

**DUKES COUNTY POOLED OTHER POST-EMPLOYMENT
BENEFITS (OPEB) TRUST FUND**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

FOR THE PERIOD JULY 1, 2014 THROUGH JUNE 30, 2016

**DUKES COUNTY POOLED OPEB TRUST FUND
FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
FOR THE PERIOD JULY 1, 2014 THROUGH JUNE 30, 2016**

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Dukes County Pooled OPEB Trust Fund
Oak Bluffs, Massachusetts

Report on the Financial Statements

We have audited the accompanying statement of plan net position of the Dukes County Pooled OPEB Trust Fund as of June 30, 2016, and the related statement of changes in plan net position for the period July 1, 2014 through June 30, 2016, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Dukes County Pooled OPEB Trust Fund as of June 30, 2016, and the change in financial position for the period July 1, 2014 through June 30, 2016, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis (located on pages 4 through 6) and historical OPEB information (located on page 18) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted comparative analyses of condensed financial information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements. The combining statement of changes in plan net position by employer (supplementary information) is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information 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 December 9, 2016, on our consideration of the Dukes County Pooled OPEB Trust Fund'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 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 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 Dukes County Pooled OPEB Trust Fund's internal control over financial reporting and compliance.

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

CliftonLarsonAllen LLP

Boston, Massachusetts
December 9, 2016

**DUKES COUNTY POOLED OPEB TRUST FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

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 period July 1, 2014 through June 30, 2016. 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 and 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 and the Martha's Vineyard Transit Authority.

Financial Highlights

The Trust's funding objective is to meet long-term OPEB obligations through contributions and investment income. As of July 1, 2014, the latest actuarial valuation, the funded ratio was 2.77% based on the actuarial value of assets at that date.

The Trust's net position at June 30, 2016, totaled \$6,499,032. 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 held in trust 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 plan net position, statement of changes in plan net position, notes to financial statements, required supplementary information and supplementary information.

The **statement of plan net position** presents information on the Trust's assets and liabilities and the resulting net position held in trust for OPEB benefits. This is calculated using the following formula: Assets – Liabilities = Net Position held in trust for OPEB benefits. This statement reflects the Trust's investments at fair value, as well as cash and liabilities. The statement of net position reports the financial position of the Trust at June 30, 2016. 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 plan net position** presents information showing how the Trust's net position changed during the period July 1, 2014 through June 30, 2016. 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 schedules of funding progress and employer contributions.

**DUKES COUNTY POOLED OPEB TRUST FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

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 plan net position by employer. This additional information can be found on pages 19 – 20.

Financial Statement Analysis

The following tables present current data on the financial statements. In future years, comparative data will be available and presented.

Net Position

The Trust's assets exceeded liabilities by \$6,499,032 as of June 30, 2016 and are summarized as follows:

	<u>2016</u>
Assets	
Cash and cash equivalents	\$ 87,497
Investments	<u>6,411,535</u>
 Total assets	 <u>6,499,032</u>
 Liabilities	
Accounts payable and accrued expenses	 <u>-</u>
 Plan Net Position	
Held in trust for OPEB	 <u><u>\$ 6,499,032</u></u>

The majority of the Trust's assets (98.7%) consist of investments.

**DUKES COUNTY POOLED OPEB TRUST FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

Changes in Net Position

The Trust's net position increased by \$2,738,173 for the period July 1, 2014 through June 30, 2016 and is summarized as follows:

	<u>2016</u>
Additions	
<i>Contributions</i>	
Employer	<u>\$ 2,409,978</u>
<i>Net investment income</i>	
Net realized and unrealized gains	180,533
Interest and dividends	223,587
Less investment fees	<u>(41,730)</u>
Net investment income	<u>362,390</u>
<i>Other</i>	<u>4,859</u>
Total additions	2,777,227
Deductions	
Administrative expenses	<u>39,054</u>
Change in plan net position	2,738,173
Plan net position - beginning of period	<u>3,760,859</u>
Plan net position - end of period	<u><u>\$ 6,499,032</u></u>

Voluntary employer contributions totaled \$2,409,978, or 86.8%, of total additions, while net investment income totaled \$362,390, or 13.0%, of total additions.

The majority (over 99%) of administrative expenses relate to fiduciary insurance, audit fees and actuarial services expenses.

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 Trustee Chair, 9 Airport Road, Suite 1, Vineyard Haven, Massachusetts, 02568.

DUKES COUNTY POOLED OPEB TRUST FUND
STATEMENT OF PLAN NET POSITION
JUNE 30, 2016

Assets

Cash and cash equivalents	<u>\$ 87,497</u>
Investments:	
Fixed income	1,781,190
Pooled fixed income	948,060
Equities	2,015,664
Pooled equities	<u>1,666,621</u>
Total investments	<u>6,411,535</u>
Total plan assets	<u>6,499,032</u>

Liabilities

Accounts payable and accrued expenses	<u>-</u>
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Plan net position held in trust for OPEB	<u><u>\$ 6,499,032</u></u>
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See accompanying Notes to Financial Statements.

**DUKES COUNTY POOLED OPEB TRUST FUND
STATEMENT OF CHANGES IN PLAN NET POSITION
FOR THE PERIOD JULY 1, 2014 THROUGH JUNE 30, 2016**

Additions:

Contributions:

Employer - unfunded actuarial accrued liability	\$ 2,390,358
Employer - administrative	<u>19,620</u>

Total contributions	<u>2,409,978</u>
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Investment income (loss):

Interest and dividends	223,587
Net realized and unrealized gains	180,533
Less: investment fees	<u>(41,730)</u>

Net investment income	<u>362,390</u>
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Other	<u>4,859</u>
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Total additions	2,777,227
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Deductions:

Administrative expenses	<u>39,054</u>
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Change in plan net position	2,738,173
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Plan net position held in trust for OPEB benefits:

Beginning of period	<u>3,760,859</u>
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End of period	<u><u>\$ 6,499,032</u></u>
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DUKES COUNTY POOLED OPEB TRUST FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 DESCRIPTION OF PLAN

A. General

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' employees.

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, the Up-Island Regional School District, the Martha's Vineyard Commission, the Martha's Vineyard Refuse District, and the Martha's Vineyard Transit Authority executed Trust Joinder Agreements to join the Trust. The Trust is governed by an 11 member Board of Trustees appointed by each participating member employers Board.

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. 43, "Financial Reporting for Postemployment Benefit Plans Other than Pension Plans" and GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position." These statements establish standards for the measurement, recognition, and display of the assets, liabilities, deferred outflows and inflows of resources, if any, and, where applicable, plan net position held in trust for other postemployment benefits and changes in plan net position held in trust for other postemployment benefits of the Trust, and for related note disclosures.

DUKES COUNTY POOLED OPEB TRUST FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Implementation of New Accounting Principles

For the period ending June 30, 2016, the Trust implemented the following pronouncements issued by the GASB:

- GASB Statement No. 72, Fair Value Measurement and Application
- GASB Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments

The implementation of GASB Statement No. 72 required certain disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques related to the Trust's investments.

Implementation of GASB Statement No. 76 had no reporting impact for the Trust.

D. 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. Fair values of investments are based on quotations from a national securities exchange, except for pooled funds, which are based on unit values reported by the funds.

E. 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.

F. Revenue Recognition

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

G. Benefits

Benefits are recognized when an authorized written request is received from a Trust member. No benefits have been paid out of the Trust through June 30, 2016. Current benefits are being paid directly from the individual member units.

H. Administrative Expenses

Administrative expenses are financed by employer contributions.

**DUKES COUNTY POOLED OPEB TRUST FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Use of Estimates

The preparation of basic financial statements in conformity with GAAP 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 expenditures/expenses during the fiscal year. Actual results could vary from estimates that were used.

NOTE 3 PLAN DESCRIPTION AND CONTRIBUTIONS

Plan Description

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 (hereinafter referred to as the Plan) as an agent multiple-employer defined benefit OPEB plan. 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.

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 number of participants as of July 1, 2014, the latest actuarial valuation is as follows:

Active Employees	824
Retirees, Survivors, and Covered Spouses	<u>350</u>
Total	<u><u>1,174</u></u>

Contributions

Contributions to the Trust are voluntary and irrevocable. For the period July 1, 2014 through June 30, 2016, member contributions totaled \$2,409,978.

Subsequent Events

Subsequent to year-end, member contributions totaling approximately \$150,000 have been received by the Trust.

DUKES COUNTY POOLED OPEB TRUST FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 4 DEPOSITS AND INVESTMENTS

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

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-US exchanges (other than those evidenced by ADR's, GDR's 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.

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, 2016, the Trust was not exposed to custodial credit risk.

DUKES COUNTY POOLED OPEB TRUST FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 4 DEPOSITS AND INVESTMENTS (CONTINUED)

Investments Summary

The Trust's investments at June 30, 2016 are presented below. All investments are presented by investment type, with debt securities presented by maturity (using segmented time distribution).

Investment Type	Fair Value	Investment Maturities (in Years)		
		Less Than 1	1 - 5	6 - 10
<u>Debt Securities:</u>				
U.S. Treasuries	\$ 832,853	\$ -	\$ 564,586	\$ 268,268
U.S. Agencies	747,425	252,665	334,213	160,548
Corporate bonds	200,912	25,024	175,888	
Money market mutual funds	85,961	85,961	-	-
Mutual bond funds	948,060	193,368	123,834	630,858
Total debt securities	2,815,211	\$ 557,018	\$ 1,198,521	\$ 1,059,673
<u>Other Investments:</u>				
Equity mutual funds	1,666,621			
Equity securities	2,015,664			
Total other investments	3,682,285			
Total investments	\$ 6,497,496			

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.

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, 2016, the Trust was not exposed to custodial credit risk.

DUKES COUNTY POOLED OPEB TRUST FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 4 DEPOSITS AND INVESTMENTS (CONTINUED)

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, 2016, the credit quality ratings of the Trust's debt securities (excluding U.S. Treasury Securities) are as follows:

Investment Type	Fair Value	Quality Ratings *					
		AA+	AA	AA-	A	BBB+	Unrated
US Agency securities	\$ 747,425	\$ 747,425	\$ -	\$ -	\$ -	\$ -	\$ -
Corporate bonds	200,912	36,019	54,091	60,255	25,024	25,524	-
Money market mutual funds	85,961	-	-	-	-	-	85,961
Mutual bond funds	948,060	-	-	-	-	-	948,060
Total	<u>\$ 1,982,358</u>	<u>\$ 783,444</u>	<u>\$ 54,091</u>	<u>\$ 60,255</u>	<u>\$ 25,024</u>	<u>\$ 25,524</u>	<u>\$ 1,034,022</u>

* Per the rating scale of Standard & Poors, a nationally recognized statistical rating organization.

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-US exchanges (other than those evidenced by ADR's, GDR's or mandated to manage an international portfolio). As of June 30, 2016, the Trust had indirect exposure to foreign currency risk for certain pooled fixed income and equity investments issued by foreign countries in the amount of \$569,240.

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, 2016, the Trust was exposed to concentration of credit risk as follows:

Issuer	Fair Value	Percentage of Total Investments
Federal National Mortgage Association	\$ 360,310	5.5%

DUKES COUNTY POOLED OPEB TRUST FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 4 DEPOSITS AND INVESTMENTS (CONTINUED)

Investments – Fair Value Measurements

The Trust categorizes its fair value measurements within the fair value hierarchy established by GAAP. 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.

The Trust has the following recurring fair value measurements as of June 30, 2016:

Investment Type	Fair Value	Fair Value Measurements Using Quoted Prices in Active Markets for Identical Assets (Level 1)
<u>Debt Securities:</u>		
U.S. Treasury Securities	\$ 832,853	\$ 832,853
U.S. Agency Securities	747,425	747,425
Corporate Bonds	200,912	200,912
Mutual Bond Funds	948,060	948,060
Total Debt Securities	<u>2,729,250</u>	<u>2,729,250</u>
<u>Equity Securities:</u>		
Equities	2,015,664	2,015,664
Equity Mutual Funds	1,666,621	1,666,621
Total Equity Securities	<u>3,682,285</u>	<u>3,682,285</u>
Total Investments by Fair Value Level	<u>\$ 6,411,535</u>	<u>\$ 6,411,535</u>

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

DUKES COUNTY POOLED OPEB TRUST FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 5 FUNDED STATUS AND FUNDING PROGRESS

The funded status of the Plan at July 1, 2014, the most recent actuarial valuation, was as follows:

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Projected Unit Credit (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
07/01/14	\$ 3,760,727	\$ 135,566,137	\$ 131,805,410	2.77%	\$ 48,918,685	269.4%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The accompanying schedule of employer contributions present trend information about the amounts contributed to the Plan by employers in comparison to the ARC, an amount that is actuarially determined in accordance with the parameters of GASB Statement 43. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost for each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the substantive Plan (the Plan as understood by the employers and employees) 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.

DUKES COUNTY POOLED OPEB TRUST FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 5 FUNDED STATUS AND FUNDING PROGRESS (CONTINUED)

The significant methods and assumptions as of the latest actuarial valuation are as follows:

Valuation date:	July 1, 2014
Actuarial cost method:	Projected Unit Credit
Amortization method:	Increasing at 4.50%
Remaining amortization period:	30 years (open)
Interest discount rate:	4.0%
Healthcare cost trend rate:	8.0% decreasing 1% annually for 3 years to an ultimate level of 5.0% per year
Dental cost trend rate:	5.0% (all years)

NOTE 6 FUTURE IMPLEMENTATION OF GASB PRONOUNCEMENTS

The GASB has issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which is required to be implemented during fiscal year 2017 and replaces GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. The implementation of this Statement will improve financial reporting through enhanced note disclosures and schedules of required supplementary information.

**DUKES COUNTY POOLED OPEB TRUST FUND
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2016**

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Entry Age (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
07/01/14	\$ 3,760,727	\$ 135,566,137	\$ 131,805,410	2.77%	\$ 48,918,685	269.4%
07/01/12	1,412,895	100,822,215	99,409,320	1.40%	34,094,029	291.6%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended June 30	Annual Required Contribution (ARC)	Contribution	Percentage of ARC Contributed (%)
2016	\$ 11,239,647	\$ 2,830,150	25.2%
2015	10,721,418	3,964,392	37.0%
2014	8,413,647	3,067,011	36.5%

DUKES COUNTY POOLED OPEB TRUST FUND
COMBINING STATEMENT OF CHANGES IN PLAN NET POSITION BY EMPLOYER
FOR THE PERIOD JULY 1, 2014 THROUGH JUNE 30, 2016

	Dukes County	Aquinnah	Chilmark	Edgartown	West Tisbury	Oak Bluffs
Additions:						
Contributions:						
Employer - unfunded actuarial accrued liability	\$ 300,000	\$ 100,000	\$ 250,000	\$ 700,000	\$ 240,000	\$ 75,000
Employer - administrative	916	477	770	4,951	862	4,327
Total contributions	<u>300,916</u>	<u>100,477</u>	<u>250,770</u>	<u>704,951</u>	<u>240,862</u>	<u>79,327</u>
Investment income (loss):						
Interest and dividends	14,573	11,667	32,477	45,173	55,373	1,007
Net realized and unrealized gains	17,125	6,834	23,883	39,226	32,943	4,406
Less: investment fees	<u>(2,697)</u>	<u>(2,165)</u>	<u>(6,076)</u>	<u>(8,504)</u>	<u>(10,362)</u>	<u>(150)</u>
Net investment income	<u>29,001</u>	<u>16,336</u>	<u>50,284</u>	<u>75,895</u>	<u>77,954</u>	<u>5,263</u>
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total additions	329,917	116,813	301,054	780,846	318,816	84,590
Deductions:						
Administrative expenses	<u>1,749</u>	<u>1,296</u>	<u>2,899</u>	<u>8,127</u>	<u>4,592</u>	<u>4,252</u>
Change in plan net position	328,168	115,517	298,155	772,719	314,224	80,338
Plan net position held in trust for OPEB benefits:						
Beginning of period	<u>157,555</u>	<u>173,251</u>	<u>609,149</u>	<u>632,313</u>	<u>1,120,761</u>	<u>-</u>
End of period	<u>\$ 485,723</u>	<u>\$ 288,768</u>	<u>\$ 907,304</u>	<u>\$ 1,405,032</u>	<u>\$ 1,434,985</u>	<u>\$ 80,338</u>

MVRHS	Up-Island RSD	MV Commission	MV Refuse District	MV Transit Authority	Oak Bluffs Water District	MV Land Bank	Tisbury	Total
\$ 309,945 4,694	\$ 254,973 2,017	\$ 46,000 257	\$ - 202	\$ 114,440 147	\$ -	\$ -	\$ -	\$ 2,390,358 19,620
314,639	256,990	46,257	202	114,587	-	-	-	2,409,978
31,328	18,454	2,730	1,025	9,780				223,587
24,411	17,936	2,939	435	10,395	-	-	-	180,533
(5,810)	(3,428)	(508)	(191)	(1,839)	-	-	-	(41,730)
49,929	32,962	5,161	1,269	18,336	-	-	-	362,390
-	-	-	-	-	202	165	4,492	4,859
364,568	289,952	51,418	1,471	132,923	202	165	4,492	2,777,227
6,681	3,162	439	268	730	202	165	4,492	39,054
357,887	286,790	50,979	1,203	132,193	-	-	-	2,738,173
524,161	285,073	41,229	23,027	194,340		-	-	3,760,859
\$ 882,048	\$ 571,863	\$ 92,208	\$ 24,230	\$ 326,533	\$ -	\$ -	\$ -	\$ 6,499,032