

WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET

STEAMSHIP AUTHORITY

2025 ANNUAL REPORT



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WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET
STEAMSHIP AUTHORITY
2025 ANNUAL REPORT

Our mission is to operate a safe, efficient, and reliable transportation system for the islands of Martha's Vineyard and Nantucket with a commitment to sustainability, accessibility, our port communities, and public engagement.



To: Her Excellency, the Governor
To: The Members of the General Court

The 2025 Annual Report of the Woods Hole, Martha’s Vineyard and Nantucket Steamship Authority is respectfully submitted in accordance with Section 13 of Chapter 701 of the Acts of 1960, as amended by Chapter 276 of the Acts of 1962.

Sincerely,



Peter J. Jeffrey
Falmouth
Chair, 2026

AUTHORITY MEMBERS 2025



James M. Malkin
CHAIR
DUKES COUNTY



Peter J. Jeffrey
VICE CHAIR
FALMOUTH



Moira E. Tierney
SECRETARY
NEW BEDFORD



Robert F. Ranney
MEMBER
NANTUCKET



Robert R. Jones
MEMBER
BARNSTABLE

PORT COUNCIL MEMBERS 2025

Nathaniel E. Lowell
Chair, Nantucket

Gordon M. Carr
Vice Chair, New Bedford

Gregory R. Egan
Secretary, Barnstable

Eric R. Dawicki
Fairhaven

Robert S.C. Munier
Falmouth

Joseph E. Sollitto Jr.
Oak Bluffs

John F. Cahill
Tisbury

General Manager
Robert B. Davis

Treasurer/Comptroller
Mark K. Rozum

General Counsel
Terence G. Kenneally



2025 OVERVIEW | OPERATING AND FINANCIAL RESULTS

In 2025, the Steamship Authority's vessels made a total of 24,074 trips carrying 2,958,355 passengers, 575,527 automobiles and trucks 20 feet and less, and 98,915 trucks of 20 feet or longer to or from the islands of Martha's Vineyard and Nantucket during the year. Those totals were either on par with or a slight increase from the prior year, showing a continuation of strong demand for travel to and from the islands of Martha's Vineyard and Nantucket by all segments of the traveling public.

The total number of passengers carried in 2025 increased by 0.6% from those carried in 2024, as passenger traffic on the conventional service increased by 1.3%, while passenger traffic on the high-speed service decreased by 5.7%. The number of automobiles carried in 2025 was virtually the same as the number carried in 2024, while the number of trucks carried in 2025 increased by 0.4% from the previous year. Overall, the total number of vehicles carried increased by 0.1% versus 2024. Approximately 85.3% of all vehicles carried by the Authority in 2025 were less than 20 feet in length. Also in 2025, approximately 36.3% of the vehicles carried by the Authority traveled at excursion rates.

The Authority's operating revenues in 2025 totaled \$149,099,391, an increase of \$10,841,820, or 7.8%, versus 2024. Passenger revenue accounted for 24.0% of the Authority's total operating revenues in 2025, while automobile revenues represented 30.9%, freight revenues represented 32.1%, parking revenues represented 6.5%, and miscellaneous revenues represented 6.5% of revenue.

Operating expenses totaled \$145,977,532 in 2025, an increase of \$11,031,978, or 8.2%, compared to 2024. Maintenance expenses decreased by 5.2% in 2025, primarily due to decreases in terminal maintenance expenses of \$836,171 and decreases in vessel maintenance expenses of \$559,722. Those decreases were offset by a 14.2% increase in depreciation and amortization expenses, which are primarily attributable to the addition of the *M/V Barnstable* and *M/V Aquinnah*, along with increases in motor vehicle depreciation and Subscription-Based Information Technology Arrangement (SBITA) amortization expense related to the existing and new reservation systems.

Vessel operating expenses increased by \$3,949,024, or 11.8%, versus 2024 expenses. This was primarily attributable to an increase in vessel payroll expenses of 15.2% and an increase in vessel fuel oil expense of 5.3% in 2025. Other expense increases were reflected in terminal operations (up 12.7%), reservations and customer service operations (up 3.0%), and general and administrative operations (up 10.9%). Wages, benefits, and payroll taxes accounted for 55.4% of the Authority's operating expenses in 2025.

Interest on bonds and other fixed charges were offset by license fee income and operating grant income to bring the Authority's total net operating gain in 2025 to \$9,534,028, a decrease of 26.0% from the previous year. This made 2025 the 63rd consecutive year without a deficit assessment on the taxpayers of the Authority's port communities.

The net cash provided by the Authority's operating activities each year is used to pay bond principal and to replace or upgrade its vessels, terminals, and equipment.

Cash transfers from the Authority's Revenue Fund to its special-purpose funds in 2025 included \$14,846,011 to the Sinking Fund to pay bond interest and principal coming due within the next 12 months and \$13,976,568 to the Replacement Fund. The Authority disbursed \$16,783,965 from its Capital Improvement Fund toward the Woods Hole Terminal Reconstruction Project. The Authority disbursed \$36,608,506 from its Replacement Fund during 2025 in connection with various capital projects, including \$27,464,224 toward the OSV acquisition, conversion, and reactivation project; \$2,416,618 toward the Woods Hole Terminal Reconstruction Project; \$1,793,056 toward the Nantucket transfer bridge replacement project; \$1,803,150 toward website development; \$1,599,842 toward the purchase of two electric hybrid transit buses; and \$1,531,616 toward the purchase of miscellaneous tools, vehicles, and office equipment.

A more detailed analysis of the Authority's financial statements for the year ended December 31, 2025, and further information regarding its 2025 fund transfers and use of special-purpose funds are included in the Management's Discussion and Analysis section of this report.



Steamship Authority

In 2025, the Steamship Authority marked 65 years of providing service to Martha's Vineyard and Nantucket under its current Enabling Act. Previously, the service had suffered from years of operating deficits. There was a pressing need in the late 1950s to ensure adequate transportation while maintaining sufficient revenues to meet the cost of operations.

The Steamship Authority's Enabling Act was passed in 1960 and went into effect in 1961. Initially only Dukes County, Nantucket, and Falmouth held seats on its governing board. In 1991, a nonvoting member from the Town of Barnstable was added. In 2002, Barnstable's representative became a voting member, and a voting member from the City of New Bedford was added while the Authority's three-member Financial Advisory Board was replaced with a seven-member Port Council.

The current Authority has not only met its legislative mandate, but it has also done so without any additional deficit assessments to its port communities since 1962.



An aerial view of the *S/S Nantucket's* (later the *S/S Naushon*) first trip on September 5, 1972, after Tropical Storm Cassie.



The *M/V Uncatena* being lengthened in October 1971.



The Nantucket Terminal shortly after its renovation, from a slide dated September 1985.



The opening of the Vineyard Haven Terminal, 1995.



The *M/V Eagle*, from a slide dated 1991.



The *M/V Island Home* (above) next to the *M/V Islander* (below), from the 2007 Annual Report.



The *M/V Sankaty*, from a slide dated 1994.



The *M/V Nantucket*, from a slide dated 1991.



Passengers inside the *M/V Islander*, 1991.



For more treasures from the Steamship Authority archives, follow us on social media for our Throwback Thursday features.

THE FOLLOWING INDIVIDUALS HAVE SERVED AS AUTHORITY MEMBERS:

BARNSTABLE

Robert L. O'Brien January 1991 – November 2016
Robert R. Jones December 2016 – Present

DUKES COUNTY (Martha's Vineyard)

Robert M. Love January 1961 – October 1963
Isaac C. Norton November 1963 – December 1968
Allen M. Look January 1969 – December 1974
Alfred F. Ferro January 1975 – December 1986
Robert L. Stutz January 1987 – June 1990
E. B. Collins July 1990 – December 1992
Ronald H. Rappaport January 1993 – December 2000
J. B. Riggs Parker January 2001 – December 2001
Kathryn A. Roessel January 2002 – November 2004
Marc N. Hanover December 2004 – February 2020
James M. Malkin March 2020 – Present

FALMOUTH

Frank E. McLean January 1961 – June 1963
James H. Smith June 1963 – December 1990
Robert A. Sayers January 1991 – December 1993
William R. Andrews January 1994 – December 1994
Paul R. Kelleher January 1995 – December 1999
Edward J. DeWitt January 2000 – July 2001
Galen M. Robbins August 2001 – December 2002
Robert S. Marshall January 2003 – November 2013
Catherine N. Norton February 2014 – December 2014
Elizabeth H. Gladfelter March 2015 – December 2018
Kathryn Wilson February 2019 – December 2021
Peter J. Jeffrey January 2022 – Present

NANTUCKET

Tell Berna January 1961 – December 1964
Alexander M. Craig, Jr. January 1965 – October 1971
Adriaan Roggeveen October 1971 – November 1976
Phillip W. Read December 1976 – December 1982
Bernard D. Grossman January 1983 – March 1996
Grace S. Grossman April 1996 – July 2004
H. Flint Ranney August 2004 – December 2012
Robert F. Ranney January 2013 – Present

NEW BEDFORD

David J. Oliviera August 2002 – August 2008
John A. Tierney September 2008 – May 2015
Moira E. Tierney June 2015 – Present

THE FOLLOWING INDIVIDUALS HAVE SERVED ON THE STEAMSHIP AUTHORITY'S FINANCIAL ADVISORY BOARD OR PORT COUNCIL:

BARNSTABLE

Robert R. Jones	August 2002 – November 2016
Eric W. Shufelt	January 2017 – December 2021
Roland “Bud” Breault, Jr.	June 2022 – December 2023
Gregory R. Egan	December 2024 – Present

DUKES COUNTY (Martha's Vineyard)

Wilfred A. Lawrence	January 1961 – December 1963
Benjamin F. Morton	January 1964 – December 1978
Robert C. Murphy	January 1979 – August 2002

FAIRHAVEN

Brian K. Bowcock	August 2002 – April 2005
Ronald J. Manzone	May 2005 – November 2007
Frank J. Rezendes	December 2007 – April 2019
Mark H. Rees	May 2019 – June 2024
Eric R. Dawicki	July 2024 – Present

FALMOUTH

Roy Berg	January 1961 – January 1966
Robert C. Neal	March 1966 – February 1983
Charles G. Cacciola	February 1983 – December 1983
William R. Andrews	January 1984 – December 1993
Paul R. Kelleher	January 1994 – December 1994
S. Eric Asendorf	January 1995 – December 2013
Robert S.C. Munier	January 2014 – Present

NANTUCKET

Alexander M. Craig, Jr.	January 1961 – December 1964
John J. McCalley	January 1965 – December 1968
Norman P. Giffin	January 1969 – October 1976
Bernard D. Grossman	November 1976 – December 1982
Norman F. Beach	January 1983 – December 1997
Steven A. Tornovish	January 1998 – December 2001
H. Flint Ranney	January 2002 – August 2004
Nathaniel E. Lowell	November 2004 – Present

NEW BEDFORD

George J. Leontire	August 2002 – September 2003
Phillip H. Chase, Jr.	January 2005 – October 2008
Jessica Fernandez	June 2009 – August 2011
Edward C. Anthes-Washburn	December 2011 – December 2021
Gordon M. Carr	March 2024 – Present

OAK BLUFFS

Marc N. Hanover	August 2002 – December 2004
Robert V. Huss	January 2005 – December 2020
Joseph E. Sollitto, Jr.	January 2021 – Present

TISBURY

Thomas W. Pacheco	August 2002 – December 2008
George J. Balco	January 2009 – December 2020
John F. Cahill	January 2021 – Present

Fair winds and following seas

Due to the extended time frame of the general manager search process, General Manager Robert B. Davis, who was scheduled to step down at the end of October, agreed to extend his tenure through the end of 2025. At the December Board meeting, Mr. Davis was honored for the eight and a half eventful years he served as general manager. Mr. Malkin, along with other Board members, praised Mr. Davis for his hard work and said the company and its ridership were lucky he was continuing in a senior advisor role, as the company would continue to benefit from his knowledge.

At the meeting, Mr. Davis was presented with two legislative citations. The first, from the State House of Representatives, read as follows:

“Be it hereby known to all that the Massachusetts House of Representatives offers its sincerest congratulations to Robert Davis in recognition of your 40 years serving the Steamship Authority and its Port Communities.

“The entire membership extends its very best wishes and expresses the hope for future good fortune and continued success in all endeavors.

“Given this ninth day of December 2025 by Ronald Marino, Speaker of the House, Offered by Thomas W. Moakley, State Representative.”

He also was presented a citation from the State Senate reading as follows:

“Be it known, that the Massachusetts Senate hereby extends its congratulations to ROBERT DAVIS, General Manager, in recognition of the joyous and happy occasion of your retirement after 40 years of service to the Woods Hole, Martha’s Vineyard, and Nantucket Steamship Authority.

“Be it further known that the Massachusetts Senate extends its best wishes for continued success; that this citation be duly signed by the president of the senate and attested to and a copy thereof transmitted by the Clerk of the Senate.

“By Karen E. Spilka, President of the Senate, Michael D. Hurley, Clerk of the Senate, and Offered By State Senators Julian Cyr and Dylan Fernandes, Dated December 9, 2025.”

Mr. Davis then noted that he had been with the company for over 39 years and worked with a dedicated team of professionals, both past and present, from all areas of the organization. He mentioned several major projects that occurred during his tenure, including the development of the Authority’s first Strategic Plan, the Safety Quality Management System, the training and development program, the development of solar canopies, the purchase of three freight vessels, and the Woods Hole Terminal Reconstruction Project, to name a few. He thanked the staff, the Board, the Port Council, and the public for their support. Lastly, he thanked his family for their understanding of the time commitments of the job.



Above: Robert B. Davis accepting his legislative citations from Board Chair James M. Malkin at the December 2025 Board meeting. Below: Robert B. Davis at the commissioning of the hybrid buses.





Incoming General Manager Alex Kryska welcomes the *M/V Monomoy* to the Steamship Authority at the Fairhaven Vessel Maintenance Facility in January 2026.

The search for a new skipper to take the helm

Throughout 2025, the General Manager Search Committee, consisting of two Board members and two Port Council members, met extensively to chart a course for the Steamship Authority's first search for a general manager in nearly a decade.

In February, the committee identified and interviewed four search firms to aid in its national search. Ultimately, in March, it voted to recommend that the Authority contract with Faststream Recruitment Group to lead the search.

Faststream made contact with 131 candidates during the process, 92 of whom were identified by Faststream and 39 of whom directly applied for the position. Six candidates proceeded to the search committee for review. Throughout the summer, the committee met several times in executive session to review and vet those six potential candidates for the general manager's position. Preliminary interviews were held, also in executive session, before two finalists were announced by the committee.

At a special Board meeting on November 7, those two candidates were interviewed in public session: Chief Operating Officer Mark H. Amundsen, an internal candidate, and Alex Kryska, who was serving as the chief operating officer of PROP, a private ferry company that operates a public-private commuter ferry service and is based in San Francisco, California. Then, on November 13, the Board met and voted unanimously to offer the position to Mr. Kryska.

Mr. Kryska has nearly three decades of experience in fleet operations across the maritime, aviation, and transportation sectors. Before working at PROP, he worked for ACME Technologies, WestEd, and Covenant Aviation Security. Mr. Kryska has an undergraduate degree in transportation business administration from the U.S. Merchant Marine Academy and a Master of Business Administration in global business operations from San Francisco State University.

In December, the Board finalized its contract negotiations with Mr. Kryska, with his tenure set to begin January 12, 2026.

“Alex has a strong background in the marine industry and related businesses and has the necessary skills to address the many challenges and opportunities facing the Steamship Authority and similar organizations,” Board Chair James Malkin said upon the finalization of Mr. Kryska’s contract.



The *M/V Barnstable*, *M/V Island Home*, and *M/V Aquinnah* at the Woods Hole Terminal.

WOODS HOLE TERMINAL RECONSTRUCTION PROJECT

Woods Hole Terminal Reconstruction Project

The Steamship Authority continued work on the landside portion of its Woods Hole Terminal Reconstruction Project in 2025. Unlike in past phases, during which the construction work was scheduled during the offseason as much as practicable, construction on the new terminal and utility buildings proceeded during the entire year, as the areas within the construction project's footprint would not have been available for operations even if work on the buildings had stopped. Working concurrently on both buildings through the summer months shortened the overall construction timeline by 18 months.

The phases of the project are:

Phase 1: Construct a new administration building within the Palmer Avenue parking lot and a temporary terminal building at the Woods Hole terminal. **Completed February 2018**

Phase 2a: After moving operations to the new administration building and temporary terminal building, demolish the existing terminal/general offices building and excavate a portion of the existing retained-earth pier. **Completed spring 2018**

Phase 2b: Partially construct a new Slip No. 3 approximately where the wharf was located. **Completed spring 2019**

Phase 3: Complete construction of the new Slip No. 3 and construct the new Slip No. 2 (in the space formerly designated as Slip No. 1) with new passenger loading walkways, ramps, and an outer floating passenger platform. **Completed spring 2020**

Phase 4: Complete construction of the new Slip No. 1 (in the space formerly designated as Slip No. 2) with new passenger loading walkways, ramps, and an outer floating passenger platform. **Completed spring 2022**

Phase 5: Following reconstruction of the three ferry slips, begin landside site work, including constructing a new Cowdry Road entry, raising the interim site grades, and installing a stormwater system. **Completed spring 2023**

Phase 6: Construct the new terminal building, drill geothermal wells, regrade the site around the terminal plaza, demolish the existing freight shed, and construct the new utility building and new employee parking lot with a photovoltaic canopy structure. **In progress**

Phase 7: Finish remaining site work, including new retaining walls, islands, and landscape elements; finish constructing the photovoltaic canopy; install attendant booths, bus shelters, site lighting, and final landscape elements; and install final Cahoon Park landscaping. **Timing to be determined**

Phase 8: Following the opening of the new terminal building, remove the existing temporary terminal building. **Timing to be determined**

WOODS HOLE TERMINAL RECONSTRUCTION PROJECT



The *M/V Island Home* and *M/V Nantucket* at the Woods Hole Terminal during construction of the new terminal building.

Construction of terminal and utility buildings continues

The simultaneous construction of both the utility and terminal buildings proceeded throughout the year. In January and February, 434 geopiers were laid to support the concrete foundation of the terminal building prior to the installation of below-slab utilities and the first concrete pours for the foundation. By May, the structural steel was erected for the terminal building, and work shifted to its interior during the second half of the year. The building was expected to be operational by Memorial Day 2026.

With the foundation of the utility building having been laid the prior fall, work on that building during 2025 included installation of exterior stonework and windows, and installation of interior drywall, sheetrock, and mechanical equipment. The utility building was substantially complete by December and expected to be operational in early 2026.

WOODS HOLE TERMINAL RECONSTRUCTION PROJECT

Site work traffic measures

With active construction occurring at the terminal site year-round, discussions about traffic and safety were paramount throughout the year.

The Authority took several steps to improve pedestrian safety at the site, including:

- Creating and repainting pedestrian crosswalks;
- Designating a new pickup and drop-off area;
- Creating more separation between pedestrian zones and vehicles;
- Separating the bike path on Steamship Authority property from vehicle lanes;
- Adding a golf cart to assist mobility-challenged customers;
- Increasing staffing levels to assist in directing customers;
- Limiting the intercity buses to one from each carrier at a time;
- Designating a location for the Cape Cod Regional Transit Authority bus;
- Increasing use of the back traffic booth;
- Repositioning the entrance booth;
- Installing additional wayfinding signs; and
- Adding police details.

The Authority also enhanced its customer communications to include the following:

- Including “no standby” messaging in the weekly terminal project update eNews;
- Modifying reservation confirmations to include more detailed arrival information;
- Sending emails one day before travel to all customers regarding arrival time;
- Displaying a website banner advising that no parking is available at the terminal;
- Updating the variable message signs on MacArthur Boulevard to reflect that no parking is available at the terminal; and
- Redesigning the sign at Palmer Avenue stating there is no ferry parking at the terminal.

WOODS HOLE TERMINAL RECONSTRUCTION PROJECT



The utility building at the Woods Hole Terminal while under construction.

Trial of off-site staging for standby travel

In December, following a request by the Board and Port Council, staff put forth a plan for staging vehicles at an off-site location. Two locations were identified as potential staging locations: the Authority's Palmer Avenue and Gifford Street parking lots. Both lots can accommodate a large number of vehicles and trucks if needed, although both sites have benefits and drawbacks to their use. The Palmer Avenue lot does not have a traffic booth with power for staff to work in, and traffic entering the lot may spill onto Palmer Avenue. Gifford Street is being used as a laydown space for the reconstruction project, limiting its available space.

Staff determined that a minimum of eight employees would be required to ensure its proper operation, which would require rehiring some laid-off workers and potentially hiring new ones. At any given time, the off-site lot would be the staging area for two ferry trips plus the Blue Line. Staff members indicated they wished to run the off-site lot on a trial basis in 2026 to test the efficacy of the idea without hiring new employees, as the estimated cost of those hires would be \$800,000.

OFFSHORE SUPPLY VESSEL CONVERSION PROJECT



The *M/V Aquinnah* approaching Oak Bluffs on the day of the commissioning, May 16, 2025.

Following the 2024 commissioning of the *M/V Barnstable*, the conversion of the two remaining former offshore supply vessels, purchased in 2022 from Hornbeck Offshore Services of Covington, Louisiana, continued in 2025 at the Alabama Shipyard in Mobile, Alabama. The Authority saw the second vessel come online this year, with the promise of the third and final vessel going into service shortly after the new year.

***M/V Aquinnah* commissioned**

On May 16 the Steamship Authority celebrated the commissioning of the *M/V Aquinnah* with a public ceremony and open house at its Oak Bluffs Terminal.

The ceremony included remarks by federal, state, and local officials, including a recorded message from U.S. Rep. William J. Keating, D-Mass, and officials who were heavily involved in the project to convert the vessel for use by the Authority for its lifeline services to the islands of Nantucket and Martha's Vineyard.

"Everyone here knows that the Steamship Authority and its vessels are the lifelines of the islands," said Rep. Keating. "With the purchases of the *Woods Hole* and the *Island Home*, and the addition of the *Barnstable* and the *Monomoy* and the *Aquinnah* to replace the Steamship Authority's aging fleet of freight vessels, we've made a commitment to ensure reliable, safe transit of passengers and goods to both islands for many years to come."

"It's a real honor to be on Martha's Vineyard today to mark the commissioning of the *M/V Aquinnah*, the newest addition to the Steamship Authority's freight fleet," said State Rep. Thomas Moakley. "This vessel is a response to the evolving and increasing needs of the island and reinforces the Steamship's essential role in providing reliable and consistent service for islanders."



The logo of the *M/V Aquinnah*.

OFFSHORE SUPPLY VESSEL CONVERSION PROJECT



The ceremonial commissioning of the *M/V Aquinnah* was by Estelle Mason, granddaughter of Board Chair James M. Malkin.

The Wampanoag Tribe of Gay Head (Aquinnah) participated in several aspects of the ceremony. Chief F. Ryan Malonson performed the invocation, and Tribal Chairwoman Cheryl Andrews-Maltais and Tribal Historic Preservation Officer Bettina Washington discussed the tribe's history on Noepe, the ancestral name for Martha's Vineyard.

"The island is so popular now that people come to visit us from all over the world, and it put a strain on this system and our lifeline," said Andrews-Maltais. "However, the Steamship Authority has risen to the occasion by continuously adding new ships, new crew, and expanding its services. The workhorses that we have are the freight ferries and island ferries that are there for us to use as our lifeline and are greatly appreciated. In particular, the *Aquinnah*, which is also our name, is very special to us."

The purchase and conversion of the *M/V Aquinnah*, along with the *M/V Barnstable* and *M/V Monomoy*, were made possible, in part, through an agreement with the Cape Cod Regional Transit Authority that yielded \$28.1 million in federal funding.

"Looking ahead, I'm excited for the continued collaboration between the Cape Cod RTA and the Steamship Authority as we work together to preserve and grow this vital source of funding for years to come," said Kathy Jensen, acting administrator of the Cape Cod Regional Transit Authority.

"Not only do these vessels represent the most efficient, cost-effective, and rapid path to upgrade the fleet and meet the vehicle and freight transport needs of the islands, but their similar design was a huge selling point for us," said General Manager Robert B. Davis. "The identical design of the vessels provides economies of scale through interchangeability of vessels for service needs, inventory of spare parts, and crew training.

"I've said it before, and I'll say it again - it was a good deal!"

OFFSHORE SUPPLY VESSEL CONVERSION PROJECT

During the *M/V Aquinnah* conversion project, the vessel was bisected and its midbody removed to reduce its overall length to 245 feet. The vessel is outfitted with two Caterpillar engines, each rated at 2,000 horsepower, two controllable-pitch propellers, and three 950-horsepower thrusters to allow for greater maneuverability. The vessel also boasts state-of-the-art radar, communications, and navigation systems, two marine evacuation systems and a rescue boat, and an interior passenger area with seating for approximately 80 passengers. The vessel can carry the equivalent of approximately 50 automobiles per trip.

The vessel's name was chosen as part of a 2022 naming contest that garnered more than 8,000 entries. Cambridge resident and frequent Vineyard visitor Olivia Weisser was recognized at the ceremony for submitting the *M/V Aquinnah* as a suggestion in the contest.

James M. Malkin, the Board chair for the Steamship Authority and its Dukes County representative, spoke of the benefits the sister ships will bring to the Steamship Authority's service to the islands.

"These vessels will provide a cost-effective and dependable solution to bridge the gap between now and the next generation of ferries. And, given their similar design, it will be much easier to maintain and repair the vessels and interchange them on different routes," he said. "For Martha's Vineyard, we look forward with hope and enthusiasm to the continuation of reliable ferry service and focused customer service between our island and the mainland."



A view of the Oak Bluffs Terminal seen from the deck of the *M/V Aquinnah* as the vessel approached the dock for the commissioning ceremony.

OFFSHORE SUPPLY VESSEL CONVERSION PROJECT



The *M/V Monomoy* being transported back to the water for its initial launch at the Alabama Shipyard in Mobile, Alabama.

Completion of *M/V Monomoy* conversion

The *M/V Monomoy* conversion project continued at Alabama Shipyard throughout the year. Because the vessel was delivered after the *M/V Barnstable* and *M/V Aquinnah*, its conversion was begun after theirs, but the sequence and scope of work were largely the same.

Following the vessel's bisection in 2024, during which its midbody was removed to reduce its overall length to 245 feet, its remaining outfitting was identical to that of its sister ships, with two Caterpillar engines, each rated at 2,000 horsepower, two controllable-pitch propellers, and three 950-horsepower thrusters to allow for greater maneuverability. The project had notable differences as a result of lessons learned from the earlier conversions, including increased costs for towing, dry docking, and undocking; blasting and coating of the hull; additional shaft, bearing, seal, and coupling costs; additional scope of fire protection; and modifications to the piping of the exhaust and carbon dioxide systems. The vessel also underwent a skeg extension to lengthen a piece of the stern that helps with steerage in response to feedback from Authority personnel about low-speed maneuverability on the *M/V Barnstable*. If the extension performs favorably on the *M/V Monomoy*, similar work may be done on its sister ships.

The undocking of the *M/V Monomoy* was pushed back during the course of the project because steel under the keel coolers needed to be renewed. That, in turn, was delayed by a lack of slip availability at Alabama Shipyard. The vessel was undocked in September and then returned to the water for the remainder of the conversion project. Shutdowns of the federal government further delayed the project due to the Marine Safety Center's unavailability for review of the vessel's stability tests. By the end of the year, the vessel was pierside at Alabama Shipyard, and it was scheduled to depart for the Authority's Fairhaven Vessel Maintenance Facility early in 2026.

M/V ISLAND HOME CREW RECOGNIZED FOR LIFESAVING ACTIONS



General Manager Robert B. Davis (left) presents Capt. Arthur Frosthalm with his meritorious citation for his actions in the rescue operation on October 13, 2025. Chief Operating Officer Mark Amundsen is right.

On October 13, 2025, a day when the waters of Vineyard Sound were being pummeled by a nor'easter, winds of 30 knots with higher gusts were creating waves six to eight feet tall, and heavy rain was covering the area. As the *M/V Island Home* crossed the Sound headed to Woods Hole, the bridge crew noticed an object in the water off the vessel's starboard bow. That object was quickly revealed to be a person.

The crew immediately enacted the procedures for a person in the water and contacted the United States Coast Guard in Woods Hole. Crew members all reported to their assigned positions, while the vessel's master turned it around in the challenging conditions. Crew members deployed three life rings and attempted to keep visual contact with the person, while others prepared to launch a rescue boat.

The U.S. Coast Guard was on the scene within 10 minutes, and the *M/V Island Home* stayed on site for another 20 minutes to provide the Coast Guard with a lee during its rescue operations. Ultimately, a U.S. Coast Guard rescue helicopter arrived, and the person was successfully retrieved from the water and safely brought to shore.

The actions of this crew are a stellar example of the best the Steamship Authority has to offer. Their training and quick response directly contributed to a positive outcome in a challenging situation.

M/V ISLAND HOME CREW RECOGNIZED FOR LIFESAVING ACTIONS

At the December Board meeting, General Manager Robert B. Davis presented a meritorious citation to Capt. Arthur Frosthalm and the following crew members:

- **Pilot/Mate Thomas Furtado**
- **Purser Joseph Graca**
- **Bosun Michael Pronk**
- **Able-Bodied Seafarer Daniel Flanagan**
- **Able-Bodied Seafarer Daniel Marcal**
- **Able-Bodied Seafarer Nicholas Tew**
- **Able-Bodied Seafarer Philip Ricardo**
- **Ordinary Seafarer Dwight McBean**
- **Ordinary Seafarer Ivanildo Barbosa Delgado**
- **Chief Engineer Derek Tuttle**
- **Oiler Danielson Delgado**
- **Training Captain Andrew Fritsch**





True North Initiative launched to guide reservation system project

In 2025, the name True North Initiative was chosen for the overall project to replace the reservation system and upgrade how the Steamship Authority books and manages its ferry trips. The name was chosen to reflect that while the largest part of the project is the new reservation system, it also includes significant improvements to SSA policies, workflows, and operations. Other priorities as part of the True North Initiative included cleaning up and modernizing legacy rules, creating consistent processes, and giving staff and customers easier-to-use tools.

In June, the Authority Board approved the selection of E-Dea SPA of Napoli, Italy, as the vendor for the replacement of the Authority's reservation system in a unanimous vote agreeing to a five-year contract with the company at a cost of \$5,779,484.

The selection came after nine proponents submitted responses to the Authority's Request for Responses prior to the February 21 deadline. Each proponent was required to submit a proposal outlining its business response, functional requirements, and technical and performance requirements. These categories contained almost 750 individual criteria and questions.

Those submissions were reviewed by an internal, seven-member evaluation team first on the basis of criteria other than price. Four of the nine vendors were then invited to meet with the evaluation team, provide a demonstration of their product, and participate in a question-and-answer period. Each firm's financial proposal, which included a proposed cost for an ongoing service contract through 2030, was opened by the Authority after the proponents' technical proposals and demonstrations were evaluated. The process was overseen by the Authority's procurement officer and facilitated by the staff from Gibbous LLC.

Other ferry clients using the E-Dea software are BC Ferries of British Columbia, Canada; Caledonian MacGrayne (CALMAC) of Scotland, United Kingdom; Color Line of Norway; and Searoad Ferries of Australia. In 2024, E-Dea's clients managed 49 million passengers and 18 million vehicles.

To provide more hands-on oversight and management of the process, the Port Council and Board voted to create the IT Executive Steering Committee, a three-member public body made up of Board Secretary Peter J. Jeffrey of Falmouth and Port Council members John F. Cahill of Tisbury and Eric R. Dawicki of Fairhaven. Priority items for the committee in 2025 include development of procurement and training plans and overseeing resource allocation.

Work with E-Dea began with an implementation phase this year, with phased-in rollouts anticipated in 2026. The reservation software project is expected to be fully implemented in the fourth quarter of 2026.

Strategic Plan implementation updates

Implementation of the Authority's Strategic Plan continued in 2025, with quarterly updates provided to the Port Council and Board about staff's progress in carrying out the five strategic outcome areas and 17 initiatives developed under those areas.

With support from Raftelis LLC, the Authority worked throughout the year to identify initiatives that are already operationalized, evaluate and reprioritize remaining initiatives, consider new initiatives where there is adequate capacity and resources to support them, and determine preferred methods of communication and reporting to the public, Port Council, and Board.

At an August workshop with the Port Council and Board, Raftelis representatives and Authority staff members identified as outcome leads updated the members of both bodies on the progress of the plan's initiatives. At that meeting, it was agreed that a public view of Ellio, a platform used to track the plan's progress, would be established and posted on the Authority's website to allow greater visibility into the plan's status. By December, that dashboard was available on the Authority's website at www.steamshipauthority.com/strategicplan.

Safety Quality Management System updates

Since the SSA achieved ISO 9001 and ISM Safety Management Certification, or SMC, in 2023, its Safety Quality Management System has continued to develop and mature. During 2025, the organization successfully completed one internal audit, one external ISO 9001 surveillance audit, one ISM Document of Compliance audit, two vessel interim SMC audits, and its first intermediate SMC audit of a vessel. These activities supported the ongoing implementation and integration of the management system across the organization.

Audit activities continued to provide valuable insight that informed ongoing refinement and improvement efforts, which is consistent with the progression of a relatively new system. Notably, frontline personnel demonstrated substantial growth in engagement and participation in the SQMS, reflecting increased understanding and ownership of safety and quality principles. While cultural change is a gradual process, these indicators showed positive momentum throughout the year and reinforced the organization's commitment to continual improvement.



The Nantucket Terminal was the winner of the inaugural holiday tree contest. Pictured with the Golden Cleat award are terminal agent Ingrid Mendez, ticket seller Sonya Martel, and terminal worker Bobby Malavase.



Blue Line evolution continued to support reservation-only travel for Martha's Vineyard

Following a December 2024 vote to implement reservation-only travel on the Vineyard route due to planned construction in Woods Hole and Vineyard Haven, the Authority executed a communications plan to let residents know about the changes. That included a mailing sent to 21,000 addresses, a campaign on the Authority's website and social media channels, and ads in the local newspapers. Terminal personnel were also provided updated materials on the use of the program, and text capabilities were added to inform customers who were waiting to join the Blue Line that space was available at the terminal for them to line up.

At the conclusion of the 90-day trial, the Board voted in April to extend the reservation-only policy through June. In May, it voted to extend the policy through the end of the year. The policy was further extended for 90 days into 2026 as part of staff members' request to perform a trial of offsite staging of vehicles for passengers wishing to travel to Martha's Vineyard.

Summer schedule openings show strong demand for travel

The Steamship Authority experienced robust demand for vehicle reservations during its annual summer reservation opening dates.

On January 28, 2025, the Authority opened its summer schedule on the Hyannis-Nantucket route. On that day, it processed 6,642 transactions representing more than \$4 million in revenue. In 2024, the Authority processed 7,774 transactions during the entire opening day. This year, the peak number of transactions processed per minute was 347, versus 182 per minute in 2024.

On February 4, 2025, the Authority opened its summer schedule on the Woods Hole-Martha's Vineyard route. On that day, it processed 21,466 transactions representing nearly \$6.9 million in revenue. In 2024, it processed 23,673 transactions on the opening day. This year, the peak number of transactions processed per minute was 722, versus 254 in 2024.

The Steamship Authority defines a transaction as either a one-way or a round-trip automobile reservation.

Advertising donation policy created

In February, the Port Council and Board each approved an amendment to the Charitable Giving Policy that designated certain quantities of the Authority's onboard posters and other advertising space as donations to local charitable organizations. Approximately 25% of the Authority's overall advertising poster options were made available to nonprofit charitable organizations in the Authority's five port communities: Barnstable, Dukes County, Falmouth, Nantucket, and New Bedford. The policy also addressed a tactic under the development of a community engagement plan, one of three initiatives under the Engage with Our Communities strategic outcome in the Authority's Strategic Plan.

In the policy's inaugural year, 90 nonprofits entered a lottery to receive one of the 29 available poster donations.

North slip fender failure at Nantucket Terminal

On April 5, a concrete "clump" on the outermost dolphin of the north vessel slip at the Nantucket Terminal became detached and fell into the water as the *M/V Eagle* made its 5:30 p.m. departure.

The clump fell into the water outside the perimeter of the vessel berth. No damage to the *M/V Eagle* occurred as a result of the incident. AGM Marine retrieved the clump and its attached fender from the water on April 11. AGM later conducted a survey of the underwater pilings, the reaction block, and the fender, all of which were determined to be in good working order. The emergency work was later authorized by the Board at a cost of \$165,871.97.

At the April 15 Board meeting, Coastal Marine Construction LLC was awarded a contract for \$371,567.31 to replace the reaction block and reinstall the existing fender.

A root cause analysis suggested that the failure was not the result of a single event but rather a series of impacts. The Board members requested a review of the Authority's overall fendering systems to determine if adjustments were in order.

The north slip was reopened May 20, four days ahead of schedule.



Aerial view of Nantucket Terminal.

Renewable diesel pilot program authorized

In May, the Board authorized a pilot program to test the use of a renewable diesel fuel on the *M/V Island Home* during the summer. The fuel, known as R99, was expected to reduce the vessel's greenhouse gas emissions by at least half during operations.

R99 is chemically the same as the ultra-low-sulfur marine diesel used by the Authority, but it is made of recently living biomass. It can be used interchangeably with traditional diesel fuel without the need for engine modifications, and it can be mixed with traditional diesel fuel without incident. The fuel has long been used successfully on the West Coast and recently became commercially available on the East Coast.

According to a "wheel-to-wheel" analysis of the fuel, which includes feedstock production and transportation, fuel production and distribution, and the use of the finished fuel emissions, R99 produces a minimum of 50% reduction in life cycle greenhouse gas emissions and as much as a 78% reduction, depending on feedstock inputs.

The trial ran from June 1 to September 1, during which time 104,000 gallons of fuel were expected to be used. The trial cost was \$62,400 to cover the upcharge from ultra-low-sulfur diesel to the R99, which was quoted at \$2.99 per gallon, including delivery charges.

Bond sale

In May, bids were opened on the sale of \$20,000,000 in Series A Bonds on behalf of the Authority. Sixteen bids were received, and the bonds were awarded to FHN Financial Capital Markets, of New York, New York, based on its offer to purchase all of them at the lowest true interest cost of 3.028469%. The received bids ranged from 3.028469% to 3.283503%. The successful bid included \$2,135,680 in reoffering premium. Moody's Investor Service assigned a rating of Aa1 to this bond issuance. The Authority's outstanding bonds are rated Aa1 and carry the Commonwealth of Massachusetts's stable outlook.

2026 Operating Schedules and public hearing

Following the advertisement of its proposed 2026 Operating Schedules in April, the Authority received a petition from 248 Massachusetts residents, primarily from the Town of Falmouth and surrounding areas, asking that it hold a public hearing on the proposed schedules pursuant to Section 15A of the Authority's Enabling Act, which requires a petition of no fewer than 50 residents to hold such a hearing. The Authority conducted the hearing on May 28, 2025, via Zoom videoconferencing.

Following the hearing, staff issued a draft report recommending that the Authority maintain its original proposed summer 2026 operating schedules for the Martha's Vineyard route, which included 5:30 a.m. freight trips originating in Woods Hole and Vineyard Haven. Those trips were the focus of the vast majority of comments received about the proposed operating schedules.

At its August meeting, the Board voted to approve the 2026 Operating Schedules, as well as a report on the schedules issued in response to the petition and as required under the Enabling Act.

In December, the Port Council and Board approved a modification to the approved schedules to revise the late summer schedules, which originally resulted in a reduction of service compared to 2025. The changes were advertised on the Authority's website and in local papers, and no comments on the proposal were received.

Memorandum of understanding with the Falmouth Fire Department

In June, the Board approved a memorandum of understanding (MOU) with the Falmouth Fire Department that set forth procedures and responsibilities regarding maritime firefighting. The MOU was the second such agreement with a fire department in the Authority's port communities; an agreement with the Hyannis Fire Department was approved in 2024.

Lease for parking with Falmouth Youth Hockey League Inc.

In June, the Board approved an extension of the lease for parking at the Falmouth ice arena, located across the street from the Authority's Thomas B. Landers Road parking lot. The Authority uses approximately 200 spaces at the hockey rink lot as overflow parking during the summer season. The lease calls for minimum payments of \$10,000 plus a percentage of gross revenues over a defined threshold each year.

Two hybrid buses go into service in Hyannis

In July, the Steamship Authority celebrated two hybrid buses going into service at its Hyannis Terminal. The buses are used to transport customers from the Authority's off-site parking lots to the Hyannis Terminal.

Robert R. Jones, the Board's Barnstable representative, cut a green ribbon to welcome the bus into service, after which a brief, ceremonial first ride was taken through Hyannis.

The two 35-foot-long, low-floor hybrid buses were purchased from Gillig following approval by the Authority Board in February 2024 to spend up to \$2,400,000 on them. With the addition of the hybrid buses, nine of the Authority's 28 buses are now either electric or gas-electric hybrid vehicles.

Also in July, the Board authorized up to \$2,500,000 to purchase two low-floor, 40-foot electric buses as part of its ongoing bus replacement program. The Authority intends to seek grant funding for the purchase, which was expected to be done pursuant to a statewide contract.



The ribbon cutting ceremony for the hybrid buses. Pictured are Communications Director Sean F. Driscoll (left), board member Robert R. Jones (center), and General Manager Robert B. Davis (right).



Director of Security Todd Falvey (center) standing alongside instructors from Vitality Sight, Todd Watkins (left) and Jarrod Broadway (right), for the Active Shooter training course at the 2025 T+D Expo.

Training and Development Expo

In March and April, the Authority held its biannual Training and Development Expo. Twenty classes were scheduled, which was the highest number in the event's history. The number of attendees during this session was lower than the 2024 expos, and only a handful of participants completed the post-training survey.

In October and November, the year's second Expo was held, bringing 147 participants to one or more of the 30 scheduled topic sessions. The Authority reinvigorated its survey of the event to great success: 306 individuals responded. The respondents rated their course a 4.59 on average on a five-point scale, a remarkable score and testament to the quality of the training being offered.

License agreement with Helen H Offshore Fishing Corp.

In October, the Board approved a license agreement with Helen H Offshore Fishing Corp. to carry passengers from Oak Bluffs and Nantucket for an interisland sporting event. The one-day license included a \$2-per-passenger fee for the service.

Renewals of two licensed carrier agreements

In December, the Port Council and Board approved license renewals for the following carriers:

- Hyannis Harbor Tours Inc. (d/b/a Hy-Line Cruises) received a three-year renewal to operate passenger transportation services between Hyannis and Nantucket, between Hyannis and Martha's Vineyard, and between Martha's Vineyard and Nantucket (its interisland service) beginning with the 2026 operating season. The Board also approved Hy-Line's request to construct a new vessel designed like the *M/V Gray Lady IV*, which will supplement its high-speed catamaran services beginning in 2028.
- Island Commuter Corp. received a one-year renewal to run one additional round trip between Falmouth and Oak Bluffs on Mondays through Thursdays during its 2026 spring and fall schedules, and to begin its fall schedule one week earlier than in previous years.

Office of the Inspector General report issued

In late December, the Massachusetts Office of the Inspector General released a report on the Authority's website development project. The Authority's senior staff acknowledged receipt of the report and pledged to review its findings and recommendations. A statement issued by James M. Malkin, the 2025 Board chair, and Peter J. Jeffrey, the 2026 Board chair, acknowledged the need for continued process improvements and looked forward to improvements in all SSA functions under the leadership of General Manager-designate Alex Kryska.

Lease for Hyannis Employee Parking Lot

In December, the Board approved the second one-year commercial lease extension with the Samuel W. Macey Irrevocable Trust for the employee parking lot at the Hyannis Terminal. The terms of the lease included a 10% increase in rent, from \$100,963.55 to \$111,060.02.

Personnel announcements



Mark H. Amundsen was named the chief operating officer in February. In that role, he is responsible for planning, directing, and overseeing all activities of the Marine Operations and Shoreside Operations departments, the Engineering Department, and the Operations and Communications Center.

Mr. Amundsen joined the Authority in 2019 and has served as the director of marine operations and director of engineering and maintenance. He has more than 30 years of experience in operations, strategic planning, technical management, and engineering in the international shipping industry.

He received his bachelor's degree in marine engineering at Maine Maritime Academy, Castine, Maine, and is a licensed chief engineer of steam and motor vessels.



Zachary A. Lawrence was named the director of engineering and maintenance in March. Mr. Lawrence, who reports directly to the chief operating officer, joined the Steamship Authority in October 2019 as an assistant port engineer and shortly thereafter was promoted to port engineer. In those roles, Lawrence oversaw all aspects of vessel engineering, including repairs and dry docks.

As director of engineering and maintenance, Mr. Lawrence is responsible for managing the day-to-day and long-term operations and maintenance of the Authority's vessels, terminals, and other shoreside facilities, and for ensuring the Authority's long-range maintenance and operational requirements are maintained.

Mr. Lawrence holds a Bachelor of Science degree in marine engineering from Maine Maritime Academy.



Paul "PJ" Painten was named port captain in August. Alongside Port Captain Paul F. Hennessy, Capt. Painten will ensure the SSA's vessels conform to U.S. Coast Guard requirements, ensure that vessel personnel are performing their duties in accordance with SSA policies incorporated into the Authority's Safety Quality Management System, and assist with training of vessel personnel. Capt. Painten came to the Authority from Northstar Marine, where he served as master aboard the *M/V Commander* and *M/V Northstar Navigator*, performing wind farm support work. He has a Bachelor of Science in marine transportation from the Massachusetts Maritime Academy.

Embarkation fee report

The Authority collected town-mandated ferry embarkation fees totaling \$1,026,706 from passengers traveling on its vessels during 2025.

A state law passed in 2003 allows any city or town in Barnstable, Dukes, Nantucket, and Bristol counties to accept a provision that requires the Authority and certain other private ferry operators to impose a 50-cent-per-person ferry embarkation fee for travel originating from its community. The law exempts specific passengers from the town-mandated fee, including certain island residents traveling at excursion rates, commuters using ticket books, and those traveling in school-related groups.

The law also exempts passengers carried on ferry boats that are licensed by the U.S. Coast Guard to transport no more than 100 passengers.

The fees collected under the statute by the various ferry operators are distributed to the respective municipalities through the Massachusetts Department of Revenue. The statute requires each city or town to deposit the monies received into a special fund “to be solely appropriated for the purpose of mitigating the impacts of ferry service on the city or town. Monies deposited may be appropriated for services including, but not limited to, providing harbor services, public safety protection, emergency services or infrastructure improvements within and around the harbor.”

The ferry embarkation fees collected by the Authority were distributed through the Massachusetts Department of Revenue to the following port towns that have accepted the provisions of the statute:

EMBARKATION FEES

Location	2025	Total 2004-2025
BARNSTABLE*	\$ 86,899.13	\$1,827,376.50
FALMOUTH	\$400,353.00	\$8,103,382.50
NANTUCKET	\$118,538.00	\$2,433,410.00
OAK BLUFFS	\$121,706.00	\$2,401,070.00
TISBURY	\$270,243.50	\$5,581,180.50
YARMOUTH**	\$28,966.38	\$609,125.50

**75% of fees collected from passengers departing from the town of Barnstable*

***25% of fees collected from passengers departing from the town of Barnstable*

By the end of 2025, a total of \$20,955,545.00 in ferry embarkation fees had been collected from passengers traveling on the Authority’s vessels and distributed to the Authority’s port towns pursuant to the provisions of chapter 46 of the Acts of 2003, as amended by chapter 55 of the Acts of 2003 and chapter 65 of the Acts of 2004.

Service anniversaries and retirements

Employees are the lifeblood of any company, and the Steamship Authority is particularly lucky to have such a strong contingent of staff who have chosen to share their talents with the company and its customers. The Authority celebrates the employees who marked service anniversaries in 2025 and wishes fair winds and following seas to those who retired.

2025 Years of Service Awards

45 YEARS

Mark Suneson

40 YEARS

Alfred Rappazzo
Karla Wegehaupt
Michael Young

35 YEARS

Patricia Jette
Holly Karalekas
Christopher Robbins
Carlos Santos
John Thackston

30 YEARS

Steven Bonoli
Steve Estrela

Robert Morison Jr.
Ethan Thomas
Robert Townes

25 YEARS

Angela Campbell
Paul Curtis
Angela Del Torto
Arthur Frosthalm
Ruth Grundhoefer

Joseph Medeiros
Paul Mello
Christopher Orne
Robert Rebello

20 YEARS

Courtney Oliveira

Retirements

James Sepanara, 48 years
Joseph Hirtle, 46 years
Kathleen Parsons, 42 years
Richard Fraser, 37 years
Elaine Mooney, 37 years
Loren Weare, 37 years

Michael Gomes, 35 years
Patricia Jette, 35 years
David Arigo, 27 years
Kevin Beaudoin, 27 years
Gretchen Lockwood, 27 years
Wayne Roderick, 27 years

Michael Kuhn, 24 years
Mary Spiegel, 21 years

Eight Bells – In Memoriam



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The striking of eight bells at noon harkens back to the days of sail, when time was kept by a trickle of sand through a half-hour glass. One bell was rung for each passing half hour to help keep track of watches while at sea. At the end of a four-hour watch, with the striking of eight bells, the watch would change.

Eight bells - the end of watch - can also mark a seaman's death, meaning a sailor has finished their final watch.

The Steamship Authority is blessed to have many longtime employees on both the water and the land. Those who finished their final watch in 2025 are remembered here, as well as on the Authority's website at www.SteamshipAuthority.com/eightbells.

February 10: Shirley A. DeLucca, 28-year reservation employee, retired 2024

February 26: James B. Hocking, 42-year vessel employee, retired as a captain, 2015

March 2: Michael E. Tillman, 28-year terminal employee, retired as a ticket seller, 2019

June 3: Lawrence P. Camerlengo, 28-year terminal employee, retired 2023

June 6: Maurice "Moe" M. Gosselin, 36-year vessel employee, retired as a bosun, 2017

September 12: Henry P. Hirschel, 25-year vessel employee, retired as a captain, 2009

October 2: Robert S. Marshall, 11-year Board member representing Falmouth, retired 2013

November 5: James M. Sepanara, 48-year vessel employee, retired as a pilot, 2025

November 26: Anthony "Andy" Clark, terminal employee, associate agent

A word of thanks to our employees

Each year, the annual report serves as a capstone to memorialize the events and accomplishments of the Steamship Authority. While any organization has its challenges, I remain proud to look back on the year and review all that has been accomplished by our employees.

In 2025, we carried more than 2.9 million passengers and over 674,000 vehicles of all sizes to and from the islands of Martha's Vineyard and Nantucket. Even more significantly, we did so while maintaining an excellent performance record, with just half of one percent of our trips canceled for mechanical reasons. Overall, more than 95% of our trips ran as scheduled – an outstanding achievement that is the direct result of continued investments in our vessels, our facilities, and our employees.

In our annual customer experience research, those investments further paid off. On a scale of 1 to 10, where 10 was the highest, more than half the survey respondents – 56% – rated the Authority a “9” or “10” when asked how likely they were to recommend the SSA to a friend or family member. Three-quarters of survey respondents rated us at least a 7 on the 10-point scale. The Steamship Authority also saw significant increases in positive ratings for our schedule options, reliability, and overall convenience. I don't need to tell you what a challenge it is to maintain high performance day in and day out, but our employees manage to do that and more.

Last year, I noted that my message in the annual report would be my last as general manager. Well, here I am again! I was happy to extend my tenure through the end of the year to allow the thorough search for my successor to conclude, and I join everyone in welcoming Alex Kryska on board. I know that we will all support him as he gets his sea legs, and I am pleased that I will continue in a senior advisor role to aid in the transition.


At the December 2025 Board meeting, I was honored to receive legislative citations from both the Massachusetts House of Representatives and the Massachusetts Senate, as well as kind remarks from several Board and Port Council members. As I did then, I'd like to thank the dedicated team of professionals whom I have been honored to work with in all facets of the organization. Thanks to the staff, the Board, and the Port Council, all of whom have supported me during my eight and a half years as general manager. Most



General Manager Robert B. Davis

importantly, I'd like to thank my family for supporting me and being understanding of all the time commitments this job has required.

For my final annual report message – really this time – I once again thank you all for your hard work, your dedication, and your commitment to the Steamship Authority and the traveling public we serve. To all, I wish you fair winds and following seas.



Robert B. Davis
General Manager



Robert B. Davis (second from left) from his time as treasurer at a 2011 board meeting.

2025 TRAFFIC STATISTICS

Passengers Carried

Number of passengers carried from each port during 2025

FROM: TO:	WOODS HOLE	VINEYARD HAVEN	OAK BLUFFS	NANTUCKET	HYANNIS
WOODS HOLE		917,505	281,053	8	
VINEYARD HAVEN	936,352				
OAK BLUFFS	274,381				
NANTUCKET	5				270,310
HYANNIS				278,561	
TOTAL: 2025	1,210,918	917,505	281,053	278,569	270,310
TOTAL: 2024	1,203,568	921,028	271,944	277,252	267,173
CHANGE:	0.7%	-0.4%	3.3%	0.5%	1.2%

Passengers Carried and Revenue - 2025 vs. 2024

MONTH	NUMBER OF PASSENGERS			TICKETED REVENUE FROM PASSENGERS CARRIED*			AVERAGE REVENUE PER PASSENGER		
	2024	2025	CHANGE	2024	2025	CHANGE	2024	2025	CHANGE
JANUARY	125,040	131,503	5.2%	\$ 1,180,171	\$1,274,201	8.0%	\$ 9.44	\$ 9.69	2.6%
FEBRUARY	120,540	112,364	-6.8%	1,092,645	1,076,807	-1.4%	9.06	9.58	5.7%
MARCH	143,770	149,158	3.7%	1,401,961	1,523,117	8.6%	9.75	10.21	4.7%
APRIL	197,335	205,102	3.9%	2,362,290	2,506,999	6.1%	11.97	12.22	2.1%
MAY	270,374	269,618	-0.3%	3,224,309	3,393,848	5.3%	11.93	12.59	5.5%
JUNE	329,780	331,256	0.4%	3,842,109	4,153,136	8.1%	11.65	12.54	7.6%
JULY	403,261	412,064	2.2%	4,886,768	5,234,249	7.1%	12.12	12.70	4.8%
AUGUST	406,792	430,556	5.8%	4,860,807	5,479,038	12.7%	11.95	12.73	6.5%
SEPTEMBER	303,101	303,201	0.0%	3,716,957	3,994,580	7.5%	12.26	13.17	7.4%
OCTOBER	264,647	252,633	-4.5%	3,302,984	3,231,431	-2.2%	12.48	12.79	2.5%
NOVEMBER	195,381	185,246	-5.2%	2,382,994	2,329,147	-2.3%	12.20	12.57	3.0%
DECEMBER	180,944	175,654	-2.9%	2,278,414	2,299,566	0.9%	12.59	13.09	4.0%
TOTAL	2,940,965	2,958,355	0.6%	\$ 34,532,409	\$ 36,496,119	5.7%	\$ 11.74	\$ 12.34	5.1%

*Ticketed revenue from passengers carried differs from passenger revenue in the financial statements due to classification and timing differences.

2025 TRAFFIC STATISTICS

Automobiles Carried

Number of automobiles carried from each port during 2025

FROM: TO:	WOODS HOLE	VINEYARD HAVEN	OAK BLUFFS	NANTUCKET	HYANNIS
WOODS HOLE		161,029	36,863		
VINEYARD HAVEN	157,940				
OAK BLUFFS	41,267				
NANTUCKET					32,670
HYANNIS				31,886	
TOTAL: 2025	199,207	161,029	36,863	31,886	32,670
TOTAL: 2024	201,077	161,731	37,712	30,571	31,340
CHANGE:	-0.9%	-0.4%	-2.3%	4.3%	4.2%

Automobiles Carried and Revenue - 2025 vs. 2024

MONTH	NUMBER OF AUTOMOBILES			TICKETED REVENUE FROM AUTOMOBILES CARRIED*			AVERAGE REVENUE PER AUTOMOBILE		
	2024	2025	CHANGE	2024	2025	CHANGE	2024	2025	CHANGE
JANUARY	23,454	24,287	3.6%	\$ 1,021,940	\$1,053,722	3.1%	\$ 43.57	\$43.39	-0.4%
FEBRUARY	22,716	20,884	-8.1%	965,522	895,536	-7.2%	42.50	42.88	0.9%
MARCH	26,472	27,314	3.2%	1,194,924	1,269,814	6.3%	45.14	46.49	3.0%
APRIL	30,954	32,220	4.1%	2,241,193	2,443,005	9.0%	72.40	75.82	4.7%
MAY	39,878	39,805	-0.2%	3,868,367	4,193,234	8.4%	97.01	105.34	8.6%
JUNE	50,002	48,945	-2.1%	5,993,167	6,534,103	9.0%	119.86	133.50	11.4%
JULY	57,064	57,216	0.3%	7,221,619	8,123,440	12.5%	126.55	141.98	12.2%
AUGUST	59,890	60,509	1.0%	7,837,180	9,011,283	15.0%	130.86	148.92	13.8%
SEPTEMBER	47,276	46,056	-2.6%	4,956,430	5,378,675	8.5%	104.84	116.79	11.4%
OCTOBER	39,498	39,127	-0.9%	3,210,129	3,576,569	11.4%	81.27	91.41	12.5%
NOVEMBER	33,516	34,033	1.5%	1,663,881	1,840,662	10.6%	49.64	54.08	8.9%
DECEMBER	31,711	31,259	-1.4%	1,563,098	1,580,692	1.1%	49.29	50.57	2.6%
TOTAL	462,431	461,655	-0.2%	\$ 41,737,450	\$45,900,735	10.0%	\$ 90.26	\$ 99.43	10.2%

*Ticketed revenue from automobiles carried differs from automobile revenue in the financial statements due to classification and timing differences. Due to reclassifications, numbers may not match prior reports.

2025 TRAFFIC STATISTICS

Trucks Carried

Number of trucks carried from each port during 2025

FROM: TO:	WOODS HOLE	VINEYARD HAVEN	OAK BLUFFS	NANTUCKET	HYANNIS
WOODS HOLE		67,715	8,686	8	
VINEYARD HAVEN	67,672				
OAK BLUFFS	9,344				
NANTUCKET	5				29,952
HYANNIS				29,405	
TOTAL: 2025	77,021	67,715	8,686	29,413	29,952
TOTAL: 2024	77,500	68,010	8,857	28,312	28,881
CHANGE:	-0.6%	-0.4%	-1.9%	3.9%	3.7%

Trucks Carried and Revenue - 2025 vs. 2024

MONTH	NUMBER OF TRUCKS			TICKETED REVENUE FROM TRUCKS CARRIED*			AVERAGE REVENUE PER TRUCK		
	2024	2025	CHANGE	2024	2025	CHANGE	2024	2025	CHANGE
JANUARY	14,648	15,108	3.1%	\$ 2,684,096	\$2,979,875	11.0%	\$ 183.24	\$197.24	7.6%
FEBRUARY	14,108	13,502	-4.3%	2,589,312	2,705,765	4.5%	183.54	200.40	9.2%
MARCH	16,607	17,650	6.3%	3,048,424	3,518,266	15.4%	183.56	199.34	8.6%
APRIL	18,951	19,668	3.8%	3,952,908	4,396,149	11.2%	208.59	223.52	7.2%
MAY	20,434	20,458	0.1%	4,474,345	4,905,577	9.6%	218.97	239.79	9.5%
JUNE	19,596	19,376	-1.1%	4,427,417	4,929,006	11.3%	225.93	254.39	12.6%
JULY	19,540	19,805	1.4%	4,484,418	5,107,488	13.9%	229.50	257.89	12.4%
AUGUST	18,408	17,996	-2.2%	4,321,845	4,630,665	7.1%	234.78	257.32	9.6%
SEPTEMBER	18,289	18,873	3.2%	3,819,539	4,407,640	15.4%	208.84	233.54	11.8%
OCTOBER	18,827	17,921	-4.8%	3,712,044	3,957,356	6.6%	197.17	220.82	12.0%
NOVEMBER	16,463	16,936	2.9%	2,891,430	3,219,367	11.3%	175.63	190.09	8.2%
DECEMBER	15,689	15,494	-1.2%	2,742,113	3,005,041	9.6%	174.78	193.95	11.0%
TOTAL	211,560	212,787	0.6%	\$ 43,147,891	\$47,762,195	10.7%	\$ 203.95	\$224.46	10.1%

* Ticketed revenue from trucks carried differs from freight revenue in the financial statements due to classification and timing differences. Due to reclassifications, numbers may not match prior reports.

10-YEAR TRAFFIC HISTORY

Passengers Carried

	MARTHA'S VINEYARD	NANTUCKET	TOTAL
2016	2,466,757	660,547	3,127,304
2017	2,466,548	592,501	3,059,049
2018	2,435,308	620,039	3,055,347
2019	2,425,787	578,649	3,004,436
2020	1,687,833	379,468	2,067,301
2021	2,195,712	531,844	2,727,556
2022	2,327,346	576,182	2,903,528
2023	2,370,184	551,660	2,921,844
2024	2,396,540	544,425	2,940,965
2025	2,409,471	548,884	2,958,355

Vehicles Under 20' in Length Carried

(including automobiles, pickup trucks, vans, etc.)

	MARTHA'S VINEYARD	NANTUCKET	TOTAL
2016	496,785	86,086	582,871
2017	500,154	85,418	585,572
2018	502,117	84,668	586,785
2019	502,893	84,387	587,280
2020	449,380	80,942	530,322
2021	520,890	92,089	612,979
2022	510,862	89,278	600,140
2023	503,435	89,799	593,234
2024	492,473	83,016	575,489
2025	488,329	87,198	575,527

Vehicles 20' and Over in Length Carried

(including trucks, trailers, buses, campers, etc.)

	MARTHA'S VINEYARD	NANTUCKET	TOTAL
2016	50,343	31,584	81,927
2017	52,305	32,936	85,241
2018	53,449	33,370	86,819
2019	53,366	33,672	87,038
2020	47,999	30,456	78,455
2021	56,522	34,933	91,455
2022	59,233	36,000	95,233
2023	61,515	36,120	97,635
2024	62,411	36,091	98,502
2025	62,187	36,728	98,915

Financial Statements and Required Supplementary Information (Unaudited)

Years Ended

December 31, 2025 and 2024

In performing an audit in accordance with GAAS 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; Schedule of Changes in Net Pension Liability and Related Ratios of Woods Hole, Martha's Vineyard and Nantucket Steamship Authority Pension Plan; Schedule of Employer Contributions to Woods Hole, Martha's Vineyard and Nantucket Steamship Authority Pension Plan; Schedule of Total OPEB Liability and Related Ratios of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority; and Notes to Required Supplementary Information 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 GAAS, 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2026, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Authority's internal control over financial reporting and compliance.

RSM US LLP

Boston, Massachusetts
April 30, 2026

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Management's Discussion and Analysis (Unaudited)

Years Ended December 31, 2025 and 2024

As management of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority (the Authority or Steamship Authority), we offer readers of our financial statements the following narrative overview and analysis of our financial activities for the years ended December 31, 2025, 2024 and 2023. The Steamship Authority is a public instrumentality created by the legislature of the Commonwealth of Massachusetts (the Commonwealth) under Chapter 701 of the Acts of 1960, as amended (the Enabling Act), "in order to provide adequate transportation of persons and necessities of life for the islands of Nantucket and Martha's Vineyard."

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 is a special-purpose governmental entity engaged in only business-type activities. Its financial statements consist of those required for enterprise funds, non-union pension fiduciary fund and the related notes. The Authority's basic financial statements include statements of net position, statements of revenues, expenses and changes in net position and statements of cash flows. In addition to the basic financial statements, this report includes the fiduciary fund financial statements, notes to the financial statements and also contains required supplementary information (RSI) pertaining to the pension plans and the other postemployment benefit plan (OPEB) of the Authority.

The statements of net position report assets plus deferred outflows of resources, liabilities plus deferred inflows of resources and the difference between them 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 reported as: net investment in capital assets, restricted and unrestricted. The net investment in capital assets component of the net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. 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 also included in this component of net position. Net position is reported as restricted when constraints are imposed by third parties or enabling legislation. All other net position is unrestricted.

The statements of revenues, expenses and changes in net position report the operating revenues and expenses and nonoperating revenues and expenses of the Authority for the year with the difference, the net income or loss, being combined with any capital grants and contributions, income from special-purpose restricted funds and special items to determine the change in net position for the year. 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 statements of cash flows report cash and cash equivalent 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 current year.

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The basic financial statements can be found on pages 18-65 of this report. In addition to the basic financial statements and accompanying notes, this report also presents certain RSI. RSI contains data related to the Authority's defined benefit pension plan, OPEB plan provided to its employees and contributions made to the multiemployer plans. The RSI can be found on pages 66-70 of this report.

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority
Management's Discussion and Analysis (Unaudited)
Years Ended December 31, 2025 and 2024

Condensed Financial Information

Condensed financial information from the statements of net position and the statements of revenues, expenses and changes in net position for the years ended December 31, are as follows:

	2025	2024	2023
Current assets	\$ 35,610,536	\$ 46,041,695	\$ 34,108,588
Special-purpose restricted funds	34,456,586	39,377,123	55,269,585
Capital assets, net	315,891,692	280,442,952	244,119,963
Other noncurrent assets	<u>199,160</u>	<u>173,688</u>	<u>361,612</u>
Total assets	<u>386,157,974</u>	<u>366,035,458</u>	<u>333,859,748</u>
Deferred outflows of resources	<u>4,242,626</u>	<u>4,431,199</u>	<u>6,079,246</u>
Total assets and deferred outflows of resources	<u>\$ 390,400,600</u>	<u>\$ 370,466,657</u>	<u>\$ 339,938,994</u>
Current liabilities	\$ 30,872,692	\$ 34,074,224	\$ 24,311,053
Liabilities payable from special-purpose restricted funds	12,525,398	11,528,346	9,656,827
Noncurrent liabilities	<u>110,756,261</u>	<u>102,367,567</u>	<u>113,936,520</u>
Total liabilities	<u>154,154,351</u>	<u>147,970,137</u>	<u>147,904,400</u>
Deferred inflows of resources	<u>1,326,444</u>	<u>2,477,375</u>	<u>4,805,323</u>
Net position:			
Net investment in capital assets	218,322,237	185,533,542	158,386,644
Restricted	27,113,544	38,086,208	39,650,475
Unrestricted deficit	<u>(10,515,976)</u>	<u>(3,600,605)</u>	<u>(10,807,848)</u>
Total net position	<u>234,919,805</u>	<u>220,019,145</u>	<u>187,229,271</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 390,400,600</u>	<u>\$ 370,466,657</u>	<u>\$ 339,938,994</u>
Operating income:			
Total operating revenues	\$ 149,099,391	\$ 138,257,571	\$ 137,100,046
Total operating expenses	<u>(145,977,532)</u>	<u>(134,945,554)</u>	<u>(129,097,247)</u>
Operating income	<u>3,121,859</u>	<u>3,312,017</u>	<u>8,002,799</u>
Nonoperating (expenses) revenues:			
Interest on bonds and other obligations	(2,412,900)	(1,909,150)	(2,341,687)
Income from special-purpose restricted funds	1,165,512	1,839,516	2,233,064
Miscellaneous revenue	4,549,384	5,089,911	4,153,057
Miscellaneous expense	<u>(17,573)</u>	<u>(65,106)</u>	<u>(133,485)</u>
Nonoperating revenues	<u>3,284,423</u>	<u>4,955,171</u>	<u>3,910,949</u>
Income before grants	6,406,282	8,267,188	11,913,748
Grants funding – operating	3,127,746	4,625,186	1,491,785
Grants funding - capital	<u>5,366,632</u>	<u>19,897,500</u>	<u>8,914,390</u>
Change in net position	14,900,660	32,789,874	22,319,923
Net position—beginning of year	<u>220,019,145</u>	<u>187,229,271</u>	<u>164,909,348</u>
Net position—end of year	<u>\$234,919,805</u>	<u>\$220,019,145</u>	<u>\$187,229,271</u>

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Management's Discussion and Analysis (Unaudited)
Years Ended December 31, 2025 and 2024

FINANCIAL ANALYSIS

Comparison of Financial Condition at December 31, 2025 and 2024

The number of passengers the Authority carried increased in 2025 compared to 2024 for both Martha's Vineyard and Nantucket. The number of automobiles carried in 2025 decreased on the Martha's Vineyard route and increased on the Nantucket route compared to the prior year, while the number of trucks decreased for the Martha's Vineyard route and increased for the Nantucket route compared to the prior year.

The Authority's total assets and liabilities were \$386,157,974 and \$154,154,351, respectively, as of December 31, 2025, as compared to \$366,035,458 and \$147,970,137, respectively, as of December 31, 2024. The Authority's deferred outflows of resources were \$4,242,626 and \$4,431,199, for the years ended December 31, 2025 and 2024, respectively. The Authority's deferred inflows of resources were \$1,326,444 and \$2,477,375, for the years ended December 31, 2025 and 2024, respectively. The net position as of December 31, 2025, was \$234,919,805, a 6.8% increase from the prior fiscal year-end.

The increase in total net position was \$14,900,660 for the year ended December 31, 2025, down \$17,889,214 from the \$32,789,874 increase in total net position posted in 2024. Income before capital grants in 2025 was down \$3,358,346 or 26.0%, when compared to the prior year.

The decrease in income before capital grants was primarily attributed to a \$10,841,820, or 7.8% increase in the Authority's operating revenues, and a \$11,031,978, or 8.2% increase in the Authority's operating expenses, offset by a decrease in total nonoperating revenues of \$1,670,748 and the net impact of changes in interest on bonds and other obligations, miscellaneous revenue and expenses. These changes are discussed in greater detail in the following sections.

During 2025, the Steamship Authority was awarded grants through the Federal Transit Administration (FTA) Section 5307 Urbanized Area Formula Program and the Fast Act Ferry Boat Program. These awards are recorded under the heading grants funding in the statement of revenues, expenses and changes in net position.

Operating Revenues

The Steamship Authority's total operating revenues in 2025 were \$149,099,391. Total operating revenues increased by \$10,841,820, or 7.8%, for the year ended December 31, 2025.

The number of passengers carried increased by 17,390, or 0.6%, in 2025 from 2024. Ridership on the conventional service increased by 35,215 riders, or 1.3%, while passenger traffic carried on the M/V Iyanough decreased by 17,825 passengers, or 5.7%, for the year, as compared to 2024. In addition, the average revenue per passenger increased from \$11.90 in 2024 to \$12.11 in 2025, due mostly to the passenger fare increases. Total passenger revenues in 2025 were \$35,833,659, an increase of 2.4%, versus the previous year.

The number of automobiles carried decreased by 776, or 0.2%, in 2025 from 2024. The average revenue per automobile increased from \$90.40 in 2024 to \$99.54 in 2025, due mostly to the fare increases for standard fared automobiles. Total automobile revenues in 2025 were \$45,951,057, an increase of 9.9% versus the previous year.

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Management's Discussion and Analysis (Unaudited)

Years Ended December 31, 2025 and 2024

FINANCIAL ANALYSIS...continued

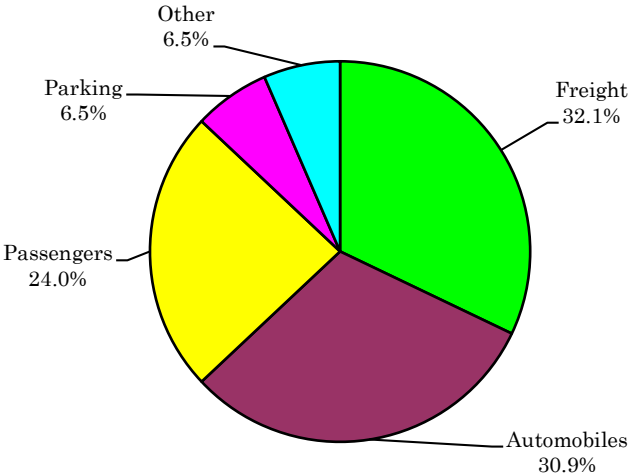
Operating Revenues...continued

The number of trucks carried increased by 1,227, or 0.6%, in 2025 from 2024 traffic levels. The average revenue per truck increased from \$204.62 in 2024 to \$224.92 during 2025, due in part to fare increases for trucks over 20 feet in length. Total freight revenues in 2025 were \$47,860,275, an increase of 10.6% versus the previous year.

Parking revenue in 2025 increased by \$1,946,971 from 2024. The total number of cars parked decreased by 1,694, or 1.0%, from 2024. Total parking revenues in 2025 were \$9,729,429, an increase of 25.0% versus the previous year.

Other miscellaneous operating revenues decreased by \$667,108, or 6.4%, in 2025, primarily due to a decrease in penalty revenue and barge unloading revenue.

The major sources of operating revenues for the year ended December 31, 2025, were as follows:



Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Management's Discussion and Analysis (Unaudited)
Years Ended December 31, 2025 and 2024

FINANCIAL ANALYSIS...continued

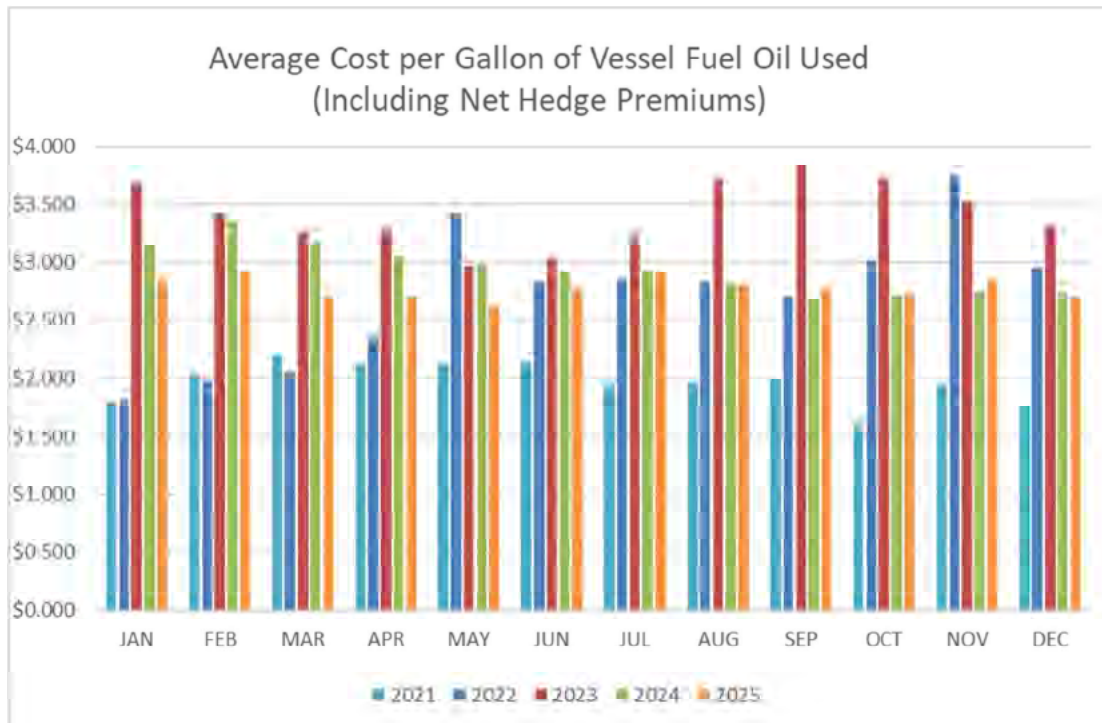
Operating Expenses

The Authority's total operating expenses in 2025 were \$145,977,532. In 2024, total operating expenses were \$134,945,554. Total operating expenses in 2025 were \$11,031,978, or 8.2% higher than the previous year. Increases in wages and benefits, depreciation, vessel fuel oil, insurance, legal expenses, and utilities, were offset by decreases in terminal maintenance, vessel maintenance, and advertising expenses.

Maintenance expense decreased in 2025 versus 2024 by \$1,431,802, or 5.2%. The decrease was primarily attributable to decreases in terminal maintenance expenses of \$836,171 and decreases in vessel maintenance expenses of \$559,722.

Depreciation and amortization expense increased in 2025 versus 2024 by \$1,987,911, or 14.2%. The increase in 2025 is primarily attributable to the increase in vessel depreciation expense with the additions of the M/V Barnstable and M/V Aquinnah, along with increases in motor vehicle depreciation and SBITA amortization expense related to the existing and new reservation systems.

Vessel operating expenses increased by \$3,949,024, or 11.8%, versus 2024 expenses. Vessel payroll expense in 2025 increased by \$3,346,405, or 15.2%, versus 2024 payroll expense. Vessel fuel oil expense of \$10,215,857 was \$517,041, or 5.3% higher in 2025 than in 2024. The average cost per gallon of fuel used operating, including hedge costs, in 2025 was \$2.780, which represents a decrease of 4.4% over the average cost per gallon of fuel used operating in 2024, of \$2.907. In 2025, the Steamship Authority's vessels consumed approximately 3,675,000 gallons of fuel, an increase of 10.0% versus 2024.



FINANCIAL ANALYSIS...continued

Operating Expenses...continued

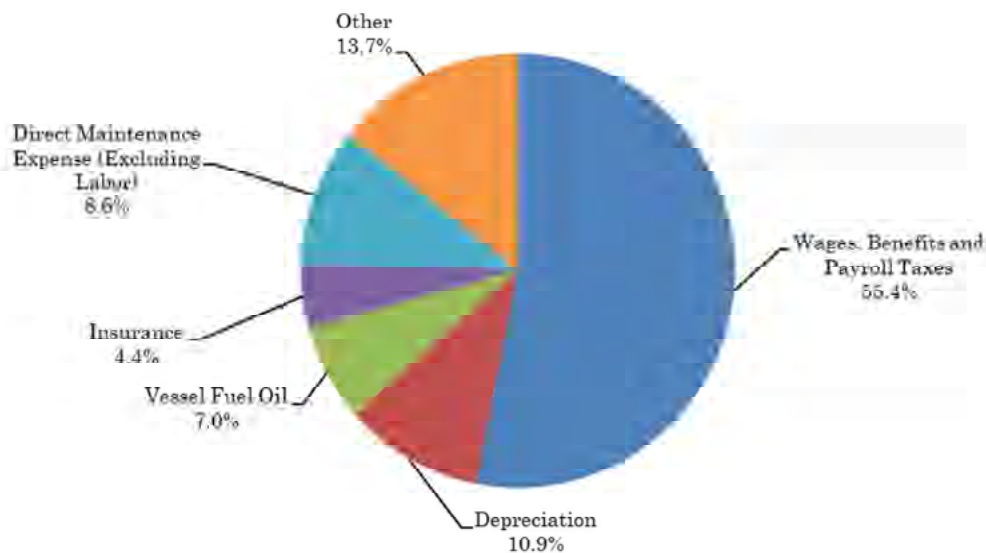
During 2025, the Authority operated 24,074 vessel trips, which represented a decrease of 5 trips, versus 2024.

Expenses related to terminal operations increased in 2025 versus 2024 by \$1,934,027, or 12.7%. This increase was attributed to a \$1,484,731 increase in payroll expenses and an increase in miscellaneous expenses of \$449,296.

Expenses to operate reservations and customer service increased in 2025 versus 2024 by \$91,563, or 3.0%. This increase was primarily attributed to an increase in payroll expense of \$145,385 and a decrease in advertising and other traffic expenses of \$45,096.

General and administrative expense in 2025 increased by \$4,501,255, or 10.9%, versus 2024. In 2025, administration payroll expense increased by \$893,116, or 14.2%, versus 2024. Overall pension, health and welfare expense increased by \$2,972,282, or 16.6%, versus 2024. Payroll taxes increased by \$360,909, or 9.7%; credit card fees increased by \$323,385 or 11.7%; and legal expenses increased by \$103,222 or 52.5%, versus 2024.

The major sources of operating expenses for the year ended December 31, 2025, were as follows:



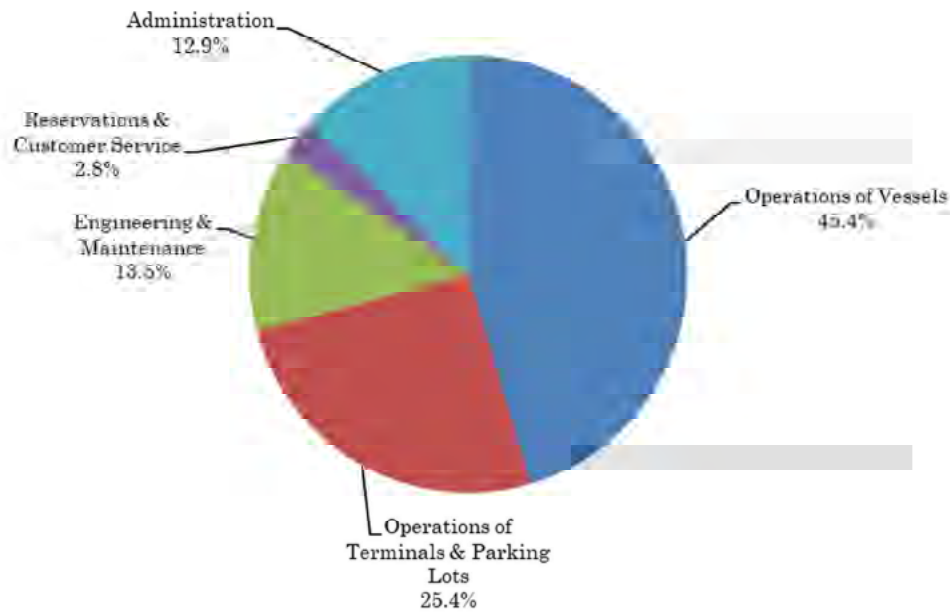
Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Management's Discussion and Analysis (Unaudited)
Years Ended December 31, 2025 and 2024

FINANCIAL ANALYSIS...continued

Operating Expenses...continued

55.4% of the Authority's operating expenses in 2025 were attributed to wages and the cost of employee benefits. The Authority's payroll in 2025 was distributed to the following functions:



Nonoperating (Expenses) Revenues

The Authority's total nonoperating revenues in 2025 were \$3,284,423 which was a decrease of \$1,707,446, or 33.7%, over the total nonoperating revenues of \$4,955,171 in 2024. Expenses for interest on bonds and other obligations of \$2,412,900 in 2025 was a decrease of \$503,750 over the \$1,909,150 in 2024. Income from special-purpose restricted funds of \$1,165,512 in 2025 was a decrease of \$674,004 over the \$1,839,516 in 2024. Miscellaneous revenue of \$4,549,384 in 2025 decreased by \$540,527 over 2024, due to a decrease in profit from sale of property of \$249,188; a decrease of \$134,974 in interest income; and a decrease in license income of \$156,365. Miscellaneous expenses in 2025 decreased by \$47,533 as compared to 2024.

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Management's Discussion and Analysis (Unaudited)

Years Ended December 31, 2025 and 2024

FINANCIAL ANALYSIS...continued

Comparison of Financial Condition at December 31, 2024 and 2023

The number of passengers the Authority carried increased in 2024 compared to 2023. Passengers on the Martha's Vineyard route were up, while the Nantucket route saw a decrease compared to 2023. The number of automobiles carried in 2024 on both routes decreased compared to the prior year, while the number of trucks increased for the Martha's Vineyard route and decreased for the Nantucket route compared to the prior year.

The Authority's total assets and liabilities were \$366,035,458 and \$147,970,137, respectively, as of December 31, 2024, as compared to \$333,859,748 and \$147,904,400, respectively, as of December 31, 2023. The Authority's deferred outflows of resources were \$4,431,199 and \$6,079,246, for the years ended December 31, 2024 and 2023, respectively. The Authority's deferred inflows of resources were \$2,477,375 and \$4,805,323, for the years ended December 31, 2024 and 2023, respectively. The net position as of December 31, 2024, was \$220,019,145, a 17.5% increase from the prior fiscal year-end.

The increase in total net position was \$32,789,874 for the year ended December 31, 2024, up \$10,469,951 from the \$22,319,923 increase in total net position posted in 2023. Income before capital grants and contributions in 2024 was down \$513,159, or 3.8%, when compared to the prior year.

The decrease in income before capital grants and contributions was primarily attributed to a \$1,157,525, or 0.8% increase in the Authority's operating revenue, and a \$5,848,307, or 4.5% increase in the Authority's operating expense, offset by an increase in total nonoperating revenues of \$4,177,623 and the net impact of changes in interest on bonds and other obligations, miscellaneous revenue and expenses. These changes are discussed in greater detail in the following sections.

During 2024, the Steamship Authority was awarded grants through the Federal Transit Administration (FTA) Section 5307 Urbanized Area Formula Program and the Fast Act Ferry Boat Program. These awards are recorded under the heading grants funding in the statement of revenues, expenses and changes in net position.

Operating Revenues

The Steamship Authority's total operating revenues in 2024 were \$138,257,571. Total operating revenues increased by \$1,157,525, or 0.8%, for the year ended December 31, 2024.

The number of passengers carried increased by 19,121, or 0.7%, in 2024 from 2023. Ridership on the conventional service increased by 5,707 riders, or 0.2%, while passenger traffic carried on the M/V Iyanough increased by 13,414 passengers, or 4.1%, for the year, as compared to 2023. In addition, the average revenue per passenger increased from \$11.86 in 2023 to \$11.90 in 2024, due mostly the increase in travel on the M/V Iyanough. Total passenger revenues in 2024 were \$34,990,078, an increase of 1.0%, versus the previous year.

The number of automobiles carried decreased by 17,471, or 3.6%, in 2024 from 2023. The average revenue per automobile increased from \$88.80 in 2023 to \$90.40 in 2024, due mostly to the fare increases for standard fared automobiles. Total automobile revenues in 2024 were \$41,804,353, a decrease of 1.9% versus the previous year.

Woods Hole, Martha’s Vineyard and Nantucket Steamship Authority

Management’s Discussion and Analysis (Unaudited)
Years Ended December 31, 2025 and 2024

FINANCIAL ANALYSIS...continued

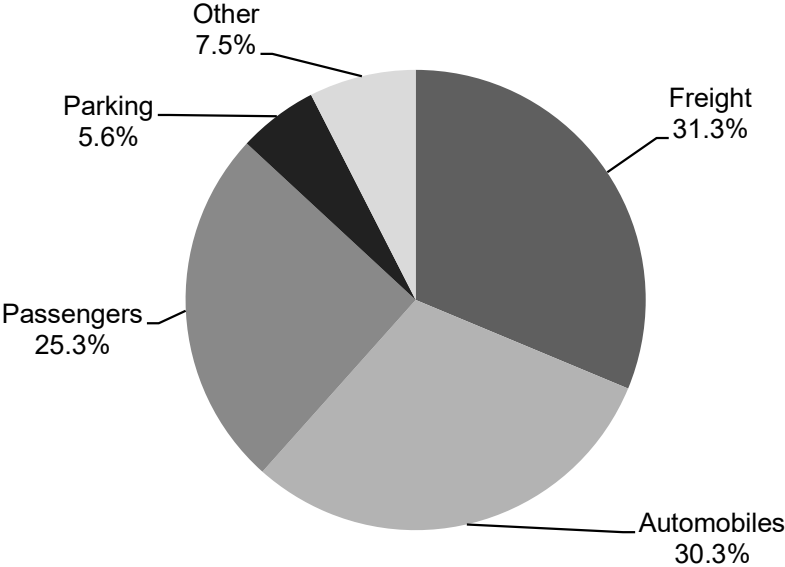
Operating Revenues...continued

The number of trucks carried increased by 593, or 0.3%, in 2024 from 2023 traffic levels. The average revenue per truck increased from \$200.88 in 2023 to \$204.62 during 2024, due in part to fare increases for the Nantucket route. Total freight revenues in 2024 were \$43,288,603, an increase of 2.1% versus the previous year.

Parking revenue in 2024 increased by \$81,268 from 2023. The total number of cars parked increased by 3,090, or 1.8%, from 2023. Total parking revenues in 2024 were \$7,782,458, an increase of 1.1% versus the previous year.

Other miscellaneous operating revenues increased by \$627,432, or 6.4%, in 2024, primarily due to an increase in penalty revenue and barge revenue.

The major sources of operating revenues for the year ended December 31, 2024, were as follows:



Woods Hole, Martha’s Vineyard and Nantucket Steamship Authority

Management’s Discussion and Analysis (Unaudited)

Years Ended December 31, 2025 and 2024

FINANCIAL ANALYSIS...continued

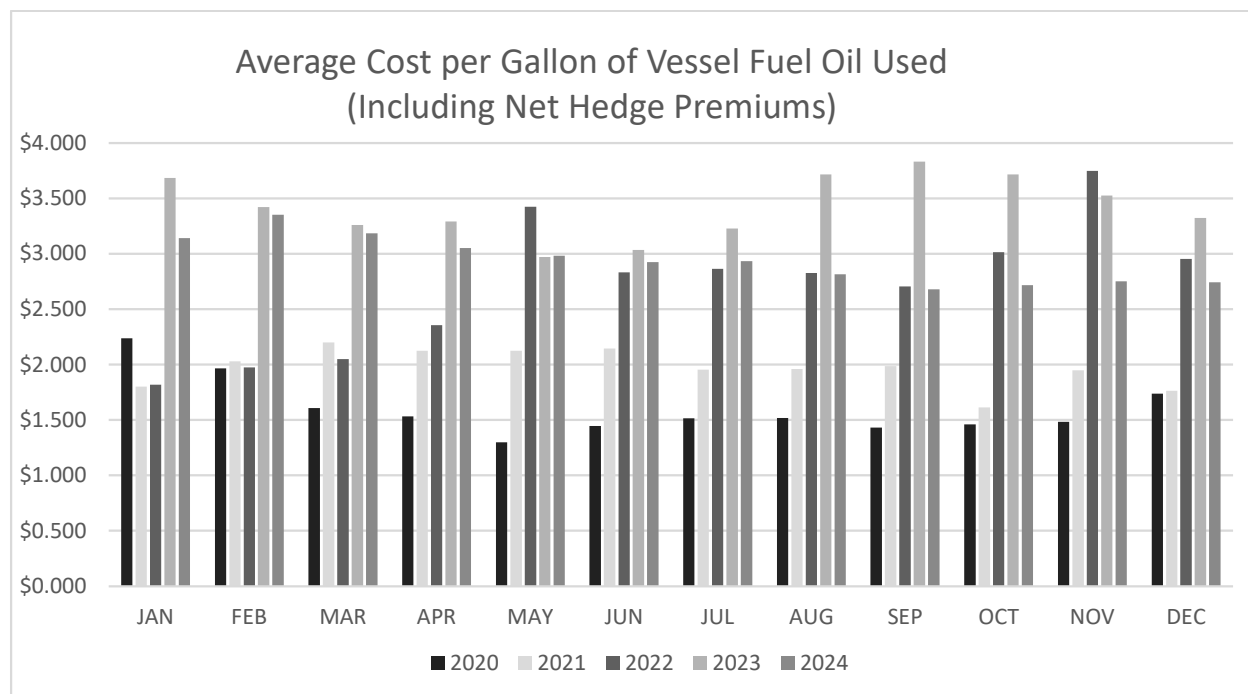
Operating Expenses

The Authority’s total operating expenses in 2024 were \$134,945,554; in 2023, total operating expenses were \$129,097,247. Total operating expenses in 2024 were \$5,848,307, or 4.5% higher than the previous year. Increases in wages and benefits, terminal maintenance, insurance, utilities, and advertising expenses were offset by decreases in depreciation, fuel oil, vessel maintenance, and legal expenses.

Maintenance expense increased in 2024 versus 2023 by \$2,553,642, or 10.1%. The increase was primarily attributable to increases in computer maintenance expenses of \$785,746 and increases in maintenance payroll expenses of \$1,561,427.

Depreciation and amortization expense decreased in 2024 versus 2023 by \$648,884, or 4.4%. The decrease in 2024 is attributable to the prior year’s accelerated depreciation of vessel equipment on the M/V Gay Head, M/V Katama along with decreases in 2023 for the M/V Martha’s Vineyard, M/V Nantucket, computer equipment and terminal and parking equipment. These decreases were partially offset by the addition of electric vehicle charging stations, work trucks, maintenance equipment, computer equipment and a new HVAC system at the Vineyard Haven Terminal.

Vessel operating expenses increased by \$339,301, or 1.0%, versus 2023 expenses. Vessel payroll expense in 2024 increased by \$2,377,906, or 12.1%, versus 2023 payroll expense. Vessel fuel oil expense of \$9,698,816 was \$1,927,215, or 16.6% lower in 2024 than in 2023. The average cost per gallon of fuel used operating, including hedge costs, in 2024 was \$2.907, which represents a decrease of 14.8% over the average cost per gallon of fuel used operating in 2023, of \$3.264. In 2024, the Steamship Authority’s vessels consumed approximately 3,340,000 gallons of fuel, a decrease of 2.1% versus 2023.



Woods Hole, Martha’s Vineyard and Nantucket Steamship Authority

Management’s Discussion and Analysis (Unaudited)

Years Ended December 31, 2025 and 2024

FINANCIAL ANALYSIS...continued

Operating Expenses...continued

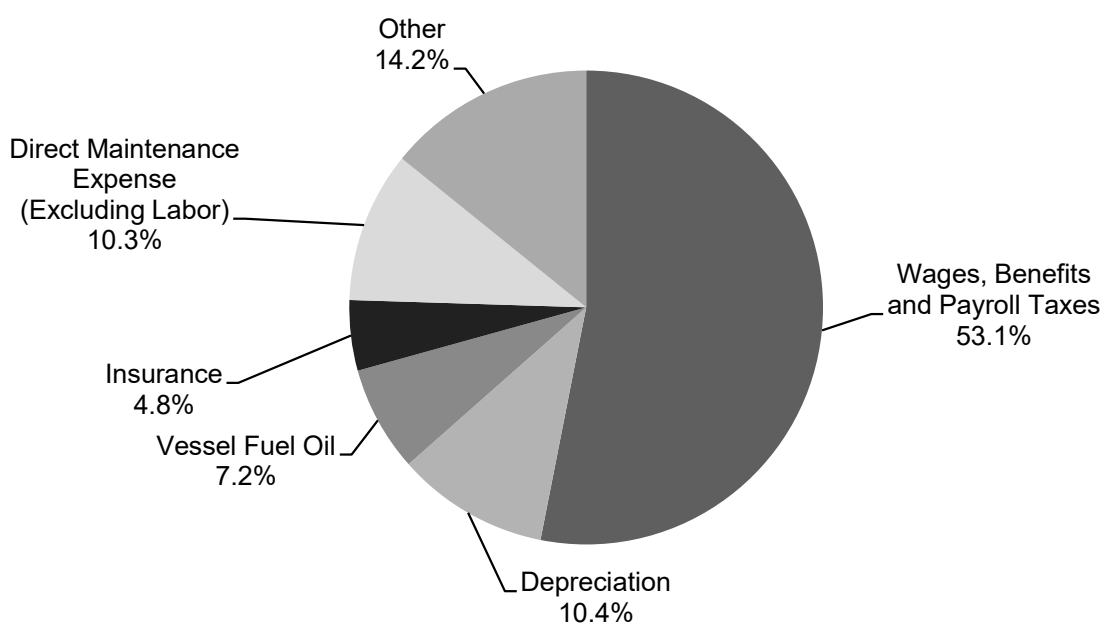
During 2024, the Authority operated 24,079 vessel trips, which represented a decrease of 582 trips, or 2.4%, versus 2023.

Expenses related to terminal operations increased in 2024 versus 2023 by \$1,029,793, or 7.3%. This increase was primarily attributed to a \$964,114 increase in payroll expenses and an increase in miscellaneous expenses of \$65,679.

Expenses to operate reservations and customer service increased in 2024 versus 2023 by \$96,367, or 3.2%. This increase was primarily attributed to an increase in payroll expense of \$33,080 and an increase in advertising expense of \$58,712.

General and administrative expense in 2024 increased by \$2,478,088, or 6.4%, versus 2023. In 2024, administration payroll expense increased by \$618,611, or 10.90%, versus 2023. Overall pension, health and welfare expense increased by \$448,238, or 2.6%, versus 2023. Insurance costs increased by \$797,490, or 14.0%; payroll taxes increased by \$189,664, or 5.4%; consulting costs increased by \$352,789, or 56.3%; and training expenses increased by \$68,899, or 23.5%, versus the prior year.

The major sources of operating expenses for the year ended December 31, 2024, were as follows:



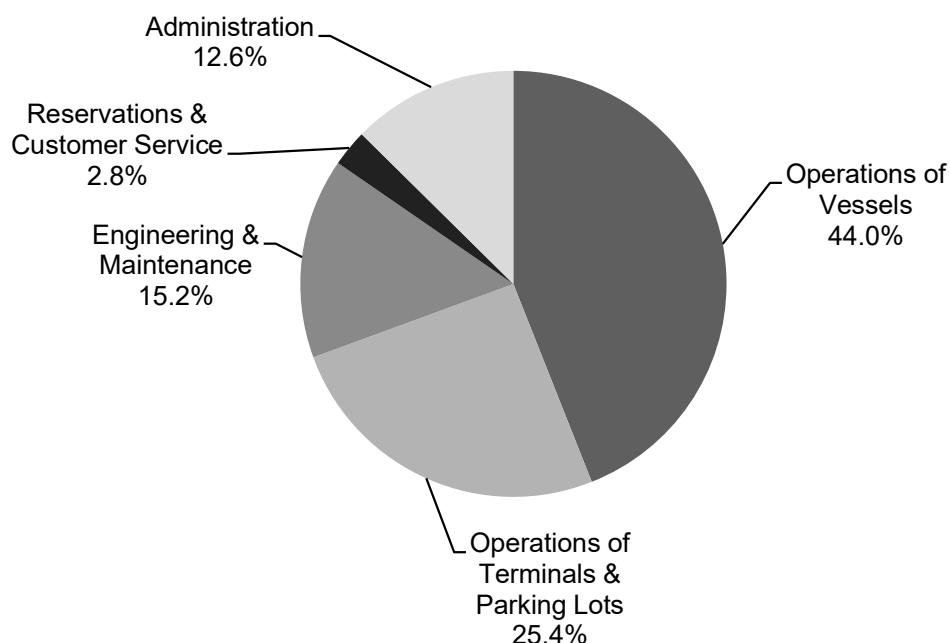
Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Management's Discussion and Analysis (Unaudited)
Years Ended December 31, 2025 and 2024

FINANCIAL ANALYSIS...continued

Operating Expenses...continued

53.2% of the Authority's operating expenses in 2024 were attributed to wages and the cost of employee benefits. The Authority's payroll in 2024 was distributed to the following functions:



Nonoperating (Expenses) Revenues

The Authority's total nonoperating revenues in 2024 were \$4,955,171 which was an increase of \$1,044,222, or 26.7%, over the total nonoperating revenues of \$3,910,949 in 2023. Expenses for interest on bonds and other obligations of \$1,909,150 in 2024 was a decrease of \$432,537 over the \$2,341,687 in 2023. Income from special-purpose restricted funds of \$1,839,516 in 2024 was a decrease of \$393,548 over the \$2,233,064 in 2023. Miscellaneous revenue of \$5,089,911 in 2024 increased by \$936,854 over 2023, due to an increase in profit from sale of property of \$255,000; an increase of \$184,774 in interest income; and an increase in license income of \$497,080. Miscellaneous expenses in 2024 decreased by \$68,379 as compared to 2023, primarily due to a decrease in loss from sale of property.

During 2024, the Steamship Authority was awarded grants through the Federal Transit Administration (FTA) Section 5307 Urbanized Area Formula Program and the Fast Act Ferry Boat Program. These awards are recorded under the heading grants funding - capital in the statement of revenues, expenses and changes in net position.

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Management's Discussion and Analysis (Unaudited)

Years Ended December 31, 2025 and 2024

FINANCIAL ANALYSIS...CONTINUED

SPECIAL-PURPOSE RESTRICTED FUNDS AND FUND TRANSFERS

The Authority's Enabling Act requires revenue derived from its operation to be set aside each month in a specific order and in amounts as follows:

- (1) *To the Operations Fund — such amount, if available, as may be required to pay the cost of maintenance, repair and operation of the Steamship Authority, not to exceed the next two months budgeted cash disbursements and 1/36 of the annual cash disbursements;*
- (2) *To the Sinking Fund — such amount, if any, as may be required for the payment of the interest on and the principal of all bonds as the same shall become due and payable;*
- (3) *To the Replacement Fund — such amount, if any, as may be deemed necessary or advisable for depreciation of property and for obsolescence and losses with respect to property sold, destroyed, or abandoned and for improvements to, and acquisitions of, real and personal property (the Authority's current policy is to limit any transfers to the Property Replacement Fund in any given year to the amount of the prior year's depreciation expense);*
- (4) *To the Reserve Fund — such amount, if any, as may be required to make the balance therein equal to 5% of the principal amount of all outstanding bonds, exclusive of bonds considered as defeased, or \$600,000, whichever is greater;*
- (5) *To the Bond Redemption Fund — all of the remaining revenue to be used within a reasonable time for the purchase or redemption of bonds or, in the Authority's discretion, to be transferred to the Property Replacement Fund or to the Capital Improvement Fund to be used for any purposes for which bonds may be issued; and*
- (6) *To the Capital Improvement Fund — the net proceeds of any bonds or bond anticipation notes issued for capital projects and improvements.*

The Authority's Sinking Fund balance at December 31, 2025, was \$14,326,603 including income from investments of \$558,898 during 2025. The Authority's cash flow during 2025 allowed for transfers to be made to the Sinking Fund to meet the scheduled bond interest payment of \$1,625,225 on September 1, 2025, and to provide for the payment of bond interest and principal due on March 1, 2025, in the amount of \$1,881,725 and \$10,260,000, respectively.

At December 31, 2025, the Property Replacement Fund balance was \$9,611,780, including income earned from investments of \$570,858 during 2025.

In addition, \$13,976,568 was transferred from the Operations Fund to the Property Replacement Fund, a decrease of \$648,884 over the previous year's transfers. Disbursements from the Property Replacement Fund in 2025, totaling \$36,608,506, were comprised of the following:

OSV Acquisition, Conversion and Reactivation	\$27,464,224
Woods Hole Terminal Construction	\$2,416,618
Nantucket Transfer Bridge	\$1,793,056
Electric Hybrid Transit Buses (2)	\$1,599,842
Website Development	\$1,803,150
Miscellaneous tools, vehicles, and office equipment	\$1,531,616

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Management's Discussion and Analysis (Unaudited)

Years Ended December 31, 2025 and 2024

FINANCIAL ANALYSIS...continued

Special-Purpose Restricted Funds and Fund Transfers...continued

The Authority's Reserve Fund balance at December 31, 2025, was \$4,648,203, including income from investments of \$190,988 during 2025.

The Authority's Capital Improvement Fund balance as of December 31, 2025, was \$5,672,645, including income from investments of \$298,360. During 2025, disbursements from the Capital Improvement Fund totaled \$16,783,965. Fund disbursements in 2025 were for the Woods Hole Terminal Reconstruction project. Unexpended proceeds from Steamship Bonds are reported as assets of the Capital Improvement Fund.

The Bond Redemption Fund balance was \$197,355 at December 31, 2025, including income from investments of \$105,306 during 2025.

Investment income from the special-purpose restricted funds amounted to \$1,165,512 during 2025, excluding income from investments in the Sinking Fund of \$558,898.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Authority's capital assets as of December 31, 2025, amounted to \$315,891,692 net of accumulated depreciation and amortization. The Authority's investment in capital assets includes vessels, buildings and structures, office and terminal equipment, motor vehicles, land, leasehold improvements and construction projects in progress. During 2025, the Authority invested \$50,609,776 in construction projects in progress.

The Authority's capital assets as of December 31, 2024, amounted to \$280,442,952 net of accumulated depreciation and amortization. The Authority's investment in capital assets includes vessels, buildings and structures, office and terminal equipment, motor vehicles, land, leasehold improvements and construction projects in progress. During 2024, the Authority invested \$47,732,455 in construction projects in progress.

Capital asset additions were funded through the Authority's operations funds and special-purpose restricted funds.

More detailed information regarding the Authority's capital assets activities for 2025 and 2024 can be found in the notes to the financial statements (Note 3).

Debt Administration

The Authority is currently authorized under the provisions of the Enabling Act, as amended, to issue bonds in an amount not to exceed \$150,000,000 outstanding at any one time. The Authority's Enabling Act further provides that if at any time any principal or interest is due or about to become due on the Authority's bonds and the funds to pay the same are not available, the Authority shall certify to the State Treasurer the amount required to meet such obligations and the Commonwealth shall pay over to the Authority the amount so certified. In the opinion of the Authority's bond counsel, the obligation of the Commonwealth to pay the required amount to the Authority is a general obligation of the Commonwealth and the full faith and credit of the Commonwealth is pledged to make such payment. The Commonwealth has never been called upon to make payments to the Authority to meet such obligations under the provisions of the Enabling Act.

Woods Hole, Martha’s Vineyard and Nantucket Steamship Authority

Management’s Discussion and Analysis (Unaudited)

Years Ended December 31, 2025 and 2024

CAPITAL ASSETS AND DEBT ADMINISTRATION...continued

Debt Administration...continued

The Authority made scheduled principal payments of \$10,260,000 during 2025. The total amount of bonds and notes outstanding, net of unamortized premiums of \$6,847,976, was \$92,645,000 as of December 31, 2025. The Authority made scheduled principal payments of \$8,325,000 during 2024. The total amount of bonds and notes outstanding, net of unamortized premiums of \$6,274,208, was \$82,905,000 as of December 31, 2024.

More detailed information regarding the Authority’s debt administration activities for 2025 and 2024 can be found in the notes to the financial statements (Note 5).

ECONOMIC FACTORS

Demand for the Authority’s services is mainly affected by the overall economic activity on Martha’s Vineyard and Nantucket, both seasonally and year-round. The economic activity is a reflection of the overall construction on the islands 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.

Passengers carried in 2025 increased compared to 2024. The Authority’s automobile traffic during the 2025 fiscal year decreased, while the truck traffic increased, compared to 2024.

The Authority’s traffic statistics for the past five years are as follows:

	2021	2022	2023	2024	2025
Passengers	2,727,556	2,903,528	2,921,844	2,940,965	2,958,355
Automobiles	505,555	490,848	479,902	462,431	461,655
Trucks	198,879	204,525	210,967	211,560	212,787
Cars parked	157,827	167,103	168,861	171,951	170,257
Trips made	24,369	24,761	24,661	24,079	24,074
Nautical Miles	362,696	368,346	365,798	357,442	357,762

REQUESTS FOR INFORMATION

This report is intended to provide an overview of the Authority’s financial condition. Questions concerning any of the information in this report or requests for additional information should be addressed to the Authority’s Treasurer/Comptroller, 228 Palmer Avenue, Falmouth, MA 02540.

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Statements of Net Position

December 31, 2025 and 2024

	2025	2024
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 24,411,911	\$ 25,460,528
Fuel program premiums	-	14,436
Receivables, net	2,175,689	2,337,742
Grants receivable	2,878,509	13,106,006
Inventories	1,019,653	585,485
Prepaid insurance and other	4,439,249	3,603,791
Prepaid fuel hedge	685,525	933,707
Total current assets	<u>35,610,536</u>	<u>46,041,695</u>
Non current assets:		
Special-purpose restricted funds:		
Cash and cash equivalents:		
Sinking fund:		
Current bond maturities and interest	14,326,603	12,677,324
Redemption of bonds	197,355	939,975
Property replacement fund	9,611,780	21,572,861
Reserve fund	4,648,203	4,164,394
Capital improvement fund	5,672,645	22,569
Total special-purpose restricted funds	<u>34,456,586</u>	<u>39,377,123</u>
Capital assets:		
Land	27,112,044	27,112,044
Construction in progress	72,975,103	83,035,084
Floating equipment	225,652,062	170,995,977
Buildings and structures	187,890,737	185,918,378
Office and terminal equipment	23,234,108	21,457,020
Motor vehicles	15,544,335	13,326,695
Leasehold improvements	1,479,225	1,479,225
Right to use lease assets	6,329,546	5,496,832
Less - accumulated depreciation and amortization	<u>(244,325,468)</u>	<u>(228,378,303)</u>
Total capital assets, net	<u>315,891,692</u>	<u>280,442,952</u>
Long-term prepaid expense	199,160	173,688
Total noncurrent assets	<u>350,547,438</u>	<u>319,993,763</u>
Total assets	<u>386,157,974</u>	<u>366,035,458</u>
Deferred outflows of resources:		
Deferred outflow on pensions	4,116,912	4,237,670
Deferred outflow on OPEB	125,714	193,529
Total deferred outflows of resources	<u>4,242,626</u>	<u>4,431,199</u>
Total assets and deferred outflows of resources	<u>\$ 390,400,600</u>	<u>\$ 370,466,657</u>

See notes to financial statements.

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Statements of Net Position...continued

December 31, 2025 and 2024

	2025	2024
LIABILITIES AND NET POSITION		
Current liabilities:		
Accounts payable	\$ 9,925,877	\$ 13,521,553
Accrued wages, taxes and employee allotments	966,025	3,972,564
Accrued vacation/sick liability	5,835,498	4,487,188
Accrued interest - leases/SBITAs	39,688	15,749
Lease/SBITA liability	841,499	826,125
Unearned revenue	12,585,870	10,598,125
Pension withdrawal obligation	678,235	652,920
Total current liabilities	<u>30,872,692</u>	<u>34,074,224</u>
Current liabilities payable from special-purpose restricted funds:		
Accrued interest on Steamship Bonds	1,670,398	1,268,346
Long-term debt	10,855,000	10,260,000
Total liabilities payable from special-purpose restricted funds	<u>12,525,398</u>	<u>11,528,346</u>
Noncurrent liabilities:		
Long-term debt, net of current portion	88,637,976	78,919,208
Lease/SBITA liability, net of current portion	1,993,291	2,021,172
Accrued vacation/sick liability, net of current portion	1,707,890	1,605,732
Net pension liability	8,338,433	8,984,024
Total OPEB liability	2,002,907	2,083,432
Pension withdrawal obligations	8,075,764	8,753,999
Total noncurrent liabilities	<u>110,756,261</u>	<u>102,367,567</u>
Total liabilities	<u>154,154,351</u>	<u>147,970,137</u>
Deferred inflows of resources:		
Deferred inflow gain from advance refunding	21,452	28,227
Deferred inflow on Pension	738,798	1,881,253
Deferred inflow on OPEB	566,194	567,895
Total deferred inflows of resources	<u>1,326,444</u>	<u>2,477,375</u>
Net position:		
Net investment in capital assets	218,322,237	185,533,542
Restricted	27,113,544	38,086,208
Unrestricted (deficit)	<u>(10,515,976)</u>	<u>(3,600,605)</u>
Total net position	<u>234,919,805</u>	<u>220,019,145</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 390,400,600</u>	<u>\$ 370,466,657</u>

See notes to financial statements.

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Statements of Revenues, Expenses and Changes in Net Position

Years Ended December 31, 2025 and 2024

	2025	2024
Operating revenues:		
Passenger	\$ 35,833,659	\$ 34,990,078
Automobile	45,951,057	41,804,353
Freight	47,860,275	43,288,603
Parking	9,729,429	7,782,458
Other	9,724,971	10,392,079
Total operating revenues	<u>149,099,391</u>	<u>138,257,571</u>
Operating expenses:		
Operation of vessels	37,361,927	33,412,903
Operation of terminals and parking lots	17,163,233	15,229,206
Maintenance	26,357,229	27,789,031
Reservations, advertising, and other traffic	3,189,903	3,098,340
Depreciation and amortization	15,964,479	13,976,568
General and administrative	45,940,761	41,439,506
Total operating expenses	<u>145,977,532</u>	<u>134,945,554</u>
Operating income	<u>3,121,859</u>	<u>3,312,017</u>
Nonoperating (expenses) revenues:		
Interest on bonds and other obligations	(2,412,900)	(1,909,150)
Income from special-purpose restricted funds	1,165,512	1,839,516
Miscellaneous revenue	4,549,384	5,089,911
Miscellaneous expense	(17,573)	(65,106)
Total nonoperating revenues	<u>3,284,423</u>	<u>4,955,171</u>
Income before grants	6,406,282	8,267,188
Grants funding - operating	<u>3,127,746</u>	<u>4,625,186</u>
Income before capital grants	9,534,028	12,892,374
Grants funding - capital	<u>5,366,632</u>	<u>19,897,500</u>
Change in net position	14,900,660	32,789,874
Net position, beginning of year	<u>220,019,145</u>	<u>187,229,271</u>
Net position, end of year	<u>\$ 234,919,805</u>	<u>\$ 220,019,145</u>

See notes to financial statements.

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority
Statements of Cash Flows
Years Ended December 31, 2025 and 2024

	2025	2024
Cash flows from operating activities:		
Payments from customers	\$ 15,394,580	\$ 138,893,010
Payments to employees for services	(57,316,294)	(46,520,441)
Payments to suppliers and contractors	(78,564,213)	(70,797,318)
Net cash provided by operating activities	<u>15,514,073</u>	<u>21,575,251</u>
Cash flows from noncapital financing activities:		
Principal payments on withdrawal obligations	(652,920)	(628,549)
Interest paid on withdrawal liability	(347,080)	(371,451)
Receipts from other funds and license activities	5,565,826	4,054,339
Operating grant received	8,977,818	(132,958)
Net cash provided by noncapital financing activities	<u>13,543,644</u>	<u>2,921,381</u>
Cash flows from capital and related financing activities:		
Principal payments on Steamship Bonds/bond anticipation notes	(10,260,000)	(8,325,000)
Proceeds from Steamship Bonds/bond anticipation notes	20,000,000	-
Payments for leased property	(845,221)	(794,813)
Interest paid	(3,094,154)	(3,250,046)
Proceeds from sales of capital assets	35,083	272,701
Capital expenditures paid	(52,606,650)	(42,840,905)
Capital grant received	9,744,057	15,859,729
Net cash used in capital and related financing activities	<u>(37,026,885)</u>	<u>(39,078,334)</u>
Cash flows from investing activities:		
Interest received	834,502	969,476
Interest from special-purpose restricted funds	1,165,512	1,839,516
Net cash provided by investing activities	<u>2,000,014</u>	<u>2,808,992</u>
Net (decrease) in cash and cash equivalents	(5,969,154)	(11,772,710)
Cash and cash equivalents, beginning of year	<u>64,837,651</u>	<u>76,610,361</u>
Cash and cash equivalents, end of year	<u>\$ 58,868,497</u>	<u>\$ 64,837,651</u>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Operating income	\$ 3,121,859	\$ 3,312,017
Depreciation and amortization	15,964,479	13,976,568
Changes in assets, deferred outflows and liabilities, deferred inflows:		
(Increase) decrease in:		
Receivables	309,042	180,058
Inventories	(434,168)	60,232
Prepaid insurance and other and prepaid fuel hedge	(598,312)	675,358
Deferred outflows of resources	188,573	1,648,047
Increase (decrease) in:		
Accounts payable	(1,598,802)	2,360,251
Accrued wages, vacation pay, and expenses	(1,556,071)	3,415,635
Other postemployment benefits	(80,525)	(153,670)
Net pension liabilities	(645,591)	(2,034,006)
Unearned revenue	1,987,745	455,935
Deferred inflows of resources	(1,144,156)	(2,321,174)
Net cash provided by operating activities	<u>\$ 15,514,073</u>	<u>\$ 21,575,251</u>

Supplemental disclosure of noncash transactions:

At December 31, 2025 and 2024, the Authority had capital expenditures in the amount of \$2,191,404 and \$5,159,833, respectively, that were included in accounts payable.

See notes to financial statements.

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Statements of Fiduciary Net Position

December 31, 2025 and 2024

	<u>2025</u>		<u>2024</u>
	<u>Non-Union Pension Fund</u>		
ASSETS			
Investments:			
Large U.S. equity	\$ 10,261,396	\$	8,522,807
Small/Mid U.S. equity	4,040,742		3,458,487
International equity	6,384,662		5,165,792
Fixed income	22,013,026		20,773,713
Other investments	3,039,340		2,724,535
			<hr/>
Total assets	45,739,166		40,645,334
			<hr/>
NET POSITION			
Restricted for pensions	45,739,166		40,645,334
			<hr/>
Total net position	\$ 45,739,166	\$	40,645,334
			<hr/>

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Statements of Changes in Fiduciary Net Position

Years Ended December 31, 2025 and 2024

	2025	2024
	<u>Non-Union Pension Fund</u>	
Additions:		
Contributions	\$ 2,546,536	\$ 2,312,993
Investment income:		
Net appreciation of investments	4,810,481	2,614,193
Net investment income	4,810,481	2,614,193
Total additions	<u>7,357,017</u>	<u>4,927,186</u>
Deductions:		
Benefit payments	2,263,185	2,744,251
Total deductions	<u>2,263,185</u>	<u>2,744,251</u>
Change in net position	5,093,832	2,182,935
Fiduciary Net Position:		
Restricted for pension benefits - beginning balance	40,645,334	38,462,399
Restricted for pension benefits - ending balance	<u>\$ 45,739,166</u>	<u>\$ 40,645,334</u>

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2025 and 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Woods Hole, Martha's Vineyard and Nantucket Steamship Authority (the Authority) is a public instrumentality created by the legislature of the Commonwealth of Massachusetts (Commonwealth) under Chapter 701 of the Acts of 1960, as amended (the Act). The Authority currently consists of five voting members (Board): one resident of Dukes County appointed by the County Commissioners thereof; one resident of the Nantucket County appointed by the County Commissioners thereof; one resident of the Town of Barnstable appointed by the Town Council thereof; one resident of the Town of Falmouth appointed by the Town Council thereof; and one member who is a resident of the City of New Bedford, appointed by the Mayor of the City of New Bedford, with the approval of the City Council thereof. The Enabling Act provides that votes of the members of the Authority are weighted such that the of Dukes County member's vote counts as thirty-five percent of the whole; the Nantucket County member's vote counts as thirty-five percent of the whole; and the vote of each of the Barnstable, Falmouth and New Bedford members counts as ten percent of the whole, to the end that the votes of the Dukes County and Nantucket County members, if cast on the same side of any motion placed before the Authority, shall pass or defeat that motion. A vote of greater than fifty percent of the weighted vote is necessary for any action taken by the Authority. Members whose combined votes count as more than fifty percent of the whole constitute a quorum. The Authority has no stockholders or equity holders.

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 governmental entity engaged only in business-type activities.

The Authority's fiduciary funds are presented in the fiduciary fund financial statements. Since, by definition, these assets are being held for the benefit of a third-party (pension participants) and cannot be used to address activities or obligations of the Authority, these funds are not incorporated into the financial statements of the Authority itself.

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and other non-exchange transactions are recognized when all eligibility requirements imposed by the provider have been met. Unearned revenue represents cash received in advance of future service.

Net Position

Net position represents the residual interest in the Authority's assets plus deferred outflows of resources, less liabilities and deferred inflows of resources and consists of: (1) net investment in capital assets, (2) amounts restricted and (3) amounts that are unrestricted. Net investment in capital assets consists of capital assets reduced by accumulated depreciation, deferred inflow due to advance refunding and by any outstanding debt incurred to acquire, construct or improve those assets. Net position is reported as restricted when there are third-party limitations (statutory, contractual or bond covenant) on its use. Unrestricted net position consists of all net position that does not meet the definition of either of the other two components. Unspent related debt proceeds or deferred inflows of resources at the end of the reporting period is included in the same net position component (restricted or unrestricted) as the unspent amount.

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2025 and 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES...continued

Cash and Cash Equivalents

Cash includes cash on hand, amounts in demand deposits and cash equivalents, which are short-term, highly liquid securities with readily determinable market values. For purposes of the accompanying statements of cash flows, the Authority considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. The Authority's special-purpose funds include amounts in demand deposits and cash equivalents which are short-term, highly liquid securities with readily determinable market values.

Fuel Program Premiums

Fuel program premiums include option premiums which are cash proceeds from expired fuel options as part of the Authority's fuel hedge program as described in Note 8.

Investments

The fiduciary fund investments are reported at fair value using quoted market price or the best available estimate thereof. GASB Statement No. 72, *Fair Value Measurement and Application*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Authority categorizes its fair value measurements within the fair value GAAP hierarchy. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

All investment income, including changes in the fair value of investments, is reported as revenue in the accompanying statements of revenues, expenses and changes in net position. As discussed in Note 2, the Authority's investments in 2025 and 2024 qualified to be reported as cash equivalents as the Authority participates in a qualifying external investment pool that measures all of its investments at amortized cost for financial reporting purposes. Accordingly, the Authority reports no investments at December 31, 2025 and 2024.

Inventories

Inventories of materials and supplies are stated at cost on a first-in, first-out basis.

Leases (Lessee) and Software Subscriptions (SBITA)

The Authority, as a lessee, recognizes a lease or SBITA liability at the commencement of the lease term, with certain exceptions for short-term and immaterial lease and SBITAs. The lease/SBITA terms include the non-cancellable period of the lease/SBITA, plus any additional periods covered by the option to extend the lease/SBITA for which it is reasonably certain to exercise. Periods for which both the Authority and the lessor have the option to terminate are excluded from the lease/SBITA term.

The lease/SBITA liability is measured at the present value of the lease payments expected to be paid during the lease term. The Authority's policy is to use the incremental borrowing rate at lease/SBITA commencement. The lease/SBITA liability is reduced by the principal portion of the lease payments made. The lease/SBITA asset is amortized into depreciation expense on a straight-line basis over the term of the lease.

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2025 and 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES...continued

Leases (Lessee) and Software Subscriptions (SBITA)...continued

The Authority monitors changes in circumstances that may require remeasurement of a lease/SBITA. When certain changes occur that are expected to significantly affect the amount of the lease liability, the liability is remeasured and a corresponding adjustment is made to the lease/SBITA asset.

Capital Assets

Vessels, terminal property and equipment are stated at cost, less accumulated depreciation. Depreciation is computed using the straight-line method based on the estimated service lives of the related assets. The Authority's capitalization threshold for a single item is \$5,000 or \$10,000 for a group of items. The estimated service lives are as follows:

Vessels	10-30 years
Buildings and structures:	
Buildings and wharves	30 years
Sheds, fences and pavement	10-20 years
Office and terminal equipment:	
Computer equipment	3-5 years
Other	10 years
Motor vehicles	5 years
Buses	10-12 years
Leasehold improvements	Shorter of remaining term of lease or estimated useful life

Impairments

The Authority assesses the carrying value of capital assets whenever events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable in accordance with GAAP. Impaired capital assets that will no longer be used by or no longer meet their estimated service utility for the Authority are reported using GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. The Authority recorded impairment charges of \$0 and \$0 related to its property as of December 31, 2025 and 2024, respectively.

Accounts Receivable

Accounts receivable are reported net of an allowance for doubtful accounts. The Authority has established the allowance for doubtful accounts to provide for potential uncollectible accounts based on current information available and past experience. The allowance for doubtful accounts was \$50,000 at December 31, 2025 and 2024.

Grants Receivable

The Authority is awarded grants through various federal programs and amounts outstanding at year-end are recorded as grants receivable on the balance sheet. These amounts are considered to be 100% collectible.

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2025 and 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES...continued

Deferred Inflows/Outflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period and, as such, will not be recognized as an outflow of resources (expense) until that time. These items are reported as a category below the assets on the statements of net position.

Deferred inflows of resources represent an acquisition of net position that applies to a future period and, as such, will not be recognized as an inflow of resources (revenue) until that time. These items are reported as a category below the liabilities on the statements of net position.

The Authority has the following items that qualify for reporting as deferred outflows of resources or deferred inflows of resources:

- For current refundings resulting in defeasance of debt reported by business-type activities, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or new debt, whichever is shorter. The Authority reports its gain or loss on advance refundings within these categories.
- For amounts not recognized in pension expense due to difference between the measurement date and the fiscal year end date, are noted as deferred inflows and/or outflows from pensions and other post-employment benefits (OPEB).

Transfers and Use of Funds

The Enabling Act and the provisions of the Bond Resolutions with the Authority's bondholders, discussed in more detail in Note 2, govern the disposition of revenue and prescribe certain accounting practices of the Authority, which include the conditions for transfers between the various accounts and the use of such funds. The Enabling Act was amended in 1985 to increase the maximum amount of funds allowed in the Operations Fund and Reserve Fund.

Unamortized Bond Premiums and Discounts

Discounts of bonds and premiums are amortized using effective interest method over the life of the related bond issue.

Risk Financing and Related Insurance Issues

The Authority is self-insured with respect to medical benefits provided to certain employees and retirees. With respect to these medical benefits, the Authority purchases stop-loss insurance which covers all incurred claims in excess of approximately \$3,185,796 in the aggregate, up to a maximum aggregate benefit payment of \$1,000,000 per person per year. The Authority purchases commercial insurance to cover all other risks of loss. During the current and previous three years, there have been no settlements in excess of insurance coverage maintained by the Authority.

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2025 and 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES...continued

Accrued Sick Leave and Vacation

Employees are granted sick leave and vacation in varying amounts. Upon retirement, termination, or death, certain employees are compensated for unused sick leave and vacation (subject to certain limitations) at their then-current rates of pay. The accumulated amount of sick and vacation leave is recorded as an expense and liability as the benefits accrue to employees. With the adoption of GASB 101, *Compensated Absences*, the associated pension and payroll tax amounts are also recorded as an expense and liability.

Operating Revenues and Expenses

The Authority distinguishes operating revenues and expenses from nonoperating revenues and expenses in its statements of revenues, expenses and changes in net position. Operating revenues consists of those revenues earned from customers for passage of vehicles and passengers, from parking operations and ancillary activities, such as concessions and driver services.

Operating expenses relate to the cost of providing those services and also include administration expenses and depreciation of capital assets. All other revenues and expenses that are not a direct result of the Authority's functions are considered nonoperating. Examples of nonoperating items include investment earnings, interest expense, gains and losses on the disposal of capital assets, grant revenue received from the reimbursement of operating expenses and licensing fees.

The Authority receives funding from various federal agencies that fund both operating and capital expenses. Operating grant revenue is recorded as nonoperating revenue. Grant revenue from federal awards is recognized upon grant award and the incurrence of eligible expenditures or performance of grant requirements. Grant contributions include federal grants, jurisdictional grants and other miscellaneous contributions.

Revenue Recognition

Revenues are recognized on the accrual basis of accounting. Revenues consist primarily of vehicle and passenger traffic on the ferries and parking fees. Vehicle and passenger revenue is recognized upon the completion of travel. Parking fees are recognized when the parking fees are collected.

Other Postemployment Benefits

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information about the net position of OPEB and additions to and deductions from the OPEB net position have been determined on the same basis as they are reported. For this purpose, OPEB recognizes benefit payments when they are due and payable in accordance with the benefit terms.

Pension Benefits

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to the non-union pension plan and non-union pension plan expense, information about the net position and additions to and deductions from the non-union pension plan's net position, have been determined on the same basis as they are reported. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2025 and 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES...continued

Unearned Revenue

Unearned revenue consists primarily of fares received from customers for future reservations. Such amounts are recognized as revenue in subsequent periods as they are earned.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities and deferred inflows and disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The most significant use of estimates includes assumptions related to the valuation of the OPEB and pension plans (the accrual for claims to be submitted under the Authority's self-funded health insurance) and the allowance for uncollectible accounts.

Adoption of New Accounting Pronouncements

GASB Statement No. 102, Certain Risk Disclosures (GASB 102). The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints.

The Statement defines a concentration as a lack of diversity related to an aspect of a significant inflow or outflow of resources. A constraint is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. Concentrations and constraints may limit a government's ability to acquire resources or control spending.

This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact.

The adoption of GASB 102 did not have any impact on the Authority.

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2025 and 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES...continued

Adoption of New Accounting Pronouncements...continued

<u>GASB Statement No.</u>		<u>Adoption Required in Fiscal Year</u>
103	<i>Financial Reporting Model Improvements</i>	2026
104	<i>Disclosure of Certain Capital Assets</i>	2026
105	<i>Subsequent Events</i>	2027

Management is currently evaluating the applicability and impact that the adoption of these standards will have on the Authority's financial statements.

Subsequent Events

The Authority has evaluated events and transactions for potential recognition or disclosure through April 30, 2026, when the financial statements were available to be issued.

The Authority entered into various irrevocable stand-by letters of credits with TD Bank, N.A. subsequent to year-end, that will serve as collateral for the Authority's public deposits subsequent to December 31, 2025. As of April 30, 2026, the issued letters of credit presented below remain outstanding:

<u>Issuance Date</u>	<u>Due Date</u>	<u>Amount</u>
March 23, 2026	July 22, 2026	\$20,000,000

The M/V Monomoy was placed into service and began operating on April 17, 2026.

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2025 and 2024

2. CASH AND CASH EQUIVALENTS AND INVESTMENTS

The Authority's Board has the sole responsibility for establishing and revising investment policy. In June 2003, the Board adopted a formal investment policy for all of its operations funds and special-purpose restricted funds. In January 2025, the Board reaffirmed the investment policy. The investment strategy is to invest substantially in short-term securities. Permitted investments will consist of obligations issued or secured by the U.S. government or agencies of the U.S. government and overnight repurchasing agreements with banks or in mutual funds composed of the above types of investments. The Authority can also invest in the Massachusetts Municipal Depository Trust (MMDT or the Trust), a pooled money-market-like investment fund managed by the Commonwealth and established under Massachusetts General Laws, Chapter 29, Section 38A.

Investment options which are offered by MMDT include a cash portfolio which offers participation in a diversified portfolio of high-quality money-market instruments that seek the highest possible level of current income consistent with preservation of capital and liquidity and a short-term bond portfolio which offers participation in a diversified portfolio of investment-grade, short-term, fixed-income securities that seeks to generate performance exceeding the Barclays one to five years government/credit bond index, presenting a fixed-income alternative with a longer time horizon than the cash portfolio. A participant's holdings in the Trust are not subject to creditors of the Commonwealth, nor will the Trust itself be affected by the financial difficulties of any participant. Amounts held at MMDT are uninsured and uncollateralized. The Authority's investment balance with MMDT as of December 31, 2025 and 2024, were solely in the cash portfolio and are reported as cash equivalents on the statements of net position. The cash portfolio is not registered with the Securities and Exchange Commission as an investment company, but maintains a policy to operate in a manner as a qualifying external investment pool as defined by GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

The cash portfolio also adheres to GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, which amends Statement No. 31 and establishes accounting and financial reporting standards for state and local governments that participate in a qualifying external investment pool that measures, for financial reporting purposes, all of its investments at amortized cost. At December 31, 2025 and 2024, the Authority's deposits with MMDT totaled \$42,417,226 and \$46,991,140, respectively. A copy of the financial statements of MMDT can be obtained from the Office of the State Treasurer, 1 Ashburton Place, Boston, MA 02110.

The total amount of the Authority's cash and cash equivalents at December 31, are as follows:

	2025	2024
Cash, including trust and custody agreements	\$16,450,504	\$17,845,744
MMDT	7,961,407	7,614,784
Special-purpose restricted funds	34,456,586	39,377,123
Total	<u>\$58,868,497</u>	<u>\$ 64,837,651</u>

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2025 and 2024

2. CASH AND CASH EQUIVALENTS AND INVESTMENTS...continued

Custodial Credit Risk

Custodial credit risk exists for cash deposits when, in the event of a failure of a depository financial institution, the Authority's deposits may not be recovered. The Authority does not have a formal policy with regard to custodial credit risk, but generally invests in securities or financial institutions which have either short-term rating of "A" or government securities of "AAA." Bank deposits are Federal Depository Insurance Corporation or Massachusetts Depositors Insurance Fund insured as of December 31, 2025 and 2024. Bank trust and custody agreements include pledged holdings and irrevocable stand-by letters of credit amounting to \$18,000,000 and \$16,000,000 as of December 31, 2025 and 2024, respectively, issued by the various financial institutions and \$138,639,752 of federal pledged holdings as of December 31, 2025 and 2024, as collateral for the Authority's deposits. The total amounts of Authority deposits in financial institutions, per the bank statements, at December 31, are as follows:

	2025	2024
Balance per banks	\$25,903,865	\$27,386,735
Deposits covered by:		
Federal Depository Insurance Corporation	(1,000,000)	(1,000,000)
Massachusetts Depositors Insurance Fund	(2,780,484)	(3,562,017)
Bank trust and custody agreements	(14,134,834)	(15,179,389)
Total uninsured and uncollateralized deposits	<u>\$7,988,547</u>	<u>\$ 7,645,329</u>

Interest Rate Risk and Credit Risk

Interest rate risk exists when there is a possibility that changes in interest rates could adversely affect an investment's fair value. The Authority does not have a formal policy with regard to interest rate risk. The majority of the Authority's investments are in MMDT and are treated as cash equivalents. Fiduciary fund investments are with Principal Financial Group (Principal).

Credit risk exists when there is a possibility that the issuer of an investment may be unable to fulfill its obligations. The Authority does have a formal policy with regard to credit risk. It should be noted, however, that the investment portfolio may be no more than 25% invested in securities of a single issuer, except for obligations of the U.S. government. For the fiduciary fund investments with Principal, the Authority performs annual reviews to ensure investments are diversified by asset class, style and investment managers.

The Authority maintains cash, cash equivalents and investments available for use by all funds, in the manner provided below, as set forth by the Authority's Enabling Act, as amended.

The revenues derived from the operation of the Steamship Authority are set aside in funds as defined in the act and provisions of the Bond Resolutions. Monies in these funds on the last day of the preceding month shall be transferred:

- *To the Operations Fund* — such amount, if available, as may be required to pay the cost of maintenance, repair and operation of the Steamship Authority, not to exceed the next two months budgeted cash disbursements and 1/36 of the annual cash disbursements.

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2025 and 2024

2. CASH AND CASH EQUIVALENTS AND INVESTMENTS...continued

Interest Rate Risk and Credit Risk...continued

- *To the Sinking Fund* — such amount, if any, as may be required for the payment of the interest on and the principal of all bonds as the same shall become due and payable;
- *To the Replacement Fund* — such amount, if any, as may be deemed necessary or advisable for depreciation of property and for obsolescence and losses with respect to property sold, destroyed, or abandoned and for improvements to, and acquisitions of, real and personal property (the Authority's current policy is to limit any transfers to the Replacement Fund in any given year to the amount of the prior year's depreciation expense);
- *To the Reserve Fund* — such amount, if any, as may be required to make the balance therein equal to 5% of the principal amount of all outstanding bonds, exclusive of bonds considered as defeased, or \$600,000, whichever is greater;
- *To the Bond Redemption Fund* — all of the remaining revenue to be used within a reasonable time for the purchase or redemption of bonds or, in the Authority's discretion, to be transferred to the Replacement Fund or to the Capital Improvement Fund to be used for any purposes for which bonds may be issued; and
- *To the Capital Improvement Fund* — the net proceeds of any bonds or bond anticipation notes issued for capital projects and improvements.

Fiduciary Fund Investments

As of December 31, 2025, the Authority had the following investments in its portfolio:

Fiduciary Fund Investment Type	Fair Value	Fair Value Measurement	Investment Maturities (in years)	
			Less Than 1	1-5
Large U.S. Equity	\$ 10,261,396	Level 1	\$ 10,261,396	\$ -
Small/Mid U.S. Equity	4,040,742	Level 1	4,040,742	-
International Equity	6,384,662	Level 1	6,384,662	-
Fixed Income	22,013,026	Level 1	743,178	21,269,848
Real Estate	3,039,340	Level 3	-	3,039,340
Total assets	<u>\$ 45,739,166</u>			

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2025 and 2024

2. CASH AND CASH EQUIVALENTS AND INVESTMENTS...continued

Fiduciary Fund Investments...continued

As of December 31, 2024, the Authority had the following investments in its portfolio:

Fiduciary Fund Investment Type	Fair Value	Fair Value Measurement	Investment Maturities (in years)	
			Less Than 1	1-5
Large U.S. Equity	\$ 8,522,807	Level 1	\$ 8,522,807	\$ -
Small/Mid U.S. Equity	3,458,487	Level 1	3,458,487	-
International Equity	5,165,792	Level 1	5,165,792	-
Fixed Income	20,773,713	Level 1	743,178	20,030,535
Real Estate	2,724,535	Level 3	-	2,724,535
Total assets	\$ 40,645,334			

Investment Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the Pension Trust will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Pension Trust does not have a policy for custodial credit risk of investments. As of December 31, 2025, the Pension Trust's investments were held in the name of the Authority by the custodian and were not exposed to custodial credit risk.

Investment Credit Risk of Debt Securities

Credit risk for debt securities is the risk that an issuer or other counterparty to a debt security will not fulfill its obligations. The Pension Trust does not have a policy for credit risk of debt securities. The Pension Trust manages its exposure to debt security credit risks by investing in mutual funds.

Investment Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the Pension Trust's investment in a single issuer. The Pension Trust does not have a policy for concentration of credit risk. As of December 31, 2025, the Pension Trust's investments were exclusively in mutual funds and therefore not exposed to concentration risk.

Investment Interest Rate Risk

Interest rate risk exists when there is a possibility that changes in interest rates could adversely affect an investment's fair value. The Pension Trust manages its exposure to interest rates by investing in fixed income mutual funds.

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2025 and 2024

3. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2025, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 27,112,044	\$ -	\$ -	\$ -	\$ 27,112,044
Construction in progress	83,035,084	50,609,776	-	(60,669,757)	\$ 72,975,103
Total capital assets, not being depreciated	110,147,128	50,609,776	-	(60,669,757)	100,087,147
Capital assets, being depreciated:					
Floating equipment	170,995,977	-	-	54,656,085	225,652,062
Buildings and structures	185,918,378	-	-	1,972,359	187,890,737
Office and terminal equipment	21,457,020	-	-	1,777,088	23,234,108
Motor vehicles	13,326,695	-	(46,585)	2,264,225	15,544,335
Leasehold improvements	1,479,225	-	-	-	1,479,225
Right to use lease assets	5,496,832	832,714	-	-	6,329,546
Total capital assets, being depreciated	398,674,127	832,714	(46,585)	60,669,757	460,130,013
Less accumulated depreciation for:					
Floating equipment	115,081,977	6,569,797	-	-	121,651,774
Buildings and structures	83,595,033	6,511,665	-	-	90,106,698
Office and terminal equipment	19,276,412	880,478	-	-	20,156,890
Motor vehicles	6,284,379	1,103,409	(17,314)	-	7,370,474
Leasehold improvements	1,479,225	-	-	-	1,479,225
Lease amortization	2,661,277	899,130	-	-	3,560,407
Total accumulated depreciation	228,378,303	15,964,479	(17,314)	-	244,325,468
Total capital assets, being depreciated, net	170,295,824	(15,131,765)	(29,271)	60,669,757	215,804,545
Total capital assets, net	\$ 280,442,952	\$ 35,478,011	\$ (29,271)	\$ -	\$ 315,891,692

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2025 and 2024

3. CAPITAL ASSETS...continued

Capital asset activity for the year ended December 31, 2024, was as follows:

	Beginning				Ending
	Balance	Increases	Decreases	Transfers	Balance
Capital assets, not being depreciated:					
Land	\$ 27,112,044	\$ -	\$ -	\$ -	\$ 27,112,044
Construction in progress	37,286,271	47,732,455	-	(1,983,642)	83,035,084
Total capital assets, not being depreciated	64,398,315	47,732,455	-	(1,983,642)	110,147,128
Capital assets, being depreciated:					
Floating equipment	184,582,232	-	(13,618,869)	32,614	170,995,977
Buildings and structures	184,825,298	-	-	1,093,080	185,918,378
Office and terminal equipment	20,696,444	-	(4,200)	764,776	21,457,020
Motor vehicles	13,233,523	-	-	93,172	13,326,695
Leasehold improvements	1,479,225	-	-	-	1,479,225
Right to use lease assets	2,912,030	2,584,802	-	-	5,496,832
Total capital assets, being depreciated	407,728,752	2,584,802	(13,623,069)	1,983,642	398,674,127
Less accumulated depreciation for:					
Floating equipment	123,873,591	4,809,555	(13,601,169)	-	115,081,977
Buildings and structures	76,939,735	6,655,298	-	-	83,595,033
Office and terminal equipment	18,507,189	773,423	(4,200)	-	19,276,412
Motor vehicles	5,355,196	929,183	-	-	6,284,379
Leasehold improvements	1,479,225	-	-	-	1,479,225
Lease amortization	1,852,168	809,109	-	-	2,661,277
Total accumulated depreciation	228,007,104	13,976,568	(13,605,369)	-	228,378,303
Total capital assets, being depreciated, net	179,721,648	(11,391,766)	(17,700)	1,983,642	170,295,824
Total capital assets, net	\$ 244,119,963	\$ 36,340,689	\$ (17,700)	\$ -	\$ 280,442,952

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2025 and 2024

4. LEASES & SUBSCRIPTION BASED IT ARRANGEMENTS (SBITA)

Lease Arrangements — The Authority has several non-cancelable lease commitments as of December 31, 2025, with various terms in excess of one year. These arrangements include building and land used in the Authority's operations.

Right-to-use assets acquired through outstanding leases are as follows:

Fiscal Years Ending December 31

<u>Asset Class</u>	<u>Leased Asset</u>	<u>Accumulated Amortization</u>	<u>Leased Asset, Net of Accumulated Amortization</u>
Building	\$2,437,707	\$1,343,140	\$1,094,567
Land	<u>2,921,861</u>	<u>1,939,940</u>	<u>981,921</u>
Total	<u>\$5,359,568</u>	<u>\$3,283,080</u>	<u>\$2,076,488</u>

Total future minimum lease payments under lease agreements are as follows:

Fiscal Years Ending December 31

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$704,440	\$124,655	\$829,095
2027	556,928	86,097	643,025
2028	389,296	51,719	441,015
2029	308,871	25,301	334,172
2030	87,311	10,064	97,375
2031-2035	<u>77,640</u>	<u>12,360</u>	<u>90,000</u>
Total	<u>\$2,124,486</u>	<u>\$310,196</u>	<u>\$2,434,682</u>

Aggregate rental expense for the years ended December 31, 2025 and 2024, was \$432,277 and \$332,640, respectively.

Certain leases provide for increases in future minimum annual rental payments based on defined increases in the Consumer Price Index, subject to certain minimum increases.

Subscription-Based IT Arrangements – The Authority leases software under long-term, non-cancelable subscription-based information technology arrangements.

Right-to-use software assets acquired through SBITAs are as follows:

Fiscal Years Ending December 31

<u>Asset Class</u>	<u>Software Asset</u>	<u>Accumulated Amortization</u>	<u>Software Asset, Net of Accumulated Amortization</u>
Software	<u>\$969,978</u>	<u>\$277,328</u>	<u>\$692,650</u>

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2025 and 2024

4. LEASES & SUBSCRIPTION BASED IT ARRANGEMENTS (SBITA) ...continued

Subscription payments under agreement are as follows:

<u>Fiscal Years Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$137,059	\$47,858	\$184,917
2027	40,233	43,767	84,000
2028	47,390	40,810	88,200
2029	55,533	37,077	92,610
2030	64,404	32,837	97,241
2031-2035	<u>365,685</u>	<u>74,398</u>	<u>440,083</u>
Total	<u>\$710,304</u>	<u>\$276,747</u>	<u>\$987,051</u>

As of December 31, 2025, the Steamship Authority has entered into new subscription-based information technology arrangements for a new reservation system that has not yet commenced. The subscription terms are expected to commence during fiscal year 2026, upon the completion of system implementation. As of December 31, 2025, the Steamship Authority made payments of \$590,157 to the vendors for the initial implementation, design and configuration, which were recorded as a prepaid asset on the Statement of Net Position. No subscription liability has been recorded as of year-end because the subscription terms have not yet begun.

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority
Notes to Financial Statements
Years Ended December 31, 2025 and 2024

5. STEAMSHIP BONDS AND OTHER LONG TERM OBLIGATIONS

The Steamship Bonds and Bond Anticipation Notes (BAN's) outstanding at December 31, are as follows:

	2025	2024
2015 Series A , including unamortized bond premium of \$474,995 and \$766,033 at December 31, 2025 and 2024, respectively, bearing interest at rates ranging from 3.00% to 5.00%, requiring annual payments of principal beginning March 1, 2021 and semiannual interest payments through March 1, 2029	17,154,995	21,166,033
2017 Series A , including unamortized bond premium of \$72,717 and \$161,211 at December 31, 2025 and 2024, respectively, bearing interest rates of 5.00%, requiring annual payments of principal beginning March 1, 2018 and semiannual interest payments through March 1, 2027	2,747,717	4,076,212
2018 Series A , including unamortized bond premium of \$127,660 and \$279,195 at December 31, 2025 and 2024, respectively, bearing interest at rates ranging from 3.00% to 5.00%, requiring annual payments of principal beginning March 1, 2020 and semiannual interest payments through March 1, 2028	5,707,660	8,414,195
2020 Series A , including unamortized bond premium of \$1,774,519 and \$2,325,219 at December 31, 2025 and 2024, respectively, bearing interest at rates ranging from 4.00% to 5.00%, requiring annual payments of principal beginning March 1, 2021 and semiannual interest payments through March 1, 2031	18,384,519	19,980,219
2023 Series A , including unamortized bond premium of \$2,392,302 and \$2,742,549 at December 31, 2025 and 2024, respectively, bearing interest at rates ranging from 4.00% to 5.00%, requiring annual payments of principal beginning March 1, 2024 and semiannual interest payments through March 1, 2039	33,492,302	35,542,549
2025 Series A , including unamortized bond premium of \$2,005,784 and \$0 at December 31, 2025 and 2024, respectively, bearing interest at rates ranging from 4.00% to 5.00%, requiring annual payments of principal beginning March 1, 2026 and semiannual interest payments through March 1, 2035	<u>22,005,783</u>	<u>-</u>
Total Steamship Bonds	99,492,976	89,179,208
Less bonds due within one year	<u>(10,855,000)</u>	<u>(10,260,000)</u>
Total Steamship Bonds—excluding current portion	<u>\$ 88,637,976</u>	<u>\$ 78,919,208</u>

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2025 and 2024

5. STEAMSHIP BONDS AND OTHER LONG TERM OBLIGATIONS...continued

2015 Series A Steamship Bonds — On May 8, 2015, the Authority issued \$32,950,000 of 2015 Series A Steamship Bonds with interest rates ranging from 3.00% to 5.00%. The proceeds of the bonds were used to: (i) construct a new 235-foot passenger and vehicle vessel, the M/V Woods Hole, with a capacity of approximately 384 passengers and 50 cars, to replace the Authority's M/V Governor and (ii) to pay the cost of issuance.

2017 Series A Steamship Bonds — On March 29, 2017, the Authority issued \$11,060,000 of 2017 Series A Steamship Bonds with an interest rate of 5.00%. The proceeds were used for the following purposes: (i) to construct a new General Administration Office Building and (ii) to pay the cost of issuance.

2018 Series A Steamship Bonds — On August 28, 2018, the Authority issued \$15,915,000 of 2018 Series A Steamship Bonds with interest rates ranging from 3.00% to 5.00%. The proceeds were used for the following purposes: (i) to reconstruct the waterside facilities at the Woods Hole Ferry Terminal and (ii) to pay the cost of issuance.

2020 Series A Steamship Bonds — On February 26, 2021, the Authority issued \$20,630,000 of 2020 Series A Steamship Bonds with interest rates ranging from 4.00% to 5.00%. The proceeds were used for the following purposes: (i) to reconstruct the waterside facilities at the Woods Hole Ferry Terminal (ii) refund \$5,660,000 of the Authority's remaining outstanding 2009 Series B Bonds maturing in year 2022 through 2029 and (iii) to pay for the cost of issuance. The portion of the bond proceeds used to refund the prior bond obligations was used to purchase U.S. government obligations which were deposited into an irrevocable trust to pay the scheduled principal and interest on the 2009 Series B Bonds. The deposit with escrow agent for the refunding amounted to \$5,669,477. As a result, these bonds are considered defeased by the Authority. Accordingly, the trust account assets and the liability for the defeased bonds have not been included in the Authority's financial statements.

2023 Series A Steamship Bonds — On September 25, 2023, the Authority issued \$33,000,000 of 2023 Series A Steamship Bonds with interest rates ranging from 4.00% to 5.00%. The proceeds of the bonds were used to refund bond anticipation notes issued on March 30, 2023 and maturing September 25, 2023 and to pay for costs of issuing the bonds. Such bond anticipation notes were originally issued for the following purposes: (1) to purchase up to four (4) Vessels of HOS Polestar 240ED class, (2) to pay for modification to the vessels' sterns and vessels' midbodies, add sponsons to the vessel's starboard and port sides modifications to the interior spaces and maintenance and repairs to mechanical systems (hereinafter called the "Facilities") and (3) to pay for costs of issuing the notes.

2025 Series A Steamship Bonds - On May 27, 2025, the Authority issued \$20,000,000 of 2025 Series A Steamship Bonds with interest rates ranging from 4.00% to 5.00%. The proceeds of the Bonds were used to: (i) finance construction of a new terminal in Woods Hole and (ii) to pay the cost of issuance.

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2025 and 2024

5. STEAMSHIP BONDS AND OTHER LONG TERM OBLIGATIONS...continued

Scheduled Debt Service Requirements

The annual scheduled debt service requirements of all Steamship Bonds and BAN's outstanding at December 31, 2025, are as follows, exclusive of bonds defeased:

Year Ending December 31	Principal Payments	Interest Payments	Total Payments
2026	\$10,855,000	\$ 4,206,136	\$ 15,061,136
2027	11,560,000	3,421,675	14,981,675
2028	11,050,000	2,917,700	13,967,700
2029	11,150,000	2,438,100	13,588,100
2030	8,335,000	2,011,650	10,346,650
2031-2035	29,235,000	5,283,975	34,518,975
2036-2039	10,460,000	854,800	11,314,800
Total	\$92,645,000	\$21,134,036	\$113,779,036

Principal payments reported above are exclusive of the deferred gain arising from prior bond defeasances of \$21,452 and unamortized bond premium of \$6,847,976.

Short-term and long-term liabilities for the year ended December 31, 2025 were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Long-Term Liabilities					
Steamship Bonds and BAN's:					
2015 Series A	\$ 20,400,000	\$ -	\$ (3,720,000)	\$ 16,680,000	\$ 3,915,000
2017 Series A	3,915,000	-	(1,240,000)	2,675,000	1,305,000
2018 Series A	8,135,000	-	(2,555,000)	5,580,000	2,680,000
2020 Series A	17,655,000	-	(1,045,000)	16,610,000	1,095,000
2023 Series A Bonds	32,800,000	-	(1,700,000)	31,100,000	1,760,000
2025 Series A Bonds	-	20,000,000	-	20,000,000	100,000
Steamship Bonds and BAN's	82,905,000	20,000,000	(10,260,000)	92,645,000	10,855,000
Issuance premiums	6,274,208	2,204,480	(1,630,712)	6,847,976	-
Total bonds payable	89,179,208	22,204,480	(11,890,712)	99,492,976	10,855,000
Compensated absences	6,092,919	2,772,422	(1,321,953)	7,543,388	5,835,498
Retainage on contracts	505,283	1,412,801	(311,784)	1,606,300	186,812
Lease/SBITA liability	2,847,297	881,641	(894,148)	2,834,790	841,499
Net OPEB Liability	2,083,432	-	(80,525)	2,002,907	-
Pension withdrawal obligation	9,406,920	-	(652,921)	8,753,999	678,235
Net pension liability	8,984,024	-	(645,591)	8,338,433	-
Total long-term liabilities	\$ 119,099,083	\$27,271,344	\$(15,797,634)	\$ 130,572,793	\$18,397,044

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2025 and 2024

5. STEAMSHIP BONDS AND OTHER LONG TERM OBLIGATIONS...continued

Scheduled Debt Service Requirements...continued

Short-term and long-term liabilities for the year ended December 31, 2024 were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Long-Term Liabilities					
Steamship Bonds and BAN's:					
2015 Series A	\$ 23,940,000	\$ -	\$ (3,540,000)	\$ 20,400,000	\$ 3,720,000
2017 Series A	5,095,000	-	(1,180,000)	3,915,000	1,240,000
2018 Series A	10,595,000	-	(2,460,000)	8,135,000	2,555,000
2020 Series A	18,600,000	-	(945,000)	17,655,000	1,045,000
2023 Series A Bonds	33,000,000	-	(200,000)	32,800,000	1,700,000
Steamship Bonds and BAN's	91,230,000	-	(8,325,000)	82,905,000	10,260,000
Issuance premiums	7,922,605	-	(1,648,397)	6,274,208	-
Total bonds payable	99,152,605	-	(9,973,397)	89,179,208	10,260,000
Compensated absences	5,428,721	1,853,282	(1,189,084)	6,092,919	4,487,188
Retainage on contracts	316,511	691,849	(503,077)	505,283	59,697
Lease/SBITA liability	1,057,308	2,264,109	(474,120)	2,847,297	826,125
Net OPEB Liability	2,237,102	-	(153,670)	2,083,432	-
Pension withdrawal obligation	10,035,469	-	(628,549)	9,406,920	652,920
Net pension liability	11,018,030	-	(2,034,006)	8,984,024	-
Total long-term liabilities	\$ 129,245,746	\$ 4,809,240	\$ (14,955,903)	\$ 119,099,083	\$16,285,930

6. PENSION PLANS

The Authority provides retirement benefits to its employees through various defined benefit and defined contribution pension plans.

Defined Benefit Pension Plans Sponsored by the Authority:

Description of Plan

Nonunion Plan

The Authority has in effect a single employer, defined benefit pension plan established in 1968 for eligible nonunion employees (the Nonunion Plan). The Nonunion plan reporting date is February 28 of each year.

Administration of the Plan

The Nonunion Plan is administered by the Authority. The Trustee, Principal, holds the investment securities of the Nonunion Plan and executes related transactions under custodial agreements with the Nonunion Plan and the Authority. Separate financial statements are not issued for the Nonunion Plan.

Participation and Vesting

Employees not under collective bargaining agreements whose customary employment with the Authority is for at least 30 hours per week and are employed or expected to be employed on a year-round basis may participate in the Nonunion Plan.

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2025 and 2024

6. PENSION PLANS...continued

Defined Benefit Pension Plans Sponsored by the Authority...continued

Description of Plan...continued

Nonunion Plan...continued

Participants' benefits become fully vested after five years of service in the Nonunion Plan. Benefit payments are made to participants of the Nonunion Plan or their beneficiaries in varying amounts according to the provisions of the Nonunion Plan.

Plan Amendment and Termination

The Nonunion Plan may be amended or terminated in whole or in part at any time by the Authority, provided that no such modification, amendment, or termination shall be made that would deprive a current participant of rights or benefits provided under the Nonunion Plan.

Normal Retirement Benefits

The normal form of retirement benefit is a monthly annuity payable for life with payments guaranteed for five years (optional forms of payment may be elected in advance of retirement), commencing on the normal retirement date. The normal retirement date for participants who joined the Nonunion Plan prior to March 1, 1992, is the earliest of (a) attainment of age 65 and completion of 20 years of service, (b) attainment of age 62 and completion of 25 years of service, or (c) attainment of age 60 and completion of 30 years of service. The amount of benefits is equal to 75% of average compensation for the last three years multiplied by an accrued benefit adjustment (as defined in the Nonunion Plan). The normal retirement date for participants who joined the Nonunion Plan on or after March 1, 1992, is the earliest of (a) attainment of age 65 and completion of five years of service, (b) attainment of age 62 and completion of 25 years of service, or (c) attainment of age 60 and completion of 30 years of service. The amount of benefits is equal to 2.5% of average compensation multiplied by years of service (maximum of 30 years).

The normal retirement date for participants who join the Nonunion Plan on or after March 1, 2011, is the attainment of age 65 and completion of 10 years of service. The amount of benefits is equal to 2.0% of average compensation multiplied by years of service (maximum of 30 years). Average compensation is defined as average monthly pay received during the three-year period preceding the normal retirement date.

Participants in the Nonunion Plan prior to March 1, 1992, are entitled to a benefit based upon the greater of the benefits allowed under the plan as it existed prior to March 1, 1992, or the benefits allowed to participants who join on or after March 1, 1992.

Employees Covered by Benefit Terms

At February 28, 2025, the following employees were covered by the benefit terms:

Active plan members	87
Inactive plan members entitled to but not yet receiving benefits	49
Retired plan members or beneficiaries currently received benefits	57
Total	<u>193</u>

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2025 and 2024

6. PENSION PLANS...continued

Defined Benefit Pension Plans Sponsored by the Authority...continued

Description of Plan...continued

Nonunion Plan...continued

At February 29, 2024, the following employees were covered by the benefit terms:

Active plan members	82
Inactive plan members entitled to but not yet receiving benefits	43
Retired plan members or beneficiaries currently received benefits	53
Total	<u>178</u>

Cost-of-Living Adjustment

As of March 1, 2002, the Nonunion Plan was amended to include an annual cost of living increase to participants receiving monthly payments under the Nonunion Plan. The cost of living increase is based on half of the percentage increase in the consumer price index from year to year, with the aggregate cost of living increase not to exceed 50% of the value of the participant's benefit as of the annuity starting date.

As of March 1, 2011, the Nonunion Plan was amended to exclude an annual cost of living increase to participants receiving monthly payments under the Nonunion Plan who became participants on or after March 1, 2011.

Contributions

Employees who become participants in the Nonunion Plan are currently required to contribute 3.0% of salary. The Authority currently contributes 25.0% of annual covered payroll for the Nonunion Plan. For the Plan years ended February 28, 2025 and February 29, 2024, the Authority contributed \$2,338,095 and \$2,089,973, respectively, towards the Nonunion Plan.

For the period March 1, 2025 through December 31, 2025, and March 1, 2024 through December 31, 2024, the Authority contributed \$1,944,781 and \$1,966,938, respectively, towards the Nonunion Plan in subsequent contributions. These subsequent contributions are recorded as deferred outflows on pensions in the statements of net position.

Disability Benefits

There are no disability benefits payable under the Nonunion Plan.

Early Retirement Benefits

Early retirement benefits are in the same form as normal retirement benefits and commence on the early retirement date. The early retirement date must be within the 10-year period preceding the normal retirement date. Benefits are reduced for each year that the early retirement date precedes the normal retirement date.

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2025 and 2024

6. PENSION PLANS...continued

Defined Benefit Pension Plans Sponsored by the Authority...continued

Description of Plan...continued

Nonunion Plan...continued

Investments

Investments are valued as of the measurement date. Investments are in separate accounts held at Principal in commingled pools, rather than individual securities, and are valued at fair market value. All investments held by pension trust fund are in Level 1 securities, with the exception of a real estate fund valued at \$3,039,340 in 2025 and \$2,724,535 in 2024, which is a Level 3 investment. Principal Financial Advisors, Inc., a registered investment advisor and wholly owned subsidiary of Principal, has been hired to manage the asset allocation strategy for the Nonunion Plan.

The investment strategy is to build an efficient, well-diversified portfolio based on a long-term, strategic outlook of the investment markets. The investment market outlook utilizes both historical-based and forward-looking return forecasts to establish future return expectations for various asset classes. These return expectations are used to develop a core asset allocation based on the needs of the Nonunion Plan. The core asset allocation utilizes investment portfolios of various asset classes and multiple investment managers in order to help maximize the plan's return, while providing multiple layers of diversification to help minimize risk.

Actuarial Assumptions

Valuation Date	Actuarial Cost Method	Asset Valuation Method	Amortization Method	Amortization Period	Assumed Rate of Return	Inflation Rate	Salary Increases
02/28/2025	Entry Age	Market value	Level dollar	20-30 years	5.75%	2.40%	\$5 + 2.00%
02/29/2024	Entry Age	Market value	Level dollar	20-30 years	5.75%	2.40%	\$5 + 2.00%

Based on PUBG-2010 General base rate mortality table projected to future years with historical and assumed mortality improvement (MI) rates using the MP-2021 mortality improvement scale, PUBG-2010 is the baseline mortality rate table underlying the SOA PUB-2010 experience study published in October 2021.

Money-Weighted Rate of Return

The money-weighted rate of return is calculated as a rate of return on pension plan investments incorporating the actual timing and amount of cash flows. This return is calculated net of investment expenses. The annual money-weighted rate of return on plan investments for the measurement period of March 1, 2024 to February 28, 2025, is 8.61%. The annual money-weighted rate of return on plan investments for the measurement period of March 1, 2023 to February 29, 2024, is 9.91%.

Expected Rate of Return

The expected long-term return of 5.75% on plan assets was developed as a long-term expected geometric return on plan assets. Arithmetic expected return is calculated as the weighted average of broad asset classes' arithmetic returns of the plan's target asset allocations and then converted to the geometric under lognormal distribution assumption.

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2025 and 2024

6. PENSION PLANS...continued

Defined Benefit Pension Plans Sponsored by the Authority...continued

Description of Plan...continued

Nonunion Plan...continued

Expected Rate of Return...continued

Due to the long-term nature of the pension obligations, the investment horizon for the Capital Market Assumptions (CMA) 2024 is 20 years. In addition to forward-looking models, historical analysis of market data and trends was reflected, as well as the outlook of recognized economists, organizations and consensus CMA from other credible studies.

The plan's target asset allocations, as of February 28, 2025, are summarized in the following table:

2025	<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected Arithmetic Return</u>	<u>Expected Geometric Return</u>
	US Equity - Large Cap	21.74%	7.80%	6.35%
	US Equity - Mid Cap	5.61%	8.35%	6.35%
	US Equity - Small Cap	3.06%	8.70%	6.35%
	Non-US Equity	12.88%	8.00%	6.35%
	Real Estate (direct property)	6.37%	6.85%	6.20%
	Core Bond	46.28%	4.40%	4.30%
	High Yield Bond	4.06%	6.30%	5.85%

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2025 and 2024

6. PENSION PLANS...continued

Defined Benefit Pension Plans Sponsored by the Authority...continued

Description of Plan...continued

Nonunion Plan...continued

Expected Rate of Return...continued

A measurement date of February 28, 2025 has been used for the fiscal year ending December 31, 2025. Changes in the Authority's net pension liabilities as of the measurement date of February 28, 2025, are as follows:

	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Balance at December 31, 2024	\$ 47,946,350	\$ 38,962,326	\$ 8,984,024
Changes for the year:			
Service Cost	760,988	-	760,988
Interest	2,716,331	-	2,716,331
Differences between expected and actual experience	1,773,938	-	1,773,938
Changes in assumptions	-	-	-
Changes in benefit terms	-	-	-
Contributions - employer	-	2,338,095	(2,338,095)
Contributions - employee	-	227,771	(227,771)
Net investment income	-	3,330,982	(3,330,982)
Benefit payments, including refunds of employee contributions	(2,796,342)	(2,796,342)	-
Administrative expenses	-	-	-
Net change	<u>2,454,915</u>	<u>3,100,506</u>	<u>(645,591)</u>
Balance at December 31, 2025	<u>\$ 50,401,265</u>	<u>\$ 42,062,832</u>	<u>\$ 8,338,433</u>

The plan's target asset allocations, as of February 29, 2024, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected Arithmetic Return</u>	<u>Expected Geometric Return</u>
US Equity - Large Cap	25.65%	7.80%	6.35%
US Equity - Mid Cap	2.99%	8.35%	6.35%
US Equity - Small Cap	1.39%	8.70%	6.35%
Non-US Equity	12.62%	8.00%	6.35%
Real Estate (direct property)	6.96%	6.85%	6.20%
Core Bond	46.38%	4.40%	4.30%
High Yield Bond	4.01%	6.30%	5.85%

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2025 and 2024

6. PENSION PLANS...continued

Defined Benefit Pension Plans Sponsored by the Authority...continued

Description of Plan...continued

Nonunion Plan...continued

Expected Rate of Return...continued

A measurement date of February 29, 2024 has been used for the fiscal year ending December 31, 2024. Changes in the Authority's net pension liabilities as of the measurement date of February 29, 2024, are as follows:

	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Balance at December 31, 2023	\$ 45,935,607	\$ 34,917,577	\$ 11,018,030
Changes for the year:			
Service Cost	747,183	-	747,183
Interest	2,629,250	-	2,629,250
Differences between expected and actual experience	459,199	-	459,199
Changes in assumptions	(92)	-	(92)
Changes in benefit terms	-	-	-
Contributions - employer	-	2,089,973	(2,089,973)
Contributions - employee	-	202,797	(202,797)
Net investment income	-	3,583,456	(3,583,456)
Benefit payments, including refunds of employee contributions	(1,824,797)	(1,824,797)	-
Administrative expenses	-	(6,680)	6,680
Net change	<u>2,010,743</u>	<u>4,044,749</u>	<u>(2,034,006)</u>
Balance at December 31, 2024	<u>\$ 47,946,350</u>	<u>\$ 38,962,326</u>	<u>\$ 8,984,024</u>

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2025 and 2024

6. PENSION PLANS...continued

Defined Benefit Pension Plans Sponsored by the Authority...continued

Description of Plan...continued

Nonunion Plan...continued

Statement of Deferred Outflows and Inflows of Resources

As of February 28, 2025, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,829,992	\$ -
Effects of changes in assumptions	-	(738,798)
Net difference between expected and net investment income	342,139	
Employer contributions subsequent to the measurement period	1,944,781	
Total Deferred Outflows and Inflows of Resources	<u>\$ 4,116,912</u>	<u>\$ (738,798)</u>

Amounts reported as deferred outflows and inflows of resources related to pensions (excluding employer contributions subsequent to measurement period) will be recognized in the pension expense as follows:

	<u>Amount to be Recognized</u>
2026	\$ 708,285
2027	941,228
2028	(79,276)
2029	(136,904)

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2025 and 2024

6. PENSION PLANS...continued

Defined Benefit Pension Plans Sponsored by the Authority...continued

Description of Plan...continued

Nonunion Plan...continued

Statement of Deferred Outflows and Inflows of Resources...continued

As of February 29, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 794,247	\$ (51,829)
Effects of changes in assumptions	-	(1,829,424)
Net difference between expected and net investment income	1,476,485	
Employer contributions subsequent to the measurement period	1,966,938	
Total Deferred Outflows and Inflows of Resources	<u>\$ 4,237,670</u>	<u>\$ (1,881,253)</u>

Amounts reported as deferred outflows and inflows of resources related to pensions (excluding employer contributions subsequent to measurement period) will be recognized in the pension expense as follows:

	<u>Amount to be Recognized</u>
2025	\$(577,791)
2026	507,296
2027	740,239
2028	(280,265)

Discount Rate

The discount rate used to determine the end of period total pension liability is 5.75%.

The plan's fiduciary net position and benefit payments were projected to determine if the plan's fiduciary net position was greater than or equal to the expected benefit payments for each period from 2025 to 2118. Benefits after 2118 are projected to be \$0.

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2025 and 2024

6. PENSION PLANS...continued

Defined Benefit Pension Plans Sponsored by the Authority...continued

Description of Plan...continued

Nonunion Plan...continued

Discount Rate...continued

The long-term rate of return of 5.75% is used to calculate the actuarial present value of projected payments for each future period when the projected fiduciary net position is greater than the projected expected benefit payments. Otherwise, a municipal bond rate of 4.03% is used. The municipal bond rate is from Bloomberg Barclays Municipal GO Long Term (17+ Y) Index, which includes 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher securities, as of the February 28, 2025, measurement date. The discount rate is a single rate that incorporates the long-term rate of return and municipal bond rate as described.

The discount rate used to determine the beginning of period total pension liability is 5.75% and the discount rate used to determine the end of period total pension liability is 5.75%. The municipal bond rate as of February 28, 2025, was 4.03%.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following represents the net pension liability of the Plan as of February 28, 2025, calculated using the discount rate of 5.75%, as well as what the net pension liability would be if it were to be calculated using a discount rate that is one percentage point lower (4.75%) or one percentage point higher (6.75%) than the current rate:

<u>Plan Year Ended</u>	<u>1% Decrease (4.75%)</u>	<u>Discount Rate (5.75%)</u>	<u>1% Increase (6.75%)</u>
February 28, 2025	\$14,534,910	\$8,338,433	\$3,124,943

The following represents the net pension liability of the Plan as of February 29, 2024, calculated using the discount rate of 5.75%, as well as what the net pension liability would be if it were to be calculated using a discount rate that is one percentage point lower (4.75%) or one percentage point higher (6.75%) than the current rate:

<u>Plan Year Ended</u>	<u>1% Decrease (4.75%)</u>	<u>Discount Rate (5.75%)</u>	<u>1% Increase (6.75%)</u>
February 29, 2024	\$14,903,717	\$8,984,024	\$4,007,851

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2025 and 2024

6. PENSION PLANS...continued

Defined Contribution Plans Sponsored by the Authority

Licensed Deck Officers Plan (LDO Plan)

The Authority also has a defined contribution plan for its licensed deck officers. Prior to July 27, 2013, the Authority was required to contribute an amount equal to 10.75% of base weekly earnings for each employee. Effective July 27, 2013, the Authority was required to contribute an amount equal to 7.50% of base weekly earnings for each employee. The Authority's required and actual contributions aggregated \$567,477 and \$460,296 for 2025 and 2024, respectively.

Administration of the Plan

The plan is administered by the Authority. The Trustee, Principal, holds the investment securities of the LDO Plan and executes related transactions under custodial agreements with the plan and the Authority.

Participation and Vesting

All licensed deck officers (captains, pilots and mates) are eligible to participate in the plan. Participants are 100% vested at all times.

Employee Contributions

No employee contributions are made under the LDO Plan.

Parking Lot Employees and Shuttle Bus Drivers Plan (PLSBD Plan)

The Authority also has a defined contribution plan for its permanent parking lot employees/shuttle bus drivers. Effective May 28, 2011, the Authority is required to contribute an amount equal to 5.0% of base weekly earnings for each permanent parking lot employee/shuttle bus driver. As a result of a collective bargaining agreement, effective from May 7, 2016 through May 7, 2022, beginning December 24, 2016, the Authority discontinued making contributions to this defined contribution plan on behalf of most of its permanent parking lot employees/shuttle bus drivers.

Instead, the Authority will make contributions on behalf of these employees to the New England Teamsters and Trucking Industry Pension Fund Plan.

However, the Authority will continue making the contribution of 5% of base weekly earnings on behalf of a small number of permanent parking lot employees/shuttle bus drivers who were approaching retirement and wished to remain in the PLSBD Plan, and were allowed to do so, under the collective bargaining agreement. The Authority's required and actual contributions for this plan aggregated \$2,191 and \$2,044 for 2025 and 2024, respectively.

Administration of the PLSBD Plan

The PLSBD Plan is administered by the Authority. The Trustee, Prudential Trust Company (Prudential), holds the investment securities of the plan and executes related transactions under custodial agreements with the PLSBD Plan and the Authority.

Participation and Vesting

All permanent parking lot employees/shuttle bus drivers are eligible to participate in the PLSBD Plan. Participants are 100% vested at all times.

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2025 and 2024

6. PENSION PLANS...continued

Defined Contribution Plans Sponsored by the Authority...continued

Parking Lot Employees and Shuttle Bus Drivers Plan...continued

Employee Contributions

No employee contributions are made under the PLSBD Plan.

Security Employees Plan (SE Plan)

The Authority also has a defined contribution plan for its permanent security employees. The Authority is required to contribute an amount equal to 5.0% of base weekly earnings for each security employee. As a result of a collective bargaining agreement, effective from July 23, 2016 through July 23, 2022, beginning December 24, 2016, the Authority discontinued making contributions to this defined contribution plan on behalf of most of its permanent security employees. Instead, the Authority will make contributions on behalf of these employees to the New England Teamsters and Trucking Industry Pension Fund Plan. However, the Authority will continue making the contribution of 5% of base weekly earnings on behalf of a small number of permanent security employees who were approaching retirement and wished to remain in the SE Plan and were allowed to do so under the collective bargaining agreement. The Authority's required and actual contributions for this plan aggregated \$0 and \$0 for 2025 and 2024, respectively.

Administration of the Plan

The SE Plan is administered by the Authority. The Trustee, Prudential, holds the investment securities of the plan and executes related transactions under custodial agreements with the SE Plan and the Authority.

Participation and Vesting

All permanent security employees are eligible to participate in the SE Plan. Participants are 100% vested at all times.

Employee Contributions

No employee contributions are made under the SE Plan.

Unlicensed Vessel Employees Plan (UV Plan)

The Authority also has a defined contribution plan for its permanent unlicensed vessel employees. Effective August 23, 2014, the Authority is required to contribute an amount equal to 3.5% of base weekly earnings for each employee. Prior to that, the Authority was required to contribute an amount equal to 10.0% of base weekly earnings for the period April 15, 2000 through August 22, 2014, 9.0% from April 17, 1999 through April 14, 2000, 7.5% from April 18, 1998 through April 16, 1999, and 6.0% through April 17, 1998. The Authority's required and actual contributions aggregate \$524,780 and \$376,042 for 2025 and 2024, respectively.

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2025 and 2024

6. PENSION PLANS...continued

Defined Contribution Plans Sponsored by the Authority...continued

Unlicensed Vessel Employees Plan (UV Plan)...continued

Administration of the Plan

The UV Plan is administered by the Authority. The Trustee, Prudential, holds the investment securities of the UV Plan and executes related transactions under custodial agreements with the plan and the Authority.

Participation and Vesting

All permanent unlicensed vessel employees are eligible to participate in the UV Plan. Participants are 100% vested at all times.

Employee Contributions

No employee contributions are made under the UV Plan.

Multiemployer - Licensed Engineering Officers Plan (LEO Plan)

The Authority contributes to a multiemployer defined contribution plan for its licensed engineering officers. The Authority is required to contribute an amount equal to 10.667% of base weekly earnings for each employee on the permanent Chief Engineers roster as of August 1, 2008, and \$12.50 per day for each engineering officer not on the permanent Chief Engineers roster as of August 1, 2008. In January 2012, the Authority discontinued contributing to the multiemployer defined contribution plan and, instead, began contributing to a multiemployer pension plan, administered by the Marine Engineers Beneficial Association Pension Trust (M.E.B.A.), at a rate of 11.7% of earnings.

Administration of the Plan

The LEO Plan is administered by M.E.B.A., Trustee. The Trustee holds the investment securities of the LEO Plan and executes related transactions under custodial agreements with the LEO Plan.

Participation and Vesting

All engineering officers (chief engineers, third assistant engineers) are eligible to participate in the LEO Plan. Participants are 100% vested at all times.

Employee Contributions

No employee contributions are made under the LEO Plan.

Employer Contributions

Effective August 2016, the Authority resumed contributions to the defined contribution plan at a rate of 2.74%. In August 2017, the Authority's contribution rate changed to 4.0% and, in August 2018, the contribution rate changed to 6.5%. The Authority's required and actual contributions aggregate \$255,802 and \$175,156 for 2025 and 2024, respectively.

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2025 and 2024

6. PENSION PLANS...continued

Defined Contribution Plans Sponsored by the Authority...continued

Deferred Compensation Plan

The Authority has a deferred compensation plan, in accordance with IRC Section 457, available to all regular full-time employees. Under the terms of the plan, employees who wish to participate may have contributed up to a maximum of \$23,500 in 2025 and \$23,000 in 2024 of their annual compensation. A "catch up" contribution for those employees 50 years of age or older is allowed; this amount is limited to an additional \$7,500 per year. The Authority did not contribute to the plan in 2025 or 2024.

Multiemployer Pension Plans

The Authority provides benefits to certain of its employees by making contributions to various multiemployer pension plans. Such plans are available to all full-time union employees not covered by the Nonunion Plan, and their eligibility in the plans commences upon employment. There were no outstanding payables under any of the plans for the years ended December 31, 2025 and December 31, 2024. The schedule of employer contributions to the plans, presented as required supplementary information following the notes to the financial statements, present historical contributions made to each plan. None of these pension plans issue publicly available financial statements.

- The New England Teamsters and Trucking Industry Pension Fund Plan covered the Authority's Licensed Deck Officers. The active union contract was executed effective July 27, 2024, and has a term ending July 23, 2027. The contribution rate, effective July 29, 2023, has been negotiated at \$8.25 per hour to a maximum of \$346.50 per week, per employee. During 2025, contributions were made for 63 employees, totaling \$996,355. During 2024, contributions were made for 62 employees, totaling \$940,409.
- The M.E.B.A. Pension Plan covered the Authority's Licensed Engineering Officers. The active union contract was executed effective July 27, 2024, and has a term ending July 23, 2027. The contribution rate, effective January 1, 2012, has been negotiated at 11.7% of the total wages per employee. Effective May 1, 2015, an additional \$6.00 per day was redirected from the M.E.B.A. Medical and Benefits Plan towards the pension plan. During 2025, contributions were made for 55 employees, totaling \$744,139. During 2024, contributions were made for 47 employees, totaling \$561,339.
- The New England Teamsters and Trucking Industry Pension Fund Plan covered the Authority's Unlicensed Vessel Employees. The active union contract was executed effective April 20, 2024, and has a term ending April 16, 2027. The contribution rate, effective April 22, 2023, has been negotiated at \$5.75 per hour to a maximum of \$241.50 per week, per employee. During 2025, contributions were made for 223 employees totaling \$2,171,291. During 2024, contributions were made for 212 employees totaling \$1,916,032.

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2025 and 2024

6. PENSION PLANS...continued

Defined Contribution Plans Sponsored by the Authority...continued

Multiemployer Pension Plans...continued

- The New England Teamsters and Trucking Industry Pension Fund Plan covered the Authority's Maintenance Employees. The active union contract was executed effective April 20, 2024, and has a term ending April 16, 2027. The contribution rate, effective April 1, 2011, has been negotiated at \$7.12 per hour to a maximum of \$284.80 per week, per employee. During 2025, contributions were made for 38 employees, totaling \$497,368. During 2024, contributions were made for 36 employees, totaling \$475,324.
- The New England Teamsters and Trucking Industry Pension Fund Plan covered the Authority's Agency and Terminal Employees. The active union contract was executed effective April 20, 2024, and has a term ending April 16, 2027. The contribution rate, effective April 20, 2024, has been negotiated at \$5.39 per hour to a maximum of \$215.60 per week, per employee. During 2025, contributions were made for 130 employees, totaling \$1,161,919. During 2024, contributions were made for 113 employees, totaling \$1,056,545.
- The Massachusetts Service Employee's Pension Fund Plan covered the Authority's Reservation Clerks and Group Sales employees. The active union contract was executed effective December 21, 2024, and has a term ending December 24, 2027. The contribution rate, effective August 28, 2021, has been negotiated at \$0.60 per hour, per employee. During 2025, contributions were made for 31 employees, totaling \$31,080. During 2024, contributions were made for 34 employees, totaling \$24,236.
- The New England Teamsters and Trucking Industry Pension Fund Plan covered the Authority's Parking Lot Employees/Shuttle Bus Drivers. The active union contract was executed effective May 4, 2024, and has a term ending May 7, 2027. The contribution rate, effective May 4, 2024, has been negotiated at \$1.16 per hour to a maximum of \$46.40 per week, per employee. The contribution rate, effective May 24, 2025, has been negotiated at \$1.50 per hour to a maximum of \$60.00 per week, per employee. The contribution rate, effective May 23, 2026, has been negotiated at \$1.75 per hour to a maximum of \$70.00 per week, per employee. During 2025, contributions were made for 42 employees, totaling \$86,539. During 2024, contributions were made for 32 employees, totaling \$62,714.
- The New England Teamsters and Trucking Industry Pension Fund Plan covered the Authority's Security Employees. The active union contract was executed effective July 27, 2024, and has a term ending July 30, 2027. The contribution rate, effective July 27, 2024, has been negotiated at \$1.16 per hour to a maximum of \$42.40 per week, per employee. The contribution rate, effective July 26, 2025, has been negotiated at \$1.50 per hour to a maximum of \$60.00 per week, per employee. The contribution rate, effective July 25, 2026, has been negotiated at \$1.75 per hour to a maximum of \$70.00 per week, per employee. During 2025, contributions were made for 14 employees, totaling \$30,769. During 2024, contributions were made for 13 employees, totaling \$27,683.

The covered payroll of such employees was \$39,805,079 and \$33,267,164 in 2025 and 2024, respectively. The Authority's contributions to the plans met the contribution requirements in 2025 and 2024, and aggregated \$5,719,460 (14.4% of covered payroll for employees participating in the plans in 2025) and aggregated \$5,040,047 (15.2% of covered payroll for employees participating in the plans in 2024).

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2025 and 2024

6. PENSION PLANS...continued

Defined Contribution Plans Sponsored by the Authority...continued

Pension Withdrawal Obligations

In March 2011, the Steamship Authority entered into successor collective bargaining agreements, with Teamster Local 59, with respect to its maintenance employees and its agency and terminal employees. Terms of the agreements allow the Authority to withdraw from the New England Teamsters and Trucking Industry Pension Fund (the Fund). The agreements provide that the Authority shall fully satisfy its withdrawal liability to the Fund by making 300 monthly withdrawal liability payments, each in the amount of \$83,333, beginning October 2011.

In addition, the Authority will enter into the New England Teamsters and Trucking Industry Pension Fund "New Employer Pool". The Authority's participation in the New Employer Pool requires that any future withdrawal liability be computed by the Direct Attribution Method under terms of the Employee Retirement Income Security Act of 1974 (ERISA §4211). In 2025 and 2024, the Authority made payments totaling \$1,000,000 towards the withdrawal liability. Interest payments totaled \$347,080 and \$371,451 in 2025 and 2024, respectively. Pension withdrawal obligation totaled \$8,753,999 and \$9,406,919 as of December 31, 2025 and 2024, respectively, and are recorded in the statements of net position using the present value of the obligation based upon incremental borrowing costs.

7. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description

In addition to the pension benefits described in Note 6, the Authority provides postemployment health care benefits for eligible employees who render at least 20 years of service and attain age 62 while in service, until the employee is eligible for Medicare. The benefits, benefit level, employee contributions and employer contributions are governed by the Authority and collective bargaining agreements. As of December 31, 2025, the actuarial valuation date, approximately 346 active employees and 13 retirees meet eligibility requirements. As of December 31, 2024, the actuarial valuation date, approximately 328 active employees and 17 retirees meet eligibility requirements.

Benefits Provided

Medical coverage, excluding dental, under the group health insurance plan for regular full-time nonunion employees, licensed deck officers and unlicensed vessel personnel with 20 or more years of service who retire after reaching age 62 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 50% 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 cost, as established annually by the plan administrator.

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2025 and 2024

7. OTHER POSTEMPLOYMENT BENEFITS (OPEB)...continued

Funding Policy

Effective January 1, 2013, the nonunion retired employee must pay 20% of the enrollment cost (the working rate) as established annually by the plan administrator. Effective July 27, 2013, the licensed deck officer retired employee must pay 20% of the enrollment cost (the working rate), as established annually by the plan administrator. Effective August 2, 2014, the unlicensed vessel retired employee must pay 20% 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 pay-as-you-go basis.

Measurement Date

GASB Statement No. 74, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, requires the total OPEB liability to be measured as of the OPEB plan's most recent fiscal year-end. Accordingly, the total OPEB liability was measured as of December 31, 2025, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of December 31, 2024.

Employees Covered by Benefit Terms – the following table represents the plan's membership as of December 31, 2025:

Retirees or beneficiaries currently receiving benefits	13
Active Employees	<u>346</u>
Total	<u>359</u>

Employees Covered by Benefit Terms – the following table represents the plan's membership as of December 31, 2024:

Retirees or beneficiaries currently receiving benefits	17
Active Employees	<u>328</u>
Total	<u>345</u>

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2025 and 2024

7. OTHER POSTEMPLOYMENT BENEFITS (OPEB)...continued

Changes in the Total OPEB Liability

	<u>Increase (Decrease)</u>
Balance at December 31, 2024	\$ 2,083,432
Changes for the year:	
Service cost	121,247
Interest on liability and service cost	86,724
Change in benefit terms	-
Differences between expected and actual experience	-
Change in assumptions	(130,321)
Benefit payments	(158,175)
Net changes	(80,525)
Balance at December 31, 2025	\$ 2,002,907

As of December 31, 2025, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ (234,058)
Effects of changes in assumptions	125,714	(332,136)
Total Deferred Outflows and Inflows of Resources	<u>\$ 125,714</u>	<u>\$ (566,194)</u>

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

	<u>Amount to be Recognized</u>
2026	\$ (81,323)
2027	(81,009)
2028	(80,837)
2029	(84,210)
2030	(38,141)
Thereafter	(74,960)

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2025 and 2024

7. OTHER POSTEMPLOYMENT BENEFITS (OPEB)...continued

Actuarial Methods and Assumptions as of December 31, 2025

Projections of benefits for financial reporting purposes are based on the plan, as understood by the Authority, and plan members, and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The assumptions follow:

Actuarial cost method:	Individual entry age normal
Medical care inflation:	8.00%
Discount rate:	4.83%
Mortality table used:	PubG-2010 Healthy Retiree Mortality Table, projected with generational mortality improvement using scale MP-2021
Interest:	Pay-as-you-go: 3.5% per year
Disability:	1987 Commissioner's Group Disability table for male and female with six-month elimination period
Healthcare trend rate:	8.0% for 2025, decreasing 0.5% per year to 6.0%, then grading down to an ultimate trend rate of 4.0%, utilizing the Society of Actuaries Getzen Medical Trend model.

Retirement rate assumptions:

	Age			
	62	63	64	65
Male	25%	25%	25%	100%
Female	25%	25%	25%	100%

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate as of December 31, 2025

	1% Decrease	Current Discount Rate	1% Increase
	(3.83%)	(4.83%)	(5.83%)
Total OPEB liability	\$ 2,179,081	\$ 2,002,907	\$ 1,844,972

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trends as of December 31, 2025

	1% Decrease	Current Trend	1% Increase
	7% Year 1 Decreasing to 3%	8% Year 1 Decreasing to 4%	9% Year 1 Decreasing to 5%
Total OPEB liability	\$ 1,839,301	\$ 2,002,907	\$ 2,196,805

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2025 and 2024

7. OTHER POSTEMPLOYMENT BENEFITS (OPEB)...continued

	<u>Increase (Decrease)</u>
Balance at December 31, 2023	<u>\$ 2,237,102</u>
Changes for the year:	
Service cost	115,124
Interest on liability and service cost	73,433
Change in benefit terms	-
Differences between expected and actual experience	(93,114)
Change in assumptions	(49,744)
Benefit payments	<u>(199,369)</u>
Net changes	<u>(153,670)</u>
Balance at December 31, 2024	<u>\$ 2,083,432</u>

As of December 31, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ (304,766)
Effects of changes in assumptions	193,529	(263,129)
Total deferred outflows and inflows of resources	<u>\$ 193,529</u>	<u>\$ (567,895)</u>

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

	<u>Amount to be Recognized</u>
2025	\$ (49,886)
2026	(67,002)
2027	(66,688)
2028	(66,516)
2029	(69,889)
Thereafter	(54,385)

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2025 and 2024

7. OTHER POSTEMPLOYMENT BENEFITS (OPEB)...continued

Actuarial Methods and Assumptions as of December 31, 2024

Projections of benefits for financial reporting purposes are based on the plan, as understood by the Authority, and plan members, and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The assumptions follow:

Actuarial cost method:	Individual entry age normal
Medical care inflation:	8.00%
Discount rate:	4.08%
Mortality table used:	PubG-2010 Healthy Retiree Mortality Table, projected with generational mortality improvement using scale MP-2021
Interest:	Pay-as-you-go: 3.5% per year
Disability:	1987 Commissioner's Group Disability table for male and female with six-month elimination period
Healthcare trend rate:	8.0% for 2025, decreasing 0.5% per year to 6.0%, then grading down to an ultimate trend rate of 4.0%, utilizing the Society of Actuaries Getzen Medical Trend model.

Retirement rate assumptions:

	Age			
	62	63	64	65
Male	25%	25%	25%	100%
Female	25%	25%	25%	100%

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate as of December 31, 2024

	1% Decrease	Current Discount Rate	1% Increase
	(3.08%)	(4.08%)	(5.08%)
Total OPEB liability	\$ 2,263,622	\$ 2,083,432	\$ 1,921,414

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trends as of December 31, 2024

	1% Decrease	Current Trend	1% Increase
	7% Year 1 Decreasing to 3%	8% Year 1 Decreasing to 4%	9% Year 1 Decreasing to 5%
Total OPEB liability	\$ 1,930,989	\$ 2,083,432	\$ 2,262,905

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2025 and 2024

8. HEDGE PROGRAM

The Authority manages a fuel oil hedging program which is intended to take advantage of market conditions to cap fuel expense. The objectives of the program are to (1) identify exposure to movements in energy prices, (2) understand the impact to the Authority's financial position, (3) employ all reasonable and prudent measures to mitigate the impact of price movements and (4) manage the volatility of energy costs to acceptable levels. The hedge program attempts to transform the unacceptable risks of skyrocketing energy prices into an acceptable form, similar to an insurance policy.

The Steamship Authority's hedging program operates under a non-speculative philosophy and transactions are limited to expected energy volumes anticipated in the normal course of operations. The Authority's hedging strategy may include fixed-price swaps, collars, or caps. The program is designed to allow the Authority to benefit from prices that fall below the cap while offering some protection that pricing will not exceed the cap price.

As of December 31, 2025, the Authority had executed hedging transactions for 3,276,000 gallons of fuel out of the approximate 4,036,000 gallons of fuel, which is expected to be used in 2026. The cost of these call options totaled \$685,525 at December 31, 2025, and this amount is included in the prepaid fuel hedge line item on the statement of net position.

As of December 31, 2024, the Authority had executed hedging transactions for 3,276,000 gallons of fuel out of the approximate 3,541,000 gallons of fuel, which is expected to be used in 2025. The cost of these call options totaled \$933,707 at December 31, 2024, and this amount is included in the prepaid fuel hedge line item on the statement of net position.

As the Authority's hedging is for fuel oil used in the operation of its vessels, and the monthly call options are for quantities lower than the quantities reasonably expected to be consumed, these activities qualify for to the exclusion provided for in GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, and, therefore, not required to be reported as derivative instruments.

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2025 and 2024

9. 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; injuries to employees; and natural disasters. The Authority has purchased commercial insurance for these risks, except for those risks identified in the following paragraph, which the Authority accounts for in accrued expenses.

Group Health

The Authority has chosen to establish a risk financing fund for risks associated with the employees' health insurance plan. The total charge is calculated using trends in actual claims experience. Provisions are also made for unexpected and unusual claims.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Liabilities are recorded as a component of accounts payable in the Authority's statements of net position. Claim liabilities are calculated based on recent claim settlement trends, including frequency and amount of pay-outs. The calculation includes a weighted-three-year-average of claims paid by group with an adjustment made to claims to account for increases in medical cost based on the Consumer Price Index — Medical (CPI-Med).

The Authority carries stop-loss insurance on individual medical claims in excess of \$150,000 per person and approximately \$3,185,796 in the aggregate, up to a maximum aggregate benefit payment of \$1,000,000 per person per year. An analysis of claims activities is presented below:

	2025	2024
Liability as of January 1	\$ 165,421	\$ 175,204
Current-year charges and changes in estimate	3,328,787	2,709,421
Actual claims paid	(3,379,317)	(2,719,204)
Liability as of December 31	<u>\$ 114,891</u>	<u>\$ 165,421</u>

Such amounts are recorded as a component of accounts payable in the statements of net position.

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2025 and 2024

10. COMMITMENTS

Construction in progress at December 31, 2025, consisted of expenditures by the Authority for various construction projects, which management expects will be completed in the years 2026 and 2027. At December 31, 2025, remaining construction commitments for these capital projects aggregated \$15,620,376. In addition, dry-docking and overhaul commitments for vessels aggregated \$1,054,015.

11. CONTINGENCIES

In the normal course of operations, the Authority has been named in various claims and litigation. Based upon information available to counsel and the Authority, management believes that the ultimate outcome from these claims and litigations will not have a material adverse effect on the Authority's financial position.

The Authority applies for and occasionally receives financial assistance from the federal government's various grant programs for specific projects. When this occurs, the entitlements to the resources are generally conditional upon compliance with terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of resources for eligible purposes. Substantially all federal financial assistance is subject to financial and compliance audits. Any disallowance becomes a liability of the Authority.

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REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority
 Required Supplementary Information – Schedule of Changes in Net Pension Liability and Related Ratios of
 the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority Pension Plan (Unaudited)

Reporting Period Ending	December 31, 2025	December 31, 2024	December 31, 2023	December 31, 2022	December 31, 2021
Total pension liability					
Service cost	\$ 760,988	\$ 747,183	\$ 883,705	\$ 971,275	\$ 1,231,396
Interest	2,716,331	2,629,250	2,428,117	2,294,290	2,093,193
Benefit payments	(2,796,342)	(1,824,797)	(2,053,605)	(2,103,437)	(1,387,187)
Difference between expected and actual experience	1,773,938	459,199	860,159	(215,503)	(352,152)
Change in assumptions	-	(92)	(2,735,368)	(1,767,379)	(5,363,753)
Net Change in total pension liability	2,454,915	2,010,743	(616,992)	(820,754)	(3,778,503)
Total pension liability, beginning of period	47,946,350	45,935,607	46,552,599	47,373,353	51,151,856
Total pension liability, end of period	<u>\$ 50,401,265</u>	<u>\$ 47,946,350</u>	<u>\$ 45,935,607</u>	<u>\$ 46,552,599</u>	<u>\$ 47,373,353</u>
Plan fiduciary net position					
Employee contributions	\$ 227,771	\$ 202,797	\$ 184,077	\$ 184,274	\$ 161,932
Employer contributions	2,338,095	2,089,973	2,333,970	1,935,615	1,639,620
Net investment income	3,330,982	3,583,456	(3,025,240)	960,232	4,621,897
Benefit payments	(2,796,342)	(1,824,797)	(2,053,605)	(2,103,437)	(1,387,187)
Administration expenses	-	(6,680)	(11,050)	(3,650)	-
Net change in plan fiduciary net position	3,100,506	4,044,749	(2,571,848)	973,034	5,036,262
Plan fiduciary net position, beginning of period	38,962,326	34,917,577	37,489,425	36,516,391	31,480,129
Plan fiduciary net position, end of period	<u>\$ 42,062,832</u>	<u>\$ 38,962,326</u>	<u>\$ 34,917,577</u>	<u>\$ 37,489,425</u>	<u>\$ 36,516,391</u>
Net pension liability					
Net pension liability	<u>\$ 8,338,433</u>	<u>\$ 8,984,024</u>	<u>\$ 11,018,030</u>	<u>\$ 9,063,174</u>	<u>\$ 10,856,962</u>
Ratios					
Fiduciary net position as a percentage of total pension liability	83.46%	81.26%	76.01%	80.53%	77.08%
Covered employee payroll	\$7,556,908	\$6,678,469	\$5,912,382	\$5,724,158	\$5,251,609
Net pension liability as a percentage of covered employee payroll	110.34%	134.52%	186.36%	158.33%	206.74%

Data reported for fiscal years 2016 through 2025 is based on the Plan's measurement dates of February 29, 2016 through February 28, 2025, respectively, from the most recent actuarial valuation.

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority
 Required Supplementary Information – Schedule of Changes in Net Pension Liability and Related Ratios of
 the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority Pension Plan (Unaudited)

Reporting Period Ending	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016
Total pension liability					
Service cost	\$ 1,125,594	\$ 1,144,364	\$ 1,052,910	\$ 967,905	\$ 1,081,252
Interest	2,155,993	2,040,465	1,882,289	1,793,810	1,681,088
Benefit payments	(1,206,038)	(1,310,113)	(710,728)	(999,967)	(370,672)
Difference between expected and actual experience	451,909	(692,738)	1,130,001	579,321	(177,602)
Change in assumptions	4,657,750	1,724,223	-	969,280	(895,895)
Net Change in total pension liability	7,185,208	2,906,201	3,354,472	3,310,349	1,318,171
Total pension liability, beginning of period	43,966,648	41,060,447	37,705,975	34,395,626	33,077,455
Total pension liability, end of period	<u>\$ 51,151,856</u>	<u>\$ 43,966,648</u>	<u>\$ 41,060,447</u>	<u>\$ 37,705,975</u>	<u>\$ 34,395,626</u>
Plan fiduciary net position					
Employee contributions	\$ 177,885	\$ 163,708	\$ 179,569	\$ 167,784	\$ 161,527
Employer contributions	1,479,683	1,495,724	1,505,097	1,201,056	807,637
Net investment income	2,121,849	477,170	2,387,900	2,639,818	(1,179,009)
Benefit payments	(1,206,038)	(1,310,113)	(710,728)	(999,967)	(370,672)
Administration expenses	(4,500)	(8,000)	-	(9,000)	-
Net change in plan fiduciary net position	2,568,879	818,489	3,361,838	2,999,691	(580,517)
Plan fiduciary net position, beginning of period	28,911,250	28,092,761	24,730,923	21,731,232	22,311,749
Plan fiduciary net position, end of period	<u>\$ 31,480,129</u>	<u>\$ 28,911,250</u>	<u>\$ 28,092,761</u>	<u>\$ 24,730,923</u>	<u>\$ 21,731,232</u>
Net pension liability					
Net pension liability	<u>\$ 19,671,727</u>	<u>\$ 15,055,398</u>	<u>\$ 12,967,686</u>	<u>\$ 12,975,052</u>	<u>\$ 12,664,394</u>
Ratios					
Fiduciary net position as a percentage of total pension liability	61.54%	65.76%	68.42%	65.59%	63.18%
Covered employee payroll	\$5,474,020	\$5,593,650	\$6,095,342	\$5,517,416	\$5,381,074
Net pension liability as a percentage of covered employee payroll	359.37%	269.15%	212.75%	235.17%	235.35%

Data reported for fiscal years 2016 through 2025 is based on the Plan's measurement dates of February 29, 2016 through February 28, 2025, respectively, from the most recent actuarial valuation.

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority
 Required Supplementary Information – Schedule of Employer Contributions to the Woods Hole, Martha's
 Vineyard and Nantucket Steamship Authority Pension Plan (Unaudited)

Schedule of Employer Contributions - Pension Plans
 Last Six Fiscal Years
 (in thousands)

	2025	2024	2023	2022	2021	2020
Non-union plan						
Actuarially determined contribution	\$ 1,715	\$ 1,905	\$ 1,691	\$ 1,779	\$ 2,682	\$ 2,285
Contributions in relation to the actuarially determined contribution	2,338	2,090	2,334	1,936	1,640	1,480
Contribution (surplus) deficiency	\$ (623)	\$ (185)	\$ (643)	\$ (157)	\$ 1,042	\$ 805
Covered payroll	\$ 7,557	\$ 6,678	\$ 5,912	\$ 5,724	\$ 5,252	\$ 5,474
Contributions as a percentage of covered payroll	30.9%	31.3%	39.5%	33.8%	31.2%	27.0%

Notes: Information provided for Required Supplementary Information will be provided for 10 years as it becomes available.

Data reported for fiscal years 2020 through 2025 is based on the Plan's measurement dates of February 29, 2020 through February 28, 2025, respectively, from the most recent actuarial valuation

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Required Supplementary Information – OPEB Plan Schedule of Changes in Total OPEB Liability and Related Ratios (Unaudited)

Reporting Period Ending	12/31/2025	12/31/2024	12/31/2023	12/31/2022	12/31/2021	12/31/2020	12/31/2019	12/31/2018
Total OPEB Liability								
Service cost	\$ 121,247	\$ 115,124	\$ 101,767	\$ 155,701	\$ 148,451	\$ 80,177	\$ 78,214	\$ 74,846
Interest	86,724	73,433	80,452	57,850	57,661	73,139	87,735	94,253
Change in Assumptions	(130,321)	(49,744)	73,815	(343,432)	33,648	601,900	-	-
Benefit Payments	(158,175)	(199,369)	(159,694)	(157,359)	(159,849)	(159,849)	(136,396)	(141,612)
Change of benefit terms	-	-	-	(124,690)	-	-	-	-
Experience (Gain) and Loss	-	(93,114)	-	(178,552)	-	(302,532)	-	(207,260)
Net Change in Total OPEB Liability	(80,525)	(153,670)	96,340	(590,482)	79,911	292,835	29,553	(179,773)
Total OPEB Liability, beginning of period	2,083,432	2,237,102	2,140,762	2,731,244	2,651,333	2,358,498	2,328,945	2,508,718
Total OPEB Liability, end of period	\$ 2,002,907	\$ 2,083,432	\$ 2,237,102	\$ 2,140,762	\$ 2,731,244	\$ 2,651,333	\$ 2,358,498	\$ 2,328,945
Covered employee payroll	\$ 34,523,142	\$ 26,962,632	\$ 25,083,594	\$ 24,088,016	\$ 23,011,428	\$ 20,945,530	\$ 18,626,043	\$ 17,996,177
Total OPEB liability as a percentage of covered employee payroll	5.80%	7.73%	8.92%	8.90%	11.90%	12.70%	12.70%	12.90%

Notes: Information provided for Required Supplementary Information will be provided for 10 years as it becomes available

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Required Supplementary Information – OPEB Plan Schedule of Changes in Total OPEB Liability and Related Ratios (Unaudited)

1. Pension Plans

Ten-year historical trend information of the pension plans is presented as required supplementary information. This information is intended to help users assess each plan's funding status on a going concern basis, assess progress made in accumulating assets to pay benefits when due. This information is reported as of the measurement date.

Analysis of the dollar amounts of plan fiduciary net position, total pension liability and net pension liability in isolation can be misleading. Expressing plan net position as a percentage of the total pension liability provides one indication of each plan's funding status. Analysis of this percentage over time indicates whether the plan is becoming financially stronger or weaker. Generally, the greater this percentage is, the stronger the plan.

Trends in the net pension liability and covered payroll are both affected by inflation. Expressing the net pension liability as a percentage of covered payroll approximately adjusts for the effects of inflation and aids in the analysis of the plans' progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller the percentage is, the stronger the plan.

Additional information pertaining to the retirement plans can be found in Note 6 to the basic financial statements.

a) Schedule of Changes in Net Pension Liability and Related Ratios

The schedule of changes in net pension liability and related ratios illustrates whether the plan's net position is increasing or decreasing over time relative to the total pension liability and the net pension liability as it relates to covered payroll.

This schedule is intended to show information for 10 years. The changes in the net pension liability for years prior to the fiscal year ending December 31, 2016, were not available and, accordingly, were not included in the schedule. Additional years will be displayed as they become available.

b) Schedule of Employer Contributions – Pension Plans

The schedule of employer contributions provides the actuarially determined contribution for each plan. The actuarially determined contribution rates are calculated as of the respective plans' fiscal year end, one year prior to the beginning of the fiscal year in which contributions are reported. For example, the Authority's actuarially determined contribution for the fiscal year ended December 31, 2025, is based on the September 26, 2025, funding valuation provided by the Authority's actuary.

2. Other Postemployment Benefits (OPEB)

Ten-year historical trend information is presented as required supplementary information for the Authority's OPEB plans. The Authority administers the Healthcare Plan on a pay-as-you-go basis with additional ad-hoc funding contributions based on budgetary results, and there is no actuarial required contribution. Accordingly, a schedule of employer required contributions is not presented in the required supplementary information for this plan. Additional information pertaining to the OPEB plans can be found in Note 7 to the basic financial statements.

Trends in the total OPEB liability and covered payroll are both affected by inflation. Expressing the total OPEB liability as a percentage of covered payroll approximately adjusts for the effects of inflation and aids in the analysis of the OPEB plan's progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller the percentage is, the stronger the plan.



Robert B. Davis, Steamship Authority general manager (2014-2025), and Alex Kryska, Steamship Authority general manager (beginning January 12, 2026) at the arrival of the *M/V Monomoy* at the Steamship Authority repair facility in Fairhaven .

The Steamship Authority

Serving the Islands and You.



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