

TOWN OF WEST TISBURY, MASSACHUSETTS

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

GOVERNING BODIES AND OFFICERS

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

The following are the principal executive officers:

| <u>Office</u> | <u>Name</u> | <u>Manner of Selection and Term</u> | <u>Term Expires</u> |
|------------------------------|---------------------------------|--|--------------------------------|
| Select Board | Jeffrey “Skipper” Manter, Chair | Elected/3 years | 2025 |
| | Jessica Miller, Vice Chair | Elected/3 years | 2026 |
| | Cynthia Mitchell | Elected/3 years | 2024 |
| Town Administrator | Jennifer Rand | Appointed/1 year | 2024 |
| Town Treasurer/ Collector | Katherine Logue | Appointed/3 years | 2025 |
| Town Clerk | Tara J. Whiting-Wells | Elected/1 year | 2024 |
| Accountant | Bruce K. Stone | Appointed/3 years | 2025 |
| Town Counsel | Ronald H. Rappaport | Appointed/1 year | 2024 |

SERVICES

The Town provides general governmental services for the territory within its boundaries, including police and fire protection, streets, parks and recreation, and cemetery maintenance and operation. Public education in grades pre-kindergarten through eight is provided by the Up-Island School District which operates two facilities; one located in West Tisbury and the other in the neighboring town of Chilmark. Education in grades 9-12 is provided by the Martha’s Vineyard Regional School District. The Martha’s Vineyard Public Charter School, created in 1996, provides academic education, island-wide, to grades K-12. The Charter school’s current enrollment (as of October 1, 2020) is 176 of which 31 students are from West Tisbury.

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

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

are recovered. It is possible that similar legislation will be sought to provide for the abolishment of county governments in other counties.

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

COVID-19

As reported in prior years, the Town recouped all the federal/state relief funds applied for during the COVID-19 pandemic. The Town received \$176,157.80 in CARES funding to be spent in fiscal years 2020, 2021 and 2022. The Town also received reimbursement from the Federal Emergency Management Agency (FEMA) in the amount of \$174,680.34 for COVID-19 expenditures.

Subsequently, the Town received \$303,957.48 from the Coronavirus Local Fiscal Recovery Fund (CLFRF) under the federal American Rescue Plan Act of 2021 (ARPA). These funds, as directed by the Town Select Board, are currently being used to study and mitigate the environmental impact of per-and polyfluoroalkyl substances (PFAS) in a localized area of the Town. Through January 31, 2024, \$118,800.83 has been expended for this purpose leaving a balance of \$185,156.65 of CLFRF funds available.

DEBT ⁽¹⁾

| | |
|--------------------------------------|---|
| | Outstanding <u>06/30/2023</u> |
| Long-Term Indebtedness (2)(3) | |
| Within the general debt limit: | |
| Other Building | \$3,305,000 |
| Streets Sidewalks & Parking | <u>775,000</u> |
| Total Within the General Debt Limit | \$4,080,000 |
| Outside the general debt limit: | |
| Total Outside the General Debt Limit | \$ <u>0</u> |
| Total Long-Term Indebtedness | <u>\$4,080,000</u> |
| | Outstanding <u>06/30/2023</u> |
| Short-Term Indebtedness | |
| Revenue Anticipation Notes | 0 |
| Grant Anticipation Notes | 0 |
| Bond Anticipation Notes | <u>435,136</u> |
| Total Short-Term Indebtedness | \$ <u>435,136</u> |
| Total Current Indebtedness | <u>\$4,515,136</u> |

(1) Principal amount only. Excludes lease and installment purchase obligations, overlapping debt and unfunded pension liability.
(2) At the present time the normal General Debt Limit is \$164,535,195 and the Double General Debt Limit is \$329,070,390.
(3) Debt service on \$4,205,000 principal amount of outstanding bonds has been excluded from the provisions of Proposition 2 1/2.
(4) Debt service on \$125,000 principal amount of outstanding bonds is expected to be self-supporting.

AUTHORIZED UNISSUED DEBT AND PROSPECTIVE FINANCING

The Town currently has \$514,886 authorized and unissued debt which consists of, \$200,000 for affordable housing and \$314,886 for a highway building. The Town will be paying debt service with the annual principal paydowns.

FIVE YEARS OUTSTANDING DEBT

| | As of June 30: | | | | |
|--|----------------|-------------|-------------|-------------|-------------|
| | 2023 | 2022 | 2021 | 2020 | 2019 |
| <i>Within the General Debt Limit:</i> | | | | | |
| Other Building | \$3,305,000 | \$3,765,000 | \$4,225,000 | \$4,685,000 | \$5,145,000 |
| Athletic & Recreation Facilities | 775,000 | 930,000 | 1,085,000 | 1,240,000 | 1,400,000 |
| Total Within General Debt Limit | \$4,080,000 | \$4,695,000 | \$5,310,000 | \$5,925,000 | \$6,545,000 |
| <i>Outside the General Debt limit</i> | | | | | |
| Total Outside General Debt Limit | \$0 | \$0 | \$0 | \$0 | \$0 |
| Total Long Term Indebtedness | \$4,080,000 | \$4,695,000 | \$5,310,000 | \$5,925,000 | \$6,545,000 |
| Debt As a Percentage of Assessed Value (2) | 0.09% | 0.15% | 0.19% | 0.21% | 0.24% |
| Debt As a Percentage of Equalized Value (3) | 0.12% | 0.16% | 0.18% | 0.22% | 0.25% |
| Per Capita Debt Using 2020 Census | \$1,148 | \$1,321 | \$1,494 | \$1,667 | \$1,841 |
| Per Capita Debt as a percentage of per capita income | NA | NA | NA | NA | NA |
| Assessed Value(\$000) | \$4,354,459 | \$3,161,920 | \$2,853,511 | \$2,824,636 | \$2,709,097 |
| Equalized Value(\$000) | \$3,290,704 | \$3,002,267 | \$3,002,267 | \$2,646,075 | \$2,646,075 |
| 2020 Census Population | 3,555 | 3,555 | 3,555 | 3,555 | 3,555 |
| Per Capita Income (2) | \$0 | \$0 | \$0 | \$0 | \$0 |

(1) Principal amount only. Excludes lease and installment purchase obligations, overlapping debt, unfunded pension liability, and OPEB.

(2) Source: Board of Assessors - Assessed valuation as of the prior January 1.

(3) Source: Massachusetts Department of Revenue - Equalized valuation in effect for that fiscal year (equalized valuations are established for January 1 of each even-numbered year).

(4) Source: Per Capita Income from U.S. Census Bureau. Used 2017-21 average, 2021 dollars.

ANNUAL DEBT SERVICE ⁽¹⁾

| Fiscal Year | Outstanding 06/30/23 | | Total Debt | Cumulative % Principal |
|-------------|----------------------|------------------|--------------------|------------------------|
| | Principal | Interest | Service | Retired |
| 2024 | \$610,000 | \$121,033 | \$731,033 | 17.5 |
| 2025 | 605,000 | 103,676 | 708,676 | 31.9 |
| 2026 | 605,000 | 85,413 | 690,413 | 46.3 |
| 2027 | 605,000 | 66,623 | 671,623 | 60.6 |
| 2028 | 605,000 | 47,689 | 652,689 | 75.0 |
| 2029 | 450,000 | 30,475 | 480,475 | 85.7 |
| 2030 | 120,000 | 21,000 | 141,000 | 88.6 |
| 2031 | 120,000 | 16,800 | 136,800 | 91.4 |
| 2032 | 120,000 | 12,600 | 132,600 | 94.3 |
| 2033 | 120,000 | 8,400 | 128,400 | 97.1 |
| 2034 | 120,000 | 4,200 | 124,200 | 100.0% |
| Total | <u>\$4,080,000</u> | <u>\$517,908</u> | <u>\$4,597,908</u> | |

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

(2) **Principal totaling \$4,205,000 and interest totaling \$583,642 has been excluded from the provisions of Proposition 2 1/2.**

(3) Principal totaling \$125,000 and interest totaling \$15,188 is expected to be self-supporting.

REVENUE ANTICIPATION BORROWING

The Town issued a \$2,000,000 revenue anticipation note dated May 15, 2020 which matured on September 15, 2020. The Town does not expect to issue revenue anticipation notes for fiscal 2023 and beyond.

OVERLAPPING DEBT ⁽¹⁾

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

| | <u>Outstanding</u> | <u>Authorized Unissued</u> | <u>Estimated Share of West Tisbury</u> | <u>Assessments for Operations and Debt Service Fiscal Year 2024</u> |
|---|---------------------------|---------------------------------------|---|--|
| The County of Dukes County ⁽²⁾ | \$ 640,000 | \$ 650,000 | 13.10% | \$ 66,969 |
| Martha's Vineyard Regional School District ⁽³⁾ | \$ 180,000 | \$ 850,000 | 16.50% | \$3,396,970 |
| Up-Island Regional School District ⁽⁴⁾ | \$ 398,000 | \$ 0 | 65.17% | \$9,400,895 |
| Martha's Vineyard Refuse Disposal and Resource Recovery District ⁽⁵⁾ | \$ 0 | \$1,686,940 | 15.50% | \$ 125,512 |

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

⁽²⁾ Source: Treasurer, Dukes County. Outstanding debt is as of June 30, 2023. Authorized debt includes debt authorized by the County Commissioners under general laws and debt permitted by special enabling acts whether or not yet voted by County Commissioners. Shares of debt service vary from year to year according to valuations of taxable property as last equalized by the State Department of Revenue. Amount shown here is based on the 2020 equalized valuations.

⁽³⁾ Source: Martha's Vineyard Regional School District. Debt is as of June 30, 2023. The other District members are the Towns of Aquinnah, Chilmark, Edgartown, Oak Bluffs and Tisbury. Towns may organize regional school districts to carry out general or specialized educational functions. The debt service of regional school districts is apportioned among the member municipalities in accordance with the agreements establishing the districts. The Town has voted to exclude their share of the District's debt service from the limitations of Proposition 2½.

⁽⁴⁾ Source: Up-Island School District. Debt as of June 30, 2023. The other District members are the Towns of Aquinnah and Chilmark.

⁽⁵⁾ Source: Treasurer, Martha's Vineyard Refuse Disposal and Resource Recovery District. Debt is as of June 30, 2023.

CONTRACTS

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

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

Municipal electric departments have statutory power to enter into long-term contracts for joint ownership and operation of generating and transmission facilities and for the purchase or sale of capacity, including contracts requiring payments without regard to the operational status of the facilities. The Town does not have an electric department.

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

CONTINGENT LIABILITIES

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

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

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

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

In addition the Act provides that, in the event the Commonwealth shall be called upon to pay the Authority any amount on account of any such deficiency, such amount with interest or other charges incurred in borrowing the money for the purpose, except such amounts as may be appropriated by the general court therefore, shall be assessed on the Towns of Barnstable, Falmouth and Nantucket and the City of New Bedford and The County of Dukes County, in the following proportions: 10% each on the Towns of Barnstable and Falmouth and the City of New Bedford; 35% on the Town of Nantucket, and 35% on The County of Dukes County. The County Commissioners of the County of Dukes County shall allocate such assessment upon said County to be paid severally by the towns in said county, excepting the Town of Gosnold, in the same proportions as in the assessment of the county tax. The City of New Bedford shall be assessed fifty percent of any net operating losses, not to exceed \$650,000 annually, accrued for any passenger and freight service run by the Authority from the port of New Bedford which is directly attributable to such service, excluding any net operating losses resulting from the operation of the Authority's M/V Schamanchi, in the calendar years 2003, 2004 and 2005 and 25 percent of any such net operating losses, not to exceed \$650,000 annually, accrued in calendar years 2006 and 2007. In calendar year 2008 and thereafter, the City of New Bedford shall pay ten percent of any annual deficiency, in an identical fashion, to the Towns of Falmouth and Barnstable, pursuant to this section. At the end of each calendar year beginning with the calendar year subsequent to 2002, the Authority shall prepare a report calculating the operating losses in accordance with generally accepted accounting principles and shall submit the same to the Auditor of the Commonwealth

for his approval. The amount certified by the Auditor shall be paid to the Authority by the State Treasurer and assessed on the City of New Bedford in accordance with the above principles.

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

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

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

RETIREMENT PLAN

The Town participates in the contributory retirement system of The County of Dukes County. The annual contributions of the Town to the retirement system for the most recent fiscal years as well as budgeted amount for fiscal 2023 are as follows:

| <u>Fiscal Year</u> | <u>Amount</u> |
|---------------------------|----------------------|
| 2024(budgeted) | \$660,009 |
| 2023 | 593,338 |
| 2022 | 560,965 |
| 2021 | 549,853 |
| 2020 | 518,240 |

As of January 1, 2022 (the latest valuation available), The Dukes County Retirement System had assets valued at \$217,908,723 to support an actuarial accrued liability of \$255,515,047 leaving an estimated unfunded liability in the amount of \$37,606,324 applying a 7.5% expected rate of return. The System is expected to be fully funded in 2031. West Tisbury's share of the unfunded liability is \$2,620,498 (approximately 6.97% of the System). ⁽¹⁾ (See the attached 2022 audited financial statements for further information).

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

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

OTHER POST-EMPLOYMENT BENEFITS

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

The Town was required to implement the GASB reporting requirements for other post-employment benefits beginning in fiscal year 2010, but in fact chose to implement in fiscal 2009. The Town, together with 14 other municipal employers in Dukes County, hired an outside firm to perform the second actuarial valuation of its post-employment benefit liability; the first valuation was completed as of July 1, 2009. After the first study, the Town eliminated its most expensive indemnity-based health insurance plan and adopted Section 18 of the Massachusetts General Laws, Chapter 32B, which requires that those retirees who are eligible for Medicare make Medicare their primary insurance. After the second study, the Town's joint purchase group (Cape Cod Municipal Health Group) made plan design changes to raise deductibles and co-pays while reducing premium costs. Per the most recent actuarial study (as of June 30, 2022), the Town's total OPEB liability, assuming a 30-year amortization, and payment schedule for the unfunded liability, and a 6.6% discount rate, is \$5,084,390

with a cumulative Net OPEB Liability of \$1,134,109 and a funded ratio of 77.7%. The most recent study complies with both GASB 45 and the new GASB 74/75 reporting and disclosure requirements.

In January 2009, the Town Treasurer collaborated with 14 other municipal employers in Dukes County to file special legislation to create a Dukes County Pooled OPEB Trust Fund; the legislation was enacted as Chapter 149 of the Acts of 2010 in July 2010. On November 1, 2010, the first two member units signed the Trust document. The Town voted to join the Dukes County Pooled OPEB Trust at the Town's April 2011 Annual Town Meeting and authorized the transfer of the stabilization fund appropriated to date to that Trust during fiscal 2012. At the April 2012 Annual Town Meeting, an additional \$175,000 was designated toward the Trust and all OPEB funds (a cumulative total of \$706,377, with interest) were transferred to the custody of the Dukes County Pooled OPEB Trust in June 2012. As of June 30, 2023 the Town's total contribution to the OPEB Trust Fund was \$3,944,350, including accumulated earnings.

VALUATIONS

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

| | For Fiscal Year (\$000) | | | | |
|---|--------------------------------|--------------------|--------------------|--------------------|--------------------|
| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> |
| Real Property (2) | \$4,309,559 | \$3,115,862 | \$2,808,609 | \$2,779,426 | \$2,665,979 |
| Personal Property (2) | <u>44,900</u> | <u>46,058</u> | <u>44,901</u> | <u>45,210</u> | <u>43,118</u> |
| Total | <u>\$4,354,459</u> | <u>\$3,161,920</u> | <u>\$2,853,511</u> | <u>\$2,824,636</u> | <u>\$2,709,097</u> |
| Equalized Value (3) | \$3,290,704 | \$3,002,267 | \$3,002,267 | \$2,646,075 | \$2,646,075 |
| Percent of Total Assessed to Equalized Valuation | 132.3 | 105.3 | 95.0 | 106.7 | 102.4 |

(1) Source: Massachusetts Department of Revenue.

(2) As of January 1 of the prior fiscal year.

(3) The equalized valuations in effect for each year.

Assessed Valuation Of Property By Class (1)

| Type of Property | For Fiscal Year | | | | | |
|-----------------------------|------------------------|--------------------------|--------------------|--------------------------|--------------------|--------------------------|
| | <u>2023</u> | <u>% of Total</u> | <u>2022</u> | <u>% of Total</u> | <u>2021</u> | <u>% of Total</u> |
| Residential | \$4,174,786 | 95.87% | \$3,009,226 | 95.17% | \$2,712,299 | 95.05% |
| Commercial | 118,010 | 2.71% | 94,089 | 2.98% | 85,611 | 3.00% |
| Industrial | 16,763 | 0.38% | 12,547 | 0.40% | 10,699 | 0.37% |
| Personal | <u>44,900</u> | <u>1.03%</u> | <u>46,058</u> | <u>1.46%</u> | <u>44,901</u> | <u>1.57%</u> |
| Total | <u>\$4,354,459</u> | <u>100.00%</u> | <u>\$3,161,920</u> | <u>100.00%</u> | <u>\$2,853,511</u> | <u>100.00%</u> |

(1) Source: Massachusetts Department of Revenue.

Tax Rates Per \$1,000 (1)

| <u>Fiscal Year</u> | <u>Residential</u> | <u>Open Space</u> | <u>Commercial</u> | <u>Industrial</u> | <u>Personal Property</u> | <u>Average Tax Rate</u> | <u>Full Value Tax Rate (2)</u> |
|---------------------------|---------------------------|------------------------------|--------------------------|--------------------------|-------------------------------------|--|---|
| 2023 | 4.36 | 0 | 4.36 | 4.36 | 4.36 | 4.36 | 5.77 |
| 2022 | 5.82 | 0 | 5.82 | 5.82 | 5.82 | 5.82 | 6.13 |
| 2021 | 6.10 | 0 | 6.10 | 6.10 | 6.10 | 6.10 | 5.80 |
| 2020 | 6.07 | 0 | 6.07 | 6.07 | 6.07 | 6.07 | 6.48 |
| 2019 | 6.18 | 0 | 6.18 | 6.18 | 6.18 | 6.18 | 6.33 |

(1) Source: Massachusetts Department of Revenue.

(2) Based on the equalized valuation in effect for each year.

LARGEST TAXPAYERS ⁽¹⁾

The following shows the top ten largest taxpayers:

| <u>Name</u> | <u>Nature of Business</u> | <u>Fiscal 2024 Assessed Valuation</u> | <u>Amount of Tax</u> | <u>% of Total Levy</u> |
|--------------------|--------------------------------------|--|---------------------------------|-----------------------------------|
| Individual | Residential | \$94,467,540 | \$406,210.42 | 2.07 |
| Individual | Residential | 37,623,840 | 161,782.51 | 0.83 |
| Individual | Residential | 31,677,160 | 136,211.79 | 0.70 |
| Individual | Residential | 28,784,060 | 123,771.46 | 0.63 |
| Individual | Residential | 28,354,550 | 121,924.57 | 0.62 |
| Individual | Residential | 26,880,840 | 115,587.61 | 0.59 |
| Individual | Residential | 22,627,490 | 97,298.21 | 0.50 |
| Individual | Residential | 22,256,800 | 95,704.24 | 0.49 |
| Individual | Utility | 22,022,670 | 94,697.48 | 0.48 |
| Individual | Residential | <u>21,498,400</u> | <u>92,443.12</u> | <u>0.47</u> |
| Total | | <u>\$336,193,350</u> | <u>\$1,445,631.41</u> | <u>7.38%</u> |

⁽¹⁾ As of January 1, 2024. All of the largest taxpayers listed above are current on their real estate and personal property taxes.

CALCULATION OF TAX LEVIES

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

| | <u>For Fiscal Year (000)</u> | | | | |
|--|-------------------------------------|--------------------|--------------------|--------------------|--------------------|
| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> |
| Gross Amount to be Raised: | | | | | |
| Appropriations | \$24,952 | \$22,621 | \$21,978 | \$20,908 | \$20,544 |
| Other Local Expenditures | 108 | 43 | 7 | 10 | 40 |
| State & County Charges | 211 | 206 | 201 | 197 | 195 |
| Overlay Reserve | <u>62</u> | <u>76</u> | <u>47</u> | <u>26</u> | <u>48</u> |
| Total Gross Amount to be Raised | \$25,332 | \$22,945 | \$22,232 | \$21,142 | \$20,827 |
| Less Estimated Receipts & Other Revenue: | | | | | |
| Estimated Receipts from State | | | | | |
| Estimated Receipts - Local | 1,508 | 1,215 | 1,047 | 1,053 | 982 |
| Available Funds Appropriated: | 3,642 | 2,761 | 3,018 | 2,305 | 2,496 |
| Free Cash | | | | | |
| Revenue Sharing | 522 | 3 | 70 | 65 | 53 |
| Other Available Funds | 56 | 1 | 190 | 24 | - |
| Free Cash & Other Revenue Used to Reduce the Tax Rate | <u>619</u> | <u>562</u> | <u>500</u> | <u>550</u> | <u>554</u> |
| Total Estimated Receipts & Revenue | <u>6,347</u> | <u>4,543</u> | <u>4,826</u> | <u>3,997</u> | <u>4,085</u> |
| Net Amount to be Raised (Tax Levy) | <u>\$18,985</u> | <u>\$18,402</u> | <u>\$17,406</u> | <u>\$17,146</u> | <u>\$16,742</u> |

⁽¹⁾ Source: Massachusetts Department of Revenue.

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

| | For Fiscal Year (000) | | | | |
|----------------------------------|-----------------------|-----------------|-----------------|-----------------|-----------------|
| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> |
| Primary Levy Limit (2) | \$108,861 | \$79,048 | \$71,338 | \$70,616 | \$67,727 |
| Prior Fiscal Year Levy Limit | 17,722 | 16,771 | 16,232 | 15,688 | 14,784 |
| 2.5% Levy Growth | 443 | 419 | 406 | 392 | 370 |
| New Growth (3) | 247 | 231 | 134 | 152 | 134 |
| Overrides | <u>0</u> | <u>300</u> | <u>0</u> | <u>0</u> | <u>400</u> |
| Growth Levy Limit | 18,412 | 17,722 | 16,771 | 16,232 | 15,688 |
| Debt Exclusions | 864 | 997 | 1,020 | 1,048 | 1,085 |
| Capital Expenditure Exclusions | <u>423</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Other Adjustments | 19,739 | 18,758 | 17,833 | 17,322 | 16,815 |
| Tax Levy Limit | | | | | |
| Tax Levy | <u>18,985</u> | <u>18,402</u> | <u>17,406</u> | <u>17,146</u> | <u>16,742</u> |
| Unused Levy Capacity (4) | <u>753</u> | <u>356</u> | <u>427</u> | <u>176</u> | <u>73</u> |
| Unused Primary Levy Capacity (5) | <u>\$ 90,449</u> | <u>\$61,326</u> | <u>\$54,566</u> | <u>\$54,384</u> | <u>\$52,039</u> |

(1) Source: Massachusetts Department of Revenue.

(2) 2.5% of assessed valuation.

(3) Allowed increase for new valuations (or required reduction) - certified by the Department of Revenue.

(4) Tax Levy Limit less Tax Levy.

(5) Primary Levy Limit less Growth Levy Limit.

TAX COLLECTIONS AND ABATEMENTS

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

| | Fiscal Year Ending June 30: (\$000) | | | | |
|-----------------------------------|-------------------------------------|-----------------|-----------------|-----------------|-----------------|
| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> |
| Total Tax levy | \$18,985 | \$18,402 | \$17,406 | \$17,146 | \$16,742 |
| Overlay Reserve for Abatements | <u>62</u> | <u>76</u> | <u>47</u> | <u>26</u> | <u>48</u> |
| Net Tax Levy (1) | <u>\$18,924</u> | <u>\$18,327</u> | <u>\$17,360</u> | <u>\$17,119</u> | <u>\$16,694</u> |
| Amount Collected | | | | | |
| During Fiscal Year Payable (2) | \$18,793 | \$18,038 | \$17,110 | \$16,612 | \$16,443 |
| Percent of Net Tax Levy | 99.3% | 98.4% | 98.6% | 97.0% | 98.5% |
| Amount Collected Through 01/31/24 | 18,913 | 18,346 | 17,334 | 17,121 | |
| Percent of Net Tax Levy | 99.9% | 100.1% | 99.9% | 100.0% | |

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

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

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

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

| | Fiscal Year Ending June 30: (\$000) | | | | |
|--------------------------------|--|-------------|-------------|-------------|-------------|
| | 2023 | 2022 | 2021 | 2020 | 2019 |
| Total Tax levy | \$18,985 | \$18,402 | \$17,406 | \$17,146 | \$16,742 |
| Overlay Reserve for Abatements | 62 | 76 | 47 | 26 | 48 |
| Percent of Tax Levy | 0.33% | 0.41% | 0.27% | 0.15% | 0.29% |
| Abatements Granted: | | | | | |
| During Fiscal Year of Levy (2) | NA | \$39 | \$50 | \$51 | \$24 |
| Through 1/31/24 | \$14 | \$55 | \$55 | \$72 | \$24 |

(1) Source: Massachusetts Department of Revenue.

(2) As of January 31, 2024 for fiscal 2024.

TOWN FINANCES

The following table sets forth the general governmental budgets for fiscal years 2020-2024:

BUDGET COMPARISON

| | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> |
|----------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| General Government | \$ 2,240,279 | \$ 1,904,204 | \$ 1,812,738 | \$ 1,748,083 | \$ 1,695,923 |
| Protection of Persons & Property | 3,368,646 | 2,925,238 | 2,609,299 | 2,493,242 | 2,365,274 |
| Sanitation | 139,482 | 135,924 | 135,924 | 139,923 | 144,913 |
| Public Works | 530,007 | 462,071 | 412,939 | 342,300 | 333,687 |
| Library & Recreation | 1,242,171 | 1,078,405 | 1,024,056 | 941,269 | 923,956 |
| Education | 2,797,865 | 12,360,898 | 11,172,502 | 11,237,096 | 10,637,016 |
| Human Services | 713,948 | 631,314 | 641,761 | 591,844 | 586,121 |
| Insurance & Employee Benefits | 1,814,126 | 1,709,632 | 1,534,144 | 1,419,108 | 1,526,940 |
| County/State Assessments | 215,172 | 210,575 | 202,381 | 201,038 | 197,429 |
| Debt Service | 984,039 | 924,022 | 970,905 | 986,935 | 1,022,953 |
| Total | <u>\$24,050,883</u> | <u>\$22,342,283</u> | <u>\$20,516,649</u> | <u>\$20,101,298</u> | <u>\$19,434,212</u> |

STATE AID

The following table sets forth the amount of state aid to the Town in recent years:

| <u>Fiscal Year</u> | <u>Total State Aid</u> |
|---------------------------|-------------------------------|
| 2024 (budgeted) | \$1,667,344 |
| 2023 (unaudited) | 1,508,057 |
| 2022 | 1,214,626 |
| 2021 | 1,076,246 |
| 2020 | 1,052,983 |

MOTOR VEHICLE EXCISE

The following table shows the actual receipts from the motor vehicle excise in each of the most recent years as well as the amount budgeted for fiscal year 2024:

| <u>Fiscal Year</u> | <u>Receipts⁽¹⁾</u> |
|---------------------------|--------------------------------------|
| 2024 (budgeted) | \$800,000 |
| 2023 (unaudited) | 933,205 |
| 2022 | 724,031 |
| 2021 | 666,476 |
| 2020 | 549,023 |

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

OTHER TAXES

The following table shows the actual Room Occupancy receipts for the most recent fiscal years and the budgeted amount for fiscal 2024:

| <u>Fiscal Year</u> | <u>Receipts</u> |
|---------------------------|------------------------|
| 2024 (budgeted) | \$480,000 |
| 2023 (unaudited) | 483,109 |
| 2022 | 506,675 |
| 2021 | 316,044 |
| 2020 | 165,874 |

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

COMMUNITY PRESERVATION ACT

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

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

reducing the surcharge to 1% and committing additional municipal funds as outlined above, provided that any such revocation or change must be approved pursuant to the same process as acceptance of the CPA.

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

The amounts raised by the surcharge on taxes, the dedication of revenue and received in state matching funds are required to be deposited in a dedicated community preservation fund. Each city or town that accepts the provisions of the CPA is required to establish a community preservation committee to study the community preservation needs of the community and to make recommendations to the legislative body of the city or town regarding the community preservation projects that should be funded from the community preservation fund. Upon the recommendations of the committee, the legislative body of the city or town may appropriate amounts from the fund for permitted community preservation purposes or may reserve amounts for spending in future fiscal years, provided that at least 10% of the total annual revenues to the fund must be spent or set aside for open space purposes, 10% for historic resource purposes and 10% for affordable housing purposes.

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

The Town voted to accept the provisions of the CPA at the 2005 Annual Town Meeting. The Town approved the 3% surcharge with the exemption for the first \$100,000 and the exemption for low-income individuals and moderate-income senior citizens. As of June 30, 2023, the available balance in the Fund, net of outstanding appropriations, was \$885,037.

TAX INCREMENT FINANCING FOR DEVELOPMENT DISTRICTS

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

UNASSIGNED GENERAL FUND BALANCE AND FREE CASH

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

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

| <u>July 1,</u> | <u>Unassigned General Fund Balance ⁽¹⁾</u> | <u>Free Cash</u> |
|------------------|---|------------------|
| 2023 (unaudited) | \$2,138,639 | \$1,339,098 |
| 2022 | 2,090,774 | 1,189,798 |
| 2021 | 2,054,336 | 1,229,606 |
| 2020 | 1,590,102 | 572,124 |
| 2019 | 1,454,262 | 613,429 |

STABILIZATION FUND

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

| <u>Fiscal Year</u> | <u>Stabilization Fund</u> | <u>Ambulance Fund</u> | <u>Fire Equip. Fund</u> | <u>Building Maintenance</u> |
|--------------------|---------------------------|-----------------------|-------------------------|-----------------------------|
| 2023 | \$545,361 | \$60,674 | \$208,090 | \$15,517 |
| 2022 | 529,150 | 59,268 | 104,852 | 88,122 |
| 2021 | 527,933 | 59,144 | 4,713 | 37,971 |
| 2020 | 627,257 | 58,916 | 4,694 | 37,819 |
| 2019 | 517,954 | 57,946 | 4,626 | 37,268 |

At the April 2023 Annual Town Meeting, the Town also established an Unemployment Compensation Fund, to build up a modest reserve for this possible expense, rather than carrying it in the budget. At the November 2023 Special Town Meeting, the Town established the Opioid Settlement Stabilization Fund. The balances in these funds as of January 31, 2024 were \$6,124.33 and \$5,176.07, respectively.

INVESTMENTS

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

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

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

COLLECTIVE BARGAINING

City and town employees (other than managerial and confidential employees) are entitled to join unions and bargain collectively on questions of wages, hours and other terms and conditions of employment. The Town employs approximately 42 full-time and 41 part-time employees, as well as 23 seasonal employees. However, the Town does not have any unions or collective bargaining groups.

PHYSICAL AND ECONOMIC CHARACTERISTICS

The Town of West Tisbury is located on the island of Martha's Vineyard. The Town is bordered on the northeast by the Town of Tisbury (Vineyard Haven), Edgartown to the east, the Atlantic Ocean to the south and Vineyard Sound on the northwest and the Town of Chilmark to the west. The Steamship Authority provides year-round passenger and freight service in the neighboring Town of Tisbury.

Based on fiscal 2023 assessed valuations, approximately 95.9% of the property is residential while 3.1% is commercial and industrial. According to the 2010 Federal Census, the Town has a year-round population of 2,740. However, it is estimated that the Town's seasonal population increases to 8,437 (source: Martha's Vineyard Regional Transportation Plan).

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

PRINCIPAL EMPLOYERS ⁽¹⁾

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

| <u>Company</u> | <u>Nature of Business</u> | <u>Approximate Current Employees</u> |
|---------------------------------|----------------------------------|---|
| Up-Island Regional School Dist. | Public School | 83 |
| MV Charter School | Public School | 55 |
| Martha's Vineyard Savings Bank | Bank | 40 |
| South Mountain Company | Contractor | 36 |
| Dukes County including Airport | Municipal entity | 45 |
| E.C. Cottle, Inc. | Lumber yard | 21 |
| John Keene Excavation | Excavation contractor | 19 |
| Beetlebung Tree Care | Landscaping contractor | 21 |
| Dukes County Sheriff | Municipal entity | 21 |
| Cape Air | Airline | 10 |
| Cronig's Market (Up-Island) | Supermarket | 13 |
| Animal Health Care Associates | Veterinary office | 16 |
| Oakleaf Landscape | Landscaping contractor | 12 |
| Vineyard Gardens | Landscaping contractor | 10 |

⁽¹⁾ Source: *The Town, as of January 2024.*

EMPLOYMENT BY INDUSTRY

| <u>Industry</u> | <u>Establishments</u> | <u>Average Employment</u> | <u>Average Weekly Wage (\$)</u> |
|-------------------------------------|------------------------------|----------------------------------|--|
| Total, All Industries | 128 | 744 | \$1,296 |
| Construction | 25 | 72 | \$1,781 |
| Retail Trade | 10 | 60 | \$1,333 |
| Transportation and Warehousing | 4 | 48 | \$1,302 |
| Information | 3 | 41 | \$760 |
| Real Estate and Rental and Leasing | 8 | 13 | \$2,320 |
| Professional and Technical Services | 14 | 44 | \$1,351 |
| Administrative and Waste Services | 17 | 94 | \$1,253 |
| Health Care and Social Assistance | 10 | 20 | \$872 |
| Arts, Entertainment, and Recreation | 4 | 20 | \$1,423 |
| Accommodation and Food Services | 4 | 46 | \$1,054 |
| Other Services, Except Public Admin | 12 | 29 | \$1,030 |

Source: *Mass. Dept of Economic Research, Executive Office of Labor and Workforce Development, 2022 Data*

BUILDING PERMITS

| <u>Calendar Year</u> | <u>Number</u> | <u>Estimated Value</u> |
|---------------------------------|----------------------|-----------------------------------|
| 2023 | 306 | \$70,089,191 |
| 2022 | 385 | 87,307,269 |
| 2021 | 285 | 42,919,212 |
| 2020 | 271 | 28,052,253 |
| 2019 | 405 | 50,013,041 |
| 2018 | 366 | 22,270,606 |

EMPLOYMENT

| <u>Year</u> | <u>Labor Force</u> | <u>Employed</u> | <u>Unemployment Rate</u> | | | |
|--------------------|-------------------------------|------------------------|---------------------------------|----------------------|---------------------|--------------------|
| | | | <u>Town</u> | <u>County</u> | <u>State</u> | <u>U.S.</u> |
| 2023(a) | 1,704 | 1,676 | 3.2% | 4.5% | 2.6% | 3.8% |
| 2022 | 1,578 | 1,523 | 3.5% | 5.2% | 3.8% | 3.6% |
| 2021 | 1,566 | 1,507 | 3.8% | 6.3% | 5.5% | 5.3% |
| 2020 | 1,456 | 1,367 | 6.1% | 10.3% | 9.4% | 8.1% |
| 2019 | 1,594 | 1,557 | 2.3% | 4.3% | 3.0% | 3.7% |
| 2018 | 1,611 | 1,561 | 3.1% | 4.8% | 3.5% | 3.9% |

(a) month of September, not seasonally adjusted for Town and County

Sources: Mass.Executive Office of Labor and Workforce Development (Town, County) and U.S. Bureau of Labor Statistics (State, U.S.)

OTHER DATA

| | West Tisbury | Massachusetts | United States |
|---|---------------------|----------------------|----------------------|
| Recent Population Estimate (2022) | 3,555 | 6,981,974 | 333,287,557 |
| Census Population: | | | |
| 2010 | 2,740 | 6,547,629 | 308,745,538 |
| 2000 | 2,467 | 6,349,097 | 281,421,906 |
| 1990 | 1,704 | 6,016,425 | 248,709,873 |
| Inter-Census Population Growth: | | | |
| 2020 | 29.74% | 7.37% | 7.35% |
| 2010 | 11.07% | 3.13% | 9.71% |
| 2000 | 44.78% | 5.53% | 13.15% |
| Median Age: | | | |
| 2021 | 53.9 | 39.6 | 37.9 |
| Persons under 18 years, 2021 | 15.7% | 19.5% | 22.2% |
| Persons over 65 years, 2021 | 33.9% | 17.4% | 16.8% |
| Persons per Household | | 2.48 | 2.60 |
| Annual Median Household Income: | | | |
| 2017-21 Average (in 2021 dollars) | \$117,035 | \$89,026 | \$69,021 |
| 2017-21 Average (in 2021 dollars) | | \$48,617 | \$37,638 |
| Median value of owner-occupied housing units, 2017-21 | \$2,100,000 | \$424,700 | \$244,900 |
| High School Graduate or Higher, age 25+, 2017-21 | 98.7% | 91.2% | 89.9% |
| Bachelor's Degree or Higher, age 25+, 2017-21 | 63.5% | 45.2% | 33.7% |
| Owner-occupied housing unit rate, 2017-21 | 87.8% | 62.4% | 64.6% |
| Persons in Poverty (2021) | 6.0% | 10.4% | 11.6% |

Source: U.S. Census Bureau

SCHOOL FACILITIES

The Town is a member of the Up-Island Regional School District which provides education in grades K-8. The District has two school facilities. The West Tisbury Elementary School contains grades K-8 with the capacity of 500 pupils, while the Chilmark Elementary School houses grades K-5 with a capacity of 100 pupils. As of October 1, 2023, 207 pupils from West Tisbury attended the West Tisbury Elementary School, which has a current enrollment of 308 students. Thirteen pupils from West Tisbury attend the Chilmark Elementary School, which currently has an enrollment of 73 students.

The Town is a member of the Martha's Vineyard Regional High School District which provides facilities for pupils in grades 9 - 12. Other members of the District are the Towns of Aquinnah, Chilmark, Edgartown, Oak Bluffs and Tisbury. As of October 1, 2023, 113 pupils from West Tisbury attended the Martha's Vineyard Regional High School, which has a total student population of 751.

PUBLIC SCHOOL ENROLLMENTS ⁽¹⁾⁽²⁾⁽³⁾

| | <u>Actual</u> | | | | | <u>Projected</u> | | |
|---------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-------------------------|-----------------------|-----------------------|
| | <u>2019-20</u> | <u>2020-21</u> | <u>2021-22</u> | <u>2022-23</u> | <u>2023-24</u> | <u>2024-25</u> | <u>2025-26</u> | <u>2026-27</u> |
| Pre K-8 | 231 | 215 | 236 | 218 | 207 | 248 | 240 | 240 |
| 9-12 | 94 | 83 | 101 | 113 | 113 | 126 | 141 | 108 |
| Total | <u>325</u> | <u>298</u> | <u>337</u> | <u>331</u> | <u>320</u> | <u>374</u> | <u>381</u> | <u>348</u> |

⁽¹⁾ As of October 1 of each year.

⁽²⁾ West Tisbury students only.

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

West Tisbury Student Enrollment ⁽¹⁾

| | <u>West Tisbury Elementary</u> | <u>Other Public Schools</u> | <u>Private/ Home Schooled</u> |
|-----|---|--|--|
| K-8 | 218 | 33 | 8 |

⁽¹⁾ As of 10/1/2023.

LITIGATION

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

**TOWN OF WEST TISBURY
Massachusetts**

By: /s/ Katherine Logue
Treasurer

Dated: March 15, 2024

APPENDIX A

The Balance Sheets for fiscal years ending June 30, 2019 through 2023, and the Comparative Statements of Revenues, Expenditures and Changes in Fund Balances for fiscal years ending June 30, 2019 through 2023, have been taken from the audited financial statements of the Town.

The Town engaged R.E. Brown & Company, Certified Public Accountants, to audit the accounts for the Town for the year ending June 30, 2023. That audit is reproduced in Appendix B.

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

| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|---------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Assets: | | | | | |
| Cash & Cash Equivalents | \$4,139,547 | \$4,406,486 | \$3,432,881 | \$4,781,410 | \$2,472,243 |
| Receivables: | | | | | |
| Property Taxes | 157,909 | 325,859 | 245,496 | 488,450 | 274,643 |
| Excise Taxes/Fees | 91,548 | 59,065 | 69,803 | 75,409 | 58,290 |
| Tax Liens | 1,833 | 11,108 | 15,185 | 28,928 | 15,893 |
| Intergovernmental | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>72,570</u> |
| Total Assets | <u>\$5,159,805</u> | <u>\$4,802,518</u> | <u>\$3,763,365</u> | <u>\$5,374,297</u> | <u>\$2,893,639</u> |
| Liabilities: | | | | | |
| Warrants and Accounts Payable | \$ 486,539 | \$ 263,491 | \$ 229,289 | \$ 202,638 | \$ 176,951 |
| Deferred Revenue | 0 | 0 | 171,027 | 0 | 228,685 |
| Other | 44,465 | 214,934 | 156,937 | 112,884 | 50,597 |
| Notes Payable | <u>0</u> | <u>0</u> | <u>0</u> | <u>2,000,000</u> | <u>0</u> |
| Total Liabilities | <u>\$ 531,004</u> | <u>\$ 478,425</u> | <u>\$ 557,253</u> | <u>\$2,315,552</u> | <u>\$ 456,233</u> |
| Fund Balances: | | | | | |
| Restricted | 0 | 0 | 0 | 0 | 3,119 |
| Committed | 1,243,605 | 1,062,933 | 462,479 | 567,270 | 286,036 |
| Assigned | 1,055,203 | 988,769 | 689,297 | 626,765 | 693,989 |
| Unassigned | <u>2,138,639</u> | <u>2,090,774</u> | <u>2,054,336</u> | <u>1,590,102</u> | <u>1,454,262</u> |
| Total Fund Equity | <u>4,437,447</u> | <u>4,142,476</u> | <u>3,206,112</u> | <u>2,784,137</u> | <u>2,437,406</u> |
| Total Liabilities & Fund Equity | <u>\$5,159,805</u> | <u>\$4,082,518</u> | <u>\$3,763,365</u> | <u>\$5,374,297</u> | <u>\$2,893,639</u> |

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

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

| | June 30 | | | | |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> |
| <u>REVENUES</u> | | | | | |
| Taxes | \$18,945,940 | \$18,334,811 | \$17,461,387 | \$17,083,575 | \$16,744,718 |
| Excise and Other Taxes | 933,206 | 734,769 | 666,476 | 549,023 | 562,445 |
| Penalties & Interest on Taxes | 80,247 | 69,886 | 88,995 | 51,135 | 83,228 |
| Departmental | 1,064,410 | 950,930 | 845,705 | 853,247 | 828,046 |
| Interest on Investments | 100,832 | 5,391 | 12,189 | 34,318 | 34,649 |
| Intergovernmental | <u>1,974,541</u> | <u>1,725,697</u> | <u>1,381,966</u> | <u>1,208,494</u> | <u>982,244</u> |
| Total Revenues | <u>\$23,099,176</u> | <u>\$21,821,484</u> | <u>\$20,456,718</u> | <u>\$19,779,792</u> | <u>\$19,235,330</u> |
| <u>EXPENDITURES</u> | | | | | |
| General Government | \$2,111,350 | \$ 1,814,819 | \$ 1,695,964 | \$ 1,619,314 | \$ 1,628,264 |
| Public Safety | 2,913,347 | 2,625,332 | 2,447,439 | 2,345,629 | 2,433,463 |
| Sanitation | 135,860 | 129,300 | 130,176 | 129,937 | 126,712 |
| Public Works | 585,077 | 599,550 | 447,982 | 326,624 | 312,002 |
| Culture and Recreation | 1,070,295 | 1,002,548 | 908,773 | 904,458 | 900,048 |
| Education | 12,625,269 | 11,468,136 | 11,306,558 | 10,815,997 | 10,511,914 |
| Health & Human Services | 693,144 | 676,744 | 592,796 | 579,993 | 585,729 |
| Insurance and Employee Benefits | 1,555,356 | 1,440,622 | 1,331,740 | 1,507,722 | 1,387,974 |
| State Assessments | 186,391 | 173,312 | 193,090 | 168,028 | 193,440 |
| Debt Service | <u>759,331</u> | <u>771,040</u> | <u>795,368</u> | <u>826,802</u> | <u>840,028</u> |
| Total Expenditures | <u>22,645,420</u> | <u>20,701,403</u> | <u>19,849,886</u> | <u>19,224,504</u> | <u>18,919,574</u> |
| Excess (Deficiency) of Revenues Over Expenditures | 453,756 | 1,120,081 | 606,832 | 555,288 | 315,756 |
| <u>OTHER FINANCING SOURCES</u> | | | | | |
| <u>(USES):</u> | | | | | |
| Operating Transfers In | 965 | 16,033 | 25,226 | 1,526 | 23,675 |
| Operating Transfers Out | <u>(159,750)</u> | <u>(199,750)</u> | <u>(210,083)</u> | <u>(210,083)</u> | <u>(210,083)</u> |
| Total Other Financing Sources (Uses) | <u>(158,785)</u> | <u>(183,717)</u> | <u>(184,857)</u> | <u>(208,557)</u> | <u>(186,408)</u> |
| Excess of Revenues and Other Financing Sources | | | | | |
| Over (Under) Expenditures and Other Financing Uses | 294,971 | 936,364 | 421,975 | 346,731 | 129,348 |
| Fund Equity at Beginning of Year | <u>4,142,476</u> | <u>3,206,112</u> | <u>2,784,137</u> | <u>2,437,406</u> | <u>2,308,058</u> |
| Fund Equity at End of Year | <u>\$4,437,447</u> | <u>\$ 4,142,476</u> | <u>\$3,206,112</u> | <u>\$2,784,137</u> | <u>\$2,437,406</u> |

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

APPENDIX B

There follows in this Appendix the audited financial statements of the Town of West Tisbury, Massachusetts, as of June 30, 2023 prepared by R.E. Brown & Company, Certified Public Accountants.

TOWN OF WEST TISBURY, MASSACHUSETTS

**REPORT ON EXAMINATION OF
BASIC FINANCIAL STATEMENTS**

JUNE 30, 2023

TOWN OF WEST TISBURY, MASSACHUSETTS
REPORT ON EXAMINATION OF
BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

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**TOWN OF WEST TISBURY, MASSACHUSETTS
REPORT ON EXAMINATION OF
BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

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Phone: (508) 478-3941

INDEPENDENT AUDITOR'S REPORT

To the Honorable Select Board
Town of West Tisbury, Massachusetts

Opinions

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, 2023, and the related notes to the financial statements, which collectively comprise the Town of West Tisbury, Massachusetts's basic financial statements as listed in the table of contents.

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, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of West Tisbury, Massachusetts, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, 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, 58 – 59, 60 - 62 and 63 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not 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.



Certified Public Accountant

March 21, 2024

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, 2023. 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 2023 by \$20.7 million (net position). Of this amount, a negative \$1.7 million is considered unrestricted (net unrestricted position) primarily due to unfunded liabilities for pension and other post-employment benefits. Liabilities for pension and other postemployment benefits were \$5.0 million. Under the policies of the Dukes County Contributory Retirement System the pension liability is projected to be fully funded by 2031.
- The governmental activities total net position increased by \$1,620,017 or 8.5%.
- In fiscal 2023, 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 2023 the Town budgeted and transferred \$200,000 to the Dukes County Pooled OPEB Trust. This contribution combined with a \$372,269 investment gain left the Town's balance in the trust as of June 30, 2023 at \$3,950,281.
- Also related to OPEB, the most recent financial report by KMS Actuaries stated OPEB liability in their most recent disclosures under GASB 74 and 75 as of June 30, 2023 for the Town of West Tisbury showed OPEB liability as of June 30, 2023 was \$5,084,390. The percentage of the liability funded by the balance of the Dukes County OPEB Trust increased to 77.7% while continuing to use a discount rate of 6.6% for determining the total liability.
- The Town's general fund reported an unassigned fund balance of \$2,138,639 at the end of fiscal 2023. This represents 9.4% of total general fund expenditures. An additional amount of \$750,000 of the assigned fund balance was designated for decreasing the town tax levy in the fiscal year 2024.
- The total expense of all Town governmental activities for fiscal 2023 was \$23,592,968, an increase of \$1,733,783 or 7.9%.
- The Town's total revenue from governmental activities for fiscal 2023 was \$25,212,985 million, a increase of \$1,365,923 or 5.7%.
- At the Annual Town Meeting in April, 2019, the Town voted to adopt the local option room excise tax at the maximum level of 6% to go into effect July 1, 2019. After inception, annual receipts increased each year through fiscal year 2022. However, these receipts appear to have stabilized as fiscal year 2023 receipts declined slightly to \$483,110, a decrease of \$23,565 or 4.6%.

- 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. Fiscal 2023 was the first year of a full year of receipts for this excise which resulted in revenue of \$27,861, which was more than double the amount for fiscal 2022.
- By early fiscal 2023, the town had received its entire allotment of \$303,958 available from the Coronavirus State and Local Fiscal Recovery Funds of the federal American Rescue Plan Act. The town's Select Board began applying these funds to study and mitigate the environmental impact of per-and polyfluoroalkyl substances (PFAS) in a localized area of the town. At fiscal year-end, there was balance remaining of \$284,874.
- A revised regional high school agreement was approved by all six towns of the district at town meetings in each of the six towns in fiscal year 2023. The new agreement established new formulas for calculating annual assessments to member towns and each town's share of a proposed major renovation project for the high school facility. This sets the stage for the regional high school district to seek state funding from the Massachusetts School Building Authority.

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 \$20,722,559 at the close of fiscal year 2023.

The largest component of the Town’s net position is its *investment in capital assets* (e.g., land, buildings, machinery and equipment, vehicles, construction in progress, and infrastructure), less any related outstanding debt used to acquire those assets, and is \$15,759,385 or 76.1 % of total net position. The Town uses these capital assets to provide services to citizens; consequently, these assets **are not** available for future spending. Although the investment in the Town’s capital assets is reported net of its related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The second largest component of the Town’s net position are its *restricted assets* totaling \$6,636,381 (32.0%) 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 \$1,673,207 (-8.1%). This negative balance is impacted by GASB reporting requirements for net pension and postemployment liabilities it should be noted that the negative unrestricted net position improved by \$7,270 from the end of the prior fiscal year. 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 2023 was an increase of \$1,620,017, or 8.5%.

Town of West Tisbury - Financial Highlights

| | Governmental Activities | | % Increase (Decrease) | |
|---|------------------------------------|----------------------|--------------------------------------|--------------------------------|
| | FY 2023 | FY 2022 | Increase (Decrease) | Increase (Decrease) |
| Assets: | | | | |
| Current assets | \$ 9,662,314 | \$ 8,487,850 | \$ 1,174,464 | 13.84% |
| Capital assets | 20,303,074 | 20,439,792 | (136,718) | -0.67% |
| Total assets | 29,965,388 | 28,927,642 | 1,037,746 | 3.59% |
| Deferred Outflows of Resources: | 2,959,172 | 2,130,572 | 828,600 | 38.89% |
| Liabilities: | | | | |
| Current liabilities (excluding debt) | 1,046,215 | 858,012 | 188,203 | 21.93% |
| Noncurrent liabilities (excluding debt) | 5,186,671 | 3,269,062 | 1,917,609 | 58.66% |
| Current debt | 1,045,136 | 1,259,886 | (214,750) | -17.05% |
| Noncurrent debt | 3,470,000 | 4,080,000 | (610,000) | -14.95% |
| Total liabilities | 10,748,022 | 9,466,960 | 1,281,062 | 13.53% |
| Deferred Inflows of Resources: | 1,453,979 | 2,488,712 | (1,034,733) | -41.58% |
| Net Position: | | | | |
| Net investment in capital assets | 15,759,385 | 15,100,095 | 659,290 | 4.37% |
| Restricted | 6,636,381 | 5,682,924 | 953,457 | 16.78% |
| Unrestricted | (1,673,207) | (1,680,477) | 7,270 | -0.43% |
| Total net position | \$ 20,722,559 | \$ 19,102,542 | \$ 1,620,017 | 8.48% |
| Revenues | | | | |
| <i>Program Revenues:</i> | | | | |
| Charges for services | \$ 987,125 | \$ 887,500 | \$ 99,625 | 11.23% |
| Operating grants and contributions | 650,619 | 1,104,251 | (453,632) | -41.08% |
| Capital grants and contributions | 424,992 | - | 424,992 | |
| <i>General Revenues:</i> | | | | |
| Real Estate and personal property taxes | 18,900,426 | 18,319,535 | 580,891 | 3.17% |
| Tax Liens | 22,769 | 36,604 | (13,835) | -37.80% |
| Motor vehicle and other excise taxes | 965,688 | 724,031 | 241,657 | 33.38% |
| Penalties & interest on taxes | 80,247 | 69,886 | 10,361 | 14.83% |
| Non restricted grants & contributions | 2,897,191 | 2,570,319 | 326,872 | 12.72% |
| Departmental | 179,060 | 129,333 | 49,727 | 38.45% |
| Unrestricted investment income | 104,868 | 5,603 | 99,265 | 1771.64% |
| Total Revenues | 25,212,985 | 23,847,062 | 1,365,923 | 5.73% |
| Expenses: | | | | |
| General Government | 2,429,897 | 2,834,695 | (404,798) | -14.28% |
| Public Safety | 3,455,717 | 3,075,628 | 380,089 | 12.36% |
| Education | 12,889,008 | 11,760,541 | 1,128,467 | 9.60% |
| Public Works | 725,390 | 726,736 | (1,346) | -0.19% |
| Sanitation | 135,860 | 129,300 | 6,560 | 5.07% |
| Human Services | 553,771 | 704,048 | (150,277) | -21.34% |
| Culture and Recreation | 1,458,346 | 1,338,484 | 119,862 | 8.96% |
| Employee Benefits | 1,611,689 | 961,488 | 650,201 | 67.62% |
| State and County Assessments | 186,391 | 173,312 | 13,079 | 7.55% |
| Interest | 146,899 | 154,953 | (8,054) | -5.20% |
| Total Expenses | 23,592,968 | 21,859,185 | 1,733,783 | 7.93% |
| Change in Net Position | 1,620,017 | 1,987,877 | (367,860) | -18.51% |
| Net Position - beginning | 19,102,542 | 17,114,665 | 1,987,877 | 11.62% |
| Net Position - ending | \$ 20,722,559 | \$ 19,102,542 | \$ 1,620,017 | 8.48% |

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 \$8,304,488 a \$1,262,297 or 17.9% increase from the prior year's ending fund balances of \$7,042,191.

The general fund is the primary operating fund. At the end of the current fiscal year, unassigned fund balance of the general fund was \$2,138,639 while total fund balance of the general fund stood at \$4,437,447. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 9.4% of total general fund expenditures, while total general fund balance of represents 19.6% of that same expenditure amount.

The unassigned stabilization fund has accumulated a fund balance of \$545,361 which represents 2.4% of annual general fund expenditures. These funds can be used for general or capital purposes upon Town Meeting approval.

General Fund Budget Highlights

At its Annual Town Meeting on April 12, 2022, the Town appropriated \$22,826,626 through raise and appropriate articles from the fiscal 2023 general fund. There were no subsequent Special Town Meetings before the setting of the tax rate. The tax levy for fiscal 2023 was \$18,985,442, an increase of \$583,069 or 3.2% over fiscal 2022. \$618,680 of free cash from fiscal 2022 was used to decrease the fiscal 2023 tax levy. At year end, \$533,769 of unexpended budget appropriation balances were closed out to unassigned fund balance. Also, state revenue and local receipts (not including property taxes and tax lien redemptions) exceeded budget by \$592,205.

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, 2023, amounts to \$20,274,332, 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 \$165,460; a \$126,321 increase due the acquisition of a front loader for the highway department and \$384,931 for road paving projects on Indian Hill and Panhandle Roads were offset by \$1,056,361 in FY 2023 asset deprecation. Another \$379,649 was added as construction in progress for capital projects still in design for the Council on Aging building (Howes House) and a shared use path along Old County Road.

**Capital Assets
(Net of Depreciation)**

| | Governmental Activities | | Increase (Decrease) | % Increase (Decrease) |
|-----------------------------|------------------------------------|----------------------|--------------------------------|--------------------------------------|
| | 2023 | 2022 | | |
| Land | \$ 1,877,108 | \$ 1,877,108 | \$ - | 0.00% |
| Buildings & Improvements | 14,584,160 | 15,272,135 | (687,975) | -4.50% |
| Machinery and Equipment | 168,275 | 51,197 | 117,078 | 228.68% |
| Vehicles | 717,700 | 852,127 | (134,427) | -15.78% |
| Infrastructure | 2,547,440 | 2,387,225 | 160,215 | 6.71% |
| Construction in Progress | 379,649 | - | 379,649 | 100.00% |
| Total Capital Assets | \$ 20,274,332 | \$ 20,439,792 | \$ (165,460) | -0.81% |

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, 2023, totaled \$4,080,000. Total debt consists of the following:

Outstanding Debt at Year End

| Governmental Activities | Outstanding June 30, 2023 | Outstanding June 30, 2022 | Increase (Decrease) | % Increase (Decrease) |
|--------------------------------|--------------------------------------|--------------------------------------|--------------------------------|--------------------------------------|
| | | | | |
| General Obligation Bonds | <u>\$ 4,080,000</u> | <u>\$ 4,695,000</u> | <u>\$ (615,000)</u> | <u>-13.10%</u> |

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 2024 budget and tax rates including the following:

- The fiscal 2024 tax rate is projected to be \$4.30, a \$0.06 decrease from fiscal 2023. The percentage decrease in the tax rate is 1.4%. The overall assessed value of property in the town increased by \$201,679,120 or 4.6% to \$4,556,138,190. The excess levy capacity will be \$420,878 or 2.1% of the tax levy. The tax levy is nearly \$94 million under the levy ceiling.

- A major replacement of the heating, ventilation and air conditioning (HVAC) system and other related repairs of the town library were identified. The town authorized \$1.2 million of bonding and voted to approve a debt exclusion under the provisions of proposition 2 ½ for the proposed debt. The town also voted to approve a debt exclusion under the provisions of proposition 2 ½ for the proposed debt.
- The six-town regional high school district continues to proceed in its plan for a major renovation of the high school building and its attempt to secure state funding from the Massachusetts School Building Authority. In pursuit of this goal, the town approved the district's school committee's authorization to borrow \$2 million for a feasibility study for the project. The town also voted to approve a debt exclusion under the provisions of proposition 2 ½ for the town's share of the proposed debt.
- The Select Board voted during their classification hearing to maintain the same tax rate for all classes of property.
- The 6% local room excise tax level of collections appears to have leveled off after several years of increase since its adoption in 2019. The town included a conservative estimate of \$480,000 in local receipts on the fiscal 2024 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. Fiscal year 2023 was the first full year of collections (fiscal year 2022 reflected only a partial year). Based on 2023 annual collections of \$27,861 the town is estimated only \$27,000 when setting the fiscal year 2024 tax rate. While nice to have additional revenue, this new source of revenue does not appear it will have a significant impact on total town receipts.
- Regional school district budgets comprise 53.9% of the Town's operating budget for fiscal 2024. While the Up-island Regional School District budget assessment increased a modest \$69,019 or 0.7%, the regional high school district's assessment increased dramatically by \$367,949 or 12.1%. The increase was due primarily to a large increase in West Tisbury's share of students at the high school which is the basis for the assessment calculation formula. It is worth noting that a revised high school regional agreement will start using a new assessment formula in subsequent years that will include a three year rolling average of students in an attempt to lessen the magnitude of assessment changes that can occur in a given year.
- The fiscal 2024 budget increased is annual amount to \$235,000 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. When combined with the continued payment of current retiree premiums, the town is easily exceeding its "Actuarially Determined Employer Contribution" as found in its contracted actuarial reports.
- The project for renovation and expansion of the Howes House, the home of the Up-Island Council on Aging, continues to proceed slowly. An appropriation of \$523,000 approved at the 2022 Annual Town Meeting carried a balance of \$319,520 into fiscal year 2024 as the project continues its design phase.

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, 2023

| | PRIMARY GOVERNMENT |
|---|------------------------------------|
| | GOVERNMENTAL ACTIVITIES |
| <u>ASSETS</u> | |
| CURRENT: | |
| CASH AND SHORT-TERM INVESTMENTS | \$ 8,249,819 |
| INVESTMENTS | 891,471 |
| RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES: | |
| REAL ESTATE AND PERSONAL PROPERTY TAXES | 157,909 |
| TAX LIENS | 1,833 |
| MOTOR VEHICLE EXCISE TAXES | 91,548 |
| DEPARTMENTAL AND OTHER | 4,289 |
| INTERGOVERNMENTAL | 262,891 |
| SPECIAL ASSESSMENTS | 2,554 |
| NONCURRENT: | |
| RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES: | |
| SPECIAL ASSESSMENTS | 28,742 |
| CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION | 20,274,332 |
| TOTAL ASSETS | 29,965,388 |
| <u>DEFERRED OUTFLOWS OF RESOURCES</u> | |
| RELATED TO POST EMPLOYMENT BENEFITS | 710,516 |
| RELATED TO PENSIONS | 2,248,656 |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | 2,959,172 |
| <u>LIABILITIES</u> | |
| CURRENT: | |
| ACCOUNTS PAYABLE | 667,899 |
| OTHER LIABILITIES | 56,594 |
| ACCRUED INTEREST | 23,874 |
| LANDFILL POSTCLOSURE CARE COSTS | 8,000 |
| COMPENSATED ABSENCES | 289,848 |
| BONDS AND NOTES PAYABLE | 1,045,136 |
| NONCURRENT: | |
| LANDFILL POSTCLOSURE CARE COSTS | 32,000 |
| COMPENSATED ABSENCES | 150,112 |
| POSTEMPLOYMENT BENEFITS | 1,134,109 |
| NET PENSION LIABILITY | 3,870,450 |
| BONDS AND NOTES PAYABLE | 3,470,000 |
| TOTAL LIABILITIES | 10,748,022 |
| <u>DEFERRED INFLOWS OF RESOURCES:</u> | |
| RELATED TO POST EMPLOYMENT BENEFITS | 1,301,019 |
| RELATED TO PENSIONS | 152,960 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | 1,453,979 |
| <u>NET POSITION</u> | |
| NET INVESTMENT IN CAPITAL ASSETS | 15,759,385 |
| RESTRICTED FOR: | |
| PERMANENT FUNDS: | |
| EXPENDABLE | 11,572 |
| NONEXPENDABLE | 65,333 |
| OTHER PURPOSES | 6,559,476 |
| UNRESTRICTED | (1,673,207) |
| TOTAL NET POSITION | \$ 20,722,559 |

See accompanying notes to the basic financial statements

**TOWN OF WEST TISBURY, MASSACHUSETTS
STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2023**

| FUNCTIONS/PROGRAMS | EXPENSES | PROGRAM REVENUES | | | NET (EXPENSE) REVENUE |
|---------------------------------|----------------------|---------------------------------|---|---|----------------------------------|
| | | CHARGES FOR SERVICES | OPERATING GRANTS AND CONTRIBUTIONS | CAPITAL GRANTS AND CONTRIBUTIONS | |
| PRIMARY GOVERNMENT: | | | | | |
| GOVERNMENTAL ACTIVITIES: | | | | | |
| GENERAL GOVERNMENT | \$ 2,429,897 | \$ 60,323 | \$ 202,268 | \$ - | \$ (2,167,306) |
| PUBLIC SAFETY | 3,455,717 | 755,872 | 10,536 | - | (2,689,309) |
| EDUCATION | 12,889,008 | - | - | - | (12,889,008) |
| PUBLIC WORKS | 725,390 | 15,850 | 48,004 | 424,992 | (236,544) |
| SANITATION | 135,860 | - | - | - | (135,860) |
| HUMAN SERVICES | 553,771 | 39,575 | 217,780 | - | (296,416) |
| CULTURE & RECREATION | 1,458,346 | 115,505 | 169,031 | - | (1,173,810) |
| EMPLOYEE BENEFITS | 1,611,689 | - | 3,000 | - | (1,608,689) |
| STATE & COUNTY ASSESSMENTS | 186,391 | - | - | - | (186,391) |
| INTEREST | 146,899 | - | - | - | (146,899) |
| TOTAL PRIMARY GOVERNMENT | \$ 23,592,968 | \$ 987,125 | \$ 650,619 | \$ 424,992 | \$ (21,530,232) |

See accompanying notes to the basic financial statements

(continued)

**TOWN OF WEST TISBURY, MASSACHUSETTS
STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2023**

| | PRIMARY GOVERNMENT |
|--|------------------------------------|
| | GOVERNMENTAL ACTIVITIES |
| CHANGES IN NET POSITION: | |
| NET (EXPENSE) REVENUE FROM PREVIOUS PAGE | <u>\$ (21,530,232)</u> |
| GENERAL REVENUES: | |
| REAL ESTATE AND PERSONAL PROPERTY TAXES, NET OF TAX REFUNDS PAYABLE | 18,900,426 |
| TAX LIENS | 22,769 |
| MOTOR VEHICLE EXCISE TAXES | 965,688 |
| PENALTIES AND INTEREST ON TAXES | 80,247 |
| GRANTS AND CONTRIBUTIONS NOT RESTRICTED TO SPECIFIC PROGRAMS | 2,897,191 |
| UNRESTRICTED INVESTMENT INCOME | 104,868 |
| MISCELLANEOUS | <u>179,060</u> |
| TOTAL GENERAL REVENUES | <u>23,150,249</u> |
| CHANGE IN NET POSITION | 1,620,017 |
| NET POSITION: | |
| BEGINNING OF YEAR | <u>19,102,542</u> |
| END OF YEAR | <u><u>\$ 20,722,559</u></u> |

See accompanying notes to the basic financial statements

(concluded)

**TOWN OF WEST TISBURY, MASSACHUSETTS
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2023**

| ASSETS | GENERAL | COMMUNITY PRESERVATION | HIGHWAY BUILDING PROJECT | NONMAJOR GOVERNMENTAL FUNDS | TOTAL GOVERNMENTAL FUNDS |
|--|---------------------|-----------------------------------|---|--|---|
| CASH AND SHORT-TERM INVESTMENTS | \$ 4,139,547 | \$ 2,260,625 | \$ - | \$ 1,849,647 | \$ 8,249,819 |
| INVESTMENTS | 768,968 | - | - | 122,503 | 891,471 |
| RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES: | | | | | |
| REAL ESTATE AND PERSONAL PROPERTY TAXES | 157,909 | - | - | - | 157,909 |
| TAX LIENS | 1,833 | - | - | - | 1,833 |
| MOTOR VEHICLE TAXES | 91,548 | - | - | - | 91,548 |
| DEPARTMENTAL AND OTHER | - | 4,289 | - | - | 4,289 |
| INTERGOVERNMENTAL | - | - | - | 262,891 | 262,891 |
| SPECIAL ASSESSMENTS | - | - | - | 31,296 | 31,296 |
| DUE FROM OTHER FUNDS | - | - | - | 189 | 189 |
| TOTAL ASSETS | \$ 5,159,805 | \$ 2,264,914 | \$ - | \$ 2,266,526 | \$ 9,691,245 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | | |
| LIABILITIES: | | | | | |
| ACCOUNTS PAYABLE | \$ 486,539 | \$ 14,622 | \$ - | \$ 166,738 | \$ 667,899 |
| DUE TO OTHER FUNDS | - | - | 189 | - | 189 |
| OTHER LIABILITIES | 44,465 | - | - | 12,129 | 56,594 |
| NOTES PAYABLE | - | 200,000 | 235,136 | - | 435,136 |
| TOTAL LIABILITIES | 531,004 | 214,622 | 235,325 | 178,867 | 1,159,818 |
| DEFERRED INFLOWS OF RESOURCES: | | | | | |
| UNAVAILABLE REVENUE | 191,354 | 4,289 | - | 31,296 | 226,939 |
| FUND BALANCES: | | | | | |
| NONSPENDABLE | - | - | - | 65,333 | 65,333 |
| RESTRICTED | - | 2,046,003 | - | 1,992,516 | 4,038,519 |
| COMMITTED | 1,243,605 | - | - | - | 1,243,605 |
| ASSIGNED | 1,055,203 | - | - | - | 1,055,203 |
| UNASSIGNED | 2,138,639 | - | (235,325) | (1,486) | 1,901,828 |
| TOTAL FUND BALANCES | 4,437,447 | 2,046,003 | (235,325) | 2,056,363 | 8,304,488 |
| TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES | \$ 5,159,805 | \$ 2,264,914 | \$ - | \$ 2,266,526 | \$ 9,691,245 |

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, 2023**

| | GENERAL | COMMUNITY PRESERVATION | HIGHWAY BUILDING PROJECT | FIRE TRUCK | NONMAJOR GOVERNMENTAL FUNDS | TOTAL GOVERNMENTAL FUNDS |
|--|---------------|---------------------------|--------------------------------|---------------|-----------------------------------|--------------------------------|
| REVENUES: | | | | | | |
| REAL ESTATE AND PERSONAL PROPERTY TAXES, NET OF TAX REFUNDS | \$ 18,945,940 | \$ - | \$ - | \$ - | \$ - | \$ 18,945,940 |
| MOTOR VEHICLE EXCISE TAXES | 933,206 | - | - | - | - | 933,206 |
| PENALTIES AND INTEREST ON TAXES | 80,247 | - | - | - | - | 80,247 |
| INTERGOVERNMENTAL | 1,974,541 | 328,288 | - | - | 633,415 | 2,936,244 |
| CHARGES FOR SERVICES | - | - | - | - | 310,147 | 310,147 |
| INVESTMENT INCOME | 100,832 | 46,344 | - | - | 24,860 | 172,036 |
| CONTRIBUTIONS & DONATIONS | - | - | - | - | 118,295 | 118,295 |
| DEPARTMENTAL AND OTHER | 1,064,410 | 536,903 | - | - | 157,045 | 1,758,358 |
| TOTAL REVENUES | 23,099,176 | 911,535 | - | - | 1,243,762 | 25,254,473 |
| EXPENDITURES: | | | | | | |
| CURRENT: | | | | | | |
| GENERAL GOVERNMENT | 2,111,350 | 152,224 | - | - | 38,173 | 2,301,747 |
| PUBLIC SAFETY | 2,913,347 | - | - | - | 288,621 | 3,201,968 |
| EDUCATION | 12,625,269 | - | - | - | 25,164 | 12,650,433 |
| PUBLIC WORKS | 595,077 | 60,700 | - | - | 515,512 | 1,171,289 |
| SANITATION | 135,860 | - | - | - | - | 135,860 |
| HUMAN SERVICES | 693,144 | - | - | - | 61,085 | 754,229 |
| CULTURE & RECREATION | 1,070,295 | - | - | - | 204,708 | 1,275,003 |
| EMPLOYEE BENEFITS | 1,555,356 | - | - | - | - | 1,555,356 |
| STATE & COUNTY ASSESSMENTS | 186,391 | - | - | - | - | 186,391 |
| DEBT SERVICE | | | | | | |
| PRINCIPAL | 615,000 | - | - | - | - | 615,000 |
| INTEREST | 144,331 | 569 | - | - | - | 144,900 |
| TOTAL EXPENDITURES | 22,645,420 | 213,493 | - | - | 1,133,263 | 23,992,176 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 453,756 | 698,042 | - | - | 110,499 | 1,262,297 |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| OPERATING TRANSFERS IN | 965 | - | 79,750 | 80,000 | - | 160,715 |
| OPERATING TRANSFERS OUT | (159,750) | - | - | - | (965) | (160,715) |
| TOTAL OTHER FINANCING SOURCES (USES) | (158,785) | - | 79,750 | 80,000 | (965) | - |
| NET CHANGE IN FUND BALANCES | 294,971 | 698,042 | 79,750 | 80,000 | 109,534 | 1,262,297 |
| FUND BALANCES AT BEGINNING OF YEAR | 4,142,476 | 1,347,961 | (315,075) | (80,000) | 1,946,829 | 7,042,191 |
| FUND BALANCES AT END OF YEAR | \$ 4,437,447 | \$ 2,046,003 | \$ (235,325) | \$ - | \$ 2,056,363 | \$ 8,304,488 |

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, 2023**

| | | |
|--|-------------|----------------------|
| TOTAL GOVERNMENTAL FUND BALANCES | | \$ 8,304,488 |
| CAPITAL ASSETS (NET) USED IN GOVERNMENTAL ACTIVITIES ARE NOT FINANCIAL RESOURCES AND, THEREFORE, ARE NOT REPORTED IN THE FUNDS | | 20,274,332 |
| ACCOUNTS RECEIVABLE ARE NOT AVAILABLE TO PAY FOR CURRENT-PERIOD EXPENDITURES AND, THEREFORE, ARE DEFERRED IN THE FUNDS | | 226,939 |
| IN THE STATEMENT OF ACTIVITIES, INTEREST IS ACCRUED ON OUTSTANDING LONG-TERM DEBT, WHEREAS IN GOVERNMENTAL FUNDS INTEREST IS NOT REPORTED UNTIL DUE | | (23,874) |
| LONG-TERM LIABILITIES ARE NOT DUE AND PAYABLE IN THE CURRENT PERIOD AND, THEREFORE, ARE NOT REPORTED IN THE GOVERNMENTAL FUNDS | | |
| BONDS AND NOTES PAYABLE | (4,080,000) | |
| NET PENSION LIABILITY | (3,870,450) | |
| DEFERRED INFLOWS OF RESOURCES - RELATED TO PENSIONS | (152,960) | |
| DEFERRED INFLOWS OF RESOURCES - RELATED TO POSTEMPLOYMENT BENEFITS | (1,301,019) | |
| DEFERRED OUTFLOWS OF RESOURCES - RELATED TO POSTEMPLOYMENT BENEFITS | 710,516 | |
| DEFERRED OUTFLOWS OF RESOURCES - RELATED TO PENSIONS | 2,248,656 | |
| COMPENSATED ABSENCES | (439,960) | |
| POSTEMPLOYMENT BENEFITS | (1,134,109) | |
| LANDFILL POSTCLOSURE CARE COSTS | (40,000) | |
| | | <u>(8,059,326)</u> |
| NET EFFECT OF REPORTING LONG-TERM LIABILITIES | | <u>(8,059,326)</u> |
| NET POSITION OF GOVERNMENTAL ACTIVITIES | | \$ 20,722,559 |

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, 2023**

| | | |
|--|--------------------|----------------------------|
| NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS | | \$ 1,262,297 |
| 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 | 867,235 | |
| DEPRECIATION EXPENSE | <u>(1,032,695)</u> | |
| NET EFFECT OF REPORTING CAPITAL ASSETS | | (165,460) |
| 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 | | |
| | | (41,488) |
| 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 | 27,824 | |
| NET CHANGE IN POSTEMPLOYMENT BENEFITS ACCRUAL | 1,277,301 | |
| NET CHANGE IN LANDFILL POSTCLOSURE CARE ACCRUAL | 8,000 | |
| NET CHANGE IN ACCRUED INTEREST ON LONG-TERM DEBT | (1,999) | |
| NET CHANGE IN NET PENSION LIABILITY | (3,224,791) | |
| NET CHANGE IN DEFERRED OUTFLOW OF RESOURCES - RELATED TO PENSIONS | 1,090,291 | |
| NET CHANGE IN DEFERRED OUTFLOW OF RESOURCES - RELATED TO POSTEMPLOYMENT BENEFITS | (261,691) | |
| NET CHANGE IN DEFERRED INFLOW OF RESOURCES - RELATRD TO PENSIONS | 1,937,870 | |
| DEFERRED INFLOWS OF RESOURCES - RELATED TO POSTEMPLOYMENT BENEFITS | <u>(903,137)</u> | |
| NET EFFECT OF RECORDING LONG-TERM LIABILITIES | | <u>(50,332)</u> |
| CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES | | <u>\$ 1,620,017</u> |

See accompanying notes to the basic financial statements

**TOWN OF WEST TISBURY, MASSACHUSETTS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FISCAL YEAR ENDED JUNE 30, 2023**

| | BUDGETED AMOUNTS | | ACTUAL | VARIANCE |
|--|----------------------------|-------------------------|------------------------------|---------------------|
| | ORIGINAL BUDGET | FINAL BUDGET | BUDGETARY AMOUNTS | OVER/UNDER |
| REVENUES: | | | | |
| REAL ESTATE AND PERSONAL PROPERTY TAXES, NET OF TAX REFUNDS | \$ 18,923,726 | \$ 18,923,726 | \$ 18,945,940 | \$ 22,214 |
| MOTOR VEHICLE EXCISE TAXES | 680,000 | 680,000 | 933,206 | 253,206 |
| PENALTIES & INTEREST ON TAXES | 50,000 | 50,000 | 80,247 | 30,247 |
| INTERGOVERNMENTAL | 1,937,553 | 1,937,553 | 1,974,541 | 36,988 |
| INVESTMENT INCOME | 10,000 | 10,000 | 77,583 | 67,583 |
| DEPARTMENTAL AND OTHER | 860,230 | 860,230 | 1,064,410 | 204,180 |
| TOTAL REVENUES | 22,461,509 | 22,461,509 | 23,075,927 | 614,418 |
| EXPENDITURES: | | | | |
| CURRENT: | | | | |
| GENERAL GOVERNMENT | 2,769,903 | 2,951,648 | 2,111,350 | 840,298 |
| PUBLIC SAFETY | 3,294,773 | 3,350,123 | 2,913,347 | 436,776 |
| EDUCATION | 12,665,678 | 12,701,536 | 12,625,269 | 76,267 |
| PUBLIC WORKS | 657,702 | 775,067 | 595,077 | 179,990 |
| SANITATION | 135,924 | 138,228 | 135,860 | 2,368 |
| HUMAN SERVICES | 775,754 | 806,244 | 693,144 | 113,100 |
| CULTURE & RECREATION | 1,082,405 | 1,103,105 | 1,070,295 | 32,810 |
| EMPLOYEE BENEFITS | 1,689,603 | 1,661,554 | 1,555,356 | 106,198 |
| STATE & COUNTY ASSESSMENTS | 210,575 | 210,575 | 186,391 | 24,184 |
| DEBT SERVICE: | | | | |
| PRINCIPAL | 615,000 | 615,000 | 615,000 | - |
| INTEREST | 149,272 | 149,272 | 144,331 | 4,941 |
| TOTAL EXPENDITURES | 24,046,589 | 24,462,352 | 22,645,420 | 1,816,932 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (1,585,080) | (2,000,843) | 430,507 | 2,431,350 |
| OTHER FINANCING SOURCES (USES): | | | | |
| OPERATING TRANSFERS IN | - | 965 | 965 | - |
| OPERATING TRANSFERS OUT | (159,750) | (159,750) | (159,750) | - |
| TOTAL OTHER FINANCING SOURCES (USES) | (159,750) | (158,785) | (158,785) | - |
| NET CHANGE IN FUND BALANCE | (1,744,830) | (2,159,628) | 271,722 | 2,431,350 |
| BUDGETARY FUND BALANCE, BEGINNING OF YEAR | 3,361,083 | 3,361,083 | 3,361,083 | - |
| BUDGETARY FUND BALANCE, END OF YEAR | \$ 1,616,253 | \$ 1,201,455 | \$ 3,632,805 | \$ 2,431,350 |

See accompanying notes to the basic financial statements

**TOWN OF WEST TISBURY, MASSACHUSETTS
FIDUCIARY FUND
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2023**

| | POSTEMPLOYMENT BENEFITS TRUST FUND |
|---|---|
| <u>ASSETS</u> | |
| DEPOSITS HELD BY TRUSTEE | \$ 3,950,281 |
| <u>LIABILITIES</u> | - |
| <u>NET POSITION</u> | |
| NET POSITION - HELD IN TRUST FOR POST-EMPLOYMENT BENEFITS | \$ 3,950,281 |

See accompanying notes to the basic financial statements

**TOWN OF WEST TISBURY, MASSACHUSETTS
FIDUCIARY FUND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
JUNE 30, 2023**

| | POSTEMPLOYMENT BENEFITS TRUST FUND |
|---|---|
| <u>ADDITIONS:</u> | |
| CONTRIBUTIONS: | |
| EMPLOYER CONTRIBUTIONS | \$ 200,000 |
| EMPLOYER CONTRIBUTIONS TO PAY FOR OPEB BENEFITS | 241,358 |
| NET INVESTMENT INCOME (LOSS): | |
| INVESTMENT INCOME | <u>372,269</u> |
| TOTAL ADDITIONS | 813,627 |
| <u>DEDUCTIONS:</u> | |
| BENEFIT PAYMENTS | <u>241,358</u> |
| CHANGES IN NET POSITION | 572,269 |
| NET POSITION AT BEGINNING OF YEAR | <u>3,378,012</u> |
| NET POSITION AT END OF YEAR | <u><u>\$ 3,950,281</u></u> |

See accompanying notes to the basic financial statements

TOWN OF WEST TISBURY, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

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 Assessment</u> |
|---|---|---|------------------------------|
| Martha's Vineyard Regional High School District | To provide High School education services | 2 Pine Street Vineyard Haven, MA 02568 | \$ 3,020,125 |
| Up-Island Regional School District | To provide elementary education services | 2 Pine Street Vineyard Haven, MA 02568 | \$ 9,319,878 |
| M.V. Regional Refuse & Resource Recovery District | To process solid waste of the member communities | 750 West Tisbury Rd Edgartown, MA 02539 | \$ 124,258 |

TOWN OF WEST TISBURY, MASSACHUSETTS
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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 14.3% 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 51% 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, 2023.

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, 2023

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, 2023

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 *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, 2023

- 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, 2023

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

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

TOWN OF WEST TISBURY, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
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Capital assets (excluding land and construction in progress) are depreciated on a straight-line basis. The estimated useful lives of capital assets are as follows:

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

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, 2023

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
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Net position has been “restricted” for the following:

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

Fund Financial Statements (Fund Balances)

The Town uses the following criteria for fund balance classification:

- For *nonspendable* fund balance: includes amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact.
- For *restricted* fund balance: when constraints placed on the use of the resources are either (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.
- For *committed* fund balance: (1) the government’s highest level of decision-making authority and (2) the formal action that is required to be taken to establish (and modify or rescind) a fund balance commitment.
- For *assigned* fund balance: (1) the body or official authorized to assign amounts to a specific purpose and (2) the policy established by the governing body pursuant to which the authorization is given.
- 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, 2023

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, 2023 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, 2023

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
NOTES TO BASIC FINANCIAL STATEMENTS
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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 2023 approved budget authorized \$22,977,450 in current year appropriations and other amounts to be raised and \$1,069,139 in encumbrances and articles carried over from previous fiscal years. Supplemental budget increases of \$415,763 was approved at two Town Meetings during fiscal year 2023.

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, 2023, is presented below:

| | |
|--|-------------------|
| Net Change in Fund Balance - Budgetary Basis | \$ 271,722 |
| Basis of Accounting Differences: | |
| Net Stabilization Fund Activity | <u>23,249</u> |
| Net Change in Fund Balance - GAAP Basis | <u>\$ 294,971</u> |

C. Deficit Fund Balances

Several individual fund deficits exist within the Special Revenue funds and one deficit exists in 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 2024.

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."

TOWN OF WEST TISBURY, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
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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 insured as of June 30, 2023:

| | | |
|--|------------------|---------------------|
| Total Bank Balances | | <u>\$ 9,265,801</u> |
| Bank Balances Covered by Deposit Insurance | | |
| Federal Deposit Insurance Corporation (FDIC) | 4,767,284 | |
| Depositor's Insurance Fund (DIF) | <u>4,498,517</u> | |
| Total Bank Balances Covered by Deposit Insurance | | <u>\$ 9,265,801</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.

a) Credit Risk

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

Presented below are the rating as of year-end for the investment type of the Town.

| Investment type | Fair value | Minimum Legal Rating | Rating as of Year End <u>Unrated</u> |
|-------------------------|-------------------|----------------------------|--|
| Certificates of Deposit | <u>\$ 891,471</u> | N/A | <u>\$ 891,471</u> |

TOWN OF WEST TISBURY, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

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 investment in the Certificates of Deposit are not exposed to custodial credit risk because they are registered in the name of the Town. 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.

Information about the sensitivity of the fair values of the Town's investments to market interest rate fluctuations is as follows:

| Investment type | Fair value | Investment maturities (in years) Less than 1 |
|-------------------------|-------------------|---|
| Certificates of Deposit | <u>\$ 891,471</u> | <u>\$ 891,471</u> |

d) Concentration of Credit Risk

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

| Issuer | Percentage of Total Investments |
|--|---------------------------------------|
| Martha's Vineyard Savings - Certificate of Deposit | 61.18% |
| Martha's Vineyard Savings - Certificate of Deposit | 23.34% |
| Martha's Vineyard Savings - Certificate of Deposit | 13.74% |

TOWN OF WEST TISBURY, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Fair Market Value of Investments

The Town holds investments that are measured at fair value on a recurring basis. Because investing is not a core part of the Town's mission, the Town determines that the disclosures related to these investments only need to be disaggregated by the major type. The Town chooses a tabular format for disclosing the levels within the fair value hierarchy.

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

The Town has the following recurring fair value measurement as of June 30, 2023:

| Investment Type | June 30, 2023 | Fair Value Measurements Using | | |
|-------------------------|---------------|--|---|---|
| | | Quoted Price in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Debt Securities | | | | |
| Certificates of Deposit | \$ 891,471 | \$ 891,471 | \$ - | \$ - |

Certificates of deposit classified in level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

NOTE 4 – RECEIVABLES

The receivables at June 30, 2023 for the Town's individual major and nonmajor governmental funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

| Receivables | Gross Amount | Allowance for Uncollectibles | Net Amount |
|---|-----------------|------------------------------------|---------------|
| Real Estate and Personal Property Taxes | \$ 158,615 | \$ (706) | \$ 157,909 |
| Tax Liens | 1,833 | - | 1,833 |
| Motor Vehicle Excise Taxes | 105,354 | (13,806) | 91,548 |
| Departmental and Other | 4,289 | - | 4,289 |
| Special Assessments | 31,296 | - | 31,296 |
| Intergovernmental | 262,891 | - | 262,891 |
| Total | \$ 564,278 | \$ (14,512) | \$ 549,766 |

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 Fund | Community Preservation Fund | Nonmajor Governmental Funds | Total |
| Deferred Property Taxes | \$ 97,974 | \$ - | \$ - | \$ 97,974 |
| Deferred Other Revenue | 93,380 | 4,289 | 31,296 | 128,965 |
| Total | <u>\$ 191,354</u> | <u>\$ 4,289</u> | <u>\$ 31,296</u> | <u>\$ 226,939</u> |

TOWN OF WEST TISBURY, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2023, was as follows:

| Governmental Activities: | Beginning Balance | Increases | Reclassification s & Decreases | Ending Balance |
|--|------------------------------|------------------|---|---------------------------|
| <i>Capital Assets not Being Depreciated :</i> | | | | |
| Land | \$ 1,877,108 | \$ - | \$ - | \$ 1,877,108 |
| Construction in Progress | - | 379,649 | - | 379,649 |
| Total Capital Assets not Being Depreciated | 1,877,108 | 379,649 | - | 2,256,757 |
| <i>Capital Assets Being Depreciated :</i> | | | | |
| Buildings and Improvements | 28,510,934 | - | - | 28,510,934 |
| Machinery & Equipment | 252,407 | 126,321 | (23,665) | 355,063 |
| Vehicles | 2,178,948 | - | - | 2,178,948 |
| Infrastructure | 4,949,406 | 384,931 | - | 5,334,337 |
| Total Capital Assets Being Depreciated | 35,891,695 | 511,252 | (23,665) | 36,379,282 |
| <i>Less Accumulated Depreciation for :</i> | | | | |
| Buildings and Improvements | (13,238,799) | (687,975) | - | (13,926,774) |
| Machinery & Equipment | (201,210) | (9,242) | 23,665 | (186,787) |
| Vehicles | (1,326,821) | (134,427) | - | (1,461,248) |
| Infrastructure | (2,562,181) | (224,717) | - | (2,786,898) |
| Total Accumulated Depreciation | (17,329,011) | (1,056,361) | 23,665 | (18,361,707) |
| Total Capital Assets Being Depreciated, Net | 18,562,684 | (545,109) | - | 18,017,575 |
| Total Governmental Activities Capital Assets, Net | \$20,439,792 | \$ (165,460) | \$ - | \$20,274,332 |

TOWN OF WEST TISBURY, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

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

| Governmental Activities: | |
|--|----------------------------|
| General Government | \$ 128,150 |
| Public Safety | 253,749 |
| Education | 238,576 |
| Public Works | 241,053 |
| Human Services | 11,490 |
| Culture and Recreation | <u>183,343</u> |
| Total Depreciation Expense - Governmental Activities | <u><u>\$ 1,056,361</u></u> |

NOTE 6 – INTERFUND TRANSFERS

Interfund transfers for the fiscal year ended June 30, 2023, are summarized as follows:

| Operating Transfers Out: | Operating Transfers In: | | | |
|------------------------------|-------------------------|-------------------------------------|-------------------------|--------------------------|
| | General Fund | Highway Building Project Fund | Fire Truck Fund | Total |
| General Fund | \$ - | \$ 79,750 | \$ 80,000 | \$ 159,750 (1) |
| Non Major Governmental Funds | <u>965</u> | <u>-</u> | <u>-</u> | <u>965 (1)</u> |
| Total | <u><u>\$ 965</u></u> | <u><u>\$ 79,750</u></u> | <u><u>\$ 80,000</u></u> | <u><u>\$ 160,715</u></u> |

(1) Represents various budgeted 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).

TOWN OF WEST TISBURY, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
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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, 2023:

| Type | Purpose | Rate (%) | Due Date | Balance at June 30, 2022 | Renewed/ Issued | Retired/ Redeemed | Balance at June 30, 2023 |
|----------------------------------|------------------|----------|-----------|--------------------------|-------------------|---------------------|--------------------------|
| <i><u>Governmental Funds</u></i> | | | | | | | |
| BAN | Multiple | 0.45% | 12/9/2022 | \$ 330,000 | \$ - | \$ (330,000) | \$ - |
| BAN | Highway Building | 2.00% | 6/9/2023 | 314,886 | - | (314,886) | - |
| BAN | Multiple | 4.51% | 12/8/2023 | - | 200,000 | - | 200,000 |
| BAN | Highway Building | 4.65% | 6/7/2024 | - | 235,136 | - | 235,136 |
| Total | | | | <u>\$ 644,886</u> | <u>\$ 435,136</u> | <u>\$ (644,886)</u> | <u>\$ 435,136</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, 2023:

Bonds and Notes Payable Schedule -Governmental Funds

| Project | Interest Rate % | Outstanding at June 30, 2022 | Issued | Redeemed | Outstanding at June 30, 2023 |
|--------------------------|-----------------|------------------------------|-------------|-------------------|------------------------------|
| Town Hall | 3.11 | \$ 1,620,000 | \$ - | \$ 235,000 | \$ 1,385,000 |
| Library and Road Repairs | 3.74 | 1,630,000 | - | 255,000 | 1,375,000 |
| Public Safety Building | 3.74 | <u>1,445,000</u> | <u>-</u> | <u>125,000</u> | <u>1,320,000</u> |
| Total | | <u>\$ 4,695,000</u> | <u>\$ -</u> | <u>\$ 615,000</u> | <u>\$ 4,080,000</u> |

TOWN OF WEST TISBURY, MASSACHUSETTS
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The annual debt service requirements for principal and interest for Governmental bonds and notes outstanding at June 30, 2023 are as follows:

| <u>Fiscal Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------|---------------------|-------------------|---------------------|
| 2024 | \$ 610,000 | \$ 121,033 | \$ 731,033 |
| 2025 | 605,000 | 103,676 | 708,676 |
| 2026 | 605,000 | 85,413 | 690,413 |
| 2027 | 605,000 | 66,623 | 671,623 |
| 2028 | 605,000 | 47,689 | 652,689 |
| 2029-2033 | 930,000 | 89,275 | 1,019,275 |
| 2034 | <u>120,000</u> | <u>4,200</u> | <u>124,200</u> |
| Total | <u>\$ 4,080,000</u> | <u>\$ 517,909</u> | <u>\$ 4,597,909</u> |

Loans Authorized and Unissued

As of June 30, 2023, the Town has loans authorized and unissued as follows:

| <u>Description</u> | <u>Date Authorized</u> | <u>Amount</u> |
|---------------------------------|----------------------------|-------------------|
| Highway Building | 4/12/2016 | \$ 235,136 |
| Scotts Grove Affordable Housing | 12/13/2017 | <u>200,000</u> |
| Total | | <u>\$ 435,136</u> |

TOWN OF WEST TISBURY, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Changes in Long-term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2023:

| Governmental Activities: | Beginning Balance | Additions | Reductions | Ending Balance | Current Portion |
|---------------------------------|----------------------|---------------------|-----------------------|---------------------|--------------------|
| Bonds and Notes Payable | \$ 4,695,000 | \$ - | \$ (615,000) | \$ 4,080,000 | \$ 610,000 |
| Landfill Postclosure Care Costs | 48,000 | - | (8,000) | 40,000 | 8,000 |
| Compensated Absences | 467,784 | - | (27,824) | 439,960 | 289,848 |
| Postemployment Benefits | 2,411,410 | - | (1,277,301) | 1,134,109 | - |
| Net Pension Liability | 645,659 | 3,224,791 | - | 3,870,450 | - |
| Total Governmental Activities | | | | | |
| Long-Term Liabilities | <u>\$ 8,267,853</u> | <u>\$ 3,224,791</u> | <u>\$ (1,928,125)</u> | <u>\$ 9,564,519</u> | <u>\$ 907,848</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 debt of such governmental agencies and the estimated share being financed by the Town as of June 30, 2023:

| Agency | Total Long- Term Debt Outstanding | Town's Estimated Share | Town's Indirect Debt |
|---|---|------------------------------|----------------------------|
| Martha's Vineyard Public Schools | \$ 180,000 | 14.30% | \$ 25,740 |
| Up-Island Regional School District | 298,500 | 51.00% | 152,235 |
| Martha's Vineyard Refuse Disposal & Resource Recovery District | 1,436,940 | 15.50% | 222,726 |
| Dukes County County Center for Living Bldg | <u>480,000</u> | 15.03% | <u>72,144</u> |
| Total | <u>\$ 2,395,440</u> | | <u>\$ 472,845</u> |

TOWN OF WEST TISBURY, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 9 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

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

| | General Fund | Community Preservation Fund | Highway Fund | Nonmajor Governmental Funds | TOTAL |
|--------------------------------------|---------------------|-----------------------------------|---------------------|-----------------------------------|---------------------|
| Fund Balances | | | | | |
| Nonspendable | | | | | |
| Permanent Fund Principal | \$ - | \$ - | \$ - | \$ 65,333 | \$ 65,333 |
| Restricted For: | | | | | |
| General Government | - | - | - | 1,412,409 | 1,412,409 |
| Public Safety | - | - | - | 40,335 | 40,335 |
| Public Works | - | - | - | 157,169 | 157,169 |
| Human Services | - | - | - | 77,895 | 77,895 |
| Culture & Recreation | - | - | - | 19,752 | 19,752 |
| Employee Benefits | - | - | - | 273,384 | 273,384 |
| Community Preservation | - | 2,046,003 | - | - | 2,046,003 |
| Expendable Trust Fund | - | - | - | 11,572 | 11,572 |
| | <u>-</u> | <u>2,046,003</u> | <u>-</u> | <u>1,992,516</u> | <u>4,038,519</u> |
| Committed To: | | | | | |
| Continuing Appropriations | | | | | |
| General Government | 642,469 | - | - | - | 642,469 |
| Public Safety | 348,182 | - | - | - | 348,182 |
| Education | 55,372 | - | - | - | 55,372 |
| Public Works | 163,069 | - | - | - | 163,069 |
| Human Service | 28,240 | - | - | - | 28,240 |
| Culture & Recreation | 6,273 | - | - | - | 6,273 |
| | <u>1,243,605</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,243,605</u> |
| Assigned To: | | | | | |
| Encumbered For: | | | | | |
| General Government | 9,500 | - | - | - | 9,500 |
| Public Safety | 1,517 | - | - | - | 1,517 |
| Subsequent Years Expenditures | 750,000 | - | - | - | 750,000 |
| Bond Premium | 9,905 | - | - | - | 9,905 |
| Stabilization - Ambulance | 60,674 | - | - | - | 60,674 |
| Stabilization - Building Maintenance | 15,517 | - | - | - | 15,517 |
| Stabilization - Fire Equipment | 208,090 | - | - | - | 208,090 |
| | <u>1,055,203</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,055,203</u> |
| Unassigned | | | | | |
| General Fund | 1,593,278 | - | - | - | 1,593,278 |
| General Stabilization Fund | 545,361 | - | - | - | 545,361 |
| Nonmajor Governmental Funds | - | - | - | (1,486) | (1,486) |
| Capital Project | | | | | |
| Highway Building | - | - | (235,325) | - | (235,325) |
| | <u>2,138,639</u> | <u>-</u> | <u>(235,325)</u> | <u>(1,486)</u> | <u>1,901,828</u> |
| Total Governmental Fund Balances | <u>\$ 4,437,447</u> | <u>\$ 2,046,003</u> | <u>\$ (235,325)</u> | <u>\$ 2,056,363</u> | <u>\$ 8,304,488</u> |

NOTE 10 – STABILIZATION ARRANGEMENTS

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

- The *Stabilization fund* is used to account for any appropriation, as approved by a 2/3 vote at the annual or special town meeting for additions or reductions to the fund. Any interest shall be added to and become part of the fund. The Stabilization fund balance is \$545,361 as of June 30, 2023. The fund was established under chapter 40, sub-section 5B of the Massachusetts General Law.

TOWN OF WEST TISBURY, MASSACHUSETTS
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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 \$208,090 as of June 30, 2023. 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 \$60,674 as of June 30, 2023. 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 \$15,517 as of June 30, 2023. 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 2023.

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, five 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.

TOWN OF WEST TISBURY, MASSACHUSETTS
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The Group offers the following plan types:

| Plan Name | <u>Medical Claims</u> | | <u>Pharmacy Claims</u> | |
|---|-----------------------|---------|------------------------|---------|
| | Self | Fully | Self | Fully |
| | Insured | Insured | Insured | Insured |
| Blue Cross and Blue Shield of Massachusetts Master Health Plus | X | | X | |
| Blue Cross and Blue Shield of Massachusetts Blue Care Elect Preferred PPO | X | | X | |
| Blue Cross and Blue Shield of Massachusetts Network Blue NE HMO | X | | X | |
| Blue Cross and Blue Shield of Massachusetts Blue Care Elect Preferred HSA PPO | X | | X | |
| Blue Cross and Blue Shield of Massachusetts Network Blue NE HSA HMO | X | | X | |
| Harvard Pilgrim Health Care PPO | X | | X | |
| Harvard Pilgrim Health Care HMO | X | | X | |
| Harvard Pilgrim Health Care HSA PPO | X | | X | |
| Harvard Pilgrim Health Care HSA HMO | X | | X | |
| Blue Cross and Blue Shield of Massachusetts Medex | X | | | X |
| Harvard Pilgrim Health Care Medicare Enhance | X | | | X |
| Blue Cross and Blue Shield of Massachusetts Medicare HMO Blue | | X | | X |
| Blue Cross and Blue Shield of Massachusetts Managed Blue for Seniors | | X | | X |
| Tufts Medicare Supplement with PDP Plus | | X | | X |
| Tufts Medicare Preferred HMO | | X | | X |
| Delta Dental PPO Plus Premier - Contributory | X | | | |
| Delta Dental PPO Plus Premier - Voluntary | X | | | |
| EyeMed Vision Care - Voluntary | | X | | |

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. Participants share the same rates for coverage of claims exceeding \$400,000 up to \$1,000,000. 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 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 22 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, 2022 the Cape Cod Municipal Health Group had total assets of \$64,013,115 total liabilities of \$13,670,677 (including \$11,571,470 in estimated benefits obligations), and a total surplus of \$50,342,438.

TOWN OF WEST TISBURY, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

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. For the period ending on June 30, 2023 measurement date total Town premiums plus implicit costs for the retiree medical program are \$241,358. The Town also made a contribution to an OPEB Trust of \$200,000 for a total contribution during the measurement period of \$441,358 to be reported on the financial statements for the fiscal year ending June 30, 2023.

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 2023, the Town pre-funded future OPEB liabilities totaling \$200,000 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, 2023, the balance of this fund totaled \$3,950,281.

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, 2023 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2022.

TOWN OF WEST TISBURY, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
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Plan Membership – The following table represents the Plan’s membership as July 1, 2022:

| | |
|---|------------------|
| Active Members | 39 |
| Inactive members currently receiving benefits | <u>23</u> |
| Total | <u><u>62</u></u> |

Components of OPEB Liability – The following table represents the components of the Plan’s OPEB liability as of June 30, 2023:

| | |
|--|----------------------------|
| Total OPEB Liability | \$ 5,084,390 |
| Less: OPEB plan's fiduciary net position | <u>(3,950,281)</u> |
| Net OPEB Liability | <u><u>\$ 1,134,109</u></u> |

| | |
|--|--------|
| The OPEB plan's fiduciary net position as a percentage of the total OPEB liability | 77.69% |
|--|--------|

TOWN OF WEST TISBURY, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
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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, 2023 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: | 6.5% net of investment expenses and including inflation at 2.5% |
| Inflation: | 2.5% per year based on current economic data, analysis from economists and other experts, and professional judgement. |
| Payroll Growth: | 3.50% per year |
| Discount rate | 6.5% net of investment expenses, including inflation |
| 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 | 8% for 2022 decreasing 0.5% per year to 6.0% then grading down to an ultimate trend rate of 4.1% utilizing to Society of Actuaries Gretzen Medical Trend model. The ultimate medical inflation rate is reached in 2075. |
| Pre-Retirement Mortality | RP-2014 Blue Collar Mortality Table projected with Generational Mortality Improvement using scale MP-2020 |
| Healthy Retiree Mortality | RP-2014 Blue Collart Mortality Table projected with generational mortality improvement using scale MP-2020 |
| Disabled Retiree Mortality | RP-2014 Blue Collar Mortality Table set forward one year with full generational mortality improvement using scale MP-2020 |

Rate of Return – For the year ended June 30, 2023 the annual money-weighted rate on investments, net of investments expense, was 10.61%. 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
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

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, 2023 are summarized in the following table.

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|----------------------|--------------------------|---|
| Large Cap Equity | 35% | 4.44% |
| Mid Cap Equity | 10% | 4.56% |
| Small Cap Equity | 10% | 4.56% |
| International Equity | 15% | 5.12% |
| Real Estate | 10% | 2.98% |
| Fixed Income | 20% | 1.93% |
| Total | <u>100%</u> | |

Discount Rate – The discount rate used to measure the total OPEB liability was 6.50% as of June 30, 2023. 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
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Changes in the Net OPEB Liability

| | Increase (Decrease) | | |
|---|--------------------------------|---------------------------------------|------------------------------------|
| | Total OPEB Liability (a) | Plan Fiduciary Net Position (b) | Net OPEB Liability (a) - (b) |
| Balance at June 30, 2022 | \$ 5,789,422 | \$ 3,378,012 | \$ 2,411,410 |
| Charges for the year: | | | |
| Service cost | 179,006 | - | 179,006 |
| Interest | 385,951 | - | 385,951 |
| Difference between expected and actual experience | (1,171,758) | - | (1,171,758) |
| Benefit payments | (241,358) | (241,358) | - |
| Changes of assumptions | 143,127 | - | 143,127 |
| Net Investment Income | - | 372,269 | (372,269) |
| Employer Contributions | - | 441,358 | (441,358) |
| Net Changes | (705,032) | 572,269 | (1,277,301) |
| Balance at June 30, 2023 | <u>\$ 5,084,390</u> | <u>\$ 3,950,281</u> | <u>\$ 1,134,109</u> |

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 6.50% as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage- point lower (5.50%) or 1 percentage-point higher (7.50%) than the current rate.

| | 1% Decrease (5.50%) | Current Discount Rate (6.50%) | 1% Increase (7.50%) |
|--------------------|------------------------|-------------------------------------|------------------------|
| Net OPEB liability | \$ 1,838,595 | \$ 1,134,109 | \$ 557,439 |

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 8.00% 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.

TOWN OF WEST TISBURY, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

| | 1% Decrease 7.00% Year 1 <u>Decreasing to 3.0%</u> | Healthcare Cost Trend Rates 8.00% Year 1 <u>Decreasing to 4.0%</u> | 1% Increase 9.00% Year 1 <u>Decreasing to 5.0%</u> |
|--------------------|--|--|--|
| Net OPEB liability | \$ 475,590 | \$ 1,134,109 | \$ 1,951,613 |

Deferred Outflows/Inflows of Resources

At June 30, 2023 the Town reported deferred outflows/inflows of resources related to other postemployment benefits of \$710,516 and \$1,301,019 respectively.

The balances of deferred outflows/inflows of resources as of June 30, 2023 consist of the following:

| <u>Deferred Category</u> | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> | <u>Total</u> |
|--|---|--|---------------------|
| Differences between expected and actual experience | \$ 89,565 | \$ (1,289,784) | \$ (1,200,219) |
| Changes in Assumptions | 599,406 | (11,235) | 588,171 |
| Actual earnings on OPEB investments | 21,545 | - | 21,545 |
| Total Deferred Outflows/Inflows of Resources | <u>\$ 710,516</u> | <u>\$ (1,301,019)</u> | <u>\$ (590,503)</u> |

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

| <u>Year ended June 30</u> | <u>Amount</u> |
|---|---------------------|
| 2024 | \$ (13,536) |
| 2025 | (78,652) |
| 2026 | (54,043) |
| 2027 | (194,027) |
| 2028 | (156,732) |
| Thereafter | <u>(93,513)</u> |
| Total Deferred Outflows/Inflows Recognized in Future Years | <u>\$ (590,503)</u> |

Changes of Assumption – Discount rate was reduced from 6.60% to 6.50% as of June 30, 2023.

Changes in Plan Provisions - None

TOWN OF WEST TISBURY, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

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.

TOWN OF WEST TISBURY, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

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, 2023 which was \$593,338 and 21.27% 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, 2023 the Town reported a liability of \$3,870,450 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2022. Accordingly updated procedures were used to roll forward 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, 2022, the Town's proportion was 7.08%.

Pension Expense and Deferred Outflows/Inflows of Resources

For the year ended June 30, 2023 the Town recognized pension expense of \$789,968. At June 30, 2023 the Town reported deferred outflows and inflows of resources related to pensions of \$2,248,656 and \$152,960 respectively.

TOWN OF WEST TISBURY, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

The balances of deferred outflows and inflows as June 30, 2023 consist of the following:

| Deferred Category | Deferred Outflows of Resources | Deferred Inflows of Resources | Total |
|---|--------------------------------------|-------------------------------------|---------------------|
| Difference between expected and actual experience | \$ 204,002 | \$ (146,771) | \$ 57,231 |
| Changes of Assumptions | 572,920 | - | 572,920 |
| Net difference between projected and actual investment earnings | 1,425,840 | - | 1,425,840 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 45,894 | (6,189) | 39,705 |
| Total Deferred Outflows (Inflows) of Resources | <u>\$ 2,248,656</u> | <u>\$ (152,960)</u> | <u>\$ 2,095,696</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 |
|---|---------------------|
| 2023 | \$ 254,821 |
| 2024 | 507,056 |
| 2025 | 571,618 |
| 2026 | 765,550 |
| 2027 | <u>(3,349)</u> |
| Total Deferred Outflows/Inflows Recognized in Future Years | <u>\$ 2,095,696</u> |

TOWN OF WEST TISBURY, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

E. Actuarial assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2022 using the following actuarial assumptions, applied to all periods included in the measurement that was updated to December 31, 2022:

| | |
|-------------------------------|---|
| Valuation Date | January 1, 2022 |
| 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 limited to 4.51% per year. 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 | 8 years for UAL as of December 31, 2022 5 years for the 2002 and 2003 ERI's as of December 31, 2022 |
| Asset Valuation | The actuarial value of assets is the fair value of assets as of the valuation date reduced by the sum of: a) 80% of gains and losses of the prior year, b) 60% of gains and losses of the second prior year, c) 40% of gains and losses of the third prior year and d) 20% of gains and losses of the fourth prior year. 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 | 3.25% per year |
| Inflation rate | 2.4% 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 (COLA) are assumed to be 3% of the pension amount, capped at \$420 per year and effective July 1, 2023 capped at \$450 per year. |

TOWN OF WEST TISBURY, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

| | |
|------------------------------------|---|
| Mortality rates | RP-2014 Blue collar mortality table with full generational mortality improvements using scale MP-2020. For disabled members, the mortality rates were based on the RP-2014 blue collar mortality table set forward 1 year with full generational mortality improvement using scale MP-2020. |
| Investment Rate of Return/Discount | 7.00% per year, net of pension plan investment expense, including inflation |

Investment policy

The Pension Plan's policy in regard to the allocation of invested assets in 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, 2022 are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|----------------------|--------------------------|---|
| Fixed income | 10% | 2.10% |
| Domestic equity | 30% | 4.50% |
| International equity | 5% | 5.73% |
| Real estate | 5% | 3.10% |
| Prit core | 50% | 5.10% |
| | <u>100%</u> | |

For the year ended December 31, 2022 the System's annual money-weighted rate of return on pension plan investments net of pension plan investment expense was -14.36%. The money-weighted rate of return expresses 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.

TOWN OF WEST TISBURY, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

G. Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rates and that contributions from participating employers will be made in accordance with Sections 22D and 22F of chapter 32 of the Massachusetts General Laws and at rates equal to the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments 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 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate:

| | 1% Decrease (6.00%) | Current Discount Rate (7.00%) | 1% Increase (8.00%) |
|--|------------------------|-------------------------------------|------------------------|
| West Tisbury share of the net pension liability | \$ 6,032,569 | \$ 3,870,450 | \$ 2,043,310 |

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, 2023. 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 5 years and the estimated liability has been recorded in the Statement of Net position, Governmental Activities. The \$40,000 reported as landfill post-closure liability at June 30, 2023 is based on what it would cost to perform all post-closure care costs at June 30, 2023. Actual costs may be higher due to inflation, changes in technology or changes in regulations.

Various legal actions and claims are pending. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any, at June 30, 2023, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2023.

TOWN OF WEST TISBURY, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 15 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During fiscal year 2023, the following GASB pronouncements were implemented:

The GASB issued **Statement #91, *Conduit Debt Obligations*** – was implemented in 2023. 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 #94, *Public-Private and Public Partnerships and Availability Payment Arrangements***, was 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***, was implemented in 2023. 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 #100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62***, which is required to be implemented in 2024. Management’s current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

The GASB issued **Statement #101, *Compensated Absences***, which is required to be implemented in 2025. Management’s current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

The GASB issued **Statement #102, *Certain Risk Disclosures***, which is required to be implemented in 2025. 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, 2023**

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

| | <u>December 31, 2022</u> | <u>December 31, 2021</u> | <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 | 7.01% | 7.00% | 7.00% | 6.95% | 6.95% | 7.11% | 7.11% | 7.06% | 7.06% |
| Town's proportionate share of the net pension liability | \$ 3,870,450 | \$ 645,659 | \$ 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 | \$ 2,789,108 | \$ 2,953,062 | \$ 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 | 138.77% | 21.86% | 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 | 79.22% | 96.41% | 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, 2023**

SCHEDULE OF TOWN'S CONTRIBUTION

| | December 31, 2022 | December 31, 2021 | December 31, 2020 | December 31, 2019 | December 31, 2018 | December 31, 2017 | December 31, 2016 | December 31, 2015 | December 31, 2014 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Statutory required contribution | \$ 593,338 | \$ 560,965 | \$ 549,853 | \$ 518,240 | \$ 501,305 | \$ 477,434 | \$ 421,587 | \$ 378,544 | \$ 341,840 |
| Contribution in relation to the statutory required contribution | (593,338) | (560,965) | (549,853) | (518,240) | (501,305) | (477,434) | (421,587) | (378,544) | (341,840) |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Town's covered-employee payroll | \$ 2,789,108 | \$ 2,953,062 | \$ 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 - employee payroll | 21.27% | 19.00% | 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, 2023**

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

| | June 30, 2023 | June 30, 2022 | June 30, 2021 | June 30, 2020 | June 30, 2019 | June 30, 2018 | June 30, 2017 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Total OPEB Liability | | | | | | | |
| Service Cost | \$ 179,006 | \$ 172,525 | \$ 176,453 | \$ 162,583 | \$ 135,312 | \$ 130,312 | \$ 125,300 |
| Interest | 385,951 | 366,546 | 375,634 | 365,269 | 285,500 | 270,883 | 254,847 |
| Changes of benefit terms | - | - | - | (167,800) | - | (11,317) | - |
| Differences between expected and actual experience | (1,171,758) | - | (561,044) | - | 367,715 | - | - |
| Changes of assumptions | 143,127 | (16,413) | 421,787 | 351,349 | 480,479 | - | - |
| Benefit Payments | (241,358) | (228,867) | (213,898) | (244,751) | (220,618) | (179,359) | (163,342) |
| Net Change in total OPEB liability | (705,032) | 293,791 | 198,932 | 466,650 | 1,048,388 | 210,519 | 216,805 |
| Total OPEB liability-beginning | 5,789,422 | 5,495,631 | 5,296,699 | 4,830,049 | 3,781,661 | 3,571,142 | 3,354,337 |
| Total OPEB liability-ending (a) | 5,084,390 | 5,789,422 | 5,495,631 | 5,296,699 | 4,830,049 | 3,781,661 | 3,571,142 |
| Plan fiduciary net position | | | | | | | |
| Contributions-employer | 441,358 | 428,867 | 313,898 | 544,751 | 420,618 | 379,359 | 313,342 |
| Net investment income | 372,269 | (367,549) | 805,718 | 101,801 | 108,269 | 77,783 | 66,660 |
| Benefit payments | (241,358) | (228,867) | (213,898) | (244,751) | (220,618) | (179,359) | (163,342) |
| Net change in plan fiduciary net position | 572,269 | (167,549) | 905,718 | 401,801 | 308,269 | 277,783 | 216,660 |
| Plan fiduciary net position - beginning | 3,378,012 | 3,545,561 | 2,639,843 | 2,238,042 | 1,929,773 | 1,651,990 | 1,435,330 |
| Plan fiduciary net position - ending (b) | 3,950,281 | 3,378,012 | 3,545,561 | 2,639,843 | 2,238,042 | 1,929,773 | 1,651,990 |
| Town's net OPEB liability-ending (a)-(b) | \$ 1,134,109 | \$ 2,411,410 | \$ 1,950,070 | \$ 2,656,856 | \$ 2,592,007 | \$ 1,851,888 | \$ 1,919,152 |
| Plan fiduciary net position as a percentage of total OPEB liability | 77.69% | 58.35% | 64.52% | 49.84% | 46.34% | 51.03% | 46.26% |
| Covered-employee payroll | 3,290,071 | 3,196,779 | 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 | 34.47% | 75.43% | 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, 2023**

| Schedule of the Town's Contribution | | | | | | | |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | <u>June 30, 2023</u> | <u>June 30, 2022</u> | <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 | \$ 318,076 | \$ 286,821 | \$ 336,102 | \$ 327,373 | \$ 254,485 | \$ 246,760 | \$ 235,328 |
| Contributions in relation to the actuarially determined contribution | <u>(441,358)</u> | <u>(428,867)</u> | <u>(313,898)</u> | <u>(544,751)</u> | <u>(420,618)</u> | <u>(379,359)</u> | <u>(313,342)</u> |
| Contribution deficiency (excess) | <u>\$ (123,282)</u> | <u>\$ (142,046)</u> | <u>\$ 22,204</u> | <u>\$ (217,378)</u> | <u>\$ (166,133)</u> | <u>\$ (132,599)</u> | <u>\$ (78,014)</u> |
| Covered-employee payroll | \$ 3,290,071 | \$ 3,196,779 | \$ 3,106,308 | \$ 2,797,279 | \$ 2,785,901 | \$ 2,673,765 | \$ 2,453,455 |
| Contributions as a percentage of covered payroll | 13.41% | 13.42% | 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, 2023**

| | Schedule of Investment Return | | | | | | |
|---|--------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | <u>June 30, 2023</u> | <u>June 30, 2022</u> | <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, net of investment expenses | 10.61% | -9.99% | 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, 2023

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 the member units actuarially determined total liability at the beginning of the measurement period.

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 reduced from 6.60% to 6.50% as of June 30, 2023