LOWELL REGIONAL TRANSIT AUTHORITY

(A Component Unit of the Massachusetts Department of Transportation)

FINANCIAL STATEMENTS, REQUIRED SUPPLEMENTARY INFORMATION, AND SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2025

(WITH INDEPENDENT AUDITORS' REPORT THEREON)

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

Year Ended June 30, 2025

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INDEPENDENT AUDITORS' REPORT

To the Advisory Board of the
Lowell Regional Transit Authority
Lowell, Massachusetts

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Lowell Regional Transit Authority (the Authority), a component unit of the Massachusetts Department of Transportation, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Lowell Regional Transit Authority as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for 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 the Authority and to meet our 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 these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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 the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (located on pages 4 through 7) and certain pension and postemployment benefits information (located on pages 35 through 42) 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 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

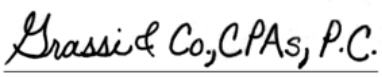
opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary 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 accompanying schedule of net cost of service and schedule of local assessments are presented on pages 43 through 44 for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of net cost of service and schedule of local assessments, 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 16, 2026, 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 the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Grassi & Co., CPAs, P.C.

Chelmsford, Massachusetts
March 25, 2026, except for the Schedule of Expenditures of Federal Awards
which is as of October 16, 2026

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, 2025. Please read this discussion and analysis in conjunction with the Authority's financial statements which begin on page 8.

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 David Bradley, Administrator, Lowell Regional Transit Authority, 115 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 13 through 34 of the report.

LOWELL REGIONAL TRANSIT AUTHORITY

(A Component Unit of the Massachusetts Department of Transportation)

Required Supplementary Information

Management's Discussion and Analysis - Unaudited

Condensed Financial Information

Condensed financial information as of and for the years ended June 30, 2025 and 2024 are as follows:

	2025	2024
Current assets	$ 5,911,804	$ 5,807,135
Restricted, noncurrent assets, deferred outflows	6,495,829	4,247,980
Capital assets, net	34,767,568	32,651,546
Total assets	47,175,201	42,706,661
Current liabilities	882,805	1,115,559
Restricted, noncurrent liabilities, deferred inflows	12,382,021	9,765,689
Long term liabilities	1,267,134	1,060,535
Total liabilities	14,531,960	11,941,783
Net position:		
Invested in capital assets, net of related debt	33,121,124	31,326,746
Unrestricted	(477,883)	(561,868)
Total net position	$ 32,643,241	$ 30,764,878
Operating revenue		
Revenue from transportation	$ 1,037,275	$ 1,131,950
Other	232,036	910,500
Total operating revenues	1,269,311	2,042,450
Operating expenses:		
Transportation services	13,992,837	12,082,729
Other operating expenses	2,102,487	1,902,156
Total operating expenses, excluding depreciation	16,095,324	13,984,885
Depreciation and amortization	3,300,552	3,227,456
Total operating expenses, including depreciation	19,395,876	17,212,341
Operating loss	(18,126,565)	(15,169,891)
Net nonoperating revenue	14,909,998	12,028,971
Loss before capital grants	(3,216,567)	(3,140,920)
Capital grants and contributions	5,094,930	1,254,346
Change in net position	1,878,363	(1,886,574)
Beginning of year net position	30,764,878	32,651,452
End of year net position	$ 32,643,241	$ 30,764,878

Financial Highlights

The assets of the Authority exceed its liabilities at the close of the most recent fiscal year by $32,643,241. The Authority's total net position increased by $1,878,363 mainly due to the depreciation 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 decreased $747,660, or 66.05% as the Authority transitions to fare free service. Parking revenues increased $13,136, or 2.05%.
- Total revenue increased by $2,107,888 while total expenses, excluding depreciation, increased by $2,110,439.
- Revenues from assessments from member municipalities increased by 2.5% as allowed by law.
- Federal operating assistance increased by $1,191,410 while State operating assistance increased by $523,062.

Capital Assets and Debt

The Authority's capital assets as of June 30, 2025 amounted to $34,767,568 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, transportation equipment, office, and other equipment.

Capital asset additions and net retirements during the fiscal include the following:

Transit Equipment	$ 2,577,820
Construction in Progress	2,517,110
	$ 5,094,930

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

At year-end, the Authority had $6,200,000 of outstanding notes, the same as 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 2025, the State has continued its funding policy to provide State Contract Assistance currently as opposed to reimbursing as in prior years.

This year the LRTA accomplished the following Capital Projects:

- Completed facility and equipment improvements including: renovation of the Road Runner office to upgrade furniture, flooring, bathrooms, painting, and a new driver safety training room; window replacement at the Gallagher Intermodal Center; joint and seam repairs on the Gallagher II garage, flooring repairs at the Fixed Route maintenance center, LED lighting upgrades in the Road Runner parking lot and Gallagher Terminal, and security camera upgrades through the Gallagher property.
- Purchased four (4) new 30-foot Gillig buses for expanded Fixed Route service.
- Purchased (1) new vehicle for Acton COA
- Purchased spare parts and tires for both Fixed Route and Paratransit services.
- Replaced vehicles for Roadrunner and COA services.
- Replaced windows and doors on the façade of the Maguire building.

In the upcoming year, the LRTA Capital Program will include:

- Purchase spare parts for Fixed Route and Paratransit
- Replace six (6) diesel buses with 35-foot Hybrid Electric buses for Fixed Route
- Replace vehicles for Road Runner and COA services.
- Replace (1) non-revenue/support vehicle.
- Upgrade Paratransit scheduling and dispatching software.
- Facility and equipment maintenance

LOWELL REGIONAL TRANSIT AUTHORITY

(A Component Unit of the Massachusetts Department of Transportation)

Statement of Net Position

June 30, 2025

Assets and Deferred Outflows of Resources	
Current assets:	
Cash and cash equivalents (Note 3)	$ 1,454,008
Receivables (Note 5)	4,457,319
Prepaid expenses	477
Total current assets	5,911,804
Restricted and noncurrent assets:	
Cash and cash equivalents (Note 3)	182,518
Receivables (Note 5)	5,407,104
Net OPEB asset	815,347
Capital assets, net (Note 6)	34,767,568
Total restricted and noncurrent assets	41,172,537
Deferred outflows of resources related to pension	90,860
Total assets	$ 47,175,201
Liabilities and Deferred Inflows of Resources	
Current liabilities:	
Accounts payable	$ 135,473
Accrued payroll	171,210
Accrued interest payable	247,281
Commonwealth of Massachusetts liens	328,841
Total current liabilities	882,805
Restricted and noncurrent liabilities:	
Accounts payable	4,564,944
Unearned revenue	182,518
Total liabilities payable from restricted assets	4,747,462
Revenue anticipation notes (Note 7)	6,200,000
Commonwealth of Massachusetts liens	1,317,603
Net pension liabilities	1,267,134
Total restricted and noncurrent liabilities	13,532,199
Total liabilities	14,415,004
Deferred inflows of resources related to OPEB plans	116,956
Total liabilities and deferred inflows of resources	$ 14,531,960
Net Position	
Invested in capital assets, net of related debt	$ 33,121,124
Unrestricted - Pension (Note 17)	(1,176,274)
Unrestricted - OPEB (Note 18)	698,391
Total Net Position	$ 32,643,241

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, 2025

Operating Revenues:	
Passenger fares	$ 384,290
Terminal revenues	652,985
Other Income	232,036
Total operating revenues	1,269,311
Operating Expenses:	
Transit service	11,336,561
Maintenance	2,656,276
Terminal expenses	1,111,825
General administration	990,662
Total operating expenses, excluding depreciation	16,095,324
Depreciation	3,300,552
Total operating expenses, including depreciation	19,395,876
Operating loss	(18,126,565)
Nonoperating revenues (expense)	
Operating assistance grants	
Federal	1,308,195
Commonwealth of Massachusetts	9,215,668
Local assessments	3,340,373
State contracts	1,191,942
Interest income	123,048
Interest expense	(269,228)
Total nonoperating revenues	14,909,998
Loss before capital contributions	(3,216,567)
Capital grants and contributions	
Federal	2,577,820
Commonwealth of Massachusetts	2,517,110
Toal capital grants and contributions	5,094,930
Change in net position	1,878,363
Net position, beginning of year	30,764,878
Net position, end of year	$ 32,643,241

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, 2025

Cash flows from operating activities:	
Passenger fares	$ 384,761
Terminal revenue	652,985
Other cash receipts	1,423,978
Payments to operators	(13,508,701)
Payments to other vendors	(1,702,808)
Payments to employees for services	(601,402)
Net cash used in operating activities	(13,351,187)
Cash flows from noncapital financing activities:	
Proceeds from sale of revenue anticipation notes	6,200,000
Principal paid on revenue anticipation notes	(6,200,000)
Interest paid of debt	(248,324)
Operating and contract assistance	13,445,913
Net cash provided by noncapital financing activities	13,197,589
Cash flows from investing activities:	
Interest income	123,048
Current year increase in state liens	688,657
Reduction of state liens	(366,923)
Capital grant activity	(1,210,682)
Net cash provided by investing activities	(765,900)
Change in cash and cash investments	(919,498)
Cash and cash equivalents, beginning of year	2,373,506
Cash and cash equivalents, end of year	$ 1,454,008
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	$ (18,126,565)
Adjustments:	
Depreciation	3,300,552
OPEB expense	(78,020)
Pension expense	(5,965)
Changes in assets and liabilities	
Accounts receivables and other assets	(908,390)
Accounts payables and accrued expenses	2,467,201
Net cash used in operating activities	$ (13,351,187)
Supplemental Disclosures of Noncash Transactions	
Capital assets purchased on behalf of the Member Communities of the Authority by the Commonwealth of Massachusetts	$ 688,657

See accompanying notes to the financial statements.

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

Statement of Fiduciary Net Position

June 30, 2025

Assets

	OPEB Trust
Investments	
HSCT OPEB Master Trust	$ 1,063,859
Total current assets	$ 1,063,859

Net Position

Net position restricted for postemployment benefits other than pensions	$ 1,063,859

See accompanying notes to the financial statements.

Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2025

	OPEB Trust
Additions:	
Employer contributions	$ 18,387
Investment income	
Net increase in fair value of investments	72,638
Interest and dividends	25,626
Less: investment expenses	(4,815)
Net investment income	93,449
Total additions	111,836
Deductions:	
Benefit Payments	18,387
Total deductions	18,387
Change in net position	93,449
Net position, beginning of year	970,410
Net position, end of year	$ 1,063,859

See accompanying notes to the financial statements.

Note 1. The 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 criteria, 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.

Note 2. Summary of Significant Accounting Policies

A. 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.

B. 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.

C. 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.

Note 2. Summary of Significant Accounting Policies (continued)

D. Compensated Absences

The Authority has recorded a liability for employees' rights to receive compensation for future absences. Employees are granted varying amounts of vacation, personal time, and sick leave in accordance with the Authority's personnel policies. Upon termination, employees are paid for accrued vacation time and up to 30 days of unused sick time but not for personal time. Accordingly, a liability entitled Compensated Absences is shown as a current liability on the accompanying financial statements. The balance at June 30, 2025 was $171,209, an increase of $27,012.

E. 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.

F. 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

G. 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.

H. 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.

I. Investments

Investments consist of short-term investments in the Massachusetts Municipal Depository Trust (MMDT), which is an external investment pool that is overseen by the Massachusetts State Treasurer. MMDT is recorded at its net asset value per share, or NAV, which is equal to $1.00 per share.

Note 2. Summary of Significant Accounting Policies (continued)

J. Unearned Revenue

Unearned revenue arises when assets are recorded before eligibility requirements have been met.

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. Pension Plans

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.

O. 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 2025, the Authority has reported deferred outflows and deferred inflows that are related to its pension plan.

Note 2. Summary of Significant Accounting Policies (continued)

P. Postemployment Benefits Other Than Pensions (OPEB)

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 OPEB trust and additions to/deductions from the Trust's fiduciary net position have been determined on the same basis as they are reported by the trust. For this purpose, benefit payments are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

Q. Implementation of GASB Pronouncements

During fiscal 2025, the following GASB Pronouncements were adopted and implemented, when necessary, by the Authority. The adoption of these statements did not have a material impact on the Authority's financial statements.

- No. 101 – *Compensated Absences*
- No. 102 – Certain Risk Disclosures
- No. 103 – *Financial Reporting Model Improvement*
- No. 104 – *Disclosure of Certain Capital Assets*

The GASB has not issued any further statements which require adoption subsequent to June 30, 2025.

Note 3. Unrestricted Cash, Restricted Cash, and Short Term Investments

The following represents essential risk information about the Authority's deposits and investments.

A. Investment Policy

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").

B. Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial risk. As of June 30, 2025, $1,064,424 of the government's bank balance of $1,314,424 was exposed to custodial credit risk as uninsured and uncollateralized.

C. Interest Rate Risk

As of June 30, 2025, the Authority's primary short-term investment was in the State Treasurer's investment pool, MMDT. The fair value of the MMDT investment at June 30, 2025 was $1,747,651 and its average maturity is less than one year.

Note 3. Unrestricted Cash, Restricted Cash, and Short Term Investments (continued)

D. Credit Risk

As of June 30, 2025, the Authority's investment in the state investment pool, MMDT, was not rated.

E. Fair Value Measurements

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Because MMDT is measured at net asset value, it is not required to be measured within the fair value hierarchy described above.

F. Liquidity

MMDT does not place any limitation or restrictions on participant withdrawals. MMDT has no redemption restrictions.

G. Restricted Cash

Restricted cash is segregated from operating cash due to being restricted for capital asset purchases.

Note 4. Grants

Under various sections of Bipartisan Infrastructure Law, 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.

The State has awarded LRTA a number of contracts for specific transit projects as listed in the table below.

Contract name	Contract Number	Contract Limit	Current Year	Prior Years	Remaining Balance	A/R Balance
Fare Free	129018	$1,170,257	$ 929,942	$ -	$ 240,315	$ 114,261
Mobility Management	127536	40,000	40,000	-	-	20,000
Reap	127549	222,000	222,000	-	-	128,738
Total		$1,432,257	$ 1,191,942	$ -	$ 240,315	$ 262,999

Note 4. Grants (continued)

The Authority is also eligible for grants for operating or contract assistance from the United States Department of Transportation. Pursuant to Section IX of the Act, as amended, the federal government may fund up to 50% of the Authority's net cost of service, as defined. There were no such funds drawn down for fiscal year 2025. The Authority received $1,308,195 in ARP funds.

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 2025 was $9,215,668.

Note 5. Receivables

The receivables for operating and capital assistance are disaggregated as follows:

United states Department of Transportation		
Direct federal grants		
ARP grant	$	365,883
Passed through MassDOT - Mobility Management		20,000
Commonwealth of Massachusetts		
Operating grants		
Local operating assistance billed by the State to the communities constituting the Authority and paid by the State to the Authority		5,288,584
State Fare Free grant		114,262
State Ridership Experience grant		128,738
Other: Due from service providers		207,990
Miscellaneous		15,174
Total Receivables		6,140,631
Less nocurrent receivables		1,683,312
Current Receivables	$	4,457,319
Capital assistance		
Federal grants	$	1,026,142
Commonwealth of Massachusetts		2,697,650
Total Capital Grant Receivables	$	3,723,792

Note 6. Capital Assets

The following is a summary of changes in Capital Assets at June 30, 2025:

	Beginning balance	Additions	Disposals	Ending balance
Capital assets not being depreciated:				
Land	$ 1,454,571	$ -	$ -	$ 1,454,571
Construction in progress	-	2,517,110	-	2,517,110
Total capital assets not being depreciated	1,454,571	2,517,110	-	3,971,681
Other capital assets:				
Buildings and improvements	54,109,817	-	-	54,109,817
Transit equipment	22,762,794	2,577,820	-	25,340,614
Service equipment	1,537,739	-	-	1,537,739
Service vehicles	642,895	-	50,827	592,068
Office equipment	107,354	-	-	107,354
Bus shelters	225,752	-	-	225,752
Total other capital assets at historical cost	79,386,351	2,577,820	50,827	81,913,344
Less accumulated depreciation for:				
Buildings and improvements	36,219,314	1,321,213	-	37,540,527
Transit equipment	11,201,306	1,864,512	-	13,065,818
Service equipment	1,477,889	40,417	-	1,518,306
Service vehicles	380,396	62,169	50,827	391,738
Office equipment	102,106	1,702	-	103,808
Bus shelters	133,165	10,539	-	143,704
Total accumulated depreciation	49,514,176	3,300,552	50,827	52,763,901
Other capital assets, net	29,872,175	(722,732)	-	29,149,443
Total capital assets, net	29,872,175	1,794,378	-	31,666,553
Other reportable assets subject to liens				
MAP vehicles (Note 21)	4,006,698	688,567	1,888,094	2,807,171
Less accumulated depreciation for:				
MAP vehicles	2,681,898	366,923	1,888,094	1,160,727
Total other reportable assets	1,324,800	321,644	-	1,646,444
Capital assets	$ 31,196,975	$ 2,116,022	$ -	$ 33,312,997

Note 7. Revenue Anticipation Notes

At June 30, 2025, the Authority had $6,200,000 of revenue anticipation notes (RAN) outstanding. The RANs has a weighted average net interest cost (NIC) of 3.4715% and are due August 15, 2025.

	Outstanding at June 30 2024	Issued	Retired	Outstanding at June 30 2025
3.4715% revenue anticipation note	$ -	$ 6,200,000	$ -	$ 6,200,000
3.8823% revenue anticipation note	3,000,000	-	3,000,000	-
3.8956% revenue anticipation note	3,200,000	-	3,200,000	-
Total	$ 6,200,000	$ 6,200,000	$ 6,200,000	$ 6,200,000

Subsequent to the year end, the Authority retired $6,200,000 of the notes outstanding at year end. The retirement was financed by the borrowing of $6,750,000 of revenue anticipation notes with weighted average interest costs of 3.3602%, that are due September 2, 2026. 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 8. Bank Credit Line

The Authority has a revolving line of credit with The Lowell Five Cent Savings Bank in the maximum amount of $1,000,000 that is due on demand. The note contains a variable interest rate. The loan is secured by the general assets of the Authority. The Authority had no outstanding balance at June 30, 2025. The Authority has a revolving line of credit with The Lowell Five Cent Savings Bank (the bank) in the maximum amount of $1,000,000 that is due on demand. The note contains a variable interest rate. The loan is secured by the general assets of the Authority. The Authority had no outstanding balance at June 30, 2025. Subsequent to year-end, the Authority terminated this agreement and entered into a new line of credit agreement with the same bank. The new facility provides for a maximum borrowing capacity of $1,500,000 and has a one-year term. All other terms of the line of credit remain consistent with the prior agreement.

Note 9. Pension Plan

General Information about the Pension Plan

A. Plan Description

The Lowell Contributory Retirement System (LCRS) is multiple- employer, cost sharing, contributory defined benefit pension plan covering all employees of the government member units deemed eligible by the Lowell Contributory Retirement Board (Board), with the exception of school department employees who serve in a teaching capacity. The pensions of such school employees are administered by the Commonwealth of Massachusetts' Teachers Retirement System. Membership in the System is mandatory upon the commencement of employment for all permanent employees working a minimum

Note 9. Pension Plan (continued)

of 20 hours per week. Participating member units include the City of Lowell, the City of Lowell School Department (Non-Teachers), the Lowell Housing Authority, and the Lowell Regional Transit Authority.

The System is a member of the Massachusetts Contributory Retirement System and is governed by Chapter 32 of the Massachusetts General Laws. The Public Employee Retirement Administration Commission (PERAC) is the state agency responsible for oversight of the Commonwealth's public retirement systems.

The Retirement Board is responsible for maintaining records of member employee contributions, for determining eligibility for retirement due to any service and disability, or for the payment of retirement benefits. The System is governed by five-member Board who establish the policies under which the System operates. Board members are appointed or elected as specified by Massachusetts General Laws (MGL) CH. 32, Section 20 for terms not to exceed 3 years.

B. Benefits Provided

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 persons who became members on or after April 2, 2012, average salary is the average annual rate of 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.

There are three classes of membership in the retirement system: group 1, group 2, and group 4. Group 1 consists of general employees which includes clerical and administrative positions. Group 2 consists of positions that have been specified as hazardous. Lastly, group 4 consists of police officers, firefighters, and other hazardous positions.

Members become vested after ten years of creditable service. A superannuation retirement allowance may be received upon the completion of 20 years of service or upon reaching the age of 55 with 10 years of service. Normal retirement for most employees occurs at age 65 (except for certain hazardous duty and public safety positions, whose normal retirement is at age 55).

A retirement allowance consists of two parts: an annuity and a pension. A member's accumulated total deductions and the interest they generate constitute the annuity. The differential between the total retirement benefit and the annuity is the pension. The average retirement benefit is approximately 80-85% pension and 15-20% annuity.

The pension portion of any retirement benefit is paid from the Pension Fund of the System. The governmental unit employing the member must annually appropriate and contribute the amount of current-year pension assessment. MGL Chapter 32 requires that systems be on an actuarially determined

Note 9. Pension Plan (continued)

funding schedule to be fully funded by 2040. Under the current funding schedule, the System will be fully funded by 2037.

Members who become permanently and totally disabled for further duty may be eligible to receive a disability retirement allowance. The amount of benefits to be received in such cases is dependent on several factors, including whether or not the disability is work related, the member's age, years of creditable service, level of compensation, veteran's status, and group classification.

Employees who resign from service and who are not eligible to receive a retirement allowance or are under the age of 55 are entitled to request a refund of the accumulated total deductions.

Survivor benefits are extended to eligible beneficiaries of members whose death occurs prior to or following retirement.

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. The 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, 2025 was $140,687, 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, 2025, the Authority reported a liability of $1,267,134 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2025. Update procedures were used to roll back the total pension liability to December 31, 2024. 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, 2024, the Authority's proportion of net pension liability was 0.38 percent.

Note 9. Pension Plan (continued)

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, 2024.

In the LCRS Financial Statements for the year ended December 31, 2024, 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, 2025, the Authority recognized pension expense of $134,722 and reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Difference between expected and actual experience	$ 127,909
Net difference between projected and actual investment earnings on pension plan investments	37,778
Change of assumptions	28,593
Changes in proportion and differences between employer contributions and proportionate share of contributions	(103,420)
	$ 90,860

Note 9. Pension Plan (continued)

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

	Deferred Outflows of Resources
Year ended June 30:	
2026	$ 24,562
2027	39,992
2028	(36,627)
2029	20,554
2030	42,379

A. Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2025 using the following assumptions:

Note 9. Pension Plan (continued)

Valuation date	January 1, 2025
Actuarial cost method	Entry age normal
Amortization method - UAAL	Increasing dollar amount at 4%to reduce the Unfunded Actuarial Accrued Liability to zero on or before June 30, 2036, with annual increases in appropriations limited to 5.28%.
Asset valuation method	The Actuarial Value of Assets is the fair 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 fair value. The actuarial valuation of assets is further constrained to be not less than 90% or more than 110% of market value.
Investment rate of return	7.00%, net pension plan investment expense, including inflation.
Inflation	2.40 percent per year
Projected salary increases	6%-4.25% for Group 1 (based on service) 7%-4.75% for Group 4 (based on service)
Payroll growth	3.50% per year
Cost of living adjustments	3% of the first $17,000 of the annual retirement allowance
Mortality rates:	RP-2014 Blue Collar Mortality Table with full generational mortality improvement using Scale MP-2021. For disabled members, RP-2014 Blue Collar Mortality Table set forward one year with full generational mortality improvement using Scale MP-2021.

Note 9. Pension Plan (continued)

Investment policy: The pension plan's policy in regard to the allocation of invested assets in the Pension Reserve Investment Trust (PRIT) is established by the Pension Reserves Investment Management Board (PRIM). The policy with regard to the allocation of all other invested assets is established by the Retirement Board. Plan assets are managed on a total return basis with a long-term objective of achieving a fully funded status for the benefits provided through the pension plan.

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 weighing 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, 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global equity	36.00%	4.61%
Core fixed income	15.00%	2.60%
Value-added fixed income	9.00%	5.30%
Private equity	16.00%	7.80%
Real estate	10.00%	4.10%
Timber/natural resources	4.00%	4.10%
Hedge funds and portfolio completion	10.00%	4.10%
Total	100.00%	

B. Discount Rate

The discount rate used to measure the total pension liability was 7.00 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 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 9. Pension Plan (continued)

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 7.00 percent, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease 6.00%	Discount Rate 7.00%	1% Increase 8.00%
Authority's proportionate share of the net pension liability	$ 1,665,519	$ 1,267,134	$ 931,058

D. Changes in Actuarial Assumptions and Plan Provisions

Changes in Assumptions

None.

Change in Plan Provisions

None.

E. Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued LCRS financial report that can be obtained from the Lowell Contributory Retirement System, 375 Merrimack Street Basement, Room 3, Lowell, Massachusetts, 01852.

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 10. Other Postemployment Benefit (OPEB) Disclosures

The Authority established an Other Post-Employment Benefits (OPEB) Irrevocable Trust. The trust was established for the sole purpose of providing for the advance funding of future costs of retired employee health insurance and other benefits provided to retirees.

A. Net OPEB Liability

The Authority's net OPEB liability was measured as of June 30, 2025 for the year ended June 30, 2025, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2025.

B. Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 6/30/24	$ 225,635	$ 924,881	$ (699,246)
Changes for the year:			
Service cost	-	-	-
Interest	9,593	-	9,593
Effects of Economic/Demographic gains or losses	32,016	-	32,016
Effects of assumptions changes or inputs	(345)	-	(345)
Contributions - employer	-	18,387	(18,387)
Net investment income	-	143,793	(143,793)
Benefit payments	(18,387)	(18,387)	-
Administrative expense	-	(4,815)	4,815
Net Changes	22,877	138,978	(116,101)
Balances at 6/30/25	$ 248,512	$ 1,063,859	$ (815,347)

Note 10. Other Postemployment Benefit (OPEB) Disclosures (continued)

Sensitivity of the total OPEB liability to changes in the discount rate. In the event the discount rate were 1 percent higher or lower than forecast and employee contributions were to increase at the forecast rates, the total OPEB liability as of June 30, 2025 would change as follows:

	1% decrease 3.45%	Current discount rate 4.45%	1% increase 5.45%
Net OPEB liability (Asset)	$ (797,189)	$ (815,347)	$ (831,722)

Sensitivity of the total OPEB liability to changes in the healthcare trend. In the event that healthcare trend rates were 1 percent higher or lower than forecast and employee contributions were to increase at the forecast rates, the total OPEB liability as of June 30, 2024 would change as follows:

	1% decrease 4.80%	Current trend rate 5.80%	1% increase 6.80%
Net OPEB liability (Asset)	$ (830,772)	$ (815,347)	$ (798,620)

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

For the year ended June 30, 2025, the Authority recognized OPEB expense of $(78,020). At June 30, 2025, the Authority reported deferred inflows of resources related to OPEB from the following sources:

	Deferred Inflows of Resources
Net difference between projected and actual earnings on OPEB plan investments	$ (116,956)

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

Year ended June 30:	
2026	$ (27,469)
2027	(36,609)
2028	(32,256)
2029	(20,622)

Note 11. 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, 2025.

Note 12. 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, 2025, 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, 2025	Unexpended costs
Federal grants	$ 20,745,621	$ 6,751,535	$ 13,994,086
State and local sources	2,803,380	1,570,385	1,232,995
Total	$ 23,549,001	$ 8,321,920	$ 15,227,081

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 Bipartisan Infrastructure Law. Failure to comply with these terms may jeopardize future funding and require the Authority to refund a portion of these grants to the Bipartisan Infrastructure Law. 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.

Note 12. Commitments and Contingent Liabilities (continued)

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 has entered into a three-year agreement for fixed route management and preventive maintenance services effective July 1, 2024. The contract can be extended for two more years. The management fee begins at $213,915. The Authority had also entered into a three-year management agreement for the provision of its demand responsive services effective July 1, 2024. That contract can also be extended for two additional years. The first year's management fee begins at $171,453.

The State changed its methodology for reimbursing the Authority for local member community assessments presented in current and past audits. This change affected all Transit Authorities in the Commonwealth with the exception of the MBTA. LRTA has accumulated $1,683,312 in shortages going back to fiscal 2008. Discussions have been going on through the Authority's representative, the Massachusetts Association of Regional Transit Authorities (MARTA). Little progress has been made in resolving this matter. The state changed the format of current reimbursement to an amount two years in arrears.

C. Fuel Contracts

The Authority had the following contracts outstanding during the fiscal year:

Product	Term	Gallons	Price
Unleaded Gasoline	12/1/24 - 6/30/26	75,000	$ 2.398
Ultra Low Sulfur Diesel	12/1/24 - 6/30/26	300,000	$ 2.553

Note 13. 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	$ 88,692,196
Less: Accumulated Depreciation	53,924,628
Less: Outstanding Debt Related to Capital Assets	1,646,444
	$ 33,121,124

Note 14. Transit Service

The operation of the Authority's fixed route service and maintenance of the Authority's transportation property were performed by First Transit Management of Lowell, Inc. under the terms of an agreement whereby First Transit Management of Lowell, Inc. operated mass transit along such routes and according to such schedules as defined by the Authority. In return, the Authority agreed to pay First Transit Management of Lowell, 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 MV Contract Transportation, Inc. In return, the Authority has agreed to pay MV Contract Transportation, 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 Authority enters into an annual contract with each of the Towns of Acton, Billerica, Carlisle, Chelmsford, Dracut, Groton, Maynard, Pepperell, Tewksbury, 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 15. Executive Compensation

Administration and Finance regulations, 801 CMR 53.03(2), 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 $182,704 during the fiscal year. Board members officers do not receive compensation.

Note 16. Related Party

The Authority is deemed to be a related party 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 $9,215,668; State Capital Assistance of $2,788,940; and Local Assessments of $3,340,373 to be paid to the Authority by the Commonwealth. Related party receivables consist of $5,288,584 in local operating assistance to be billed to the Communities constituting the Authority and $2,697,650 of State Capital Assistance.

Note 17. Unrestricted Net Position - Pension

The balance in the Unrestricted Net Position - Pension on the Statement of Net Position, 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 18. Unrestricted Net Position – OPEB

The balance in the Unrestricted Net Position – OPEB on the Statement of Net Position, reflects the effect of the net OPEB liability required by GASB 75 that is listed as a noncurrent liability. This requirement was effective with the fiscal year ended June 30, 2018.

Note 19. Unearned Revenue: Extraordinary Reserve and Stabilization Fund

In accordance with Section 6 of Chapter 161B of the General Laws of the Commonwealth, the Authority is allowed to establish a reserve account for the purpose of meeting the cost of extraordinary expenses that are both unusual in nature and infrequent in occurrence. The total reserve amount may not exceed 20% of the prior year's local assessment and the annual funding cannot exceed 3% of the current year's local assessment. The accumulated aggregate reserve of $128,251 (which represents approximately 3.84% of the applicable local assessment of $3,340,373) is included in unearned revenue in the accompanying statement of net position.

Chapter 161B of the General Laws of the Commonwealth has been amended to allow the Authority to establish a stabilization fund, which can be accessed for capital improvements or to offset an unforeseen and dramatic loss of revenue within a fiscal year. The Authority maintains a stabilization fund in the amount of $54,267 which is included in unearned revenue in the accompanying statement of net position.

Note 20. COVID-19

During fiscal 2020 the Coronavirus epidemic significantly affected the Authority's operations. Most demand responsive services were discontinued, fare revenues were not collected, and ridership decreased significantly. LRTA was required to incur expenses for personal protection equipment, barriers and disinfectant related products and cleaning services. In response to the effects of COVID-19, the Coronavirus Aid Relief, and Economic Security Act (CARES Act) was signed into law. The purpose of that law was to help the Authority fully fund their revenue losses and cover the additional expenses required to protect employees and riders. The funding requires no local match. The Authority was awarded $11,200,527.

In March of 2021, the American Rescue Plan Relief Act of 2021 (ARP) was enacted to provide ongoing assistance to ensure the ability of the Authority to provide services well into the future. The grant will assist with operating expenses related to maintaining day-to-day operations, cleaning and sanitization, combating the spread of pathogens on transit systems, and maintaining critical staffing levels. The award to LRTA was in the amount of $4,315,711.

Note 20. COVID-19 (continued)

The following table represents drawdowns made to June 30, 2025.

	Grant Amount	Current Expenditures	Prior Expenditures	Remaining Balance
CARES Act	$ 11,200,527	$ 1,754,349	$ 8,450,425	$ 995,753
ARPA	4,315,711	1,308,195	2,064,964	942,552
	$ 15,516,238	$ 3,062,544	$ 10,515,389	$ 1,938,305

Note 21. MAP Vehicles

Mobility Assistance vehicles are provided directly to the local communities by the Commonwealth of Massachusetts. Funding for these acquisitions is in the form of a grant from the Federal Transit Administration to the Massachusetts Department of Transportation (MassDOT). The only involvement of the LRTA is that the vehicles are titled in the name of the Authority. MassDOT places a lien on each vehicle preventing the Authority from taking ownership until the estimated useful life of the vehicles is over. The valuation of each vehicle is its acquisition price offset by an equal amount assigned to the lien. The lien amount is reduced annually by the amount of depreciation recorded.

Note 22. Subsequent Events

The Authority has evaluated events subsequent to June 30, 2025 through March 25, 2026, the date the financial statements were available for issuance, and determined that other than the RAN refinancing discussed in Note 7 and the line of credit refinancing discussed in Note 8, and except for matters related to the reissuance described herein, 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 (Unaudited)

Schedule of the Authority's Proportionate Share of the Net Pension Liability and Related Ratios

Last 10 Fiscal Years

	Authority's proportion of the net pension liablity	Authority's proportionate share of the net pension liability	Authority's covered-employee payroll	Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of total pension liability
2025	0.380%	$ 1,267,134	$ 532,904	237.78%	63.27%
2024	0.340%	$ 1,060,535	$ 461,427	229.84%	62.88%
2023	0.390%	$ 1,277,994	$ 428,541	298.22%	59.56%
2022	0.500%	$ 1,183,327	$ 392,914	301.17%	59.57%
2021	0.460%	$ 1,350,941	$ 506,791	266.57%	61.23%
2020	0.459%	$ 1,226,960	$ 458,529	267.59%	61.19%
2019	0.451%	$ 1,336,828	$ 404,329	330.63%	55.40%
2018	0.404%	$ 1,042,000	$ 388,178	268.43%	59.57%
2017	0.493%	$ 1,441,415	$ 398,413	361.79%	52.99%
2016	0.480%	$ 1,339,816	$ 384,940	348.06%	52.64%

Notes to Required Supplementary Information

Measurement Date

The amounts presented in this schedule were determined as of December 31, 2024.

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, 2024.

See accompanying independent auditors' report.

LOWELL REGIONAL TRANSIT AUTHORITY

(A Component Unit of the Massachusetts Department of Transportation)

Required Supplementary Information (Unaudited)

Schedule of Pension Contributions

Last 10 Fiscal Years

	Actuarially required contribution	Contributions in relation to the actuarially required contribution	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of its covered-employee payroll
2025	$ 140,687	140,687	$ -	$ 532,904	26.40%
2024	$ 119,564	119,564	$ -	$ 461,427	25.91%
2023	$ 130,368	130,368	$ -	$ 428,541	30.42%
2022	$ 158,877	158,877	$ -	$ 392,914	40.44%
2021	$ 139,207	139,207	$ -	$ 553,645	25.14%
2020	$ 132,302	132,302	$ -	$ 458,529	28.85%
2019	$ 123,845	123,845	$ -	$ 404,329	30.63%
2018	$ 105,714	105,714	$ -	$ 388,178	27.23%
2017	$ 121,836	121,836	$ -	$ 398,413	30.58%
2016	$ 104,627	104,627	$ -	$ 384,940	27.18%

Notes to Required Supplementary Information

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.

See accompanying independent auditors' report.

LOWELL REGIONAL TRANSIT AUTHORITY

(A Component Unit of the Massachusetts Department of Transportation)

Required Supplementary Information (Unaudited)

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

Last 10 Fiscal Years

	2021	2020	2019	2018
Total OPEB liability				
Service cost	$ -	$ 2,364	$ 45,437	$ 45,437
Interest	8,078	11,381	13,107	33,540
Benefit payments	(15,636)	(13,186)	(13,334)	(16,701)
Differences between expected and actual experience	779	36,106	(36,532)	(17,461)
Net change in total OPEB liability	(6,779)	36,665	8,678	44,815
Total OPEB liability - beginning	394,293	357,628	348,950	304,135
Total OPEB liability - ending (a)	$ 387,514	$ 394,293	$ 357,628	$ 348,950
Plan fiduciary net position				
Contributions - employer	$ 15,636	$ 13,187	$ 13,334	$ -
Net investment income	201,829	16,553	39,604	48,233
Benefit payments	(15,636)	(13,186)	(13,334)	(16,701)
Administrative expenses	(3,962)	(3,571)	(3,338)	(2,891)
Net change in plan fiduciary net position	197,867	12,983	36,266	28,641
Plan fiduciary net position - beginning	672,974	659,991	623,725	595,084
Plan fiduciary net position - ending (b)	$ 870,841	$ 672,974	$ 659,991	$ 623,725
Authority's net OPEB liability - ending (a) - (b)	$ (483,327)	$ (278,681)	$ (302,363)	$ (274,775)
Plan fiduciary net position as a percentage of the total OPEB liability	224.73%	170.68%	184.55%	178.74%
Covered-employee payroll	$ 533,645	$ 458,529	$ 471,607	$ 370,439
Authority's net OPEB liability as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A

Notes to Required Supplementary Information

Per paragraph 62 of GASB Statement No. 74, the Authority is not required to retrospectively present its 10 year RSI schedules, as this information was not available at transition and historical information was not measured in accordance with the parameters of GASB Statement No. 74.

See accompanying independent auditors' report.

LOWELL REGIONAL TRANSIT AUTHORITY

(A Component Unit of the Massachusetts Department of Transportation)

Required Supplementary Information (Unaudited)

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

Last 10 Fiscal Years

	2025	2024	2023	2022
Total OPEB liability				
Service cost	$ -	$ -	$ -	$ -
Interest	9,593	8,430	11,994	7,739
Benefit payments	(18,387)	(16,353)	(16,364)	(16,363)
Differences between expected and actual experience	31,671	(5,508)	(89,703)	(45,751)
Net change in total OPEB liability	22,877	(13,431)	(94,073)	(54,375)
Total OPEB liability - beginning	225,635	239,066	333,139	387,514
Total OPEB liability - ending (a)	$ 248,512	$ 225,635	$ 239,066	$ 333,139
Plan fiduciary net position				
Contributions - employer	$ 18,387	$ (5,372)	$ (7,439)	$ 16,363
Net investment income	143,793	89,154	52,188	(27,987)
Benefit payments	(18,387)	(16,353)	(16,364)	(16,363)
Administrative expenses	(4,815)	(4,774)	(4,264)	(4,749)
Net change in plan fiduciary net position	138,978	62,655	24,121	(32,736)
Plan fiduciary net position - beginning	924,881	862,226	838,105	870,841
Plan fiduciary net position - ending (b)	$ 1,063,859	$ 924,881	$ 862,226	$ 838,105
Authority's net OPEB liability - ending (a) - (b)	$ (815,347)	$ (699,246)	$ (623,160)	$ (504,966)
Plan fiduciary net position as a percentage of the total OPEB liability	428.09%	409.90%	360.66%	251.58%
Covered-employee payroll	$ 601,422	$ 533,030	$ 443,297	$ 418,138
Authority's net OPEB liability as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A

Notes to Required Supplementary Information

Per paragraph 62 of GASB Statement No. 74, the Authority is not required to retrospectively present its 10 year RSI schedules, as this information was not available at transition and historical information was not measured in accordance with the parameters of GASB Statement No. 74.

See accompanying independent auditors' report.

LOWELL REGIONAL TRANSIT AUTHORITY

(A Component Unit of the Massachusetts Department of Transportation)

Required Supplementary Information (Unaudited)

Schedule of OPEB Contributions

Year Ended June 30, 2025

	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of its covered-employee payroll
2025	$ (48,472)	-	$ (48,472)	$ 601,422	-8.06%
2024	$ (34,654)	-	$ (34,654)	$ 533,030	-6.50%
2023	$ (28,480)	-	$ (28,480)	$ 443,297	-6.42%
2022	$ (27,874)	-	$ (27,874)	$ 418,138	-6.67%
2021	$ (22,528)	-	$ (22,528)	$ 533,645	-4.22%
2020	$ (13,058)	-	$ (13,058)	$ 458,529	-2.85%
2019	$ (13,559)	-	$ (13,559)	$ 404,329	-3.35%
2018	$ (12,708)	-	$ (12,708)	$ 370,439	-3.43%

Notes to Required Supplementary Information

Per paragraph 62 of GASB Statement No. 74, the Authority is not required to retrospectively present its 10 year RSI schedules, as this information was not available at transition and historical information was not measured in accordance with the parameters of GASB Statement No. 74.

See accompanying independent auditors' report.

LOWELL REGIONAL TRANSIT AUTHORITY

(A Component Unit of the Massachusetts Department of Transportation)

Required Supplementary Information (Unaudited)

Schedule of Investment Returns - OPEB Trust

Last 10 Fiscal Years

	Annual money-weighted rate of return, net of investment expense
2025	9.19%
2024	9.12%
2023	5.56%
2022	(3.32%)
2021	29.91%
2020	2.38%
2019	6.13%
2018	7.62%

Notes to Required Supplementary Information

Per paragraph 62 of GASB Statement No. 74, the Authority is not required to retrospectively present its 10 year RSI schedules, as this information was not available at transition and historical information was not measured in accordance with the parameters of GASB Statement No. 74.

See accompanying independent auditors' report.

LOWELL REGIONAL TRANSIT AUTHORITY

(A Component Unit of the Massachusetts Department of Transportation)

Required Supplementary Information (Unaudited)

Schedule of Revenue, Expenditures and Changes in Net Position- Budget and Actual

Year Ended June 30, 2025

	Budgeted Amounts	Actual Budgetary Amounts	Positive (Negative) Variance
Revenues			
Federal operating assistance	$ 2,047,898	$ 1,308,195	$ (739,703)
Commonwealth of Massachusetts			
Contract assistance	8,953,384	9,215,668	262,284
Other operating assistance	164,337	1,191,942	1,027,605
Member communities' assessments	3,179,415	3,340,373	160,958
Interest and other	1,744,250	1,392,359	(351,891)
Total Revenues	16,089,284	16,448,537	359,253
Expenditures			
Fixed route transit services	10,858,703	11,336,561	(477,858)
Demand response	2,822,471	2,656,276	166,195
Terminal expenses	1,077,521	1,189,845	(112,324)
Administration	1,067,089	996,627	70,462
Interest	263,500	269,228	(5,728)
Total expenditures	16,089,284	16,448,537	(359,253)
Net Budget	$ -	$ -	$ -

See notes to required supplementary information and accompanying independent auditors' report.

LOWELL REGIONAL TRANSIT AUTHORITY

(A Component Unit of the Massachusetts Department of Transportation)

Notes to Required Supplementary Information

As of and For the Year Ended June 30, 2025

An annual budget is legally adopted by the Authority. The Authority's Administrator oversees the budgeting process, which is approved annually by the Advisory Board.

The Authority's annual budget is prepared on a basis of accounting other than GAAP. The actual budgetary amounts column of the Schedule of Revenues, Expenditures and Changes in Net Position – Budget and Actual is presented on a budgetary basis to provide meaningful comparison to the adopted budget. A complete reconciliation is provided below:

Expenditures - budgetary basis	$ 16,448,537
Depreciation and amortization	3,300,552
Accounting for post-employment benefits	83,985
Expenses - GAAP basis	$ 19,833,074

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, 2025

OPERATING COSTS	
LRTA administrative costs	$ 1,074,647
Purchased services	
Fixed route	11,336,561
Demand responsive	2,656,276
Terminal expense	1,111,825
Debt service - interest	269,228
Total operating costs	16,448,537
FEDERAL OPERATING ASSISTANCE	
FTA operating and administrative	1,308,195
Other federal	-
Total federal assistance	1,308,195
REVENUES	
Operating	
Farebox revenue	384,290
Other transit services	1,191,942
Other Revenue	
Advertising	129,207
Parking	652,985
Miscellaneous	225,877
Total other revenue	2,584,301
NET OPERATING DEFICIT	12,556,041
ADJUSTMENTS	
Extraordinary expenses	-
NET COST OF SERVICE	12,556,041
NET COST OF SERVICE FUNDING	
Local assessments	3,340,373
State contract assistance to be funded	9,215,668
Less: state operating assistance received	9,215,668
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, 2025

The following table shows the local share that has been assessed upon each member municipality by the Commonwealth for fiscal year 2024 as well as the audited amount for fiscal 2025.

	2024 Assessment	2025 Audited
Acton	$ 243,070	$ 249,150
Billerica	357,191	366,121
Carlisle	53,422	54,758
Chelmsford	293,891	301,238
Dracut	245,469	251,606
* Dunstable	-	-
Groton	95,146	97,525
Lowell	1,181,574	1,211,113
Maynard	94,107	96,460
Pepperell	21,082	21,609
Tewksbury	314,673	322,540
Townsend	67,980	69,680
Tyngsborough	96,937	99,360
Westford	194,358	199,213
Totals	$ 3,258,900	$ 3,340,373

* Dunstable received no services in 2024 and 2025.

See accompanying independent auditors' report.

GRASSI

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
Lowell Regional Transit Authority
Lowell, Massachusetts

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 governmental activities, the business-type activities, and the aggregate remaining fund information of Lowell Regional Transit Authority (the Authority) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated March 25, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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.

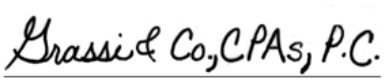
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of 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 financial statements. 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*.

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 Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Grassi & Co., CPAs., P.C.

Chelmsford, MA
October 16, 2026

Lowell Regional Transit Authority

(A Component Unit of the Massachusetts Department of Transportation)

UNIFORM GUIDANCE REPORT

YEAR ENDED JUNE 30, 2025

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

Year Ended June 30, 2025

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GRASSI

Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by The Uniform Guidance

To the Advisory Board of the
Lowell Regional Transit Authority

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Lowell Regional Transit Authority's (the Authority) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended June 30, 2025. The Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal program for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Authority's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. 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, *Government Auditing Standards* and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies

in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Grassi & Co., CPAs, P.C.

Grassi & Co., CPAs. P.C.

Chelmsford, MA
October 16, 2026

Lowell Regional Transit Authority
(A component Unit of the Massachusetts Department of Transportation)
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2025

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ____ yes ✓ no
- Significant deficiency(ies) identified? ____ yes ✓ none reported

Noncompliance material to financial statements noted? ____ yes ✓ none reported

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ____ yes ✓ no
- Significant deficiency(ies) identified? ____ yes ✓ none reported

Type of auditors' report issued on compliance for major programs: modified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ____ yes ✓ no

Identification of major programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster
20.507/20.526	Federal Transit Cluster

Dollar threshold used to distinguish between type A and type B programs: $750,000

Auditee qualified as low-risk auditee? ____ yes ✓ no

Section II – Financial Statement Findings

No matters were reported.

Section III – Federal Award Findings and Questioned Costs,

No matters were reported.

GRASSI

Independent Auditors' Report on the
Schedule of Expenditures of Federal Awards

To the Advisory Board of
Lowell Regional Transit Authority
Lowell, Massachusetts

We have audited the financial statements of the Lowell Regional Transit Authority (the Authority) as of and for the year ended June 30, 2025, and our report thereon, dated March 25, 2026, expressed an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (the Uniform Guidance) is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Grassi & Co., CPAs, P.C.

Chelmsford, Massachusetts
October 16, 2026

Lowell Regional Transit Authority
(A component Unit of the Massachusetts Department of Transportation)
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2025

Federal Grantor/Pass-through Grantor/Program Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Transportation				
Federal Transit Cluster				
Pass-through Massachusetts Department of Transportation				
* COVID-19 Federal Transit Formula Grants	20.507	MA-2022-010	$ -	$ 1,308,195
* COVID-19 Federal Transit Formula Grants	20.507	MA-2020-013	-	1,754,349
* Federal Transit Formula Grants	20.507	MA-2017-030	46,306	201,274
* Federal Transit Formula Grants	20.507	MA-2020-004	-	81,524
* Federal Transit Formula Grants	20.507	MA-2020-027	-	661,566
* Federal Transit Formula Grants	20.507	MA-2021-029	-	404,007
* Federal Transit Formula Grants	20.507	MA-2022-009	-	12,939
* Federal Transit Formula Grants	20.507	MA-2023-001	-	353,958
* Federal Transit Formula Grants	20.507	MA-2025-012	-	560,057
Total Federal Transit Formula Grants			46,306	5,337,869
* Bus and Bus Facilities Formula, Competitive and Low or No Emissions Program	20.526	MA-2021-029	-	171,877
* Bus and Bus Facilities Formula, Competitive and Low or No Emissions Program	20.526	MA-2024-009	-	27,814
Total Bus and Bus Facilities Formula Competitive and Low and no Emissions Program			-	199,691
Total Federal Transit Cluster			46,306	5,537,560
Paul S. Sarbanes Transit in the Parks	20.520	MA-2017-025	-	166,500
Transit Services Program Cluster				
Enhanced Mobility of Seniors and individuals with Disabilities	20.513	MA-2025-006	-	254,158
Enhanced Mobility of Seniors and individuals with Disabilities	20.513	MA-2025-002	-	288,936
Total Enhanced Mobility of Seniors and Individuals with Disabilities			-	543,094
Total Transit Services Program Cluster			-	543,094
Total U.S. Department of Transportation			46,306	6,247,154
Total Expenditures of Federal Awards			$ 46,306	$ 6,247,154

* Denotes major program

Lowell Regional Transit Authority
(A component Unit of the Massachusetts Department of Transportation)
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2025

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Lowell Regional Transit Authority under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Lowell Regional Transit Authority, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Lowell Regional Transit Authority.

Note 2 – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 – Subrecipients

Of the federal expenditures presented in the schedule, the Lowell Regional Transit Authority provided $46,306 to subrecipients during the year ended June 30, 2025.

Note 4 – De Minimis Indirect Cost Rate

The Lowell regional Transit Authority has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.