

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

Auditors' Report as Required by the Uniform Guidance and
Government Auditing Standards and Related Information

Year Ended June 30, 2024

MARTHA'S VINEYARD REGIONAL TRANSIT AUTHORITY
(a Component Unit of the Massachusetts Department of Transportation)
Year Ended June 30, 2024

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Bruce D. Norling, CPA, P.C.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Advisory Board
Martha's Vineyard Regional Transit Authority
Edgartown, Massachusetts

Report on Compliance for Each Major Federal Program

Opinion on Each Major Program

We have audited the Martha's Vineyard Regional Transit Authority's (the Authority) compliance with the types of compliance requirements described 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, 2024. 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 programs for the year ended June 30, 2024.

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 Auditor's 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.

Auditor's 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 a 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 a 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 Auditor's 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.

Bruce D. Norling, CPA, P.C.

Sudbury, Massachusetts
October 31, 2024

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

Schedule of Expenditures of Federal Awards

For the year ended June 30, 2024

	Additional Award Identification	Type Program	Federal CFDA Number	Agency or Pass-through Number	Total Federal Awards Expended
Federal Agency					
U.S. Department of Transportation					
Federal Agency Subdivision					
Federal Transit Administration					
Federal Transit Grants					
American Rescue Plan Act (ARPA)	Covid-19	A	20.509	FTA	\$ 1,086,630 *
Rural Formula Grant-Section 5311		A	20.509	FTA	985,000 *
Total Federal Expenditures					<u>\$ 2,071,630</u>

* - denotes major program

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1) Definition of Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Martha's Vineyard Regional Transit Authority (the Authority). The information in this schedule is presented in accordance with the requirements of the OMB Uniform Guidance Circular.

2) Summary of Significant Accounting Policies

(a) Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual method of accounting.

(b) Contract Services

The Authority contracts with third parties to provide fixed route and demand response transportation services. The costs associated with these contracts that are funded with federal assistance are presented in the Schedule of Expenditures of Federal Awards as disbursements. The Authority maintains a system to monitor the use of these funds by the contractors to assure compliance with applicable federal regulations.

(c) The Authority identified the larger Federal Programs (Type A programs) as those programs that exceed \$750,000. All other programs are labeled as Type B programs.

(d) The Authority did not use the 10% de minimus cost rate for any of its grants.

Bruce D. Norling, CPA, P.C.

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
Martha's Vineyard Regional Transit Authority
Edgartown, 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 Martha's Vineyard Regional Transit Authority (the Authority), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated October 31, 2024.

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 opinions 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 may exist that were not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bruce D. Norling, CPA, P.C.

Sudbury, Massachusetts
October 31, 2024

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

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2024

DEPARTMENT OF TRANSPORTATION (Federal Transit Administration)

None

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

Schedule of Findings and Questioned Costs
Year Ended June 30, 2024

A. SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unmodified opinion on the basic financial statements of the Martha's Vineyard Regional Transit Authority (the Authority).
2. No significant deficiencies relating to the audit of the financial statements are reported in the 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*.
3. No instances of noncompliance material to the basic financial statements of the Authority were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.
5. The auditors' report on compliance for the major federal award programs for the Authority expresses an unmodified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with the Uniform Guidance are reported in Part C of this Schedule.
7. The Federal Transit Cluster which includes Federal Transit Formula Grants for Rural Areas (CFDA No. 20.509).
8. The threshold for distinguishing Type A and B programs was \$750,000. Type A programs are those that exceed \$750,000.
9. The Authority was determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT - NONE

C. FINDINGS - MAJOR FEDERAL AWARDS PROGRAMS AUDIT - NONE

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
(a Component Unit of the Massachusetts Department of Transportation)

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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.

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

Condensed Financial Information

Statement of Net Position
(000 omitted)

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Current assets	\$ 4,461	\$ 3,162	\$ 3,243
Capital assets, net	33,288	27,842	23,151
Restricted and noncurrent assets	8,835	6,514	3,300
Total assets	<u>46,584</u>	<u>37,518</u>	<u>29,694</u>
Deferred outflows of resources	304	431	277
Total assets and deferred outflows of resources	<u>46,888</u>	<u>37,949</u>	<u>29,971</u>
Restricted and noncurrent liabilities	10,538	6,603	3,411
Current liabilities	385	987	379
Total liabilities	<u>10,923</u>	<u>7,590</u>	<u>3,790</u>
Deferred inflows of resources	207	235	588
Total liabilities and deferred inflows of resources	<u>11,130</u>	<u>7,825</u>	<u>4,378</u>
Net position			
Invested in capital assets	33,288	27,842	23,151
Restricted	325	2,164	787
Unrestricted	2,145	118	1,655
Total net position	<u>\$ 35,758</u>	<u>\$ 30,124</u>	<u>\$ 25,593</u>

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

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>

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

FINANCIAL ANALYSIS

Comparison of Financial Condition at June 30, 2024 and 2023

Fare Free Grant

During the current year, the authority initiated a free fare program; namely, riders were not charged to ride the buses. The objective of this program was to get individuals to try using transit in the hope of increasing transit usage. This program was funded by a Try Transit 3.0 Grant (fare free grant) from the Commonwealth in the amount of \$289,000.

The assets and deferred outflows of resources of the Authority exceeded its liabilities and deferred inflows of resources at June 30, 2024 by \$35,758,000.

The Authority's net position increased by \$5,634,000 during the current year.

The Authority's total assets increased in 2024 versus 2023 by \$9,066,000.

Total current assets increased in 2024 versus 2023 by \$1,299,000 (41.1%).

Total net capital assets increased in 2024 versus 2023 by \$5,446,000 (19.6%). This was caused by capital acquisitions of \$9,595,000, less removals and depreciation. These acquisitions were funded by a State capital grant.

The deferred outflows of resources related to pensions and OPEB had a decrease of \$127,000 (29.5%) in 2024 versus 2023.

Total liabilities increased in 2024 versus 2023 by \$3,333,000 (43.9%). This was caused by increases in accounts payable of \$3,530,000, less decreases in the lease liability of \$76,000, the revenue anticipation note of \$18,000 and the net pension liability of \$103,000.

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

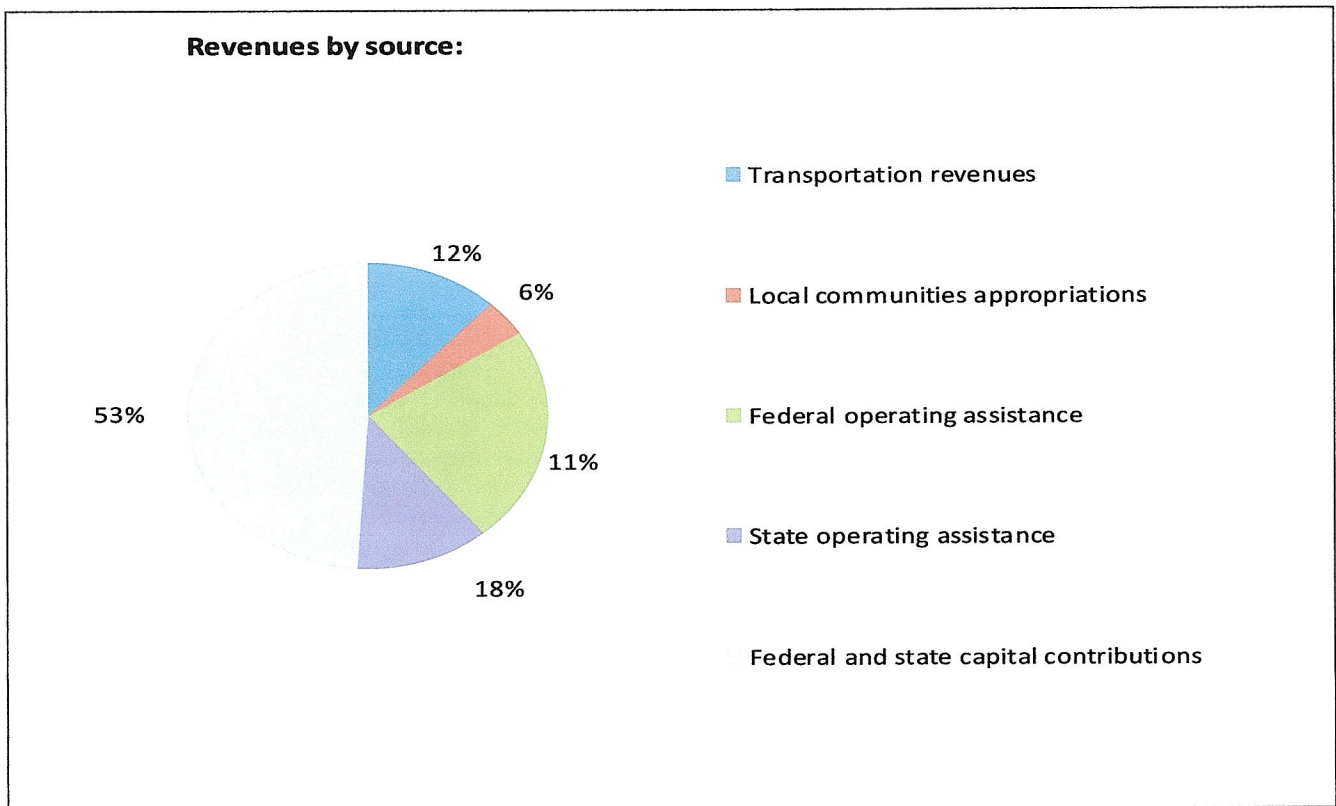
Revenues

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.



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

Operating Expenses

Total operating expenses increased in 2024 versus 2023 by \$800,000 (7.1%).

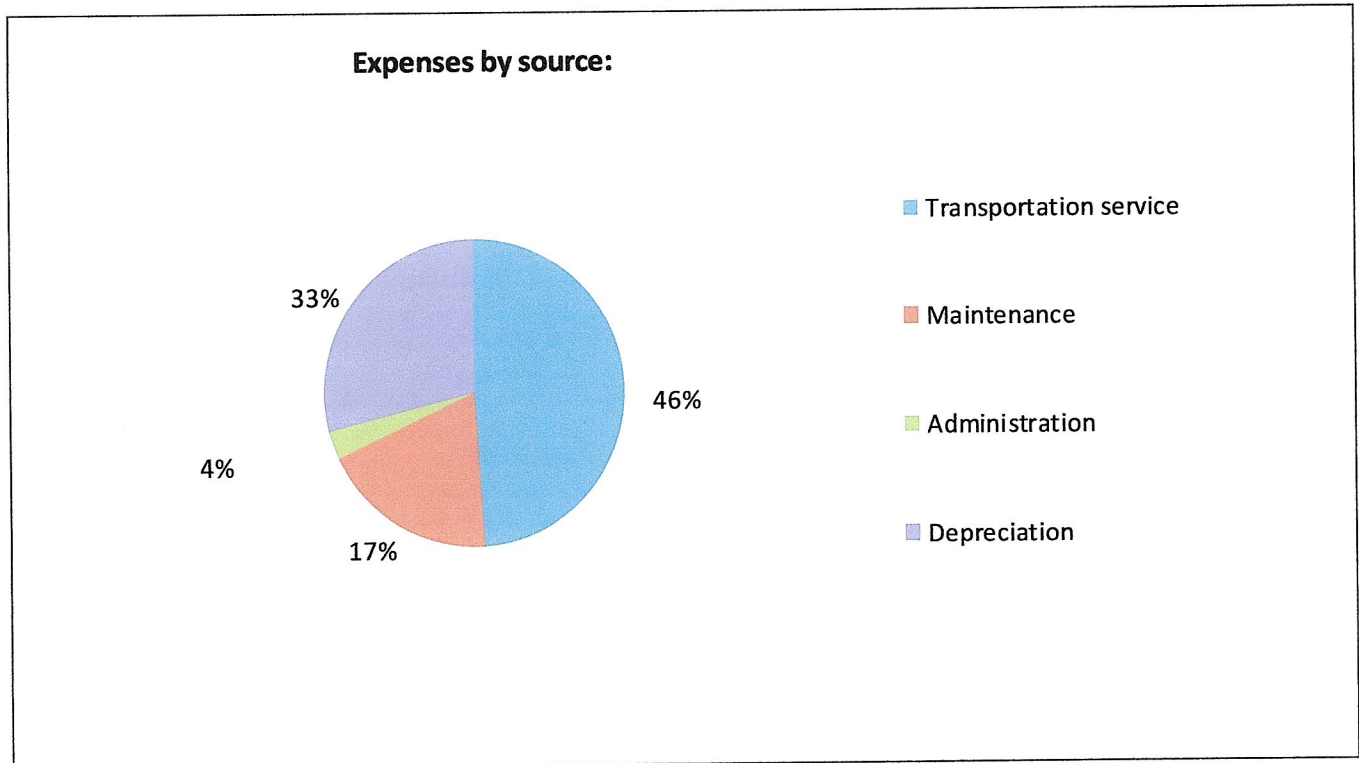
The cost of transportation service increased in 2024 versus 2023 by \$98,000 (1.8%).

The total of maintenance expense decreased in 2024 versus 2023 by \$189,000 (8.6%).

Total general and administration expense increased in 2024 versus 2023 by \$132,000 (36.8%).

Depreciation and amortization expense increased in 2024 versus 2023 by \$759,000 (23.0%). This was primarily attributable to the addition of one full year of depreciation on 2023 acquisitions and one half year of depreciation on 2024 acquisitions.

The Authority's operating loss increased in 2024 versus 2023 by \$518,000 (5.4%). 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.



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

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.

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

Revenues

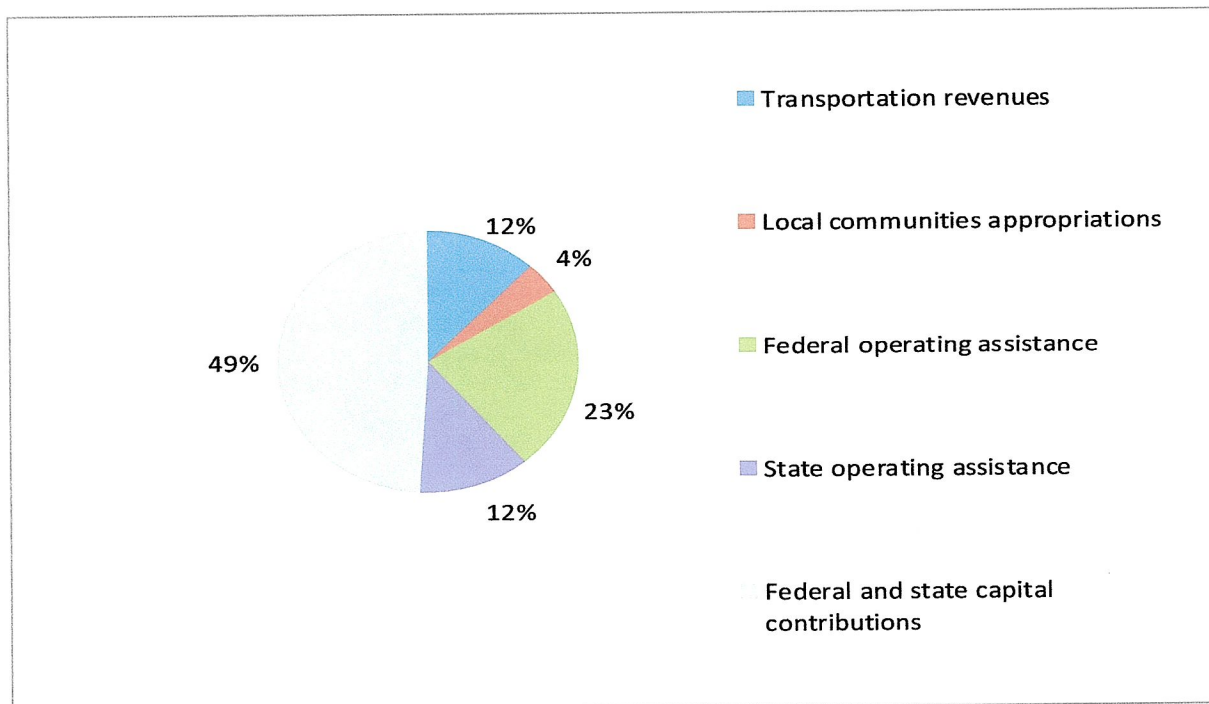
Total transportation service revenue increased in 2023 versus 2022 by \$19,000 (1.1%). This was caused by increases in farebox revenue of \$33,000 and decrease in other revenue of \$14,000.

Total operating assistance grants increased in 2023 versus 2022 by \$1,569,000 (33.2%). This was caused by the fact that reimbursable expense was higher in 2023 versus 2022; thus, more of a funding need existed. In addition, more funding was provided by the Federal and State governments.

Total capital contribution increased in 2023 versus 2022 by \$4,457,000 (131.7%). This was caused by higher capital expenditures in the current year; thus; more of a funding need existed in 2023.

Net position increased in 2023 by \$4,531,000. This was caused by operating assistance of \$6,295,000 and capital assistance of \$7,842,000, less an operating loss of \$9,547,000 and nonoperating loss of \$59,000.

Revenues by source:



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

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%).

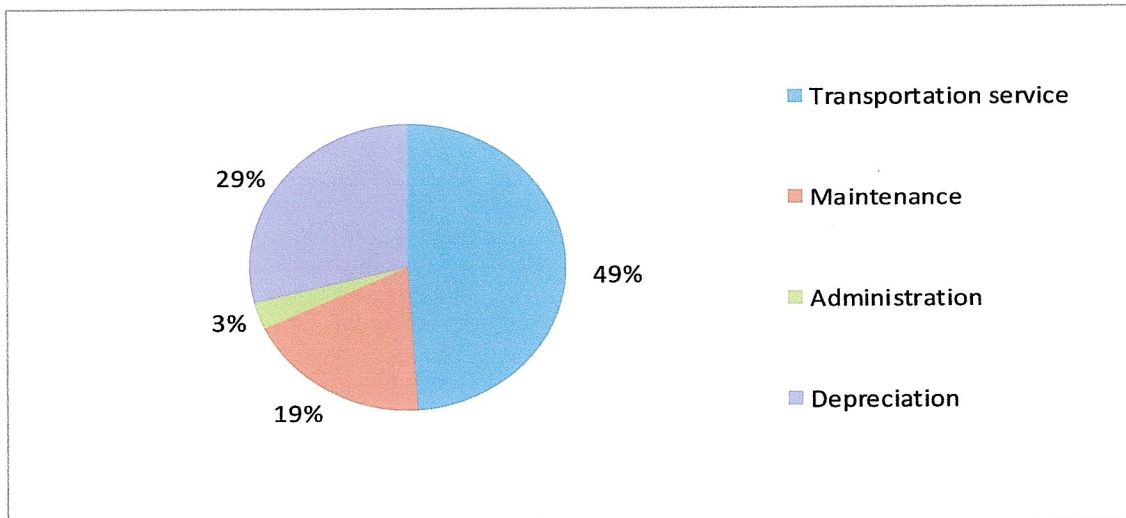
Total general and administration expense decreased in 2023 versus 2022 by \$22,000 (5.8%).

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:



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

Capital Assets

The Authority's capital assets as of June 30, 2024, amounted to \$33,288,000, net of accumulated depreciation. The Authority's investment in capital assets includes land, buildings and structures, vehicles, office and maintenance equipment and intangible assets. During 2024, the Authority invested \$9,595,000 in various capital assets. Capital asset additions were funded through a state capital grant. During the current year, the most significant capital asset acquisitions were the acquisition of vehicles and the improvements to buildings and structures.

More detailed information regarding the Authority's capital asset activities for 2024 can be found in the notes to the financial statements.

Revenue Anticipation Note

The Authority had a revenue anticipation note, of \$2,750,000 and \$2,768,000 at the end of 2024 and 2023, respectively.

Economic Factors

Funding for the Authority's net cost of service (noncapital expenses less all noncapital revenues except state contract assistance and member municipality assessments) is dependent primarily, 75%, from operating assistance from the Commonwealth and 25% by assessments to the member communities.

Demand for the Authority's services is mainly affected by the overall economic activity on Martha's Vineyard, both seasonally and year-round. The economic activity is a reflection of the overall construction on the island and other factors, such as weather-related conditions, capacity constraints, and operational limitations, which can also have an impact on the Authority's annual ridership volumes.

The Authority's operating revenue for the past four years was:

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Farebox revenue	\$1,094,000	\$1,482,000	\$1,515,000	\$1,764,000
Other revenue	195,000	297,000	283,000	316,000

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

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.

Bruce D. Norling, CPA, P.C.

INDEPENDENT AUDITORS' REPORT

To the Advisory Board
Martha's Vineyard Regional Transit Authority
Edgartown, Massachusetts

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of Martha's Vineyard Regional Transit Authority (the Authority), a component unit of the Massachusetts Department of Transportation, as of and for the years ended June 30, 2024 and 2023, 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 governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Authority, as of June 30, 2024 and 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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 Auditor's 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 other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about 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.

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

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

Audited Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. 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, are presented 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 Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Supplementary Information

Management is responsible for the other supplementary information on Schedules 1 and 2 on pages 33 and 34 included with the financial statements. Our opinions on the basic financial statements do not cover the other supplementary information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other supplementary information and consider whether a material inconsistency exists between the other supplementary information and the basic financial statements, or the other supplementary information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other supplementary information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2024 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Bruce D. Norling, CPA, P.C.

Sudbury, Massachusetts
October 31, 2024

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

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	<u>4,461,170</u>	<u>3,162,227</u>
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	<u>7,758,898</u>	<u>5,463,245</u>
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	<u>42,122,466</u>	<u>34,355,355</u>
Total assets	<u>46,583,636</u>	<u>37,517,582</u>
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
	<u>304,161</u>	<u>431,785</u>
Total assets and deferred outflows of resources	<u>46,887,797</u>	<u>37,949,367</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued expense	305,113	910,161
Lease liability	80,232	77,352
Total current liabilities	<u>385,345</u>	<u>987,513</u>
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	<u>7,434,399</u>	<u>3,299,449</u>
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	<u>10,537,150</u>	<u>6,603,398</u>
Total liabilities	<u>10,922,495</u>	<u>7,590,911</u>
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
	<u>207,244</u>	<u>234,717</u>
Total liabilities and deferred inflows of resources	<u>11,129,739</u>	<u>7,825,628</u>
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	<u>\$ 35,758,058</u>	<u>\$ 30,123,739</u>

See accompanying notes to financial statements

MARTHA'S VINEYARD 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, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Operating revenues		
Transportation services	\$ 2,080,484	\$ 1,798,350
Operating expenses		
Cost of transportation service	5,593,202	5,495,645
Maintenance	2,002,100	2,190,964
General and administration	489,414	357,607
	8,084,716	8,044,216
Depreciation and amortization	4,061,128	3,301,826
	12,145,844	11,346,042
Operating loss	(10,065,360)	(9,547,692)
Nonoperating revenues and (expenses)		
Operating assistance grants		
Federal	2,071,630	3,713,201
Commonwealth of Massachusetts	3,217,721	1,923,180
Local	1,059,920	658,876
Loss on disposal of capital assets	(143,761)	
Interest expense	(100,831)	(59,028)
	6,104,679	6,236,229
Loss before capital contributions	(3,960,681)	(3,311,463)
Capital contributions		
Federal		237,180
Commonwealth of Massachusetts	9,595,000	7,605,192
	9,595,000	7,842,372
Change in net position	5,634,319	4,530,909
Net position		
Beginning of year	30,123,739	25,592,830
End of year	\$ 35,758,058	\$ 30,123,739

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

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

1. The Reporting Entity

The Martha's Vineyard Regional Transit Authority (the Authority) is a component unit of the Massachusetts Department of Transportation (MassDOT) and MassDOT is a component unit of the Commonwealth of Massachusetts (the Commonwealth). The Authority was established as a political subdivision of the Commonwealth on 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. The Authority does not have any stockholders or equity holders.

The Authority is managed by an Administrator appointed by an Advisory Board. The Advisory Board is made up of appointed representatives from the member communities. The Authority's operations are primarily funded through passenger fares, contractual reimbursements and operating subsidies from federal and state governments and the member communities. In addition, the Authority receives federal and state capital grants that are used to finance acquisitions and improvements of facilities and equipment.

The operation of the Authority was performed by Transit Connection, Incorporated (the Operator). The Operator functions under terms and agreements whereby it provides mass transit along such routes and according to such schedules as may be defined by the Authority. The current agreement terminates January 31, 2025. The contract may be terminated by either party with ninety days notice.

The Authority also has a brokerage service program, whereby the Authority contracts with various social service agencies to provide public transportation to their clients. The operation of this program is also provided by the Operator.

Fare Free Grant

During the current year, the Authority initiated a free fare program; namely, riders were not charged to ride the buses. The objective of this program was to get individuals to try using transit in the hope of increasing transit usage. This program was funded by a Try Transit 3.0 Grant (fare free grant) from the Commonwealth in the amount of \$289,000.

2. Summary of Significant Accounting Policies

a) Measurement Focus, Basis of Accounting and Financial Reporting Presentation – The financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Under these standards, the Authority is defined as a special-purpose government, engaged only in business-type activities.

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.

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)

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

	<u>Years</u>
Building and structures	15 – 40
Vehicles	5 – 12
Equipment	5 – 7
Intangible assets	5

g) Net Position - Net position is the residual of all other elements presented in a statement of net position. It is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. Net position is reported in three categories and these are defined as follows: (1) amounts invested in capital assets consists of capital assets, net of accumulated depreciation and is reduced by the related debt that is attributed to the acquisition, construction, or improvement of those assets, (2) restricted net position results when constraints are placed on net position use, and are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through enabling legislation and (3) Unrestricted net position consists of net position that does not meet the definition of the two preceding categories.

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

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

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

j) Postemployment Benefits Other than Pensions (OPEB) – For purposes of measuring the net OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Dukes County Other Post-Employment Benefits Trust Fund (the Trust) and additions to/deductions from the Trust's fiduciary net position have been determined on the basis they are reported by the Trust. For this purpose, the Trust recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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)

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.

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

3. Cash and Cash Equivalents

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

Custodial credit risk exists for cash deposits when, in the event of the failure of a depository financial institution, the Authority's deposits will not be recovered. The Authority does not have a formal policy with regard to custodial credit risk, but generally invests its funds in deposits that are fully FDIC insured or collateralized with securities held by the pledging financial institution's trust department in the financial institution's name. At June 30, 2024, the Authority does not have any uninsured or uncollateralized bank deposits.

Cash and cash equivalents reported in the accompanying statement of net position as of June 30, 2024 and 2023, are as follows:

	<u>2024</u>	<u>2023</u>
Current assets - cash and cash equivalents	\$ 905,151	\$ 65,850
Noncurrents assets - restricted funds	<u>2,835,911</u>	<u>319,454</u>
Total	<u>\$ 3,741,062</u>	<u>\$ 385,304</u>

4. Grants

The Federal government provides both operating and capital funding through the United States Department of Transportation. Further, the Commonwealth of Massachusetts (MassDOT) and the member communities provide the local share of both operating and capital funding. Due to the Coronavirus, Congress passed the American Rescue Plan Act (ARPA). This Act provides operating and capital funding for losses sustained as a result of the Coronavirus epidemic.

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

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	149,366	172,292
Total operating assistance	2,940,759	3,001,228
Less noncurrent portion	(516,654)	(558,904)
Total current operating assistance	\$ 2,424,105	\$ 2,442,324
<u>Noncurrent</u>		
Capital assistance		
Commonwealth of Massachusetts	\$ 4,922,987	\$ 5,020,134
United States Department of Transportation		123,657
Total capital assistance	\$ 4,922,987	\$ 5,143,791

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.

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

7. Capital Assets and Depreciation

The capital asset activity for the year ended June 30, 2024, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land	\$ 400,000			\$ 400,000
Common carrier rights	1,620,000	-	-	1,620,000
Construction in Progress	1,039,037	-	1,039,037	-
Subtotal	3,059,037	-	1,039,037	2,020,000
Depreciable capital assets				
Building and structures	8,034,335	1,828,999	-	9,863,334
Vehicles	31,407,294	8,479,273	2,538,888	37,347,679
Equipment	774,569	75,764	-	850,333
Intangible assets	512,617	250,000	-	762,617
Subtotal	40,728,815	10,634,036	2,538,888	48,823,963
Accumulated depreciation	15,946,229	4,000,131	2,390,740	17,555,620
Net depreciable assets	24,782,586	6,633,905	148,148	31,268,343
Net capital assets	\$ 27,841,623	\$ 6,633,905	\$ 1,187,185	\$ 33,288,343

The capital asset activity for the year ended June 30, 2023, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land	\$ -	\$ 400,000	\$ -	\$ 400,000
Common carrier rights	1,620,000	-	-	1,620,000
Construction in Progress	448,625	590,412	-	1,039,037
Subtotal	2,068,625	990,412	-	3,059,037
Depreciable capital assets				
Building and structures	6,964,389	1,069,946	-	8,034,335
Vehicles	25,837,587	5,592,540	22,833	31,407,294
Equipment	700,779	73,790	-	774,569
Intangible assets	308,122	204,495	-	512,617
Subtotal	33,810,877	6,940,771	22,833	40,728,815
Accumulated depreciation	12,728,233	3,240,829	22,833	15,946,229
Net depreciable assets	21,082,644	3,699,942	-	24,782,586
Net capital assets	\$ 23,151,269	\$ 4,690,354	\$ -	\$ 27,841,623

MARTHA'S VINEYARD REGIONAL TRANSIT AUTHORITY
(a Component Unit of the Massachusetts Department of Transportation)
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	<u>-</u>	<u>1,844,342</u>
	<u>\$ 324,499</u>	<u>\$ 2,163,796</u>

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10. Leases

Lease receivable

In March, 2020, the Authority entered into a lease with the Registry of Motor Vehicles (RMV). Under the lease, the RMV pays the Authority, starting July 1, 2022, \$2,672 per month in exchange for office space in the Authority's administration building. Per the lease agreement, the rent increases by 2% each year. The receivable is measured at the present value of the future minimum lease payments expected to be received during the lease's term. The discount rate used was 3.66%, representing the Authority's incremental borrowing rate.

The lease receivable at June 30, 2024 and 2023 was as follows:

	2024	2023
Total lease receivable	\$ 66,167	\$ 96,498
Less: current portion	(30,332)	(30,332)
Long-term portion	\$ 35,835	\$ 66,166

In fiscal year 2024, the Authority recognized lease revenue of \$30,502 and interest income of \$3,025 related to this lease. The balance in the deferred inflows of resources – leases account as of June 30, 2024 was \$61,004.

The future minimum lease income as of June 30, 2024, is as follows:

<u>Year</u>	<u>Principal Receipts</u>	<u>Interest Income</u>	<u>Total</u>
2025	\$ 32,139	\$ 1,886	\$ 34,025
2026	34,028	679	34,707
	\$ 66,167	\$ 2,565	\$ 68,732

The Authority's lease receivable is measured at the present value of the lease payments expected to be received during the lease term. Under the terms of the lease agreement, the Authority receives a 2% increase in rent each year.

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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	(121,995)	(60,999)	-	(182,994)
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				(80,232)
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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10. Leases (continued)

Lease Liability (continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2024, were as follows: Principal \$80,232, Interest \$1599 for a total of \$81,831.

11. Employees' Retirement Benefits

Pension Plan

General Information about the Pension Plan

Plan Description – The Authority provides retirement benefits to its employees through the Dukes County Contributory Retirement System (DCRS). The Plan is a cost-sharing, multiple-employer, contributory, defined benefit pension plan. The Plan is a member of the Massachusetts Contributory Retirement System and is governed by Massachusetts General Laws, Chapter 32. The Public Employees Retirement Commission (PERAC) is the state agency responsible for oversight of the Commonwealth's retirement system. Oversight of the DCRS is provided by a five-person Board of Retirement. The Plan issues a publicly available financial report that may be obtained by contacting the Plan located at 8 Airport Road, Suite 1, Vineyard Haven, MA 02568.

Benefits Provided – The Plan covers all eligible employees and provides retirement, disability, cost of living adjustments and death benefits to all Plan members and beneficiaries. The Plan provides for retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation for those hired prior to April 2, 2012. For persons who became members on or after April 2, 2012, average salary is the average annual rate 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.

Contributions – Pursuant to Massachusetts General Laws, Chapter 32, contribution requirements of the active employees and the participating employers are established and may be amended by the Massachusetts Contributory Retirement System. Plan members are required to pay into the Plan 5% and 11% of their covered compensation, depending on plan entry date. The Authority's statutorily required contribution rate for the year ended June 30, 2024, was 10.78% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Authority were \$54,736 for the year ended June 30, 2024.

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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

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)

Actuarial Assumptions – The total pension liability in the January 1, 2022 actuarial valuation and the related update to December 31, 2023 (measurement date), were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age normal cost method
Inflation rate	2.4%
Salary increases	6% to 4.25% based on service
Investment rate of return	7.0%

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with full generational mortality improvement using Scale MP-2020. For disabled members, the mortality rates were based on the RP-2014 Blue Collar Mortality Table set forward one year with full generational mortality improvement using Scale MP-2020

The actuarial assumptions used in the January 1, 2022 valuation were based on the results of an actuarial experience study for the two year period ended December 31, 2022.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic Equity	40.00%	4.40%
International equity	15.00%	5.32%
Real estate	12.50%	4.10%
Fixed income	25.00%	2.40%
Private equity	7.50%	7.70%
Total	100.00%	

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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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11. Employees' Retirement Benefits (continued)

Post Employment Healthcare Benefits (continued)

Contributions – Contributions to the Trust are voluntary and determined by the Authority. Presently, the Authority is funding the Actuarially Determined Employer Contribution requirement. For the year ended June 30, 2024, there were not any contributions to the Plan. While the OPEB program is in a surplus position, no employer contributions are expected to be made.

Net OPEB Asset

The components of the net OPEB asset at June 30, 2024, were as follows:

Total OPEB liability	\$ (695,065)
Fiduciary net position	1,095,806
Net OPEB asset	<u>\$ 400,741</u>

Fiduciary net position as a percentage of the total OPEB liability 157.65%

Actuarial Assumptions – The total OPEB asset was determined by an actuarial valuation as of July 1, 2020 and was rolled forward to the June 30, 2023 measurement date using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age normal cost method
Amortization method	Increasing at 3.5% over 30 years on an open amortization period
Asset valuation method	Market value
Inflation	2.4% per year
Healthcare cost trend rates	7% initial, decreasing .4 percent per year to 5.4%, then downgrading to an ultimate rate of 4%
Discount rate	6.6%, net of investment expense, including inflation
Pre-Retirement Mortality	Based on RP-2014 Blue Collar Mortality Table, projected with generational mortality improvement using Scale MP-2018
Healthy Retiree Mortality	RP-2014 Blue Collar Mortality Table, projected with generational mortality improvement using scale MP-2018
Disabled Retiree Mortality	RP-2014 Blue Collar Mortality Table, projected with generational mortality improvement using scale MP-2018

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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	100.00%	

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)

Changes in the Net OPEB Liability/Asset

		Increase (Decrease)		
		Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a) - (b)
Balance at 6/30/2023	P.4	\$ 623,549	\$ 865,973	\$ (242,424)
Charges for the year:				
Service cost		35,600		35,600
Interest		41,154		41,154
Net investment income			235,071	(235,071)
Changes in assumptions		-		-
Administration payments		(5,238)	(5,238)	-
Net changes		71,516	229,833	(158,317)
Balance at 6/30/2024	P.4	\$ 695,065	\$ 1,095,806	\$ (400,741)

The actuarial valuation related to fiscal year 2022 was received subsequent to the issuance of the June 30, 2021 financial statements. The new valuation balance showed a net increase in the net OPEB asset of \$223,473. This was caused primarily by under estimating the earnings on OPEB Plan investments in prior years. Since this is a change in an accounting estimate, the Authority recorded the adjustment in the current year.

Sensitivity of the net OPEB asset to changes in the discount rate - The following presents the net OPEB asset of the Authority calculated using the current discount rate of 6.60%, as well as what the net OPEB would be if it were calculated using a discount rate 1-percentage-point lower (5.6%) or 1-percentage-point higher (7.6%) than the current rate:

	1% Decrease	Discount Rate	1% Increase
Net OPEB Asset	\$ 192,316	\$ 400,741	\$ 564,364

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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.

	<u>1% Decrease</u>	<u>Discount Rates</u>	<u>1% Increase</u>
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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12. Commitments and Contingencies

- a) Litigation – In the normal course of operations, the Authority has been named in various claims and litigation. Based upon information available to counsel and the Authority, management believes that the ultimate outcome from these claims and litigations will not have a material adverse effect on the Authority's financial position.
- b) Federal and State Grants - The Authority has received capital and operating financial assistance from Federal and State agencies in the form of grants. Expenditure of funds under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Authority. In the opinion of Authority Management, liabilities resulting from such disallowed expenditures, if any, will not be material to the accompanying financial statements.
- c) Risk management – The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and workers compensation claims. The Authority carries commercial insurance to cover these potential losses. Settlements have not exceeded coverage for each of the past three fiscal years.

The Authority's workers compensation coverage is insured under a retrospectively rated policy. In the opinion of management, any audit adjustment made by the insurance carrier will not be material to the accompanying financial statements.

- d) Purchase commitments – As of June 30, 2024, the Authority does not have any material purchase commitment.

13. Reserve for Extraordinary Expense

In accordance with Section 6 of Chapter 161B of the General Laws of the Commonwealth, the Authority is allowed to establish a reserve account for the purpose of meeting the cost of extraordinary expenses in an amount not to exceed three percent of the prior year's local assessment. Any balance in the reserve account at the end of the fiscal year may be carried forward into the next fiscal year; provided, however, that the aggregate amount in the account does not exceed twenty percent of the prior year's local assessment. The Authority increased the reserve in 2024 and 2023 by \$5,045 and \$29,527, respectively. The aggregate reserve was \$206,814 and \$201,769 in 2024 and 2023, respectively. This represents 20.00% of the applicable local assessments for 2024 and 2023, respectively.

The reserve for extraordinary expense is included in the accompanying statement of net position in the net position category, restricted account.

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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 the Authority's Proportionate Share of the Net Pension Liability (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>	<u>2016</u>	<u>2015</u>
Authority's proportion of the net pension liability	0.825%	0.825%	0.836%	0.836%	0.844%	0.844%	0.884%	0.684%	0.681%	0.681%
Authority's proportionate share of the net pension liability	\$ 352,751	\$ 456,041	\$ 77,080	\$ 199,587	\$ 422,790	\$ 421,760	\$ 226,827	\$ 314,025	\$ 267,629	\$ 245,465
Authority's covered-employee payroll	\$ 507,832	\$ 597,036	\$ 518,162	\$ 565,507	\$ 616,092	\$ 508,495	\$ 675,421	\$ 574,843	\$ 539,866	\$ 519,102
Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	69.46%	76.38%	14.88%	35.29%	68.62%	82.94%	33.58%	54.63%	49.57%	47.29%
Plan fiduciary net position as a percentage of the total pension liability	84.7%	79.20%	96.40%	89.76%	75.54%	75.54%	82.43%	74.21%	75.61%	76.17%

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 Investment Returns - Pension (Unaudited)
June 30

<u>Year</u>	<u>Annual money-weighted rate of return, net of investment expense</u>
June 30, 2023	13.40%
June 30, 2022	-14.36%
June 30, 2021	18.66%
June 30, 2020	12.47%
June 30, 2019	20.99%
June 30, 2018	-1.21%
June 30, 2017	17.29%
June 30, 2016	7.30%
June 30, 2015	4.95%
June 30, 2014	8.13%

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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)		
Differences between expected and actual experience		(3,462)	16,359		45,259	72,728		
Changes in assumptions			(23,213)				(88)	
Differences between projected and actual earnings					(28,689)			
Changes in benefit terms	(5,238)	(4,235)	(4,235)	(4,424)	(3,832)	(2,613)	(1,271)	(635)
Benefit payments		(44,665)	(1,342)					
Adjust to new actuarial valuation	71,516	19,250	43,323	56,811	69,068	57,505	51,852	47,899
Net change in OPEB liability	623,549	604,299	560,976	504,165	435,097	377,592	325,740	277,841
Total OPEB liability - beginning	695,065	623,549	604,299	560,976	504,165	435,097	377,592	325,740
Total OPEB liability - ending								
Plan Fiduciary Net Position								
Adjust to new actuarial valuation	\$ (126,178)	\$ 178,586					40,375	294,917
Contribution - employer	235,071		65,622	53,646	32,908	33,518	29,978	18,619
Net investment income	(5,238)	(4,235)	(4,235)	(4,424)	(3,832)	(2,613)	(1,271)	(635)
Administration payments		(61,165)						
Adjust to new actuarial valuation								
Net change in plan fiduciary net position	229,833	(191,578)	239,973	49,222	29,076	30,905	69,082	312,901
Plan fiduciary net position - beginning	865,973	1,057,551	817,578	768,578	739,502	708,597	639,515	326,614
Plan fiduciary net position - ending	1,095,806	865,973	1,057,551	817,800	768,578	739,502	708,597	639,515
Net OPEB Asset - ending	\$ (400,741)	\$ (242,424)	\$ (453,252)	\$ (256,824)	\$ (264,413)	\$ (304,405)	\$ (331,005)	\$ (313,775)

Plan fiduciary net position as a percentage of the total OPEB liability

Covered-employee payroll

Net OPEB asset as a percentage of covered-employee payroll

157.65%

\$730,959

-54.82%

138.88%

\$563,319

-43.03%

175.00%

\$563,319

-80.46%

145.78%

\$609,148

169.96%

\$597,210

152.45%

\$566,116

187.66%

\$530,858

-58.47%

-59.11%

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.

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

Required Supplementary Information
Schedule of OPEB Contributions (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>
Actuarially determined contribution	\$ 12,538	\$ 11,941	\$ 11,768	\$ 11,595	\$ 5,920	\$ 10,489	\$ 11,387	\$ 25,163
Contributions in relation to the actuarially determined contribution	-	-	-	-	-	-	40,375	294,917
Contribution deficiency (excess)	\$ 12,538	\$ 11,941	\$ 11,768	\$ 11,595	\$ 5,920	\$ 10,489	\$ (28,988)	\$ (269,754)
Covered-employee payroll	\$730,959	\$ 563,319	\$ 563,319	\$ 695,576	\$ 609,148	\$ 597,210	\$ 566,116	\$ 530,858
Contributions as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	7.13%	55.55%

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.

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

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.

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

Schedule 1

STATEMENT OF COSTS (Unaudited)
JUNE 30, 2024

	<u>Rural Area Service</u>
Operating Costs	
Administrative costs (excluding depreciation)	\$ 489,414
Purchased services	
Fixed route	7,001,426
Demand response	495,304
Brokerage services	97,522
Debt Service	108,709
Total Operating Costs	<u>8,192,375</u>
Federal Operating Assistance	
FTA operating and administrative	2,071,630
Revenues	
Operating	
Farebox Revenue	1,764,496
Brokerage services	97,522
Other third party reimbursement	166,019
Other income	
Interest income	7,879
Rental income	40,288
Other income	12,159
Total Other Revenues	<u>60,326</u>
Net Operating Deficit	4,032,382
Adjustments	
Local funding used to fund capital acquisitions	223,697
Other adjustments	16,516
Reserve for extraordinary expense	<u>5,046</u>
Net Cost of Service	4,277,641
Net Cost of Service Funding	
Local assessments	1,059,920
State contract assistance	<u>3,217,721</u>
	<u><u>4,277,641</u></u>

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>