

CAPE COD REGIONAL TRANSIT AUTHORITY
(a component Unit of the Massachusetts Department of Transportation)

Basic Financial Statements, Supplementary Data
For the Year Ended June 30, 2024

CAPE COD REGIONAL TRANSIT AUTHORITY
(a Component Unit of the Massachusetts Department of Transportation)

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CAPE COD REGIONAL TRANSIT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED
JUNE 30, 2024

The Reporting Entity

The Cape Cod 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 October 13, 1976, 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.

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 OPEB 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 grant 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.

CAPE COD REGIONAL TRANSIT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED
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Condensed Financial Information

Statement of Net Position
(000 omitted)

	2024	2023	2022
Current assets	\$ 15,502	\$ 9,290	\$ 6,112
Capital assets, net	26,460	27,156	29,284
Restricted and noncurrent assets	4,096	3,181	6,489
Total assets	<u>46,058</u>	<u>39,627</u>	<u>41,885</u>
Deferred outflows of resources	596	811	941
Total assets and deferred outflows of resources	<u>46,654</u>	<u>40,438</u>	<u>42,826</u>
Restricted and noncurrent liabilities	4,424	4,618	13,788
Current liabilities	9,006	3,534	3,144
Total liabilities	<u>13,430</u>	<u>8,152</u>	<u>16,932</u>
Deferred inflows of resources	752	988	875
Total liabilities and deferred inflows of resources	<u>14,182</u>	<u>9,140</u>	<u>17,807</u>
Net position			
Invested in capital assets	26,460	27,156	29,284
Restricted	2,107	998	1,845
Unrestricted	3,905	3,144	(6,110)
Total net position	<u>\$ 32,472</u>	<u>\$ 31,298</u>	<u>\$ 25,019</u>

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

	2024	2023	2022
Operating revenues	\$ 1,228	\$ 1,139	\$ 1,456
Operating expenses			
Cost of transportation service, maintenance and administration	21,659	18,659	17,274
Depreciation	4,460	4,500	4,379
	<u>26,119</u>	<u>23,159</u>	<u>21,653</u>
Operating loss	<u>(24,891)</u>	<u>(22,020)</u>	<u>(20,197)</u>
Nonoperating revenues and (expenses)			
Operating assistance	22,112	26,099	15,771
Other	(87)	(588)	(56)
	<u>22,025</u>	<u>25,511</u>	<u>15,715</u>
Income (loss) before capital contribution	<u>(2,866)</u>	<u>3,491</u>	<u>(4,482)</u>
Capital contributions	4,040	2,788	5,783
Income (loss) before subrecipient activity	<u>1,174</u>	<u>6,279</u>	<u>1,301</u>
Subrecipient pass-thru revenue and expenses			
Federal operating assistance	14,087	5,463	2,505
Operating expenses	(14,087)	(5,463)	(2,505)
Change in net position	<u>1,174</u>	<u>6,279</u>	<u>1,301</u>
Net position			
Beginning of year	31,298	25,019	23,718
End of year	<u>\$ 32,472</u>	<u>\$ 31,298</u>	<u>\$ 25,019</u>

CAPE COD REGIONAL TRANSIT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED
JUNE 30, 2024

FINANCIAL ANALYSIS

Fare Free Grant

During the current year, the Authority initiated a free fare program; namely, riders age 60+ & Persons with Disabilities are Fare Free on all Fixed Routes. The objective of this program was to get individuals to try using public transit in the hope of increasing transit usage. The amount of funding through the MassDOT Try Transit 3.0 grant was \$608,482.

Subrecipient Pass-thru Expenses and Funding

The Woods Hole, Martha's Vineyard and Nantucket Steamship Authority (SSA) is a subrecipient of the Authority. Pursuant to Federal regulations the Authority must perform all requirements imposed by the pass-through entity on the subrecipient so that the Federal award is in compliance with all Federal statutes, regulations and the terms and conditions of the Federal award. Therefore, the Authority must oversee the SSA in a very comprehensive manner.

During the current year, the Authority recorded operating and maintenance expenses of \$14,087,000, that were expended by the SSA. The Authority reimburses these expenses and the expenses are fully funded through Federal Transit Administration (FTA) grants (Section 5307 and CRRSAA Act grants). Under federal regulations, as the sole designated FTA funding recipient for the Barnstable – MA UZA, the Authority is responsible for reporting the Subrecipients' expenses. However, there is not any direct or indirect impact to the Authority's operating or capital budgets. This activity is shown separately in the accompanying statement of revenues, expenses and changes in net position.

Comparison of Financial Condition at June 30, 2024 and 2023

The assets and deferred outflows of resources of the Authority exceeded its liabilities and deferred inflows of resources at June 30, 2024 by \$32,472,000.

The Authority's net position increased by approximately \$1,174,000 during the current year. This was the result of having operating revenues of \$1,228,000, nonoperating revenues (primarily grants) of \$22,025,000 and capital contributions of \$4,040,000, less operating expenses of \$26,119,000.

The Authority's total assets increased in 2024 versus 2023 by \$6,431,000 (16%).

Total current assets increased in 2024 versus 2023 by \$6,212,000 (67%). This was caused by an increase in receivables of \$7,878,000, less decreases in other assets of \$192,000, and cash of \$1,474,000.

The restricted and noncurrent assets increased in 2024 versus 2023 by \$915,000 (29%). This was caused by increases in cash of \$11,000, the receivables for capital assistance of \$832,000 and receivables for operating assistance of \$72,000.

CAPE COD REGIONAL TRANSIT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED
JUNE 30, 2024

FINANCIAL ANALYSIS (continued)

Comparison of Financial Condition at June 30, 2024 and 2023 (continued)

Deferred outflows of resources decreased in 2024 versus 2023 by \$215,000 (27%). This was caused by decreases in deferred outflows related to OPEB of \$129,000 and deferred outflows related to pension of \$86,000.

Total net capital assets decreased in 2024 versus 2023 by \$696,000 (3%). This was caused by capital acquisitions of \$4,040,000, less depreciation of \$4,460,000 and net disposals of \$276,000. These acquisitions were funded by Federal and State capital grants.

Total current liabilities increased by \$5,472,000 (155%). This was caused primarily by an increase in accounts payable.

Total restricted and noncurrent liabilities decreased by approximately \$194,000 (4%).

Deferred inflows of resources decreased by \$236,000 (24%). This was caused by decreases in deferred inflows related to OPEB of \$159,000 and pensions of \$77,000.

CAPE COD REGIONAL TRANSIT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED
JUNE 30, 2024

Revenues

Total operating revenue increased in 2024 versus 2023 by \$89,000 (8%). This was primarily caused by increases in transportation services and various other income.

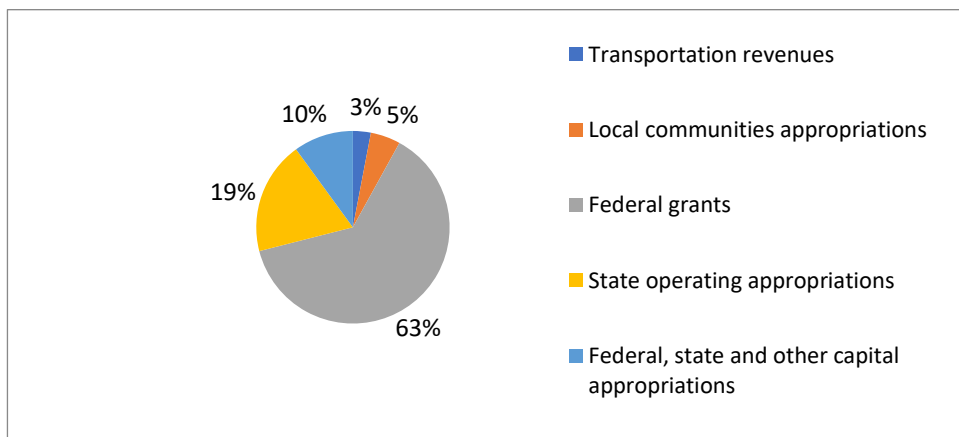
Nonoperating revenues and (expenses) decreased in 2024 versus 2023 by \$3,486,000 (14%). This decrease was caused primarily by a decrease in federal funding of \$6,830,000 less increases in Commonwealth and local funding of \$2,842 and other of \$502,000.

Total capital contributions increased in 2024 versus 2023 by \$1,252,000 (45%). This was caused by expending more on capital in 2024 versus 2023.

The Authority received \$14,087,000 in federal operating assistance grants on behalf of the SSA, a subrecipient. This revenue was used to fund the subrecipient's new vessel overhauls and preventive maintenance expenses. This activity is disclosed separately in the accompanying statement of revenues, expenses and changes in net position.

Net position increased in 2024 by \$1,174,000.

Revenues by source:



CAPE COD REGIONAL TRANSIT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED
JUNE 30, 2024

Operating Expenses

Total operating expenses increased in 2024 versus 2023 by \$2,960,000 (13%).

The cost of transportation services increased in 2024 versus 2023 by \$2,625,000 (20%). This was caused by increases in fuel and insurance costs as well as increased driver overtime due to the shortage of drivers. A re-negotiated Collective Bargaining Agreement also effected this increase.

Maintenance expense increased in 2024 versus 2023 by \$459,000 (12%).

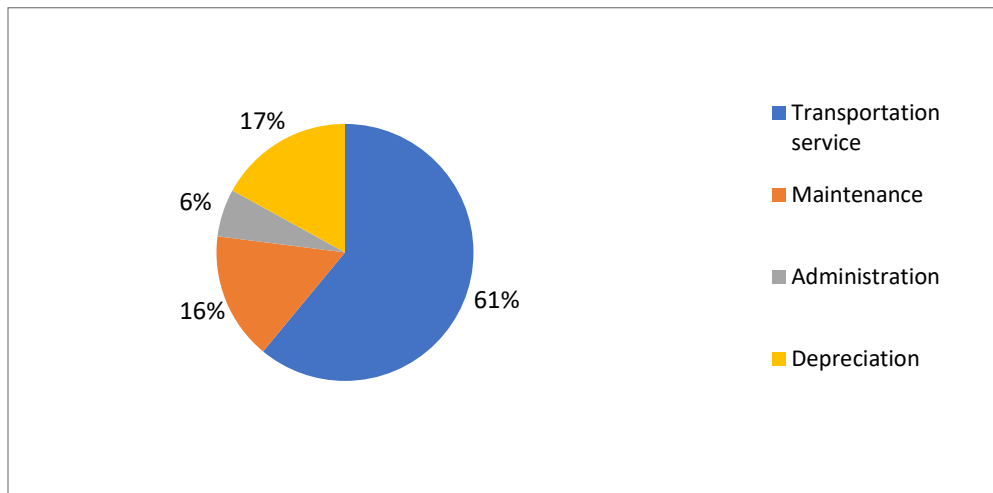
Administration expense decreased in 2024 versus 2023 by \$84,000 (5%).

Depreciation expense decreased in 2024 versus 2023 by \$40,000 (1%). This was due to depreciating 2023 capital asset acquisitions for a full year, plus depreciating 2024 acquisitions for one half year, less the effect of more fully depreciated assets in fiscal year 2024.

The Authority's operating loss increased in 2024 versus 2023 by \$2,871,000 (13%).

As noted previously, the Authority reimbursed the Subrecipient \$14,087,000 for their operating and maintenance expenses. This transaction is disclosed separately in the accompanying statement of revenues, expenses and changes in net position.

Expenses by source:



CAPE COD REGIONAL TRANSIT AUTHORITY
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JUNE 30, 2024

Comparison of Financial Condition at June 30, 2023 and 2022

The assets and deferred outflows of resources of the Authority exceeded its liabilities and deferred inflows of resources at June 30, 2023 by \$31,298,000.

The Authority's net position increased by approximately \$6,279,000 during the current year. This was the result of having operating revenues of \$1,139,000, nonoperating revenues (primarily grants) of \$25,511,000 and capital contributions of \$2,788,000, less operating expenses of \$23,159,000.

The Authority's total assets decreased in 2023 versus 2022 by \$2,258,000 (5%).

Total current assets increased in 2023 versus 2022 by \$3,178,000 (52%). This was caused by increases in cash of \$2,869,000, other assets of \$340,000, and less decreases in receivables of \$31,000.

The restricted and noncurrent assets decreased in 2023 versus 2022 by \$3,308,000 (51%). This was caused by decreases in restricted cash of \$111,000 and the receivable for operating assistance of \$44,000, less increases in the receivable for capital assistance of \$3,463,000.

Deferred outflows of resources decreased in 2023 versus 2022 by \$130,000 (14%). This was caused by a decrease in deferred outflows related to OPEB of \$174,000 less an increase in deferred outflows related to OPEB of \$44,000.

Total net capital assets decreased in 2023 versus 2022 by \$2,128,000 (7%). This was caused by capital acquisitions of \$2,818,000, less depreciation of \$4,500,000 and net disposals of \$446,000. These acquisitions were funded by Federal and State capital grants.

Total current liabilities increased by \$390,000 (12%). This was caused primarily by an increase in accounts payable.

Total restricted and noncurrent liabilities decreased by approximately \$9,170,000 (67%). This was caused by decreases in capital accounts payable and unearned revenue of \$2,605,000, the net OPEB liability of \$553,000 and notes payable of \$6,400,000, less an increase in the pension liability of \$388,000.

Deferred inflows of resources increased by \$113,000 (13%). This was caused by increases in deferred inflows related to OPEB of \$401,000, less a decrease in deferred inflows related to pensions of \$288,000.

CAPE COD REGIONAL TRANSIT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED
JUNE 30, 2024

Revenues

Total operating revenue decreased in 2023 versus 2022 by \$317,000 (22%). This was primarily caused by decreases in transportation services and various other income.

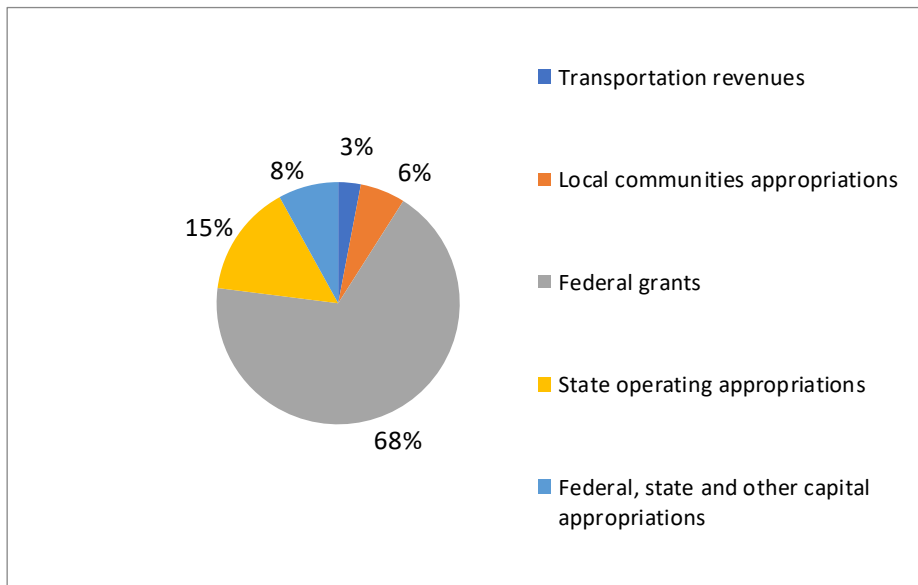
Nonoperating revenues and (expenses) increased in 2023 versus 2022 by \$9,796,000 (62%). This increase was caused primarily by an increase in federal funding related to the Covid-19 Pandemic.

Total capital contributions decreased in 2023 versus 2022 by \$2,995,000 (52%). This was caused primarily by using more state capital funding in 2023 rather than Federal funds.

The Authority received \$5,463,000 in federal operating assistance grants on behalf of the SSA, a subrecipient. This revenue was used to fund the subrecipient's operating and maintenance expenses. This activity is disclosed separately in the accompanying statement of revenues, expenses and changes in net position.

Net position increased in 2023 by \$6,279,000.

Revenues by source:



CAPE COD REGIONAL TRANSIT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED
JUNE 30, 2024

Operating Expenses

Total operating expenses increased in 2023 versus 2022 by \$1,506,000 (7%).

The cost of transportation services increased in 2023 versus 2022 by \$1,451,000 (12%). This was caused by increases in fuel and insurance costs as well as increased driver overtime due to the shortage of drivers.

Maintenance expense decreased in 2023 versus 2022 by \$8,000 (.2%).

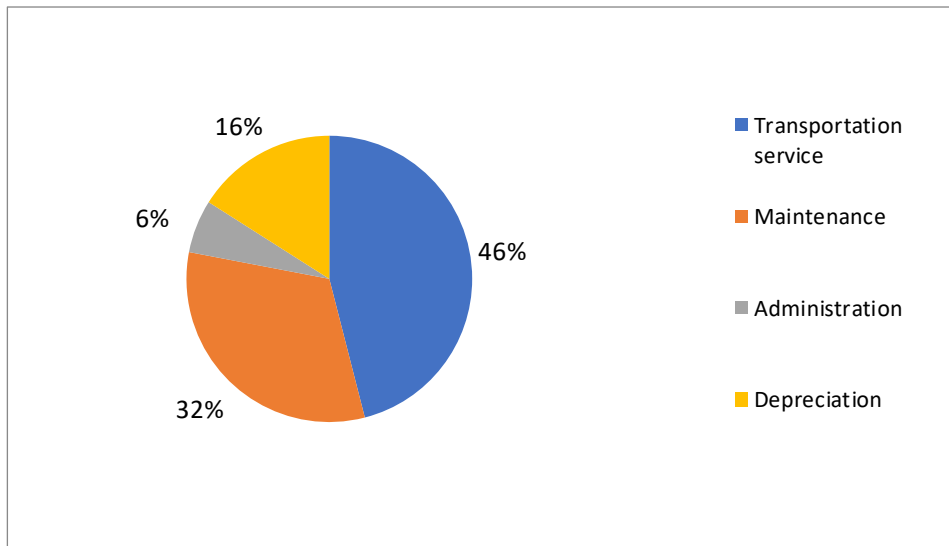
Administration expense decreased in 2023 versus 2022 by \$58,000 (3%). This was caused by decreases in insurance reimbursements and OPEB expense.

Depreciation expense increased in 2023 versus 2022 by \$121,000 (3%). This was due to depreciating 2022 capital asset acquisitions for a full year, plus depreciating 2023 acquisitions for one half year.

The Authority's operating loss increased in 2023 versus 2022 by \$1,823,000 (9%).

As noted previously, the Authority reimbursed the Subrecipient \$5,463,000 for their operating and maintenance expenses. This transaction is disclosed separately in the accompanying statement of revenues, expenses and changes in net position.

Expenses by source:



CAPE COD REGIONAL TRANSIT AUTHORITY
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JUNE 30, 2024

Capital Assets

The Authority's capital assets as of June 30, 2024, amounted to \$26,460,000, net of accumulated depreciation. The Authority's investment in capital assets includes land, construction in progress, buildings and structures, vehicles, office and maintenance equipment, and intangible assets. During 2024, the Authority invested \$4,040,000 in various capital assets. Capital asset additions were funded through Federal and State capital grants. During the current year, the most significant capital asset event was the acquisition of vehicles and related equipment of \$3,101,000.

More detailed information regarding the Authority's capital asset activities for 2024 can be found in the notes to the financial statements (Note 7).

Revenue Anticipation Note

The Authority's revenue anticipation notes were paid off in fiscal year 2023.

Economic Factors

Demand for the Authority's services is mainly affected by the overall economic activity on Cape Cod, both seasonally and year-round. The economic activity is a reflection of the overall industry on the Cape 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 farebox and contract revenue for the past three years was:

	<u>2022</u>	<u>2023</u>	<u>2024</u>
Farebox revenue	\$ 725,000	\$ 828,000	\$ 884,000
Contract revenue	237,000	13,000	15,000

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 Thomas Cahir, Administrator, Cape Cod Regional Transit Authority, 215 Iyannough Road, P.O. Box 1988, Hyannis MA 02601.

Bruce D. Norling, CPA, P.C.

INDEPENDENT AUDITORS' REPORT

The Advisory Board
Cape Cod Regional Transit Authority
Hyannis, Massachusetts

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Cape Cod 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 the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for 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-x and required supplementary information on pages 22-26 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 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

CAPE COD 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	\$ 1,418,518	\$ 2,892,223
Receivables	13,014,185	5,136,393
Other current assets	1,069,651	1,261,050
Total current assets	<u>15,502,354</u>	<u>9,289,666</u>
Restricted and noncurrent assets		
Restricted assets		
Cash and cash equivalents	542,407	531,625
Receivables capital assistance	2,273,565	1,441,626
Total restricted assets	<u>2,815,972</u>	<u>1,973,251</u>
Receivables	1,279,511	1,207,488
Capital assets, net	26,460,110	27,156,124
Total restricted and noncurrent assets	<u>30,555,593</u>	<u>30,336,863</u>
Total assets	46,057,947	39,626,529
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources related to OPEB	321,154	450,356
Deferred outflows of resources related to pension	275,486	361,061
Total deferred outflows of resources	<u>596,640</u>	<u>811,417</u>
Total assets and deferred outflows of resources	<u>46,654,587</u>	<u>40,437,946</u>
LIABILITIES		
Current liabilities		
Accounts payable	8,760,669	3,327,823
Accrued expense	245,048	205,965
Total current liabilities	<u>9,005,717</u>	<u>3,533,788</u>
Restricted and noncurrent liabilities		
Liabilities payable from restricted assets		
Accounts payable	166,514	444,112
Unearned revenue	542,407	531,625
Total liabilities payable from restricted assets	<u>708,921</u>	<u>975,737</u>
Net OPEB liability	1,700,648	1,577,310
Net pension liability	2,014,640	2,065,048
Total restricted and noncurrent liabilities	<u>4,424,209</u>	<u>4,618,095</u>
Total liabilities	<u>13,429,926</u>	<u>8,151,883</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources related to OPEB	492,033	651,221
Deferred inflows of resources related to pension	260,131	336,363
Total deferred inflows of resources	<u>752,164</u>	<u>987,584</u>
Total liabilities and deferred inflows of resources	<u>14,182,090</u>	<u>9,139,467</u>
NET POSITION		
Invested in capital assets	26,460,110	27,156,124
Restricted	2,107,051	997,514
Unrestricted	3,905,336	3,144,841
Total net position	<u>\$ 32,472,497</u>	<u>\$ 31,298,479</u>

See accompanying notes to financial statements

CAPE COD 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	\$ 899,436	\$ 840,832
Facility and parking income	311,316	267,049
Other income	16,857	30,859
	<u>1,227,609</u>	<u>1,138,740</u>
Operating expenses		
Transportation service	15,906,747	13,282,222
Maintenance	4,159,794	3,700,672
General and administration	1,591,813	1,675,806
	<u>21,658,354</u>	<u>18,658,700</u>
Depreciation expense	4,460,001	4,500,347
	<u>26,118,355</u>	<u>23,159,047</u>
Operating loss	(24,890,746)	(22,020,307)
Nonoperating revenues and (expenses)		
Operating assistance grants		
Federal	11,852,744	18,682,849
Commonwealth of Massachusetts	7,993,455	5,206,394
Local	2,265,485	2,210,229
Loss on sale of equipment	(158,724)	(446,074)
Interest income	71,320	(142,478)
	<u>22,024,280</u>	<u>25,510,920</u>
Income (loss) before capital contributions	(2,866,466)	3,490,613
Capital contributions	4,040,484	2,788,411
	<u>4,040,484</u>	<u>2,788,411</u>
Income before subrecipient activity	1,174,018	6,279,024
Subrecipient pass-thru revenues and expense		
Federal operating assistance	14,087,240	5,463,140
Operating expenses	(14,087,240)	(5,463,140)
Change in net position	1,174,018	6,279,024
Total net position		
Beginning of year	31,298,479	25,019,455
End of year	<u>\$ 32,472,497</u>	<u>\$ 31,298,479</u>

CAPE COD 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	\$ 1,223,886	\$ 1,162,054
Payments to vendors and suppliers	(28,745,615)	(22,415,657)
Payments to employees	(1,033,284)	(1,116,025)
Payments of fringe	<u>(251,061)</u>	<u>(300,470)</u>
Net cash used in operations	<u>(28,806,074)</u>	<u>(22,670,098)</u>
Cash flows from noncapital financing activities		
Proceeds from revenue anticipation notes		6,457,600
Repayment of revenue anticipation notes		(12,900,000)
Operating assistance grants	28,263,614	31,535,435
Interest expense		<u>(285,037)</u>
Net cash provided by noncapital financing activities	<u>28,263,614</u>	<u>24,807,998</u>
Cash flows from capital and related financing activities		
Acquisition of capital assets	(2,204,121)	(4,137,395)
Capital contributions		
United States Department of Transportation	513,059	3,380,565
Commonwealth of Massachusetts	581,526	1,574,742
Proceeds from sale of equipment	<u>117,773</u>	<u> </u>
Net cash provided by/ used in capital and related financing activities	<u>(991,763)</u>	<u>817,912</u>
Cash flows from investing activities		
Interest income	<u>71,320</u>	<u>22,704</u>
Net cash provided by investing activities	<u>71,320</u>	<u>22,704</u>
Net decrease in cash and cash equivalents	(1,462,903)	2,978,516
Cash and cash equivalents at beginning of year	<u>3,423,828</u>	<u>445,312</u>
Cash and cash equivalents at end of year	<u>\$ 1,960,925</u>	<u>\$ 3,423,828</u>
Reconciliation of operating loss to net cash used in operations		
Operating loss	\$ (24,890,746)	\$ (22,020,307)
Subrecipient operating loss	<u>(14,087,240)</u>	<u>(5,463,140)</u>
Total operating loss	<u>(38,977,986)</u>	<u>(27,483,447)</u>
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	4,460,001	4,500,347
Postemployment healthcare expense	141,243	134,050
Pension	(41,065)	56,520
Other various adjustments	(47,872)	(115,619)
Changes in assets and liabilities:		
Receivables, net	(3,723)	23,314
Other assets	191,399	(340,313)
Accounts payable and accrued expense	<u>5,471,929</u>	<u>555,050</u>
Net cash used in operations	<u>\$ (28,806,074)</u>	<u>\$ (22,670,098)</u>
Supplemental disclosures of noncash transactions		
Increase (decrease) in accounts payable related to capital expenditures	\$ (277,596)	\$ (2,615,510)

CAPE COD REGIONAL TRANSIT AUTHORITY
(a Component Unit of the Massachusetts Department of Transportation)
Notes to Financial Statements
June 30, 2024 and 2023

1. The Authority and Operators

The Cape Cod 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 October 13, 1976, 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 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 the Federal government, the Commonwealth, and the member communities. In addition, the Authority receives federal and state capital grants that are used to finance acquisitions and improvements to facilities and equipment.

The operation and maintenance of the Authority is performed by private sector transportation companies (the Operators) under the terms and agreements whereby the carriers provide mass transit along such routes and according to such schedules as may be defined by the Authority. In return, the Authority has agreed to reimburse the Operator for all costs and expenses which are reasonable and necessary for the efficient operation of the system.

Fare Free Grant

During the current year, the Authority initiated a free fare program; namely, riders age 60+ & Persons with Disabilities are Fare Free on all Fixed Routes. The objective of this program was to get individuals to try using public transit in the hope of increasing transit usage. The amount of funding through the MassDOT Try Transit 3.0 grant was \$608,482.

Subrecipient Pass-thru Expenses and Funding

The Woods Hole, Martha's Vineyard and Nantucket Steamship Authority (SSA) is a subrecipient of the Authority. Pursuant to Federal regulations the Authority must perform all requirements imposed by the pass-through entity on the subrecipient so that the Federal award is in compliance with all Federal statutes, regulations and the terms and conditions of the Federal award. Therefore, the Authority must oversee the SSA in a formal manner.

In 2024, the Authority recorded operating and maintenance expenses of \$14,087,240, that were expended by the SSA. The Authority reimburses the SSA for these expenses which are funded by Federal Transit Administration (FTA), via Urbanized Area Formula and CRRSSA Act grants. Pursuant to federal regulations, as the sole designated FTA funding recipient for the Barnstable – MA UZA, the Authority is responsible for reporting these expenses. However, there is not any direct or indirect impact to the Authority's operating or capital budgets. This activity is shown separately in the accompanying statement of revenues, expenses and changes in net position.

CAPE COD 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

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.

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 provided by third party vendors, 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:

<u>Statement Number</u>		<u>Adoption Required in Fiscal Year</u>
101	Compensated Absences	2025
102	Certain Risk Disclosures	2025
103	Financial Reporting Model Improvements	2026

The Authority has not yet adopted these statements and the implication on the Authority’s fiscal practices and financial reports is being evaluated.

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 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, an OPEB restricted cash account and the reserve for extraordinary expenses. Restricted liabilities are amounts payable from the restricted assets.

CAPE COD 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	7 – 40
Vehicles	5 – 12
Equipment	5 – 7
Intangible assets	1 – 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. (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) Available Unrestricted Resources – The Authority’s policy is to utilize available unrestricted resources prior to restricted resources.

j) 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 Barnstable County Retirement Association (BCRA) and additions to/deductions from the BCRA’s fiduciary net position have been determined on the same basis as reported by BCRA. 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.

k) Deferred Outflows/Inflows of Resources

In order to distinguish them from assets and liabilities, the Authority accounts for certain transactions that result in the consumption or acquisition of one period that are applicable to future periods as deferred outflows and inflows of resources, respectively. For fiscal 2024 and 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to its pension and OPEB plans.

CAPE COD 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)

l) Postemployment Benefits – For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Barnstable County Postemployment Welfare Benefit Plan (the Plan) and additions to/deductions from the Plan’s fiduciary net position have been determined on the same basis as reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

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

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 has a formal policy with regard to custodial credit risk. The policy is to invest its funds in deposits that are fully FDIC insured or collateralized by irrevocable letters of credit established in favor of the Authority. 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	\$ 1,418,518	\$ 2,892,223
Noncurrents assets - restricted funds	542,407	531,625
Total	<u>\$ 1,960,925</u>	<u>\$ 3,423,848</u>

4. Grants

The Federal government provides both operating and capital funding through the United States Department of Transportation. Due to Coronavirus, Congress passed the Coronavirus Aid Relief and Economic Security Act (CARES Act), the Coronavirus Response and Relief Supplemental Appropriation Act of 2021 (CRRSAA) and the American Rescue Plan Act (ARPA). Further, MassDOT and the member communities provide the local share of both operating and capital funding.

CAPE COD REGIONAL TRANSIT AUTHORITY
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Notes to Financial Statements
June 30, 2024 and 2023

5. Receivables

The receivable for operating and capital assistance balance is disaggregated as follows:

	<u>2024</u>	<u>2023</u>
United States Department of Transportation -		
Direct Federal Grants		
CRRSSA Act grant	\$ 753,598	\$ -
ARP Act grant	2,379,142	3,128,170
Urbanized Area Formula grant	7,716,719	
	10,849,459	3,128,170
Commonwealth of Massachusetts		
Operating grants		
Try Transit 3.0	101,724	
Local operating assistance to be billed by the Commonwealth to the Towns constituting the Authority and paid by the Commonwealth to the Authority	3,323,660	3,200,581
Other	18,853	15,130
Total Receivables	14,293,696	6,343,881
Less noncurrent receivables	(1,279,511)	(1,207,488)
Current receivables	\$ 13,014,185	\$ 5,136,393
Capital assistance		
Commonwealth of Massachusetts	\$ 549,950	\$ 581,526
Federal grants	1,723,615	860,100
Total Receivables capital grants	\$ 2,273,565	\$ 1,441,626

6. Other Current Assets

The other current asset balance includes inventory of motor vehicle parts and fuel for 2024 and 2023 of approximately \$126,000 and \$246,000, respectively. This inventory is stated at the lower of cost or market.

CAPE COD REGIONAL TRANSIT AUTHORITY
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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	\$ 2,294,775	\$ -	\$ -	\$ 2,294,775
Construction in progress	151,633	48,068	-	199,701
Subtotal	<u>2,446,408</u>	<u>48,068</u>	<u>-</u>	<u>2,494,476</u>
Depreciable capital assets				
Buildings and structures	23,168,353	123,570	214,182	23,077,741
Vehicles	36,120,059	3,101,052	1,981,461	37,239,650
Equipment	3,518,359	304,566	20,454	3,802,471
Intangible assets	1,413,727	463,227	968,002	908,952
Subtotal	<u>64,220,498</u>	<u>3,992,415</u>	<u>3,184,099</u>	<u>65,028,814</u>
Accumulated depreciation	<u>39,510,782</u>	<u>4,460,001</u>	<u>2,907,603</u>	<u>41,063,180</u>
Net depreciable capital assets	<u>24,709,716</u>	<u>(467,586)</u>	<u>276,496</u>	<u>23,965,634</u>
Net depreciable and net capital assets	<u>\$ 27,156,124</u>	<u>\$ (419,518)</u>	<u>\$ 276,496</u>	<u>\$ 26,460,110</u>

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	\$ 2,294,775	\$ -	\$ -	\$ 2,294,775
Construction in progress	181,620	-	29,987	151,633
Subtotal	<u>2,476,395</u>	<u>-</u>	<u>29,987</u>	<u>2,446,408</u>
Depreciable capital assets				
Buildings and structures	22,966,457	201,896	-	23,168,353
Vehicles	38,719,325	2,127,126	4,726,392	36,120,059
Equipment	3,384,005	235,334	100,980	3,518,359
Intangible assets	1,610,151	254,040	450,464	1,413,727
Subtotal	<u>66,679,938</u>	<u>2,818,396</u>	<u>5,277,836</u>	<u>64,220,498</u>
Accumulated depreciation	<u>39,872,185</u>	<u>4,500,347</u>	<u>4,861,750</u>	<u>39,510,782</u>
Net depreciable capital assets	<u>26,807,753</u>	<u>(1,681,951)</u>	<u>416,086</u>	<u>24,709,716</u>
Net depreciable and net capital assets	<u>\$ 29,284,148</u>	<u>\$ (1,681,951)</u>	<u>\$ 446,073</u>	<u>\$ 27,156,124</u>

CAPE COD 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)

The above land amount is inclusive of a related party capital lease in the amount of \$1,430,000, refer to Note 9 for lease details.

Depreciation expense for 2024 and 2023 was \$4,460,001 and \$4,500,347, respectively.

8. Notes Payable

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

	<u>2023</u>
Beginning balance	\$ 6,503,385
New notes issued	6,457,600
Notes retired	(12,960,985)
Less: current maturities	-
Long-term, less current maturities	\$ -

The Authority paid off the RAN in full effective June 30, 2023.

9. Leases

The Authority rents land, under a capital lease, from the Commonwealth of Massachusetts, a related party, for \$1.00 per year. The lease commenced April 2, 2001 and terminates April 2, 2051. The land's present value as of the commencement date was recorded as a capital asset (i.e., land) and was funded via a Commonwealth capital contribution. The Authority's Hyannis Transportation Center is situated on the land and the Authority pays all operating expenses related to the property.

10. Employees' Retirement Benefits

The Authority sponsors two retirement plans for its employees.

Pension Plan

General Information about the Pension Plan

Plan Description – The Authority provides employees retirement benefits through the Barnstable County Retirement Association (BCRA). 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 systems. Oversight of the BCRA 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 750 Attucks Lane, Hyannis, MA 02601.

CAPE COD REGIONAL TRANSIT AUTHORITY
(a Component Unit of the Massachusetts Department of Transportation)
Notes to Financial Statements
June 30, 2024 and 2023

10. Employees' Retirement Benefits (continued)

Pension Plan (continued)

General Information about the Pension Plan (continued)

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% to 11% of their covered compensation, depending on plan entry date and their level of compensation. The Authority's contractually required contribution rate for the year ended June 30, 2024, was 22.74% 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 for 2024 and 2023 were \$205,455 and \$193,887, respectively.

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

At June 30, 2024 and 2023, the Authority reported a liability of \$2,014,640 and \$2,065,048, respectively, 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. The Authority's proportion of the net pension liability was based on a projection of the long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2023, the Authority's proportion of net pension liability was .250%.

CAPE COD REGIONAL TRANSIT AUTHORITY
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Notes to Financial Statements
June 30, 2024 and 2023

10. 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)

For the year ended June 30, 2024, the Authority recognized pension expense of \$164,392 and reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 126,177	\$ -
Changes in assumptions	72,013	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	18,248	255,593
Differences between expected and actual experience	59,048	4,538
 Total deferred outflows and inflows	 \$ 275,486	 \$ 260,131

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

Year	
2025	\$ (1,811)
2026	(1,411)
2027	85,207
2028	(79,632)
2029	13,002

Actuarial Assumptions – The total pension liability as of December 31, 2023 was determined by an actuarial valuation as of January 1, 2024 using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age normal cost method
Wage inflation	3.25%
Salary increases	Varies by length of service with ultimate rates of 4.00%
Investment rate of return/ discount rate	6.90%
Cost of living adjustments	3.0 percent of first \$18,000

CAPE COD REGIONAL TRANSIT AUTHORITY
(a Component Unit of the Massachusetts Department of Transportation)
Notes to Financial Statements
June 30, 2024 and 2023

10. 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)

Mortality rates:

Pre-retirement	The RP-2014 Blue Collar Employee Mortality Table projected generationally with Scale MP-2021.
Healthy Retiree	The RP-2014 Blue Collar Healthy Annuitant Mortality Table projected generationally with Scale MP-2021.
Disabled Retiree	The RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year and projected generationally with Scale MP-2021.

Investment policy – The pension plan’s policy in regard to the allocation of invested assets is established by PRIT. Plan assets are managed on a total return basis with a long-term objective of achieving a fully funded status for the benefits provided through the pension plan.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These returns 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 and subtracting expected investment expenses and a risk margin. The target allocation and projected 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	22.00%	6.29%
International developed markets equity	9.50%	6.39%
International emerging markets equity	4.50%	7.63%
Core fixed income	15.00%	1.72%
High yield fixed income	9.00%	3.43%
Real estate	10.00%	3.24%
Commodities	4.00%	3.72%
Hedge fund	10.00%	2.87%
Private equity	16.00%	9.43%
Total	100.00%	

CAPE COD REGIONAL TRANSIT AUTHORITY
(a Component Unit of the Massachusetts Department of Transportation)
Notes to Financial Statements
June 30, 2024 and 2023

10. 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 6.90 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contributions. For this purpose, only employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the Plan Fiduciary Net Position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of December 31, 2023.

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 6.90 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 (5.90 percent) or 1-percentage-point higher (7.90 percent) than the current rate:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
Authority's proportionate share of the net pension liability	\$ 2,717,748	\$ 2,014,640	\$ 1,423,597

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

Other Postemployment Benefits (OPEB)

Plan Description - The Authority has established a single employer, defined benefit plan. The Plan provides benefits to eligible employees (1) hired before April 2, 2012, who render at least 10 years of service and attain age 55, while in service, or 20 years of service at any age, until the employee is eligible for Medicare and (2) hired on or after April 2, 2012, who render at least 10 years of service are eligible at age 60, while in service, until the employee is eligible for Medicare. The benefits, benefit level, employee contributions, and employer contributions are governed by the Authority. At June 30, 2022, valuation date, membership consisted of 8 active plan members and 2 retired plan members, currently receiving benefits.

CAPE COD REGIONAL TRANSIT AUTHORITY
(a Component Unit of the Massachusetts Department of Transportation)
Notes to Financial Statements
June 30, 2024 and 2023

10. Employees' Retirement Benefits (continued)

Other Postemployment Benefits (OPEB) (continued)

Benefits Provided – Medical coverage under the group health insurance plan for regular full-time employees will continue until the employee is eligible for Medicare. Coverage for the dependents of such regular full-time employees will also continue during this period provided that the employee pay 25% of the enrollment cost as established annually by the Plan administrator. Once the retired employee is entitled to Medicare, health care coverage for the employee's spouse will continue as provided for under COBRA, provided that the employee pay 100% of the enrollment costs as established annually by the Plan administrator. The retired employee must pay 25% of the enrollment cost (the "working rate") as established annually by the Plan administrator. The Authority contributes the remainder of the health plan costs on a fully funded basis.

Contributions – Contributions are voluntary and determined by the Authority. The Authority is presently on a pay-as-you-go basis.

Net OPEB Liability

The Authority's net OPEB liability was measured as of June 30, 2024 for the report year ended June 30, 2024. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022.

Actuarial Assumptions – The total OPEB liability in the June 30, 2024 was measured by an actuarial valuation as of June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified: an inflation rate of 3.25%, a 3.93% discount rate as of June 30, 2024, projected salary increase of 6% decreasing over 11 years to an ultimate level of 4.00%, a long-term healthcare cost trend rate of 3.86% for one year, then of 6.75% decreasing by 0.25% each year to an ultimate level of 4.5% per year and mortality projected for both pre-retirement and post-retirement employees using the RP-2014 Mortality Table projected generationally with Scale MP-2021.

The development of a long-term expected rate of return on OPEB plan investments does not apply, due to the fact that there are not any invested assets.

Discount Rate – The discount rate used to measure the total OPEB liability was 3.93%. This discount rate was equal to the prevailing municipal bond rate for the Authority's unfunded periods.

CAPE COD REGIONAL TRANSIT AUTHORITY
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Notes to Financial Statements
June 30, 2024 and 2023

10. Employees' Retirement Benefits (continued)

Post Employment Healthcare Benefits (continued)

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
	(a)	(b)	(a) - (b)
Balance at 6/30/2023	\$ 1,577,310	\$ -	\$ 1,577,310
Changes for the year:			
Service Cost	70,375		70,375
Interest	59,275		59,275
Changes in assumptions	41,579		41,579
Contributions		47,881	(47,881)
Benefit payments	(47,881)	(47,881)	-
Net changes	123,348	-	123,348
Balance at 6/30/2024	\$ 1,700,658	\$ -	\$ 1,700,658

Sensitivity of the net OPEB liability to changes in the discount rate - The following presents the net OPEB liability of the Authority if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate, for the year ended June 30, 2024:

	1% Decrease	Discount Rate	1% Increase
	<u>2.93%</u>	<u>3.93%</u>	<u>4.93%</u>
Net OPEB Liability	\$ 1,948,203	\$ 1,700,658	\$ 1,498,033

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates - The following presents the net OPEB liability calculated using the current healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates for the year ended June 30, 2024:

	1% Decrease	Current Rate	1% Increase
Net OPEB Liability	\$ 1,460,308	\$ 1,700,658	\$ 2,000,240

CAPE COD REGIONAL TRANSIT AUTHORITY
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Notes to Financial Statements
June 30, 2024 and 2023

10. Employees' Retirement Benefits (continued)

Post Employment Healthcare Benefits (continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

For the year ended June 30, 2024, the Authority reported a net OPEB liability of \$1,700,658, OPEB expense of \$141,243 and reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 211,122	\$ 56,596
Changes in assumptions	110,032	435,437
 Total	 \$ 321,154	 \$ 492,033

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

<u>Year</u>	
2025	\$ (42,116)
2026	(28,768)
2027	(67,152)
2028	(32,843)

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 Director of Finance/Treasurer, Barnstable County Superior Court House, P.O. Box 427, Barnstable, MA 02630.

11. Commitments and Contingencies

- a) Purchase commitments – As of June 30, 2024, the Authority had purchase commitments outstanding of \$1,400,400 for the acquisition of buses.

- b) Litigation – In the normal course of operations, the Authority has been named in various claims and litigations. 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.

- c) 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 are subject to audit by the grantor agencies.

CAPE COD REGIONAL TRANSIT AUTHORITY
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Notes to Financial Statements
June 30, 2024 and 2023

11. Commitments and Contingencies (continued)

- d) 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 for which the Authority carries commercial insurance. Settlements have not exceeded insurance 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.

12. Subsequent Event

As of June 30, 2024, there were not any material 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.

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 for extraordinary expense by \$10,782 and \$10,519 in 2024 and 2023, respectively. The aggregate reserve balance at June 30, 2024 and 2023 was \$442,046 and \$431,264, respectively. The reserve for extraordinary expense is included in unearned revenue in the accompanying statement of net position.

14. 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 and contributes 25% of the premium cost, and (2) a pension plan contributing 7% of regular salary.

CAPE COD REGIONAL TRANSIT AUTHORITY
(a Component Unit of the Massachusetts Department of Transportation)

Required Supplementary Information
Schedule of the Authority's Proportionate Share of the Net Pension Liability (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	0.250%	0.248%	0.305%	0.306%	0.306%	0.296%	0.305%	0.238%	0.286%	0.324%
Authority's proportionate share of the net pension liability	\$ 2,014,640	\$ 2,065,048	\$ 1,676,827	\$ 2,112,973	\$ 2,296,232	\$ 2,336,890	\$ 2,077,007	\$ 1,674,157	\$ 1,798,849	\$ 1,828,599
Authority's covered-employee payroll	\$ 903,482	\$ 834,471	\$ 984,896	\$ 980,490	\$ 939,989	\$ 877,752	\$ 868,833	\$ 674,182	\$ 792,231	\$ 849,571
Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	222.99%	247.47%	170.25%	215.50%	244.28%	266.24%	239.06%	248.32%	227.06%	215.24%
Plan fiduciary net position as a percentage of the total pension liability	66.58%	63.77%	75.07%	66.82%	62.34%	57.63%	61.86%	57.28%	58.10%	60.43%

Notes to Required Supplementary Information

Measurement Date

The amounts presented in this schedule were determined as of December 31, 2023.

Changes in assumptions

The net investment return assumption was lowered from 7.15% to 6.90%.

The mortality improvement scale was updated from Scale MP-2017 to Scale MP-2021

CAPE COD REGIONAL TRANSIT AUTHORITY
(a Component Unit of the Massachusetts Department of Transportation)

Required Supplementary Information
Schedule of Pension 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>	<u>2016</u>	<u>2015</u>
Actuarially required contribution	\$ 205,455	\$ 193,887	\$ 224,601	\$ 212,762	\$ 201,233	\$ 185,854	\$ 182,162	\$ 135,068	\$ 157,188	\$ 171,914
Contributions in relation to the actuarially required contribution	(205,455)	(193,887)	(224,601)	(212,762)	(202,072)	(185,854)	(182,162)	(135,068)	(157,188)	(171,914)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ (839)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 903,482	\$ 834,471	\$ 984,896	\$ 980,490	\$ 939,989	\$ 877,752	\$ 868,833	\$ 674,182	\$ 792,231	\$ 849,571
Contributions as a percentage of its covered-employee payroll	22.74%	23.23%	22.80%	21.70%	21.50%	21.17%	20.97%	20.03%	19.84%	20.24%

CAPE COD REGIONAL TRANSIT AUTHORITY
(a Component Unit of the Massachusetts Department of Transportation)
Required Supplementary Information
Schedule of Investment Returns - Pension
June 30,

<u>Year</u>	<u>Annual money-weighted rate of return, net of investment expense</u>
June 30, 2024	10.96%
June 30, 2023	-11.28%
June 30, 2022	19.75%
June 30, 2021	12.20%
June 30, 2020	16.09%
June 30, 2019	-2.34%
June 30, 2018	17.17%
June 30, 2017	7.40%
June 30, 2016	0.57%
June 30, 2015	7.58%

CAPE COD REGIONAL TRANSIT AUTHORITY
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Required Supplementary Information
Schedule of Changes in the Net OPEB Liability and Related Ratios (Unaudited)
For the Measurement Periods Ended June 30

Measurement Period	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability							
Service cost	\$ 70,375	\$ 81,811	\$ 107,882	\$ 78,500	\$ 78,000	\$ 77,463	\$ 82,953
Interest on the total OPEB liability	59,275	63,111	46,615	54,061	49,476	31,344	25,088
Differences between expected and actual experience		(84,892)				201,296	
Changes in assumptions	41,579	(162,062)				174,660	(98,828)
Benefit payments	(47,881)	(42,936)	\$ (25,048)	\$ (9,000)	(9,000)	(8,686)	(8,312)
Adjust to actuarial valuation		(407,882)	480,227				
Net change in OPEB liability	123,348	(552,850)	609,676	123,561	118,476	476,077	901
Total OPEB liability - beginning	1,577,310	2,130,160	1,520,484	1,396,923	1,278,447	802,370	801,469
Total OPEB liability - ending	1,700,658	1,577,310	2,130,160	1,520,484	1,396,923	1,278,447	802,370
Plan Fiduciary Net Position							
Contribution - employer	47,881	42,936	25,048	9,000	9,000	8,686	8,312
Benefit payments	(47,881)	(42,936)	(25,048)	(9,000)	(9,000)	(8,686)	(8,312)
Net change in plan fiduciary net position	-	-	-	-	-	-	-
Plan fiduciary net position - beginning	-	-	-	-	-	-	-
Plan fiduciary net position - ending	-	-	-	-	-	-	-
Net OPEB Liability - ending	\$ 1,700,658	\$ 1,577,310	\$ 2,130,160	\$ 1,520,484	\$ 1,396,923	\$ 1,278,447	\$ 802,370
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered-employee payroll	\$ 796,471	\$ 715,365	\$ 869,789	\$ 980,490	\$ 939,989	\$ 728,878	\$ 711,100
Net OPEB liability as a percentage of covered-employee payroll	213.52%	220.49%	244.91%	155.07%	148.61%	175.40%	112.84%

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 10.

CAPE COD 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>
Statutorily required contribution	\$ 47,881	\$ 42,936	\$ 37,876	\$ 31,979	\$ 19,005	\$ 16,192	\$ 8,686
Contributions in relation to the actuarially determined contribution	47,881	42,936	37,876	31,979	19,005	16,192	8,686
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 796,471	\$ 715,365	\$ 869,789	\$ 980,490	\$ 939,989	\$ 728,878	\$ 711,100
Contributions as a percentage of its covered-employee payroll	6.01%	6.00%	4.35%	3.26%	2.02%	2.22%	1.22%

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 10.

CAPE COD REGIONAL TRANSIT AUTHORITY
(a Component Unit of the Massachusetts Department of Transportation)
Statement of Costs (Unaudited)
June 30, 2024
Form 1

Schedule 1

	<u>Total Area Service</u>
Operating costs	
Administrative costs (excluding depreciation)	\$ 1,591,813
Purchased services	
Fixed route	11,307,976
Demand response	8,530,579
Rail - Cape Flyer	227,986
Total operating costs	<u>21,658,354</u>
Federal operating assistance	
FTA operating and administrative	11,852,744
Revenues	
Operating	
Farebox revenue	884,011
Contract income	15,425
Other revenues	
Facility and parking income	311,316
Interest income	71,320
Advertising	15,450
Miscellaneous	1,407
Total revenues	<u>1,298,929</u>
Net operating deficit	8,506,681
Adjustments	
Reserve for extraordinary expense	10,782
Adjustment from accrual to cash basis	1,741,477
Subrecipient pass-thru revenue and expenses	
Federal operating assistance	14,087,240
Operating expenses	<u>(14,087,240)</u>
	<u>-</u>
Net cost of service	<u>\$ 10,258,940</u>
Net cost of service funding	
Local assessments	2,265,485
State contract assistance	7,993,455
Total net cost to be funded	<u>\$ 10,258,940</u>

CAPE COD REGIONAL TRANSIT AUTHORITY
(a Component Unit of the Massachusetts Department of Transportation)
Schedule of Local (Towns) Funding (Unaudited)

Schedule 2

June 30, 2024

<u>Community</u>		<u>Share</u>
Barnstable	\$	688,280
Bourne		154,591
Brewster		60,976
Chatham		20,679
Dennis		122,331
Eastham		60,927
Falmouth		218,090
Harwich		122,172
Mashpee		123,987
Orleans		101,356
Provincetown		121,904
Sandwich		165,077
Truro		60,967
Wellfleet		61,086
Yarmouth		<u>183,062</u>
	\$	<u><u>2,265,485</u></u>