

WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET
STEAMSHIP AUTHORITY
2021 ANNUAL REPORT





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LIFE JACKETS

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WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET
STEAMSHIP AUTHORITY

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: His Excellency, the Governor

To: The Members of the General Court

The 2021 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,



Moira E. Tierney
New Bedford
Chair, 2022

Authority Members - 2021

Kathryn Wilson



CHAIR
FALMOUTH

Moira E. Tierney



VICE CHAIR
NEW BEDFORD

Robert F. Ranney



SECRETARY
NANTUCKET

Robert R. Jones



MEMBER
BARNSTABLE

James M. Malkin



MEMBER
DUKES COUNTY

Port Council Members - 2021

Edward C. Anthes-Washburn
Chairman, New Bedford

Eric W. Shufelt
Vice Chairman, Barnstable

Robert S. C. Munier
Secretary, Falmouth

Mark H. Rees
Fairhaven

Nathaniel E. Lowell
Nantucket

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

WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET
STEAMSHIP AUTHORITY

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2021 Operating and Financial Results

In 2021, the Steamship Authority's vessels made a total of 24,369 trips carrying 2,727,556 passengers, 612,979 automobiles and trucks under 20 feet, and 91,455 freight trucks of more than 20 feet to or from the islands of Martha's Vineyard and Nantucket during the year. Although the number of passengers carried was down from the Authority's prepandemic totals, the numbers of both personal and freight automobiles returned to more typical totals seen prior to the onset of COVID-19. All traffic segments, however, showed significant improvement following 2020 and the severe effects of the pandemic on the Authority's operations.

The total number of passengers carried in 2021 increased by 31.9% from those carried in 2020, as passenger traffic on the conventional service increased by 527,322 riders, or 27.4%, while passenger traffic on the high-speed service increased by 132,933 riders, or 92.4%. Automobiles and trucks of less than 20 feet carried in 2021 increased by 82,657, or 15.6%, and freight trucks of 20 feet or longer increased by 13,000, or 16.6%, from the previous year. Overall, the total number of vehicles carried increased by 15.7% versus 2020. Approximately 86.4% of all vehicles carried by the Authority in 2021 were less than 20 feet in length. Also in 2021, approximately 29.4% of the vehicles carried by the Authority traveled at excursion rates.

The Authority's operating revenues in 2021 totaled \$128,239,112, an increase of \$30,358,138, or 31.0%, versus 2020. Passenger revenue accounted for 24.3% of the Authority's total operating revenues in 2021, while automobile revenues represented 34.7%, freight revenues represented 29.4%, parking revenues represented 5.6%, and miscellaneous revenues represented 6.0% of total operating revenues.

Operating expenses totaled \$113,818,927 in 2021, an increase of \$5,183,565, or 4.8%, compared to 2020. Wages, benefits and payroll taxes increased by \$1,695,646 in 2021, or 2.9% more than 2020. Those costs were offset by decreases in vessel maintenance of \$2,448,421. The Authority's depreciation expenses increased by \$1,042,975, or 7.9%, compared to 2020, due to the addition of phase two of the Woods Hole Terminal Reconstruction Project.



Vessel operating expenses increased by \$4,504,697 versus 2020 expenses, or 20.5%, due primarily to a \$2,155,166 increase in vessel fuel oil expense. General and administrative expenses decreased by \$599,221, or 1.6%, versus 2020. This included a decrease of \$733,543 in health care costs.

Interest on bonds and other fixed charges were offset by license fee income and other income to bring the Authority's total net operating gain in 2021 to \$14,773,549, an increase of \$12,266,842, or 489.4%, from the previous year. This made 2021 the 59th 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 2021 included \$10,625,550 to the Sinking Fund to pay bond interest and principal coming due within the next 12 months and \$13,150,273 to the Replacement Fund. The Authority disbursed \$7,808,320 from its Capital Improvement Fund toward the Woods Hole Terminal Reconstruction Project. The Authority disbursed \$7,754,777 from its Replacement Fund during 2021 in connection with various capital projects, including \$6,747,416 toward the Woods Hole Terminal Reconstruction Project, and the remainder to various other projects.

A more detailed analysis of the Authority's financial statements for the year ended December 31, 2021, and further information regarding its 2021 fund transfers and use of special-purpose funds are included in the Management's Discussion and Analysis section of this report.

Cahill, Sollitto Join Port Council

In January, two new representatives from Martha’s Vineyard joined the Port Council: John F. Cahill of Tisbury and Joseph E. Sollitto of Oak Bluffs. Both were appointed by their respective boards of selectmen to serve two-year terms on the advisory body.

Mr. Cahill is a member of the Dukes County Commission and represents Tisbury on the Authority’s Long-Range Vineyard Transportation Task Force. He also serves as Dukes County’s representative on the Martha’s Vineyard Commission joint transportation committee.

Mr. Sollitto is a former Oak Bluffs selectman and was an assessor for the town, and he also served seven terms as the Dukes County Superior Court clerk. He currently works as an attorney with Brush, Moriarty & Flanders.



Kathryn Wilson



Edward C. Anthes-Washburn



Eric W. Shufelt

Board, Port Council Members Depart

The end of 2021 marked a farewell to one Board Member and two members of the Port Council. Falmouth representative Kathryn Wilson, who served as Board chair in 2021, left the Board after three years in the position. Port Council member Edward C. Anthes-Washburn, who served as the body’s chairman in 2021 and had represented New Bedford on the Port Council since 2011, as well as Eric W. Shufelt, the body’s vice chairman and its Barnstable representative since 2017, also ended their respective tenures. All three were recognized by the Massachusetts Legislature for their contributions to the Authority.

The Steamship Authority thanks Kate, Ed and Eric for their service and wishes them well.



COVID-19 Uncertainties Persist

The second year of the coronavirus pandemic brought new challenges to the Steamship Authority, but as in 2020, the only consistency was change. The year began with continued schedule reductions and ended with a rebound of automobile traffic and high demand for service. And, just like in 2020, the Authority's employees rose to the challenge of providing consistent, reliable service to the islands of Martha's Vineyard and Nantucket.

NEW PROTOCOLS CONTINUE IN 2021

On January 4, 2021, the Authority began running its originally approved schedules on both the Vineyard and Nantucket routes. That schedule was anticipated to be run through March 31, 2021; however, as demand for vehicle space was monitored, staff identified an opportunity to consolidate some of the off-peak trips effective January 16, 2021, due to low travel demand.

The Authority continued its practice of increased cleaning and sanitation efforts in an effort to reduce potential sources of the virus at its facilities, vessels and buses. Vessel crews, prior to the start of their watch, were given a wellness check by a trained medical professional; shoreside personnel continued to be required to receive a thermal scan from a noncontact scanner and complete a wellness questionnaire to be given clearance to report to work.

In addition to Gov. Charlie Baker's order requiring masks even when social distancing is possible, President Joseph Biden issued an executive order requiring masks be worn on all public maritime vessels, including ferries, to mitigate the risk of spreading COVID-19. Thus, masks remained required on board all Authority ferries, on buses, and at its terminals, both for employees and the traveling public. In March, the U.S. Coast Guard issued a list of exemptions, including children under 2, individuals with a disability who cannot wear a mask, and for brief periods while passengers are eating, drinking, or taking medication. The order was later amended to no longer require masks in outdoor areas of vessels or transportation hubs.

Mask wearing compliance remained a challenge, however, and the message was reinforced via posted signs on the buses, at the terminals, and on board the vessels. Announcements were also being made several times during each trip, and vessel personnel made additional rounds to check for compliance with the policy.

VACCINATION CLINICS HELD AT AUTHORITY FACILITIES

As COVID-19 vaccinations became more widely available, the Authority held vaccination clinics not only for its employees, but also for other workers employed in the transit industry. Almost 200 individuals went through a clinic held at the Hyannis Terminal in March; subsequent clinics drew in dozens more. These clinics would not have been possible without the assistance and support from the Barnstable County Department of Health and Environment as well as Cape Cod Healthcare. The Authority also began accepting proof of an off-island vaccination appointment from island residents seeking to book a space for vehicle travel in the same manner as if they were traveling for a medical appointment off island, subject to certain terms.

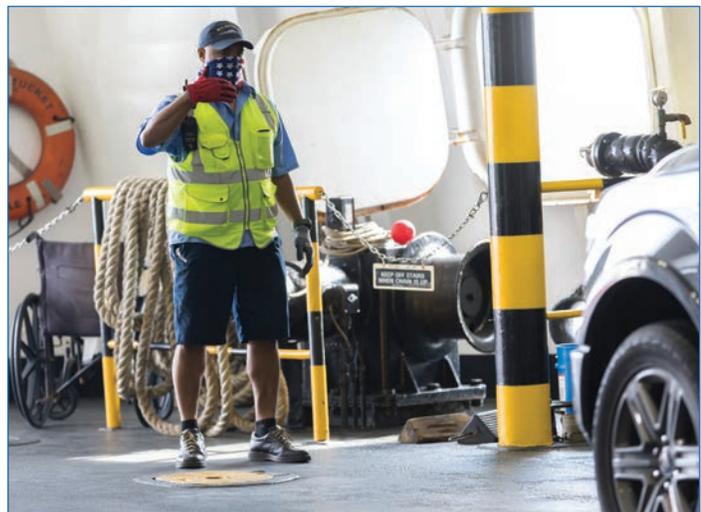
REMOTE MEETINGS CONTINUE

For most of 2021, the Port Council and Authority Board met remotely, consistent with Gov. Baker's executive orders concerning the necessity to conduct public meetings in line with social distancing guidelines during the current state of emergency involving the COVID-19 pandemic. Remote meetings continued following the passage of Section 20 of Chapter 20 of the Acts of 2021, which permitted ongoing remote meetings until early 2022 in line with social distancing guidelines followed during the COVID-19 pandemic. Both bodies met in person for the first time in nearly two years in December 2021, holding a joint meeting at Cape Cod Community College Hyannis Center, but were expected to return to remote meetings in early 2022.

CONCESSIONS, DRIVER SERVICES RESUME

In the early part of the year, the Authority was working to restore two services that had been missed by customers since the onset of the pandemic: the Unaccompanied Drive-On/Drive-Off Service on the Hyannis-Nantucket route and concessions sales at terminals and on board vessels. The Authority established protocols for both employees and customers allowing for the resumption of the Drive-On/Drive-Off service in May.

Centerplate, the Authority's concessionaire, was able to resume limited concessions sales by the start of the summer schedule on May 19, 2021, but was unable to fully staff all vessels and landside facilities due to continued staffing challenges stemming from the pandemic. In light of the continued delays in opening concessions sales, the Board again authorized a waiver of the company's minimum annual guaranteed concession fee for the calendar year.





ADDITIONAL RELIEF FUNDS RECEIVED

In April, the Board authorized General Manager Robert B. Davis to execute a memorandum of understanding with the Cape Cod Regional Transportation Authority (CCRTA) regarding the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) funds, which totaled \$8,390,258, and was available to finance certain projects and services, including defined eligible operational expenses. The Authority was eligible for the funding due to its participation in the National Transit Database (NTD) program from the Federal Transit Administration. The CCRTA was the Cape's "designated recipient" for the NTD program, through which the CRRSAA funds were distributed. This was the second such agreement between the CCRTA and the Authority regarding COVID-19 relief funds since the pandemic began.

POSSIBLE 'RAINY DAY' FUND ADDRESSED

In response to inquiries from the Port Council regarding the establishment of a "rainy day fund," Mr. Davis reported in April on the Enabling Act's provisions for funding. Mr. Davis said the creation of such a fund would raise issues on funding limits, funding mechanisms, and potential uses of the fund. The creation of the fund would, in all likelihood, result in deferred transfers to the Property Replacement Fund and/or additional rate adjustments.

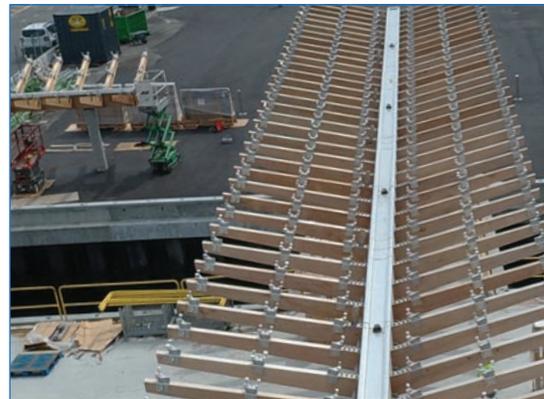
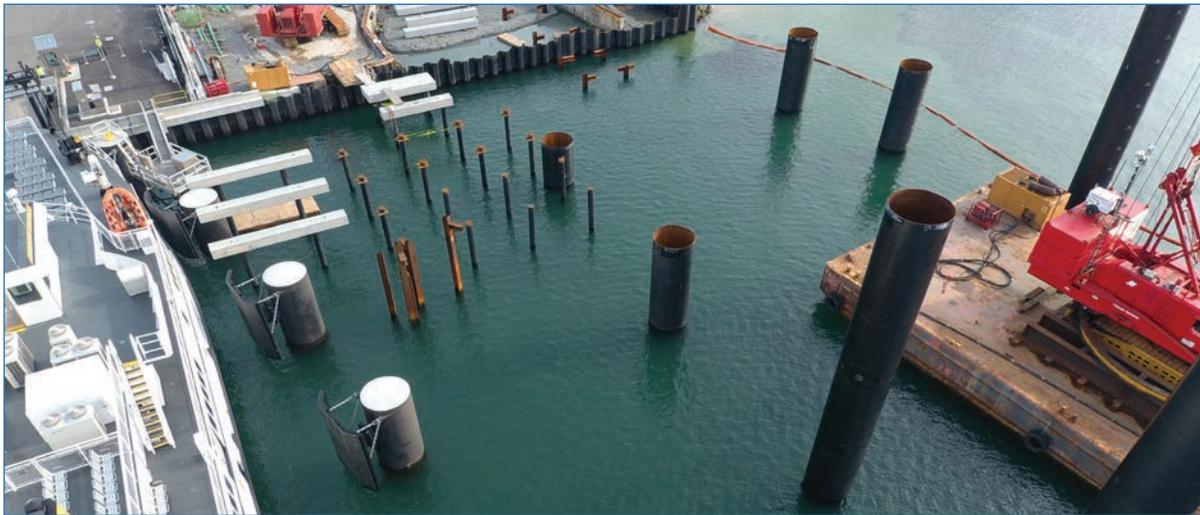
The Enabling Act already provides for use of the Reserve Fund to offset any operating deficits, he said. Additionally, the Act allows the Authority to temporarily borrow money and issue revenue notes. During the COVID-19 crisis, the Members authorized the establishment of a \$10,000,000 line of credit with Martha's Vineyard Savings Bank, which Mr. Davis said essentially serves as a "rainy day fund." That line of credit could also be increased if needed to address cash flow deficiencies.

TRAFFIC HITS EXPECTATIONS

Perhaps the greatest unknown heading into 2021 was to what degree the Authority's traffic figures would rebound in the second year of the pandemic. In preparing the 2021 Operating Budget, staff used the twelve (12) months of traffic before COVID-19 (March 2019-February 2020) as the basis for traffic assumptions, with the expectation that automobile and truck traffic would be at 100% of pre-pandemic levels and that passenger traffic would be at 90% pre-pandemic levels. Those assumptions proved true, as automobile traffic met or exceeded budgetary assumptions, and the Authority's dip in walk-on passenger traffic was in line with expectations. As the year came to a close, the Authority was in excellent financial shape, a marked change from the uncertainty that clouded 2020.

Woods Hole Terminal Reconstruction Project Marine Work Continues

The Steamship Authority continued work on its Woods Hole Terminal Reconstruction Project in 2021, with the fourth and final phase of its marine work continuing. The last phase of the marine work extended into 2022 due to difficulties encountered in driving monopiles necessary for the construction of Slip No. 1. The Authority had previously determined that, because of the possibility that any significant ongoing construction activities during the summer months would have had a detrimental impact on the Woods Hole community, the Martha's Vineyard economy and the Authority's operations, the reconstruction of the terminal site would be scheduled in phases during the offseason as much as practicable.



The phasing of the project was updated in 2021 to better reflect the planned landside construction. The phases now include:

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

Phase 2a: After moving 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, to be relocated generally where the wharf is located. **Completed Spring 2019**

Phase 3: Complete construction of a new Slip No. 3 and construct a new Slip No. 2 (formerly Slip No. 1) with new passenger loading walkways, ramps and an outer floating passenger platform. **Completed Spring 2020**

Phase 4: Complete construction of a new Slip No. 1 (formerly Slip No. 2) with new passenger loading walkways, ramps and an outer floating passenger platform. **Fall 2020 - Spring 2022 (work paused during Summer 2021)**

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, installing the stormwater system and drilling geothermal wells.

Timing to be determined

Phase 6: Construct the new terminal building and regrade the site around the terminal plaza.

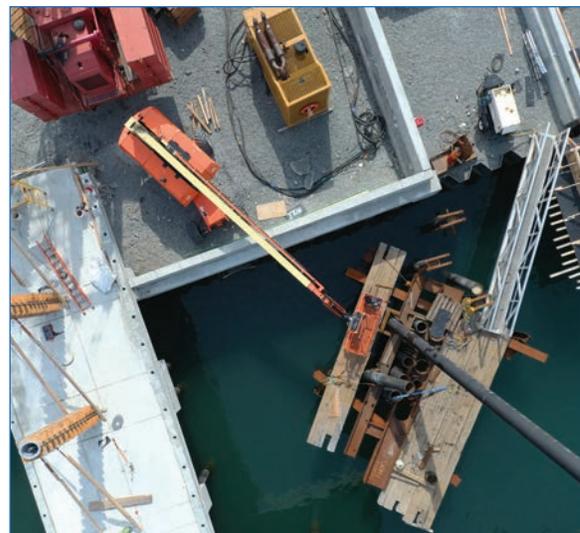
Timing to be determined

Phase 7: Following the opening of the new terminal building, remove the existing temporary terminal building, demolish the existing freight shed, and construct a new utility building and new employee parking lot with photovoltaic canopy structure.

Timing to be determined

Phase 8: Finish remaining site work, including building new retaining walls, islands and landscape elements; constructing remaining photovoltaic canopy structures; installing attendant booths, bus shelters, site lighting and final landscape elements; and installing final Cahoon Park landscaping.

Timing to be determined



WORK ON NEW SLIP NO. 1 AND SOUTHERN PASSENGER PIER CONTINUES

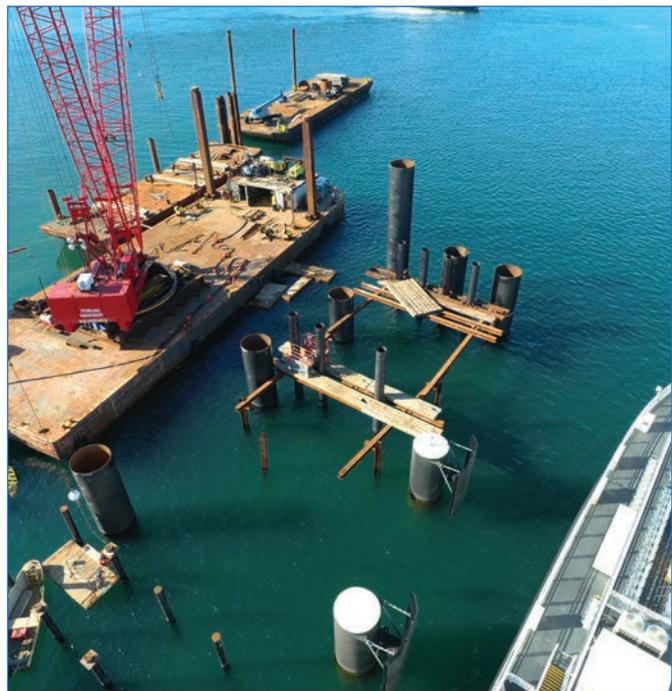
In early 2021, work continued on Phase 4 of the marine portion of the project, the construction of the new Slip No. 1 (the southernmost slip at the site, formerly known as Slip No. 2) and a passenger pier to serve Slip No. 1 and Slip No. 2. As with the northern passenger pier, the southern pier includes both fixed and floating piers and a butterfly glass canopy.

Phase 4 was scheduled to conclude in spring 2021, but numerous delays in construction necessitated an extension of work into 2022. Additional work was required in the slip's south head dolphin, along with Monopile No. 24 and Monopile No. 31, none of which could be driven to the required depth after several attempts due to boulder obstructions.

Specifically, Monopile No. 31 could be driven only to -45 feet before reaching resistance. The design was changed to include the drilling of two (2) 36-inch monopiles inside the 96-inch monopile. The larger monopile was then filled with concrete and capped.

The south head dolphin had been planned to be supported by twelve (12) 18-inch-diameter piles, but after probing the area surrounding the south head dolphin's planned location, test H-piles could only be driven to a depth of between fourteen (14) and eighteen (18) feet, which was far less than the designed depth of forty-five (45) feet. The design was changed to a gravity structure consisting of a box-like support structure constructed of steel sheet piles reinforced by steel channels and tie rods.

Monopile No. 24, meanwhile, could be driven only to a depth of -65 feet before reaching refusal from underground instructions; the design depth for the monopile was -100 feet. The first proposed solution was to place two (2) 42-inch monopiles behind the 96-inch monopile and connect them to support the larger structure; however, the driving of the 42-inch monopiles to the design depth was not able to be accomplished due to obstructions encountered during pile driving. A reinforced concrete cofferdam was then proposed to secure the three piles in place and provide the necessary support. Work on the cofferdam was expected to begin in early 2022.



LANDSIDE DESIGN ADVANCES

Following a delay due to the onset of COVID-19, the Authority's architectural firm, BIA.studio, completed both the Schematic Design and Design Development phases of the landside project, which includes a one-story terminal building and a two-story utility building. The Board approved this design concept at its November 2019 meeting.

In 2021, the Authority held four community engagement sessions with the objectives of fostering an open dialogue with community stakeholders; answering questions related to the project design; discussing design criteria and objectives; and listening to public comment and input. The sessions were scheduled to coincide with the following milestones: 40% schematic design (held in March 2021); 90% schematic design (held in July 2021); 40% design development (held in November 2021); and 90% design development (scheduled for early 2022).

Among the updates made to the landside design in 2021 were moving the bicycle parking from Cahoon Park to the north side of the vehicle staging area; updates to the design of the two-story utility building to lower the building's profile; development of an updated construction phasing plan; and the incorporation of passive and active coronavirus criteria for air handling, fomites, social distancing, public restrooms, and adaptability.

The Authority also pursued energy-efficient upgrades to the site design in an effort to obtain LEED certification for the project. The site design was updated to include photovoltaic arrays in the vehicle staging area, in the employee parking lot, and on the roofs of the terminal building and utility building, as well as the inclusion of a geothermal system to provide heating and cooling. In August, the Board voted to affirm support for the landside phase of the project to achieve net-zero energy status through the use of photovoltaic and geothermal energy systems.

In conjunction with community members, the Authority also began developing new plans for the site of Cahoon Park with the goal of developing a space that can be enjoyed by both the traveling public and the community. The park is expected to include seating, a water feature and interpretive displays.





Safety Quality Management System Sees Great Progress

The Steamship Authority continued its implementation of a Safety Quality Management System (SQMS) in 2021, further carrying out one of the key recommendations contained in the comprehensive review of the Authority's operations performed in 2018.

Two of the project's support manuals, the Terminal and Facility Operations Manual and the Vessel Operations Manual, were completed and implemented. The draft Support Operations Manual was completed by project consultants Safety Management Systems LLC and was awaiting input from the Authority's stakeholders. Safety Management Systems LLC conducted two on-site implementation checks aboard the Authority's vessels and provided recommendations to the Authority to encourage buy-in and compliance with its standards. The Authority completed its Public Transportation Safety Plan and started work on an event-tracking system for electronic submission of the new injury and accident report forms.

It was anticipated that the SQMS would be completed and audited in 2022.

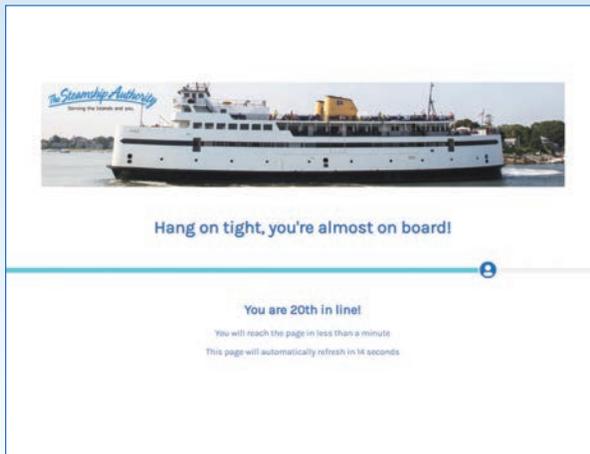


ADK Group Selected for New Website and Mobile Application Project

Following the project's launch in late 2020, the Steamship Authority continued its efforts to redevelop its website and launch its first mobile application throughout 2021.

The development project was overseen by a project team that included representatives from the Authority's information technology, communications, marketing, shoreside operations, reservations, and accounting departments. After conducting surveys of the Authority's staff members, the project team launched a public survey in February to gather public input on the Authority's current website and what users would like to see in a new website. Following the conclusion of that survey, the key findings were used to help the project team develop a Request for Proposal for the design of a new website and/or the development of a mobile application.

The Authority issued the RFP on June 1, 2021, and 16 firms submitted proposals in response. The project team evaluated each proposal, first on its technical submission, then on price, before recommending that ADK Group of Boston be awarded the contract. The Board authorized the award at its October 2021 meeting, at a price of \$1,996,554. The project is being partially funded by the U.S. Department of Transportation's Ferry Boat Program. The contract was finalized in December, and project meetings between the Authority and ADK Group were expected to begin in early 2022.



Summer Reservation Opening Sees Significant Technological Improvements

As was the case in 2019 and 2020, the Steamship Authority split its summer reservation openings into two days – one for Nantucket and one for Martha’s Vineyard. New for 2021 were a series of technological upgrades that greatly improved the user experience through this popular reservation period.

For the first time, the Authority added a virtual waiting room that allows customers to see their “place” in line and the approximate wait time until they can make a transaction, eliminating the need

for refreshing the website. The Authority also added new hardware that provided processing speeds approximately twice as fast as the prior system and offered five times the data storage performance capacity. It also implemented additional cloud-based servers that allowed the Authority to better manage internet traffic between its websites and its users.

The Authority had additional support on-site and, during the first two days of the internet openings for each route, the reservation office hours were extended to 5 a.m. to 6 p.m. to provide customer assistance.

The investment in the new systems and processes paid off, as customers reported a smooth and quick experience making their summer reservations for travel between May 19, 2021, and October 18, 2021. Both internet opening days showed strong success: On the Hyannis/Nantucket internet opening on January 12, 2021, the Authority processed 5,151 transactions representing nearly \$2.8 million in revenue. On the Woods Hole/Martha’s Vineyard internet opening on January 19, 2021, the Authority processed 14,997 transactions representing more than \$3.8 million in revenue.

Authority Orders Its First Electric Shuttle Buses

The Steamship Authority placed its first-ever order for electric buses, which will transport customers from its off-site parking lots to its mainland ferry terminals in Hyannis and Woods Hole. The Authority Board authorized the purchase during its January 25, 2021, meeting.

Three 40-foot-long, low-floor electric buses, along with the necessary charging infrastructure, were ordered from BYD North America for a total price not to exceed \$2,950,000. Two of the buses will serve the Woods Hole terminal, and one will serve the Hyannis terminal. It is expected that the buses will be in service year-round at both locations starting in 2022.

The purchase price was offset by two grants the Authority received in 2019 totaling \$875,000. One was from the Volkswagen Settlement Grant Program (administered by the Massachusetts Department of Environmental Protection) and the other was awarded under the Federal Transit Administration’s Low or No-Emission Program.



Illustration

Ransomware Event

On the morning of June 2, 2021, the Steamship Authority detected a ransomware event impacting certain operations. The Authority promptly initiated response protocols and notified law enforcement, including the Massachusetts State Police, the U.S. Coast Guard, and the Federal Bureau of Investigation, about the incident.

In line with its business continuity plan, which is in place for all service disruptions due to storms or other incidents, the Authority immediately took steps to ensure the continued operation of its ferries. Thanks to its incident response protocols and the fast and diligent work of its employees, all existing customer reservations were honored, and no scheduled trips were canceled. Most importantly, at no time was the safety of the Authority's vessels affected.

The Steamship Authority takes the security of its information technology systems seriously, and it actively worked with third-party cybersecurity forensic investigators, as well as law enforcement, to determine the full nature and scope of the event. As part of its analysis, the Authority undertook a comprehensive review of its systems and implemented additional safeguards alongside the already robust protocols that allowed it to quickly recover from this incident. After a rigorous evaluation of the Authority's systems, cybersecurity investigators confirmed that no sensitive information, including customer data or payment information, was viewed or downloaded during this incident. Recovery from the incident was largely complete by the end of June.

The ransomware event was a criminal act, and the Authority continued to work with law enforcement throughout the year as part of the ongoing investigation. The Steamship Authority did not pay a ransom or engage with the cybercriminals.

The Authority extended its gratitude for the ongoing support it received from local, state and federal agencies, including law enforcement. At the June meeting of the Port Council and Board, General Manager Robert B. Davis extended his thanks to all of the Authority's employees, especially those in its Information Technology Department and those working on the front lines at its terminals, in its Reservation Office, on its buses and on its vessels, as well as its office and accounting staff. Their hard work and diligence were essential to implementing the Authority's business continuity plan and bringing its systems back online. Mr. Davis also extended his thanks to the Authority's customers for their patience and understanding.



Plymouth & Brockton Establishes Woods Hole Service

In June, the Board authorized the negotiation of a license agreement with Plymouth & Brockton Street Railway Co. (P&B) to permit their road buses to use the Authority's Woods Hole Terminal to pick up and drop off passengers during the terminal's normal operating hours. P&B was seeking to establish regular service to both Boston Logan International Airport and Rhode Island T.F. Green International Airport in Warwick, Rhode Island. The initial license was on a short-term basis to allow the service to be evaluated by all parties.

Following the Board's June meeting, staff negotiated and entered into a license agreement with P&B that permitted P&B to conduct six (6) round trips from the Woods Hole terminal consisting of two (2) round trips to T.F. Green Airport and four (4) round trips to Logan Airport. That service commenced in August. The Authority subsequently approved the increase in the number of round trips to eight (8) from Woods Hole, consisting of one (1) round trip to T.F. Green Airport and seven (7) round trips to Logan Airport.



Updates to Preferred Space Program

In light of changing traffic patterns on both the Martha's Vineyard and Nantucket routes, Steamship Authority staff made changes to its Preferred Space Program that were designed to allow greater access to the spaces that are set aside daily for last-minute travel.

Historically, the Preferred Space Program has been able to serve as a "relief valve" for those island residents who require the ability to book vehicle travel on relatively short notice. Currently, 120 spaces per day are set aside from Martha's Vineyard during the summer schedule and 80 spaces per day during the off season. Of the 120 spaces per day during the summer schedule, 91 of those spaces are available seven days in advance of the date of departure and the remaining 29 spaces are released for booking by island residents one day in advance. On the Nantucket route, six spaces per day are set aside for island residents. Only those customers with Excursion or Preferred profiles are eligible to access the Preferred Space Program, but any unsold seven-day Preferred Spaces are released to the general public after three days for booking by the general public, in addition to those island residents who are eligible to book Preferred Space reservations.

At the July Board Meeting, staff announced several short-term changes designed to ameliorate difficulties encountered by island residents in booking last-minute travel. The changes included:

- Suspending the "borrow-down" feature so that Preferred Space allocations remain available solely to island residents up to the day before sailings.
- When adding in any unscheduled, but available, trips into the system, five (5) Preferred Spaces will be included in the allocation.
- Reviewing mixed-load freight trips with unsold truck space to determine if Preferred Space can be allocated, subject to vessel draft restrictions.
- Identifying opportunities to be able to utilize the lift decks on the *M/V Island Home*, subject to weather and load conditions.

In November, the Board voted to approve the increased availability of Preferred Spaces on all routes by continuing the policy of suspending the "borrow-down" feature and making all Preferred Spaces available only to customers profiled as either Preferred or Excursion travelers until noon the day before travel. Additionally, for the 2022 operating schedules, 10 Preferred Spaces were added to the Nantucket-to-Hyannis route, and seven spaces added to the Hyannis-to-Nantucket route; those spaces were to be available to book seven days in advance of travel.

Extension of Reservation-Only Days

In August, the Board approved the extension of the Authority's Reservation-Only Days on the Vineyard route through Columbus Day weekend. On Reservation-Only Days, standby travel is not permitted on the Vineyard route, except for a certain number of island residents who can queue in the "Blue Line" for last-minute travel needs. The request was made following meetings of the Woods Hole/Falmouth Noise and Traffic Mitigation Working Group and its discussions regarding the backup of vehicles onto Woods Hole Road, which is most noticeable during days in which standby travel is allowed in the summer.

In November, the Board approved a further extension of the Reservation-Only Days in 2022 to include all Fridays, Saturdays, Sundays and Mondays from Memorial Day weekend through Columbus Day weekend, plus selected additional high-traffic days. The Reservation Office will continue to have extended phone service hours on those days to accommodate last-minute travel requests.

Solar Panel Project at Thomas B. Landers Road Parking Facility

Following a feasibility study that began in 2020 by Jones Lang LaSalle for a solar development project at the Thomas B. Landers Road Parking Facility, the Authority determined the site was suitable for solar development. A Request for Proposals was issued in May, and in October, the Board authorized an award of the contract to NextGrid Inc. & Madison Energy Partners of Bedford, Massachusetts, for a total contract value of \$9,595,692.38 to the Authority. As part of the project, NextGrid proposed and agreed to fully furnish and deliver all labor, materials, supplies and/or services and make annual lease payments to the Authority ranging from \$415,000 in Year 1 up to \$727,705 in Year 20 for an aggregate net present value total of \$8,941,635.05. In addition, NextGrid proposed to sell electricity/net metering credits to the Authority worth a net present value of \$654,057.33.



Illustration



Illustration



2022 Operating Schedules and Public Hearing

Following the advertisement of its proposed 2022 Operating Schedules in April, the Authority received a petition from 103 Falmouth residents asking that the Authority 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 3, 2021, via Zoom videoconferencing.

Following the hearing, staff issued a draft report recommending that the Authority maintain its original proposed summer 2022 operating schedules for the Martha's Vineyard route, which include a 5:30 a.m. freight trip originating in Woods Hole. That trip was the focus of the vast majority of comments received about the proposed operating schedules. The Board voted to approve the 2022 Winter and Spring operating schedules for both routes at its June meeting; it then approved the Summer and Fall operating schedules for the Nantucket route at its August meeting. Lastly, at its September meeting, the Board voted to approve the 2022 Summer and Fall operating schedules for the Vineyard route, as well as a report on the schedules issued in response to the petition and as required under the Enabling Act.

As part of the report issued in response to the petition, the Board authorized General Manager Robert B. Davis and staff to work with the Long-Range Vineyard Transportation Task Force to develop a Request for Proposal for parties seeking to conduct licensed freight operations between the City of New Bedford or another off-Cape port and Martha's Vineyard.

Oak Bluffs and Vineyard Haven Pile Wrapping Project

In October, the Board authorized a \$1,419,524 project by Coastal Marine Construction LLC of Stoughton, Massachusetts, to wrap 46 pilings at the Oak Bluffs Terminal and four pilings at the Vineyard Haven Terminal with high-density polyethylene material to mitigate the wood borer damage to the wooden pier pilings. The areas at the base of the piling are water-jetted 2 feet below the mud line and the wrapping to be installed. Additionally, one pile at the Vineyard Haven Terminal was to be encased in concrete, and 56 aluminum anodes were to be installed on the steel pilings. Work commenced on the project in late 2021.

Hyannis Terminal Roof Replacement

In October, the Board authorized a \$522,000 roof replacement project at the Hyannis Terminal with Capeway Roofing Systems Inc. of Westport, Massachusetts. The project included replacing 7,710 square feet of asphaltic roof shingles and the roof's underlayment with associated flashings. The existing zinc-coated drainage troughs were to remain but be repaired and reused for the new asphaltic roof system. The project also included the replacement of 600 linear feet of fascia/cornice trim. Work commenced on the project in late 2021.

New Parking Permit Options in Hyannis

In November, the Board approved a series of changes to the Nantucket route parking permits to better serve the Authority's customers. The number of parking permits available for the Yarmouth Road lot were capped at 300 (a 19% increase over the total number of marked parking spots available) beginning in 2022, and year-round island residents were to have first access to these permits. Additionally, a seasonal/summer permit was created for the Brooks Road parking lot, which would enable the permit holder to park at the Yarmouth Road lot from January 1 to June 14 yearly, then at the Brooks Road lot from June 15-September 14 yearly, and finally at the Yarmouth Road lot from September 15-December 31 yearly.

Renewal of Falmouth Parking Lot Lease

In December, the Board authorized General Manager Robert B. Davis to amend the October 27, 2015, lease agreement with the Town of Falmouth concerning the Woods Hole Back Parking Lot, which extends the agreement for two (2) years and increases the number of parking spaces designated as "Village Permit" parking spaces from forty-five (45) to sixty (60). After one (1) year of the lease, the town and the Authority will review the agreement to see if any further change to the number of parking spaces designated as "Village Permit" spaces is warranted.

Licensed Carrier Renewals

Following the one-year renewals that were passed in 2020 in light of the ongoing uncertainty of COVID-19, the Authority pursued further renewals with its licensed carriers to continue to provide ferry service to the islands of Martha's Vineyard and Nantucket.

Following advertisement of the proposed renewals in the local newspapers, the Board voted in December to approve the following three-year license renewals:

- Hyannis Harbor Tours Inc., d/b/a Hy-Line Cruises, providing service between Hyannis and Nantucket, between Hyannis and Martha's Vineyard, and between Martha's Vineyard and Nantucket.
- Freedom Cruise Line Inc., providing service between Harwichport and Nantucket.
- Seastreak LLC, providing service between New Bedford and Martha's Vineyard and between New Bedford and Nantucket.

The Board also approved a one-year license renewal with Island Commuter Corp., at that company's request, to provide service between Falmouth and Oak Bluffs.

Each company's license had essentially the same terms as their respective current license.





Embarkation Fee Report

The Authority collected town-mandated ferry embarkation fees totaling \$997,344.50 from passengers traveling on its vessels during 2021.

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:

	2021	TOTAL 2004-2021
BARNSTABLE*	\$ 87,531.00	\$ 1,471,300.50
FALMOUTH	387,668.50	6,500,614.00
NANTUCKET	115,497.50	1,948,831.00
OAK BLUFFS	114,822.00	1,914,362.00
TISBURY	262,648.50	4,495,134.50
YARMOUTH**	29,177.00	490,433.50

*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 2021, a total of \$16,820,675.50 in ferry embarkation fees had been collected from passengers traveling on the Authority’s vessels and distributed to the Authority’s port towns over the last 18 years 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.

2021 OVERVIEW

Employees are the lifeblood at 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 2021 and wishes fair winds and following seas to those who retired.

2021 Years of Service Awards

45 YEARS

Thomas Furtado
Robert Lopes
Charles Monteiro
Raymond Oliver Jr.

40 YEARS

Thomas Greene

35 YEARS

Lorin Clarkson
Robert Davis
Damon Handy
Mark Nickowal

30 YEARS

Timothy Desrocher
Paul Hennessy
Greg Manchester
Karl Riddar
Joseph Russas
Philip Soule
Robert Tassinari

25 YEARS

Steve Barrows Jr.
Lawrence Camerlengo
James Dones Jr.
Shari Duncan
Robert Hutchinson
Christine Nyari
Mark Rozum
Andrea Sheedy

20 YEARS

Mark Anderson
Daniel Benson
Andrew Budreski
Paul Collins
Alison Fletcher
Paul Galvin
Darlene Jackson
Michael Kuhn
Michael Larocca
James Macdonald
Gail Marchetta
Kevin McNeil
Paul Sampson

2021 Retirements

Michael Dawicki, 44 years
Paul Young, 42 years
Joseph Pinard, 39 years
Ricky Pottle, 35 years
Robert Barrett III, 34 years
Brian McNamara, 33 years
Michael Mahoney, 32 years

Timothy Lyons, 31 years
Paul Scharff, 31 years
Raymond Joska, 30 years
Donna St. John, 29 years
Scott Goulding, 28 years
Kevin Lyons, 28 years
Ralph Thayer Jr., 26 years

Theodore Desimone, 25 years
Carlos Tavares, 24 years
Bruce Bramwell, 22 years
Susan Murray, 20 years
Christopher Spencer, 20 years
Madalena Williams, 20 years

Eight Bells - In Memoriam



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Barry L. Hall, 20-year employee
Retired 2016, electrician

John S. Lee Jr., 29-year employee
Retired 2010, engineering and maintenance

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 2021 are remembered here, as well as on the Authority's website at SteamshipAuthority.com/eightbells.

Paul B. Spates, 22-year employee
Retired 1999, able-bodied seaman

James C. Howarth, 13-year employee
Retired 2019, vessel employee

Word of Thanks to Our Employees

As we write the last chapter of our 2021 operational year in this annual report, it is easy to feel like not much changed. But when I look back, I realize how much the Steamship Authority has accomplished as we continue to provide daily lifeline services to the islands of Martha's Vineyard and Nantucket.

As the year began, the Steamship Authority was dealing with great financial and operational uncertainty because of the COVID-19 pandemic. Fortunately, the predictions for the year's traffic proved to be on point. We regained our strong financial position thanks not only to our ridership but also to the more than \$8 million in federal funding from the Coronavirus Response and Relief Supplemental Appropriations Act.

The June ransomware event was another formidable challenge, but thanks to the Steamship Authority's well-established protocols, and the diligent work of our employees, we persevered. All existing customer reservations were honored. No scheduled trips were canceled. Cyber investigators confirmed that no sensitive information, including employee and customer data or payment information, was viewed or downloaded during this incident. Most importantly, at no time was the safety of our customers, employees or vessels affected.

We continued our important work on the Woods Hole Terminal Reconstruction Project with the final phase of the marine work and the continuation of design work on the landside portion of the project. We made several new environmental commitments, including purchasing our first electric buses, the award of a contract for solar panel installations at the Thomas B. Landers Parking Lot and the pursuit of LEED certification for the new terminal site in Woods Hole.

For the past seven years, a survey has been conducted to identify how travelers rated their experience with the Steamship Authority. While generally very favorable overall, I particularly wish to note that over 70% of participants rated their experience as "very good" or "excellent."

As always, our employees made all of this possible. In the fall, we launched an employee appreciation campaign in the local newspapers and radio stations to thank them for their work under extraordinary circumstances. Their exceptional qualities shone through in dark times and, entirely because of our employees, the Steamship Authority kept sailing in a year that was anything but routine. I am constantly reminded that we not only have great employees - we have great people.

Robert B. Davis
General Manager



Over the last year, our normal routes took us into uncharted territory.

Thanks to our employees, we made it through.

When our employees joined the Steamship Authority, there was nothing in their job description about how to work through a global pandemic. There was no list of exceptional qualities they'd need to bring to work every day. They didn't know about the new important responsibilities, big and small, they would have on their shoulders while putting our customers' health and safety first.

And yet, they rose to the occasion. They showed all those unmentioned qualities. And entirely because of them, we kept sailing in a year that was anything but routine.

We always knew we had great employees. Now we know we have great people.

The Steamship Authority
Serving the Islands and You.



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2021 TRAFFIC STATISTICS

Passengers Carried

Number of passengers carried from each port during 2021.

FROM: TO:	WOODS HOLE	VINEYARD HAVEN	OAK BLUFFS	NANTUCKET	HYANNIS
WOODS HOLE		826,840	258,628	36	
VINEYARD HAVEN	869,475				
OAK BLUFFS	240,769				
NANTUCKET					266,740
HYANNIS				265,068	
TOTAL: 2021	1,110,244	826,840	258,628	265,104	266,740
TOTAL: 2020	849,151	728,809	109,873	189,064	190,404
CHANGE:	30.7%	13.5%	135.4%	40.2%	40.1%

Passengers Carried and Revenue - 2021 vs. 2020

MONTH	NUMBER OF PASSENGERS			TICKETED REVENUE FROM PASSENGERS CARRIED*			AVERAGE REVENUE PER PASSENGER		
	2020	2021	CHANGE	2020	2021	CHANGE	2020	2021	CHANGE
JANUARY	120,023	96,741	-19.4%	\$ 968,354	\$ 890,015	-8.1%	\$ 8.07	\$ 9.20	14.0%
FEBRUARY	115,311	90,626	-21.4%	907,484	825,774	-9.0%	7.87	9.11	15.8%
MARCH	82,421	119,577	45.1%	671,290	1,104,061	64.5%	8.14	9.23	13.4%
APRIL	30,766	178,452	480.0%	264,538	1,937,132	632.3%	8.60	10.86	26.3%
MAY	90,495	247,717	173.7%	807,133	2,830,848	250.7%	8.92	11.43	28.1%
JUNE	193,498	297,410	53.7%	1,806,540	3,417,347	89.2%	9.34	11.49	23.0%
JULY	331,217	412,418	24.5%	3,388,018	4,806,922	41.9%	10.23	11.66	14.0%
AUGUST	373,730	401,176	7.3%	3,954,779	4,639,164	17.3%	10.58	11.56	9.3%
SEPTEMBER	271,438	302,482	11.4%	2,877,342	3,553,134	23.5%	10.60	11.75	10.8%
OCTOBER	203,886	244,972	20.2%	2,103,960	2,861,540	36.0%	10.32	11.68	13.2%
NOVEMBER	136,688	177,330	29.7%	1,413,437	1,979,857	40.1%	10.34	11.16	7.9%
DECEMBER	117,828	158,655	34.6%	1,198,196	1,876,237	56.6%	10.17	11.83	16.3%
TOTAL	2,067,301	2,727,556	31.9%	\$ 20,361,071	\$ 30,722,031	50.9%	\$ 9.85	\$ 11.26	14.3%

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

Automobiles Carried

Number of automobiles carried from each port during 2021.

FROM: TO:	WOODS HOLE	VINEYARD HAVEN	OAK BLUFFS	NANTUCKET	HYANNIS
WOODS HOLE		176,961	39,244	9	
VINEYARD HAVEN	174,681				
OAK BLUFFS	41,790				
NANTUCKET					36,816
HYANNIS				36,054	
TOTAL: 2021	216,471	176,961	39,244	36,063	36,816
TOTAL: 2020	186,904	162,382	21,882	31,099	31,989
CHANGE:	15.8%	9.0%	79.3%	16.0%	15.1%

Automobiles Carried and Revenue - 2021 vs. 2020

MONTH	NUMBER OF AUTOMOBILES			TICKETED REVENUE FROM AUTOMOBILES CARRIED*			AVERAGE REVENUE PER AUTOMOBILE		
	2020	2021	CHANGE	2020	2021	CHANGE	2020	2021	CHANGE
JANUARY	23,689	23,961	1.1%	\$ 878,132	\$ 1,128,880	28.6%	\$ 37.07	\$ 47.11	27.1%
FEBRUARY	23,025	21,952	-4.7%	865,403	1,016,000	17.4%	37.59	46.28	23.1%
MARCH	17,897	28,118	57.1%	782,636	1,384,520	76.9%	43.73	49.24	12.6%
APRIL	7,601	36,908	385.6%	526,679	2,798,635	431.4%	69.29	75.83	9.4%
MAY	22,844	44,502	94.8%	2,063,460	4,224,293	104.7%	90.33	94.92	5.1%
JUNE	43,642	51,940	19.0%	4,255,762	5,731,009	34.7%	97.52	110.34	13.1%
JULY	62,709	63,643	1.5%	6,620,709	7,605,563	14.9%	105.58	119.50	13.2%
AUGUST	69,736	65,995	-5.4%	7,640,953	7,858,692	2.8%	109.57	119.08	8.7%
SEPTEMBER	56,021	54,664	-2.4%	5,463,201	5,564,364	1.9%	97.52	101.79	4.4%
OCTOBER	45,381	45,049	-0.7%	3,637,339	3,698,985	1.7%	80.15	82.11	2.4%
NOVEMBER	32,808	36,616	11.6%	1,694,732	1,901,768	12.2%	51.66	51.94	0.5%
DECEMBER	28,903	32,207	11.4%	1,356,177	1,529,912	12.8%	46.92	47.50	1.2%
TOTAL	434,256	505,555	16.4%	\$ 35,785,183	\$ 44,442,621	24.2%	\$ 82.41	\$ 87.91	6.7%

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

2021 TRAFFIC STATISTICS

(CONTINUED)

Trucks Carried

Number of trucks carried from each port during 2021.

FROM: TO:	WOODS HOLE	VINEYARD HAVEN	OAK BLUFFS	NANTUCKET	HYANNIS
WOODS HOLE		64,643	7,341	8	
VINEYARD HAVEN	64,769				
OAK BLUFFS	7,983				
NANTUCKET					27,363
HYANNIS				26,772	
TOTAL: 2021	72,752	64,643	7,341	26,780	27,363
TOTAL: 2020	63,590	60,382	2,239	23,888	24,422
CHANGE:	14.4%	7.1%	227.9%	12.1%	12.0%

Trucks Carried and Revenue - 2021 vs. 2020

MONTH	NUMBER OF TRUCKS			TICKETED REVENUE FROM TRUCKS CARRIED*			AVERAGE REVENUE PER TRUCK		
	2020	2021	CHANGE	2020	2021	CHANGE	2020	2021	CHANGE
JANUARY	13,158	13,690	4.0%	\$ 2,042,695	\$ 2,362,722	15.7%	\$ 155.24	\$ 172.59	11.2%
FEBRUARY	12,944	12,524	-3.2%	1,923,904	2,148,151	11.7%	148.63	171.52	15.4%
MARCH	12,341	16,337	32.4%	2,102,652	2,795,919	33.0%	170.38	171.14	0.4%
APRIL	7,543	18,728	148.3%	1,475,687	3,561,833	141.4%	195.64	190.19	-2.8%
MAY	13,078	18,679	42.8%	2,528,207	3,700,726	46.4%	193.32	198.12	2.5%
JUNE	17,600	17,855	1.4%	3,313,464	3,842,233	16.0%	188.27	215.19	14.3%
JULY	17,456	17,810	2.0%	3,406,738	3,868,416	13.6%	195.16	217.20	11.3%
AUGUST	16,579	17,203	3.8%	3,162,813	3,641,447	15.1%	190.77	211.68	11.0%
SEPTEMBER	16,356	17,589	7.5%	2,929,363	3,399,906	16.1%	179.10	193.30	7.9%
OCTOBER	17,743	16,700	-5.9%	3,040,412	2,940,494	-3.3%	171.36	176.08	2.8%
NOVEMBER	14,934	16,415	9.9%	2,313,267	2,651,427	14.6%	154.90	161.52	4.3%
DECEMBER	14,789	15,349	3.8%	2,290,540	2,561,526	11.8%	154.88	166.89	7.8%
TOTAL	174,521	198,879	14.0%	\$ 30,529,742	\$ 37,474,800	22.7%	\$ 174.93	\$ 188.43	7.7%

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

A 10-YEAR TRAFFIC HISTORY

Passengers Carried

	MARTHA'S VINEYARD	NANTUCKET	TOTAL
2012	2,244,441	558,539	2,802,980
2013	2,263,708	582,983	2,846,691
2014	2,287,999	605,852	2,893,851
2015	2,378,303	644,787	3,023,090
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

Vehicles Under 20' in Length Carried

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

	MARTHA'S VINEYARD	NANTUCKET	TOTAL
2012	455,894	80,551	536,445
2013	462,148	79,928	542,076
2014	466,900	82,308	549,208
2015	475,286	84,215	559,501
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

Vehicles 20' and Over in Length Carried

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

	MARTHA'S VINEYARD	NANTUCKET	TOTAL
2012	42,617	24,545	67,162
2013	45,638	26,720	72,358
2014	47,344	27,707	75,051
2015	49,069	29,588	78,657
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



**FINANCIAL STATEMENTS AND
REQUIRED SUPPLEMENTARY
INFORMATION (UNAUDITED)**

**YEARS ENDED
DECEMBER 31, 2021 AND 2020**



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To the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and fiduciary activities of the Woods Hole, Martha's Vineyard, and Nantucket Steamship Authority (the Authority), as of and for the years ended December 31, 2021, and 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, and the fiduciary activities of the Authority, as of December 31, 2021, and 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

INDEPENDENT AUDITORS' REPORT

In performing an audit in accordance with GAAS, 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 the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority Pension Plan; Schedule of Employer Contributions to the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority Pension Plan; Schedule of Employer Contributions to the Multiemployer Pension Plans; OPEB Plan Schedule of Changes in Total OPEB Liability and Related Ratios; 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

RSM US LLP

Boston, Massachusetts
May 9, 2022

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Management's Discussion and Analysis (Unaudited)

Years Ended December 31, 2021 and 2020

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, 2021, 2020 and 2019. 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 necessaries 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. After the adoption of Government Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, in the fiscal year 2020, its financial statements consist of those required for enterprise funds, non-union pension fiduciary fund and the related notes. The Authority's 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 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 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 25-60 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 61-65 of this report.

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Management's Discussion and Analysis (Unaudited)

Years Ended December 31, 2021 and 2020

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:

	2021	2020	2019
Current assets	\$ 24,598,077	\$ 19,396,899	\$ 19,400,733
Special-purpose restricted funds	29,797,224	32,161,486	22,165,378
Capital assets, net	220,707,260	213,671,051	208,771,625
Other noncurrent assets	<u>437,714</u>	<u>239,862</u>	<u>-</u>
Total assets	<u>275,540,275</u>	<u>265,469,298</u>	<u>250,337,736</u>
Deferred outflows of resources	<u>5,514,938</u>	<u>7,561,781</u>	<u>4,340,859</u>
Total assets and deferred outflows of resources	<u>\$ 281,055,213</u>	<u>\$ 273,031,079</u>	<u>\$ 254,678,595</u>
Current liabilities	\$ 23,066,210	\$ 17,019,866	\$ 15,512,995
Liabilities payable from special-purpose restricted funds	8,384,302	9,013,346	8,640,774
Noncurrent liabilities	<u>98,069,501</u>	<u>116,269,355</u>	<u>102,628,911</u>
Total liabilities	<u>129,520,013</u>	<u>142,302,567</u>	<u>126,782,680</u>
Deferred inflows of resources	<u>7,295,547</u>	<u>1,262,408</u>	<u>936,518</u>
Net position:			
Net investment in capital assets	135,566,531	130,949,143	128,242,237
Restricted	28,637,155	23,068,633	20,539,513
Unrestricted deficit	<u>(19,964,033)</u>	<u>(24,551,672)</u>	<u>(21,822,353)</u>
Total net position	<u>144,239,653</u>	<u>129,466,104</u>	<u>126,959,397</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 281,055,213</u>	<u>\$ 273,031,079</u>	<u>\$ 254,678,595</u>
Operating income (loss):			
Total operating revenues	\$ 128,239,112	\$ 97,880,974	\$ 110,673,583
Total operating (expenses)	<u>(113,818,927)</u>	<u>(108,635,362)</u>	<u>(110,995,500)</u>
Operating income (loss)	<u>14,420,185</u>	<u>(10,754,388)</u>	<u>(321,917)</u>
Nonoperating (expenses) revenues:			
Interest on bonds and other obligations	(2,205,302)	(935,766)	(2,300,560)
Income from special-purpose restricted funds	24,805	137,379	476,385
Miscellaneous revenue	2,123,797	1,085,396	2,762,553
Miscellaneous expense	<u>(32,786)</u>	<u>(318,267)</u>	<u>(26,929)</u>
Nonoperating (expenses) revenues	<u>(89,486)</u>	<u>(31,258)</u>	<u>911,449</u>
Income (loss) before grants and contributions	14,330,699	(10,785,646)	589,532
Grants and contributions	<u>442,850</u>	<u>13,292,353</u>	<u>1,452,638</u>
Change in net position	14,773,549	2,506,707	2,042,170
Net position—beginning of year	<u>129,466,104</u>	<u>126,959,397</u>	<u>124,917,227</u>
Net position—end of year	<u>\$ 144,239,653</u>	<u>\$ 129,466,104</u>	<u>\$ 126,959,397</u>

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Management's Discussion and Analysis (Unaudited)

Years Ended December 31, 2021 and 2020

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

	Non-Union Pension Fund		
	2021	2020	2019
ASSETS			
Total assets	\$ 39,292,051	\$ 36,583,085	\$ 32,211,646
NET POSITION			
Restricted for pensions	39,292,051	36,583,085	32,211,646
Total Net Position	\$ 39,292,051	\$ 36,583,085	\$ 32,211,646

	Non-Union Pension Fund		
	2021	2020	2019
Total additions	\$ 4,805,356	\$ 5,710,934	\$ 6,212,178
Total deductions	2,096,390	1,339,495	1,190,269
Change in net position	2,708,966	4,371,439	5,021,908
Restricted net position - beginning of year	36,583,085	32,211,646	27,189,737
Restricted net position - end of year	\$ 39,292,051	\$ 36,583,085	\$ 32,211,646

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Management's Discussion and Analysis (Unaudited)
Years Ended December 31, 2021 and 2020

FINANCIAL ANALYSIS

Comparison of Financial Condition at December 31, 2021 and 2020

The Authority's operations in 2021 saw improvements over 2020 which was significantly impacted as a result of the coronavirus pandemic due to the national shutdown, stay at home orders and social distancing requirements. The number of automobiles, trucks and passengers carried saw increases from the prior year with the number of automobiles and trucks reaching pre-pandemic levels. As a result of the increase in ridership, the corresponding revenue categories increased as well.

The Authority's total assets and liabilities were \$275,540,275 and \$129,520,013, respectively, as of December 31, 2021, as compared to \$265,469,298 and \$142,302,567, respectively, at December 31, 2020. The Authority's deferred outflows of resources were \$5,514,938 and \$7,561,781, for the years ended December 31, 2021 and 2020, respectively. The Authority's deferred inflows of resources were \$7,295,547 and \$1,262,408, for the years ended December 31, 2021 and 2020, respectively. The net position as of December 31, 2021, was \$144,239,653, an 11.4% increase from the prior fiscal year-end.

The increase in total net position was \$14,773,549 for the year ended December 31, 2021, up \$12,266,842 from the \$2,506,707 increase in total net position posted in 2020. Income before grants and contributions in 2021 was \$25,116,345, or 232.9% greater, when compared to the prior year.

The increase in income before grants and contributions was attributed to a \$30,358,138, or 31.0% increase in the Authority's operating revenue, offset by a \$5,183,565 or 4.8% increase in the Authority's operating expense, 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 2021, the Steamship Authority was awarded grants under the Federal Transit Administration (FTA) Section 5307 Urbanized Area Formula Program and Port Security Grant Program. These awards are recorded under the heading grants and contributions in the statements of revenues, expenses and changes in net position.

Operating Revenues

The Steamship Authority's total operating revenues in 2021 were \$128,239,112. Total operating revenues increased by \$30,358,138 or 31.0% for the year ended December 31, 2021.

The number of passengers carried increased by 660,255 or 31.9% in 2021 from 2020. Ridership on the conventional service increased by 527,322 riders or 27.4%, while passenger traffic carried on the M/V Iyanough increased by 132,933 passengers or 92.4% for the year as compared to 2020. In addition, the average revenue per passenger increased from \$10.07 in 2020 to \$11.44 in 2021, due mostly to the increase in riders on the high-speed service. Total passenger revenues in 2021 were \$31,213,609, an increase of 49.9% versus the previous year.

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Management's Discussion and Analysis (Unaudited)
Years Ended December 31, 2021 and 2020

FINANCIAL ANALYSIS...continued

Operating Revenues...continued

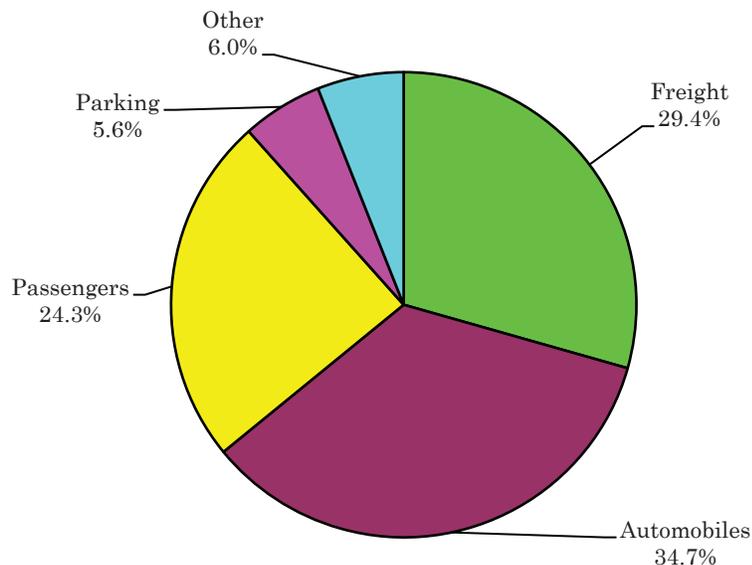
The number of automobiles carried increased by 71,299 or 16.4% in 2021 from 2020. The average revenue per automobile increased from \$82.68 in 2020 to \$88.09 in 2021, due in part to rate increases for standard and excursion fared automobiles, as well as the mix between standard and excursion fared automobiles. Total automobile revenues in 2021 were \$44,536,341, an increase of 24.0% versus the previous year.

The number of trucks carried increased by 24,358 or 14.0% in 2021 from 2020 traffic levels. The average revenue per truck increased from \$173.57 in 2020 to \$189.34 during 2021, due in part to rate increases for all truck sizes. Total freight revenues in 2021 were \$37,656,184, an increase of 24.3% versus the previous year.

Parking revenue in 2021 increased by \$1,982,177 from 2020. The total number of cars parked increased by 54,840 or 53.2% from 2020. Total parking revenues in 2021 were \$7,194,763, an increase of 38.0% versus the previous year.

Other miscellaneous operating revenues increased by \$1,991,557 or 35.3% in 2021, primarily due to increases in license fees and penalty revenue.

The major sources of operating revenues for the year ended December 31, 2021, were as follows:



Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Management's Discussion and Analysis (Unaudited)

Years Ended December 31, 2021 and 2020

FINANCIAL ANALYSIS...continued

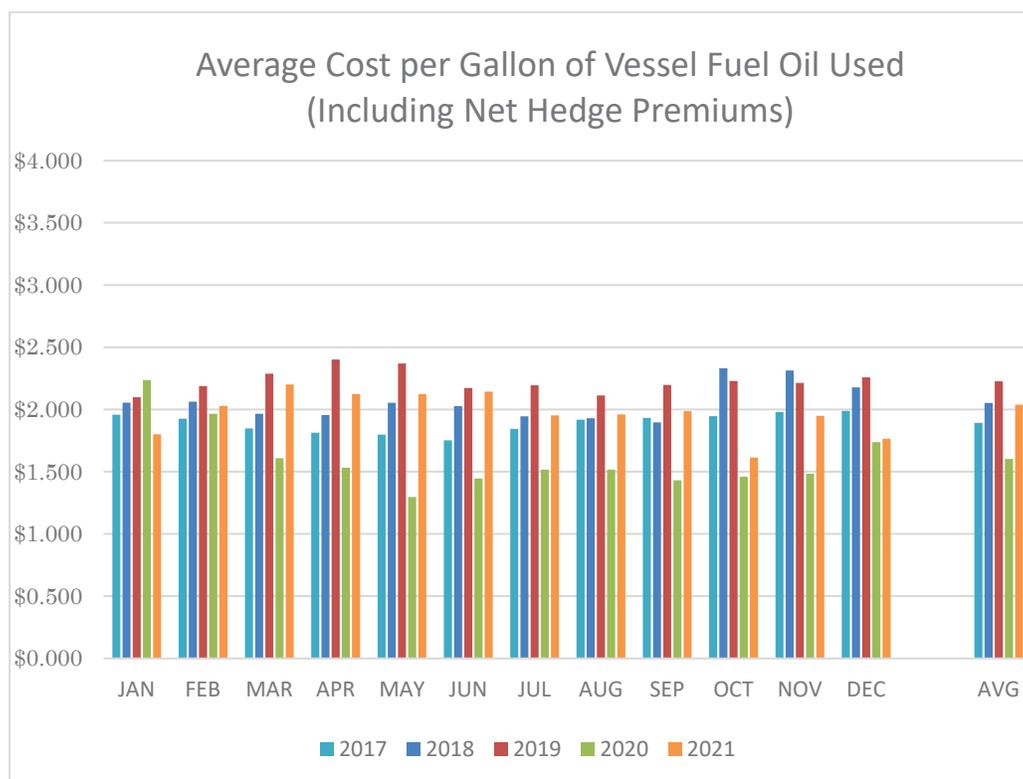
Operating Expenses

The Authority's total operating expenses in 2021 were \$113,818,927; in 2020, total operating expenses were \$108,635,362. Total operating expenses in 2021 were \$5,183,565, or 4.8% higher than the previous year. Increases in wages and benefits, fuel oil, depreciation, insurance, advertising and utilities expenses were offset by decreases in maintenance costs, legal expense and rent expense, compared to the prior year.

Maintenance expense decreased in 2021 versus 2020 by \$2,399,891, or 10.0%. The decrease was primarily attributable to vessel dry-dock expense decreases of \$2,643,754; decreases in engine parts expense of \$802,905; and dolphin and dock repairs expense decreases of \$661,190; offset by increases in vessel overhaul expenses of \$974,385; increases in building repairs of \$464,467; and increases in repairs to office and terminal equipment of \$199,626.

Depreciation and amortization expense increased in 2021 versus 2020 by \$1,042,975 or 7.9%. The increase is attributable to the addition of new computer servers and network equipment, vessel equipment, a full year of depreciation for the second phase of the Woods Hole Marine Project and accelerating the depreciation of ticket scanning equipment.

Vessel operating expenses increased by \$4,504,697 or 20.5% versus 2020 expenses. Vessel payroll expense in 2021 increased by \$2,177,665 or 13.4% versus 2020 payroll expense. Vessel fuel oil expense of \$6,627,202 was \$2,155,166 or 48.2% higher in 2021 than in 2020. The average cost per gallon of fuel used operating, including hedge costs, in 2021 was \$2.038, which represents an increase of 27.2% over the average cost per gallon of fuel used operating in 2020 of \$1.602. In 2021, the Steamship Authority's vessels consumed approximately 3,377,000 gallons of fuel, an increase of 18.6% versus 2020.



Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Management's Discussion and Analysis (Unaudited)
Years Ended December 31, 2021 and 2020

FINANCIAL ANALYSIS...continued

Operating Expenses...continued

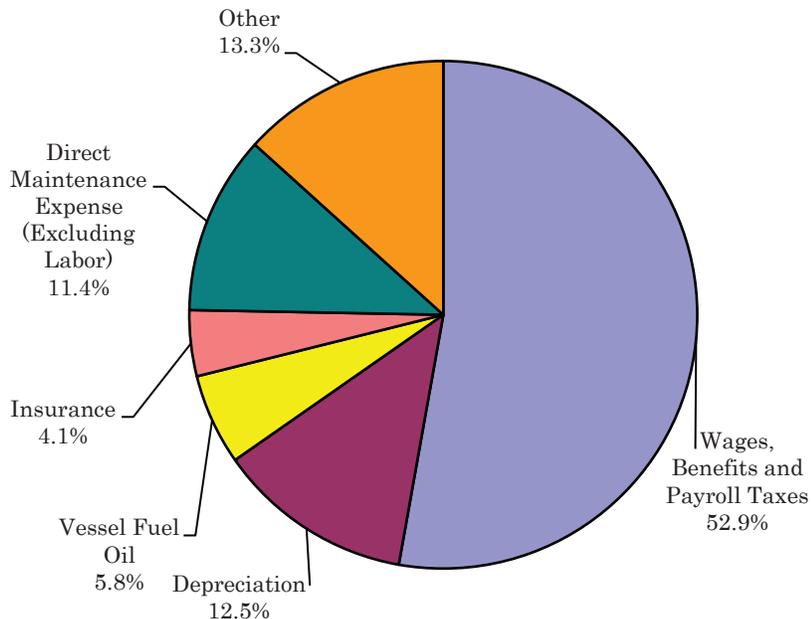
During 2021, the Authority operated 24,369 vessel trips, which represented an increase of 2,946 trips, or 13.8% versus 2020.

Expenses related to terminal operations increased in 2021 versus 2020 by \$1,607,755 or 14.6%. This increase was primarily attributed to a \$1,447,108 increase in payroll costs and an increase in other terminal expenses of \$104,362.

Expenses to operate reservations and customer service increased in 2021 versus 2020 by \$1,027,250 or 60.5%. This increase was primarily attributed to an increase in advertising expense of \$841,751; an increase in other traffic expenses of \$136,013; and an increase in payroll expense of \$47,194.

General and administrative expense in 2021 decreased by \$599,221 or 1.6% versus 2020. In 2021, administration payroll expense increased by \$297,319 or 7.2% versus 2020. Overall pension expense decreased by \$1,695,790 or 16.7% versus 2020. Health care costs, principally for the self-funded groups, decreased by \$733,543 or 7.6%; payroll taxes increased by \$240,959 or 7.6% versus 2020; credit card processing expenses increased by \$565,199 or 26.4% versus 2020; and training expenses increased by \$751,006 versus the prior year.

The major sources of operating expenses for the year ended December 31, 2021, were as follows:



Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

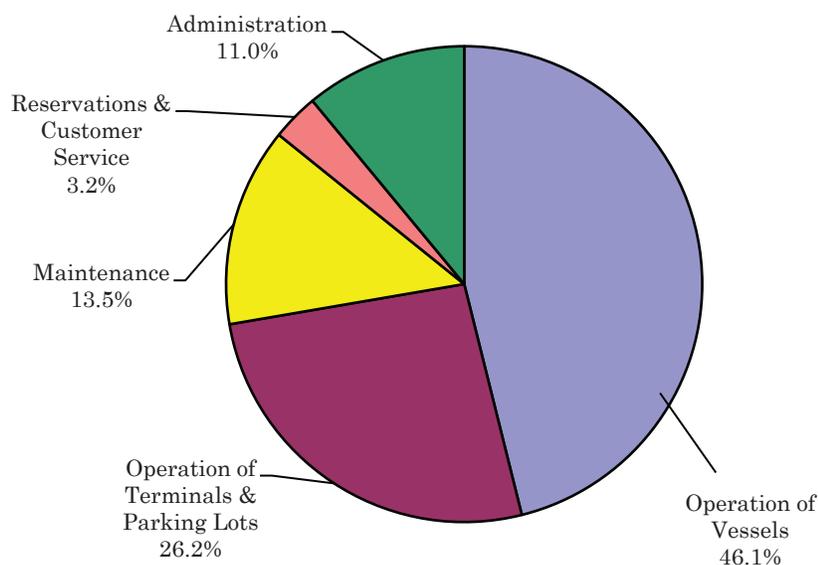
Management's Discussion and Analysis (Unaudited)

Years Ended December 31, 2021 and 2020

FINANCIAL ANALYSIS...continued

Operating Expenses...continued

52.9% of the Authority's operating expenses in 2021 were attributed to wages and the cost of employee benefits. The Authority's payroll in 2021 was distributed to the following functions:



Nonoperating (Expenses) Revenues

The Authority's total nonoperating expenses in 2021 were \$89,486 which was a decrease of \$58,228 or 186.3% over the total nonoperating expenses of \$31,258 in 2020. Expenses for interest on bonds and other obligations of \$2,205,302 in 2021 was an increase of \$1,269,536 over the \$935,766 in 2020. Income from special-purpose restricted funds of \$24,805 in 2021 was a decrease of \$112,574 over the \$137,379 in 2020. Miscellaneous revenue of \$2,123,797 in 2021 increased by \$1,038,401 over 2020, due mostly to an increase in license income. In 2021, license income was \$2,072,785 compared to \$986,273 in 2020, an increase of \$1,086,512. Miscellaneous expenses in 2021 decreased by \$285,481 as compared to 2020 primarily due to a decrease in the amortization of long-term debt.

During 2021, the Steamship Authority was awarded grants under the FTA and Port Security Grant Program. These awards are recorded under the heading grants and contributions in the statements 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, 2021 and 2020

FINANCIAL ANALYSIS...continued

Comparison of Financial Condition at December 31, 2020 and 2019

The Authority's operations in 2020 were significantly impacted by the coronavirus pandemic due to the national shutdown, stay at home orders and social distancing requirements. The number of trucks, automobiles and passengers carried in 2020 all decreased from the prior year. As a result of the decrease in ridership, the corresponding revenues categories decreased as well. The Authority implemented cost savings measures such as reducing the level of service that was provided and employee furloughs in an effort to mitigate the pandemic's effect. The Authority also incurred additional expenses directly related to the pandemic such as wellness screenings for the vessel crew, additional cleaning supplies, personal protective equipment and costs associated with the Families First Coronavirus Response Act. The Authority received approximately \$9.9 million from the Coronavirus Aid, Relief, and Economic Security (CARES Act) to help offset the impacts of the pandemic.

The Authority's total assets and liabilities were \$265,469,298 and \$142,302,567, respectively, as of December 31, 2020, as compared to \$250,337,736 and \$126,782,680, respectively, at December 31, 2019. The Authority's deferred outflows of resources were \$7,561,781 and \$4,340,859, for the years ended December 31, 2020 and 2019, respectively. The Authority's deferred inflows of resources were \$1,262,408 and \$936,518, for the years ended December 31, 2020 and 2019, respectively. The net position as of December 31, 2020, was \$129,466,104, a 2.0% increase from the prior fiscal year-end.

The increase in total net position was \$2,506,707 for the year ended December 31, 2020, up \$464,537 from the \$2,042,170 in total net position posted in 2019. Loss before grants and contributions in 2020 was \$11,375,178, or 1930% greater, when compared to the prior year.

The decrease in loss/income before grants and contributions was attributed to a \$12,792,609, or 11.6% decrease in the Authority's operating revenue, offset by a \$2,360,138 or 2.1% decrease in the Authority's operating expense, 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 2020, the Steamship Authority was awarded grants under the FTA, the CARES Act and Port Security Grant Program. These awards are recorded under the heading grants and contributions in the statements of revenues, expenses and changes in net position.

Operating Revenues

The Steamship Authority's total operating revenues in 2020 were \$97,880,974. Total operating revenues decreased by \$12,792,609 or 11.6% for the year ended December 31, 2020.

The number of passengers carried decreased by 937,135 or 31.2% in 2020 from 2019. Ridership on the conventional service decreased by 773,066 riders or 28.7%, while passenger traffic carried on the M/V Iyanough decreased by 164,069 passengers or 53.3% for the year as compared to 2019. In addition, the average revenue per passenger decreased from \$10.30 in 2019 to \$10.07 in 2020, due mostly to the decrease in riders on the high-speed service. Total passenger revenues in 2020 were \$20,826,121, a decrease of 32.7% versus the previous year.

The number of automobiles carried decreased by 44,734 or 9.3% in 2020 versus 2019. The average revenue per automobile increased from \$68.88 in 2019 to \$82.68 in 2020, due in part to rate increases for standard and excursion fared automobiles, as well as the mix between standard and excursion fared automobiles. Total automobile revenues in 2020 were \$35,903,494, an increase of 8.8% versus the previous year.

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Management's Discussion and Analysis (Unaudited)

Years Ended December 31, 2021 and 2020

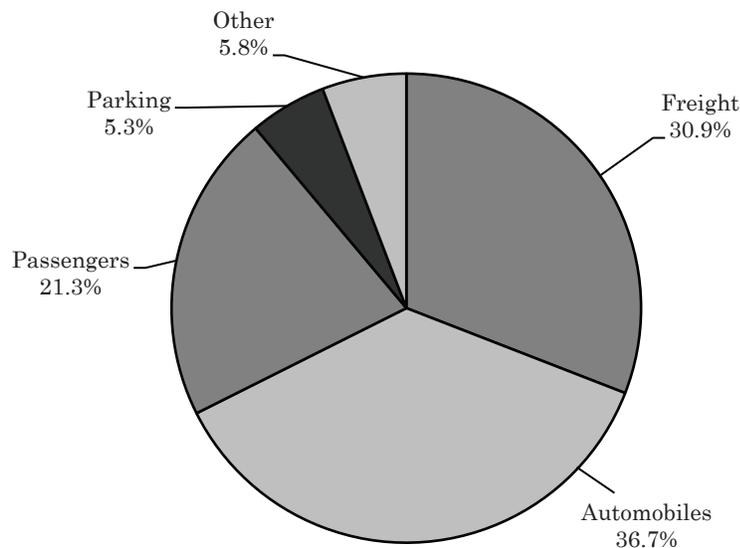
FINANCIAL ANALYSIS...continued

The number of trucks carried decreased by 20,807 or 10.7% in 2020 from 2019 traffic levels. The average revenue per truck increased from \$166.97 in 2019 to \$173.57 during 2020, due in part to rate increases for trucks under 20 feet in length and over 65 feet in length. Total freight revenues in 2020 were \$30,292,115, a decrease of 7.1% versus the previous year.

Parking revenue in 2020 decreased by \$1,945,509 from 2019. The total number of cars parked decreased by 69,574 or 40.3% versus 2019. Total parking revenues in 2020 were \$5,212,586, a decrease of 27.2% versus the previous year.

Other miscellaneous operating revenues decreased by \$1,326,004 or 19.0% in 2020, primarily due to decreases in license fees and concession fees.

The major sources of operating revenues for the year ended December 31, 2020, were as follows:



Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Management's Discussion and Analysis (Unaudited)

Years Ended December 31, 2021 and 2020

FINANCIAL ANALYSIS...continued

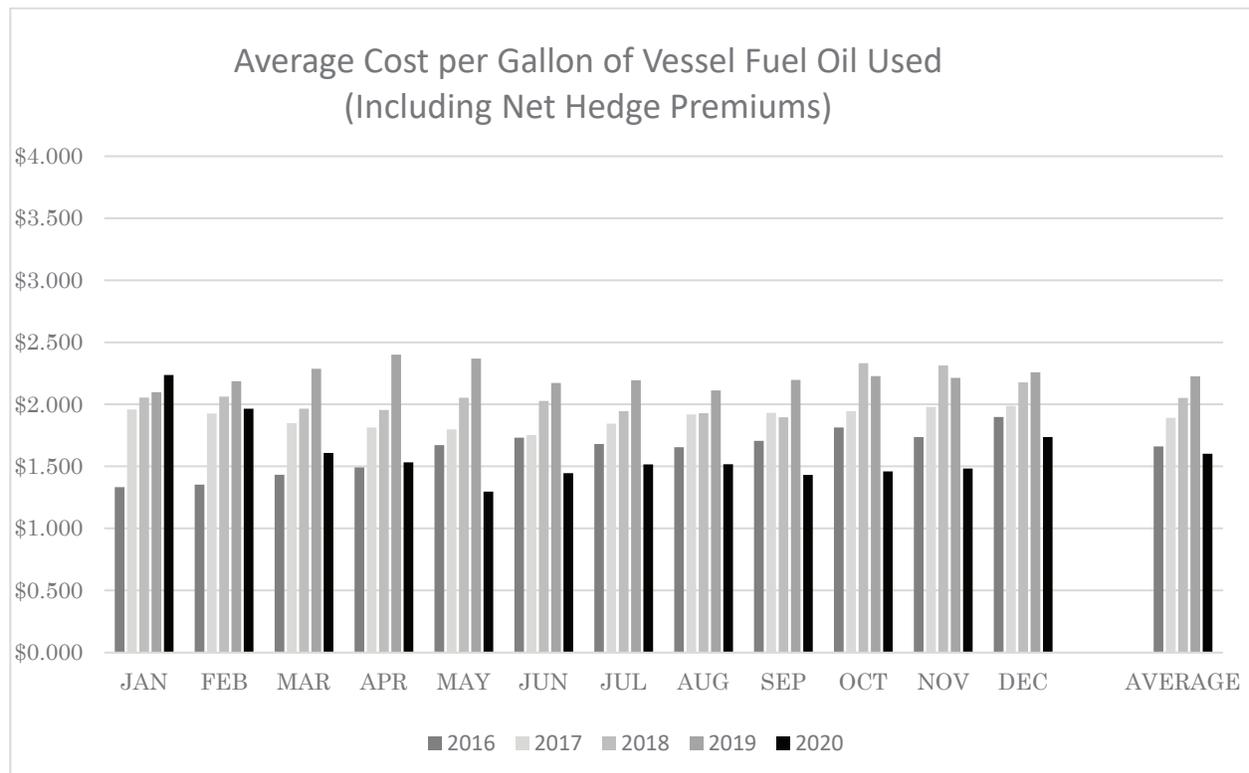
Operating Expenses

The Authority's total operating expenses in 2020 were \$108,635,362; in 2019, total operating expenses were \$110,995,500. Total operating expenses in 2020 were \$2,360,138, or 2.1% lower than the previous year. Decreases in wages and benefits, fuel oil, advertising and utilities expenses were offset by increases in maintenance costs, depreciation expense and insurance, compared to the prior year.

Maintenance expense increased in 2020 versus 2019 by \$4,543,613, or 23.5%. The increase was primarily attributable to vessel dry-dock expense increases of \$5,739,410; increases in engine parts expense of \$625,096; dolphin and dock repairs expense increases of \$1,109,626; decreases in vessel overhaul expenses of \$1,387,227; decreases in terminal, equipment, and vehicle repairs of \$551,930; decreases in miscellaneous maintenance expense of \$112,616; and decreases in maintenance payroll expenses of \$788,604.

Depreciation and amortization expense increased in 2020 versus 2019 by \$342,186 or 2.7%. The increase is attributable to the addition of new computer servers and network equipment, vessel equipment, new accounting system and the second phase of the Woods Hole Marine Project.

Vessel operating expenses decreased by \$4,098,295 or 15.7% versus 2019 expenses. Vessel payroll expense in 2020 decreased by \$1,234,585 or 7.1% versus 2019 payroll expense. Vessel fuel oil expense of \$4,472,036 was \$2,632,531 or 37.1% lower in 2020 than in 2019. The average cost per gallon of fuel used operating, including hedge costs, in 2020 was \$1.602, which represents a decrease of 28.0% over the average cost per gallon of fuel used operating in 2019 of \$2.226. In 2020, the Steamship Authority's vessels consumed approximately 2,847,000 gallons of fuel, a decrease of 9.9% versus 2019.



Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Management's Discussion and Analysis (Unaudited)

Years Ended December 31, 2021 and 2020

FINANCIAL ANALYSIS...continued

Operating Expenses...continued

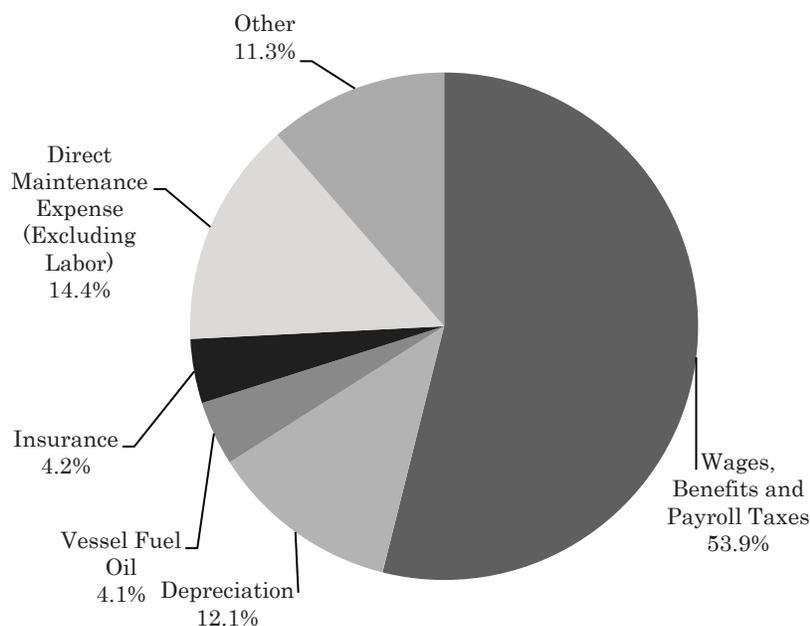
During 2020, the Authority operated 21,423 vessel trips, which represented a decrease of 2,521 trips, or 10.5% versus 2019.

Expenses related to terminal operations decreased in 2020 versus 2019 by \$1,735,628 or 13.6%. This decrease was primarily attributed to a \$1,550,666 decrease in payroll costs, a decrease in miscellaneous terminal expenses of \$118,656, and a decrease in other terminal expenses of \$111,311.

Expenses to operate reservations and customer service decreased in 2020 versus 2019 by \$1,250,030 or 42.4%. This decrease was primarily attributed to lower advertising expense of \$918,697, lower payroll expense of \$162,788; and a decrease in other traffic expenses of \$168,546.

General and administrative expense in 2020 decreased by \$161,984 or 0.4% versus 2019. In 2020, administration payroll expense decreased by \$252,075 or 5.8% versus 2019. Overall pension expense increased by \$727,881 or 7.7% versus 2019. Health care costs, principally for the self-funded groups, decreased by \$299,000 or 3.0%; payroll taxes decreased by \$218,008 or 7.6% versus 2019; while credit card processing expenses decreased by \$31,360 or 1.4% versus the prior year.

The major sources of operating expenses for the year ended December 31, 2020, were as follows:



Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

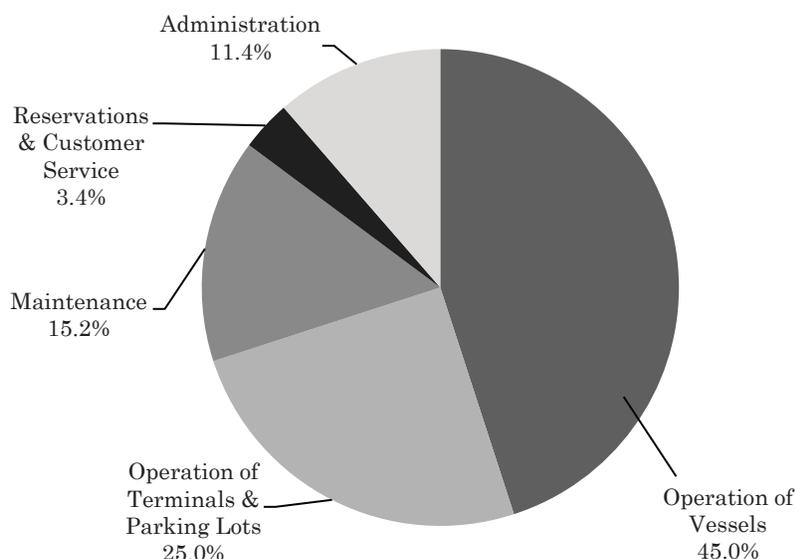
Management's Discussion and Analysis (Unaudited)

Years Ended December 31, 2021 and 2020

FINANCIAL ANALYSIS...continued

Operating Expenses...continued

53.9% of the Authority's operating expenses in 2020 were attributed to wages and the cost of employee benefits. The Authority's payroll in 2020 was distributed to the following functions:



Nonoperating Revenues (Expenses)

The Authority's total nonoperating expenses in 2020 were \$31,258 which was a decrease of \$942,707 or 103% over the total nonoperating revenues of \$911,449 in 2019. Expenses for interest on bonds and other obligations of \$935,766 in 2020 was a decrease of \$1,364,794 over the \$2,300,560 in 2019. Income from special-purpose restricted funds of \$137,379 in 2020 was a decrease of \$339,006 over the \$476,385 in 2019. Miscellaneous revenue of \$1,085,396 in 2020 decreased by \$1,677,157 over 2019, due mostly to a decrease in license income and interest income. In 2020, license income was \$986,273 compared to \$2,516,899 in 2019, a decrease of \$1,530,626, as example. Miscellaneous expenses in 2020 increased by \$291,338 as compared to 2019 primarily due to a loss on the sale of property and an increase in the amortization of long-term debt.

During 2020, the Steamship Authority was awarded grants under the FTA, the CARES Act, and Port Security Grant Program. These awards are recorded under the heading grants and contributions in the statements of revenues, expenses and changes in net position.

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;*

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Management's Discussion and Analysis (Unaudited)
Years Ended December 31, 2021 and 2020

FINANCIAL ANALYSIS...continued

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

- (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, 2021, was \$8,953,501, including income from investments of \$9,767 during 2021. The Authority's cash flow during 2021 allowed for transfers to be made to the Sinking Fund to meet the scheduled bond interest payment of \$1,690,275 on September 1, 2021, and to provide for the payment of bond interest and principal due on March 1, 2022, in the amount of \$1,690,275 and \$7,245,000, respectively.

At December 31, 2021, the Property Replacement Fund balance was \$15,725,723, including income earned from investments of \$15,033 during 2021.

In addition, \$13,150,273 was transferred from the Operations Fund to the Property Replacement Fund, an increase of \$3,511,266 over the previous year's transfers. Disbursements from the Property Replacement Fund in 2021, totaling \$7,754,777 were comprised of the following:

Woods Hole Reconstruction Project – Marine	\$6,747,416
Reservation System Hardware	330,948
Security Cameras	190,339
Computer Backup System	189,590
M/V Gay Head Fire Detection System	134,526
PC and Server Replacements	77,566
Maintenance Equipment, Luggage Cart and Vehicles	58,888
UPS Power Supply and Printers	25,504

The Authority's Reserve Fund balance at December 31, 2021, was \$3,657,750, including income from investments of \$4,059 during 2021.

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Management's Discussion and Analysis (Unaudited)

Years Ended December 31, 2021 and 2020

FINANCIAL ANALYSIS...continued

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

The Authority's Capital Improvement Fund balance as of December 31, 2021, was \$20,768, including income from investments of \$4,581. During 2021, disbursements from the Capital Improvement Fund totaled \$7,808,320. Fund disbursements in 2021 were for the Woods Hole terminal marine construction project. Unexpended proceeds from Steamship Bonds are reported as assets of the Capital Improvement Fund.

The Bond Redemption Fund balance was \$1,439,483 at December 31, 2021, including income from investments of \$1,133 during 2021. In addition, \$557,994 was transferred from the Operations Fund to the Bond Redemption Fund, an increase of \$557,994 over the previous year's transfers.

Investment income from the special-purpose restricted funds amounted to \$24,805 during 2021, excluding income from investments in the Sinking Fund of \$9,767.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Authority's capital assets as of December 31, 2021, amounted to \$220,707,260 net of accumulated depreciation. 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 2021, the Authority invested \$21,241,468 in construction projects in progress.

The Authority's capital assets as of December 31, 2020, amounted to \$213,671,050 net of accumulated depreciation. 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 2020, the Authority invested \$84,849 in various capital assets and an additional \$18,031,716 was invested 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 2021 and 2020 can be found in the notes to the financial statements (Note 2).

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 \$100,000,000 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, 2021 and 2020

CAPITAL ASSETS AND DEBT ADMINISTRATION...continued

Debt Administration...continued

The Authority made scheduled principal payments of \$7,745,000 during 2021. The total amount of bonds outstanding, net of unamortized premiums of \$7,930,739, was \$73,155,000 as of December 31, 2021. The Authority made scheduled principal payments of \$7,520,000 during 2020. Additionally, in February 2020, the Authority received \$25,776,497 of proceeds from its 2020 Series A bond issuance, with a principal amount of \$20,630,000, a premium of \$5,183,700. This issuance refunded \$5,660,000 of the 2009 Series B bonds. The total amount of bonds outstanding, net of unamortized premiums of \$9,567,609, was \$80,900,000 as of December 31, 2020.

More detailed information regarding the Authority's debt administration activities for 2021 and 2020 can be found in the notes to the financial statements (Note 3).

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.

The Authority's vehicle traffic during the 2021 fiscal year saw increases compared to 2020, and returned to pre-pandemic levels. Passengers carried in 2021 also saw an increase compared to 2020. The 2021 passengers carried were 90.8% of the passengers carried in 2019, pre-pandemic.

The Authority executed a memorandum of understanding with the Cape Cod Regional Transit Authority (CCRTA) regarding the distribution of funds from the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSAA) from the FTA on April 20, 2021. The CRRSAA provides economic assistance for workers and families, small businesses, and preserves jobs for American industries. CCRTA agrees to reimburse the Authority \$8,390,258 from the CRRSAA.

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

	2017	2018	2019	2020	2021
Passengers	3,059,049	3,055,347	3,004,436	2,067,301	2,727,556
Automobiles	481,425	483,047	478,990	434,256	505,555
Trucks	189,388	190,557	195,328	174,521	198,879
Cars parked	184,084	181,761	172,561	102,987	157,827
Trips made	22,843	23,997	23,944	21,423	24,369
Nautical Miles	335,622	353,918	351,734	314,274	362,696

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, 2021 and 2020

	2021	2020
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 16,009,287	\$ 12,692,619
Fuel program premiums	1,033,172	-
Receivables, net	1,990,698	1,544,146
Grants receivable	858,047	557,951
Inventories	681,030	610,997
Prepaid insurance and other	3,360,351	3,428,301
Prepaid fuel hedge	665,492	562,885
Total current assets	<u>24,598,077</u>	<u>19,396,899</u>
Non current assets:		
Special-purpose restricted funds:		
Cash and cash equivalents:		
Sinking fund:		
Current bond maturities and interest	8,953,501	9,635,184
Redemption of bonds	1,439,483	880,356
Property replacement fund	15,725,723	10,315,195
Reserve fund	3,657,750	3,506,244
Capital improvement fund	20,767	7,824,507
Total special-purpose restricted funds	<u>29,797,224</u>	<u>32,161,486</u>
Capital assets:		
Vessels	182,340,530	182,114,612
Terminal buildings and equipment	181,359,650	180,468,673
Land and land improvements	28,591,269	28,591,269
Construction in progress	27,102,733	7,046,666
Less - accumulated depreciation	<u>(198,686,922)</u>	<u>(184,550,169)</u>
Total capital assets, net	<u>220,707,260</u>	<u>213,671,051</u>
Long-term prepaid expense	437,714	239,862
Total noncurrent assets	<u>250,942,198</u>	<u>246,072,399</u>
Total assets	<u>275,540,275</u>	<u>265,469,298</u>
Deferred outflows of resources:		
Deferred outflow on pensions	5,105,332	7,095,143
Deferred outflow on OPEB	409,606	466,638
Total deferred outflows of resources	<u>5,514,938</u>	<u>7,561,781</u>
Total assets and deferred outflows of resources	<u>\$ 281,055,213</u>	<u>\$ 273,031,079</u>

See notes to financial statements.

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Statements of Net Position...continued

December 31, 2021 and 2020

	2021	2020
LIABILITIES AND NET POSITION		
Current liabilities:		
Accounts payable	\$ 9,198,302	\$ 4,910,166
Accrued wages, vacation pay and expenses	5,110,721	4,333,199
Unearned revenue	8,174,684	7,215,740
Pension withdrawal obligation	582,503	560,761
Total current liabilities	<u>23,066,210</u>	<u>17,019,866</u>
Liabilities payable from special-purpose restricted funds:		
Accrued interest on Steamship Bonds	1,139,302	1,268,346
Current portion of long-term debt	7,245,000	7,745,000
Total liabilities payable from special-purpose restricted funds	<u>8,384,302</u>	<u>9,013,346</u>
Noncurrent liabilities:		
Long-term debt, net of current portion	73,840,739	82,722,609
Net pension liabilities	10,856,962	19,671,727
Other postemployment benefits	2,731,244	2,651,333
Pension withdrawal obligations	10,640,556	11,223,686
Total noncurrent liabilities	<u>98,069,501</u>	<u>116,269,355</u>
Total liabilities	<u>129,520,013</u>	<u>142,302,567</u>
Deferred inflows of resources:		
Deferred inflow gain from advance refunding	48,550	78,806
Deferred inflow on Pension	6,945,533	810,613
Deferred inflow on OPEB	301,464	372,989
Total deferred inflows of resources	<u>7,295,547</u>	<u>1,262,408</u>
Net position:		
Net investment in capital assets	135,566,531	130,949,143
Restricted	28,637,155	23,068,633
Unrestricted	(19,964,033)	(24,551,672)
Total net position	<u>144,239,653</u>	<u>129,466,104</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 281,055,213</u>	<u>\$ 273,031,079</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, 2021 and 2020

	2021	2020
Operating revenues:		
Passenger	\$ 31,213,609	\$ 20,826,121
Automobile	44,536,341	35,903,494
Freight	37,656,184	30,292,115
Parking	7,194,763	5,212,586
Other	7,638,215	5,646,658
Total operating revenues	<u>128,239,112</u>	<u>97,880,974</u>
Operating expenses:		
Operation of vessels	26,447,621	21,942,924
Operation of terminals and parking lots	12,633,259	11,025,504
Maintenance	21,503,141	23,903,032
Reservations, advertising, and other traffic	2,724,125	1,696,875
Depreciation and amortization	14,193,248	13,150,273
General and administrative	36,317,533	36,916,754
Total operating expenses	<u>113,818,927</u>	<u>108,635,362</u>
Operating income (loss)	<u>14,420,185</u>	<u>(10,754,388)</u>
Nonoperating (expenses) revenues:		
Interest on bonds and other obligations	(2,205,302)	(935,766)
Income from special-purpose restricted funds	24,805	137,379
Miscellaneous revenue	2,123,797	1,085,396
Miscellaneous expense	(32,786)	(318,267)
Total nonoperating (expenses) revenues	<u>(89,486)</u>	<u>(31,258)</u>
Income (loss) before grants and contributions	14,330,699	(10,785,646)
Grants and contributions	442,850	13,292,353
Change in net position	<u>14,773,549</u>	<u>2,506,707</u>
Net position, beginning of year	<u>129,466,104</u>	<u>126,959,397</u>
Net position, end of year	<u>\$ 144,239,653</u>	<u>\$ 129,466,104</u>

See notes to financial statements.

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Statements of Cash Flows

Years Ended December 31, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Payments from customers	\$ 128,912,014	\$ 100,404,591
Payments to employees for services	(39,153,379)	(35,951,709)
Payments to suppliers and contractors	(61,354,708)	(57,170,077)
Net cash provided by operating activities	<u>28,403,927</u>	<u>7,282,805</u>
Cash flows from noncapital financing activities:		
Principal payments on withdrawal obligations	(561,387)	(539,205)
Interest paid on withdrawal liability	(438,613)	(460,795)
Receipts from other funds and license activities	1,875,098	6,052,291
Operating grant received	-	12,251,920
Net cash provided by noncapital financing activities	<u>875,098</u>	<u>17,304,211</u>
Cash flows from capital and related financing activities:		
Principal payments on Steamship Bonds	(7,745,000)	(7,520,000)
Proceeds from capital debt	-	20,630,000
Debt refunding payment	-	(5,660,000)
Interest paid	(3,562,859)	(3,527,915)
Proceeds from sales of capital assets	13,009	71,863
Capital expenditures	(17,249,340)	(18,255,093)
Capital grant received	142,754	607,007
Net cash used in capital and related financing activities	<u>(28,401,436)</u>	<u>(13,654,138)</u>
Cash flows from investing activities:		
Interest received	50,012	94,123
Interest from special-purpose restricted funds	24,805	137,379
Net cash provided by investing activities	<u>74,817</u>	<u>231,502</u>
Net increase in cash and cash equivalents	952,406	11,164,380
Cash and cash equivalents, beginning of year	<u>44,854,105</u>	<u>33,689,725</u>
Cash and cash equivalents, end of year	<u>\$ 45,806,511</u>	<u>\$ 44,854,105</u>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Operating income (loss)	\$ 14,420,185	\$ (10,754,388)
Depreciation and amortization	14,193,248	13,150,273
Changes in assets and liabilities:		
(Increase) decrease in:		
Receivables	(281,651)	480,613
Inventories	(70,033)	(25,172)
Prepaid insurance and other and prepaid fuel hedge	(1,265,681)	630,892
Deferred outflows of resources	2,263,531	(3,220,922)
Increase (decrease) in:		
Accounts payable	296,008	(410,680)
Accrued wages, vacation pay, and expenses	777,523	95,173
Other postemployment benefits	79,911	292,835
Net pension obligations	(8,814,765)	4,616,329
Unearned revenue	958,944	2,063,359
Deferred inflows of resources	5,846,707	364,493
Net cash provided by operating activities	<u>\$ 28,403,927</u>	<u>\$ 7,282,805</u>

Supplemental disclosure of noncash transactions:

At December 31, 2021 and 2020, the Authority had capital expenditures in the amount of \$4,027,208 and \$35,080, 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
 Years Ended December 31, 2021 and 2020

	2021	2020
	Non-Union Pension Fund	
ASSETS		
Investments		
Large U.S. Equity	\$ 10,497,482	\$ 9,320,649
Small/Mid U.S. Equity	1,714,174	1,558,862
International Equity	5,894,625	5,452,995
Balanced Asset Allocation	-	-
Fixed Income	18,622,050	18,315,161
Other Investments	2,563,720	1,935,418
Total assets	39,292,051	36,583,085
NET POSITION		
Restricted for pensions	39,292,051	36,583,085
Total Net Position	\$ 39,292,051	\$ 36,583,085

See notes to financial statements.

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority
 Statements of Changes in Fiduciary Net Position
 Years Ended December 31, 2021 and 2020

	2021	2020
	Non-Union Pension Fund	
Additions		
Contributions	\$ 1,684,825	\$ 1,955,339
Investment income		
Net appreciation of investments	3,120,531	3,755,595
Net Investment Income	3,120,531	3,755,595
Total additions	4,805,356	5,710,934
Deductions		
Benefit payments	2,092,890	1,334,995
Administrative expenses	3,500	4,500
Total deductions	2,096,390	1,339,495
Change in net position	2,708,966	4,371,439
Restricted net position - beginning of year	36,583,085	32,211,646
Restricted net position - end of year	\$ 39,292,051	\$ 36,583,085

See notes to financial statements.

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2021 and 2020

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 Town Council 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 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 and OPEB 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.

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.

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2021 and 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES...continued

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).

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.

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 5, 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.

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.

Fuel Program Premiums

Fuel program premiums include option premiums which are cash proceeds from expired fuel options as part of the Authority's Hedge Program as described in Note 11.

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements
Years Ended December 31, 2021 and 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES...continued

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 5, the Authority's investments in 2021 and 2020 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, 2021 and 2020.

Inventories

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

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
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 \$12,009 and \$0 related to its property as of December 31, 2021 and 2020 respectively.



Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2021 and 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES...continued

Accounts Receivable

Accounts receivable are reported net of an allowance for doubtful accounts. The Authority fully reserves for all receivables greater than 90 days. The allowance for doubtful accounts was \$50,000 at December 31, 2021 and 2020.

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 \$2,475,000 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.

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.

Operating Revenues and Expenses

The Authority distinguishes operating revenues and expenses from nonoperating revenues and expenses in its statement 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 and licensing fees.

The Authority receives funding from various federal agencies that fund both operating and capital expenses. 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.

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.

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2021 and 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES...continued

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

In April 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates* (GASB 93). The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR). This statement achieves that objective by: providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment; clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate; removing London Interbank Offered Rate (LIBOR) as an appropriate benchmark interest rate for the qualitative evaluations of the effectiveness on an interest rate swap; identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap and clarifying the definition of *reference rate*, as it is used in Statement 53. The adoption of GASB 93 had no material effect on the financial statements.

The GASB has issued the following statements, which require adoption subsequent to December 31, 2021, and are applicable to the Authority. The Authority has not yet adopted these statements, and the implications on the fiscal practices and financial reports are being evaluated.

<u>GASB Statement No.</u>		<u>Adoption Required in Fiscal Year</u>
87	<i>Leases</i>	2022
91	<i>Conduit Debt Obligations</i>	2022
92	<i>Omnibus</i>	2022
94	<i>Public-private and Public-Public Partnerships and Availability Payment Arrangements</i>	2023
96	<i>Subscription-Based Information Technology Arrangements</i>	2023
97	<i>Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans.</i>	2022

Management is currently evaluating the impacts of adopting GASB No. 87, GASB No. 91, GASB No. 92 and GASB No. 97. Management is also currently evaluating the impact that the adoption of the remaining statements will have on its financial statements.

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2021 and 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES...continued

Subsequent Events

The Authority has evaluated events and transactions for potential recognition or disclosure through May 9, 2022, when the financial statements were available to be issued.

On February 28, 2022, the Authority entered into a new agreement with Teamsters Union Local 59, Parking Attendants and Bus Drivers, effective May 8, 2021 through May 3, 2024.

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, 2021. As of May 9, 2022, the issued letters of credit presented below remains outstanding:

<u>Issuance Date</u>	<u>Due Date</u>	<u>Amount</u>
March 30, 2022	June 29, 2022	\$ 13,000,000
March 31, 2022	June 29, 2022	\$ 3,000,000

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2021 and 2020

2. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2021, 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	7,046,666	21,241,467	-	(1,185,400)	27,102,733
Total capital assets, not being depreciated	34,158,710	21,241,467	-	(1,185,400)	54,214,777
Capital assets, being depreciated:					
Floating equipment	182,114,612	-	-	225,918	182,340,530
Buildings and structures	153,005,835	-	-	-	153,005,835
Office and terminal equipment	20,468,123	-	(68,505)	939,482	21,339,100
Motor vehicles	6,994,715	-	-	20,000	7,014,715
Leasehold improvements	1,479,225	-	-	-	1,479,225
Total capital assets, being depreciated	364,062,510	-	(68,504)	1,185,400	365,179,405
Less accumulated depreciation for:					
Floating equipment	(105,363,172)	(6,063,602)	-	-	(111,426,774)
Buildings and structures	(58,594,924)	(5,678,992)	-	-	(64,273,916)
Office and terminal equipment	(15,334,765)	(1,950,648)	56,495	-	(17,228,918)
Motor vehicles	(3,778,083)	(500,006)	-	-	(4,278,089)
Leasehold improvements	(1,479,225)	-	-	-	(1,479,225)
Total accumulated depreciation	(184,550,169)	(14,193,248)	56,495	-	(198,686,922)
Total capital assets, being depreciated, net	179,512,341	(14,193,248)	(12,010)	1,185,400	166,492,483
Total capital assets, net	\$213,671,051	\$ 7,048,219	\$ (12,010)	\$ -	\$220,707,260

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2021 and 2020

2. CAPITAL ASSETS...continued

Capital asset activity for the year ended December 31, 2020, 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	16,932,355	18,031,716	-	(27,917,405)	7,046,666
Total capital assets, not being depreciated	44,044,399	18,031,716	-	(27,917,405)	34,158,710
Capital assets, being depreciated:					
Floating equipment	181,014,446	84,849	-	1,015,317	182,114,612
Buildings and structures	126,299,815	-	-	26,706,020	153,005,835
Office and terminal equipment	20,286,256	-	-	181,867	20,468,123
Motor vehicles	7,419,132	-	(438,618)	14,201	6,994,715
Leasehold improvements	1,479,225	-	-	-	1,479,225
Total capital assets, being depreciated	336,498,874	84,849	(438,618)	27,917,405	364,062,510
Less accumulated depreciation for:					
Floating equipment	(99,313,844)	(6,049,328)	-	-	(105,363,172)
Buildings and structures	(53,394,040)	(5,200,884)	-	-	(58,594,924)
Office and terminal equipment	(14,031,973)	(1,302,792)	-	-	(15,334,765)
Motor vehicles	(3,552,566)	(597,268)	371,751	-	(3,778,083)
Leasehold improvements	(1,479,225)	-	-	-	(1,479,225)
Total accumulated depreciation	(171,771,648)	(13,150,272)	371,751	-	(184,550,169)
Total capital assets, being depreciated, net	164,727,226	(13,065,423)	(66,867)	27,917,405	179,512,341
Total capital assets, net	\$ 208,771,625	\$ 4,966,293	\$ (66,867)	\$ -	\$ 213,671,051

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2021 and 2020

3. STEAMSHIP BONDS AND OTHER LONG TERM OBLIGATIONS

The Steamship Bonds outstanding at December 31, are as follows:

	2021	2020
2009 Series A , including unamortized bond premium of \$0 and \$1,501 at December 31, 2021 and 2020, respectively, bearing interest at rates ranging from 2.50% to 4.00%, requiring annual payments of principal beginning March 1, 2011 and semiannual interest payments through March 1, 2021.	\$ -	\$ 436,501
2014 Series A , including unamortized bond premium of \$0 and \$75,049 at December 31, 2021 and 2020, respectively, bearing interest at rates ranging from 4.00% to 5.00%, requiring annual payments of principal beginning March 1, 2016 and semiannual interest payments through March 1, 2021.	-	2,821,757
2015 Series A , including unamortized bond premium of \$2,045,000 and \$2,590,774 at December 31, 2021 and 2020, 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.	32,565,500	35,540,775
2017 Series A , including unamortized bond premium of \$615,369 and \$824,655 at December 31, 2021 and 2020, respectively, bearing interest at rates of 5.00%, requiring annual payments of principal beginning March 1, 2018 and semiannual interest payments through March 1, 2027.	7,900,369	9,124,655
2018 Series A , including unamortized bond premium of \$1,098,147 and \$1,463,549 at December 31, 2021 and 2020, respectively, bearing interest at rates ranging from 3.00% to 5.00%, requiring annual payments of principle beginning March 1, 2020 and semiannual interest payments through March 1, 2028.	16,232,147	17,278,549
2020 Series A , including unamortized bond premium of \$4,172,723 and \$4,635,372 at December 31, 2021 and 2020, 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.	24,387,723	25,265,372
Total Steamship Bonds	81,085,739	90,467,609
Less bonds due within one year	(7,245,000)	(7,745,000)
Total Steamship Bonds—excluding current portion	\$73,840,739	\$82,722,609

2009 Series A Steamship Bonds — On July 21, 2009, the Authority issued \$5,000,000 of 2009 Series A Steamship Bonds with interest rates ranging from 2.50% to 4.00%. The proceeds of the bonds were used to refund \$5,000,000 in bond anticipation notes, the proceeds of which were used: (i) for the reconstruction and refurbishment of the M/V Nantucket, including without limitation the reconstruction of the deck, the reconstruction of the bridge, and the refurbishment of the vessel's seating and eating areas; 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, 2021 and 2020

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

2014 Series A Steamship Bonds — On December 2, 2014, the Authority issued \$20,105,000 of 2014 Series A Steamship Bonds with interest rates ranging from 4.00% to 5.00%. The proceeds of the bonds were used to: (i) refund \$22,765,000 of the Authority's 2004 Series B Bonds maturing in the years 2016 through 2021; and (ii) to pay 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 2004 Series B Steamship Bonds. 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. Prior refunded obligations outstanding at December 31, 2021 and 2020, totaled \$0 and \$3,260,000, respectively.

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, 2020, 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 2021 through 2029; (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. Prior refunded obligations outstanding at December 31, 2021 and 2020 totaled \$5,125,000 and \$5,660,000.

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2021 and 2020

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

Scheduled Debt Service Requirements

The annual scheduled debt service requirements of all Steamship Bonds outstanding at December 31, 2021, are as follows, exclusive of bonds defeased:

<u>Year Ending December 31</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total Payments</u>
2022	\$ 7,245,000	\$ 3,199,425	\$ 10,444,425
2023	7,680,000	2,826,300	10,506,300
2024	8,125,000	2,431,175	10,556,175
2025	8,560,000	2,014,050	10,574,050
2026	8,995,000	1,575,175	10,570,175
2027-2031	32,550,000	2,595,000	35,145,000
Total	<u>\$ 73,155,000</u>	<u>\$ 14,641,125</u>	<u>\$ 87,796,125</u>

Principal payments reported above are exclusive of the deferred gain arising from prior bond defeasances of \$48,550 and unamortized bond premium of \$7,930,739.

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2021 and 2020

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

Short-Term and Long-Term Liabilities for the year ended December 31, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Long Term Liabilities					
Steamship Bonds:					
2009 Series A	\$ 435,000	\$ -	\$ (435,000)	\$ 435,000	\$ 435,000
2014 Series A	2,770,000	-	(2,770,000)	-	-
2015 Series A	32,950,000	-	(2,430,000)	32,520,000	3,210,000
2017 Series A	8,300,000	-	(1,015,000)	7,285,000	1,015,000
2018 Series A	15,815,000	-	(680,000)	15,135,000	2,220,000
2020 Series A	20,630,000	-	(415,000)	20,215,000	745,000
Steamship Bonds	\$ 80,900,000	\$ -	\$ (7,745,000)	\$ 73,155,000	\$ 7,245,000
Less deferred amounts:					
For issuance premiums	9,567,609	-	(1,636,870)	7,930,739	-
Total Bonds Payable	\$ 90,467,609	\$ -	\$ (9,381,870)	\$ 81,085,739	\$ 7,245,000
Compensated absences	3,677,176	347,669	(160,830)	3,864,015	3,864,015
Retainage on contracts	676,830	1,336,461	(282,138)	1,731,153	1,731,153
Total OPEB Liability	2,651,333	79,911	-	2,731,244	-
Pension Withdrawal Obligation	11,223,686	-	(583,130)	10,640,556	605,089
Net Pension Liability	19,671,727	-	(8,814,765)	10,856,962	-
Total Long-Term Liabilities	\$ 128,368,361	\$ 1,764,041	\$ (19,222,733)	\$ 110,990,669	\$ 13,445,257

Short-Term and Long-Term Liabilities for the year ended December 31, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Long Term Liabilities					
Steamship Bonds:					
2009 Series A	\$ 1,100,000	\$ -	\$ (665,000)	\$ 435,000	\$ 435,000
2009 Series B	6,175,000	-	(6,175,000)	-	-
2011 Series A	1,500,000	-	(1,500,000)	-	-
2014 Series A	6,545,000	-	(3,775,000)	2,770,000	2,770,000
2015 Series A	32,950,000	-	-	32,950,000	2,430,000
2017 Series A	9,265,000	-	(965,000)	8,300,000	1,015,000
2018 Series A	15,915,000	-	(100,000)	15,815,000	680,000
2020 Series A	-	20,630,000	-	20,630,000	415,000
Steamship Bonds	\$ 73,450,000	\$ 20,630,000	\$ (13,180,000)	\$ 80,900,000	\$ 7,745,000
Less deferred amounts:					
For issuance premiums	7,545,822	5,183,700	(3,161,913)	9,567,609	-
Total Bonds Payable	\$ 80,995,822	\$ 25,813,700	\$ (16,341,913)	\$ 90,467,609	\$ 7,745,000
Compensated absences	3,710,518	383,392	(416,734)	3,677,176	3,677,176
Retainage on contracts	509,207	1,207,609	(1,039,986)	676,830	676,830
Total OPEB Liability	2,358,498	292,835	-	2,651,333	-
Pension Withdrawal Obligation	11,739,193	-	(515,507)	11,223,686	582,503
Net Pension Liability	15,055,398	4,616,329	-	19,671,727	-
Total Long-Term Liabilities	\$ 114,368,636	\$ 32,313,865	\$ (18,314,140)	\$ 128,368,361	\$ 12,681,509

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2021 and 2020

4. LEASE COMMITMENTS

Operating Leases — The Authority has several noncancelable operating lease commitments at December 31, 2021, with terms in excess of one year. Future minimum lease payments under operating leases are as follows:

Fiscal Years Ending December 31

2022	\$	475,015
2023		457,723
2024		359,827
2025		105,636
2026		105,636
2027-2028		<u>150,000</u>
Total	\$	<u>1,653,837</u>

Aggregate rental expense for the years ended December 31, 2021 and 2020, was \$844,056 and \$864,754, respectively.

5. 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 March 2017, 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, 2021 and 2020, 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, 2021 and 2020, the Authority's deposits with MMDT totaled \$32,499,520 and \$34,860,579, 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.

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2021 and 2020

5. CASH AND CASH EQUIVALENTS AND INVESTMENTS...continued

Cash and Cash Equivalents

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

	2021	2020
Cash, including trust and custody agreements	\$ 13,306,991	\$ 9,993,526
MMDT	32,499,520	34,860,579
Total	<u>\$ 45,806,511</u>	<u>\$ 44,854,105</u>

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, 2021 and 2020. Bank trust and custody agreements include pledged holdings and irrevocable stand-by letters of credit amounting to \$12,000,000 and \$11,000,000 as of December 31, 2021 and 2020, respectively, issued by the various financial institutions and \$24,407,075 and \$22,615,000 of federal pledged holdings as of December 31, 2021 and 2020 as collateral for the Authority's deposits. The total amounts of Authority deposits in financial institutions, per the bank statements, at December 31, respectively, are as follows:

	2021	2020
Balance per banks	\$18,803,719	\$ 14,125,451
Deposits covered by:		
Federal Depository Insurance Corporation	(1,000,000)	(1,000,000)
Massachusetts Depositors Insurance Fund	(2,000,879)	(2,484,223)
Bank trust and custody agreements	(13,100,257)	(7,941,743)
Total uninsured and uncollateralized deposits	<u>\$ 2,702,583</u>	<u>\$ 2,699,485</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.

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2021 and 2020

5. CASH AND CASH EQUIVALENTS AND INVESTMENTS...continued

Interest Rate Risk and Credit Risk...continued

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.
- *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, 2021, 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	\$ 10,497,482	Level 1	\$ 10,497,482	\$ -
Small/Mid U.S. Equity	1,714,174	Level 1	1,714,174	-
International Equity	5,894,625	Level 1	5,894,625	-
Fixed Income	18,622,050	Level 1	1,046,608	17,575,442
Real Estate	2,563,720	Level 2	-	2,563,720
Total assets	<u>\$ 39,292,051</u>			

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2021 and 2020

5. CASH AND CASH EQUIVALENTS...continued

Fiduciary Fund Investments...continued

As of December 31, 2020, 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	\$ 9,320,649	Level 1	\$ 9,320,649	\$ -
Small/Mid U.S. Equity	1,558,862	Level 1	1,558,862	-
International Equity	5,452,995	Level 1	5,452,995	-
Fixed Income	18,315,161	Level 1	1,172,686	17,142,475
Real Estate	1,935,418	Level 2	-	1,935,418
Total assets	<u>\$ 36,583,085</u>			

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 28th 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.

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.

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements
Years Ended December 31, 2021 and 2020

6. PENSION PLANS...continued

Defined Benefit Pension Plans Sponsored By the Authority...continued:

Nonunion Plan...continued

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, 2021, the following employees were covered by the benefit terms:

Active plan members	69
Inactive plan members entitled to but not yet receiving benefits	36
Retired plan members or beneficiaries currently received benefits	50
Total	<u>155</u>

At February 29, 2020, the following employees were covered by the benefit terms:

Active plan members	72
Inactive plan members entitled to but not yet receiving benefits	36
Retired plan members or beneficiaries currently received benefits	43
Total	<u>151</u>



Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2021 and 2020

6. PENSION PLANS...continued

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

Nonunion Plan...continued

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, 2021 and February 29, 2020, the Authority contributed \$1,639,620 and \$1,479,683, respectively towards the Nonunion Plan.

For the period March 1, 2021 through December 31, 2021, and March 1, 2020 through December 31, 2020, the Authority contributed \$1,768,314 and \$1,675,342 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.

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 I securities, with the exception of a real estate fund valued at \$2,563,720 in 2021 and \$1,935,418 in 2020, which is a Level II 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.

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2021 and 2020

6. PENSION PLANS...continued

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

Nonunion Plan...continued

Investments...continued

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
02/28/2021	Entry Age	Market value	Level dollar	20-30 years	5.00%	2.25%	\$5 + 1.75%
02/29/2020	Entry Age	Market value	Level dollar	20-30 years	5.00%	2.25%	\$5 + 1.75%

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, 2020 to February 28, 2021, is 14.62%. The annual money-weighted rate of return on plan investments for the measurement period of March 1, 2019 to February 29, 2020, is 7.30%.

Expected Rate of Return

The expected long-term return of 5.00% on plan assets assumption was developed as a weighted average rate based on the target asset allocation of the plan for 2021 and 2020 and the long-term capital market assumptions (CMA) 2020. The CMA were developed with a primary focus on forward-looking valuation models and market indicators. The key fundamental economic inputs for these models are future inflation, economic growth, and interest rate environment. Due to the long-term nature of the pension obligations, the investment horizon for the CMA 2020 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.

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2021 and 2020

6. PENSION PLANS...continued

Defined Benefit Pension Plans Sponsored By the Authority...continued:

Nonunion Plan...continued

Expected Rate of Return...continued

Due to the long-term nature of the pension obligations, the investment horizon for the CMA 2018 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, 2021, are summarized in the following table:

Asset Class	Target Allocation	Expected Arithmetic Return	Expected Geometric Return
US Equity - Large Cap	23.44%	6.35%	7.70%
US Equity - Mid Cap	2.66%	6.35%	7.95%
US Equity - Small Cap	1.38%	6.35%	8.50%
Non-US Equity	12.99%	6.35%	7.95%
REITs	0.37%	5.95%	7.60%
Real Estate (direct property)	5.67%	5.25%	5.55%
Treasury Inflation-Protected Securities	0.56%	3.35%	3.50%
Core Bond	48.86%	3.90%	4.00%
High Yield	4.06%	6.00%	6.45%

A measurement date of February 28, 2021 has been used for the fiscal year ending December 31, 2021. Changes in the Authority's net pension liabilities as of the measurement date of February 28, 2021 are as follows:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at December 31, 2020	\$51,151,856	\$31,480,129	\$19,671,727
Changes for the year:			
Service cost	1,231,396	-	1,231,396
Interest	2,093,193	-	2,093,193
Differences between expected and actual experience	(352,152)	-	(352,152)
Changes in assumptions	(5,363,753)	-	(5,363,753)
Contributions - employer	-	1,639,620	(1,639,620)
Contributions - employee	-	161,932	(161,932)
Net investment income	-	4,621,897	(4,621,897)
Benefit payments, including refunds of employee contributions	(1,387,187)	(1,387,187)	-
Net change	(3,778,503)	5,036,262	(8,814,765)
Balance at December 31, 2021	\$47,373,353	\$36,516,391	\$10,856,962

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2021 and 2020

6. PENSION PLANS...continued

Defined Benefit Pension Plans Sponsored By the Authority...continued:

Nonunion Plan...continued

The plan's target asset allocations, as of February 29, 2020, are summarized in the following table:

Asset Class	Target Allocation	Expected Arithmetic Return	Expected Geometric Return
US Equity - Large Cap	23.21%	7.70%	6.20%
US Equity - Mid Cap	2.69%	8.00%	6.20%
US Equity - Small Cap	1.31%	8.55%	6.20%
Non-US Equity	13.49%	8.00%	6.20%
REITs	0.37%	7.30%	5.65%
Real Estate (direct property)	5.59%	5.35%	5.00%
Treasury Inflation -Protected Securities	0.55%	1.70%	1.50%
Core Bond	50.47%	2.60%	2.45%
High Yield	2.33%	5.45%	5.00%

A measurement date of February 29, 2020 has been used for the fiscal year ending December 31, 2020. Changes in the Authority's net pension liabilities as of the measurement date of February 29, 2020 are as follows:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at December 31, 2019	\$43,966,648	\$28,911,250	\$15,055,398
Changes for the year:			
Service cost	1,125,594	-	1,125,594
Interest	2,155,993	-	2,155,993
Differences between expected and actual experience	451,909	-	451,909
Changes in assumptions	4,657,750	-	4,657,750
Contributions - employer	-	1,479,683	(1,479,683)
Contributions - employee	-	177,885	(177,885)
Net investment income	-	2,121,849	(2,121,849)
Benefit payments, including refunds of employee contributions	(1,206,038)	(1,206,038)	-
Administrative expenses	-	(4,500)	4,500
Net change	7,185,208	2,568,879	4,616,329
Balance at December 31, 2020	<u>\$51,151,856</u>	<u>\$31,480,129</u>	<u>\$19,671,727</u>

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2021 and 2020

6. PENSION PLANS...continued

Defined Benefit Pension Plans Sponsored By the Authority...continued:

Nonunion Plan...continued

Statement of Deferred Outflows and Inflows of Resources

As of February 28, 2021 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	\$ 436,690	\$ (490,681)
Effects of changes in assumptions	2,900,328	(3,941,007)
Net difference between expected and net investment income	-	(2,513,845)
Employer contributions subsequent to measurement period	<u>1,768,314</u>	<u>-</u>
Total Deferred Outflows and Inflows of Resources	<u>\$ 5,105,332</u>	<u>\$ (6,945,533)</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>
2022	\$ (492,313)
2023	(627,791)
2024	(1,880,693)
2025	(607,718)

As of February 29, 2020 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	\$ 850,770	\$ (385,538)
Effects of changes in assumptions	4,569,031	-
Net difference between expected and net investment income	-	(425,075)
Employer contributions subsequent to measurement period	<u>1,675,342</u>	<u>-</u>
Total Deferred Outflows and Inflows of Resources	<u>\$ 7,095,143</u>	<u>\$ (810,613)</u>

Woods Hole, Martha’s Vineyard and Nantucket Steamship Authority

Notes to Financial Statements
 Years Ended December 31, 2021 and 2020

6. PENSION PLANS...continued

Defined Benefit Pension Plans Sponsored By the Authority...continued:

Nonunion Plan...continued

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>
2021	\$ 1,585,187
2022	1,632,033
2023	1,496,555
2024	(104,587)

Discount Rate

The discount rate used to determine the end of period total pension liability is 4.85%.

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 2021 to 2047.

The long-term rate of return of 5.00% 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 3.27% 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, 2021, 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 4.05% and the discount rate used to determine the end of period total pension liability is 4.85%, an increase of 0.80%. The municipal bond rate as of February 29, 2020, was 3.23%.

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, 2021, calculated using the discount rate of 4.85%, 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 (3.85%) or one percentage point higher (5.85%) than the current rate:

<u>Plan Year Ended</u>	<u>1% Decrease (3.85%)</u>	<u>Discount Rate (4.85%)</u>	<u>1% Increase (5.85%)</u>
February 28, 2021	\$ 17,232,910	\$ 10,856,962	\$ 5,475,657



Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2021 and 2020

6. PENSION PLANS...continued

Defined Benefit Pension Plans Sponsored By the Authority...continued:

Nonunion Plan...continued

The following represents the net pension liability of the Plan as of February 29, 2020, calculated using the discount rate of 4.05%, 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 (3.05%) or one percentage point higher (5.05%) than the current rate:

<u>Plan Year Ended</u>	<u>1% Decrease (3.05%)</u>	<u>Discount Rate (4.05%)</u>	<u>1% Increase (5.05%)</u>
February 28, 2021	\$27,202,227	\$19,671,727	\$13,459,796

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 \$385,416 and \$332,921 for 2021 and 2020, 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, 2021, 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.

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2021 and 2020

6. PENSION PLANS...continued

Defined Benefit Pension Plans Sponsored By the Authority...continued:

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

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 \$1,914 and \$1,471 for 2021 and 2020, 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.

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, 2021, 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 existing contract is currently being negotiated. Until such time, the Authority will continue to contribute the most recent agreed upon rates. The Authority's required and actual contributions for this plan aggregated \$1,007 and \$1,986 for 2021 and 2020, 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.

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2021 and 2020

6. PENSION PLANS...continued

Defined Contribution Plans Sponsored by the Authority...continued

Security Employees Plan...continued:

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 \$308,692 and \$281,794 for 2021 and 2020, respectively.

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.

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2021 and 2020

6. PENSION PLANS...continued

Defined Contribution Plans Sponsored by the Authority...continued

Multiemployer - Licensed Engineering Officers ...continued

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 5.0%. The Authority's required and actual contributions aggregate \$146,956 and \$141,230 for 2021 and 2020, respectively.

Deferred Compensation Plan

The Authority has a deferred compensation plan, in accordance with Internal Revenue Code 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 \$19,500 in 2021 and \$19,500 in 2020 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 \$6,500 per year. The Authority did not contribute to the plan in 2021 or 2020.

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 year ending December 31, 2021. 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 31, 2021, and has a term ending July 26, 2024. The contribution rate, effective July 31, 2021, has been negotiated at \$7.75 per hour to a maximum of \$325.50 per week, per employee. During 2021, contributions were made for 60 employees totaling \$790,049. During 2020, contributions were made for 57 employees totaling \$700,755.

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2021 and 2020

6. PENSION PLANS...continued

Defined Contribution Plans Sponsored by the Authority...continued

Multiemployer Pension Plans...continued

- The M.E.B.A. Pension Plan covered the Authority's Licensed Engineering Officers. The active union contract was executed effective April 17, 2021, and has a term ending April 9, 2024. 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 2021, contributions were made for 48 employees totaling \$453,488. During 2020, contributions were made for 44 employees totaling \$436,700.
- 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 17, 2021, and has a term ending April 9, 2024. The existing contract is currently being negotiated. Until such time, the Authority will continue to contribute the most recent agreed upon rates. The contribution rate, effective April 17, 2021, has been negotiated at \$5.25 per hour to a maximum of \$220.50 per week, per employee. During 2021, contributions were made for 193 employees totaling \$1,543,820. During 2020, contributions were made for 197 employees totaling \$1,424,243.
- The New England Teamsters and Trucking Industry Pension Fund Plan covered the Authority's Maintenance Employees. The active union contract was executed effective April 16, 2016, and has a term ending April 16, 2021. The existing contract is currently being negotiated. Until such time, the Authority will continue to contribute the most recent agreed upon rates. The contribution rate, effective April 1, 2011, has been negotiated at \$6.37 per hour to a maximum of \$254.80 per week, per employee. During 2021, contributions were made for 39 employees totaling \$455,965. During 2020, contributions were made for 38 employees totaling \$447,034.
- 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 17, 2021, and has a term ending April 19, 2024. The contribution rate, effective April 17, 2021, has been negotiated at \$4.89 per hour to a maximum of \$195.60 per week, per employee. During 2021, contributions were made for 111 employees totaling \$896,487. During 2020, contributions were made for 109 employees totaling \$834,751.
- 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 August 25, 2018, and has a term ending August 27, 2021. The existing contract is currently being negotiated. Until such time, the Authority will continue to contribute the most recent agreed upon rates. The contribution rate, effective January 1, 2019, has been negotiated at \$0.55 per hour to a maximum of \$22.00 per week, per employee. During 2021, contributions were made for 25 employees totaling \$21,999. During 2020, contributions were made for 23 employees totaling \$22,952.

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2021 and 2020

6. PENSION PLANS...continued

- 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 7, 2016, and has a term ending May 7, 2021. The existing contract is currently being negotiated. Until such time, the Authority will continue to contribute the most recent agreed upon rates. The contribution rate, effective December 24, 2016, has been negotiated at \$1.00 per hour to a maximum of \$40.00 per week, per employee. During 2021, contributions were made for 33 employees totaling \$51,090. During 2020, contributions were made for 33 employees totaling \$52,459.
- The New England Teamsters and Trucking Industry Pension Fund Plan covered the Authority's Security Employees. The active union contract was executed effective July 23, 2016, and has a term ending July 23, 2021. The existing contract is currently being negotiated. Until such time, the Authority will continue to contribute the most recent agreed upon rates. The contribution rate, effective April 1, 2011, has been negotiated at \$1.00 per hour to a maximum of \$40.00 per week, per employee. During 2021, contributions were made for 10 employees totaling \$19,548. During 2020, contributions were made for 11 employees totaling \$19,606.

The covered payroll of such employees was \$26,928,725 and \$25,636,623 in 2021 and 2020, respectively. The Authority's contributions to the plans met the contribution requirements in 2021 and 2020, and aggregated \$4,232,445 (15.7% of covered payroll for employees participating in the plans in 2021) and 3,938,498 (15.4% of covered payroll for employees participating in the plans in 2020).

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 2021 and 2020, the Authority made payments totaling \$1,000,000, respectively, towards the withdrawal liability. Interest payments totaled \$438,613 and \$460,795 in 2021 and 2020, respectively. Pension withdrawal obligation totaled \$11,223,059 and \$11,784,447 as of December 31, 2021 and 2020, respectively, and are recorded in the statements of net position using the present value of the obligation based upon incremental borrowing costs.

Woods Hole, Martha’s Vineyard and Nantucket Steamship Authority

Notes to Financial Statements
Years Ended December 31, 2021 and 2020

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, 2021, the actuarial valuation date, approximately 308 active employees and 16 retirees meet eligibility requirements. As of December 31, 2020, the actuarial valuation date, approximately 310 active employees and 17 retirees meet eligibility requirements. The plan does not issue separate stand-alone financial statements.

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.

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, 2020, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of December 31, 2021.

Employees Covered by Benefit Terms – the following table represents the plan’s membership as of December 31, 2021:

Retirees or beneficiaries currently receiving benefits	12
Active Employees	<u>308</u>
Total	<u>320</u>

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2021 and 2020

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

Employees Covered by Benefit Terms – the following table represents the plan's membership as of December 31, 2020:

Retirees or beneficiaries currently receiving benefits	13
Active Employees	<u>310</u>
Total	<u>323</u>

Changes in the Total OPEB Liability

	<u>Increase (Decrease)</u>
Balance at December 31, 2020	<u>\$ 2,651,333</u>
Changes for the year:	
Service cost	148,451
Interest on liability and service cost	57,661
Change in assumptions	33,648
Benefit payments	<u>(159,849)</u>
Net changes	<u>79,911</u>
Balance at December 31, 2021	<u>\$ 2,731,244</u>

As of December 31, 2021, 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	\$ -	\$ (301,464)
Effects of changes in assumptions	409,606	-
Total deferred outflows and inflows of resources	<u>\$ 409,606</u>	<u>\$ (301,464)</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>
2022	\$ 19,155
2023	19,155
2024	40,368
2025	20,003
2026	2,887
Thereafter	6,574

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements
Years Ended December 31, 2021 and 2020

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

Actuarial Methods and Assumptions

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:	4.00%
Discount rate:	2.06%
Mortality table used:	PubG-2010 Healthy Retiree Mortality Table, projected with generational mortality improvement using scale MP-2019
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:	7.00% for 2020, decreasing 0.45% per year to 5.2%, then grading down to an ultimate trend rate of 4.00%, 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, 2021:

	1% Decrease	Current Discount Rate	1% Increase
	(1.06%)	(2.06%)	(3.06%)
Total OPEB liability	\$ 2,968,929	\$ 2,731,244	\$ 2,518,374

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trends as of December 31, 2021:

	1% Decrease	Current Trend	1% Increase
	(6.00%)	(7.00%)	(8.00%)
Total OPEB liability	\$ 2,515,696	\$ 2,731,244	\$ 2,987,096

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2021 and 2020

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

	<u>Increase (Decrease)</u>
Balance at December 31, 2019	<u>\$ 2,358,498</u>
Changes for the year:	
Service cost	80,177
Interest on liability and service cost	73,139
Experience (gain) loss	(302,532)
Change in assumptions	601,900
Benefit payments	<u>(159,849)</u>
Net changes	<u>292,835</u>
Balance at December 31, 2020	<u>\$ 2,651,333</u>

As of December 31, 2020, 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	\$ -	\$ (372,989)
Effects of changes in assumptions	<u>466,638</u>	<u>-</u>
Total deferred outflows and inflows of resources	<u>\$ 466,638</u>	<u>\$ (372,989)</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>
2021	\$ 14,830
2022	14,830
2023	14,830
2024	36,043
2025	15,678
Thereafter	(2,562)

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2021 and 2020

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

Actuarial Methods and Assumptions as of December 31, 2020:

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:	4.00%
Discount rate:	2.12%
Mortality table used:	PubG-2010 Healthy Retiree Mortality Table, projected with generational mortality improvement using scale MP-2019
Interest:	Pay-as-you-go: 3.5% per year
Disability:	1897 Commissioner's Group Disability table for male and female with six-month elimination period
Healthcare trend rate:	7.00% for 2020, decreasing 0.45% per year to 5.2%, then grading down to an ultimate trend rate of 4.00%, 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, 2020:

	1% Decrease	Current Discount Rate	1% Increase
	(1.12%)	(2.12%)	(3.12%)
Total OPEB liability	\$ 2,875,039	\$ 2,651,333	\$ 2,450,220

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trends as of December 31, 2020:

	1% Decrease	Current Trend	1% Increase
	(6.00%)	(7.00%)	(8.00%)
Total OPEB liability	\$ 2,464,803	\$ 2,651,333	\$ 2,870,493

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2021 and 2020

8. COMMITMENTS

Construction in progress at December 31, 2021, consisted of expenditures by the Authority for various construction projects, which management expects will be completed in the years 2022 and 2023. At December 31, 2021, remaining construction commitments for these capital projects aggregated \$10,304,950. In addition, dry-docking and overhaul commitments for vessels aggregated \$2,407,156.

9. 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.

10. 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).

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2021 and 2020

10. RISK MANAGEMENT...continued

The Authority carries stop-loss insurance on individual medical claims in excess of \$150,000 per person and approximately \$2,475,000 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:

	2021	2020
Liability as of January 1	\$ 400,938	\$ 390,137
Current-year charges and changes in estimate	2,564,836	3,219,421
Actual claims paid	(2,705,359)	(3,208,620)
Liability as of December 31	<u>\$ 260,415</u>	<u>\$ 400,938</u>

Such amounts are recorded as a component of current liabilities in the statements of net position.

11. 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, 2021, the Authority had executed hedging transactions for 2,982,000 gallons of fuel out of the approximate 3,440,000 gallons of fuel, which is expected to be used in 2022. The cost of these call options totaled \$665,492 at December 31, 2021. Additionally, the Authority has \$1,033,172 in option premiums from expired options that were In-The-Money. These option premiums are recorded as Fuel program premiums on the balance sheet.

As of December 31, 2020, the Authority had executed hedging transactions for 2,982,000 gallons of fuel out of the approximate 3,320,000 gallons of fuel, which is expected to be used in 2021. The cost of these call options totaled \$562,885 at December 31, 2020.

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.

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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, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017
Total Pension Liability					
Service cost	\$ 1,231,396	\$ 1,125,594	\$ 1,144,364	\$ 1,052,910	\$ 967,905
Interest	2,093,193	2,155,993	2,040,465	1,882,289	1,793,810
Benefit payments	(1,387,187)	(1,206,038)	(1,310,113)	(710,728)	(999,967)
Difference between expected and actual experience	(352,152)	451,909	(692,738)	1,130,001	579,321
Change in assumptions	(5,363,753)	4,657,750	1,724,223	-	969,280
Net change in total pension liability	(3,778,503)	7,185,208	2,906,201	3,354,472	3,310,349
Total Pension Liability, beginning of period	51,151,856	43,966,648	41,060,447	37,705,975	34,395,626
Total Pension Liability, end of period	\$ 47,373,353	\$ 51,151,856	\$ 43,966,648	\$ 41,060,447	\$ 37,705,975
Plan Fiduciary Net Position					
Employee contributions	\$ 161,932	\$ 177,885	\$ 163,708	\$ 179,569	\$ 167,784
Employer contributions	1,639,620	1,479,683	1,495,724	1,505,097	1,201,056
Net investment income	4,621,897	2,121,849	477,170	2,387,900	2,639,818
Benefit payments	(1,387,187)	(1,206,038)	(1,310,113)	(710,728)	(999,967)
Administration expenses	-	(4,500)	(8,000)	-	(9,000)
Net Change in Plan Fiduciary Net Position	5,036,262	2,568,879	818,489	3,361,838	2,999,691
Plan Fiduciary Net Position, beginning of period	31,480,129	28,911,250	28,092,761	24,730,923	21,731,232
Plan Fiduciary Net Position, end of period	\$ 36,516,391	\$ 31,480,129	\$ 28,911,250	\$ 28,092,761	\$ 24,730,923
Net Pension Liability					
Net Pension Liability	\$ 10,856,962	\$ 19,671,727	\$ 15,055,398	\$ 12,967,686	\$ 12,975,052
Ratios					
Fiduciary net position as a percentage of total pension liability	77.08%	61.54%	65.76%	68.42%	65.59%
Covered employee payroll	\$ 5,251,609	\$ 5,474,020	\$ 5,593,650	\$ 6,095,342	\$ 5,517,416
Net pension liability as a percentage of covered employee payroll	206.74%	359.37%	269.15%	212.75%	235.17%

Data reported for fiscal years 2015 through 2021 is based on the Plan's measurement dates of February 28, 2015 through February 28, 2021, respectively, from the most recent actuarial valuation.

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 – 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, 2016	December 31, 2015
Total Pension Liability		
Service cost	\$ 1,081,252	\$ 647,483
Interest	1,681,088	1,632,651
Benefit payments	(370,672)	(319,029)
Difference between expected and actual experience	(177,602)	354,985
Change in assumptions	(895,895)	2,607,925
Net change in total pension liability	1,318,171	4,924,015
Total Pension Liability, beginning of period	33,077,455	28,153,440
Total Pension Liability, end of period	<u>\$ 34,395,626</u>	<u>\$ 33,077,455</u>
Plan Fiduciary Net Position		
Employee contributions	\$ 161,527	\$ 157,177
Employer contributions	807,637	789,093
Net investment income	(1,179,009)	1,245,714
Benefit payments	(370,672)	(319,029)
Administration expenses	-	(2,064)
Net Change in Plan Fiduciary Net Position	(580,517)	1,870,891
Plan Fiduciary Net Position, beginning of period	22,311,749	20,440,858
Plan Fiduciary Net Position, end of period	<u>\$ 21,731,232</u>	<u>\$ 22,311,749</u>
Net Pension Liability		
Net Pension Liability	<u>\$ 12,664,394</u>	<u>\$ 10,765,706</u>
Ratios		
Fiduciary net position as a percentage of total pension liability	63.18%	67.45%
Covered employee payroll	\$ 5,381,074	\$ 5,160,167
Net pension liability as a percentage of covered employee payroll	235.35%	208.63%

Data reported for fiscal years 2015 through 2021 is based on the Plan's measurement dates of February 28, 2015 through February 28, 2021, respectively, from the most recent actuarial valuation.

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

Last Five Fiscal Years
(in thousands)

	2021	2020	2019	2018	2017
Non-union plan					
Actuarially determined contribution	\$ 2,682	\$ 2,285	\$ 2,110	\$ 1,873	\$ 1,380
Contributions in relation to the actuarially determined contribution	1,640	1,480	1,496	1,505	1,201
Contribution deficiency	\$ 1,042	\$ 805	\$ 614	\$ 368	\$ 179
Covered payroll	\$ 5,252	\$ 5,474	\$ 5,594	\$ 6,096	\$ 5,517
Contributions as a percentage of covered payroll	31.2%	27.0%	26.7%	24.7%	21.8%

Data reported for fiscal years 2017 through 2021 is based on the Plan's measurement dates of February 28, 2017 through February 28, 2021, 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 Multiemployer Pension Plans (Unaudited)

Year Ending	New England Teamsters and Trucking Industry Pension Fund	Marine Engineers Beneficial Association Pension Fund	New England Teamsters and Trucking Industry Pension Fund	New England Teamsters and Trucking Industry Pension Fund
	Licensed Deck Officers	Licensed Engineers	Unlicensed Vessel Employees	Maintenance Employees
December 31, 2012	\$ -	\$253,075	\$ -	\$362,013
December 31, 2013	307,582	315,703	-	366,594
December 31, 2014	699,772	313,260	466,630	358,220
December 31, 2015	707,332	354,697	1,329,894	352,182
December 31, 2016	718,879	382,758	1,343,290	376,028
December 31, 2017	745,496	391,439	1,535,842	395,985
December 31, 2018	781,425	433,482	1,502,055	421,681
December 31, 2019	831,019	457,882	1,625,323	473,074
December 31, 2020	700,755	436,700	1,424,243	447,034
December 31, 2021	790,049	453,488	1,543,820	455,965

Year Ending	New England Teamsters and Trucking Industry Pension Fund	Massachusetts Service Employee's Pension Fund	New England Teamsters and Trucking Industry Pension Fund	New England Teamsters and Trucking Industry Pension Fund
	Agency & Terminal Employees	Reservation Clerks & Group Sales	Parking Lot Employees & Bus Drivers	Security Employees
December 31, 2012	\$891,850	\$31,195	\$ -	\$ -
December 31, 2013	895,432	29,625	-	-
December 31, 2014	861,731	26,991	-	-
December 31, 2015	835,367	31,317	-	-
December 31, 2016	840,360	32,128	-	-
December 31, 2017	874,250	28,962	47,856	15,671
December 31, 2018	915,166	25,423	51,661	15,547
December 31, 2019	950,852	25,470	50,933	18,791
December 31, 2020	834,751	22,952	52,459	19,606
December 31, 2021	896,487	21,999	51,090	19,548

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	12/31/2021	12/31/2020	12/31/2019	12/31/2018
Total OPEB Liability				
Service cost	\$ 148,451	\$ 80,177	\$ 78,214	\$ 74,846
Interest	57,661	73,139	87,735	94,253
Change in Assumptions	33,648	601,900	-	-
Benefit Payments	(159,849)	(159,849)	(136,396)	(141,612)
Experience (Gain) and Loss	-	(302,532)	-	(207,260)
Net Change in Total OPEB Liability	79,911	292,835	29,553	(179,773)
Total OPEB Liability, beginning of period	2,651,333	2,358,498	2,328,945	2,508,718
Total OPEB Liability, end of period	<u>\$ 2,731,244</u>	<u>\$ 2,651,333</u>	<u>\$ 2,358,498</u>	<u>\$ 2,328,945</u>
Covered employee payroll	\$ 23,011,428	\$ 20,945,530	\$ 18,626,043	\$ 17,996,177
Total OPEB liability as a percentage of covered employee payroll	11.9%	12.7%	12.7%	12.9%

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

Notes to the Required Supplementary Information (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 ending December 31, 2020, is based on the December 4, 2020 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.



The Steamship Authority

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