

MARTHA'S VINEYARD REGIONAL HIGH SCHOOL DISTRICT

**FINANCIAL STATEMENTS AND
REQUIRED SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2022



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**MARTHA'S VINEYARD REGIONAL HIGH SCHOOL DISTRICT
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INDEPENDENT AUDITORS' REPORT

Honorable School Committee
Martha's Vineyard Regional High School District
Vineyard Haven, Massachusetts

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Martha's Vineyard Regional High School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Martha's Vineyard Regional High School District' basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Martha's Vineyard Regional High School District, as of June 30, 2022, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Martha's Vineyard Regional High School District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 1C to the financial statements, effective July 1, 2021, the District adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-to-use lease asset and corresponding lease liability and lessors to recognize a lease receivable and corresponding deferred inflow of resources for all leases with lease terms greater than twelve months. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Martha's Vineyard Regional High School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Martha's Vineyard Regional High School District's ability to continue as a going concern for a reasonable period of time.

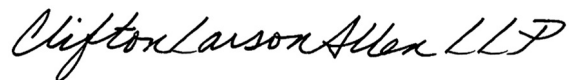
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, general fund budgetary comparison, Superintendent's Office fund budgetary comparison, and certain pension and other postemployment benefits information 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 September 13, 2023 on our consideration of the Martha's Vineyard Regional High School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Martha's Vineyard Regional High School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Martha's Vineyard Regional High School District's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Boston, Massachusetts
September 13, 2023

**MARTHA'S VINEYARD REGIONAL HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

As management of the Martha's Vineyard Regional High School District (District) we offer readers of these financial statements this narrative overview and analysis of the District's financial activities for the fiscal year ended June 30, 2022.

Financial Highlights

- Total liabilities and deferred inflows of resources exceeded total assets and deferred outflows of resources at June 30, 2022, by \$30,051,438 (net position).
- The District's total net position decreased by \$273,704.
- At the end of the fiscal year, unassigned fund balance for the general fund totaled \$1,877,186, or 6.78% of total general fund expenditures and transfers out.
- The District's total bonded debt decreased by \$180,000 during the fiscal year.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the *basic financial statements*, which consists of the following three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the basic financial statements.

This report also contains required supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

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

The statement of net position presents information on all of the District's nonfiduciary assets, deferred outflows of resources, liabilities, and deferred inflows 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 of the District is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal 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 fiscal periods (e.g., net pension liability).

Both of the government-wide financial statements report the functions of the District that are principally supported by member town assessments and intergovernmental revenues (*governmental activities*). Governmental activities include all of the District's basic services, such as instruction and support services.

The government-wide financial statements can be found on pages 13 and 14 of this report.

**MARTHA'S VINEYARD REGIONAL HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

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. The District, like other school districts, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into the following categories and are described below:

1. Governmental funds
2. Fiduciary funds

Governmental Funds

Governmental funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal 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 effect of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains many individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund, which is considered a major fund. Data from the other governmental funds are combined into a single, aggregated presentation titled *nonmajor governmental funds*.

The basic governmental funds financial statements can be found on pages 15 – 18 of this report.

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 statements because the resources of those funds are not available to support the District's programs. The accounting used for fiduciary funds is similar to that used for the government-wide financial statements.

The fiduciary funds provide information for the District's private-purpose trust funds, and are combined into a single, aggregate presentation in the fiduciary funds' financial statements under the caption "private purpose trust funds".

The basic fiduciary funds financial statements can be found on pages 19 and 20 of this report.

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. The notes to the financial statements can be found on pages 21 to 50 of this report.

**MARTHA'S VINEYARD REGIONAL HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Presented in this information is the budget comparison for the general fund and superintendent's office, and certain pension and other postemployment benefits information, which can be located on pages 51 – 56 of this report.

Government-Wide Financial Analysis

The following tables present current and prior year data on the government-wide financial statements.

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The District's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources by \$30,051,438 at the close of the fiscal year and are summarized as follows:

	<u>Governmental Activities</u>	
	<u>2022</u>	<u>2021</u>
Assets		
Current Assets	\$ 8,742,757	\$ 8,105,287
Capital Assets (Net)	<u>11,662,705</u>	<u>11,557,984</u>
Total Assets	20,405,462	19,663,271
Deferred Outflows of Resources	13,065,988	15,742,986
Liabilities		
Current Liabilities (Excluding Debt)	3,666,798	3,449,759
Noncurrent Liabilities (Excluding Debt)	39,259,357	54,603,643
Current Debt	188,799	188,799
Noncurrent Debt	<u>188,802</u>	<u>377,601</u>
Total Liabilities	43,303,756	58,619,802
Deferred Inflows of Resources	<u>20,219,132</u>	<u>6,564,189</u>
Net Position		
Net Investment in Capital Assets	10,896,522	10,941,671
Restricted	2,162,340	2,049,663
Unrestricted	<u>(43,110,300)</u>	<u>(42,769,068)</u>
Total Net Position	<u>\$ (30,051,438)</u>	<u>\$ (29,777,734)</u>

A significant portion of the District's net position (\$10,896,522) reflects its net investment in capital assets (e.g., land, buildings and grounds, machinery and equipment, vehicles – transportation, and vehicles – other). These capital assets are used to provide services to students; consequently, these assets are not available for future spending. Although the investment in its capital assets is reported net of 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.

**MARTHA'S VINEYARD REGIONAL HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

An additional portion of the District's net position (\$2,162,340) represents resources that are subject to external restrictions on how they may be used.

At year-end, the District reports an unrestricted net deficit of \$43,110,300. Such resources have been consumed with the recognition of net OPEB and pension liabilities.

Changes in Net Position

For the fiscal year ended June 30, 2022, the District's total net position decreased by \$273,704, compared to a decrease of \$3,031,201 in the prior fiscal year. These amounts are summarized as follows:

	<u>Governmental Activities</u>	
	<u>2022</u>	<u>2021</u>
Revenues		
<i>Program Revenues:</i>		
Charges for Services	\$ 2,317,234	\$ 1,697,724
Operating Grants and Contributions	9,483,216	10,777,106
Capital grants and contributions	1,237,337	-
<i>General Revenues:</i>		
Member Town Assessments	25,406,790	25,461,182
Grants and Contributions Not Restricted to Specific Programs	2,897,790	2,875,680
Unrestricted Investment Income	10,097	18,749
Other	108,315	77,173
Total Revenues	<u>41,460,779</u>	<u>40,907,614</u>
Expenses		
Instruction:		
Regular	9,958,991	11,557,523
Special Education	6,056,285	8,334,406
Vocational	937,112	1,085,315
Other	119,209	152,979
Support Services:		
Pupil	4,022,428	4,493,362
Instructional	2,019,678	998,478
Administration	10,964,749	9,782,249
Business	159,547	90,216
Buildings and Grounds	2,952,916	2,947,139
Transportation	2,822,085	3,039,587
Food	482,034	310,682
Community Services	265,491	211,672
State Assessments	939,190	925,106
Debt Service - Interest	34,768	10,101
Total Expenses	<u>41,734,483</u>	<u>43,938,815</u>
Change in Net Position	(273,704)	(3,031,201)
Net Position - Beginning of Year	<u>(29,777,734)</u>	<u>(26,746,533)</u>
Net Position - End of Year	<u>\$ (30,051,438)</u>	<u>\$ (29,777,734)</u>

The key element of the net position decrease from the prior year is the decreased OPEB expense of approximately \$2,900,000.

**MARTHA'S VINEYARD REGIONAL HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

Fund Financial Statement Analysis

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

Governmental Funds

The focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the District's financing requirements.

At the end of the current fiscal year, the governmental funds reported combined ending fund balances totaling \$4,754,144, an increase of \$166,467 in comparison with the prior year. \$1,332,874 represents unassigned fund balance. The remainder of fund balance includes the following constraints:

- Restricted (\$1,662,340)
- Committed (\$1,144,660)
- Assigned (\$614,270)

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund totaled \$1,877,186, while total fund balance was \$3,516,540. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures and transfers out. Unassigned fund balance represents 6.78% of total general fund expenditures and transfers out, while total fund balance represents 12.71% of that same amount.

The fund balance of the District's general fund increased \$82,406 during the current fiscal year. The District anticipated utilizing approximately \$1,096,977 of reserves to fund the 2022 budget, including prior year carryforwards. However, the District ultimately recognized a budgetary surplus of approximately \$1,200,000 (excluding encumbrances) for the year ended June 30, 2022.

Financial highlights of the District's other major governmental fund is as follows:

The fund balance of the Superintendent's Office major fund (special revenue) increased by \$196 during the current fiscal year. The funds receipts included member town assessments (excluding the District) totaling \$6,367,690. Expenditures totaling \$6,994,222 were incurred during the year. Additionally, a transfer of \$626,728 was made from the general fund related to the District's share of the operation of the Superintendent's Office.

The fund balance of the 2020 Electric Bus Grant major fund (special revenue) decreased by \$500,000 during the current fiscal year. Grant funds were not received during the fiscal year. Expenditures totaling \$500,000 were incurred during the year.

General Fund Budgetary Highlights

The original general fund budget totaled \$25,328,534.

During the year, general fund revenues and expenditures and encumbrances and transfers out were less than budgetary estimates, resulting in a positive budget to actual variance of approximately \$565,000.

**MARTHA'S VINEYARD REGIONAL HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

Superintendent's Office Fund Budgetary Highlights

The original Superintendent's office fund budget totaled \$7,411,670.

During the year, the Superintendent Office fund revenues and transfers in were less than budgetary estimates and expenditures and encumbrances were less than budgetary estimates, resulting in a positive budget to actual variance of approximately \$196.

Capital Asset and Debt Administration

Capital Assets

The District's investment in capital assets at the end of the fiscal year totaled \$11,662,705 (net of accumulated depreciation). This investment in capital assets includes land, buildings and grounds, machinery and equipment, vehicles – transportation, vehicles – other, and right-to-use leased vehicles. The total increase in the investment in capital assets for the current fiscal year totaled \$104,721 or - 0.9%.

The major capital asset event that occurred during the current fiscal year was the purchase of two electric buses totaling approximately \$760,000.

The following table summarizes the District's capital assets (net of accumulated depreciation):

	Governmental Activities	
	2022	2021
Land	\$ 179,744	\$ 179,744
Construction in Progress	257,721	257,721
Buildings and Grounds	8,472,617	9,178,269
Machinery and Equipment	563,733	629,561
Vehicles - Transportation	1,727,011	1,215,396
Vehicles - Other	81,568	97,293
Right-to-Use Leased Vehicles	-	-
Total Capital Assets	<u>\$ 11,282,394</u>	<u>\$ 11,557,984</u>

Additional information on the District's capital assets can be found in Note 5 on pages 34 and 35 of this report.

Long-Term Debt

At the end of the current fiscal year, total bonded general obligation debt outstanding was \$360,000. The District's total debt decreased \$180,000 (33.3%) during the current fiscal year from the prior year balance of \$540,000.

Additional information on the District's long-term debt can be found in Note 9 on page 36 of this report.

**MARTHA'S VINEYARD REGIONAL HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

Economic Factors and Next Year's Budget

During the budget process for fiscal year 2023 the District Committee proposed an operating budget of \$24,580,976, an increase of \$1,314,109 or 5.65% from the prior fiscal year. Local and State revenues were estimated to increase by \$385,890 or 11.61% - mostly due to the increase of \$363,780 of Excess & Deficiency (E&D) funds for FY23. The District Committee proposed the use of the Commonwealth's statutory method of assessment to the six member towns for their annual town meetings held in the late spring of fiscal year 2022. At annual town meetings member towns unanimously approved the total statutory assessments at \$20,872,277.

Revenues

For the fiscal year 2023 revenue budget, the District Committee anticipated increases and decreases in the following revenue sources.

- Chapter 71 regional transportation aid estimates stay level with the FY22 budget at \$355,991.
- Chapter 70 school aid estimates were increased by \$22,110 from the FY22 budgeted levels to \$2,897,790.
- The interest and investment income budget was level funded at \$58,899 for FY23.
- Charter School tuition and reimbursement rates were budgeted for 2023 under the assumption that they would continue to reflect FY20 actual enrollments and assessments.
- Although the Martha's Vineyard Regional High School is not designated a school of choice, students from the District attending virtual school are considered "sending students" and their tuition is deducted from state aid revenues. This budget reflects a continued increased level of online-line learning when compared to pre-Covid, but at a reduced level when compared to what was experienced during the height of Covid in FY21. In FY23 this budget assessment is projected to continue at the FY22 budgeted level.
- In 2017, the District began seeking Medicaid reimbursements for Medicaid eligible students enrolled in residential placements and students receiving eligible services enrolled locally. While the uncertainties brought about by Covid during FY21 have decreased, this revenue continues to be level funded for FY23 at \$41,360.
- The District has been receiving net metering credits from a power purchasing agreement through the Future Generation Wind turbine project. Net energy credits are budgeted as revenue to the District and while FY21 saw a dip in these revenues, for the FY22 and FY23 budgets this revenue is estimated at \$58,497.

Expenditures

The operational budget of fiscal year 2023 had an increase of 5.65% compared to the prior fiscal year. This increase is largely driven by increased staffing needs to support a growing English Language Learner population, along with a new position to assist with the athletic fields and grounds maintenance and an expansion of the Early Childhood Vocational program staffing. Additional increases and decreases in the operational budget are listed below.

**MARTHA'S VINEYARD REGIONAL HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

- The fiscal year 2023 wage adjustment, from the collective bargaining agreements for teachers and paraprofessionals were estimated at 2.0%. The actual FY23 collective bargaining adjustments were still in negotiations as of the fall of FY23.
- The budget for education and residential care of students with severe special needs placed outside of the District was increased by 4% for FY23 to \$1,281,185.
- The only debt service for the District is for the 2013 roof replacement. The District funded the project through a bond sale in fiscal year 2014 for \$1,800,000. The fiscal year 2023 principal and interest payments are budgeted at \$188,100. The balance of the remaining debt stands at \$360,000.
- Fiscal year 2023 transportation capital purchases increased to \$349,505 to reflect the particular vehicles to be replaced in FY23 as the District continues the replacement of the oldest models of both full size buses along with special education van fleet.
- The District Committee continues to fund the liability of Other Post-Employment Benefits (OPEB) since the creation of the Dukes County OPEB Trust in fiscal year 2010. In fiscal year 2015 the Committee established a budget line-item for funding of the OPEB liability with the intention to continue this annual appropriation and possibly increase the appropriation each year. The District Committee increased the funds to contribute to the Dukes County OPEB Trust for fiscal year 2023 by \$36,000 to an annual \$994,314.
- One of the largest expenditures for the District is the cost of medical insurance benefits. The annual health insurance cost increase for FY23 was expected to be approximately 9% when accounting for: the premium increase (+3%), the discontinuation of the one month premium holiday the District's insurer implemented in FY22 (+8%), and the most recent projected usage and costs of enrollment by the District staff (-2%). As a result, the District Committee increased the expenditure budget by \$201,154 for FY23 to an annual appropriation of \$2,296,539.
- The aging of the high school building has caused the District Committee to look at a long-term plan for repairs and renovations. The District submitted applications for funding of building improvements to the Massachusetts School Building Authority (MSBA) in 2016, 2017, 2018, 2019, 2020, 2021 and 2022. In March of 2022 the MSBA notified the District of its acceptance into the MSBA program – which comes with both technical assistance and financial contributions of approximately 38% towards eligible costs. The District is working with the MSBA and other stakeholders to begin the process to prepare for a building project and to appropriate funds for the feasibility study stage of the MSBA process – which is planned for the spring of 2023. The long-term planning process to improve the District's athletic fields continues, and with a denial of a special permit application by the Town of Oak Bluffs in the spring of 2022, the District Committee voted to pursue an appeal of that decision.
- For fiscal year 2023 the District level funded its budget for preventive maintenance programs, and budgeted a \$96,780 increase for targeted capital projects to maintain the health and safety of the current facility.

**MARTHA'S VINEYARD REGIONAL HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

Enrollment has begun to increase in the District since FY20, when in-the-building enrollment stood at 659 students. As of October 1, 2021 the student population had increased to 701 students, which is a 6.4% over two years. The student population is expected to continue to increase in the coming years. The growth in the expenditure budget in recent years has been based on a commitment to fund the OPEB liability over time and a commitment to reinvest in the high school building and its athletic fields. The District Committee used the Statutory Assessment Method to assess the member towns for fiscal year 2022. The member town assessments will increase by 4.65%.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the School Business Administrator, 4 Pine Street, Vineyard Haven, Massachusetts 02568.

MARTHA'S VINEYARD REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2022

	Governmental Activities
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 4,200,415
Restricted Cash and Cash Equivalents	844,962
Intergovernmental	3,197,380
Total Current Assets	8,742,757
Noncurrent Assets:	
Capital Assets Not Being Depreciated	437,465
Capital Assets, Net of Accumulated Depreciation	11,225,240
Total Noncurrent Assets	11,662,705
Total Assets	20,405,462
DEFERRED OUTFLOWS OF RESOURCES	
Related to Pensions	1,403,693
Related to OPEB	11,662,295
Total Deferred Outflows of Resources	13,065,988
LIABILITIES	
Current Liabilities:	
Warrants Payable	1,018,839
Accrued Payroll	1,774,474
Other Liabilities	58,556
Unearned Revenue	136,744
Lease Liability	124,008
Compensated Absences	24,617
Wastewater Connection Payable	29,560
Long-Term Bonds and Notes Payable	188,799
Total Current Liabilities	3,855,597
Noncurrent Liabilities:	
Lease Liability	244,268
Compensated Absences	221,550
Net OPEB Liability	37,959,764
Net Pension Liability	715,548
Wastewater Connection Payable	118,227
Long-Term Bonds and Notes Payable	188,802
Total Noncurrent Liabilities	39,448,159
Total Liabilities	43,303,756
DEFERRED INFLOWS OF RESOURCES	
Related to Pensions	2,357,452
Related to OPEB	17,861,680
Total Deferred Inflows of Resources	20,219,132
NET POSITION	
Net Investment in Capital Assets	10,896,522
Restricted for:	
Member Towns	61,304
Special Education	318,007
Buildings and Grounds	124,857
Other Specific Purposes	1,658,172
Unrestricted	(43,110,300)
Total Net Position	\$ (30,051,438)

See accompanying Notes to Basic Financial Statements.

**MARTHA'S VINEYARD REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government					
Governmental Activities:					
Instruction:					
Regular	\$ 9,958,991	\$ 31,595	\$ 3,318,962	\$ -	\$ (6,608,434)
Special Education	6,056,285	129,029	2,726,287	-	(3,200,969)
Vocational	937,112	77,948	93,221	-	(765,943)
Other	119,209	40,152	71,543	-	(7,514)
Support Services:					
Pupil	4,022,428	8,301	667,392	-	(3,346,735)
Instructional	2,019,678	108	125,166	475,790	(1,418,614)
Administration	10,964,749	782,843	550,741	-	(9,631,165)
Business	159,547	-	-	-	(159,547)
Buildings and Grounds	2,952,916	7,539	110,631	-	(2,834,746)
Transportation	2,822,085	1,217,732	892,389	761,547	49,583
Food	482,034	21,987	502,668	-	42,621
Community Services	265,491	-	267,241	-	1,750
State Assessments	939,190	-	156,975	-	(782,215)
Debt Service - Interest	34,768	-	-	-	(34,768)
Total Governmental Activities	\$ 41,734,483	\$ 2,317,234	\$ 9,483,216	\$ 1,237,337	(28,696,696)
GENERAL REVENUES					
Member Town Assessments					25,406,790
Grants and Contributions Not Restricted to Specific Programs					2,897,790
Unrestricted Investment Income					10,097
Other					108,315
Total General Revenues					28,422,992
CHANGE IN NET POSITION					(273,704)
Net Position - Beginning of Year					<u>(29,777,734)</u>
NET POSITION - END OF YEAR					<u>\$ (30,051,438)</u>

See accompanying Notes to Basic Financial Statements.

**MARTHA'S VINEYARD REGIONAL HIGH SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2022**

	<u>General</u>	<u>Superintendent's Office</u>	<u>2020 Electric Bus Grant</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 4,060,591	\$ -	\$ -	\$ 139,824	\$ 4,200,415
Receivables, Net of Allowance for Uncollectible Amounts:					
Intergovernmental	27,597	1,451,173	500,000	1,218,610	3,197,380
Due from Other Funds	1,654,954	-	-	-	1,654,954
Restricted Assets:					
Cash and Cash Equivalents	-	-	-	844,962	844,962
 Total Assets	 <u>\$ 5,743,142</u>	 <u>\$ 1,451,173</u>	 <u>\$ 500,000</u>	 <u>\$ 2,203,396</u>	 <u>\$ 9,897,711</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Warrants Payable	\$ 911,999	\$ 9,129	\$ -	\$ 97,711	\$ 1,018,839
Accrued Payroll	1,256,160	375,531	-	142,783	1,774,474
Other Liabilities	58,443	-	-	113	58,556
Unearned Revenue	-	-	-	136,744	136,744
Due to Other Funds	-	1,066,609	500,000	88,345	1,654,954
 Total Liabilities	 2,226,602	 1,451,269	 500,000	 465,696	 4,643,567
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue	-	-	500,000	-	500,000
FUND BALANCES					
Restricted	61,304	-	-	1,601,036	1,662,340
Committed	963,780	-	-	180,880	1,144,660
Assigned	614,270	-	-	-	614,270
Unassigned	1,877,186	(96)	(500,000)	(44,216)	1,332,874
 Total Fund Balances	 <u>3,516,540</u>	 <u>(96)</u>	 <u>(500,000)</u>	 <u>1,737,700</u>	 <u>4,754,144</u>
 Total Liabilities, Deferred Inflows of Resources, and Fund Balances	 <u>\$ 5,743,142</u>	 <u>\$ 1,451,173</u>	 <u>\$ 500,000</u>	 <u>\$ 2,203,396</u>	 <u>\$ 9,897,711</u>

See accompanying Notes to Basic Financial Statements.

**MARTHA'S VINEYARD REGIONAL HIGH SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TOTAL FUND
BALANCES TO THE STATEMENT OF NET POSITION
JUNE 30, 2022**

Total Governmental Fund Balances	\$ 4,754,144
Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	11,662,705
Other assets are not available to pay for current period expenditures and, therefore, are unavailable in the governmental funds.	500,000
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Bonds and Notes Payable, Net	(377,601)
Lease Liability	(368,276)
Compensated Absences	(246,167)
Net OPEB Liability	(37,959,764)
Net Pension Liability	(715,548)
Contract/Wastewater Connection Payable	(147,787)
In the statement of net position, deferred outflows of resources are reported for amounts related to pensions and OPEB.	13,065,988
In the statement of net position, deferred inflows of resources are reported for amounts related to pensions and OPEB.	<u>(20,219,132)</u>
Net Position of Governmental Activities	<u><u>\$ (30,051,438)</u></u>

See accompanying Notes to Basic Financial Statements.

**MARTHA'S VINEYARD REGIONAL HIGH SCHOOL DISTRICT
GOVERNMENTAL FUNDS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022**

	General	Superintendent's Office	2020 Electric Bus Grant	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Member Town Assessments	\$ 19,039,100	\$ 6,367,690	\$ -	\$ -	\$ 25,406,790
User Fees	1,251,472	-	-	250,564	1,502,036
Intergovernmental:					
State Aid - Foundation	2,897,790	-	-	-	2,897,790
State Aid - Transportation	675,536	-	-	-	675,536
State Aid - Charter School Assessment Reimbursement	156,975	-	-	-	156,975
State Aid - Circuit Breaker	-	-	-	1,159,833	1,159,833
Other State and Federal Grants	3,004,922	-	-	5,082,745	8,087,667
Departmental	104,116	-	-	1,051,015	1,155,131
Contributions and Donations	-	-	-	29,000	29,000
Investment Income	10,050	-	-	53	10,103
Total Revenues	<u>27,139,961</u>	<u>6,367,690</u>	<u>-</u>	<u>7,573,210</u>	<u>41,080,861</u>
EXPENDITURES					
Current:					
Instruction:					
Regular	5,909,629	-	-	981,593	6,891,222
Special Education	2,055,462	-	-	2,165,164	4,220,626
Vocational	650,561	-	-	26,249	676,810
Other	98,861	-	-	20,348	119,209
Support Services:					
Pupil	1,780,015	-	-	1,503,824	3,283,839
Instructional	1,660,069	-	-	288,986	1,949,055
Administration	1,344,994	6,994,222	-	912,044	9,251,260
Business	159,547	-	-	-	159,547
Buildings and Grounds	1,849,468	-	-	73,579	1,923,047
Transportation	2,350,764	-	500,000	259,800	3,110,564
Food	87,827	-	-	362,831	450,658
Community Services	-	-	-	265,491	265,491
Pension Benefits	3,319,542	-	-	-	3,319,542
Employee Benefits	4,089,540	-	-	-	4,089,540
Property and Liability Insurance	424,538	-	-	-	424,538
State Assessments:					
Charter School	912,601	-	-	-	912,601
School Choice	26,589	-	-	-	26,589
Debt Service - Principal	301,646	-	-	-	301,646
Debt Service - Interest	28,532	-	-	-	28,532
Total Expenditures	<u>27,050,185</u>	<u>6,994,222</u>	<u>500,000</u>	<u>6,859,909</u>	<u>41,404,316</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	89,776	(626,532)	(500,000)	713,301	(323,455)
OTHER FINANCING SOURCES (USES)					
Leases	489,922	-	-	-	489,922
Transfers In	129,436	626,728	-	-	756,164
Transfers Out	(626,728)	-	-	(129,436)	(756,164)
Total Other Financing Sources (Uses)	<u>(7,370)</u>	<u>626,728</u>	<u>-</u>	<u>(129,436)</u>	<u>489,922</u>
NET CHANGE IN FUND BALANCES	82,406	196	(500,000)	583,865	166,467
Fund Balances - Beginning of Year	3,434,134	(292)	-	1,153,835	4,587,677
FUND BALANCES - END OF YEAR	<u>\$ 3,516,540</u>	<u>\$ (96)</u>	<u>\$ (500,000)</u>	<u>\$ 1,737,700</u>	<u>\$ 4,754,144</u>

See accompanying Notes to Basic Financial Statements.

**MARTHA'S VINEYARD REGIONAL HIGH SCHOOL DISTRICT
GOVERNMENTAL FUNDS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022**

Net Change in Fund Balances - Total Governmental Funds \$ 166,467

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. These amounts represent the related activity of the current period.

Capital Outlays	344,453
Depreciation	(1,109,965)
Lease Expenditures (Right-to-Use Assets)	489,922
Amortization of Right-to-Use Assets	(109,611)

Revenues in the statement of activities that do not provide current financial resources are reported as direct inflows of resources in the governmental funds. Therefore, the recognition of revenue for various types of accounts receivable differ between the two statements. This amount represents the net change in deferred inflows of resources.

379,903

The issuance of long-term debt (e.g., bonds and leases) 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, however, has any impact on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities. This amount represents the related activity of the current period.

Bond Maturities	180,000
Amortization of Bond Premiums	8,799
Lease Liability	(489,922)
Principal Paid on Lease Liability	121,646

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported in the governmental funds.

These amounts represent the net changes:

Compensated Absences	(19,311)
Net OPEB Liability	14,439,118
Net Pension Liability	1,137,256
Contract/Wastewater Connection Payable	29,560

In the statement of activities, deferred outflows related to pensions and OPEB are amortized and recognized as expense. This amount represents the net change in deferred outflows related to pensions and OPEB.

(2,676,998)

In the statement of activities, deferred inflows related to pensions and OPEB are amortized and recognized as expense. This amount represents the net change in deferred inflows related to pensions and OPEB.

(13,654,943)

Changes in Net Position of Governmental Activities

TRY AGAIN

**MARTHA'S VINEYARD REGIONAL HIGH SCHOOL DISTRICT
 FIDUCIARY FUNDS
 STATEMENT OF FIDUCIARY NET POSITION
 JUNE 30, 2022**

	<u>Private Purpose Trust Funds</u>
ASSETS	
Cash and Cash Equivalents	\$ 327,816
Investments	<u>1,201,523</u>
Total Assets	<u>1,529,339</u>
NET POSITION	
Restricted For Individuals	<u><u>\$ 1,529,339</u></u>

See accompanying Notes to Basic Financial Statements.

**MARTHA'S VINEYARD REGIONAL HIGH SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2022**

	<u>Private Purpose Trust Funds</u>
ADDITIONS	
Contributions:	
Donations and Gifts	\$ 305,787
Net Investment Income:	
Net Decrease in Fair Value of Investments	(112,292)
Less: Investment Expense	<u>(6,500)</u>
Net Investment Income	<u>(118,792)</u>
Total Additions	186,995
DEDUCTIONS	
Scholarships Awarded	<u>303,663</u>
CHANGE IN NET POSITION	(116,668)
Net Position - Beginning of Year	<u>1,646,007</u>
NET POSITION - END OF YEAR	<u><u>\$ 1,529,339</u></u>

See accompanying Notes to Basic Financial Statements.

MARTHA'S VINEYARD REGIONAL HIGH SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General

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

B. Reporting Entity

The Martha's Vineyard Regional High School District (the District) was formed pursuant to Chapter 71 of the Massachusetts General Laws (MGL). The District consists of the Towns of Aquinnah, Chilmark, Edgartown, Oak Bluffs, Tisbury, and West Tisbury, and is governed by the Martha's Vineyard Regional High School Committee (the Committee). The Committee consists of two representatives from the Towns of Edgartown, Oak Bluffs, and Tisbury, and one representative from the Towns of Aquinnah, Chilmark, and West Tisbury.

For financial reporting purposes, the basic financial statements include all funds, organizations, agencies, boards, commissions, and institutions that are not legally separate from the District.

The District has also considered all potential component units for which it is financially accountable as well as other organizations for which the nature and/or significance of their relationship with the District are such that exclusion would cause the District's basic financial statements to be misleading or incomplete. There are no component units that meet the requirements for inclusion in the District's basic financial statements.

C. Implementation of New Accounting Principles

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, *Leases*. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The District adopted the requirements effective July 1, 2021, and has applied the provisions of this standard to the beginning of the period.

**MARTHA'S VINEYARD REGIONAL HIGH SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The government-wide financial statements (statement of net position and the statement of activities) report information on all nonfiduciary activities of the primary government. The District reports Governmental Activities, which are primarily supported by member town assessments 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. Nonmajor funds are aggregated and displayed in a single column. Fiduciary funds are reported by fund type.

E. Measurement Focus, Basis of Accounting, and Basis of 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. Member town assessments and intergovernmental billings are recognized as revenues in the fiscal 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 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 specific function or segment.
- Grants and contributions that are restricted to meeting the capital requirements of a specific function or segment.

Other revenues not identifiable as program revenues are reported as general revenues.

The effect of interfund activity has been eliminated from the government-wide financial statements.

**MARTHA'S VINEYARD REGIONAL HIGH SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

Fund Financial Statements

Governmental Funds

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.

Membership assessments are apportioned amongst operating and capital costs, less intergovernmental and other revenues, and are based on student population and the Commonwealth of Massachusetts' statutory assessment method.

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:

General Fund – The General Fund is used to account for and report all financial resources not accounted for and reported in another fund.

Superintendent's Office Fund – The superintendent's office fund is used to collect member town assessments for the operations of the Superintendent's office.

2020 Electric Bus Grant Fund – The 2020 electric bus grant fund is used to account for activity related to a state grant awarded to purchase electric school buses.

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

Special Revenue Funds – Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Capital Project Funds – Capital projects funds are 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. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

**MARTHA'S VINEYARD REGIONAL HIGH SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

Fund Financial Statements (Continued)

Fiduciary Funds

Fiduciary fund financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting. Fiduciary funds are used to account for assets held in a trustee capacity for others that cannot be used to support the government's programs.

The following fiduciary fund type is reported:

Private-Purpose Trust Funds – Private-purpose trust funds are used to account for trust arrangements under which principal and investment income exclusively benefits individuals (scholarships), private organizations, or other governments.

F. Cash and Cash Equivalents and Investments

Government-Wide and Fund Financial Statements

Cash is 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.

G. Accounts Receivable

Government-Wide and Fund Financial Statements

The recognition of revenue related to accounts receivable reported in the government-wide 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 on the modified accrual basis of accounting.

Intergovernmental

Various state and federal operating and capital grants are applied for and received annually. For nonexpenditure driven grants, revenue is recognized as soon as all eligibility requirements imposed by the provider have been met. For expenditure driven grants, revenue is recognized when the qualifying expenditures are incurred and all other grant requirements are met.

Intergovernmental receivables are considered 100% collectible and therefore do not report an allowance for uncollectible accounts.

**MARTHA'S VINEYARD REGIONAL HIGH SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. 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.

I. Restricted Assets

Government-Wide and Fund Financial Statements

Assets are reported as restricted when limitations on their use change the nature of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

J. Capital Assets

Government-Wide Financial Statements

Capital assets, which consist of land, construction in progress, buildings and grounds, machinery and equipment, vehicles – transportation, and vehicles – other, are reported in the governmental activities' 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 acquisition value at the date of donation.

All purchases and construction costs in excess of \$5,000 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>
Building and Grounds	15 to 40
Machinery and Equipment	5 to 10
Vehicles - Transportation	10
Vehicles - Other	10

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 fiscal year of the purchase.

**MARTHA'S VINEYARD REGIONAL HIGH SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Interfund Receivables and Payables

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

Government-Wide Financial Statements

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

Fund Financial Statements

Transactions of a buyer/seller nature between 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.

L. Interfund Transfers

During the course of its operations, resources are permanently reallocated between funds.

Government-Wide Financial Statements

Transfers between governmental funds are eliminated from the governmental activities in the statement of activities.

Fund Financial Statements

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

M. Deferred Outflows of Resources

In addition to assets, the statement of net position reports 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 that time.

The District has two items that qualify for reporting in this category. Deferred outflows of resources related to pensions and Other Postemployment Benefits (OPEB) are reported in the government-wide financial statements in accordance with GASB Statement No. 68 and GASB Statement No. 75.

**MARTHA'S VINEYARD REGIONAL HIGH SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Deferred Inflows of Resources

In addition to liabilities, the statement of net position reports 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 District has two items that qualify for reporting in this category. Deferred inflows of resources related to pensions and OPEB are reported in the government-wide financial statements in accordance with GASB Statement No. 68 and GASB Statement No. 75.

O. Net Position and Fund Balances

Government-Wide Financial Statements (Net Position)

Net position represents the residual difference between assets and deferred outflows less liabilities and deferred inflows.

Net position is reported as restricted when amounts 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:

Member Towns – represents the statutory amount owed for fund balance amounts exceeding 5% of the subsequent fiscal year's budget.

Special Education – represents restrictions placed on assets related to SPED services.

Buildings and Grounds – represents restrictions placed on assets related to the District's buildings and grounds.

Other Specific Purposes – represent restrictions placed on assets from outside parties.

Governmental Funds Financial Statements (Fund Balances)

The following fund balance classifications describe the relative strength of the spending constraints:

Nonspendable – represents amounts that cannot be spent either because they are in nonspendable form (i.e., prepaid amounts) or because they are legally or contractually required to be maintained intact (i.e., principal of permanent fund).

Restricted – represents amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

**MARTHA'S VINEYARD REGIONAL HIGH SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Net Position and Fund Balances (Continued)

Governmental Funds Financial Statements (Fund Balances) (Continued)

Committed – represents amounts that can be used only for specific purposes imposed by a formal action of the School Committee and Town Meeting, which is the highest level of decision-making authority for the District. Committed amounts may be established, modified, or rescinded only through actions first approved by the School Committee and subsequently approved by Town meeting.

Assigned – represents amounts that do not meet the criteria to be classified as restricted or committed but are intended to be used for specific purposes. Under the District's structure, only authorized assignments for noncontractual encumbrances can be made by individual department heads.

Unassigned – represents the residual fund balance for the General Fund and the negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting assigned fund balance amounts.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

Encumbrance amounts have been assigned for specific purposes for which resources already have been allocated.

P. Long-Term Debt

Government-Wide Financial Statements

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

Governmental Funds Financial Statements

The face amount of governmental funds long-term debt is reported as other financing sources when the debt is issued. Bond premiums and discounts 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 administration (support services) expenditures.

**MARTHA'S VINEYARD REGIONAL HIGH SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Leases

The District determines if an arrangement is a lease at inception. Leases are included in right-to-use lease assets and lease liabilities in the statement of net position.

Lease assets represent the District's control of the right to use an underlying asset for the lease term, as specified in the contract, in an exchange-like transaction. Right-to-use lease assets are amortized in a systematic and rational manner over the shorter of the lease term or useful life of the underlying asset.

Lease liabilities represent the District's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the commencement date based on the present value of expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term.

R. Investment Income

Investment income derived from major and nonmajor governmental funds is legally assigned to the general fund unless otherwise directed by Massachusetts General Law.

S. 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 upon employee retirements and resignations.

T. 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 Contributory Retirement System (DCCRS) and additions to/deductions from DCCRS's fiduciary net position have been determined on the same basis as they are reported by DCCRS. 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, net asset value (NAV), or amortized cost.

**MARTHA'S VINEYARD REGIONAL HIGH SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

U. Postretirement Benefits

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 other postemployment benefits trust fund (OPEB Trust), and additions to/deductions from the OPEB Trust's fiduciary net position are determined on the same basis as they are reported by the OPEB Trust. For this purpose, the OPEB Trust recognizes benefits payments when due and payable in accordance with the benefits terms. Investments are reported at fair value.

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

W. Total Column

Fund Financial Statements

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

**MARTHA'S VINEYARD REGIONAL HIGH SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

Municipal Law requires the adoption of a balanced budget that is approved by the Committee. The Superintendent of Schools presents an annual budget to the Committee, which includes estimates of revenues and other financing sources and recommendations of expenditures and other financing uses. The Committee, which has full authority to amend and/or reject the budget or any line item, adopts the expenditure budget by two-thirds majority vote.

Subsequent to the Committee's approval, the budget is presented to the member towns. The budget is accepted by majority Town Meeting approval and must be approved by two-thirds of the District's members.

Increases to the budget subsequent to the approval of the annual budget require majority Committee and Town Meeting approval.

The majority of appropriations are noncontinuing which lapse at the end of each fiscal year. Others are continuing appropriations for which the governing body has authorized that an unspent balance from a prior fiscal year be carried forward and made available for spending in the current fiscal year.

Generally, expenditures may not exceed the level of spending authorized by the Committee. However, the District is statutorily required to pay debt service, regardless of whether such amounts are appropriated.

An annual budget is adopted for the general fund in conformity with the guidelines described above. The original and final fiscal year 2022 approved budget for the general fund authorized \$25,328,532 in appropriations. The original and final fiscal year 2022 approved budget for the Superintendent's Office fund authorized \$7,411,670 in appropriations.

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

Fund Deficits

At June 30, 2022, the following fund deficits exist:

<u>Fund</u>	<u>Amount</u>	<u>Funding Source</u>
Electric Bus Grant	\$ 500,000	Electric Bus Grant
Various	44,216	Grants and Available Funds
Superintendent's Office	96	Town Assessments
Total	<u>\$ 544,312</u>	

**MARTHA'S VINEYARD REGIONAL HIGH SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 3 DEPOSITS AND INVESTMENTS

The municipal finance laws of the Commonwealth authorize the District to invest temporarily idle cash in bank term deposits and certificates of deposits, and treasury and agency obligations of the United States government, with maturities of one year or less; U.S. treasury or agency repurchase agreements with maturities of not more than 90 days; money market accounts; and the state treasurer's investment pool – the Massachusetts Municipal Depository Trust (MMDT).

The MMDT meets the criteria of an external investment pool and operates in accordance with applicable state laws and regulations. The Treasurer of the Commonwealth serves as Trustee. The reported value of the pool is the same as the fair value of pool shares.

A cash and investment pool is maintained that is available for use by all funds with unrestricted cash and investments. The deposits and investments of private purpose trust funds are held separately from other District funds.

Deposits – Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the District's deposits may not be recovered. The District does not have a policy for custodial credit risk of deposits. As of June 30, 2022, the District was not exposed to custodial credit risk.

Investments Summary

The District's investments at June 30, 2022 are presented below. All investments are presented by investment type, with debt securities presented by maturity.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities</u> (in Years)	
		<u>Less Than One</u>	<u>One to Five</u>
Debt Securities:			
Money Market Mutual Funds	\$ 31,142	\$ 31,142	\$ -
Fixed Income Mutual Funds	481,419	481,419	-
Total Debt Securities	512,561	\$ 512,561	\$ -
Other Investments:			
Domestic Equities	442,382		
International Equities	240,242		
Diversifier Mutual Funds	37,480		
Total Other Investments	720,104		
Total Investments	\$ 1,232,665		

Investments – Interest Rate Risk of Debt Securities

Interest rate risk for debt securities is the risk that changes in interest rates of debt securities will adversely affect the fair value of an investment. The District does not have a policy for interest rate risk of debt securities. As of June 30, 2022, the District was not exposed to interest rate risk.

**MARTHA'S VINEYARD REGIONAL HIGH SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Investments – Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have a policy for custodial credit risk of investments. As of June 30, 2022, the District was not exposed to custodial credit risk.

Investments – Credit Risk of Debt Securities

Credit risk for investments is the risk that an issuer or other counterparty to a debt security will not fulfill its obligations. The District does not have a policy for credit risk of debt securities. As of June 30, 2022, the District's investments were unrated by a nationally recognized statistical rating organization.

Investments – Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer. The District does not have a policy for concentration of credit risk. As of June 30, 2022, the District was not exposed to the concentration of credit risk.

Investments - Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The District does not have a policy for foreign currency risk. As of June 30, 2022, the District had indirect exposure to foreign currency risk in the amount of approximately \$240,000.

Investments – Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Investment Type	Fair Value	Fair Value Measurements Using	
		Quote Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Debt Securities:			
Money Market Mutual Funds	\$ 31,142	\$ 31,142	\$ -
Fixed Income Mutual Funds	481,419	-	481,419
Total Debt Securities	512,561	31,142	481,419
Equity Securities:			
Domestic Equities	442,383	442,383	-
International Equities	240,242	240,242	-
Diversifier Mutual Funds	37,480	37,480	-
Total Equity Securities	720,105	720,105	-
Total Investments by Fair Value Level	\$ 1,232,666	\$ 751,247	\$ 481,419

Debt securities classified in Level 1 of the Fair Value Hierarchy are valued using prices quoted in active markets for those securities. Level 2 inputs are significant other observable inputs.

**MARTHA'S VINEYARD REGIONAL HIGH SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 4 ACCOUNTS RECEIVABLE

At June 30, 2022, receivables for the governmental funds, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Receivables:			
Intergovernmental	\$ 3,197,380	\$ -	\$ 3,197,380

NOTE 5 CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2022 was as follows:

	Beginning Balance	Increases	Decreases	GASB 87 Implementation	Ending Balance
Governmental Activities:					
Capital Assets Not Being Depreciated:					
Land	\$ 179,744	\$ -	\$ -	\$ -	\$ 179,744
Construction in Progress	257,721	-	-	-	257,721
Total Capital Assets Not Being Depreciated	437,465	-	-	-	437,465
Capital Assets Being Depreciated:					
Buildings and Grounds	30,016,251	42,708	-	-	30,058,959
Machinery and Equipment	1,795,019	31,867	-	-	1,826,886
Vehicles - Transportation	3,934,574	759,800	-	-	4,694,374
Vehicles - Other	384,996	-	-	-	384,996
Right-to-Use Leased Vehicles	-	-	-	489,922	489,922
Total Capital Assets Being Depreciated	36,130,840	834,375	-	489,922	36,965,215
Less Accumulated Depreciation for:					
Buildings and Grounds	(20,837,982)	(748,360)	-	-	(21,586,342)
Machinery and Equipment	(1,165,458)	(97,695)	-	-	(1,263,153)
Vehicles - Transportation	(2,719,178)	(248,185)	-	-	(2,967,363)
Vehicles - Other	(287,703)	(15,725)	-	-	(303,428)
Right-to-Use Leased Vehicles	-	-	-	(109,611)	(109,611)
Total Accumulated Depreciation	(25,010,321)	(1,109,965)	-	(109,611)	(26,229,897)
Total Capital Assets Being Depreciated, Net	11,120,519	(275,590)	-	380,311	11,225,240
Total Governmental Activities Capital Assets, Net	\$ 11,557,984	\$ (275,590)	\$ -	\$ 380,311	\$ 11,662,705

**MARTHA'S VINEYARD REGIONAL HIGH SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5 CAPITAL ASSETS (CONTINUED)

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

Governmental Activities:		
Support Services: Administration	\$	3,582
Support Services: Building and Grounds		811,098
Support Services: Transportation		373,521
Support Services: Food/Other Instructional		31,375
Total Depreciation Expense - Governmental Activities	<u>\$</u>	<u>1,219,576</u>

NOTE 6 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Receivables and payables between funds at June 30, 2022 are summarized as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	
General Fund	Superintendent's Office	\$ 1,066,609	(1)
General Fund	2020 Electric Bus Grant	500,000	(2)
General Fund	Nonmajor Governmental funds	88,345	(2)
Total		<u>\$ 1,654,954</u>	

(1) Represents cash advances related to the operation of the Superintendent's Office

(2) Represents cash advances related to the purchase of electric buses and other activities.

Interfund transfers for the fiscal year ended June 30, 2022 are summarized as follows:

<u>Transfers Out</u>	<u>Transfers In</u>		
	<u>General Fund</u>	<u>Superintendent's Office</u>	<u>Total</u>
General Fund	\$ -	\$ 626,728	\$ 626,728 (1)
Nonmajor Governmental Funds	129,436	-	129,436 (2)
Total	<u>\$ 129,436</u>	<u>\$ 626,728</u>	<u>\$ 756,164</u>

(1) Represents transfer to the Superintendent's Office fund from the general fund for member assessments related to Superintendent operations.

(2) Represents various close out transfers from capital project funds to the general fund.

**MARTHA'S VINEYARD REGIONAL HIGH SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 7 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 anticipation notes (RAN) or tax anticipation notes (TAN).
- Capital project costs and other approved expenditures incurred prior to obtaining permanent financing through issuance of bond anticipation notes (BAN) or grant anticipation notes (GAN).

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

The District had no short-term debt activity for the fiscal year ended June 30, 2022.

NOTE 8 LONG-TERM OBLIGATIONS

The following represents a summary of changes that occurred in long-term obligations during the fiscal year ended June 30, 2022:

	Balance June 30, 2021	Increases	Decreases	GASB 87 Implementation	Balance June 30, 2022	Current Portion
Governmental Activities:						
Bonds and Notes Payable	\$ 540,000	\$ -	\$ (180,000)	\$ -	\$ 360,000	\$ 180,000
Unamortized Premium	26,400	-	(8,799)	-	17,601	8,799
Total Bonds and Notes Payable	<u>566,400</u>	<u>-</u>	<u>(188,799)</u>	<u>-</u>	<u>377,601</u>	<u>188,799</u>
Lease Liability	-	489,922	-	(121,646)	368,276	124,008
Compensated Absences	226,856	19,311	-	-	246,167	24,617
Wastewater Connection Payable	177,347	-	(29,560)	-	147,787	29,560
Total	<u>\$ 970,603</u>	<u>\$ 509,233</u>	<u>\$ (218,359)</u>	<u>\$ (121,646)</u>	<u>\$ 1,139,831</u>	<u>\$ 366,984</u>

The general fund liquidates the District's long-term liabilities.

NOTE 9 LONG-TERM DEBT

Details related to the District's outstanding indebtedness at June 30, 2022, and the future debt service requirements, are as follows:

Project	Maturity Date	Interest Rate	Outstanding at June 30, 2021	Issued	Redeemed	Outstanding June 30, 2022
High School Roof Repair	09/15/2023	3.00%	<u>\$ 540,000</u>	<u>\$ -</u>	<u>\$ (180,000)</u>	<u>\$ 360,000</u>

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

Fiscal Year	Principal	Interest	Total
2023	\$ 180,000	\$ 8,100	\$ 188,100
2024	180,000	2,700	182,700
Total	<u>\$ 360,000</u>	<u>\$ 10,800</u>	<u>\$ 370,800</u>

**MARTHA'S VINEYARD REGIONAL HIGH SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The District provides health and life insurance coverage for its retirees and their survivors (hereinafter referred to as the Plan) through an agent multiple-employer defined benefit OPEB plan. Chapter 32B of the MGL assigns authority to establish and amend benefit provisions. Changes to Plan design and contribution rates must be accomplished through the collective bargaining process.

Dukes County Pooled OPEB Trust Fund

The District is a member of the Dukes County Pooled OPEB Trust Fund (Trust). The purpose of the Trust is to accumulate resources to offset its members' unfunded OPEB liability. The Trust is governed by a board of trustees comprised of an appointed member from each governmental unit. Member/Employer contributions to the trust are irrevocable and all investment income (losses) is retained by the Trust. Although the assets of the Trust are commingled for investment purposes, each member's assets may only be used for the reimbursement of OPEB to members of that plan, in accordance with the terms of the plan.

Benefits Provided

The District provides health and life insurance coverage for its retirees and survivors. Benefits are provided through the Cape Cod Municipal Health Group, and the full cost of benefits is shared between the District and Retirees.

The number of participants as of June 30, 2022 is as follows:

Active Employees	214
Inactive Employees Currently Receiving Benefit Payments	129
Total	<u>343</u>

Contributions

The contribution requirements of Plan members and the District are established and may be amended by the District. The required health insurance contribution rates of Plan members and the District are 25% and 75%, respectively. The Plan members contribute 25% and the District contributes 75%, respectively, towards a \$5,000 term life insurance premium. Except for amounts transferred to the Trust, the District currently contributes enough money to the Plan to satisfy current obligations on a pay-as-you-go basis.

Net OPEB Liability

The District's net OPEB liability of \$37,959,764 was measured as of June 30, 2022 and was determined by an actuarial valuation as of July 1, 2020 that was rolled forward to the June 30, 2022 measurement date.

**MARTHA'S VINEYARD REGIONAL HIGH SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Actuarial Assumptions

The total OPEB liability in the July 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.40%
Discount Rate	4.33%
Healthcare Cost Trend Rates	7% for 2020, decreasing 0.4% per year to an ultimate rate of 5.4%, then grading down to an ultimate trend rate of 4%, utilizing the society of Actuaries Getzen Medical Trend Model. The ultimate medical inflation rate is reached in 2075.
Pre-Retirement Mortality - General Employees	RP-2014 Blue Collar Mortality Table, projected with generational mortality improvement using scale MP-2018.
Post-Retirement Mortality - General Employees	RP-2014 Blue Collar Mortality Table, projected with generational mortality improvement using scale MP-2018.
Pre-Retirement Mortality - Teachers	PUB-2010 Teachers headcount-weighted mortality table, base year 2010, projected with generational mortality using scale MP-2020.
Post-Retirement Mortality - Teachers	PUB-2010 Teachers headcount-weighted mortality table, base year 2010, projected with generational mortality using scale MP-2020.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class include in the target asset allocation as of June 30, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Cap Equity	35%	5.08%
Mid Cap Equity	10%	5.06%
Small Cap Equity	10%	4.89%
International Equity	15%	6.09%
Real Estate	10%	2.65%
Fixed Income	20%	1.36%
Totals	100%	

**MARTHA'S VINEYARD REGIONAL HIGH SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Discount Rate

The discount rate used to measure the total OPEB liability was 4.33%. The projection of cash flows used to determine the discount rate assumed that contributions from the District will be made in accordance with the Plan's funding policy. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be insufficient to make all projected benefit payments of current Plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to the first 22 periods of projected future benefit payments and the 3.54% municipal bond rate was applied to all periods thereafter to determine the total OPEB liability.

Changes in the Net OPEB Liability

	Total OPEB Liability (a)	Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance - June 30, 2021	\$ 58,433,944	\$ 6,035,062	\$ 52,398,882
Changes for the Year:			
Service Cost	3,004,055	-	3,004,055
Interest	1,422,415	-	1,422,415
Benefit Payments	(1,302,079)	(1,302,079)	-
Changes of Assumptions or Other Inputs	(17,302,560)	-	(17,302,560)
Contributions - Employer	-	2,289,793	(2,289,793)
Net Investment Income	-	(726,765)	726,765
Net Changes	<u>(14,178,169)</u>	<u>260,949</u>	<u>(14,439,118)</u>
Balance - June 30, 2022	<u>\$ 44,255,775</u>	<u>\$ 6,296,011</u>	<u>\$ 37,959,764</u>

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

The following presents the net OPEB liability calculated using the discount rate of 4.33%, as well as what the net OPEB liability would be if it were calculated using a discount rate one percentage point lower (3.33%) or one percentage point higher (5.33%) than the current rate:

	1% Decrease (3.33%)	Current Discount Rate (4.33%)	1% Increase (5.33%)
Net OPEB Liability	\$ 45,502,154	\$ 37,959,764	\$ 31,950,526

**MARTHA'S VINEYARD REGIONAL HIGH SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability calculated using the current healthcare cost trend rates, as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates one percentage point lower or one percentage point higher than the current rate:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Net OPEB Liability	\$ 30,866,999	\$ 37,959,764	\$ 47,063,518

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

For the year ended June 30, 2022, the District recognized OPEB expense of \$3,649,039.

At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 1,815,827	\$ 795,644
Changes of Assumptions	9,423,357	17,066,036
Net Difference Between Projected and Actual Earnings on OPEB Trust Investments	423,111	-
Total	\$ 11,662,295	\$ 17,861,680

The amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ (359,655)
2024	(195,332)
2025	(605,245)
2026	(1,864,029)
2027	(2,835,860)
Thereafter	(339,264)
Total	\$ (6,199,385)

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in a separately issued Dukes County Pooled OPEB Trust audited financial statement. The financial report can be obtained at http://dukescounty.org/Pages/DukesCountyMA_OPEB.

**MARTHA'S VINEYARD REGIONAL HIGH SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 11 WASTEWATER CONNECTION PAYABLE

During fiscal year 2010, the District executed a written agreement for wastewater services with the Town of Oak Bluffs Wastewater Commission (Commission). Among other things, the agreement provided for the construction of a wastewater collection pipe and pump stations from the Commission's Wastewater Treatment Facilities (Facility) to the District. The agreement also provides for the Commission to intercept, accept, transmit, treat, and dispose of wastewater collected by the District. The District's share of the costs associated with the wastewater connection totaled \$443,387, plus interest equaling the Commission's long-term borrowing rate associated with the connection. The amount is payable by the District over the life of the debt issued by the Commission to fund the project.

The District's obligation related to the wastewater connection is as follows at June 30, 2022:

<u>Years</u>	<u>Amounts Representing Principal</u>	<u>Amounts Representing Interest</u>	<u>Total</u>
2023	\$ 29,560	\$ 4,803	\$ 34,363
2024	29,560	3,842	33,402
2025	29,560	2,882	32,442
2026	29,560	1,921	31,481
2027	29,547	960	30,507
Totals	<u>\$ 147,787</u>	<u>\$ 14,408</u>	<u>\$ 162,195</u>

NOTE 12 FUND BALANCES

The constraints on fund balances as listed in aggregate in the governmental funds balance sheet are detailed as follows:

	<u>General</u>	<u>Superintendent's Office</u>	<u>2020 Electic Bus Grant</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Restricted for:					
Member Towns	\$ 61,304	\$ -	\$ -	\$ -	\$ 61,304
Buildings and Grounds	-	-	-	124,857	124,857
Special Education	-	-	-	318,007	318,007
Vocational	-	-	-	44,818	44,818
Other	-	-	-	805,741	805,741
Performing Arts Center	-	-	-	40,425	40,425
Community services	-	-	-	265,441	265,441
Capital Bus Purchase	-	-	-	1,747	1,747
Subtotal - Restricted	<u>61,304</u>	<u>-</u>	<u>-</u>	<u>1,601,036</u>	<u>1,662,340</u>
Committed to:					
Subsequent Year's Expenditures	963,780	-	-	-	963,780
Capital Improvements	-	-	-	180,880	180,880
Subtotal - Committed	<u>963,780</u>	<u>-</u>	<u>-</u>	<u>180,880</u>	<u>1,144,660</u>
Assigned to:					
Other	614,270	-	-	-	614,270
Unassigned	<u>1,877,186</u>	<u>(96)</u>	<u>(500,000)</u>	<u>(44,216)</u>	<u>1,332,874</u>
Total Fund Balance	<u>\$ 3,516,540</u>	<u>\$ (96)</u>	<u>\$ (500,000)</u>	<u>\$ 1,737,700</u>	<u>\$ 4,754,144</u>

**MARTHA'S VINEYARD REGIONAL HIGH SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 13 RISK FINANCING

The District 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 District carries commercial insurance. The amount of claims settlements has not exceeded insurance coverage in any of the previous three fiscal years.

The District participates in a health insurance risk pool administered by the Cape Cod Municipal Health Group (Group). The Group offers a variety of premium based plans to its members with each participating governmental unit charged a premium for coverage based on rates established by the Group. The District is obligated to pay the Group its required premiums and, in the event the Group is terminated, its proportionate share of a deficit, should one exist.

NOTE 14 PENSION PLAN – DUKES COUNTY CONTRIBUTORY RETIREMENT SYSTEM

General Information about the Pension Plan

Plan Description

Excluding schoolteachers and certain administrators, employees of the District deemed eligible by the Dukes County Contributory Retirement System (DCCRS) are provided with pensions through the DCCRS – a cost-sharing multiple employer defined benefit pension plan administered by the DCCRS. Membership in the DCCRS is mandatory immediately upon the commencement of employment for all permanent, full-time employees. Part-time, provisional, temporary, seasonal, or intermittent employees who are regularly employed for an average of at least 20 hours per week, minimum of 520 hours and have completed six months of service must also become members of the DCCRS.

Benefits Provided

Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. The plan 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 those hired prior to April 2, 2012. 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, veteran status, cost of living adjustments, and group classification.

There are three classes of membership in the plan; Group 1, Group 2, and Group 4. Group 1 consists of general employees which includes clerical and administrative positions. Group 2 consists of positions that have been specified as hazardous. Lastly, Group 4 consists of police officers, firefighters, and other hazardous positions.

**MARTHA'S VINEYARD REGIONAL HIGH SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

**NOTE 14 PENSION PLAN – DUKES COUNTY CONTRIBUTORY RETIREMENT SYSTEM
(CONTINUED)**

General Information about the Pension Plan (Continued)

Benefits Provided (Continued)

Members normally become vested after 10 years of creditable service. However, if hired prior to 1978, a superannuation retirement allowance may be received at age 55 with no vesting requirement. If hired after January 1, 1978, and before April 2, 2012, a superannuation retirement allowance may be received upon the completion of 20 years of service or upon reaching age 55 with 10 years of service. A person who became a member after April 2, 2012 is eligible for a superannuation retirement allowance upon reaching age 60 with 10 years of service in Group 1, 55 years of age with 10 years of service in Group 2 or age 55 in Group 4. Normal retirement for most employees occurs at age 65 (except for certain hazardous duty and public safety positions whose normal retirement age is 55).

A retirement allowance consists of two parts: an annuity and a pension. A member's accumulated total deductions and the interest they generate constitute the annuity. The differential between the total retirement benefit and the annuity is the pension.

Members who become permanently and totally disabled for further duty may be eligible to receive a disability retirement allowance. The amount of benefits to be received in such cases is dependent on several factors, including whether or not the disability is work related, the member's age, years of creditable service, level of compensation, veterans' status, and group classification.

Survivor benefits are extended to eligible beneficiaries of members whose death occurs prior to or following retirement.

Contributions

Chapter 32 of the MGL assigns authority to establish and amend contribution requirements of the plan. Employers are required to pay an actuarially determined annual appropriation. The total 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 plan's funding schedule, and additional appropriations in accordance with adopted early retirement incentive programs. The pension fund appropriations are allocated amongst employers based on covered payroll. Active member employees contribute between 5% and 11% of their gross regular compensation. The percentage rate is keyed to the date upon which an employee's membership commences. Members hired on or after January 1, 1979, contribute an additional 2% of annual regular compensation in excess of \$30,000. Any cost-of-living adjustments granted between 1981 and 1997 and any increase in other benefits imposed by the Commonwealth of Massachusetts' state law during those years are the responsibility of the Commonwealth and deposited into the Pension Fund. Cost-of-living adjustments granted after 1997 must be approved by the DCCRS and are the responsibility of the DCCRS. Contributions to the pension plan from the District were \$694,019 for the year ended June 30, 2022.

**MARTHA'S VINEYARD REGIONAL HIGH SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

**NOTE 14 PENSION PLAN – DUKES COUNTY CONTRIBUTORY RETIREMENT SYSTEM
(CONTINUED)**

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

At June 30, 2022, the District reported a liability of \$715,548 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020, and rolled forward to the plan's measurement date of December 31, 2021. The District's proportion of the net pension liability is a blended rate of the proportionate share of active employer's covered payroll, direct charges for early retirement incentives, and the direct amortization of the actuarial determined net pension liability for employer members that no longer have active covered payroll. At December 31, 2021 and 2020, the District's proportion was 7.759% and 7.759% respectively.

For the year ended June 30, 2022, the District recognized pension expense of \$90,340. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 320,103	\$ 10,206
Changes of Assumptions	887,784	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	195,806	58,436
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	2,288,810
Total	\$ 1,403,693	\$ 2,357,452

The amount reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2022	\$ (208,699)
2023	(475,278)
2024	(207,603)
2025	(136,172)
2026	73,993
Total	\$ (953,759)

**MARTHA'S VINEYARD REGIONAL HIGH SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

**NOTE 14 PENSION PLAN – DUKES COUNTY CONTRIBUTORY RETIREMENT SYSTEM
(CONTINUED)**

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

Actuarial Assumptions.	The total pension liability was determined using the following actuarial assumptions:
Inflation Rate:	2.4% per year
Salary Increases:	6% – 4.25% for general employees and 7% – 4.75% for public safety, depending on years of service
Mortality Rates:	Mortality rates are based on the RP-2014 Blue Collar Mortality Table with full generational mortality improvements using Scale MP-2020. For disabled members, the mortality rates were based on the RP-2014 Blue Collar Mortality Table set forward one year with full generational mortality improvement using Scale MP-2020.
Investment Rate of Return:	7.00%, net of pension plan investment expense, including inflation
Cost of Living Allowances:	3% of the pension amount, capped at \$420 per year.
Rate of Retirement:	Varies based upon age for general employees, police and fire employees

The pension plan's policy in regard to the allocation of invested assets in the Pension Reserves Investment Trust (PRIT) is established by the Pension Reserves Investment Management Board (PRIM). The policy with regard to the allocation of all other invested assets is established by the Massachusetts Teachers' Retirement Board. Plan assets are managed on a total return basis with a long-term objective of achieving 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.

**MARTHA'S VINEYARD REGIONAL HIGH SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

**NOTE 14 PENSION PLAN – DUKES COUNTY CONTRIBUTORY RETIREMENT SYSTEM
(CONTINUED)**

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

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, 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	30.00 %	9.10 %
International Equity	5.00	6.60
Fixed Income	10.00	2.20
Real Estate	5.00	6.80
PRIT Core	50.00	6.80
Totals	100.00 %	

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rates and that contributions from participating employers will be made in accordance with Sections 22D and 22F of Chapter 32 of the Massachusetts General Laws and 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 to 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 District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.00% as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's Proportionate Share of the Net Pension Liability	\$ 3,025,984	\$ 715,548	\$ (1,237,689)

Pension Plan Fiduciary Net Position.

Detailed information about the pension plan's fiduciary net position is available in the separately issued DCCRS financial report and can be found at <https://dukesretirement.com>.

**MARTHA'S VINEYARD REGIONAL HIGH SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 15 PENSION PLAN – MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM

General Information about the Pension Plan

Plan Description

Public school teachers and certain administrators are provided with pensions through the Massachusetts Teachers' Retirement System (MTRS), a cost-sharing multiple employer defined benefit pension plan administered by the Massachusetts Teachers' Retirement Board. The MTRS is part of the Commonwealth of Massachusetts' (Commonwealth) reporting entity and does not issue a stand-alone audited financial report. The MTRS is reported as a Pension Trust Fund in the Commonwealth's audited financial statements that can be obtained at <http://www.mass.gov/osc/publications-and-reports/financial-reports/cafr-reports.html>.

Benefits Provided

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

Members become vested after 10 years of creditable service. A superannuation retirement allowance may be received upon the completion of 20 years of creditable service or upon reaching the age of 55 with 10 years of service. Normal retirement for most employees occurs at age 65. Most employees who joined the system after April 1, 2012 cannot retire prior to age 60.

Contributions

The MTRS' funding policies have been established by Chapter 32 of the MGL. The Legislature has the authority to amend these policies. The annuity portion of the MTRS retirement allowance is funded by employees, who contribute a percentage of their regular compensation. Member contributions for MTRS vary depending on the most recent date of membership, ranging from 5%-11% of regular compensation. Members hired in 1979 or subsequent contribute an additional 2% of regular compensation in excess of \$30,000.

The Commonwealth is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers. Therefore, the District is considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and the Commonwealth is a nonemployer contributing entity in MTRS.

**MARTHA'S VINEYARD REGIONAL HIGH SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 15 PENSION PLAN – MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM

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

Since the District does not contribute directly to the MTRS, the District does not report a proportionate share of the net pension liability of the MTRS at June 30, 2021. The Commonwealth's net pension liability associated with the District was \$36,437,700.

The MTRS' net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2021, rolled forward to June 30, 2021.

For the year ended June 30, 2022, the District recognized pension expense \$2,923,974 *Actuarial assumptions*. The MTRS' total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of January 1, 2021, rolled forward to June 30, 2021. This valuation used the following assumptions:

Investment rate of return: 7.00%

Salary Increases: Salary increases are based on analyses of past experience but range from 4.0% to 7.5% depending on length of service

Mortality Rates: Pre-retirement – reflects Pub-2010 Teachers Employees mortality table (headcount weighted) projected generationally with Scale MP-2020 (gender distinct)

Post-retirement – reflects Pub-2010 Teachers Retirees mortality table (headcount weighted) projected generationally with Scale MP-2020 (gender distinct)

Disability – assumed to be in accordance with the Pub-2010 Teachers Retirees mortality table (headcount weighted) projected generationally with Scale MP-2020 (gender distinct)

Other: 3.5% interest rate credited to the annuity savings fund

Cost of Living: 3.0% annually of first \$13,000

**MARTHA'S VINEYARD REGIONAL HIGH SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

**NOTE 15 PENSION PLAN – MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM
(CONTINUED)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and
Deferred Inflows of Resources Related to Pensions (Continued)**

Investment assets of the MTRS are with the Pension Reserves Investment Trust (PRIT) Fund. 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 rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage. Best estimates of geometric rates of return for each major asset class included in the PRIT Fund's target asset allocation as of June 30, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	39 %	4.8 %
Core Fixed Income	15	0.3
Private Equity	13	7.8
Real Estate	10	3.7
Value Added Fixed Income	8	3.9
Portfolio Completion Strategies	11	2.9
Timber/Natural Resources	4	4.3
Totals	<u>100 %</u>	

Discount Rate

The discount rate used to measure the MTRS' total pension liability was 7.00%, a decrease from the previous year discount rate of 7.15%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the Commonwealth's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rates. Based on those assumptions, the 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.

Pension Plan Fiduciary Net Position

Detailed information about the MTRS' fiduciary net position is available in the Commonwealth's audited financial statements at <http://www.mass.gov/osc/publications-and-reports/financial-reports/cafr-reports.html>.

**MARTHA'S VINEYARD REGIONAL HIGH SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 16 LEASES

The District entered into lease agreements as lessee for the acquisition and use of school buses. An initial lease liability was recorded in the amount of \$489,922. As of June 30, 2022, the value of the lease liability was \$368,276. The lease has an interest rate of 4.75%. Right-to-use assets acquired through the lease and accumulated amortization is disclosed in Note 5.

The future minimum lease payments under lease agreements are as follows:

<u>Year Ending June 30.</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 124,008	\$ 12,672	\$ 136,680
2024	130,028	6,651	136,679
2025	114,240	1,362	115,602
Total	<u>\$ 368,276</u>	<u>\$ 20,685</u>	<u>\$ 388,961</u>

NOTE 17 CONTINGENCIES

Various legal actions and claims are pending against the District. 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, 2022, cannot be ascertained, management believes any resulting liability should not materially affect the financial position of the District at June 30, 2022.

The District participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of the Uniform Guidance through June 30, 2022, these programs are still 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 the District expects such amounts, if any, to be immaterial.

NOTE 18 COMMITMENTS

Significant commitments include the encumbrances outstanding for the general fund, which totaled \$614,270 at June 30, 2022.

**MARTHA'S VINEYARD REGIONAL HIGH SCHOOL DISTRICT
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (NON-GAAP BUDGETARY BASIS)
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2022
(SEE INDEPENDENT AUDITORS' REPORT)**

	Prior Year Encumbrances and Continuing Appropriations		Supplemental Appropriations and Transfers		Final Budget	Actual	Current Year Encumbrances and Continuing Appropriations	Actual and Encumbrances and Continuing Appropriations	Variance Positive/ (Negative)
	Original Budget								
REVENUES									
Member Town Assessments	\$ -	\$ 19,943,858	\$ -	\$ 19,943,858	\$ 19,039,100	\$ -	\$ 19,039,100	\$ (904,758)	
User Fees	-	1,341,902	-	1,341,902	1,251,472	-	1,251,472	(90,430)	
Intergovernmental:									
State Aid - Foundation	-	2,875,680	-	2,875,680	2,897,790	-	2,897,790	22,110	
State Aid - Transportation	-	355,991	-	355,991	675,536	-	675,536	319,545	
State Aid - Charter School Assessment Reimbursement	-	38,747	-	38,747	156,975	-	156,975	118,228	
Other State and Federal Grants	-	-	-	-	80,948	-	80,948	80,948	
Departmental and Other	-	113,457	-	113,457	104,116	-	104,116	(9,341)	
Investment Income	-	58,899	-	58,899	10,050	-	10,050	(48,849)	
Total Revenues	-	24,728,534	-	24,728,534	24,215,987	-	24,215,987	(512,547)	
EXPENDITURES									
Current:									
Instruction:									
Regular	35,528	5,947,467	20,464	6,003,459	5,909,626	48,976	5,958,602	44,857	
Special Education	39,463	2,047,847	10,001	2,097,311	2,055,462	-	2,055,462	41,849	
Vocational	7,098	683,523	2,249	692,870	650,561	21,626	672,187	20,683	
Other	2,963	93,532	10,500	106,995	98,861	604	99,465	7,530	
Support Services:									
Pupil	88,148	1,768,972	47,208	1,904,328	1,780,015	13,165	1,793,180	111,148	
Instructional	-	2,284,113	(55,822)	2,228,291	1,660,069	76,807	1,736,876	491,415	
Administration	89,869	1,527,043	(100,800)	1,516,112	1,344,996	86,423	1,431,419	84,693	
Business	33,600	130,692	-	164,292	159,547	279	159,826	4,466	
Buildings and Grounds	182,217	1,892,211	84,752	2,159,180	1,849,468	191,170	2,040,638	118,542	
Transportation	18,091	2,367,621	(18,552)	2,367,160	1,997,521	175,220	2,172,741	194,419	
Food	-	87,827	-	87,827	87,827	-	87,827	-	
Pension Benefits	-	376,096	-	376,096	395,568	-	395,568	(19,472)	
Employee Benefits	-	4,123,147	-	4,123,147	4,089,540	-	4,089,540	33,607	
Property and Liability Insurance	-	379,137	-	379,137	424,538	-	424,538	(45,401)	
State Assessments:									
Charter School	-	743,509	-	743,509	912,601	-	912,601	(169,092)	
School Choice	-	21,980	-	21,980	26,589	-	26,589	(4,609)	
Debt Service - Principal	-	180,000	-	180,000	180,000	-	180,000	-	
Debt Service - Interest	-	13,500	-	13,500	13,500	-	13,500	-	
Total Expenditures	496,977	24,668,217	-	25,165,194	23,636,289	614,270	24,250,559	914,635	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(496,977)	60,317	-	(436,660)	579,698	(614,270)	(34,572)	402,088	
OTHER FINANCING SOURCES (USES)									
Transfers In	-	-	-	-	129,438	-	129,438	129,438	
Transfers Out	-	(660,317)	-	(660,317)	(626,728)	-	(626,728)	33,589	
Total Other Financing Sources (Uses)	-	(660,317)	-	(660,317)	(497,290)	-	(497,290)	163,027	
NET CHANGE IN FUND BALANCE	(496,977)	(600,000)	-	(1,096,977)	82,408	(614,270)	(531,862)	565,115	
Fund Balance - Beginning of Year	3,434,134	3,434,134	3,434,134	3,434,134	3,434,134	-	3,434,134	-	
FUND BALANCE - END OF YEAR	\$ 2,937,157	\$ 2,834,134	\$ 3,434,134	\$ 2,337,157	\$ 3,516,542	\$ (614,270)	\$ 2,902,272	\$ 565,115	

**MARTHA'S VINEYARD REGIONAL HIGH SCHOOL DISTRICT
SUPERINTENDENT'S OFFICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (NON-GAAP BUDGETARY BASIS)
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2022
(SEE INDEPENDENT AUDITORS' REPORT)**

	Prior Year Encumbrances and Continuing Appropriations	Original Budget	Supplemental Appropriations and Transfers	Final Budget	Actual	Current Year Encumbrances and Continuing Appropriations	Actual and Encumbrances and Continuing Appropriations	Variance Positive/ (Negative)
REVENUES								
Member Town Assessments	\$ -	\$ 6,751,353	\$ -	\$ 6,751,353	\$ 6,367,690	\$ -	\$ 6,367,690	\$ (383,663)
EXPENDITURES								
Support Services:								
Administration		\$ 7,411,670	\$ -	\$ 7,411,670	6,994,222	-	6,994,222	417,448
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(660,317)	-	(660,317)	(626,532)	-	(626,532)	33,785
OTHER FINANCING SOURCES (USES)								
Transfers In	-	660,317	-	660,317	626,728	-	626,728	(33,589)
NET CHANGE IN FUND BALANCE								
Fund Balance - Beginning of Year	-	-	-	-	196	-	196	196
FUND BALANCE - END OF YEAR	(292)	(292)	(292)	(292)	(292)	-	(292)	-
	\$ (292)	\$ (292)	\$ (292)	\$ (292)	\$ (96)	\$ -	\$ (96)	\$ 196

**MARTHA'S VINEYARD REGIONAL HIGH SCHOOL DISTRICT
PENSION PLAN SCHEDULES
JUNE 30, 2022
(SEE INDEPENDENT AUDITORS' REPORT)**

**SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
DUKES COUNTY RETIREMENT SYSTEM (1) (2)**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's Proportion of the Net Pension Liability	7.759%	7.759%	8.018%	8.018%	8.013%	8.013%	7.815%	7.815%
District's Proportionate Share of the Net Pension Liability	\$ 715,548	\$ 1,852,804	\$ 2,288,053	\$ 4,005,543	\$ 2,658,008	\$ 3,679,816	\$ 3,071,249	\$ 2,816,902
District's Covered Payroll	\$ 4,280,646	\$ 3,991,393	\$ 3,967,504	\$ 4,021,969	\$ 3,030,651	\$ 4,352,501	\$ 3,747,609	\$ 3,603,470
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	16.72%	46.42%	57.67%	99.59%	87.70%	84.54%	81.95%	78.17%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	96.41%	89.76%	86.73%	75.54%	82.43%	74.21%	75.61%	76.17%

(1) Amounts presented were determined as of December 31 of the applicable fiscal year.

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

**SCHEDULE OF DISTRICT CONTRIBUTIONS
DUKES COUNTY RETIREMENT SYSTEM (1)**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially Required Contribution	\$ 694,019	\$ 679,029	\$ 639,989	\$ 589,733	\$ 561,650	\$ 532,791	\$ 563,118	\$ 562,657
Contributions in Relation to the Actuarially Required Contribution	<u>(694,019)</u>	<u>(679,029)</u>	<u>(639,989)</u>	<u>(589,733)</u>	<u>(561,650)</u>	<u>(532,791)</u>	<u>(563,118)</u>	<u>(562,657)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 4,280,646	\$ 3,991,393	\$ 3,967,504	\$ 4,021,969	\$ 3,121,571	\$ 3,691,576	\$ 4,050,055	\$ 3,675,540
Contributions as a Percentage of Covered Payroll	16.21%	17.01%	16.13%	14.66%	17.99%	14.43%	13.90%	15.31%

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

**MARTHA'S VINEYARD REGIONAL HIGH SCHOOL DISTRICT
PENSION PLAN SCHEDULES (CONTINUED)
JUNE 30, 2022
(SEE INDEPENDENT AUDITORS' REPORT)**

**SCHEDULE OF SPECIAL FUNDING AMOUNTS OF THE NET PENSION LIABILITY
MASSACHUSETTS TEACHERS RETIREMENT SYSTEM (1) (2)**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's Share of the Net Pension Liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Commonwealth's Share of the District's Net Pension Liability	<u>36,437,700</u>	<u>45,876,969</u>	<u>40,460,398</u>	<u>36,883,900</u>	<u>35,503,723</u>	<u>35,313,894</u>	<u>32,607,635</u>	<u>24,388,902</u>
Total	<u>\$ 36,437,700</u>	<u>\$ 45,876,969</u>	<u>\$ 40,460,398</u>	<u>\$ 36,883,900</u>	<u>\$ 35,503,723</u>	<u>\$ 35,313,894</u>	<u>\$ 32,607,635</u>	<u>\$ 24,388,902</u>
District's Expense and Revenue Recognized for the Commonwealth's support	\$ 2,923,974	\$ -	\$ 3,737,649	\$ 3,737,649	\$ 3,705,627	\$ 3,602,249	\$ 2,664,769	\$ 2,664,769
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.03%	50.67%	53.95%	54.84%	54.25%	52.73%	55.38%	61.54%

(1) Amounts presented were determined as of June 30 of the prior fiscal year.

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

**MARTHA'S VINEYARD REGIONAL HIGH SCHOOL DISTRICT
OPEB SCHEDULE
JUNE 30, 2022
(SEE INDEPENDENT AUDITORS' REPORT)**

SCHEDULE OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITY AND RELATED RATIOS (1)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>Total OPEB Liability</u>					
Service Cost	\$ 3,004,055	\$ 3,147,372	\$ 2,214,229	\$ 1,804,094	\$ 1,913,080
Interest	1,422,415	1,331,270	1,584,599	1,409,617	1,281,217
Difference Between Expected and Actual Experience	-	2,697,295	-	(2,099,980)	-
Change of Benefit Terms	-	-	(1,423,089)	-	(34,086)
Changes of Assumptions	(17,302,560)	(3,138,323)	11,780,889	8,262,365	(2,114,840)
Benefit Payments	<u>(1,302,079)</u>	<u>(1,180,698)</u>	<u>(1,009,261)</u>	<u>(942,186)</u>	<u>(863,534)</u>
Net Change in Total Pension Liability	(14,178,169)	2,856,916	13,147,367	8,433,910	181,837
Total OPEB Liability - Beginning	<u>58,433,944</u>	<u>55,577,028</u>	<u>42,429,661</u>	<u>33,995,751</u>	<u>33,813,914</u>
Total OPEB Liability - Ending	<u><u>\$ 44,255,775</u></u>	<u><u>\$ 58,433,944</u></u>	<u><u>\$ 55,577,028</u></u>	<u><u>\$ 42,429,661</u></u>	<u><u>\$ 33,995,751</u></u>
<u>Plan Fiduciary Net Position</u>					
Contributions - Employer	\$ 2,289,793	\$ 2,139,012	\$ 2,100,575	\$ 1,780,969	\$ 1,352,317
Net Investment Income	(726,765)	1,217,245	125,684	121,356	66,859
Benefit Payments	<u>(1,302,079)</u>	<u>(1,180,698)</u>	<u>(1,009,261)</u>	<u>(942,186)</u>	<u>(863,534)</u>
Net Change in Plan Fiduciary Net Position	260,949	2,175,559	1,216,998	960,139	555,642
Plan Fiduciary Net Position - Beginning	<u>6,035,062</u>	<u>3,859,503</u>	<u>2,642,505</u>	<u>1,682,366</u>	<u>1,126,724</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 6,296,011</u></u>	<u><u>\$ 6,035,062</u></u>	<u><u>\$ 3,859,503</u></u>	<u><u>\$ 2,642,505</u></u>	<u><u>\$ 1,682,366</u></u>
Net OPEB Liability - Ending (a) - (b)	<u><u>\$ 37,959,764</u></u>	<u><u>\$ 52,398,882</u></u>	<u><u>\$ 51,717,525</u></u>	<u><u>\$ 39,787,156</u></u>	<u><u>\$ 32,313,385</u></u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	14.23%	10.33%	6.94%	6.23%	4.95%

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

**MARTHA'S VINEYARD REGIONAL HIGH SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022**

NOTE 1 BUDGETARY – GAAP RECONCILIATION

For budgetary financial reporting purposes, the Uniform Massachusetts Accounting System basis of accounting (established by the Commonwealth) is followed, which differs from the accounting principles generally accepted in the United States of America (GAAP) basis of accounting. A reconciliation of budgetary-basis to GAAP-basis results for the general fund for the fiscal year ended June 30, 2022 is presented below:

	Revenues	Expenditures	(OFU), Net	Balance
Budgetary Basis as Reported on the Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	\$ 24,215,987	\$ 24,250,559	\$ (497,290)	\$ 2,902,272
Adjustments:				
To Record Activity for MTRS On-Behalf Payments	2,923,974	2,923,974	-	-
To Record Encumbrances	-	(614,270)	-	614,270
To Record Leases	-	489,922	489,922	-
Rounding	-	-	(2)	(2)
Total Adjustments	2,923,974	2,799,626	489,920	614,268
GAAP Basis as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 27,139,961	\$ 27,050,185	\$ (7,370)	\$ 3,516,540

NOTE 2 OTHER POSTEMPLOYMENT BENEFITS

Changes of Assumptions

Amounts reported in 2021 reflect an adjustment of the discount rate from 2.29% as of June 30, 2020, to 2.34% as of June 30, 2021. Amounts reported in 2021 reflect an adjustment of the inflation rate from 2.4% as of June 30, 2020, to 2.2% as of June 30, 2021. Amounts reported in 2021 reflect an adjustment to the healthcare cost trend rate from 8% for 2018 decreasing .5% per year to an ultimate rate of 5.5% as of June 30, 2019, to 7% for 2020, decreasing 0.4% per year to 5.4%, then grading down to an ultimate trend rate of 4% utilizing the society of Actuaries Getzen Medical Trend Model. The ultimate medical inflation rate is reached in 2075. Additionally, amounts reported in 2021 reflect an adjustment of the mortality improvement scale for teachers from the White Collar Mortality Table, base year 2014, projected with generational mortality improvement using scale MP-2016 as of June 30, 2020, to the RP-2014 Blue Collar Mortality Table, projected with generational mortality improvement using scale MP-2018 as of June 30, 2021.

Amounts reported in 2022 reflect an adjustment of the discount rate from 2.34% as of June 30, 2021, to 4.33% as of June 30, 2022. Amounts reported in 2022 reflect an adjustment of the inflation rate from 2.2% as of June 30, 2021, to 2.4% as of June 30, 2022.