

**TOWN OF WEST TISBURY, MASSACHUSETTS**

**REPORT ON EXAMINATION OF  
BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2021**

**TOWN OF WEST TISBURY, MASSACHUSETTS  
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**TOWN OF WEST TISBURY, MASSACHUSETTS  
REPORT ON EXAMINATION OF  
BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Select Board  
Town of West Tisbury, Massachusetts

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, 2021, and the related notes to the financial statements, which collectively comprise the Town'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.

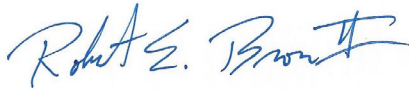
**Opinions**

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, 2021, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and Dukes County Contributory Retirement System schedules - Town's proportionate share of the net pension liability, and Town's contribution, Other Postemployment Benefit schedules - Town's Net OPEB Liability and Related Ratios, Town's contributions, and Investment Return, and notes to required supplementary information on pages 3 – 9, 59 – 60, 61 - 63 and 64 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.

A handwritten signature in blue ink, reading "Robert E. Brown II". The signature is stylized with a large, flowing "R" and "B".

Robert E. Brown II, CPA

February 22, 2022

## **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, 2021. 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 fiscal year 2021 by \$17.1 million (net position). Of this amount, a negative \$2.3 million is considered unrestricted (net unrestricted position) due to unfunded liabilities for pension and other post-employment benefits. Liabilities for pension and other postemployment benefits were \$3.6 million. Under the policies of the Dukes County Contributory Retirement System the pension liability is projected to be fully funded by 2030.
- The governmental activities total net position increased by \$604,312, up 3.7% from fiscal 2020.
- In fiscal 2021, the Town continued its aggressive policy toward funding other post-employment benefits (OPEB) by directly paying for benefits of current retirees while also budgeting to lower its unfunded liability. For fiscal 2021 the Town budgeted and transferred \$100,000 to the Dukes County Pooled OPEB Trust. This contribution combined with \$805,718 in investment earnings left the Town's balance in the trust as of June 30, 2021 at \$3,545,561.
- Also related to OPEB, the most recent financial report by KMS Actuaries stated OPEB liability and disclosures under GASB 74 and 75 as of June 30, 2021 for the Town of West Tisbury showed OPEB liability as of June 30, 2021 was \$5,495,631. The percentage of the liability funded by the balance of the Dukes County OPEB Trust increased to 64.5% even though a more conservative discount rate of 6.6% (down from 7.0%) was used for determining the total liability.
- The Town's general fund reported an unassigned fund balance of \$2,054,336 at the end of fiscal 2021. This represents 10.3% of total general fund expenditures. An additional amount of \$562,124 of the assigned fund balance was designated for decreasing the town tax levy in the fiscal year 2022.
- The total expense of all Town governmental activities for fiscal 2021 was \$21,450,459, an increase of \$1,500,995 or 7.5%. The increase reflects significant additions in the General Government and Public Safety areas. General Government was impacted by several large affordable housing projects funded with Community Preservation funds and Public Safety by COVID-19 expenditures reimbursable through the federal CARES Act and FEMA.
- The Town's total revenue from governmental activities increased to \$22,004,391 million, an increase of \$1,008,094 or 4.8%.

- At the Annual Town Meeting in April, 2019, the Town had voted to adopt the local option room excise tax at the maximum level of 6% to go into effect July 1, 2019. Receipts in FY 2021, the first year full year of collections were \$316,045; nearly double the prior year amount of \$165,874 which did not reflect a full year of collections.
- Beginning in March of 2020, the Town began incurring unbudgeted expenses in response to the COVID-19 pandemic. All COVID-19 expenses are being accounted for in special revenue funds. Total expenses charged to those special revenue funds in fiscal 2021 were \$229,304; and the cumulative total since the beginning of the pandemic stood at \$345,721. The Town either received reimbursement by June 30, 2021 or expects to receive future additional reimbursement for all these expenses through either federal FEMA funding or the Coronavirus Relief Fund of the CARES Act.
- In June of 2021, the town received a payment of \$151,979 in Coronavirus State and Local Fiscal Recovery Funds of the federal American Rescue Plan Act. This was the first of two equal annual amounts to be paid to the town. There were no expenditures from the funds in fiscal year 2021.

### ***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 Fund* – Fiduciary fund is used to account for resources held for the benefit of parties outside the government. Fiduciary fund is not reflected in the government-wide financial statements, as the resources of this fund is **not** available to support the Town’s own programs. The fiduciary fund uses the full accrual basis of accounting.

*Post Employment Benefits Trust fund* – The Fiduciary fund is reported into a single, aggregate presentation in the fiduciary fund financial statements under the caption “post employment benefits trust fund”.

*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 \$17,114,665 at the close of fiscal year 2021.

The largest component of the Town’s net position is 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, and is \$15,175,491 or 88.7 % 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 \$4,190,482 (24.5%) 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 a negative \$2,251,308 (-13.2%). This negative balance is impacted by GASB reporting requirements for net pension and postemployment liabilities. Please refer to notes 12 and 13 for further discussion of postemployment benefits and pension plan descriptions.

The total change in net position in fiscal 2021 was an increase of \$604,312, or 3.7%.

**Town of West Tisbury - Financial Highlights**

|   | <b>Governmental<br/>Activities</b> |                      | <b>Increase<br/>(Decrease)</b> | <b>%<br/>Increase<br/>(Decrease)</b> |
|---|------------------------------------|----------------------|--------------------------------|--------------------------------------|
|   | <b>FY 2021</b>                     | <b>FY 2020</b>       |                                |                                      |
| <b>Assets:</b>                          |                                    |                      |                                |                                      |
| Current assets                          | \$ 6,858,055                       | \$ 8,205,058         | \$ (1,347,003)                 | -16.42%                              |
| Capital assets                          | 21,339,938                         | 22,360,924           | (1,020,986)                    | -4.57%                               |
| <b>Total assets</b>                     | <u>28,197,993</u>                  | <u>30,565,982</u>    | <u>(2,367,989)</u>             | <u>-7.75%</u>                        |
| <b>Deferred Outflows of Resources:</b>  | <u>1,826,507</u>                   | <u>1,472,296</u>     | <u>354,211</u>                 | <u>24.06%</u>                        |
| <b>Liabilities:</b>                     |                                    |                      |                                |                                      |
| Current liabilities (excluding debt)    | 809,277                            | 654,591              | 154,686                        | 23.63%                               |
| Noncurrent liabilities (excluding debt) | 3,846,366                          | 4,849,197            | (1,002,831)                    | -20.68%                              |
| Current debt                            | 1,469,636                          | 3,763,834            | (2,294,198)                    | -60.95%                              |
| Noncurrent debt                         | 4,695,000                          | 5,310,000            | (615,000)                      | -11.58%                              |
| <b>Total liabilities</b>                | <u>10,820,279</u>                  | <u>14,577,622</u>    | <u>(3,757,343)</u>             | <u>-25.77%</u>                       |
| <b>Deferred Inflows of Resources:</b>   | <u>2,089,556</u>                   | <u>950,303</u>       | <u>1,139,253</u>               | <u>119.88%</u>                       |
| <b>Net Position:</b>                    |                                    |                      |                                |                                      |
| Net investment in capital assets        | 15,175,491                         | 15,287,090           | (111,599)                      | -0.73%                               |
| Restricted                              | 4,190,482                          | 2,846,084            | 1,344,398                      | 47.24%                               |
| Unrestricted                            | (2,251,308)                        | (1,622,821)          | (628,487)                      | 38.73%                               |
| <b>Total net position</b>               | <u>\$ 17,114,665</u>               | <u>\$ 16,510,353</u> | <u>\$ 604,312</u>              | <u>3.66%</u>                         |
| <b>Revenues</b>                         |                                    |                      |                                |                                      |
| <i>Program Revenues:</i>                |                                    |                      |                                |                                      |
| Charges for services                    | \$ 810,424                         | \$ 646,784           | \$ 163,640                     | 25.30%                               |
| Operating grants and contributions      | 885,150                            | 596,881              | 288,269                        | 48.30%                               |
| Capital grants and contributions        | 27,237                             | -                    | 27,237                         |                                      |
| <i>General Revenues:</i>                |                                    |                      |                                |                                      |
| Real Estate and personal property taxes | 17,330,090                         | 17,073,624           | 256,466                        | 1.50%                                |
| Tax Liens                               | 33,292                             | 38,784               | (5,492)                        | -14.16%                              |
| Motor vehicle and other excise taxes    | 660,870                            | 566,142              | 94,728                         | 16.73%                               |
| Penalties & interest on taxes           | 88,995                             | 51,135               | 37,860                         | 74.04%                               |
| Non restricted grants & contributions   | 2,069,145                          | 1,858,644            | 210,501                        | 11.33%                               |
| Departmental                            | 86,719                             | 128,974              | (42,255)                       | -32.76%                              |
| Unrestricted investment income          | 12,469                             | 35,329               | (22,860)                       | -64.71%                              |
| <b>Total Revenues</b>                   | <u>22,004,391</u>                  | <u>20,996,297</u>    | <u>1,008,094</u>               | <u>4.80%</u>                         |
| <b>Expenses:</b>                        |                                    |                      |                                |                                      |
| General Government                      | 2,416,762                          | 1,897,877            | 518,885                        | 27.34%                               |
| Public Safety                           | 3,174,012                          | 2,682,007            | 492,005                        | 18.34%                               |
| Education                               | 11,569,230                         | 11,054,572           | 514,658                        | 4.66%                                |
| Public Works                            | 717,597                            | 582,459              | 135,138                        | 23.20%                               |
| Sanitation                              | 130,176                            | 129,937              | 239                            | 0.18%                                |
| Human Services                          | 631,116                            | 687,553              | (56,437)                       | -8.21%                               |
| Culture and Recreation                  | 1,242,072                          | 1,261,032            | (18,960)                       | -1.50%                               |
| Employee Benefits                       | 1,190,741                          | 1,271,819            | (81,078)                       | -6.37%                               |
| State and County Assessments            | 193,090                            | 168,028              | 25,062                         | 14.92%                               |
| Interest                                | 185,663                            | 214,180              | (28,517)                       | -13.31%                              |
| <b>Total Expenses</b>                   | <u>21,450,459</u>                  | <u>19,949,464</u>    | <u>1,500,995</u>               | <u>7.52%</u>                         |
| <b>Change in Net Position</b>           | 553,932                            | 1,046,833            | (492,901)                      | -47.08%                              |
| <b>Prior Period Adjustment</b>          | 50,380                             | -                    | 50,380                         |                                      |
| <b>Net Position - beginning</b>         | <u>16,510,353</u>                  | <u>15,463,520</u>    | <u>1,046,833</u>               | <u>6.77%</u>                         |
| <b>Net Position - ending</b>            | <u>\$ 17,114,665</u>               | <u>\$ 16,510,353</u> | <u>\$ 604,312</u>              | <u>3.66%</u>                         |

## ***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 \$5,307,279 a \$961,196 increase from the prior year's ending fund balances of \$4,346,083.

The general fund is the primary operating fund. At the end of the current fiscal year, unassigned fund balance of the general fund was \$2,054,336 while total fund balance of the general fund stood at \$3,206,112. 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 10.3% of total general fund expenditures, while total general fund balance of represents 16.2% of that same expenditure amount.

The unassigned stabilization fund has accumulated a fund balance of \$527,933 which represents 2.7% 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 June 23, 2020, the Town appropriated \$20,004,365 through raise and appropriate articles from the fiscal 2021 general fund. There was also a subsequent Special Town Meeting on October 6, 2020 at which an additional \$344,670 of raise and appropriate articles were approved. The tax levy for fiscal 2021 was \$17,406,415, an increase of \$260,873 or 1.5% over fiscal 2020. \$500,000 of free cash from fiscal 2020 was used to decrease the fiscal 2021 tax levy. At year end, \$515,589 of unexpended budget appropriation balances offset by an approved snow and ice deficit of \$35,966 was closed out to unassigned fund balance. Also, state revenue and local receipts (not including property taxes and tax lien redemptions) exceeded budget by \$328,967.

## ***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, 2021, amounts to \$21,339,938, net of accumulated depreciation. The investment in capital assets includes land, buildings and improvements, machinery and equipment, vehicles, and infrastructure.

The governmental activities capital assets decreased by \$1,020,986; a \$50,885 increase due to a new hybrid SUV for the police department was offset by \$1,071,871 in FY 2021 asset depreciation.

**Capital Assets  
(Net of Depreciation)**

|                             | <b>Governmental<br/>Activities</b> |                      | <b>Increase<br/>(Decrease)</b> | <b>%<br/>Increase<br/>(Decrease)</b> |
|-----------------------------|------------------------------------|----------------------|--------------------------------|--------------------------------------|
|                             | <b>2021</b>                        | <b>2020</b>          |                                |                                      |
| Land                        | \$ 1,877,108                       | \$ 1,877,108         | \$ -                           | 0.00%                                |
| Buildings & Improvements    | 15,960,110                         | 16,648,085           | (687,975)                      | -4.13%                               |
| Machinery and Equipment     | 55,306                             | 60,598               | (5,292)                        | -8.73%                               |
| Vehicles                    | 944,207                            | 1,056,248            | (112,041)                      | -10.61%                              |
| Infrastructure              | 2,503,207                          | 2,718,885            | (215,678)                      | -7.93%                               |
| <b>Total Capital Assets</b> | <b>\$ 21,339,938</b>               | <b>\$ 22,360,924</b> | <b>\$ (1,020,986)</b>          | <b>-4.57%</b>                        |

**Long Term Debt** - The Town's debt burden is reasonable in relation to other communities its size. Outstanding long term debt, as of June 30, 2021, totaled \$5,310,000. Total debt consists of the following:

**Outstanding Debt at Year End**

| <b>Governmental Activities</b> | <b>Outstanding<br/>June 30, 2021</b> | <b>Outstanding<br/>June 30, 2020</b> | <b>Increase<br/>(Decrease)</b> | <b>%<br/>Increase<br/>(Decrease)</b> |
|--------------------------------|--------------------------------------|--------------------------------------|--------------------------------|--------------------------------------|
|                                |                                      |                                      |                                |                                      |
| General Obligation Bonds       | \$ 5,310,000                         | \$ 5,925,000                         | \$ (615,000)                   | -10.38%                              |

Please refer to Notes 5, 7 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 2022 budget and tax rates including the following:

- The fiscal 2022 tax rate is projected to be \$5.82, a 28-cent decrease from fiscal 2021. The percentage decrease in the tax rate is 4.6%. The overall assessed value of property in the town increased by \$308,409,212 or 10.8% to \$3,161,919,833. The excess levy capacity will be \$355,501 or 1.9% of the tax levy. The tax levy is nearly \$61 million under the levy ceiling.
- The town did vote a general override of \$300,000 to ensure the town would remain below the town's levy limit under proposition 2 ½.

- The Board of Selectmen voted during their classification hearing to maintain the same tax rate for all classes of property.
- The 6% local room excise tax adopted in 2019 level of collections paid to the town has increased to a level such that we included an estimate of \$300,000 in local receipts on the fiscal 2022 tax recapitulation for setting the tax rate.
- The Town accepted a local option to add a 3% excise on the retail sale of marijuana at its special town meeting in October, 2020. The first excise collections are expected to begin in fiscal 2022 but as there is no basis to estimate how much the town may realize, an estimate of local receipts for the marijuana excise was not included when setting the fiscal 2022 tax rate.
- Regional school district budgets comprise 55.0% of the Town's operating budget for fiscal 2022. Due to a decreased Town enrollment percentage at the regional high school, the Town's share of the assessment decreased by \$353,448 or 12.8%. The decrease more than offset the \$288,854 or 3.4% increase in the Up-island Regional School District budget assessment. The town, however, had to also raise and appropriate an additional \$747,763 as its share of regional school district projects voted as separate town meeting warrant articles.
- The town's long-time Fire Chief, compensated by a \$50,000 stipend, retired at the end of fiscal 2021. A replacement Fire Chief was budgeted and hired for fiscal 2022 as a full-time position starting at \$120,000 per year.
- The fiscal 2022 budget included \$200,000 to transfer to the Dukes County OPEB Trust in the health insurance line item. It is management's intent to continue to make contributions to reduce OPEB liability through the budget process. While funds are being transferred to the trust, the town continues to pay retiree health insurance benefits directly.
- No new debt is projected in fiscal 2022. Capital projects 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 Town is appropriated \$20,000 for a feasibility study on the needs of the Up-Island Council on Aging and the adequacy of its building (the Howes House). This is the first step toward of what could be a major redesign and renovation of the Howes House over the next several years.
- The Town continued to respond in fiscal 2022 to unexpected and unbudgeted expenses related to the COVID-19 pandemic but at a far less rate than during the prior 16 months. All COVID expenditures, now totaling over \$350,000, are expected to be paid or reimbursed by available federal funds.

### ***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, 2021**

|   | <b>PRIMARY<br/>GOVERNMENT</b>      |
|---|------------------------------------|
|   | <b>GOVERNMENTAL<br/>ACTIVITIES</b> |
| <b><u>ASSETS</u></b>                              |                                    |
| CURRENT:  |                                    |
| CASH AND SHORT-TERM INVESTMENTS                   | \$ 6,422,077                       |
| RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES: |                                    |
| REAL ESTATE AND PERSONAL PROPERTY TAXES           | 245,496                            |
| TAX LIENS   | 15,185                             |
| MOTOR VEHICLE EXCISE TAXES                        | 69,803                             |
| DEPARTMENTAL AND OTHER                            | 6,155                              |
| INTERGOVERNMENTAL                                 | 99,339                             |
| NONCURRENT:                                       |                                    |
| CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION   | 21,339,938                         |
| TOTAL ASSETS                                      | 28,197,993                         |
| <b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>      |                                    |
| RELATED TO POST EMPLOYMENT BENEFITS               | 1,063,534                          |
| RELATED TO PENSIONS                               | 762,973                            |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES              | 1,826,507                          |
| <b><u>LIABILITIES</u></b>                         |                                    |
| CURRENT:  |                                    |
| ACCOUNTS PAYABLE                                  | 280,564                            |
| OTHER LIABILITIES                                 | 161,457                            |
| ACCRUED INTEREST                                  | 24,577                             |
| LANDFILL POSTCLOSURE CARE COSTS                   | 8,000                              |
| COMPENSATED ABSENCES                              | 334,679                            |
| BONDS AND NOTES PAYABLE                           | 1,469,636                          |
| NONCURRENT:                                       |                                    |
| LANDFILL POSTCLOSURE CARE COSTS                   | 48,000                             |
| COMPENSATED ABSENCES                              | 176,457                            |
| POSTEMPLOYMENT BENEFITS                           | 1,950,070                          |
| NET PENSION LIABILITY                             | 1,671,839                          |
| BONDS AND NOTES PAYABLE                           | 4,695,000                          |
| TOTAL LIABILITIES                                 | 10,820,279                         |
| <b><u>DEFERRED INFLOWS OF RESOURCES:</u></b>      |                                    |
| RELATED TO POST EMPLOYMENT BENEFITS               | 892,781                            |
| RELATED TO PENSIONS                               | 1,196,775                          |
| TOTAL DEFERRED INFLOWS OF RESOURCES               | 2,089,556                          |
| <b><u>NET POSITION</u></b>                        |                                    |
| NET INVESTMENT IN CAPITAL ASSETS                  | 15,175,491                         |
| RESTRICTED FOR:                                   |                                    |
| STREETS   | 76,937                             |
| PERMANENT FUNDS:                                  |                                    |
| EXPENDABLE  | 9,747                              |
| NONEXPENDABLE                                     | 65,333                             |
| OTHER PURPOSES                                    | 4,038,465                          |
| UNRESTRICTED                                      | (2,251,308)                        |
| TOTAL NET POSITION                                | \$ 17,114,665                      |

See accompanying notes to the basic financial statements

**TOWN OF WEST TISBURY, MASSACHUSETTS  
STATEMENT OF ACTIVITIES  
FISCAL YEAR ENDED JUNE 30, 2021**

| <b>FUNCTIONS/PROGRAMS</b>       | <b>EXPENSES</b>      | <b>PROGRAM REVENUES</b>         |   |   | <b>NET (EXPENSE)<br/>REVENUE</b> |
|---------------------------------|----------------------|---------------------------------|---|---|----------------------------------|
|                                 |                      | <b>CHARGES FOR<br/>SERVICES</b> | <b>OPERATING<br/>GRANTS AND<br/>CONTRIBUTIONS</b> | <b>CAPITAL<br/>GRANTS AND<br/>CONTRIBUTIONS</b> |                                  |
| <b>PRIMARY GOVERNMENT:</b>      |                      |                                 |   |   |                                  |
| GOVERNMENTAL ACTIVITIES:        |                      |                                 |   |   |                                  |
| GENERAL GOVERNMENT              | \$ 2,416,762         | \$ 26,988                       | \$ 324,724  | \$ -  | \$ (2,065,050)                   |
| PUBLIC SAFETY                   | 3,174,012            | 629,012                         | 154,570   | -   | (2,390,430)                      |
| EDUCATION                       | 11,569,230           | -                               | 27,013  | -   | (11,542,217)                     |
| PUBLIC WORKS                    | 717,597              | 7,800                           | 323   | 27,237  | (682,237)                        |
| SANITATION                      | 130,176              | 27,442                          | -   | -   | (102,734)                        |
| HUMAN SERVICES                  | 631,116              | 34,125                          | 218,440   | -   | (378,551)                        |
| CULTURE & RECREATION            | 1,242,072            | 85,057                          | 160,080   | -   | (996,935)                        |
| EMPLOYEE BENEFITS               | 1,190,741            | -                               | -   | -   | (1,190,741)                      |
| STATE & COUNTY ASSESSMENTS      | 193,090              | -                               | -   | -   | (193,090)                        |
| INTEREST                        | 185,663              | -                               | -   | -   | (185,663)                        |
| <b>TOTAL PRIMARY GOVERNMENT</b> | <b>\$ 21,450,459</b> | <b>\$ 810,424</b>               | <b>\$ 885,150</b>                                 | <b>\$ 27,237</b>                                | <b>\$ (19,727,648)</b>           |

See accompanying notes to the basic financial statements

(continued)

**TOWN OF WEST TISBURY, MASSACHUSETTS  
STATEMENT OF ACTIVITIES  
FISCAL YEAR ENDED JUNE 30, 2021**

|  | <b>PRIMARY<br/>GOVERNMENT</b>      |
|--|------------------------------------|
|  | <b>GOVERNMENTAL<br/>ACTIVITIES</b> |
| <b>CHANGES IN NET POSITION:</b>  |                                    |
| NET (EXPENSE) REVENUE FROM PREVIOUS PAGE                               | <b>\$ (19,727,648)</b>             |
| GENERAL REVENUES:  |                                    |
| REAL ESTATE AND PERSONAL PROPERTY TAXES,<br>NET OF TAX REFUNDS PAYABLE | 17,330,090                         |
| TAX LIENS  | 33,292                             |
| MOTOR VEHICLE EXCISE TAXES   | 660,870                            |
| PENALTIES AND INTEREST ON TAXES  | 88,995                             |
| GRANTS AND CONTRIBUTIONS NOT RESTRICTED<br>TO SPECIFIC PROGRAMS        | 2,069,145                          |
| UNRESTRICTED INVESTMENT INCOME   | 12,469                             |
| MISCELLANEOUS  | 86,719                             |
| TOTAL GENERAL REVENUES   | <u>20,281,580</u>                  |
| CHANGE IN NET POSITION   | 553,932                            |
| <b>NET POSITION:</b>   |                                    |
| <b>BEGINNING OF YEAR</b>   | <u>16,560,733</u>                  |
| <b>END OF YEAR</b>   | <u><u>\$ 17,114,665</u></u>        |

See accompanying notes to the basic financial statements

(concluded)

**TOWN OF WEST TISBURY, MASSACHUSETTS  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2021**

| <b><u>ASSETS</u></b>   | <b>GENERAL</b>      | <b>COMMUNITY<br/>PRESERVATION</b> | <b>HIGHWAY<br/>BUILDING<br/>PROJECT</b> | <b>FIRE<br/>TRUCK</b> | <b>NONMAJOR<br/>GOVERNMENTAL<br/>FUNDS</b> | <b>TOTAL<br/>GOVERNMENTAL<br/>FUNDS</b> |
|--|---------------------|-----------------------------------|---|-----------------------|--|---|
| CASH AND SHORT-TERM INVESTMENTS  | \$ 3,432,881        | \$ 1,612,056                      | \$ -                                    | \$ -                  | \$ 1,377,140                               | \$ 6,422,077                            |
| RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:                              |                     |                                   |   |                       |  |   |
| REAL ESTATE AND PERSONAL PROPERTY TAXES  | 245,496             | -                                 | -                                       | -                     | -  | 245,496                                 |
| TAX LIENS  | 15,185              | -                                 | -                                       | -                     | -  | 15,185                                  |
| MOTOR VEHICLE TAXES  | 69,803              | -                                 | -                                       | -                     | -  | 69,803                                  |
| DEPARTMENTAL AND OTHER   | -                   | 6,155                             | -                                       | -                     | -  | 6,155                                   |
| INTERGOVERNMENTAL  | -                   | -                                 | -                                       | -                     | 99,339                                     | 99,339                                  |
| DUE FROM OTHER FUNDS   | -                   | -                                 | -                                       | -                     | 189  | 189                                     |
| <b>TOTAL ASSETS</b>  | <b>\$ 3,763,365</b> | <b>\$ 1,618,211</b>               | <b>\$ -</b>                             | <b>\$ -</b>           | <b>\$ 1,476,668</b>                        | <b>\$ 6,858,244</b>                     |
| <b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES<br/>AND FUND BALANCES</u></b> |                     |                                   |   |                       |  |   |
| LIABILITIES:   |                     |                                   |   |                       |  |   |
| ACCOUNTS PAYABLE   | \$ 229,289          | \$ 882                            | \$ -                                    | \$ -                  | \$ 50,393                                  | \$ 280,564                              |
| DUE TO OTHER FUNDS   | -                   | -                                 | 189                                     | -                     | -  | 189                                     |
| OTHER LIABILITIES  | 156,937             | 4,520                             | -                                       | -                     | -  | 161,457                                 |
| NOTES PAYABLE  | -                   | 300,000                           | 394,636                                 | 160,000               | -  | 854,636                                 |
| <b>TOTAL LIABILITIES</b>   | <b>386,226</b>      | <b>305,402</b>                    | <b>394,825</b>                          | <b>160,000</b>        | <b>50,393</b>                              | <b>1,296,846</b>                        |
| DEFERRED INFLOWS OF RESOURCES:   |                     |                                   |   |                       |  |   |
| UNAVAILABLE REVENUE  | 171,027             | 6,155                             | -                                       | -                     | 76,937                                     | 254,119                                 |
| FUND BALANCES:   |                     |                                   |   |                       |  |   |
| NONSPENDABLE   | -                   | -                                 | -                                       | -                     | 65,333                                     | 65,333                                  |
| RESTRICTED   | -                   | 1,306,654                         | -                                       | -                     | 1,507,617                                  | 2,814,271                               |
| COMMITTED  | 462,479             | -                                 | -                                       | -                     | -  | 462,479                                 |
| ASSIGNED   | 689,297             | -                                 | -                                       | -                     | -  | 689,297                                 |
| UNASSIGNED   | 2,054,336           | -                                 | (394,825)                               | (160,000)             | (223,612)                                  | 1,275,899                               |
| <b>TOTAL FUND BALANCES</b>   | <b>3,206,112</b>    | <b>1,306,654</b>                  | <b>(394,825)</b>                        | <b>(160,000)</b>      | <b>1,349,338</b>                           | <b>5,307,279</b>                        |
| <b>TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES<br/>AND FUND BALANCES</b>   | <b>\$ 3,763,365</b> | <b>\$ 1,618,211</b>               | <b>\$ -</b>                             | <b>\$ -</b>           | <b>\$ 1,476,668</b>                        | <b>\$ 6,858,244</b>                     |

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, 2021**

|  | <u>GENERAL</u>      | <u>COMMUNITY<br/>PRESERVATION</u> | <u>HIGHWAY<br/>BUILDING<br/>PROJECT</u> | <u>FIRE<br/>TRUCK</u> | <u>NONMAJOR<br/>GOVERNMENTAL<br/>FUNDS</u> | <u>TOTAL<br/>GOVERNMENTAL<br/>FUNDS</u> |
|--|---------------------|-----------------------------------|---|-----------------------|--|---|
| <b>REVENUES:</b>   |                     |                                   |   |                       |  |   |
| REAL ESTATE AND PERSONAL PROPERTY TAXES,                 |                     |                                   |   |                       |  |   |
| NET OF TAX REFUNDS                                       | \$ 17,461,387       | \$ -                              | \$ -                                    | \$ -                  | \$ -                                       | \$ 17,461,387                           |
| MOTOR VEHICLE EXCISE TAXES                               | 666,476             | -                                 | -                                       | -                     | -  | 666,476                                 |
| PENALTIES AND INTEREST ON TAXES                          | 88,995              | -                                 | -                                       | -                     | -  | 88,995                                  |
| INTERGOVERNMENTAL  | 1,381,966           | 223,671                           | -                                       | -                     | 351,184                                    | 1,956,821                               |
| CHARGES FOR SERVICES                                     | -                   | -                                 | -                                       | -                     | 239,920                                    | 239,920                                 |
| INVESTMENT INCOME  | 12,189              | 7,883                             | -                                       | -                     | 7,477                                      | 27,549                                  |
| CONTRIBUTIONS & DONATIONS                                | -                   | -                                 | -                                       | -                     | 245,065                                    | 245,065                                 |
| DEPARTMENTAL AND OTHER                                   | 845,705             | 478,006                           | -                                       | -                     | 105,089                                    | 1,428,800                               |
| <b>TOTAL REVENUES</b>                                    | <b>20,456,718</b>   | <b>709,560</b>                    | <b>-</b>                                | <b>-</b>              | <b>948,735</b>                             | <b>22,115,013</b>                       |
| <b>EXPENDITURES:</b>                                     |                     |                                   |   |                       |  |   |
| CURRENT:   |                     |                                   |   |                       |  |   |
| GENERAL GOVERNMENT                                       | 1,695,964           | 569,966                           | -                                       | -                     | 22,682                                     | 2,288,612                               |
| PUBLIC SAFETY  | 2,447,439           | -                                 | -                                       | -                     | 508,773                                    | 2,956,212                               |
| EDUCATION  | 11,306,558          | -                                 | -                                       | -                     | 24,097                                     | 11,330,655                              |
| PUBLIC WORKS   | 447,982             | -                                 | -                                       | -                     | 27,987                                     | 475,969                                 |
| SANITATION   | 130,176             | -                                 | -                                       | -                     | -  | 130,176                                 |
| HUMAN SERVICES   | 592,796             | -                                 | -                                       | -                     | 34,830                                     | 627,626                                 |
| CULTURE & RECREATION                                     | 908,773             | 18,029                            | -                                       | -                     | 131,927                                    | 1,058,729                               |
| EMPLOYEE BENEFITS  | 1,331,740           | -                                 | -                                       | -                     | -  | 1,331,740                               |
| STATE & COUNTY ASSESSMENTS                               | 193,090             | -                                 | -                                       | -                     | -  | 193,090                                 |
| DEBT SERVICE   |                     |                                   |   |                       |  |   |
| PRINCIPAL  | 615,000             | -                                 | -                                       | -                     | -  | 615,000                                 |
| INTEREST   | 180,368             | 6,921                             | -                                       | -                     | 9,099                                      | 196,388                                 |
| <b>TOTAL EXPENDITURES</b>                                | <b>19,849,886</b>   | <b>594,916</b>                    | <b>-</b>                                | <b>-</b>              | <b>759,395</b>                             | <b>21,204,197</b>                       |
| <b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b> | <b>606,832</b>      | <b>114,644</b>                    | <b>-</b>                                | <b>-</b>              | <b>189,340</b>                             | <b>910,816</b>                          |
| <b>OTHER FINANCING SOURCES (USES)</b>                    |                     |                                   |   |                       |  |   |
| OPERATING TRANSFERS IN                                   | 25,226              | -                                 | 79,749                                  | 80,000                | 50,334                                     | 235,309                                 |
| OPERATING TRANSFERS OUT                                  | (210,083)           | -                                 | -                                       | -                     | (25,226)                                   | (235,309)                               |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>              | <b>(184,857)</b>    | <b>-</b>                          | <b>79,749</b>                           | <b>80,000</b>         | <b>25,108</b>                              | <b>-</b>                                |
| <b>NET CHANGE IN FUND BALANCES</b>                       | <b>421,975</b>      | <b>114,644</b>                    | <b>79,749</b>                           | <b>80,000</b>         | <b>214,448</b>                             | <b>910,816</b>                          |
| <b>FUND BALANCES AT BEGINNING OF YEAR</b>                | <b>2,784,137</b>    | <b>1,192,010</b>                  | <b>(474,574)</b>                        | <b>(240,000)</b>      | <b>1,134,890</b>                           | <b>4,396,463</b>                        |
| <b>FUND BALANCES AT END OF YEAR</b>                      | <b>\$ 3,206,112</b> | <b>\$ 1,306,654</b>               | <b>\$ (394,825)</b>                     | <b>\$ (160,000)</b>   | <b>\$ 1,349,338</b>                        | <b>\$ 5,307,279</b>                     |

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, 2021**

|  |             |                             |
|--|-------------|-----------------------------|
| <b>TOTAL GOVERNMENTAL FUND BALANCES</b>  |             | \$ 5,307,279                |
| CAPITAL ASSETS (NET) USED IN GOVERNMENTAL ACTIVITIES ARE NOT FINANCIAL RESOURCES<br>AND, THEREFORE, ARE NOT REPORTED IN THE FUNDS                      |             | 21,339,938                  |
| ACCOUNTS RECEIVABLE ARE NOT AVAILABLE TO PAY FOR CURRENT-PERIOD<br>EXPENDITURES AND, THEREFORE, ARE DEFERRED IN THE FUNDS                              |             | 254,119                     |
| IN THE STATEMENT OF ACTIVITIES, INTEREST IS ACCRUED ON OUTSTANDING LONG-TERM DEBT,<br>WHEREAS IN GOVERNMENTAL FUNDS INTEREST IS NOT REPORTED UNTIL DUE |             | (24,577)                    |
| LONG-TERM LIABILITIES ARE NOT DUE AND PAYABLE IN THE CURRENT PERIOD AND, THEREFORE,<br>ARE NOT REPORTED IN THE GOVERNMENTAL FUNDS                      |             |                             |
| BONDS AND NOTES PAYABLE  | (5,310,000) |                             |
| NET PENSION LIABILITY  | (1,671,839) |                             |
| DEFERRED INFLOWS OF RESOURCES - RELATED TO PENSIONS  | (1,196,775) |                             |
| DEFERRED INFLOWS OF RESOURCES - RELATED TO POSTEMPLOYMENT BENEFITS   | (892,781)   |                             |
| DEFERRED OUTFLOWS OF RESOURCES - RELATED TO POSTEMPLOYMENT BENEFITS  | 1,063,534   |                             |
| DEFERRED OUTFLOWS OF RESOURCES - RELATED TO PENSIONS   | 762,973     |                             |
| COMPENSATED ABSENCES   | (511,136)   |                             |
| POSTEMPLOYMENT BENEFITS  | (1,950,070) |                             |
| LANDFILL POSTCLOSURE CARE COSTS  | (56,000)    |                             |
| NET EFFECT OF REPORTING LONG-TERM LIABILITIES  |             | <u>(9,762,094)</u>          |
| <b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>   |             | <b><u>\$ 17,114,665</u></b> |

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, 2021**

**NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS** **\$ 910,816**

GOVERNMENTAL FUNDS REPORT CAPITAL OUTLAYS AS EXPENDITURES. HOWEVER, IN THE STATEMENT OF ACTIVITIES THE COST OF THOSE ASSETS IS ALLOCATED OVER THEIR ESTIMATED USEFUL LIVES AND REPORTED AS DEPRECIATION EXPENSE.

|  |                    |             |
|--|--------------------|-------------|
| CAPITAL OUTLAY                         | 50,885             |             |
| DEPRECIATION EXPENSE                   | <u>(1,071,871)</u> |             |
| NET EFFECT OF REPORTING CAPITAL ASSETS |                    | (1,020,986) |

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 (110,622)

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.

|                                       |                |         |
|---------------------------------------|----------------|---------|
| DEBT SERVICE PRINCIPAL PAYMENTS       | <u>615,000</u> |         |
| NET EFFECT OF REPORTING LONG-TEM DEBT |                | 615,000 |

SOME EXPENSES REPORTED IN THE STATEMENT OF ACTIVITIES DO NOT REQUIRE THE USE OF CURRENT FINANCIAL RESOURCES AND, THEREFORE, ARE NOT REPORTED AS EXPENDITURES IN THE GOVERNMENTAL FUNDS.

|  |                  |                |
|--|------------------|----------------|
| NET CHANGE IN COMPENSATED ABSENCES ACCRUAL                                       | (92,660)         |                |
| NET CHANGE IN POSTEMPLOYMENT BENEFITS ACCRUAL                                    | 706,786          |                |
| NET CHANGE IN LANDFILL POSTCLOSURE CARE ACCRUAL                                  | 8,000            |                |
| NET CHANGE IN ACCRUED INTEREST ON LONG-TERM DEBT                                 | 10,725           |                |
| NET CHANGE IN NET PENSION LIABILITY  | 311,915          |                |
| NET CHANGE IN DEFERRED OUTFLOW OF RESOURCES - RELATED TO PENSIONS                | 289,591          |                |
| NET CHANGE IN DEFERRED OUTFLOW OF RESOURCES - RELATED TO POSTEMPLOYMENT BENEFITS | 64,620           |                |
| NET CHANGE IN DEFERRED INFLOW OF RESOURCES - RELATRD TO PENSIONS                 | (246,472)        |                |
| DEFERRED INFLOWS OF RESOURCES - RELATED TO POSTEMPLOYMENT BENEFITS               | <u>(892,781)</u> |                |
| NET EFFECT OF RECORDING LONG-TERM LIABILITIES                                    |                  | <u>159,724</u> |

**CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES** **\$ 553,932**

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, 2021**

|  | <b>BUDGETED AMOUNTS</b>    |                         | <b>ACTUAL</b>                | <b>VARIANCE</b>     |
|--|----------------------------|-------------------------|------------------------------|---------------------|
|  | <b>ORIGINAL<br/>BUDGET</b> | <b>FINAL<br/>BUDGET</b> | <b>BUDGETARY<br/>AMOUNTS</b> | <b>OVER/UNDER</b>   |
| <b>REVENUES:</b>   |                            |                         |                              |                     |
| REAL ESTATE AND PERSONAL PROPERTY TAXES,<br>NET OF TAX REFUNDS | \$ 17,359,538              | \$ 17,359,538           | \$ 17,461,387                | \$ 101,849          |
| MOTOR VEHICLE EXCISE TAXES                                     | 550,000                    | 550,000                 | 666,476                      | 116,476             |
| PENALTIES & INTEREST ON TAXES                                  | 50,000                     | 50,000                  | 88,995                       | 38,995              |
| INTERGOVERNMENTAL  | 1,340,719                  | 1,340,719               | 1,381,966                    | 41,247              |
| INVESTMENT INCOME  | 10,000                     | 10,000                  | 9,645                        | (355)               |
| DEPARTMENTAL AND OTHER   | 739,816                    | 739,816                 | 845,705                      | 105,889             |
| <b>TOTAL REVENUES</b>  | <b>20,050,073</b>          | <b>20,050,073</b>       | <b>20,454,174</b>            | <b>404,101</b>      |
| <b>EXPENDITURES:</b>   |                            |                         |                              |                     |
| CURRENT:   |                            |                         |                              |                     |
| GENERAL GOVERNMENT   | 2,191,010                  | 2,102,702               | 1,695,964                    | 406,738             |
| PUBLIC SAFETY  | 2,717,541                  | 2,751,134               | 2,447,439                    | 303,695             |
| EDUCATION  | 11,373,974                 | 11,373,974              | 11,306,558                   | 67,416              |
| PUBLIC WORKS   | 486,389                    | 491,585                 | 447,982                      | 43,603              |
| SANITATION   | 139,923                    | 139,923                 | 130,176                      | 9,747               |
| HUMAN SERVICES   | 665,665                    | 690,831                 | 592,796                      | 98,035              |
| CULTURE & RECREATION   | 934,146                    | 962,630                 | 908,773                      | 53,857              |
| EMPLOYEE BENEFITS  | 1,400,733                  | 1,401,283               | 1,331,740                    | 69,543              |
| STATE & COUNTY ASSESSMENTS                                     | 210,831                    | 210,831                 | 193,090                      | 17,741              |
| DEBT SERVICE:  |                            |                         |                              |                     |
| PRINCIPAL  | 615,000                    | 615,000                 | 615,000                      | -                   |
| INTEREST   | 181,852                    | 181,852                 | 180,368                      | 1,484               |
| <b>TOTAL EXPENDITURES</b>                                      | <b>20,917,064</b>          | <b>20,921,745</b>       | <b>19,849,886</b>            | <b>1,071,859</b>    |
| <b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>       | <b>(866,991)</b>           | <b>(871,672)</b>        | <b>604,288</b>               | <b>1,475,960</b>    |
| <b>OTHER FINANCING SOURCES (USES):</b>                         |                            |                         |                              |                     |
| OPERATING TRANSFERS IN   | -                          | 1,331                   | 25,226                       | 23,895              |
| OPERATING TRANSFERS OUT  | (210,083)                  | (210,083)               | (210,083)                    | -                   |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>                    | <b>(210,083)</b>           | <b>(208,752)</b>        | <b>(184,857)</b>             | <b>23,895</b>       |
| <b>NET CHANGE IN FUND BALANCE</b>                              | <b>(1,077,074)</b>         | <b>(1,080,424)</b>      | <b>419,431</b>               | <b>1,499,855</b>    |
| <b>BUDGETARY FUND BALANCE, BEGINNING OF YEAR</b>               | <b>2,156,879</b>           | <b>2,156,879</b>        | <b>2,156,879</b>             | <b>-</b>            |
| <b>BUDGETARY FUND BALANCE, END OF YEAR</b>                     | <b>\$ 1,079,805</b>        | <b>\$ 1,076,455</b>     | <b>\$ 2,576,310</b>          | <b>\$ 1,499,855</b> |

See accompanying notes to the basic financial statements

**TOWN OF WEST TISBURY, MASSACHUSETTS  
FIDUCIARY FUND  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2021**

|   | <b>POSTEMPLOYMENT<br/>BENEFITS<br/>TRUST FUND</b> |
|---|---|
| <b><u>ASSETS</u></b>                                      |   |
| DEPOSITS HELD BY TRUSTEE                                  | \$ 3,545,561                                      |
| <b><u>LIABILITIES</u></b>                                 | -   |
| <b><u>NET POSITION</u></b>                                |   |
| NET POSITION - HELD IN TRUST FOR POST-EMPLOYMENT BENEFITS | \$ 3,545,561                                      |

**See accompanying notes to the basic financial statements**

**TOWN OF WEST TISBURY, MASSACHUSETTS  
FIDUCIARY FUND  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
JUNE 30, 2021**

|   | <b>POSTEMPLOYMENT<br/>BENEFITS<br/>TRUST FUND</b> |
|---|---|
| <b><u>ADDITIONS:</u></b>                        |   |
| CONTRIBUTIONS:                                  |   |
| EMPLOYER CONTRIBUTIONS                          | \$ 100,000  |
| EMPLOYER CONTRIBUTIONS TO PAY FOR OPEB BENEFITS | 213,898   |
| NET INVESTMENT INCOME (LOSS):                   |   |
| INVESTMENT INCOME                               | <u>805,718</u>                                    |
| TOTAL ADDITIONS                                 | 1,119,616   |
| <b><u>DEDUCTIONS:</u></b>                       |   |
| BENEFIT PAYMENTS                                | <u>213,898</u>                                    |
| CHANGES IN NET POSITION                         | 905,718   |
| <b>NET POSITION AT BEGINNING OF YEAR</b>        | <u>2,639,843</u>                                  |
| <b>NET POSITION AT END OF YEAR</b>              | <u><u>\$ 3,545,561</u></u>                        |

**See accompanying notes to the basic financial statements**

**TOWN OF WEST TISBURY, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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**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 Select Board (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:

| <u>Name</u>   | <u>Purpose</u>                                      | <u>Address</u>                                | <u>Annual<br/>Assessment</u> |
|---|---|---|------------------------------|
| Martha's Vineyard<br>Regional High School<br>District   | To provide High School<br>education services        | 2 Pine Street<br>Vineyard Haven, MA<br>02568  | \$ 2,770,220                 |
| Up-Island Regional<br>School District                   | To provide elementary<br>education services         | 2 Pine Street<br>Vineyard Haven, MA<br>02568  | \$ 8,466,876                 |
| M.V. Regional Refuse<br>& Resource Recovery<br>District | To process solid waste of the<br>member communities | 750 West Tisbury Rd<br>Edgartown, MA<br>02539 | \$ 121,873                   |

**TOWN OF WEST TISBURY, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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The Martha's Vineyard Regional High School District is governed by a nine (9) member school committee consisting of three representatives from the Up-Island Regional School District (one appointee from each Town) and two members from each of the Edgartown, Tisbury, and Oak Bluffs districts. 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 equity interest of 14% 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 equity interest of 72% 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, 2021.

*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, 2021**

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*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 and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures of an individual governmental fund are at least 10 percent of the corresponding element (total assets and deferred outflows of resources, liabilities and deferred inflows of resources etc.) for all funds of that category or type (total governmental funds), and
- b. If the total assets and deferred outflows of resources, liabilities and deferred inflows of resources, 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, 2021**

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*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 postclosure care costs, net pension liability, 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 *Highway Building Project fund* is a capital project fund used to account for the construction activity of the highway building.
- The *Fire Truck fund* is a capital project fund used to account for the purchase of a new fire truck.
- 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.

**TOWN OF WEST TISBURY, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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- 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 type is reported:

- The *Postemployment Benefits Trust fund* is used to account for assets held to fund future postemployment benefits of current and retired employees.

**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.

**E. Fair Value Measurements**

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

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

**TOWN OF WEST TISBURY, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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

Level 3 – Pricing inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgment or estimation. In some instances the inputs used to measure fair value may fall into different levels of the fair value hierarchy and is based on the lowest level of input that is significant to the fair value measurement. Market price is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument. Instruments with readily available active quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. It is reasonably possible that change in values of these instruments will occur in the near term and that such changes could materially affect amounts reported in these financial statements. For more information on the fair value of the Town's financial instruments, see Note 3 – Fair Market Value of Investments.

#### **F. Accounts Receivable**

##### *Government-Wide and Fund Financial Statements*

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

##### *Real Estate, Personal Property Taxes and Tax Liens*

Real estate and personal property taxes are 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. Lining 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.

**TOWN OF WEST TISBURY, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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*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 of the Community Preservation Act 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.

*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.

**G. Inventories**

*Government-Wide and Fund Financial Statements*

Inventories of the governmental funds are recorded as expenditures at the time of purchase. Such inventories are not material in total to the basic financial statements, and therefore are not reported.

**H. Capital Assets**

*Government-Wide Financial Statements*

Capital assets, which include land, machinery & equipment, vehicles, buildings and improvements, and infrastructure (roadways and similar items) 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.

**TOWN OF WEST TISBURY, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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

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

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

*Governmental Fund Financial Statements*

Capital asset costs are recorded as expenditures in the fiscal year of purchase for the various funds.

**I. 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.

**J. 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.

**TOWN OF WEST TISBURY, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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*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.

**K. Deferred Outflows/Inflows of Resources**

*Government-Wide Financial Statements (Net Position)*

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

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

*Governmental Funds Financial Statements*

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

**L. 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.

**TOWN OF WEST TISBURY, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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Net position has been “restricted” for the following:

- *Streets* represent amounts committed by the Commonwealth of Massachusetts for the repair and/or construction of streets.
  - *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.
- 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.

**TOWN OF WEST TISBURY, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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**M. 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.

**N. 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).

**O. 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).

*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, 2021 is recorded in the governmental fund financial statement.

**P. Pension**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Dukes County Contributory Retirement System (System) additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**TOWN OF WEST TISBURY, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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**Q. 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 MGL 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.

**R. 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.

**S. 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.

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.

**TOWN OF WEST TISBURY, MASSACHUSETTS**  
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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 2021 approved budget authorized \$20,339,989 in current year appropriations and other amounts to be raised and \$577,075 in encumbrances and articles carried over from previous fiscal years. Supplemental budget increases of \$4,681 was approved at one Town Meeting during fiscal year 2021.

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, 2021, is presented below:

|  |                   |
|--|-------------------|
| Net Change in Fund Balance - Budgetary Basis | \$ 419,431        |
| Basis of Accounting Differences:             |                   |
| Net Stabilization Fund Activity              | <u>2,544</u>      |
| Net Change in Fund Balance - GAAP Basis      | <u>\$ 421,975</u> |

*C. Excess of Expenditures over Appropriations*

For the fiscal year ended June 30, 2021, actual expenditures exceeded appropriations for the snow and ice. These over-expenditures will be funded by available funds during fiscal year 2022, as is allowed by Massachusetts General Laws (**MGL**).

*D. Deficit Fund Balances*

Several individual fund deficits exist within the Special Revenue and the Capital Projects funds. These individual deficits will be eliminated through subsequent fiscal year budget transfers, grants or proceeds from long-term debt during fiscal year 2022.

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**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.

*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), and the Depositor's Insurance Fund (DIF).

The following table illustrates how much of the Town's bank deposits are as of June 30, 2021:

|  |                  |                     |
|--|------------------|---------------------|
| Total Bank Balances                              |                  | <u>\$ 6,490,795</u> |
| Bank Balances Covered by Deposit Insurance       |                  |                     |
| Federal Deposit Insurance Corporation (FDIC)     | 2,955,321        |                     |
| Depositor's Insurance Fund (DIF)                 | <u>3,535,474</u> |                     |
| Total Bank Balances Covered by Deposit Insurance |                  | <u>\$ 6,490,795</u> |

*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.

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The Town did not hold or own any investments as of June 30, 2021.

*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).

*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 Town does not have an investment policy for custodial credit risk.

*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.

*d) Concentration of Credit Risk*

The Town places no limit on the amount the government may invest in any one issuer.

*e) Fair Market Value of Investments*

The Town holds no investments that are measured at fair value on a recurring basis as of June 30, 2021.

**NOTE 4 – RECEIVABLES**

The receivables at June 30, 2021 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<br>Amount   | Allowance<br>for<br>Uncollectibles | Net<br>Amount     |
|---|-------------------|------------------------------------|-------------------|
| Real Estate and Personal Property Taxes | \$ 248,421        | \$ (2,925)                         | \$ 245,496        |
| Tax Liens                               | 15,185            | -                                  | 15,185            |
| Motor Vehicle Excise Taxes              | 79,643            | (9,840)                            | 69,803            |
| Departmental and Other                  | 6,155             | -                                  | 6,155             |
| Intergovernmental                       | 99,339            | -                                  | 99,339            |
| Total                                   | <u>\$ 448,743</u> | <u>\$ (12,765)</u>                 | <u>\$ 435,978</u> |

**TOWN OF WEST TISBURY, MASSACHUSETTS**  
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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<br>Fund   | Community<br>Preservation<br>Fund | Nonmajor<br>Governmental<br>Funds | Total             |
| Deferred Property Taxes                | \$ 86,039         | \$ -                              | \$ -                              | \$ 86,039         |
| Deferred Other Revenue                 | 84,988            | 6,155                             | -                                 | 91,143            |
| Deferred Intergovernmental Revenue     | -                 | -                                 | 76,937                            | 76,937            |
| Total                                  | <u>\$ 171,027</u> | <u>\$ 6,155</u>                   | <u>\$ 76,937</u>                  | <u>\$ 254,119</u> |

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**NOTE 5 – CAPITAL ASSETS**

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

| <b>Governmental Activities:</b>                   | Beginning<br>Balance | Increases      | Reclassifications<br>& Decreases | Ending<br>Balance |
|---|----------------------|----------------|----------------------------------|-------------------|
| <i>Capital Assets not Being Depreciated :</i>     |                      |                |                                  |                   |
| Land  | \$ 1,877,108         | \$ -           | \$ -                             | \$ 1,877,108      |
| <i>Capital Assets Being Depreciated :</i>         |                      |                |                                  |                   |
| Buildings and Improvements                        | 28,510,934           | -              | -                                | 28,510,934        |
| Machinery & Equipment                             | 252,407              | -              | -                                | 252,407           |
| Vehicles  | 2,182,875            | 50,885         | -                                | 2,233,760         |
| Infrastructure                                    | 4,847,670            | -              | -                                | 4,847,670         |
| Total Capital Assets Being Depreciated            | 35,793,886           | 50,885         | -                                | 35,844,771        |
| <i>Less Accumulated Depreciation for :</i>        |                      |                |                                  |                   |
| Buildings and Improvements                        | (11,862,849)         | (687,975)      | -                                | (12,550,824)      |
| Machinery & Equipment                             | (191,809)            | (5,292)        | -                                | (197,101)         |
| Vehicles  | (1,126,627)          | (162,926)      | -                                | (1,289,553)       |
| Infrastructure                                    | (2,128,785)          | (215,678)      | -                                | (2,344,463)       |
| Total Accumulated Depreciation                    | (15,310,070)         | (1,071,871)    | -                                | (16,381,941)      |
| Total Capital Assets Being Depreciated, Net       | 20,483,816           | (1,020,986)    | -                                | 19,462,830        |
| Total Governmental Activities Capital Assets, Net | \$ 22,360,924        | \$ (1,020,986) | \$ -                             | \$ 21,339,938     |

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

| <b>Governmental Activities:</b>                      |                            |
|--|----------------------------|
| General Government                                   | \$ 128,150                 |
| Public Safety  | 268,685                    |
| Education  | 238,575                    |
| Public Works   | 241,628                    |
| Human Services                                       | 11,490                     |
| Culture and Recreation                               | <u>183,343</u>             |
| Total Depreciation Expense - Governmental Activities | <u><u>\$ 1,071,871</u></u> |

**NOTE 6 – INTERFUND TRANSFERS**

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

| Operating Transfers In:      |                         |                                     |                         |                                |                          |
|------------------------------|-------------------------|-------------------------------------|-------------------------|--------------------------------|--------------------------|
| Operating Transfers Out:     | General Fund            | Highway<br>Building<br>Project Fund | Fire Truck<br>Fund      | Nonmajor<br>Governmental Funds | Total                    |
| General Fund                 | \$ -                    | \$ 79,749                           | \$ 80,000               | \$ 50,334                      | \$ 210,083 (1)           |
| Non Major Governmental Funds | 23,895                  | -                                   | -                       | -                              | 23,895 (2)               |
| Non Major Governmental Funds | <u>1,331</u>            | <u>-</u>                            | <u>-</u>                | <u>-</u>                       | <u>1,331 (1)</u>         |
| Total                        | <u><u>\$ 25,226</u></u> | <u><u>\$ 79,749</u></u>             | <u><u>\$ 80,000</u></u> | <u><u>\$ 50,334</u></u>        | <u><u>\$ 235,309</u></u> |

(1) Represents various budgeted transfers

(2) Represents other transfers

**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).

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- 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 the change in short-term debt for the year ended June 30, 2021:

| Type                             | Purpose          | Rate (%) | Due Date   | Balance at June 30, 2020 | Renewed/ Issued   | Retired/ Redeemed     | Balance at June 30, 2021 |
|----------------------------------|------------------|----------|------------|--------------------------|-------------------|-----------------------|--------------------------|
| <i><u>Governmental Funds</u></i> |                  |          |            |                          |                   |                       |                          |
| RAN                              | Multiple         | 1.35%    | 9/15/2020  | \$ 2,000,000             | \$ -              | \$ (2,000,000)        | \$ -                     |
| BAN                              | Multiple         | 1.74%    | 12/11/2020 | 640,000                  | -                 | (640,000)             | -                        |
| BAN                              | Multiple         | 1.00%    | 6/11/2021  | 508,834                  | -                 | (508,834)             | -                        |
| BAN                              | Multiple         | 0.54%    | 12/10/2021 | -                        | 460,000           | -                     | 460,000                  |
| BAN                              | Highway Building | 0.40%    | 6/10/2022  | -                        | 394,636           | -                     | 394,636                  |
| Total                            |                  |          |            | <u>\$ 3,148,834</u>      | <u>\$ 854,636</u> | <u>\$ (3,148,834)</u> | <u>\$ 854,636</u>        |

**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, 2021:

**Bonds and Notes Payable Schedule -Governmental Funds**

| Project                  | Interest Rate % | Outstanding at June 30, 2020 | Issued      | Redeemed          | Outstanding at June 30, 2021 |
|--------------------------|-----------------|------------------------------|-------------|-------------------|------------------------------|
| Town Hall                | 3.11            | \$ 2,090,000                 | \$ -        | \$ 235,000        | \$ 1,855,000                 |
| Library and Road Repairs | 3.74            | 2,140,000                    | -           | 255,000           | 1,885,000                    |
| Public Safety Building   | 3.74            | 1,695,000                    | -           | 125,000           | 1,570,000                    |
| Total                    |                 | <u>\$ 5,925,000</u>          | <u>\$ -</u> | <u>\$ 615,000</u> | <u>\$ 5,310,000</u>          |

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The annual debt service requirements for principal and interest for Governmental bonds and notes outstanding at June 30, 2021 are as follows:

| <u>Fiscal Year</u> | <u>Principal</u>    | <u>Interest</u>   | <u>Total</u>        |
|--------------------|---------------------|-------------------|---------------------|
| 2022               | \$ 615,000          | \$ 153,739        | \$ 768,739          |
| 2023               | 615,000             | 137,692           | 752,692             |
| 2024               | 610,000             | 121,033           | 731,033             |
| 2025               | 605,000             | 103,676           | 708,676             |
| 2026               | 605,000             | 85,413            | 690,413             |
| 2027-2031          | 1,900,000           | 182,586           | 2,082,586           |
| 2032-2034          | <u>360,000</u>      | <u>25,200</u>     | <u>385,200</u>      |
| Total              | <u>\$ 5,310,000</u> | <u>\$ 809,339</u> | <u>\$ 6,119,339</u> |

**Loans Authorized and Unissued**

As of June 30, 2021, the Town has loans authorized and unissued as follows:

| <u>Description</u>              | <u>Date<br/>Authorized</u> | <u>Amount</u>     |
|---------------------------------|----------------------------|-------------------|
| Highway Building                | 4/12/2016                  | \$ 394,636        |
| Pumper Truck                    | 12/13/2017                 | 160,000           |
| Scotts Grove Affordable Housing | 12/13/2017                 | <u>300,000</u>    |
| Total                           |                            | <u>\$ 854,636</u> |

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**Changes in Long-term Liabilities**

The following is a summary of changes in long-term liabilities for the year ended June 30, 2021:

| Governmental Activities:        | Beginning<br>Balance | Additions        | Reductions            | Ending<br>Balance   | Current<br>Portion |
|---------------------------------|----------------------|------------------|-----------------------|---------------------|--------------------|
| Bonds and Notes Payable         | \$ 5,925,000         | \$ -             | \$ (615,000)          | \$ 5,310,000        | \$ 615,000         |
| Landfill Postclosure Care Costs | 64,000               | -                | (8,000)               | 56,000              | 8,000              |
| Compensated Absences            | 418,476              | 92,660           | -                     | 511,136             | 334,679            |
| Postemployment Benefits         | 2,656,856            | -                | (706,786)             | 1,950,070           | -                  |
| Net Pension Liability           | <u>1,983,754</u>     | <u>-</u>         | <u>(311,915)</u>      | <u>1,671,839</u>    | <u>-</u>           |
| Total Governmental Activities   |                      |                  |                       |                     |                    |
| Long-Term Liabilities           | <u>\$ 11,048,086</u> | <u>\$ 92,660</u> | <u>\$ (1,641,701)</u> | <u>\$ 9,499,045</u> | <u>\$ 957,679</u>  |

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, 2021:

| Agency  | Total Long-<br>Term Debt<br>Outstanding | Town's<br>Estimated<br>Share | Town's<br>Indirect<br>Debt |
|---|---|------------------------------|----------------------------|
| Martha's Vineyard Public Schools                                  | \$ 540,000                              | 14.00%                       | \$ 75,600                  |
| Up-Island Regional School District                                | 647,500                                 | 72.00%                       | 466,200                    |
| Martha's Vineyard Refuse Disposal & Resource<br>Recovery District | 1,686,940                               | 15.50%                       | 261,476                    |
| Dukes County<br>County Center for Living Bldg                     | <u>800,000</u>                          | 15.03%                       | <u>120,240</u>             |
| Total   | <u>\$ 3,674,440</u>                     |                              | <u>\$ 923,516</u>          |

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**NOTE 9 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS**

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

|                                      | General<br>Fund | Community<br>Preservation<br>Fund | Highway<br>Fund | Fire<br>Truck<br>Fund | Nonmajor<br>Governmental<br>Funds | TOTAL        |
|--------------------------------------|-----------------|-----------------------------------|-----------------|-----------------------|-----------------------------------|--------------|
| <b>Fund Balances</b>                 |                 |                                   |                 |                       |                                   |              |
| Nonspendable                         |                 |                                   |                 |                       |                                   |              |
| Permanent Fund Principal             | \$ -            | \$ -                              | \$ -            | \$ -                  | \$ 65,333                         | \$ 65,333    |
| Restricted For:                      |                 |                                   |                 |                       |                                   |              |
| General Government                   | -               | -                                 | -               | -                     | 942,942                           | 942,942      |
| Public Safety                        | -               | -                                 | -               | -                     | 97,843                            | 97,843       |
| Public Works                         | -               | -                                 | -               | -                     | 84,600                            | 84,600       |
| Human Services                       | -               | -                                 | -               | -                     | 111,619                           | 111,619      |
| Culture & Recreation                 | -               | -                                 | -               | -                     | 18,925                            | 18,925       |
| Employee Benefits                    | -               | -                                 | -               | -                     | 241,941                           | 241,941      |
| Community Preservation               | -               | 1,306,654                         | -               | -                     | -                                 | 1,306,654    |
| Expendable Trust Fund                | -               | -                                 | -               | -                     | 9,747                             | 9,747        |
|                                      | -               | 1,306,654                         | -               | -                     | 1,507,617                         | 2,814,271    |
| Committed To:                        |                 |                                   |                 |                       |                                   |              |
| Continuing Appropriations            |                 |                                   |                 |                       |                                   |              |
| General Government                   | 241,671         | -                                 | -               | -                     | -                                 | 241,671      |
| Public Safety                        | 138,973         | -                                 | -               | -                     | -                                 | 138,973      |
| Education                            | 19,514          | -                                 | -               | -                     | -                                 | 19,514       |
| Public Works                         | 54,971          | -                                 | -               | -                     | -                                 | 54,971       |
| Human Service                        | 3,350           | -                                 | -               | -                     | -                                 | 3,350        |
| Culture & Recreation                 | 4,000           | -                                 | -               | -                     | -                                 | 4,000        |
|                                      | 462,479         | -                                 | -               | -                     | -                                 | 462,479      |
| Assigned To:                         |                 |                                   |                 |                       |                                   |              |
| Encumbered For:                      |                 |                                   |                 |                       |                                   |              |
| General Government                   | 40              | -                                 | -               | -                     | -                                 | 40           |
| Public Works                         | 10,635          | -                                 | -               | -                     | -                                 | 10,635       |
| Culture & Recreation                 | 1,115           | -                                 | -               | -                     | -                                 | 1,115        |
| Subsequent Years Expenditures        | 562,124         | -                                 | -               | -                     | -                                 | 562,124      |
| Bond Premium                         | 13,515          | -                                 | -               | -                     | -                                 | 13,515       |
| Stabilization - Ambulance            | 59,184          | -                                 | -               | -                     | -                                 | 59,184       |
| Stabilization - Building Maintenance | 37,971          | -                                 | -               | -                     | -                                 | 37,971       |
| Stabilization - Fire Equipment       | 4,713           | -                                 | -               | -                     | -                                 | 4,713        |
|                                      | 689,297         | -                                 | -               | -                     | -                                 | 689,297      |
| Unassigned                           |                 |                                   |                 |                       |                                   |              |
| General Fund                         | 1,526,403       | -                                 | -               | -                     | -                                 | 1,526,403    |
| General Stabilization Fund           | 527,933         | -                                 | -               | -                     | -                                 | 527,933      |
| Nonmajor Governmental Funds          | -               | -                                 | -               | -                     | (223,612)                         | (223,612)    |
| Capital Project                      |                 |                                   |                 |                       |                                   |              |
| Fire Truck                           | -               | -                                 | -               | (160,000)             | -                                 | (160,000)    |
| Highway Building                     | -               | -                                 | (394,825)       | -                     | -                                 | (394,825)    |
|                                      | 2,054,336       | -                                 | (394,825)       | (160,000)             | (223,612)                         | 1,275,899    |
| Total Governmental Fund Balances     | \$ 3,206,112    | \$ 1,306,654                      | \$ (394,825)    | \$ (160,000)          | \$ 1,349,338                      | \$ 5,307,279 |

**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 \$527,933 as of June 30, 2021. The fund was established under chapter 40, sub-section 5B of the Massachusetts General Law.

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- *The Fire Equipment 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 \$4,713 as of June 30, 2021. 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 \$59,184 as of June 30, 2021. 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 \$37,971 as of June 30, 2021. The fund was established at the November 5, 2013 Special Town Meeting.

**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 2021.

The Town is a member of the Cape Cod Municipal Health Group, (CCMHG) which is a Massachusetts Municipal Joint Health Insurance purchase group formed pursuant to Massachusetts General Laws. The Group includes thirteen Towns, six school districts, five fire districts, six water districts, one recreation authority, one education collaborative, Veterans Services of Cape Cod, Barnstable County, Barnstable County Retirement Association, Cape Light Compact, and Cape Cod Regional Transit Authority as participants. In addition, the Group entered into a Joint Negotiation Purchase of Health Coverage with 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 Bluffs Water District; Martha's Vineyard Regional School District; Up-Island Regional School District; Martha's Vineyard Charter School; and Martha's Vineyard Transit Authority.

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Health benefits 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 employee plans 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 Medical plans with fully insured Medicare Prescription Drug Plans (PDP's), one of which is administered by BCBSMA and one by HPHC, one fully insured Medicare Supplement plan with a PDP 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.

The Group has adopted a contributory dental insurance plan (self-funded) and a voluntary dental plan, which was premium based through June 30, 2007 and changed to a self funded basis effective July 1, 2007. These plans are administered by Delta Dental Plan of Massachusetts for a monthly administrative fee, based on the number of subscribers. Dental plans are optional for employees. Effective July 1, 2009 the group adopted a voluntary fully insured vision plan from EyeMed Vision Care. The vision plan is optional for employers, but employers may not offer both contributory and voluntary plans.

The Master Health Plus, Blue Care Elect Preferred PPO plan, Network Blue EPO plan, and Medex 2 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. Medex 2 is combined with a fully insured PDP provided by Blue Cross Blue Shield and called Blue Medicare RX.

The Harvard Pilgrim EPO Plan, Harvard Pilgrim PPO plan, and Harvard Pilgrim Health Care Medicare Enhance plan (Medical Portion) are on a claims-paid basis, and are administered by Harvard Pilgrim Health Care for a monthly administration fee based on the number of individual and family plan subscribers for that particular month. Medicare Enhance is combined with a fully insured PDP from Aetna Medicare RX Plan.

In July 1, 2014 the Group along with two other Massachusetts municipal joint purchase groups, the Massachusetts Municipal Reinsurance Arrangement (MMRA) series of sentinel indemnity LLC entered into reinsurance pooling agreement. The first such reinsurance pooling agreement established in Massachusetts. The policy year is July 1 through June 30. Risk is pooled and all participants share the same rates for coverage of claims exceeding \$300,000 up to \$800,000. There is no Aggregating Specific Deductible. If claims experience is below projections, participants are dividend eligible on a collective and proportional basis. Participating governmental entities have agreed to participate for a minimum of three years. In addition, the group has a specific excess medical and prescription drug claims reinsurance contract with an insurance carrier covering claims paid in excess of \$800,000 per individual. The policy period covers claims incurred within 12 months and paid within 24 months.

The Group does not reinsure its Medex and Medicare Enhance Medical plans.

The Group's Board may deal with certified surpluses and deficits through the rate setting process and this is the preferred method. Alternatively, the Group may deal with certified surpluses and deficits by making direct distributions to members in the case of a certified surplus or may require direct payments from members in the case of a certified deficit.

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The Group provides health care coverage for employees that qualify for and select health care coverage as an employee benefit as well as retired employees. There are 33 Town of West Tisbury employees and 17 retirees/surviving spouses who participate in the Group's health care programs. The Town contributes 75% of the premium cost for employees, retirees and surviving spouses.

As of June 30, 2021 the Cape Cod Municipal Health Group had total assets of \$80,561,805 total liabilities of \$13,782,679 (including \$11,430,770 in estimated benefits obligations), and a total surplus of \$66,779,126.

**NOTE 12 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

The GASB Standards for *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, requires the following disclosures in the financial statements related to the retiree medical, and life insurance benefits:

**Plan Description.** The Town of West Tisbury is a member of the Dukes County Pooled OPEB Trust (Trust), an agent multiple employer plan. The purpose of the Trust is to accumulate resources to offset its members' (various governmental units) unfunded OPEB liability. The Trust is governed by a Board of Trustees comprised of an appointed member of each governmental unit. Member/Employer contributions to the trust are irrevocable and all investment income (loses) is retained by the Trust. Although the assets of the Trust are commingled for investment purposes, each member's assets may only be used for the reimbursement of OPEB to the member of that plan, in accordance with the terms of the plan. The Trust issues a publicly available financial report that can be obtained by contacting the Trust located at PO Box 921, Vineyard Haven, Massachusetts, 002568. Other Postemployment Benefits Program. The Plan provides medical 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 2021, total Town premiums plus implicit costs for the retiree medical program are \$213,898. The Town also made a contribution to an OPEB Trust of \$100,000 for a total contribution during the measurement period of \$313,898 to be reported on the financial statements for the fiscal year ending June 30, 2021.

The Commonwealth of Massachusetts passed special legislation that has allowed the Town to establish a postemployment benefit trust fund and to enable the Town to begin pre-funding its other postemployment benefit (OPEB) liabilities. During 2021, the Town pre-funded future OPEB liabilities totaling \$100,000 by contributing funds to the Other Postemployment Benefit Fund in excess of the pay-as-you-go required contribution. These funds are reported within the Fiduciary Funds financial statements. As of June 30, 2021, the balance of this fund totaled \$3,545,561.

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***GASB Statement #75 – OPEB Employer Financial Reporting***

Summary of Significant Accounting Policies – For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expenses, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

*Measurement Date* - GASB #75 requires the net OPEB liability to be measured as of a date no earlier than the end of the employer's prior fiscal year and no later than the end of the employer's current fiscal year, consistently applied from period to period. Accordingly, the net OPEB liability was measured as of June 30, 2021 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2020.

*Plan Membership* – The following table represents the Plan's membership as June 30, 2021:

|   |                  |
|---|------------------|
| Active Members                                | 39               |
| Inactive members currently receiving benefits | <u>19</u>        |
| Total   | <u><u>58</u></u> |

*Components of OPEB Liability* – The following table represents the components of the Plan's OPEB liability as of June 30, 2021:

|  |                            |
|--|----------------------------|
| Total OPEB Liability                     | \$ 5,495,631               |
| Less: OPEB plan's fiduciary net position | <u>(3,545,561)</u>         |
| Net OPEB Liability                       | <u><u>\$ 1,950,070</u></u> |

|  |        |
|--|--------|
| The OPEB plan's fiduciary net position as a percentage of the total OPEB liability | 64.52% |
|--|--------|

**TOWN OF WEST TISBURY, MASSACHUSETTS**  
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*Significant Actuarial Methods and Assumptions* – The plan’s total OPEB liability, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified, that was updated to June 30, 2021 to be in accordance with GASB Statement #75.

|  |   |
|--|---|
| Valuation Date:  | July 1, 2020  |
| Actuarial Cost Method:   | Entry Age Normal  |
| Asset-Valuation Method:  | Market value  |
| Long Term Expected Rate of Return:                                 | 6.6%, compounded annually, net of fees  |
| Inflation:   | 2.29% per year based on current economic data, analysis from economists and other experts, and professional judgements.   |
| Payroll Growth:  | 3.50% per year  |
| Discount rate  | 6.6%, compounded annually, for the measurment as of June 30, 2021 and 7% compounded annually for the measurment as of June 30, 2020.  |
| Amortization Method  | Increasing at 3.5% over 30 years on an open amortization period for partial pre-funding.  |
| Amortization Period  | 30 years  |
| Healthcare cost trend rate   | 7% for 2020 decreasing 0.4% per year to 5.4% then grading down to an ultimate trend rate of 4% utilizing to Society of Actuaries Gretzen Medical Trend model. The ultimate medical inflation rate is reached in 2075. |
| Pre-Retirement Mortality - General<br>and Public Safety Employees  | RP-2014 Blue Collar Mortality Table base year 2009 projected with Generational Mortality Improvement using scale MP-2018  |
| Post-Retirement Mortality - General<br>and Public Safety Employees | RP-2014 Blue Collart Mortality Table base year 2009 projected with generational mortality improvement using scale MP-2018   |

*Rate of Return* – For the year ended June 30, 2021 the annual money-weighted rate on investments, net of investments expense, was 30.08%. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

**TOWN OF WEST TISBURY, MASSACHUSETTS**  
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The long-term expected rate of return on OPEB plan investments was determined using the building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage provided in the investment policy statement and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2021 are summarized in the following table.

| <u>Asset Class</u>   | <u>Target Allocation</u> | <u>Long-Term<br/>Expected Real<br/>Rate of Return</u> |
|----------------------|--------------------------|---|
| Large Cap Equity     | 35%                      | 5.34%   |
| Mid Cap Equity       | 10%                      | 5.34%   |
| Small Cap Equity     | 10%                      | 5.34%   |
| International Equity | 15%                      | 6.10%   |
| Real Estate          | 10%                      | 4.40%   |
| Fixed Income         | 20%                      | 1.62%   |
| Total                | <u>100%</u>              |   |

*Discount Rate* – The discount rate used to measure the total OPEB liability was 6.60% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from the Town will be made in accordance with the Plan's funding policy. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**TOWN OF WEST TISBURY, MASSACHUSETTS**  
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***Changes in the Net OPEB Liability***

|  | Increase (Decrease)            |                                       |                                    |
|--|--------------------------------|---------------------------------------|------------------------------------|
|  | Total OPEB<br>Liability<br>(a) | Plan Fiduciary<br>Net Position<br>(b) | Net OPEB<br>Liability<br>(a) - (b) |
| Balance at June 30, 2020                           | \$ 5,296,699                   | \$ 2,639,843                          | \$ 2,656,856                       |
| Charges for the year                               |                                |                                       |                                    |
| Service cost                                       | 176,453                        | -                                     | 176,453                            |
| Interest on Total OPEB Liability                   | 375,634                        | -                                     | 375,634                            |
| Benefit Payments                                   | (213,898)                      | (213,898)                             | -                                  |
| Difference between expected &<br>actual experience | (561,044)                      | -                                     | (561,044)                          |
| Changes of assumptions                             | 421,787                        | -                                     | 421,787                            |
| Net Investment Income                              | -                              | 805,718                               | (805,718)                          |
| Employer Contributions                             | -                              | 313,898                               | (313,898)                          |
| Net Changes  | 198,932                        | 905,718                               | (706,786)                          |
| Balance at June 30, 2021                           | \$ 5,495,631                   | \$ 3,545,561                          | \$ 1,950,070                       |

*Sensitivity of the net OPEB liability to changes in the discount rate* – The following table presents the Plan's net OPEB liability calculated using the discount rate of 6.60% as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.60%) or 1 percentage-point higher (7.60%) than the current rate.

|                    | 1% Decrease<br>(5.60%) | Current<br>Discount Rate<br>(6.60%) | 1% Increase<br>(7.60%) |
|--------------------|------------------------|-------------------------------------|------------------------|
| Net OPEB liability | \$ 2,818,257           | \$ 1,950,070                        | \$ 1,251,348           |

*Sensitivity of the net OPEB liability to changes in the healthcare trend rate* – The following table presents the net other postemployment benefit liability calculated using the current healthcare trend rate of 7.00% as well as what the net OPEB liability would be if it were calculated using a healthcare trend rate that is 1 percentage-point lower or 1 percentage-point higher.

|                    | 1% Decrease<br>6.00% Year 1<br>Decreasing to 3.0% | Healthcare<br>Cost Trend<br>Rates<br>7.00% Year 1<br>Decreasing to 4.0% | 1% Increase<br>8.00% Year 1<br>Decreasing to 5.0% |
|--------------------|---|---|---|
| Net OPEB liability | \$ 1,157,692                                      | \$ 1,950,070  | \$ 2,948,582                                      |

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*Deferred Outflows/Inflows of Resources*

At June 30, 2021 the Town reported deferred outflows/inflows of resources related to other postemployment benefits of \$1,063,534 and \$892,781 respectively.

The balances of deferred outflows/inflows of resources as of June 30, 2021 consist of the following:

| <u>Deferred Category</u>                           | <u>Deferred<br/>Outflows<br/>of Resources</u> | <u>Deferred<br/>Inflows<br/>of Resources</u> | <u>Total</u>      |
|--|---|--|-------------------|
| Differences between expected and actual experience | \$ 200,825                                    | \$ (472,551)                                 | \$ (271,726)      |
| Changes in Assumptions                             | 862,709                                       | -  | 862,709           |
| Actual earnings on OPEB investments                | <u>-</u>                                      | <u>(420,230)</u>                             | <u>(420,230)</u>  |
| Total Deferred Outflows/Inflows of Resources       | <u>\$ 1,063,534</u>                           | <u>\$ (892,781)</u>                          | <u>\$ 170,753</u> |

The Town's deferred outflows of resources related to other postemployment benefits will be recognized in future years other postemployment benefits expense are as follows:

| <u>Year ended June 30</u>                                     | <u>Amount</u>     |
|---|-------------------|
| 2022  | \$ 70,835         |
| 2023  | 60,111            |
| 2024  | 50,965            |
| 2025  | (14,151)          |
| 2026  | 10,460            |
| Thereafter  | <u>(7,467)</u>    |
| Total Deferred Outflows/Inflows<br>Recognized in Future Years | <u>\$ 170,753</u> |

*Changes of Assumption* – Discount rate changed from 7.00% to 6.60%

***Changes in Plan Provisions - None***

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**NOTE 13 – PENSION PLAN DESCRIPTION**

**A. Plan Description**

The Town contributes to the Dukes County Contributory Retirement System (The System), a multiple-employer, cost sharing contributory defined benefit pension plan was established in 1939, under Massachusetts General Law (MGL), Chapter 32, and is regulated by the Massachusetts Public Employee Retirement Administration Commission (PERAC). Substantially all employees are members of the system.

The “System” is a contributory defined benefit plan and membership in the “System” is mandatory upon commencement of employment for all permanent, full-time employees.

The System issues a publically available audited financial report that may be obtained by contacting the system’s executive director at 9 Airport Road, Suite 1, Vineyard Haven, Ma. 02568.

**B. Benefits**

The System provides retirement, disability and death benefits to plan members and beneficiaries. Massachusetts Contributory Retirement System Benefits are with certain exceptions, uniform from system to system. The System provides for retirement allowance benefits up to a maximum of 80% of an employees highest three year average annual rate of regular compensation for those hired prior to April 2, 2012. For persons who became employees on or after April 2, 2012, average salary is the average annual rate of regular compensation received during the five consecutive years that produce the highest average, or, if greater, during the last five years (whether or not consecutive) preceding retirement. Benefit payments are based upon an employee’s age, length of creditable service, level of compensation, veteran status, cost of living adjustments and group classifications.

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

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

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

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

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

**C. Contributions**

*Dukes County Contributory Retirement System*

Active members are required to contribute to the system at rates ranging from 5 to 11% of their gross regular compensation. The member units are required to pay into the System a legislatively mandated actuarial determined contribution that is appropriated among the employers based on the actuarial valuation results. The Town's proportionate share of the required contribution for the year ended June 30, 2021 which was \$549,853 and 19.80% of covered payroll, actuarially determined as an amount that when combined with plan member contributions, is expected to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability.

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

*Pension Liabilities*

At June 30, 2021 the Town reported a liability of \$1,671,839 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020. Accordingly updated procedures were used to roll back total pension liability to the measurement date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers actuarially determined. At December 31, 2020, the Town's proportion was 7.40%.

*Pension Expense and Deferred Outflows/Inflows of Resources*

For the year ended June 30, 2021 the Town recognized pension expense of \$194,819. At June 30, 2021 the Town reported deferred outflows and inflows of resources related to pensions of \$762,973 and \$1,196,775 respectively.

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The balances of deferred outflows and inflows as June 30, 2021 consist of the following:

| Deferred Category   | Deferred<br>Outflows<br>of Resources | Deferred<br>Inflows<br>of Resources | Total               |
|---|--------------------------------------|-------------------------------------|---------------------|
| Difference between expected and actual experience   | \$ 382,057                           | \$ (14,930)                         | \$ 367,127          |
| Changes of Assumptions  | 289,551                              | -                                   | 289,551             |
| Net difference between projected and actual investment earnings   | -                                    | (1,153,921)                         | (1,153,921)         |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 91,365                               | (27,924)                            | 63,441              |
| Total Deferred Outflows (Inflows) of Resources  | <u>\$ 762,973</u>                    | <u>\$ (1,196,775)</u>               | <u>\$ (433,802)</u> |

The Town's net deferred outflows/inflows of resources related to pensions will be recognized in future years are as follows:

| Year ended June 30  | Amount              |
|---|---------------------|
| 2021  | \$ (136,174)        |
| 2022  | (42,950)            |
| 2023  | (274,466)           |
| 2024  | (22,368)            |
| 2025  | <u>42,156</u>       |
| Total Deferred Outflows/Inflows<br>Recognized in Future Years | <u>\$ (433,802)</u> |

**TOWN OF WEST TISBURY, MASSACHUSETTS**  
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**E. Actuarial assumptions**

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

|                               |   |
|-------------------------------|---|
| Valuation Date                | January 1, 2020   |
| Actuarial cost method         | Individual entry age normal cost method   |
| Amortization method           | UAAL: Increasing dollar amount at 4.0% to reduce the unfunded actuarial accrued liability to zero on or before June 30, 2031. The annual increase in appropriation is further limited to 6.1% per year through FY 2024 and 6.6% thereafter.<br><br>ERI's 2002 & 2003: Increasing dollar amount at 4.5% to reduce the unfunded actuarial accrued liability attributable to the ERI's to zero on or before June 30, 2028.   |
| Remaining Amortization Period | 10 years for UAL as of December 31, 2020<br>7 years for the 2002 and 2003 ERI's as of December 31, 2020   |
| Asset Valuation               | The actuarial value of assets is the fair value of assets as of the valuation date reduced by the sum of:<br><br>a) 80% of gains and losses of the prior year,<br><br>b) 60% of gains and losses of the second prior year,<br><br>c) 40% of gains and losses of the third prior year and<br><br>d) 20% of gains and losses of the fourth prior year.<br><br>Investment gains and losses are determined by the excess or deficiency of the expected return over the actual return on the fair value. The actuarial valuation of assets is further constrained to be not less than 80% or more than 120% of fair value. |
| Payroll growth                | 3.5% per year   |
| Inflation rate                | 2.2% per year   |
| Projected salary increases    | 6% - 4.25% for general employees and 7% - 4.75% for public safety depending on years of service   |
| Cost of living allowance      | Cost of living adjustment are assumed to be 3% of the pension amount, capped at \$420 per year.   |

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|                     |   |
|---------------------|---|
| Rates of retirement | Varies based upon age for general employees, police and fire employees.   |
| Rates of disability | Varies based upon age of general employees, police and fire employees.  |
| Mortality rates     | RP-2014 Blue collar mortality table with full generational mortality improvements using scale MP-2018. For disabled members, the mortality rates were based on the RP-2014 blue collar mortality table set forward 1 year with full generational mortality improvement using scale MP-2018. |

**Investment policy**

The Pension Plan's policy in regard to the allocation of invested assets in the PRIT is established by the PRIM. The policy with regard to the allocation of all other invested assets is established by the Retirement Board. Plan assets are managed on a total return basis with a long-term objective of achieving a fully funded status for the benefits provided through the pension plan.

**F. Long-Term Expected Rate of Return**

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2020 are summarized in the following table:

| <u>Asset Class</u>   | <u>Target Allocation</u> | <u>Long-Term Expected<br/>Real Rate of Return</u> |
|----------------------|--------------------------|---|
| Fixed income         | 10%                      | 2.70%   |
| Domestic equity      | 30%                      | 7.30%   |
| International equity | 5%                       | 4.90%   |
| Real estate          | 5%                       | 6.00%   |
| Prit core            | 50%                      | 5.60%   |
|                      | <u>100%</u>              |   |

For the year ended December 31, 2020 the System's annual money-weighted rate of return on pension plan investments net of pension plan investment expense was 12.47%. The money-weighted rate of return expenses investment performance net of pension plan investments expense, adjusted for the changing amounts actually invested. Inputs to the money weighted rate of return calculation are determined monthly.

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**G. Discount Rate**

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rates and that contributions from participating employers will be made in accordance with Sections 22D and 22F of chapter 32 of the Massachusetts General Laws and at rates equal to the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**H. Sensitivity of the net pension liability to changes in the discount rate**

The following presents the net pension liability, calculated using the discount rate of 7.50%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.50%) or 1 percentage point higher (8.50%) than the current rate:

|  | 1% Decrease<br>(6.50%) | Current<br>Discount Rate<br>(7.50%) | 1% Increase<br>(8.50%) |
|--|------------------------|-------------------------------------|------------------------|
| West Tisbury share of the<br>net pension liability | \$ 3,550,843           | \$ 1,671,839                        | \$ 82,352              |

**I. Changes in Contribution Methodology**

Detailed information about the Pension Plan's Fiduciary Net Pension is available in a separately issued Dukes County Contributory Retirement System financial report.

**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 \$750,000 of federal awards during the period ended June 30, 2021. 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 7 years and the estimated liability has been recorded in the Statement of Net position, Governmental Activities. The \$56,000 reported as landfill post-closure liability at June 30, 2021 is based on what it would cost to perform all post-closure care costs at June 30, 2021. Actual costs may be higher due to inflation, changes in technology or changes in regulations.

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

**Note 15 – COVID-19**

On March 10, 2020, the Massachusetts Governor declared a state of emergency in response to the coronavirus outbreak. The World Health Organization officially declared the novel Coronavirus (COVID-19) a pandemic the following day. In an attempt to slow the spread of COVID-19, governments issued various stay at home orders that caused global economic shutdowns and substantial financial market impact. Starting in March 2020, the Governor continued to issue orders allowing governments to operate and carry out essential functions safely. These included modifying the state's Open Meeting Law, issuing a stay-at-home order, and introducing a phased approach to reopening State businesses.

In Fiscal Year 2021 the Town has incurred unanticipated costs specifically related to the pandemic. On March 27, 2020 the United States Federal Government established the Coronavirus Aid, Relief and Economic Security (CARES) Act in response to the economic downfall caused by the COVID-19 pandemic. This Act requires that the payment of funds be used only to cover expenses that; are necessary expenditures incurred due to the public health emergency with respect to COVID-19. The Commonwealth and communities throughout the Commonwealth were awarded a portion of the federal funding. In addition to the funding from the CARES Act, there are several other federal and state grants available to help offset these unanticipated costs.

The full extent of the financial impact cannot be determined as of the date of the financial statements.

**NOTE 16 – REVISION OF NET POSITION PREVIOUSLY REPORTED**

Beginning net position of the governmental activities and the nonmajor governmental funds has been revised to reflect the implementation of GASB Statement #84. The revised balances are summarized in the table shown below:

|  | 6/30/2020<br>Previously<br>Reported<br>Balances | Implementation<br>of GASB<br>Statements #84<br>Fiduciary Funds | 6/30/2020<br>Revised<br>Balances |
|--|---|--|----------------------------------|
| <b><i>Government-Wide Financial Statements</i></b> |   |  |                                  |
| <i>Governmental activities</i>                     | <u>\$ 16,510,353</u>                            | <u>\$ 50,380</u>   | <u>\$ 16,560,733</u>             |
| <b><i>Governmental Funds</i></b>                   |   |  |                                  |
| <i>Nonmajor governmental funds</i>                 | <u>\$ 4,346,083</u>                             | <u>\$ 50,380</u>   | <u>\$ 4,396,463</u>              |

**TOWN OF WEST TISBURY, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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**NOTE 17 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS**

During fiscal year 2021, the following GASB pronouncements were implemented:

The GASB issued **Statement #84**, *Fiduciary Activities*, was implemented in 2021. Management's current assessment is that this pronouncement did not have a significant impact on the Basic Financial Statements.

The GASB issued **Statement #90**, *Majority Equity Interests – an Amendment of GASB Statements No.14 and No.61*, was implemented in 2021. Management's current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

*Future GASB Pronouncements:*

The GASB issued **Statement #87**, *Leases*, which is required to be implemented in 2022. Management's current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

The GASB issued **Statement #89**, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which is required to be implemented in 2022. Management's current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

The GASB issued **Statement #91**, *Conduit Debt Obligations* – which is required to be implemented in 2023. Earlier application is encouraged. The primary objectives of this statement is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. . Management's current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

The GASB issued **Statement #92**, *Omnibus 2020*, which is required to be implemented in 2022. Management's current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

The GASB issued **Statement #93**, *Replacement of Interbank Offered Rates*, which is required to be implemented in 2022. Management's current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

The GASB issued **Statement #94**, *Public-Private and Public Partnerships and Availability Payment Arrangements*, which is required to be implemented in 2023. Management's current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

The GASB issued **Statement #96**, *Subscription-Based Information Technology Arrangements*, which is required to be implemented in 2023. Management's current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

**TOWN OF WEST TISBURY, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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The GASB issued **Statement #97**, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Service Code 457 Deferred Compensation Plans*, which is required to be implemented in 2022. Management's current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

The GASB issued **Statements #98**, *The Annual Comprehensive Financial Report*. The requirements of this Statement are effective for fiscal years ending after December 15, 2021. Management's current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

**TOWN OF WEST TISBURY, MASSACHUSETTS  
REQUIRED SUPPLEMENTARY INFORMATION  
DUKE'S COUNTY CONTRIBUTORY RETIREMENT SYSTEM  
JUNE 30, 2021**

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

|  | <u>December 31, 2020</u> | <u>December 31, 2019</u> | <u>December 31, 2018</u> | <u>December 31, 2017</u> | <u>December 31, 2016</u> | <u>December 31, 2015</u> | <u>December 31, 2014</u> |
|--|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Town's proportion of the net pension liability   | 7.00%                    | 6.95%                    | 6.95%                    | 7.11%                    | 7.11%                    | 7.06%                    | 7.06%                    |
| Town's proportionate share of the net pension liability  | \$ 1,671,839             | \$ 1,983,754             | \$ 3,472,827             | \$ 2,357,863             | \$ 3,264,288             | \$ 2,775,718             | \$ 2,545,845             |
| Town's covered-employee payroll  | \$ 2,777,527             | \$ 2,668,327             | \$ 2,422,692             | \$ 2,688,427             | \$ 2,527,447             | \$ 2,229,146             | \$ 2,143,410             |
| Town's proportionate share of the net pension liability as a percentage of it's covered-employee payroll | 60.19%                   | 74.34%                   | 143.35%                  | 87.70%                   | 129.15%                  | 124.52%                  | 118.78%                  |
| Plan fiduciary net position as a percentage of the total pension liability                               | 89.76%                   | 86.73%                   | 75.54%                   | 82.43%                   | 74.21%                   | 75.61%                   | 76.17%                   |

**Note:** This Town schedule is intended to present information for 10 years. Until a 10 year trend is compiled, information is presented for those years for which the information is available.

See note to Required Supplementary Information

**TOWN OF WEST TISBURY, MASSACHUSETTS  
REQUIRED SUPPLEMENTARY INFORMATION  
DUKE'S COUNTY CONTRIBUTORY RETIREMENT SYSTEM  
JUNE 30, 2021**

**SCHEDULE OF TOWN'S CONTRIBUTION**

|  | <u>December 31, 2020</u> | <u>December 31, 2019</u> | <u>December 31, 2018</u> | <u>December 31, 2017</u> | <u>December 31, 2016</u> | <u>December 31, 2015</u> | <u>December 31, 2014</u> |
|--|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Statutory required contribution                                    | \$ 549,853               | \$ 518,240               | \$ 501,305               | \$ 477,434               | \$ 421,587               | \$ 378,544               | \$ 341,840               |
| Contribution in relation to the statutory<br>required contribution | <u>(549,853)</u>         | <u>(518,240)</u>         | <u>(501,305)</u>         | <u>(477,434)</u>         | <u>(421,587)</u>         | <u>(378,544)</u>         | <u>(341,840)</u>         |
| Contribution deficiency (excess)                                   | <u>\$ -</u>              | <u>\$ -</u>              | <u>\$ -</u>              | <u>\$ -</u>              | <u>\$ -</u>              | <u>\$ -</u>              | <u>\$ -</u>              |
| Town's covered-employee payroll                                    | \$ 2,777,527             | \$ 2,668,327             | \$ 2,422,692             | \$ 2,688,427             | \$ 2,527,447             | \$ 2,229,146             | \$ 2,143,410             |
| Contribution as a percentage of covered -<br>employee payroll      | 19.80%                   | 19.42%                   | 20.69%                   | 17.76%                   | 16.68%                   | 16.98%                   | 15.95%                   |

**Note:** This Town schedule is intended to present information for 10 years. Until a 10 year trend is compiled, information is presented for those years for which the information is available.

See note to Required Supplementary Information

**TOWN OF WEST TISBURY, MASSACHUSETTS  
REQUIRED SUPPLEMENTARY INFORMATION  
OTHER POSTEMPLOYMENT BENEFITS  
JUNE 30, 2021**

**Schedule of the Town's Net OPEB Liability and Related Ratios**

|   | <u>June 30, 2021</u> | <u>June 30, 2020</u> | <u>June 30, 2019</u> | <u>June 30, 2018</u> | <u>June 30, 2017</u> |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>Total OPEB Liability</b>   |                      |                      |                      |                      |                      |
| Service Cost  | \$ 176,453           | \$ 162,583           | \$ 135,312           | \$ 130,312           | \$ 125,300           |
| Interest  | 375,634              | 365,269              | 285,500              | 270,883              | 254,847              |
| Changes of benefit terms  | (561,044)            | (167,800)            | -                    | (11,317)             | -                    |
| Differences between expected and actual experience                    | -                    | -                    | 367,715              | -                    | -                    |
| Changes of assumptions  | 421,787              | 351,349              | 480,479              | -                    | -                    |
| Benefit Payments  | (213,898)            | (244,751)            | (220,618)            | (179,359)            | (163,342)            |
| Net Change in total OPEB liability                                    | 198,932              | 466,650              | 1,048,388            | 210,519              | 216,805              |
| Total OPEB liability-beginning  | 5,296,699            | 4,830,049            | 3,781,661            | 3,571,142            | 3,354,337            |
| Total OPEB liability-ending (a)                                       | <u>5,495,631</u>     | <u>5,296,699</u>     | <u>4,830,049</u>     | <u>3,781,661</u>     | <u>3,571,142</u>     |
| <b>Plan fiduciary net position</b>                                    |                      |                      |                      |                      |                      |
| Contributions-employer  | 313,898              | 544,751              | 420,618              | 379,359              | 313,342              |
| Net investment income   | 805,718              | 101,801              | 108,269              | 77,783               | 66,660               |
| Benefit payments  | (213,898)            | (244,751)            | (220,618)            | (179,359)            | (163,342)            |
| Net change in plan fiduciary net position                             | 905,718              | 401,801              | 308,269              | 277,783              | 216,660              |
| Plan fiduciary net position - beginning                               | 2,639,843            | 2,238,042            | 1,929,773            | 1,651,990            | 1,435,330            |
| Plan fiduciary net position - ending (b)                              | <u>3,545,561</u>     | <u>2,639,843</u>     | <u>2,238,042</u>     | <u>1,929,773</u>     | <u>1,651,990</u>     |
| <b>Town's net OPEB liability-ending (a)-(b)</b>                       | <u>\$ 1,950,070</u>  | <u>\$ 2,656,856</u>  | <u>\$ 2,592,007</u>  | <u>\$ 1,851,888</u>  | <u>\$ 1,919,152</u>  |
| Plan fiduciary net position as a percentage of total OPEB liability   | 64.52%               | 49.84%               | 46.34%               | 51.03%               | 46.26%               |
| Covered-employee payroll  | 3,106,308            | 2,797,279            | 2,785,901            | 2,673,765            | 2,453,455            |
| Plan's net OPEB liability as a percentage of covered-employee payroll | 62.78%               | 94.98%               | 93.04%               | 69.26%               | 78.22%               |

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

See notes to required supplementary information.

**TOWN OF WEST TISBURY, MASSACHUSETTS  
REQUIRED SUPPLEMENTARY INFORMATION  
OTHER POSTEMPLOYMENT BENEFITS  
JUNE 30, 2021**

| <b>Schedule of the Town's Contribution</b>                              |                      |                      |                      |                      |                      |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
|   | <u>June 30, 2021</u> | <u>June 30, 2020</u> | <u>June 30, 2019</u> | <u>June 30, 2018</u> | <u>June 30, 2017</u> |
| Actuarially determined contribution                                     | \$ 336,102           | \$ 327,373           | \$ 254,485           | \$ 246,760           | \$ 235,328           |
| Contributions in relation to the actuarially<br>determined contribution | <u>(313,898)</u>     | <u>(544,751)</u>     | <u>(420,618)</u>     | <u>(379,359)</u>     | <u>(313,342)</u>     |
| Contribution deficiency (excess)  | <u>\$ 22,204</u>     | <u>\$ (217,378)</u>  | <u>\$ (166,133)</u>  | <u>\$ (132,599)</u>  | <u>\$ (78,014)</u>   |
| Covered-employee payroll  | \$ 3,106,308         | \$ 2,797,279         | \$ 2,785,901         | \$ 2,673,765         | \$ 2,453,455         |
| Contributions as a percentage of covered<br>payroll                     | 10.11%               | 19.47%               | 15.10%               | 14.19%               | 12.77%               |

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

See notes to required supplementary information.

**TOWN OF WEST TISBURY, MASSACHUSETTS  
REQUIRED SUPPLEMENTARY INFORMATION  
OTHER POSTEMPLOYMENT BENEFITS  
JUNE 30, 2021**

| <b>Schedule of Investment Return</b>                                |                      |                      |                      |                      |                      |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
|   | <u>June 30, 2021</u> | <u>June 30, 2020</u> | <u>June 30, 2019</u> | <u>June 30, 2018</u> | <u>June 30, 2017</u> |
| Annual money-weighted rate of return,<br>net of investment expenses | 30.08%               | 4.31%                | 5.27%                | 4.40%                | 4.36%                |

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

See notes to required supplementary information.

**TOWN OF WEST TISBURY**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2021**

**Pension Plan Schedules**

**A. Schedule of the Town's Proportionate Share of the Net Pension Liability**

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

**B. Schedule of Town's Contribution**

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

**C. Change in Assumption – None**

**D. Changes in Plan Provisions – None**

**Other Postemployment Benefits Schedules**

**A. Schedule of the Town's Net OPEB Liability and Related Ratios**

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

**B. Schedule of the Town's Contribution**

The Schedule of the Town's contributions includes the Town's annual required contribution to the plan, along with the contribution made in relation to the actuarially determined contribution and the covered employee payroll. The Town is not required to fully fund this contribution. It also demonstrates the contributions as a percentage of covered payroll.

**C. Schedule of Investment Return**

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

**D. Changes in Provisions – None**

**E. Changes in Assumptions – Discount rate was decreased from 7.00% to 6.60% as of June 30, 2021**