



CliftonLarsonAllen LLP
CLAAconnect.com

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Trustees
Dukes County Pooled OPEB Trust Fund
Vineyard Haven, Massachusetts

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Dukes County Pooled OPEB Trust Fund, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Dukes County Pooled OPEB Trust Fund's basic financial statements, and have issued our report thereon dated October 19, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Dukes County Pooled OPEB Trust Fund's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Dukes County Pooled OPEB Trust Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of Dukes County Pooled OPEB Trust Fund's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Board of Trustees
Dukes County Pooled OPEB Trust Fund

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Dukes County Pooled OPEB Trust Fund's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Boston, Massachusetts
October 19, 2023



CliftonLarsonAllen LLP
CLAAconnect.com

Board of Trustees
Dukes County Pooled OPEB Trust Fund
Vineyard Haven, Massachusetts

We have audited the financial statements of the Dukes County Pooled OPEB Trust Fund as of and for the year ended June 30, 2023, and have issued our report thereon dated October 19, 2023. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit in our Statement of Work dated July 11, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings or issues

Qualitative aspects of accounting practices

Accounting policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Dukes County Pooled OPEB Trust Fund are described in Note 2 to the financial statements.

No new accounting policies were adopted and the application of existing policies was not changed during 2023.

We noted no transactions entered into by the entity during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no accounting estimates affecting the financial statements which were particularly sensitive or required substantial judgments by management.

Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

The financial statement disclosures are neutral, consistent, and clear.

Significant unusual transactions

We identified no significant unusual transactions.

Difficulties encountered in performing the audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Uncorrected misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management did not identify and we did not notify them of any uncorrected financial statement misstatements.

Corrected misstatements

None of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with management

For purposes of this communication, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

Management representations

We have requested certain representations from management that are included in the management representation letter dated October 19, 2023.

Management consultations with other independent accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the entity's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Significant issues discussed with management prior to engagement

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the entity's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

Other audit findings or issues

The following describes findings or issues arising during the audit that are, in our professional judgment, significant and relevant to your oversight of the financial reporting process:

- During the audit we identified the following significant risk of material misstatement that has not previously been communicated to you:
 - Improper revenue recognition

Required supplementary information

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the

RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management's responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

Supplementary information in relation to the financial statements as a whole

With respect to the combining statement of changes in net position by employer (the supplementary information) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period or the reasons for such changes, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated October 19, 2023.

* * *

This communication is intended solely for the information and use of the trustees and management of Dukes County Pooled OPEB Trust Fund and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Boston, Massachusetts
October 19, 2023

**DUKES COUNTY POOLED OTHER POSTEMPLOYMENT
BENEFITS (OPEB) TRUST FUND**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2023



CPAs | CONSULTANTS | WEALTH ADVISORS

CLAcconnect.com

**DUKES COUNTY POOLED OPEB TRUST FUND
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2023**

INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
FINANCIAL STATEMENTS	
STATEMENT OF FIDUCIARY NET POSITION	7
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION	8
NOTES TO FINANCIAL STATEMENTS	9
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE OF INVESTMENT RETURNS	15
SUPPLEMENTARY INFORMATION	
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION BY EMPLOYER	16



INDEPENDENT AUDITORS' REPORT

Board of Trustees
Dukes County Pooled OPEB Trust Fund
Vineyard Haven, Massachusetts

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Dukes County Pooled OPEB Trust Fund (Trust) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Trust's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Trust as of June 30, 2023, and the changes in fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Trust 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 opinion.

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 Trust'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.

Auditors' 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 auditors' report that includes our opinion. 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust'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 Trust'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 and schedule of investment returns be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Trust's basic financial statements. The combining statement of changes in fiduciary net position by employer is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining statement of changes in fiduciary net position by employer is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2023, on our consideration of the Trust's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Trust's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Trust's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Boston, Massachusetts
October 19, 2023

**DUKES COUNTY POOLED OPEB TRUST FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

As Management of the Dukes County Pooled Other Post-Employment Benefits (OPEB) Trust Fund (Trust), we offer readers of these financial statements this narrative overview and analysis of the Trust's financial activities for the year ended June 30, 2023. Please refer to the audited *Financial Statements* when reading this management's discussion and analysis.

Overview of the Trust

The Trust was established November 1, 2010 and is an agent multiple-employer defined benefit OPEB plan that covers retired employees and survivors of the Trust's member employers. The Trust's membership includes the County of Dukes County, the Towns of Aquinnah, Chilmark, Oak Bluffs, Edgartown, Tisbury, West Tisbury, the Martha's Vineyard Regional High School District, the Up-Island Regional School District, the Martha's Vineyard Commission, the Martha's Vineyard Refuse District, the Martha's Vineyard Transit Authority, the Martha's Vineyard Land Bank, and the Oak Bluffs Water District.

Financial Highlights

The Trust's funding objective is to meet long-term OPEB obligations through contributions and investment income.

The Trust's fiduciary net position increased by \$6,833,512, or 23.45%, when compared to the prior year. Net position is the residual of the Trust's assets in excess of the Trust's liabilities as of the statement date. The Trust's assets are restricted to meet future OPEB payments of the Trust's member employers.

Overview of the Financial Statements

The financial statements are comprised of a statement of fiduciary net position, statement of changes in fiduciary net position, notes to financial statements, required supplementary information and supplementary information.

The **statement of fiduciary net position** presents information on the Trust's assets and liabilities and the resulting net position restricted for postemployment benefits other than pensions. This is calculated using the following formula: $\text{Assets} - \text{Liabilities} = \text{Net Position restricted for postemployment benefits other than pensions}$. This statement reflects the Trust's investments at fair value, as well as cash and liabilities. The statement of fiduciary net position reports the financial position of the Trust at June 30, 2023. Over time, the increase or decrease in net position serves as a useful indicator of the Trust's financial health.

The **statement of changes in fiduciary net position** presents information showing how the Trust's fiduciary net position changed for the year ended June 30, 2023. It reflects contributions by its member employers along with deductions for administrative expenses. Investment income during the period is also presented showing income from investing activities.

The **notes to the financial statements** provide additional information that is essential for the reader to gain a full understanding of the data provided in the financial statements.

The **required supplementary information** includes historical data regarding the schedule of investment returns.

**DUKES COUNTY POOLED OPEB TRUST FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

Supplementary Information

In addition to the financial statements and accompanying notes, this report also presents supplementary information. Presented in this information is the combining statement of changes in fiduciary net position by employer. This additional information can be found on page 16.

Financial Statement Analysis

The following tables present current and prior year data on the Trust's financial statements.

Fiduciary Net Position

The Trust's assets exceeded liabilities by \$35,979,020 as of June 30, 2023 and are summarized as follows:

	<u>2023</u>	<u>2022</u>
Assets		
Cash and Cash Equivalents	\$ 19,000	\$ 24,369
Investments	35,959,782	29,120,888
Interest Receivable	238	251
Total Assets	<u>35,979,020</u>	<u>29,145,508</u>
Net Position Restricted for Postemployment Benefits Other Than Pensions	<u><u>\$ 35,979,020</u></u>	<u><u>\$ 29,145,508</u></u>

Changes in Fiduciary Net Position

For the year ended June 30, 2023, the Trust's fiduciary net position increased by \$6,833,512. In the prior year, the Trust's fiduciary net position increased by \$1,653,691. These amounts are summarized as follows:

	<u>2023</u>	<u>2022</u>
Additions		
Contributions:		
Employer	\$ 3,635,424	\$ 4,858,622
Net Investment Income (Loss)	3,260,463	(3,147,818)
Total Additions	<u>6,895,887</u>	<u>1,710,804</u>
Deductions		
Administrative Expenses	60,665	53,711
Withdrawal for Retiree Benefits	1,710	3,402
Total Deductions	<u>62,375</u>	<u>57,113</u>
Net Increase in Net Position	6,833,512	1,653,691
Fiduciary Net Position - Beginning of Year	<u>29,145,508</u>	<u>27,491,817</u>
Fiduciary Net Position - End of Year	<u><u>\$ 35,979,020</u></u>	<u><u>\$ 29,145,508</u></u>

**DUKES COUNTY POOLED OPEB TRUST FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

Additions to Fiduciary Net Position

The primary additions of the trust are voluntary employer contributions and investment income/loss. Employer contributions totaled \$3,635,424 or 52.7%, of total additions, while net investment Income totaled \$3,260,463, or 47.3%, of total additions, as compared to employer contributions and net investment loss of \$4,858,622 and (\$3,147,819), respectively, in the prior year. The significant change in investment earnings was a direct result of market conditions.

Deductions to Fiduciary Net Position

The primary deductions of the Trust are for administrative expenses related to actuary fees, fiduciary insurance and audit fees. Total deductions were \$62,375 during the current year versus \$57,113 in the previous year.

Requests for Information

This financial report is designed to provide a general overview of the Trust's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report should be addressed to the Trustees, P.O. Box 921, Vineyard Haven, Massachusetts, 02568.

DUKES COUNTY POOLED OPEB TRUST FUND
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2023

Assets

Cash and Cash Equivalents	\$ 19,000
---------------------------	-----------

Investments:

Equity Mutual Funds	25,522,374
---------------------	------------

Fixed Income Mutual Funds	6,198,497
---------------------------	-----------

Real Estate	4,238,911
-------------	-----------

Total Investments	<u>35,959,782</u>
-------------------	-------------------

Interest Receivable	<u>238</u>
---------------------	------------

Total Assets	<u>35,979,020</u>
--------------	-------------------

Net Position Restricted for Postemployment Benefits

Other Than Pensions	<u><u>\$ 35,979,020</u></u>
---------------------	-----------------------------

See accompanying Notes to Financial Statements.

**DUKES COUNTY POOLED OPEB TRUST FUND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2023**

Additions:

Contributions:

Employer - Unfunded Actuarial Accrued Liability	\$ 3,581,083
Employer - Administrative	54,341
Total Contributions	<u>3,635,424</u>

Investment Income:

Interest and Dividends	657,975
Net Increase in the Fair Value of Investments	2,684,090
Less: Investment Fees	<u>(81,602)</u>
Net Investment Income	<u>3,260,463</u>
Total Additions	6,895,887

Deductions:

Administrative Expenses	60,665
Withdrawals for Retiree Benefits	<u>1,710</u>
Total Deductions	<u>62,375</u>

Net Increase in Net Position	6,833,512
------------------------------	-----------

Net Position Restricted for Postemployment Benefits

Other Than Pensions

Beginning of Year	<u>29,145,508</u>
End of Year	<u><u>\$ 35,979,020</u></u>

See accompanying Notes to Financial Statements.

DUKES COUNTY POOLED OPEB TRUST FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 DESCRIPTION OF PLAN

A. Plan Administration

The Dukes County Pooled Other Post-Employment Benefits (OPEB) Trust Fund (Trust) is an agent multiple-employer defined benefit OPEB plan that covers retired employees and survivors of the Trust's member employers. The Trust was established November 1, 2010, pursuant to Chapter 149 of the Acts of 2010, for the purpose of holding, managing and administering the funding of the unfunded liability of OPEB accrued by each member employers' participants. Participation in the Plan is voluntary upon commencement of employment for a permanent employee who regularly works not less than 20 hours per week.

The initial two employer members of the Trust were the County of Dukes County and the Martha's Vineyard Regional High School District. Subsequent to the initial declaration of Trust by its founding member employers, the Towns of Aquinnah, Chilmark, Edgartown, Oak Bluffs, West Tisbury, Tisbury, the Up-Island Regional School District, the Martha's Vineyard Commission, the Martha's Vineyard Refuse District, the Martha's Vineyard Transit Authority, the Martha's Vineyard Land Bank, and the Oak Bluffs Water District executed Trust Joinder Agreements to join the Trust.

The Trust is governed (and managed) by a 14-member board of trustees, which are appointed by each participating member employer's board.

B. Plan Membership

At June 30, 2023, plan membership consisted of the following:

Inactive Plan Members Currently Receiving Benefit	
Payments	587
Active Plan Members	961
Total	<u>1,548</u>

C. Benefits Provided

The Trust accumulates assets for the purpose of providing its member employers funds to provide future health, life, and dental insurance coverage for their retirees and survivors. Chapter 32B of the MGL assigns authority to establish and amend benefit provisions. Changes to member employer plan designs and contribution rates must be accomplished through each member employer's collective bargaining process. No benefits are provided directly through the Trust.

D. Contributions

The contributions made to the Trust are voluntary and determined by the participating employer. For the year ended June 30, 2023, member contributions totaled \$3,635,424.

DUKES COUNTY POOLED OPEB TRUST FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The basic financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles.

The significant accounting policies are described herein.

B. Measurement Focus, Basis of Accounting and Basis of Presentation

The Trust's financial statements have been prepared using the accrual basis of accounting in accordance with GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*. This statement establishes standards of financial reporting for separately issued financial reports of state and local government OPEB plans.

C. Cash, Cash Equivalents, and Investments

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with an original maturity of three months or less from the date of acquisition.

Investments are carried at fair value, as further discussed in Note 3.

D. Basis of Investment Transactions

Purchases and sales of investments are recorded on the trade date. Transactions remaining unsettled as of year-end are recorded as payables for securities purchased and as a receivable for securities sold.

E. Revenue Recognition

Contributions are recognized in the fiscal year to which they are provided. Investment income is recognized when earned.

F. Benefits

Benefits are recognized when an authorized written request is received from a Trust member. Current benefits are being paid directly from the individual member employers. Withdrawals made for benefit payments to participating employers amounted to \$1,710 for the year ended June 30, 2023.

G. Administrative Expenses

Administrative expenses are financed through employer assessments.

DUKES COUNTY POOLED OPEB TRUST FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Use of Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure for contingent assets and liabilities at the date of the basic financial statements and the reported amounts of the revenues and expenses during the fiscal year. Actual results could vary from estimates that were used.

NOTE 3 DEPOSITS AND INVESTMENTS

Deposits and investments made by the Trust are governed by Massachusetts General Law, Chapter 203C (or the Massachusetts Prudent Investment Act).

Investment Policy. The Trustees have the authority for establishing and amending investment policy decisions. The Trustees have implemented an investment policy that prohibits purchasing equity securities on margin, selling short, investing in individual commodities, unregistered letter stock, individual foreign securities which trade only on non-U.S. exchanges (other than those evidenced by ADRs, GDRs or mandated to manage an international portfolio), warrants (unless received through a current holding), real estate mortgages, all options and futures, real or personal property, private oil and gas property, loans of portfolio securities, venture capital issues, private placements, securities of a contributing employer and, derivatives, including collateralized mortgage obligations, interest only and principal only strips, and currency swaps or other specialized investment activities.

Based on the investment objectives and constraints of the Trust and based on an annual review of the asset allocation and asset classes, the Trustees will specify a long-term target allocation for each class of permissible assets. These targets will be expressed as a percentage of the total portfolio, and will have ranges surrounding them, allowing for the portfolio to maintain policy through market fluctuations.

The long-term target allocations are intended as strategic goals. Thus, it is permissible for the overall asset allocation to deviate from the long-term target, as would likely occur during manager transitions, asset class restructurings, and other temporary changes in the Trust. Surplus cash flows are utilized to maintain the asset management structure. Should these cash flows not be sufficient to reallocate the Plan according to policy, the transfer of assets may occur between managers. At least annually, the Trustees reevaluate the portfolio weightings by asset class and adjustments are made accordingly.

DUKES COUNTY POOLED OPEB TRUST FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

The following was the board's adopted asset allocation policy as of June 30, 2023.

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic Equities	55%
Fixed Income	20%
International Equities	15%
Real Estate	10%

Rate of Return. For the year ended June 30, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 10.18%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Deposits – Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the Trust's deposits may not be recovered. The Trust does not have a policy for custodial credit risk of deposits. As of June 30, 2023, the Trust was not exposed to custodial credit risk. The carrying value of the Trust's deposits totaled \$1,635 at June 30, 2023.

Investments Summary

The Trust's investments at June 30, 2023 are presented below. All investments are presented by investment type, with debt securities presented by maturity (using segmented time distribution).

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>		
		<u>Less Than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>
Debt Securities:				
Money Market Mutual Funds	\$ 17,365	\$ 17,365	\$ -	\$ -
Fixed Income Mutual Funds	6,198,497	6,198,497	-	-
Total Debt Securities	6,215,862	<u>\$ 6,215,862</u>	<u>\$ -</u>	<u>\$ -</u>
Other Investments:				
Equity Mutual Funds	25,522,374			
Real Estate Fund	4,238,911			
Total Other Investments	<u>29,761,285</u>			
Total Investments	<u>\$ 35,977,147</u>			

Investments – Interest Rate Risk of Debt Securities

Interest rate risk for debt securities is the risk that changes in interest rates of debt securities will adversely affect the fair value of an investment. The Trust's policy for interest rate risk of debt securities is the portfolio is expected to perform at a rate greater than the Barclays Capital Intermediate Government/Credit Index and/or in the top 50% of an appropriate broad market fixed income universe.

DUKES COUNTY POOLED OPEB TRUST FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Investments – Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the Trust will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Trust's policy for custodial credit risk of investments intends that all investments are either in the name of the Trust or in the name of its nominee, provided the nominee is authorized by the board. As of June 30, 2023, the Trust was not exposed to custodial credit risk.

Investments – Credit Risk of Debt Securities

Credit risk for debt securities is the risk that an issuer or other counterparty to a debt security will not fulfill its obligations. The Trust does not have a policy for credit risk of debt securities.

As of June 30, 2023, the credit quality ratings of the Trust's debt securities were unrated.

Deposits and Investments – Foreign Currency Risk

Foreign currency risk is the risk that fluctuations in exchange rates will adversely affect the fair value of an investment or a deposit. The Trust's policy regarding foreign currency risk prohibits the investment in individual foreign securities which trade only on non-U.S. exchanges (other than those evidenced by ADR's, GDR's or mandated to manage an international portfolio). As of June 30, 2023, the Trust had no exposure to foreign currency risk.

Investments – Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the Trust's investment in a single issuer. The Trust does not have a policy for concentration of credit risk. As of June 30, 2023, the Trust was not exposed to concentration of credit risk.

Investments – Fair Value Measurements

The Trust categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. 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.

DUKES COUNTY POOLED OPEB TRUST FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Investments – Fair Value Measurements (Continued)

The Trust has the following recurring fair value measurements as of June 30, 2023:

Investment Type	Fair Value	Fair Value Measurements Using		
		Quoted Prices in Assets Assets (Level 1)	Significant Inputs (Level 2)	Significant Inputs (Level 3)
<u>Debt Securities:</u>				
Money Market Mutual Funds	\$ 17,365	\$ 17,365	\$ -	\$ -
Fixed Income Mutual Funds	6,198,497	6,198,497	-	-
Total Debt Securities	6,215,862	6,215,862	-	-
<u>Equity Securities:</u>				
Equity Mutual Funds	25,522,374	25,522,374	-	-
Total Investments by Fair Value Level	31,738,236	\$ 31,738,236	\$ -	\$ -
<u>Investments Measured at the Net Asset Value (NAV)</u>				
Real Estate Fund	4,238,911			
Total Investments Measured at Fair Value	\$ 35,977,147			

Investments classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) is presented in the following table:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Real Estate Fund (1)	\$ 4,238,911	\$ -	Quarterly	45 Days

Real Estate Fund: This type includes one fund with an investment in a partnership with an investment objective to invest in and operate a diversified portfolio of commercial real estate assets. The fair value of the investment in this type has been determined using the NAV per share (or its equivalent) of the Trust's ownership interest in partners' capital.

**DUKES COUNTY POOLED OPEB TRUST FUND
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2023
(SEE INDEPENDENT AUDITORS' REPORT)**

SCHEDULE OF INVESTMENT RETURNS (1)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Annual Money-Weighted Rate of Return	10.18%	-10.04%	29.82%	4.11%	4.71%	4.33%

(1) Data is being accumulated annually to present 10 years of the reported information.

DUKES COUNTY POOLED OPEB TRUST FUND
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION BY EMPLOYER
YEAR ENDED JUNE 30, 2023
(SEE INDEPENDENT AUDITORS' REPORT)

	Dukes County	Aquinnah	Chilmark	Edgartown	West Tisbury	Oak Bluffs	MVRHS	Up-Island RSD	MV Commission	MV Refuse District	MV Transit Authority	Tisbury	MV Land Bank	Oak Bluffs Water District	Total
Additions:															
Contributions:															
Employer - Unfunded Actuarial															
Accrued Liability	\$ 270,000	\$ 25,000	\$ 305,833	\$ 350,000	\$ 200,000	\$ 300,000	\$ 1,023,714	\$ 658,296	\$ 88,250	\$ -	\$ -	\$ 150,000	50,000	100,000	\$ 3,581,083
Employer - Administrative	2,001	737	2,001	10,180	2,036	7,863	12,041	5,827	632	492	281	9,162	456	632	94,341
Total Contributions	272,001	25,737	307,834	360,180	202,036	307,863	1,035,755	664,113	88,882	492	281	159,162	50,456	100,632	3,675,424
Investment Income:															
Interest and Dividends	34,019	14,643	62,554	80,370	72,358	26,881	148,704	99,281	9,316	1,367	18,391	53,431	24,774	11,886	657,975
Net Increase in the Fair Value of															
Investments	141,834	60,405	258,011	332,335	301,991	113,892	567,296	416,863	38,476	5,688	75,718	224,991	102,109	44,481	2,684,090
Less: Investment Fees	(4,237)	(1,814)	(7,750)	(9,957)	(8,994)	(3,371)	(18,379)	(12,355)	(1,154)	(189)	(2,278)	(6,607)	(3,069)	(1,468)	(81,602)
Net Investment Income	171,616	73,234	312,815	402,748	365,355	137,402	697,621	503,789	46,638	6,886	91,831	271,815	123,814	54,899	3,260,463
Total Additions	443,617	98,971	680,649	762,928	567,391	445,265	1,733,376	1,167,902	135,520	7,378	92,112	430,977	174,270	155,531	6,895,887
Deductions:															
Administrative Expenses	2,234	823	2,234	11,363	2,273	8,778	13,442	6,505	706	550	314	10,228	509	706	69,095
Withdrawals for Retiree Benefits	-	-	-	-	-	-	-	-	-	-	1,710	-	-	-	1,710
Total Deductions	2,234	823	2,234	11,363	2,273	8,778	13,442	6,505	706	550	2,024	10,228	509	706	62,379
Net Increase in Net Position	441,383	98,148	678,415	751,565	565,118	436,487	1,719,934	1,161,397	134,814	6,828	90,088	420,749	173,761	154,825	6,833,512
Net Position Restricted for															
Postemployment Benefits:															
Other Than Pensions:															
Beginning of Year	1,524,515	688,600	2,682,587	3,566,689	3,379,232	1,162,962	6,298,285	4,378,732	395,721	66,615	897,076	2,490,583	1,157,331	486,600	29,145,908
End of Year	\$ 1,965,898	\$ 786,748	\$ 3,361,002	\$ 4,318,234	\$ 3,944,350	\$ 1,599,449	\$ 8,018,219	\$ 5,540,129	\$ 500,535	\$ 73,443	\$ 987,164	\$ 2,911,332	\$ 1,331,092	\$ 641,425	\$ 35,979,020