

FINAL OFFICIAL STATEMENT DATED JUNE 28, 2022

In the opinion of Locke Lord LLP, Bond Counsel, based upon an analysis of existing law and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986 (“the Code”). Interest on the Bonds will not be included in computing the alternative minimum taxable income of individuals. Under existing law, interest on the Bonds is exempt from Massachusetts personal income taxes, and the Bonds are exempt from Massachusetts personal property taxes. **The Bonds will be designated as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code.** Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on the Bonds. (See “Tax Exemption” herein.)

\$9,210,000

TOWN OF CHILMARK
Massachusetts

GENERAL OBLIGATION PUBLIC SAFETY FACILITY CONSTRUCTION BONDS OF 2022
UNLIMITED TAX

Dated: Date of Delivery

Due: May 1, 2023 – 2042

(See Next Page For Maturities)

Principal of the Bonds will be payable May 1 of the years in which the Bonds mature. Interest from the date of the Bonds will be payable on November 1, 2022 and semi-annually thereafter on each May 1 and November 1 until maturity or redemption prior to maturity. The Bonds will be subject to redemption prior to their stated dates of maturity as described herein.

The Bonds are issuable only in fully registered form without coupons, and, when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company (“DTC”), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof. (See “Book-Entry Transfer System” herein.)

The legality of the Bonds will be approved by Locke Lord LLP, Boston, Massachusetts, Bond Counsel to the Town. UniBank Fiscal Advisory Services, Inc., Whitinsville, Massachusetts, serves as Municipal Advisor to the Town. It is expected that the Bonds, in definitive form, will be delivered to DTC, or the offices of its custodial agent, on or about July 13, 2022

PIPER | SANDLER

MATURITIES, RATES, AND PRICES/YIELDS

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price/Yield</u>	<u>CUSIP 169256</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price/Yield</u>	<u>CUSIP 169256</u>
2023	\$385,000	5.000%	1.610%	CZ5	2033	\$465,000	4.000%	3.100%	DK7
2024	465,000	5.000	1.940	DA9	2034	465,000	4.000	3.200	DL5
2025	465,000	5.000	2.120	DB7	2035	465,000	4.000	3.350	DM3
2026	465,000	5.000	2.210	DC5	2036	465,000	4.000	3.450	DN1
2027	465,000	5.000	2.250	DD3	2037	465,000	4.000	3.550	DP6
2028	465,000	5.000	2.450	DE1	2038	465,000	4.000	3.600	DQ4
2029	465,000	5.000	2.600	DF8	2039	465,000	4.000	3.750	DR2
2030	465,000	5.000	2.800	DG6	2040	465,000	4.000	3.800	DS0
2031	465,000	4.000	2.900	DH4	2041	460,000	4.000	3.850	DT8
2032	465,000	4.000	3.000	DJ0	2042	460,000	4.000	3.900	DU5

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The information and expressions of opinion in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Bonds shall, under any circumstances, create any implication that there has been no material change in the affairs of the Town since the date of this Official Statement.

ISSUE SUMMARY STATEMENT

Issuer: Town of Chilmark, Massachusetts

Date of Sale: Tuesday, June 28, 2022 at 11:00 a.m. (Eastern Daylight Savings Time)

Method of Sale: Electronic Bids via Parity

Minimum Bid: 101 percent of par (\$9,731,350.00) plus accrued interest, if any, to the date of delivery.

Location of Sale: UniBank Fiscal Advisory Services, Inc., 49 Church St., Whitinsville, MA

Issue: \$9,210,000 General Obligation Public Safety Facility Construction Bonds of 2022, Book-Entry Only, Unlimited Tax (See “Book-Entry Transfer System”, herein).

Purpose: Financing costs of constructing a new fire and ambulance facility. (See “**AUTHORIZATION AND USE OF PROCEEDS**” herein).

Dated Date of Bonds: Date of delivery (July 13, 2022).

Maturity Date of Bonds: Serially on May 1, 2023 – 2042, as detailed herein.

Redemption: The Bonds are subject to redemption prior to their stated dates of maturity as described herein.

Credit Rating: S&P Global Ratings rating: AAA (See “**RATING**” herein).

Security: The Bonds are valid general obligations of the Town of Chilmark, Massachusetts and the principal of and interest on the Bonds are payable from taxes which may be levied upon all property within the territorial limits of the Town and taxable by it, without limit as to rate or amount, except as provided under Chapter 44, Section 20 of the General Laws.

Basis of Award: Lowest true interest cost (TIC) as of the dated date.

Tax Exemption: Refer to “Tax Exemption” and Appendix C – “Proposed Form of Legal Opinion” herein.

Continuing Disclosure: Refer to “Continuing Disclosure” and Appendix D – “Proposed Form of Continuing Disclosure Certificate” herein.

Bank Qualification: **The Bonds will be designated as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.**

Paying Agent: U.S. Bank Trust Company National Association, Boston, Massachusetts

Legal Opinion: Locke Lord LLP, Boston, Massachusetts

Delivery and Payment: It is expected that the Bonds will be delivered to DTC, or the offices of its custodial agent, against payment to the account of the Town in federal reserve funds on or about July 13, 2022.

Issue Contacts:

Dawn Barnes, Treasurer, Town of Chilmark, Massachusetts

Telephone (508) 645-2106

David M. Eisenthal, Vice President, UniBank Fiscal Advisory Services, Inc.,
Whitinsville, MA

Telephone (508) 849-4222

Brenda McDonough, Esq., Locke Lord LLP, Boston, MA

Telephone (617) 239-0684

Additional Information:

Refer to the Preliminary Official Statement dated June 21, 2022.

NOTICE OF SALE

**TOWN OF CHILMARK
Massachusetts**

\$9,635,000*

**GENERAL OBLIGATION PUBLIC SAFETY FACILITY CONSTRUCTION BONDS OF 2022
UNLIMITED TAX**

The Town of Chilmark, Massachusetts, will receive electronic proposals until 11:00 a.m. (Eastern Daylight Savings Time), on

Tuesday, June 28, 2022

at UniBank Fiscal Advisory Services, Inc., Whitinsville, Massachusetts, for the purchase of the following described Bonds:

\$9,635,000* **GENERAL OBLIGATION PUBLIC SAFETY FACILITY CONSTRUCTION BONDS OF 2022,** payable May 1 of the years and in the amounts as follows:

<u>Year</u>	<u>Principal Amount*</u>	<u>Year</u>	<u>Principal Amount*</u>
2023	\$385,000	2033	\$485,000
2024	490,000	2034	485,000
2025	490,000	2035	485,000
2026	490,000	2036	485,000
2027	490,000	2037	485,000
2028	490,000	2038	485,000
2029	490,000	2039	485,000
2030	490,000	2040	485,000
2031	485,000	2041	485,000
2032	485,000	2042	485,000

**Preliminary; subject to change.*

Details of the Bonds

The Bonds will be dated July 13, 2022. Interest from the date of the Bonds will be payable on November 1, 2022 and semi-annually thereafter on each May 1 and November 1 until the final maturity, or redemption prior to final maturity, of the Bonds. Principal of and interest on the Bonds will be paid as described below. The Bonds are subject to redemption prior to their stated dates of maturity as described herein.

The Bonds will be issued by means of a book-entry system with no physical distribution of the Bonds made to the public. One certificate for each maturity of the Bonds will be issued to The Depository Trust Company, New York, New York, (DTC), and immobilized in its custody. A book-entry system will be employed, evidencing ownership of the Bonds in principal amounts of \$5,000 or integral multiples thereof, with transfers of ownership affected on the records of DTC and its participants pursuant to rules and procedures adopted by DTC and its participants. The winning bidder, as a condition to delivery of the Bonds, shall be required to deposit the Bonds with DTC, registered in the name of Cede & Co. Principal of and interest on the Bonds will be payable to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. Neither the Town nor the Paying Agent will be responsible or liable for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

Bank Qualification

The Bonds will be designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

Redemption of the Bonds

The Bonds are subject to redemption, at the option of the Town, upon the terms and conditions set forth in the Town's Preliminary Official Statement dated June 21, 2022, prepared in connection with the issuance of the Bonds.

Term Bonds

Bidders may specify that all of the principal amount of such bonds having any two or more consecutive maturities may, in lieu of having separate maturity dates be combined to comprise one or more term bonds, and shall be subject to mandatory redemption or mature at par as described above, in each of the years and in the principal amounts specified in the foregoing maturity schedule (which is subject to change as described herein). Each mandatory redemption shall be allocated to the payment of the term bond having the nearest subsequent maturity date.

Any term bond, if any, shall be subject to mandatory redemption on May 1 in the year or years immediately prior to the stated maturity of such term bond (the particular Bonds of such maturity to be redeemed to be selected by lot), as indicated in the foregoing maturity schedule (which is subject to change as described herein) at the principal amount thereof plus accrued interest to the redemption date, without premium.

Form of Bid and Basis of Award

Bids must be submitted electronically. Electronic proposals will be submitted through *i-Deal*[®]. If any provisions in this Notice of Sale conflict with information provided by *i-Deal*[®], this Notice of Sale shall control. Further information about *i-Deal*[®], including any fees charged, may be obtained from *i-Deal*[®] at (212) 849-5000. The Town assumes no responsibility or liability for bids submitted through *i-Deal*[®]. An electronic bid made in accordance with this Notice of Sale shall be deemed an irrevocable offer to purchase the Bonds in accordance with the terms provided in this Notice of Sale and shall be binding upon the bidder as if made by a signed and sealed written bid delivered to the Town. A good faith deposit is not required.

Bidders shall state the rate or rates of interest per annum which the Bonds are to bear in a multiple of 1/8th or 1/20th of 1% but shall not state (a) more than one interest rate for any Bonds having a like maturity, and (b) any interest rate which exceeds the interest rate stated for any other Bonds by more than 3%. **No bid of less than 101.00 percent of par (\$9,731,350.00) and accrued interest to date of delivery, if any, will be considered.**

As between proposals which comply with this Notice of Sale, the award will be to the bidder who offers to purchase all the Bonds at the lowest net effective interest rate to the Town. Such interest rate shall be determined on a true interest cost (TIC) basis, which shall mean that rate which, as of July 13, 2022 discounts semi-annually all future payments on account of principal and interest to the price bid, not including interest accrued to the date of delivery, which accrued interest shall be paid by the successful bidder. In the event that two or more bidders submit the same lowest true interest cost for the Bonds, the Town Treasurer shall determine the winning bidder by lot from among such proposals. The award of the Bonds to the winning bidder will not be effective until the bid has been approved by the Treasurer and the Select Board of the Town.

Bond Insurance

The Town has not contracted for the issuance of any policy of municipal bond insurance for the Bonds. If the Bonds qualify for the issuance of any such policy or commitment therefore, any purchase of such insurance or commitment shall be at the sole option and expense of the bidder. Proposals shall not be conditioned upon the issuance of any such policy or commitment. Any failure of the Bonds to be so insured or of any such policy or commitment to be issued shall not in any way relieve the purchaser of the contractual obligations arising from the acceptance of a proposal for the purchase of the Bonds. Should the successful bidder purchase municipal bond insurance, all expenses associated with such policy or

commitment will be borne by the bidder, except for the fee paid to S&P Global Ratings for the rating on the Bonds. Any such fee paid to S&P Global Ratings would be borne by the Town.

Adjustments of Par Amount

The Town reserves the right to adjust the aggregate par amount of the Bonds, as well as the par amounts of individual maturities of the Bonds. The purpose of such adjustment will be to limit the amount of Bond proceeds, including premium, to approximately the amount needed for the repayment of a portion of the principal of maturing bond anticipation notes plus new money for capital projects plus costs of issuance, and to satisfy the amortization constraints of the General Laws.

Any adjustment in either the aggregate principal amount or the individual maturities of the Bonds will be in an amount of \$5,000 or an integral multiple thereof. The dollar amount bid by the successful bidder will be adjusted to reflect any adjustment in the aggregate principal amount of the Bonds to be issued. The adjusted bid price will reflect changes in the dollar amount of the underwriter's discount and original issue discount/premium, if any, but will not change the per-bond underwriter's discount as calculated from the bid and reoffering prices required to be delivered to the Town as stated herein. The successful bidder may not withdraw its bid or change the interest rates bid or initial reoffering prices as a result of any changes made to the principal amounts within these limits.

Immediately following the opening of the bids, the Town, acting through its Municipal Advisor, will contact the apparent successful bidder to obtain the initial "production sheet" in order to determine reoffering prices, bond insurance premium, if any, and other such information. Upon being supplied with the initial "production sheet", the Town will determine the need to reduce the principal amount of the Bonds or otherwise re-allocate the principal maturities of the Bonds. The Town expects to advise the successful bidder as soon as possible, but no later than 3:00 p.m., Eastern Daylight Savings Time, on the date of the sale of the amount, if any, of any changes in either the aggregate principal amount (which changes will be allocated among several maturities of the Bonds in a manner to be specified by the Town) or individual maturities (assuming no changes in the aggregate principal amount of the Bonds).

Bidders should be advised that the amount of the reduction in the principal amount of the Bonds will be related to the amount of the premium bid on the Bonds.

Establishment of Issue Price

The successful bidder shall assist the Town in establishing the issue price of the Bonds and shall execute and deliver to the Town on the Closing Date an "issue price" or similar certificate, in the applicable form set forth in Exhibit 1 to this Notice of Sale, setting forth the reasonably expected initial offering prices to the public or the sales price of the Bonds together with the supporting pricing wires or equivalent communications, or, if applicable, the amount bid, with such modifications as may be appropriate or necessary, in the reasonable judgment of the successful bidder, the Town and Bond Counsel. All actions to be taken by the Town under this Notice of Sale to establish the issue price of the Bonds may be taken on behalf of the Town by UniBank Fiscal Advisory Services, Inc. (the "Municipal Advisor") and any notice or report to be provided to the Town may be provided to the Municipal Advisor.

Competitive Sale Requirements. If the competitive sale requirements ("competitive sale requirements") set forth in Treasury Regulation § 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Bonds) have been satisfied, the Town will furnish to the successful bidder on the Closing Date a certificate of the Municipal Advisor, which will certify each of the following conditions to be true:

1. the Town has disseminated this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
2. all bidders had an equal opportunity to bid;
3. the Town received bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and

4. the Town awarded the sale of the Bonds to the bidder who submitted a firm offer to purchase the Bonds at the highest price (or lowest interest cost), as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid. Unless a bidder notifies the Town prior to submitting its bid by email to the Municipal Advisor [david.eisenthal@unibank.com] or in its bid submitted via Parity, that it will not be an “underwriter” (as defined below) of the Bonds, by submitting its bid, each bidder shall be deemed to confirm that it has an established industry reputation for underwriting new issuances of municipal bonds. Unless the bidder has notified the Town that it will not be an “underwriter” (as defined below) of the Bonds, in submitting a bid, each bidder is deemed to acknowledge that it is an “underwriter” that intends to reoffer the Bonds to the public.

In the event that the competitive sale requirements are not satisfied, the Town shall so advise the successful bidder.

Failure to Meet the Competitive Sale Requirements – Option A – The Successful Bidder Intends to Reoffer the Bonds to the Public. If the competitive sale requirements are not satisfied and the successful bidder intends to reoffer the Bonds to the public, the Town will use the first price at which 10% of a maturity of the Bonds (the “10% test”) is sold to the public as the issue price of that maturity, applied on a maturity-by-maturity basis, of the Bonds. The successful bidder shall advise the Municipal Advisor if any maturity of the Bonds satisfies the 10% test as of the date and time of the award of the Bonds. The Town will not require bidders to comply with the “hold-the-offering-price rule” set forth in the applicable Treasury Regulations and therefore does not intend to use the initial offering price to the public as of the Sale Date of any maturity of the Bonds as the issue price of that maturity, if the competitive sale requirements are not met.

If the competitive sale requirements are not satisfied, then until the 10% test has been satisfied as to each maturity of the Bonds or all of the Bonds are sold to the public, the successful bidder agrees to promptly report to the Municipal Advisor the prices at which the unsold Bonds of each maturity have been sold to the public, which reporting obligation shall continue, whether or not the Closing Date has occurred, until the 10% test has been satisfied for each maturity of the Bonds or until all the Bonds of a maturity have been sold. The successful bidder shall be obligated to report each sale of Bonds to the Municipal Advisor until notified in writing by the Town or the Municipal Advisor that it no longer needs to do so.

By submitting a bid and if the competitive sale requirements are not met, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such third-party distribution agreement, as applicable, to report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the successful bidder that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public, if and for so long as directed by the successful bidder and as set forth in the related pricing wires and (ii) any agreement among underwriters relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the successful bidder or such underwriter that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public if and for so long as directed by the successful bidder or such underwriter and as set forth in the related pricing wires.

Sales of any Bonds to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

1. “public” means any person other than an underwriter or a related party,
2. “underwriter” means (A) any person, including the successful bidder, that agrees pursuant to a written contract with the Town (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person

described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public), and

3. a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

Failure to Meet the Competitive Sale Requirements – Option B – The Successful Bidder Intends to Reoffer the Bonds to the Public and Agrees to Hold the Price of Maturities of Bonds for Which the 10% Test in Option A Is Not Met as of the Sale Date. The successful bidder may, at its option, notify the Municipal Advisor in writing, which may be by email (the “Hold the Price Notice”), not later than 4:00 p.m. Eastern Daylight Savings Time on the Sale Date, that it has not sold 10% of the maturities of the Bonds listed in the Hold the Price Notice (the “Unsold Maturities”) and that the successful bidder will not offer the Unsold Maturities to any person at a price that is higher than the initial offering price to the public during the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date or (ii) the date on which the successful bidder has sold at least 10% of the applicable Unsold Maturity to the public at a price that is no higher than the initial offering price to the public. If the successful bidder delivers a Hold the Price Notice to the Municipal Advisor, the successful bidder must provide to the Issuer on or before the Closing Date, in addition to the certification described in Option A above, evidence that each underwriter of the Bonds, including underwriters in an underwriting syndicate or selling group, has agreed in writing to hold the price of the Unsold Maturities in the manner described in the preceding sentence.

Failure to Meet the Competitive Sale Requirements and/or the Successful Bidder Does Not Intend to Reoffer the Bonds to the Public – Option C. If the successful bidder has purchased the Bonds for its own account and will not distribute or resell the Bonds to the public, then, whether or not the competitive sale requirements were met, the reoffering price certificate will recite such facts and identify the price or prices at which the purchase of the Bonds was made.

Legal Opinion

The legality of the Bonds will be approved by Locke Lord LLP, Boston, Massachusetts, whose opinion will be furnished to the original purchaser without charge. See “Opinion of Bond Counsel” in the Official Statement.

The scope of engagement of Bond Counsel does not extend to passing upon or assuming responsibility for the accuracy or adequacy of any statements made in the Official Statement other than matters expressly set forth as their opinion and they make no representation that they have independently verified the same.

Documents to be Delivered at Closing

It shall be a condition to the obligation of the successful bidder to accept delivery of and pay for the Bonds that it shall be furnished, without cost, with (a) the approving opinion of the firm of Locke Lord LLP, Boston, Massachusetts, substantially in the form presented in Appendix C to the Preliminary Official Statement dated June 21, 2022; (b) a certificate in form satisfactory to said firm dated as of the date of delivery of the Bonds and receipt of payment therefor to the effect that there is no litigation pending or, to the knowledge of the signers thereof, threatened affecting the validity of the Bonds or the power of the Town to levy and collect taxes to pay them, (c) a certificate of the Town Treasurer to the effect that, to the best of her knowledge and belief as of the date of sale, the Preliminary Official Statement and as of the date of delivery of the Bonds, the Final Official Statement referred to below, do not contain any untrue statement of a material fact and does not omit to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading, and (d) a Continuing Disclosure Certificate in the form described in the Preliminary Official Statement.

CUSIP Identification Numbers

It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bond, nor any error with respect thereto shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the Bonds. The Town assumes no responsibility for any CUSIP Service Bureau or other charge that may be imposed for the assignment of such numbers.

Continuing Disclosure

In order to assist bidders in complying with Rule 15c2-12(b)(5), promulgated by the Securities and Exchange Commission, the Town will undertake to provide annual reports and notices of certain significant events. A description of this undertaking is set forth in the Preliminary Official Statement.

Delivery

The Bonds, in definitive form, will be delivered to the purchaser at DTC, or the offices of its custodial agent, on or about July 13, 2022 against payment in federal reserve funds.

Additional Information and Copies of the Official Statement

Additional information concerning the Town and the Bonds is contained in the Preliminary Official Statement dated June 21, 2022, to which prospective bidders are directed. The Preliminary Official Statement is provided for informational purposes only and is not a part of this Notice of Sale. Such Preliminary Official Statement is deemed final by the Town except for the omission of the reoffering prices, interest rates and any other items of the Bonds depending on such matters and the identity of the underwriters. Copies of the Preliminary Official Statement and a suggested form of proposal for the Bonds may be obtained David M. Eisenthal, Vice President, UniBank Fiscal Advisory Services, Inc., 49 Church St., Whitinsville, Massachusetts, telephone (508) 849-4222. Within seven (7) business days following award of the Bonds in accordance herewith, up to 10 copies of a Final Official Statement will be furnished to the successful bidder. Additional copies may be obtained at the purchaser's expense.

The right is reserved to reject any or all bids and to reject any bid not complying with this Notice of Sale and, so far as permitted by law, to waive any irregularity with respect to any proposal.

**TOWN OF CHILMARK
Massachusetts**

/s/ Dawn Barnes
Treasurer

Dated: June 21, 2022

EXHIBIT 1

**[Issue Price Certificate for Use If the Competitive
Sale Requirements Are Met]**

\$9,635,000*

**TOWN OF CHILMARK, MASSACHUSETTS
GENERAL OBLIGATION PUBLIC SAFETY FACILITY CONSTRUCTION BONDS OF 2022
UNLIMITED TAX
Dated July 13, 2022**

ISSUE PRICE CERTIFICATE AND RECEIPT

The undersigned, on behalf of [NAME OF SUCCESSFUL BIDDER] (the “Successful Bidder”), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the “Bonds”) of the Town of Chilmark, Massachusetts (the “Issuer”).

1. Reasonably Expected Initial Offering Prices.

(a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by the Successful Bidder are the prices listed in Schedule A (the “Expected Offering Prices”). The Expected Offering Prices are the prices for the Maturities of the Bonds used by the Successful Bidder in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by the Successful Bidder to purchase the Bonds.

(b) The Successful Bidder was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by the Successful Bidder constituted a firm offer to purchase the Bonds.

2. Defined Terms.

(a) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Successful Bidder or a related party to an Successful Bidder. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is June 28, 2022.

(d) *Underwriter* means (i) any person, including the Successful Bidder, that agrees pursuant to a written contract with the Issuer (or with the lead Successful Bidder to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate is limited to factual matters only. Nothing in this certificate represents the Successful Bidder’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Locke Lord LLP

* Preliminary, subject to change.

in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds. The Successful Bidder hereby acknowledges receipt from the Issuer of the bonds of the Issue and further acknowledges receipt of all certificates, opinion, and other documents required to be delivered to the Successful Bidder, before or simultaneously with the delivery of such bonds of the Issue, which certificates, opinions and other documents are satisfactory to the Successful Bidder.

Dated: July __, 2022

[SUCCESSFUL BIDDER]

By: _____

Name:

Title:

SCHEDULE A – Expected Reoffering Prices (to be attached)

SCHEDULE B – Copy of Successful Bidder’s Bid (to be attached)

**[Issue Price Certificate for Use If the Competitive Sale Requirements Are
Not Met and the Hold the Price Rule Is Not Used]**

\$9,635,000*

**TOWN OF CHILMARK, MASSACHUSETTS
GENERAL OBLIGATION PUBLIC SAFETY FACILITY CONSTRUCTION BONDS OF 2022
UNLIMITED TAX
Dated July 13, 2022**

ISSUE PRICE CERTIFICATE AND RECEIPT

The undersigned, on behalf of _____ (the [Successful Bidder][Representatives] on behalf of itself [and [NAMES OF OTHER SUCCESSFUL BIDDERS]]) hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”).

1. Sale of the Bonds. As of the date of this certificate, [except as set forth in paragraph 2 below,] for each Maturity of the Bonds, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule A.

[Only use the next paragraph if the 10% test has not been met or all of the Bonds have not been sold for one or more Maturities of Bonds as of the Closing Date.]

2. For each Maturity of the Bonds as to which no price is listed in Schedule A, as set forth in the Notice of Sale for the Bonds, until the 10% test has been satisfied as to each Maturity of the Bonds or all of the Bonds are sold to the Public, the [Successful Bidder] agrees to promptly report to the Town of Chilmark’s Municipal Advisor, UniBank Fiscal Advisory Services, Inc. (the “Municipal Advisor”) the prices at which the unsold Bonds of each Maturity have been sold to the Public, which reporting obligation shall continue after the date hereof until the 10% test has been satisfied for each Maturity of the Bonds or until all the Bonds of a Maturity have been sold. The [Successful Bidder][Representative] shall continue to report each sale of Bonds to the Municipal Advisor until notified by email or in writing by the State or the Municipal Advisor that it no longer needs to do so.

3. Defined Terms.

(a) *Issuer* means the Town of Chilmark, Massachusetts.

(b) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(c) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an [Successful Bidder][Representative] or a related party to a [Successful Bidder][Representative]. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(d) *Underwriter* means (i) any person, including the [Successful Bidder], that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

** Preliminary; Subject to change.*

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the [Successful Bidder][Representative]'s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Locke Lord LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds. The [Successful Bidder][Representative] hereby acknowledges receipt from the Issuer of the bonds of the Issue and further acknowledges receipt of all certificates, opinion, and other documents required to be delivered to the [Successful Bidder][Representative], before or simultaneously with the delivery of such bonds of the Issue, which certificates, opinions and other documents are satisfactory to the [Successful Bidder][Representative].

Dated: July __, 2022

[SUCCESSFUL BIDDER] [REPRESENTATIVE]

By: _____

Name:

Title:

[SCHEDULE A – SALE PRICES (to be attached)]

**Issue Price Certificate for Use If the Competitive Sale Requirements Are
Not Met and the Hold the Price Rule Is Imposed**

\$9,635,000*

**TOWN OF CHILMARK, MASSACHUSETTS
GENERAL OBLIGATION PUBLIC SAFETY FACILITY CONSTRUCTION BONDS OF 2022
UNLIMITED TAX
Dated July 13, 2022**

ISSUE PRICE CERTIFICATE AND RECEIPT

The undersigned, on behalf of _____ (the (“[Successful Bidder][Representative]”), on behalf of itself [and [NAMES OF OTHER UNDERWRITERS]]herby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”) of the Town of Chilmark, Massachusetts (the “Issuer”).

1. Sale of the Bonds. As of the date of this certificate, [except as set forth in paragraph 2 below,] for each Maturity of the Bonds, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule A.

[Only use the next paragraph if the 10% test has not been met as of the Sale Date.]

[For each Maturity of the Bonds as to which no price is listed in Schedule A (the “Unsold Maturities”), as set forth in the Notice of Sale for the Bonds, the [Successful Bidder][Representative] and any other Underwriter did not reoffer the Unsold Maturities to any person at a price that is higher than the initial offering price to the public until the earlier of (i) _____, 2022 or (ii) the date on which the [Successful Bidder][Representative] or any other Underwriter sold at least 10% of each Unsold Maturity at a price that is no higher than the initial offering price to the Public.]

2. Defined Terms.

(a) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) *Underwriter* means (i) any person, including the [Successful Bidder][Representative], that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

3. Receipt. The [Successful Bidder][Representative] hereby acknowledges receipt from the Issuer of the Bonds and further acknowledges receipt of all certificates, opinion and other documents required to be delivered to the [Successful Bidder][Representative], before or simultaneously with the delivery of the Bonds, which certificates, opinions and other documents are satisfactory to the [Successful Bidder][Representative].

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the [Successful Bidder’s][Representative’s] interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Locke Lord LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal

Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds. The [Successful Bidder][Representative] hereby acknowledges receipt from the Issuer of the bonds if the Issue and further acknowledges receipt of all certificates, opinion and other documents required to be delivered to the [Successful Bidder][Representative], before or simultaneously with the delivery of such bonds of the Issue, which certificates, opinions and other documents are satisfactory to the [Successful Bidder][Representative].

Dated: July ____, 2022

[SUCCESSFUL BIDDER][REPRESENTATIVE]

By: _____

Name:

Title:

** Preliminary, subject to change.*

Schedule A – Sale Prices (to be attached)

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OFFICIAL STATEMENT

**TOWN OF CHILMARK
MASSACHUSETTS**

\$9,210,000

**GENERAL OBLIGATION PUBLIC SAFETY FACILITY CONSTRUCTION BONDS OF 2022
UNLIMITED TAX**

INTRODUCTION

This Official Statement is provided for the purpose of presenting certain information relating to the Town of Chilmark, Massachusetts (the “Town”) in connection with the sale of its \$9,210,000 General Obligation Public Safety Facility Construction Bonds of 2022, Unlimited Tax, dated July 13, 2022 (the “Bonds”).

The Bonds are being offered for sale at public bidding and a Notice of Sale dated June 21, 2022, has been furnished to prospective bidders. Reference is hereby made to the Notice of Sale for the terms and conditions of bidding.

The Bonds will be general obligations of the Town for which its full faith and credit are pledged. They are not guaranteed by The Commonwealth of Massachusetts (the “Commonwealth”) or any other entity. The security for the Bonds is more fully described under the caption Security and Remedies. See also the caption Opinion of Bond Counsel.

Questions regarding information contained in this Official Statement or other matters should be directed to Dawn Barnes, Treasurer (508) 645-2106, David M. Eisenthal, Vice President, UniBank Fiscal Advisory Services, Inc. (508) 849-4222, or Brenda McDonough, Locke Lord LLP (617) 239-0684.

The information contained herein has been obtained from the sources indicated or from the Town.

PART I
THE BONDS

DESCRIPTION OF THE BONDS

The Bonds will be dated July 13, 2022 and will mature on May 1 of the years and in the principal amounts as follows:

<u>Due</u> <u>May 1</u>	<u>Principal</u> <u>Amount</u>	<u>Due</u> <u>May 1</u>	<u>Principal</u> <u>Amount</u>
2023	\$385,000	2033	\$465,000
2024	465,000	2034	465,000
2025	465,000	2035	465,000
2026	465,000	2036	465,000
2027	465,000	2037	465,000
2028	465,000	2038	465,000
2029	465,000	2039	465,000
2030	465,000	2040	465,000
2031	465,000	2041	460,000
2032	465,000	2042	460,000

The Bonds will bear interest at the rate or rates per annum specified by the successful bidder.

Principal and semi-annual interest will be paid by U.S. Bank Trust Company National Association, Boston, Massachusetts, or its successor, acting as paying agent (the "Paying Agent"). Interest from the date of the Bonds will be payable on November 1, 2022 and semi-annually thereafter on each May 1 and November 1 until maturity, or redemption prior to maturity. So long as The Depository Trust Company ("DTC"), New York, New York or its nominee, Cede & Co., is the Bondowner, such payments of principal and interest on the Bonds will be made directly to such Bondowner. Disbursement of such payments to the DTC Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants and Indirect Participants, as more fully described herein.

The Bonds are issuable only in fully registered form without coupons, and, when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for DTC. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their interests in Bonds purchased. So long as Cede & Co. is the Bondowner, as nominee of DTC, references herein to the Bondowners or registered owner shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Bonds. (See Book-Entry Transfer System herein.)

Record Date

The record date for each payment of interest is the fifteenth day of the month preceding the interest payment date, provided that, under certain circumstances, the Paying Agent may establish a special record date. The special record date may not be more than twenty (20) days before the date set for payment. The Paying Agent will mail notice of a special record date to the bondholders at least ten (10) days before the special record date.

Book-Entry Transfer System

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued in fully-registered form registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One-fully registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and each such certificate will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a S&P Global Ratings rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of securities deposited with DTC must be made by or through Direct Participants, which will receive a credit for such securities on DTC's records. The ownership interest of each actual purchaser of each security deposited with DTC (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in securities deposited with DTC are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in securities deposited with DTC, except in the event that use of the book-entry system for such securities is discontinued.

To facilitate subsequent transfers, all securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the securities deposited with it; DTC's records reflect only the identity of the Direct Participants to whose accounts such securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of a maturity is being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to securities deposited with it unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer of such securities or its paying agent as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on securities deposited with DTC will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the issuer of such securities or its paying agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the issuer of such securities or its paying agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the issuer of such securities or its paying agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to securities held by it at any time by giving reasonable notice to the issuer of such securities or its paying agent. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered to Beneficial Owners.

The Town may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, physical certificates will be printed and delivered to Beneficial Owners.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Town believes to be reliable, but the Town takes no responsibility for the accuracy thereof.

DTC Practices

The Town can make no assurances that DTC, Direct Participants, Indirect Participants or other nominees of the Beneficial Owners of the Bonds will act in a manner described in this Official Statement. DTC is required to act according to rules and procedures established by DTC and its participants which are on file with the Securities and Exchange Commission.

AUTHORIZATION AND USE OF PROCEEDS

The Bonds are authorized under Chapter 44, Section 7(1) of the Massachusetts General Laws, as amended, and votes of the Town taken on April 22, 2019 (Article 14 - \$900,000 and Article 15 - \$200,000), April 24, 2019 (Questions 2 and 3), October 28, 2019 (Article 2 - \$440,000), December 4, 2019 (Question 1), May 24, 2021 (Article 18 - \$11,100,000), May 26, 2021 (Question 1), November 6, 2021 (Article 2 - \$5,500), March 26, 2022 (Article 1 - \$1,200,000), and April 25, 2022 (Question 2) for the purpose of acquiring land for a fire and ambulance facility and designing and constructing that facility. Total authorization for this purpose is \$13,845,500.

The ambulance facility being financed with the Bonds will serve the Town and the Towns of West Tisbury and Aquinnah. The Town expects to enter into an intermunicipal agreement with West Tisbury and Aquinnah under which those Towns will support a portion of the debt service on these Bonds.

The Town currently has \$3,450,000 principal amount of bond anticipation notes outstanding for this purpose. These notes will be permanently retired with Bond proceeds and available funds of the Town at their current maturity of July 14, 2022.

Debt service for this purpose has been excluded from the limits of Proposition 2½.

REDEMPTION

Optional Redemption

The Bonds maturing in the years 2023 to 2030 are not subject to redemption prior to their stated date of maturity.

The Bonds maturing on and after May 1, 2031 are subject to redemption prior to maturity, at the option of the Town, on and after May 1, 2030, either in whole or in part at any time, and if in part, by lot within a maturity, at par plus accrued interest to the date set for redemption.

So long as DTC is the registered owner of the Bonds, notice of any redemption of the Bonds, prior to their maturities, specifying the Bonds (or portions thereof) to be redeemed shall be mailed to DTC not more than 60 days nor less than 30 days prior to the redemption date. Any failure on the part of DTC to notify the DTC Participants of the redemption or failure on the part of the DTC Participants or of a nominee of a Beneficial Owner (having received notice from a DTC Participant or otherwise) to notify the Beneficial Owner shall not affect the validity of the redemption. If moneys for the redemption are held by the Paying Agent on the redemption date and if notice of the redemption shall have been duly mailed, then from and after the redemption date interest on the Bonds (or portions thereof) called for redemption shall cease to accrue.

Mandatory Redemption

Term Bonds, if any are specified by the successful bidder, will be subject to mandatory redemption on May 1 in each year or years immediately prior to the stated maturity of such Term Bonds (the particular Bonds of such maturity to be redeemed to be selected by lot) as indicated in the maturity schedule appearing on the inside cover page of the Preliminary Official Statement (which maturity schedule is subject to change as described in the Notice of Sale dated May 4, 2022) at the principal amount thereof plus accrued interest to the redemption date.

SECURITY AND REMEDIES

Full Faith and Credit. General obligation bonds and notes of a Massachusetts city or town constitute a pledge of its full faith and credit. Payment is not limited to a particular fund or revenue source. Except for “qualified bonds” as described above (see “Serial Bonds and Notes” under “TYPES OF OBLIGATIONS” herein) and setoffs of state distributions as described below (see “State Distributions” herein), no provision is made by the Massachusetts statutes for priorities among bonds and notes and other general obligations, although the use of certain moneys may be restricted.

Tax Levy. The Massachusetts statutes direct the municipal assessors to include annually in the tax levy for the next fiscal year “all debt and interest charges matured and maturing during the next fiscal year and not otherwise provided for and all amounts necessary to satisfy final judgments”. Specific provision is also made for including in the next tax levy payments of rebate amounts not otherwise provided for and payment of notes in anticipation of federal or state aid, if the aid is no longer forthcoming.

The total amount of a tax levy is limited by statute. However, the voters in each municipality may vote to exclude from the limitation any amounts required to pay debt service on indebtedness incurred before November 4, 1980. Local voters may also vote to exempt specific subsequent bond issues from the limitation. (See “Tax Limitations” Under “PROPERTY TAX” herein.) In addition, obligations incurred before November 4, 1980 may be constitutionally entitled to payment from taxes in excess of the statutory limit.

No Lien. Except for taxes on the increased value of certain property in designated development districts which may be pledged for the payment of debt service on bonds issued to finance economic development projects within such districts, no provision is made for a lien on any portion of the tax levy or any other monies to secure particular bonds or notes or bonds and notes generally (or judgments on bonds or notes) in priority to other claims. Provision is made, however, for borrowing to pay judgments, subject to the General Debt Limit. (See “DEBT LIMITS” herein.) Subject to the approval of the State Director of Accounts for judgments above \$10,000, judgments may also be paid from available funds without appropriation and included in the next tax levy unless other provision is made.

Court Proceedings. Massachusetts cities and towns are subject to suit on their general obligation bonds and notes and courts of competent jurisdiction have power in appropriate proceedings to order payment of a judgment on the bonds or notes from lawfully available funds or, if necessary, to order the city or town to take lawful action to obtain the required money, including the raising of it in the next annual tax levy, within the limits prescribed by law. (See “Tax Limitations” under “TAX LEVIES” herein.) In exercising their discretion as to whether to enter such an order, the courts could take into account all relevant factors including the current operating needs of the city or town and the availability and adequacy of other remedies. The Massachusetts Supreme Judicial Court has stated in the past that a judgment against a municipality can be enforced by the taking and sale of the property of any inhabitant. However, there has been no judicial determination as to whether this remedy is constitutional under current due process and equal protection standards.

Restricted Funds. Massachusetts statutes also provide that certain water, gas and electric, community antenna television system, telecommunications, sewer, parking meter and passenger ferry fee, community preservation, and affordable housing receipts may be used only for water, gas and electric, community antenna television system, telecommunications, community preservation and affordable housing, sewer, parking, mitigation of ferry service impacts, community preservation and affordable housing purposes, respectively; accordingly, moneys derived from these sources may be unavailable to pay general obligation bonds and notes issued for other purposes. A city or town that accepts certain other statutory provisions may establish an enterprise fund for a utility, health care, solid waste, recreational or transportation facility and for police or fire services; under those provisions any surplus in the fund is restricted to use for capital expenditures or reduction of user charges. In addition, subject to certain limits, a city or town may annually authorize the establishment of one or more revolving funds in connection with use of certain revenues for programs that produce those revenues; interest earned on a revolving fund is treated as general fund revenue. A city or town may also establish an energy revolving loan fund to provide loans to owners of privately-held property in the city or town for energy conservation and renewable energy projects, and may borrow to establish such a fund. The loan repayments and interest earned of the investment of amounts in the fund shall be credited to the fund. Also, the annual allowance for depreciation of a gas and electric plant or a community antenna television and telecommunications system is restricted to use for plant or system renewals and improvements, for nuclear decommissioning costs, and costs of contractual commitments, or, with the approval of the State Department of Telecommunications and Energy, to pay debt incurred for plant or system reconstruction or renewals. Revenue bonds and notes issued in anticipation of them may be secured by a prior lien on specific revenues. Receipts from industrial users in connection with industrial revenue financings are also not available for general municipal purposes.

State Distributions. State grants and distributions may in some circumstances be unavailable to pay general obligation bonds and notes of a city or town in that the State Treasurer is empowered to deduct from such grants and distributions the amount of any debt service paid on “qualified bonds” (See “Serial Bonds and Notes” under “TYPES OF OBLIGATIONS” herein) and any other sums due and payable by the city or town to the Commonwealth or certain other public entities, including any unpaid assessments for costs of any public transportation authority (such as the Massachusetts Bay Transportation Authority or a regional transit authority) of which it is a member, for costs of the Massachusetts Water Resources Authority if the city or town is within the territory served by the Authority, or for charges necessary to meet obligations under the Commonwealth’s Water Pollution Abatement or Drinking Water Revolving Loan Programs, including such charges imposed by another local governmental unit that provides wastewater collection or treatment services or drinking water services to the city or town.

If a city or town is (or is likely to be) unable to pay principal or interest on its bonds or notes when due, it is required to notify the State Commissioner of Revenue. The Commissioner shall in turn, after verifying the inability, certify the inability to the State Treasurer. The State Treasurer shall pay the due or overdue amount to the paying agent for the bonds or notes, in trust, within three days after the certification or one business day prior to the due date (whichever is later). This payment is limited, however, to the estimated amount otherwise distributable by the Commonwealth to the city or town during the remainder of the fiscal year (after the deductions mentioned in the foregoing paragraph). If for any reason any portion of the certified sum has not been paid at the end of the fiscal year, the State Treasurer shall pay it as soon as practicable in the next fiscal year to the extent of the estimated distributions for that fiscal year. The sums so paid shall be charged (with interest and administrative costs) against the distributions to the city or town.

The foregoing does not constitute a pledge of the faith and credit of the Commonwealth. The Commonwealth has not agreed to maintain existing levels of state distributions, and the direction to use estimated distributions to pay debt service may be subject to repeal by future legislation. Moreover, adoption of the annual appropriation act has sometimes been delayed beyond the beginning of the fiscal year and estimated distributions which are subject to appropriation may be unavailable to pay local debt service until they are appropriated.

Bankruptcy. Enforcement of a claim for payment of principal or interest on general obligation bonds or notes would be subject to the applicable provisions of Federal bankruptcy laws and to the provisions of other statutes, if any, hereafter enacted by the Congress or the State legislature extending the time for payment or imposing other constraints upon enforcement insofar as the same may be constitutionally applied. Massachusetts municipalities are not generally authorized by the Massachusetts General Laws to file a petition for bankruptcy under Federal Bankruptcy laws. In cases involving significant financial difficulties faced by a single city, town, or regional school district, however, the Commonwealth has enacted special legislation to permit the appointment of a fiscal overseer, finance control board or, in the most extreme cases, a state receiver. In a limited number of these situations, such special legislation has also authorized the filing of federal bankruptcy proceedings, with the prior approval of the Commonwealth. In each case where such authority was granted, it expired at the termination of the Commonwealth's oversight of the financially distressed city, town, or regional school district. To date, no such filings have been approved or made.

OPINION OF BOND COUNSEL

A copy of the legal opinion of the firm of Locke Lord LLP, of Boston, Massachusetts ("Bond Counsel"), will be furnished to the successful bidder. The opinion will be dated and given on and will speak only as of the date of original delivery of the Bonds to the successful bidder. See Appendix C attached hereto.

The scope of engagement of Bond Counsel does not extend to passing upon or assuming responsibility for the accuracy or adequacy of any statements made in this Official Statement other than matters expressly set forth as their opinion and they make no representation that they have independently verified the same.

TAX EXEMPTION

In the opinion of Locke Lord LLP, Bond Counsel to the Town ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Bond Counsel is of the further opinion that interest on the Bonds will not be included in computing the alternative minimum taxable income of Bondholders who are individuals. **The Bonds will be designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.** Bond Counsel expresses no opinion regarding any other federal tax consequences arising with respect to the ownership or disposition of, or the accrual or receipt of interest on the Bonds.

The Code imposes various requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. Failure to comply with these requirements may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The Town has covenanted to comply with such requirements to ensure that interest on the Bonds will not be included in federal gross income. The opinion of Bond Counsel assumes compliance with these requirements.

Bond Counsel is also of the opinion that, under existing law, interest on the Bonds is exempt from Massachusetts personal income taxes, and the Bonds are exempt from Massachusetts personal property taxes. Bond Counsel has not opined as to other Massachusetts tax consequences arising with respect to the Bonds. Prospective Bondholders should be aware, however, that the Bonds are included in the measure of Massachusetts estate and inheritance taxes, and the Bonds and the interest thereon are included in the measure of certain Massachusetts corporate excise and franchise taxes. Bond Counsel expresses no opinion as to the taxability of the Bonds or the income therefrom or any other tax consequences arising with respect to the Bonds under the laws of any state other than Massachusetts.

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each owner thereof, is treated as interest on the Bonds which is excluded from gross income for federal income tax purposes and is exempt from Massachusetts personal income taxes. For this purpose, the issue price of a particular maturity of the Bonds is either the reasonably expected initial offering price to the public or the first price at which a substantial amount of such maturity of the Bonds is sold to the public, as applicable. The original issue discount with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted

basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Bondholders should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase such Bonds in the original offering to the public at the reasonably expected initial offering price or, if applicable, the first price at which a substantial amount of such Bonds is sold to the public.

Bonds purchased, whether at original issuance or otherwise, for an amount greater than the stated principal amount to be paid at maturity of such Bonds, or, in some cases, at the earlier redemption date of such Bonds (“Premium Bonds”), will be treated as having amortizable Bond premium for federal income tax purposes and Massachusetts personal income tax purposes. No deduction is allowable for the amortizable Bond premium in the case of obligations, such as the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, a Bondholder’s basis in a Premium Bond will be reduced by the amount of amortizable Bond premium properly allocable to such Bondholder. Holders of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable Bond premium in their particular circumstances.

Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds.

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes and is exempt from Massachusetts personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect the federal or state tax liability of a Bondholder. Among other possible consequences of ownership or disposition of, or the accrual or receipt of interest on, the Bonds, the Code requires recipients of certain social security and certain railroad retirement benefits to take into account receipts or accruals of interest on the Bonds in determining the portion of such benefits that are included in gross income. The nature and extent of all such other tax consequences will depend upon the particular tax status of the Bondholder or the Bondholder’s other items of income, deduction, or exclusion. Bond Counsel expresses no opinion regarding any such other tax consequences, and Bondholders should consult with their own tax advisors with respect to such consequences.

Risk of Future Legislative Changes and/or Court Decisions

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the Massachusetts legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Bonds will not have an adverse effect on the tax status of interest on the Bonds or the market value or marketability of the Bonds. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Bonds from gross income for federal or state income tax purposes for all or certain taxpayers.

Additionally, Bondholders should be aware that future legislative actions (including federal income tax reform) may retroactively change the treatment of all or a portion of the interest on the Bonds for federal income tax purposes for all or certain taxpayers. In all such events, the market value of the Bonds may be affected and the ability of Bondholders to sell their Bonds in the secondary market may be reduced. The Bonds are not subject to special mandatory redemption, and the interest rate on the Bonds is not subject to adjustment, in the event of any such change in the tax treatment of interest on the Bonds.

Investors should consult their own financial and tax advisors to analyze the importance of these risks.

RATING

On June 23, 2022, S&P Global Ratings assigned a rating of AAA to the Bonds. The rating reflects only the view of the rating agency and is subject to revision or withdrawal, which could affect the market price of the Bonds.

CONTINUING DISCLOSURE

In order to assist the Underwriter(s) in complying with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission (the “Rule”), the Town will covenant for the benefit of owners of the Bonds to provide certain financial information and operating data relating to the Town by not later than 270 days after the end of each fiscal year, and to provide notices of the occurrence of certain enumerated events. The covenants will be contained in a Continuing Disclosure Certificate, the proposed form of which is provided in Appendix D. The Certificate will be executed by the signers of the Bonds and incorporated by reference in the Bonds. The Town is the only “obligated person” with respect to the Bonds within the meaning of the Rule.

In the past five years, the Town believes that it has complied, in all material respects, with its previous undertakings to provide annual reports or notices of significant events in accordance with the Rule.

PART II

TOWN OF CHILMARK, MASSACHUSETTS

The Town of Chilmark, incorporated in 1694, is governed by the selectmen - open town meeting form of government and is located on Martha's Vineyard Island off the coast of Massachusetts in The County of Dukes County. The Town, a resort community located mostly on the western "up island" portion of Martha's Vineyard, covers a land area of approximately 19.1 square miles and is bordered by Vineyard Sound on the north, West Tisbury on the east, Aquinnah on the west, and the Atlantic Ocean on the south. (Noman's Island, an island of approximately one square mile located about three miles off of Martha's Vineyard, is also part of the Town.)

GOVERNING BODIES AND OFFICERS

The Town is governed by an open town meeting and an elected Select Board, which functions as the chief executive officer of the Town. The power of the board is stipulated by Massachusetts General Laws and Town bylaws. The board carries out the measures voted by the town. The Select Board appoints all non-elected town officials and members to all non-elected boards, committees & commissions. Select Board members are elected for 3 year terms. The following is a list of the principal executive officers:

<u>Office</u>	<u>Name</u>	<u>Manner of Selection and Term</u>	<u>Term Expires</u>
Select Board	James M. Malkin, Chair	Elected/3 years	2025
	Warren N. Doty, Vice Chair	Elected/3 years	2023
	William N. Rossi, Clerk	Elected/3 years	2024
Town Administrator	Timothy R. Carroll	Appointed/Indefinite	-
Treasurer	Dawn Barnes	Appointed/Indefinite	-
Tax Collector	Jessica A. Bradlee	Appointed/1 year	2023
Town Clerk	Jennifer L. Christy	Appointed/1 year	2023
Accountant	Ellen A. Biskis	Appointed/1 year	2023
Town Counsel	Ronald Rappaport	Appointed/1 year	2023

SERVICES

The Town provides general governmental services for the territory within its boundaries, including police and fire protection, streets, parks and recreation, and cemetery maintenance and operation.

The Up-Island Regional School District, which operates two elementary schools including the Chilmark Elementary School, provides academic education in grades Kindergarten through eight. The Martha's Vineyard Regional High School District provides academic education in grades nine through twelve. Bus transportation is provided by The Martha's Vineyard Transit Authority from mid-June through Columbus Day with limited year-round routes. The Woods Hole, Martha's Vineyard and Nantucket Steamship Authority provides ferry service from Woods Hole and Hyannis to Vineyard Haven and Oak Bluffs.

COVID-19

COVID-19 is a respiratory disease caused by a novel coronavirus not previously been seen in humans. On March 10, 2020, the Governor of The Commonwealth of Massachusetts declared a state of emergency to support the Commonwealth's response to the outbreak of the virus. On March 11, 2020 the World Health Organization declared COVID-19 a pandemic. On March 13, 2020, the President declared a national emergency due to the outbreak, which has enabled disaster funds to be made available to states to fight the pandemic. The Governor has removed the remaining COVID-19 restrictions and the state of emergency in The Commonwealth expired on June 15, 2021.

In response to the COVID-19 pandemic, federal and state legislation was enacted that provides various forms of financial assistance and other relief to state and local governments. At the federal level, the CARES Act includes various forms of financial relief to local governments. The Town was eligible to receive up to \$80,850 in CARES Act funds as part of the federal COVID-19 relief package. In fiscal 2021, the Town received \$35,100 in COVID-19 reimbursements. The Town has received \$43,170 in fiscal 2022.

Another action at the federal level was the American Rescue Plan Act of 2021 (“ARPA”). Among other provisions, ARPA provides \$350 billion to state and local governments to mitigate the fiscal disruptions created by the pandemic. Such funds may be used to replace revenues lost or reduced as a result of the pandemic and fund COVID-related costs, among other purposes. The Town is eligible to receive \$90,960 in ARPA funding. The Town received \$48,252 in such funds in fiscal 2021.

In addition to federal funding, the Town received a grant for COVID relief totaling approximately \$10,000 from the Massachusetts Association of Health Boards in fiscal 2020 and \$5,100 from the Center for Technology and Civic Life in fiscal 2021.

The virus and the resulting actions by national, state and local governments is altering the behavior of businesses and people in a manner that will have negative impacts on global and local economies. There can be no assurances regarding the extent to which COVID-19 will impact the national and state economies and, accordingly, how it will adversely impact municipalities, including the Town. Although the pandemic did not materially affect financial operations in fiscal 2020 and 2021 and the Town expects to collect budgeted revenues for fiscal year 2022, the negative effect on the economy may result in reduced collections of property taxes and other revenues, including local meals and lodging tax revenue, motor vehicle excise taxes and other fees and charges collected by the Town.

AUTHORIZATION OF GENERAL OBLIGATION BONDS AND NOTES

Serial bonds and notes are authorized by a two-thirds vote of the Town Meeting. Refunding bonds and notes are authorized by vote of the Select Board. Borrowings for some purposes require State administrative approval.

When serial bonds or notes have been authorized, bond anticipation notes may be issued by the officers authorized to issue the serial bonds or notes. Temporary loans in anticipation of the revenue of the current fiscal year in which the debt is incurred or in anticipation of authorized federal and state aid generally may be incurred by the Treasurer with the approval of the Town Manager.

DEBT LIMITS

General Debt Limit. The General Debt Limit of the Town consists of a Normal Debt Limit and a Double Debt Limit. The Normal Debt Limit for the Town is 5 percent of the valuation of taxable property as last equalized by the State Department of Revenue. The present debt limit of the Town, based on the 2020 equalized valuation, is \$136,380,935. The Town can authorize debt up to this amount without State approval. It can authorize debt up to twice this amount (the Double Debt Limit) with the approval of the Municipal Finance Oversight Board.

There are many categories of general obligation debt which are exempt from and do not count against the General Debt Limit. Among others, these exempt categories include revenue anticipation notes and grant anticipation notes; emergency loans; loans exempted by special laws; certain school bonds, sewer bonds, solid waste disposal facility bonds and economic development bonds supported by tax increment financing; and subject to special debt limits, bonds for water (limited to 10 per cent of equalized valuation), housing, urban renewal and economic development (subject to various debt limits), and electric, gas, community antenna television systems, and telecommunications systems (subject to separate limits). Revenue bonds are not subject to these debt limits. The General Debt Limit and the special debt limit for water bonds apply at the time the debt is authorized. The other special debt limits generally apply at the time the debt is incurred.

Revenue Anticipation Notes. The amount borrowed in each fiscal year by the issue of revenue anticipation notes is limited to the tax levy of the prior fiscal year, together with the net receipts in the prior fiscal year from the motor vehicle excise and certain payments made by the Commonwealth in lieu of taxes. The fiscal year ends on June 30. Notes may mature in the following fiscal year, and notes may be refunded into the following fiscal year to the extent of the uncollected, unabated current tax levy and certain other items, including revenue deficits, overlay deficits, final judgments

and lawful unappropriated expenditures, which are to be added to the next tax levy, but excluding deficits arising from a failure to collect taxes of earlier years (see “Taxation to Meet Deficits” herein). In any event, the period from an original borrowing to its final maturity cannot exceed one year.

TYPES OF OBLIGATIONS

General Obligations. Massachusetts cities and towns are authorized to issue general obligation indebtedness of these types:

Serial Bonds and Notes. These are generally required to be payable in equal or diminishing annual principal amounts beginning no later than the end of the next fiscal year commencing after the date of issue and ending within the terms permitted by law. A level debt service schedule, or a schedule that provides for a more rapid amortization of principal than level debt service, is permitted. The principal amounts of certain economic development bonds supported by tax increment financing may be payable in equal, diminishing or increasing amounts beginning within 5 years after the date of issue. The maximum terms of serial bonds and notes vary from one year to 40 years, depending on the purpose of the issue. The maximum terms permitted are set forth in the statutes. In addition, for many projects, the maximum term may be determined in accordance with useful life guidelines promulgated by the Massachusetts Department of Revenue (“DOR”). Serial bonds and notes may be issued for the purposes set forth in the statutes. In addition, serial bonds and notes may be issued for any other public work, improvement, or asset not specifically listed in the Statutes that has a useful life or at least 5 years. Bonds or notes may be made callable and redeemed prior to their maturity, and a redemption premium may be paid. Refunding bonds or notes may be issued subject to the maximum applicable term measured from the date of the original bonds or notes and must produce present value savings over the debt service of the refunded bonds. Generally, the first required annual payment of principal of the refunding bonds cannot be later than the first principal payment of any of the bonds or notes being refunded thereby, however, principal payments made before the first principal payment of any of the bonds or notes being refunded thereby may be in any amount.

Serial bonds may be issued as “qualified bonds” with the approval of the state Municipal Finance Oversight Board composed of the State Treasurer, the State Auditor, the Attorney General and the Director of Accounts, subject to such conditions and limitations (including restrictions on future indebtedness) as may be required by the Board. Qualified bonds may mature not less than 10 nor more than 30 years from their dates and are not subject to the amortization requirements described above. The State Treasurer is required to pay the debt service on qualified bonds and thereafter to withhold the amount of the debt service paid by the State from state aid or other state payments; administrative costs and any loss of interest income to the State are to be assessed upon the city or town.

Tax Credit Bonds and Notes. Subject to certain provisions and conditions, the officers authorized to issue bonds or notes may designate any duly authorized issue of bonds or notes as “tax credit bonds” to the extent such bonds and notes are otherwise permitted to be issued with federal tax credits or other similar subsidies for all or a portion of the borrowing costs. Tax credit bonds may be made payable without regard to the annual installments required by any other law, and a sinking fund may be established for the payment of such bonds. Any investment that is part of such a sinking fund may mature not later than the date fixed for payment or redemption of the applicable bonds.

Bond Anticipation Notes. These generally must mature within two years of their original dates of issuance but may be refunded from time to time for a period not to exceed ten years from their original dates of issuance, provided that for each year that the notes are refunded beyond the second year they must be paid in part from revenue funds in an amount at least equal to the minimum annual payment that would have been required if the bonds had been issued at the end of the second year. The maximum term of bonds issued to refund bond anticipation notes is measured from the date of the original issue of the notes.

Revenue Anticipation Notes. These are issued to meet current expenses in anticipation of taxes and other revenues. They must mature within one year but, if payable in less than one year, may be refunded from time to time up to one year from the original date of issue.

Grant Anticipation Notes. These are issued for temporary financing in anticipation of federal grants and state and county reimbursements. They must generally mature within two years but may be refunded from time to time as long as the municipality remains entitled to the grant or reimbursement.

Revenue Bonds. Cities and towns may issue revenue bonds for solid waste disposal facilities, for projects financed under the Commonwealth's Water Pollution Abatement or Drinking Water Revolving Loan Programs and for certain economic development projects supported by tax increment financing. In addition to general obligation bonds and notes, cities and towns having electric departments may issue electric revenue bonds, and notes in anticipation of such bonds, subject to the approval of the State Department of Telecommunications and Energy. The Town does not have an electric department.

DEBT (1)

The following shows the direct debt outstanding as of July 13, 2022, including the Bonds:

General Obligation Bonds:

Within General Debt Limit (2) (3)

Land Acquisition	\$ 9,259
Other Building	374,074
Street Sidewalks & Parking	75,000
The Bonds	<u>9,210,000</u>

Total Within the General Debt Limit \$9,668,333

Outside General Debt Limit:

Other Outside General	<u>41,667</u>
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Total Outside the General Debt Limit 41,667

Total Long-Term Indebtedness \$9,710,000

Temporary Loans in Anticipation of:

Revenue	\$ 0
Bonds	0
Grants	<u>0</u>

Total Temporary Loans 0

Total Direct Debt \$9,710,000

(1) Principal amount only. Excludes lease and installment purchase obligations, overlapping debt, unfunded pension liability, and other post-employment benefits liability.

(2) At the present time, the normal General Debt Limit is \$182,850,260 and the Double General Debt Limit is \$365,700,520.

(3) **Debt service on the Bonds and \$490,741 of outstanding principal has been excluded from the provisions of Proposition 2 ½.**

Authorized Unissued Debt and Prospective Financing

Following delivery of the Bonds, the Town will have \$5,120,500 authorized unissued debt consisting of \$4,170,500 for the Fire/Ambulance project being funded by the Bonds and \$950,000 for upgrade of the HVAC system at Chilmark Elementary School. The Town is authorized to finance the HVAC upgrade under an intermunicipal agreement with the Up-Island Regional School District, which operates the school. Portions of the debt service for the HVAC project are expected to be supported by assessments on the Towns of West Tisbury and Aquinnah.

The Town currently expects to finance the balance of the authorization for the Fire/Ambulance as well as the HVAC system in fiscal 2023.

Five Years Outstanding Debt (1)

	As of June 30				
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Long-Term Indebtedness					
Within the General Debt Limit:					
Land Acquisition	\$ 9,259	\$ 18,889	\$ 28,519	\$ 38,519	\$ 48,519
Schools	0	0	0	0	145,000
Other Building	374,074	551,111	728,148	908,148	1,088,148
Streets Sidewalks & Parking	75,000	150,000	225,000	300,000	375,000
Other Inside General	<u>0</u>	<u>130,000</u>	<u>260,000</u>	<u>390,000</u>	<u>520,000</u>
Total Within the General Debt Limit	\$ 458,333	\$ 850,000	\$1,241,667	\$1,636,667	\$2,176,667
Outside the General Debt Limit:					
Other Outside General	41,667	85,000	128,333	173,333	218,333
Total Outside the General Debt Limit	<u>\$ 41,667</u>	<u>\$ 85,000</u>	<u>\$ 128,333</u>	<u>\$ 173,333</u>	<u>\$ 218,333</u>
Total Long-Term Indebtedness	\$ 500,000	\$ 935,000	\$1,370,000	\$1,810,000	\$2,395,000
Short-Term Indebtedness					
Revenue Anticipation Notes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Grant Anticipation Notes	0	0	0	0	0
Bond Anticipation Notes	<u>3,450,000</u>	<u>1,540,000</u>	<u>1,100,000</u>	<u>0</u>	<u>0</u>
Total Short-Term Indebtedness	\$3,450,000	\$1,540,000	\$1,100,000	\$ 0	\$ 0
Total Outstanding Indebtedness	<u>\$3,950,000</u>	<u>\$2,475,000</u>	<u>\$2,470,000</u>	<u>\$1,810,000</u>	<u>\$2,395,000</u>

(1) Principal amount only. Excludes lease and installment purchase obligations, overlapping debt, unfunded pension liability, and post-employment benefits liability.

Bonded Debt Vs. Population, Valuation & Income

	As of June 30				
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Amount (1)	\$500,000	\$935,000	\$1,370,000	\$1,810,000	\$2,395,000
Per Capita (2)	\$ 401	\$1,005	\$1,473	\$1,963	\$2,612
Percent of Assessed Valuation (3)	0.01	0.03	0.04	0.06	0.07
Percent of Equalized Valuation (4)	0.01	0.03	0.04	0.05	0.07
Per Capita as a percent of					
Personal Income (2) per capita	0.72	1.44	2.11	2.82	3.75

(1) Principal amount only. Excludes lease and installment purchase obligations, overlapping debt, unfunded pension liability, and other post-employment liabilities.

(2) Source: U.S. Department of Commerce, Bureau of the Census - Latest applicable actuals or estimates.

(3) Source: Board of Assessors - Assessed valuation as of the prior January 1.

(4) Source: Massachusetts Department of Revenue - Equalized valuation in effect for that fiscal year (equalized valuations are established for January 1 of each even-numbered year).

Annual Debt Service (1)

Fiscal Year	Outstanding 07/13/2022		The Bonds(2)		Total Debt Service (3)	Cumulative % Principal Retired
	Principal(2)	Interest(2)	Principal	Interest		
2023	\$300,000	\$ 9,500	\$ 385,000	\$ 323,840	\$ 1,018,340	7.1
2024	100,000	4,500	465,000	385,550	955,050	12.9
2025	100,000	1,500	465,000	362,300	928,800	18.7
2026	0	0	465,000	339,050	804,050	23.5
2027	0	0	465,000	315,800	780,800	28.3
2028	0	0	465,000	292,550	757,550	33.1
2029	0	0	465,000	269,300	734,300	37.8
2030	0	0	465,000	246,050	711,050	42.6
2031	0	0	465,000	222,800	687,800	47.4
2032	0	0	465,000	204,200	669,200	52.2
2033	0	0	465,000	185,600	650,600	57.0
2034	0	0	465,000	167,000	632,000	61.8
2035	0	0	465,000	148,400	613,400	66.6
2036	0	0	465,000	129,800	594,800	71.4
2037	0	0	465,000	111,200	576,200	76.2
2038	0	0	465,000	92,600	557,600	80.9
2039	0	0	465,000	74,000	539,000	85.7
2040	0	0	465,000	55,400	520,400	90.5
2041	0	0	460,000	36,800	496,800	95.3
2042	0	0	460,000	18,400	478,400	100.0%
Total	<u>\$500,000</u>	<u>\$15,500</u>	<u>\$9,210,000</u>	<u>\$3,980,640</u>	<u>\$13,706,140</u>	

(1) Excludes revenue anticipation notes, grant anticipation notes, bond anticipation notes, lease and installment purchase obligations, overlapping debt, unfunded pension liability, and other post-employment liabilities.

(2) Principal totaling \$490,741 and interest totaling \$17,531 has been excluded from the provisions of Proposition 2 1/2. The Town has voted to exclude the debt service on the Bonds from the provisions of Proposition 2 1/2.

(3) Includes the current issue.

REVENUE ANTICIPATION BORROWING

The Town has not issued revenue anticipation notes in any of the last five fiscal years.

CONTRACTS

Municipal contracts are generally limited to currently available appropriations. A city or town generally has authority to enter into contracts for the exercise of any of its corporate powers for any period of time deemed to serve its best interests, but generally only when funds are available for the first fiscal year; obligations for succeeding fiscal years generally are expressly subject to availability and appropriation of funds. Municipalities have specific authority in relatively few cases to enter into long-term contractual obligations that are not subject to annual appropriation, including contracts for refuse disposal and sewage treatment and disposal. Municipalities may also enter into long-term contracts in aid of housing and renewal projects. There may be implied authority to make other long-term contracts required to carry out authorized municipal functions, such as contracts to purchase water from private water companies.

Municipal contracts relating to solid waste disposal facilities may contain provisions requiring the delivery of minimum amounts of waste and payments based thereon and requiring payments in certain circumstances without regard to the operational status of the facilities.

Municipal electric departments have statutory power to enter into long-term contracts for joint ownership and operation of generating and transmission facilities and for the purchase or sale of capacity, including contracts requiring payments without regard to the operational status of the facilities. The Town does not have an electric department.

Cities and towns are authorized to lease (as lessee) off-street parking facilities, school buildings, hospital equipment, data process equipment, energy conservation equipment and educational equipment for periods ranging up to 10 years. They may also lease equipment, with option to purchase, for a period up to 10 years. Contracts may also be made for the installment purchase of energy conservation equipment over a period up to 10 years. Cities and towns may also lease various properties as lessor.

Pursuant to the Home Rule Amendment to the Massachusetts Constitution, cities and towns may also be empowered to make other contracts and leases.

The Town has no contracts of a material nature.

OVERLAPPING DEBT (1)

	<u>Outstanding</u>	<u>Authorized Unissued</u>	<u>Estimated Share of Chilmark</u>	<u>Assessments for Operations and Debt Service Fiscal Year 2023</u>
The County of Dukes County (2)	\$640,000	\$ 0	17.08%	\$80,575
Martha's Vineyard Regional School District (3)	\$360,000	\$ 200,000	3.68%	\$1,061,440
Up-Island Regional School District (4)	\$497,500	\$ 0	22.82%	\$2,816,351
Martha's Vineyard Refuse & Recovery District (5)	\$0	\$1,156,000	12.00%	\$88,709

(1) Excludes temporary loans in anticipation of revenue. Omits debt of the Commonwealth.

(2) Source: Treasurer, Dukes County. Outstanding debt is as of July 13, 2022. Authorized debt includes debt authorized by the County Commissioners under general laws and debt permitted by special enabling acts whether or not yet voted by County Commissioners. Shares of debt service vary from year to year according to valuations of taxable property as last equalized by the State Department of Revenue. Amount shown here is based on the 2020 equalized valuations.

(3) Source: Martha's Vineyard Regional School District. Debt is as of July 13, 2022. The other District members are the Towns of Aquinnah, Edgartown, Tisbury, Oak Bluffs, and West Tisbury. Towns may organize regional school districts to carry out general or specialized educational functions. The debt service of regional school districts are apportioned among the member municipalities in accordance with the agreements establishing the districts. The Town has voted to exclude their share of the District's debt service from the limitations of Proposition 2½. The District is currently receiving a State school construction grant for 57% of the principal and corresponding interest on the above referenced debt.

(4) Source: Up-Island School District. Debt is as of July 13, 2022. Does not include debt for the Chilmark Elementary School, which is owned by the Town, but operated by the Up-Island Regional School District (the "District"). Under the regional school district agreement that governs the District, the Town pays the debt service on the Refunded Bonds, and therefore this portion of the Bonds. The District reimburses the Town for the debt service costs on the Refunded Bonds in their entirety. The District, in turn, assesses its member communities for these debt service costs. The Town pays 80 percent of the assessment for the Refunded Bonds. The other members of the District, the Towns of West Tisbury and Aquinnah, collectively pay the remaining 20 percent of the assessment.

(5) Source: Martha's Vineyard Refuse District. Debt is as of July 13, 2022.

CONTINGENT LIABILITIES

The Woods Hole, Martha's Vineyard and Nantucket Steamship Authority. The Woods Hole, Martha's Vineyard and Nantucket Steamship Authority (the "Authority") was created by Chapter 701 of the Massachusetts Acts of 1960, as amended, (the "Act"). The Act provides for the acquisition, maintenance and operation of a boat service operating between the mainland and the islands of Nantucket and Martha's Vineyard and authorizes the Authority to issue revenue bonds for replacement and new construction or acquisition of vessels and other facilities required to provide adequate service.

The Authority is composed of five voting members: one resident of the County of Nantucket County appointed by the County Commissioners; one resident of The County of Dukes County appointed by the County Commissioners; one resident of the Town of Falmouth appointed by the selectmen; one resident of the Town of Barnstable appointed by the Town Council; and one member who is a resident of the City of New Bedford appointed by the Mayor of the City of New Bedford with the approval of the City Council.

Section 9 of the Act establishing the Authority provides that, if at any time any principal or interest is due or about to become due on bonds issued by the Authority and funds to pay the same are not available, the Authority shall certify to the State Treasurer the amount required to meet such obligations and the Commonwealth shall thereupon pay over to the Authority the amount so certified. In the opinion of bond counsel to the Authority, the obligation of the Commonwealth to pay the required amount to the Authority is a general obligation of the Commonwealth and the full faith and credit of the Commonwealth is pledged to make such payment. Section 9 further provides that the Authority or any holder of any unpaid bond shall have the right to require the Commonwealth to pay the Authority the amount remaining unpaid, which right shall be enforceable as a claim against the Commonwealth.

Also under Section 9 of the Act, if on the last day of December in any year the amount remaining in the Authority's reserve fund shall be insufficient to meet the cost of service, including interest on and amortization of bonds or notes of the Authority, the Authority shall notify the State Treasurer of the amount of such deficiency, less the amount in the reserve fund applicable thereto, and The Commonwealth of Massachusetts shall thereupon pay over to the Authority the amount of such deficiency, and the Authority shall apply the amount so received from the Commonwealth in payment of such deficiency. In order to meet any such payment by the Commonwealth the State Treasurer may borrow such sums as may be necessary therefor, in anticipation of the assessments described below to be levied upon the towns specified. Depending on the term of any such borrowing, a two-thirds vote of the legislature and a recommendation by the Governor of the term of the borrowing may be prerequisites to a borrowing by the State Treasurer. The Act further provides that, pending such payment by the Commonwealth, the Authority shall borrow such amount as may be necessary to enable it to make all payments as they become due.

In addition the Act provides that, in the event the Commonwealth shall be called upon to pay the Authority any amount on account of any such deficiency, such amount with interest or other charges incurred in borrowing the money for the purpose, except such amounts as may be appropriated by the general court therefor, shall be assessed on the Towns of Barnstable, Falmouth and Nantucket and the City of New Bedford and The County of Dukes County, in the following proportions: 10% each on the Towns of Barnstable and Falmouth and the City of New Bedford; 35% on the Town of Nantucket, and 35% on The County of Dukes County. The County Commissioners of the County of Dukes County shall allocate such assessment upon said County to be paid severally by the towns in said county, excepting the Town of Gosnold, in the same proportions as in the assessment of the county tax. The City of New Bedford shall be assessed fifty percent of any net operating losses, not to exceed \$650,000 annually, accrued for any passenger and freight service run by the Authority from the port of New Bedford which is directly attributable to such service, excluding any net operating losses resulting from the operation of the Authority's M/V Schamonchi, in the calendar years 2003, 2004 and 2005 and 25 percent of any such net operating losses, not to exceed \$650,000 annually, accrued in calendar years 2006 and 2007. In calendar year 2008 and thereafter, the City of New Bedford shall pay ten percent of any annual deficiency, in an identical fashion, to the Towns of Falmouth and Barnstable, pursuant to this section. At the end of each calendar year beginning with the calendar year subsequent to 2002, the Authority shall prepare a report calculating the operating losses in accordance with generally accepted accounting principles and shall submit the same to the Auditor of the Commonwealth for his approval. The amount certified by the Auditor shall be paid to the Authority by the State Treasurer and assessed on the City of New Bedford in accordance with the above principles.

Pursuant to Chapter 59, Section 21C, of the General Laws ("Proposition 2½"), the annual increase in the total assessments on account of the Authority's operations is limited to (a) 2.50 percent of the prior year's assessments and (b) "any increase in costs, charges or fees for service customarily provided locally or for services subscribed to at local option". No such assessments have needed to be made since the effective date of Proposition 2½. The obligation of the Commonwealth to make payments under Section 9 of the Act, is not in any way conditional upon the payment of such assessments.

The obligation of the Commonwealth to make a payment required by Section 9 of the Act, the payment of a judgment obtained against the Commonwealth under Section 9 of the Act, and the ability of the State Treasurer to issue notes of the Commonwealth to make any payment pursuant to Section 9 of the Act, may be subject to legislative appropriation of the necessary funds.

The Town is contingently liable for 5.35% of the amount of any deficit, including operating and debt service costs, of the Authority. As of December 31, 2021, the Authority had \$73,155,000 revenue bonds outstanding against its \$100,000,000 borrowing authority. The amount of monies in its reserve fund totaled \$3,657,750 as of December 31, 2021. For the fiscal year ended December 31, 2021, the Authority's net position increased by \$14,773,549. The Town is not required to make payment to the Authority unless the amount in the Authority's reserve fund is insufficient. Since 1962, the Town has not made any such payments to the Authority.

Source: The Woods Hole, Martha's Vineyard and Nantucket Steamship Authority.

RETIREMENT PLAN

The Massachusetts General Laws provide for the establishment of contributory retirement systems for state employees, for teachers and for county, city and town employees other than teachers. Teachers are assigned to a separate statewide teachers' system and not to the city and town systems. For all employees other than teachers, this law is subject to acceptance in each city and town. Substantially all employees of an accepting city or town are covered. If a town has a population of less than 10,000 when it accepts the statute, its non-teacher employees participate through the county system and its share of the county cost is proportionate to the aggregate annual rate of regular compensation of its covered employees. In addition to the contributory systems, cities and towns provide non-contributory pensions to a limited number of employees, primarily persons who entered service prior to July 1, 1937 and their dependents. The Public Employee Retirement Administration Commission ("PERAC") provides oversight and guidance for and regulates all state and local retirement systems.

The obligations of a city or town, whether direct or through a county system, are contractual legal obligations and are required to be included in the annual tax levy. If a city or town, or the county system of which it is a member, has not established a retirement system funding schedule as described below, the city or town is required to provide for the payment of the portion of its current pension obligations which is not otherwise covered by employee contributions and investment income. "Excess earnings," or earnings on individual employees' retirement accounts in excess of a predetermined rate, are required to be set aside in a pension reserve fund for future, not current, pension liabilities. Cities and towns may voluntarily appropriate to their system's pension reserve fund in any given year up to five percent of the preceding year's tax levy. The aggregate amount in the fund may not exceed ten percent of the equalized valuation of the city or town.

If a city or town, or each member city and town of a county retirement system, has accepted the applicable law, it is required to annually appropriate an amount sufficient to pay not only its current pension obligations, but also a portion of its future pension liability. The portion of each such annual payment allocable to future pension obligations is required to be deposited in the pension reserve fund. The amount of the annual city or town appropriation for each such system is prescribed by a retirement system funding schedule which is periodically reviewed and approved by PERAC. Each system's retirement funding schedule is designed to reduce the unfunded actuarial pension liability of the system to zero by not later than June 30, 2030, with annual increases in the scheduled payment amounts of not more than 4.5 percent. The funding schedule must provide that payment in any year of the schedule is not less than 95 percent of the amount appropriated in the previous fiscal year. City, town and county systems which have an approved retirement funding schedule receive annual pension funding grants from the Commonwealth for the first 16 years of such funding schedule. Pursuant to recent legislation, a system (other than the state employees' retirement system and the teachers' retirement system) which conducts an actuarial valuation as of January 1, 2009, or later, may establish a revised schedule which reduces the unfunded actuarial liability to zero by not later than June 30, 2040, subject to certain conditions. The Worcester Regional Retirement System has elected to extend its amortization schedule so that the liability is extinguished by June 30, 2040.

City, town and county systems may choose to participate in the Pension Reserves Investment Trust Fund (the “PRIT Fund”), which receives additional state funds to offset future pension costs of participating state and local systems. If a local system participates in the PRIT Fund, it must transfer ownership and control of all assets of its system to the Pension Reserves Investment Management Board, which manages the investment and reinvestment of the PRIT Fund. Cities and towns with systems participating in the PRIT Fund continue to be obligated to fund their pension obligations in the manner described above. The additional state appropriations to offset future pension liabilities of state and local systems participating in the PRIT Fund are required to total at least 1.3 percent of state payroll. Such additional state appropriations are deposited in the PRIT Fund and shared by all participating systems in proportion to their interests in the assets of the PRIT Fund as of July 1 for each fiscal year.

Substantially all full-time employees of the Town participate in the Worcester Regional Retirement System (“PERS”), a contributory retirement system that is partially funded by employee contributions. The Town meets its share of cost primarily on a pay-as-you-go basis by contributing annually the amount determined by the State Division of Insurance. The retirement system covers substantially all municipal employees except school teachers, whose pensions are paid by the Commonwealth.

The Town participates in the Dukes County Regional Retirement System. The annual contributions to the retirement system for the most recent years and a budgeted figure for 2022 are set forth below:

<u>Year</u>	<u>Total</u>
2022 (budgeted)	\$504,110
2021 (actual)	380,655
2020	356,909
2019	368,063
2018	348,433

As of January 1, 2020, the most recent date available, the total estimated unfunded pension benefit obligation for the system as a whole was \$35,300,028, based on a 7.50% discount rate. The Town’s share of this amount, based on its fiscal 2022 share of the appropriation to fund the unfunded liability, is approximately 5.08 percent of the total, or approximately \$1,793,376. Cost-of-living increases for each local retirement system may be granted and funded only by the local system and only if it has established a funding schedule. Those statutory provisions are subject to acceptance by the local retirement board and approval by the local legislative body, which acceptance may not be revoked. The most recent valuation report for the Dukes County Regional Retirement System can be found at

<https://www.mass.gov/doc/dukes-county-retirement-board-valuation-report-2020/download>

The following is the funding schedule for the Dukes County Retirement System:

Fiscal Year Ending	Employer Normal Cost	Amortization Payment of UAL	Amortization Payment of ERI 2002	Amortization Payment of ERI 2003	Net 3(8)(c) Transfers	Total Employer Cost	Increase over Prior Year	Unfunded Actuarial Accrued Liability
2021	\$2,701,404	\$4,423,508	\$178,810	\$61,731	\$200,000	\$7,565,453		\$48,275,095
2022	2,821,829	4,553,752	186,856	64,509	400,000	8,026,946	6.10%	47,145,809
2023	2,920,593	4,933,319	195,265	67,412	400,000	8,516,589	6.10%	45,788,160
2024	3,022,814	5,338,791	204,051	70,445	400,000	9,036,101	6.10%	43,930,613
2025	3,128,612	5,817,023	213,234	73,615	400,000	9,632,484	6.60%	41,508,775
2026	3,238,113	6,330,358	222,830	76,928	400,000	10,268,229	6.60%	38,405,682
2027	3,351,447	6,881,239	232,857	80,389	400,000	10,945,932	6.60%	34,533,926
2028	3,468,748	7,472,272	243,335	84,006	400,000	11,668,361	6.60%	29,797,028
2029	3,590,154	8,448,320	-	-	400,000	12,438,474	6.60%	24,088,592
2030	3,715,810	9,143,604	-	-	400,000	13,259,414	6.60%	17,291,374
2031	3,845,863	9,791,725	-	-	400,000	14,037,588	5.87%	9,276,280
2032	3,980,467	-	-	-	400,000	4,380,467	-68.79%	-

Source: January 1, 2020 Dukes County Retirement System Actuarial Valuation. KMS Actuaries, LLCs.

The foregoing data do not include the retirement system costs or liabilities attributable to employees of the county or the retirement system costs or liabilities of any other entity of which the Town is a constituent part.

OTHER POST-EMPLOYMENT BENEFITS

In addition to pension benefits, cities and towns may provide retired employees with health care and life insurance benefits. The portion of the cost of such benefits paid by cities or towns is generally provided on a pay-as-you-go basis. The pay-as-you-go costs to the Town for such benefits for the most recent fiscal years is as follows.

<u>Fiscal Year</u>	<u>Total</u>
2021	\$296,859
2020	212,238
2019	184,398
2018	177,496
2017	113,601

The Governmental Accounting Standards Board (“GASB”) Statements Nos. 43 and 45 require public sector entities to report the future costs of these non-pension, post-employment benefits in their financial statements. These accounting standards do not require pre-funding such benefits, but the basis applied by the standards for measurement of costs and liabilities for these benefits is conservative if they continue to be funded on a pay-as-you-go basis and will result in larger yearly cost and liability accruals than if such benefits were pre-funded in a trust fund in the same manner as traditional pension benefits. Cities and towns that choose to self-insure all or a portion of the cost of the health care benefits they provide to employees and retirees may establish a trust fund for the purpose of paying claims, and Massachusetts General Laws were recently amended to provide cities and towns with legal authority to establish a trust fund for the purpose of pre-funding other post-employment benefits liability in the same manner as traditional pension benefits.

GASB Statement No. 75 changed how the Town reports OPEB liabilities, beginning with the fiscal year ending June 30, 2018. Among other changes are the establishment of a total OPEB liability and other enhanced disclosures regarding OPEB.

The Town has performed an actuarial valuation of its other post-employment benefits. As of June 30, 2021 (the most recent date available), the Town had 54 participants in other post-employment benefits, of whom 36 are active employees and 18 are retired employees and surviving spouses. (The remaining are inactive employees.) As of June 30, 2021, the total OPEB liability was \$6,114,501 assuming a discount rate of 6.60%. The OPEB Trust Fund had \$2,704,353 as of that date. The net OPEB liability was \$3,410,148.

PROPERTY TAXATION AND VALUATION

Tax Rate and Valuation - General. Property is classified for the purpose of taxation according to its use. The legislature has in substance created three classes of taxable property: (1) residential real property, (2) open space land, and (3) all other (commercial, industrial and personal property). Within limits, cities and towns are given the option of determining the share of the annual levy to be borne by each of the three categories. The share required to be borne by residential real property is at least 50 per cent of its share of the total taxable valuation; the effective rate for open space must be at least 75 per cent of the effective rate for residential real property; and the share of commercial, industrial and personal property must not exceed 175 percent of their share of the total valuation. A city or town may also exempt up to 20 percent of the valuation of residential real property (where used as the taxpayer’s principal residence) and up to 10 percent of the valuation of commercial real property (where occupied by certain small businesses). Property may not be classified in a city or town until the State Commissioner of Revenue certifies that all property in the city or town has been assessed at its fair cash value. Such certification must take place every three years, or pursuant to a revised schedule as may be issued by the Commissioner.

Related statutes provide that certain forest land, agricultural or horticultural land (assessed at the value it has for these purposes) and recreational land (assessed on the basis of its use at a maximum of 25 percent of its fair cash value) are all to be taxed at the rate applicable to commercial property. Land classified as forest land is valued for this purpose at five percent of fair cash value but not less than ten dollars per acre.

In order to determine appropriate relative values for the purposes of certain distributions to and assessments upon cities and towns, the Commissioner of Revenue biennially makes her own redetermination of the fair cash value of the taxable property in each municipality. This is known as the "equalized valuation" (see DEBT LIMITS herein).

VALUATIONS (1)

The following shows the assessed and equalized valuations for the most recent fiscal years:

	For Fiscal Year (000)				
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Real Property (2)	\$3,621,740	\$3,406,323	\$3,318,355	\$3,226,319	\$3,211,367
Personal Property (2)	<u>68,000</u>	<u>54,437</u>	<u>53,666</u>	<u>49,956</u>	<u>49,049</u>
Total	<u>\$3,689,739</u>	<u>\$3,460,761</u>	<u>\$3,372,021</u>	<u>\$3,276,275</u>	<u>\$3,260,416</u>
Equalized Value (3)	\$3,657,005	\$3,657,005	\$3,358,806	\$3,358,806	\$3,324,185
Percent of Total Assessed to Equalized Valuation	100.9	94.6	100.4	97.5	98.1

(1) Source: Massachusetts Department of Revenue.

(2) As of January 1 of the prior fiscal year.

(3) The equalized valuations in effect for each year.

Assessed Valuation Of Property By Class (1)

<u>Type of Property</u>	For Fiscal Year (000)					
	<u>2022</u>	<u>% of Total</u>	<u>2021</u>	<u>% of Total</u>	<u>2019</u>	<u>% of Total</u>
Residential	\$3,592,222	97.4	\$3,378,185	97.6	\$3,20,667	97.6
Commercial	28,664	0.8	27,293	0.8	26,859	0.8
Industrial	853	0.0	846	0.0	829	0.0
Personal	<u>68,000</u>	<u>1.8</u>	<u>54,437</u>	<u>6.5</u>	<u>53,666</u>	<u>1.6</u>
Total	<u>\$3,689,739</u>	<u>100.0</u>	<u>\$3,460,761</u>	<u>100.0</u>	<u>\$3,372,021</u>	<u>100.0</u>

(1) Source: Massachusetts Department of Revenue.

Tax Rates Per \$1,000 (1)

<u>Type of Property</u>	For Fiscal Year				
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Residential	\$2.82	\$2.91	\$2.86	\$2.88	\$2.75
Open Space	2.82	2.91	2.86	2.88	2.75
Commercial	2.82	2.91	2.86	2.88	2.75
Industrial	2.82	2.91	2.86	2.88	2.75
Personal	<u>2.82</u>	<u>2.91</u>	<u>2.86</u>	<u>2.88</u>	<u>2.75</u>
Average Tax Rate	<u>\$2.82</u>	<u>\$2.91</u>	<u>\$2.86</u>	<u>\$2.88</u>	<u>\$2.75</u>
Full Value Tax Rate (2)	\$2.85	\$2.75	\$2.87	\$2.81	\$2.70

(1) Source: Massachusetts Department of Revenue.

(2) Based on the equalized valuation in effect for each year.

TAX LEVIES

Levy-General. The principal tax of Massachusetts cities and towns is the tax on real and personal property. The amount to be levied in each year is the amount appropriated or required by law to be raised for municipal expenditures less estimated receipts from other sources and less appropriations voted from funds on hand. The total amount levied is subject to certain limits prescribed by law; for a description of those limits see "Tax Limitations" herein. As to the inclusion of debt service and final judgments, see SECURITY AND REMEDIES herein.

The estimated receipts for a fiscal year from sources other than the property tax may not exceed the actual receipts during the preceding fiscal year from the same sources unless approved by the State Commissioner of Revenue. Excepting special funds the use of which is otherwise provided for by law, the deduction for appropriations voted from funds on hand for a fiscal year cannot exceed the "free cash" as of the beginning of the prior fiscal year as certified by the State Director of Accounts plus up to nine months' collections and receipts on account of earlier years' taxes after that date. Subject to certain adjustments, free cash is surplus revenue less uncollected overdue property taxes from earlier years.

Although an allowance is made in the tax levy for abatements (see "Abatements and Overlay" herein) no reserve is generally provided for uncollectible real property taxes. Since some of the levy is inevitably not collected, this creates a cash deficiency which may or may not be offset by other items (see "Taxation to Meet Deficits" herein).

Taxation to Meet Deficits. As noted elsewhere (see "Abatements and Overlay" herein) overlay deficits, i.e. tax abatements in excess of the overlay included in the tax levy to cover abatements, are required to be added to the next tax levy. It is generally understood that revenue deficits, i.e. those resulting from non-property tax revenues being less than anticipated, are also required to be added to the tax levy (at least to the extent not covered by surplus revenue).

Amounts lawfully expended since the prior tax levy and not included therein are also required to be included in the annual tax levy. The circumstances under which this can arise are limited since municipal departments are generally prohibited from incurring liabilities in excess of appropriations except for major disasters, mandated items, contracts in aid of housing and renewal projects and other long-term contracts. In addition, utilities must be paid at established rates and certain established salaries, e.g. civil service, must legally be paid for work actually performed, whether or not covered by appropriations.

Cities and towns are authorized to appropriate sums, and thus to levy taxes, to cover deficits arising from other causes, such as "free cash" deficits arising from a failure to collect taxes. This is not generally understood, however, and it has not been the practice to levy taxes to cover free cash deficits. Except to the extent that such deficits have been reduced or eliminated by subsequent collections of uncollected taxes (including sales of tax titles and tax possessions), lapsed appropriations, non-property tax revenues in excess of estimates, other miscellaneous items or funding loans authorized by special act, they remain in existence.

Tax Limitations. Chapter 59, Section 21C of the General Laws, also known as Proposition 2 1/2, imposes two separate limits on the annual tax levy of a city or town.

The primary limitation is that the tax levy cannot exceed 2 1/2 percent of the full and fair cash value. If a city or town exceeds the primary limitation, it must reduce its tax levy by at least 15 percent annually until it is in compliance, provided that the reduction can be reduced in any year to not less than 7 1/2 percent by majority vote of the voters, or to less than 7 1/2 percent by two-thirds vote of the voters.

For cities and towns at or below the primary limit, a secondary limitation is that the tax levy cannot exceed the maximum levy limit for the preceding fiscal year as determined by the State Commissioner of Revenue by more than 2 1/2 percent, subject to exceptions for property added to the tax rolls or property which has had an increase, other than as part of a general revaluation, in its assessed valuation over the prior year's valuation.

This "growth" limit on the tax levy may be exceeded in any year by a majority vote of the voters, but an increase in the secondary or growth limit under this procedure does not permit a tax levy in excess of the primary limitation, since the two limitations apply independently. In addition, if the voters vote to approve taxes in excess of the "growth" limit for the purpose of funding a stabilization fund, such increased amount may only be taken into account for purposes of calculating the maximum levy limit in each subsequent year if the board of selectmen of a town or the city council of a city votes by a two-thirds vote to appropriate such increased amount in such subsequent year to the stabilization fund. The applicable tax limits may also be reduced in any year by a majority vote of the voters.

The State Commissioner of Revenue may adjust any tax limit "to counterbalance the effects of extraordinary, non-recurring events which occurred during the base year".

The statute further provides that the voters may exclude from the taxes subject to the tax limits and from the calculations of the maximum tax levy (a) the amount required to pay debt service on bonds and notes issued before November 4, 1980, if the exclusion is approved by a majority vote of the voters, and (b) the amount required to pay debt service on any specific subsequent issue for which similar approval is obtained. Even with voter approval, the holders of the obligations for which unlimited taxes may be assessed do not have a statutory priority or security interest in the portion of the tax levy attributable to such obligations.

It should be noted that Massachusetts General Laws Chapter 44, Section 20 requires that the taxes excluded from the levy limit to pay debt service on any such bonds and notes be calculated based on the true interest cost of the issue. Accordingly, the Department of Revenue limits the amount of taxes which may be levied in each year to pay debt service on any such bonds and notes to the amount of such debt service, less a pro rata portion of any original issue premium received by the city or town that was not applied to pay costs of issuance.

Voters may also exclude from the Proposition 2 1/2 limits the amount required to pay specified capital outlay expenditures. In addition, the city council of a city, with the approval of the mayor if required, or the board of selectmen or the town council of a Town may vote to exclude from the Proposition 2 1/2 limits taxes raised in lieu of sewer or water charges to pay debt service on bonds or notes issued by the municipality (or by an independent authority, commission or district) for water or sewer purposes, provided that the municipality's sewer or water charges are reduced accordingly.

In addition, Proposition 2 ½ limits the annual increase in the total assessments on cities and towns by any county, district, authority, the Commonwealth or any other governmental entity (except regional school districts, the MWRA, and certain districts for which special legislation provides otherwise) to the sum of (a) 2.50 percent of the prior year's assessments and (b) "any increases in costs, charges or fees for services customarily provided locally or for services subscribed to at local option". Regional water districts, regional sewerage districts and regional veteran districts may exceed these limitations under statutory procedures requiring a two-thirds vote of the district's governing body and either approval of the local appropriating authorities (by two-thirds vote in districts with more than two members or by majority vote in two-member districts) or approval of the registered voters in a local election (in the case of two-member districts). Under the statute any State law to take effect on or after January 1, 1981 imposing a direct service or cost obligation on a city or town will become effective only if accepted or voluntarily funded by the city or town or if State funding is provided. Similarly, State rules or regulation imposing additional costs on a city or town or laws granting or increasing local tax exemptions are to take effect only if adequate State appropriations are provided. These statutory provisions do not apply to costs resulting from judicial decisions.

Pledged Taxes. Taxes on certain property in designated development districts may be pledged for the payment of costs of economic development projects within such districts and may therefore be unavailable for other municipal purposes (see “Tax Increment Financing for Development Districts” herein).

Initiative Petitions. Various proposals have been made in recent years for legislative amendments to the Massachusetts Constitution to impose limits on state and local taxes. To be adopted such amendments must be approved by two successive legislatures and then by the voters at a state election.

LARGEST TAXPAYERS (1)

The following is a list of the ten largest taxpayers for fiscal 2022:

<u>Name</u>	<u>Nature of Business</u>	<u>Fiscal 2022 Assessed Valuation</u>	<u>Amount of Tax</u>	<u>% of Total Levy</u>
Squibby, LLC	Residential	\$ 48,772,720	\$137,539	1.32%
Individual	Residential	37,812,510	106,631	1.02
Individual	Residential	35,242,650	99,384	0.96
Individual	Residential	27,092,680	76,401	0.73
Individual	Residential	26,107,240	73,622	0.71
Seven Gates Farm	Residential	25,482,650	71,861	0.69
Individual	Residential	23,714,670	66,875	0.64
Individual	Residential	23,626,430	66,627	0.64
Blue Heron Properties	Residential	23,403,230	65,997	0.63
Individual	Residential	21,491,060	60,605	0.58
		<u>\$292,745,840</u>	<u>\$825,543</u>	<u>7.93%</u>

(1) All of the largest taxpayers listed above are current on their real estate taxes and personal property taxes.

CALCULATION OF TAX LEVIES AND LEVY LIMITS

The following table shows the details of the calculation of the tax levies for the current and most recent fiscal years:

Tax Levy Computation (1)

	<u>For Fiscal Year (000)</u>				
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Gross Amount to be Raised:					
Appropriations	\$13,248	\$11,803	\$11,767	\$11,392	\$11,572
Other Local Expenditures	71	69	35	136	26
State & County Charges	232	230	224	227	223
Overlay Reserve	<u>54</u>	<u>46</u>	<u>26</u>	<u>40</u>	<u>5</u>
Total Gross Amount to be Raised	\$13,605	\$12,147	\$12,052	\$11,794	\$11,826
Less Estimated Receipts & Other Revenue:					
Estimated Receipts from State	9	9	9	9	7
Estimated Receipts - Local	2,147	1,730	1,511	1,644	1,516
Available Funds Appropriated:					
Free Cash	648	338	518	330	1,116
Revenue Sharing	0	0	0	0	0
Other Available Funds	396	0	370	376	220
Free Cash & Other Revenue Used to Reduce the Tax Rate	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Estimated Receipts & Revenue	<u>3,200</u>	<u>2,077</u>	<u>2,408</u>	<u>2,359</u>	<u>2,860</u>
Net Amount to be Raised (Tax Levy)	<u>\$10,405</u>	<u>\$10,071</u>	<u>\$ 9,644</u>	<u>\$ 9,436</u>	<u>\$ 8,966</u>
Property Valuation	<u>\$3,689,739</u>	<u>\$3,460,761</u>	<u>\$3,372,021</u>	<u>\$3,276,275</u>	<u>\$3,260,416</u>

(1) Source: Massachusetts Department of Revenue.

The following table shows the details of the calculation of the tax levies for the current and most recent fiscal years:

Unused Levy Capacity (1)

	For Fiscal Year (000)				
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Primary Levy Limit (2)	\$92,243	\$86,519	\$84,301	\$81,907	\$81,510
Prior Fiscal Year Levy Limit *	9,519	9,192	8,804	8,338	8,050
2.5% Levy Growth	238	230	220	208	201
New Growth (3)	97	98	91	87	87
Overrides	<u>418</u>	<u>0</u>	<u>77</u>	<u>171</u>	<u>0</u>
Growth Levy Limit	10,273	9,519	9,192	8,804	8,338
Debt Exclusions	474	485	492	631	676
Capital Expenditure Exclusions	0	174	0	0	0
Other Adjustments	<u>31</u>	<u>33</u>	<u>33</u>	<u>33</u>	<u>33</u>
Tax Levy Limit	\$10,777	\$10,211	\$ 9,716	\$ 9,468	\$ 9,046
Tax Levy	<u>10,405</u>	<u>10,071</u>	<u>9,644</u>	<u>9,436</u>	<u>8,966</u>
Unused Levy Capacity (4)	<u>\$ 372</u>	<u>\$ 140</u>	<u>\$ 72</u>	<u>\$ 32</u>	<u>\$ 80</u>
Unused Primary Levy Capacity (5)	<u>\$81,971</u>	<u>\$77,000</u>	<u>\$75,109</u>	<u>\$73,103</u>	<u>\$73,173</u>

(1) Source: Massachusetts Department of Revenue.

(2) 2.5% of assessed valuation.

(3) Allowed increase for new valuations (or required reduction) - certified by the Department of Revenue.

(4) Tax Levy Limit less Tax Levy.

(5) Primary Levy Limit less Growth Levy Limit.

TAX COLLECTIONS AND ABATEMENTS

The following shows the total tax levy, the reserve for abatements, the net levy and the amounts collected during each fiscal year and as of a more recent date for the most recent fiscal years:

	For Fiscal Year (000)				
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total Tax Levy	\$10,405	\$10,071	\$9,644	\$9,436	\$8,966
Overlay Reserve for Abatements	<u>54</u>	<u>46</u>	<u>26</u>	<u>40</u>	<u>5</u>
Net Tax Levy (1)	\$10,351	\$10,025	\$9,618	\$9,396	\$8,961
Amount Collected					
During Fiscal Year Payable (2)	n.a.	\$9,949	\$9,244	\$9,350	\$8,863
Percent of Net Tax Levy	n.a.	99.2%	96.1%	99.5%	98.9%
Amount Collected through 6/1/22	\$10,185	\$10,029	\$9,628	\$9,407	\$8,939
Percent of Net Tax Levy	98.4%	100.0%	100.1%	100.1%	99.8%

(1) Net after deduction of overlay reserve for abatements.

(2) Actual collections of levy less refunds and amounts refundable but including proceeds of tax titles and tax possessions attributed to such levy but not including abatements or other credits.

Abatements and Overlay. A city or town is authorized to increase each tax levy by an amount approved by the State Commissioner of Revenue as an “overlay” to provide for tax abatements. If abatements are granted in excess of the applicable overlay, the excess is required to be added to the next tax levy.

Abatements are granted where exempt real or personal property has been assessed or where taxable real or personal property has been overvalued or disproportionately valued. The assessors may also abate uncollectible personal property taxes. They may abate real and personal property taxes on broad grounds (including inability to pay) with the approval of the State Commissioner of Revenue. But uncollected real property taxes are ordinarily not written off until they become municipal “tax titles” by purchase at the public sale or by taking, at which time the tax is written off in full by reserving the amount of the tax and charging surplus.

The following shows the abatements granted during the last five fiscal years as well as through a more recent date for the most recent fiscal year:

	For Fiscal Year (000s)				
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018(1)</u>
Tax Levy	\$10,405	\$10,071	\$9,644	\$9,436	\$8,966
Overlay Reserve for Abatements	54	46	26	40	5
Percent of Tax Levy	0.5	0.5	0.3	0.4	0.1
Abatements Granted:					
During Fiscal Year of Levy	n.a.	\$8	\$8	\$20	\$20
Through 6/1/2022	\$20	\$8	\$8	\$22	\$20

(1) Deficit in reserve for abatements and exemptions raised in fiscal 2019.

Taxes Outstanding

	For Fiscal Year				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Aggregate	\$102,173	\$385,911	\$40,453	\$81,141	\$117,790
Tax Liens	26,239	24,670	27,104	27,104	25,246

(1) Excludes tax titles, tax possessions and abated taxes. Includes taxes in litigation, if any.

*Accounts updated with correct taking information/prior sales

TOWN FINANCES

Budget and Appropriation Process

The annual appropriations of the Town are ordinarily made in June by vote of the Town Meeting. The Finance Committee is required to provide the Town Meeting with recommendations on proposed expenditures.

Under certain circumstances and subject to certain limits and requirements, the city council of a city, upon the recommendation of the mayor, may transfer amounts appropriated for the use of one department (except for a municipal light department or a school department) to another appropriation for the same department or for the use of any other department. In a town, town meeting may at any time vote to transfer any amount previously appropriated to any other authorized use by law, and, under certain circumstances and subject to certain limits and requirements, the selectmen of a town, with the concurrence of the finance committee, may transfer amounts appropriated for the use of any department to any other appropriation for the same department or to any other department.

Water and sewer department expenditures are included in the budgets adopted by town meetings but electric and gas department funds may be appropriated by the municipal light boards. Under legislation enacted in 1981 any city or town which accepts the legislation may provide that the appropriation for the operating costs of any department may be offset, in whole or in part, by estimated receipts from fees charged for services provided by the department. It is assumed that this general provision does not alter the pre-existing power of an electric or gas department to appropriate its own receipts.

The school budget is limited to the total amount appropriated by the Town Council, but the school committee retains full power to allocate the funds appropriated. State legislation known as the Education Reform Act of 1993, as amended, imposes certain minimum expenditure requirements on municipalities with respect to funding for education and related programs and may affect the level of State aid to be received for education. The requirements are determined on the basis of formulas affected by various measures of wealth and income, enrollments, prior levels of local spending and state aid, and other factors. In fiscal 1994 through budgeted 2021, the Town's net school spending exceeded the minimum required local contribution.

State and county assessments, the overlay for abatements in excess of overlays, principal and interest not otherwise provided for and final judgments are included in the tax levy whether or not included in the budget. Revenues are not required to be set forth in the budget but estimated non-tax revenues are taken into account by the assessors in fixing the tax levy. (See Property Taxation and Valuation herein.)

Budget Comparison

The following table sets forth the general governmental budgets for fiscal years 2019 through 2023:

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
General Government	\$ 1,588,624	\$ 1,524,329	\$ 1,512,444	\$ 1,458,737	\$ 1,402,608
Public Safety	2,332,958	2,090,727	1,971,013	1,907,107	1,791,370
Human Services	363,606	356,545	355,323	360,780	351,017
Education	3,877,791	3,823,605	3,626,553	3,251,111	3,420,478
Public Works	485,892	455,424	453,483	447,713	410,814
Culture and Recreation	741,839	714,505	700,568	675,383	651,617
Debt Service	1,133,538	477,750	507,700	482,100	492,650
Intergovernmental	202,964	187,142	190,241	169,186	182,062
Benefits and Insurance	<u>1,766,219</u>	<u>1,548,946</u>	<u>1,428,006</u>	<u>1,477,592</u>	<u>1,408,761</u>
Total	<u>\$12,493,432</u>	<u>\$11,178,973</u>	<u>\$10,745,331</u>	<u>\$10,229,708</u>	<u>\$10,111,377</u>

STATE AID

In addition to grants for specified capital purposes (some of which are payable over the life of the bonds issued for the projects), the Commonwealth provides financial assistance to cities and towns for current purposes. Payments to cities and towns are derived primarily from a percentage of the State's personal income, sales and use and corporate excise tax receipts, together with the net receipts from the State Lottery. A municipality's state aid entitlement is based on a number of different formulas, of which the "schools" and "lottery" formulas are the most important. Both of the major formulas tend to provide more state aid to poorer communities. None of the programs have a termination date under existing law, and while a formula might indicate that a particular amount of state aid is owed, the amount of state aid actually paid is limited to the amount appropriated by the state legislature. The state annually estimates state aid, but the actual state aid payments may vary from the estimate.

In the fall of 1986, both the State Legislature (by statute repealed as of July 1, 1999) and the voters (by initiative petition) placed limits on the growth of state tax revenues. Although somewhat different in detail, each measure essentially limited the annual growth in state tax revenues to an average rate of growth in wages and salaries in the Commonwealth over the three previous calendar years. If not amended, the remaining measure could restrict the amount of state revenues available for state aid to local communities.

The following table sets forth the amount of state aid to the Town in recent years as well as the amount budgeted for 2022:

<u>Fiscal Year</u>	<u>Total State Aid</u>
2022 (budgeted)	\$9,328
2021	9,363
2020	8,774
2019	8,643
2018	7,468
2017	8,257

STATE SCHOOL BUILDING ASSISTANCE PROGRAM

Under its school building assistance program, the Commonwealth of Massachusetts provides grants to cities, towns and regional school districts for school construction projects. Until July 26, 2004, the State Board of Education was responsible for approving grants for school projects and otherwise administering the program. Grant amounts ranged from 50% to 90% of approved project costs. Municipalities generally issued bonds to finance the entire project cost, and the Commonwealth disbursed the grants in equal annual installments over the term of the related bonds.

Pursuant to legislation which became effective on July 26, 2004, the state legislature created the Massachusetts School Building Authority (the "Authority") to finance and administer the school building assistance program. The Authority has assumed all powers and obligations of the Board of Education with respect to the program. In addition to certain other amounts, the legislation dedicates a portion of Commonwealth sales tax receipts to the Authority to finance the program.

Projects previously approved for grants by the State Board of Education are entitled to receive grant payments from the Authority based on the approved project cost and reimbursement rate applicable under the prior law. The Authority has paid and is expected to continue to pay the remaining amounts of the grants for such projects either in annual installments to reimburse debt service on bonds issued by the municipalities to finance such projects or as lump sum payments to contribute to the defeasance of such bonds.

Projects on the priority waiting list as of July 1, 2004 are also entitled to receive grant payments from the Authority based on the eligible project costs and reimbursement rates applicable under the prior law. With limited exceptions, the Authority is required to fund the grants for such projects in the order in which they appear on the waiting list. Grants for any such projects that have been completed or substantially completed have been paid and are expected to continue to be paid by the Authority in lump sum payments, thereby eliminating the need for the Authority to reimburse interest expenses that would otherwise be incurred by the municipalities to permanently finance the Authority's share of such project costs. Interest on debt issued by municipalities prior to July 1, 2004 to finance such project costs, and interest on temporary debt until receipt of the grant, is included in the approved costs of such projects. Grants for any such projects that have not yet

commenced or that are underway have been and are expected to continue to be paid by the Authority as project costs are incurred by the municipality pursuant to a project funding agreement between the Authority and the municipality eliminating the need for the municipality to borrow even on a temporary basis to finance the Authority's share of the project costs in most cases.

The range of reimbursement rates for new project grant applications to the Authority on or after July 1, 2007 has been reduced to between 40% and 80% of the approved project costs. The Authority promulgated new regulations with respect to the application and approval process for projects submitted after July 1, 2007. The Authority expects to pay grants for such projects as project costs are incurred pursuant to project funding agreements between the Authority and the municipalities. None of the interest expense incurred on debt issued by municipalities to finance their portion of the costs of new projects will be included in the approved project costs eligible for reimbursement.

MOTOR VEHICLE EXCISE

An excise is imposed on the registration of motor vehicles (subject to exemptions) at the rate of \$25 per \$1,000 of valuation. The excise is collected by and for the benefit of the municipality in which the motor vehicle is customarily kept. Valuations are determined by a statutory formula based on manufacturer's list price and year of manufacture. Bills not paid when due bear interest at 12 percent per annum. Provision is also made, after notice to the owner, for suspension of the owner's operating license or registration by the registrar of motor vehicles.

The following table shows the actual receipts from the motor vehicle excise in each of the most recent years:

<u>Fiscal Year</u>	<u>Motor Vehicle Excise Taxes</u>
2022 (budgeted)	\$260,000
2021	290,061
2020	244,996
2019	255,127
2018	250,231
2017	213,874

OTHER TAXES

Three additional sources of revenue for local governments are the room occupancy excise tax, local meals excise tax, and the aviation fuel tax. All taxes take effect only where accepted by individual municipalities. Under the room occupancy excise tax, local governments may tax the provision of hotel, motel, or lodging house rooms at a rate not to exceed six percent of the cost of renting such rooms. The tax is paid by the operator of the hotel, motel, or lodging house to the State Commissioner of Revenue, who in turn pays the tax back to the municipality in which the rooms are located. The Town has voted to impose the room occupancy excise tax.

The following table shows the actual receipts for the room occupancy excise for the most recent fiscal years and budgeted for fiscal 2022:

<u>Fiscal Year</u>	<u>Receipts</u>
2022 (budgeted)	\$335,000
2021	355,080
2020	144,043
2019	55,286
2018	53,716
2017	53,067

The local meals excise tax, effective for sales of restaurant meals on or after October 1, 2009, is a three-fourths percent tax on the gross receipts of a vendor from the sale of restaurant meals. The tax is paid by the vendor to the State Commissioner of Revenue, who in turn pays the tax to the municipality in which the meal was sold. The Town has not adopted the meals excise.

COMMUNITY PRESERVATION ACT

The Massachusetts Community Preservation Act (the “CPA” or the “Community Preservation Act”) permits cities and towns that accept its provisions to levy a surcharge on its real property tax levy, dedicate revenue (other than state or federal funds), and to receive state matching funds for (i) the acquisition, creation, preservation, rehabilitation and restoration of land for recreational use, open space, and affordable housing and (ii) the acquisition, preservation, rehabilitation and restoration of historic resources. The provisions of the CPA must be accepted by the voters of the city or town at an election after such provisions have first been accepted by either a vote of the legislative body of the city or town or an initiative petition signed by 5% of its registered voters.

A city or town may approve a surcharge of up to 3% (but not less than 1% under certain circumstances) and may make an additional commitment of funds by dedicating revenue other than state or federal funds, provided that the total funds collected do not exceed 3% of the real property tax levy, less any exemptions adopted (such as an exemption for low-income individuals and families and for low and moderate-income senior citizens, an exemption for \$100,000 of the value of each taxable parcel of residential real property or \$100,000 of the value of each taxable parcel of class three, commercial property, and class four, industrial property as defined in Chapter 59, Section 2A of the General Laws, and an exemption for commercial and industrial properties in cities and towns with classified tax rates). In the event that the municipality shall no longer dedicate all or part of the additional funds to community preservation, the surcharge on the real property tax levy of not less than 1% shall remain in effect, provided that any such change must be approved pursuant to the same process as acceptance of the CPA. The surcharge is not counted in the total taxes assessed for the purpose of determining the permitted levy amount under Proposition 2½ (see “*Tax Limitations*” under “TAX LEVIES” above). A city or town may revoke its acceptance of the provisions of the CPA at any time after 5 years from the date of such acceptance and may change the amount of the surcharge or the exemptions to the surcharge at any time, including reducing the surcharge to 1% and committing additional municipal funds as outlined above, provided that any such revocation or change must be approved pursuant to the same process as acceptance of the CPA.

Any city or town that accepts the provisions of the CPA will receive annual state matching grants to supplement amounts raised by its surcharge and dedication of revenue. The state matching funds are raised from certain recording and filing fees of the registers of deeds. Those amounts are deposited into a state trust fund and are distributed to cities and towns that have accepted the provisions of the CPA, which distributions are not subject to annual appropriation by the state legislature. The amount distributed to each city and town is based on a statutory formula and the total state distribution made to any city or town may not exceed 100% of the amount raised locally by the surcharge on the real property tax levy.

The amounts raised by the surcharge on taxes, the dedication of revenue and received in state matching funds are required to be deposited in a dedicated community preservation fund. Each city or town that accepts the provisions of the CPA is required to establish a community preservation committee to study the community preservation needs of the community and to make recommendations to the legislative body of the city or town regarding the community preservation projects that should be funded from the community preservation fund. Upon the recommendations of the committee, the legislative body of the city or town may appropriate amounts from the fund for permitted community preservation purposes or may reserve amounts for spending in future fiscal years, provided that at least 10% of the total annual revenues to the fund must be spent or set aside for open space purposes, 10% for historic resource purposes and 10% for affordable housing purposes.

The CPA authorizes cities and towns that accept its provisions to issue bonds and notes in anticipation of the receipt of surcharge and dedicated revenues to finance community preservation projects approved under the provisions of the CPA. Bonds and notes issued under the CPA are general obligations of the city or town and are payable from amounts on deposit in the community preservation fund. In the event that a city or town revokes its acceptance of the provisions of the CPA, the surcharge shall remain in effect until all contractual obligations incurred by the city or town prior to such revocation, including the payment of bonds or notes issued under the CPA, have been fully discharged.

The Town voted in 2002 to accept the provisions of the CPA with a 3% surcharge along with the \$100,000 parcel exemption, the exemption for low-income individuals, and the exemption for low and moderate income senior citizens. The fund balance in the Community Preservation Fund as of June 30, 2021 was \$2,183,562.

TAX INCREMENT FINANCING FOR DEVELOPMENT DISTRICTS

Under recent legislation, cities and towns are authorized to establish development districts to encourage increased residential, industrial and commercial activity. All or a portion of the taxes on growth in assessed value in such districts may be pledged and used solely to finance economic development projects pursuant to the city or town’s development program for the district. This includes pledging such “tax increments” for the payment of bonds issued to finance such projects. As a result of any such pledge, tax increments raised from new growth properties in development districts are not available for other municipal purposes. Tax increments are taken into account in determining the total taxes assessed for the purpose of calculating the maximum permitted tax levy under Proposition 2½.

The Town has not voted to create any development districts.

UNASSIGNED GENERAL FUND BALANCE AND FREE CASH

Under Massachusetts law an amount known as “free cash” is certified as of the beginning of each fiscal year by the State Bureau of Accounts and this, together with certain subsequent tax receipts, is used as the basis for subsequent appropriations from available funds, which are not required to be included in the annual tax levy. Subject to certain adjustments, free cash is surplus revenue less uncollected and overdue property taxes from prior years. The Town Accountant may certify as available for appropriation an adjusted free cash figure by adding back those uncollected and overdue property taxes which are subsequently collected between July 1 and the following March 31 of any year.

The following shows the unassigned general fund balance and free cash for the most recent fiscal years:

<u>July 1,</u>	<u>Unassigned General Fund Balance (1)</u>	<u>Free Cash</u>
2021	\$3,234,860	\$1,555,192
2020	2,074,476	538,246
2019	1,791,266	599,899
2018	1,592,699	639,261
2017	2,010,404	900,878

(1) Includes Stabilization Fund.

STABILIZATION FUNDS

The Town maintains a Stabilization Fund. Under Massachusetts statutes, funds may be appropriated from this fund for any municipal purpose by two thirds vote of the town meeting. The following are the balances in the General Stabilization Fund at the end of the most recent fiscal years:

<u>Fiscal Year</u>	<u>Balance</u>
2021	\$1,540,000
2020	1,170,000
2019	1,100,000
2018	1,100,000
2017	879,226

The General Stabilization Fund is accounted as unassigned general fund balance.

COLLECTIVE BARGAINING

Under Massachusetts Law, strikes by municipal employees are prohibited. Employees of Massachusetts municipalities have certain organizational and representational rights which include the right to organize, to bargain collectively by representatives of their choice on questions of wages, hours and other terms and conditions of employment, and to engage in lawful concerted activities for bargaining or other mutual aid or protection.

The Town has approximately 29 full time, 73 regular part-time, and 55 temporary part-time employees.

The Town's only collective bargaining agreement is with four members of the Chilmark Police Department. The current agreement expires on June 30, 2022. Under the terms of the agreement, its provisions continue in effect until either the Town or the bargaining unit request entering into negotiations. As of this date, neither the Town nor the police officers have requested such a reopening.

PHYSICAL AND ECONOMIC CHARACTERISTICS

The Town is located in the "Up-Island" section of Martha's Vineyard, Based on 2022 assessed valuations, approximately 97.4% of the Town's property value is residential. According to the 2020 Federal census, the town has a year-round population of 930. However, it is estimated that the Town's seasonal population increases to 5,737 (Source: Martha's Vineyard Regional Transportation Plan).

The Town is a member of the Martha's Vineyard Commission. Formed in 1974, the Commission was the first regional land-use planning agency in the State.

Principal Employers

Other than the Town itself, the following are the principal employers located in the Town

<u>Company</u>	<u>Nature of Business</u>	<u>Current Employees</u>
Beach Plum Inn/Menemsha Inn	Inns	50 (1)
Homeport Restaurant	Restaurant	26 (1)
Chilmark Store	Grocery	10 (1)
Grey Barn Farm and Dairy	Organic Farm	7
Beetlebung Farm	Retail/Farm	6
Flanders Real Estate	Real Estate	5
Menemsha Deli	Retail	4
Martha's Vineyard Savings Bank	Bank	4
Mermaid Farm	Dairy	3

(1) Source: The Town and Infogroup; figures may not fully reflect the impact of the COVID-19 pandemic.

Employment and Payrolls

Principal Industries (1)

<u>Employment by Industry</u>	<u>Calendar Year Average</u>				
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Construction & Natural Resources	16.00	13.00	16.00	16.00	17.00
Manufacturing	0.00	0.00	0.00	0.00	0.00
Trade, Transportation & Utilities	20.00	33.00	28.00	27.00	52.00
Financial Activities	6.00	29.00	0.00	0.00	0.00
Professional & Business Services	29.00	24.00	24.00	28.00	29.00
Education & Health Services	10.00	8.00	10.00	11.00	10.00
Leisure & Hospitality	40.00	48.00	26.00	75.00	66.00
Information & Other Services	10.00	21.00	6.00	8.00	9.00
Public Administration	0.00	0.00	0.00	0.00	0.00
Total Employment	<u>271.00</u>	<u>329.00</u>	<u>315.00</u>	<u>314.00</u>	<u>333.00</u>
Number of Establishments	74.00	64.00	66.00	66.00	65.00
Total Annual Wage (000)	14,727.00	14,836.00	14,931.00	13,996.00	15,500.00
Average Weekly Wage	1,045.00	867.00	912.00	857.00	895.00

(1) Source: Massachusetts Executive Office of Labor & Workforce Development.

Building Permits

<u>Calendar Year</u>	<u>Number</u>	<u>Estimated Value</u>
2021	161	\$56,597,714
2020	133	\$29,303,184
2019	119	\$31,268,121
2018	116	\$16,133,978
2017	155	\$43,442,590

OTHER DATA

Employment (1)

<u>Calendar Year (2)</u>	<u>Labor Force</u>	<u>Employment</u>	<u>Unemployment Rate</u>			
			<u>Town</u>	<u>County</u>	<u>State</u>	<u>US</u>
2022 (April)	445	425	4.5	5.5	3.3	3.3
2021	489	464	5.1	6.5	5.7	5.3
2020	475	444	6.5	9.2	8.9	8.1
2019	487	471	3.3	4.3	3.0	3.7
2018	488	471	3.5	4.7	3.4	3.9

(1) Source: Massachusetts Executive Office of Labor & Workforce Development.

(2) Full year averages except for 2022 which is for the month indicated.

Population (1)

<u>Year</u>	<u>Chilmark</u>		<u>Dukes County</u>		<u>Massachusetts</u>	
	<u>Number</u>	<u>% Change</u>	<u>Number</u>	<u>% Change</u>	<u>Number</u>	<u>% Change</u>
2021 estimate	1,248	44.1	21,097	27.6	6,984,723	6.7
2010	866	2.7	16,535	10.3	6,547,629	3.1
2000	843	29.7	14,987	28.8	6,349,097	5.5
1990	650	44.4	11,639	30.2	6,016,425	4.9
1980	450	0.0	8,942	0.0	5,737,037	0.0

(1) Source: U.S. Department of Commerce for actuals and estimates.

Population Density (1)

<u>Year</u>	<u>Chilmark</u>		<u>Dukes County</u>		<u>Massachusetts</u>	
	<u>Number</u>	<u>Density</u>	<u>Number</u>	<u>Density</u>	<u>Number</u>	<u>Density</u>
2021 estimate	1,248	65.2	21,097	203.2	6,984,723	891.1
2010	866	45.2	16,535	159.3	6,547,629	835.4
2000	843	44.0	14,987	144.4	6,349,097	810.0
1990	650	34.0	11,639	112.1	6,016,425	767.6
1980	450	23.5	8,942	86.1	5,737,037	732.0

(1) Source: U.S. Department of Commerce for actuals and estimates. Based on 19.1 square miles.

Population Composition By Age (1)

<u>Age</u>	<u>Chilmark</u>		<u>Dukes County</u>		<u>Massachusetts</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Under 5 Years	5	0.4	623	3.6	358,030	5.2
5 Years to 19 Years	173	13.0	2,832	16.2	1,211,251	17.6
20 Years to 64 Years	733	55.1	9,709	55.7	4,167,156	60.6
65 Years and Over	419	31.5	4,266	24.5	1,136,566	16.5
Total	<u>1,330</u>	<u>100.0</u>	<u>17,430</u>	<u>100.0</u>	<u>6,873,003</u>	<u>100.0</u>
Median Age	53.3		49.0		39.6	
Median Age (2000)	45.6		40.7		36.5	

(1) Source: U.S. Department of Commerce. 2020 5-year estimates.

Per Capita Income Levels (1)

<u>Year</u>	<u>Chilmark</u>		<u>Dukes County</u>		<u>Massachusetts</u>	
	<u>Amount</u>	<u>% Change</u>	<u>Amount</u>	<u>% Change</u>	<u>Amount</u>	<u>% Change</u>
2020 5-year estimates	\$55,396	39.3	\$43,994	0.0	\$45,555	37.2
2009	39,774	32.5	-0-	0.0	33,203	27.9
1999	30,029	63.9	26,472	44.8	25,952	50.7
1989	18,318	87.0	18,280	149.7	17,224	131.0
% Below Poverty Level (2020 5-year estimates)	9.3		7.5		9.8	

(1) Source: U.S. Department of Commerce.

Family Income Distribution (1)

Income for Families	Chilmark		Dukes County		Massachusetts	
	Families	Percent	Families	Percent	Families	Percent
Less than \$25,000	19	5.2	226	5.5	143,891	8.6
25,000 - 49,999	14	3.8	633	15.4	214,482	12.8
50,000 - 74,999	38	10.4	681	16.5	216,305	12.9
75,000 - 99,999	93	25.5	543	13.2	207,807	12.4
100,000 - 149,999	43	11.8	959	23.3	349,590	20.9
150,000 - 199,999	79	21.6	447	10.9	223,424	13.3
200,000 or more	<u>79</u>	<u>21.6</u>	<u>628</u>	<u>15.3</u>	<u>318,493</u>	<u>19.0</u>
Total	<u>365</u>	<u>100.0</u>	<u>4,117</u>	<u>100.0</u>	<u>1,673,992</u>	<u>100.0</u>
Median Income	\$118,125		\$99,288		\$106,526	

(1) Source: U.S. Department of Commerce. 2020 5-year estimates.

Household Income Distribution (1)

Income for Households	Chilmark		Dukes County		Massachusetts	
	Households	Percent	Households	Percent	Households	Percent
Less than \$25,000	68	13.3	833	12.1	420,186	15.9
25,000 - 49,999	49	9.6	1,240	18.0	407,773	15.4
50,000 - 74,999	72	14.1	1,326	19.3	368,728	13.9
75,000 - 99,999	86	16.8	854	12.4	316,659	12.0
100,000 - 149,999	59	11.5	1,304	18.9	475,386	18.0
150,000 - 199,999	79	15.4	482	7.0	279,582	10.6
200,000 or more	<u>99</u>	<u>19.3</u>	<u>848</u>	<u>12.3</u>	<u>378,666</u>	<u>14.3</u>
Total	<u>512</u>	<u>100.0</u>	<u>6,887</u>	<u>100.0</u>	<u>2,646,980</u>	<u>100.0</u>
Median Income	\$98,417		\$77,318		\$84,385	

(1) Source: U.S. Department of Commerce. 2020 5-year estimates.

Value Distribution Of Specified Owner-Occupied Housing Units (1)

Units	Chilmark		Dukes County		Massachusetts	
	Number	Percent	Number	Percent	Number	Percent
Less than \$100,000	3	0.7	71	1.4	45,171	2.7
100,000 - 199,999	8	1.9	16	0.3	155,859	9.4
200,000 - 299,999	0	0.0	101	2.0	296,559	17.9
300,000 - 499,999	17	4.0	832	16.7	589,022	35.6
500,000 - 999,999	114	26.9	2,444	49.0	460,676	27.8
1,000,000 or more	<u>282</u>	<u>66.5</u>	<u>1,526</u>	<u>30.6</u>	<u>107,605</u>	<u>6.5</u>
Total	<u>424</u>	<u>100.0</u>	<u>4,990</u>	<u>100.0</u>	<u>1,654,892</u>	<u>100.0</u>
Median Value	\$1,537,000		\$794,000		\$398,800	

(1) Source: U.S. Department of Commerce. 2020 5-year estimates.

Age Distribution Of Housing Units (1)

Year Built	Chilmark		Dukes County		Massachusetts	
	Number	Percent	Number	Percent	Number	Percent
2000 or later	224	13.4	3,007	16.7	322,687	11.1
1980 to 1999	551	32.9	6,887	38.2	543,478	18.7
1940 to 1979	657	39.2	5,179	28.7	1,118,384	38.4
1939 or Earlier	<u>245</u>	<u>14.6</u>	<u>2,957</u>	<u>16.4</u>	<u>928,460</u>	<u>31.9</u>
Total	<u>1,677</u>	<u>100.0</u>	<u>18,030</u>	<u>100.0</u>	<u>2,913,009</u>	<u>100.0</u>

(1) Source: U.S. Department of Commerce. 2020 5-year estimates.

Housing Unit Inventory (1)

Units in Structure	Chilmark		Dukes County		Massachusetts	
	Number	Percent	Number	Percent	Number	Percent
1, Detached	1,633	97.4	16,312	90.5	1,516,717	52.1
1, Attached	14	0.8	266	1.5	158,626	5.4
2 to 4	10	0.6	1,140	6.3	592,402	20.3
5 to 9	11	0.7	153	0.8	168,469	5.8
10 to 19	0	0.0	83	0.5	125,042	4.3
20 or More	0	0.0	29	0.2	327,497	11.2
Mobile Home, Trailer, Other	<u>9</u>	<u>0.5</u>	<u>47</u>	<u>0.3</u>	<u>24,256</u>	<u>0.8</u>
Total	<u>1,677</u>	<u>100.0</u>	<u>18,030</u>	<u>100.0</u>	<u>2,913,009</u>	<u>100.0</u>

(1) Source: U.S. Department of Commerce. 2020 5-year estimates.

Educational Attainment (1)

Years of School Completed	Chilmark		Dukes County		Massachusetts	
	Number	Percent	Number	Percent	Number	Percent
Less than 9th Grade	0	0.0	159	1.2	202,050	4.2
9th to 12th Grade, No Diploma	19	1.8	408	3.1	227,744	4.7
High School Graduate	87	8.2	3,115	23.4	1,133,358	23.5
Some College, No Degree	246	23.1	2,596	19.5	738,260	15.3
Associate's Degree	116	10.9	1,168	8.8	369,777	7.7
Bachelor's Degree	370	34.7	3,236	24.3	1,181,453	24.5
Graduate or Professional Degree	228	21.4	2,621	19.7	962,689	20.0
Total	<u>1,066</u>	<u>100.0</u>	<u>13,303</u>	<u>100.0</u>	<u>4,815,331</u>	<u>100.0</u>
High School Graduate or Higher	1,047	98.2	12,736	95.7	4,385,537	91.1
Bachelor's Degree or Higher	598	56.1	5,857	44.0	2,144,142	44.5

(1) Source: U.S. Department of Commerce. 2020 5-year estimates

LITIGATION

At present, Town Counsel is aware of no pending or threatened litigation, claim, or assessment, nor any unasserted possible claim or assessment probable of assertion, that would materially affect the Town's financial condition. Town Counsel defines materiality as \$25,000 of uninsured liability, be it individually or in the aggregate.

**TOWN OF CHILMARK
Massachusetts**

/s/ Dawn Barnes
Treasurer

Dated: June 28, 2022

The General Fund Balance Sheets for June 30, 2017 through June 30, 2021 and the General Fund Statement of Revenues, Expenditures and Changes in Fund Balance for fiscal years June 30, 2017 through 2021 are extracted from the audit reports of Powers & Sullivan, LLC.

A copy of the 2021 audited financial statement is reproduced in Appendix B.

**TOWN OF CHILMARK
MASSACHUSETTS
BALANCE SHEET (1)
GENERAL FUND
June 30,**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Assets:					
Cash and Equivalents	\$3,201,430	\$1,765,219	\$1,814,497	\$1,976,372	\$2,113,229
Investments	1,044,458	870,529	741,927	838,820	662,908
Receivables:					
Property Taxes	102,173	385,911	40,453	81,141	117,790
Tax Liens & Foreclosures	26,239	61,991	64,425	64,425	25,246
Motor Vehicle and Other Excise	<u>42,524</u>	<u>41,220</u>	<u>27,313</u>	<u>28,319</u>	<u>76,620</u>
Total Assets	<u>\$4,416,824</u>	<u>\$3,124,870</u>	<u>\$2,688,615</u>	<u>\$2,989,077</u>	<u>\$2,995,793</u>
Liabilities:					
Warrants Payable	71,533	72,613	189,016	204,383	115,436
Accrued Payroll	99,832	74,271	55,593	87,117	59,969
Due to other funds		0	0	0	0
Deferred Revenue		0	0	0	0
Notes Payable		0	0	0	0
Other Liabilities	<u>56,341</u>	<u>46,027</u>	<u>0</u>	<u>51,449</u>	<u>49,427</u>
Total Liabilities	<u>227,706</u>	<u>192,911</u>	<u>244,609</u>	<u>342,949</u>	<u>224,832</u>
Deferred Inflow of Resources	184,314	237,636	138,337	148,529	138,616
Fund Balances::					
Restricted	-		0	0	0
Committed	769,944	589,070	514,403	904,900	621,941
Assigned	-	30,777	0	0	0
Unassigned	<u>3,234,860</u>	<u>2,074,476</u>	<u>1,791,266</u>	<u>1,592,699</u>	<u>2,010,404</u>
Total Equity & Other Credits	<u>4,004,804</u>	<u>2,694,323</u>	<u>2,305,669</u>	<u>2,497,599</u>	<u>2,632,345</u>
Total Liabilities & Equity	<u>\$4,416,824</u>	<u>\$3,124,870</u>	<u>\$2,688,615</u>	<u>\$2,989,077</u>	<u>\$2,995,793</u>

(1) For fiscal years 2017 to 2021, inclusive, excerpts taken from the Town's financial statements audited by Powers & Sullivan, LLC.

**TOWN OF CHILMARK
MASSACHUSETTS
Combined Statements of Revenues, Expenditures and changes in Fund Balances (1)
June 30,**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017⁽¹⁾</u>
Revenues:					
Property Taxes	\$10,089,518	\$ 9,602,882	\$ 9,399,550	\$ 8,939,475	\$8,566,026
Excise Taxes & Other Taxes	298,487	251,007	262,137	255,405	217,860
Hotel/Motel Tax	355,080	144,043	55,286	53,716	53,067
Charges for Services	46,882	70,071	74,628	60,793	70,996
Penalties and interest on taxes	106,314	27,092	30,347	28,252	30,481
Fees and Rentals	660,766	551,113	507,312	463,545	497,297
Payments in lieu of taxes	4,251	4,534	5,230	10,172	0
Licenses & Permits	136,125	111,790	109,340	130,777	122,948
Intergovernmental	4,562	5,402	6,748	4,736	48,136
Departmental and Other	49,281	9,728	24,566	12,653	33,918
Contributions and Donations	33,184	4,720	19,004	4,090	0
Investment Income	30,795	28,500	23,463	16,126	18,523
Miscellaneous	<u>0</u>	<u>0</u>	<u>0</u>	<u>171,061</u>	<u>181,150</u>
Total Revenues	<u>\$11,819,038</u>	<u>\$10,818,693</u>	<u>\$10,673,502</u>	<u>\$10,160,044</u>	<u>\$9,848,688</u>
Expenditures:					
General Government	\$1,349,295	\$1,492,770	\$1,439,660	\$1,491,674	\$1,343,188
Public Safety	1,956,149	2,049,369	2,071,446	1,766,301	1,515,200
Public Works	456,830	405,981	397,628	410,228	388,556
Human Services	364,315	406,446	381,634	308,132	250,381
Culture & Recreation	656,970	637,136	645,294	620,691	565,828
Pension Benefits	259,156	237,771	246,353	283,838	278,442
Property and Liability Insurance	85,833	120,711	107,998	162,575	146,789
Employee Benefits	921,477	936,047	878,939	859,992	782,476
Education	3,651,539	3,467,944	3,667,596	3,355,484	3,063,815
State and County Charges	425,706	320,320	401,226	409,837	431,988
Debt Service	<u>464,850</u>	<u>481,600</u>	<u>633,132</u>	<u>677,688</u>	<u>703,350</u>
Total Expenditures	<u>\$10,592,120</u>	<u>\$10,556,095</u>	<u>\$10,870,906</u>	<u>\$10,346,440</u>	<u>\$9,470,013</u>
Excess (deficiency of Revenues Over Expenditures	1,226,918	262,598	(197,404)	(186,396)	378,675
Other Financing Sources (Uses):					
Transfers In	48,558	335,386	13,979	59,308	11,767
Transfers Out	(741,013)	(209,330)	(8,505)	(7,658)	(2,905)
Other	<u>776,018</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing	<u>83,563</u>	<u>126,056</u>	<u>5,474</u>	<u>51,650</u>	<u>8,862</u>
Net Changes in fund balances	1,310,481	388,654	(191,930)	(134,746)	387,537
Fund Balances Beginning	<u>2,694,323</u>	<u>2,305,669</u>	<u>2,497,599</u>	<u>2,632,345</u>	<u>2,244,808</u>
Fund Balances Ending	<u>\$ 4,004,804</u>	<u>\$ 2,694,323</u>	<u>\$ 2,305,669</u>	<u>\$ 2,497,599</u>	<u>\$2,632,345</u>

(1) For fiscal years 2017 to 2021, inclusive, excerpts taken from the Town's financial statements audited by Powers & Sullivan, LLC.

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APPENDIX B

There follows in this Appendix audited financial statements for the fiscal year ended June 30, 2021, as prepared by Powers & Sullivan, LLC.

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TOWN OF CHILMARK, MASSACHUSETTS

***REPORT ON EXAMINATION OF
BASIC FINANCIAL STATEMENTS***

YEAR ENDED JUNE 30, 2021

TOWN OF CHILMARK, MASSACHUSETTS

REPORT ON EXAMINATION OF BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

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Independent Auditor's Report

To the Select Board
Town of Chilmark, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Chilmark, Massachusetts, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town of Chilmark, Massachusetts' basic 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.

Auditor's Responsibility

Our responsibility is to express opinions 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 auditor's 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Chilmark, Massachusetts, as of June 30, 2021, and the respective changes in financial position for the year then ended 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 the management's discussion and analysis and required supplementary information, as listed in the table of contents, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2021, on our consideration of the Town of Chilmark'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 Town of Chilmark's internal control over financial reporting and compliance.

Powers & Sullivan, LLC

December 13, 2021

Management's Discussion and Analysis

Management's Discussion and Analysis

As management of the Town of Chilmark, we offer readers of these financial statements this narrative overview and analysis of the financial activities for the year ended June 30, 2021. We encourage readers to consider the information presented in this report. All amounts, unless otherwise indicated, are expressed in whole dollars.

The Governmental Accounting Standards Board (GASB) is the authoritative standard setting body that provides guidance on how to prepare financial statements in conformity with generally accepted accounting principles (GAAP). Users of these financial statements (such as investors and rating agencies) rely on the GASB to establish consistent reporting standards for all governments in the United States. This consistent application is the only way users (including citizens, the media, legislators and others) can assess the financial condition of one government compared to others.

Financial Highlights

Key financial factors existing as of the end of the fiscal year:

- The Town's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$22.7 million.
- The Town's total net pension liability is \$1.2 million. Additionally, the Town recognized net deferred outflows and inflows related to pensions of (\$299,000). These amounts will be amortized through pension expense in future fiscal years.
- The Town's total net OPEB liability is \$3.4 million. Additionally, the Town recognized net deferred outflows and inflows related to OPEB of \$709,000. These amounts will be amortized through expense in future fiscal years.
- The Town's total OPEB obligation at year end totaled \$6.1 million and \$2.7 million has been set aside in an OPEB trust to meet this obligation. In 2021 the Town contributed \$290,000 to this fund. This amount is in addition to the actuarially determined contribution of \$188,000.
- The Town's long-term debt totaled \$935,000 at year end.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town of Chilmark's basic financial statements. These basic financial statements comprise of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of finances, in a manner similar to private-sector business.

The *statement of net position* presents information on all assets, liabilities and deferred inflow/outflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g., uncollected taxes and accrued interest).

The governmental activities include general government, public safety, education, public works, community preservation, health and human services, culture and recreation, and interest.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund statements focus on *near-term inflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town of Chilmark adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the Town's own programs. Fiduciary fund financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the liabilities are incurred.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Town of Chilmark's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$22.7 million at the close of 2021.

Net position of \$18.3 million reflects its investment in capital assets (e.g., land, buildings, vehicles); less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in its capital assets is reported net of its related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the governmental net position, \$2.9 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position reported was \$1.5 million. Total net position increased \$2.4 million from the prior year. This was due to: 1) overall positive

budgetary results; 2) the proceeds of the sale of land that was deposited to the Affordable Housing fund; and, 3) expense reductions relative to the net pension and net OPEB liabilities.

At the end of the current year, the Town of Chilmark is able to report positive balances in all categories of net position. Key components of net position are shown on the following schedule. Amounts presented for 2020 have been reclassified to align with the 2021 presentation. Certain amounts were reclassified as a result of having implemented GASB Statement #84 which reclassified previously reported agency funds to nonmajor governmental funds.

	2021	2020
Assets:		
Current assets.....	\$ 9,903,552	\$ 7,172,278
Capital assets, nondepreciable.....	9,823,540	9,692,735
Capital assets, net of accumulated depreciation...	10,348,168	10,889,525
Total assets.....	30,075,260	27,754,538
Deferred outflows of resources.....	1,862,585	1,052,911
Liabilities:		
Current liabilities (excluding debt).....	430,296	374,437
Noncurrent liabilities (excluding debt).....	4,819,654	4,694,970
Current debt.....	1,975,000	1,535,000
Noncurrent debt.....	500,000	935,000
Total liabilities.....	7,724,950	7,539,407
Deferred inflows of resources.....	1,466,188	955,895
Net position:		
Net investment in capital assets.....	18,290,523	18,414,739
Restricted.....	2,908,979	2,574,385
Unrestricted.....	1,547,205	(676,977)
Total net position.....	\$ 22,746,707	\$ 20,312,147

	2021	2020
Program Revenues:		
Charges for services..... \$	2,518,687	\$ 2,277,407
Operating grants and contributions.....	369,909	183,403
Capital grants and contributions.....	39,359	410,390
General Revenues:		
Real estate and personal property taxes, net of tax refunds payable.....	10,041,715	9,674,219
Motor vehicle and other excise taxes.....	299,574	265,131
Hotel/motel tax.....	355,080	144,043
Community preservation tax.....	357,719	445,796
Other revenues.....	165,499	75,902
Gain (loss) on sale of capital assets.....	776,018	-
Total revenues.....	14,923,560	13,476,291
Expenses:		
General government.....	2,224,971	2,291,542
Public safety.....	4,384,220	3,872,143
Education.....	3,752,726	3,394,945
Public works.....	640,367	771,523
Health and human services.....	397,457	476,270
Culture and recreation.....	860,744	845,903
Other expenses.....	228,515	81,978
Total expenses.....	12,489,000	11,734,304
Change in net position.....	2,434,560	1,741,987
Net position, beginning of year.....	20,312,147	18,570,160
Net position, end of year..... \$	22,746,707	\$ 20,312,147

The governmental expenses totaled \$12.5 million of which \$2.9 million (23%) was directly supported by program revenues consisting of charges for services and operating and capital grants and contributions. General revenues totaled \$11.9 million, primarily coming from property taxes, motor vehicle excise taxes and community preservation tax surcharges.

Financial Analysis of the Government's Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Town of Chilmark's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town of Chilmark's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$7.7 million, an increase of \$2.3 million from the prior year.

General Fund

The General Fund is the chief operating fund. At the end of the year, unassigned fund balance totaled \$3.2 million. As a measure of the fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 30.5% of the total general fund expenditures, while total fund balance represents 37.8% of that same amount. The Town's general fund increased \$1.3 million in 2021. The increase in fund balance is due to actual expenditures and encumbrances being less than budgeted amounts and actual revenues being greater than budgeted amounts.

Community Preservation Fund

The Community Preservation Fund is used to account for the Town's resources collected for the acquisition, creation, preservation and support of open space, historic resources, recreational purposes and affordable housing. During the year the fund recognized \$482,000 in revenue. The revenue was primarily comprised of \$288,000 in real estate surcharges and \$179,000 in matching grant from the Commonwealth of Massachusetts. The fund balance increased \$263,000 and totaled \$2.2 million at the end of the fiscal year.

Capital Projects Fund

The Capital Projects fund is used to account for a building renovation and construction project. During the year the fund incurred \$149,000 of expenditures. These expenditures were incurred on behalf of a design study for a new public safety building and for roadway improvements. At the beginning of the fiscal year, fund balance was in a deficit of \$806,000. At the end of the fiscal year, the fund balance deficit increased to \$955,000.

Tri-Town Ambulance Fund

The Tri-Town Ambulance fund is used to account for resources related to a Town managed ambulance service. During the year the fund recognized revenue \$1.4 million comprised of \$1.2 million of assessments to other local governments and \$215,000 of patient charges. Fund expenditures totaled \$1.4 million. At the end of the fiscal year, fund balance was \$564,000 which is reflective of a decrease of \$14,000 from the prior year.

General Fund Budgetary Highlights

The final budget of \$12.4 million is reflective of an increase of \$147,000, when compared to the original budget. The increased appropriation is due to an equal use of free cash, transfers in and other amounts to be raised to mainly fund capital articles and transfers to the stabilization fund.

Revenues were \$809,000 higher than budget due to real estate and personal property tax revenues, hotel/motel taxes, motor vehicle and other excise taxes, penalties and interest on taxes and departmental and other revenues exceeded budgeted amount. Tax and related revenue increased because of prior fiscal year tax billings being delayed due to the COVID-19 pandemic. Departmental revenues increased because of increased beach pass sales and dockage/mooring fees.

Expenditures and encumbrances were lower than budgeted amounts by \$708,000. This is the result of prudent management of appropriations.

Capital Asset and Debt Administration

Capital Assets. In conjunction with the annual operating budget, the Town annually prepares a capital budget for the upcoming year.

The Town's investment in capital assets as of June 30, 2021, amounted to \$20.2 million (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, vehicles, equipment and infrastructure. Major additions this fiscal year related to various building improvements and infrastructure projects.

Debt Administration

At the end of the current year, the Town had total bonded long-term debt outstanding of \$935,000. The entire amount is classified as governmental debt and is backed by the full faith and credit of the government. The Town's bond rating is AAA by Standard & Poor's.

Please refer to Notes 4, 6, and 7 of the financial statements for further discussion of the major capital and debt activity.

Pension and Other Postemployment Benefits

At June 30, 2021, the Town had a liability of \$1.2 million and \$3.4 million for its Net Pension and Net Other Postemployment Benefits liabilities, respectively. These unfunded liabilities represent the future amounts that the Town would have to accumulate in order fully fund its obligation to provide benefits to its current and future retirees. Please see Notes 10 and 11 and the Required Supplementary Schedules for additional information.

Requests for Information

This financial report is designed to provide a general overview of the Town of Chilmark's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town Accountant, P.O. Box 119, 401 Middle Road, Chilmark, MA 02535-0119.

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Basic Financial Statements

STATEMENT OF NET POSITION

JUNE 30, 2021

	<i>Primary Government</i>
	Governmental Activities
ASSETS	
CURRENT:	
Cash and cash equivalents.....	\$ 7,072,575
Investments.....	2,398,911
Receivables, net of allowance for uncollectibles:	
Real estate and personal property taxes.....	102,173
Tax liens.....	26,567
Community preservation fund surtax.....	2,508
Motor vehicle and other excise taxes.....	42,524
Community preservation state share.....	258,294
Total current assets.....	9,903,552
NONCURRENT:	
Capital assets, nondepreciable.....	9,823,540
Capital assets, net of accumulated depreciation.....	10,348,168
Total noncurrent assets.....	20,171,708
TOTAL ASSETS.....	30,075,260
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions.....	645,775
Deferred outflows related to other postemployment benefits.....	1,216,810
TOTAL DEFERRED OUTFLOWS OF RESOURCES.....	1,862,585
LIABILITIES	
CURRENT:	
Warrants payable.....	80,333
Accrued payroll.....	127,111
Accrued interest.....	6,452
Other liabilities.....	56,341
Compensated absences.....	160,059
Notes payable.....	1,540,000
Bonds payable.....	435,000
Total current liabilities.....	2,405,296

(continued)

STATEMENT OF NET POSITION

JUNE 30, 2021

	<i>Primary Government</i>
	Governmental Activities
NONCURRENT:	
Compensated absences.....	164,716
Net pension liability.....	1,244,790
Net other postemployment benefits liability.....	3,410,148
Bonds payable.....	500,000
Total noncurrent liabilities.....	5,319,654
TOTAL LIABILITIES.....	7,724,950
 DEFERRED INFLOWS OF RESOURCES	
Taxes paid in advance.....	13,524
Deferred inflows related to pensions.....	945,238
Deferred inflows related to other postemployment benefits.....	507,426
TOTAL DEFERRED INFLOWS OF RESOURCES.....	1,466,188
 NET POSITION	
Net investment in capital assets.....	18,290,523
Restricted for:	
Permanent funds:	
Expendable.....	50,934
Nonexpendable.....	15,941
Gifts and grants.....	397,412
Community preservation.....	2,444,692
Unrestricted.....	1,547,205
TOTAL NET POSITION.....	\$ 22,746,707

(concluded)

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
<i>Governmental Activities:</i>					
General government.....	\$ 2,224,971	\$ 93,441	\$ 73,908	\$ -	\$ (2,057,622)
Public safety.....	4,384,220	2,105,980	105,893	19,600	(2,152,747)
Education.....	3,752,726	-	-	-	(3,752,726)
Public works.....	640,367	59,482	-	-	(580,885)
Health and human services.....	397,457	14,349	7,107	-	(376,001)
Culture and recreation.....	860,744	245,435	3,745	19,759	(591,805)
Community preservation.....	202,710	-	179,256	-	(23,454)
Interest.....	25,805	-	-	-	(25,805)
Total Primary Government.....	\$ 12,489,000	\$ 2,518,687	\$ 369,909	\$ 39,359	\$ (9,561,045)

See notes to basic financial statements.

(Continued)

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2021

		<u>Primary Government</u>
		<u>Governmental Activities</u>
Changes in net position:		
Net (expense) revenue from previous page.....	\$	<u>(9,561,045)</u>
<i>General revenues:</i>		
Real estate and personal property taxes, net of tax refunds payable.....		10,041,715
Motor vehicle and other excise taxes.....		299,574
Hotel/motel tax.....		355,080
Community preservation tax.....		357,719
Penalties and interest on taxes.....		106,314
Payments in lieu of taxes.....		4,261
Unrestricted investment income.....		54,924
Gain (loss) on sale of assets.....		<u>776,018</u>
Total general revenues.....		<u>11,995,605</u>
Change in net position.....		2,434,560
<i>Net position:</i>		
Beginning of year.....		<u>20,312,147</u>
End of year.....	\$	<u><u>22,746,707</u></u>

(Concluded)

See notes to basic financial statements.

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2021

	General	Community Preservation	Capital Projects	Tri-Town Ambulance Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents.....	\$ 3,201,430	\$ 1,346,512	\$ 585,243	\$ 591,477	\$ 1,347,913	\$ 7,072,575
Investments.....	1,044,458	837,196	-	-	517,257	2,398,911
Receivables, net of uncollectibles:						
Real estate and personal property taxes.....	102,173	-	-	-	-	102,173
Tax liens.....	26,239	328	-	-	-	26,567
Community preservation fund surtax.....	-	2,508	-	-	-	2,508
Motor vehicle and other excise taxes.....	42,524	-	-	-	-	42,524
Community preservation state share.....	-	258,294	-	-	-	258,294
TOTAL ASSETS.....	\$ 4,416,824	\$ 2,444,838	\$ 585,243	\$ 591,477	\$ 1,865,170	\$ 9,903,552
LIABILITIES						
Warrants payable.....	\$ 71,533	\$ -	\$ -	\$ -	\$ 8,800	\$ 80,333
Accrued payroll.....	99,832	-	-	27,279	-	127,111
Other liabilities.....	56,341	-	-	-	-	56,341
Notes payable.....	-	-	1,540,000	-	-	1,540,000
TOTAL LIABILITIES.....	227,706	-	1,540,000	27,279	8,800	1,803,785
DEFERRED INFLOWS OF RESOURCES						
Taxes paid in advance.....	13,378	146	-	-	-	13,524
Unavailable revenue.....	170,936	261,130	-	-	-	432,066
TOTAL DEFERRED INFLOWS OF RESOURCES.....	184,314	261,276	-	-	-	445,590
FUND BALANCES						
Nonspendable.....	-	-	-	-	50,934	50,934
Restricted.....	-	2,183,562	-	564,198	1,805,436	4,553,196
Committed.....	769,944	-	-	-	-	769,944
Unassigned.....	3,234,860	-	(954,757)	-	-	2,280,103
TOTAL FUND BALANCES.....	4,004,804	2,183,562	(954,757)	564,198	1,856,370	7,654,177
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....	\$ 4,416,824	\$ 2,444,838	\$ 585,243	\$ 591,477	\$ 1,865,170	\$ 9,903,552

See notes to basic financial statements.

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TOTAL FUND BALANCES TO THE STATEMENT OF NET POSITION**

JUNE 30, 2021

Total governmental fund balances.....		\$	7,654,177
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....			20,171,708
Accounts receivable are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.....			432,066
The statement of net position includes certain deferred inflows of resources and deferred outflows of resources that will be amortized over future periods. In governmental funds, these amounts are not deferred.....			409,921
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....			(6,452)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:			
Bonds payable.....	(935,000)		
Net pension liability.....	(1,244,790)		
Net other postemployment benefits liability.....	(3,410,148)		
Compensated absences.....	<u>(324,775)</u>		
Net effect of reporting long-term liabilities.....			<u>(5,914,713)</u>
Net position of governmental activities.....		\$	<u><u>22,746,707</u></u>

See notes to basic financial statements.

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2021

	General	Community Preservation	Capital Projects	Tri-Town Ambulance Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:						
Real estate and personal property taxes, net of tax refunds.....	\$ 10,089,518	\$ -	\$ -	\$ -	\$ -	\$ 10,089,518
Motor vehicle and other excise taxes.....	298,487	-	-	-	-	298,487
Hotel/motel tax.....	355,080	-	-	-	-	355,080
Charges for services.....	46,882	-	-	215,347	-	262,229
Penalties and interest on taxes.....	106,314	-	-	-	-	106,314
Fees and rentals.....	660,766	-	-	-	177,051	837,817
Payments in lieu of taxes.....	4,261	-	-	-	-	4,261
Licenses and permits.....	136,125	-	-	-	-	136,125
Fines and forfeitures.....	3,783	-	-	-	-	3,783
Intergovernmental - other.....	4,562	-	-	-	142,311	146,873
Departmental and other.....	49,281	-	-	1,156,557	68,837	1,274,675
Community preservation taxes.....	-	287,532	-	-	-	287,532
Community preservation-state match.....	-	179,256	-	-	-	179,256
Contributions and donations.....	33,184	-	-	-	60,159	93,343
Investment income.....	30,795	14,822	-	839	8,468	54,924
TOTAL REVENUES.....	11,819,038	481,610	-	1,372,743	456,826	14,130,217
EXPENDITURES:						
Current:						
General government.....	1,349,295	-	-	-	4,345	1,353,640
Public safety.....	1,956,149	-	130,805	1,386,527	222,616	3,696,097
Education.....	3,651,539	-	-	-	821	3,652,360
Public works.....	456,830	-	17,859	-	1,800	476,489
Health and human services.....	364,315	-	-	-	12,749	377,064
Culture and recreation.....	656,970	-	-	-	28,882	685,852
Pension benefits.....	259,156	-	-	-	-	259,156
Property and liability insurance.....	85,833	-	-	-	-	85,833
Employee benefits.....	921,477	-	-	-	-	921,477
Community preservation.....	-	202,710	-	-	-	202,710
State and county charges.....	425,706	-	-	-	-	425,706
Debt service:						
Principal.....	435,000	-	-	-	-	435,000
Interest.....	29,850	-	-	-	-	29,850
TOTAL EXPENDITURES.....	10,592,120	202,710	148,664	1,386,527	271,213	12,601,234
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	1,226,918	278,900	(148,664)	(13,784)	185,613	1,528,983
OTHER FINANCING SOURCES (USES):						
Proceeds from the sale of assets.....	776,018	-	-	-	-	776,018
Transfers in.....	48,558	-	-	-	741,013	789,571
Transfers out.....	(741,013)	(15,558)	-	-	(33,000)	(789,571)
TOTAL OTHER FINANCING SOURCES (USES)...	83,563	(15,558)	-	-	708,013	776,018
NET CHANGE IN FUND BALANCES.....	1,310,481	263,342	(148,664)	(13,784)	893,626	2,305,001
FUND BALANCES AT BEGINNING OF YEAR.....	2,694,323	1,920,220	(806,093)	577,982	962,744	5,349,176
FUND BALANCES AT END OF YEAR.....	\$ 4,004,804	\$ 2,183,562	\$ (954,757)	\$ 564,198	\$ 1,856,370	\$ 7,654,177

See notes to basic financial statements.

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

YEAR ENDED JUNE 30, 2021

Net change in fund balances - total governmental funds.....	\$	2,305,001
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay.....	148,664	
Depreciation expense.....	<u>(559,216)</u>	
Net effect of reporting capital assets.....		(410,552)
<p>Revenues in the Statement of Activities that do not provide current financial resources are unavailable in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable differ between the two statements. This amount represents the net change in unavailable revenue.....</p>		
		(41,706)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are unavailable and amortized in the Statement of Activities.</p>		
Debt service principal payments.....		435,000
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
Net change in compensated absences accrual.....	(39,816)	
Net change in accrued interest on long-term debt.....	4,045	
Net change in deferred outflow/(inflow) of resources related to pensions.....	86,297	
Net change in net pension liability.....	136,628	
Net change in deferred outflow/(inflow) of resources related to other postemployment benefits.....	206,624	
Net change in the net other postemployment benefits liability.....	<u>(246,961)</u>	
Net effect of recording long-term liabilities.....		<u>146,817</u>
Change in net position of governmental activities.....	\$	<u><u>2,434,560</u></u>

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2021

		Other Post Employment Benefit Trust Fund
ASSETS		
Investments:		
Dukes County Pooled OPEB Trust.....	\$	2,704,353
NET POSITION		
Restricted for other postemployment benefits.....	\$	2,704,353

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2021

	Other Post Employment Benefit Trust Fund
<u>ADDITIONS:</u>	
Contributions:	
Employer contributions.....	\$ 289,742
Employer contributions for other postemployment benefit payments.....	188,186
Total contributions.....	477,928
Net investment income:	
Investment income.....	49,852
Net change in fair value of investments.....	575,754
Less: investment expense.....	(8,695)
Net investment income (loss).....	616,911
TOTAL ADDITIONS.....	1,094,839
<u>DEDUCTIONS:</u>	
Other postemployment benefit payments.....	188,186
NET INCREASE (DECREASE) IN NET POSITION.....	906,653
NET POSITION AT BEGINNING OF YEAR.....	1,797,700
NET POSITION AT END OF YEAR.....	\$ 2,704,353

See notes to basic financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of the Town of Chilmark, Massachusetts (the Town) 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 recognized standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described herein.

A. Reporting Entity

The Town is a municipal corporation that is governed by an elected three member Select Board and an appointed Town Administrator.

For financial reporting purposes, the Town has included all funds, organizations, agencies, boards, commissions and institutions. The Town has also considered all potential component units for which it is financially accountable as well as other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the basic financial statements to be misleading or incomplete. There are no component units that meet the requirements for inclusion in the Town's basic financial statements.

Joint Ventures

A joint venture is an organization (resulting from a contractual arrangement) that is owned, operated or governed by two or more participants as a separate and specific activity subject to joint control in which the participants retain an ongoing financial interest or ongoing financial responsibility. Joint control means that no single participant has the ability to unilaterally control the financial or operating policies of the joint venture.

The Town participates in four joint ventures with other municipalities to pool resources and share the costs, risks and rewards of providing goods and services to venture participants directly, or for the benefit of the general public or specified recipients. The following table identifies the Town's joint venture and related information:

Name	Purpose	Address	Fiscal 2021 Assessment
Martha's Vineyard Regional High School District	To provide educational services	100 Edgartown Road Oak Bluffs, MA 02557	\$ 1,028,578
Up-Island Regional School District	To provide educational services	401 Old County Road West Tisbury, MA 02979	\$ 2,597,975
Martha's Vineyard Refuse Disposal and Resource Recovery District	To control solid waste disposal	PO Box 2067 Edgartown, MA 02539	\$ 94,353
Tri-Town Ambulance	To provide ambulance service	P O Box 340 Chilmark, MA 02535	\$ 385,519

The Martha's Vineyard Regional High School District is governed by a nine member school committee consisting of one elected representative from the Town, and the Up-Island Regional School District is governed by a five member school committee, also consisting of one elected representative from the Town. The Town is indirectly

liable for the Districts' debt and other expenditures and is assessed annually for its share of operating and capital costs.

The Town is a member of the Martha's Vineyard Refuse Disposal and Resource Recovery District (District), which was established under Chapter 40, Sections 44A through 44K of the Massachusetts General Laws, for the purpose of controlling solid waste disposal on Martha's Vineyard. All six Town's on Martha's Vineyard were members of the District pursuant to the District agreement entered into on January 5, 1983. On May 1, 1994, the Towns of Oak Bluffs and Tisbury formally withdrew from the District. The District is governed by an eight member District Committee. Members of the District Committee are appointed by the Board of Health of each member Town.

The Towns of Chilmark, Acquinnah and West Tisbury have entered into an arrangement in which the towns equally share the costs of associated with the operation of ambulance services in each town. This arrangement is formally known as the Tri-Town Ambulance service. Each member is assessed an equal share of operating costs for each fiscal year.

Separate financial statements may be obtained from the school districts and the disposal and resource recovery district by writing to the Treasurer of the Districts at the addresses identified on the previous page. The Tri-Town Ambulance is reported as a major special revenue fund in the financial statements of the Town of Chilmark.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The government-wide financial statements (i.e., statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. Governmental activities are primarily supported by taxes and intergovernmental revenues.

Fund Financial Statements

Separate financial statements are provided for governmental funds and fiduciary funds, even though fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and displayed in a single column.

Major Fund Criteria

Major funds must be reported if the following criteria are met:

- If total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of an individual governmental or enterprise fund are at least 10 percent of the corresponding element (assets and deferred outflows of resources, liabilities and deferred inflows or resources, etc.) for all funds of that category or type (total governmental or total enterprise funds), *and*
- If the total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding element for all governmental and enterprise funds combined.

Additionally, any other governmental fund that management believes is particularly significant to the basic financial statements may be reported as a major fund. Fiduciary funds are reported by fund type.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the liabilities are incurred. Real estate and personal property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The statement of activities demonstrates the degree to which the direct expenses of a particular function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include the following:

- Charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment.
- Grants and contributions that are restricted to meeting the operational requirements of a particular function or segment.
- Grants and contributions that are restricted to meeting the capital requirements of a particular function or segment.

Taxes and other items not identifiable as program revenues are reported as general revenues. For the most part, the effect of interfund activity has been removed from the government-wide financial statements. Elimination of these charges would distort the direct costs and program revenues reported for the functions affected.

Fund Financial Statements

Governmental fund financial statements are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences, claims and judgments which are recognized when the obligations are expected to be liquidated with current expendable available resources.

Real estate and personal property tax revenues are considered available if they are collected within 60 days after year-end. Investment income is susceptible to accrual. Other receipts and tax revenues become measurable and available when the cash is received and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria is met. Expenditure driven grants recognize revenue when the qualifying expenditures are incurred and all other grant requirements are met.

The following major governmental funds are reported:

The *general fund* is the primary operating fund. It is used to account for all financial resources, except those that are required to be accounted for in another fund.

The *community preservation fund* is a special revenue fund used to account for the accumulation of resources for the acquisition, creation, preservation and support of open space, historic resources, recreational purposes and affordable housing.

The *capital projects fund* is a capital project fund used to account for resources related to a building renovation and construction project.

The *Tri-Town ambulance fund* is a special revenue fund used to account for resources related to a Town operated ambulance service.

The nonmajor governmental funds consist of other special revenue, capital projects and permanent funds that are aggregated and presented in the *nonmajor governmental funds* column on the governmental fund's financial statements. The following describes the general use of these fund types:

The *special revenue fund* is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than permanent funds or capital projects.

The *capital projects fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets of the governmental funds.

The *permanent fund* is used to account for and report financial resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the governmental programs.

Fiduciary fund financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the liabilities are incurred. Fiduciary funds are used to account for assets held in a trustee capacity for others that cannot be used to support the governmental programs.

The following fiduciary fund type is reported:

The *other postemployment benefit (OPEB) trust fund* is used to accumulate resources to provide funding for future OPEB liabilities.

D. Cash and Investments

Government-Wide and Fund Financial Statements

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.

D. Fair Value Measurements

The Town reports required types of financial instruments in accordance with the fair value standards. These standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or valuation techniques) to determine fair value. Fair value standards also require the government to classify these financial instruments into a three-level hierarchy, based on the priority of inputs to the valuation technique or in accordance with net asset value practical expedient rules, which allow for either Level 2 or Level 3 depending on lock up and notice periods associated with the underlying funds.

Instruments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 – Quoted prices are available in active markets for identical instruments as of the reporting date. Instruments, which are generally included in this category, include actively traded equity and debt securities, U.S. government obligations, and mutual funds with quoted market prices in active markets.

Level 2 – Pricing inputs are other than quoted in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Certain fixed income securities, primarily corporate bonds, are classified as Level 2 because fair values are estimated using pricing models, matrix pricing, or discounted cash flows.

Level 3 – Pricing inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgment or estimation.

In some instances the inputs used to measure fair value may fall into different levels of the fair value hierarchy and is based on the lowest level of input that is significant to the fair value measurement.

Market price is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument. Instruments with readily available active quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. It is reasonably possible that change in values of these instruments will occur in the near term and that such changes could materially affect amounts reported in these financial statements. For more information on the fair value of the Town's financial instruments, see Note 2 – Cash and Investments.

F. Accounts Receivable

Government-Wide and Fund Financial Statements

The recognition of revenue related to accounts receivable reported in the government-wide financial statements and fiduciary funds financial statements are reported under the accrual basis of accounting. The recognition of revenue related to accounts receivable reported in the governmental funds financial statements are reported under the modified accrual basis of accounting.

Real Estate, Personal Property Taxes and Tax Liens

Real estate and personal property taxes are levied and based on values assessed on January 1st of every year. Assessed values are established by the Board of Assessor's for 100% of the estimated fair market value. Taxes are due on October 1st and April 1st and are subject to penalties and interest if they are not paid by the respective due date. Real estate and personal property taxes levied are recorded as receivables in the year of the levy.

Real estate tax liens are processed six to nine months after the close of the valuation year on delinquent properties and are recorded as receivables in the year they are processed.

Real estate receivables are secured via the tax lien process and are considered 100% collectible. Accordingly, an allowance for uncollectibles is not reported.

Personal property taxes cannot be secured through the lien process. The allowance of uncollectibles is estimated based on historical trends and specific account analysis.

Community Preservation Fund Surcharge

The Town has adopted the Community Preservation Act and the provisions of the Act allow the Town to assess property owners an additional 1% - 3% of the total real estate commitment. The Town has opted to a surcharge of 3% added to each real estate tax bill. Revenues from this surcharge are credited to the Community Preservation Fund, a component of the nonmajor governmental funds to fund open space acquisitions, affordable housing initiatives, historic preservation and recreational uses.

Since the surcharges are secured via the lien process, these accounts are considered 100% collectible and therefore do not report an allowance for uncollectible accounts.

Motor Vehicle and Other Excise Taxes

Motor vehicle excise taxes are assessed annually for each vehicle registered and are recorded as receivables in the year of the levy. The Commonwealth is responsible for reporting the number of vehicles registered and the fair value of those vehicles. The tax calculation is the fair value of the vehicle multiplied by \$25 per \$1,000 of value.

Boat excise taxes are assessed annually for each boat registered and are recorded as receivables in the year of the levy. The Commonwealth is responsible for reporting the number of vehicles registered and the fair value of those boats. The tax calculation is the fair value of the vehicle multiplied by \$10 per \$1,000 of value; with a maximum taxable value of \$50,000.

The allowance for uncollectibles is estimated based on historical trends and specific account analysis.

Intergovernmental – Federal and State

Various federal and state grants for operating and capital purposes are applied for and received annually. For non-expenditure driven grants, receivables are recorded as soon as all eligibility requirements imposed by the provider have been met. For expenditure driven grants, receivables are recorded when the qualifying expenditures are incurred and all other grant requirements are met.

These receivables are considered 100% collectible and therefore do not report an allowance for uncollectibles.

G. Inventories***Government-Wide and Fund Financial Statements***

Inventories are recorded as expenditures at the time of purchase. Such inventories are not material in total to the government-wide and fund financial statements, and therefore are not reported.

H. Capital Assets***Government-Wide Financial Statements***

Capital assets, which include land, buildings, vehicles, equipment, construction in progress and infrastructure, are reported in the applicable governmental activity column of the government-wide financial statements. Capital assets are recorded at historical cost, or at estimated historical cost, if actual historical cost is not available. Donated capital assets are recorded at the estimated fair market value at the date of donation. Except for the capital assets of the governmental activities column in the government-wide financial statements, construction period interest is capitalized on constructed capital assets.

All purchases and construction costs in excess of \$15,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than one year.

Capital assets (excluding land) are depreciated on a straight-line basis. The estimated useful lives of capital assets are as follows:

<u>Capital Asset Type</u>	<u>Estimated Useful Life (in years)</u>
Land improvements.....	20
Buildings.....	40
Machinery and equipment.....	15-25
Vehicles.....	5
Infrastructure.....	10-20

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized and are treated as expenses when incurred. Improvements are capitalized.

Governmental Fund Financial Statements

Capital asset costs are recorded as expenditures in the acquiring fund in the year of the purchase.

I. Deferred Outflows/Inflows of Resources

Government-Wide Financial Statements (Net Position)

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The Town has recorded deferred outflows of resources related to the net pension and net OPEB liabilities in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Town has recorded taxes paid in advance and deferred inflows of resources related to net pension and net OPEB liabilities and taxes paid in advance in this category.

Governmental Fund Financial Statements

In addition to liabilities, the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents assets that have been recorded in the governmental fund financial statements but the revenue is not available and so will *not* be recognized as an inflow of resources (revenue) until it becomes available. The Town has recorded unavailable revenue as deferred inflows of resources in the governmental funds balance sheet.

J. Interfund Receivables and Payables

During the course of its operations, transactions occur between and within individual funds that may result in amounts owed between funds.

Government-Wide Financial Statements

Transactions of a buyer/seller nature between and within governmental funds are eliminated from the governmental activities in the statement of net position.

Fund Financial Statements

Transactions of a buyer/seller nature between and within funds are *not* eliminated from the individual fund statements. Receivables and payables resulting from these transactions are classified as "Due from other funds" or "Due to other funds" on the balance sheet.

K. Interfund Transfers

During the course of its operations, resources are permanently reallocated between and within funds. These transactions are reported as transfers in and transfers out.

Government-Wide Financial Statements

Transfers between and within governmental funds are eliminated from the governmental activities in the statement of net position.

Fund Financial Statements

Transfers between and within funds are not eliminated from the individual fund statements and are reported as transfers in and transfers out.

L. Net Position and Fund Equity*Government-Wide Financial Statements (Net Position)*

Net position reported as "net investment in capital assets" includes capital assets, net of accumulated depreciation, less the principal balance of outstanding debt used to acquire capital assets. Unspent proceeds of capital related debt are not considered to be capital assets. Outstanding debt related to future reimbursements from the state's school building program is not considered to be capital related debt.

Net position is reported as restricted when amounts that are not available for appropriation or are legally restricted by outside parties for a specific future use.

Net position has been "restricted for" the following:

"Permanent funds - expendable" represents amounts held in trust for which the expenditures are restricted by various trust agreements.

"Permanent funds - nonexpendable" represents amounts held in trust for which only investment earnings may be expended.

"Gifts and Grants" represents restrictions placed on assets from outside parties.

"Community Preservation" represents amounts held for uses restricted by law for community preservation purposes.

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Financial Statements (Fund Balances)

Governmental fund balances are classified as nonspendable, restricted, committed, assigned, or unassigned based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

The governmental fund balance classifications are as follows:

"Nonspendable" fund balance includes amounts that cannot be spent because they are either not in spendable form or they are legally or contractually required to be maintained intact.

"Restricted" fund balance includes amounts subject to constraints placed on the use of resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or that are imposed by law through constitutional provisions or enabling legislation.

"Committed" fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. Town meeting is the highest level of decision making authority for the government that can, by adoption of an ordinance prior to the end of the year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

"Assigned" fund balance includes amounts that are constrained by the Town's intent to be used for specific purposes but are neither restricted nor committed. The Select Board has by resolution authorized the Town Accountant to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment.

"Unassigned" fund balance includes the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

The Town's spending policy is to spend restricted fund balance first, followed by committed, assigned and unassigned fund balance. Most governmental funds are designated for one purpose at the time of their creation. Therefore, any expenditure from the fund will be allocated to the applicable fund balance classifications in the order of the aforementioned spending policy. The general fund and certain other funds may have more than one purpose.

M. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Dukes County Retirement System (DCRS) and additions to/deductions from the DCRS's fiduciary net position have been determined on the same basis as they are reported by the DCRS. 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.

N. Long-term debt

Government-Wide and Proprietary Fund Financial Statements

Long-term debt is reported as liabilities in the government-wide statement of net position. Material bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method.

Governmental Fund Financial Statements

The face amount of governmental funds long-term debt is reported as other financing sources. Bond premiums and discounts, as well as issuance costs, are recognized in the current period. Bond premiums are reported as other financing sources and bond discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual bond proceeds received, are reported as general government expenditures.

O. Investment Income

Excluding the permanent funds, investment income derived from major and nonmajor governmental funds is legally assigned to the general fund unless otherwise directed by Massachusetts General Law (MGL).

P. Compensated Absences

Employees are granted vacation and sick leave in varying amounts based on collective bargaining agreements, state laws and executive policies.

Government-Wide Financial Statements

Vested or accumulated vacation and sick leave are reported as liabilities and expensed as incurred.

Governmental Fund Financial Statements

Vested or accumulated vacation and sick leave, which will be liquidated with expendable available financial resources, are reported as expenditures and fund liabilities.

Q. Use of Estimates

Government-Wide and Fund Financial Statements

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 year. Actual results could vary from estimates that were used.

R. Total Column*Government-Wide Financial Statements*

The total column presented on the government-wide financial statements represents consolidated financial information.

Fund Financial Statements

The total column on the fund financial statements is presented only to facilitate financial analysis. Data in this column is not the equivalent of consolidated financial information.

NOTE 2 – CASH AND INVESTMENTS

A cash and investment pool is maintained that is available for use by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Cash and Cash Equivalents". The deposits and investments of the trust funds are held separately from those of other funds.

Statutes authorize the investment in obligations of the U.S. Treasury, agencies, and instrumentalities, certificates of deposit, repurchase agreements, money market accounts, bank deposits and the State Treasurer's Investment Pool (Pool). The Treasurer may also invest trust funds in securities, other than mortgages or collateral loans, which are legal for the investment of funds of savings banks under the laws of the Commonwealth.

The Pool meets the criteria of an external investment pool. The Pool is administered by the Massachusetts Municipal Depository Trust (MMDT), which was established by the Treasurer of the Commonwealth who serves as Trustee. The fair value of the position in the Pool is the same as the value of the Pool shares. MMDT maintains a cash portfolio and a short-term bond portfolio. The Town participates in the cash portfolio which had a weighted average maturity of 49 days.

The Town invests in the Dukes County Pooled OPEB Trust Fund (OPEB Trust) which is an investment pool established by the legislature of the Commonwealth of Massachusetts by way of Chapter 149 of the acts of 2010. The fair value of the Town's assets in the OPEB Trust total \$2,704,353 as of June 30, 2021. Details related to the OPEB Trust investments can be obtained by contacting the OPEB Trust at P. O. Box 921, Vineyard Haven, MA, 02568.

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town has a Board approved deposit policy for custodial credit risk. At year-end, the carrying amount of deposits totaled \$5,939,988 and the bank balance totaled \$6,168,323. Of the bank balance, \$601,764 was covered by Federal Depository Insurance, \$4,812,794 was covered by the Depositors Insurance Fund, and \$753,765 was collateralized.

Investments

As of June 30, 2021, the Town had the following investments:

<u>Investment Type</u>	<u>Fair value</u>	<u>Maturities</u>		
		<u>Under 1 Year</u>	<u>1-5 Years</u>	<u>6-10 Years</u>
<u>Debt securities:</u>				
U.S. treasury bonds.....	\$ 592,583	\$ 186,694	\$ 290,437	\$ 115,452
Government sponsored enterprises.....	419,305	35,479	322,886	60,940
Corporate bonds.....	864,892	50,642	649,121	165,129
Total debt securities.....	1,876,780	\$ 272,815	\$ 1,262,444	\$ 341,521
<u>Other investments:</u>				
Equity securities.....	113,006			
Fixed income.....	409,125			
Certificate of deposit.....	121,638			
Money market mutual funds.....	1,002,855			
Dukes County Pooled OPEB Investment Trust..	2,704,353			
MMDT - Cash portfolio.....	8,094			
Total investments.....	\$ 6,235,851			

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of a failure by the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The investments in debt securities of \$1,876,780 and in equity securities of \$113,006 are exposed to custodial credit risk because the related securities are uninsured, unregistered and held by the counterparty. The Town does not have a formal investment policy for custodial credit risk.

Concentration of Credit Risk

With the exception of U.S. Treasury obligations or investments fully collateralized by U.S. Treasuries or Agencies, and MMDT, the Town's investment policy limits the amount that may be invested in any one financial institution to no more than 30% of the Town's total investments. The policy does not limit the amount that may be invested in an individual security.

Interest Rate Risk

The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

Credit risk is the risk of loss due to the failure of the security issuer or backer. The Town has not adopted a formal policy related to credit risk. At the close of the fiscal year, the Town's investments were rated as shown on the following page.

Quality Rating	U.S. Treasury Bonds	Government Sponsored Enterprises	Corporate Bonds
AAA.....	\$ 592,583	\$ -	\$ -
AA+.....	-	419,305	-
AA.....	-	-	30,412
A+.....	-	-	161,976
A.....	-	-	74,986
A-.....	-	-	180,644
BBB+.....	-	-	250,528
BBB.....	-	-	166,346
Total.....	\$ 592,583	\$ 419,305	\$ 864,892

Fair Market Value of Investments

The Town holds investments that are measured at fair value on a recurring basis. Because investing is not a core part of the Town's mission, the Town determines that the disclosures related to these investments only need to be disaggregated by major type. The Town chooses a tabular format for disclosing the levels within the fair value hierarchy.

The Town categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. 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 table on the following page presents financial assets at June 30, 2021, that the Town measures fair value on a recurring basis, by level, within the fair value hierarchy.

Government sponsored enterprises, U.S. treasury notes, equity securities, fixed income, international securities and money market mutual funds classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Corporate bond classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Investment Type	June 30, 2021	Fair Value Measurements Using		
		Quoted Prices in Markets for Active Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments measured at fair value:				
<u>Debt securities:</u>				
U.S. treasury bonds.....	\$ 592,583	\$ 592,583	\$ -	\$ -
Government sponsored enterprises.....	419,305	419,305	-	-
Corporate bonds.....	864,892	-	864,892	-
Total debt securities.....	1,876,780	1,011,888	864,892	-
<u>Other investments:</u>				
Equity securities.....	113,006	113,006	-	-
Fixed income.....	409,125	409,125	-	-
International securities.....	121,638	121,638	-	-
Money market mutual funds.....	1,002,855	1,002,855	-	-
Total other investments.....	1,646,624	1,646,624	-	-
Total investments measured at fair value.....	\$ 3,523,404	\$ 2,658,512	\$ 864,892	\$ -
Investments measured at net asset value:				
MMDT - Cash portfolio.....	8,094			
Dukes County Pooled OPEB Investment Trust....	2,704,353			
Total investments.....	\$ 6,235,851			

The OPEB Trust and MMDT investments are valued at amortized cost. Under the amortized cost method, an investment is valued initially at its costs and adjusted for the amount of interest income accrued each day over the term of the investment to account for any difference between the initial cost and the amount payable at its maturity. If amortized cost is determined not to approximate fair value the value of the portfolio securities will be determined under procedures established by the Advisor.

NOTE 3 – RECEIVABLES

At June 30, 2021, receivables for the individual major, non major governmental funds in the aggregate, including the applicable allowances for uncollectible accounts, are reported on the following page.

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Real estate and personal property taxes.....	\$ 102,172	\$ -	\$ 102,172
Tax liens.....	26,568	-	26,568
Community preservation fund surtax.....	2,508	-	2,508
Motor vehicle and other excise taxes.....	42,524	-	42,524
Community preservation state share.....	258,294	-	258,294
Total.....	\$ 432,066	\$ -	\$ 432,066

Governmental funds report *deferred inflows of resources* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current year, the various components of *deferred inflows of resources* reported in the governmental funds were as presented in the following page.

	General Fund	Other Governmental Funds	Total
<u>Receivables:</u>			
Real estate and personal property taxes.....	\$ 102,172	\$ -	\$ 102,172
Tax liens.....	26,240	328	26,568
Community preservation fund surtax.....	-	260,802	260,802
Motor vehicle and other excise taxes.....	42,524	-	42,524
 Total.....	 \$ 170,936	 \$ 261,130	 \$ 432,066

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 9,586,642	\$ -	\$ -	\$ 9,586,642
Construction in progress.....	106,093	130,805	-	236,898
 Total capital assets not being depreciated....	 9,692,735	 130,805	 -	 9,823,540
<u>Capital assets being depreciated:</u>				
Land improvements.....	426,623	-	-	426,623
Buildings.....	10,902,271	-	-	10,902,271
Machinery and equipment.....	911,527	-	-	911,527
Vehicles.....	1,637,550	-	-	1,637,550
Infrastructure.....	5,106,943	17,859	-	5,124,802
 Total capital assets being depreciated.....	 18,984,914	 17,859	 -	 19,002,773
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(68,238)	(21,331)	-	(89,569)
Buildings.....	(4,381,154)	(273,822)	-	(4,654,976)
Machinery and equipment.....	(506,096)	(60,083)	-	(566,179)
Vehicles.....	(1,383,659)	(32,792)	-	(1,416,451)
Infrastructure.....	(1,756,242)	(171,188)	-	(1,927,430)
 Total accumulated depreciation.....	 (8,095,389)	 (559,216)	 -	 (8,654,605)
 Total capital assets being depreciated, net.....	 10,889,525	 (541,357)	 -	 10,348,168
 Total governmental activities capital assets, net.....	 \$ 20,582,260	 \$ (410,552)	 \$ -	 \$ 20,171,708

Depreciation expense was charged to functions/programs of the general government as follows:

Governmental Activities:	
General government.....	\$ 139,966
Public safety.....	170,047
Education.....	100,366
Public works.....	89,820
Culture and recreation.....	<u>59,017</u>
 Total depreciation expense - governmental activities.....	 \$ <u><u>559,216</u></u>

NOTE 5 – INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2021, are summarized as follows:

Transfers Out:	Transfers In:		
	General fund	Nonmajor governmental funds	Total
General fund.....	\$ -	\$ 741,013	\$ 741,013 (2)
Community Preservation.....	15,558	-	15,558 (1)
Nonmajor governmental funds.....	<u>33,000</u>	<u>-</u>	<u>33,000 (1)</u>
 Total.....	 \$ <u><u>48,558</u></u>	 \$ <u><u>741,013</u></u>	 \$ <u><u>789,571</u></u>

- (1) Budgeted transfers to fund administrative costs associated with the Community Preservation Fund and to fund capital purchases from the Waterways Fund.
- (2) To transfer proceeds from the sale of tax title property to the Affordable Housing Fund.

NOTE 6 – SHORT-TERM FINANCING

Short-term debt may be authorized and issued to fund the following:

- Current operating costs prior to the collection of revenues through issuance of revenue or tax anticipation notes (RANS or TANS).
- Capital project costs and other approved expenditures incurred prior to obtaining permanent financing through issuance of bond anticipation notes (BANS) or grant anticipation notes (GANS).

Short-term loans are general obligations and carry maturity dates that are limited by statute Interest expenditures and expenses for short-term borrowings are accounted for in the general fund.

The following short-term debt activity during the year:

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2020	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2021
Governmental Funds:							
BAN	Municipal Purpose.....	1.40%	05/28/21	\$ 1,100,000	\$ -	\$ (1,100,000)	\$ -
BAN	Municipal Purpose.....	0.38%	01/27/22	-	1,540,000	-	1,540,000
Total Governmental Funds.....				\$ 1,100,000	\$ 1,540,000	\$ (1,100,000)	\$ 1,540,000

NOTE 7 – LONG-TERM DEBT

Under the provisions of Chapter 44, Section 10, Municipal Law authorizes indebtedness up to a limit of 5% of the equalized valuation. Debt issued in accordance with this section of the law is designated as being "inside the debt limit". In addition, however, debt may be authorized in excess of that limit for specific purposes. Such debt, when issued, is designated as being "outside the debt limit".

In previous years, certain general obligation bonds were defeased by placing the proceeds of the bonds in an irrevocable trust to provide for all future debt service payments on the refunded bonds. Accordingly, the trust assets and liabilities for the defeased bonds are not included in the basic financial statements. At June 30, 2021, \$270,000 of bonds outstanding from the advance refunding are considered defeased.

Details related to the outstanding indebtedness at June 30, 2021, and the debt service requirements are as follows:

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2021
Municipal Purpose Bonds of 2011.....	2025	\$ 1,400,000	2.0 - 5.0	\$ 400,000
Municipal Purpose Bonds of 2012.....	2022	1,300,000	2.00	130,000
Municipal Purpose Bonds of 2015	2022	600,000	2.50	150,000
Municipal Purpose Refunding Bonds of 2015...	2022	1,090,000	2.50	255,000
Total Bonds Payable.....				\$ 935,000

Debt service requirements for principal and interest for governmental bonds payable in future years are as follows:

Year	Principal	Interest	Total
2022.....	\$ 435,000	\$ 19,713	\$ 454,713
2023.....	300,000	9,684	309,684
2024.....	100,000	4,500	104,500
2025.....	100,000	1,500	101,500
Total.....	\$ 935,000	\$ 35,397	\$ 970,397

The Town is subject to various debt limits by statute and may issue additional general obligation debt under the normal debt limit. At June 30, 2021, the Town had authorized and unissued debt of \$11,000,000 for building construction.

Changes in Long-term Liabilities

During the year ended June 30, 2021, the following changes occurred in long-term liabilities:

	Beginning Balance	Bonds and Notes Redeemed	Other Increases	Other Decreases	Ending Balance	Due Within One Year
Governmental Activities:						
Long-term bonds payable.....	\$ 1,370,000	\$ (435,000)	\$ -	\$ -	\$ 935,000	\$ 435,000
Compensated absences.....	284,959	-	174,410	(134,594)	324,775	160,059
Net pension liability.....	1,381,418	-	-	(136,628)	1,244,790	-
Other postemployment benefits...	3,163,187	-	246,961	-	3,410,148	-
Total governmental activity long-term liabilities.....	\$ 6,199,564	\$ (435,000)	\$ 421,371	\$ (271,222)	\$ 5,914,713	\$ 595,059

NOTE 8 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

The intention of GASB 54 is to provide a more structured classification of fund balance and to improve the usefulness of fund balance reporting to the users of the Town's financial statements. The reporting standard establishes a hierarchy for fund balance classifications and the constraints imposed on the uses of those resources.

Massachusetts General Law Ch.40 §5B allows for the establishment of Stabilization funds for one or more different purposes. The creation of a fund requires a two-thirds vote of the legislative body and must clearly define the purpose of the fund. Any change to the purpose of the fund along with any additions to or appropriations from the fund requires a two-thirds vote of the legislative body.

At year end the balance of the Stabilization Funds is \$1.54 million and is reported as unassigned fund balance within the General Fund.

GASB 54 provides for two major types of fund balances, which are Nonspendable and Spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund. The Town has reported principal portions of endowment funds as Nonspendable. In addition to the Nonspendable fund balance, GASB 54 has provided a hierarchy of Spendable fund balances, based on a hierarchy of spending constraints.

- Restricted: fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.
- Committed: fund balances that contain self-imposed constraints of the government from its highest level of decision making authority.
- Assigned: fund balances that contain self-imposed constraints of the government to be used for a particular purpose.
- Unassigned: fund balance of the general fund that is not constrained for any particular purpose.

The Town has classified its fund balances with the following hierarchy:

	General	Community Preservation	Capital Projects	Tri-Town Ambulance	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances:						
Nonspendable:						
Permanent fund principal.....	\$ -	\$ -	\$ -	\$ -	50,934	\$ 50,934
Restricted for:						
Community Preservation Fund.....	-	2,183,562	-	-	-	2,183,562
Tri-Town Ambulance.....	-	-	-	564,198	-	564,198
Reserve for Appropriations.....	-	-	-	-	296,914	296,914
State Grants.....	-	-	-	-	140,891	140,891
Federal Grants.....	-	-	-	-	2,138	2,138
Gifts.....	-	-	-	-	254,383	254,383
Other Special Revenue Funds.....	-	-	-	-	1,086,597	1,086,597
Middle Line Path Road.....	-	-	-	-	8,572	8,572
Permanent Fund.....	-	-	-	-	15,941	15,941
Committed to:						
Articles and continuing appropriations:						
General government.....	321,989	-	-	-	-	321,989
Public safety.....	160,137	-	-	-	-	160,137
Education.....	221,471	-	-	-	-	221,471
Public works.....	4,107	-	-	-	-	4,107
Health and human services.....	50,554	-	-	-	-	50,554
Culture and recreation.....	6,010	-	-	-	-	6,010
State and county charges.....	5,676	-	-	-	-	5,676
Unassigned.....	3,234,860	-	(954,757)	-	-	2,280,103
Total Fund Balances.....	\$ 4,004,804	\$ 2,183,562	\$ (954,757)	\$ 564,198	\$ 1,856,370	\$ 7,654,177

NOTE 9 – RISK FINANCING

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town is insured under a risk pool.

The Town participates in a health insurance risk pool trust administered by Cape Cod Municipal Health Group (Group), a non-profit organization incorporated in July of 1987 to obtain health insurance for member governments at costs eligible for larger groups. The Group offers a variety of premium based plans to its members with each participating governmental unit being charged a premium for coverage based on rates established by the Group. The Town is obligated to pay the group its required premiums and, in the event the Group is terminated, its pro-rata share of a deficit should one exist.

The Town participates in a workers’ compensation insurance risk pool for its employees, which is administered by a third party administrator, the Massachusetts Interlocal Insurance Association (MIIA). MIIA is a nonprofit organization that provides insurance services to cities, towns and other local governmental entities of the Commonwealth.

NOTE 10 – PENSION PLAN

Plan Description

The Town is a member of the Dukes County Contributory Retirement System (System), a cost-sharing multiple-employer defined benefit pension plan covering eligible employees of the 15 member units. The System is administered by five board members (Board) on behalf of all current employees and retirees except for current teachers and retired teachers. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan.

Benefits Provided

The System provides retirement, disability, survivor and death benefits to plan members and beneficiaries. Massachusetts Contributory Retirement System benefits are, with certain minor exceptions, uniform from system to system. The System provides for retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. For persons who became members on or after April 2, 2012, average salary is the average annual rate of regular compensation received during the five consecutive years that produce the highest average, or, if greater, during the last five years (whether or not consecutive) preceding retirement. Benefit payments are based upon a member's age, length of creditable service, level of compensation, and group classification. Members become vested after ten years of creditable service.

Employees who resign from service and who are not eligible to receive a retirement allowance or are under the age of 55 are entitled to request a refund of their accumulated total deductions. Survivor benefits are extended to eligible beneficiaries of members whose death occurs prior to or following retirement.

Cost-of-living adjustments granted between 1981 and 1997 and any increase in other benefits imposed by the Commonwealth's state law during those years are borne by the Commonwealth and are deposited into the pension fund. Cost-of-living adjustments granted after 1997 must be approved by the Board and are borne by the System.

Contributions

Chapter 32 of the MGL governs the contributions of plan members and member units. Active plan members are required to contribute to the System at rates ranging from 5% to 9% of gross regular compensation with an additional 2% contribution required for compensation exceeding \$30,000. The percentage rate is keyed to the date upon which an employee's membership commences. The member units are required to pay into the System a legislatively mandated actuarial determined contribution that is apportioned among the employers based on active current payroll. The Town's proportionate share of the required contribution, in the amount of \$371,956, equaled its actual contribution for the year ended December 31, 2020. The amount contributed is equal to 12.75% of covered payroll. This amount is actuarially determined as an amount that, when combined with plan member contributions, is expected to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability.

Pension Liabilities

At June 30, 2021, the Town reported a liability of \$1,244,790 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020. Accordingly, update procedures were used to roll forward the total pension liability to the measurement date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members. At December 31, 2020, the Town's proportion was 5.213% which is .372% higher than the percentage measured at December 31, 2019.

Pension Expense

For the year ended June 30, 2021, the Town recognized pension expense of \$149,031. At June 30, 2021, the Town reported deferred outflows and deferred inflows of resources related to pensions of \$645,775 and \$945,238 respectively. Component of these are as follows:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ 284,465	\$ (11,116)	\$ 273,349
Difference between projected and actual earnings, net.....	-	(859,167)	(859,167)
Changes in assumptions.....	215,589	-	215,589
Changes in proportion and proportionate share of contributions...	145,721	(74,955)	70,766
Total deferred outflows/(inflows) of resources.....	\$ 645,775	\$ (945,238)	\$ (299,463)

The Town’s deferred (inflows) and outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2021.....	\$ (103,479)
2022.....	(32,213)
2023.....	(198,752)
2024.....	(2,668)
2025.....	37,649
	\$ (299,463)

Actuarial Assumptions

The total pension liability in the January 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement that was updated to December 31, 2020:

Valuation date.....	January 1, 2020
Actuarial cost method.....	Individual Entry Age Normal Cost Method.
Amortization method - UAAL.....	Increasing dollar amount at 4% to reduce the Unfunded Actuarial Accrued Liability to zero on or before June 30, 2031.
2002 & 2003 ERI Actuarial Liability.....	Increasing dollar amount at 4.5% to reduce the unfunded liability to zero on or before 2028.
Remaining amortization period.....	10 years for UAL as of December 31, 2020 7 years for 2002 and 2003’s ERIS’s as of December 31, 2020.

Asset valuation method.....	<p>The Actuarial Value of Assets is the market value of assets as of the valuation date reduced by the sum of:</p> <ul style="list-style-type: none"> a) 80% of gains and losses of the prior year, b) 60% of gains and losses of the second prior year and c) 40% of gains and losses of the third prior year. c) 20% of gains and losses of the fourth prior year. <p>Investment gains and losses are determined by the excess or deficiency of the expected return over the actual return on the market value. The actuarial valuation of assets is further constrained to be not less than 80% or more than 120% of market value.</p>
Investment rate of return.....	7.5%, net of pension plan investment expense, including inflation.
Inflation rate.....	2.2% per year.
Projected salary increases.....	6% to 4.25% for general employees and 7% - 4.75% for public safety, depending on years of service.
Payroll growth.....	3.5% per year.
Cost of living adjustments.....	3% of the pension amount capped at \$420 per year.
Rates of retirement.....	Varies based on age for general employees, police and fire employees.
Rates of disability.....	Varies based on age for general employees, police and fire employees.
Mortality rates.....	RP-2014 Blue Collar Mortality Table (base year 2009) with full generational mortality improvement using Scale MP-2018. For disabled members, RP-2014 Blue Collar Mortality Table set forward one year with full generational mortality improvement using Scale MP-2018.

Investment Policy

The pension plan’s policy in regard to the allocation of invested assets is established and may be amended by the Board. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension plan.

The long-term expected rate of return on pension 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 pension 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 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, 2020, are summarized in the following table:

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity.....	30.00%	7.30%
International equity.....	5.00%	4.90%
PRIT Core.....	50.00%	5.60%
Real estate.....	5.00%	6.00%
Fixed income.....	10.00%	2.70%
Total.....	<u>100.00%</u>	

Rate of return

For the year ended December 31, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 12.47%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount rate

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that contributions 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.

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability, calculated using the discount rate of 7.5%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	December 31, 2020 Measurement Date		
	1% Decrease (6.5%)	Current Discount (7.5%)	1% Increase (8.5%)
The Town's proportionate share of the net pension liability.....	\$ 2,643,828	\$ 1,244,790	\$ 61,316

NOTE 11 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

The Town of Chilmark administers a single-employer defined benefit healthcare plan (Plan). The Plan provides lifetime healthcare insurance for eligible retirees and their spouses through the Town’s group health insurance plan, which covers both active and retired members. Chapter 32B of the MGL assigns authority to establish and

amend benefit provisions of the plan Benefit provisions are negotiated between the Town and the unions representing Town employees and are renegotiated each bargaining period. The Retiree Health Plan does not issue a publicly available financial report.

Funding Policy

Contribution requirements are also negotiated between the Town and union representatives Retired plan members and beneficiaries currently receiving benefits are required to contribute 25% of the cost of benefits provided. The Town is required to fund the balance of the current premiums and may contribute additional amounts to pre-fund benefits.

The Commonwealth of Massachusetts passed special legislation that has allowed the Town to establish a postemployment benefit trust fund and to enable the Town to raise taxes necessary to begin pre-funding its OPEB liabilities.

During 2021, the Town pre-funded future OPEB liabilities in the amount of \$289,742 by contributing funds to the Other Postemployment Benefit Fund in excess of the pay-as-you-go required contribution. These funds are reported within the Fiduciary Funds financial statements. As of June 30, 2021, the balance of this fund totaled \$2,704,353.

The annual money-weighted rate of return on OPEB plan investments was 30.40%. The money-weighted rate of return expresses investment performance, net of OPEB plan investment expense, adjusted for the changing amounts actually invested.

Plan Membership

The following table represents the Plan’s membership at June 30, 2021:

Active members.....	38
Inactive members currently receiving benefits.....	<u>16</u>
Total.....	<u><u>54</u></u>

Measurement Date

GASB #74 requires the net OPEB liability to be measured as of the OPEB Plan’s most recent fiscal year end. Accordingly, the net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2020.

Components of OPEB Liability

The following table represents the components of the Plan’s OPEB liability as of June 30, 2021:

Total OPEB liability.....	\$	6,114,501
Less: OPEB plan’s fiduciary net position.....		<u>(2,704,353)</u>
Net OPEB liability.....	\$	<u>3,410,148</u>
The OPEB plan’s fiduciary net position as a percentage of the total OPEB liability.....		44.23%

Significant Actuarial Methods and Assumptions

The total OPEB liability in the July 1, 2020, actuarial valuation was determined by using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified, to be in accordance with GASB Statement #75:

Valuation date.....	July 1, 2020
Actuarial cost method.....	Entry Age Normal
Amortization method.....	Increasing at 3.5% over 30 years on an open amortization
Asset valuation method.....	Fair value
Investment rate of return.....	7%, net of investment expenses, including inflation
Discount rate.....	6.6% net of investment expense.
Inflation rate.....	2.2% per year.
Healthcare cost trend rates.....	7% for 2020, decreasing 0.4% per year to an ultimate rate of 5.4%. The ultimate medical inflation rate is reached in 2075.
Payroll growth.....	3.5% per year.
Mortality rates:	
Post-retirement.....	Based on the RP-2014 Blue Collar Mortality Table projected with generational mortality improvement using scale MP-2018.
Pre-retirement.....	Based on the RP-2014 Blue Collar Mortality Table projected with generational mortality improvement using scale MP-2018.

Investment Policy

The Town’s policy in regard to the allocation of invested assets is established and may be amended by the Board of the Dukes County OPEB Trust by a majority vote of its members. The OPEB plan’s assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits

provided through the OPEB plan. The long-term real rate of return on OPEB investments was determined using the Town’s investment policy.

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 of returns (expected returns, net of pension 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 of by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of geometric real rates of return for each major asset class included in the OPEB plan’s target asset allocation as of June 30, 2021, are summarized in the following table:

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
Large cap equity.....	35.00%	5.34%
Mid cap equity.....	10.00%	5.34%
Small cap equity.....	10.00%	5.34%
International equity.....	15.00%	6.10%
Real estate.....	10.00%	4.40%
Fixed income.....	20.00%	1.62%
Total.....	100.00%	

The Town’s net other postemployment benefits liability was determined based on a projection of employer and employee contributions, benefit payments (with and without subsidy), expenses and the long-term expected rate of return on the other postemployment trust assets which resulted in a selected discount rate of 6.6%.

Discount rate

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 plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the actuarially determined contribution rates. 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 pension liability.

Sensitivity of the net other postemployment benefit liability to changes in the discount rate

The following table presents the net other postemployment benefit liability and service cost, calculated using the discount rate of 6.6%, as well as what the net other postemployment benefit liability and service cost 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.

	1% Decrease (5.6%)	Current Discount Rate (6.6%)	1% Increase (7.6%)
Net OPEB liability..... \$	4,354,836	\$ 3,410,148	\$ 2,646,780

Sensitivity of the net other postemployment benefit liability to changes in the healthcare trend

The following table presents the net other postemployment benefit liability and service cost, calculated using the current healthcare trend rate, as well as what the net other postemployment benefit liability and service cost would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher.

	<u>1% Decrease</u>	<u>Current Trend</u>	<u>1% Increase</u>
Net OPEB liability..... \$	<u>2,538,740</u>	<u>3,410,148</u>	<u>4,505,929</u>

Changes in Assumptions and Plan Provisions

The discount rate changed from 7% as of June 30, 2020, to 6.6% as of June 30, 2021. In addition, health cost trend rate and inflation assumption have been updated since the prior measurement. Plan provisions are unchanged.

Summary of Significant Accounting Policies

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts (repurchase agreements) that have a maturity at the time of purchase of one year or less, which are reported at cost.

Changes in the Net OPEB Liability

	<u>Total OPEB Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net OPEB Liability (a) - (b)</u>
Balances at June 30, 2020..... \$	4,960,887	1,797,700	3,163,187
Changes for the year:			
Service cost.....	199,319	-	199,319
Interest.....	354,628	-	354,628
Differences between expected and actual experience...	330,758	-	330,758
Changes in assumptions and other inputs.....	457,095	-	457,095
Benefit payments.....	(188,186)	(188,186)	-
Employer contributions.....	-	477,928	(477,928)
Net investment income.....	-	616,911	(616,911)
Net change.....	<u>1,153,614</u>	<u>906,653</u>	<u>246,961</u>
Balances at June 30, 2021..... \$	<u>6,114,501</u>	<u>2,704,353</u>	<u>3,410,148</u>

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

For the year ended June 30, 2021, the GASB Statement #75 measurement date, the Town recognized OPEB expense of \$515,516. At June 30, 2021, the Town reported deferred outflows and deferred inflows of resources totaled \$1,216,810 and \$507,426, respectively, and are reported at the top of the following page.

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ 284,303	\$ (178,333)	\$ 105,970
Difference between projected and actual earnings, net.....	-	(329,093)	(329,093)
Changes in assumptions.....	932,507	-	932,507
Total deferred outflows/(inflows) of resources.....	\$ 1,216,810	\$ (507,426)	\$ 709,384

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

Year ended June 30:

2022.....	\$ 104,506
2023.....	97,733
2024.....	90,731
2025.....	80,229
2026.....	174,115
Thereafter.....	162,070
	\$ 709,384

NOTE 13 – CONTINGENCIES

The Town participates in a number of federal award programs. The programs are subject to financial and compliance audits. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although it is expected such amounts, if any, to be immaterial.

Various legal actions and claims are pending. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any, at June 30, 2021, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2021.

The Town is contingently liable for any deficit, including the operating and debt service costs, which may be incurred by the Woods Hole, Martha’s Vineyard and Nantucket Steamship Authority (the “Authority”). The percentage of any deficit as it is established by the county, not the Steamship Authority, in the same proportions of the assessment of county tax. The Town is not required to make payment to the Authority unless the amount in the Authority’s reserve is insufficient. Since 1962, the Town has never had to make a payment to the Authority.

NOTE 14 – COVID-19

On March 10, 2020, the Massachusetts Governor declared a state of emergency in response to the coronavirus outbreak. The World Health Organization officially declared the novel Coronavirus (COVID-19) a pandemic the following day. In an attempt to slow the spread of COVID-19, governments issued various stay at home orders that caused global economic shutdowns and substantial financial market impact. The Governor also issued orders allowing governments to operate and carry out essential functions safely. These included modifying the state's Open Meeting Law, issuing a stay-at-home order, and introducing a phased approach to reopening State businesses. The Town is considered an essential business and although it was closed to the public for a period of time, departments remained operational and most employees continued to perform their daily duties.

A number of businesses have been forced to stop or significantly reduce operations decreasing, the Town's portion of certain revenue. The Town has also incurred unanticipated costs specifically related to the pandemic.

On March 27, 2020 the United States Federal Government established the Coronavirus Aid, Relief and Economic Security (CARES) Act in response to the economic downfall caused by the COVID-19 pandemic. This Act requires that the payment from these funds be used only to cover expenses that; are necessary expenditures incurred due to the public health emergency with respect COVID-19; were not accounted for in the budget most recently approved as of March 27, 2020; and were incurred during the period that began on March 1, 2020 and ends on December 30, 2021. The Commonwealth and communities throughout the Commonwealth were awarded a portion of this federal funding. In addition to funding from the CARES Act, there are several other federal and state grants available.

In addition to the CARES Act, on March 11, 2021, the United States Federal Government established the American Rescue Plan Act (ARPA) to enhance the United States' recovery from the economic and health effects of the COVID-19 pandemic. This Act requires that the payment from these funds be used only to cover costs related to public health, negative economic impacts, services to disproportionately impacted communities; premium pay; infrastructure, revenue replacement, and certain administrative costs associated with managing the federal funds disbursed to the non-federal governmental entity. These funds can only be used to cover incurred between March 3, 2021 and December 31, 2024. The Commonwealth and communities throughout the Commonwealth were awarded a portion of this federal funding.

In addition to funding from the CARES and ARPA Acts, there are several other federal and state grants available. The full extent of the financial impact cannot be determined as of the date of the financial statements.

NOTE 15 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 13, 2021, which is the date the financial statements were available to be issued.

NOTE 16 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During 2021, the following GASB pronouncement was implemented:

- The GASB issued Statement #84, Fiduciary Activities. All prior year balances, previously reported as a fiduciary activity within the agency funds, have been reclassified to a non-major governmental special revenue fund. The reclassification had an immaterial effect on governmental funds beginning fund balance and governmental activities net position. This effect has been eliminated through current year activity.

- The GASB issued Statement #90, Majority Equity Interests – an amendment of GASB Statements #14 and #61. This pronouncement did not impact the basic financial statements.
- GASB Statement #98, The Annual Comprehensive Financial Report. This pronouncement did not impact the basic financial statements.

The following GASB pronouncements will be implemented in the future:

- The GASB issued Statement #87, Leases, which is required to be implemented in 2022.
- The GASB issued Statement #89, Accounting for Interest Cost Incurred before the End of a Construction Period, which is required to be implemented in 2022.
- The GASB issued Statement #91, Conduit Debt Obligations, which is required to be implemented in 2023.
- The GASB issued Statement #92, Omnibus 2020, which is required to be implemented in 2022.
- The GASB issued Statement #93, Replacement of Interbank Offered Rates, which is required to be implemented in 2022.
- The GASB issued Statement #94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, which is required to be implemented in 2023.
- The GASB issued Statement #96, Subscription-Based Information Technology Arrangements, which is required to be implemented in 2023.
- The GASB issued Statement #97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32, in which certain paragraphs are required to be implemented in 2021 and 2022.

Management is currently assessing the impact the implementation of these pronouncements will have on the basic financial statements.

Required Supplementary Information

General Fund Budgetary Schedule

The General Fund is the general operating fund of the Town. It is used to account for all the financial resources, except those required to be accounted for in another fund.

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
REVENUES:					
Real estate and personal property taxes, net of tax refunds.....	\$ 10,033,626	\$ 10,033,626	\$ 10,360,987	\$ -	\$ 327,361
Motor vehicle and other excise taxes.....	250,000	250,000	298,486	-	48,486
Hotel/motel tax.....	205,000	205,000	355,080	-	150,080
Charges for services.....	37,000	37,000	46,882	-	9,882
Penalties and interest on taxes.....	32,000	32,000	106,314	-	74,314
Fees and rentals.....	40,500	40,500	42,791	-	2,291
Payments in lieu of taxes.....	4,500	4,500	4,261	-	(239)
Licenses and permits.....	110,000	110,000	136,125	-	26,125
Fines and forfeitures.....	8,000	8,000	3,783	-	(4,217)
Intergovernmental.....	5,151	5,751	4,562	-	(1,189)
Departmental and other.....	505,500	505,500	660,766	-	155,266
Contributions and donations.....	15,000	15,000	33,184	-	18,184
Investment income.....	6,000	6,000	8,211	-	2,211
TOTAL REVENUES.....	11,252,277	11,252,877	12,061,432	-	808,555
EXPENDITURES:					
Current:					
General government.....	1,976,053	2,077,682	1,347,433	321,989	408,260
Public safety.....	2,149,536	2,187,276	1,956,149	160,137	70,990
Education.....	3,887,605	3,887,605	3,651,539	221,471	14,595
Public works.....	461,289	461,289	456,830	4,107	352
Health and human services.....	397,798	405,590	364,315	50,554	(9,279)
Culture and recreation.....	706,698	706,698	656,970	6,010	43,718
Pension benefits.....	259,156	259,156	259,156	-	-
Property and liability insurance.....	215,500	215,500	85,833	-	129,667
Employee benefits.....	953,350	953,350	921,477	-	31,873
State and county charges.....	449,234	449,234	425,706	5,676	17,852
Debt service:					
Principal.....	435,000	435,000	435,000	-	-
Interest.....	29,850	29,850	29,850	-	-
TOTAL EXPENDITURES.....	11,921,069	12,068,230	10,590,258	769,944	708,028
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(668,792)	(815,353)	1,471,174	(769,944)	1,516,583
OTHER FINANCING SOURCES (USES):					
Proceeds from the sale of capital assets.....	-	-	776,018	-	776,018
Use of fund balance to fund prior year encumbrances.....	619,847	584,694	-	-	(584,694)
Use of free cash.....	337,600	486,314	-	-	(486,314)
Transfers in.....	15,558	48,558	48,558	-	-
Transfers out.....	(304,213)	(304,213)	(1,036,013)	-	(731,800)
TOTAL OTHER FINANCING SOURCES (USES).....	668,792	815,353	(211,437)	-	(1,026,790)
NET CHANGE IN FUND BALANCE.....	-	-	1,259,737	(769,944)	489,793
BUDGETARY FUND BALANCE, Beginning of year.....	1,201,729	1,201,729	1,201,729	-	-
BUDGETARY FUND BALANCE, End of year.....	\$ 1,201,729	\$ 1,201,729	\$ 2,461,466	\$ (769,944)	\$ 489,793

See notes to required supplementary information.

Pension Plan Schedules

The Schedule of the Town's Proportionate Share of the Net Pension Liability presents multi-year trend information on the Town's net pension liability and related ratios.

The Schedule of Contributions presents multi-year trend information on the Town's required and actual contributions to the pension plan and related ratios.

These schedules are intended to present information for ten years. Until a ten year trend is compiled, information is presented for those years for which information is available.

**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
DUKES COUNTY CONTRIBUTORY RETIREMENT SYSTEM**

Year	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered payroll	Net pension liability as a percentage of covered- employee payroll	Plan fiduciary net position as a percentage of the total pension liability
December 31, 2020.....	5.21%	\$ 1,244,790	\$ 2,917,666	42.66%	89.76%
December 31, 2019.....	4.84%	1,381,418	2,561,418	53.93%	86.73%
December 31, 2018.....	4.84%	2,418,842	2,516,991	96.10%	76.08%
December 31, 2017.....	5.17%	1,714,842	1,955,256	87.70%	82.43%
December 31, 2016.....	5.17%	2,374,072	2,136,675	111.11%	74.21%
December 31, 2015.....	5.28%	2,073,830	2,089,509	99.25%	75.61%
December 31, 2014.....	5.28%	1,902,085	2,009,143	94.67%	76.17%

Note: this schedule is intended to present information for 10 years.

Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

SCHEDULE OF THE TOWN'S CONTRIBUTIONS
DUKES COUNTY CONTRIBUTORY RETIREMENT SYSTEM

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered- employee payroll
June 30, 2021.....	\$ 371,956	\$ (371,956)	-	\$ 2,976,019	12.50%
June 30, 2020.....	350,571	(350,571)	-	2,612,646	13.42%
June 30, 2019.....	359,153	(359,153)	-	2,567,331	13.99%
June 30, 2018.....	342,051	(342,051)	-	1,994,361	17.15%
June 30, 2017.....	338,403	(338,403)	-	2,179,409	15.53%
June 30, 2016.....	327,377	(327,377)	-	2,131,299	15.36%
June 30, 2015.....	300,966	(300,966)	-	2,049,326	14.69%

Note: this schedule is intended to present information for 10 years.
Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

Other Postemployment Benefits Plan Schedules

The Schedule of Changes in the Town's Net Other Postemployment Benefit Liability and Related Ratios presents multi-year trend information on the Plan's net other postemployment benefit liability and related ratios.

The Schedule of the Town's Contributions presents multi-year trend information on the Town's actual contributions to the other postemployment benefit plan and related ratios.

The Schedule of Investment Returns presents multi-year trend information on the money-weighted investment return on the Plan's other postemployment assets, net of investment expense.

These schedules are intended to present information for ten years. Until a ten year trend is compiled, information is presented for those years for which information is available.

**SCHEDULE OF CHANGES IN THE
TOWN'S NET OPEB LIABILITY AND RELATED RATIOS
OTHER POSTEMPLOYMENT BENEFIT PLAN**

	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
Total OPEB Liability					
Service Cost.....	\$ 149,151	\$ 155,117	\$ 161,169	\$ 186,233	\$ 199,319
Interest.....	270,822	288,425	305,819	342,156	354,628
Changes of benefit terms.....	-	(10,347)	-	(167,222)	-
Differences between expected and actual experience....	-	-	(286,633)	-	330,758
Changes of assumptions.....	-	-	479,951	322,145	457,095
Benefit payments.....	(173,016)	(209,464)	(205,184)	(196,555)	(188,186)
Net change in total OPEB liability.....	246,957	223,731	455,122	486,757	1,153,614
Total OPEB liability - beginning.....	<u>3,548,320</u>	<u>3,795,277</u>	<u>4,019,008</u>	<u>4,474,130</u>	<u>4,960,887</u>
Total OPEB liability - ending (a).....	<u>\$ 3,795,277</u>	<u>\$ 4,019,008</u>	<u>\$ 4,474,130</u>	<u>\$ 4,960,887</u>	<u>\$ 6,114,501</u>
Plan fiduciary net position					
Employer contributions.....	\$ 323,016	\$ 359,464	\$ 371,457	\$ 373,751	\$ 477,928
Net investment income.....	44,257	54,415	72,789	75,320	616,911
Benefit payments.....	(173,016)	(209,464)	(205,005)	(196,555)	(188,186)
Net change in plan fiduciary net position.....	194,257	204,415	239,241	252,516	906,653
Plan fiduciary net position - beginning of year.....	<u>907,271</u>	<u>1,101,528</u>	<u>1,305,943</u>	<u>1,545,184</u>	<u>1,797,700</u>
Plan fiduciary net position - end of year (b).....	<u>\$ 1,101,528</u>	<u>\$ 1,305,943</u>	<u>\$ 1,545,184</u>	<u>\$ 1,797,700</u>	<u>\$ 2,704,353</u>
Net OPEB liability - ending (a)-(b).....	<u>\$ 2,693,749</u>	<u>\$ 2,713,065</u>	<u>\$ 2,928,946</u>	<u>\$ 3,163,187</u>	<u>\$ 3,410,148</u>
Plan fiduciary net position as a percentage of the total OPEB liability.....	29.02%	32.49%	34.54%	36.24%	44.23%
Covered-employee payroll.....	\$ 1,990,712	\$ 2,326,953	\$ 2,438,644	\$ 2,583,371	\$ 2,861,018
Net OPEB liability as a percentage of covered-employee payroll.....	135.32%	116.59%	120.11%	122.44%	119.19%

Note: this schedule is intended to present information for 10 years.
Until a 10-year trend is compiled, information is presented for those years for
which information is available.

See notes to required supplementary information.

**SCHEDULE OF THE TOWN'S CONTRIBUTIONS
OTHER POSTEMPLOYMENT BENEFIT PLAN**

<u>Year</u>	<u>Actuarially determined contribution</u>	<u>Contributions in relation to the actuarially determined contribution</u>	<u>Contribution deficiency (excess)</u>	<u>Covered- employee payroll</u>	<u>Contributions as a percentage of covered- employee payroll</u>
June 30, 2021.....	\$ 388,736	\$ (477,928)	\$ (89,192)	\$ 2,861,018	16.70%
June 30, 2020.....	372,740	(373,751)	(1,011)	2,583,371	14.47%
June 30, 2019.....	332,955	(371,457)	(38,502)	2,438,644	15.23%
June 30, 2018.....	316,459	(359,464)	(43,005)	2,326,953	15.45%
June 30, 2017.....	298,819	(323,016)	(24,197)	1,990,712	16.23%

Note: this schedule is intended to present information for 10 years.
Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

SCHEDULE OF INVESTMENT RETURNS
OTHER POSTEMPLOYMENT BENEFIT PLAN

<u>Year</u>	<u>Annual money-weighted rate of return, net of investment expense</u>
June 30, 2021.....	30.40%
June 30, 2020.....	4.42%
June 30, 2019.....	5.02%
June 30, 2018.....	4.39%
June 30, 2017.....	4.25%

Note: this schedule is intended to present information for 10 years. Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

NOTE A – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

1. Budgetary Information

Municipal Law requires the adoption of a balanced budget that is approved by the Select Board (Board) and the Finance Advisory Committee (Committee). The Board and the Committee presents an annual budget to the Town Meeting, which includes estimates of revenues and other financing sources and recommendations of expenditures and other financing uses. The Town Meeting, which has full authority to amend and/or reject the budget or any line item, adopts the expenditure budget by majority vote.

Supplementary appropriations are made upon recommendation of the Board and the Committee with majority Town Meeting approval.

The majority of appropriations are non-continuing which lapse at the end of each year. Others are continuing appropriations for which the governing body has authorized that an unspent balance from a prior year be carried forward and made available for spending in the current year. These carry forwards are included as part of the subsequent year’s original budget.

Generally, expenditures may not exceed the legal level of spending (salaries, expenditures and capital) authorized for an appropriation account. However, the payment of debt service is statutorily required, regardless of whether such amounts are appropriated. Additionally, expenditures for disasters, natural or otherwise, and final judgments may exceed the level of spending authorized by majority vote at Town Meeting.

An annual budget is adopted for the general fund in conformity with the guidelines described above. The difference of \$147,000 between the original budget of \$12.2 million and the final amended budget of \$12.4 million was due to the approval of supplemental appropriations that were funded by a like amount of free cash, transfers in and other amounts to be raised. The supplemental appropriations mainly funded capital articles and transfer to the stabilization funds.

The Town Accountant has the responsibility to ensure that budgetary control is maintained. Budgetary control is exercised through the accounting system.

2. Budgetary - GAAP Reconciliation

For budgetary financial reporting purposes, the Uniform Municipal Accounting System basis of accounting (established by the Commonwealth) is followed, which differs from the GAAP basis of accounting. A reconciliation of budgetary-basis to GAAP-basis results for the general fund for the year ended June 30, 2021, is presented below:

Net change in fund balance - budgetary basis.....	\$ 1,259,737
<u>Perspective differences:</u>	
Activity of the stabilization fund recorded in the general fund for GAAP.....	315,722
<u>Basis of accounting differences:</u>	
Net change in recording 60 day receipts.....	(264,979)
Net change in fund balance - GAAP basis.....	<u>\$ 1,310,480</u>

3. Appropriation Deficit

An appropriation deficit exists within the health and human services function. This deficit will be funded through the fiscal year 2022 tax levy.

NOTE B – PENSION PLAN

Schedule of the Town's Proportionate Share of the Net Pension Liability

The Schedule of the Town's Proportionate Share of the Net Pension Liability details the allocated percentage of the net pension liability (asset), the proportionate share of the net pension liability, and the covered employee payroll. It also demonstrates the net position as a percentage of the pension liability and the net pension liability as a percentage of covered payroll.

Schedule of the Town's Contributions

Governmental employers are required to pay an annual appropriation as established by PERAC. The appropriation includes the amounts to pay the pension portion of each member's retirement allowance, an amount to amortize the actuarially determined unfunded liability to zero in accordance with the system's funding schedule, and additional appropriations in accordance with adopted early retirement incentive programs. The appropriations are payable on July 1 and January 1. The Town may choose to pay the entire appropriation in July at a discounted rate. Accordingly, actual contributions may be less than the "total appropriation". The pension fund appropriation is allocated to the Town based on covered payroll.

Changes in Assumptions

None

Changes in Plan Provisions

None

NOTE C – OTHER POSTEMPLOYMENT BENEFITS

The Town administers a single-employer defined benefit healthcare plan (Plan). The plan provides lifetime healthcare for eligible retirees and their spouses through the Town's health insurance plan, which covers both active and retired members, including teachers.

Schedule of Changes in the Town's Net Other Postemployment Benefit Liability and Related Ratios

The Schedule of Changes in the Town's Net Other Postemployment Benefit Liability and Related Ratios presents multi-year trend information on changes in the Plan's total OPEB liability, changes in the Plan's net position, and ending net OPEB liability. It also demonstrates the Plan's net position as a percentage of the total liability and the Plan's net other postemployment benefit liability as a percentage of covered employee payroll.

Schedule of the Town's Contributions

The Schedule of the Town's Contributions includes the Town's annual required contribution to the Plan, along with the contribution made in relation to the actuarially determined contribution and the covered employee payroll.

The Town is not required to fully fund this contribution. It also demonstrates the contributions as a percentage of covered payroll.

Valuation date.....	July 1, 2020
Actuarial cost method.....	Entry Age Normal
Amortization method.....	Increasing at 3.5% over 30 years on an open amortization
Asset valuation method.....	Fair value
Investment rate of return.....	7%, net of investment expenses, including inflation
Discount rate.....	6.6% net of investment expense.
Inflation rate.....	2.2% per year.
Healthcare cost trend rates.....	7% for 2020, decreasing 0.4% per year to an ultimate rate of 5.4%. The ultimate medical inflation rate is reached in 2075.
Payroll growth.....	3.5% per year.
Mortality rates:	
Post-retirement.....	Based on the RP-2014 Blue Collar Mortality Table projected with generational mortality improvement using scale MP-2018.
Pre-retirement.....	Based on the RP-2014 Blue Collar Mortality Table projected with generational mortality improvement using scale MP-2018.

Schedule of Investment Returns

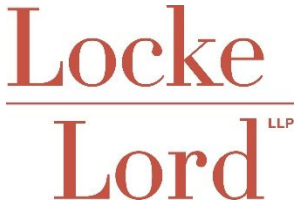
The Schedule of Investment Returns includes the money-weighted investment return on the Plan’s other postemployment assets, net of investment expense.

Changes in Assumptions

The discount rate, health cost trend rate and inflation assumption have been updated since the prior measurement.

Change in Plan Provisions

None.



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(Date of Delivery)

Dawn Barnes, Treasurer
Town of Chilmark
Chilmark, Massachusetts

\$9,210,000
Town of Chilmark, Massachusetts
General Obligation Public Safety Facility Construction Bonds of 2022
Dated July 13, 2022

We have acted as bond counsel to the Town of Chilmark, Massachusetts (the “Town”) in connection with the issuance by the Town of the above-referenced bonds (the “Bonds”). In such capacity, we have examined the law and such certified proceedings and other papers as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion we have relied upon representations and covenants of the Town contained in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based on our examination, we are of the opinion, under existing law, as follows:

1. The Bonds are valid and binding general obligations of the Town and, except to the extent they are paid from other sources, the principal of and interest on the Bonds are payable from taxes which may be levied upon all taxable property in the Town without limitation as to rate or amount, except as provided under Chapter 44, Section 20 of the General Laws.

2. Interest on the Bonds is excluded from the gross income of the owners of the Bonds for federal income tax purposes. In addition, interest on the Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. In rendering the opinions set forth in this paragraph, we have assumed compliance by the Town with all requirements of the Internal Revenue Code of 1986, as amended (the “Code”) that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, and continue to be, excluded from gross income for federal income tax purposes. The Town has covenanted to comply with all such requirements. Failure by the Town to comply with certain of such

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requirements may cause interest on the Bonds to become included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. Except as expressed in paragraph 4 below, we express no opinion regarding any other federal tax consequences arising with respect to the Bonds.

3. Interest on the Bonds is exempt from Massachusetts personal income taxes and the Bonds are exempt from Massachusetts personal property taxes. We express no opinion regarding any other Massachusetts tax consequences arising with respect to the Bonds or any tax consequences arising with respect to the Bonds under the laws of any state other than Massachusetts.

4. The Bonds are qualified tax-exempt obligations within the meaning of Section 265(b)(3) of the Code.

This opinion is expressed as of the date hereof, and we neither assume nor undertake any obligation to update, revise, supplement or restate this opinion to reflect any action taken or omitted, or any facts or circumstances or changes in law or in the interpretation thereof, that may hereafter arise or occur, or for any other reason.

The rights of the holders of the Bonds and the enforceability of the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

LOCKE LORD LLP

**PROPOSED FORM OF
CONTINUING DISCLOSURE CERTIFICATE**

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the Town of Chilmark, Massachusetts (the “Issuer”) in connection with the issuance of its \$9,210,000 General Obligation Public Safety Facility Construction Bonds of 2022 dated July 13, 2022 (the “Bonds”). The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Owners of the Bonds and in order to assist the Participating Underwriters in complying with the Rule.

SECTION 2. Definitions. For purposes of this Disclosure Certificate the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board as established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Disclosure Certificate. Filing information relating to the MSRB is set forth in Exhibit A attached hereto.

“Obligated Person” shall mean the Issuer.

“Owners of the Bonds” shall mean the registered owners, including beneficial owners, of the Bonds.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Rule” shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, not later than 270 days after the end of each fiscal year, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted when available separately from the balance of the Annual Report.

(b) If the Issuer is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall send a notice to the MSRB in a timely manner, in substantially the form attached as Exhibit B.

SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall contain or incorporate by reference the following:

(a) quantitative information for the preceding fiscal year of the type presented in the Issuer's Official Statement dated June 28, 2022 relating to the Bonds regarding (i) the revenues and expenditures of the Issuer relating to its operating budget, (ii) capital expenditures, (iii) fund balances, (iv) property tax information, (v) outstanding indebtedness and overlapping debt of the Issuer, (vi) pension obligations of the Issuer, and (vii) other post-employment benefits liability of the Issuer, and

(b) the most recently available audited financial statements of the Issuer, prepared in accordance with generally accepted accounting principles (except for the omission, if any, of a statement of fixed assets). If audited financial statements for the preceding fiscal year are not available when the Annual Report is submitted, the Annual Report will include unaudited financial statements for the preceding fiscal year and audited financial statements for such fiscal year shall be submitted when available.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which (i) are available to the public on the MSRB internet website or (ii) have been filed with the Securities and Exchange Commission. The Issuer shall clearly identify each such other document so incorporated by reference.

SECTION 5. Reporting of Significant Events.

(a) The Issuer shall give notice, in accordance with the provisions of this Section 5, of the occurrence of any of the following events with respect to the Bonds:

1. Principal and interest payment delinquencies.
2. Non-payment related defaults, if material.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.
7. Modifications to rights of the Owners of the Bonds, if material.

8. Bond calls, if material, and tender offers.
9. Defeasances.
10. Release, substitution or sale of property securing repayment of the Bonds, if material.
11. Rating changes.
12. Bankruptcy, insolvency, receivership or similar event of the Obligated Person.*
13. The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.
15. Incurrence of a financial obligation of the Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Obligated Person, any of which affect Owners of the Bonds, if material.†
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Obligated Person, any of which reflect financial difficulties.†

(b) Upon the occurrence of a Listed Event, the Issuer shall, in a timely manner not in excess of ten (10) business days after the occurrence of the event, file a notice of such occurrence with the MSRB.

SECTION 6. Transmission of Information and Notices. Unless otherwise required by law, all notices, documents and information provided to the MSRB shall be provided in electronic

* As noted in the Rule, this event is considered to occur when any of the following occur: (i) the appointment of a receiver, fiscal agent or similar officer for the Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or (ii) the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

† For purposes of event numbers 15 and 16 in Section 5(a) of this Disclosure Certificate, the term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” excludes municipal securities for which a final official statement has been provided to the MSRB consistent with the Rule.

format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 7. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(b).

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate and any provision of this Disclosure Certificate may be waived if such amendment or waiver is permitted by the Rule, as evidenced by an opinion of counsel expert in federal securities law (which may include bond counsel to the Issuer), to the effect that such amendment or waiver would not cause the Disclosure Certificate to violate the Rule. The first Annual Report filed after enactment of any amendment to or waiver of this Disclosure Certificate shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of information being provided in the Annual Report.

If the amendment provides for a change in the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information in order to provide information to investors to enable them to evaluate the ability of the Issuer to meet its obligations. To the extent reasonably feasible, the comparison shall also be quantitative. A notice of the change in the accounting principles shall be sent to the MSRB.

SECTION 9. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any Owner of the Bonds may seek a court order for specific performance by the Issuer of its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not constitute a default with respect to the Bonds, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action for specific performance of the Issuer's obligations hereunder and not for money damages in any amount.

SECTION 10. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Owners of the Bonds from time to time, and shall create no rights in any other person or entity.

Date: July 13, 2022

TOWN OF CHILMARK,
MASSACHUSETTS

By _____
Treasurer

Select Board

[EXHIBIT A: Filing Information for the MSRB]
[EXHIBIT B: Form of Notice of Failure to File Annual Report]