy for custodial risk. As of June 30, 2015 $-0- of the government's bank balance of $1,868,741 was exposed to custodial credit risk as uninsured and uncollateralized. The fair value of the MMDT investment was $1,584,758 and its average maturity was less than three months.

Note 3. Grants

Under various sections of MAP-21, the United States Department of Transportation approves capital grants to fund up to 80% of the Authority’s capital improvement projects. The remaining portion of approximately 20% will be financed through the Commonwealth’s Executive Office of Transportation. Capital grants of the Authority are reported as revenue rather than contributed capital as required by GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. In addition the Federal government may fund up to 80% of the Authority’s preventative maintenance and complementary ADA services costs, as defined.

The Authority has a contract with the Commonwealth for operating assistance as provided for in the enabling legislation under which the Commonwealth will pay the Authority a portion of its net cost of service. The amount of this contract assistance for fiscal year 2015 was $3,520,299.

Note 4. Capital Assets

The following is a summary of changes in Capital Assets at June 30, 2015:

	Beginning balance	Additions	Disposals	Ending balance
Capital assets not being depreciated:				
Land	$ 1,454,571	-	-	1,454,571
Construction in progress	3,410,249	3,505,092	6,915,341	-
Total capital assets not being depreciated	4,864,820	3,505,092	6,915,341	1,454,571
Other capital assets:				
Buildings and improvements	40,549,300	6,915,341	-	47,464,641
Transit equipment	16,096,043	2,499,901	404,051	18,191,893
Service equipment	1,018,406	11,100	-	1,029,506
Service vehicles	417,137	56,880	14,019	459,998
Office equipment	134,520	-	-	134,520
Bus shelters	75,228	-	-	75,228
Total other capital assets at historical cost	58,290,634	9,483,222	418,070	67,355,786
Less accumulated depreciation for:				
Buildings and improvements	23,424,138	1,108,307	-	24,532,445
Transit equipment	9,737,541	1,413,920	404,051	10,747,410
Service equipment	992,366	9,761	-	1,002,127
Service vehicles	380,067	18,422	14,019	384,470
Office equipment	133,612	908	-	134,520
Bus shelters	75,228	-	-	75,228
Total accumulated depreciation	34,742,952	2,551,318	418,070	36,876,200
Other capital assets, net	23,547,682	6,931,904	-	30,479,586
Total capital assets, net	$ 28,412,502	10,436,996	6,915,341	31,934,157

Note 5. Revenue Anticipation Notes

During the year ended June 30, 2015, the following changes occurred in the Authority's revenue anticipation notes (RANS):

Beginning balance	$ 8,310,000
New notes issued	5,900,000
Notes retired	(8,310,000)
Ending balance	$ 5,900,000

The $5,900,000 of RANS outstanding were issued on August 8, 2014, carried an interest rate of 1.50% and were due August 7, 2015. The Authority refinanced its Revenue Anticipation at a base of $5,500,000 at a rate of 1.50% with a due date of August 5, 2016. The Authority uses the proceeds of these notes to fund its mass transit operations. The RAN is considered short term debt that is expected to be refinanced and is included in the accompanying Statement of Net Position as a noncurrent liability.

Note 6. Pension Plan

General Information about the Pension Plan

A. Plan Description

The Authority contributes to the Lowell Contributory Retirement System (LCRS), a multiple- employer, cost sharing, contributory defined benefit pension plan administered by the City of Lowell Retirement Board. The System is a member of the Massachusetts Contributory Retirement System and is governed by Chapter 32 of Massachusetts General Laws. The Public Employee Retirement Administration Commission (PERAC) is the state agency responsible for oversight of the Commonwealth's public retirement systems.

B. Benefits Provided

The plan covers all eligible employees and provides retirement, disability, cost of living adjustments and death benefits to all plan members and beneficiaries. Massachusetts contributory retirement system benefits are, with certain exceptions such as cost of living adjustments which can be adopted by the Board from time to time, uniform from system to system. The System provides for retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation for those hired prior to April 2, 2012. For persons who became members on or after April 2, 2012, average salary is the average annual rate or regular compensation received during the five consecutive years that produce the highest average, or, if greater, during the last five years (whether or not consecutive) preceding retirement. Benefit payments are based upon a member's age, length of creditable service, level of compensation, and group classification.

C. Funding Policy

Active members contribute between 5 and 11% of their gross regular compensation. The percentage rate is keyed to the date upon which an employee's membership commences. These deductions are deposited in the Annuity Savings Fund and earn an interest rate determined by the Public Employee Retirement Administration Commission's (PERAC) actuary. When a member's retirement becomes effective, his/her deductions and related interest are transferred to the Annuity Reserve Fund. Any cost-of-living adjustments granted between 1981 and 1997 and any increase in other benefits imposed by the Commonwealth of Massachusetts' state law during those years are borne by the Commonwealth and are deposited into the Pension Fund. Cost-of-living adjustments granted after 1997 must be approved by the System and all costs are borne by the System. Authority is required to pay into the Retirement System its share of the system-wide actuarially determined contribution, which is apportioned among the employers, based on active covered payroll. The Authority's contribution to the Retirement System for the year ended June 30, 2015 was $109,441, which equaled its required contribution for the year.

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

At June 30, 2015, the Authority reported a liability of $1,095,296 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2014. Update procedures were used to roll forward the total pension liability to December 31, 2014. The Authority's proportion of the net pension liability was based on a projection of the long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2014, the Authority's proportion of net pension liability was 0.500 percent.

Since LCRS performs an actuarial valuation bi-annually, there are no reported amounts for changes in benefit terms differences between expected and actual experience and changes in assumptions as of December 31, 2014.

In the LCRS Financial Statements for the year ended December 31, 2014, in addition to assets, the statement of fiduciary net position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, *deferred outflows of resources,* represents a consumption of fiduciary net position that applies to a future period (s) and so will not be recognized as an outflow of resources (deduction) until then. The LCRS did not have any items that qualify for reporting in this category.

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

For the year ended June 30, 2015, the Authority recognized pension expense of $104,025. At June 30, 2015, the Authority reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Difference between projected and actual earnings on pension plan investments	$ 7,735

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

Year ended June 30:	
2016	$ 1,934
2017	1,934
2018	1,934
2019	1,933

A. Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2013, rolled forward to the plan's measurement date of December 31, 2014 using the following assumptions:

Valuation date	January 1, 2014	
Actuarial cost method	Individual entry age normal cost method	
Amortization method	UAAL:	Increasing dollar amount at 4.0% to reduce the unfunded actuarial accrued liability to zero on or before June 30, 2036.
	2002 & 2003 ERI's:	Level dollar amount to reduce the unfunded actuarial accrued liability attributable to the ERI's to zero on or before June 30, 2017 (ERI 2002) and June 30, 2020 (ERI 2003).
Remaining amortization period	22 years for the UAL as of December 31, 2014 3 years for the 2002 ERI and 6 years for the 2003 ERI as of December 31, 2014.	
Asset valuation method	The actuarial value of assets is the market value of assets as of the valuation date reduced by the sum of: a) 80% of gains and losses of the prior year, b) 60% of gains and losses of the second prior year, c) 40% of gains and losses of the third prior year and d) 20% of gains and losses of the fourth prior year. Investment gains and losses are determined by the excess or deficiency of the expected return over the actual return on the market value. The actuarial valuation of assets is further constrained to be not less than 90% or more than 110% of market value.	
Inflation	3.5 percent	
Projected salary increases	4.5% per year for general employees and 5.0% per year for public safety, including longevity.	
Cost of living allowances	Cost of living allowances are assumed to be 3% of the first $15,000 of the annual retirement allowance capped at $450 per year.	
Rates of retirement	Varies based upon age for general employees, police and fire employees.	
Rates of disability	For general employees, it was assumed that 45% of all disabilities are ordinary (55% are service connected). For police and fire employees, 10% of all disabilities are assumed to be ordinary (90% are service connected). 3.0 percent of the pension amount capped at $240 per year	
Mortality rates:	RP-2000 Mortality Table projected to 2012 with Scale AA. RP-2000 Mortality Table set forward two years for disabled members.	
Investment rate of return/Discount rate	8.0%, net pension plan investment expense, including inflation.	

The long term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class in the pension plan's target asset allocation as of December 31, 2014 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global equity	43.00%	8.23%
Fixed income	23.00%	5.05%
Private equity	10.00%	9.75%
Real estate	10.00%	6.50%
Timber/natural resources	4.00%	6.88%
Hedge funds	10.00%	7.00%
Total	100.00%	

B. Discount Rate

The discount rate used to measure the total pension liability was 8.0 percent. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rates and that contributions will be made at rates 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.

C. Sensitivity of the Authority's proportionate share of the net pension liability to changes in the discount rate

The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 8.0 percent, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.0 percent) or 1-percentage-point higher (9.0 percent) than the current rate:

	1% Decrease 7.00%	Discount Rate 8.00%	1% Increase 9.00%
Authority's proportionate share of the net pension liability	$ 1,378,793	$ 1,095,296	$ 852,223

D. Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued LCRS financial report.

Other Pension Plans

The Authority also administers a deferred compensation plan through which employees can participate in a voluntary, payroll-deducted retirement program created in accordance with Internal Revenue Code Section 457. The deferred compensation is not available to employees until termination, retirement, death approved or unforeseeable emergency. All amounts of compensation deferred, property purchased with those amounts, and all income attributable to those amounts are held in trust for the exclusive benefit of participants and their beneficiaries.

Note 7. Other Postemployment Benefits

GASB No. 45 requires governments to account for other postemployment benefits, primarily healthcare, on an accrual basis rather than on a pay-as-you-go basis. The effect is the recognition of an actuarially required contribution as an expense on the statement of revenues, expenses, and changes in net position when a future retiree earns their postemployment benefit rather than when they use their postemployment benefit. To the extent that an entity does not fund their actuarially required contribution, a postemployment benefit liability is recognized on the balance sheet over time.

A. Plan Description

The Lowell Regional Transit Authority Healthcare Plan (LRTAHP) is a single-employer defined benefit healthcare plan administered by the Lowell Regional Transit Authority. LRTAHP provides medical benefits to eligible retirees and their spouses. Chapter 32B of the Massachusetts General Laws assigns the authority to establish and amend benefit provisions. The plan does not issue a separate financial report.

B. Benefits Provided

The Authority provides medical, prescription drug, and mental health/substance abuse to retirees and their covered dependents. All active employees who retire from the Authority and meet the eligibility criteria will receive these benefits.

C. Funding Policy

The contribution requirements of plan members and the Authority are established and may be amended by the state legislature. The required contribution is based on the projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the Authority. The Authority began prefunding the plan in October, 2009.

D. Annual OPEB Cost and Net OPEB Obligation

The Authority's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC),* an amount actuarially determined in accordance with the parameters of GASB Statement 45. Fiscal 2008 was the first year of the adoption of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Authority's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Authority's net OPEB obligation to LRTAHP.

Annual required contribution	$ 51,061
Interest on net OPEB obligation	6,157
Adjustment to annual required contribution	(5,771)
Annual OPEB cost (expense)	51,447
Contributions made	(137,137)
Change in net OPEB obligation	(85,690)
Net OPEB obligation - beginning of year	87,962
Net OPEB obligation - end of year	$ 2,272

The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation were as follows:

Fiscal year ended	Annual OPEB Cost	Percentage of OPEB cost contributed	Net OPEB obligation
2013	$ 78,225	100.0%	$ -
2014	82,137	100.0%	-
2015	51,447	95.6%	2,272

The Authority's net OPEB obligation as of June 30, 2015 is recorded as "other postemployment benefits" line item.

E. Funded Status and Funding Progress

As of July 1, 2014, the most recent actuarial valuation date, the plan was 47.35 percent funded. The actuarial accrued liability for benefits was $560,503 and the actuarial value of assets was $265,376, resulting in an unfunded actuarial accrued liability (UAAL) of $295,127. The covered payroll (annual payroll of active employees covered by the plan) was $423,268 and the ratio of the UAAL to the covered payroll was 69.73%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimated about the future. A schedule of funding progress will be presented when the plan has been in place for a sufficient number of years to allow it present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

F. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the plan as understood by the Authority and the Plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the Authority and Plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with long-term perspective of the calculations. In the July 1, 2014 actuarial valuation the projected unit credit method was used. The actuarial assumptions included a 7.0 percent investment return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 5 percent initially, reduced by decrements to an ultimate rate of 5 percent after eight years. Both rates included a 4.5 percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of the short-term volatility in the market value of investments over a thirty year period. The UAAL is being amortized as a level percentage of projected payroll on an closed basis. The remaining amortization period at July 1, 2014 was twenty three years.

Note 8. Risk Management

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

GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues,* requires that liabilities for self-insured claims be reported if it is probable that a loss has been incurred and the amount can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. The estimated liability for all self-insured losses incurred but not reported is not material at June 30, 2015.

Note 9. Disaggregation of Receivable and Payable Balances

Receivables are primarily comprised of current intergovernmental receivables representing 98.50% of the balance at year end. The remaining current receivables are comprised of amounts due from vendors and auxiliary revenue sources. Payable balances are comprised of 96.84% current payables to contractors and vendors with the remaining balance representing deferred employee liabilities.

Note 10. Commitments and Contingent Liabilities

A. Capital Investment Program

The Authority's capital investment continuing program for mass transportation development has projects in service and in various stages of approval, planning, and implementation. The following table shows, as of June 30, 2015, capital projects costs approved, expenditures against these projects, and estimated costs to complete these projects, as well as the major funding sources.

Funding Source	Approved project costs	Expenditures through June 30, 2014	Unexpended costs
Federal grants	$ 14,738,632	12,911,258	1,827,374
State and local sources	1,532,714	1,794,354	(261,640)
Total	$ 16,271,346	14,705,612	1,565,734

The terms of the federal grant contracts require the Authority to, in part, utilize the equipment and facilities for the purposes specified in the grant agreement, maintain these items in operation for a specified time period, which normally approximates the useful life of the equipment, and to comply with the Equal Employment Opportunity and Affirmative Action programs required by MAP-21. Failure to comply with these terms may jeopardize future funding and require the Authority to refund a portion of these grants to the Federal Transit Administration (FTA). In management's opinion, no events have occurred that would result in the termination of the grants or require the refund of a significant amount of funds received under these grants.

B. Legal and Other

The Authority is a defendant in various litigations. Although the outcomes of these matters are not presently determinable, in the opinion of the Authority's management, the resolution of these matters will not have a material adverse effect on the financial condition of the Authority.

The Authority had entered into a three year agreement for fixed route management and preventive maintenance services effective July 1, 2015. The contract had a termination date of June 30, 2018 and may be extended for two more years. The Authority had also entered into a three year management agreement for the provision of its demand responsive services effective July 1, 2014.

C. Fuel Hedges

The Authority has the following hedges outstanding at June 30, 2015:

Product	Term	Gallons	Price
Unleaded Gasoline	9/1/15 - 3/31/16	37,500	$ 2.69
Unleaded Gasoline	5/1/16 - 12/31/16	45,000	2.11
Ultra Low Sulfur Diesel	9/1/15 - 3/31/16	135,000	2.79
Ultra Low Sulfur Diesel	5/1/16 - 12/31/16	115,000	2.28

Note 11. Net Assets – Investments in Capital Assets

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

Cost of Capital Assets Acquired	$ 68,810,357
Less: Accumulated Depreciation	36,876,200
Less: Outstanding Debt Related to Capital Assets	-
	$ 31,934,157

Note 12. Transit Service

The operation of the Authority's fixed route service and maintenance of the Authority's transportation property were performed by Lowell Transportation Management, Inc. under the terms of an agreement whereby Lowell Transportation Management, Inc. operated mass transit along such routes and according to such schedules as defined by the Authority. In return, the Authority agreed to pay Lowell Transportation Management, Inc. a management fee and to reimburse it for all costs and expenses which were reasonable and necessary for the efficient operation of the service.

The operation of the Authority's "road runner" bus service for the elderly, handicapped, and low-income persons is performed by Lowell Transit Management, Corp. In return, the Authority agrees to pay Lowell Transit Management, Corp. a management fee and to reimburse it for all costs and expenses which were reasonable and necessary for the efficient operation of the service.

The Authority enters into an annual contract with each of the Towns of Acton, Billerica, Chelmsford, Dracut, Groton, Maynard, Townsend, Tyngsboro, and Westford to provide paratransit services for the elderly, handicapped, and low-income persons who are unable to use the fixed route service. Service policies are defined by the Authority, which has agreed to reimburse for all reasonable and necessary expenses for the efficient operation of the paratransit service.

Note 13. Executive Compensation

Administration and Finance regulations, 801 CMR 53.00, on Executive Compensation require that the Authority disclose in the annual financial statements the "salaries and other compensation of its executive director, officers, board members and other highly compensated employees". Compensation is defined in the regulation, 801 CMR 53.04 (1) to include "base salary, bonuses, severance, retirement or deferred compensation packages and policies relative to the accrual and payment of sick and vacation time, including payouts for unused sick and vacation time". The administrator and the chief financial officer are the only individuals for whom disclosure is required. Based on the above definition of compensation the administrator received $136,986 during the fiscal year while the chief financial officer received $112,136.

Note 14. Related Party

The Authority is deemed to be a related part of the Commonwealth of Massachusetts and the Massachusetts Department of Transportation due to its status as a component unit. Related party transactions consisted of Operating Assistance of $3,520,299; State Capital Assistance of $2,799,069; Federal pass-through funds of $255,935; and Local Assessments of $2,451,937 to be paid to the Authority by the Commonwealth. Related party receivables consist of $3,455,857 in local operating assistance to be billed to the Communities constituting the Authority; $628,199 of State Capital Assistance; and $94,855 of Federal pass-through funds.

Note 15. Unrestricted Net Position

The balance in the Unrestricted Net Position on the Statement of Net Position primarily reflects the effect of the presentation of the net pension liability required by GASB 68 that is listed as a noncurrent liability. This requirement was effective with the fiscal year ended June 30, 2015.

Note 16. Subsequent Events

The Authority has evaluated subsequent events to June 30, 2015 through October 26, 2015, the date on which the financial statements were available for issuance, and determined that there are no material items that would require recognition or disclosure in the Authority's financial statements.

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

Required Supplementary Information

Schedule of the Authority's Proportionate Share of the Net Pension Liability

For the Year Ended June 30, 2015

	2015
Authority's proportion of the net pension liability	0.50%
Authority's proportionate share of the net pension liability	$ 1,095,296
Authority's covered-employee payroll	$ 402,779
Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	271.93%
Plan fiduciary net position as a percentage of the total pension liability	58.94%

Notes to Required Supplementary Information

Measurement Date

The amounts presented in this schedule were determined as of December 31, 2014.

Schedule Presentation

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

Changes Information

Since the Lowell Contributory Retirement System performs an actuarial valuation bi-annually, there are no reported amounts for the changes in benefit terms, differences between expected and actual experience and changes in assumptions as of December 31, 2014.

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

Required Supplementary Information

Schedule of Pension Contributions

For the Year Ended June 30, 2015

	2015
Actuarially required contribution	$ 109,441
Contributions in relation to the actuarially required contribution	109,441
Contribution deficiency (excess)	$ -
Covered-employee payroll	$ 402,779
Contributions as a percentage of its covered-employee payroll	27.17%

Notes to Required Supplementary Information

Schedule Presentation

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

Contributions

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

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

Schedule of Net Cost of Service

For the Year Ended June 30, 2015

OPERATING COSTS	
LRTA administrative costs	$ 764,150
Purchased services	
Fixed route	6,983,754
Demand responsive	1,967,682
Terminal expense	1,249,094
Debt service - interest	58,193
Total operating costs	11,022,873
FEDERAL OPERATING ASSISTANCE	
FTA operating and administrative	2,303,900
Other federal	-
Total federal assistance	2,303,900
REVENUES	
Operating	
Farebox revenue	1,393,145
Other Revenue	
Advertising	68,490
Parking	1,107,041
Interest income	5,006
Miscellaneous	173,055
Total other revenue	1,353,592
NET OPERATING DEFICIT	5,972,236
ADJUSTMENTS	
Extraordinary expenses	-
NET COST OF SERVICE	5,972,236
NET COST OF SERVICE FUNDING	
Local assessments	2,451,937
State contract assistance to be funded	3,520,299
Less: state operating assistance received	3,520,299
Balance requested from the State	-
UNREIMBURSED DEFICIT	-

See accompanying independent auditors' report

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

Schedule of Local Assessments

For the Year Ended June 30, 2015

The following table shows the local share that has been assessed upon each member municipality by the Commonwealth for fiscal year 2014 as well as the audited amount for fiscal 2015.

	Fiscal 2014 Assessment	Fiscal 2015 Audited
Acton	$ 73,838	75,684
Billerica	286,013	293,163
Carlisle	42,777	43,846
Chelmsford	235,328	241,211
Dunstable	-	-
Dracut	140,221	143,727
Groton	67,554	78,091
Lowell	946,119	969,772
Maynard	75,355	77,239
Pepperell	16,881	17,303
Tewksbury	251,967	258,266
Townsend	41,631	42,672
Tyngsborough	50,189	51,444
Westford	155,628	159,519
Totals	$ 2,383,501	2,451,937