

COUNTY OF DUKES COUNTY, MASSACHUSETTS

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

(With Independent Auditors' Report Thereon)

COUNTY OF DUKES COUNTY, MASSACHUSETTS

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

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CBIZ CPAs P.C.

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Independent Auditors' Report

To the Honorable County Commissioners
County of Dukes County, Massachusetts

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Dukes County, Massachusetts (the "County"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America

Basis for 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 (*"Government Auditing Standards"*). 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 County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 16 to the financial statements, the beginning net position of the airport enterprise fund and business-type activities have been restated to correct an error under GASB Statement #100, *Accounting Changes and Error Corrections*. 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 County'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 County'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 County's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 August 3, 2026, on our consideration of the County'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 County'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 County's internal control over financial reporting and compliance.

CBIZ CPAs P.C.

Merrimack, New Hampshire
August 3, 2026

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Management's Discussion and Analysis

County of Dukes County, Massachusetts

Management's Discussion and Analysis

June 30, 2025

As management of the County of Dukes County, Massachusetts (County), we offer readers of these financial statements this narrative overview and analysis of the financial activities for the year ended June 30, 2025. We encourage readers to consider the information presented in this report. All amounts, unless otherwise indicated, are expressed in whole dollars.

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

Financial Highlights

- The County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the most recent year by $63.4 million (net position).
- The government-wide unrestricted net position totaled $8.4 million at the close of the current year, an increase of $3.0 million compared to the prior year.
- The County's general fund reports fund balance of $1.4 million at the close of the current year, an increase of $274,000 compared to the prior year. Total fund balance represents 77% of total general fund expenditures.
- The County contributed an additional $210,000 to the Dukes County Pooled Other Postemployment Benefits (OPEB) Trust Fund during the current year. The County's balance in the OPEB trust fund totaled $2.7 million at year-end.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. These basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The government-wide financial statements provide both long-term and short-term information about the County as a whole. The fund financial statements focus on the individual components of the County government, reporting the County's operations in more detail than the government-wide statements. Both presentations (government-wide and fund) allow the user to address relevant questions, broaden the basis of comparison and enhance the County's accountability. This report also contains required supplementary information in addition to the basic financial statements themselves.

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

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

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

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities include county commissioners, parking clerk, courthouse/ administrative/ senior services buildings, treasurer, registry of deeds, civil defense/ emergency management, health and human services, retiree postemployment benefits, veteran's agent, natural resources, COVID-19, senior services, interest, and other expenditures. The business-type activities include the activities of the airport operations.

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

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

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

The County adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the combined general fund and registry of deeds operations to demonstrate compliance with this budget.

Proprietary funds. The County maintains one type of proprietary fund.

Enterprise funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for its airport activities.

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

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by $63.4 million at the close of 2025, an increase of $7.7 million from the prior year.

Net position totaling $53.1 million reflects the investment in capital assets (e.g., land, construction in progress, land improvements, buildings, machinery and equipment, vehicles and infrastructure); less any related debt used to acquire those assets that are still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of its related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the net position, $2.0 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position totaled $8.4 million. The County has reported positive balances in all three categories of net position at the end of the current year.

Governmental Activities

The County's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources for governmental activities by $1.9 million at the close of 2025.

	2025	2024
Assets:		
Current assets	$ 4,116,240	$ 3,857,305
Capital assets, non depreciable	1,034,954	1,234,954
Capital assets, net of accumulated depreciation	1,606,876	1,376,825
Total assets	**6,758,070**	**6,469,084**
Deferred outflows of resources	**475,335**	**766,072**
Liabilities:		
Current liabilities (excluding debt)	1,822,917	1,921,943
Noncurrent liabilities (excluding debt)	1,945,207	2,447,537
Current debt	160,000	160,000
Noncurrent debt	-	160,000
Total liabilities	**3,928,124**	**4,689,480**
Deferred inflows of resources	**1,432,572**	**1,555,321**
Net position:		
Net investment in capital assets	2,481,830	2,291,779
Restricted	1,960,003	1,773,243
Unrestricted	(2,569,124)	(3,074,667)
Total net position	$ **1,872,709**	$ **990,355**

The governmental activities net position increased by $882,000 during the current year. The increase was primarily due to a $391,000 decrease in the net other postemployment benefits (OPEB) liability, net of the related deferred outflows and inflows of resources, as well as a $274,000 increase from general fund operations.

The governmental expenses totaled $4.5 million, of which $3.9 million (88%) was directly supported by program revenues consisting of charges for services and operating grants and contributions. General revenues totaled $1.4 million, primarily coming from town assessments and county deeds excise taxes.

County of Dukes County, Massachusetts

Management's Discussion and Analysis

June 30, 2025

	2025	2024
Program Revenues:		
Charges for services	$ 1,044,294	$ 1,152,360
Operating grants and contributions	2,878,932	3,158,485
Capital grants and contributions	-	200,000
General Revenues:		
Town assessments	835,261	742,968
County deeds excise tax	352,076	353,443
Nonrestricted grants and contributions	85,623	65,484
Unrestricted investment income	44,268	23,018
Other revenues	92,132	96,673
Total revenues	**5,332,586**	**5,792,431**
Expenses:		
County commissioners	292,813	286,549
Parking clerk	483,108	335,972
Courthouse/Administrative/Senior services buildings	338,105	269,612
Treasurer	359,509	299,825
Registry of deeds	431,792	549,213
Civil defense/emergency management	1,321	677
Health and human services	1,525,867	1,306,643
Retiree postemployment benefits	(304,996)	130,540
Veterans agent	99,024	84,668
Recreation	23,487	81,614
COVID-19	461,505	436,232
Senior services	667,889	1,063,669
Interest	6,834	10,833
Other expenditures	94,474	113,989
Total expenses	**4,480,732**	**4,970,036**
Excess before transfers	**851,854**	**822,395**
Transfers	**30,500**	**(384,921)**
Change in net position	**882,354**	**437,474**
Net position, beginning of year	**990,355**	**552,881**
Net position, end of year	$ **1,872,709**	$ **990,355**

Business-Type Activities

The County's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources for business-type activities by $61.5 million at the close of 2025.

	2025	(Restated) 2024
Assets:		
Current assets	$ 24,479,145	$ 17,327,596
Noncurrent assets (excluding capital)	27,482,575	28,843,866
Capital assets, non depreciable	12,744,075	12,099,190
Capital assets, net of accumulated depreciation	41,603,773	37,928,238
Total assets	**106,309,568**	**96,198,890**
Deferred outflows of resources	**729,969**	**1,136,520**
Liabilities:		
Current liabilities (excluding debt)	3,869,813	871,667
Noncurrent liabilities (excluding debt)	5,575,508	5,885,092
Current debt	245,109	1,815,235
Noncurrent debt	3,512,450	-
Total liabilities	**13,202,880**	**8,571,994**
Deferred inflows of resources	**32,305,164**	**34,008,915**
Net position:		
Net investment in capital assets	50,590,289	48,212,193
Unrestricted	10,941,204	6,542,308
Total net position	$ **61,531,493**	$ **54,754,501**

The business-type net position increased by $6.8 million during the current year. The increase was primarily due to a $2.6 million increase in the operating fund, a $4.9 million increase in the fuel fund (before transfers) and the recognition of $1.6 million of capital contributions. These increases were offset by $3.0 million of depreciation expense. The business-type expenses totaled $13.9 million, which was supported by $18.9 million (136%) of program revenues consisting of charges for services, operating grants and contributions and capital grants and contributions.

During 2025, the County identified and corrected an error related to the recognition of capital grant revenue in the 2024 financial statements for loan proceeds received from the Massachusetts Clean Water Trust in the subsequent fiscal year. In accordance with GASB Statement #100, *Accounting Changes and Error Corrections*, the County has restated the beginning net position of the airport enterprise fund and the business-type activities. Please refer to Note 16 for additional information.

	2025	(Restated) 2024
Program Revenues:		
Charges for services	$ 17,068,853	$ 14,617,327
Operating grants and contributions	269,585	70,347
Capital grants and contributions	1,595,746	2,710,487
General Revenues:		
Unrestricted investment income	820,046	553,768
Interest income	950,282	997,178
Total revenues	**20,704,512**	**18,949,107**
Expenses:		
Airport	13,897,020	13,787,151
Excess before transfers	**6,807,492**	**5,161,956**
Transfers	**(30,500)**	**384,921**
Change in net position	**6,776,992**	**5,546,877**
Net position, beginning of year - as restated	**54,754,501**	**49,207,624**
Net position, end of year	$ **61,531,493**	$ **54,754,501**

Financial Analysis of the Governmental Funds

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

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

As of the end of the current year, governmental funds reported combined ending fund balances of $2.3 million, of which $1.4 million is reported in the general fund and $911,000 is reported in the nonmajor governmental funds. Cumulatively there was an increase of $366,000 in fund balances from the prior year.

The general fund is the chief operating fund. At the end of the current year, unassigned fund balance of the general fund totaled $285,000 while $1.0 million was restricted for economic development, registry of deeds operations and opioid addition prevention, and $74,000 was assigned for encumbrances and the subsequent year budget. Unassigned fund balance represents 16% of general fund expenditures while

total fund balance represents 77% of general fund expenditures. The general fund experienced an increase of $274,000 during the current year as a result of budgetary surplus.

General Fund Budgetary Highlights

The original 2025 approved budget for the general fund (including the registry of deeds) authorized $2.3 million in appropriations. During 2025, the County approved budget reductions totaling $23,000 for various County functions. The County also authorized appropriation carryforwards totaling $43,000.

The County experienced an operating surplus of $274,000 which is primarily due to revenues exceeding the budget by $23,000, and expenditures coming in under budget by $421,000. These increases were offset by transfers in that were under budget by $216,000. The budget variances for expenditures and transfers in primarily relate to registry of deeds operations.

Capital Asset and Debt Administration

Capital Assets. The County's investment in capital assets for its governmental and business-type activities as of June 30, 2025, amounts to $57.0 million (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, buildings and improvements, machinery and equipment and infrastructure.

The governmental activities had current year fixed asset additions totaling $125,000, which related to building improvements. The business-type activities had current year fixed asset additions totaling $7.3 million which primarily includes additions to construction in progress, buildings and improvements, and machinery and equipment.

Debt Administration. The governmental activities report outstanding long-term debt of $160,000 at year-end, which is scheduled to be paid in fiscal year 2026. The business-type activities report $3.8 million of outstanding long-term direct borrowing debt at year-end, which relates to the Water Pollution Abatement Bond issued through the Massachusetts Clean Water Trust (MCWT) during fiscal year 2025.

Please refer to the notes to the financial statements for further information regarding the major capital and debt activity.

Requests for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County Treasurer, 9 Airport Road, Suite 2, Vineyard Haven, Massachusetts, 02568.

Basic Financial Statements

County of Dukes County, Massachusetts

Statement of Net Position

June 30, 2025

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT:			
Cash and cash equivalents	$ 3,878,410	$ 5,733,848	$ 9,612,258
Investments	-	13,332,697	13,332,697
Receivables, net of allowance for uncollectibles:			
Departmental and other	234,283	870,277	1,104,560
Leases	-	2,718,295	2,718,295
Intergovernmental	-	1,723,266	1,723,266
Inventory	-	91,107	91,107
Other assets	3,547	9,655	13,202
Total current assets	4,116,240	24,479,145	28,595,385
NONCURRENT:			
Receivables, net of allowance for uncollectibles:			
Leases	-	27,482,575	27,482,575
Capital assets, nondepreciable	1,034,954	12,744,075	13,779,029
Capital assets, net of accumulated depreciation	1,606,876	41,603,773	43,210,649
Total noncurrent assets	2,641,830	81,830,423	84,472,253
TOTAL ASSETS	6,758,070	106,309,568	113,067,638
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	425,429	651,551	1,076,980
Deferred outflows related to other postemployment benefits	49,906	78,418	128,324
TOTAL DEFERRED OUTFLOWS OF RESOURCES	475,335	729,969	1,205,304
LIABILITIES			
CURRENT:			
Warrants payable	390,727	3,469,963	3,860,690
Accrued payroll	41,362	76,281	117,643
Accrued interest	1,167	49,065	50,232
Liabilities due depositors	-	115,504	115,504
Other liabilities	240,485	-	240,485
Unearned revenue	1,125,176	-	1,125,176
Customer deposits payable	-	55,000	55,000
Compensated absences	24,000	104,000	128,000
Bonds payable	160,000	245,109	405,109
Total current liabilities	1,982,917	4,114,922	6,097,839
NONCURRENT:			
Compensated absences	73,000	311,000	384,000
Net pension liability	1,042,501	1,596,609	2,639,110
Net other postemployment benefits liability	829,706	3,667,899	4,497,605
Bonds payable	-	3,512,450	3,512,450
Total noncurrent liabilities	1,945,207	9,087,958	11,033,165
TOTAL LIABILITIES	3,928,124	13,202,880	17,131,004
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to lease receivables	-	30,200,870	30,200,870
Deferred inflows related to pensions	65,059	99,638	164,697
Deferred inflows related to other postemployment benefits	1,367,513	2,004,656	3,372,169
TOTAL DEFERRED INFLOWS OF RESOURCES	1,432,572	32,305,164	33,737,736
NET POSITION			
Net investment in capital assets	2,481,830	50,590,289	53,072,119
Restricted for:			
Economic development	235,069	-	235,069
Registry of deeds	834,688	-	834,688
Other purposes	890,246	-	890,246
Unrestricted	(2,569,124)	10,941,204	8,372,080
TOTAL NET POSITION	$ 1,872,709	$ 61,531,493	$ 63,404,202

See notes to basic financial statements.

County of Dukes County, Massachusetts

Statement of Activities

Year June 30, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue
Primary Government:					
Governmental Activities:					
County commissioners	$ 292,813	$ -	$ -	$ -	$ (292,813)
Parking clerk	483,108	526,132	-	-	43,024
Courthouse/Administrative/Senior services buildings	338,105	221,367	-	-	(116,738)
Treasurer	359,509	-	-	-	(359,509)
Registry of deeds	431,792	174,086	25,990	-	(231,716)
Civil defense/emergency management	1,321	-	-	-	(1,321)
Health and human services	1,525,867	13,480	1,353,314	-	(159,073)
Retiree postemployment benefits	(304,996) (A)	-	-	-	304,996
Veterans agent	99,024	-	-	-	(99,024)
Natural resources	23,487	67,976	-	-	44,489
COVID-19	461,505	-	608,427	-	146,922
Senior services	667,889	21,356	889,884	-	243,351
Interest	6,834	-	-	-	(6,834)
Other	94,474	19,897	1,317	-	(73,260)
Total Governmental Activities	4,480,732	1,044,294	2,878,932	-	**(557,506)**
Business-Type Activities:					
Airport	13,897,020	17,068,853	269,585	1,595,746	**5,037,164**
Total Primary Government	$ 18,377,752	$ 18,113,147	$ 3,148,517	$ 1,595,746	$ **4,479,658**

(A) Represents a decrease in the net other postemployment benefits (OPEB) liability, net of related deferred outflows and inflows of resources.

See notes to basic financial statements.

County of Dukes County, Massachusetts

Statement of Activities (Continued)

Year June 30, 2025

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Changes in net position:			
Net (expense) revenue from previous page.....	$ **(557,506)**	$ **5,037,164**	$ **4,479,658**
General revenues:			
Town assessments.....	835,261	-	835,261
County deeds excise tax.....	352,076	-	352,076
Grants and contributions not restricted to specific programs.....	85,623	-	85,623
Unrestricted investment income.....	44,268	820,046	864,314
Interest income.....	-	950,282	950,282
Miscellaneous.....	92,132	-	92,132
Transfers, net	30,500	(30,500)	-
Total general revenues and transfers.....	1,439,860	1,739,828	3,179,688
Change in net position.....	882,354	6,776,992	7,659,346
Net position:			
Beginning of year, as previously reported.....	990,355	56,696,825	57,687,180
Adjustment - error correction.....	-	(1,942,324)	(1,942,324)
Beginning of year, as restated.....	990,355	54,754,501	55,744,856
End of year.....	$ 1,872,709	$ 61,531,493	$ 63,404,202

See notes to basic financial statements.

County of Dukes County, Massachusetts

Governmental Funds
Balance Sheet

June 30, 2025

	General	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	$ 1,510,545	$ 2,367,865	$ 3,878,410
Receivables, net of uncollectibles:			
Departmental and other	233,509	774	234,283
Other assets	3,547	-	3,547
TOTAL ASSETS	$ 1,747,601	$ 2,368,639	$ 4,116,240
LIABILITIES			
Warrants payable	$ 94,055	$ 296,672	$ 390,727
Accrued payroll	24,299	17,063	41,362
Other liabilities	221,562	18,923	240,485
Unearned revenue	-	1,125,176	1,125,176
TOTAL LIABILITIES	339,916	1,457,834	1,797,750
FUND BALANCES			
Restricted	1,049,198	910,805	1,960,003
Assigned	73,835	-	73,835
Unassigned	284,652	-	284,652
TOTAL FUND BALANCES	1,407,685	910,805	2,318,490
TOTAL LIABILITIES AND FUND BALANCES	$ 1,747,601	$ 2,368,639	$ 4,116,240

See notes to basic financial statements.

County of Dukes County, Massachusetts

Reconciliation of the Governmental Funds Balance Sheet Total Fund Balances to the Statement of Net Position

June 30, 2025

Total governmental fund balances		$ 2,318,490
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds		2,641,830
The statement of net position includes certain deferred inflows of resources and deferred outflows of resources that will be amortized over future periods. In governmental funds, these amounts are not deferred		(957,237)
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due		(1,167)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Bonds payable	(160,000)	
Net pension liability	(1,042,501)	
Net other postemployment benefits liability	(829,706)	
Compensated absences	(97,000)	
Net effect of reporting long-term liabilities		(2,129,207)
Net position of governmental activities		$ 1,872,709

See notes to basic financial statements.

County of Dukes County, Massachusetts

Statement of Revenues, Expenditures and Changes in Fund Balance

Year Ended June 30, 2025

	General	Parking Clerk	Senior Services	County Capital Projects	Other Special Revenue	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:							
Town assessments - County tax	$ 667,261	$ -	$ -	$ -	$ -	$ -	667,261
Town assessments - debt service	168,000	-	-	-	-	-	168,000
Town assessments - senior services	-	-	-	-	-	791,479	791,479
Town assessments - health and human services	-	-	-	-	-	694,185	694,185
Town assessments - substance use disorder prevention	-	-	-	-	-	49,111	49,111
State grants	-	-	-	-	-	743,058	743,058
Cape and island license plates	105,520	-	-	-	-	-	105,520
Property rental	241,367	-	-	-	-	-	241,367
Registry of deeds	154,086	-	-	-	-	378,066	532,152
Natural resources	67,976	-	-	-	-	-	67,976
Parking fines	8,663	-	-	-	-	517,469	526,132
Intergovernmental - COVID-19 relief	-	-	-	-	-	608,427	608,427
Investment income	25,642	-	-	-	-	18,626	44,268
Miscellaneous	93,410	-	-	-	-	240	93,650
TOTAL REVENUES	1,531,925	-	-	-	-	3,800,661	5,332,586
EXPENDITURES:							
Current:							
County commissioners	294,583	-	-	-	-	-	294,583
Parking clerk	-	-	-	-	-	476,778	476,778
Courthouse/Administrative/Senior services buildings	303,353	-	-	-	-	-	303,353
Treasurer	343,790	-	-	-	-	-	343,790
Registry of deeds	454,287	-	-	-	-	14,726	469,013
Civil defense/emergency management	1,321	-	-	-	-	-	1,321
Health and human services	2,498	-	-	-	-	1,236,793	1,239,291
Retiree postemployment benefits	63,484	-	-	-	-	10,000	73,484
Veterans agent	102,598	-	-	-	-	838	103,436
Natural resources	18,645	-	-	-	-	4,842	23,487
Senior services	-	-	-	-	-	806,474	806,474
COVID-19	-	-	-	-	-	462,681	462,681
Other	82,641	-	-	-	-	148,959	231,600
Debt service:							
Principal	160,000	-	-	-	-	-	160,000
Interest	8,000	-	-	-	-	-	8,000
TOTAL EXPENDITURES	1,835,200	-	-	-	-	3,162,091	4,997,291
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(303,275)	-	-	-	-	638,570	335,295
OTHER FINANCING SOURCES (USES):							
Transfers in	30,889	-	-	-	-	-	30,889
Transfers in - cost allocations	154,056	-	-	-	-	-	154,056
Transfers in - deeds excise	392,200	-	-	-	-	-	392,200
Transfers out	-	-	-	-	-	(130,889)	(130,889)
Transfers out - cost allocations	-	-	-	-	-	(23,556)	(23,556)
Transfers out - deeds excise	-	-	-	-	-	(392,200)	(392,200)
TOTAL OTHER FINANCING SOURCES (USES)	577,145	-	-	-	-	(546,645)	30,500
NET CHANGE IN FUND BALANCES	273,870	-	-	-	-	91,925	365,795
FUND BALANCES AT 6/30/24, AS PREVIOUSLY REPORTED	1,133,815	62,924	37,104	291,018	427,834	-	1,952,695
ADJUSTMENT - CHANGE FROM MAJOR TO NONMAJOR FUND	-	(62,924)	(37,104)	(291,018)	(427,834)	818,880	-
FUND BALANCES AT 6/30/24, AS ADJUSTED	1,133,815	-	-	-	-	818,880	1,952,695
FUND BALANCES AT END OF YEAR	$ 1,407,685	$ -	$ -	$ -	$ -	$ 910,805	2,318,490

See notes to basic financial statements.

County of Dukes County, Massachusetts

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

Ended June 30, 2025

Net change in fund balances - total governmental funds		$	365,795
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.			
Capital outlay	125,000		
Depreciation expense	(94,949)		
Net effect of reporting capital assets			30,051
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are unavailable and amortized in the Statement of Activities.			
Debt service principal payments			160,000
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.			
Net change in compensated absences accrual	(38,000)		
Net change in accrued interest on long-term debt	1,166		
Net change in deferred outflow/(inflow) of resources related to pensions	(80,105)		
Net change in net pension liability	52,467		
Net change in deferred outflow/(inflow) of resources related to other postemployment benefits	(87,883)		
Net change in net other postemployment benefits liability	478,863		
Net effect of recording long-term liabilities			326,508
Change in net position of governmental activities		$	882,354

See notes to basic financial statements.

County of Dukes County, Massachusetts

Proprietary Funds
Statement of Net Position

June 30, 2025

	Business-type Activities - Airport Enterprise Fund
ASSETS	
CURRENT:	
Cash and cash equivalents	$ 5,733,848
Investments	13,332,697
Receivables, net of allowance for uncollectibles:	
Departmental and other	870,277
Leases	2,718,295
Intergovernmental	1,723,266
Inventory	91,107
Other assets	9,655
Total current assets	24,479,145
NONCURRENT:	
Receivables, net of allowance for uncollectibles:	
Leases	27,482,575
Capital assets, non depreciable	12,744,075
Capital assets, net of accumulated depreciation	41,603,773
Total noncurrent assets	81,830,423
TOTAL ASSETS	106,309,568
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	651,551
Deferred outflows related to other postemployment benefits	78,418
TOTAL DEFERRED OUTFLOWS OF RESOURCES	729,969
LIABILITIES	
CURRENT:	
Warrants payable	3,469,963
Accrued payroll	76,281
Liabilities due depositors	115,504
Accrued interest	49,065
Customer deposits payable	55,000
Compensated absences	104,000
Bonds payable	245,109
Total current liabilities	4,114,922
NONCURRENT:	
Compensated absences	311,000
Net pension liability	1,596,609
Net other postemployment benefits liability	3,667,899
Bonds payable	3,512,450
Total noncurrent liabilities	9,087,958
TOTAL LIABILITIES	13,202,880
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to lease receivables	30,200,870
Deferred inflows related to pensions	99,638
Deferred inflows related to other postemployment benefits	2,004,656
TOTAL DEFERRED INFLOWS OF RESOURCES	32,305,164
NET POSITION	
Net investment in capital assets	50,590,289
Unrestricted	10,941,204
TOTAL NET POSITION	$ 61,531,493

See notes to basic financial statements.

County of Dukes County, Massachusetts

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

Year Ended June 30, 2025

	Business-type Activities - Airport Enterprise Fund
OPERATING REVENUES:	
Charges for services	$ 4,718,446
Intergovernmental	269,585
Fuel	9,329,103
Business park	2,508,962
Water revenue	320,551
Wastewater revenue	191,791
TOTAL OPERATING REVENUES	17,338,438
OPERATING EXPENSES:	
Cost of services and administration	3,213,256
Salaries and wages	2,586,216
Fuel	4,390,913
Wastewater facilities	539,866
Transportation security	125,846
Depreciation	2,991,858
TOTAL OPERATING EXPENSES	13,847,955
OPERATING INCOME	3,490,483
NONOPERATING REVENUES (EXPENSES):	
Investment income	820,046
Interest expense	(49,065)
Interest income - leases	950,282
TOTAL NONOPERATING REVENUES (EXPENSES), NET	1,721,263
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	5,211,746
CAPITAL CONTRIBUTIONS	1,595,746
TRANSFERS:	
Transfers in	100,000
Transfers out - cost allocations	(130,500)
TOTAL TRANSFERS	(30,500)
CHANGE IN NET POSITION	6,776,992
NET POSITION AT BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	56,696,825
ADJUSTMENT - ERROR CORRECTION	(1,942,324)
NET POSITION AT BEGINNING OF YEAR, AS RESTATED	54,754,501
NET POSITION AT END OF YEAR	$ 61,531,493

See notes to basic financial statements.

County of Dukes County, Massachusetts

Proprietary Funds
Statement of Cash Flows

Year Ended June 30, 2025

	Business-type Activities - Airport Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers and users	$ 16,956,779
Receipts from other governments	282,510
Payments to vendors	(8,395,963)
Payments to employees	(2,454,550)
NET CASH FROM OPERATING ACTIVITIES	6,388,776
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Transfers in	100,000
Transfers out	(130,500)
Interest income - leases	950,282
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES	919,782
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Proceeds from the issuance of bonds and notes	1,942,324
Capital contributions	1,679,869
Acquisition and construction of capital assets	(4,287,602)
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(665,409)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchases and sales of investments, net	(5,235,444)
Investment income	820,046
NET CASH FROM INVESTING ACTIVITIES	(4,415,398)
NET CHANGE IN CASH AND CASH EQUIVALENTS	2,227,751
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	3,506,097
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 5,733,848
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:	
Operating income	$ 3,490,483
Adjustments to reconcile operating income to net cash from operating activities:	
Depreciation	2,991,858
Deferred (outflows)/inflows related to pensions	100,309
Deferred (outflows)/inflows related to other postemployment benefits	162,366
Departmental and other	(112,090)
Intergovernmental	12,925
Inventory	118,952
Other assets	9,152
Warrants payable	(118,277)
Accrued payroll	12,666
Liabilities due depositors	16
Compensated absences	119,000
Net pension liability	(24,740)
Net other postemployment benefits liability	(373,844)
Total adjustments	2,898,293
NET CASH FROM OPERATING ACTIVITIES	$ 6,388,776
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:	
Acquisition of capital assets on account	$ 3,024,676
MCWT conversion of interim loan to permanent financings	3,757,559

See notes to basic financial statements.

County of Dukes County, Massachusetts

Notes to Basic Financial Statements

June 30, 2025

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

A. Reporting Entity

The County adheres to the County Manager form of government, MGL Chapter 34A Section 18, as voted by the citizens of the County in 1992. The County is governed by seven elected Commissioners and an Advisory Board on County Expenditures. The advisory board is comprised of a selectperson from each of the seven towns within the County.

The County operates the Martha's Vineyard Airport in accordance with MGL Chapter 90, Section 51E. The County Commissioners appoint the seven-member Airport Commission to three-year terms who exercise custody, care and management of the airport.

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

The County has entered into a joint venture with other municipalities to pool resources and share the costs, risks, and rewards of providing employee health insurance benefits to venture participants through the Cape Cod Municipal Health Group. The County's 2025 health insurance premiums totaled $666,000 of which the County contributes 90% for retirees and 75% for active employees. The County does not have an equity interest in the joint venture. Financial statements for the joint venture may be obtained by contacting the Cape Cod Municipal Health Group at 27 Midstate Office Park, Suite 204, Auburn, MA 01501.

The financial position and results of operations of the Dukes County Retirement System (the System) and the Martha's Vineyard Land Bank (MVLB) are not included in these basic financial statements, as they are not considered to be a part of the reporting entity. The financial statements for the System can be obtained by contacting the System at 9 Airport Road, Suite 1, Vineyard Haven, Massachusetts, 02568. The financial statements for the MVLB can be obtained by contacting the MVLB at 167 Main Street, Edgartown, Massachusetts, 02539.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The government-wide financial statements (i.e., statement of net position and statement of activities) report information on all of the activities of the primary government. *Governmental activities*, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which are supported primarily by user fees and charges.

Fund Financial Statements

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and displayed in a single column.

Major Fund Criteria

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

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

- If the total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding element for all governmental and enterprise funds combined.

Additionally, any other governmental or enterprise fund that management believes is particularly significant to the basic financial statements may be reported as a major fund.

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

Government-Wide Financial Statements

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

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

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

Taxes and other items not identifiable as program revenues are reported as general revenues.

For the most part, the effect of interfund activity has been removed from the government-wide financial statements. However, the effect of interfund services provided and used between functions is not eliminated as the elimination of these charges would distort the direct costs and program revenues reported for the functions affected.

Fund Financial Statements

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

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, and the amount is received within the availability period.

The following major governmental fund is reported:

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

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

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

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

Proprietary fund financial statements are reported using the flow of 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.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The following major proprietary fund is reported:

The *airport enterprise fund* is used to account for the general operations, construction, and capital acquisitions of the airport.

D. Cash and Investments

Government-Wide and Fund Financial Statements

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

E. Fair Value Measurements

The County reports required types of financial instruments in accordance with the fair value standards. Fair value is defined as the price that would be received to sell an asset or transfer a liability in an orderly transaction between market participants at the measurement date. These standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or valuation techniques) to determine fair value. Fair

value standards also require the government to classify these financial instruments into a three-level hierarchy, based on the priority of inputs to the valuation technique or in accordance with net asset value practical expedient rules, which allow for either Level 2 or Level 3 depending on lock up and notice periods associated with the underlying funds. Instruments measured and reported at fair value are classified and disclosed in one of the following categories:

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

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

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

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

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

F. Accounts Receivable

Government-Wide and Fund Financial Statements

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

Departmental and Other

Departmental and other receivables consist of various departmental revenues earned at year-end and received subsequent to year-end, net of any allowances for uncollectible accounts. Allowances for uncollectible accounts are estimated based upon historical trends and specific account analysis. In the current year the allowances for uncollectible accounts were determined to be immaterial therefore are not reported.

Intergovernmental

Various federal and state grants for operating and capital purposes are applied for and received annually. For non-expenditure driven grants, receivables are recorded as soon as all eligibility requirements imposed by the provider have been met. For expenditure driven grants, receivables are recorded when the qualifying expenditures are incurred and all other grant requirements are met. These receivables are considered 100% collectible and therefore do not report an allowance for uncollectible accounts.

Right-to-Use Lease Receivables

The airport is the lessor for leases of various airport assets. The receivable is reported at the present value of noncancellable future lease payments and is offset by a corresponding deferred inflow of resources. Revenue is recognized when earned.

G. Inventories

Government-Wide and Fund Financial Statements

Inventories of the governmental funds 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. Inventories of the airport enterprise fund are carried at weighted average cost.

H. Capital Assets

Government-Wide and Proprietary Fund Financial Statements

Capital assets, which include land, construction in progress, land improvements, buildings, machinery and equipment, and infrastructure (e.g., roads, sidewalks, and similar items), are reported in the applicable governmental or business-type activity column of the government-wide financial statements and proprietary fund financial statements. Capital assets are recorded at historical cost, or at estimated historical cost, if actual historical cost is not available. Donated capital assets are recorded at the estimated fair 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 and construction in progress) are depreciated on a straight-line basis. The estimated useful lives of capital assets are as follows:

Capital Asset Type	Estimated Useful Life (in years)
Land improvements	2-20
Buildings and improvements	20-40
Machinery and equipment	5-10
Vehicles	5
Infrastructure	20-50

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

Governmental Fund Financial Statements

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

I. Deferred Outflows/Inflows of Resources

Government-Wide Financial Statements

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

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has recorded deferred inflows of resources related to pensions, other postemployment benefits, and lease receivables in this category.

Fund Financial Statements

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

J. Interfund Receivables and Payables

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

Government-Wide Financial Statements

Transactions of a buyer/seller nature between and within governmental funds are eliminated from the governmental activities in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of net position as "internal balances."

Fund Financial Statements

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

K. Interfund Transfers

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

Government-Wide Financial Statements

Transfers between and within governmental funds are eliminated from the governmental activities in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of activities as "Transfers, net."

Fund Financial Statements

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

L. Net Position and Fund Balance

Government-Wide Financial Statements (Net Position)

Net position reported as "net investment in capital assets" includes capital assets, net of accumulated depreciation, less the principal balances of outstanding debt used to acquire capital assets. Unspent proceeds of capital related debt are not considered to be capital assets.

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:

"Economic development" represents outside restrictions placed on the revenue received from the sale of Cape & Islands license plates.

"Registry of deeds" and "other purposes" represent restrictions placed on assets from outside parties.

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

Fund Financial Statements (Fund Balances)

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

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

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

"Committed" fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. The Advisory Board on County Expenditures is the highest level of decision-making authority for the government that can, by adoption of a supplemental appropriation prior to the end of the year, commit fund balance. Once adopted, the limitation imposed by the supplemental appropriation remains in place until a similar action is taken to remove or revise the limitation.

"Assigned" fund balance includes amounts that are constrained by the County's intent to be used for specific purposes but are neither restricted nor committed. The Advisory Board may assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

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

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

M. Long-Term Debt

Government-Wide and Proprietary Fund Financial Statements

Long-term debt is reported as liabilities in the government-wide and proprietary fund statements of net position. Material bond premiums and discounts are deferred and 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 Fund Financial Statements

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

N. Investment Income

Investment income from special revenue funds and capital project funds is legally assigned to the general fund unless otherwise directed by Massachusetts General Law (MGL). Investment income from proprietary funds is voluntarily assigned and transferred to the general fund.

O. Compensated Absences

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

Government-Wide and Proprietary Fund Financial Statements

Vested or accumulated vacation and sick leave benefits are reported as liabilities and expensed for leave that has been earned by employees and is attributable to services already rendered, to the extent it is probable that the benefits will either be paid through cash settlements or taken as time off.

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 maturity of the liability.

P. Pension and Other Postemployment Benefits

Pension benefits are provided in accordance with the Dukes County Contributory Retirement System as further described in Note 11. Other postemployment benefits are provided in accordance with the Dukes County Pooled Other Postemployment Benefits Trust Fund as further described in Note 12.

For purposes of measuring the net pension and OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB and the related expenses, information about the fiduciary net position and the additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the applicable defined benefit plan. For this

purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Q. Use of Estimates

Government-Wide and Fund Financial Statements

The preparation of basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure for contingent assets and liabilities at the date of the basic financial statements and the reported amounts of the revenues and expenditures/expenses during the year. Actual results could vary from estimates that were used.

R. Total Column

Government-Wide Financial Statements

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

Fund Financial Statements

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

NOTE 2 – CASH AND INVESTMENTS

A cash and investment pool is maintained that is available for use by all funds. Each fund type's portion of this pool is displayed on the balance sheet as "Cash and Cash Equivalents."

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

The Pool meets the criteria of an external investment pool. The Pool is administered by the Massachusetts Municipal Depository Trust (MMDT), which was established by the Treasurer of the

Commonwealth of Massachusetts who serves as Trustee. The fair value of the position in the Pool is the same as the value of the Pool shares. MMDT is not rated.

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County's policy requires bank accounts and certificates of deposit with any public depository exceeding the amounts currently insured by the Federal Deposit Insurance Corporation (FDIC) or Depositors Insurance Fund (DIF) to be fully secured by obligations of the United States Government or its agencies. Such securities shall be delivered to the County or held by an independent third party. Substitution of collateral by the independent third party shall only be allowed with written approval of the County Treasurer. The fair value of the collateral shall at all times equal or exceed the principal amount of the accounts and certificates of deposit. Value of the collateral shall be monitored. The fair value shall be near the bid or closing price of the security as quoted in the Wall Street Journal or other recognized pricing source. The County Treasurer shall be authorized to sign for agreements with the custodial bank for the receipt of any pledged securities.

At year-end, the carrying amount of deposits totaled $5,210,929 and the bank balance totaled $5,820,797. Of the bank balance, $250,000 was covered by FDIC and $5,570,797 was collateralized. As of June 30, 2025, the County has $4,022,812 of money market mutual funds and $378,517 of MMDT (cash portfolio) which are presented as cash equivalents in the accompanying financial statements.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of a failure by the counterparty, the County will not be able to recover the value of its investments or collateral security that are in the possession of the outside party. At June 30, 2025, the County's investments in U.S. Treasury Securities of $13,332,697 have custodial credit risk exposure because the related securities are uninsured, unregistered and held by the counterparty.

Investments

As of June 30, 2025, the County had $13,332,697 of investments in U.S. Treasury Securities.

Interest Rate Risk

The County's policy to limit interest rate risk is to not allow investments with maturities longer than 36 months unless specifically recommended by the County Treasurer and approved by the Finance Committee. The County has investments of $13,332,697 in U.S. Treasury Securities that mature in under one year.

Credit Risk

The County has not adopted a formal policy related to credit risk.

Concentration of Credit Risk

The County's policy to limit concentration of credit risk is to not, at any one time, have on deposit in a bank or trust company an amount exceeding 60% of the capital and surplus of such company, unless satisfactory security is given to the County by such company for such excess.

Fair Value of Investments

The County holds investments that are measured at fair value on a recurring basis. Because investing is not a core part of the County's mission, the County determines that the disclosures related to these investments only need to be disaggregated by major type.

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

U.S. Treasury Securities are classified in Level 2 of the fair value hierarchy and are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

NOTE 3 – RECEIVABLES

At June 30, 2025, receivables for the individual major and nonmajor governmental funds, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Receivables:			
Departmental and other.....	$ 234,283	$ -	$ 234,283

At June 30, 2025, receivables for the airport enterprise fund consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Receivables:			
Intergovernmental	$ 1,723,266	$ -	$ 1,723,266
Departmental and other	870,277	-	870,277
Lease receivables	30,200,870	-	30,200,870
Total	$ 32,794,413	$ -	$ 32,794,413

NOTE 4 – RIGHT TO USE LEASE RECEIVABLES

The airport has several right to use lease agreements for business park property and aircraft storage. The airport also has several regulated leases for its terminal/airport gates which are not material to these financial statements. Under the lease agreements, the airport is scheduled to receive lease payments through 2043. In 2025, the airport recognized $3.7 million of lease revenue.

The future scheduled lease revenues as of June 30, 2025, are as follows:

	Business-Type Activities		
Years ending June 30:	Lease Revenues	Interest	Total
2026	$ 2,718,295	$ 868,853	$ 3,587,148
2027	2,552,222	789,574	3,341,796
2028	2,494,428	713,796	3,208,224
2029	2,422,888	639,944	3,062,832
2030	2,190,001	570,443	2,760,444
2031	2,075,454	506,310	2,581,764
2032 to 2035	7,888,481	1,424,287	9,312,768
2036 to 2039	5,414,216	601,564	6,015,780
2040 to 2043	2,444,885	103,774	2,548,659
Total future lease revenues	$ 30,200,870	$ 6,218,545	$ 36,419,415

The future minimum lease payments for leases regulated by the Federal Aviation Administration, and therefore excluded from leases receivable, are as follows:

Years ending June 30:	Lease Payments
2026	$ 392,224
2027	392,224
2028	392,224
2029	326,853
Total future lease revenues	$ 1,503,525

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2025, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets not being depreciated:				
Land	$ 1,034,954	$ -	$ -	$ 1,034,954
Construction in progress	200,000	-	(200,000)	-
Total capital assets not being depreciated	1,234,954	-	(200,000)	1,034,954
Capital assets being depreciated:				
Buildings and improvements	2,223,148	325,000	-	2,548,148
Machinery and equipment	95,926	-	-	95,926
Infrastructure	28,745	-	-	28,745
Total capital assets being depreciated	2,347,819	325,000	-	2,672,819
Less accumulated depreciation for:				
Buildings and improvements	(892,238)	(83,335)	-	(975,573)
Machinery and equipment	(61,032)	(10,405)	-	(71,437)
Infrastructure	(17,724)	(1,209)	-	(18,933)
Total accumulated depreciation	(970,994)	(94,949)	-	(1,065,943)
Total capital assets being depreciated, net	1,376,825	230,051	-	1,606,876
Total governmental activities capital assets, net	$ 2,611,779	$ 230,051	$ (200,000)	$ 2,641,830

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital assets not being depreciated:				
Land	$ 1,410,887	$ -	$ -	$ 1,410,887
Construction in progress	10,688,303	644,885	-	11,333,188
Total capital assets not being depreciated	12,099,190	644,885	-	12,744,075
Capital assets being depreciated:				
Land improvements	6,023,685	13,421	(16,800)	6,020,306
Buildings and improvements	29,856,334	5,359,536	-	35,215,870
Machinery and equipment	6,829,531	1,178,208	(135,500)	7,872,239
Infrastructure	40,110,077	116,228	-	40,226,305
Total capital assets being depreciated	82,819,627	6,667,393	(152,300)	89,334,720
Less accumulated depreciation for:				
Land improvements	(5,091,142)	(122,429)	16,800	(5,196,771)
Buildings and improvements	(12,836,275)	(748,803)	-	(13,585,078)
Machinery and equipment	(5,352,714)	(277,113)	135,500	(5,494,327)
Infrastructure	(21,611,258)	(1,843,513)	-	(23,454,771)
Total accumulated depreciation	(44,891,389)	(2,991,858)	152,300	(47,730,947)
Total capital assets being depreciated, net	37,928,238	3,675,535	-	41,603,773
Total business-type activities capital assets, net	$ 50,027,428	$ 4,320,420	$ -	$ 54,347,848

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

Governmental Activities:		
County commissioners	$	15,950
Treasurer		520
Registry of deeds		7,928
Health and human services		11,600
Courthouse/Administrative/Senior services buildings		34,752
Senior services		24,199
Total depreciation expense - governmental activities	$	94,949
Business-Type Activities:		
Airport	$	2,991,858

NOTE 6 –INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2025, are summarized as follows:

	Transfers In:			
Transfers Out:	General fund	Airport Enterprise fund	Total	
Nonmajor governmental funds	$ 446,645	$ 100,000	546,645	(1)
Airport enterprise fund	130,500	-	130,500	(2)
Total	$ 577,145	$ 100,000	$ 677,145	

(1) Represents transfer of the County share of deeds excise taxes to the general fund, cost allocation transfer from the parking clerk fund to the general fund, and transfer of ARPA interest to the general fund. Also represents transfer from the County ARPA fund to the airport enterprise fund.

(2) Represents cost allocation transfers from the airport enterprise fund to the general fund.

NOTE 7 – SHORT-TERM FINANCING

The County is authorized to borrow on a temporary basis to fund the following:

- Current operating costs prior to the collection of revenues through issuance of revenue or tax anticipation notes (RANs or TANs).
- Capital project costs and other approved expenditures incurred prior to obtaining permanent financing through issuance of bond anticipation notes (BANs), federal aid notes (FANs) or grant anticipation notes (GANs).

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

Details related to the County's short-term debt activity for the year ended June 30, 2025, are as follows:

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2024	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2025
Airport Enterprise Fund:							
BAN	MCWT Interim Loan Note…	0.00	06/30/25	$ 1,815,235	$ 1,942,324	$ (3,757,559)	$ -

NOTE 8 – LONG-TERM DEBT

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

Details related to the County's outstanding indebtedness at June 30, 2025, and the debt service requirements are as follows:

Bonds Payable Schedule – Governmental Funds

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2025
Land/Building purchase……	2026	$ 1,600,000	2.50 - 3.00	$ 160,000

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

Year	Principal	Interest	Total
2026.....	$ 160,000	$ 4,000	$ 164,000

Bonds Payable Schedule – Airport Enterprise Fund

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2025
MCWT CW-21-33.....	2045	$ 3,757,559	2.00	$ 3,757,559

Debt service requirements for principal and interest for airport enterprise fund direct borrowing bonds payable in future years are as follows:

Year	Principal	Interest	Total
2026.....	$ 245,109	$ 114,119	$ 359,228
2027.....	250,436	116,286	366,722
2028.....	255,878	111,278	367,156
2029.....	148,065	52,190	200,255
2030.....	151,283	49,620	200,903
2031.....	154,570	46,992	201,562
2032.....	157,930	44,310	202,240
2033.....	161,363	41,568	202,931
2034.....	164,869	38,766	203,635
2035.....	168,453	35,904	204,357
2036.....	172,114	32,980	205,094
2037.....	175,854	29,990	205,844
2038.....	179,676	26,938	206,614
2039.....	183,581	23,818	207,399
2040.....	187,571	20,632	208,203
2041.....	191,648	17,376	209,024
2042.....	195,813	14,048	209,861
2043.....	200,069	10,648	210,717
2044.....	204,417	7,174	211,591
2045.....	208,860	3,626	212,486
Total.....	$ 3,757,559	$ 838,263	$ 4,595,822

Changes in Long-Term Liabilities

During the year ended June 30, 2025, the following changes occurred in long-term liabilities:

	Beginning Balance	Bonds and Notes Issued	Bonds and Notes Redeemed	Other Increases	Other Decreases	Ending Balance	Due Within One Year
Governmental Activities:							
Long-term general obligation bonds payable…….	$ 320,000	$ -	$ (160,000)	$ -	$ -	$ 160,000	$ 160,000
Compensated absences…….....	59,000	-	-	53,000	(15,000)	97,000	24,000
Net pension liability…….....	1,094,968	-	-	185,960	(238,427)	1,042,501	-
Net other postemployment benefits liability……	1,308,569	-	-	279,591	(758,454)	829,706	-
Total governmental activity long-term liabilities…...	$ 2,782,537	$ -	$ (160,000)	$ 518,551	$ (1,011,881)	$ 2,129,207	$ 184,000
Business-Type Activities:							
Long-term direct borrowings payable…….....	$ -	$ 3,757,559	$ -	$ -	$ -	$ 3,757,559	$ 245,109
Compensated absences……	296,000	-	-	193,000	(74,000)	415,000	104,000
Net pension liability……	1,621,349	-	-	340,415	(365,155)	1,596,609	-
Net other postemployment benefits liability……	4,041,743	-	-	111,885	(485,729)	3,667,899	-
Total business-type activity long-term liabilities…..	$ 5,959,092	$ 3,757,559	$ -	$ 645,300	$ (924,884)	$ 9,437,067	$ 349,109

NOTE 9 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

GASB 54 provides for two major types of fund balances, which are nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund.

In addition to nonspendable fund balance, GASB 54 has provided a hierarchy of spendable fund balances, based on a hierarchy of spending constraints.

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

At June 30, 2025, the County has classified its fund balances within the following hierarchy:

	General	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances:			
Restricted for:			
Parking clerk	$ -	$ 80,605	$ 80,605
Senior services	-	141,870	141,870
County capital projects	-	163,519	163,519
Economic development	235,069	-	235,069
Opioid addiction prevention	6,492	-	6,492
Registry of deeds	807,637	27,051	834,688
Civil defense/emergency management	-	19,425	19,425
Health and human services	-	364,455	364,455
Veterans agent	-	31,798	31,798
Recreation	-	82,082	82,082
Assigned to:			
County commissioners	13,497	-	13,497
Courthouse/Administrative/Senior services buildings	4,400	-	4,400
Treasurer	17,300	-	17,300
Natural resources	590	-	590
Employee benefits	5,159	-	5,159
Fund balance used for subsequent year budget	32,889	-	32,889
Unassigned	284,652	-	284,652
Total Fund Balances	$ 1,407,685	$ 910,805	$ 2,318,490

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

At year-end, the balance of the general stabilization fund totaled $50,405 and is reported as unassigned fund balance within the general fund.

NOTE 10 – RISK FINANCING

Insurance

The County 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 County carries commercial insurance.

Health Benefits

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

Workers' Compensation

The County participates in a premium-based workers' compensation plan for all employees.

NOTE 11 – PENSION PLAN

*Plan Description*s

The County is a member of the Dukes County Contributory Retirement System (System), a cost-sharing multiple-employer defined benefit pension plan covering eligible employees of the 15 member units. The System is administered by five board members (Board) on behalf of all current employees and retirees. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. The audited financial report may be obtained by contacting the System at 9 Airport Road, Suite 1, Vineyard Haven, Massachusetts, 02568.

Benefits Provided

The System provides retirement, disability, survivor and death benefits to plan members and beneficiaries. Massachusetts Contributory Retirement System benefits are, with certain minor exceptions, uniform from system to system. The System provides retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. For persons who became members on or after April 2, 2012, average salary is the average annual rate of regular compensation received during the five consecutive years that produce the highest average, or, if greater, during the last five years (whether or not consecutive) preceding retirement. Benefit payments are based upon a member's age, length of creditable service, level of compensation, and group classification. Members become vested after ten years of creditable service. There are no reported changes in pension benefits as of December 31, 2024.

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

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

Contributions

Chapter 32 of the MGL governs the contributions of plan members and member units. Active plan members are required to contribute to the System at rates ranging from 5% to 9% of gross regular compensation with an additional 2% contribution required for compensation exceeding $30,000. The percentage rate is keyed to the date upon which an employee's membership commences. The member units are required to pay into the System a legislatively mandated actuarially determined contribution that is apportioned among the employers using an actuarial based methodology that allocates contributions to member units based on the member units' actuarially determined total liability at the beginning of the measurement period. The County's proportionate share of the required contribution equaled its actual contribution for the year ended December 31, 2024, and totaled $603,582 or 16.21% of covered payroll, actuarially determined as an amount that, when combined with plan member contributions, is expected to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability.

Pension Liabilities

At June 30, 2025, the County reported a liability of $2,639,110 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2024. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all participating members. At December 31, 2024, the County's proportion was 6.03%, which decreased from its 6.36% proportion measured at December 31, 2023.

Pension Expense

For the year ended June 30, 2025, the County recognized pension expense of $706,789. At June 30, 2025, the County reported deferred outflows of resources related to pensions of $1,076,980 and deferred inflows of resources related to pensions of $164,697.

The balances of deferred outflows and (inflows) of resources at June 30, 2025, consist of the following:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience	$ 410,595	$ (63,150)	$ 347,445
Net difference between projected and actual earnings	353,307	-	353,307
Changes in assumptions	184,532	-	184,532
Changes in proportion and proportionate share of contributions	128,546	(101,547)	26,999
Total deferred outflows/(inflows) of resources	$ 1,076,980	$ (164,697)	$ 912,283

The County's deferred outflows/(inflows) of resources related to pensions will be recognized in pension expense (benefit) as follows:

Year ended June 30:	
2026	$ 401,124
2027	570,965
2028	(103,263)
2029	41,894
2030	1,563
Total	$ 912,283

Actuarial Assumptions

The total pension liability in the January 1, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement that was updated to December 31, 2024:

Valuation date	January 1, 2024
Actuarial cost method	Individual entry age normal cost method.
Inflation rate	2.50% per year.
Projected salary increases	6.00% - 4.25% for group 1 and 2 employees and 7.00% - 4.75% for group 4 employees depending on year of service.
Payroll growth	3.25% per year.
Cost of living allowances	Cost of living adjustments ("COLA") are assumed to be 3.00% of the pension amount, capped at $450 per year.
Mortality Rates	Mortality rates were based on the RP-2014 Blue Collar Mortality Table with full generational mortality improvement 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 improvements using Scale MP-2020.
Investment rate of return/Discount rate	7.00%, net of pension plan investment expense, including inflation.

Investment policy

The pension plan's policy in regard to the allocation of assets invested in the Pension Reserves Investment Trust (PRIT) is established by the Pension Reserves Investment Management (PRIM) Board. The policy with regard to the allocation of all other invested assets is established and may be amended by the Board. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension plan.

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

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2024, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity.....	45.00%	4.50%
International equity.....	10.00%	5.19%
Real estate.....	15.00%	4.10%
Fixed income.....	20.00%	2.60%
Private equity.....	10.00%	7.80%
Total.....	100.00%	

Discount rate

The discount rate used to measure the total pension liability was 7.00% for the years ended December 31, 2024, and December 31, 2023. 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 of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
The County's proportionate share of the net pension liability.....	$ 4,691,928	$ 2,639,110	$ 905,373

Changes of Assumptions – None.

Changes in Plan Provisions – None.

NOTE 12 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

The County is a participant in the Dukes County Pooled Other Postemployment Benefits (OPEB) Trust Fund (the Plan), an agent multiple-employer defined benefit OPEB plan that covers retired employees and survivors of the Trust's member employers. The Trust was established on November 1, 2010, pursuant to Chapter 149 of the Acts of 2010, for the purpose of holding, managing and administering the funding of the unfunded liability of OPEB accrued by each member employers' participants.

The Plan is governed and managed by a 14-member board of trustees which are appointed by each participating member employer's board. The Plan issues publicly available audited financial statements.

During 2025, the County pre-funded future OPEB liabilities totaling $210,019 by contributing funds to the Plan in excess of the pay-as-you-go required contribution. As of June 30, 2025, the County's share of the net position of the Plan totaled $2,730,642.

Funding Policy

The required contribution is based on a pay-as-you-go financing requirement. The County contributes 90% and 75% of the cost of current-year health and life insurance premiums, respectively, for eligible retired plan members and their dependents. Plan members receiving benefits contribute the remaining 10% to 25% percent of their premium costs. During 2025, the County contributed $434,752 to the Plan.

Investment Policy

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

Employees Covered by Benefit Terms

The following table represents the Plan's membership as of June 30, 2025:

Active members	40
Inactive members currently receiving benefits	22
Total	62

Components of OPEB Liability

The following table represents the components of the County's OPEB liability as of June 30, 2025:

Total OPEB liability	$ 7,228,247
Less: OPEB plan's fiduciary net position	(2,730,642)
Net OPEB liability	$ 4,497,605
The OPEB plan's fiduciary net position as a percentage of the total OPEB liability	37.78%

Significant Actuarial Methods and Assumptions

The total OPEB liability in the July 1, 2024, actuarial valuation was determined by using the following assumptions, applied to all periods included in the measurement date, unless otherwise specified, that was updated to June 30, 2025:

Valuation date	July 1, 2024
Actuarial cost method	Entry Age Normal.
Asset valuation method	Fair value.
Discount rate	5.66%, net of investment expenses, including inflation.
Long-term expected rate of return	6.5%, net of investment expenses and including inflation at 2.5%.
Healthcare cost trend rate	8% for non-Medicare plans and 10% for Medicare plans in FY2025, decreasing 0.5% per year to 6%, then grading down to an ultimate trend rate of 4%, utilizing the Society of Actuaries Getzen Medical Trend Model. The ultimate medical trend rate is reached in 2075.
Inflation rate	2.5% per year, based on current economic data, analyses from economists and other experts, and professional judgment.

Payroll growth……	3.5% per year.
Pre-retirement/Healthy retiree mortality….....	RP-2014 Blue Collar Mortality Table, projected with generational mortality improvement using scale MP-2020.
Disabled retiree mortality….....	RP-2014 Blue Collar Mortality Table set forward one year with full generational mortality improvement using Scale MP-2020.

Rate of Return

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 allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2025, are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large cap equity……	37.00%	4.34%
Mid cap equity……	11.00%	4.47%
Small cap equity……	11.00%	4.47%
International equity……	16.00%	4.66%
Real estate……	10.00%	3.72%
Fixed income……	15.00%	2.25%
Total……	100.00%	

Discount Rate

The discount rate used to measure the total OPEB liability was 5.66% for the July 1, 2024, actuarial valuation, previously 4.40% for the July 1, 2022, actuarial valuation. The projection of cash flows used to determine the discount rate assumed that contributions from the County 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 25 periods of projected future benefit payments and the 5.2% municipal bond rate was applied to all periods thereafter to determine the total OPEB liability. The 5.2% municipal bond rate was based on the Bond Buyer 20-Bond General Obligation Municipal Bond Index as of June 30, 2025.

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2024	$ 7,572,381	$ 2,222,069	$ 5,350,312
Changes for the year:			
Service cost	404,704	-	404,704
Interest	346,047	-	346,047
Differences between expected and actual experience	(660,488)	-	(660,488)
Changes of assumptions	(209,664)	-	(209,664)
Net investment income	-	298,554	(298,554)
Employer contributions	-	434,752	(434,752)
Benefit payments	(224,733)	(224,733)	-
Net change	(344,134)	508,573	(852,707)
Balances at June 30, 2025	$ 7,228,247	$ 2,730,642	$ 4,497,605

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

The following presents the net OPEB liability calculated using the current discount rate of 5.66%, as well as what the net OPEB liability would be if it were calculated using a discount rate 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (4.66%)	Current Discount Rate (5.66%)	1% Increase (6.66%)
Net OPEB liability	$ 5,525,615	$ 4,497,605	$ 3,663,707

Sensitivity of the Net OPEB Liability to Changes in 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 trend rates 1-percentage point lower or 1-percentage point higher than the current healthcare cost trend rates.

	1% Decrease	Current Trend	1% Increase
Net OPEB liability.....	$ 3,552,615	$ 4,497,605	$ 5,681,099

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

For the year ended June 30, 2025, the County recognized OPEB expense/(income) of $(167,706). At June 30, 2025, the County reported deferred outflows of resources related to OPEB of $128.324 and deferred inflows of resources related to OPEB of $3,372.169, from the following sources:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	$ -	$ (1,653,166)	$ (1,653,166)
Changes in assumptions.....	128,324	(1,557,668)	(1,429,344)
Net difference between projected and actual earnings.....	-	(161,335)	(161,335)
Total deferred outflows of resources.....	$ 128,324	$ (3,372,169)	$ (3,243,845)

Amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense/(income) as follows:

Measurement date year ended June 30:	
2026.....	$ (981,098)
2027.....	(992,511)
2028.....	(660,098)
2029.....	(390,725)
2030.....	(153,230)
2031.....	(66,183)
Total.....	$ (3,243,845)

Changes of Assumptions

The discount rate increased from 4.40% as of June 30, 2024, to 5.66% as of June 30, 2025. In addition, the healthcare trend rates were updated in the July 1, 2024 valuation.

Changes in Plan Provisions

The Medicare plan "Tufts Medicare Supplement with PDP Plus" is no longer offered to retirees. Because only one retiree participating in the Plan was covered by this plan there was no material effect on the medical claims cost.

NOTE 13 – CONTINGENCIES

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

Various legal actions and claims are pending. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any, at June 30, 2025, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2025.

NOTE 14 – COMMITMENTS

The general fund has various commitments outstanding for goods and services related to encumbrances totaling $43,000.

NOTE 15 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 3, 2026, which is the date the financial statements were available to be issued.

NOTE 16 – RESTATEMENT OF NET POSITION AND CHANGES WITHIN THE REPORTING ENTITY

Restatement

During fiscal year 2025, the County determined that the airport enterprise fund and business-type activities incorrectly reported an intergovernmental receivable and capital contribution/grant revenue in the prior year in relation to loan proceeds from the Massachusetts Clean Water Trust (MCWT). Such activity should be accounted for as an increase to its debt rather than to revenue. The County compounded this issue by recording this entry in fiscal 2024 when the corresponding draw down occurred in fiscal 2025. Therefore, intergovernmental receivables and capital contribution/grant revenues were overstated by $1,942,324. The effect of correcting this error is shown in the table below:

	Airport Enterprise Fund - Business-type Activities		
	Balance Reported as of June 30, 2024	Error Correction	Restated Balance as of June 30, 2024
Assets:			
Intergovernmental receivable….....	$ 3,762,638	$ (1,942,324)	$ 1,820,314
Net position:			
Total net position….....	$ 56,696,825	$ (1,942,324)	$ 54,754,501
Capital Contributions….....	$ 4,655,198	$ (1,942,324)	$ 2,712,874

Changes Within Reporting Entity

The County reviewed its fund classifications against the major fund reporting criteria established by Governmental Accounting Standards Board (GASB) Statement #34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, and determined that the Parking Clerk fund, Senior Services fund, County Capital Projects fund and Other Special Revenue fund, which were previously reported as major funds, no longer meet the quantitative criteria for required major fund reporting in fiscal year 2025 and therefore have been reclassified as nonmajor governmental funds in fiscal 2025.

The effects of these reclassifications are reflected in the accompanying financial statements in accordance with GASB Statement #100, *Accounting Changes and Error Corrections*. The reclassifications did not impact the total fund balance/net position or change in fund balance/net position of the County.

The impact of the fund reclassifications are as follows:

	Reporting Units Impacted by Adjustment to Beginning Fund Balances				
	Parking Clerk	Senior Services	County Capital Projects	Other Special Revenue	Nonmajor Governmental Funds
June 30, 2024, as previously reported….	$ 62,924	$ 30,714	$ 291,018	$ 434,224	$ -
Adjustment - change from major fund to nonmajor fund…..	(62,924)	(30,714)	(291,018)	(434,224)	818,880
June 30, 2024, as adjusted….	$ -	$ -	$ -	$ -	$ 818,880

NOTE 17 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During 2025, the following GASB pronouncements were implemented:

- GASB Statement #101, *Compensated Absences*. The basic financial statements and related notes were updated to be in compliance with this pronouncement. The County has evaluated the impact of implementing GASB 101 and determined that the effect on the financial statements is not material. As a result, the County implemented GASB 101 at the beginning of the year.

- GASB Statement #102, *Certain Risk Disclosures*. This pronouncement did not impact the basic financial statements.

The following GASB pronouncements will be implemented in the future:

- The GASB issued Statement #103, *Financial Reporting Model Improvements,* which is required to be implemented for fiscal year 2026.

- The GASB issued Statement #104, *Disclosure of Certain Capital Assets*, which is required to be implemented for fiscal year 2026.

- The GASB issued Statement #105, *Subsequent Events*, which is required to be implemented for fiscal year 2027.

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

Required Supplementary Information

County of Dukes County, Massachusetts

General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual

Year Ended June 30, 2025

	Budgeted Amounts				
	Original Budget	Final Budget	Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
REVENUES:					
Town assessments - County tax	$ 667,261	$ 667,261	$ 667,261	$ -	$ -
Town assessments - debt service	168,000	168,000	168,000	-	-
Cape and island license plates	93,952	93,952	105,520	-	11,568
Property rental	252,546	256,914	241,367	-	(15,547)
Registry of deeds	185,000	155,000	154,086	-	(914)
Natural resources	75,500	75,500	67,976	-	(7,524)
Parking fines	3,000	3,000	8,663	-	5,663
Investment income	2,000	2,000	25,642	-	23,642
Miscellaneous	54,230	86,658	93,410	-	6,752
TOTAL REVENUES	1,501,489	1,508,285	1,531,925	-	23,640
EXPENDITURES:					
Current:					
County commissioners	325,931	312,770	294,583	13,497	4,690
Courthouse/Administrative/Senior services buildings	308,190	324,011	303,353	4,400	16,258
Treasurer	428,622	386,619	343,790	17,300	25,529
Registry of deeds	828,783	830,793	454,287	2,000	374,506
Civil defense/emergency management	2,467	2,467	1,321	-	1,146
Health and human services	3,200	3,200	2,498	-	702
Veterans agent	101,059	115,000	102,598	-	12,402
Natural resources	20,439	20,439	18,645	590	1,204
Employee benefits	70,033	70,234	63,484	5,159	1,591
Other	65,880	82,694	82,641	-	53
Debt service:					
Principal	160,000	160,000	160,000	-	-
Interest	8,000	8,000	8,000	-	-
TOTAL EXPENDITURES	2,322,604	2,316,227	1,835,200	42,946	438,081
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(821,115)	(807,942)	(303,275)	(42,946)	461,721
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	30,889	-	30,889
Transfers in - cost allocations	129,000	119,000	154,056	-	35,056
Transfers in - deeds excise	692,115	674,125	392,200	-	(281,925)
TOTAL OTHER FINANCING SOURCES (USES)	821,115	793,125	577,145	-	(215,980)
NET CHANGE IN FUND BALANCE	-	(14,817)	273,870	(42,946)	245,741
BUDGETARY FUND BALANCE, Beginning of year	1,083,410	1,083,410	1,083,410	-	-
BUDGETARY FUND BALANCE, End of year	$ 1,083,410	$ 1,068,593	$ 1,357,280	$ (42,946)	$ 245,741

See notes to required supplementary information.

Pension Plan Schedules – County

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

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

County of Dukes County, Massachusetts

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

Dukes County Contributory Retirement System

Year	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered payroll	Net pension liability as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
December 31, 2024……	6.03%	$ 2,639,110	$ 3,651,089	72.28%	85.27%
December 31, 2023……	6.36%	2,716,317	3,235,888	83.94%	84.69%
December 31, 2022……	6.36%	3,511,687	2,818,348	124.60%	79.22%
December 31, 2021……	6.56%	604,984	2,714,555	22.29%	96.41%
December 31, 2020……	6.56%	1,566,515	2,668,808	58.70%	89.76%
December 31, 2019……	7.00%	1,998,237	2,567,730	77.82%	86.73%
December 31, 2018……	7.00%	3,498,182	2,245,135	155.81%	75.54%
December 31, 2017……	7.55%	2,505,209	2,856,428	87.70%	82.43%
December 31, 2016……	7.55%	3,468,277	2,044,480	169.64%	74.21%
December 31, 2015……	8.06%	3,165,961	2,133,835	148.37%	75.61%

See notes to required supplementary information.

County of Dukes County, Massachusetts

Schedule of the County's Contributions

Dukes County Contributory Retirement System

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
June 30, 2025	$ 603,582	$ (603,582)	-	$ 3,724,111	16.21%
June 30, 2024	595,618	(595,618)	-	3,300,606	18.05%
June 30, 2023	624,927	(624,927)	-	2,874,715	21.74%
June 30, 2022	601,356	(601,356)	-	2,741,701	21.93%
June 30, 2021	537,719	(537,719)	-	2,722,184	19.75%
June 30, 2020	513,828	(513,828)	-	2,619,085	19.62%
June 30, 2019	499,684	(499,684)	-	2,290,038	21.82%
June 30, 2018	475,890	(475,890)	-	2,913,557	16.33%
June 30, 2017	436,984	(436,984)	-	2,085,370	20.95%
June 30, 2016	381,256	(381,256)	-	2,176,512	17.52%

See notes to required supplementary information.

Other Postemployment Benefit Plan Schedules

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

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

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

County of Dukes County, Massachusetts

Schedule of the Changes in the County's Net OPEB Liability and Related Ratios

Other Postemployment Benefit Plan

	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023	June 30, 2024	June 30, 2025
Total OPEB Liability									
Service cost	$ 342,568	$ 301,243	$ 330,289	$ 507,923	$ 741,178	$ 708,275	$ 486,214	$ 430,413	$ 404,704
Interest	285,191	313,794	328,781	364,938	288,993	282,899	381,635	312,171	346,047
Changes of benefit terms	-	(8,833)	-	(337,801)	-	-	-	-	-
Differences between expected and actual experience	-	-	349,306	-	(1,389,686)	-	(1,855,994)	-	(660,488)
Changes of assumptions	(576,049)	190,641	2,331,407	1,643,929	416,982	(2,663,968)	(205,120)	(470,840)	(209,664)
Benefit payments	(236,184)	(255,164)	(318,349)	(251,348)	(235,642)	(313,230)	(266,698)	(224,891)	(224,733)
Net change in total OPEB liability	(184,474)	541,681	3,021,434	1,927,641	(178,175)	(1,986,024)	(1,459,963)	46,853	(344,134)
Total OPEB liability - beginning	5,843,408	5,658,934	6,200,615	9,222,049	11,149,690	10,971,515	8,985,491	7,525,528	7,572,381
Total OPEB liability - ending (a)	$ 5,658,934	$ 6,200,615	$ 9,222,049	$ 11,149,690	$ 10,971,515	$ 8,985,491	$ 7,525,528	$ 7,572,381	$ 7,228,247
Plan fiduciary net position									
Employer contributions	$ 150,000	$ 120,000	$ 214,951	$ 98,840	$ 84,871	$ 6,000	$ 272,500	$ 15,000	$ 210,019
Employer contributions for OPEB payments	236,184	255,164	318,349	251,348	235,642	313,230	266,698	224,891	224,733
Net investment income (loss)	25,782	33,657	44,971	48,997	373,798	(163,358)	169,433	241,171	298,554
Benefit payments	(236,184)	(255,164)	(318,349)	(251,348)	(235,642)	(313,230)	(266,698)	(224,891)	(224,733)
Net change in plan fiduciary net position	175,782	153,657	259,922	147,837	458,669	(157,358)	441,933	256,171	508,573
Plan fiduciary net position - beginning of year	485,456	661,238	814,895	1,074,817	1,222,654	1,681,323	1,523,965	1,965,898	2,222,069
Plan fiduciary net position - end of year (b)	$ 661,238	$ 814,895	$ 1,074,817	$ 1,222,654	$ 1,681,323	$ 1,523,965	$ 1,965,898	$ 2,222,069	$ 2,730,642
Net OPEB liability - ending (a)-(b)	$ 4,997,696	$ 5,385,720	$ 8,147,232	$ 9,927,036	$ 9,290,192	$ 7,461,526	$ 5,559,630	$ 5,350,312	$ 4,497,605
Plan fiduciary net position as a percentage of the total OPEB liability	11.68%	13.14%	11.65%	10.97%	15.32%	16.96%	26.12%	29.34%	37.78%
Covered-employee payroll	$ 2,162,273	$ 2,395,994	$ 2,658,800	$ 2,641,426	$ 2,515,077	$ 2,565,379	$ 2,798,436	$ 3,561,994	$ 3,687,447
Net OPEB liability as a percentage of covered-employee payroll	231.13%	224.78%	306.43%	375.82%	369.38%	290.85%	198.67%	150.21%	121.97%

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

See notes to required supplementary information.

County of Dukes County, Massachusetts

Schedule of the County's Contributions

Other Postemployment Benefit Plan

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered-employee payroll
Governmental Activities					
June 30, 2025	$ 170,780	$ (111,389)	$ 59,391	$ 1,293,663	8.61%
June 30, 2024	162,921	(131,970)	30,951	1,256,581	10.50%
June 30, 2023	198,426	(178,984)	19,442	983,150	18.21%
June 30, 2022	276,690	(175,021)	101,669	924,134	18.94%
June 30, 2021	297,131	(142,454)	154,677	906,013	15.72%
June 30, 2020	220,268	(224,616)	(4,348)	985,173	22.80%
June 30, 2019	162,893	(256,119)	(93,226)	1,031,753	24.82%
June 30, 2018	171,302	(235,548)	(64,246)	1,187,436	19.84%
June 30, 2017	125,680	(265,825)	(140,145)	1,011,265	26.29%
Business-type Activities					
June 30, 2025	$ 462,275	$ (323,363)	$ 138,912	$ 2,393,784	13.51%
June 30, 2024	492,820	(107,921)	384,899	2,305,413	4.68%
June 30, 2023	553,833	(360,214)	193,619	1,815,286	19.84%
June 30, 2022	690,754	(144,209)	546,545	1,641,245	8.79%
June 30, 2021	720,837	(178,059)	542,778	1,609,064	11.07%
June 30, 2020	554,266	(125,572)	428,694	1,656,253	7.58%
June 30, 2019	419,932	(277,181)	142,751	1,627,047	17.04%
June 30, 2018	357,318	(139,616)	217,702	1,208,558	11.55%
June 30, 2017	253,723	(120,359)	133,364	1,151,008	10.46%

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

See notes to required supplementary information.

County of Dukes County, Massachusetts

Notes to Required Supplementary Information

Year Ended June 30, 2025

NOTE A – BUDGETARY BASIS OF ACCOUNTING

Budgetary Information

MGL requires the County to adopt a balanced budget that is approved by the Commissioners and the Advisory Board. The Commissioners present an annual budget to the Advisory Board, which includes estimates of revenues and other financing sources and recommendations of expenditures and other financing uses. The Advisory Board, which has full authority to amend and/or reject the budget or any line item, adopts the expenditure budget by majority vote.

Increases or transfers between departments subsequent to the approval of the annual budget require majority Advisory Board approval via a supplemental appropriation or an Advisory Board order.

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

Generally, expenditures may not exceed the level of spending authorized for an appropriation account. However, the County is statutorily required to pay debt service, regardless of whether such amounts are appropriated. Additionally, expenditures for disasters, natural or otherwise, and final judgments may exceed the level of spending authorized by majority vote of the Commissioners.

The general fund includes the activity of the County operating fund and the registry of deeds operating fund. The combined totals have been presented in the budgetary comparison schedule.

The County adopts an annual budget for the general fund in conformity with the guidelines described above. The original 2025 approved budget for the general fund (including the registry of deeds) authorized $2.3 million in appropriations. During 2025, the County approved budget reductions totaling $6,400 for various County functions. The County also authorized encumbrance carryforwards totaling $43,000.

The County Manager has the responsibility to ensure that budgetary control is maintained on an individual line-item appropriation account basis. Budgetary control is exercised through the County's accounting system.

Budgetary – GAAP Reconciliation

For budgetary financial reporting purposes, the Uniform Municipal Accounting System basis of accounting (established by the Commonwealth) is followed, which differs from the GAAP basis of accounting. There was no difference between the budgetary-basis to GAAP-basis results for the general fund for the year ended June 30, 2025.

NOTE B – PENSION PLAN

Pension Plan Schedules – County

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

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

Schedule of County's Contributions

Governmental employers are required to pay an annual appropriation as established by statute and approved by PERAC. 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 System's funding schedule, and additional appropriations in accordance with adopted early retirement incentive programs. The total appropriations are payable on July 1 and January 1. Employers may choose to pay the entire appropriation in July at a discounted rate. Accordingly, actual employer contributions may be less than the "total appropriation." Pension fund appropriations have been allocated among employers using an actuarial based methodology that allocates contributions to member units based on the member units actuarially determined total liability at the beginning of the measurement period.

Changes of Assumptions

None.

Changes in Plan Provisions

None.

County of Dukes County, Massachusetts

Notes to Required Supplementary Information

Year Ended June 30, 2025

NOTE C – OTHER POSTEMPLOYMENT BENEFITS

The County is a participant in the Dukes County Pooled Other Postemployment Benefits (OPEB) Trust Fund (the Plan), an agent multiple-employer defined benefit OPEB plan. The Plan provides lifetime healthcare insurance for eligible retirees and their spouses through the County's group health insurance plan, which covers both active and retired members.

The Other Postemployment Benefit Plan

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

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

Schedule of the County's Contributions

The Schedule of the County's Contributions includes the County's annual required contribution to the Plan, along with the contribution made in relation to the actuarially determined contribution and the covered employee payroll. The County is not required to fully fund this contribution. It also demonstrates the contributions as a percentage of covered-employee payroll. Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported. Methods and assumptions used to determine contribution rates are presented on the following page.

County of Dukes County, Massachusetts

Notes to Required Supplementary Information

Year Ended June 30, 2025

Valuation date	July 1, 2024
Actuarial cost method	Entry Age Normal.
Asset valuation method	Fair value.
Discount rate	5.66%, net of investment expenses, including inflation.
Long-term expected rate of return	6.5%, net of investment expenses and including inflation at 2.5%.
Healthcare cost trend rate	8% for non-Medicare plans and 10% for Medicare plans in FY2025, decreasing 0.5% per year to 6%, then grading down to an ultimate trend rate of 4%, utilizing the Society of Actuaries Getzen Medical Trend Model. The ultimate medical trend rate is reached in 2075.
Inflation rate	2.5% per year, based on current economic data, analyses from economists and other experts, and professional judgment.
Payroll growth	3.5% per year.
Pre-retirement/Healthy retiree mortality	RP-2014 Blue Collar Mortality Table, projected with generational mortality improvement using scale MP-2020.
Disabled retiree mortality	RP-2014 Blue Collar Mortality Table set forward one year with full generational mortality improvement using Scale MP-2020.

Changes of Assumptions

The discount rate increased from 4.40% as of June 30, 2024, to 5.66% as of June 30, 2025. In addition, the healthcare trend rates were updated in the July 1, 2024 valuation.

Changes in Plan Provisions

The Medicare plan “Tufts Medicare Supplement with PDP Plus” is no longer offered to retirees. Because only one retiree participating in the Plan was covered by this plan there was no material effect on the medical claims cost.

Passenger Facility Charges

CBIZ CPAs P.C.

9 Executive Park Drive
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Merrimack, NH 03054

P: 603.882.1111

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Honorable County Commissioners
County of Dukes County, Massachusetts

We have audited, in accordance with the 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 (*"Government Auditing Standards"*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Dukes County, Massachusetts (the "County"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated August 3, 2026. Our report includes an emphasis of matter paragraph regarding the County adopting the provisions of Governmental Accounting Standards Board Statement No. 101 *Compensated Absences*.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2025-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

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

County's Response to the Finding

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the finding identified in our audit and described in the accompanying schedule of findings and responses. The County's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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

CBIZ CPAs P.C.

Merrimack, New Hampshire
August 3, 2026

CBIZ CPAs P.C.

9 Executive Park Drive
Suite 100
Merrimack, NH 03054

P: 603.882.1111

Independent Auditors' Report on Compliance for the Passenger Facility Charge Program; Report on Internal Control over Compliance; and Report on Schedule of Revenues and Expenditures of Passenger Facility Charges in Accordance with the *Passenger Facility Charge Audit Guide for Public Agencies*

To the Honorable County Commissioners
County of Dukes County, Massachusetts

Report on Compliance for the Passenger Facility Charge Program

Opinion on Compliance for the Passenger Facility Charge Program

We have audited the County of Dukes County, Massachusetts' (the "County") compliance with the types of compliance requirements identified as subject to audit in the *Passenger Facility Charge Audit Guide for Public Agencies,* issued by the Federal Aviation Administration (the "Guide") that could have a direct and material effect on the County's Airport's Passenger Facility Charge ("PFC") Program for the year ended June 30, 2025. The County's PFC program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the PFC Program for the year ended June 30, 2026.

Basis for Opinion on the Passenger Facility Charge Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*"Government Auditing Standards"*); and the audit requirements of the Guide. Our responsibilities under those standards and the Guide are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for the PFC Program. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of the PFC program.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. 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, *Government Auditing Standards*, and the Guide will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of PFC Program as a whole.

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, 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 County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Guide, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of the PFC Program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of the PFC

Program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of the PFC program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Guide. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Revenues and Expenditures of Passenger Facility Charges

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated August 3, 2026, which contained unmodified opinions on those financial statements as a whole. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of revenues and expenditures of passenger facility charges is presented for purposes of additional analysis as required by the Guide and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of revenues and expenditures of passenger facility charges is fairly stated in all material respects in relation to the basic financial statements as a whole.

CBIZ CPAs P.C.

Merrimack, New Hampshire
August 3, 2026

County of Dukes County, Massachusetts

Schedule of Revenues and Expenditures of Passenger Facility Charges
Application 17-02-C-00-MVY

Year Ended June 30, 2024 and Each Quarter During the Year Ended June 30, 2025, with Cumulative Totals as of June 30, 2025

			Quarters Ended					
		June 30, 2024 Program Total	September 30, 2024	December 31, 2024	March 31, 2025	June 30, 2025	Year-Ended June 30, 2025 Total	June 30, 2025 Program Total
Revenue:								
Passenger facility charges collected		$ 1,446,209	$ 199,741	$ 67,782	$ 20,934	$ 68,661	$ 357,118	$ 1,803,327
Interest credited		683	48	84	88	99	319	1,002
Total revenue		1,446,892	199,789	67,866	21,022	68,760	357,437	1,804,329
Disbursements:								
Project ID 02-001	Construct ARFF & SRE Building	500,448	-	-	-	-	-	500,448
Project ID 02-002	Acquire snow removal equipment	30,467	-	-	-	-	-	30,467
Project ID 02-003	Update airport master plan study	18,338	-	-	-	-	-	18,338
Project ID 02-004	PFC program administration	46,000	-	-	-	-	-	46,000
Project ID 02-005	Master Plan Update Environmental Assessment	46,157	-	-	-	-	-	46,157
Project ID 02-009	Replace ARFF truck	40,633	-	-	-	-	-	40,633
Project ID 03-001	Reconstruct Runway 6-24	573,394	-	-	-	-	-	573,394
Project ID 03-002	Acquire Avigation Easements - Runway 24	29,300	-	-	-	33,200	33,200	62,500
Project ID 03-003	Part 150 Noise Study	32,500	-	-	-	-	-	32,500
Project ID 03-004	PFC Application Development	18,250	-	-	-	-	-	18,250
Project ID 03-005	PFC Program Administration	30,000	-	-	-	-	-	30,000
Project ID 04-001	Terminal Area Study	-	-	-	-	25,005	25,005	25,005
Project ID 04-002	SRE Procurement	-	-	-	-	52,346	52,346	52,346
Project ID 04-003	Reconstruct T-Hangar Taxilane (Design & Construction)	-	-	-	-	55,670	55,670	55,670
Total disbursements		1,365,487	-	-	-	166,221	166,221	1,531,708
Net PFC revenue		81,405	199,789	67,866	21,022	(97,461)	191,216	272,621
PFC account balance		$ 81,405	$ 281,194	$ 349,060	$ 370,082	$ 272,621	$ 272,621	$ 272,621

See notes to schedule of revenues and expenditures of passenger facility charges.

County of Dukes County, Massachusetts

Notes to Schedule of Revenues and Expenditures of Passenger Facility Charges

For the Year Ended June 30, 2025

NOTE A - BASIS OF ACCOUNTING

The schedule of passenger facility charges collected and expended, and interest credited is prepared on the basis of cash receipts and disbursements, as prescribed by Sections 9110 and 9111 of the Aviation Safety and Capacity Expansion Act of 1990, issued by the Federal Aviation Administration of the U.S. Department of Transportation, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

Passenger facility charges collected include amounts collected by the airlines and transferred to the County's airport. Expenditures for passenger facility charge approved projects are presented on a cash basis and include only the expenditures for approved passenger facility charge projects.

NOTE B - INTEREST CREDITED

Interest credited represents interest income earned from the passenger facility charge program based on the passenger facility charge program's unexpended passenger facility charges cash balance.

NOTE C - APPLICATION

On July 31, 2017, the Federal Aviation Administration approved the airport's application allowing them to charge a $4.50 passenger facility charge effective October 1, 2017. The airport was initially approved to charge $808,872 in passenger facility charges. Revisions and subsequent approvals are reflected in the Revised Amount Approved column on the following page:

County of Dukes County, Massachusetts

Notes to Schedule of Revenues and Expenditures of Passenger Facility Charges

For the Year Ended June 30, 2025

Passenger facility charges:		Initial Amount Approved	Revised Amount Approved
02-001	Construct ARFF & SRE building	$ 484,248	$ 500,448
02-002	Acquire snow removal equipment	30,467	30,467
02-003	Update airport master plan study	18,338	18,338
02-004	PFC program administration	46,000	46,000
02-005	Master plan update environmental assessment	27,139	46,157
02-006	Acquire interactive training system	85,000	-
02-007	Install apron islands and relocate runway 33 hold lines	9,000	-
02-008	Remove runway 15/33 shoulder pavements	61,300	-
02-009	Replace ARFF truck	47,380	40,633
03-001	Reconstruct runway 6-24	-	573,394
03-002	Acquire aviation easements - runway 24	-	62,500
03-003	Part 150 noise study	-	32,500
03-004	PFC application development	-	18,250
03-005	PFC program administration	-	30,000
04-001	Terminal area study	-	25,005
04-002	SRE procurement	-	52,346
04-003	Reconstruct runway 6-24	-	55,670
04-004	Runway 6-4 obstruction removal (design & construction)	-	87,300
04-005	Reconstruct runway 15-33	-	452,810
05-001	Terminal rehabilitation and expansion (construction)	-	2,000,000
05-002	PFC program application development	-	21,400
	Total passenger facility charge	$ 808,872	$ 4,093,218

County of Dukes County, Massachusetts

Schedule of Findings and Questioned Costs, Passenger Facility Charges

For the Year Ended June 30, 2025

Section I – Summary of Auditors' Results

Financial Statements:

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified?	None reported
Noncompliance material to the financial statements noted?	No

Passenger Facility Charge Program:

Type of auditors' report issued on compliance for passenger facility charge program:	Unmodified
Internal control over passenger facility charge program:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to the PFC program noted?	No

Section II – Findings – Financial Statements Audit

Finding 2025-001: Loan Financing Reported as Capital Grant Revenue – Material Weakness

Criteria: The Massachusetts Clean Water Trust (MCWT) provides interim loan financing for water and sewer-related infrastructure projects. Interim financing is provided on a reimbursement basis as eligible project costs are incurred and approved. Upon project completion the interim loans are converted to long-term permanent financing with structured repayment terms.

Condition: During 2025, it was determined that in the prior year the Airport recognized capital grant/contribution revenue for a receipt which related to the drawdown of interim loan financing from the MCWT. The receipt should have been reported as a short-term liability when it was drawn down in fiscal 2025 rather than being recorded as revenue in fiscal 2024.

Cause: The Airport is familiar with accounting for reimbursement-based capital grant funded projects but is not familiar with accounting for debt-financed projects. Airport management therefore accounted for the interim loan drawdown as grant funding rather than debt financing.

Effect: Capital grant/contribution revenue and ending net position of the airport enterprise fund and the business-type activities were overstated in fiscal year 2024. The County has restated the beginning net position of the airport enterprise fund and the business-type activities in the amount of $1,924,324 in the fiscal year 2025 financial statements. The restatements decreased the affected net positions.

Recommendation: We recommend that management implement procedures to accurately identify the nature of all funding sources (i.e., grant revenue vs. loan proceeds) to ensure appropriate accounting.

Views of Responsible Officials: See Corrective Action Plan.

Section III – Findings and Questioned Costs – Passenger Facility Charge Program

None.

County of Dukes County, Massachusetts

Summary Schedule of Prior Year Audit Findings

For the Year Ended June 30, 2025

Section IV – Summary Schedule of Prior Year Audit Findings

None.

CORRECTIVE ACTION PLAN

Oversight Agency for Audit: U.S. Department of Treasury

The County of Dukes Couty, Massachusetts respectfully submits the following corrective action plan for the year ended June 30, 2025.

Name and address of the independent public accounting firm:

CBIZ CPAs P.C
9 Executive Park Drive, Suite 100
Merrimack, NH 03054

Audit Period: July 1, 2024, through June 30, 2025

The finding from the June 30, 2025, schedule of findings and responses is discussed below. The finding is numbered consistently with the number assigned in the schedule.

FINDING – FINANCIAL STATEMENTS AUDIT

Finding 2025-001: Loan Financing Reported as Capital Grant Revenue – Material Weakness

Criteria: The Massachusetts Clean Water Trust (MCWT) provides interim loan financing for water and sewer-related infrastructure projects. Interim financing is provided on a reimbursement basis as eligible project costs are incurred and approved. Upon project completion the interim loans are converted to long-term permanent financing with structured repayment terms.

Condition: During 2025, it was determined that in the prior year the Airport recognized capital grant/contribution revenue for a receipt which related to the drawdown of interim loan financing from the MCWT. The receipt should have been reported as a short-term liability when it was drawn down in fiscal 2025 rather than being recorded as revenue in fiscal 2024.

Cause: The Airport is familiar with accounting for reimbursement-based capital grant funded projects but is not familiar with accounting for debt-financed projects. Airport management therefore accounted for the interim loan drawdown as grant funding rather than debt financing.

Effect: Capital grant/contribution revenue and ending net position of the airport enterprise fund and the business-type activities were overstated in fiscal year 2024. The County has restated the beginning net position of the airport enterprise fund and the business-type activities in the amount of $1,924,324 in the fiscal year 2025 financial statements. The restatements decreased the affected net positions.

Recommendation: We recommend that management implement procedures to accurately identify the nature of all funding sources (i.e., grant revenue vs. loan proceeds) to ensure appropriate accounting.

Views of Responsible Officials: Management agrees with the finding and acknowledges the importance of accurately identifying funding sources to ensure appropriate accounting. Procedures have been implemented to ensure that the error does not occur in the future.

If the Oversight Agency has questions regarding this plan, please contact Juliet Mulinare, County Treasurer, at 508-696-3845.

Sincerely yours,

Signed by:
Juliet Mulinare
693A85399D8D456...

Juliet Mulinare
County Treasurer
County of Dukes County