



Town of West Tisbury

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From: Bruce Stone, West Tisbury Town Accountant
Date: 14 December 2023

Up-Island Council on Aging (UICOA)
FY 2025 Budget Meeting December 18, 2023

Dear Board Members of the Up-Island Council on Aging,

Because there have been recent changes to the Board membership and, also, with my and the Director's pending retirements, I thought it would be helpful this year to give a more detailed and complete description of the budget preparation process for you and to memorialize it for future years. I apologize for the word-i-ness and hope it's not too boring. Below will be "brief" descriptions of the history, the current components of the Council budget and comments specific to the proposed FY 2025 budget (the year July 1, 2024 to June 30, 2025).

History: There is no formal intermunicipal agreement governing the budget process and assessment of expenses to the member towns. The current process has evolved from past practice driven by occasional memoranda among members of the select boards and staff. I have found several of these to trace back a rough history to bring us up to today. The earliest memo dates back to a time when the expenses for the Council (which were a very small amount at that time) were paid by West Tisbury with Aquinnah and Chilmark reimbursing West Tisbury for a share of those expenses. The director was paid a separate salary directly from each of the three towns. The Select Boards agreed to have West Tisbury issue one paycheck to the director and have the other two towns reimburse West Tisbury for their share based on an allocation by the percentage of the total seniors living in each town. Subsequently, it was determined that there were employee benefits that were not being allocated and reimbursed (for example, Health Insurance) and it was agreed to have the towns reimburse West Tisbury for actual health insurance premiums paid using the same percentage as for wages. Over time, additional employee benefits for direct UICOA staff were added to the assessments paid by each town. These include Retirement, Life Insurance, Medicare Tax, Worker's Compensation Insurance and an allocation for Other Post-Employment Benefits (future retiree health insurance).

Current Budget Components: West Tisbury budgets for all of the expenses of the Council in its general fund budget approved at Town Meeting. There are two budget line items for the direct costs of the program—(1) for wages (budget line item 541-5120 and (2) for direct program expenses (541-5700). The employee benefit costs for UICOA staff are included in the overall West Tisbury budget lines for those benefits with a reasonable allocation method used to assign a share of those costs to the Council to include in an assessment to Chilmark and Aquinnah to include in those towns' budgets for the next year. Those benefits and the methods used to allocate costs to the UICOA are as follows:

- 1) Dukes County Contributory Retirement System (WT Budget Line 911-5170): The town is annually assessed an amount to contribute to the Retirement System. Using the last full prior year's actual wages paid, the total amount of wages paid to employees of the UIOCA who are members of the retirement system is divided by the total amount of wages paid to all West Tisbury employees who are members of the retirement system. This percentage is used to allocate the next fiscal year's cost to the UIOCA.
- 2) Medicare Tax (WT Budget Line 916-5170): Employer share @ 1.45% of wages of UIOCA staff.
- 3) Life Insurance (WT Budget Line 917-5170): Actual employer cost; current \$9 per month for 4 employees.
- 4) Workers Compensation Insurance (WT Budget Line 912-5170): Using the last full prior year's actual wages paid, the total amount of wages paid to employees covered by insurance is divided by the total amount of wages paid to all West Tisbury employees who are covered. This percentage is used to allocate the next fiscal year's budgeted cost to the UIOCA.
- 5) Other Post-employment Benefits—OPEB (WT Budget Line 914-5170): The actuarial study of the Dukes County Pooled OPEB Trust separately calculates OPEB cost and liability for UIOCA staff. The actuarial determined annual cost and interest on liability from the most recent study available is used in the budget and paid to the Trust.
- 6) Health Insurance (WT Budget Line 914-5170): Employer share of insurance for UIOCA full-time staff and retirees.

It should also be pointed out that the cost of major repairs or capital improvements to the Howes House as a town building have historically been paid for by West Tisbury. However, to help defray some of that cost and wear and tear on the building from UIOCA use, since the time of a major renovation and bonding that occurred in the early 90's, a modest amount has been added to the assessment paid by Aquinnah and Chilmark as a "building usage fee"; these amounts have been \$1,200 and \$3,600, respectively, for a number of years.

Allocation of budget to member towns for assessment: Periodically, UIOCA staff receives updated census data on the number of residents 60 years and older living in each of the three towns. The percentage for each town of the total is used as the principal means for determining an assessment amount for each town. Aquinnah and Chilmark include this amount in their respective town budgets. West Tisbury does not need to include an assessment amount for approval at its town meeting as 100% of the UIOCA costs are included in the General Fund budget approved. Funds received from the other two towns goes into the town's general fund thereby reimbursing the town for the expenses paid. The census data recently collected resulted in new percentages are as follows (with comparison to the prior percentages used):

West Tisbury	62% (increase from 60%)
Chilmark	27% (decrease from 30%)
Aquinnah	11% (increase from 10%)

FY 2025 Budget: The most significant items to note in the UIOCA budget for next year are as follows:

Director: As we sadly know, the Director will be retiring in the spring. The current Director was at the highest step of the position grade and received a substantial additional percentage for

longevity under the West Tisbury Personnel By-law. We are budgeting a replacement at step 2 of grade which will cause significant decrease in the budget for that position.

Custodian: The UIOCA building has been the only town building serviced by a staff custodian; all other buildings are cleaned by a contracted vendor. With the pending retirement of the current staff custodian, the services needed by the Howes House are being added to the town contract through a bid process and no longer performed by a staff position. The savings in personnel cost will be offset by an equivalent amount in the direct expense component of the budget.

All other personnel positions are budgeted for existing staff at current scheduled hours with annual step increases and the 4.8% wage scale adjustment recommended by the West Tisbury Personnel Board for FY2025.

Direct Expenses: The only significant change is the addition for contracted cleaning services to replace a staff custodian as noted above.

Health Insurance: We will not know the exact amount needed for health insurance until staff changes are complete after the hiring of a new director; therefore, we are budgeting for the possibility of changes due to family vs individual coverage as well as the addition of an additional retiree to provide coverage for. Actual premiums for FY25 will not be set until near the end of January but the Treasurer is currently using an 8% premium increase for budgeting purposes.

County Retirement: This looks like a significant increase of 31.3% but this is misleading. Because of the allocation method used, FY24 and FY23 had lower amounts budgeted than normally would have been expected. The method for allocation uses the actual wages of Council staff who are part of the county retirement system as a component. FY21 (the main year of COVID) and FY22 had a lower amount of wages paid to such employees. Because of staff turnover there were significant periods of time where some staff positions were vacant or filled by temporary employees who were not part of the retirement system. FY23 which is the base year for determining the allocated amount for FY25 had a full complement of staff for the entire year

One other change for FY2025: The amount of non-personnel direct expenses in past years were allocated for assessment purposes as 1/3 to each town instead of by the census percentages. In the past this has not made a material difference as the total of such expenses were relatively small. However, the change of the cleaning costs from the personnel section which were allocated by the census percentages to the direct expenses has greatly increased the non-personnel direct expenses. Also, as noted below, there is an ever increasing amount of direct expenses being paid through the state formula grants (see below) which are based on state census data (with a minimum amount per town) . Because of these factors, it appears more appropriate to allocate these expenses by the census percentages.

State “Formula” Grant: Each town receives a grant from the state for additional support of services to the elderly. There is wide discretion on the behalf of the Director on how to expend these grant funds. However, there are some restriction on how the funds can be spend. For example, they are not to be used for routine repair and maintenance. The Director assigns various categories of expenses to the three towns and sends bills for those categories to each of

the towns to be paid from that town’s grant receipts. Examples of the expense categories are travel, conference fees, office supplies, telephone, propane, kitchen appliances, etc. These are all expenses that if not paid through grant funds would have been paid from the UICOA direct expense budget; so, the budgeted direct expense budget is lower than it would otherwise be. It also explains why the direct expenses are often well below what had been initially budgeted—the actual expenses were paid from formula grant funds instead of from the assessment budget. There has been a steady increase in formula grant amounts in the few years that has decreased the needed expenses to be paid from the general fund budget. See below.

	FY 2022	FY 2023	FY 2024	FY 2025 Expected
Aquinnah	\$6,000.00	\$6,000.00	\$7,000.00	\$7,000.00
Chilmark	\$6,000.00	\$6,000.00	\$7,714.00	\$7,714.00
West Tisbury	\$8,028.00	\$12,348.00	\$18,004.00	\$18,004.00
Total	\$20,028.00	\$24,348.00	\$32,718.00	\$32,718.00

Return of Funds: At the end of each fiscal year, the balance of funds received by West Tisbury that have not been expended are returned to the member towns.

Attached you will find two worksheets:

- 1) Budget Detail and Comparison Summary: Presents the proposed budget in **Bold** and compares to the FY24 “Actual Budget”. Note there is also a column called “FY24 Assessment Budget”. This is because West Tisbury at its 2023 Town Meeting voted an additional increase to the wage scale that had not been in the original budget sent to the other member towns. This may cause West Tisbury to bear the additional cost from that change in FY24 although it may be offset by other budget lines being under expended. Because of this, while the budget compared to actual is up only 0.2%, compared to this year’s original assessment budget, the increase is 6.6%
- 2) Town Assessment Worksheet: This gives detail information on the benefit components’ allocations and the calculated amounts Aquinnah and Chilmark will need to include in their budgets using the new percentage allocations.

See you all Monday.

Bruce

FY 2025 UP-ISLAND COUNCIL ON AGING Budget Detail and Comparison Summary

	FY22 Actual	FY23 Actual	FY24 Assessment Budget	FY24 Actual Budget	FY25 Proposed Assessment Budget	Change FY25 Assessment Budget from FY24 Revised	% Change
Personnel							
Director	116,623.13	121,376.28	126,732.41	139,414.51	102,792.24	(36,622.27)	
Assistant Director	40,938.08	55,486.76	69,674.71	76,632.78	85,115.13	8,482.35	
Outreach Worker	52,224.68	49,165.66	54,211.22	59,638.46	65,601.69	5,963.23	
Administrative Assistant	49,785.91	45,970.11	52,643.08	57,917.79	60,704.84	2,787.05	
Custodian	12,484.80	13,700.17	14,512.12	15,188.63	0.00	(15,188.63)	
Dining Manager	4,335.00	3,994.65	4,837.91	5,062.88	5,555.16	492.28	
Total Personnel	276,391.60	289,693.63	322,611.45	353,855.05	319,769.06	(34,085.99)	-9.6%
Direct Expenses:							
Energy Services-Propane Gas		80.00	500.00	500.00	500.00	0.00	
Repairs & Maintenance Services	11,150.79	6,665.92	12,000.00	12,000.00	12,000.00	0.00	
Outside Cleaning Services	510.00	0.00	450.00	450.00	16,000.00	15,550.00	
Professional & Technical (services)	1,187.50	1,075.00	1,300.00	1,300.00	1,300.00	0.00	
Professional & Technical (training/seminars)		59.96	200.00	200.00	200.00	0.00	
Communication-Postage/Shipping	95.05	572.00	300.00	300.00	400.00	100.00	
Communication-Telephone/Internet/Zoom		159.27	200.00	200.00	200.00	0.00	
Communication-Notices/Ads	1,287.72		300.00	300.00	500.00	200.00	
Office Supplies	926.38	79.04	1,300.00	1,300.00	500.00	(800.00)	
Building & Equipment Supplies		120.47	300.00	300.00	300.00	0.00	
Custodial & Housekeeping Supplies	1,105.46	547.30	1,000.00	1,000.00	700.00	(300.00)	
Grounds keeping Supplies / Services		60.78	700.00	700.00	300.00	(400.00)	
Food & Food Service Supplies	433.92	1,186.12	600.00	600.00	700.00	100.00	
Other Department Supplies	141.50	897.03	150.00	150.00	300.00	150.00	
Travel		505.05	0.00	0.00	0.00	0.00	
Dues & Memberships	120.00	60.00	200.00	200.00	100.00	(100.00)	
Insurance Premiums	541.00	541.00	600.00	600.00	650.00	50.00	
COVID Expense Contingency	316.68		800.00	800.00	100.00	(700.00)	
Total Direct Expenses	17,816.00	12,608.94	20,900.00	20,900.00	34,750.00	13,850.00	66.3%
Other Assessment Expenses							
County Retirement	48,242.99	49,115.12	46,200.63	46,200.63	60,651.00	14,450.37	31.3%
Medicare Tax	4,007.68	4,200.56	4,677.87	5,130.90	4,636.65	(494.25)	-9.6%
Life Insurance	324.00	324.00	324.00	324.00	432.00	108.00	33.3%
Workers' Compensation	1,776.20	1,872.50	1,900.00	1,900.00	2,139.00	239.00	12.6%
Building Usage Fee	4,800.00	4,800.00	4,800.00	4,800.00	4,800.00	0.00	0.0%
OPEB Expense	11,590.00	10,549.00	11,169.00	11,169.00	11,273.00	104.00	0.9%
Health Insurance	58,737.75	66,348.00	82,944.00	82,944.00	89,766.00	6,822.00	8.2%
	129,478.62	137,209.18	152,015.50	152,468.53	173,697.65	21,229.12	13.9%
Grand Total	423,686.22	439,511.75	495,526.95	527,223.58	528,216.71	993.13	0.2%

**FY 2025 UP-ISLAND COUNCIL ON AGING
Town Assessment Worksheet**

Personnel Expense -- WT Budget Line 541-5120:

Director	\$	102,792.24	
Assistant Director	\$	85,115.13	
Outreach Worker	\$	65,601.69	
Administrative Assistant	\$	60,704.84	
Custodian	\$	-	
Dining Manager	\$	5,555.16	
Total Direct Personnel			\$ 319,769.06

Direct Expenses--WT Budget Line 541-5700: **\$ 34,750.00**

County Retirement (in WT Budget Line 911-5170):

The Up-Island Council on Aging's retirement gross wages were 8.78% of West Tisbury's total wages for FY 2023. 8.78 % of West Tisbury's County Retirement projected FY 2025 (\$690,785) = **\$ 60,651.00**

Medicare Tax (in WT Budget Line 916-5170):

1.45% of Wages above = **\$ 4,636.65**

Life Insurance (in WT Budget Line 917-5170):

Cost is \$9/mo per eligible employee of which the town pays 75%. Projected town cost for 4 eligible employees = **\$ 432.00**

Workers' Compensation (in WT Budget Line 912-5170):

The Up-Island Council on Aging's gross wages were 10.05 % of West Tisbury's total w/c wages in FY 2023. 10.05% of West Tisbury's projected w/c ins (\$21,280) for FY 2025 = **\$ 2,139.00**

OPEB Normal Cost + Interest Contribution (in WT Budget Line 914-5170):

Per DUKES COUNTY POOLED OPEB TRUST actuarial study as of 06/30/2024 for Up-Island Council on Aging (Current + Interest) = **\$ 11,273.00**

Health Insurance (in WT Budget Line 914-5170):

75% Employer Share for 4 employee and 2 retirees **\$ 89,766.00**

Assessment Calculation:

	West Tisbury (62%)	Chilmark (27%)	Aquinnah (11%)	Total
Salaries	\$ 198,256.81	\$ 86,337.65	\$ 35,174.60	\$ 319,769.06
Expenses	\$ 21,545.00	\$ 9,382.50	\$ 3,822.50	\$ 34,750.00
County Retirement	\$ 37,603.62	\$ 16,375.77	\$ 6,671.61	\$ 60,651.00
Medicare Tax	\$ 2,874.72	\$ 1,251.90	\$ 510.03	\$ 4,636.65
Workers Comp	\$ 1,326.18	\$ 577.53	\$ 235.29	\$ 2,139.00
Life Insurance	\$ 267.84	\$ 116.64	\$ 47.52	\$ 432.00
OPEB ARC	\$ 6,989.26	\$ 3,043.71	\$ 1,240.03	\$ 11,273.00
Health Insurance	\$ 55,654.92	\$ 24,236.82	\$ 9,874.26	\$ 89,766.00
Building Usage Fee		\$ 3,600.00	\$ 1,200.00	\$ 4,800.00
FY25 Assessment	\$ 324,518.35	\$ 144,922.52	\$ 58,775.84	\$ 528,216.71

FY24 Assessment	288,862.83	151,514.76	55,149.36	495,526.95
Assessment Increase	35,655.52	(6,592.24)	3,626.48	32,689.76
% Increase	12.3%	-4.4%	6.6%	6.6%