

MARTHA'S VINEYARD REGIONAL TRANSIT AUTHORITY
(a component Unit of the Massachusetts Department of Transportation)

Basic Financial Statements, Supplementary Data
June 30, 2024

MARTHA'S VINEYARD REGIONAL TRANSIT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED
JUNE 30, 2024

The Reporting Entity

The management of the Martha's Vineyard Regional Transit Authority (the Authority) has generated this narrative overview and analysis to assist our readers in understanding the Authority's basic financial statements. The Authority was established as a political subdivision of the Commonwealth of Massachusetts on February 15, 1980, by the various towns constituting the Authority, pursuant to Section 3 of Chapter 161B of the General Laws of the Commonwealth, for the purpose of continuing and improving local transit service. The communities that presently comprise the Authority are Aquinnah, Chilmark, Edgartown, Oak Bluffs, Tisbury and West Tisbury.

Overview of the Financial Statements

This overview and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's financial statements include a statement of net position, a statement of revenues, expenses and changes in net position, and a statement of cash flows. In addition to the basic financial statements, the report includes notes to the financial statements, required supplementary information pertaining to the pension and other postemployment benefit plans and certain schedules required by Commonwealth agencies.

The statement of net position reports assets plus deferred outflows of resources and liabilities plus deferred inflows of resources and reports the difference between the two 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. Net position consists of three sections: invested in capital assets, restricted, and unrestricted. The invested in capital assets component of the net position consists of capital assets, net of related debt. The deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in the invested in capital assets component, if applicable. Net position is reported as restricted when constraints are imposed by third parties or enabling legislation. All other net position is unrestricted.

The statement of revenues, expenses and changes in net position reports the operating revenues and expenses, nonoperating revenues and expenses, and capital grants and contributions for the year. The net of these income and expense accounts results in the increase or decrease in net position. That change combined with the net position at the end of the previous year reconciles to the net position at the end of the current year.

The statement of cash flows reports cash and cash equivalents activities for the year resulting from operating activities, noncapital financing activities, capital and related financing activities, and investing activities. The net results of these activities added to the beginning of the year cash and cash equivalents balance reconciles to the cash and cash equivalents balance at the end of the year.

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Condensed Financial Information (continued)

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Operating revenues			
Transportation services	\$ 2,080	\$ 1,798	\$ 1,779
Operating expenses			
Cost of transportation service, maintenance and administration	8,085	8,044	6,295
Depreciation and amortization	4,061	3,302	2,865
	<u>12,146</u>	<u>11,346</u>	<u>9,160</u>
Operating loss	<u>(10,066)</u>	<u>(9,548)</u>	<u>(7,381)</u>
Nonoperating revenues and (expenses)			
Operating assistance	6,259	6,296	4,727
Other nonoperating	(154)	(59)	(96)
	<u>6,105</u>	<u>6,237</u>	<u>4,631</u>
Loss before capital contribution	<u>(3,961)</u>	<u>(3,311)</u>	<u>(2,750)</u>
Capital contributions	<u>9,595</u>	<u>7,842</u>	<u>3,385</u>
Change in net position	5,634	4,531	635
Net position			
Beginning of year	30,124	25,593	24,958
End of year	<u>\$ 35,758</u>	<u>\$ 30,124</u>	<u>\$ 25,593</u>

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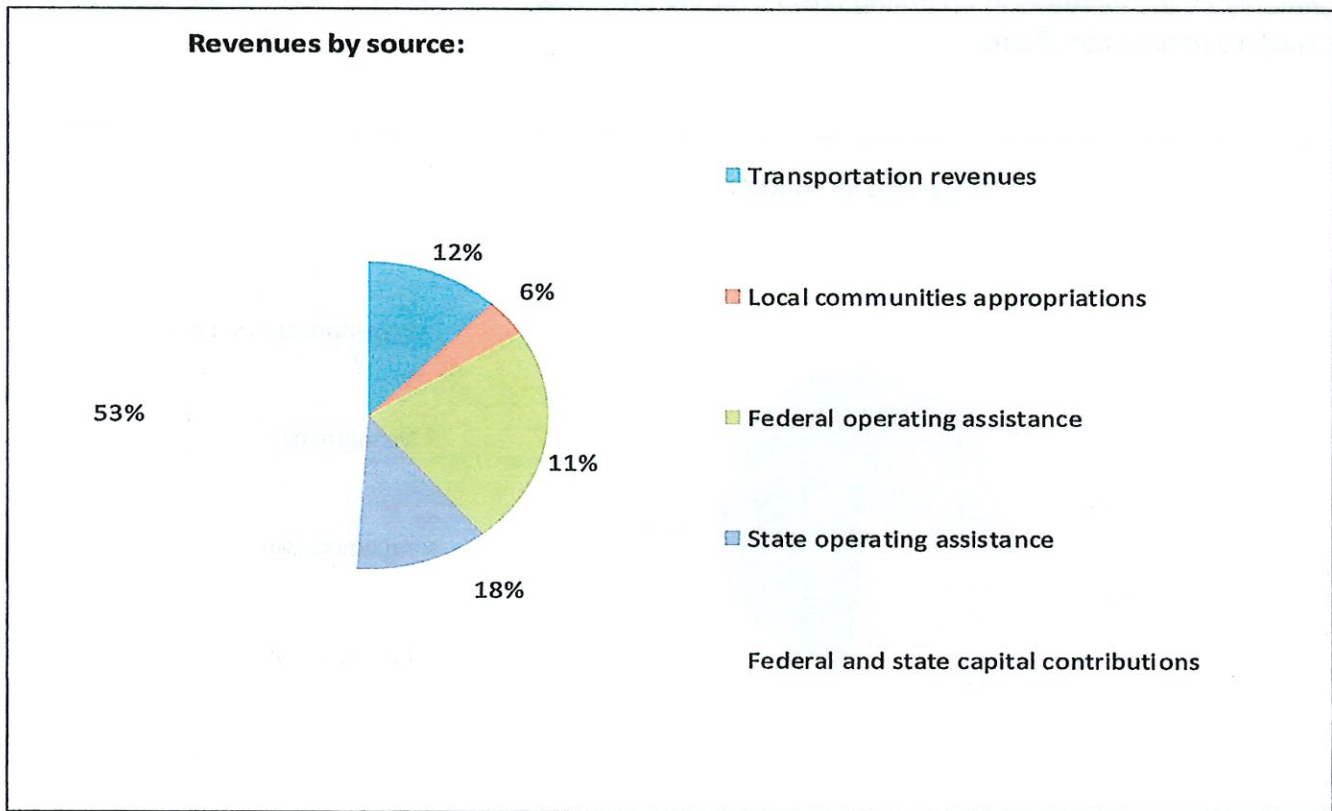
Revenues

Total transportation service revenue increased in 2024 versus 2023 by \$282,000 (15.7%). This was caused by increases in farebox revenue of \$249,000 and other revenue of \$33,000.

Total operating assistance grants decreased in 2024 versus 2023 by \$37,000 (.6%). This is an insignificant change. State contract assistance increased by \$1,295,000; thus, reducing the amount of federal assistance by a like amount.

Total capital contribution increased in 2024 versus 2023 by \$1,753,000 (22.4%). This was caused by higher capital expenditures in the current year; thus; more of a funding need existed in 2024.

Net position increased in 2024 by \$5,634,000. This was caused by operating assistance of \$6,259,000 and capital assistance of \$9,595,000, less an operating loss of \$10,066,000 and nonoperating loss of \$154,000.



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FINANCIAL ANALYSIS

Comparison of Financial Condition at June 30, 2023 and 2022

Coronavirus Pandemic

The Coronavirus (COVID-19) epidemic adversely affected the current year's operations, but not as severely as in 2022 and 2021. In fact, 2023 farebox revenue increased by \$34,000 over 2022, primarily due to increased ridership. However, it has not recovered to the Pre-Covid revenue amount. The current year farebox is \$1,516,000 and the 2019 (Pre-Covid) amount was \$1,698,000.

The assets and deferred outflows of resources of the Authority exceeded its liabilities and deferred inflows of resources at June 30, 2023 by \$30,124,000.

The Authority's net position increased by \$4,531,000 during the current year.

The Authority's total assets increased in 2023 versus 2022 by \$7,824,000.

Total current assets decreased in 2023 versus 2022 by \$81,000 (2.5%).

Total net capital assets increased in 2023 versus 2022 by \$4,691,000 (20.3%). This was caused by capital acquisitions of \$7,931,000 less removals and depreciation. These acquisitions were funded by Federal and State capital grants.

The deferred outflows of resources related to pensions and OPEB had an increase of \$154,000 (55.6%) in 2023 versus 2022.

Total liabilities increased in 2023 versus 2022 by \$3,800,000 (100.3%). This was caused by increases in accounts payable of \$2,728,000, revenue anticipation notes of \$768,000 and net pension liability of \$379,000, less a decrease in lease liability of \$75,000.

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Operating Expenses

Total operating expenses increased in 2023 versus 2022 by \$2,186,000 (23.9%).

The cost of transportation service increased in 2023 versus 2022 by \$876,000 (19.0%).

The total of maintenance expense increased in 2023 versus 2022 by \$895,000 (69.1%).

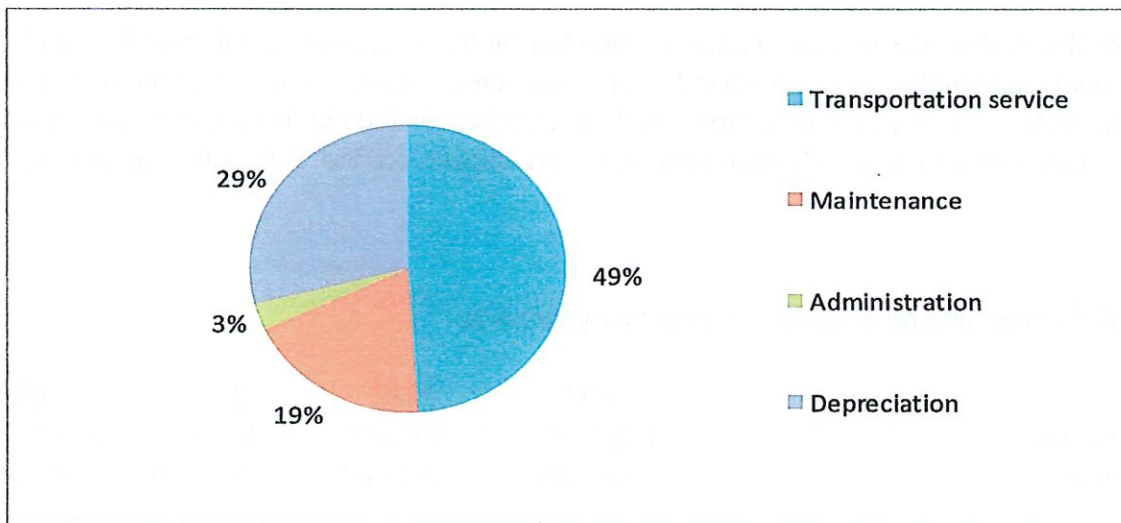
Total general and administration expense decreased in 2023 versus 2022 by \$22,000 (5.8%).

Depreciation and amortization expense increased in 2023 versus 2022 by \$437,000 (15.3%). This was primarily attributable to the addition of one full year of depreciation on 2022 acquisitions and one-half year of depreciation on 2023 acquisitions.

The Authority's operating loss increased in 2023 versus 2022 by \$2,167,000 (29.4%). This was caused primarily by the increase in operating costs over the prior year. It is also the result of a recovery from Covid-19 related conditions.

Overall, some expenses were reduced by the pandemic and some additional costs related to the pandemic were incurred.

Expenses by source:



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Contacting the Authority's Financial Management

This financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have any questions or need additional information, contact Angela Gompert, Administrator, Martha's Vineyard Regional Transit Authority, 11 A Street, Edgartown, MA 02539.

statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's 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 auditor's report that includes our opinions. 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 on pages i-xi and required supplementary information on pages 27 through 32, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the

MARTHA'S VINEYARD REGIONAL TRANSIT AUTHORITY
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Statement of Net Position
June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 905,151	\$ 65,850
Receivable for operating assistance	2,424,105	2,442,324
Inventory	516,861	372,110
Prepaid expense	584,721	251,611
Lease receivable	30,332	30,332
Total current assets	4,461,170	3,162,227
Restricted and noncurrent assets		
Restricted assets		
Cash and cash equivalents	2,835,911	319,454
Receivable for capital assistance	4,922,987	5,143,791
Total restricted assets	7,758,898	5,463,245
Receivable for operating assistance	516,654	558,904
Capital assets, net	33,288,343	27,841,623
Net OPEB asset	400,741	242,424
Lease receivable, less current portion	35,835	66,166
Right to use asset	121,995	182,993
Total restricted and noncurrent assets	42,122,466	34,355,355
Total assets	46,583,636	37,517,582
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources related to pension	145,628	265,887
Deferred outflows of resources related to OPEB	158,533	165,898
	304,161	431,785
Total assets and deferred outflows of resources	46,887,797	37,949,367
LIABILITIES		
Current liabilities		
Accounts payable and accrued expense	305,113	910,161
Lease liability	80,232	77,352
Total current liabilities	385,345	987,513
Restricted and noncurrent liabilities		
Liabilities payable from restricted assets		
Accounts payable and accrued expense	7,434,399	3,299,449
Total liabilities payable from restricted assets	7,434,399	3,299,449
Lease liability, less current portion		80,232
Net pension liability	352,751	456,041
Revenue anticipation notes	2,750,000	2,767,676
Total restricted and noncurrent liabilities	10,537,150	6,603,398
Total liabilities	10,922,495	7,590,911
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources related to pension	49,071	50,050
Deferred inflows of resources related to OPEB	97,169	93,160
Deferred inflows of resources related to leases	61,004	91,507
	207,244	234,717
Total liabilities and deferred inflows of resources	11,129,739	7,825,628
NET POSITION		
Invested in capital assets	33,288,343	27,841,623
Restricted	324,499	2,163,796
Unrestricted	2,145,216	118,320
Total net position	\$ 35,758,058	\$ 30,123,739

See accompanying notes to financial statements

MARTHA'S VINEYARD REGIONAL TRANSIT AUTHORITY
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Statement of Cash Flows

Year Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities		
Receipts from customers	\$ 2,072,908	\$ 1,764,663
Payments to vendors and suppliers	(8,225,055)	(6,333,741)
Payments to employees	(868,953)	(831,188)
Payments of fringe	<u>(182,848)</u>	<u>(198,809)</u>
Net cash used in operations	<u>(7,203,948)</u>	<u>(5,599,075)</u>
Cash flows from noncapital financing activities		
Proceeds from revenue anticipation notes	2,750,101	2,773,568
Repayment of revenue anticipation notes	(2,767,777)	(2,005,892)
Lease receivable proceeds	33,358	32,704
Operating assistance grants	6,386,813	5,783,419
Interest on notes	<u>(123,406)</u>	<u>(34,904)</u>
Net cash provided by noncapital financing activities	<u>6,279,089</u>	<u>6,548,895</u>
Cash flows from capital and related financing activities		
Acquisition of capital assets	(5,460,050)	(5,808,077)
Capital contributions		
Federal Transit Administration	123,657	179,132
Commonwealth of Massachusetts	9,692,147	4,175,175
Lease liability payments	(90,427)	(90,427)
Proceeds from sale of equipment	<u>4,387</u>	<u></u>
Net cash provided by (used in) capital and related financing activities	<u>4,269,714</u>	<u>(1,544,197)</u>
Cash flows from investing activities		
Interest income	<u>10,903</u>	<u>2,982</u>
Net cash provided by investing activities	<u>10,903</u>	<u>2,982</u>
Net increase (decrease) in cash and cash equivalents	3,355,758	(591,395)
Cash and cash equivalents at beginning of year	<u>385,304</u>	<u>976,699</u>
Cash and cash equivalents at end of year	<u>\$ 3,741,062</u>	<u>\$ 385,304</u>
Reconciliation of operating loss to net cash provided by operations		
Operating loss	\$ (10,065,360)	\$ (9,547,692)
Adjustments to reconcile the operating loss to net cash used in operating activities:		
Depreciation and amortization expense	4,061,128	3,301,826
Post employment healthcare	(146,943)	75,946
Pension	15,988	36,561
Other adjustments	32,795	
Changes in assets and liabilities:		
Receivables, net	(22,926)	(3,185)
Other assets	(477,861)	(49,168)
Other liabilities	(371,367)	
Accounts payable and accrued expense	<u>(229,402)</u>	<u>586,637</u>
Net cash used in operations	<u>\$ (7,203,948)</u>	<u>\$ (5,599,075)</u>
Supplemental disclosures of noncash transactions		
Increase in accounts payable related to capital expenditures	\$ 4,134,950	\$ 2,123,106

MARTHA'S VINEYARD REGIONAL TRANSIT AUTHORITY
(a Component Unit of the Massachusetts Department of Transportation)
Notes to Financial Statements
June 30, 2024 and 2023

2. Summary of Significant Accounting Policies (continued)

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

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

The Authority distinguishes between operating revenues and expenses and nonoperating revenues and expenses. Operating revenues and expenses generally result from providing services in connection with the Authority's principal ongoing operations. The Authority's principal operating revenue is passenger fares. Operating expenses include the cost of transit services, maintenance, administrative and depreciation expense. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

b) New Accounting Pronouncements –The Government Accounting Standards Board (GASB) issued the following statements that require adoption subsequent to June 30, 2024 and may be applicable to the Authority:

Statement No.		Adoption Required in Fiscal Year
101	Compensated Absences	2025
102	Certain Risk Disclosures	2025
103	Financial reporting model Improvements	2026

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

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

e) Restricted Assets and Restricted Liabilities – Restricted assets are restricted for the acquisition of capital assets, the stabilization fund and the reserve for extraordinary expense. Restricted liabilities are amounts payable from the restricted assets.

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Notes to Financial Statements
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2. Summary of Significant Accounting Policies (continued)

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

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

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

n) Deferred Outflows/Inflows of Resources - The Authority accounts for certain transactions that result in the consumption or acquisition in one period that are applicable to future periods as deferred outflows and inflows, respectively, to distinguish them from assets and liabilities. In 2024 and 2023, the Authority reported deferred outflows and deferred inflows of resources related to its pension and OPEB plans. In 2024, the Authority also had deferred inflows of resources related to leases.

m) Right to use asset/lease liability – The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

The lease liability is recorded at the present value of the future minimum lease payments using the Authority's incremental borrowing rate.

n) Lease receivable/deferred inflows of resources – leases – The lease receivable is initially measured at the present value of the lease payments expected to be received during the lease term. The deferred inflow of resources is measured at the value of the lease receivable plus any payments received at or before the commencement of the lease that related to future periods. Interest income is recognized on the lease receivable and an inflow of resources (namely, lease income) is recognized from deferred inflows of resources, using the straight-line method over the lease term.

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Notes to Financial Statements
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5. Receivable for Operating and Capital Assistance

The receivable for operating and capital assistance is made up the following:

United States Department of Transportation - Pass-through grants through the Commonwealth Operating grants	\$ 1,566,137	\$ 1,596,345
Local operating assistance to be billed to the Towns constituting the Authority and paid by the Commonwealth to the Authority	1,225,256	1,232,591
Other accounts receivable	<u>149,366</u>	<u>172,292</u>
Total operating assistance	<u>2,940,759</u>	<u>3,001,228</u>
Less noncurrent portion	<u>(516,654)</u>	<u>(558,904)</u>
Total current operating assistance	<u><u>\$ 2,424,105</u></u>	<u><u>\$ 2,442,324</u></u>

Noncurrent

Capital assistance		
Commonwealth of Massachusetts	\$ 4,922,987	\$ 5,020,134
United States Department of Transportation		123,657
Total capital assistance	<u><u>\$ 4,922,987</u></u>	<u><u>\$ 5,143,791</u></u>

6. Inventory

The inventory is comprised of motor vehicle parts and fuel and is stated at the lower of cost or market on a first-in, first-out basis.

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Notes to Financial Statements
June 30, 2024 and 2023

7. Capital Assets and Depreciation (continued)

Depreciation expense for 2024 and 2023 was \$4,000,131 and \$3,240,829, respectively.

8. Revenue Anticipation Notes

During the year ended June 30, 2024 and 2023, the following changes occurred in the Authority's revenue anticipation notes (RANs):

	<u>2024</u>	<u>2023</u>
Beginning balance	\$ 2,767,676	\$ 2,000,000
New notes issued	2,750,101	2,773,568
Notes retired	<u>(2,767,777)</u>	<u>(2,005,892)</u>
Ending balance	<u>\$ 2,750,000</u>	<u>\$ 2,767,676</u>

The RAN outstanding at June 30, 2024, has a net interest rate of 4.25% and is due in April, 2025.

All required payments with respect to this obligation are guaranteed by the Commonwealth of Massachusetts. The guarantee is for the entire duration of the note. Further, in the history of the Authority, the Commonwealth has never had to pay anything with respect to the Authority's RANs.

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

9. Restricted Net Position

Restricted net position is comprised of the total restricted net assets less liabilities payable from restricted net assets. The following delineates the expendable versus nonexpendable restricted net position:

	<u>2024</u>	<u>2023</u>
Expendable		
Restricted by enabling legislation		
Stabilization Fund	\$ 117,685	\$ 117,685
Reserve for extraordinary expense	206,814	201,769
Capital asset acquisitions	-	1,844,342
	<u>\$ 324,499</u>	<u>\$ 2,163,796</u>

MARTHA'S VINEYARD REGIONAL TRANSIT AUTHORITY
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Notes to Financial Statements
June 30, 2024 and 2023

10. Leases (continued)

Right to use asset

The Authority recorded one right to use asset related to a lease of land from the Martha's Vineyard Airport Commission. The lease agreement qualifies as other than a short-term lease under GASB No. 87. Therefore, it has been recorded at the present value of the future minimum lease payments as of July 1, 2021. This asset is being amortized on a straight-line basis over the term of the lease.

Right to use asset activity for the year ended June 30, 2024, was as follows:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Right to use asset				
Land	\$ 304,989	\$ -	\$ -	\$ 304,989
Less: Accumulated amortization				
Land	<u>(121,995)</u>	<u>(60,999)</u>	<u>-</u>	<u>(182,994)</u>
Total	<u>\$ 182,994</u>	<u>\$ (60,999)</u>	<u>\$ -</u>	<u>\$ 121,995</u>

Lease Liability

As indicated above, the liability has been recorded at the present value of the future minimum lease payments as of July 1, 2021. The agreement was executed on July 1, 2021 to lease land and requires 48 monthly payments of \$6,819. There is a CPI rent adjustment every 5 years. The lease liability is measured at a rate of 3.66% which was the estimated incremental borrowing rate of the Authority. As a result of this lease, the Authority has recorded a lease liability.

Lease liability activity for the year ended June 30, 2024, was as follows:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Lease liability	\$ 157,584	\$ -	\$ 77,352	\$ 80,232
Less: current maturities				<u>(80,232)</u>
Long-term liability				<u>\$ -</u>

Interest expense related to this lease liability was \$4,479 and \$15,850 for 2024 and 2023, respectively.

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June 30, 2024 and 2023

11. Employees' Retirement Benefits (continued)

Pension Plan (continued)

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

As of June 30, 2024, the Authority reported a liability of \$352,751 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2024. Update procedures were used to roll forward the total pension liability to June 30, 2022. 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 June 30, 2024, the Authority's proportion of net pension liability was .825 percent.

For the year ended June 30, 2024, the Authority recognized pension expense of \$70,724 and reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 20,797	\$ 12,765
Net difference between projected and actual investment earnings on pension plan investments	80,851	-
Changes in assumptions	43,980	
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	36,306
Total deferred outflows and inflows of resources	<u>\$ 145,628</u>	<u>\$ 49,071</u>

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

<u>Year</u>	
2025	25,580
2026	34,947
2027	60,814
2028	(24,602)
2029	(182)

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11. Employees' Retirement Benefits (continued)

Pension Plan (continued)

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

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 that employee contributions will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. 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.

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	Discount Rate	1% Increase
Authority's proportionate share of the net pension liability	\$ 617,491	\$ 352,751	\$ 129,054

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

Post Employment Healthcare Benefits

Plan Description

Plan Administration – The Authority administers its retiree health care benefits program – a single employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for all permanent full-time employees.

Plan Membership – At June 30, 2024, plan membership consisted of 8 active employees and 1 retiree.

Benefits Provided – The Authority provides health care benefits for retirees and their dependents. Benefits are provided through the Cape Cod Municipal Health Group, and the full cost of benefits is shared between the Authority and retirees.

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Notes to Financial Statements
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11. Employees' Retirement Benefits (continued)

Post Employment Healthcare Benefits (continued)

Net OPEB Asset (continued)

The long-term expected rate of return on OPEB 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 OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2024 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Large Cap Equity	35.00%	5.08%
Mid Cap Equity	10.00%	5.06%
Small Cap Equity	10.00%	4.89%
International Equity	15.00%	6.09%
Real Estate	10.00%	2.65%
Fixed Income	20.00%	1.36%
Total	<u>100.00%</u>	

Discount rate – The discount rate used to measure the total OPEB liability was 6.6 percent. The projection of cash flows used to determine the discount rate assumed that contributions from the Authority will be made in accordance with the plan's funding policy. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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11. Employees' Retirement Benefits (continued)

Post Employment Healthcare Benefits (continued)

Sensitivity of the net OPEB asset to changes in the healthcare cost trend rates - The following presents the net OPEB asset calculated using the current healthcare cost trend rate of 4% as well as what the net OPEB asset would be if it were calculated using healthcare trend rates that are 1-percentage-point lower (3%) or 1-percentage-point higher (5%) than the current healthcare cost trend rates for measurement period.

	1% Decrease	Discount Rates	1% Increase
Net OPEB Asset	\$ (600,110)	\$ (400,741)	\$ (136,573)

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

For the year ended June 30, 2024, the Authority recognized OPEB expense of \$76,754 and reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 61,997
Difference between projected and actual earnings	147,810	-
Changes in assumptions	10,723	35,172
Total deferred outflows and inflows of resources	<u>\$ 158,533</u>	<u>\$ 97,169</u>

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

<u>Year</u>	
2025	\$ 6,861
2026	42,387
2027	4,009
2028	4,009
2029	4,098
	<u>\$ 61,364</u>

OPEB plan fiduciary net position – Detailed information about the OPEB plan's fiduciary net position is available in the separately issued Trust report. A copy of the report may be obtained by contacting the Trustee Chair, 9 Airport Road, Suite 1, Vineyard Haven, MA 02568.

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Notes to Financial Statements
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14. Subsequent Events

The Authority evaluated subsequent events through October 31, 2024, when the financial statements were available to be issued, and determined that there are no other material items that would require recognition or disclosure in the Authority's financial statements.

15. Compensation Disclosures (unaudited)

The Massachusetts Executive Office of Administration and Finance, pursuant to Massachusetts General Law 810 CMR 53.03(2) requires the following compensation disclosures.

The Administrator's (CEO) base salary for fiscal year 2024 was \$166,000. In addition, the CEO is in a (1) health insurance plan contributing 25% of the premium, and (2) a pension plan contributing 11% of regular salary.

The Deputy Administrator's (DA) base salary for fiscal year 2024 was \$134,000. In addition, the DA is in a (1) health insurance plan contributing 25% of the premium, and (2) a pension plan contributing 11% of regular salary.

Advisory Board members and officers do not receive compensation.

MARTHA'S VINEYARD REGIONAL TRANSIT AUTHORITY
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Required Supplementary Information
Schedule of Pension Contributions (Unaudited)
June 30

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 54,736	\$ 51,904	\$ 46,437	\$ 60,431	\$ 56,956	\$ 38,768	\$ 36,922	\$ 52,378	\$ 67,486	\$ 81,018
Contributions in relation to the statutorily required contribution	(54,736)	(51,904)	(46,437)	(60,431)	(56,956)	(38,768)	(36,922)	(52,378)	(67,486)	(81,018)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 507,832	\$ 597,036	\$ 518,162	\$ 565,507	\$ 616,092	\$ 508,495	\$ 675,421	\$ 574,843	\$ 539,866	\$ 519,102
Contributions as a percentage of its covered-employee payroll	10.78%	8.69%	8.96%	10.69%	9.24%	7.62%	5.47%	9.11%	12.50%	15.61%

MARTHA'S VINEYARD REGIONAL TRANSIT AUTHORITY
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Required Supplementary Information
Schedule of Changes in the Net OPEB Asset and Related Ratios (Unaudited)
For the Measurement Periods Ended June 30

Measurement Period	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Asset	\$ 35,600	\$ 32,660	\$ 27,000	\$ 24,536	\$ 22,178	\$ 27,884	\$ 26,817	\$ 25,786
Service cost	41,154	38,952	40,768	36,699	34,152	30,313	26,394	22,748
Interest on the total OPEB liability	-	-	(12,014)	(70,807)	(70,807)	(70,807)	(70,807)	(70,807)
Differences between expected and actual experience	(3,462)	(3,462)	16,359	45,259	45,259	72,728	(88)	(88)
Changes in assumptions	-	-	(23,213)	(28,689)	(28,689)	(28,689)	(28,689)	(28,689)
Differences between projected and actual earnings	(5,238)	(4,235)	(4,235)	(4,424)	(3,832)	(2,613)	(1,271)	(635)
Changes in benefit terms	(4,235)	(4,235)	(4,235)	(4,424)	(3,832)	(2,613)	(1,271)	(635)
Benefit payments	(4,235)	(4,235)	(4,235)	(4,424)	(3,832)	(2,613)	(1,271)	(635)
Adjust to new actuarial valuation	(1,342)	(1,342)	(1,342)	(4,424)	(3,832)	(2,613)	(1,271)	(635)
Net change in OPEB liability	71,516	19,250	43,323	56,811	69,068	57,505	51,852	47,899
Total OPEB liability - beginning	623,549	604,299	560,976	504,165	435,097	377,592	325,740	277,841
Total OPEB liability - ending	695,065	623,549	604,299	560,976	504,165	435,097	377,592	325,740
Plan Fiduciary Net Position								
Adjust to new actuarial valuation	\$ (126,178)	\$ 178,586						
Contribution - employer	235,071	65,622	65,622	53,646	32,908	33,518	40,375	294,917
Net investment income	(5,238)	(4,235)	(4,235)	(4,424)	(3,832)	(2,613)	(1,271)	(635)
Administration payments	-	(61,165)	(61,165)	(61,165)	(61,165)	(61,165)	(61,165)	(61,165)
Adjust to new actuarial valuation	229,833	(191,578)	239,973	49,222	29,076	30,905	69,082	312,901
Net change in plan fiduciary net position	865,973	1,057,551	817,578	768,578	739,502	708,597	639,515	326,614
Plan fiduciary net position - beginning	1,095,806	865,973	1,057,551	817,800	768,578	739,502	708,597	639,515
Plan fiduciary net position - ending	\$ (400,741)	\$ (242,424)	\$ (453,252)	\$ (256,824)	\$ (264,413)	\$ (304,405)	\$ (331,005)	\$ (313,775)
Net OPEB Asset - ending	157.65%	138.88%	175.00%	145.78%	152.45%	169.96%	187.66%	196.33%
Plan fiduciary net position as a percentage of the total OPEB liability	\$730,959	\$ 563,319	\$ 563,319	\$ 695,576	\$ 609,148	\$ 597,210	\$ 566,116	\$ 530,858
Covered-employee payroll	-54.82%	-43.03%	-80.46%	-36.92%	-43.41%	-50.97%	-58.47%	-59.11%
Net OPEB asset as a percentage of covered-employee payroll								

Notes to Required Supplementary Information

Schedule Presentation

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

Significant assumptions and methods

For assumptions and methods used, see Note 11.

See accompanying independent auditors' report

MARTHA'S VINEYARD REGIONAL TRANSIT AUTHORITY
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Required Supplementary Information
Schedule of Investment Returns-OPEB (Unaudited)
June 30

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return, net of investment expenses	23.96%	-12.76%	-12.76%	30.14%	4.39%	4.79%	4.44%	4.40%

Notes to Required Supplementary Information

Schedule Presentation

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

Schedule of Local (Towns) Funding (Unaudited)

June 30, 2024

<u>Community</u>	<u>Share</u>
Aquinnah	\$ 45,515
Chilmark	164,308
Edgartown	280,982
Oak Bluffs	156,734
Tisbury	265,563
West Tisbury	<u>146,818</u>
	<u>\$ 1,059,920</u>