

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, 2020

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, 2020

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 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.

CAPE COD REGIONAL TRANSIT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED
JUNE 30, 2020

Condensed Financial Information

Statement of Net Position
(000 omitted)

| | 2020 | 2019 | 2018 |
|---|------------------|------------------|------------------|
| Current assets | \$ 6,052 | \$ 6,356 | \$ 7,890 |
| Capital assets, net | 29,203 | 30,145 | 27,829 |
| Restricted and noncurrent assets | 2,989 | 4,246 | 4,360 |
| Total assets | <u>38,244</u> | <u>40,747</u> | <u>40,079</u> |
| Deferred outflows of resources | 806 | 939 | 629 |
| Total assets and deferred outflows of resources | <u>39,050</u> | <u>41,686</u> | <u>40,708</u> |
| Restricted and noncurrent liabilities | 12,459 | 11,686 | 13,371 |
| Current liabilities | 1,212 | 3,672 | 3,131 |
| Total liabilities | <u>13,671</u> | <u>15,358</u> | <u>16,502</u> |
| Deferred inflows of resources | 382 | 353 | 541 |
| Total liabilities and deferred inflows of resources | <u>14,053</u> | <u>15,711</u> | <u>17,043</u> |
| Net position | | | |
| Invested in capital assets | 29,203 | 30,145 | 27,829 |
| Restricted | 532 | 2,808 | 1,013 |
| Unrestricted | (4,738) | (6,978) | (5,177) |
| Total net position | <u>\$ 24,997</u> | <u>\$ 25,975</u> | <u>\$ 23,665</u> |

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

| | 2020 | 2019 | 2018 |
|---|------------------|------------------|------------------|
| Operating revenues | \$ 11,480 | \$ 14,192 | \$ 13,665 |
| Operating expenses | | | |
| Cost of transportation service, maintenance and administration | 24,971 | 27,354 | 27,602 |
| Depreciation | 4,604 | 4,508 | 4,456 |
| | <u>29,575</u> | <u>31,862</u> | <u>32,058</u> |
| Operating loss | <u>(18,095)</u> | <u>(17,670)</u> | <u>(18,393)</u> |
| Nonoperating revenues and (expenses) | | | |
| Operating assistance | 13,563 | 13,300 | 14,004 |
| Other | (108) | (137) | (73) |
| | <u>13,455</u> | <u>13,163</u> | <u>13,931</u> |
| Loss before capital contribution | <u>(4,640)</u> | <u>(4,507)</u> | <u>(4,462)</u> |
| Capital contributions | 3,662 | 6,817 | 5,185 |
| (Loss)/income before Steamship Authority activity | <u>(978)</u> | <u>2,310</u> | <u>723</u> |
| Steamship Authority pass-thru revenue and expenses | | | |
| Federal operating assistance | 13,021 | | |
| Operating expenses | <u>(13,021)</u> | | |
| Change in net position | (978) | 2,310 | 723 |
| Net position | | | |
| Beginning of year | 25,975 | 23,665 | 22,942 |
| End of year | <u>\$ 24,997</u> | <u>\$ 25,975</u> | <u>\$ 23,665</u> |

CAPE COD REGIONAL TRANSIT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED
JUNE 30, 2020

FINANCIAL ANALYSIS

Coronavirus Pandemic

During the current year, the Coronavirus (COVID-19) epidemic significantly affected the Authority's operations. Transportation revenue was down due to a significant decrease in ridership in the last four months of the year. Further, certain Covid-19 related expenses were incurred (eg., personal protection equipment, partitions, disinfectant related products, cleaning labor expenses, etc.).

Fortunately, the Coronavirus Aid Relief, and Economic Security Act (CARES Act) was signed into law on March 27, 2020. The Authority received a CARES Act grant in the amount of approximately \$20,415,000 of which \$10,569,000 was used to fully fund the above mentioned revenue loss and additional expenses.

Steamship Authority Pass-thru Expenses and Funding

During the current year, the Authority recorded operating and maintenance expenses of \$13,021,000, that were related to the Woods Hole, Martha's Vineyard, Nantucket Steamship Authority's (Steamship Authority) operating expenses. The Authority reimburses the Steamship Authority for these expenses and these are fully funded through additional Federal Transit Administration (FTA) grants, including a CARES Act grant. This funding resulted from Steamship Authority operating data that was submitted to the National Transit Database (NTD); thus, increasing the apportionment to the Barnstable – MA Urbanized Area (UZA). Under federal regulations, as the sole designated FTA funding recipient for the Barnstable – MA UZA, the Authority is responsible for reporting the Steamship Authority 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, 2020 and 2019

The assets and deferred outflows of resources of the Authority exceeded its liabilities and deferred inflows of resources at June 30, 2020 by \$24,997,000.

The Authority's net position decreased by approximately \$978,000 during the current year. This was due primarily to operating revenues of \$11,480,000, nonoperating revenues (primarily grants) of \$13,455,000 and capital contributions of \$3,662,000, less operating expenses of \$29,575,000.

The Authority's total assets decreased in 2020 versus 2019 by \$2,503,000 (6.1%).

Total current assets decreased in 2020 versus 2019 by \$304,000 (4.8%). This was caused by a decrease in receivables of \$543,000, less increases in cash of \$219,000 and other assets of \$20,000.

CAPE COD REGIONAL TRANSIT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED
JUNE 30, 2020

FINANCIAL ANALYSIS (continued)

Comparison of Financial Condition at June 30, 2020 and 2019 (continued)

The restricted and noncurrent assets decreased in 2020 versus 2019 by \$1,257,000 (29.6%). This was caused by a decrease in the receivable for capital assistance of \$1,539,000, less increases in restricted cash of \$61,000 and the receivable for operating assistance of \$221,000.

Deferred outflows of resources decreased in 2020 versus 2019 by \$133,000 (14.1%). This was caused by decreases in deferred outflows related to pensions of \$80,000 and OPEB of \$53,000.

Total net capital assets decreased in 2020 versus 2019 by \$942,000 (3.1%). This was caused by capital acquisitions of \$3,662,000, less depreciation of \$4,604,000. These acquisitions were funded by Federal and State capital grants.

Total current liabilities decreased by \$2,460,000 (67.0%). This was caused primarily by a decrease in accounts payable, due to the Authority's effective cash management policies.

Total restricted and noncurrent liabilities increased by approximately \$773,000 (6.7%). This was caused by increases in capital accounts payable and unearned revenue of \$796,000 and the net OPEB liability of \$118,000, less decreases in notes payable of \$100,000 and the net pension liability of \$41,000.

Deferred inflows of resources related to pensions increased by \$29,000 (8.2%). This was caused by an increase in deferred inflows related to pension of \$43,000, less a decrease in deferred inflows related to OPEB of \$14,000.

CAPE COD REGIONAL TRANSIT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED
JUNE 30, 2020

Revenues

Total operating revenue decreased in 2020 versus 2019 by \$2,712,000 (19.1%). This was caused by reduced ridership due to the Coronavirus precautions in the last four months of the year.

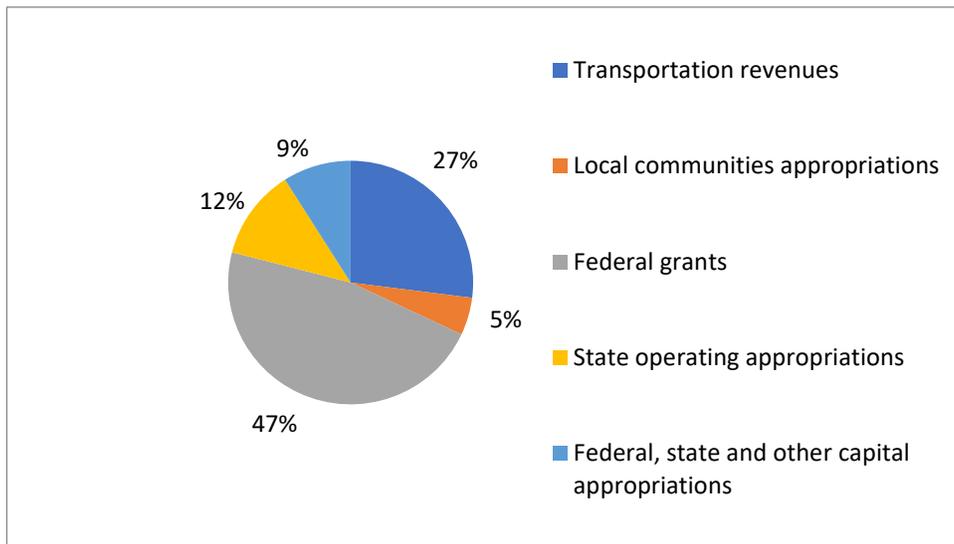
Nonoperating revenue increased in 2020 versus 2019 by \$292,000 (2.2%). This increase was caused primarily by an increase in federal funding.

Total capital contributions decreased in 2020 versus 2019 by \$3,155,000 (46.3%). This was caused primarily by decreases in federal funding of \$2,279,000, state funding of \$796,000 and other funding of \$80,000.

The Authority received \$13,021,000 in federal operating assistance grants on behalf of the Steamship Authority. This revenue was used to fund the Steamship Authority's operating and maintenance expenses. This activity is disclosed separately in the accompanying statement of revenues, expenses and changes in net position.

The change in net position decreased in 2020 versus 2019 by \$3,288,000 (142.3%).

Revenues by source:



CAPE COD REGIONAL TRANSIT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED
JUNE 30, 2020

Operating Expenses

Total operating expenses decreased in 2020 versus 2019 by \$2,287,000 (7.2%).

The cost of transportation services decreased in 2020 versus 2019 by \$2,607,000 (11.8%). This was caused primarily by the affect of the Coronavirus pandemic.

Maintenance expense increased in 2020 versus 2019 by \$63,000 (1.6%).

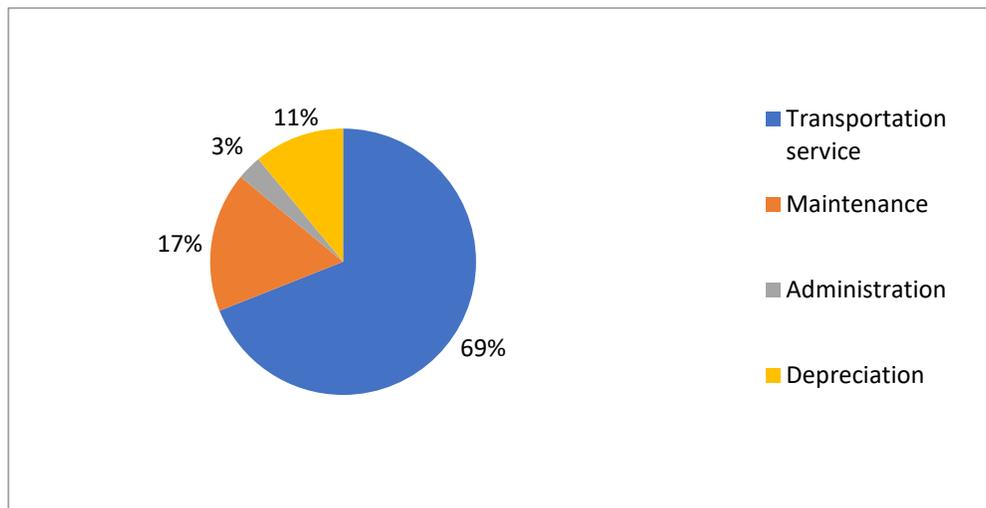
Administration expense increased in 2020 versus 2019 by \$161,000 (12.4%). This was caused primarily by increases in payroll and fringe of \$51,000 and postemployment health of \$156,000, less other reductions of \$46,000.

Depreciation expense increased in 2020 versus 2019 by \$96,000 (2.1%). This was primarily attributable to the addition of one full year of depreciation on 2019 acquisitions and one half year of depreciation on 2020 acquisitions.

The Authority's operating loss increased in 2020 versus 2019 by \$425,000 (2.4%).

As noted previously, the Authority reimbursed the Steamship Authority \$13,021,000 for its 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
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED
JUNE 30, 2020

FINANCIAL ANALYSIS

Comparison of Financial Condition at June 30, 2019 and 2018

The assets of the Authority exceeded its liabilities at June 30, 2019 by \$25,975,000.

The Authority's net position increased by approximately \$2,310,000. This was due primarily to operating revenues of \$14,192,000, nonoperating revenues (primarily grants) of \$13,163,000 and capital contributions of \$6,817,000, less operating expenses of \$31,862,000.

The Authority's total assets increased in 2019 versus 2018 by \$668,000 (1.7%).

Total current assets decreased in 2019 versus 2018 by \$1,534,000 (19.4%). This was caused by decreases in cash and cash equivalents of \$52,000 and receivables for operating assistance of \$1,542,000, less an increase in other current assets of \$60,000.

The restricted and noncurrent assets decreased in 2019 versus 2018 by \$114,000 (2.6%). This was caused by a decrease in the receivable for capital assistance of \$671,000, less increases in restricted cash of \$159,000 and the receivable for operating assistance of \$398,000.

Deferred outflows of resources increased in 2019 versus 2018 by \$310,000 (49.3%). This was caused by increases in deferred outflows related to pensions of \$3,000 and OPEB of \$307,000.

Total net capital assets increased in 2019 versus 2018 by \$2,316,000 (8.3%). This was caused by capital acquisitions of \$6,824,000, less depreciation of \$4,508,000. These acquisitions were funded by Federal and State capital grants.

Total debt decreased by approximately \$1,144,000 (6.9%). This was caused by decreases in restricted accounts payable of \$2,363,000 and notes payable of \$52,000, less increases in accounts payable, accrued expense and unearned income of \$544,000, other postemployment benefits of \$467,000 and net pension liability of \$260,000.

Deferred inflows of resources related to pensions decreased by \$188,000 (34.8%). This was caused by decreases in deferred inflows related to pension of \$173,000 and OPEB of \$15,000.

CAPE COD REGIONAL TRANSIT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED
JUNE 30, 2020

Revenues

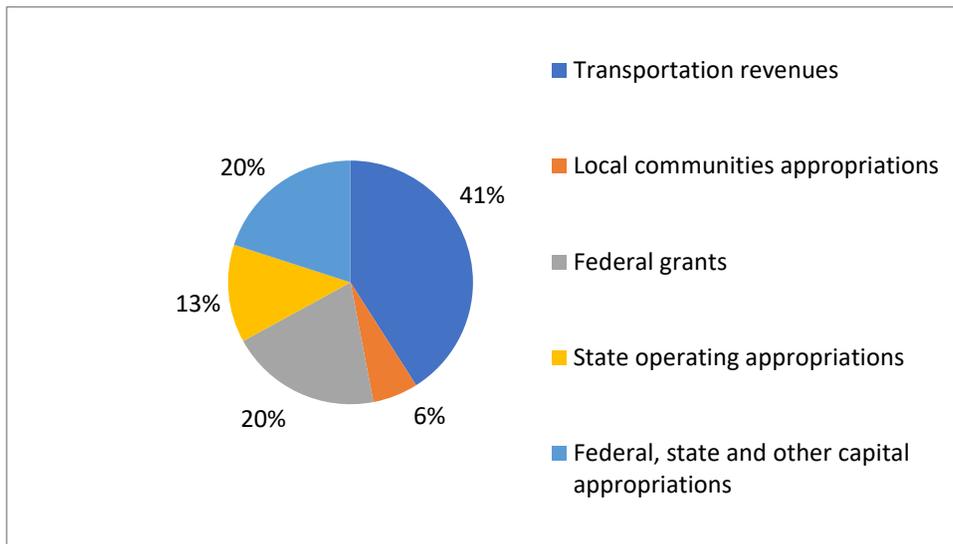
Total operating revenue increased in 2019 versus 2018 by \$527,000 (3.9%).

Nonoperating revenue decreased in 2019 versus 2018 by \$768,000 (5.5%). This decrease was caused by a decrease in federal funding of \$817,000 and an increase in interest expense of \$64,000, less increases in state and local assistance of \$113,000.

Total capital contributions increased in 2019 versus 2018 by \$1,632,000 (31.5%). This was caused by increases in federal funding of \$956,000, state funding of \$620,000 and other funding of \$56,000.

The change in net position increased in 2019 versus 2018 by \$1,587,000 (219.5%).

Revenues by source:



CAPE COD REGIONAL TRANSIT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED
JUNE 30, 2020

Operating Expenses

Total operating expenses decreased in 2019 versus 2018 by \$196,000 (.6%).

The cost of transportation services increased in 2019 versus 2018 by \$768,000 (3.5%). This was caused primarily by increases related to human service transportation expenses which, for the most part, are fully reimbursed by the Commonwealth's Human Service Transportation Department.

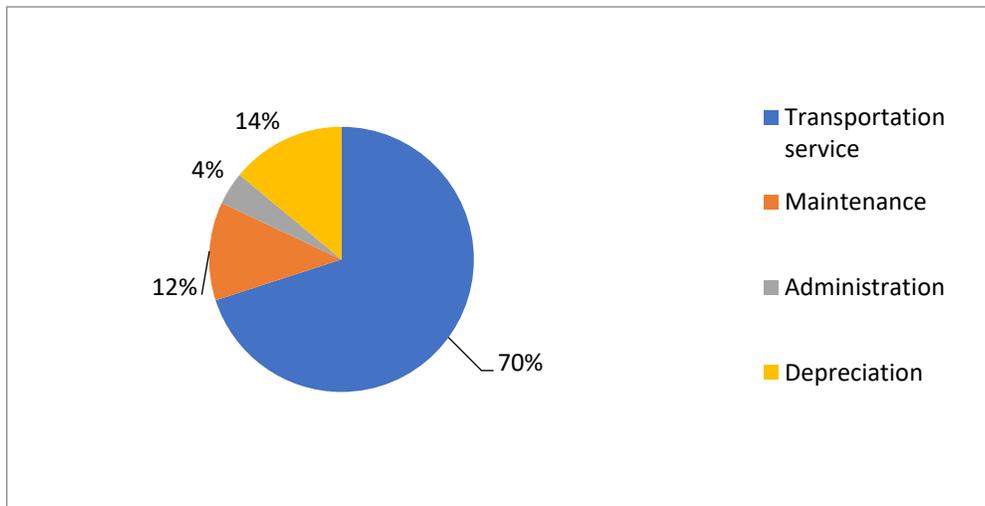
Maintenance expense decreased in 2019 versus 2018 by \$1,166,000 (23.0%). This decrease was caused by the acquisition of new vehicles that required less maintenance.

Administration expense increased in 2019 versus 2018 by \$150,000 (13.1%). This was caused primarily by increases in payroll, services, postemployment health and miscellaneous expense.

Depreciation expense increased in 2019 versus 2018 by \$52,000 (1.2%). This was primarily attributable to the addition of one full year of depreciation on 2018 acquisitions and one half year of depreciation on 2019 acquisitions.

The Authority's operating loss decreased in 2019 versus 2018 by \$723,000 (3.9%).

Expenses by source:



CAPE COD REGIONAL TRANSIT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED
JUNE 30, 2020

Capital Assets

The Authority's capital assets as of June 30, 2020, amounted to \$29,203,000, 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 2020, the Authority invested \$3,662,000 in various capital assets. Capital asset additions were funded through Federal and State capital grants. During the current year, the most significant capital asset events were the acquisition of vehicles and related equipment of \$2,843,000 and improvements to the bus terminal of \$557,000.

More detailed information regarding the Authority's capital asset activities for 2020 can be found in the notes to the financial statements (Note 7).

Revenue Anticipation Note

The Authority's revenue anticipation notes decreased in 2020 versus 2019 by \$100,000. This was possible due to improved cash flow procedures instituted by the Authority. At year-end, the Authority had \$7,600,000 of Revenue Anticipation Notes outstanding.

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>2018</u> | <u>2019</u> | <u>2020</u> |
|------------------|--------------|--------------|--------------|
| Farebox revenue | \$ 1,423,000 | \$ 1,386,000 | \$ 1,105,000 |
| Contract revenue | 11,863,000 | 12,520,000 | 10,128,000 |

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

Report on the Financial Statements

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, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority as of June 30, 2020 and 2019, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages i through x and the required supplementary information schedules on pages 24 through 28 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of 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.

Other 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 supplementary information, included in the accompanying schedules on pages 29 through 31, is presented for purposes of additional analysis and is not a required part of the basic financial statements. These supplementary schedules have not been subjected to the auditing procedures applied in the

audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated October 29, 2020 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.

October 29, 2020

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

Statement of Net Position
June 30, 2020 and 2019

| | <u>2020</u> | <u>2019</u> |
|---|----------------------|----------------------|
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 506,078 | \$ 287,460 |
| Receivables | 4,588,951 | 5,131,511 |
| Other current assets | 957,263 | 937,022 |
| Total current assets | <u>6,052,292</u> | <u>6,355,993</u> |
| Restricted and noncurrent assets | | |
| Restricted assets | | |
| Cash and cash equivalents | 541,567 | 481,045 |
| Receivables capital assistance | 1,257,716 | 2,797,302 |
| Total restricted assets | <u>1,799,283</u> | <u>3,278,347</u> |
| Receivables | 1,189,525 | 968,621 |
| Capital assets, net | 29,202,940 | 30,145,006 |
| Total restricted and noncurrent assets | <u>32,191,748</u> | <u>34,391,974</u> |
| Total assets | 38,244,040 | 40,747,967 |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Deferred outflows of resources related to OPEB | 268,540 | 322,248 |
| Deferred outflows of resources related to pension | 537,718 | 616,694 |
| Total deferred outflows of resources | <u>806,258</u> | <u>938,942</u> |
| Total assets and deferred outflows of resources | <u>39,050,298</u> | <u>41,686,909</u> |
| LIABILITIES | | |
| Current liabilities | | |
| Accounts payable | 729,891 | 3,203,454 |
| Accrued expense | 380,334 | 365,173 |
| Notes payable | 101,535 | 103,667 |
| Total current liabilities | <u>1,211,760</u> | <u>3,672,294</u> |
| Restricted and noncurrent liabilities | | |
| Liabilities payable from restricted assets | | |
| Accounts payable | 938,110 | 200,979 |
| Unearned revenue | 328,216 | 269,316 |
| Total liabilities payable from restricted assets | <u>1,266,326</u> | <u>470,295</u> |
| Notes payable less current maturities | 7,500,000 | 7,600,000 |
| Net OPEB liability | 1,396,923 | 1,278,447 |
| Net pension liability | 2,296,232 | 2,336,890 |
| Total restricted and noncurrent liabilities | <u>12,459,481</u> | <u>11,685,632</u> |
| Total liabilities | <u>13,671,241</u> | <u>15,357,926</u> |
| DEFERRED INFLOWS OF RESOURCES | | |
| Deferred inflows of resources related to OPEB | 56,474 | 70,592 |
| Deferred inflows of resources related to pension | 325,539 | 283,006 |
| Total deferred inflows of resources | <u>382,013</u> | <u>353,598</u> |
| Total liabilities and deferred inflows of resources | <u>14,053,254</u> | <u>15,711,524</u> |
| NET POSITION | | |
| Invested in capital assets | 29,202,940 | 30,145,006 |
| Restricted | 532,957 | 2,808,052 |
| Unrestricted | (4,738,853) | (6,977,673) |
| Total net position | <u>\$ 24,997,044</u> | <u>\$ 25,975,385</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, 2020 and 2019

| | <u>2020</u> | <u>2019</u> |
|---|----------------------|----------------------|
| Operating revenues | | |
| Transportation services | \$ 11,232,969 | \$ 13,906,063 |
| Facility and parking income | 211,035 | 229,910 |
| Other income | 35,794 | 56,496 |
| | <u>11,479,798</u> | <u>14,192,469</u> |
| Operating expenses | | |
| Transportation service | 19,558,433 | 22,165,325 |
| Maintenance | 3,955,001 | 3,893,218 |
| General and administration | 1,457,623 | 1,295,746 |
| | <u>24,971,057</u> | <u>27,354,289</u> |
| Depreciation expense | 4,603,558 | 4,508,313 |
| | <u>29,574,615</u> | <u>31,862,602</u> |
| Operating loss | (18,094,817) | (17,670,133) |
| Nonoperating revenues and (expenses) | | |
| Operating assistance grants | | |
| Federal | 6,517,731 | 6,944,799 |
| Commonwealth of Massachusetts | 4,991,865 | 4,437,889 |
| Local | 2,052,417 | 1,917,426 |
| Interest expense | (107,960) | (137,394) |
| | <u>13,454,053</u> | <u>13,162,720</u> |
| Loss before capital contributions | (4,640,764) | (4,507,413) |
| Capital contributions | | |
| Federal | 2,909,141 | 5,187,880 |
| Commonwealth of Massachusetts | 753,282 | 1,549,223 |
| Local and other | | 80,420 |
| | <u>3,662,423</u> | <u>6,817,523</u> |
| (Loss)/income before Steamship Authority activity | (978,341) | 2,310,110 |
| Steamship Authority Pass-thru revenues and expenses | | |
| Federal operating assistance | 13,021,558 | |
| Operating expenses | (13,021,558) | |
| Change in net position | (978,341) | 2,310,110 |
| Total net position | | |
| Beginning of year | 25,975,385 | 23,665,275 |
| End of year | <u>\$ 24,997,044</u> | <u>\$ 25,975,385</u> |

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

Statement of Cash Flows

Year Ended June 30, 2020 and 2019

| | <u>2020</u> | <u>2019</u> |
|--|------------------------|------------------------|
| Cash flows from operating activities | | |
| Receipts from customers | \$ 13,296,569 | \$ 14,031,047 |
| Payments to vendors and suppliers | (25,840,311) | (25,433,213) |
| Payments to employees | (1,073,942) | (1,055,786) |
| Payments of fringe | <u>(250,659)</u> | <u>(246,277)</u> |
| Net cash used in operations | <u>(13,868,343)</u> | <u>(12,704,229)</u> |
| Cash flows from noncapital financing activities | | |
| Proceeds from revenue anticipation notes | 7,630,704 | 7,744,000 |
| Repayment of revenue anticipation notes | (7,700,000) | (7,750,000) |
| Operating assistance grants | 12,125,798 | 14,661,737 |
| Steamship Authority activity | | |
| Federal operating assistance grants | 13,021,558 | |
| Operating expenses | (13,021,558) | |
| Interest expense | <u>(191,973)</u> | <u>(159,756)</u> |
| Net cash provided by noncapital financing activities | <u>11,864,529</u> | <u>14,495,981</u> |
| Cash flows from capital and related financing activities | | |
| Acquisition of capital assets | (2,924,362) | (8,204,247) |
| Capital contributions | | |
| United States Department of Transportation | 3,642,701 | 5,649,243 |
| Commonwealth of Massachusetts | 1,550,309 | 819,797 |
| Local and other | | 34,512 |
| Proceeds from sale of equipment | | <u>900</u> |
| Net cash provided by (used in capital) and related financing activities | <u>2,268,648</u> | <u>(1,699,795)</u> |
| Cash flows from investing activities | | |
| Interest income | <u>14,306</u> | <u>14,548</u> |
| Net cash provided by investing activities | <u>14,306</u> | <u>14,548</u> |
| Net increase in cash and cash equivalents | 279,140 | 106,505 |
| Cash and cash equivalents at beginning of year | <u>768,505</u> | <u>662,000</u> |
| Cash and cash equivalents at end of year | <u>\$ 1,047,645</u> | <u>\$ 768,505</u> |
| Reconciliation of operating loss to net cash used in operations | | |
| Operating loss | \$ (18,094,817) | \$ (17,670,133) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Depreciation | 4,603,558 | 4,508,313 |
| Postemployment healthcare expense | 167,066 | 148,397 |
| Pension expense | 80,851 | 83,992 |
| Other | | (3,195) |
| Loss (gain) on sale of assets | | (900) |
| Changes in assets and liabilities: | | |
| Receivables, net | 1,816,771 | (160,522) |
| Other assets | (20,241) | (59,952) |
| Accounts payable and accrued expense | <u>(2,421,531)</u> | <u>449,771</u> |
| Net cash used in operations | <u>\$ (13,868,343)</u> | <u>\$ (12,704,229)</u> |
| Supplemental disclosures of noncash transactions | | |
| Capital assets purchased on behalf of the Authority by the Commonwealth of Massachusetts | \$ | \$ 983,827 |
| Increase in accounts payable related to capital expenditures | \$ 737,131 | \$ |

CAPE COD REGIONAL TRANSIT AUTHORITY
(a Component Unit of the Massachusetts Department of Transportation)
Notes to Financial Statements
June 30, 2020 and 2019

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.

The Authority also has a Human Service Brokerage program, whereby the Authority coordinates with various human service agencies to provide their clients with transportation services. The actual services are provided by various private sector transportation companies.

Coronavirus Pandemic

During the current year, the Coronavirus (COVID-19) epidemic significantly affected the Authority's operations. Transportation revenue was down due to a significant decrease in ridership in the last four months of the current year. Further, certain Covid-19 related expenses were incurred (eg., personal protection equipment, partitions, disinfectant related products, cleaning labor expenses, etc.).

Fortunately, the Coronavirus Aid Relief, and Economic Security Act (CARES Act) was signed into law on March 27, 2020. The Authority received a CARES Act grant that fully funded the above mentioned revenue loss and additional expenses.

Steamship Authority Pass-thru Expenses and Funding

During the current year, the Authority recorded operating and maintenance expenses of \$13,021,558, that were related to the Woods Hole, Martha's Vineyard, Nantucket Steamship Authority's (Steamship Authority) operations. The Authority reimburses the Steamship Authority for these expenses and funds the expenses through additional Federal Transit Administration (FTA) grants, including a CARES Act grant. This funding resulted from Steamship Authority operating data that was submitted to the National Transit Database (NTD); thus, increasing the apportionment to the Barnstable – MA Urbanized Area (UZA). Under federal regulations, as the sole designated FTA funding recipient for the Barnstable – MA UZA, the Authority is responsible for reporting the Steamship Authority 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, 2020 and 2019

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) Adoption of New Accounting Pronouncements – In January, 2020, the GASB issued GASB No. 92, *Omnibus 2020*. This statement covered a number of reporting topics, most of which are not to be implemented until fiscal year 2022 (pursuant to GASB No. 95). The only provision that required adoption in fiscal year 2020 regarded reinsurance recoveries. This provision stated that for purposes of applying paragraph 37 of GASB Statement No. 10 related to accounting for risk financing and insurance-related activities of public entity risk pools, amounts that (a) are recoverable from reinsurers or excess insurers and (b) relate to paid claims and claim adjustment expenses may be reported as reductions of expenses but are not required to be. The adoption of this standard did not have a material effect on the Authority's financial statements.

In May 2020, the GASB issued GASB No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. This Statement extends the effective dates of certain accounting and financial provisions in GASB Statements and Implementation Guides that were first effective for reporting periods beginning after June 15, 2018. The requirements of the Statement apply to the financial statements of all state and local governments. The adoption of the standard did not have an effect on the Authority's financial statements.

The GASB has issued the following statements, which require adoption subsequent to June 30, 2020 and may be applicable to the Authority. The Authority has not yet adopted these statements, and the implication on the Authority's fiscal practices and financial reports is being evaluated. The adoption years below reflect changes pursuant to GASB No. 95.

CAPE COD REGIONAL TRANSIT AUTHORITY
(a Component Unit of the Massachusetts Department of Transportation)
Notes to Financial Statements
June 30, 2020 and 2019

2. Summary of Significant Accounting Policies (continued)

b) Adoption of New Accounting Pronouncements (continued)

| <u>Statement No.</u> | <u>Adoption Required in Fiscal Year</u> |
|---|---|
| 84 <i>Fiduciary Activities</i> | 2021 |
| 87 <i>Leases</i> | 2022 |
| 89 <i>Accounting for Interest Cost Incurred before the End of Construction Period</i> | 2022 |
| 90 <i>Majority Equity Interests – an amendment of GASB Statements No. 14 and 61</i> | 2021 |
| 91 <i>Conduit Debt Obligations</i> | 2023 |
| 92 <i>Omnibus 2020 (for all paragraphs except 11)</i> | 2022 |
| 93 <i>Replacement of Interbank Offered Rates</i> | 2022 |
| 94 <i>Public-Private and Public-Public Partnerships and Availability Payment Arrangements</i> | 2023 |
| 96 <i>Subscription-Based Information Technology Arrangements</i> | 2023 |
| 97 <i>Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457, Deferred Compensation Plans – an Amendment of GASB Statements No. 14 and 84, and a suppression of GASB No. 32</i> | 2022 |

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.

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 | 5 |

CAPE COD REGIONAL TRANSIT AUTHORITY
(a Component Unit of the Massachusetts Department of Transportation)
Notes to Financial Statements
June 30, 2020 and 2019

2. Summary of Significant Accounting Policies (continued)

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 2020 and 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to its pension and OPEB plans.

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.

CAPE COD REGIONAL TRANSIT AUTHORITY
(a Component Unit of the Massachusetts Department of Transportation)
Notes to Financial Statements
June 30, 2020 and 2019

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, 2020, 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, 2020 and 2019, are as follows:

| | <u>2020</u> | <u>2019</u> |
|--|---------------------|-------------------|
| Current assets - cash and cash equivalents | \$ 506,078 | \$ 287,460 |
| Noncurrents assets - restricted funds | <u>541,567</u> | <u>481,045</u> |
| Total | <u>\$ 1,047,645</u> | <u>\$ 768,505</u> |

4. Grants

The Federal government provides both operating and capital funding pursuant to the various sections of the Moving Ahead for Progress in the 21st Century (MAP-21) Act, of 2012 and the Fixing America's Surface Transportation Act (FAST), of 2015. Further, MassDOT and the member communities provide the local share of both operating and capital funding.

CAPE COD REGIONAL TRANSIT AUTHORITY
(a Component Unit of the Massachusetts Department of Transportation)
Notes to Financial Statements
June 30, 2020 and 2019

5. Receivables

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

| | <u>2020</u> | <u>2019</u> |
|--|--------------|--------------|
| United States Department of Transportation - | | |
| Direct Federal Grants | | |
| Operating grants | \$ 1,579,858 | \$ 1,271,103 |
| CARES Act grant | 709,077 | |
| | 2,288,935 | 1,271,103 |
| Commonwealth of Massachusetts | | |
| Operating grants | | |
| State Contract Assistance | 175,433 | |
| Local operating assistance to be billed by the Commonwealth to the Towns constituting the Authority and paid by the Commonwealth to the Authority | 2,989,248 | 2,687,398 |
| Executive Office of Human Services | | |
| Transportation | 308,420 | 2,101,097 |
| Other | 16,440 | 40,534 |
| Total Receivables | 5,778,476 | 6,100,132 |
| Less noncurrent receivables | (1,189,525) | (968,621) |
| Current receivables | \$ 4,588,951 | \$ 5,131,511 |
| Capital assistance | | |
| Commonwealth of Massachusetts | \$ 254,708 | \$ 1,047,734 |
| Federal grants | 1,003,008 | 1,749,568 |
| Total Receivables capital grants | \$ 1,257,716 | \$ 2,797,302 |

6. Other Current Assets

The other current asset balance includes inventory of motor vehicle parts and fuel for 2019 and 2018 of approximately \$363,000 and \$329,000, respectively. This inventory is stated at the lower of cost or market.

CAPE COD REGIONAL TRANSIT AUTHORITY
(a Component Unit of the Massachusetts Department of Transportation)
Notes to Financial Statements
June 30, 2020 and 2019

7. Capital Assets and Depreciation

The capital asset activity for the year ended June 30, 2020 was as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|----------------------|---------------------|-------------|----------------------|
| Capital assets not being depreciated | | | | |
| Land | \$ 2,294,775 | \$ - | \$ - | \$ 2,294,775 |
| Subtotal | <u>2,294,775</u> | <u>-</u> | <u>-</u> | <u>2,294,775</u> |
| Depreciable capital assets | | | | |
| Buildings and structures | 22,323,209 | 556,658 | | 22,879,867 |
| Vehicles | 30,811,197 | 2,843,058 | | 33,654,255 |
| Equipment | 3,364,653 | 193,895 | | 3,558,548 |
| Intangible assets | 1,924,197 | 67,881 | | 1,992,078 |
| Subtotal | <u>58,423,256</u> | <u>3,661,492</u> | <u>-</u> | <u>62,084,748</u> |
| Accumulated depreciation | <u>30,573,025</u> | <u>4,603,558</u> | | <u>35,176,583</u> |
| Net depreciable capital assets | <u>27,850,231</u> | <u>(942,066)</u> | <u>-</u> | <u>26,908,165</u> |
| Net depreciable and net capital assets | <u>\$ 30,145,006</u> | <u>\$ (942,066)</u> | <u>\$ -</u> | <u>\$ 29,202,940</u> |

The capital asset activity for the year ended June 30, 2019 was as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|----------------------|---------------------|----------------|----------------------|
| Capital assets not being depreciated | | | | |
| Land | \$ 2,294,775 | \$ - | \$ - | \$ 2,294,775 |
| Subtotal | <u>2,294,775</u> | <u>-</u> | <u>-</u> | <u>2,294,775</u> |
| Depreciable capital assets | | | | |
| Buildings and structures | 20,548,540 | 1,774,669 | | 22,323,209 |
| Vehicles | 26,496,860 | 4,508,144 | 193,807 | 30,811,197 |
| Equipment | 3,266,777 | 105,219 | 7,343 | 3,364,653 |
| Intangible assets | 2,137,440 | 435,870 | 649,113 | 1,924,197 |
| Subtotal | <u>52,449,617</u> | <u>6,823,902</u> | <u>850,263</u> | <u>58,423,256</u> |
| Accumulated depreciation | <u>26,914,975</u> | <u>4,508,313</u> | <u>850,263</u> | <u>30,573,025</u> |
| Net depreciable capital assets | <u>25,534,642</u> | <u>2,315,589</u> | <u>-</u> | <u>27,850,231</u> |
| Net depreciable and net capital assets | <u>\$ 27,829,417</u> | <u>\$ 2,315,589</u> | <u>\$ -</u> | <u>\$ 30,145,006</u> |

CAPE COD REGIONAL TRANSIT AUTHORITY
(a Component Unit of the Massachusetts Department of Transportation)
Notes to Financial Statements
June 30, 2020 and 2019

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 2020 and 2019 was \$4,603,558 and \$4,508,313, respectively.

8. Notes Payable

During the years ended June 30, 2020 and 2019, the following changes occurred in the Authority's revenue anticipation notes (RANs):

| | <u>2020</u> | <u>2019</u> |
|------------------------------------|---------------------|---------------------|
| Beginning balance | \$ 7,703,667 | \$ 7,755,642 |
| New notes issued | 7,630,704 | 7,744,000 |
| Notes retired | <u>(7,732,836)</u> | <u>(7,795,975)</u> |
| | 7,601,535 | 7,703,667 |
| Less: current maturities | <u>(101,535)</u> | <u>(103,667)</u> |
| Long-term, less current maturities | <u>\$ 7,500,000</u> | <u>\$ 7,600,000</u> |

The RAN outstanding at June 30, 2020, has an interest rate of 2.0% (effective interest rate is 1.6% after accounting for premium), and is due in July, 2020. The above balance is inclusive of an unamortized premium of \$1,535.

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.

A portion of the RAN (i.e., \$7,500,000) 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. 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.

CAPE COD REGIONAL TRANSIT AUTHORITY
(a Component Unit of the Massachusetts Department of Transportation)
Notes to Financial Statements
June 30, 2020 and 2019

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, 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.

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, 2020, was 21.41% 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 2020 and 2019 were \$202,072 and \$185,854, respectively.

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

At June 30, 2020 and 2019, the Authority reported a liability of \$2,296,232 and \$2,336,890, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020. 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, 2019, the Authority's proportion of net pension liability was .306%.

CAPE COD REGIONAL TRANSIT AUTHORITY
(a Component Unit of the Massachusetts Department of Transportation)
Notes to Financial Statements
June 30, 2020 and 2019

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, 2020, the Authority recognized pension expense of \$282,923 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> |
|---|---|--|
| Net difference between projected and actual earnings on pension plan investments | \$ - | \$ 137,226 |
| Changes in assumptions | 266,953 | |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 270,765 | 168,958 |
| Differences between expected and actual experience | <u> </u> | <u>19,355</u> |
| Total deferred outflows and inflows | <u>\$ 537,718</u> | <u>\$ 325,539</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> | |
|-------------|-----------|
| 2021 | \$ 20,791 |
| 2022 | 54,088 |
| 2023 | 134,126 |
| 2024 | (31,951) |
| 2025 | 35,125 |

Actuarial Assumptions – The total pension liability was determined by an actuarial valuation as of January 1, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|----------------------------|--|
| Actuarial cost method | Entry age normal cost method |
| Salary increases | 3.25% |
| Investment rate of return | 7.15% |
| Cost of living adjustments | 3.0 percent of first \$18,000 of retirement income |

CAPE COD REGIONAL TRANSIT AUTHORITY
(a Component Unit of the Massachusetts Department of Transportation)
Notes to Financial Statements
June 30, 2020 and 2019

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)

Actuarial Assumptions (continued)

Mortality rates:

| | |
|------------------|--|
| Pre-retirement | The RP-2014 Blue Collar Employee Mortality Table projected generationally with Scale MP-2017. |
| Healthy Retiree | The RP-2014 Blue Collar Healthy Annuitant Mortality Table projected generationally with Scale MP-2017. |
| Disabled Retiree | The RP-2014 Blue Collar Healthy Annuitant Mortality Table projected generationally with Scale MP-2017. |

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 expected future real rates of return (expected returns, net of 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 | 21.00% | 6.15% |
| International developed markets equity | 13.00% | 6.78% |
| International emerging markets equity | 5.00% | 8.65% |
| Core fixed income | 15.00% | 1.11% |
| High-yield fixed income | 8.00% | 3.51% |
| Real estate | 10.00% | 4.33% |
| Commodities | 4.00% | 4.13% |
| Hedge fund, GTAA, Risk parity | 11.00% | 3.19% |
| Private equity | 13.00% | 9.90% |
| Total | 100.00% | |

CAPE COD REGIONAL TRANSIT AUTHORITY
(a Component Unit of the Massachusetts Department of Transportation)
Notes to Financial Statements
June 30, 2020 and 2019

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 7.15 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 contributions from employers will be made at rates, actuarially determined. For this purpose, only employer contributions that are intended to fund the service costs for future 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 pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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 7.15 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 (6.15 percent) or 1-percentage-point higher (8.15 percent) than the current rate:

| | 1% Decrease <u>(6.15%)</u> | Discount Rate <u>(7.15%)</u> | 1% Increase <u>(8.15%)</u> |
|--|-------------------------------|---------------------------------|-------------------------------|
| Authority's proportionate share of the net pension liability | \$ 3,019,662 | \$ 2,296,232 | \$ 1,688,467 |

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, 2020, membership consisted of 10 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, 2020 and 2019

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, 2018 for the year ended June 30, 2019 and was rolled forward to the June 30, 2020 report date. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018.

Actuarial Assumptions – The total OPEB liability in the June 30, 2018 actuarial valuation and the related update to June 30, 2018 (the measurement date) were determined using the following actuarial assumptions, applied to all periods included in the measurement: the entry age normal cost method, an inflation rate of 3.25%, a 3.87% discount rate, projected salary increase of 6% decreasing over 11 years to an ultimate level of 4.25%, a long-term healthcare cost trend rate of 7.00% decreasing by .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-2017.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period of July 1, 2016 through June 30, 2018.

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 3.87%. This discount rate was equal to the prevailing municipal bond rate for the Authority's unfunded periods.

CAPE COD REGIONAL TRANSIT AUTHORITY
(a Component Unit of the Massachusetts Department of Transportation)
Notes to Financial Statements
June 30, 2020 and 2019

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 6/30/2019 | \$ 1,278,447 | \$ - | \$ 1,278,447 |
| Changes for the year: | | | |
| Service Cost | 78,000 | | 78,000 |
| Interest | 49,476 | | 49,476 |
| Differences between expected and actual experience | | | - |
| Changes in assumptions | | | - |
| Contributions | | 9,000 | (9,000) |
| Benefit payments | (9,000) | (9,000) | - |
| Net changes | 118,476 | - | 118,476 |
| Balance at 6/30/2020 | \$ 1,396,923 | \$ - | \$ 1,396,923 |

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 measurement period ended June 30, 2018:

| | 1% Decrease (2.87%) | Discount Rate (3.87%) | 1% Increase (4.87%) |
|--------------------|------------------------|--------------------------|------------------------|
| Net OPEB Liability | \$ 1,628,812 | \$ 1,396,923 | \$ 1,208,618 |

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 (6% year 1 decreasing to 3.5%) or 1-percentage-point higher (8% year 1 decreasing to 5.5%) than the current healthcare cost trend rates for measurement period ended June 30, 2018:

| | 1% Decrease 6.0% | Current Rate 7.0% | 1% Increase 8.0% |
|--------------------|---------------------|----------------------|---------------------|
| Net OPEB Liability | \$ 1,195,766 | \$ 1,396,923 | \$ 1,648,369 |

CAPE COD REGIONAL TRANSIT AUTHORITY
(a Component Unit of the Massachusetts Department of Transportation)
Notes to Financial Statements
June 30, 2020 and 2019

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, 2020, the Authority reported a net OPEB liability of \$1,396,923, OPEB expense of \$167,066 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 | \$ 143,782 | \$ - |
| Changes in assumptions | 124,758 | 56,474 |
| Total | \$ 268,540 | \$ 56,474 |

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

| Year | | Amount |
|------------|----|--------|
| 2021 | \$ | 39,590 |
| 2022 | | 39,590 |
| 2023 | | 39,590 |
| 2024 | | 39,588 |
| Thereafter | | 53,708 |

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, 2020, the Authority had purchase commitments related to the acquisition of buses of approximately \$1,583,000.
- 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.

CAPE COD REGIONAL TRANSIT AUTHORITY
(a Component Unit of the Massachusetts Department of Transportation)
Notes to Financial Statements
June 30, 2020 and 2019

11. Commitments and Contingencies (continued)

- 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. 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.
- 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

Subsequent to June 30, 2020, the Authority issued a revenue anticipation note of \$7,500,000 with an average interest rate of 1.50% (effective interest rate of .77% after accounting for premium). This RAN will mature in July, 2021 and is guaranteed by the Commonwealth of Massachusetts.

The Authority's operations were affected by the Coronavirus (Covid-19) during the current year as discussed in Note 1. The Coronavirus and actions taken to mitigate have had and are expected to continue to have an adverse impact on the Authority's operations. While it is unknown how long these conditions will last and what the complete financial effect will be to the Authority, it is reasonably certain that future Authority financial statements will be adversely effected. The Authority does have additional CARES Act funding of approximately \$9,846,000; however, whether this is enough to cover future losses or not cannot be determined at this time.

The Authority evaluated subsequent events through October 29, 2020, 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 \$58,900 and \$57,463 in 2020 and 2019, respectively. The aggregate reserve balance at June 30, 2020 and 2019 was \$328,216 and \$269,316, respectively. The reserve for extraordinary expense is included in unearned revenue in the accompanying statement of net position.

CAPE COD REGIONAL TRANSIT AUTHORITY
(a Component Unit of the Massachusetts Department of Transportation)
Notes to Financial Statements
June 30, 2020 and 2019

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 2020 was \$143,000. In addition, the CEO is in a (1) health insurance plan and contributes 25% of the premium cost, and (2) a pension plan contributing 5% 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, 2020

| | <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 | 0.306% | 0.296% | 0.305% | 0.238% | 0.286% | 0.324% |
| Authority's proportionate share of the net pension liability | \$ 2,296,232 | \$ 2,336,890 | \$ 2,077,007 | \$ 1,674,157 | \$ 1,798,849 | \$ 1,828,599 |
| Authority's covered-employee payroll | \$ 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 | 244.28% | 266.24% | 239.06% | 248.32% | 227.06% | 215.24% |
| Plan fiduciary net position as a percentage of the total pension liability | 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, 2019.

Schedule Presentation

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

Changes in assumptions

The net investment return assumption was lowered from 7.375% to 7.15%.

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

Required Supplementary Information
Schedule of Pension Contributions (Unaudited)
June 30, 2020

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--|------------------|------------------|------------------|------------------|------------------|------------------|
| Actuarially required contribution | \$ 201,233 | \$ 185,854 | \$ 182,162 | \$ 135,068 | \$ 157,188 | \$ 171,914 |
| Contributions in relation to the actuarially required contribution | <u>(202,072)</u> | <u>(185,854)</u> | <u>(182,162)</u> | <u>(135,068)</u> | <u>(157,188)</u> | <u>(171,914)</u> |
| Contribution deficiency (excess) | <u>\$ (839)</u> | <u>\$ -</u> |
| Covered-employee payroll | \$ 939,989 | \$ 877,752 | \$ 868,833 | \$ 674,182 | \$ 792,231 | \$ 849,571 |
| Contributions as a percentage of its covered-employee payroll | 21.50% | 21.17% | 20.97% | 20.03% | 19.84% | 20.24% |

Notes to Required Supplementary Information

Schedule Presentation

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

Contributions

Governmental employers are required to pay an annual appropriation as established by PERAC. The total appropriation includes the amounts to pay the pension portion of each member's retirement allowance, an amount to amortize the actuarially determined unfunded liability to zero in accordance with the Plan's funding schedule, and additional appropriations in accordance with adopted early retirement incentive programs. The pension fund appropriations are allocated amongst employers based on covered payroll.

CAPE COD REGIONAL TRANSIT AUTHORITY
(a Component Unit of the Massachusetts Department of Transportation)
Required Supplementary Information
Schedule of Investment Returns
June 30, 2020

| <u>Year</u> | <u>Annual money-weighted rate of return, net of investment expense</u> |
|---------------|--|
| 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 | 0.57% |

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.

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

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>2020</u> | <u>2019</u> | <u>2018</u> |
|---|---------------------|---------------------|-------------------|
| Total OPEB Liability | | | |
| Service cost | \$ 78,000 | \$ 77,463 | \$ 82,953 |
| Interest on the total OPEB liability | 49,476 | 31,344 | 25,088 |
| Differences between expected and actual experience | | 201,296 | |
| Changes in assumptions | | 174,660 | (98,828) |
| Benefit payments | (9,000) | (8,686) | (8,312) |
| Net change in OPEB liability | <u>118,476</u> | <u>476,077</u> | <u>901</u> |
| Total OPEB liability - beginning | <u>1,278,447</u> | <u>802,370</u> | <u>801,469</u> |
| Total OPEB liability - ending | <u>1,396,923</u> | <u>1,278,447</u> | <u>802,370</u> |
| | | | |
| Plan Fiduciary Net Position | | | |
| Contribution - employer | \$ 9,000 | \$ 8,686 | \$ 8,312 |
| Benefit payments | (9,000) | (8,686) | (8,312) |
| Net change in plan fiduciary net position | <u>-</u> | <u>-</u> | <u>-</u> |
| Plan fiduciary net position - beginning | <u>-</u> | <u>-</u> | <u>-</u> |
| Plan fiduciary net position - ending | <u>-</u> | <u>-</u> | <u>-</u> |
| | | | |
| Net OPEB Liability - ending | <u>\$ 1,396,923</u> | <u>\$ 1,278,447</u> | <u>\$ 802,370</u> |
| | | | |
| Plan fiduciary net position as a percentage of the total OPEB liability | 0.00% | 0.00% | 0.00% |
| Covered-employee payroll | 939,989 | 728,878 | 711,100 |
| Net OPEB liability as a percentage of covered-employee payroll | 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.

Changes in assumptions from last actuarial valuation

The discount rate changed from 3.58% to 3.87%.

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>2020</u> | <u>2019</u> | <u>2018</u> |
|--|-------------|-------------|-------------|
| Statutorily required contribution | \$ 9,000 | \$ 8,686 | \$ 8,312 |
| Contributions in relation to the actuarially determined contribution | 9,000 | 8,686 | 8,312 |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - |
| Covered-employee payroll | \$ 939,989 | \$ 728,878 | \$ 711,100 |
| Contributions as a percentage of its covered-employee payroll | 0.96% | 1.19% | 1.17% |

Notes to Required Supplementary Information

Schedule Presentation

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

Significant assumptions and methods

For assumptions and methods used see Note 10.

Changes in assumptions from last actuarial valuation

The discount rate changed from 3.58% to 3.87%.

CAPE COD REGIONAL TRANSIT AUTHORITY
(a Component Unit of the Massachusetts Department of Transportation)
Statement of Costs (Unaudited)
June 30, 2020
Form 1

Schedule 1

| | <u>Total Area Service</u> |
|--|-------------------------------|
| Operating costs | |
| Administrative costs (excluding depreciation) | \$ 1,552,968 |
| Purchased services | |
| Fixed route | 6,806,908 |
| Demand response | 6,464,217 |
| Brokerage services | 10,128,110 |
| Rail - Cape Flyer | 18,854 |
| Debt Service | <u>122,265</u> |
| Total operating costs | <u>25,093,322</u> |
| Federal operating assistance | |
| FTA operating and administrative | 6,517,731 |
| Revenues | |
| Operating | |
| Farebox revenue | 1,104,859 |
| Brokerage service reimbursement | 10,128,110 |
| Rail - Cape Flyer | 2,248 |
| Other revenues | |
| Facility and parking income | 211,035 |
| Interest income | 14,306 |
| Miscellaneous | <u>33,545</u> |
| Total revenues | <u>11,494,103</u> |
| Net operating deficit | 7,081,488 |
| Adjustments | |
| Extraordinary expense reserve | 58,900 |
| Miscellaneous | (37,206) |
| Steamship Authority Pass-thru revenue and expenses | |
| Federal operating assistance | 13,021,558 |
| Operating expenses | <u>(13,021,558)</u> |
| | <u>21,694</u> |
| Net cost of service | <u>7,103,182</u> |
| Net cost of service funding | |
| Local assessments | 2,052,417 |
| State contract assistance | <u>5,050,765</u> |
| Total net cost to be funded | <u>7,103,182</u> |

CAPE COD REGIONAL TRANSIT AUTHORITY
(a Component Unit of the Massachusetts Department of Transportation)
Statement of Costs-Calculation Worksheet and Supplementary Data (Unaudited)
June 30, 2020
Form 2

Schedule 2

Proof calculations and other required information:

| | | |
|--|----|--------------------------|
| Prior year operating exp., net of fully funded brokerage serv. costs | \$ | 14,985,918 |
| Allowable percentage increase: | | 2.50% |
| Prior year, net operating expenses times 2.5% | | <u>374,648</u> |
| | | 15,360,566 |
| Fully funded costs | | |
| Brokerage service costs | | <u>10,128,110</u> |
| Current year, allowable expense | \$ | <u><u>25,488,676</u></u> |
| Actual current year expense | \$ | <u><u>25,093,322</u></u> |
| Amount of extraordinary expenses | \$ | 58,900 |
| Prior year local assessment | | <u>1,963,334</u> |
| Percentage of extraordinary to prior local assessments (not to exceed 3%) | | <u>3%</u> |
| Aggregate amount of reserve account at June 30. | \$ | 328,216 |
| Prior year local assessment | | <u>1,963,334</u> |
| Percentage of reserve account to prior local assessment (not to exceed 20%) | | <u>17%</u> |
| State the management fee paid to major service providers as a Reduction to allowable | | 1% |
| State the percentage of benefits paid by RTA on behalf of RTA employees for: Group health insurance | | 75% |
| State the brokerage service contract cost as a percentage of total operating costs. | | 27% |

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

Schedule 3

June 30, 2020

| <u>Community</u> | | <u>Share</u> |
|------------------|----|------------------|
| Barnstable | \$ | 623,542 |
| Bourne | | 140,051 |
| Brewster | | 55,244 |
| Chatham | | 18,735 |
| Dennis | | 110,825 |
| Eastham | | 55,197 |
| Falmouth | | 197,579 |
| Harwich | | 110,685 |
| Mashpee | | 112,327 |
| Orleans | | 91,823 |
| Provincetown | | 110,438 |
| Sandwich | | 149,552 |
| Truro | | 55,233 |
| Wellfleet | | 55,340 |
| Yarmouth | | 165,846 |
| | | <hr/> |
| | \$ | <u>2,052,417</u> |