

MARTHA'S VINEYARD LAND BANK COMMISSION
Financial Statements
June 30, 2023
With Independent Auditor's Reports

Martha's Vineyard Land Bank Commission
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June 30, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Commissioners of
Martha's Vineyard Land Bank Commission:

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of the Martha's Vineyard Land Bank (the "Land Bank"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Martha's Vineyard Land Bank'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 respective financial position of the business-type activities as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Land Bank, 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.

Other Matter

The financial statements of the Land Bank as of and for the year ended June 30, 2022, were audited by O'Connor & Drew, P.C., who joined with WithumSmith+Brown, PC on January 1, 2023 and expressed an unmodified opinion on those statements dated November 3, 2022.

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 Martha's Vineyard Land Bank'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 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 Martha's Vineyard Land Bank'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 Martha's Vineyard Land Bank'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 the other required supplementary information as listed in the table of contents 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 and *Government Auditing Standards*, 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.

Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the Martha's Vineyard Land Bank's basic financial statements. The supplemental schedule of land, development rights and land improvements, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2023 on our consideration of the Martha's Vineyard Land Bank'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 Martha's Vineyard Land Bank'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 Martha's Vineyard Land Bank's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Withum Smith + Brown, PC".

November 20, 2023

**Martha's Vineyard Land Bank
Management's Discussion and Analysis (Unaudited)
Fiscal Year Ended June 30, 2023**

Financial Statements

The financial statements presented herein include all of the activity of the Martha's Vineyard Land Bank (the "Land Bank") using the integrated approach as prescribed by Governmental Accounting Standards Board ("GASB") Statement 34.

The financial statements are on an accrual basis of accounting and include all assets and liabilities of the Land Bank.

The Land Bank was created by Chapter 736 of the Acts of 1985 of the Commonwealth of Massachusetts. The Land Bank was established to acquire and manage land located within Martha's Vineyard.

Statement of Net Position and Statement of Revenues, Expenses, and Changes in Net Position

The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report all of the activities of the Land Bank on an accrual basis of accounting. All of the current year's revenues and expenses are recorded when they occurred, regardless of when the cash is received or paid.

The two statements reflect the Land Bank's net position and the changes in net position. Net position is the difference between total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Measuring net position is one way to determine the financial stability of an organization or an organization's financial position. The statements of revenues, expenses, and changes in net position show the change in net position from one year to the next year. This statement shows the components during the year that either increased or decreased the net position. Over time, increases or decreases in the Land Bank's net position are one factor of measuring whether the financial health of the organization is improving or deteriorating.

Net position of the Land Bank for the fiscal years ended June 30, 2023 and 2022, was as follows:

| | <u>2023</u> | <u>2022</u> |
|-----------------------------------|-----------------------|-----------------------|
| Current assets | \$ 12,914,380 | \$ 8,409,471 |
| Capital assets | 281,817,101 | 279,037,713 |
| Noncurrent assets | - | 36,737 |
| Deferred outflows of resources | <u>1,417,551</u> | <u>1,329,277</u> |
| | <u>296,149,032</u> | <u>288,813,198</u> |
| Current and other liabilities | 5,969,941 | 5,521,078 |
| Long-term debt | 65,225,662 | 68,971,652 |
| Deferred inflows of resources | <u>1,037,561</u> | <u>1,528,247</u> |
| | <u>72,233,164</u> | <u>76,020,977</u> |
| Net position | | |
| Investment in capital assets, net | 212,256,535 | 205,397,601 |
| Restricted | 914,731 | 847,604 |
| Unrestricted | <u>10,744,602</u> | <u>6,547,016</u> |
| Total net position | <u>\$ 223,915,868</u> | <u>\$ 212,792,221</u> |

**Martha's Vineyard Land Bank
Management's Discussion and Analysis (Unaudited)
Fiscal Year Ended June 30, 2023**

Changes in net position for the fiscal years ended June 30, 2023 and 2022 were as follows:

| | <u>2023</u> | <u>2022</u> |
|------------------------------------|--------------------------|--------------------------|
| Operating revenues | \$ 16,392,369 | \$ 22,431,832 |
| Operating expenses | <u>2,972,854</u> | <u>2,558,964</u> |
| Net operating income | 13,419,515 | 19,872,868 |
| Nonoperating revenue (expense) | <u>(2,295,868)</u> | <u>(2,242,950)</u> |
| Changes in net position | <u>\$ 11,123,647</u> | <u>\$ 17,629,918</u> |

Total net position increased 5.04% from 2022 to 2023 and 8.23% from 2021 to 2022. A portion of this increase was related to capital assets and is reflected in the increase in net investment in capital assets. Unrestricted net position decreased by 40% from 2022 to 2023 and increased by 257.37% from 2021 to 2022.

Fiscal year 2023 had a decrease in fee revenues of approximately \$6,039,000 from 2022 levels. Fee revenues represent 99% to 100% of all operating revenues of the Land Bank for fiscal years ended June 30, 2023 and 2022.

The Land Bank increased its investment in land, development rights, and land improvements during fiscal year 2023 by approximately \$1.2 million. Part of this increase is related to the principal payments on bonds and notes payable of approximately \$5.3 million during the year ended June 30, 2023. This increase is also related to the \$1.5 million increase in notes payable.

Contacting Land Bank Management

This financial report is designed to provide citizens with a general overview of the Land Bank's finances and to show the Land Bank's accountability for the money it receives. If there are questions about this report, please contact Martha's Vineyard Land Bank at P.O. Box 2057, Edgartown, MA 02539.

Martha's Vineyard Land Bank Commission
Statement of Net Position
June 30, 2023

Assets and Deferred Outflows of Resources

| | |
|--|------------------------------|
| Current assets | |
| Cash and equivalents | \$ 10,831,130 |
| Investments | |
| Unrestricted | 1,168,519 |
| Restricted | <u>914,731</u> |
| Total current assets | <u>12,914,380</u> |
| Capital assets | |
| Property and equipment, net of accumulated depreciation of \$1,044,821 | 395,584 |
| Land, development rights, and land improvements, net of accumulated depreciation of \$355,749 | <u>281,421,517</u> |
| Total capital assets | <u>281,817,101</u> |
| Total assets | <u>294,731,481</u> |
| Deferred outflows of resources | |
| Deferred loss on bond refunding | 413,009 |
| Pension related, net | 555,145 |
| OPEB related, net | <u>449,397</u> |
| Total deferred outflows of resources | <u>1,417,551</u> |
| Total assets and deferred outflows of resources | <u><u>\$ 296,149,032</u></u> |

The Notes to Financial Statements are an integral part of this statement.

Martha's Vineyard Land Bank Commission
Statement of Net Position
June 30, 2023

Liabilities, Deferred Inflows of Resources and Net Position

| | |
|---|-----------------------|
| Current liabilities | |
| Notes payable, current portion | \$ 3,093,736 |
| Bonds payable, current portion | 2,505,000 |
| Accounts payable and accrued expenses | <u>371,205</u> |
| Total current liabilities | <u>5,969,941</u> |
| Long-term liabilities | |
| Notes payable, net of current portion | 23,065,743 |
| Bonds payable, net of current portion | 41,187,635 |
| Net OPEB liability | 41,696 |
| Net pension liability | <u>930,588</u> |
| Total long-term liabilities | <u>65,225,662</u> |
| Total liabilities | <u>71,195,603</u> |
| Deferred Inflows of Resources | |
| Deferred gain on bond refunding | 121,461 |
| Pension related, net | 119,991 |
| OPEB related, net | <u>796,109</u> |
| Total deferred inflows of resources | <u>1,037,561</u> |
| Net position | |
| Net investment in capital assets | 212,256,535 |
| Restricted | 914,731 |
| Unrestricted | <u>10,744,602</u> |
| Total net position | <u>223,915,868</u> |
| Total liabilities, deferred inflows of resources and net position | <u>\$ 296,149,032</u> |

The Notes to Financial Statements are an integral part of this statement.

Martha's Vineyard Land Bank Commission
Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2023

Operating revenues

| | |
|--------------------------|-------------------|
| Fee revenues | \$ 16,342,051 |
| Other income | <u>50,318</u> |
| Total operating revenues | <u>16,392,369</u> |

Operating expense

| | |
|----------------------------------|------------------|
| Administrative & Land Management | <u>2,972,854</u> |
|----------------------------------|------------------|

| | |
|------------------|-------------------|
| Operating income | <u>13,419,515</u> |
|------------------|-------------------|

Non-operating revenues and expenses

| | |
|---|--------------------|
| Investment return, net | 154,529 |
| Interest expense | <u>(2,450,397)</u> |
| Total Non-operating revenues and expenses | <u>(2,295,868)</u> |

| | |
|---------------------------------|------------|
| Increase in net position | 11,123,647 |
|---------------------------------|------------|

Net position

| | |
|-------------------|--------------------|
| Beginning of year | <u>212,792,221</u> |
|-------------------|--------------------|

| | |
|-------------|------------------------------|
| End of year | <u><u>\$ 223,915,868</u></u> |
|-------------|------------------------------|

The Notes to Financial Statements are an integral part of this statement.

Martha's Vineyard Land Bank Commission
Statement of Cash Flows
Year Ended June 30, 2023

Operating activities

| | |
|--|--------------------|
| Cash received from fee and other revenue | \$ 16,392,369 |
| Cash payments to suppliers | (1,314,439) |
| Cash paid to employees for services | <u>(1,222,128)</u> |
| Net cash used in operating activities | <u>13,855,802</u> |

Capital and related financing activities

| | |
|---|--------------------|
| Principal payments on notes payable | (2,879,939) |
| Principal payments on bonds payable | (2,390,000) |
| Interest paid on notes and bonds | <u>(2,760,004)</u> |
| Net cash used in capital and related financing activities | <u>(8,029,943)</u> |

Investing activities

| | |
|---|--------------------|
| Acquisition of land, development rights and land improvements | (1,223,719) |
| Acquisition of property and equipment | (276,760) |
| Proceeds from sale of investments | 80,453 |
| Proceeds from sale of property and equipment | <u>25,000</u> |
| Net used in to investing activities | <u>(1,395,026)</u> |

Net Change in Cash and Equivalents

4,430,833

Cash and equivalents

| | |
|-------------------|----------------------|
| Beginning of year | <u>6,400,297</u> |
| End of year | <u>\$ 10,831,130</u> |

The Notes to Financial Statements are an integral part of this statement.

Martha's Vineyard Land Bank Commission
Statement of Cash Flows
Year Ended June 30, 2023

**Reconciliation of increase in net position to net cash
provided by operating activities**

| | |
|--|--------------------------|
| Operating income | <u>\$ 13,419,515</u> |
| Adjustments to reconcile operating income to net cash provided by operating activities: | |
| Depreciation | 196,090 |
| Changes in assets and liabilities | |
| Accounts payable and accrued expenses | (24,133) |
| Net pension activity | 59,383 |
| Net OPEB activity | <u>204,947</u> |
| Net adjustments | <u>436,287</u> |
| Net cash provided by operating activities | <u>\$ 13,855,802</u> |

Non-cash transaction

| | |
|--|---------------------|
| Acquisition of land through issuance of note payable | <u>\$ 1,500,000</u> |
|--|---------------------|

The Notes to Financial Statements are an integral part of this statement.

Martha's Vineyard Land Bank Commission
Notes to Financial Statements
June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business Activity

The Martha's Vineyard Land Bank (the "Land Bank") was created by Chapter 736 of the Acts of 1985 of the Commonwealth of Massachusetts (the "Commonwealth") to acquire and manage open space and resource protection on the island of Martha's Vineyard. The Land Bank is administered by the Martha's Vineyard Land Bank Commission (the "Commission"), comprised of seven members, one elected from each of the six towns, which constitute the island of Martha's Vineyard, and one at large member selected by the Department of Environmental Affairs of the Commonwealth. Each of the towns is required to appoint an advisory board to assist the Commission. Land purchases by the Land Bank are subject to approval by (a) a majority vote of each town's advisory board, in whose town the land is located, irrespective of whether the town's fund is used for the purchase and (b) the Commission. The law provides that the operations and acquisitions of the Land Bank will be financed principally by fees imposed upon certain transfers of real property interests in the member towns that represent the Land Bank and income earned from the investment of the Land Bank's surplus funds. The Land Bank may also issue bonds and notes to raise funds to acquire land and interests in land. The Land Bank holds title to certain properties that have been acquired and holds development rights to other properties.

Basis of Presentation

The Land Bank's financial statements have been prepared using the "economic resources measurement" focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, as prescribed by Governmental Accounting Standards Board ("GASB"). Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions about future events. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as reported amounts of revenues and expenses during the reporting period. Management evaluates the estimates and assumptions on an ongoing basis using historical experience and other factors that management believes to be reasonable under the circumstances.

Adjustments to estimates and assumptions are made as facts and circumstances require. As future events and their effects cannot be determined with certainty, actual results may differ from the estimates used in preparing the accompanying financial statements. Significant estimates and assumptions are required as part of estimating depreciation, amortization, net pension and Other Postemployment Benefits ("OPEB") liabilities, and the recoverability of long-lived assets.

Revenue Recognition

Fee revenue is equal to two percent of the purchase price upon certain transfers of real property and is recognized on transfer. Interest income generated on investments is recognized as earned. Donations in the form of cash or property are recognized upon receipt.

Cash and Equivalents

The Land Bank considers securities purchased within three months of their date of maturity to be cash equivalents. The carrying amount approximates fair value for cash and equivalents.

Martha's Vineyard Land Bank Commission
Notes to Financial Statements
June 30, 2023

Investments

Investments are originally recorded at cost if purchased or fair value if donated. Subsequent to the purchase, the investments are reflected at fair market value.

Unrestricted investments represent certificates of deposit, money market funds, and repurchase agreements. Unrestricted investments are not insured and involve risk. Restricted investments represent funds being held by the bond trustee as a reserve fund to provide principal and interest payments. These investments have been pledged as security on revenue bonds.

The Land Bank reports its investments in equity securities with readily determinable fair values at their fair value on the statement of net position, with the corresponding unrealized gains and losses included in the statement of net position. Realized gains and losses are determined on the basis of the first-in and first-out method.

Property and Equipment

Property and equipment are stated at cost. Depreciation is computed using straight-line methods over the estimated useful asset lives.

Income Taxes

The Land Bank is exempt from federal and state income taxes.

Pensions

The Land Bank contributes to the Dukes County Contributory Retirement System (the "System") and for purposes of measuring the net pension liability, deferred outflows of resources, deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of the System and the additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Post-employment Benefits Other Than Pensions ("OPEB")

In addition to providing pension benefits, the Land Bank provides health insurance coverage to retired employees. For the purposes of measuring the net OPEB asset, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information amount the fiduciary net position of the Dukes County Pooled OPEB Trust Fund (the "Trust") and additions to/deductions from the Trust's fiduciary net position have been determined on the basis as they are reported by the Trust. For this purpose, the Trust recognizes the benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net Position

Resources are classified, for accounting purposes, into the following three net position categories:

Net investment in capital assets: Capital assets, net of accumulated depreciation and outstanding principal balances of debt 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.

Restricted: Net position whose use is subject to externally imposed conditions or by law that can be fulfilled by the actions of the Land Bank or by the passage of time.

Martha's Vineyard Land Bank Commission
Notes to Financial Statements
June 30, 2023

Unrestricted: All other categories of net position. Unrestricted net position may be designated by actions of the Land Bank.

Future Governmental Accounting Pronouncements Not Implemented

GASB Statement 100 – *Accounting Changes and Error Corrections – an amendment of GASB 62* is effective for reporting periods beginning after June 15, 2023. The objective of this statement is to provide consistency for changes in accounting principles, accounting estimates, and the reporting entity and corrections of errors.

GASB Statement 101 – *Compensated Absences* is effective for reporting periods beginning after December 15, 2023. The objective of this statement is to update the recognition and measurement for compensated absences.

Management has not completed its review of the requirements of these standards and their applicability.

2. CASH AND EQUIVALENTS

Custodial credit risk is risk associated with the failure of a depository financial institution. In the event of a depository financial institution's failure, the financial institution has pledged assets to the Land Bank to guarantee recovery of balances in excess of amounts insured by the Federal Deposit Insurance Land Bank ("FDIC") and Depositors Insurance Fund ("DIF"). The DIF insures all balances in excess of the amounts insured by the FDIC. The Land Bank's informal custodial risk policy is to deposit funds at banks with DIF. The Land Bank's bank balances at June 30, 2023 were approximately \$10.8 million.

Restricted Cash and Equivalents

Restricted cash and equivalents include funds held in reserve in accordance with certain debt service requirements of bonds issued by the Land Bank, land acquisitions, and mitigation agreements.

| | |
|------------------------|-------------------|
| 2014 Debt Service Fund | \$ 600,145 |
| 2017 Debt Service Fund | <u>314,586</u> |
| | <u>\$ 914,731</u> |

3. INVESTMENTS

The Land Bank categorizes short-term investments according to the level of risk assumed. At June 30, 2023, all investments are insured, registered, or held by the Land Bank's agent in the Land Bank's name. The Land Bank currently follows investment policies largely defined by the Commonwealth of Massachusetts.

Concentration of Credit Risk

At June 30, 2023, the Land Bank had invested \$2,076,301 with a single issuer representing 100% of the Land Bank's investment.

| <u>Investment Type</u> | <u>Fair Value</u> | <u>Less Than 1</u> | <u>1-5</u> | <u>Ending 6-10</u> | <u>More Than 10</u> |
|---------------------------------|---------------------|--------------------|-------------|--------------------|---------------------|
| Money market | \$ 946,174 | \$ 946,174 | \$ - | \$ - | \$ - |
| Total | <u>\$ 946,174</u> | <u>\$ 946,174</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| <u>Other Investments</u> | | | | | |
| Exchange-traded funds | <u>1,137,076</u> | | | | |
| Total | <u>\$ 2,083,250</u> | | | | |

Martha's Vineyard Land Bank Commission
Notes to Financial Statements
June 30, 2023

The following table summarizes the quality ratings of the Land Bank's debt investments at June 30, 2023:

| <u>Investment Type</u> | <u>Fair Value</u> | <u>AAA</u> | <u>AA</u> | <u>A</u> | <u>Unrated</u> |
|------------------------|-------------------|-------------|-------------|-------------|-------------------|
| Money market | \$ 946,174 | \$ - | \$ - | \$ - | \$ 946,174 |
| Total | <u>\$ 946,174</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 946,174</u> |

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt instruments will adversely affect the fair value of an investment. Through its investment policy, the Land Bank manages its exposure to fair value losses arising from increasing interest rates by limiting the average duration of an actively managed fixed income portfolio to no more than five years.

Fair Value Hierarchy

Investments, including derivative instruments that are not hedging derivatives, are measured at fair value on a recurring basis. Recurring fair value measurements are those that GASB Statements require or permit in the statement of fiduciary net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to assess at the measurement date; Level 2 inputs are other than quoted prices that are observable for the asset or liability, either directly or indirectly through corroboration with observable market data; Level 3 inputs are significant unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. At June 30, 2023, the Land Bank's investments are all considered Level 1 within the fair value hierarchy.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in methodologies used at June 30, 2023.

Money market funds: Valued at the current available closing price reported or based on values obtained on comparable funds.

Exchange—traded funds: Valued at the closing price reported on the active market on which the individual securities are traded.

Martha's Vineyard Land Bank Commission
Notes to Financial Statements
June 30, 2023

4. CAPITAL ASSETS

Capital Assets consist of the following at June 30, 2023:

| | <u>Estimated lives (in years)</u> | <u>Beginning Balance</u> | <u>Additions</u> | <u>Retirements</u> | <u>Ending Balance</u> |
|----------------------------------|---|------------------------------|---------------------|--------------------|---------------------------|
| Capital assets, not depreciated: | | | | | |
| Land | | \$ 105,350 | \$ - | \$ - | \$ 105,350 |
| Development rights | | 4,991,110 | - | - | 4,991,110 |
| Land - acquisitions | | <u>272,833,056</u> | <u>2,724,102</u> | <u>(384)</u> | <u>275,556,774</u> |
| Total not depreciated | | <u>277,929,516</u> | <u>2,724,102</u> | <u>(384)</u> | <u>280,653,234</u> |
| Capital assets depreciated: | | | | | |
| Buildings and improvements | 11-40 | 240,739 | - | - | 240,739 |
| Furnishings and equipment | 3-10 | 978,361 | 162,905 | (46,950) | 1,094,316 |
| Land improvements | 15-40 | <u>1,140,527</u> | <u>88,855</u> | <u>-</u> | <u>1,229,382</u> |
| Total depreciated | | <u>2,359,627</u> | <u>251,760</u> | <u>(46,950)</u> | <u>2,564,437</u> |
| Less accumulated depreciation: | | | | | |
| Buildings and improvements | | 171,700 | 7,447 | - | 179,147 |
| Furnishings and equipment | | 853,433 | 59,190 | (46,950) | 865,673 |
| Land improvements | | <u>226,297</u> | <u>129,453</u> | <u>-</u> | <u>355,750</u> |
| Total accumulated depreciation | | <u>1,251,430</u> | <u>196,090</u> | <u>(46,950)</u> | <u>1,400,570</u> |
| Net depreciable assets | | <u>1,108,197</u> | <u>55,670</u> | <u>-</u> | <u>1,163,867</u> |
| Capital Assets, net | | <u>\$ 279,037,713</u> | <u>\$ 2,779,772</u> | <u>\$ (384)</u> | <u>\$ 281,817,101</u> |

5. LONG-TERM LIABILITIES

Long-term liabilities at June 30, 2023 consist of:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Current Portion</u> |
|-----------------------------------|------------------------------|---------------------|---------------------|---------------------------|----------------------------|
| Notes and bonds payable: | | | | | |
| Notes payable | \$ 27,539,418 | \$ 1,500,000 | \$ 2,879,939 | \$ 26,159,479 | \$ 3,093,736 |
| Bonds payable | <u>46,413,575</u> | <u>-</u> | <u>2,720,940</u> | <u>43,692,635</u> | <u>2,505,000</u> |
| Total notes and bonds payable | <u>73,952,993</u> | <u>1,500,000</u> | <u>5,600,879</u> | <u>69,852,114</u> | <u>5,598,736</u> |
| Other long-term liabilities: | | | | | |
| Net pension liability | 144,398 | 786,190 | - | 930,588 | - |
| Net OPEB liability | <u>-</u> | <u>41,696</u> | <u>-</u> | <u>41,696</u> | <u>-</u> |
| Total other long-term liabilities | <u>144,398</u> | <u>827,886</u> | <u>-</u> | <u>972,284</u> | <u>-</u> |
| Total long-term liabilities | <u>\$ 74,097,391</u> | <u>\$ 2,327,886</u> | <u>\$ 5,600,879</u> | <u>\$ 70,824,398</u> | <u>\$ 5,598,736</u> |

Martha's Vineyard Land Bank Commission
Notes to Financial Statements
June 30, 2023

Notes Payable

Notes payable at June 30, 2023 are as follows:

| | |
|--|----------------------|
| Private party; monthly payments of \$145,060, including interest at 2.99%, due December 2030, secured by land. | \$ 11,663,937 |
| Private party; annual principal payments of \$1,000,000, plus interest at 0.65%, due September 2028, secured by land | 6,000,000 |
| Private party; varying monthly principal payments, plus interest at 4.50%, due March 2032, secured by land. | 7,145,542 |
| Private party; quarterly payments of \$75,000, plus interest at 3.20%, due December 2027, secured by land. | <u>1,350,000</u> |
| Total notes payable | 26,159,479 |
| Less: Current portion | <u>(3,093,736)</u> |
| Notes payable, net of current portion | <u>\$ 23,065,743</u> |

Future principal maturities of long-term debt subsequent to June 30, 2023 are as follows:

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------|----------------------|---------------------|----------------------|
| 2024 | \$ 3,093,736 | \$ 729,769 | \$ 3,823,505 |
| 2025 | 3,154,761 | 652,644 | 3,807,404 |
| 2026 | 3,217,932 | 573,642 | 3,791,574 |
| 2027 | 3,283,329 | 491,877 | 3,775,205 |
| 2028 | 3,201,031 | 408,074 | 3,609,104 |
| 2029-2032 | <u>10,208,690</u> | <u>866,660</u> | <u>11,075,350</u> |
| | <u>\$ 26,159,479</u> | <u>\$ 3,722,666</u> | <u>\$ 29,882,144</u> |

Martha's Vineyard Land Bank Commission
Notes to Financial Statements
June 30, 2023

Bonds Payable

Bonds payable at June 30, 2023, secured by future transfer fees and designated investments, consist of the following:

| | |
|---|----------------------|
| Revenue Refunding Bonds, Series 2017, dated March 1, 2017, bearing interest at 2% to 5%, matures at various dates through May 1, 2036 | \$ 13,240,000 |
| Land Acquisition Bonds, Series 2014 Revenue, dated November 13, 2014, bearing interest at 3% to 5%, matures at various dates through May 1, 2034. | <u>26,620,000</u> |
| | 39,860,000 |
| Plus: bond premiums net of accumulated amortization of \$3,501,695. | <u>3,832,635</u> |
| Total bonds payable | 43,692,635 |
| Less: Current portion | <u>(2,505,000)</u> |
| Bonds payable, net of current portion | <u>\$ 41,187,635</u> |

Aggregate payments of principal and interest on bonds payable subsequent to June 30, 2023 are as follows:

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------|----------------------|----------------------|----------------------|
| 2024 | \$ 2,505,000 | \$ 1,859,638 | \$ 4,364,638 |
| 2025 | 2,640,000 | 1,734,388 | 4,374,388 |
| 2026 | 2,770,000 | 1,602,388 | 4,372,388 |
| 2027 | 2,910,000 | 1,463,888 | 4,373,888 |
| 2028 | 3,010,000 | 1,362,588 | 4,372,588 |
| 2029-2033 | 17,340,000 | 4,536,476 | 21,876,476 |
| 2034-2036 | <u>8,685,000</u> | <u>744,350</u> | <u>9,429,350</u> |
| | <u>\$ 39,860,000</u> | <u>\$ 13,303,716</u> | <u>\$ 53,163,716</u> |

6. PENSIONS

Defined Benefit Plan Description

The Land Bank contributes to the Dukes County Contributory Retirement System (the "System"), a cost-sharing, multiple-employer defined benefit pension plan administered by the County of Dukes County Retirement Board. All full-time employees of the Land Bank are members of the System. The System provides retirement, disability, and death benefits to plan members and beneficiaries. Chapter 32 of the Massachusetts General Laws assigns authority to establish and amend benefit provisions of the plan. Cost-of-living adjustments granted between 1981 and 1997 and any increase in other benefits imposed by the Commonwealth's laws during those years are funded by the Commonwealth and are deposited into the pension fund. Cost-of-living adjustments granted after 1997 must be approved by the County of Dukes County Retirement Board and funded by the System.

Martha's Vineyard Land Bank Commission
Notes to Financial Statements
June 30, 2023

The System issues a publicly available financial report in accordance with guidelines established by the Commonwealth's Public Employee Retirement Administration Commission. That report may be obtained by contacting the System at 9 Airport Road, RRI Box 862, Vineyard Haven, Massachusetts 02568.

Benefit Provisions

The System provides retirement, disability, survivor and death benefits to members and their beneficiaries. Massachusetts General Laws ("MGL") establishes uniform benefit and contribution requirements for all contributory public employee retirement system ("PERS"). These requirements provide for superannuation retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. For employees hired after April 1, 2012, retirement allowances are calculated based on the last five years or any five consecutive years, whichever is greater in terms of compensation. Benefit payments are based upon a member's age, length of creditable service, group creditable service, and group classification. The authority for amending these provisions rests with the Massachusetts State Legislature (the "Legislature").

Members become vested after ten years of creditable service. A superannuation retirement allowance may be received upon the completion of twenty years of service or upon reaching the age of 55 with ten years of service. Normal retirement for most employees occurs at age 65; for certain hazardous duty and public safety positions, normal retirement is at age 55. Most employees who joined the System after April 1, 2012 are not eligible for retirement until they have reached age 60.

Contributions

The System's funding policies have been established by Chapter 32 of the MGL. The Legislature has the authority to amend these policies. The annuity portion of the System's retirement allowance is funded by employees, who contribute a percentage of their regular compensation. Costs of administering the plan are funded out of plan assets.

Member contributions for Dukes County Contributory Retirement System ("DCCRS") vary depending on the most recent date of membership:

| <u>Hire Date</u> | <u>Percentage of Compensation</u> |
|---------------------|--|
| Prior to 1975 | 5% of regular compensation |
| 1975-1983 | 7% of regular compensation |
| 1984 to 6/30/1996 □ | 8% of regular compensation |
| 7/1/1996 to present | 9% of regular compensation |
| 1979 to present | An additional 2% of regular compensation in excess of \$30,000 |

The Land Bank is required to contribute at an actuarially determined rate; the rate was 10.99% of annual covered payroll for the fiscal year ended June 30, 2023.

The Land Bank contributed \$99,776 for the fiscal year ended June 30, 2023, equal to 100% of the required contribution for the year.

Martha's Vineyard Land Bank Commission
Notes to Financial Statements
June 30, 2023

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

At June 30, 2023, the Land Bank reported a liability of \$930,588 for its proportionate -share of the net pension liability related to its participation in DCCRS. The net pension liability as of June 30, 2023, the reporting date, was measured as of December 31, 2022, the measurement date, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2022.

At June 30, 2023, the Land Bank's proportion of the net pension liability was 1.684%. For the year ended June 30, 2023, the Land Bank recognized pension expense of \$159,161.

The Land Bank reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources at June 30, 2023:

Deferred Outflows of Resources Related to Pension

| | |
|--|-------------------|
| Differences between expected and actual experience | \$ 49,049 |
| Changes of assumptions | 137,749 |
| Net Difference between projected and actual investment earnings on pension plan investments | 342,820 |
| Changes in proportion and difference between employer contributions and proportionate share of contributions | <u>25,527</u> |
| | <u>\$ 555,145</u> |

Deferred Inflows of Resources Related to Pension

| | |
|--|-------------------|
| Differences between expected and actual experience | \$ 35,289 |
| Changes in proportion and difference between employer contributions and proportionate share of contributions | <u>84,702</u> |
| | <u>\$ 119,991</u> |

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as an increase (decrease) in pension expense as follows:

| | |
|------|-------------------|
| 2023 | \$ 35,554 |
| 2024 | 98,726 |
| 2025 | 123,726 |
| 2026 | 178,258 |
| 2027 | <u>(1,110)</u> |
| | <u>\$ 435,154</u> |

Martha's Vineyard Land Bank Commission
Notes to Financial Statements
June 30, 2023

Actuarial Assumptions

The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------|--|
| Inflation | 2.4% per year |
| Salary increases | 4.25% to 6.00% for general employees 4.75% to 7.00% for public safety |
| Investment rate of return | 7.00% |

Mortality rates were based on the RP-2014 Mortality Table (base year 2009) with full generational mortality improvements using Scale MP-2020. For disabled lives, the mortality rates were based on the RP-2014 mortality table (base year 2012) with full generational mortality improvement using Scale MP-2020.

The long-term expected rate of return best-estimate on pension plan investments was determined by the actuary using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2022 are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|----------------------|--------------------------|---|
| PRIT Core | 50.00% | 5.10% |
| Domestic equity | 30.00% | 4.50% |
| Fixed income | 10.00% | 2.10% |
| International equity | 5.00% | 5.73% |
| Real estate | <u>5.00%</u> | 3.10% |
| Total | <u>100.00%</u> | |

Discount Rate

The discount rate used to measure the total pension liability was 7.00% at June 30, 2023. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from the employers will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Martha's Vineyard Land Bank Commission
Notes to Financial Statements
June 30, 2023

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

The following presents the net pension liability (asset) calculated using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

| <u>1.00% Decrease (6.00%)</u> | <u>Current Discount Rate (7.00%)</u> | <u>1.00% Increase (8.00%)</u> |
|-----------------------------------|--|-----------------------------------|
| \$ 1,450,435 | \$ 930,588 | \$ 491,281 |

7. OPEB

Plan Description

The Land Bank is a member of the Dukes County Pooled OPEB Trust (the "Trust"), an agent multiple employer plan. The purpose of the Trust is to accumulate resources to offset its members' unfunded OPEB liability. The Trust is governed by a Board of Trustees comprised of an appointed member of each governmental unit. Member employer contributions to the Trust are irrevocable and all investment income and losses are retained by the Trust. Although the assets of the Trust are commingled for investment purposes, each member's assets may only be used for the reimbursement of OPEB to the member of that plan, in accordance with the terms of the plan. The OPEB Plan provides health care benefits to current and future retirees, and their dependents in accordance with Massachusetts General Laws Chapter 32B.

An employee hired before April 2, 2012 shall become eligible to retire upon attainment of age 55 as an active member and completion of 10 years of creditable service or shall be eligible if able to retire with 20 years of creditable service regardless of age. Those hired on or after April 2, 2012 shall be eligible to retire upon attainment of age 60 with 10 years of creditable service.

Benefits Provided

The Land Bank provides health care benefits for retirees and their dependents. Benefits are provided through the Cape Cod Municipal Health Group and the full cost of benefits is shared between the Land Bank and retirees.

Employees Covered by Benefit Term

The following employees were covered by the benefit terms as of June 30, 2023:

| | |
|-----------------------------|------------------|
| Inactive employees/retirees | 3 |
| Active employees | <u>11</u> |
| Total | <u><u>14</u></u> |

Contributions

During the year ended June 30, 2021, the Land Bank voted to join the Dukes County Pooled OPEB Trust (the "Trust") and contributed \$262,422 in April 2021, and \$1 million in August 2021. Future contributions may be made if the Plan is not fully funded.

Net OPEB Asset

The Land Bank's net OPEB liability of \$41,696 was measured as of June 30, 2023 and was determined by an actuarial valuation as of July 1, 2022 and rolled forward to June 30, 2023.

Martha's Vineyard Land Bank Commission
Notes to Financial Statements
June 30, 2023

The net OPEB asset in the most recent actuarial valuation was determined using the following key actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

| | |
|---------------------------|--|
| Inflation | 2.5% |
| Investment rate of return | 6.5% net of investment expenses, including inflation. |
| Health Care Trend Rate | 8% for 2022, decreasing 0.5% per year to 6%, then grading down to an ultimate trend rate of 4.1%, utilizing the Society of Actuaries Getzen Medical Trend Model. The ultimate medical inflation rate is reached in 2075. |
| Pre-Retirement Mortality | RP-2014 Blue Collar Mortality Table, projected with generational mortality improvement using scale MP-2018. |
| Post-Retirement Mortality | RP-2014 Blue Collar Mortality Table, projected with generational mortality improvement using scale MP-2018. |

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage provided in the investment policy statement and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2023 are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|----------------------|--------------------------|---|
| Large Cap Equity | 35.00% | 4.40% |
| Mid Cap Equity | 10.00% | 4.56% |
| Small Cap Equity | 10.00% | 4.56% |
| International Equity | 15.00% | 5.12% |
| Real Estate | 10.00% | 2.98% |
| Fixed Income | <u>20.00%</u> | 1.93% |
| | <u>100.00%</u> | |

The discount rate used to measure the total OPEB liability was 6.6%. The projection of cash flows used to determine the discount rate assumed that contributions from the Land Bank will be made in accordance with the Plan's funding policy. Based on those assumptions, the OPEB Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Martha's Vineyard Land Bank Commission
Notes to Financial Statements
June 30, 2023

Changes in the Net OPEB Liability (Asset)

The following table summarizes the changes in the net OPEB liability for the year ended June 30, 2023:

| | <u>Total OPEB Liability</u> | <u>Plan Fiduciary Net Position</u> | <u>Net OPEB Liability (Asset)</u> |
|--|---------------------------------|--|---------------------------------------|
| Balance at June 30, 2022 | \$ 1,080,468 | \$ 1,156,913 | \$ (76,445) |
| Changes for the year: | | | |
| Service cost | 20,028 | - | 20,028 |
| Interest | 70,526 | - | 70,526 |
| Change in benefit terms | 353,090 | | 353,090 |
| Differences between expected and actual experience | (126,502) | - | (126,502) |
| Contributions - employer | - | 113,854 | (113,854) |
| Net investment income | - | 127,426 | (127,426) |
| Changes of assumptions | 42,279 | - | 42,279 |
| Benefit payments | <u>(63,854)</u> | <u>(63,854)</u> | <u>-</u> |
| Net changes | <u>295,567</u> | <u>177,426</u> | <u>118,141</u> |
| Balance at June 30, 2023 | <u>\$ 1,376,035</u> | <u>\$ 1,334,339</u> | <u>\$ 41,696</u> |

The changes in assumptions related to the discount rate used to measure the total OPEB liability was 6.6% as of June 30, 2022 and 2023. There were also changes in assumptions related to inflation rate, healthcare trend rates, mortality tables and mortality improvement rates, and percent retiring with covered spouses.

The following presents the Land Bank's net OPEB liability (asset) as well as what the Land Bank's net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.5%) or 1-percentage-point higher (7.5%) than the current discount rate:

| Discount Rate | | |
|---------------------------|----------------------------|---------------------------|
| <u>1% Decrease (5.5%)</u> | <u>Current Rate (6.5%)</u> | <u>1% Increase (7.5%)</u> |
| \$ 224,634 | \$ 41,696 | \$ (105,926) |

Sensitivity Analyses

The following presents the net OPEB liability (asset) of the Land Bank, as well as what the Land Bank's net OPEB asset would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6% year 1 decreasing to 3%) or 1-percentage-point higher (8% year 1 decreasing to 5%) than the current cost trend rates:

| Health Care Rate | | |
|-------------------------|-------------------|--------------------|
| <u>1% Decrease</u> | <u>Trend Rate</u> | <u>1% Increase</u> |
| \$ (126,838) | \$ 41,696 | \$ 253,203 |

Martha's Vineyard Land Bank Commission
Notes to Financial Statements
June 30, 2023

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued Dukes County Pooled OPEB Trust Fund financial report. A copy of the report may be obtained by contacting Trustee Chair, 9 Airport Road, Suite 1, Vineyard Haven, MA 02568.

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2023, the Land Bank recognized OPEB expense of \$326,742. The Land Bank reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources at June 30, 2023:

Deferred Outflows of Resources Related to OPEB

| | |
|--|-------------------|
| Differences between expected and actual experience | \$ 38,484 |
| Differences between projected and actual earnings | 72,891 |
| Changes in OPEB plan actuarial assumptions | <u>338,022</u> |
| Total deferred outflows related to OPEB | <u>\$ 449,397</u> |

Deferred Inflows of Resources Related to OPEB

| | |
|--|-------------------|
| Differences between expected and actual experience | \$ 251,995 |
| Changes in OPEB plan actuarial assumptions | <u>544,114</u> |
| Total deferred inflows related to OPEB | <u>\$ 796,109</u> |

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as decreases in OPEB expense as follows for years ending June 30:

| | |
|------------|-------------------|
| 2024 | \$ 37,529 |
| 2025 | 37,530 |
| 2026 | 60,905 |
| 2027 | 150,147 |
| 2028 | 42,975 |
| Thereafter | <u>17,626</u> |
| | <u>\$ 346,712</u> |

REQUIRED SUPPLEMENTARY INFORMATION

Martha's Vineyard Land Bank Commission
Schedule of Proportionate Share of the Net Pension Liability (Unaudited)
For Years Ended June 30

| Year ended | June 30, 2023 | June 30, 2022 | June 30, 2021 | June 30, 2020 | June 30, 2019 | June 30, 2018 | June 30, 2017 | June 30, 2016 | June 30, 2015 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Measurement date | December 31, 2022 | December 31, 2021 | December 31, 2020 | December 31, 2019 | December 31, 2018 | December 31, 2017 | December 31, 2016 | December 31, 2015 | December 31, 2014 |
| Valuation date | January 1, 2022 | January 1, 2020 | January 1, 2020 | January 1, 2018 | January 1, 2018 | January 1, 2016 | January 1, 2016 | January 1, 2014 | January 1, 2014 |
| Proportion of the total pension liability | 1.684% | 1.566% | 1.566% | 1.605% | 1.605% | 1.520% | 1.520% | 1.405% | 1.405% |
| Proportionate share of the collective net pension liability | \$ 930,588 | \$ 144,398 | \$ 373,896 | \$ 457,949 | \$ 801,701 | \$ 504,219 | \$ 698,054 | \$ 552,157 | \$ 506,430 |
| Land Bank's covered payroll | \$ 908,217 | \$ 866,986 | \$ 730,979 | \$ 788,004 | \$ 721,306 | \$ 574,908 | \$ 683,842 | \$ 662,624 | \$ 637,138 |
| Land Bank's proportionate share of the net pension liability as a percentage of its covered payroll | 102.46% | 16.66% | 51.15% | 58.12% | 111.15% | 87.70% | 102.08% | 83.33% | 79.49% |
| Plan fiduciary net position as a percentage of the plan's total pension liability | 79.22% | 96.41% | 89.76% | 86.73% | 75.54% | 82.43% | 74.21% | 75.61% | 76.17% |

Notes:

The GASB pronouncement requiring the presentation of the information on this schedule became effective for years beginning after June 30, 2014 and is intended to provide data for the most recent ten years.

See Independent Auditor's Report.

Martha's Vineyard Land Bank Commission
Schedule of Pension Contributions (Unaudited)
For Years Ended June 30

| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|
| Statutorily required contribution | \$ 99,776 | \$ 89,113 | \$ 89,906 | \$ 84,737 | \$ 72,947 | \$ 69,474 | \$ 77,093 | \$ 88,825 | \$ 105,995 |
| Contributions in relation to the statutorily required contribution | <u>99,776</u> | <u>89,113</u> | <u>89,906</u> | <u>84,737</u> | <u>72,947</u> | <u>69,474</u> | <u>77,093</u> | <u>88,825</u> | <u>105,995</u> |
| Contribution excess | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Covered payroll | \$ 908,217 | \$ 866,986 | \$ 730,979 | \$ 788,004 | \$ 721,306 | \$ 574,908 | \$ 683,842 | \$ 662,624 | \$ 637,138 |
| Contribution as a percentage of covered payroll | 10.99% | 10.28% | 12.30% | 10.75% | 10.11% | 12.08% | 11.27% | 13.41% | 16.64% |

Notes:

Employers participating in the Dukes County Contributory Retirement System are required by MA General Laws, Section 32, to contribute an actuarially determined contribution rate each year.

The GASB pronouncement requiring the presentation of the information on this schedule became effective for years beginning after June 30, 2014 and is intended to provide data for the most recent ten years.

See Independent Auditor's Report.

Martha's Vineyard Land Bank Commission
Schedule of the Changes in Net OPEB (Asset) Liability and Related Ratios (Unaudited)
For Years Ended June 30

| Year ended | June 30, 2023 | June 30, 2022 | June 30, 2021 | June 30, 2020 | June 30, 2019 | June 30, 2018 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Measurement date | June 30, 2023 | June 30, 2022 | June 30, 2021 | June 30, 2020 | June 30, 2019 | June 30, 2018 |
| Valuation date | July 1, 2022 | July 1, 2021 | July 1, 2020 | July 1, 2018 | July 1, 2018 | July 1, 2016 |
| Total OPEB liability | | | | | | |
| Service cost | \$ 20,028 | \$ 19,164 | \$ 80,522 | \$ 54,295 | \$ 36,714 | \$ 38,635 |
| Interest | 70,526 | 68,179 | 47,173 | 57,852 | 44,952 | 41,525 |
| Differences between expected and actual experience | (126,502) | - | (243,741) | - | 114,534 | - |
| Changes of benefit terms | 353,090 | - | - | (58,601) | - | (758) |
| Changes of assumptions | 42,279 | (2,414) | (891,380) | 428,459 | 298,997 | (64,009) |
| Benefit payments | <u>(63,854)</u> | <u>(36,610)</u> | <u>(28,820)</u> | <u>(24,478)</u> | <u>(18,332)</u> | <u>(5,358)</u> |
| Net change in total OPEB liability | 295,567 | 48,319 | (1,036,246) | 457,527 | 476,865 | 10,035 |
| Total OPEB liability | | | | | | |
| Beginning of year | <u>1,080,468</u> | <u>1,032,149</u> | <u>2,068,395</u> | <u>1,610,868</u> | <u>1,134,003</u> | <u>1,123,968</u> |
| End of year | <u>\$ 1,376,035</u> | <u>\$ 1,080,468</u> | <u>\$ 1,032,149</u> | <u>\$ 2,068,395</u> | <u>\$ 1,610,868</u> | <u>\$ 1,134,003</u> |
| Plan fiduciary net position: | | | | | | |
| Contributions | \$ 113,854 | \$ 1,036,610 | \$ 291,242 | \$ 24,478 | \$ 18,332 | \$ 5,358 |
| Net investment income | 127,426 | (160,339) | 15,122 | - | - | - |
| Benefit payments | <u>(63,854)</u> | <u>(36,610)</u> | <u>(28,820)</u> | <u>(24,478)</u> | <u>(18,332)</u> | <u>(5,358)</u> |
| Net change in plan fiduciary net position | 177,426 | 839,661 | 277,544 | - | - | - |
| Plan fiduciary net position | | | | | | |
| Beginning of year | <u>1,156,913</u> | <u>277,544</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| End of year | <u>\$ 1,334,339</u> | <u>\$ 1,117,205</u> | <u>\$ 277,544</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Net OPEB liability (asset), end of year | <u>\$ 41,696</u> | <u>\$ (36,737)</u> | <u>\$ 754,605</u> | <u>\$ 2,068,395</u> | <u>\$ 1,610,868</u> | <u>\$ 1,134,003</u> |
| Plan fiduciary net position as a percentage of the total OPEB liability | 96.97% | 103.40% | 26.89% | 0.00% | 0.00% | 0.00% |
| Covered payroll | \$ 948,008 | \$ 934,357 | \$ 763,338 | \$ 807,171 | \$ 797,509 | \$ 710,570 |
| Net OPEB liability (asset) as a percentage of covered payroll | 4.40% | -3.93% | 98.86% | 256.25% | 201.99% | 159.59% |

See Independent Auditor's Report.

Martha's Vineyard Land Bank Commission
Schedule of the Changes in Net OPEB (Asset) Liability and Related Ratios (Unaudited)
For Years Ended June 30

Notes:

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years in which information is available.

This schedule is presented using the optional format of combining the required schedules in paragraph 170a and 170b of GASB 75.

See Independent Auditor's Report.

**Martha's Vineyard Land Bank Commission
Schedule of OPEB Contributions (Unaudited)
For Years Ended June 30**

| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|--|--------------------|---------------------|---------------------|------------------|------------------|------------------|
| Actuarially determined contribution | \$ 17,316 | \$ 60,251 | \$ 140,702 | \$ 111,771 | \$ 79,465 | \$ 76,594 |
| Contributions in relation to the actuarially determined contribution | <u>113,854</u> | <u>1,036,610</u> | <u>291,242</u> | <u>24,478</u> | <u>18,332</u> | <u>5,358</u> |
| Contribution deficiency (excess) | <u>\$ (96,538)</u> | <u>\$ (976,359)</u> | <u>\$ (150,540)</u> | <u>\$ 87,293</u> | <u>\$ 61,133</u> | <u>\$ 71,236</u> |
| Covered payroll | \$ 948,008 | \$ 934,357 | \$ 763,338 | \$ 807,171 | \$ 797,509 | \$ 710,570 |
| Contribution as a percentage of covered payroll | 12.01% | 110.94% | 38.15% | 3.03% | 2.30% | 0.75% |

Notes:

Valuation date:

Actuarially determined contribution rates are calculated as of July 1, one year prior to the end of the fiscal year in which contributions are reported.

See Independent Auditor's Report.

**Martha's Vineyard Land Bank Commission
Schedule of OPEB Contributions (Unaudited)
For Years Ended June 30**

Method and Assumptions as of Current Measurement Date:

| | |
|-------------------------|--|
| Actuarial cost method | Entry age normal |
| Amortization method | Increasing 3.5% over 30 years on an open amortization period for partial pre-funding. |
| Amortization period | 30 years |
| Asset valuation method | Market value |
| Health care trend rates | 8 percent for 2022, decreasing 0.5 percent per year to 6 percent, then grading down to an ultimate trend rate of 4.1 percent, utilizing the Society of Actuaries Getzen Medical Trend Model. The ultimate medical inflation rate is reached in 2075. |

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years in which information is available.

See Independent Auditor's Report.

Martha's Vineyard Land Bank Commission
Notes to the Required Supplementary Information (Unaudited)
June 30 2023

1. CHANGES IN ASSUMPTIONS – PENSION

Fiscal year June 30, 2023

None.

Fiscal year June 30, 2022

The long-term rate of return was reduced from 7.5% to 7.0%.

Fiscal year June 30, 2021

The administrative expense assumption and the net 3(8)(c) transfers assumption were increased, and the mortality tables and mortality improvement rate assumptions were updated.

Fiscal year June 30, 2020

None.

Fiscal year June 30, 2019

The long-term rate of return was reduced from 7.75% to 7.50%.

Fiscal year June 30, 2018

None.

Fiscal year June 30, 2017

The mortality rates and mortality improvement scale were updated to reflect fully generational mortality improvement.

Fiscal year June 30, 2016

None.

Fiscal year June 30, 2015

None.

2. CHANGES IN ASSUMPTIONS – OPEB

Fiscal year June 30, 2023

The discount rate changed from 6.6% as of June 30, 2022 to 6.5% as of June 30, 2023. In addition, many other assumptions were updated in this valuation, including inflation rate, health trend rates, and mortality improvement rates.

Fiscal year June 30, 2022

The inflation rate was updated in this valuation. The Total OPEB Liability of each assumption was decreased \$2,000.

Fiscal year June 30, 2021

The changes in assumptions related to the discount rate used to measure the total OPEB liability changed from 2.2% as of June 30, 2020 to 6.6% as of June 30, 2021. There were also changes in assumptions related to inflation rate, healthcare trend rates, mortality tables and mortality improvement rates, and percent retiring with covered spouses.

Fiscal year June 30, 2020

The discount rate changed to 2.21%. Additionally, the inflation rate was changed from 2.6% to 2.4%.

See Independent Auditor's Report.

Martha's Vineyard Land Bank Commission
Notes to the Required Supplementary Information (Unaudited)
June 30 2023

Fiscal year June 30, 2019

The discount rate changed to 3.50%. Additionally, the health cost trend rate and inflation assumption have been updated since the prior measurement.

Fiscal year June 30, 2018

None.

SUPPLEMENTARY INFORMATION

Martha's Vineyard Land Bank Commission
Schedule of Land, Development Rights and Land Improvements (Unaudited)
Year Ended June 30, 2022

| | <u>Chilmark</u> | <u>Edgartown</u> | <u>Aquinnah Gay Head</u> | <u>Oak Bluffs</u> | <u>Tisbury</u> | <u>West Tisbury</u> | <u>Central Fund</u> | <u>Total</u> |
|--|----------------------|----------------------|------------------------------|-----------------------|----------------------|-------------------------|-------------------------|-----------------------|
| Total Land, Development Rights and Land Improvements, June 30, 2022 | \$ 23,801,266 | \$ 67,604,334 | \$ 9,170,503 | \$ 15,448,677 | \$ 22,333,727 | \$ 28,730,335 | \$ 111,649,555 | \$ 278,738,397 |
| Additions during year: | | | | | | | | |
| Black Brook | - | - | 87,991 | - | - | - | 58,661 | 146,652 |
| Wompesket | - | - | - | - | - | - | 7,400 | 7,400 |
| Three Ponds | - | 386,000 | - | - | - | - | 1,411 | 387,411 |
| Quenomica | - | - | - | - | - | - | 16,434 | 16,434 |
| Squibnocket Pond | - | - | - | - | - | - | (384) | (384) |
| Gay Head Moraine | - | - | 54,240 | - | - | - | 35,160 | 89,400 |
| Sweetened Water | - | 50,000 | - | - | - | - | - | 50,000 |
| Pepperbush | - | 1,212,000 | - | - | - | - | 814,805 | 2,026,805 |
| Land Improvements | - | - | - | - | - | - | 88,854 | 88,854 |
| Less: Depreciation of land improvements | - | - | - | - | - | - | (129,452) | (129,452) |
| Total Land, Development Rights and Land Improvements, June 30, 2023 | <u>\$ 23,801,266</u> | <u>\$ 69,252,334</u> | <u>\$ 9,312,734</u> | <u>\$ 15,448,677</u> | <u>\$ 22,333,727</u> | <u>\$ 28,730,335</u> | <u>\$ 112,542,444</u> | <u>\$ 281,421,517</u> |

See Independent Auditor's Report.

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

INDEPENDENT AUDITOR'S REPORT

To the Commissioners of
Martha's Vineyard Land Bank Commission:

We have audited, 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, the financial statements of Martha's Vineyard Land Bank (the "Land Bank"), which comprise the statement of net position as of June 30, 2023, the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise Martha's Vineyard Land Bank's basic financial statements, and we have issued our report thereon dated November 20, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Martha's Vineyard Land Bank'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 the Land Bank's internal control. Accordingly, we do not express an opinion on the effectiveness of the Land Bank'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 weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Martha's Vineyard Land Bank'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 Land Bank'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 Land Bank 's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Withum Smith + Brown, PC

November 20, 2023