

TOWN OF WEST TISBURY, MASSACHUSETTS

The Town of West Tisbury, incorporated in 1892, is governed by the open town meeting form of government.

CONSTITUTIONAL STATUS AND FORM OF GOVERNMENT

Massachusetts cities and towns are subject to the plenary legislative power of the Commonwealth. As stated by the Supreme Judicial Court:

A town is not an independent sovereignty. It is merely a subordinate agency of the State Government. It is a creature of the Commonwealth, from which are derived all its powers and those of its voters and officers.

Cities and towns provide general governmental services at the local level. Municipalities were traditionally authorized to exercise only those powers granted by the State legislature, but Massachusetts adopted a Home Rule Amendment to its Constitution in 1966, under which a city or town may exercise by ordinance or by-law any power which the State legislature could confer upon it, provided that the ordinance or by-law is consistent with the laws enacted by the State legislature. Certain powers are excluded from home rule and may still be exercised only when authorized by State law; these powers include the power to levy taxes, the power to borrow money, and the power to enact private or civil law governing civil relationships except as an incident to the exercise of an independent municipal power. Under the Home Rule Amendment the State legislature may enact general laws relating to a class of two or more municipalities but (except in limited circumstances) may enact a special law relating to a particular city or town only on request of the city or town or on recommendation of the Governor and passage by a two-thirds vote of both houses of the legislature.

An amendment to the State Constitution provides that any law imposing additional costs on two or more cities or towns by regulating aspects of municipal employment will not be effective within a city or town until the city council or town meeting accepts the law. Local acceptance will not be required if the legislature has either passed the law by a two-thirds vote or provided that the additional costs would be assumed by the State.

Cities and towns may change their form of government by adopting home rule charters or amending existing charters. A town of less than 12,000 population may not change to a city form of government and a town of less than 6,000 inhabitants may not change from the open town meeting form of government to a limited or representative town meeting form.

Cities are generally governed by a city council and an elected mayor who has the power to veto council actions; the council may override a mayoral veto by a two-thirds vote of the councilors. Some cities are governed by a city council and an appointed city manager who has no power to veto council actions; some municipalities, although still called "towns," have adopted a similar city form of government with a town council and Town manager or administrator. Provision is often made for a referendum on council actions, and for initiation of measures, upon petition of a sufficient number of voters.

Most towns are governed by open town meetings in which any voter may participate. Others have an elected representative town meeting, often with public officers serving as ex officio members of the town meeting. Provision is usually made for a referendum on actions of the representative town meeting upon petition of a sufficient number of voters. Administrative affairs are generally managed by a board of three or more selectmen, sometimes with the assistance of a town manager or executive secretary.

School affairs of cities and towns are administered by an elected school committee, except in those towns whose educational functions are carried out entirely through a regional school district.

GOVERNING BODIES AND OFFICERS

Local legislative decisions are made by an open town meeting consisting of all registered voters in the Town. Subject to the legislative decisions made by Town Meeting, the affairs of the Town are generally administered by a board of three selectmen, elected for staggered three-year terms on an at-large basis who are assisted by a Town Administrator. Local taxes are assessed by a board of three assessors elected for staggered three-year terms.

The following are the principal executive officers:

<u>Office</u>	<u>Name</u>	<u>Manner of Selection and Term</u>	<u>Term Expires</u>
Selectmen	Richard Knabel, Chair	Elected/3 years	2017
	Jeffrey S. Manter	Elected/3 years	2015
	Cynthia E. Mitchell	Elected/3 years	2016
Town Administrator	Jennifer Rand	Appointed/1 year	2015
Town Treasurer	Katherine Logue	Appointed/3 year3	2017
Town Collector	Brent B. Taylor	Elected/1 year	2015
Town Clerk	Tara J. Whiting	Elected/1 year	2015
Accountant	Bruce K. Stone	Appointed/3 years	2016
Town Counsel	Ronald H. Rappaport	Appointed/1year	2015

SERVICES

The Town provides general governmental services for the territory within its boundaries, including police and fire protection, streets, parks and recreation, and cemetery maintenance and operation. Public education in grades pre-kindergarten through eight is provided by the Up-Island School District which operates two facilities; one located in West Tisbury and the other in the neighboring town of Chilmark. Education in grades 9-12 is provided by the Martha's Vineyard Regional School District. The Martha's Vineyard Public Charter School, created in 1996, provides academic education, island-wide, to grades K-12. The Charter school's current enrollment (as of October 1, 2014) is 175 of which 34 students are from West Tisbury.

The Martha's Vineyard Refuse Disposal and Resource Recovery District provides residential refuse and recycling services to the Town.

The principal services provided by The County of Dukes County are space for courts, a jail and house of correction, and registry of deeds. Legislation was enacted in 1997 abolishing the county governments of Franklin and Middlesex counties as of July 1, 1997, with their assets, functions, debts and other obligations being assumed by the Commonwealth. The abolishment of the Middlesex County government was in part in response to a default by the county in the payment of its general obligation notes. The legislation also abolished the county governments of Hampden and Worcester counties as of July 1, 1998. Legislation enacted in 1998 abolished the county governments of Hampshire, Essex and Berkshire counties as of January 1, 1999, July 1, 1999 and July 1, 2000, respectively. The legislation also requires the state secretary for administration and finance to establish a plan to recover the Commonwealth's expenditures for the liabilities and other debts assumed and paid by the Commonwealth on behalf of an abolished county. Unless these provisions are changed by further legislation, the state treasurer shall assess upon each city and town within the jurisdiction of

an abolished county an amount equal to the county tax paid by each such city and town for the fiscal year immediately prior to the abolishment of the county (or two years in the case of Essex county) until such expenditures by the Commonwealth are recovered. It is possible that similar legislation will be sought to provide for the abolishment of county governments in other counties.

The Woods Hole, Martha's Vineyard and Nantucket Steamship Authority provides ferry service to Martha's Vineyard and Nantucket from Woods Hole, Hyannis and New Bedford. Bus transportation is provided by The Martha's Vineyard Transit Authority from mid-June through Columbus Day with limited year-round routes.

AUTHORIZATION OF GENERAL OBLIGATION BONDS AND NOTES

Serial bonds and notes are authorized by a two-thirds vote of the town meeting. Refunding bonds and notes are authorized by the selectmen. Borrowings for some purposes require State administrative approval.

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

DEBT LIMITS

General Debt Limit. The General Debt Limit of the Town consists of a Normal Debt Limit and a Double Debt Limit. The Normal Debt Limit for the Town is 5 percent of the valuation of taxable property as last equalized by the State Department of Revenue. The present debt limit of the Town, based on the 2012 equalized valuation (\$2,553,445,600), is \$127,672,280. The Town can authorize debt up to this amount without State approval. It can authorize debt up to twice this amount (the Double Debt Limit) with the approval of the state Municipal Finance Oversight Board composed of the State Treasurer, the State Auditor, the Attorney General and the Director of Accounts.

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

Revenue Anticipation Notes. The amount borrowed in each fiscal year by the issue of revenue anticipation notes is limited to the tax levy of the prior fiscal year, together with the net receipts in the prior fiscal year from the motor vehicle excise and certain payments made by the Commonwealth in lieu of taxes. The fiscal year ends on June 30. Notes may mature in the following fiscal year, and notes may be refunded into the following fiscal year to the extent of the uncollected unabated current tax levy and certain other items, including revenue deficits, overlay deficits, final judgments and lawful unappropriated expenditures, which are to be added to the next tax levy, but excluding deficits arising from a failure to collect taxes of earlier years (see "Tax Levies"- "Taxation to Meet Deficits" herein). In any event, the period from the original borrowing to its final maturity cannot exceed one year.

TYPES OF OBLIGATIONS

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

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

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

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

Bond Anticipation Notes. These generally must mature within two years of their original dates of issuance, but may be refunded from time to time for a period not to exceed five years from their original dates of issuance, provided that for each year that the notes are refunded beyond the second year they must be paid in part from revenue funds in an amount at least equal to the minimum annual payment that would have been required if the bonds has been issued at the end of the second year. For certain school projects, however, notes may be refunded from time to time for a period not to exceed seven years without having to pay any portion of the principal of the notes from revenue funds. The maximum term of bonds issued to refund bond anticipation notes is measured (except for certain school projects) from the date of the original issue of the notes.

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

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

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

DEBT ⁽¹⁾

The following shows the direct debt outstanding as of March 1, 2015:

General Obligation Bonds:		
Within General Debt Limit ⁽²⁾		
Land Acquisition	\$ 88,000	
Other Building	7,110,000	
Streets, Sidewalks & Parking	<u>2,040,000</u>	
Total Within Debt Limit		\$ 9,238,000
Outside General Debt Limit:		
School	<u>0</u>	
Total Outside Debt Limit		<u>0</u>
Total Long-Term Indebtedness		<u>\$ 9,238,000</u>
Temporary Loans in Anticipation of:		
Revenue	\$ 0	
Bonds	0	
Grants	<u>0</u>	
Total Temporary Loans		<u>\$ 0</u>
Total Direct Debt		<u>\$9,238,000</u> ⁽³⁾

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

⁽²⁾ At the present time, the normal general debt limit is \$127,672,280 and the double general debt limit is \$255,344,560- based on the equalized valuation for 2012.

⁽³⁾ The Town has voted to exclude \$9,150,000 of outstanding debt from the tax limitations of Proposition 2½.

AUTHORIZED UNISSUED DEBT AND PROSPECTIVE FINANCING

The Town currently has no authorized unissued debt.

FIVE YEARS OUTSTANDING DEBT ⁽¹⁾

	As of June 30				
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Long-Term Indebtedness:					
Within the General Debt Limit					
Land Acquisition	\$ 182,000	\$ 276,000	\$ 370,000	\$ 120,000	\$ 150,000
Other Building	7,595,000	4,035,000	4,425,000	4,820,000	5,215,000
Streets, Sidewalks & Parking	<u>2,200,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Within the General Debt Limit	9,977,000	4,311,000	4,795,000	4,940,000	5,365,000
Outside the General Debt Limit:					
Schools	<u>0</u>	<u>345,000</u>	<u>710,000</u>	<u>1,075,000</u>	<u>1,440,000</u>
Total Outside the General Debt Limit	<u>0</u>	<u>345,000</u>	<u>710,000</u>	<u>1,075,000</u>	<u>1,440,000</u>
Total Long-Term Indebtedness	<u>\$9,977,000</u>	<u>\$ 4,656,000</u>	<u>\$5,505,000</u>	<u>\$6,015,000</u>	<u>\$6,805,000</u>
Short-Term Indebtedness:					
Revenue Anticipation Notes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Grant Anticipation Notes	0	0	0	0	0
Bond Anticipation Notes	<u>0</u>	<u>6,610,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Short-Term Indebtedness	<u>\$ 0</u>	<u>\$ 6,610,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total Outstanding Indebtedness	<u>\$9,977,000</u>	<u>\$11,266,000</u>	<u>\$5,505,000</u>	<u>\$6,015,000</u>	<u>\$6,805,000</u>

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

BONDED DEBT VS. POPULATION, VALUATIONS AND INCOME

	(000) omitted				
	As of June 30				
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Amount (000 omitted) ⁽¹⁾	\$9,977	\$4,656	\$5,505	\$6,015	\$6,805
Per Capita ⁽²⁾	\$3,471	\$1,620	\$1,947	\$2,165	\$2,484
Percent of Assessed Valuation ⁽³⁾	0.42%	0.20%	0.23%	0.25%	0.27%
Percent of Equalized Valuation ⁽⁴⁾	0.39%	0.18%	0.20%	0.22%	0.23%
Per Capita as a percent of Personal Income Per Capita ⁽²⁾	11.19%	5.22%	6.28%	6.98%	8.01%

⁽¹⁾Outstanding principal on general obligation bonds. Excludes lease and installment purchase obligations, overlapping debt, unfunded pension liability and other post-employment benefits liability.

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

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

⁽⁴⁾ Source: Massachusetts Department of Revenue. The equalized valuation used here is the equalized valuation in effect for that fiscal year.

ANNUAL DEBT SERVICE ⁽¹⁾

Fiscal Year	Outstanding as of 3/1/15		Total Debt Service	Cumulative % Principal Retired
	Principal ⁽²⁾	Interest ⁽²⁾		
2015	\$ 125,000	\$ 126,543	\$ 251,543	1.4%
2016	684,000	244,726	928,726	8.8
2017	644,000	230,702	874,702	15.7
2018	620,000	217,001	837,001	22.4
2019	620,000	200,339	820,339	29.2
2020	620,000	185,589	805,589	35.9
2021	615,000	169,639	784,639	42.5
2022	615,000	153,739	768,739	49.2
2023	615,000	137,692	752,692	55.8
2024	610,000	121,032	731,032	62.4
2025	605,000	103,676	708,676	69.0
2026	605,000	85,412	690,412	75.5
2027	605,000	66,622	671,622	82.1
2028	605,000	47,689	652,689	88.6
2029	450,000	30,475	480,475	93.5
2030	120,000	21,000	141,000	94.8
2031	120,000	16,800	136,800	96.1
2032	120,000	12,600	132,600	97.4
2033	120,000	8,400	128,400	98.7
2034	<u>120,000</u>	<u>4,200</u>	<u>124,200</u>	<u>100.0%</u>
	<u>\$9,238,000</u>	<u>\$2,183,877</u>	<u>\$11,421,877</u>	

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

⁽²⁾ **Principal in the amount of \$9,150,000 and interest in the amount of \$2,180,965 has been excluded from the limitations of Proposition 2½.**

REVENUE ANTICIPATION BORROWING

The Town borrowed \$1,500,000 revenue anticipation notes in Fiscal 2012 due to a region-wide delay in setting the Fiscal 2012 tax rates. The Town does not anticipate the need to issue revenue anticipation notes in Fiscal 2015 and had not issued revenue anticipation notes for the five fiscal years prior to the Fiscal 2012 issuance of Notes.

OVERLAPPING DEBT ⁽¹⁾

The following table indicates the portion of overlapping debt relating to the Town:

	<u>Outstanding</u>	<u>Authorized Unissued</u>	<u>Estimated Share of West Tisbury</u>	<u>Assessments for Operations and Debt Service Fiscal Year 2015</u>
The County of Dukes County ⁽²⁾	\$50,000	\$0	13.1%	\$66,260
Martha's Vineyard Regional School District ⁽³⁾	\$1,620,000	\$850,000	16.5%	\$2,522,665
Up-Island Regional School District ⁽⁴⁾	\$1,050,000	\$0	65.17%	\$6,368,210
Martha's Vineyard Refuse Disposal and Resource Recovery District ⁽⁵⁾	\$170,000	\$874,000	15.5%	\$111,531

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

⁽²⁾ Source: Treasurer, Dukes County. Outstanding debt is as of March 1, 2015. Authorized debt includes debt authorized by the County Commissioners under general laws and debt permitted by special enabling acts whether or not yet voted by County Commissioners. Shares of debt service vary from year to year according to valuations of taxable property as last equalized by the State Department of Revenue. Amount shown here is based on the 2012 equalized valuations.

⁽³⁾ Source: Martha's Vineyard Regional School District. Debt is as of March 1, 2015. The other District members are the Towns of Aquinnah, Chilmark, Edgartown, Oak Bluffs and Tisbury. Towns may organize regional school districts to carry out general or specialized educational functions. The debt service of regional school districts is apportioned among the member municipalities in accordance with the agreements establishing the districts. The Town has voted to exclude their share of the District's debt service from the limitations of Proposition 2½.

⁽⁴⁾ Source: Up-Island School District. Debt as of March 1, 2015. The other District members are the Towns of Aquinnah and Chilmark.

⁽⁵⁾ Source: Treasurer, Martha's Vineyard Refuse Disposal and Resource Recovery District. Debt is as of March 1, 2015.

CONTRACTS

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

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

Municipal electric departments have statutory power to enter into long-term contracts for joint ownership and operation of generating and transmission facilities and for the purchase or sale of capacity, including contracts

requiring payments without regard to the operational status of the facilities. The Town does not have an electric department.

Pursuant to the Home Rule Amendment to the Massachusetts Constitution, cities and towns may also be empowered to make other contracts and leases. The Town does not have any contracts of a substantial nature.

CONTINGENT LIABILITIES

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

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

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

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

In addition the Act provides that, in the event the Commonwealth shall be called upon to pay the Authority any amount on account of any such deficiency, such amount with interest or other charges incurred in borrowing the money for the purpose, except such amounts as may be appropriated by the general court therefore, shall be assessed on the Towns of Barnstable, Falmouth and Nantucket and the City of New Bedford and The County of Dukes County, in the following proportions: 10% each on the Towns of Barnstable and Falmouth and the City of New Bedford; 35% on the Town of Nantucket, and 35% on The County of Dukes County. The County Commissioners of the County of Dukes County shall allocate such assessment upon said County to be paid

severally by the towns in said county, excepting the Town of Gosnold, in the same proportions as in the assessment of the county tax. The City of New Bedford shall be assessed fifty percent of any net operating losses, not to exceed \$650,000 annually, accrued for any passenger and freight service run by the Authority from the port of New Bedford which is directly attributable to such service, excluding any net operating losses resulting from the operation of the Authority's M/V Schamochi, in the calendar years 2003, 2004 and 2005 and 25 percent of any such net operating losses, not to exceed \$650,000 annually, accrued in calendar years 2006 and 2007. In calendar year 2008 and thereafter, the City of New Bedford shall pay ten percent of any annual deficiency, in an identical fashion, to the Towns of Falmouth and Barnstable, pursuant to this section. At the end of each calendar year beginning with the calendar year subsequent to 2002, the Authority shall prepare a report calculating the operating losses in accordance with generally accepted accounting principles and shall submit the same to the Auditor of the Commonwealth for his approval. The amount certified by the Auditor shall be paid to the Authority by the State Treasurer and assessed on the City of New Bedford in accordance with the above principles.

Pursuant to Chapter 580 of the Act of 1980 as amended by Chapter 782 of the Acts of 1981 ("Proposition 2½"), the annual increase in the total assessments on account of the Authority's operations is limited to (a) 2 1/2 percent of the prior year's assessments and (b) "any increase in costs, charges or fees for service customarily provided locally or for services subscribed to at local option". No such assessments have needed to be made since the effective date of Proposition 2 1/2. The obligation of the Commonwealth to make payments under Section 9 of the Act, is not in any way conditional upon the payment of such assessments.

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

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

RETIREMENT PLAN

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

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

If a city or town, or each member city and town of a county retirement system, has accepted the applicable law, it is required to annually appropriate an amount sufficient to pay not only its current pension obligations, but also a portion of its future pension liability. The portion of each such annual payment allocable to future pension obligations is required to be deposited in the pension reserve fund. The amount of the annual city or town appropriation for each such system is prescribed by a retirement system funding schedule which is periodically reviewed and approved by PERAC. Each system's retirement funding schedule is designed to reduce the unfunded actuarial pension liability of the system to zero by not later than June 30, 2030, with annual increases in the scheduled payment amounts of not more than 4.5 percent. The funding schedule must provide that payment in any year of the schedule is not less than 95 percent of the amount appropriated in the previous fiscal year. City, town and county systems which have an approved retirement funding schedule receive annual pension funding grants from the Commonwealth for the first 16 years of such funding schedule. Pursuant to recent legislation, a system (other than the state employees' retirement system and the teachers' retirement system) which conducts an actuarial valuation as of January 1, 2009, or later, may establish a revised schedule which reduces the unfunded actuarial liability to zero by not later than June 30, 2040, subject to certain conditions. If the schedule is so extended under such provisions and a later updated valuation allows for the development of a revised schedule with reduced payments, the revised schedule shall be adjusted to provide that the appropriation for each year shall not be less than that for such year under the prior schedule, thus providing for a shorter schedule rather than reduced payments. The Dukes County Retirement system is on schedule to be fully funded by January 2025.

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

Cost-of-living increases for each local retirement system may be granted and funded only by the local system, and only if it has established a funding schedule. Those statutory provisions are subject to acceptance by the local retirement board and approval by the local legislative body, which acceptance may not be revoked.

The Town participates in the contributory retirement system of The County of Dukes County. The annual contributions of the Town to the retirement system for the most recent fiscal years as well as budgeted amount for fiscal 2015 are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2015 (budgeted)	\$341,840
2014 (unaudited)	326,568
2013	311,977
2012	286,500
2011	273,677
2010	248,384

As of January 1, 2014 (the latest data available), The Dukes County Retirement System had assets valued at \$97,171,632 to support an actuarial accrued liability of \$141,568,416, leaving an estimated unfunded liability in the amount of \$44,396,784-using an 7.75% discount rate. West Tisbury's share of the liability is \$3,135,916. ⁽¹⁾ (See page 47 of the attached 2014 audited financial statements for further information).

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

⁽¹⁾ Source: *Dukes County Retirement System*.

OTHER POST-EMPLOYMENT BENEFITS

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

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

The Town was required to implement the GASB reporting requirements for other post-employment benefits beginning in fiscal year 2010, but in fact chose to implement in fiscal 2009. The Town, together with 14 other municipal employers in Dukes County, hired an outside firm to perform the second actuarial valuation of its post-employment benefit liability; the first valuation was completed as of July 1, 2009. After the first study, the Town eliminated its most expensive indemnity-based health insurance plan and adopted Section 18 of the Massachusetts General Laws, Chapter 32B, which requires that those retirees who are eligible for Medicare make Medicare their primary insurance. After the second study, the Town’s join purchase group (Cape Cod Municipal Health Group) made plan design changes to raise deductibles and co-pays while reducing premium costs. Per the third actuarial study (as of July 1, 2013), the accrued liability, assuming a 30-year amortization, and payment schedule for the unfunded liability, and a 4% discount rate, is \$5,881,780 with a cumulative Net OPEB Obligation (NOO) of \$1,075,288.

In January 2009, the Town Treasurer collaborated with 14 other municipal employers in Dukes County to file special legislation to create a Dukes County Pooled OPEB Trust Fund; the legislation was enacted as Chapter 149 of the Acts of 2010 in July 2010. On November 1, 2010, the first two member units signed the Trust document. The Town voted to join the Dukes County Pooled OPEB Trust at the Town’s April, 2011 Annual Town Meeting and authorized the transfer of the stabilization fund appropriated to date to that Trust during fiscal 2012. At the April, 2012 Annual Town Meeting, an additional \$175,000 was designated toward the Trust and all OPEB funds (a cumulative total of \$706,377, with interest) was transferred to the custody of the Dukes County Pooled OPEB Trust in June 2012. As of December 31, 2014, the Town’s total contribution to the OPEB Trust Fund was \$1,055,000; with earnings to date, the balance as of that date was \$1,243,303.

PROPERTY TAXATION AND VALUATION

Tax Rate and Valuation - General. Property is classified for the purpose of taxation according to its use. The legislature has in substance created three classes of taxable property: (1) residential real property, (2) open space land, and (3) all other (commercial, industrial and personal property). Within limits, cities and towns are given the option of determining the share of the annual levy to be borne by each of the three categories. The share required to be borne by residential real property is at least 50 per cent of its share of the total taxable valuation; the effective

rate for open space must be at least 75 per cent of the effective rate for residential real property; and the share of commercial, industrial and personal property must not exceed 175 percent of their share of the total valuation. A city or town may also exempt up to 20 percent of the valuation of residential real property (where used as the taxpayer's principal residence) and up to 10 percent of the valuation of commercial real property (where occupied by certain small businesses). Property may not be classified in a city or town until the State Commissioner of Revenue certifies that all property in the city or town has been assessed at its fair cash value. Such certification must take place every three years, or pursuant to a revised schedule as may be issued by the Commissioner.

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

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

VALUATIONS

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

	For Fiscal Year				
	<u>2015</u>	<u>2014</u> ⁽³⁾	<u>2013</u>	<u>2012</u>	<u>2011</u> ⁽³⁾
Real Property (1)	\$2,365,694,900	\$2,354,055,600	\$2,347,349,000	\$2,378,426,500	\$2,401,536,800
Personal Property (1)	<u>35,317,960</u>	<u>31,886,104</u>	<u>33,169,271</u>	<u>33,259,267</u>	<u>31,621,647</u>
Total	<u>\$2,401,012,860</u>	<u>\$2,385,941,704</u>	<u>\$2,380,518,271</u>	<u>\$2,411,685,767</u>	<u>\$2,433,158,447</u>
Equalized Value (2)	\$2,472,763,000	\$2,553,445,600	\$2,553,445,600	\$2,730,262,800	\$2,730,262,800
Percent of Total Assessed to Equalized Valuation	97.1%	93.4%	93.2%	88.3%	89.1%

⁽¹⁾ As of January 1, 2014, 2013, 2012, 2011 and 2010, respectively.

⁽²⁾ Based on equalized valuation in effect for each year as determined biennially by the State Department of Revenue as of January 1 of even numbered years effective for the next two fiscal years.

⁽³⁾ Revaluation year.

The following table shows the breakdown of the total assessed valuation for fiscal years 2015, 2014 and 2013 by classification:

<u>Type of Property</u>	<u>Fiscal 2015 Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>	<u>Fiscal 2014 Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>	<u>Fiscal 2013 Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>
Residential	\$2,290,341,149	95.4%	\$2,283,193,672	95.7%	\$2,276,409,772	95.6%
Commercial	69,063,951	2.9	66,319,728	2.8	66,397,028	2.8
Industrial	6,289,800	0.3	4,542,200	0.2	4,542,200	0.2
Personal	<u>35,317,960</u>	<u>1.4</u>	<u>31,886,104</u>	<u>1.3</u>	<u>33,169,271</u>	<u>1.4</u>
Total	<u>\$2,401,012,860</u>	<u>100.0%</u>	<u>\$2,385,941,704</u>	<u>100.0%</u>	<u>\$2,380,518,271</u>	<u>100.0%</u>

TAX RATES

The following shows the average tax rates per \$1,000 of assessed valuation, and the estimated full value rate based on the equalized valuations for the current and most recent fiscal years:

<u>Fiscal Year</u>	<u>Actual Tax Rate</u>	<u>Full Value Rate</u>
2015	\$5.70	—
2014	5.41	5.06
2013	5.26	4.90
2012	4.92	4.35
2011	4.73	3.86

LARGEST TAXPAYERS ⁽¹⁾

The following shows the top ten largest taxpayers:

<u>Name</u>	<u>Nature of Business</u>	<u>Fiscal 2015 Assessed Valuation</u>	<u>Amount of Tax</u>	<u>% of Total Levy</u>
Individual	Residential	\$ 34,547,535	\$ 196,921	1.44%
Individual	Residential	29,144,130	166,122	1.22
Individual	Residential	25,313,445	144,287	1.06
Individual	Residential	21,774,925	124,117	0.91
Individual	Residential	21,131,670	120,449	0.88
Individual	Residential	20,931,535	119,310	0.87
Individual	Residential	18,574,970	105,877	0.77
Individual	Residential	16,850,715	96,049	0.70
Individual	Residential	15,276,195	87,074	0.64
Individual	Residential	<u>14,783,785</u>	<u>84,268</u>	<u>0.62</u>
Total		<u>\$218,328,905</u>	<u>\$1,244,474</u>	<u>9.11%</u>

⁽¹⁾ As of January 1, 2014. All of the largest taxpayers listed above are current on their real estate and personal property taxes.

TAX LEVIES

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

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

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

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

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

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

Tax Limitations. Chapter 59, Section 21C of the General Laws, known as “Proposition 2½”, imposes two separate limits on the annual tax levy of a city or town.

The primary limitation is that the tax levy cannot exceed 2½ percent of the full and fair cash value. If a city or town exceeds the primary limitation, it must reduce its tax levy by at least 15 percent annually until it is in compliance, provided that the reduction can be reduced in any year to not less than 7½ percent by majority vote of the voters, or to less than 7½ percent by two-thirds vote of the voters.

For cities and towns at or below the primary limit, a secondary limitation is that the tax levy cannot exceed the maximum levy limit for the preceding fiscal year as determined by the State Commissioner of Revenue by more than 2½ percent, subject to exceptions for property added to the tax rolls or property which has had an increase, other than as part of a general revaluation, in its assessed valuation over the prior year's valuation.

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

The applicable tax limits may also be reduced in any year by a majority of the voters.

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

The statute further provides that the voters may exclude from the taxes subject to the tax limits and from the calculations of the maximum tax levy (a) the amount required to pay debt service on bonds and notes issued before November 4, 1980, if the exclusion is approved by a majority vote of the voters, and (b) the amount required to pay debt service on any specific subsequent issue for which similar approval is obtained. Even with voter approval, the holders of the obligations for which unlimited taxes may be assessed do not have a statutory priority or security interest in the portion of the tax levy attributable to such obligations. **As noted above, \$9,150,000 of currently outstanding bonds and notes, is exempt from the limitations of Proposition 2½, subject to the provisions of Chapter 44, Section 20 of the General Laws.** It should be noted that Massachusetts General Laws Chapter 44, Section 20 requires that the taxes excluded from the levy limit to pay debt service on any such bonds and notes be calculated based on the true interest cost of the issue. Accordingly, the Department of Revenue limits the amount of taxes which may be levied in each year to pay debt service on any such bonds and notes to the amount of such debt service, less a pro rata portion of any original issue premium received by the city or town that was not applied to pay costs of issuance.

Voters may also exclude from the Proposition 2½ limits the amount required to pay specified capital outlay expenditures or for the city or town's apportioned share for certain capital outlay expenditures by a regional governmental unit. In addition, the city council of a city, with the approval of the mayor if required, or the board of selectmen or the town council of a town may vote to exclude from the Proposition 2½ limits taxes raised in lieu of sewer or water charges to pay debt service on bonds or notes issued by the municipality (or by an independent authority, commission or district) for water or sewer purposes, provided that the municipality's sewer or water charges are reduced accordingly.

In addition, Proposition 2½ limits the annual increase in the total assessments on cities and towns by any county, district, authority, the Commonwealth or any other governmental entity (except regional school districts, the MWRA, and certain districts for which special legislation provides otherwise) to the sum of (a) 2½ percent of the prior year's assessments and (b) "any increases in costs, charges or fees for services customarily provided locally or for services subscribed to at local option". Regional water districts, regional sewerage districts and regional veteran's districts may exceed these limitations under statutory procedures requiring a two-thirds vote of the district's governing body and either approval of the local appropriating authorities (by two-thirds vote in districts with more than two members or by majority vote in two-member districts) or approval of the registered voters in a local election (in the case of two-member districts). Under Proposition 2 ½ any State law to take effect on or after January 1, 1981 imposing a direct service or cost obligation on a city or town will become effective only if accepted or voluntarily funded by the city or town or if State funding is provided. Similarly, State rules or regulations imposing additional costs on a city or town or laws granting or increasing local tax exemptions are to take effect only if adequate State appropriations are provided. These statutory provisions do not apply to costs resulting from judicial decisions.

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

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

CALCULATION OF TAX LEVIES

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

	(000 omitted)				
	For Fiscal Year				
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Appropriations	\$17,224	\$16,130	\$16,128	\$15,781	\$15,143
Other Local Expenditures	86	97	13	43	427
State & County Charges	186	182	202	225	234
Overlay Reserve	<u>143</u>	<u>109</u>	<u>103</u>	<u>128</u>	<u>98</u>
Total Gross Amount to be Raised	<u>17,639</u>	<u>16,518</u>	<u>16,446</u>	<u>16,177</u>	<u>15,902</u>
Less Estimated Receipts & Other Revenue:					
Estimated Receipts from State	1,167	1,160	1,143	1,130	1,118
Estimated Receipts - Local	2,108	2,056	2,079	2,071	2,481
Available Funds Appropriated:					
Free Cash	160	124	26	533	196
Other Available Funds	101	60	467	328	348
Free Cash & Other Revenue					
Used to Reduce the Tax Rate	<u>435</u>	<u>210</u>	<u>210</u>	<u>250</u>	<u>250</u>
Total Estimated Receipts & Revenue	<u>3,971</u>	<u>3,610</u>	<u>3,925</u>	<u>4,312</u>	<u>4,393</u>
Tax Levy	<u>\$13,668</u>	<u>\$12,908</u>	<u>\$12,521</u>	<u>\$11,865</u>	<u>\$11,509</u>

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

	(000 omitted)				
	For Fiscal Year				
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Primary Levy Limit ⁽¹⁾	\$59,824	\$59,649	\$59,513	\$60,292	\$60,829
Prior Fiscal Year Levy Limit	12,792	12,413	12,023	11,681	11,321
2.5% Levy Growth	320	310	301	292	283
New Growth ⁽²⁾	142	69	89	50	77
Overrides	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Growth Levy Limit	13,254	12,792	12,413	12,023	11,681
Debt Exclusions	1,072	642	622	693	694
Capital Expenditure Overrides	0	0	0	0	0
Other Adjustments	<u>0</u>	<u>46</u>	<u>48</u>	<u>5</u>	<u>53</u>
Tax Levy Limit	14,326	13,480	13,083	12,721	12,428
Tax Levy	<u>13,668</u>	<u>12,908</u>	<u>12,521</u>	<u>11,865</u>	<u>11,509</u>
Unused Levy Capacity ⁽³⁾	<u>\$ 658</u>	<u>\$ 572</u>	<u>\$ 562</u>	<u>\$ 856</u>	<u>\$ 919</u>
Unused Primary Levy Capacity ⁽⁴⁾	<u>\$46,570</u>	<u>\$46,857</u>	<u>\$47,100</u>	<u>\$48,269</u>	<u>\$49,148</u>

⁽¹⁾ 2.5% of assessed valuation.

⁽²⁾ Allowed addition for new valuations certified by the Department of Revenue.

⁽³⁾ Tax Levy Limit less Tax Levy.

⁽⁴⁾ Primary Levy Limit less Growth Levy Limit.

TAX COLLECTIONS AND ABATEMENTS

Payment Dates. The Town has accepted a statute providing for quarterly tax payments. Under that statute preliminary tax payments are to be due on August 1 and November 1 with payment of the actual tax bill (after credit is given for the preliminary payments) in installments on February 1 and May 1 if the actual tax bills are mailed by December 31. Interest accrues on delinquent taxes at the rate of 14 percent per annum.

Lien. Real property (land and buildings) is subject to a lien for the taxes assessed upon it, subject to any paramount federal lien and subject to bankruptcy and insolvency laws. (In addition, real property is subject to a lien for certain unpaid municipal charges or fees.) If the property has been transferred, an unenforced lien expires on the fourth December 31 after the end of the fiscal year to which the tax relates. If the property has not been transferred by the fourth December 31, an unenforced lien expires upon a later transfer of the property. Provision is made, however, for continuation of the lien where it could not be enforced because of a legal impediment.

Personal Liability. The persons against whom real or personal property taxes are assessed are personally liable for the tax (subject to bankruptcy and insolvency laws). In the case of real property, this personal liability is effectively extinguished by sale or taking of the property as described in "Taking and Sale" herein.

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

	For Fiscal Year				
	<u>2015</u>	<u>2014</u>	<u>2013</u> ⁽³⁾	<u>2012</u>	<u>2011</u>
Total Tax Levy	\$13,667,798	\$12,907,945	\$12,521,526	\$11,865,494	\$11,508,839
Overlay Reserve for Abatements	<u>142,990</u>	<u>109,272</u>	<u>102,807</u>	<u>128,334</u>	<u>98,319</u>
Net Tax Levy ⁽¹⁾	<u>\$13,524,508</u>	<u>\$12,798,673</u>	<u>\$12,418,720</u>	<u>\$11,737,160</u>	<u>\$11,410,520</u>
Amount Collected During Fiscal Year Payable ⁽²⁾	NA	\$12,513,214	\$12,246,588	\$11,419,953	11,184,211
Percent of Net Tax Levy	NA	97.8%	98.6%	97.3%	98.0%
Amount Collected Through 02/01/15 ⁽²⁾	\$ 8,036,995	\$12,803,098	\$12,433,005	\$11,788,500	\$11,426,074
Percent of Net Tax Levy	59.5%	100.1%	100.2%	100.5%	100.2%

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

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

⁽³⁾ Revaluation year.

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

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

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

	For Fiscal Year				
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Tax Levy	\$13,667,798	\$12,907,945	\$12,521,526	\$11,865,494	\$11,508,839
Overlay Reserve for Abatements	\$142,900	\$109,272	\$102,807	\$128,334	\$98,319
Percent of Tax Levy	1.0%	0.8%	0.8%	1.1%	0.9%
Abatements Granted:					
During Fiscal Year of Levy	NA	\$17,403	\$14,492	\$ 5,235	\$18,863
Through 02/01/15	\$ 0	\$ 0	\$21,592	\$58,936	\$19,710

Sale of Tax Receivables. Cities and towns are authorized to sell delinquent property tax receivables by public sale or auction, either individually or in bulk.

Taking and Sale. Massachusetts law permits a municipality either to sell by public sale (at which the municipality may become the purchaser) or to take real property for nonpayment of taxes. In either case the property owner can redeem the property by paying the unpaid taxes, with interest and other charges, but if the right of redemption is not exercised within six months (which may be extended an additional year in the case of certain installment payments), it can be foreclosed by petition to the Land Court. Upon foreclosure, a tax title purchased or taken by the municipality becomes a "tax possession" and may be held and disposed of in the same manner as other land held for municipal purposes.

TAXES OUTSTANDING

The following shows taxes outstanding at the end of each of the last five fiscal years:

	For Fiscal Year				
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Aggregate ⁽¹⁾	\$373,815	\$271,759	\$437,967	\$325,583	\$338,505
For Current Year ⁽¹⁾	377,766	260,446	425,997	316,821	337,282
Tax Titles and Tax Possessions	179,400	193,025	183,827	225,857	230,569

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

TOWN FINANCES

BUDGET AND APPROPRIATION PROCESS

The annual appropriations of the Town are ordinarily made at the annual meeting which takes place in April. Appropriations may also be voted at special meetings. The Finance Committee (also the Board of Selectmen) is required to submit reports and recommendations on proposed expenditures at the annual town meeting.

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

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

The school budget is limited to the total amount appropriated by the town meeting, but the school committee retains full power to allocate the funds appropriated. State legislation known as the Education Reform Act of 1993, as amended, imposes certain minimum expenditure requirements on municipalities with respect to funding for education and related programs and may affect the level of State aid to be received for education. The requirements are determined on the basis of formulas affected by various measures of wealth and income, enrollments, prior levels of local spending and state aid, and other factors. In fiscal 1994 through budgeted 2014, the Town’s net school spending exceeded the minimum required local contribution.

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

The following table sets forth the general governmental budgets for fiscal years 2011-2015:

BUDGET COMPARISON

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
General Government	\$ 1,389,214	\$ 1,335,925	\$ 1,293,165	\$ 1,234,641	\$ 1,188,128
Protection of Persons & Property	1,883,148	1,739,067	1,673,499	1,582,438	1,520,829
Sanitation	161,309	161,577	161,339	163,438	174,232
Public Works	231,202	222,996	192,655	188,311	183,661
Library & Recreation	733,492	589,472	535,678	578,574	539,551
Education	8,890,875	8,499,872	8,564,239	8,118,579	7,736,332
Human Services	432,490	408,058	405,714	385,214	384,829
Insurance & Employee Benefits	1,042,690	991,068	844,944	832,965	792,067
County/State Assessments	185,505	182,193	201,925	225,231	233,654
Debt Service	<u>1,089,677</u>	<u>787,220</u>	<u>716,955</u>	<u>678,677</u>	<u>689,258</u>
Total	<u>\$16,039,602</u>	<u>\$14,917,448</u>	<u>\$14,590,113</u>	<u>\$13,988,068</u>	<u>\$13,442,541</u>

STATE AID

In addition to grants for specified capital purposes (some of which are payable over the life of the bonds issued for the projects), the Commonwealth provides financial assistance to cities and towns for current purposes. Payments to cities and towns are derived primarily from a percentage of the State’s personal income, sales and use, and corporate excise tax receipts, together with the net receipts from the State Lottery. A municipality’s state aid entitlement is based on a number of different formulas, of which the “schools” and “lottery” formulas are the most important. Both of the major formulas tend to provide more state aid to poorer communities. The formulas for determining a municipality’s state aid entitlement are subject to amendment by the state legislature and, while a formula might indicate that a particular amount of state aid is owed, the amount of state aid actually paid is limited to the amount appropriated by the state legislature. The state annually estimates state aid, but the actual state aid payments may vary from the estimate.

The following table sets forth the amount of state aid to the Town in recent years as well as the amount budgeted for fiscal year 2015:

<u>Fiscal Year</u>	<u>Total State Aid</u>
2015 (budgeted)	\$925,714
2014	914,510
2013	897,738
2012	885,774
2011	871,869
2010	926,442

STATE SCHOOL BUILDING ASSISTANCE PROGRAM

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

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

MOTOR VEHICLE EXCISE

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

The following table shows the actual receipts from the motor vehicle excise in each of the most recent years as well as the amount budgeted for fiscal year 2015:

<u>Fiscal Year</u>	<u>Receipts</u> ⁽¹⁾
2015 (budgeted)	\$500,000
2014	528,480
2013	451,746
2012	477,870
2011	394,224
2010	426,670

⁽¹⁾ Net after refunds. Includes receipts for prior years.

OTHER TAXES

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

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

COMMUNITY PRESERVATION ACT

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

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

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

The amounts raised by the surcharge on taxes, the dedication of revenue and received in state matching funds are required to be deposited in a dedicated community preservation fund. Each city or town that accepts the provisions of the CPA is required to establish a community preservation committee to study the community preservation needs of the community and to make recommendations to the legislative body of the city or town

regarding the community preservation projects that should be funded from the community preservation fund. Upon the recommendations of the committee, the legislative body of the city or town may appropriate amounts from the fund for permitted community preservation purposes or may reserve amounts for spending in future fiscal years, provided that at least 10% of the total annual revenues to the fund must be spent or set aside for open space purposes, 10% for historic resource purposes and 10% for affordable housing purposes.

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

The Town voted to accept the provisions of the CPA at the 2005 Annual Town Meeting. The Town approved the 3% surcharge with the exemption for the first \$100,000 and the exemption for low-income individuals and moderate-income senior citizens. As of June 30, 2014, the balance in the Fund was \$1,070,006.

TAX INCREMENT FINANCING FOR DEVELOPMENT DISTRICTS

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

UNDESIGNATED GENERAL FUND BALANCE AND FREE CASH

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

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

<u>July 1,</u>	<u>Undesignated General Fund Balance</u> ⁽¹⁾	<u>Free Cash</u>
2014	\$1,480,028	\$600,812
2013	1,437,052	699,189
2012	1,354,789	395,972
2011	1,295,204	467,511
2010	904,936	656,575

⁽¹⁾Effective fiscal 2011, the Town is complying with the provisions of GASB #54 which reports the General Stabilization Fund under the Town’s General Fund Balance “unassigned” category.

STABILIZATION FUND

The Town has maintained a Stabilization Fund for several years. Under Massachusetts statutes, funds may be appropriated from the Fund for any municipal purpose by a two thirds vote of the town meeting. The following is the balance in the account at the end of the most recent fiscal years:

<u>Fiscal Year</u>	<u>Stabilization Fund</u>	<u>OPEB Fund</u>	<u>Ambulance Fund</u>	<u>Fire Equip. Fund</u>
2014	\$492,410	\$ 0	\$53,928	\$71,876
2013 (2)	490,469	0	52,880	1,704
2012 (1)	489,491	0	92,074	275,258
2011	488,454	530,411	91,821	275,675
2010	488,000	380,000	57,000	75,000
2009	484,123	153,363	54,010	0

⁽¹⁾ The Town transferred a total of \$706,377 out of the OPEB Trust Fund into the Dukes' County Pooled OPEB Trust in fiscal 2012.

⁽²⁾ The Town transferred \$275,000 out of the Fire Equipment Fund for a new fire truck, as well as \$39,000 out of the Ambulance Fund for West Tisbury's share of a new ambulance.

INVESTMENTS

Investments of funds of cities and towns, except for trust funds, are generally restricted by Massachusetts General Laws Chapter 44, s.55. That statute permits investments of available revenue funds and bond and note proceeds in term deposits and certificates of deposits of banks and trust companies, in obligations issued or unconditionally guaranteed by the federal government or an agency thereof with a maturity of not more than one year, in repurchase agreements with a maturity of not more than 90 days secured by federal or federal agency securities, in participation units in the Massachusetts Municipal Depository Trust ("MMDT"), or in shares of SEC-registered money market funds with the highest possible rating from at least one nationally recognized rating organization.

MMDT is an investment pool created by the Commonwealth. The State Treasurer is the sole trustee and the funds are managed under contract by an investment firm. According to the State Treasurer the Trust's investment policy is designed to maintain an average weighted maturity of 90 days or less and is limited to high-quality, readily marketable fixed income instruments, including U.S. Government Obligations and highly-rated corporate securities with maturities of one year or less.

Trust funds, unless otherwise provided by the donor, may be invested in accordance with section 54 of Chapter 44 of the General Laws, which permits a broader range of investments than section 55, including any bonds or notes that are legal investments for savings banks in the Commonwealth. The restrictions imposed by sections 54 and 55 do not apply to city and town retirement systems.

COLLECTIVE BARGAINING

City and town employees (other than managerial and confidential employees) are entitled to join unions and bargain collectively on questions of wages, hours and other terms and conditions of employment. The Town employs approximately 33 full-time and 24 part-time employees, as well as 21 seasonal employees. However, the Town does not have any unions or collective bargaining groups.

PHYSICAL AND ECONOMIC CHARACTERISTICS

The Town of West Tisbury is located on the island of Martha's Vineyard. The Town is bordered on the northeast by the Town of Tisbury (Vineyard Haven), Edgartown to the east, the Atlantic Ocean to the south and

Vineyard Sound on the northwest and the Town of Chilmark to the west. The Steamship Authority provides year-round passenger and freight service in the neighboring Town of Tisbury.

Based on fiscal 2015 assessed valuations, approximately 95.7% of the property is residential while 3.0% is commercial and industrial. According to the 2010 Federal Census, the Town has a year-round population of 2,740. However, it is estimated that the Town's seasonal population increases to 8,437 (source: Martha's Vineyard Regional Transportation Plan).

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

PRINCIPAL EMPLOYERS ⁽¹⁾

The following are the principal year-round employers, other than the Town itself, located in the Town:

<u>Company</u>	<u>Nature of Business</u>	<u>Approximate Current Employees</u>
Up-Island Regional School Dist.	Public School	69
MV Charter School	Public School	53
South Mountain Company	Contractor	28
Martha's Vineyard Savings Bank	Bank	28
John Keene Excavation	Excavation	16
Powers Electric	Electrical Contractor	14
Conroy's Apothecary	Pharmacy	11
Vineyard Complimentary Medicine	Wellness Center	10
Tea Lane Associates	Realtor	9
Bennett Electric	Electrical Contractor	9
Cape Air	Airline	9
Vineyard Tennis Center	Fitness Center	9

⁽¹⁾ Source: *The Town, as of January 2015.*

EMPLOYMENT BY INDUSTRY

	<u>Calendar Year Average</u>				
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Construction & Natural Resources	121	121	118	123	152
Manufacturing	8	N/A	N/A	N/A	N/A
Trade, Transportation & Utilities	84	119	123	116	137
Financial Activities	NA	9	9	N/A	N/A
Professional & Business Services	149	121	118	126	134
Education & Health Services	150	152	152	146	159
Leisure & Hospitality	69	70	64	86	69
Public Administration	46	60	52	N/A	68
Information & Other Services	<u>73</u>	<u>71</u>	<u>71</u>	<u>52</u>	<u>56</u>
Total Employment	700	723	707	649	775
Number of Establishments	105	114	128	130	137
Total Annual Wage (000)	\$36,221	\$35,621	\$33,392	\$32,489	\$37,186
Average Weekly Wage	\$930	\$891	\$848	\$816	\$881

BUILDING PERMITS

<u>Calendar Year</u>	<u>Number</u>	<u>Estimated Value</u>
2014	217	\$22,250,598
2013	201	19,993,960
2012	170	22,132,798
2011	139	14,034,586
2010	134	32,716,805

OTHER DATA

Unemployment ⁽¹⁾

<u>Year</u>	<u>West Tisbury ⁽²⁾</u>	<u>Massachusetts</u>	<u>United States</u>
2014 (November)	4.4%	5.2%	5.5%
2013	4.3	7.1	7.4
2012	4.3	6.7	8.1
2011	4.6	6.8	8.9
2010	5.3	8.5	9.6

⁽¹⁾ Massachusetts Department of Labor & Workforce Development. Full year annual averages except for 2014 which is for the month indicated.

⁽²⁾ Low unemployment due to the seasonal nature of West Tisbury's resort community as well as many businesses employed as sole proprietors.

Population ⁽¹⁾

<u>Year</u>	<u>West Tisbury</u>		<u>Dukes County</u>		<u>Massachusetts</u>	
	<u>Number</u>	<u>% Change</u>	<u>Number</u>	<u>% Change</u>	<u>Number</u>	<u>% Change</u>
2013 (Est.)	2,828	3.2%	17,041	3.1%	6,646,144	1.5%
2010	2,740	11.1	16,535	10.3	6,547,629	3.1
2000	2,467	44.8	14,987	28.8	6,349,097	5.5
1990	1,704	63.8	11,639	30.2	6,016,425	4.9
1980	1,040		8,942		5,737,037	

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

Population Density ⁽¹⁾

<u>Year</u>	<u>West Tisbury</u>		<u>Dukes County</u>		<u>Massachusetts</u>	
	<u>Number</u>	<u>Density ⁽²⁾</u>	<u>Number</u>	<u>Density</u>	<u>Number</u>	<u>Density</u>
2013 (Est.)	2,828	113.0	17,041	164.1	6,646,144	847.9
2010	2,740	109.5	16,535	159.3	6,547,629	835.4
2000	2,467	98.5	14,987	144.4	6,349,097	810.0
1990	1,704	68.1	11,639	112.1	6,016,425	767.6
1980	1,040	41.5	8,942	86.1	5,737,037	732.0

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

⁽²⁾Based on 25.0 square miles.

Population Composition 2012⁽¹⁾

<u>Age</u>	<u>West Tisbury</u>		<u>Dukes County</u>		<u>Massachusetts</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Under 5 Years	291	11.2%	889	5.4%	366,952	5.6%
5 Years to 19Years	339	13.0	2,647	16.0	1,257,302	19.2
20 Years to 64 Years	1,642	63.0	10,292	62.1	4,025,262	61.4
65 Years & Over	334	12.8	2,753	16.5	911,079	13.9
Total	<u>2,606</u>	<u>100.0%</u>	<u>16,581</u>	<u>100.0%</u>	<u>6,560,595</u>	<u>100.0%</u>
Median Age	42.3		45.4		39.1	
Median Age (2000)	41.1		40.7		36.5	

⁽¹⁾ Source: U.S. Department of Commerce. 2012 represents 5-year estimates.

Income Levels ⁽¹⁾

<u>Year</u>	<u>West Tisbury</u>		<u>Dukes County</u>		<u>Massachusetts</u>	
	<u>Amount</u>	<u>% Change from Previous Census</u>	<u>Amount</u>	<u>% Change from Previous Census</u>	<u>Amount</u>	<u>% Change from Previous Census</u>
Per Capita-Personal						
2011	\$31,906	2.9%	\$33,125	25.1%	\$35,485	36.7%
1999	31,021	88.8	26,472	44.8	25,952	50.7
1989	16,428	130.6	18,280	149.7	17,224	131.0
1979	7,125	NA	7,322	NA	7,457	NA
Median Family Income (2012)	\$66,908		\$79,195		\$84,380	
Median Household Income (2012)	\$70,646		\$65,896		\$66,658	
% Below Poverty Level (2012)	11.5%		10.8%		11.0%	

⁽¹⁾ Source: U.S. Department of Commerce. 2012 represents 5-year estimates.

Family Income Distribution 2012 ⁽¹⁾

<u>Income for Families</u>	<u>West Tisbury</u>		<u>Dukes County</u>		<u>Massachusetts</u>	
	<u>Families</u>	<u>Percent</u>	<u>Families</u>	<u>Percent</u>	<u>Families</u>	<u>Percent</u>
Less than \$10,000	48	6.8%	274	7.1%	57,204	3.6%
\$10,000 - \$24,999	39	5.6	257	6.7	132,790	8.3
\$25,000 - \$49,999	119	17.0	633	16.5	260,930	16.3
\$50,000 - \$74,999	182	26.0	647	16.8	257,973	16.1
\$75,000 - \$99,999	123	17.5	763	19.8	235,746	14.7
\$100,000 - \$149,999	117	16.7	862	22.4	331,738	20.7
\$150,000 or more	73	10.4	408	10.6	327,825	20.4
Total	<u>701</u>	<u>100.0%</u>	<u>3,844</u>	<u>100.0%</u>	<u>1,604,206</u>	<u>100.0%</u>

⁽¹⁾ Source: U.S. Department of Commerce. 2012 represents 5-year estimates.

Household Income Distribution 2012 ⁽¹⁾

<u>Income for Households</u>	<u>West Tisbury</u>		<u>Dukes County</u>		<u>Massachusetts</u>	
	<u>Households</u>	<u>Percent</u>	<u>Households</u>	<u>Percent</u>	<u>Households</u>	<u>Percent</u>
Less than \$10,000	31	3.1%	363	6.3%	159,535	6.3%
\$10,000 - \$24,999	71	7.1	692	12.0	345,816	13.7
\$25,000 - \$49,999	196	19.6	1,279	22.1	472,301	18.7
\$50,000 - \$74,999	276	27.6	891	15.4	412,921	16.3
\$75,000 - \$99,999	191	19.1	1,010	17.5	329,572	13.0
\$100,000 - \$149,999	152	15.2	1,001	17.3	422,194	16.7
\$150,000 or more	<u>83</u>	<u>8.3</u>	<u>546</u>	<u>9.4</u>	<u>383,355</u>	<u>15.2</u>
Total	<u>1,000</u>	<u>100.0%</u>	<u>5,782</u>	<u>100.0%</u>	<u>2,525,694</u>	<u>100.0%</u>

⁽¹⁾ Source: U.S. Department of Commerce. 2012 represents 5-year estimates.

Value Distribution Of Specified Owner-Occupied Housing Units 2012 ⁽¹⁾

<u>Units</u>	<u>West Tisbury</u>		<u>Dukes County</u>		<u>Massachusetts</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Less than \$100,000	0	0.0%	61	1.3%	55,908	3.5%
\$100,000 - \$199,999	7	0.8	60	1.3	201,702	12.6
\$200,000 - \$299,999	12	1.3	251	5.5	402,530	25.2
\$300,000 - \$499,999	46	5.2	852	18.7	603,907	37.8
\$500,000 - \$999,999	645	72.6	2,539	55.6	276,805	17.3
\$1,000,000 or more	<u>179</u>	<u>20.1</u>	<u>804</u>	<u>17.6</u>	<u>55,107</u>	<u>3.5</u>
Total	<u>889</u>	<u>100.0%</u>	<u>4,567</u>	<u>100.0%</u>	<u>1,595,959</u>	<u>100.0%</u>

Median Value \$727,500 ⁽²⁾ \$656,000 \$335,500

⁽¹⁾ Source: U.S. Department of Commerce. 2012 represents 5-year estimates.

⁽²⁾ According to the Town Assessor's office, the current fiscal 2014 median home price is estimated to be \$700,000, with the average home value at \$960,000.

Age Distribution Housing Units 2012 ⁽¹⁾

<u>Year Built</u>	<u>West Tisbury</u>		<u>Dukes County</u>		<u>Massachusetts</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
2000 or Later	242	10.0%	1,689	9.9%	199,233	7.1%
1980 to 1999	1,322	54.8	6,660	38.9	508,334	18.1
1940 to 1979	472	19.6	5,008	29.2	1,115,159	39.8
1939 or Earlier	<u>377</u>	<u>15.6</u>	<u>3,783</u>	<u>22.1</u>	<u>981,480</u>	<u>35.0</u>
Total	<u>2,413</u>	<u>100.0%</u>	<u>17,140</u>	<u>100.0%</u>	<u>2,804,206</u>	<u>100.0%</u>

⁽¹⁾ Source: U.S. Department of Commerce. 2012 represents 5-year estimates.

Housing Unit Inventory 2012 ⁽¹⁾

<u>Units in Structure</u>	<u>West Tisbury</u>		<u>Dukes County</u>		<u>Massachusetts</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
1, Detached	2,244	93.0%	15,541	90.7%	1,471,460	52.5%
1, Attached	68	2.8	586	3.4	141,098	5.0
2 to 4	27	1.1	551	3.2	596,892	21.3
5 to 9	0	0.0	139	0.8	168,231	6.0
10 to 19	0	0.0	4	0.0	120,233	4.3
20 or More	0	0.0	74	0.4	281,775	10.0
Mobil Home, Trailer, or Other	74	3.1	245	1.4	24,517	0.9
Total	<u>2,413</u>	<u>100.0%</u>	<u>17,140</u>	<u>100.0%</u>	<u>2,804,206</u>	<u>100.0%</u>

⁽¹⁾ Source: U.S. Department of Commerce. 2012 represents 5-year estimates.

Educational Attainment 2012 ⁽¹⁾

<u>Years of School Completed</u>	<u>West Tisbury</u>		<u>Dukes County</u>		<u>Massachusetts</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Less than 9th Grade	5	0.3%	161	1.3%	216,669	4.9%
9th to 12th Grade, No Diploma	1	0.1	804	6.5	268,218	6.0
High School Graduate	430	23.0	2,994	24.2	1,156,650	25.9
Some College, No Degree	4723	25.2	2,538	20.5	739,171	16.6
Associate's Degree	149	8.0	919	7.4	344,724	7.7
Bachelor's Degree	406	21.7	2,851	23.0	989,299	22.2
Graduate or Professional Degree	409	21.8	2,126	17.2	751,167	16.8
Total	<u>1,872</u>	<u>100.0%</u>	<u>12,393</u>	<u>100.0%</u>	<u>4,465,898</u>	<u>100.0%</u>
High School Graduate or Higher	1,866	99.7%	11,428	92.2%	3,981,011	89.1%
Bachelor's Degree or Higher	815	43.5%	4,977	40.2%	1,740,466	39.0%

⁽¹⁾ Source: U.S. Department of Commerce. 2012 represents 5-year estimates.

SCHOOL FACILITIES

The Town is a member of the Up-Island Regional School District which provides education in grades K-8. The District has two school facilities. The West Tisbury Elementary School contains grades K-8 with the capacity of 500 pupils, while the Chilmark Elementary School houses grades K-5 with a capacity of 100 pupils. As of October 1, 2014, 197 pupils from West Tisbury attended the West Tisbury Elementary School, which has a current enrollment of 290 students. Nine pupils from West Tisbury attend the Chilmark Elementary School, which currently has an enrollment of 61 students.

The Town is a member of the Martha's Vineyard Regional High School District which provides facilities for pupils in grades 9 - 12. Other members of the District are the Towns of Aquinnah, Chilmark, Edgartown, Oak Bluffs and Tisbury. As of October 1, 2014, 110 pupils from West Tisbury attended the Martha's Vineyard Regional High School, which has a total student population of 686.

PUBLIC SCHOOL ENROLLMENTS ⁽¹⁾⁽²⁾⁽³⁾

	<u>Actual</u>					<u>Projected</u>		
	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>
Pre K-8	199	192	178	179	197	207	207	175
9-12	<u>115</u>	<u>121</u>	<u>126</u>	<u>109</u>	<u>110</u>	<u>115</u>	<u>129</u>	<u>99</u>
Total	<u>314</u>	<u>313</u>	<u>304</u>	<u>288</u>	<u>307</u>	<u>322</u>	<u>339</u>	<u>274</u>

⁽¹⁾ As of October 1 of each year.

⁽²⁾ West Tisbury students only.

⁽³⁾ Excludes students enrolled in the M.V. Public Charter School.

West Tisbury Student Enrollment ⁽¹⁾

	<u>West Tisbury Elementary</u>	<u>Other Public Schools</u>	<u>Private/ Home Schooled</u>
K-8	197	48	4

⁽¹⁾ As of 10/01/14.

LITIGATION

At present there are a number of suits pending in which the Town is a defendant. In the opinion of the Town, there is no litigation, either pending or threatened, which is considered likely to result, either individually or in the aggregate, in final judgments which would materially affect the Town's financial position.

**TOWN OF WEST TISBURY
Massachusetts**

By: /s/ Katherine Logue
Treasurer

Dated: March 1, 2015

APPENDIX A

The Balance Sheets for fiscal years ending June 30, 2011 through 2014, and the Comparative Statements of Revenues, Expenditures and Changes in Fund Balances for fiscal years ending June 30, 2010 through 2014, have been taken from the audited financial statements of the Town.

The Town engaged R.E. Brown & Company, Certified Public Accountants, to audit the accounts for the Town for the year ending June 30, 2014. That audit is reproduced in Appendix B.

**TOWN OF WEST TISBURY
MASSACHUSETTS
BALANCE SHEET
GENERAL FUND
June 30, ⁽¹⁾⁽²⁾**

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Assets:				
Cash & Cash Equivalents	\$2,385,103	\$2,246,970	\$2,171,888	\$2,798,566
Receivables:				
Property Taxes	371,310	258,870	423,722	323,669
Excise Taxes/Fees	82,191	67,149	49,990	107,150
Tax Liens	102,001	117,814	110,904	154,823
Departmental and Other	<u>473,840</u>	<u>710,761</u>	<u>947,682</u>	<u>1,184,603</u>
Total Assets	<u>\$3,414,445</u>	<u>\$3,401,564</u>	<u>\$3,704,186</u>	<u>\$4,568,811</u>
Liabilities:				
Warrants and Accounts Payable	\$106,487	\$ 172,452	\$ 92,879	\$ 90,674
Deferred Revenue	866,418	1,086,628	1,351,354	1,637,545
Other	<u>50,556</u>	<u>35,945</u>	<u>34,190</u>	<u>44,099</u>
Total Liabilities	<u>1,023,461</u>	<u>1,295,025</u>	<u>1,478,423</u>	<u>1,772,318</u>
Fund Balances:				
Committed	293,278	395,793	271,652	327,088
Assigned	617,678	273,694	599,322	1,174,201
Unassigned	<u>1,480,028</u>	<u>1,437,052</u>	<u>1,354,789</u>	<u>1,295,204</u>
Total Fund Equity	<u>2,390,984</u>	<u>2,106,539</u>	<u>2,225,763</u>	<u>2,796,493</u>
Total Liabilities & Fund Equity	<u>\$3,414,445</u>	<u>\$3,401,564</u>	<u>\$3,704,186</u>	<u>\$4,568,811</u>

⁽¹⁾ Extracted from the audited financial statements of the Town.

⁽²⁾ In compliance with GASB 54, the General Stabilization Fund is classified as "unassigned" in the General Fund balances.

**TOWN OF WEST TISBURY, MASSACHUSETTS
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE
GENERAL FUND ⁽¹⁾**

	June 30				
	2014	2013	2012	2011	2010
<u>REVENUES</u>					
Taxes	\$12,884,982	\$12,504,477	\$11,850,054	\$11,523,476	\$11,478,231
Excise and Other Taxes	528,480	451,746	481,328	394,224	426,671
Penalties & Interest on Taxes	94,731	96,946	116,660	104,002	127,970
Departmental	744,198	713,731	554,705	538,238	550,700
Interest on Investments	43,721	52,522	12,006	13,044	2,856
Intergovernmental	<u>1,248,249</u>	<u>1,229,423</u>	<u>1,226,817</u>	<u>1,200,804</u>	<u>1,017,157</u>
Total Revenues	<u>15,544,361</u>	<u>15,048,845</u>	<u>14,241,570</u>	<u>13,773,788</u>	<u>13,603,585</u>
<u>EXPENDITURES</u>					
General Government	\$ 1,286,124	\$ 1,214,735	\$ 1,221,772	\$ 1,250,629	\$ 1,140,458
Protection of Persons	1,872,026	2,104,104	1,657,200	1,486,082	1,503,804
Sanitation	140,753	147,018	146,709	159,992	152,937
Public Works	320,372	238,296	206,782	209,179	395,867
Library and Recreation	590,394	531,644	596,259	539,607	522,439
Education	8,373,680	8,398,885	7,936,073	7,732,641	7,274,854
Health & Human Services	430,813	418,174	399,976	385,148	344,584
Insurance and Employee Benefits	1,100,055	993,999	1,591,541	827,359	783,734
State Assessments	181,153	200,019	224,250	228,913	230,640
Debt Service	<u>953,880</u>	<u>881,195</u>	<u>864,293</u>	<u>890,225</u>	<u>1,042,365</u>
Total Expenditures	<u>15,249,250</u>	<u>15,128,069</u>	<u>14,844,855</u>	<u>13,709,775</u>	<u>13,391,682</u>
Excess (Deficiency) of Revenues Over Expenditures	295,111	(79,224)	(603,285)	64,013	211,903
<u>OTHER FINANCING SOURCES (USES):</u>					
Operating Transfers In	69,586	0	32,555	77,731	2,729
Operating Transfers Out	<u>(80,252)</u>	<u>(40,000)</u>	<u>0</u>	<u>0</u>	<u>(300,000)</u>
Total Other Financing Sources (Uses)	<u>(10,666)</u>	<u>(40,000)</u>	<u>32,555</u>	<u>77,731</u>	<u>(297,271)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	284,445	(119,224)	(570,730)	141,744	(85,368)
Fund Equity at Beginning of Year ⁽²⁾	<u>2,106,539</u>	<u>2,225,763</u>	<u>2,796,493</u>	<u>2,654,749</u>	<u>1,741,019</u>
Fund Equity at End of Year	<u>\$2,390,984</u>	<u>\$ 2,106,539</u>	<u>\$ 2,225,763</u>	<u>\$ 2,796,493</u>	<u>\$ 1,655,651</u>

⁽¹⁾ Excerpts from the audited financial statements of the Town prepared by R.E. Brown & Company, C.P.A.

⁽²⁾ Restated due to GASB 54 compliance.

APPENDIX B

There follows in this Appendix the audited financial statements of the Town of West Tisbury, Massachusetts, as of June 30, 2014 prepared by R.E. Brown & Company, Certified Public Accountants.

TOWN OF WEST TISBURY, MASSACHUSETTS

**REPORT ON EXAMINATION OF
BASIC FINANCIAL STATEMENTS**

JUNE 30, 2014

**TOWN OF WEST TISBURY, MASSACHUSETTS
REPORT ON EXAMINATION OF
BASIC FINANCIAL STATEMENTS
JUNE 30, 2014**

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R. E. BROWN & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS
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INDEPENDENT AUDITOR'S REPORT

To the Honorable Board of Selectmen
Town of West Tisbury, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of West Tisbury, Massachusetts as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town of West Tisbury, Massachusetts's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of West Tisbury, Massachusetts, as of June 30, 2014, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, retirement system schedules of funding progress and employer contributions and other post-employment benefits – schedules of funding progress and employer contributions on pages 3-9, 50 and 51 – 52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

R. E. Brown & Company

March 9, 2015

Management's Discussion and Analysis

As management of the Town of West Tisbury (the Town), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2014. We encourage readers to consider this information in addition to the statements and notes.

The Town complies with financial reporting requirements issued by the Governmental Accounting Standards Board (GASB). GASB is the authoritative standard setting body that provides guidance on how to prepare financial statements in conformity with accounting principles generally accepted in the United States of America (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 can assess the financial condition of one government compared to others.

Financial Highlights

- The assets of the Town exceeded its liabilities at the close of the fiscal year by nearly \$19.6 million (net position). Of this amount, \$1.1 million is considered unrestricted (unrestricted net position) and may be used to meet the government's ongoing obligations to citizens and creditors.
- The governmental activities total net position increased by \$1.9 million or 10.4% from fiscal 2013. Receipts of \$1.2 million in a state grant and \$0.5 million in private donations for the library construction project were the major contributors to the increase in net position.
- The Town continued to recognize other post employment benefits expense (OPEB) under GASB 43 and 45. In April 2014, the town directly appropriated \$60,000 in addition to the \$99,000 OPEB contribution contained in the operating budget for FY 2014 and made these payments into the Dukes County Pooled OPEB Trust. Those contributions combined with \$116,132 in investment earnings left the Town's balance in the trust as of June 30, 2014 at \$1,120,765.
- The Town's general fund reported an unassigned fund balance of \$1,480,028 at the end of fiscal 2014. This represents 9.7% of total general fund expenditures. An additional amount of \$435,000 of the assigned fund balance was designated for funding the fiscal year 2015 budget.
- During fiscal 2014, the Town saw completion of three capital projects for the library, police station and road reconstruction. The road reconstruction was completed in the fall of 2013. The library and police were both able to move into their new buildings in the spring of 2014. Permanent bonding was completed for all three projects for a total of \$6,145,000. This amount was \$222,178 less than the amount authorized.
- The total cost of all Town governmental activities for fiscal 2014 was \$16.0 million, an increase of \$548,284 or 3.6%.
- The Town's total revenue from governmental activities also increased from fiscal 2013. At \$17.9 million, revenue was up \$309,539 or 1.8%.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. These basic financial statements are comprised of three components:

1. Government-wide Financial Statements
2. Fund Financial Statements
3. Notes to the Basic Financial Statements

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

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

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

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 or charges (*business-type activities*). The governmental activities include general government, public safety, education, public works, sanitation, human services, culture and recreation, employee benefits, debt service, and state and county assessments. The Town currently does not operate or maintain any business-type activities.

Fund Financial Statements – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance related legal requirements. All of the funds can be divided into three main categories: governmental funds, proprietary funds and fiduciary funds. The Town currently does not operate or maintain any 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 funds statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both, the Governmental Funds Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

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

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements, as the resources of those funds are *not* available to support the Town’s own programs. The fiduciary funds use the full accrual basis of accounting.

Post Employment Benefits Trust fund & Agency funds – Fiduciary funds are each reported and combined into a single, aggregate presentation in the fiduciary funds financial statements under the captions “post employment benefits trust fund” and “agency funds”, respectively.

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 funds financial statements.

Government-wide Financial Analysis:

The chart on the following page summarizes key financial components of the Town’s financial statements.

As noted earlier, assets exceed liabilities by \$19,627,757 at the close of fiscal year 2014. The Town is able to report positive balances in all categories of net position.

The largest component of the Town’s net position are its *investment in capital assets* (e.g., land, buildings, machinery and equipment, vehicles, and infrastructure), less any related outstanding debt used to acquire those assets, is \$15,919,045, or 81.1 % of total net position. The Town uses these capital assets to provide services to citizens; consequently, these assets *are not* available for future spending. Although the investment in the Town’s 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.

The second largest component of the Town’s net position are its *restricted assets* totaling \$2,636,676 (13.4%) which represent resources that are subject to external restrictions on how they may be used.

The third component of the Town’s net position is its *unrestricted net position* totaling \$1,072,036 (5.5%), which may be used to meet the government’s ongoing obligations to its citizens and creditors.

The total change in net position in fiscal 2014 was 10.4%. This large change in net position was caused primarily by the state grant and private support for the library construction project. These funds were converted to capital assets.

Town of West Tisbury - Financial Highlights

	Governmental Activities		Increase (Decrease)	% Increase (Decrease)
	FY 2014	FY 2013		
Assets:				
Current assets	\$ 5,046,390	\$ 10,831,805	\$ (5,785,415)	-53.41%
Noncurrent assets (excluding capital)	236,919	485,535	(248,616)	-51.20%
Capital assets	25,896,045	19,829,341	6,066,704	30.59%
Total assets	31,179,354	31,146,681	32,673	0.10%
Liabilities:				
Current liabilities (excluding debt)	512,910	1,064,262	(551,352)	-51.81%
Noncurrent liabilities (excluding debt)	1,061,687	1,044,179	17,508	1.68%
Current debt	864,000	7,434,000	(6,570,000)	-88.38%
Noncurrent debt	9,113,000	3,832,000	5,281,000	137.81%
Total liabilities	11,551,597	13,374,441	(1,822,844)	-13.63%
Net Position:				
Net investment in capital assets	15,919,045	15,173,341	745,704	4.91%
Restricted	2,636,676	1,367,315	1,269,361	92.84%
Unrestricted	1,072,036	1,231,584	(159,548)	-12.95%
Total net position	\$ 19,627,757	\$ 17,772,240	\$ 1,855,517	10.44%
Revenues				
<i>Program Revenues:</i>				
Charges for services	\$ 569,684	\$ 568,977	707	0.12%
Operating grants and contributions	373,610	340,319	33,291	9.78%
Capital grants and contributions	1,668,237	2,084,755	(416,518)	-19.98%
<i>General Revenues:</i>				
Real Estate and personal property taxes	12,814,996	12,380,145	434,851	3.51%
Tax Liens	71,655	79,367	(7,712)	-9.72%
Motor vehicle and other excise taxes	543,522	469,123	74,399	15.86%
Penalties & interest on taxes	94,731	96,946	(2,215)	-2.28%
Intergovernmental	1,535,560	1,361,436	174,124	12.79%
Departmental	139,511	110,754	28,757	25.96%
Unrestricted investment income	43,755	53,900	(10,145)	-18.82%
Total Revenues	17,855,261	17,545,722	309,539	1.76%
Expenses:				
General Government	2,044,286	1,667,096	377,190	22.63%
Public Safety	1,898,078	1,754,801	143,277	8.16%
Education	8,626,152	8,665,254	(39,102)	-0.45%
Public Works	552,121	441,644	110,477	25.01%
Sanitation	140,753	147,018	(6,265)	-4.26%
Human Services	449,490	499,693	(50,203)	-10.05%
Culture and Recreation	748,462	717,286	31,176	4.35%
Employee Benefits	1,136,583	1,165,062	(28,479)	-2.44%
State and County Assessments	181,153	200,019	(18,866)	-9.43%
Interest	222,666	193,587	29,079	15.02%
Total Expenses	15,999,744	15,451,460	548,284	3.55%
Increase/(decrease) in Net Position before transfers	1,855,517	2,094,262	(238,745)	-11.40%
Transfers	-	-	-	-
Change in Net Position	1,855,517	2,094,262	(238,745)	-11.40%
Net Position - beginning	17,772,240	15,677,978	2,094,262	13.36%
Net Position - ending	\$ 19,627,757	\$ 17,772,240	\$ 1,855,517	10.44%

Financial analysis of the Government's Funds

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

Governmental funds – The focus of *governmental funds* is to provide information on near-term inflows, outflows, and balances of *expendable* resources. Such information is useful in assessing 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 fiscal year.

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$4,091,556 a \$1,312,938 increase from the prior year's ending fund balances of \$2,778,618. Most of the increase is due to the permanent bonding of capital projects completed during the fiscal year which offset the accumulated capital outlay used towards those projects.

The general fund is the primary operating fund. At the end of the current fiscal year, unassigned fund balance of the general fund was \$1,480,228, while total fund balance of the general fund stood at \$2,390,984. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 9.7% of total general fund expenditures, while total fund balance represents 15.7% of that same amount.

The unassigned stabilization fund has accumulated a fund balance of \$492,410 which represents 3.2% of annual general fund expenditures. These funds can be used for general or capital purposes upon Town Meeting approval.

General Fund Budget Highlights

At its Annual Town Meeting on April 9, 2013 and Special Town Meeting on November 5, 2013, the Town appropriated \$15,040,744 through raise and appropriate articles from the fiscal 2014 general fund. The subsequent Annual Meeting in April 2014 voted additional general fund appropriations from free cash in the amount of \$160,000 for fiscal 2014. The tax levy for fiscal 2014 was \$12,907,945, an increase of \$386,419 or 3.1% over fiscal 2013. \$210,000 of free cash from fiscal 2013 was used to decrease the fiscal 2014 tax levy. At year end, \$332,660 of unexpended appropriation balances were closed out to unassigned fund balance. Also, state revenue and local receipts (not including property taxes and tax lien redemptions) exceeded budget by \$257,403.

Capital Asset and Debt Administration

Capital Assets - In conjunction with the operating budget process, the Town has a Capital Improvements Planning Committee (CIPC) to assist in budgeting for current and future capital needs. The CIPC reviews all capital project requests from town departments, maintains a five year plan for capital projects, and makes recommendations on capital appropriations for Town Meetings.

The Town's investment in capital assets for governmental activities, as summarized below, as of June 30, 2014, amounts to \$25,896,045, net of accumulated depreciation. The investment in capital assets includes land, buildings and improvements, machinery and equipment, vehicles, infrastructure, and construction in progress.

The governmental activities capital assets increased by \$6,066,704 due to the additional outlay for the three capital projects for roads (infrastructure), library and police station and the reclassification of the prior construction-in-progress.

**Capital Assets
(Net of Depreciation)**

	Governmental Activities		Increase (Decrease)	% Increase (Decrease)
	FY 2014	FY 2013		
Land	\$ 1,877,108	\$ 1,877,108	\$ -	0.00%
Buildings & Improvements	19,533,230	10,988,005	8,545,225	77.77%
Machinery and Equipment	33,102	45,907	(12,805)	-27.89%
Vehicles	691,939	313,697	378,242	120.58%
Infrastructure	3,760,666	1,392,095	2,368,571	170.14%
Construction in Progress	-	5,212,529	(5,212,529)	-100.00%
Total Capital Assets	\$ 25,896,045	\$ 19,829,341	\$ 6,066,704	30.59%

Long Term Debt - The Town's debt burden is reasonable in relation to other communities its size. Outstanding debt , as of June 30, 2014, totaled \$9,977,000. Total debt consists of the following:

Outstanding Debt at Year End

Governmental Activities	Outstanding	Outstanding	Increase (Decrease)	% Increase (Decrease)
	June 30, 2014	June 30, 2013		
General Obligation Bonds	\$ 9,977,000	\$ 4,656,000	\$ 5,321,000	114.28%

Please refer to **Notes 5 and 8** for further discussion of the major capital asset and debt activity.

Economic Factors and Next Year's Budgets & Rates

The Town's leadership (elected and appointed officials) considered many factors when setting the fiscal 2015 budget and tax rates including the following:

- The fiscal 2015 tax rate is projected to be \$5.70, a 29 cent increase from fiscal 2014. The percentage increase in the tax rate of 5.4 % is slightly lower than the increase of the total tax levy of 6.0% due to a relatively small increase in the overall assessed value of property in the town--\$2,401,012,860 vs. \$2,385,941,704, an increase of less than 0.1%. The excess levy capacity will be \$648,196 or 4.7% of the tax levy. The tax levy limit is approximately \$46 million under the debt ceiling.

- The Board of Selectmen voted during their classification hearing to maintain the same tax rate for all classes of property.
- Regional school district budgets comprised 56.1% of the Town's operating budget for fiscal 2015. Due to a decrease in the proportion of its students used in the high school district's formula, West Tisbury's assessment decreased by \$151,622 or 5.7% from fiscal 2014. However, the Up-island regional district's assessment increased \$545,262 or 9.3% due to a higher percentage of West Tisbury's students and increases in the total district budget.
- The fiscal 2015 budget increased the OPEB dedicated amount in the health insurance line item to \$120,000 to go to the OPEB trust. It is management's intent to continue to make contributions to reduce OPEB liability through the budget process.
- At the April, 2013 Annual Town Meeting, the Town authorized bonding in the amount of \$2,495,000 for a new police station to be built as an addition to the Town's Public Safety Building. The town's actual borrowing was for \$2,445,000. The fiscal 2015 tax levy includes \$200,000 to pay the estimated principal and interest on this obligation.
- At the April, 2012 Annual Town Meeting, the town authorized bonding in the amount of \$1,500,000 for the town's approximately 25% share of the West Tisbury Free Public Library's renovation and construction project. The town's actual borrowing for \$1,500,000 occurred during fiscal 2014.. The fiscal 2015 budget includes \$133,275 to pay principal and interest on this obligation.
- At the April, 2012 Annual Town Meeting, the Town authorized bonding of an amount up to \$2.37 million to supplement available state Chapter 90 funds for reconstruction of town roads. The town's actual borrowing for \$2,200,000 occurred during fiscal 2014. The fiscal 2014 budget includes \$207,283 to pay principal and interest on this obligation.
- All of the capital projects described above and the resultant debt repayment schedules are being phased in as existing debt declines or is retired, so that capital expenditures and debt services may remain as level as possible over time.
- The tax levy for fiscal 2015 required no Proposition 2 ½ overrides.

Request for Information

This financial report is designed to provide a general overview of the Town of West Tisbury's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Town Accountant, PO Box 278, West Tisbury, MA 02575.

**TOWN OF WEST TISBURY, MASSACHUSETTS
STATEMENT OF NET POSITION
JUNE 30, 2014**

	PRIMARY GOVERNMENT
	GOVERNMENTAL ACTIVITIES
<u>ASSETS</u>	
CURRENT:	
CASH AND SHORT-TERM INVESTMENTS	\$ 3,492,119
INVESTMENTS	736,700
RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:	
REAL ESTATE AND PERSONAL PROPERTY TAXES	371,310
TAX LIENS	102,001
MOTOR VEHICLE AND OTHER EXCISE TAXES	82,191
DEPARTMENTAL AND OTHER	25,148
INTERGOVERNMENTAL	236,921
NONCURRENT:	
RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:	
INTERGOVERNMENTAL	236,919
CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	25,896,045
TOTAL ASSETS	31,179,354
<u>LIABILITIES</u>	
CURRENT:	
ACCOUNTS PAYABLE	249,221
OTHER LIABILITIES	50,966
ACCRUED INTEREST	24,720
LANDFILL POSTCLOSURE CARE COSTS	7,000
COMPENSATED ABSENCES	181,003
BONDS AND NOTES PAYABLE	864,000
NONCURRENT:	
LANDFILL POSTCLOSURE CARE COSTS	91,000
COMPENSATED ABSENCES	134,817
POSTEMPLOYMENT BENEFITS	835,870
BONDS AND NOTES PAYABLE	9,113,000
TOTAL LIABILITIES	11,551,597
<u>NET POSITION</u>	
NET INVESTMENT IN CAPITAL ASSETS	15,919,045
RESTRICTED FOR:	
PERMANENT FUNDS:	
EXPENDABLE	7,058
NONEXPENDABLE	65,533
OTHER PURPOSES	2,564,085
UNRESTRICTED	1,072,036
TOTAL NET POSITION	\$ 19,627,757

See accompanying notes to the basic financial statements

**TOWN OF WEST TISBURY, MASSACHUSETTS
STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2014**

<u>FUNCTIONS/PROGRAMS</u>	<u>EXPENSES</u>	<u>PROGRAM REVENUES</u>			<u>NET (EXPENSE) REVENUE</u>
		<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	<u>CAPITAL GRANTS AND CONTRIBUTIONS</u>	
PRIMARY GOVERNMENT:					
GOVERNMENTAL ACTIVITIES:					
GENERAL GOVERNMENT	\$ 2,044,286	\$ 24,751	\$ 1,843	\$ -	\$ (2,017,692)
PUBLIC SAFETY	1,898,078	344,845	47,508	-	(1,505,725)
EDUCATION	8,626,152	-	-	-	(8,626,152)
PUBLIC WORKS	552,121	-	5,582	-	(546,539)
SANITATION	140,753	95,341	-	-	(45,412)
HUMAN SERVICES	449,490	22,976	158,668	-	(267,846)
CULTURE & RECREATION	748,462	81,771	63,632	1,668,237	1,065,178
EMPLOYEE BENEFITS	1,136,583	-	96,377	-	(1,040,206)
STATE & COUNTY ASSESSMENTS	181,153	-	-	-	(181,153)
INTEREST	222,666	-	-	-	(222,666)
TOTAL PRIMARY GOVERNMENT	\$ 15,999,744	\$ 569,684	\$ 373,610	\$ 1,668,237	\$ (13,388,213)

See accompanying notes to the basic financial statements

(continued)

**TOWN OF WEST TISBURY, MASSACHUSETTS
STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2014**

	PRIMARY GOVERNMENT
	GOVERNMENTAL ACTIVITIES
CHANGES IN NET POSITION:	
NET (EXPENSE) REVENUE FROM PREVIOUS PAGE	\$ (13,388,213)
GENERAL REVENUES:	
REAL ESTATE AND PERSONAL PROPERTY TAXES, NET OF TAX REFUNDS PAYABLE	12,814,996
TAX LIENS	71,655
MOTOR VEHICLE EXCISE TAXES	543,522
PENALTIES AND INTEREST ON TAXES	94,731
GRANTS AND CONTRIBUTIONS NOT RESTRICTED TO SPECIFIC PROGRAMS	1,535,560
UNRESTRICTED INVESTMENT INCOME	43,755
MISCELLANEOUS	139,511
TOTAL GENERAL REVENUES AND TRANSFERS	15,243,730
CHANGE IN NET POSITION	1,855,517
NET POSITION:	
BEGINNING OF YEAR	17,772,240
END OF YEAR	\$ 19,627,757

See accompanying notes to the basic financial statements

(concluded)

**TOWN OF WEST TISBURY, MASSACHUSETTS
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2014**

<u>ASSETS</u>	GENERAL	COMMUNITY PRESERVATION	LIBRARY PROJECT	PUBLIC SAFETY BUILDING	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
CASH AND SHORT-TERM INVESTMENTS	\$ 2,385,103	\$ 337,457	\$ 28,802	\$ 124,447	\$ 616,310	\$ 3,492,119
INVESTMENTS	-	736,700	-	-	-	736,700
RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:						
REAL ESTATE AND PERSONAL PROPERTY TAXES	371,310	-	-	-	-	371,310
TAX LIENS	102,001	-	-	-	-	102,001
MOTOR VEHICLE AND OTHER EXCISE TAXES	82,191	-	-	-	-	82,191
DEPARTMENTAL AND OTHER	-	13,481	-	-	11,667	25,148
INTERGOVERNMENTAL	473,840	-	-	-	-	473,840
TOTAL ASSETS	\$ 3,414,445	\$ 1,087,638	\$ 28,802	\$ 124,447	\$ 627,977	\$ 5,283,309
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>						
LIABILITIES:						
ACCOUNTS PAYABLE	\$ 106,487	\$ 3,287	\$ 16,145	\$ 109,013	\$ 14,289	\$ 249,221
OTHER LIABILITIES	50,556	410	-	-	-	50,966
TOTAL LIABILITIES	157,043	3,697	16,145	109,013	14,289	300,187
DEFERRED INFLOWS OF RESOURCES:						
DEFERRED PROPERTY TAXES	392,578	-	-	-	-	392,578
DEFERRED INTERGOVERNMENTAL REVENUE	473,840	-	-	-	-	473,840
DEFERRED OTHER REVENUE	-	13,481	-	-	11,667	25,148
TOTAL DEFERRED INFLOWS OF RESOURCES	866,418	13,481	-	-	11,667	891,566
FUND BALANCES:						
NONSPENDABLE	-	-	-	-	65,533	65,533
RESTRICTED	-	1,070,460	12,657	15,434	543,901	1,642,452
COMMITTED	293,278	-	-	-	-	293,278
ASSIGNED	617,678	-	-	-	-	617,678
UNASSIGNED	1,480,028	-	-	-	(7,413)	1,472,615
TOTAL FUND BALANCES	2,390,984	1,070,460	12,657	15,434	602,021	4,091,556
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES	\$ 3,414,445	\$ 1,087,638	\$ 28,802	\$ 124,447	\$ 627,977	\$ 5,283,309

See accompanying notes to the basic financial statements

**TOWN OF WEST TISBURY, MASSACHUSETTS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FISCAL YEAR ENDED JUNE 30, 2014**

	<u>GENERAL</u>	<u>COMMUNITY PRESERVATION</u>	<u>LIBRARY PROJECT</u>	<u>PUBLIC SAFETY BUILDING</u>	<u>ROAD IMPROVEMENTS</u>	<u>NONMAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
REVENUES:							
REAL ESTATE AND PERSONAL PROPERTY TAXES, NET OF TAX REFUNDS	\$ 12,884,982	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,884,982
MOTOR VEHICLE EXCISE TAXES	528,480	-	-	-	-	-	528,480
PENALTIES AND INTEREST ON TAXES	94,731	-	-	-	-	-	94,731
INTERGOVERNMENTAL	1,248,249	279,558	1,193,018	-	-	51,084	2,771,909
CHARGES FOR SERVICES	-	-	-	-	-	107,714	107,714
INVESTMENT INCOME	43,721	5,734	746	-	-	4,741	54,942
CONTRIBUTIONS & DONATIONS	-	-	416,862	-	-	22,206	439,068
DEPARTMENTAL AND OTHER	744,198	341,078	58,357	-	-	50,613	1,194,246
TOTAL REVENUES	15,544,361	626,370	1,668,983	-	-	236,358	18,076,072
EXPENDITURES:							
CURRENT:							
GENERAL GOVERNMENT	1,286,124	571,267	-	-	-	60,631	1,918,022
PUBLIC SAFETY	1,872,026	-	-	2,106,534	-	21,175	3,999,735
EDUCATION	8,373,680	-	-	-	-	-	8,373,680
PUBLIC WORKS	320,372	1,860	-	-	363,765	92,713	778,710
SANITATION	140,753	-	-	-	-	-	140,753
HUMAN SERVICES	430,813	-	-	-	-	16,802	447,615
CULTURE & RECREATION	590,394	50,734	4,202,028	-	-	31,375	4,874,531
EMPLOYEE BENEFITS	1,100,055	-	-	-	-	-	1,100,055
STATE & COUNTY ASSESSMENTS	181,153	-	-	-	-	-	181,153
DEBT SERVICE							
PRINCIPAL	715,388	108,612	-	-	-	-	824,000
INTEREST	238,492	31,388	-	-	-	-	269,880
TOTAL EXPENDITURES	15,249,250	763,861	4,202,028	2,106,534	363,765	222,696	22,908,134
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	295,111	(137,491)	(2,533,045)	(2,106,534)	(363,765)	13,662	(4,832,062)
OTHER FINANCING SOURCES (USES)							
PROCEEDS FROM BONDS AND NOTES	-	-	1,500,000	2,445,000	2,200,000	-	6,145,000
OPERATING TRANSFERS IN	69,586	-	105,865	-	-	71,761	247,212
OPERATING TRANSFERS OUT	(80,252)	(50,000)	-	-	(65,430)	(51,530)	(247,212)
TOTAL OTHER FINANCING SOURCES (USES)	(10,666)	(50,000)	1,605,865	2,445,000	2,134,570	20,231	6,145,000
NET CHANGE IN FUND BALANCES	284,445	(187,491)	(927,180)	338,466	1,770,805	33,893	1,312,938
FUND BALANCES AT BEGINNING OF YEAR	2,106,539	1,257,951	939,837	(323,032)	(1,770,805)	568,128	2,778,618
FUND BALANCES AT END OF YEAR	\$ 2,390,984	\$ 1,070,460	\$ 12,657	\$ 15,434	\$ -	\$ 602,021	\$ 4,091,556

See accompanying notes to the basic financial statements

**TOWN OF WEST TISBURY, MASSACHUSETTS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TOTAL FUND BALANCES TO THE STATEMENT OF NET POSITION
JUNE 30, 2014**

TOTAL GOVERNMENTAL FUND BALANCES		\$ 4,091,556
CAPITAL ASSETS (NET) USED IN GOVERNMENTAL ACTIVITIES ARE NOT FINANCIAL RESOURCES AND, THEREFORE, ARE NOT REPORTED IN THE FUNDS		25,896,045
ACCOUNTS RECEIVABLE ARE NOT AVAILABLE TO PAY FOR CURRENT-PERIOD EXPENDITURES AND, THEREFORE, ARE DEFERRED IN THE FUNDS		891,566
IN THE STATEMENT OF ACTIVITIES, INTEREST IS ACCRUED ON OUTSTANDING LONG-TERM DEBT, WHEREAS IN GOVERNMENTAL FUNDS INTEREST IS NOT REPORTED UNTIL DUE		(24,720)
LONG-TERM LIABILITIES ARE NOT DUE AND PAYABLE IN THE CURRENT PERIOD AND, THEREFORE, ARE NOT REPORTED IN THE GOVERNMENTAL FUNDS		
BONDS AND NOTES PAYABLE	(9,977,000)	
COMPENSATED ABSENCES	(315,820)	
POSTEMPLOYMENT BENEFITS	(835,870)	
LANDFILL POSTCLOSURE CARE COSTS	<u>(98,000)</u>	
NET EFFECT OF REPORTING LONG-TERM LIABILITIES		<u>(11,226,690)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES		<u><u>\$ 19,627,757</u></u>

See accompanying notes to the basic financial statements

**TOWN OF WEST TISBURY, MASSACHUSETTS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2014**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS		\$ 1,312,938
<p>GOVERNMENTAL FUNDS REPORT CAPITAL OUTLAYS AS EXPENDITURES. HOWEVER, IN THE STATEMENT OF ACTIVITIES THE COST OF THOSE ASSETS IS ALLOCATED OVER THEIR ESTIMATED USEFUL LIVES AND REPORTED AS DEPRECIATION EXPENSE.</p>		
CAPITAL OUTLAY	6,864,918	
DEPRECIATION EXPENSE	<u>(798,214)</u>	
NET EFFECT OF REPORTING CAPITAL ASSETS		6,066,704
<p>REVENUES IN THE STATEMENT OF ACTIVITIES THAT DO NOT PROVIDE CURRENT FINANCIAL RESOURCES ARE FULLY DEFERRED IN THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES. THEREFORE, THE RECOGNITION OF REVENUE FOR VARIOUS TYPES OF ACCOUNTS RECEIVABLE (I.E. REAL ESTATE AND PERSONAL PROPERTY, MOTOR VEHICLE EXCISE, ETC.) DIFFER BETWEEN THE TWO STATEMENTS. THIS AMOUNT REPRESENTS THE NET CHANGE IN DEFERRED REVENUE</p>		
		(220,811)
<p>THE ISSUANCE OF LONG-TERM DEBT (E.G., BONDS) PROVIDES CURRENT FINANCIAL RESOURCES TO GOVERNMENTAL FUNDS, WHILE THE REPAYMENT OF THE PRINCIPAL OF LONG-TERM DEBT CONSUMES THE FINANCIAL RESOURCES OF GOVERNMENTAL FUNDS. NEITHER TRANSACTION, HOWEVER, HAS ANY EFFECT ON NET ASSETS. ALSO, GOVERNMENTAL FUNDS REPORT THE EFFECT OF ISSUANCE COSTS, PREMIUMS, DISCOUNTS, AND SIMILAR ITEMS WHEN DEBT IS FIRST ISSUED, WHEREAS THESE AMOUNTS ARE DEFERRED AND AMORTIZED IN THE STATEMENT OF ACTIVITIES.</p>		
PROCEEDS FROM BONDS AND NOTES	(6,145,000)	
DEBT SERVICE PRINCIPAL PAYMENTS	<u>824,000</u>	
NET EFFECT OF REPORTING LONG-TEM DEBT		(5,321,000)
<p>SOME EXPENSES REPORTED IN THE STATEMENT OF ACTIVITIES DO NOT REQUIRE THE USE OF CURRENT FINANCIAL RESOURCES AND, THEREFORE, ARE NOT REPORTED AS EXPENDITURES IN THE GOVERNMENTAL FUNDS.</p>		
NET CHANGE IN COMPENSATED ABSENCES ACCRUAL	(23,187)	
NET CHANGE IN POSTEMPLOYMENT BENEFITS ACCRUAL	(13,341)	
NET CHANGE IN LANDFILL POSTCLOSURE CARE ACCRUAL	7,000	
NET CHANGE IN ACCRUED INTEREST ON LONG-TERM DEBT	<u>47,214</u>	
NET EFFECT OF RECORDING LONG-TERM LIABILITIES		<u>17,686</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ 1,855,517</u>

See accompanying notes to the basic financial statements

**TOWN OF WEST TISBURY, MASSACHUSETTS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FISCAL YEAR ENDED JUNE 30, 2014**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL BUDGETARY AMOUNTS</u>	<u>VARIANCE OVER/UNDER</u>
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>		
REVENUES:				
REAL ESTATE AND PERSONAL PROPERTY TAXES, NET OF TAX REFUNDS	\$ 12,798,672	\$ 12,798,672	\$ 12,884,982	\$ 86,310
MOTOR VEHICLE EXCISE TAXES	450,000	450,000	528,480	78,480
PENALTIES & INTEREST ON TAXES	70,000	70,000	94,731	24,731
INTERGOVERNMENTAL	1,151,431	1,151,431	1,151,872	441
INVESTMENT INCOME	8,000	8,000	40,553	32,553
DEPARTMENTAL AND OTHER	623,000	623,000	744,198	121,198
TOTAL REVENUES	<u>15,101,103</u>	<u>15,101,103</u>	<u>15,444,816</u>	<u>343,713</u>
EXPENDITURES:				
CURRENT:				
GENERAL GOVERNMENT	1,548,866	1,559,352	1,286,124	273,228
PUBLIC SAFETY	1,986,781	1,986,781	1,872,026	114,755
EDUCATION	8,405,656	8,405,656	8,373,680	31,976
PUBLIC WORKS	333,187	349,602	320,372	29,230
SANITATION	161,577	161,577	140,753	20,824
HUMAN SERVICES	451,767	451,767	430,813	20,954
CULTURE & RECREATION	592,369	632,369	590,393	41,976
EMPLOYEE BENEFITS	976,868	1,044,967	1,003,678	41,289
STATE & COUNTY ASSESSMENTS	182,193	182,193	181,153	1,040
DEBT SERVICE:				
PRINCIPAL	715,392	715,392	715,389	3
INTEREST	239,599	239,599	238,492	1,107
TOTAL EXPENDITURES	<u>15,594,255</u>	<u>15,729,255</u>	<u>15,152,873</u>	<u>576,382</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(493,152)</u>	<u>(628,152)</u>	<u>291,943</u>	<u>920,095</u>
OTHER FINANCING SOURCES (USES):				
OPERATING TRANSFERS IN	68,327	68,327	69,586	1,259
OPERATING TRANSFERS OUT	(73,491)	(73,491)	(80,252)	(6,761)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(5,164)</u>	<u>(5,164)</u>	<u>(10,666)</u>	<u>(5,502)</u>
NET CHANGE IN FUND BALANCE	<u>(498,316)</u>	<u>(633,316)</u>	<u>281,277</u>	<u>914,593</u>
BUDGETARY FUND BALANCE, BEGINNING OF YEAR	<u>1,561,486</u>	<u>1,561,486</u>	<u>1,561,486</u>	<u>-</u>
BUDGETARY FUND BALANCE, END OF YEAR	<u>\$ 1,063,170</u>	<u>\$ 928,170</u>	<u>\$ 1,842,763</u>	<u>\$ 914,593</u>

See accompanying notes to the basic financial statements

TOWN OF WEST TISBURY, MASSACHUSETTS
 FIDUCIARY FUNDS
 STATEMENT OF FIDUCIARY NET POSITION
 JUNE 30, 2014

	POSTEMPLOYMENT BENEFITS TRUST FUND	AGENCY FUNDS
<u>ASSETS</u>		
CASH AND SHORT-TERM INVESTMENTS	\$ -	\$ 46,341
DEPOSITS HELD BY TRUSTEE	1,120,795	-
TOTAL ASSETS	1,120,795	46,341
<u>LIABILITIES</u>		
OTHER LIABILITIES	-	46,341
<u>NET POSITION</u>		
NET POSITION - HELD IN TRUST FOR POSTEMPLOYMENT BENEFITS	\$ 1,120,795	\$ -

See accompanying notes to the basic financial statements

**TOWN OF WEST TISBURY, MASSACHUSETTS
 FIDUCIARY FUNDS
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 JUNE 30, 2014**

	POSTEMPLOYMENT BENEFITS TRUST FUND
<u>ADDITIONS:</u>	
CONTRIBUTIONS:	
CONTRIBUTIONS FROM GOVERNMENT	\$ 159,000
NET INVESTMENT INCOME (LOSS):	
INVESTMENT INCOME	116,132
TOTAL ADDITIONS	275,132
<u>DEDUCTIONS:</u>	-
CHANGES IN NET POSITION	275,132
NET POSITION AT BEGINNING OF YEAR	845,663
NET POSITION AT END OF YEAR	\$ 1,120,795

See accompanying notes to the basic financial statements

TOWN OF WEST TISBURY, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of the Town of West Tisbury, Massachusetts (the Town) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the recognized standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant Town accounting policies:

A. Reporting Entity

Primary Government

The Town is a municipal corporation that is governed by an elected three member Board of Selectmen (the Board). The Board is responsible for appointing a Town Administrator whose responsibility is to manage the day to day operations. For financial reporting purposes, the Town has included all funds, organizations, account groups, agencies, boards, commissions and institutions. The Town has also considered all potential component units, blended or discretely presented, for which it is financially accountable as well as other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the basic financial statements to be misleading or incomplete. Blended component units, although legally separate entities, are, in substance, part of the government's operations and discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the government. It has been determined that there are no component units (blended or discretely presented) for inclusion in the primary government's financial reporting entity.

Joint Ventures

Municipal joint ventures pool resources to share the costs, risks and rewards of providing services to their participants, the general public or others. The Town is a participant in the following joint ventures:

Name	Purpose	Address	Annual Assessment
Martha's Vineyard Regional High School District	To provide Jr./ Sr. high education services	RR2, Box 261 Vineyard Haven, MA 02568	\$ 5,825,584
Up-Island Regional School District	To provide elementary education services	2 Pine Street RR2 Box 261 Vineyard Haven, MA 02568	\$ 2,674,288
M.V. Regional Refuse & Resource Recovery District	To process solid waste of the member communities	P.O. Box 2067 Edgartown, MA 02539	\$ 111,943

TOWN OF WEST TISBURY, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

The Martha's Vineyard Regional High School District is governed by a fourteen (14) member school committee consisting of three representatives from the Up-Island Regional School District (one appointee from each Town). The Town is indirectly liable for debt and other expenditures of the School and is assessed annually for its share of the operating and capital costs. Separate financial statements may be obtained by writing to the Treasurer of the District at the above address. The Town has no equity interest in the joint venture.

The Up-Island Regional School District is governed by a five (5) member school committee consisting of one (1) elected representative from the Town of West Tisbury, one (1) elected representative from the Town of Chilmark and from the Town of Aquinnah, and two (2) at-large members elected from the three Towns. The Town is indirectly liable for debt and other expenditures of the District and is assessed annually for its share of the operating and capital costs. Separate financial statements may be obtained by writing to the Treasurer of the District at the above address. The Town has no equity interest in the joint venture.

The Martha's Vineyard Regional Refuse and Resource Recovery District was created by an act of the legislature of the Commonwealth of Massachusetts. Its purpose is to handle and process all the solid waste needs of the member communities. Members of the District include the Towns of Aquinnah, Chilmark, Edgartown, and West Tisbury. A district manager has been appointed by the District Committee to oversee the day to day operation of the facility. The District Committee is comprised of two appointed members of each community's Board of Health.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The government-wide financial statements (i.e., statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. *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.

The Town of West Tisbury has no *business-type activities* as of June 30, 2014.

Fund Financial Statements

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

TOWN OF WEST TISBURY, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

Major Fund Criteria

A fund is considered major if it is the primary operating fund of the Town or it meets the following criteria:

- a. If the total assets, liabilities, revenues, or expenditures of an individual governmental fund are at least 10 percent of the corresponding element (assets, liabilities, etc.) for all funds of that category or type (total governmental funds), and
- b. If the total assets, liabilities, revenues, or expenditures of the individual governmental fund are at least 5 percent of the corresponding element for all governmental funds combined.

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

Fiduciary funds are reported by fund type.

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

Government-Wide Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a 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:

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

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

TOWN OF WEST TISBURY, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

Fund Financial Statements

Governmental Fund Financial Statements

Governmental fund financial statements are reported using the 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., when they become both 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 interest on general long-term debt which is recognized when due, and the noncurrent portion of compensated absences, landfill post closure care costs, and post-employment benefits, which are recognized when the obligations are expected to be liquidated with current expendable available resources.

In applying the susceptible to accrual concept to intergovernmental revenues, there are essentially two types of revenues. In one, moneys must be expended on the specific purpose or project before any amounts will be paid to the Town; therefore, revenues are recognized based upon the expenditures incurred. In the other, moneys are virtually unrestricted and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

The Town considers property taxes as available if they are due and collected within 60 days after fiscal year-end. Licenses and permits, user charges, fines and forfeitures, and miscellaneous revenues are recorded as revenues when received. Investment earnings are recorded as earned.

The Town reports the following major governmental funds:

- The *General fund* is the primary operating fund of the Town. It is used to account for all financial resources, except those that are required to be accounted for in another fund.
- The *Community Preservation fund* is a special revenue fund used to account for the accumulation of resources to purchase open space, provide for affordable housing, or preservation of historical property under the guidelines of the Community Preservation Act of the Massachusetts General Laws.
- The *Library Project fund* is a capital projects fund used to account for the construction activity for the new library building.
- The *Public Safety Building fund* is a capital projects fund used to account for the construction activity for the new public safety building.
- The *Road Improvements fund* is a capital projects fund used to account for road resurfacing.

TOWN OF WEST TISBURY, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

- The *Nonmajor Governmental funds* consist of other special revenue, capital projects, and permanent funds that are aggregated and presented in the nonmajor governmental funds column on the governmental funds financial statements. The following describes the general use of these fund types:
- The *Special Revenue fund* is used to account for the proceeds of specific revenue sources (other than permanent funds or capital projects funds) that are restricted by law or administrative action to expenditures for specified purposes.
 - The *Capital Projects fund* is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by trust funds).
 - The *Permanent fund* is used to account for financial resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the governmental programs.

Fiduciary Fund Financial Statements

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

The following fiduciary fund types are reported:

- The *Postemployment Benefits Trust fund* is used to account for assets held to fund future post-employment benefits of current and retired employees.
- The *Agency fund* is used to account for assets held in a purely custodial capacity

Government-Wide and Fund Financial Statements

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide, proprietary fund, and fiduciary funds financial statements to the extent that those standards do not conflict with or contradict guidance of the *Governmental Accounting Standards Board*. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

D. Cash and Investments

Government-Wide and Fund Financial Statements

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

TOWN OF WEST TISBURY, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

E. Accounts Receivable

Government-Wide and Fund Financial Statements

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

Real Estate, Personal Property Taxes and Tax Liens

Real estate and personal property taxes are based on values assessed as of each January 1 and are normally due on the subsequent August 1, November 1, February 1, and May 1. Property taxes that remain unpaid after the respective due dates are subject to penalties and interest charges. By law, all taxable property in the Commonwealth must be assessed at 100% of fair market value. Once levied, which is required to be at least 30 days prior to the due date, these taxes are recorded as receivables in the fiscal year of levy. Based on the Town's experience, most property taxes are collected during the year in which they are assessed. Liening of properties on which taxes remain unpaid occurs annually. The Town ultimately has the right to foreclose on all properties where the taxes remain unpaid.

A statewide property tax limitation statute known as "Proposition 2 ½" limits the amount of increase in property tax levy in any fiscal year. Generally, Proposition 2 ½ limits the total levy to an amount not greater than 2 ½ % of the total assessed value of all taxable property within the Town. Secondly, the tax levy cannot increase by more than 2 ½ % of the prior year's levy plus the taxes on property newly added to the tax rolls. Certain provisions of Proposition 2 ½ can be overridden by a Town-wide referendum.

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

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

Motor Vehicle Excise

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

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

Departmental and Other

Departmental and other receivables consist primarily of the Community Preservation Act and Title V receivables in the fiscal year accrued. Since these receivables are secured via the lien process, these accounts are considered 100% collectible and therefore do not report an allowance for uncollectible.

TOWN OF WEST TISBURY, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

Intergovernmental

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

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

F. 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 basic financial statements, and therefore are not reported.

G. Capital Assets

Government-Wide Financial Statements

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

All purchases and construction costs in excess of \$10,000 (all land costs) are capitalized at the date of acquisition or construction, respectively, with expected useful lives of five years or greater.

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:

<u>Asset Class</u>	<u>Estimated Useful Life (in years)</u>
Buildings and Improvements	40
Machinery & Equipment	5-10
Vehicles	5-15
Infrastructure	20

TOWN OF WEST TISBURY, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

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 fiscal year of purchase for the various funds.

H. Interfund Receivables and Payables

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

I. Interfund Transfers

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

J. Deferred Inflows of Resources

Although certain revenues are measurable, they are not available. Available means collected within the current period, or expected to be collected soon enough thereafter, to be used to pay liabilities of the current period. Deferred inflows of resources at the fund level, represents the amount of assets that have been recognized, but the related revenue has not been recognized since it is not available.

Deferred inflows of resources at the fund level consist of the succeeding year property tax revenue, Intergovernmental revenue, and other revenue not collected within sixty days after year-end.

TOWN OF WEST TISBURY, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

K. Net Position and Fund Equity

Government-Wide Financial Statements (Net Position)

Net position is classified into three components:

- a. *Net investment in capital assets* – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. *Restricted net position* – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Net position has been “restricted” for the following:

- *Permanent funds -expendable* represents amounts held in trust for which the expenditures are restricted by various trust agreements.
 - *Permanent funds -nonexpendable* represents amounts held in trust for which only investment earnings may be expended.
 - *Other Purposes* represents restrictions placed on assets from outside parties.
- c. *Unrestricted net position* – All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

Fund Financial Statements (Fund Balances)

The Town uses the following criteria for fund balance classification:

- For *nonspendable* fund balance: includes amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact.
- For *restricted* fund balance: when constraints placed on the use of the resources are either (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.
- For *committed* fund balance: (1) the government’s highest level of decision-making authority and (2) the formal action that is required to be taken to establish (and modify or rescind) a fund balance commitment.
- For *assigned* fund balance: (1) the body or official authorized to assign amounts to a specific purpose and (2) the policy established by the governing body pursuant to which the authorization is given.

TOWN OF WEST TISBURY, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

- For *unassigned* fund balance: is the residual classification for the general fund. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

The Town uses the following criteria for fund balance policies and procedures:

- When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the unrestricted amount will be considered to have been spent.
- When an expenditure is incurred for purposes for which committed, assigned, or unassigned fund balance is available, the least restricted amount will be considered to have been spent.

L. Long-term debt

Government-Wide Financial Statements

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

M. Investment Income

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

N. Compensated Absences

Employees are granted sick and vacation leave in varying amounts. Upon retirement, termination or death, certain employees are compensated for unused sick and vacation leave (subject to certain limitations) at their then current rates of pay.

Government-Wide Financial Statements

The total amount to be paid in future years is presented in the government-wide statement of net position. The liability for vacation leave is based on the amount earned but not used; for sick leave, it is based on the amount accumulated at the balance sheet date (vesting method).

TOWN OF WEST TISBURY, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

Governmental Fund Financial Statements

The portion of the liability related to unused sick and vacation time that has matured or is due as of June 30, 2014 is recorded in the governmental fund financial statement.

O. Post Retirement Benefits

Government-Wide and Fund Financial Statements

In addition to providing pension benefits, health insurance coverage is provided for retired employees and their survivors in accordance with Chapter 32B, of Massachusetts General Laws, under various contributory plans. The cost of providing health insurance is recognized by recording the employer's 75% share of insurance premiums in the general fund in the fiscal year paid. All benefits are provided through third-party insurance carriers and health maintenance organizations that administer, assume, and pay all claims.

P. Use of Estimates

Government-Wide and Fund Financial Statements

The preparation of the accompanying financial statements in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could vary from estimates that were used.

Q. Total Column

Fund Financial Statements

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

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Basis of Accounting

Pursuant to Chapter 44, Section 32 of the Massachusetts General Laws, the Town adopts an annual budget for the general fund as well as for those special revenue funds for which the provisions of Chapter 44, Section 53f 1/2 have been adopted. The budgets for all departments and operations of the Town, except that of the regional schools, are prepared under the direction of the various department heads. The budgets are presented to the Finance Committee for review, which then makes recommendations to Town Meeting for final approval. The School Districts' budgets are prepared under the direction of the School Committees. The level of expenditures may not legally exceed appropriations for each department or undertaking in the following categories: (1) salaries and wages; (2) ordinary maintenance; and (3) capital outlays.

TOWN OF WEST TISBURY, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

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

Original and supplemental appropriations are enacted upon by a Town Meeting vote. Management may not amend the budget without seeking the approval of the governing body. The Town's Finance Committee can legally transfer funds from its reserve fund to other appropriations within the budget without seeking Town Meeting approvals. The original fiscal year 2014 approved budget authorized \$15,189,351 in current year appropriations and other amounts to be raised and \$404,904 in encumbrances and articles carried over from previous fiscal years. Supplemental budget increases of \$135,500 were approved at one Town Meeting during fiscal year 2014.

The Town Accountant has the responsibility to ensure that budgetary controls are maintained and monitored through the accounting system.

B. Budgetary – GAAP Reconciliation

For budgetary financial reporting purposes, the Uniform Municipal Accounting System basis of accounting (established by the Commonwealth) is followed, which differs from the GAAP basis of accounting. A reconciliation of budgetary-basis to GAAP-basis results for the general fund for the fiscal year ended June 30, 2014, is presented below:

Net Change in Fund Balance - Budgetary Basis	\$ 281,277
Basis of Accounting Differences:	
Net Stabilization Fund Activity	3,168
Increase in Revenue for On-Behalf Payments - MTRS	96,377
Increase in Expenditures for On-Behalf Payments - MTRS	<u>(96,377)</u>
Net Change in Fund Balance - GAAP Basis	<u>\$ 284,445</u>

C. Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2014, actual expenditures exceeded appropriations for snow removal expenses. This over-expenditure will be funded by available funds during fiscal year 2015.

D. Deficit Fund Balances

Several fund deficits exist within the Special Revenue fund. These deficits will be eliminated through subsequent fiscal year budget transfers, grants or proceeds from long-term debt during fiscal year 2015.

NOTE 3 – DEPOSITS AND INVESTMENTS

State and local statutes place certain limitations on the nature of deposits and investments available to the Town. Deposits (including demand deposits, term deposits and certificates of deposit) in any one financial institution may not exceed certain levels unless collateralized by the financial institutions involved.

TOWN OF WEST TISBURY, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

Deposits

- *Custodial Credit Risk – Deposits*

Custodial credit risk is the risk that in the event of bank failure, the Town’s deposits may not be returned. Massachusetts General Law Chapter 44, Section 55, limits the deposits “in a bank or trust company, or banking company to an amount not exceeding sixty percent (60%) of the capital and surplus of such bank or trust company or banking company, unless satisfactory security is given to it by such bank or trust company or banking company for such excess.”

The Town does not have a formal deposit policy for custodial credit risk.

The Town carries deposits that are fully insured by the Federal Deposit Insurance Corporation (FDIC), Shared Insurance Fund (SIF), and the Depositor’s Insurance Fund (DIF). The Town also carries deposits that are collateralized with securities held by the pledging financial institution’s trust department but not in the Town’s name.

The following table illustrates how much of the Town’s bank deposits are insured or collateralized, and how much of the Town’s bank deposits are collateralized with securities held by the pledging financial institution’s trust department but not in the Town’s name as of June 30, 2014:

Total Bank Balances		<u><u>\$ 3,633,561</u></u>
Bank Balances Covered by Deposit Insurance		
Federal Deposit Insurance Corporation (FDIC)	1,533,860	
Depositor's Insurance Fund (DIF)	1,266,670	
Shared Insurance Fund (SIF)	<u>354,327</u>	
Total Bank Balances Covered by Deposit Insurance		<u>3,154,857</u>
Balances Subject to Custodial Credit Risk		
Bank Balances Collateralized with Securities Held by the Pledging Financial Institution's Trust Department or Agent but not in the Town's Names	<u>478,704</u>	
Total Bank Balances Subject to Custodial Credit Risk		<u>478,704</u>
Total Bank Balances		<u><u>\$ 3,633,561</u></u>

TOWN OF WEST TISBURY, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

Investments

Investments can also be made in securities issued by or unconditionally guaranteed by the U.S. government or agencies that have a maturity of less than one year from the date of purchase, repurchase agreement guaranteed by the U.S. government or agencies that have a maturity of less than one year from the date of purchase, repurchase agreements guaranteed by such securities with maturity dates of no more than 90 days from the date of purchase, and units in the Massachusetts Municipal Depository Trust (MMDT). The Treasurer of the Commonwealth of Massachusetts oversees the financial management of the MMDT, a local investment pool for cities, towns, and other state and local agencies within the Commonwealth. The Town's fair value of its investment in MMDT represents their value of the pool's shares. The Town's Trust Funds have expanded investment powers including the ability to invest in equity securities, corporate bonds, annuities and other specified investments.

The composition of the Town's bank recorded deposits and investments fluctuates depending primarily on the timing of property tax receipts, proceeds from borrowings, collections of state and federal aid, and capital outlays throughout the year.

a) Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. For short-term investments that were purchased using surplus revenues, Massachusetts General Law Chapter 44, Section 55, limits the Town's investments to the top rating issued by at least one nationally recognized statistical rating organization (NRSROs).

Presented below is the actual rating as of year end for each investment type of the Town.

Investment Type	Fair Value	Minimum Legal Rating	Rating as of Year End
			Unrated
Certificates of Deposit	\$ 734,855	N/A	\$ 734,855
Money Market Mutual Funds	1,845	N/A	1,845
Total Investments	<u>\$ 736,700</u>		<u>\$ 736,700</u>

b) Custodial Credit Risk

For an investment, this is the risk that, in the event of a failure by the counterparty, the Town will not be able to recover the value of its investments or collateral security that are in possession of an outside party. The investments in certificates of deposit are not exposed to custodial credit risk because the related certificates of deposit are fully insured by Federal Depositors Insurance Corporation (FDIC). The money market mutual fund investments are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form. The Town does not have an investment policy for custodial credit risk.

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c) Interest Rate Risk

Interest rate risk is the risk of changes in market interest rates which will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the risk of its fair value to change with the market interest rates. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Information about the sensitivity of the fair values of the Town's investments to market interest rate fluctuations is as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturity (in Years) Less than 1</u>
<u>Fixed Income Securities</u>		
Certificates of Deposit	\$ 734,855	\$ 734,855
<u>Other Investments</u>		
Money Market Mutual Funds	1,845	1,845
Total Investments	<u>\$ 736,700</u>	<u>\$ 736,700</u>

d) Concentration of Credit Risk

The Town places no limit on the amount the government may invest in any one issuer. More than 5% of the Town's investments are in the following securities:

<u>Issuer</u>	<u>Percentage of Total Investments</u>
Discover Bank Greenwood, Del. - Certificate of Deposit	33.26%
Bank of India New York, NY - Certificate of Deposit	33.27%
State Bank India New York, NY - Certificate of Deposit	33.23%

TOWN OF WEST TISBURY, MASSACHUSETTS
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NOTE 4 – RECEIVABLES

The receivables at June 30, 2014 for the Town’s individual major and nonmajor governmental funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Receivables	Gross Amount	Allowance for Uncollectibles	Net Amount
Real Estate and Personal Property Taxes	\$ 390,182	\$ (18,872)	\$ 371,310
Tax Liens	102,001	-	102,001
Motor Vehicle and Other Excise Taxes	195,637	(113,446)	82,191
Departmental and Other	25,148	-	25,148
Intergovernmental	473,840	-	473,840
Total	<u>\$ 1,186,808</u>	<u>\$ (132,318)</u>	<u>\$ 1,054,490</u>

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with revenues that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred inflows of resources reported in the governmental funds were as follows:

Deferred Inflows of Resources Analysis				
Deferred Inflows:	General Fund	Community Preservation Fund	Nonmajor Governmental Funds	Total
Deferred Property Taxes	\$ 392,578	\$ -	\$ -	\$ 392,578
Deferred Other Revenue	-	13,481	11,667	25,148
Deferred Intergovernmental Revenue	473,840	-	-	473,840
Total	<u>\$ 866,418</u>	<u>\$ 13,481</u>	<u>\$ 11,667</u>	<u>\$ 891,566</u>

TOWN OF WEST TISBURY, MASSACHUSETTS
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NOTE 5 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2014, was as follows:

<u>Governmental Activities:</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Reclassifications & Decreases</u>	<u>Ending Balance</u>
<i>Capital Assets not Being Depreciated :</i>				
Land	\$ 1,877,108	\$ -	\$ -	\$ 1,877,108
Construction in Progress	<u>5,212,529</u>	<u>6,806,069</u>	<u>(12,018,598)</u>	<u>-</u>
Total Capital Assets not Being Depreciated	<u>7,089,637</u>	<u>6,806,069</u>	<u>(12,018,598)</u>	<u>1,877,108</u>
<i>Capital Assets Being Depreciated :</i>				
Buildings and Improvements	18,239,106	-	9,101,069	27,340,175
Machinery & Equipment	193,896	-	-	193,896
Vehicles	1,146,662	58,849	394,155	1,599,666
Infrastructure	<u>2,089,767</u>	<u>-</u>	<u>2,523,374</u>	<u>4,613,141</u>
Total Capital Assets Being Depreciated	<u>21,669,431</u>	<u>58,849</u>	<u>12,018,598</u>	<u>33,746,878</u>
<i>Less Accumulated Depreciation for :</i>				
Buildings and Improvements	(7,251,101)	(555,844)	-	(7,806,945)
Machinery & Equipment	(147,989)	(12,805)	-	(160,794)
Vehicles	(832,965)	(74,762)	-	(907,727)
Infrastructure	<u>(697,672)</u>	<u>(154,803)</u>	<u>-</u>	<u>(852,475)</u>
Total Accumulated Depreciation	<u>(8,929,727)</u>	<u>(798,214)</u>	<u>-</u>	<u>(9,727,941)</u>
Total Capital Assets Being Depreciated, Net	<u>12,739,704</u>	<u>(739,365)</u>	<u>12,018,598</u>	<u>24,018,937</u>
Total Governmental Activities Capital Assets, Net	<u>\$ 19,829,341</u>	<u>\$ 6,066,704</u>	<u>\$ -</u>	<u>\$ 25,896,045</u>

TOWN OF WEST TISBURY, MASSACHUSETTS
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Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General Government	\$ 126,264
Public Safety	152,884
Education	252,472
Public Works	160,173
Human Services	8,875
Culture and Recreation	97,546
Total Depreciation Expense - Governmental Activities	\$ 798,214

NOTE 6 – INTERFUND TRANSFERS

Interfund transfers for the fiscal year ended June 30, 2014, are summarized as follows:

Operating Transfers Out:	Operating Transfer In:			Total
	General Fund	Library Project	Nonmajor Governmental Funds	
Nonmajor Governmental Funds	\$ 2,917	\$ -	\$ -	\$ 2,917 (1)
General Fund	-	58,491	15,000	73,491 (1)
Non Major Governmental Funds	1,239	47,374	-	48,613 (2)
Community Preservation	-	-	50,000	50,000 (1)
General Fund	-	-	6,761	6,761 (2)
Road Improvements	65,430	-	-	65,430 (1)
Total	\$ 69,586	\$ 105,865	\$ 71,761	\$ 247,212

(1) Represents various budgeted transfers.

(2) Represents other transfers.

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NOTE 7 – SHORT-TERM FINANCING

Under state law, and with the appropriate authorization, the Town is authorized to borrow funds on a temporary basis as follows:

- To fund current operations prior to the collection of revenues by issuing revenue anticipation notes (RANS).
- To fund grants prior to reimbursement by issuing grant anticipation notes (GANS).
- To fund Capital project costs incurred prior to selling permanent debt by issuing bond anticipation notes (BANS).
- To fund current project costs and other approved expenditures incurred, that are anticipated to be reimbursed by the Commonwealth of Massachusetts, through the issuance of State Aid anticipation notes (SAANS).

Short-term loans are general obligations of the Town and maturity dates are governed by statute. Interest expenditures for short-term borrowings are accounted for in the general fund.

The following is a summary of changes in short-term debt for the year ended June 30, 2014:

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2013	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2014
BAN	Public Safety Building	1.50	6/5/2014	\$ 2,495,000	\$ -	\$ (2,495,000)	\$ -
BAN	Library Renovations	1.25	11/15/2013	1,500,000	-	(1,500,000)	-
BAN	Road Improvements	1.25	11/15/2013	<u>2,615,000</u>	<u>-</u>	<u>(2,615,000)</u>	<u>-</u>
Total				<u>\$ 6,610,000</u>	<u>\$ -</u>	<u>\$ (6,610,000)</u>	<u>\$ -</u>

TOWN OF WEST TISBURY, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 8 – LONG-TERM DEBT

The Town is subject to a dual-level, general debt limit: the normal debt limit and the double debt limit. Such limits are equal to 5% and 10%, respectively, of the valuation of taxable property in the Town as last equalized by the Commonwealth’s Department of Revenue. Debt may be authorized up to the normal debt limit without state approval. Authorizations under the double debt limit however require the approval of the Commonwealth’s Emergency Finance Board. Additionally, there are many categories of general long-term debt which are exempt from the debt limit but are subject to other limitations.

The following is a summary of the changes in long-term debt for the year ended June 30, 2014:

Bonds and Notes Payable Schedule -Governmental Funds

Project	Interest Rate %	Outstanding at June 30, 2013	Issued	Redeemed	Outstanding at June 30, 2014
School	5.06	\$ 345,000	\$ -	\$ 345,000	\$ -
Multiple Purpose	3.01	360,000	-	180,000	180,000
Town Hall	3.11	3,735,000	-	235,000	3,500,000
Land Acquisition	0.98	120,000	-	40,000	80,000
Land Acquisition	3.50	96,000	-	24,000	72,000
Library and Road Repairs	3.74	-	3,700,000	-	3,700,000
Public Safety Building	3.74	-	2,445,000	-	2,445,000
Total		\$ 4,656,000	\$ 6,145,000	\$ 824,000	\$ 9,977,000

The annual debt service requirements for principal and interest for Governmental bonds and notes outstanding at June 30, 2014 are as follows:

Fiscal Year	Principal	Interest	Total
2015	\$ 864,000	\$ 262,027	\$ 1,126,027
2016	684,000	244,726	928,726
2017	644,000	230,703	874,703
2018	620,000	217,001	837,001
2019	620,000	200,339	820,339
2020-2024	3,075,000	767,690	3,842,690
2025-2029	2,870,000	333,875	3,203,875
2030-2034	600,000	63,000	663,000
Total	\$ 9,977,000	\$ 2,319,361	\$ 12,296,361

TOWN OF WEST TISBURY, MASSACHUSETTS
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Massachusetts School Building Authority Reimbursements

Chapter 645 of the Act of 1948 as amended (“Chapter 645”) created a statewide school building assistance program. Pursuant to this program, cities and towns issued bonds for eligible school building projects and were reimbursed over a period of years by the Commonwealth according to a statutory percentage for such city or town.

Legislation enacted as part of the Commonwealth’s Fiscal 2001 budget repealed 645 and created a new school building assistance program codified as Chapter 70B of the Massachusetts General Laws. Among other changes, the new program includes grants for alternatives to construction and calculates grants for each project based on a number of factors. The new legislation does not affect the reimbursement percentages for bonds previously issued under Chapter 645, and the grants for certain “grandfathered” projects will be based on the statutory percentages provided for in Chapter 645.

The Town has been approved for a 52% percent state school construction grant through the Massachusetts School Building Authority (MSBA) to cover eligible project costs, including debt service associated with the financing of these projects, subject to annual appropriation by the state legislature. The Town received \$236,921 from scheduled annual payments in FY 2014 from the MSBA for completed school construction projects.

Loans Authorized and Unissued

As of June 30, 2014, the Town has loans authorized and unissued as follows:

<u>Description</u>	<u>Date Authorized</u>	<u>Amount</u>
Town Roads	#22 4/10/12	\$ 415,000
Public Safety Building	#8 4/9/13	<u>50,000</u>
Total		<u>\$ 465,000</u>

Changes in Long-term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2014:

<u>Governmental Activities:</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Bonds and Notes Payable	\$ 4,656,000	\$ 6,145,000	\$ (824,000)	\$ 9,977,000	\$ 864,000
Landfill Postclosure Care Costs	105,000	-	(7,000)	98,000	7,000
Compensated Absences	292,633	23,187	-	315,820	181,003
Postemployment Benefits	<u>822,529</u>	<u>13,341</u>	<u>-</u>	<u>835,870</u>	<u>-</u>
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 5,876,162</u>	<u>\$ 6,181,528</u>	<u>\$ (831,000)</u>	<u>\$ 11,226,690</u>	<u>\$ 1,052,003</u>

TOWN OF WEST TISBURY, MASSACHUSETTS
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The governmental activities long-term liabilities are generally liquidated by the general fund.

Overlapping Debt

The Town pays assessments under formulas which include debt service payments to other governmental agencies providing services to the Town, (commonly referred to as overlapping debt). The following summary sets forth the long-term debt of such governmental agencies and the estimated share being financed by the Town as of June 30, 2014:

<u>Agency</u>	<u>Total Long- Term Debt Outstanding</u>	<u>Town's Estimated Share</u>	<u>Town's Indirect Debt</u>
Martha's Vineyard Public Schools	\$ 2,285,000	18.00%	\$ 411,300
Up-Island Regional School District	1,200,000	80.00%	960,000
Martha's Vineyard Refuse Disposal & Resource Recovery District	1,120,000	15.50%	173,600
Dukes County	<u>100,000</u>	13.15%	<u>13,150</u>
Total	<u>\$ 4,705,000</u>		<u>\$ 1,558,050</u>

TOWN OF WEST TISBURY, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 9 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

The Town has classified its governmental fund balances with the following hierarchy.

	General Fund	Community Preservation Fund	Library Project Fund	Public Safety Building Fund	Nonmajor Governmental Funds	TOTAL
Fund Balances						
Nonspendable						
Permanent Fund Principal	\$ -	\$ -	\$ -	\$ -	\$ 65,533	\$ 65,533
Restricted For:						
General Government	-	-	-	-	295,188	295,188
Public Safety	-	-	-	15,434	35,147	50,581
Public Works	-	-	-	-	44,911	44,911
Human Services	-	-	-	-	93,718	93,718
Culture & Recreation	-	-	12,657	-	52,845	65,502
Employee Benefits	-	-	-	-	15,034	15,034
Community Preservation	-	1,070,460	-	-	-	1,070,460
Expendable Trust Fund	-	-	-	-	7,058	7,058
	<u>-</u>	<u>1,070,460</u>	<u>12,657</u>	<u>15,434</u>	<u>543,901</u>	<u>1,642,452</u>
Committed To:						
Continuing Appropriations						
General Government	103,616	-	-	-	-	103,616
Public Safety	45,969	-	-	-	-	45,969
Education	31,976	-	-	-	-	31,976
Public Works	90,430	-	-	-	-	90,430
Culture & Recreation	21,287	-	-	-	-	21,287
	<u>293,278</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>293,278</u>
Assigned To:						
Encumbered For:						
General Government	3,174	-	-	-	-	3,174
Public Safety	22,853	-	-	-	-	22,853
Public Works	4,007	-	-	-	-	4,007
Sanitation	1,005	-	-	-	-	1,005
Human Services	828	-	-	-	-	828
Subsequent Years Expenditures	435,000	-	-	-	-	435,000
Stabilization - Ambulance	53,928	-	-	-	-	53,928
Stabilization - Building Maintenance	25,007	-	-	-	-	25,007
Stabilization - Fire	71,876	-	-	-	-	71,876
	<u>617,678</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>617,678</u>
Unassigned						
General Fund	987,619	-	-	-	-	987,619
General Stabilization Fund	492,409	-	-	-	-	492,409
Capital Projects	-	-	-	-	-	-
Public Works	-	-	-	-	(7,413)	(7,413)
	<u>1,480,028</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,413)</u>	<u>1,472,615</u>
Total Governmental Fund Balances	<u>\$ 2,390,984</u>	<u>\$ 1,070,460</u>	<u>\$ 12,657</u>	<u>\$ 15,434</u>	<u>\$ 602,021</u>	<u>\$ 4,091,556</u>

NOTE 10 – STABILIZATION ARRANGEMENTS

The Town has established several funds where the town has set aside amounts for emergency and capital needs. These funds consist of the following;

- The *Stabilization fund* is used to account for any appropriation, as approved by a 2/3 vote at the annual or special town meeting for additions or reductions to the fund. Any interest shall be added to and become part of the fund. The Stabilization fund balance is \$492,409 as of June 30, 2014. The fund was established under chapter 40, sub-section 5B of the Massachusetts General Law.

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- *The Fire Stabilization Fund* is used to account for appropriations funding the acquisition, repair, replacement, extension, reconstruction, enlarging and/or additions to capital equipment, vehicles, and apparatus of the fire department and pay notes, bonds, or certificates of indebtedness issued to pay for the cost of such acquisition, repair, replacement, extension, reconstruction, enlarging and additions. The Town may appropriate into and out of the fund at Annual or Special Town Meeting by 2/3 vote. The fire stabilization fund balance is \$71,876 as of June 30, 2014. This fund was established under Chapter 40 sub-section 5B of **MGL**.

- *The Ambulance Stabilization Fund* is used to account for appropriations funding the acquisition, repair, replacement, extension, reconstruction, enlarging and/or additions to capital equipment and Ambulance vehicles, and pay notes, bonds, or certificates of indebtedness issued to pay for the cost of such acquisition, repair, replacement, extension, reconstruction, enlarging and additions. The Town may appropriate into and out of the fund at Annual or Special Town Meeting by 2/3 vote. The ambulance stabilization fund balance is \$53,928 as of June 30, 2014. This fund was established under Chapter 40 sub-section 5B of **MGL**.

- *The Building Maintenance Stabilization Fund* purpose is to budget and set aside funds necessary for future anticipated major maintenance items for town owned buildings. Funds will be appropriated from the stabilization funds at future town meetings as planned maintenance items are scheduled to be performed. The building maintenance stabilization fund balance is \$25,007 as of June 30, 2014. The fund was established at the November 5, 2013 Special Town Meeting and voted to transfer from free cash the initial amount of \$25,000 at the Annual Town Meeting on April 8, 2014.

NOTE 11 – RISK FINANCING

The Town is exposed to various risks of loss related to torts; theft of, damage to or destruction of assets; errors and omissions; injuries to employees; employee's health and life; and natural disasters.

The Town is insured for general liability; however, Chapter 258 of the Massachusetts General Laws limits the Town's liability to a maximum of \$100,000 per claim in all matters except in actions relating to federal civil rights, eminent domain and breach of contract. Such claims are charged to the general fund. There were no such claims in 2014.

The Town is a member of the Dukes County Municipal Health Group which now consists of Dukes County Commissioners; the Towns of Chilmark, Edgartown, Gosnold, Oak Bluffs, Tisbury, West Tisbury, and Aquinnah.; Martha's Vineyard Refuse Disposal and Resource Recovery District; Martha's Vineyard Commission; Martha's Vineyard Land Bank Commission; Oak Bluff's Water District; Martha's Vineyard Regional School District; Up-Island Regional School District; Martha's Vineyard Charter School; and Martha's Vineyard Transit Authority.

The Group has entered into a Joint Negotiation Purchase of Health Coverage with the Cape Cod Municipal Health Group (CCMHG). CCMHG is a Massachusetts Municipal Joint Health Insurance Purchase Group.

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Health benefit plans for active employees and non-Medicare eligible retirees consist of a traditional medical indemnity plan, two Preferred Provider Organization (PPO) plans and two Exclusive Provider Organization (EPO) plans. All active employees are self funded with Blue Cross and Blue Shield of Massachusetts (BCBSMA) and Harvard Pilgrim Health Care (HPHC) as third party administrators. The Group offers six health plans for Medicare eligible retirees, which include two self-funded Medicare Supplement plans, one of which is administered by BCBSMA and one by HPHC, one fully insured Medicare Supplement with a Medicare Prescription Drug (PDP) plan provided by Tufts Health Plan, one HMO Medicare wrap plan fully insured by BCBSMA, and two fully insured Medicare Advantage HMO plans, one of which is from BCBSMA and one from Tufts Health Plan.

Prior to July 1, 2012, the Group offered two benefit options for each EPO and PPO plan: The Legacy option and the Rate Saver option. On July 1, 2012, the Group changed its plan designs following applicable law to do so. The plan design changes resulted in a single option for each EPO and each PPO. These options are similar in plan design to the Group Insurance Commission's "benchmark plan" and include additional member cost-sharing features.

The CCMHG has adopted a contributory dental insurance plan (self-funded) and a voluntary dental plan. These plans are self-funded. The Town offers only the voluntary plan option.

The Master Health Plus, Blue Care Elect Preferred PPO plan, Network Blue EPO plan, and Medex plan are on a claims-paid basis, and are administered by Blue Cross Blue Shield of Massachusetts for a monthly administration fee based on the number of individual, single parent/single child, and family plan subscribers for that particular month.

The Harvard Pilgrim EPO Plan, Harvard Pilgrim PPO plan, and Harvard Pilgrim Health Care Enhance Medicare plan are on a claims-paid basis, and are administered by Harvard Pilgrim Health Care for a monthly administration fee based on a number of individual and family plan subscribers for that particular month.

The Group has a specific excess medical and prescription drug claims reinsurance contract with an insurance carrier covering claims paid in excess of \$500,000 per individual, to a lifetime maximum amount payable of \$2,000,000 at June 30, 2014. The Group does not reinsure its Medex and HPHC Medicare Enhance plans. The policy period covers claims incurred within twelve months and paid within twenty-four months.

As of June 30, 2014, the Cape Cod Municipal Health Group had total assets of \$38,341,466, total liabilities of \$12,592,875 (including \$12,142,593 in estimated benefits obligations), and a total surplus of \$25,748,591.

NOTE 12 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, requires the following disclosures with regard to the retiree medical, dental, and life insurance benefits:

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Plan Description. The Post Retirement Benefits Plan of the Town of West Tisbury (The Plan) is a single-employer defined benefit healthcare plan administered by the Dukes County Pooled OPEB Trust Other Postemployment Benefits Program. The Plan provides medical, dental and life insurance benefits to eligible retirees and their spouses. Town meeting vote is the authority to establish and amend benefit provisions to the Town. The Town has accepted various sections of Massachusetts General laws Chapter 32B to provide 75% of the premium cost of retirees' health and life insurance costs.

Funding Policy. The contribution requirements of plan members and the Town are established and may be amended by local by-law. The required contribution is based on projected pay-as-you-go financing requirements. For Fiscal Year 2014, the estimated total Town premiums plus implicit costs for the retiree medical program are \$421,135.

Annual OPEB Cost and Net OPEB Obligation. The Town's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASBS No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Town's annual OPEB cost for the fiscal year, the amount actually contributed to the plan, and changes in the Town's net OPEB obligation to the plan:

Annual Required Contribution (ARC)	\$ 426,434
Interest on Net OPEB Obligation	35,433
Adjustment to Annual Required Contribution (ARC)	<u>(27,391)</u>
Annual OPEB Cost	434,476
Employer Contributions	<u>(421,135)</u>
Change in Net OPEB Obligation	13,341
Net OPEB Obligation - Beginning of Year	<u>822,529</u>
Net OPEB Obligation - End of Year	<u><u>\$ 835,870</u></u>

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The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 and the five preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Increase (Decrease) in Net OPEB Obligation	Net OPEB Obligation
6/30/2009	\$ 442,186	14.05%	\$ 380,047	\$ 380,047
6/30/2010	\$ 366,259	22.48%	\$ 283,932	\$ 663,979
6/30/2011	\$ 450,552	28.79%	\$ 320,836	\$ 984,815
6/30/2012	\$ 477,680	171.23%	\$ (340,269)	\$ 644,546
6/30/2013	\$ 381,002	53.29%	\$ 177,983	\$ 822,529
6/30/2014	\$ 434,476	96.93%	\$ 13,341	\$ 835,870

Funded Status and Funding Progress. As of July 1, 2012, the most recent actuarial valuation date, the plan was 12.8% funded. The actuarial accrued liability for benefits was \$5.536 million, and the actuarial value of assets was \$0.706 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$4.830 million. The covered payroll (annual payroll of active employees covered by the plan) was \$2,016,197, and the ratio of the UAAL to the covered payroll was 239.6%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

TOWN OF WEST TISBURY, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

In the July 1, 2012, actuarial valuation, the projected unit credit actuarial cost method was used. Under this method, the normal cost and actuarial liability are both based on an accrual of projected benefits over the period for which benefits are accrued. The normal cost is the actuarial present value of one year's benefit accrual on this basis. The actuarial accrued liability is the actuarial present value of the projected benefit times the ratio of past service to total service. The actuarial assumptions included a 4.0% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 7.00% percent graded down to 5.00% over two years. The actuarial value of assets was determined using market value. The UAAL is being amortized as a level dollar amount over 30 years at transition. The remaining amortization period at June 30, 2014, was 24 years.

For the year ended June 30, 2014, the Town contributed \$159,000 (total contribution of \$935,000) to the Dukes County Pooled OPEB Trust Fund to partially fund the unfunded liability.

NOTE 13 – PENSION PLANS

A. Plan Descriptions

The Town contributes to the Dukes County Contributory Retirement System (the "system"), a cost sharing, multiple-employer, defined benefit pension plan administered by the Dukes County Retirement Board. Substantially all employees are members of the "System" except for public school teachers and certain school administrators who are members of the Massachusetts Teachers' Retirement System (MTRS) to which the Town does not contribute.

The "System" and the MTRS are contributory defined benefit plans and membership in both the "System" and the MTRS is mandatory upon commencement of employment for all permanent, full-time employees. The "System" and the MTRS provide retirement, disability and death benefits to plan members and beneficiaries.

Chapter 32 of the Massachusetts General Laws assigns authority to establish and amend benefit provisions of the plan, and grant cost-of-living increases, to the State legislature. The "System" issues a publicly available financial report, which can be obtained through the Commonwealth of Massachusetts, Public Employee Retirement Administration Commission ("PERAC"), One Ashburton Place, Boston, Massachusetts 02108.

B. Funding Policies

Dukes County Contributory Retirement System

Plan members are required to contribute to the "System" at rates ranging from 5% to 11% of annual covered compensation. The Town is required to pay into the "System", its share of the remaining system-wide, actuarially determined, contribution plus administration costs, which are apportioned among the employers, based on active covered payroll. The Commonwealth of Massachusetts reimburses the "system" for a portion of the benefit payments for the cost of living increases. The contributions to the "System" for years ended June 30, 2014, 2013, and 2012 were \$326,568, \$311,977, and \$286,500 respectively, which were equal to its required contributions for each of these years.

TOWN OF WEST TISBURY, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

Massachusetts Teachers' Retirement System

Plan members (at varying rates of annual covered compensation) and the Commonwealth of Massachusetts fund contributions to the MTRS. The Commonwealth of Massachusetts contributed "on-behalf" payments to the MTRS totaling \$96,377 for fiscal year 2014. In accordance with GASB Statement No. 24, these on-behalf" payments have been recorded in the general fund as intergovernmental revenues and pension expenditures.

NOTE 14 – COMMITMENTS AND CONTINGENCIES

The Town participates in a number of federal award programs. However the Town is not subject to the provisions of the Single Audit Act Amendments of 1996, since the Town did not expend more than \$500,000 of federal awards during the period ended June 30, 2014. These programs may still be subject to financial and compliance audits. Accordingly, the amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although it is believed the amount, if any, would not be material.

The Town is a member of the Martha's Vineyard Regional Refuse and Resource Recovery District. The District previously operated a landfill based in the Town of West Tisbury, which was closed and capped. The Town is still responsible for post-closure monitoring of the site for 14 years and the estimated liability has been recorded in the Statement of Net position, Governmental Activities. The \$98,000 reported as landfill post-closure liability at June 30, 2014 is based on what it would cost to perform all post-closure care costs at June 30, 2014. Actual costs may be higher due to inflation, changes in technology or changes in regulations.

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, 2014, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2014.

TOWN OF WEST TISBURY, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 15 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During fiscal year 2014, the following GASB pronouncements were implemented:

The GASB issued **Statement #65**, *Items previously reported as Assets and Liabilities*, was implemented in fiscal year 2014. This pronouncement requires no additional disclosure and will not impact the basic financial statements.

The GASB issued **Statement #66**, *Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62*, was implemented in fiscal year 2014. This pronouncement requires no additional disclosure and will not impact the basic financial statements.

The GASB issued **Statement #67**, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 27*, was implemented in fiscal year 2014. This pronouncement requires no additional disclosure and will not impact the basic financial statements.

Future GASB Pronouncements:

The GASB issued **Statement #68**, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, which is required to be implemented in fiscal year 2015. Management's current assessment is that this pronouncement will have a significant impact on the basic financial statements.

The GASB issued **Statement #69**, *Government Combinations and Disposals of Government Operations*, which is required to be implemented in fiscal year 2015. Management's current assessment is that this pronouncement will not have a significant impact on the basic financial statements.

The GASB issued **Statement #70**, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, which is required to be implemented in fiscal year 2015. Management's current assessment is that this pronouncement will not have a significant impact on the basic financial statements.

The GASB issued **Statement #71**, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, which is required to be implemented in fiscal year 2015. Management's current assessment is that this pronouncement will have a significant impact on the basic financial statements.

**TOWN OF WEST TISBURY, MASSACHUSETTS
REQUIRED SUPPLEMENTARY INFORMATION
DUKE'S COUNTY REGIONAL RETIREMENT SYSTEM
JUNE 30, 2014**

Schedules of Funding Progress

The following schedules are presented in accordance with GASB Statement No. 27:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b - a)/c]
1/1/2014	\$ 97,171,632	\$ 141,568,416	\$ 44,396,784	68.6%	\$ 34,859,969	127.4%
1/1/2011	\$ 73,989,143	\$ 110,358,557	\$ 36,369,414	67.0%	\$ 29,118,456	124.9%
1/1/2009	\$ 60,628,878	\$ 97,882,251	\$ 37,253,373	61.9%	\$ 30,407,294	122.5%
1/1/2007	\$ 53,493,298	\$ 82,756,819	\$ 29,263,521	64.6%	\$ 26,285,973	111.3%
1/1/2005	\$ 43,587,979	\$ 68,303,109	\$ 24,715,130	63.8%	\$ 22,710,276	108.8%
1/1/2003	\$ 36,978,826	\$ 63,042,045	\$ 26,063,219	58.7%	\$ 20,191,180	129.1%
1/1/2001	\$ 31,491,429	\$ 45,304,948	\$ 13,813,519	69.5%	\$ 18,408,970	75.0%
1/1/1998	\$ 21,621,530	\$ 36,447,821	\$ 14,826,291	59.3%	\$ 14,311,001	103.6%

Schedule of Employer Contributions

Fiscal Year Ended June 30	System Wide			Town of West Tisbury	
	Annual Required Contributions	(A) Actual Contributions	Percentage Contributed	(B) Actual Contributions	(B/A) Town's Percentage of System Wide Actual Contributions
2014	\$ 5,351,220	\$ 5,351,220	100%	\$ 326,568	6.10%
2013	\$ 5,112,099	\$ 5,112,099	100%	\$ 311,977	6.10%
2012	\$ 4,575,700	\$ 4,575,700	100%	\$ 286,500	6.26%
2011	\$ 4,663,656	\$ 4,663,656	100%	\$ 273,667	5.87%
2010	\$ 4,398,687	\$ 4,398,687	100%	\$ 248,384	5.65%
2009	\$ 4,200,863	\$ 4,200,863	100%	\$ 237,245	5.65%
2008	\$ 3,612,812	\$ 3,612,812	100%	\$ 219,370	6.07%
2007	\$ 3,612,812	\$ 3,612,812	100%	\$ 219,311	6.07%
2006	\$ 3,612,812	\$ 3,612,812	100%	\$ 197,946	5.48%

**TOWN OF WEST TISBURY, MASSACHUSETTS
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFITS
JUNE 30, 2014**

Schedules of Funding Progress and Employer Contributions

The following schedules are presented in accordance with GASB Statement No. 45:

Projected Schedule of Funding Progress:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b - a)/c]
07/01/07	\$ -	\$ 5,035,611	\$ 5,035,611	0.0%	\$ 1,760,241	286.1%
06/30/09	\$ -	\$ 4,597,047	\$ 4,597,047	0.0%	\$ 1,810,597	253.9%
07/01/10	\$ -	\$ 5,737,480	\$ 5,737,480	0.0%	\$ 1,936,154	296.3%
07/01/12	\$ 706,377	\$ 5,536,281	\$ 4,829,904	12.8%	\$ 2,016,197	239.6%

Schedule of Employer Contributions :

2009	\$ 442,186	14.1%	\$ 380,047	\$ 380,047
2010	\$ 366,259	22.5%	\$ 283,932	\$ 663,979
2011	\$ 450,552	28.8%	\$ 320,836	\$ 984,815
2012	\$ 477,680	171.2%	\$ (340,269)	\$ 644,546
2013	\$ 381,002	53.3%	\$ 177,983	\$ 822,529
2014	\$ 434,476	96.93%	\$ 13,341	\$ 835,870

* Based on expected premium payments.

**TOWN OF WEST TISBURY, MASSACHUSETTS
 REQUIRED SUPPLEMENTARY INFORMATION
 OTHER POSTEMPLOYMENT BENEFITS
 JUNE 30, 2014**

The required information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	July 1, 2012
Discount Rate	4.00%
Medical Trend	7.0% grading down to 5% in Year 2014 and thereafter
Cost Method	Projected Unit Credit Cost Method
Amortization Method	30-year level-percent-of-pay, assuming 4.5% increases; closed basis.
Remaining Amortization Period	24
Mortality	RP-2000 Healthy Anuitant Table Projected to 2012 using Scale AA

Participation 85% of future retirees are assumed to participate in the retiree medical plan.

70% of future retirees are expected to elect life insurance.

Medical Plan Participants:

Current Retirees, Beneficiaries, and Dependents	10
Current Active Members/Participants	32
Total	<u>42</u>