

## **TOWN OF WEST TISBURY, MASSACHUSETTS**

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

### **CONSTITUTIONAL STATUS AND FORM OF GOVERNMENT**

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

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

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

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

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

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

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

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

### **GOVERNING BODIES AND OFFICERS**

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

The following are the principal executive officers:

<b><u>Office</u></b>	<b><u>Name</u></b>	<b><u>Manner of Selection and Term</u></b>	<b><u>Term Expires</u></b>
Selectmen	Jeffrey “Skipper” Manter, Chair	Elected/3 years	2022
	Kent A. Healy	Elected/3 years	2020
	Cynthia Mitchell	Elected/3 years	2021
Town Administrator	Jennifer Rand	Appointed/1 year	2020
Town Treasurer	Katherine Logue	Appointed/3 years	2022
Town Collector	Katherine Logue	Appointed/3 years	2022
Town Clerk	Tara J. Whiting-Wells	Elected/1 year	2020
Accountant	Bruce K. Stone	Appointed/3 years	2022
Town Counsel	Ronald H. Rappaport	Appointed/1 year	2020

### **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, 2018) is 176 of which 32 students are from West Tisbury.

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

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

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

## **AUTHORIZATION OF GENERAL OBLIGATION BONDS AND NOTES**

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

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

## **DEBT LIMITS**

**General Debt Limit.** The General Debt Limit of the Town consists of a Normal Debt Limit and a Double Debt Limit. The Normal Debt Limit for the Town is 5 percent of the valuation of taxable property as last equalized by the State Department of Revenue. The present debt limit of the Town, based on the 2018 equalized valuation (\$2,646,075,100), is \$132,303,755. The Town can authorize debt up to this amount without State approval. It can authorize debt up to twice this amount (the Double Debt Limit) with the approval of the state Municipal Finance Oversight Board composed of the State Treasurer, the State Auditor, the Attorney General and the Director of Accounts.

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

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

## **TYPES OF OBLIGATIONS**

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

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

service of the refunded bonds. Generally, the first required annual payment of principal of the refunding bonds cannot be later than the first principal payment of any of the bonds or notes being refunded thereby, however, principal payments made before the first principal payment of any of the bonds or notes being refunded thereby may be in any amount.

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

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

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

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

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

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

**DEBT** <sup>(1)</sup>

	Outstanding <u>2/16/2020</u>
Long-Term Indebtedness (2)(3)	
Within the general debt limit:	
Other Building	\$4,810,000
Streets Sidewalks & Parking	<u>1,240,000</u>
Total Within the General Debt Limit	\$6,050,000
Outside the general debt limit:	
Total Outside the General Debt Limit	<u>\$ 0</u>
Total Long-Term Indebtedness	<u>\$6,050,000</u>

	Outstanding <u>2/16/2020</u>
Short-Term Indebtedness	
Revenue Anticipation Notes	0
Grant Anticipation Notes	0
Bond Anticipation Notes	<u>1,258,917</u>
Total Short-Term Indebtedness	<u>\$1,258,917</u>
Total Current Indebtedness	<u>\$7,308,917</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 \$132,303,755 and the Double General Debt Limit is \$264,607,510.*

*(3) \$6,050,000 has been exempted from the provisions of Proposition 2 1/2.*

*(4) \$200,000 is self-supporting.*

**AUTHORIZED UNISSUED DEBT AND PROSPECTIVE FINANCING**

The Town currently has \$1,258,917 authorized and unissued debt which consists of \$240,000 for a fire truck, \$400,000 for affordable housing, \$31,467 for roof repairs, \$29,200 for a DPW truck and \$558,250 for a highway building. The Town will be paying debt service with the annual principal paydowns.

## **Five Years Outstanding Debt (1)**

	<b>As of June 30</b>				
	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>
Long-Term Indebtedness					
Within the General Debt Limit:					
Land Acquisition	\$ 0	\$ 0	\$ 0	\$ 24,000	88,000
Other Building	5,145,000	5,605,000	6,065,000	6,525,000	6,985,000
Streets Sidewalks & Parking	<u>1,400,000</u>	<u>1,560,000</u>	<u>1,720,000</u>	<u>1,880,000</u>	<u>2,040,000</u>
Total Within the General Debt Limit	\$6,545,000	\$ 7,165,000	\$7,785,000	\$8,429,000	\$9,113,000
Outside the General Debt Limit:					
Total Outside the General Debt Limit	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total Long-Term Indebtedness	<u>\$6,545,000</u>	<u>\$ 7,165,000</u>	<u>\$7,785,000</u>	<u>\$8,429,000</u>	<u>\$9,113,000</u>
Short-Term Indebtedness					
Revenue Anticipation Notes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Grant Anticipation Notes	0	0	0	0	0
Bond Anticipation Notes	<u>1,258,917</u>	<u>1,629,000</u>	<u>827,500</u>	<u>985,500</u>	<u>0</u>
Total Short-Term Indebtedness	<u>\$1,258,917</u>	<u>\$ 1,629,000</u>	<u>\$ 827,500</u>	<u>\$ 985,500</u>	<u>\$ 0</u>
Total Outstanding Indebtedness	<u>\$7,803,917</u>	<u>\$10,241,500</u>	<u>\$8,612,500</u>	<u>\$9,414,500</u>	<u>\$9,113,000</u>

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

## **BONDED DEBT VS. POPULATION, VALUATIONS AND INCOME**

	<b>As of June 30</b>				
	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>
Amount (1)	\$6,545,000	\$7,165,000	\$7,785,000	\$8,429,000	\$9,113,000
Per Capita (2)	\$2,256	\$2,470	\$2,686	\$2,913	\$3,147
Percent of Assessed Valuation (3)	0.24	0.27	0.31	0.35	0.38
Percent of Equalized Valuation (4)	0.25	0.29	0.31	0.34	0.37
Per Capita as a percent of					
Personal Income (2) per capita	4.42	4.84	5.26	5.71	6.17

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

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

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

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

**ANNUAL DEBT SERVICE** <sup>(1)</sup>

Fiscal <u>Year</u>	<b>Outstanding 02/16/20</b>		Total Debt <u>Service</u>	Cumulative % Principal <u>Retired</u>
	<u>Principal</u>	<u>Interest</u>		
2020	\$ 125,000	\$ 89,732	\$ 214,732	2.1%
2021	615,000	169,639	784,639	12.2
2022	615,000	153,739	768,739	22.4
2023	615,000	137,692	752,692	32.6
2024	610,000	121,033	731,033	42.6
2025	605,000	103,676	708,676	52.6
2026	605,000	85,413	690,413	62.6
2027	605,000	66,623	671,623	72.6
2028	605,000	47,689	652,689	82.6
2029	450,000	30,475	480,475	90.1
2030	120,000	21,000	141,000	92.1
2031	120,000	16,800	136,800	94.0
2032	120,000	12,600	132,600	96.0
2033	120,000	8,400	128,400	98.0
2034	<u>120,000</u>	<u>4,200</u>	<u>124,200</u>	100.0
Total	<u>\$6,050,000</u>	<u>\$1,068,709</u>	<u>\$7,118,709</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 \$6,050,000 and interest totaling \$1,068,709 has been exempted from the provisions of Proposition 2 1/2.**

(3) Principal totaling \$200,000 and interest totaling \$32,869 is self-supporting.

**REVENUE ANTICIPATION BORROWING**

The Town had not issued revenue anticipation notes for the past five fiscal years.

## **OVERLAPPING DEBT** <sup>(1)</sup>

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

	<b><u>Outstanding</u></b>	<b><u>Authorized Unissued</u></b>	<b><u>Estimated Share of West Tisbury</u></b>	<b><u>Assessments for Operations and Debt Service Fiscal Year 2020</u></b>
The County of Dukes County <sup>(2)</sup>	\$1,120,000	\$650,000	13.10%	\$61,410
Martha's Vineyard Regional School District <sup>(3)</sup>	\$ 720,000	\$850,000	16.50%	\$2,510,114
Up-Island Regional School District <sup>(4)</sup>	\$ 300,000	\$ 0	65.17%	\$8,126,903
Martha's Vineyard Refuse Disposal and Resource Recovery District <sup>(5)</sup>	\$ 0	\$874,000	15.50%	\$121,863

<sup>(1)</sup> Excludes temporary loans in anticipation of revenue. Omits debt of the Commonwealth.

<sup>(2)</sup> Source: Treasurer, Dukes County. Outstanding debt is as of February 15, 2020. 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.

<sup>(3)</sup> Source: Martha's Vineyard Regional School District. Debt is as of February 15, 2020. 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.

<sup>(4)</sup> Source: Up-Island School District. Debt as of February 15, 2020. The other District members are the Towns of Aquinnah and Chilmark.

<sup>(5)</sup> Source: Treasurer, Martha's Vineyard Refuse Disposal and Resource Recovery District. Debt is as of February 15, 2020.

## **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 Schamonchi, 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.

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

## **RETIREMENT PLAN**

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

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

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

City, town and county systems may choose to participate in the Pension Reserves Investment Trust Fund (the "PRIT Fund"), which receives additional state funds to offset future pension costs of participating state and local systems. If a local system

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

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

The Town participates in the contributory retirement system of The County of Dukes County. The annual contributions of the Town to the retirement system for the most recent fiscal years as well as budgeted amount for fiscal 2020 are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2020 (budgeted)	\$518,240
2019	501,305
2018	477,434
2017	429,453
2016	385,607
2015	341,840

As of January 1, 2018 (the latest data available), The Dukes County Retirement System had assets valued at \$147,758,673 to support an actuarial accrued liability of \$193,470,945 leaving an estimated unfunded liability in the amount of \$45,712,272 using a 7.5% discount rate. West Tisbury's share of the unfunded liability is \$3,039,184. <sup>(1)</sup>

(See the attached 2019 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.

<sup>(1)</sup> Source: Dukes County Retirement System.

## **OTHER POST-EMPLOYMENT BENEFITS**

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

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

The Town was required to implement the GASB reporting requirements for other post-employment benefits beginning in fiscal year 2010, but in fact chose to implement in fiscal 2009. The Town, together with 14 other municipal employers in Dukes County, hired an outside firm to perform the second actuarial valuation of its post-employment benefit liability; the first valuation was completed as of July 1, 2009. After the first study, the Town eliminated its most expensive indemnity-based health insurance plan and adopted Section 18 of the Massachusetts General Laws, Chapter 32B, which requires that those retirees who are eligible for Medicare make Medicare their primary insurance. After the second study, the Town's

join purchase group (Cape Cod Municipal Health Group) made plan design changes to raise deductibles and co-pays while reducing premium costs. Per the fourth actuarial study (as of July 1, 2018), the Town's total OPEB liability, assuming a 30-year amortization, and payment schedule for the unfunded liability, and a 7.50% discount rate, is \$3,781,661 with a cumulative Net OPEB Liability of \$1,851,888 and a funded ratio of 51%. 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) was transferred to the custody of the Dukes County Pooled OPEB Trust in June 2012. As of June 30, 2019, the Town's total contribution to the OPEB Trust Fund was \$2,241,737, including accumulated earnings.

## **PROPERTY TAXATION AND VALUATION**

**Tax Rate and Valuation - General.** Property is classified for the purpose of taxation according to its use. The legislature has in substance created three classes of taxable property: (1) residential real property, (2) open space land, and (3) all other (commercial, industrial and personal property). Within limits, cities and towns are given the option of determining the share of the annual levy to be borne by each of the three categories. The share required to be borne by residential real property is at least 50 per cent of its share of the total taxable valuation; the effective rate for open space must be at least 75 per cent of the effective rate for residential real property; and the share of commercial, industrial and personal property must not exceed 175 percent of their share of the total valuation. A city or town may also exempt up to 20 percent of the valuation of residential real property (where used as the taxpayer's principal residence) and up to 10 percent of the valuation of commercial real property (where occupied by certain small businesses). Property may not be classified in a city or town until the State Commissioner of Revenue certifies that all property in the city or town has been assessed at its fair cash value. Such certification must take place every three years, or pursuant to a revised schedule as may be issued by the Commissioner.

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

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

## **VALUATIONS**

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

	<b>For Fiscal Year</b>				
	<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>
Real Property (2)	\$2,779,426,199	\$2,665,978,727	\$2,573,943,725	\$2,491,543,103	\$2,363,321,194
Personal Property (2)	<u>45,210,030</u>	<u>43,118,330</u>	<u>42,047,520</u>	<u>40,327,780</u>	<u>39,409,253</u>
Total	<u>\$2,824,636,229</u>	<u>\$2,709,097,057</u>	<u>\$2,615,991,245</u>	<u>\$2,531,870,883</u>	<u>\$2,402,730,447</u>
Equalized Value (3)	\$2,646,075,100	\$2,646,075,100	\$2,498,333,900	\$2,498,333,900	\$2,472,763,000
Percent of Total Assessed to Equalized Valuation	106.7	102.4	104.7	101.3	97.2

(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)**

<b>Type of Property</b>	<b>For Fiscal Year</b>					
	<b><u>2020</u></b>	<b><u>% of Total</u></b>	<b><u>2019</u></b>	<b><u>% of Total</u></b>	<b><u>2018</u></b>	<b><u>% of Total</u></b>
Residential	\$2,685,425,386	95.1	\$2,579,851,024	95.2	\$2,492,323,821	95.3
Commercial	83,399,048	3.0	75,880,603	2.8	72,658,904	2.8
Industrial	10,601,765	0.4	10,247,100	0.4	8,961,000	0.3
Personal	<u>45,210,030</u>	<u>1.6</u>	<u>43,118,330</u>	<u>1.6</u>	<u>42,047,520</u>	<u>1.6</u>
Total	<u>\$2,824,636,229</u>	<u>100.0</u>	<u>\$2,709,097,057</u>	<u>100.0</u>	<u>\$2,615,991,245</u>	<u>100.0</u>

(1) Source: Massachusetts Department of Revenue.

### **Tax Rates Per \$1,000 (1)**

<b>Type of Property</b>	<b>For Fiscal Year</b>				
	<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>
Residential	\$6.07	\$6.18	\$6.06	\$5.97	\$6.06
Commercial	6.07	6.18	6.06	5.97	6.06
Industrial	6.07	6.18	6.06	5.97	6.06
Personal	<u>6.07</u>	<u>6.18</u>	<u>6.06</u>	<u>5.97</u>	<u>6.06</u>
Average Tax Rate	<u>\$6.07</u>	<u>\$6.18</u>	<u>\$6.06</u>	<u>\$5.97</u>	<u>\$6.06</u>
Full Value Tax Rate (2)	\$6.48	\$6.33	\$6.35	\$6.05	\$5.89

(1) Source: Massachusetts Department of Revenue.

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

## **LARGEST TAXPAYERS** <sup>(1)</sup>

The following shows the top ten largest taxpayers:

<b><u>Name</u></b>	<b><u>Nature of Business</u></b>	<b><u>Fiscal 2020 Assessed Valuation</u></b>	<b><u>Amount of Tax</u></b>	<b><u>% of Total Levy</u></b>
Individual	Residential	\$36,824,840	\$223,527	1.30%
Individual	Residential	31,886,260	193,550	1.13
Individual	Residential	30,734,110	186,556	1.09
Individual	Residential	28,589,100	173,536	1.01
Individual	Residential	27,461,590	166,692	0.97
Individual	Residential	26,681,200	161,955	0.94
Individual	Residential	22,294,440	135,327	0.79
Individual	Residential	20,184,090	122,517	0.71
Individual	Residential	17,883,120	108,551	0.63
Individual	Residential	16,338,470	99,175	0.58
Total		<u>\$258,877,220</u>	<u>\$1,571,385</u>	<u>9.16%</u>

<sup>(1)</sup> As of January 1, 2019. All of the largest taxpayers listed above are current on their real estate and personal property taxes.

## **TAX LEVIES**

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

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

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

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

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

In the opinion of Bond Counsel, cities and towns are authorized to appropriate sums, and thus to levy taxes, to cover deficits arising from other causes, such as "free cash" deficits arising from a failure to collect taxes. This is not generally understood, however, and it has not been the practice to levy taxes to cover free cash deficits. Except to the extent that

such deficits have been reduced or eliminated by subsequent collections of uncollected taxes (including sales of tax titles and tax possessions), lapsed appropriations, non-property tax revenues in excess of estimates, other miscellaneous items or funding loans authorized by special act, they remain in existence.

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

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

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

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

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

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

The statute further provides that the voters may exclude from the taxes subject to the tax limits and from the calculations of the maximum tax levy (a) the amount required to pay debt service on bonds and notes issued before November 4, 1980, if the exclusion is approved by a majority vote of the voters, and (b) the amount required to pay debt service on any specific subsequent issue for which similar approval is obtained. Even with voter approval, the holders of the obligations for which unlimited taxes may be assessed do not have a statutory priority or security interest in the portion of the tax levy attributable to such obligations. **As noted above, \$6,050,000 par amount of currently outstanding bonds and notes, is exempt from the limitations of Proposition 2½, subject to the provisions of Chapter 44, Section 20 of the General Laws.** It should be noted that Massachusetts General Laws Chapter 44, Section 20 requires that the taxes excluded from the levy limit to pay debt service on any such bonds and notes be calculated based on the true interest cost of the issue. Accordingly, the Department of Revenue limits the amount of taxes which may be levied in each year to pay debt service on any such bonds and notes to the amount of such debt service, less a pro rata portion of any original issue premium received by the city or town that was not applied to pay costs of issuance.

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

In addition, Proposition 2½ limits the annual increase in the total assessments on cities and towns by any county, district, authority, the Commonwealth or any other governmental entity (except regional school districts, the MWRA, and certain districts for which special legislation provides otherwise) to the sum of (a) 2½ percent of the prior year's assessments and (b) "any increases in costs, charges or fees for services customarily provided locally or for services subscribed to at local option". Regional water districts, regional sewerage districts and regional veteran's districts may exceed these limitations under statutory procedures requiring a two-thirds vote of the district's governing body and either approval of the local

appropriating authorities (by two-thirds vote in districts with more than two members or by majority vote in two-member districts) or approval of the registered voters in a local election (in the case of two-member districts). Under Proposition 2 ½ any State law to take effect on or after January 1, 1981 imposing a direct service or cost obligation on a city or town will become effective only if accepted or voluntarily funded by the city or town or if State funding is provided. Similarly, State rules or regulations imposing additional costs on a city or town or laws granting or increasing local tax exemptions are to take effect only if adequate State appropriations are provided. These statutory provisions do not apply to costs resulting from judicial decisions.

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

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

### **CALCULATION OF TAX LEVIES**

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

	<b>For Fiscal Year (000)</b>				
	<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>
Gross Amount to be Raised:					
Appropriations	\$20,908	\$20,544	\$19,588	\$19,630	\$18,157
Other Local Expenditures	10	40	41	38	101
State & County Charges	197	195	199	191	188
Overlay Reserve	<u>26</u>	<u>48</u>	<u>83</u>	<u>126</u>	<u>110</u>
Total Gross Amount to be Raised	\$21,142	\$20,827	\$19,910	\$19,985	\$18,556
Less Estimated Receipts & Other Revenue:					
Estimated Receipts from State	1,053	982	951	941	1,176
Estimated Receipts - Local	2,305	2,496	2,149	3,111	1,998
Available Funds Appropriated:					
Free Cash	65	53	0	130	133
Revenue Sharing	0	0	0	0	0
Other Available Funds	24	0	363	88	188
Free Cash & Other Revenue Used to Reduce the Tax Rate	<u>550</u>	<u>554</u>	<u>594</u>	<u>600</u>	<u>501</u>
Total Estimated Receipts & Revenue	<u>3,997</u>	<u>4,085</u>	<u>4,058</u>	<u>4,870</u>	<u>3,996</u>
Net Amount to be Raised (Tax Levy)	<u>\$ 17,146</u>	<u>\$ 16,742</u>	<u>\$ 15,853</u>	<u>\$ 15,115</u>	<u>\$ 14,561</u>
Property Valuation	<u>\$2,824,636</u>	<u>\$2,709,097</u>	<u>\$2,615,991</u>	<u>\$2,531,871</u>	<u>\$2,402,730</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:

	<b>For Fiscal Year (000)</b>				
	<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>
Primary Levy Limit (2)	\$70,616	\$67,727	\$65,400	\$63,297	\$60,068
Prior Fiscal Year Levy Limit	15,688	14,784	14,205	13,738	13,254
2.5% Levy Growth	392	370	355	343	331
New Growth (3)	152	134	224	123	152
Overrides	<u>0</u>	<u>400</u>	<u>0</u>	<u>0</u>	<u>0</u>
Growth Levy Limit	16,232	15,688	14,784	14,205	13,738
Debt Exclusions	1,048	1,085	1,095	1,064	1,049
Capital Expenditure Exclusions	0	0	0	0	0
Other Adjustments	<u>42</u>	<u>42</u>	<u>42</u>	<u>42</u>	<u>43</u>
Tax Levy Limit	\$17,322	\$16,815	\$15,922	\$15,311	\$14,830
Tax Levy	<u>17,146</u>	<u>16,742</u>	<u>15,853</u>	<u>15,115</u>	<u>14,561</u>
Unused Levy Capacity (4)	\$ <u>176</u>	\$ <u>73</u>	\$ <u>69</u>	\$ <u>195</u>	\$ <u>269</u>
Unused Primary Levy Capacity (5)	<u>\$54,384</u>	<u>\$52,039</u>	<u>\$50,616</u>	<u>\$49,092</u>	<u>\$46,330</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**

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

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

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

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

	For Fiscal Year				
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Total Tax Levy	\$17,145,542	\$16,742,220	\$15,852,907	\$15,115,269	\$14,560,546
Overlay Reserve for Abatements	<u>26,090</u>	<u>48,426</u>	<u>82,852</u>	<u>126,139</u>	<u>110,420</u>
Net Tax Levy (1)	<u>\$17,119,451</u>	<u>\$16,693,794</u>	<u>\$15,770,055</u>	<u>\$14,989,130</u>	<u>\$14,450,127</u>
Amount Collected					
During Fiscal Year Payable (2)	NA	\$16,443,014	\$15,577,337	\$14,811,813	\$13,276,579
Percent of Net Tax Levy	NA	98.2%	98.70%	98.80%	98.20%
Amount Collected Through 01/31/20	\$11,678,980	\$16,679,663	\$15,787,712	\$15,080,521	\$14,535,154
Percent of Net Tax Levy	68.1%	99.9%	100.1%	100.6%	100.6%

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

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

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

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

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

	For Fiscal Year (000)				
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Tax Levy (1)	\$17,145,542	\$16,742,220	15,852,907	15,115,269	14,560,546
Overlay Reserve for Abatements (1)	\$26,090	\$48,426	82,852	126,139	110,420
Percent of Tax Levy	0.2	0.3	0.5	0.8	0.8
Abatements Granted:					
During Fiscal Year of Levy	NA	\$25,297	\$44,660	\$29,817	\$24,248
Through 01/31/20	\$14,661	\$32,506	\$56,310	\$35,745	\$24,254

(1) Source: Massachusetts Department of Revenue.

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

**Taking and Sale.** Massachusetts law permits a municipality either to sell by public sale (at which the municipality may become the purchaser) or to take real property for nonpayment of taxes. In either case the property owner can redeem the property by paying the unpaid taxes, with interest and other charges, but if the right of redemption is not exercised within six months (which may be extended an additional year in the case of certain installment payments), it can be foreclosed by

petition to the Land Court. Upon foreclosure, a tax title purchased or taken by the municipality becomes a "tax possession" and may be held and disposed of in the same manner as other land held for municipal purposes.

## **TOWN FINANCES**

### **BUDGET AND APPROPRIATION PROCESS**

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

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

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

The school budget is limited to the total amount appropriated by the town meeting, but the school committee retains full power to allocate the funds appropriated. State legislation known as the Education Reform Act of 1993, as amended, imposes certain minimum expenditure requirements on municipalities with respect to funding for education and related programs and may affect the level of State aid to be received for education. The requirements are determined on the basis of formulas affected by various measures of wealth and income, enrollments, prior levels of local spending and state aid, and other factors. In fiscal 1994 through budgeted 2019, the Town's net school spending exceeded the minimum required local contribution.

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

The following table sets forth the general governmental budgets for fiscal years 2016-2020:

### **BUDGET COMPARISON**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
General Government	\$ 1,695,923	\$ 1,644,041	\$ 1,636,931	\$ 1,554,989	\$ 1,545,676
Protection of Persons & Property	2,365,274	2,289,134	2,203,999	2,114,545	2,020,323
Sanitation	144,913	146,516	170,090	164,730	160,981
Public Works	333,687	289,899	270,830	280,358	264,077
Library & Recreation	923,956	911,290	870,672	856,270	839,182
Education	10,637,016	10,471,500	10,280,096	9,782,811	9,401,461
Human Services	586,121	587,718	537,364	520,748	487,589
Insurance & Employee Benefits	1,526,940	1,478,351	1,393,569	1,280,022	1,151,407
County/State Assessments	197,429	195,048	191,963	190,712	187,766
Debt Service	<u>1,022,953</u>	<u>1,034,612</u>	<u>1,032,838</u>	<u>986,203</u>	<u>894,351</u>
Total	<u>\$19,434,212</u>	<u>\$19,048,109</u>	<u>\$18,588,352</u>	<u>\$17,731,388</u>	<u>\$16,952,813</u>

## **STATE AID**

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

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

<b><u>Fiscal Year</u></b>	<b><u>Total State Aid</u></b>
2020 (budgeted)	\$1,052,983
2019	979,500
2018	937,641
2017	931,388
2016	932,203
2015	925,714

## **STATE SCHOOL BUILDING ASSISTANCE PROGRAM**

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

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

## **MOTOR VEHICLE EXCISE**

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

The following table shows the actual receipts from the motor vehicle excise in each of the most recent years as well as the amount budgeted for fiscal year 2020:

<b><u>Fiscal Year</u></b>	<b><u>Receipts<sup>(1)</sup></u></b>
2020 (budgeted)	\$560,000
2019	562,445
2018	559,387
2017	585,372
2016	535,886
2015	510,403

<sup>(1)</sup> Net after refunds. Includes receipts for prior years.

## **OTHER TAXES**

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

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

## **COMMUNITY PRESERVATION ACT**

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

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

Any city or town that accepts the provisions of the CPA will receive annual state matching grants to supplement amounts raised by its surcharge and dedication of revenue. The state matching funds are raised from certain recording and filing fees of the registers of deeds. Those amounts are deposited into a state trust fund and are distributed to cities and towns

that have accepted the provisions of the CPA, which distributions are not subject to annual appropriation by the state legislature. The amount distributed to each city and town is based on a statutory formula and the total state distribution made to any city or town may not exceed 100% of the amount raised locally by the surcharge on the real property tax levy.

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

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

The Town voted to accept the provisions of the CPA at the 2005 Annual Town Meeting. The Town approved the 3% surcharge with the exemption for the first \$100,000 and the exemption for low-income individuals and moderate-income senior citizens. As of June 30, 2019, the available balance in the Fund, net of outstanding appropriations, was \$541,132.

#### **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:

<b><u>July 1,</u></b>	<b><u>Unassigned General Fund Balance <sup>(1)</sup></u></b>	<b><u>Free Cash</u></b>
2019	\$1,370,000	\$613,429
2018	1,418,949	687,790
2017	1,348,650	646,001
2016	1,510,096	655,303
2015	1,494,951	826,346

## **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:

<b><u>Fiscal Year</u></b>	<b><u>Stabilization Fund</u></b>	<b><u>Ambulance Fund</u></b>	<b><u>Fire Equip. Fund</u></b>	<b><u>Building Maintenance</u></b>
2019	\$517,954	\$57,946	\$4,626	\$37,268
2018	508,319	56,650	64,468	36,574
2017	501,696	55,834	63,628	36,098
2016	498,624	55,968	3,369 <sup>(1)</sup>	0
2015	495,637	54,461	142,526	0

<sup>(1)</sup> The Town transferred \$140,000 out of the Fire Equipment Fund for a new fire truck.

## **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 37 full-time and 34 part-time employees, as well as 21 seasonal employees. However, the Town does not have any unions or collective bargaining groups.

## **PHYSICAL AND ECONOMIC CHARACTERISTICS**

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

Based on fiscal 2020 assessed valuations, approximately 95.1% of the property is residential while 3.0% is commercial and industrial. According to the 2010 Federal Census, the Town has a year-round population of 2,740. However, it is estimated that the Town's seasonal population increases to 8,437 (source: Martha's Vineyard Regional Transportation Plan).

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

### **PRINCIPAL EMPLOYERS** <sup>(1)</sup>

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

<b><u>Company</u></b>	<b><u>Nature of Business</u></b>	<b><u>Approximate Current Employees</u></b>
Up-Island Regional School Dist.	Public School	77
MV Charter School	Public School	48
Martha's Vineyard Savings Bank	Bank	35
South Mountain Company	Contractor	37
Dukes County including Airport	Municipal entity	34
John Keene Excavation	Excavation	21
Beetlebung Tree Care	Landscaping contractor	16
Dukes County Sheriff	Municipal entity	17
Cape Air	Airline	13
Cronig's Market (Up-Island)	Supermarket	13
Animal Health Care Associates	Veterinary office	10
Oakleaf Landscape	Landscaping contractor	10
Vineyard Gardens	Landscaping contractor	10

<sup>(1)</sup> Source: *The Town, as of January 2020.*

### **EMPLOYMENT BY INDUSTRY**

<b><u>Employment by Industry</u></b>	<b><u>Calendar Year Average</u></b>				
	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>
Construction & Natural Resources	122	121	146	141	129
Trade, Transportation & Utilities	86	89	81	81	76
Financial Activities	11	9	9	10	10
Professional & Business Services	174	169	164	160	164
Education & Health Services	20	161	159	154	150
Leisure & Hospitality	102	108	118	115	63
Information & Other Services	53	52	49	47	41
Public Administration	<u>74</u>	<u>75</u>	<u>79</u>	<u>76</u>	<u>73</u>
Total Employment	<u>822</u>	<u>827</u>	<u>836</u>	<u>818</u>	<u>765</u>
Number of Establishments	116	113	111	113	106
Total Annual Wage (000)	\$47,148	\$45,895	\$45,280	\$42,784	\$39,510
Average Weekly Wage	\$1,103	\$1,067	\$1,042	\$1,006	\$993

<sup>(1)</sup> Source: *Massachusetts Executive Office of Labor & Workforce Development.*



## **BUILDING PERMITS**

<b><u>Calendar Year</u></b>	<b><u>Number</u></b>	<b><u>Estimated Value</u></b>
2019	405	50,013,041
2018	366	22,270,606
2017	252	32,805,891
2016	243	23,611,994
2015	284	34,923,830

## **OTHER DATA**

### **Employment (1)**

<b><u>Calendar Year (2)(3)</u></b>	<b><u>Labor Force</u></b>	<b><u>Employment</u></b>	<b><u>Unemployment Rate</u></b>			
			<b><u>Town</u></b>	<b><u>County</u></b>	<b><u>State</u></b>	<b><u>US</u></b>
2019 (November)	1,436	1,405	2.2	3.9	2.3	3.3
2018	1,608	1,560	3.0	4.6	3.3	3.9
2017	1,575	1,520	3.5	4.9	3.8	4.4
2016	1,544	1,488	3.6	5.2	3.9	4.9
2015	1,551	1,479	4.6	6.5	4.8	5.3

(1) Source: Massachusetts Executive Office of Labor & Workforce Development.

(2) Full year averages except for 2019 which is for the month indicated.

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

### **Population (1)**

<b><u>Year</u></b>	<b><u>West Tisbury</u></b>		<b><u>Dukes County</u></b>		<b><u>Massachusetts</u></b>	
	<b><u>Number</u></b>	<b><u>% Change</u></b>	<b><u>Number</u></b>	<b><u>% Change</u></b>	<b><u>Number</u></b>	<b><u>% Change</u></b>
2018 estimate	2,901	5.9	17,352	4.9	6,902,149	5.4
2010	2,740	11.1	16,535	10.3	6,547,629	3.1
2000	2,467	44.8	14,987	28.8	6,349,097	5.5
1990	1,704	63.8	11,639	30.2	6,016,425	4.9
1980	1,040	0.0	8,942	0.0	5,737,037	0.0

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

### **Population Density (1)**

<b><u>Year</u></b>	<b><u>West Tisbury (2)</u></b>		<b><u>Dukes County</u></b>		<b><u>Massachusetts</u></b>	
	<b><u>Number</u></b>	<b><u>Density</u></b>	<b><u>Number</u></b>	<b><u>Density</u></b>	<b><u>Number</u></b>	<b><u>Density</u></b>
2018 estimate	2,901	115.9	17,352	167.1	6,902,149	880.6
2010	2,740	109.5	16,535	159.3	6,547,629	835.4
2000	2,467	98.5	14,987	144.4	6,349,097	810.0
1990	1,704	68.1	11,639	112.1	6,016,425	767.6
1980	1,040	41.5	8,942	86.1	5,737,037	732.0

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

(2) Based on 25.0 square miles.

**Population Composition By Age (1)**

<b><u>Age</u></b>	<b><u>West Tisbury</u></b>		<b><u>Dukes County</u></b>		<b><u>Massachusetts</u></b>	
	<b><u>Number</u></b>	<b><u>Percent</u></b>	<b><u>Number</u></b>	<b><u>Percent</u></b>	<b><u>Number</u></b>	<b><u>Percent</u></b>
Under 5 Years	46	1.7	651	3.8	362,681	5.3
5 Years to 19 Years	330	12.2	3,246	18.7	1,226,228	18.0
20 Years to 64 Years	1,550	57.3	9,570	55.3	4,163,060	61.0
65 Years and Over	<u>781</u>	<u>28.9</u>	<u>3,846</u>	<u>22.2</u>	<u>1,078,224</u>	<u>15.8</u>
Total	<u>2,707</u>	<u>100.0</u>	<u>17,313</u>	<u>100.0</u>	<u>6,830,193</u>	<u>100.0</u>
Median Age	54.7		46.1		39.4	
Median Age (2000)	41.1		40.7		36.5	

(1) Source: U.S. Department of Commerce. 2018 5-year estimates".

**Per Capita Income Levels (1)**

<b><u>Year</u></b>	<b><u>West Tisbury</u></b>		<b><u>Dukes County</u></b>		<b><u>Massachusetts</u></b>	
	<b><u>Amount</u></b>	<b><u>% Change</u></b>	<b><u>Amount</u></b>	<b><u>% Change</u></b>	<b><u>Amount</u></b>	<b><u>% Change</u></b>
2018 5-year estimates	\$51,035	123.8	\$43,822	0.0	\$41,794	25.9
2009	22,803	-26.5	-0-	0.0	33,203	27.9
1999	31,021	88.8	26,472	44.8	25,952	50.7
1989	16,428	130.6	18,280	149.7	17,224	131.0
% Below Poverty Level (2018 5-year estimates)	4.6		8		10.8	

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

**Family Income Distribution (1)**

<b><u>Income for Families</u></b>	<b><u>West Tisbury</u></b>		<b><u>Dukes County</u></b>		<b><u>Massachusetts</u></b>	
	<b><u>Families</u></b>	<b><u>Percent</u></b>	<b><u>Families</u></b>	<b><u>Percent</u></b>	<b><u>Families</u></b>	<b><u>Percent</u></b>
Less than \$10,000	-0-	0.0	66	1.7	53,279	3.2
10,000 - 24,999	20	2.6	165	4.2	111,203	6.7
25,000 - 49,999	54	7.0	720	18.3	230,707	14.0
50,000 - 74,999	107	13.8	527	13.4	229,597	13.9
75,000 - 99,999	154	19.9	478	12.2	211,355	12.8
100,000 - 149,999	282	36.4	1,053	26.8	347,464	21.0
150,000 or more	<u>157</u>	<u>20.3</u>	<u>915</u>	<u>23.3</u>	<u>468,203</u>	<u>28.3</u>
Total	<u>774</u>	<u>100.0</u>	<u>3,924</u>	<u>100.0</u>	<u>1,651,808</u>	<u>100.0</u>
Median Income	\$106,163		\$100,167		\$98,625	

(1) Source: U.S. Department of Commerce. 2018 5-year estimates.

**Household Income Distribution (1)**

<b><u>Income for Households</u></b>	<b><u>West Tisbury</u></b>		<b><u>Dukes County</u></b>		<b><u>Massachusetts</u></b>	
	<b><u>Households</u></b>	<b><u>Percent</u></b>	<b><u>Households</u></b>	<b><u>Percent</u></b>	<b><u>Households</u></b>	<b><u>Percent</u></b>
Less than \$10,000	-0-	0.0	282	4.4	141,665	5.4
10,000 - 24,999	124	10.9	630	9.9	313,101	12.0
25,000 - 49,999	113	9.9	1,351	21.2	432,495	16.6
50,000 - 74,999	192	16.9	961	15.1	382,288	14.7
75,000 - 99,999	208	18.3	841	13.2	311,620	12.0
100,000 - 149,999	310	27.3	1,137	17.9	461,850	17.8
150,000 or more	<u>189</u>	<u>16.6</u>	<u>1,165</u>	<u>18.3</u>	<u>558,895</u>	<u>21.5</u>
Total	<u>1,136</u>	<u>100.0</u>	<u>6,367</u>	<u>100.0</u>	<u>2,601,914</u>	<u>100.0</u>
Median Income	\$94,306		\$71,224		\$77,378	

(1) Source: U.S. Department of Commerce. 2018 5-year estimates.

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

<b><u>Units</u></b>	<b><u>West Tisbury</u></b>		<b><u>Dukes County</u></b>		<b><u>Massachusetts</u></b>	
	<b><u>Number</u></b>	<b><u>Percent</u></b>	<b><u>Number</u></b>	<b><u>Percent</u></b>	<b><u>Number</u></b>	<b><u>Percent</u></b>
Less than \$100,000	-0-	0.0	32	0.6	54,909	3.4
100,000 - 199,999	-0-	0.0	24	0.5	189,404	11.7
200,000 - 299,999	69	6.8	144	2.9	337,647	20.8
300,000 - 499,999	136	13.5	1,206	24.5	577,836	35.6
500,000 - 999,999	537	53.1	2,593	52.6	375,842	23.2
1,000,000 or more	<u>269</u>	<u>26.6</u>	<u>931</u>	<u>18.9</u>	<u>85,415</u>	<u>5.3</u>
Total	<u>1,011</u>	<u>100.0</u>	<u>4,930</u>	<u>100.0</u>	<u>1,621,053</u>	<u>100.0</u>
Median Value	\$745,500		\$667,400		\$366,800	

(1) Source: U.S. Department of Commerce. 2018 5-year estimates.

**Age Distribution Of Housing Units (1)**

<b><u>Year Built</u></b>	<b><u>West Tisbury</u></b>		<b><u>Dukes County</u></b>		<b><u>Massachusetts</u></b>	
	<b><u>Number</u></b>	<b><u>Percent</u></b>	<b><u>Number</u></b>	<b><u>Percent</u></b>	<b><u>Number</u></b>	<b><u>Percent</u></b>
2000 or later	492	20.4	2,863	16.1	279,855	9.7
1980 to 1999	1,203	49.9	7,264	40.8	533,731	18.5
1940 to 1979	485	20.1	4,911	27.6	1,116,115	38.7
1939 or Earlier	<u>231</u>	<u>9.6</u>	<u>2,751</u>	<u>15.5</u>	<u>953,038</u>	<u>33.1</u>
Total	<u>2,411</u>	<u>100.0</u>	<u>17,789</u>	<u>100.0</u>	<u>2,882,739</u>	<u>100.0</u>

(1) Source: U.S. Department of Commerce. 2018 5-year estimates.

### **Housing Unit Inventory (1)**

<b><u>Units in Structure</u></b>	<b><u>West Tisbury</u></b>		<b><u>Dukes County</u></b>		<b><u>Massachusetts</u></b>	
	<b><u>Number</u></b>	<b><u>Percent</u></b>	<b><u>Number</u></b>	<b><u>Percent</u></b>	<b><u>Number</u></b>	<b><u>Percent</u></b>
1, Detached	2,345	97.3	16,587	93.2	1,501,300	52.1
1, Attached	-0-	0.0	209	1.2	154,655	5.4
2 to 4	66	2.7	673	3.8	596,088	20.7
5 to 9	-0-	0.0	91	0.5	167,997	5.8
10 to 19	-0-	0.0	89	0.5	124,484	4.3
20 or More	-0-	0.0	95	0.5	313,788	10.9
Mobile Home, Trailer, Other	-0-	0.0	45	0.3	24,427	0.8
Total	<u>2,411</u>	<u>100.0</u>	<u>17,789</u>	<u>100.0</u>	<u>2,882,739</u>	<u>100.0</u>

(1) Source: U.S. Department of Commerce. 2018 5-year estimates.

### **Educational Attainment (1)**

<b><u>Years of School Completed</u></b>	<b><u>West Tisbury</u></b>		<b><u>Dukes County</u></b>		<b><u>Massachusetts</u></b>	
	<b><u>Number</u></b>	<b><u>Percent</u></b>	<b><u>Number</u></b>	<b><u>Percent</u></b>	<b><u>Number</u></b>	<b><u>Percent</u></b>
Less than 9th Grade	-0-	0.0	227	1.8	214,205	4.5
9th to 12th Grade, No Diploma	23	1.0	348	2.7	240,155	5.1
High School Graduate	425	18.6	3,091	24.3	1,150,846	24.2
Some College, No Degree	505	22.1	2,606	20.5	740,784	15.6
Associate's Degree	60	2.6	838	6.6	365,103	7.7
Bachelor's Degree	679	29.7	3,185	25.0	1,128,877	23.8
Graduate or Professional Degree	595	26.0	2,436	19.1	908,825	19.1
Total	<u>2,287</u>	<u>100.0</u>	<u>12,731</u>	<u>100.0</u>	<u>4,748,795</u>	<u>100.0</u>
High School Graduate or Higher	2,264	99.0	12,156	95.5	4,294,435	90.4
Bachelor's Degree or Higher	1,274	55.7	5,621	44.2	2,037,702	42.9

(1) Source: U.S. Department of Commerce. 2018 5-year estimates

### **SCHOOL FACILITIES**

The Town is a member of the Up-Island Regional School District which provides education in grades K-8. The District has two school facilities. The West Tisbury Elementary School contains grades K-8 with the capacity of 500 pupils, while the Chilmark Elementary School houses grades K-5 with a capacity of 100 pupils. As of October 1, 2019, 219 pupils from West Tisbury attended the West Tisbury Elementary School, which has a current enrollment of 351 students. Twelve pupils from West Tisbury attend the Chilmark Elementary School, which currently has an enrollment of 55 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, 2019, 94 pupils from West Tisbury attended the Martha's Vineyard Regional High School, which has a total student population of 671.

## **PUBLIC SCHOOL ENROLLMENTS** <sup>(1)(2)(3)</sup>

	<b><u>Actual</u></b>					<b><u>Projected</u></b>		
	<b><u>2015-16</u></b>	<b><u>2016-17</u></b>	<b><u>2017-18</u></b>	<b><u>2018-19</u></b>	<b><u>2019-20</u></b>	<b><u>2020-21</u></b>	<b><u>2021-22</u></b>	<b><u>2022-23</u></b>
Pre K-8	197	217	238	238	231	245	248	204
9-12	<u>110</u>	<u>104</u>	<u>98</u>	<u>84</u>	<u>94</u>	<u>76</u>	<u>76</u>	<u>103</u>
Total	<u>307</u>	<u>321</u>	<u>336</u>	<u>322</u>	<u>325</u>	<u>321</u>	<u>324</u>	<u>307</u>

<sup>(1)</sup> As of October 1 of each year.

<sup>(2)</sup> West Tisbury students only.

<sup>(3)</sup> Excludes students enrolled in the M.V. Public Charter School.

### **West Tisbury Student Enrollment** <sup>(1)</sup>

	<b><u>West Tisbury Elementary</u></b>	<b><u>Other Public Schools</u></b>	<b><u>Private/ Home Schooled</u></b>
K-8	231	42	10

<sup>(1)</sup> As of 10/01/19.

## **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: February 15, 2020

## **APPENDIX A**

The Balance Sheets for fiscal years ending June 30, 2015 through 2019, and the Comparative Statements of Revenues, Expenditures and Changes in Fund Balances for fiscal years ending June 30, 2015 through 2019, 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, 2019. That audit is reproduced in Appendix B.

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

	<u><b>2019</b></u>	<u><b>2018</b></u>	<u><b>2017</b></u>	<u><b>2016</b></u>	<u><b>2015</b></u>
<b>Assets:</b>					
Cash & Cash Equivalents	\$2,472,243	\$2,414,818	\$2,659,671	\$2,713,786	\$2,592,985
Receivables:					
Property Taxes	274,643	231,343	270,039	313,984	364,543
Excise Taxes/Fees	58,290	78,660	39,780	39,486	74,464
Tax Liens	15,893	28,519	15,234	30,773	76,815
Departmental and Other	0	0	0	0	236,9919
Intergovernmental	<u>72,570</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets	<u>\$2,893,639</u>	<u>\$2,753,340</u>	<u>\$2,984,724</u>	<u>\$3,098,029</u>	<u>\$3,345,726</u>
<b>Liabilities:</b>					
Warrants and Accounts Payable	\$ 176,951	\$ 139,243	\$ 166,656	\$ 221,778	\$ 177,189
Deferred Revenue	228,685	269,097	245,135	384,243	612,112
Other	<u>50,597</u>	<u>36,942</u>	<u>35,553</u>	<u>34,190</u>	<u>112,791</u>
Total Liabilities	<u>\$ 456,233</u>	<u>\$ 445,282</u>	<u>\$ 477,344</u>	<u>\$ 640,211</u>	<u>902,092</u>
<b>Fund Balances:</b>					
Restricted	3,119	0	0	0	0
Committed	286,036	201,035	379,803	324,373	208,098
Assigned	693,989	688,074	808,927	743,728	740,585
Unassigned	<u>1,454,262</u>	<u>1,418,949</u>	<u>1,348,650</u>	<u>1,389,717</u>	<u>1,494,951</u>
Total Fund Equity	<u>2,437,406</u>	<u>2,308,058</u>	<u>2,537,380</u>	<u>2,457,818</u>	<u>2,443,634</u>
Total Liabilities & Fund Equity	<u>\$2,893,639</u>	<u>\$2,753,340</u>	<u>\$2,984,724</u>	<u>\$3,098,029</u>	<u>\$3,345,726</u>

<sup>(1)</sup> *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 <sup>(1)</sup>**

	<b>June 30</b>				
	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>
<b><u>REVENUES</u></b>					
Taxes	\$16,744,718	\$15,814,569	\$15,101,707	\$14,470,801	\$13,642,892
Excise and Other Taxes	562,445	559,387	585,372	535,886	510,403
Penalties & Interest on Taxes	83,228	67,792	83,602	92,750	119,308
Departmental	828,046	783,607	838,488	848,176	699,482
Interest on Investments	34,649	31,569	13,246	13,035	10,632
Intergovernmental	<u>982,244</u>	<u>950,880</u>	<u>931,913</u>	<u>1,170,048</u>	<u>1,163,647</u>
Total Revenues	<u>\$19,235,330</u>	<u>\$18,207,804</u>	<u>\$17,554,348</u>	<u>17,130,696</u>	<u>16,146,364</u>
<b><u>EXPENDITURES</u></b>					
General Government	\$ 1,628,264	\$ 1,582,193	\$ 1,479,875	\$ 1,351,201	\$ 1,371,405
Protection of Persons	2,433,463	2,186,346	2,082,934	2,427,101	1,824,064
Sanitation	126,712	137,293	130,298	134,094	138,296
Public Works	312,002	319,963	342,326	310,511	328,100
Library and Recreation	900,048	848,024	823,169	842,737	751,698
Education	10,511,914	10,295,373	9,798,091	9,408,950	8,936,333
Health & Human Services	585,729	578,099	540,373	479,210	441,192
Insurance and Employee Benefits	1,387,974	1,301,352	1,175,855	1,076,720	997,776
State Assessments	193,440	190,354	190,543	186,157	183,823
Debt Service	<u>840,028</u>	<u>847,829</u>	<u>881,108</u>	<u>888,726</u>	<u>1,086,027</u>
Total Expenditures	<u>18,919,574</u>	<u>18,286,826</u>	<u>17,444,572</u>	<u>17,105,407</u>	<u>16,058,714</u>
Excess (Deficiency) of Revenues Over Expenditures	315,756	(79,022)	109,776	25,289	87,650
<b><u>OTHER FINANCING SOURCES</u></b>					
<b><u>(USES):</u></b>					
Operating Transfers In	23,675	8,200	1,407	3,895	0
Operating Transfers Out	<u>(210,083)</u>	<u>(158,500)</u>	<u>(152,000)</u>	<u>(15,000)</u>	<u>(35,000)</u>
Total Other Financing Sources (Uses)	<u>(186,408)</u>	<u>(150,300)</u>	<u>(150,593)</u>	<u>(11,105)</u>	<u>(35,000)</u>
Excess of Revenues and Other Financing Sources					
Over (Under) Expenditures and Other Financing Uses	129,348	(229,322)	(40,817)	14,184	52,650
Fund Equity at Beginning of Year	<u>2,308,058</u>	<u>2,537,380</u>	<u>2,457,818</u>	<u>2,443,634</u>	<u>2,390,984</u>
Fund Equity at End of Year	<u>\$2,437,406</u>	<u>\$2,308,058</u>	<u>\$2,537,380</u>	<u>\$ 2,457,818</u>	<u>\$2,443,634</u>

<sup>(1)</sup> 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, 2019 prepared by R.E. Brown & Company, Certified Public Accountants.

**TOWN OF WEST TISBURY, MASSACHUSETTS**

**REPORT ON EXAMINATION OF  
BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2019**

**TOWN OF WEST TISBURY, MASSACHUSETTS  
REPORT ON EXAMINATION OF  
BASIC FINANCIAL STATEMENTS  
JUNE 30, 2019**

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**TOWN OF WEST TISBURY, MASSACHUSETTS  
REPORT ON EXAMINATION OF  
BASIC FINANCIAL STATEMENTS  
JUNE 30, 2019**

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CERTIFIED PUBLIC ACCOUNTANT  
25 CEMETERY STREET – P.O. BOX 230  
Mendon, Massachusetts 01756

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of West Tisbury, Massachusetts as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

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

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

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of West Tisbury, Massachusetts, as of June 30, 2019, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and Dukes County Contributory Retirement System schedules - Town's proportionate share of the net pension liability, and Town's contribution, Other Post-Employment Benefit schedules - Town's Net OPEB Liability and Related Ratios, Town's contributions, and Investment Return, 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, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



March 6, 2020

## **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, 2019. 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 2019 by nearly \$15.5 million (net position). Of this amount, a negative \$1.8 million is considered unrestricted (net unrestricted position) due to unfunded liabilities for pension and other post-employment benefits. Under the policies of the Dukes County Contributory Retirement System the pension liability is projected to be fully funded by 2030.
- The governmental activities total net position increased by \$303,116, up 2.0% from fiscal 2018.
- In fiscal 2019, 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 2019 the Town budgeted and transferred \$200,000 to the Dukes County Pooled OPEB Trust. This contribution combined with \$108,902 in investment earnings left the Town's balance in the trust as of June 30, 2019 at \$2,238,042.
- Also related to OPEB, the most recent financial report by KMS Actuaries stated OPEB liability and disclosures under GASB 74 and 75 as of June 30, 2019 for the Town of West Tisbury. Total OPEB liability as of June 30, 2019 was \$4,830,049. This liability was 46.3% funded by the balance in the Dukes County OPEB Trust.
- The Town's general fund reported an unassigned fund balance of \$1,454,262 at the end of fiscal 2019. This represents 7.7% of total general fund expenditures. An additional amount of \$550,000 of the assigned fund balance was designated for funding the fiscal year 2020 budget.
- The total expense of all Town governmental activities for fiscal 2019 was \$19,888,769, a decrease of \$758,198 or 3.7%.
- The Town's total revenue from governmental activities increased to \$20,191,885 million, an increase of \$694,787 or 3.6%.
- 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. It is expected that this will significantly increase future local revenues.

## ***Overview of the Financial Statements***

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

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

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

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

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

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees or charges (*business-type activities*). The governmental activities include general government, public safety, education, public works, sanitation, human services, culture and recreation, employee benefits, debt service, and state and county assessments. The Town currently does not operate or maintain any business-type activities.

***Fund Financial Statements*** – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance related legal requirements. All of the funds can be divided into three main categories: governmental funds, proprietary funds and fiduciary funds. The Town currently does not operate or maintain any proprietary funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both, the Governmental Funds Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*. The Town of West Tisbury adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.



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

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

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

***Government-wide Financial Analysis:***

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

As noted earlier, assets exceed liabilities by \$15,463,520 at the close of fiscal year 2019.

The largest component of the Town’s net position is its *investment in capital assets* (e.g., land, buildings, machinery and equipment, vehicles, and infrastructure), less any related outstanding debt used to acquire those assets, is \$15,413,914 or 99.7 % of total net position. The Town uses these capital assets to provide services to citizens; consequently, these assets **are not** available for future spending. Although the investment in the Town’s capital assets is reported net of its related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The second largest component of the Town’s net position are its *restricted assets* totaling \$1,862,317 (12.0%) 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 \$1,812,711 (-11.7%). This negative balance is created by GASB reporting requirements for net pension and postemployment liabilities. Please refer to notes 12 and 13 for further discussion of postemployment benefits and pension plan descriptions.

The total change in net position in fiscal 2019 was an increase of \$303,116, or 2.0%.

**Town of West Tisbury - Financial Highlights**

	<b>Governmental Activities</b>		<b>% Increase (Decrease)</b>	
	<b>FY 2019</b>	<b>FY 2018</b>	<b>Increase (Decrease)</b>	<b>Increase (Decrease)</b>
<b>Assets:</b>				
Current assets	\$ 5,179,322	\$ 4,839,874	\$ 339,448	7.01%
Capital assets	23,347,831	24,188,569	(840,738)	-3.48%
<b>Total assets</b>	<b>28,527,153</b>	<b>29,028,443</b>	<b>(501,290)</b>	<b>-1.73%</b>
<b>Deferred Outflows of Resources:</b>	<b>1,761,527</b>	<b>403,013</b>	<b>1,358,514</b>	<b>337.09%</b>
<b>Liabilities:</b>				
Current liabilities (excluding debt)	527,599	479,693	47,906	9.99%
Noncurrent liabilities (excluding debt)	6,278,357	4,429,051	1,849,306	41.75%
Current debt	2,008,917	2,249,000	(240,083)	-10.68%
Noncurrent debt	5,925,000	6,545,000	(620,000)	-9.47%
<b>Total liabilities</b>	<b>14,739,873</b>	<b>13,702,744</b>	<b>1,037,129</b>	<b>7.57%</b>
<b>Deferred Inflows of Resources:</b>	<b>85,287</b>	<b>568,308</b>	<b>(483,021)</b>	<b>-84.99%</b>
<b>Net Position:</b>				
Net investment in capital assets	15,413,914	17,023,569	(1,609,655)	-9.46%
Restricted	1,862,317	1,302,163	560,154	43.02%
Unrestricted	(1,812,711)	(3,165,328)	1,352,617	-42.73%
<b>Total net position</b>	<b>\$ 15,463,520</b>	<b>\$ 15,160,404</b>	<b>\$ 303,116</b>	<b>2.00%</b>
<b>Revenues</b>				
<i>Program Revenues:</i>				
Charges for services	\$ 666,604	\$ 610,214	56,390	9.24%
Operating grants and contributions	483,601	792,466	(308,865)	-38.98%
<i>General Revenues:</i>				
Real Estate and personal property taxes	16,689,791	15,776,881	912,910	5.79%
Tax Liens	34,885	22,770	12,115	53.21%
Motor vehicle and other excise taxes	542,687	598,267	(55,580)	-9.29%
Penalties & interest on taxes	83,228	67,792	15,436	22.77%
Non restricted grants & contributions	1,573,833	1,507,176	66,657	4.42%
Departmental	81,607	89,222	(7,615)	-8.53%
Unrestricted investment income	35,649	32,310	3,339	10.33%
<b>Total Revenues</b>	<b>20,191,885</b>	<b>19,497,098</b>	<b>694,787</b>	<b>3.56%</b>
<b>Expenses:</b>				
General Government	1,993,633	3,559,112	(1,565,479)	-43.99%
Public Safety	2,542,196	2,399,165	143,031	5.96%
Education	10,750,490	10,533,948	216,542	2.06%
Public Works	555,440	602,506	(47,066)	-7.81%
Sanitation	126,712	137,293	(10,581)	-7.71%
Human Services	710,938	628,519	82,419	13.11%
Culture and Recreation	1,366,217	1,238,734	127,483	10.29%
Employee Benefits	1,420,960	1,124,738	296,222	26.34%
State and County Assessments	193,440	190,354	3,086	1.62%
Interest	228,743	232,598	(3,855)	-1.66%
<b>Total Expenses</b>	<b>19,888,769</b>	<b>20,646,967</b>	<b>(758,198)</b>	<b>-3.67%</b>
<b>Change in Net Position</b>	<b>303,116</b>	<b>(1,149,869)</b>	<b>1,452,985</b>	<b>-126.36%</b>
Prior Period Adjustment - OPEB	-	(821,130)		
<b>Net Position - beginning</b>	<b>15,160,404</b>	<b>17,131,403</b>	<b>(1,970,999)</b>	<b>-11.51%</b>
<b>Net Position - ending</b>	<b>\$ 15,463,520</b>	<b>\$ 15,160,404</b>	<b>\$ 303,116</b>	<b>2.00%</b>

### ***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 \$3,232,918 a \$594,624 increase from the prior year's ending fund balances of \$2,638,294. The increase is due primarily due to a surplus of revenue over expenditures in the General and Community Preservation funds.

The general fund is the primary operating fund. At the end of the current fiscal year, unassigned fund balance of the general fund was \$1,454,262 while total fund balance of the general fund stood at \$2,437,406. 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 7.7% of total general fund expenditures, while total general fund balance of \$2,437,406 represents 12.9% of that same expenditure amount.

The unassigned stabilization fund has accumulated a fund balance of \$517,954 which represents 2.7% of annual general fund expenditures. These funds can be used for general or capital purposes upon Town Meeting approval.

### ***General Fund Budget Highlights***

At its Annual Town Meeting on April 10, 2018, the Town appropriated \$19,377,952 through raise and appropriate articles from the fiscal 2019 general fund. There were no Special Town Meetings. The tax levy for fiscal 2019 was \$15,852,907, an increase of \$889,313 or 5.6% over fiscal 2018. \$554,000 of free cash from fiscal 2018 and were used to decrease the fiscal 2019 tax levy. The Town approved a \$400,000 general override to support the increased tax levy. At year end, \$437,222 of unexpended appropriation balances was closed out to unassigned fund balance. Also, state revenue and local receipts (not including property taxes and tax lien redemptions) exceeded budget by \$126,347.

### ***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, 2019, amounts to \$23,347,831, 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 \$840,738; increases due to two municipal vehicles (\$103,000) and infrastructure improvements (\$121,000) were offset by over \$1 million in FY 2019 asset depreciation.

**Capital Assets  
(Net of Depreciation)**

	<b>Governmental Activities</b>		<b>Increase (Decrease)</b>	<b>% Increase (Decrease)</b>
	<b>2019</b>	<b>2018</b>		
Land	\$ 1,877,108	\$ 1,877,108	\$ -	0.00%
Buildings & Improvements	17,334,651	18,021,216	(686,565)	-3.81%
Machinery and Equipment	5,916	8,283	(2,367)	-28.58%
Vehicles	1,193,641	1,249,843	(56,202)	-4.50%
Infrastructure	2,936,515	3,032,119	(95,604)	-3.15%
<b>Total Capital Assets</b>	<b>\$ 23,347,831</b>	<b>\$ 24,188,569</b>	<b>\$ (840,738)</b>	<b>-3.48%</b>

**Long Term Debt** - The Town's debt burden is reasonable in relation to other communities its size. Outstanding long term debt, as of June 30, 2019, totaled \$6,545,000. Total debt consists of the following:

**Outstanding Debt at Year End**

<b>Governmental Activities</b>	<b>Outstanding June 30, 2019</b>	<b>Outstanding June 30, 2018</b>	<b>Increase (Decrease)</b>	<b>% Increase (Decrease)</b>
General Obligation Bonds	\$ 6,545,000	\$ 7,165,000	\$ (620,000)	-8.65%

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 2020 budget and tax rates including the following:

- The fiscal 2020 tax rate is projected to be \$6.07, an 11-cent decrease from fiscal 2019. The percentage decrease in the tax rate is 1.8%. The overall assessed value of property in the town increased by 4.3% to \$2.825 billion. The excess levy capacity will be \$176,255 or 1.0% of the tax levy. The tax levy limit is approximately \$50 million under the levy ceiling.
- The town needed no override or exclusion votes to remain below the town's levy limit under proposition 2 ½.
- The Board of Selectmen voted during their classification hearing to maintain the same tax rate for all classes of property.

- With the state law changed to include short term rentals under the room excise tax, the Town voted to adopt a 6% local option room excise effective July 1, 2019. The Town expects this to result in a significant increase in local revenues to offset the tax levy in future years, but could not be estimated to be used when setting the fiscal 2020 tax rate.
- Regional school district budgets comprise 55.3% of the Town's operating budget for fiscal 2020. Due to decreased town enrollment at the regional high school the Town's assessment decreased by \$337,000 or 11.8%. The opposite was true for the UpIsland Regional School district where the assessment increased by \$503,000 or 6.6%.
- Other budget lines saw modest increases and decreases in actual dollar amounts. The Highway and Shellfish departments saw larger percentage increases as they added a seasonal worker and part-time agent, respectively.
- The fiscal 2020 budget maintained the amount to transfer to the Dukes County OPEB Trust in the health insurance line item at \$200,000. It is management's intent to continue to make contributions to reduce OPEB liability through the budget process. While funds are being transferred to the trust, the town continues to pay retiree health insurance benefits directly.
- No new debt is projected in fiscal 2020. Capital projects and the resultant debt repayment schedules are being phased in as existing debt declines or is retired, so that capital expenditures and debt services may remain as level as possible over time. The Town is beginning to study the needs of the Up-Island Council on Aging and the adequacy of its building (the Howes House), but any major improvements, if recommended, are not projected to be done in the immediate future.

### ***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, 2019**

	<b>PRIMARY GOVERNMENT</b>
	<b>GOVERNMENTAL ACTIVITIES</b>
<b><u>ASSETS</u></b>	
CURRENT:	
CASH AND SHORT-TERM INVESTMENTS	\$ 4,674,265
RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:	
REAL ESTATE AND PERSONAL PROPERTY TAXES	274,643
TAX LIENS	15,893
MOTOR VEHICLE AND OTHER EXCISE TAXES	58,290
USER FEES	
DEPARTMENTAL AND OTHER	6,724
INTERGOVERNMENTAL	149,507
NONCURRENT:	
CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	23,347,831
TOTAL ASSETS	28,527,153
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>	
RELATED TO POST EMPLOYMENT BENEFITS	788,632
RELATED TO PENSIONS	972,895
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,761,527
<b><u>LIABILITIES</u></b>	
CURRENT:	
ACCOUNTS PAYABLE	193,981
OTHER LIABILITIES	51,160
ACCRUED INTEREST	39,579
LANDFILL POSTCLOSURE CARE COSTS	8,000
COMPENSATED ABSENCES	234,879
BONDS AND NOTES PAYABLE	2,008,917
NONCURRENT:	
LANDFILL POSTCLOSURE CARE COSTS	64,000
COMPENSATED ABSENCES	149,523
POSTEMPLOYMENT BENEFITS	2,592,007
NET PENSION LIABILITY	3,472,827
BONDS AND NOTES PAYABLE	5,925,000
TOTAL LIABILITIES	14,739,873
<b><u>DEFERRED INFLOWS OF RESOURCES:</u></b>	
RELATED TO PENSIONS	85,287
<b><u>NET POSITION</u></b>	
NET INVESTMENT IN CAPITAL ASSETS	15,413,914
RESTRICTED FOR:	
STREETS	76,937
PERMANENT FUNDS:	
EXPENDABLE	8,926
NONEXPENDABLE	65,333
OTHER PURPOSES	1,711,121
UNRESTRICTED	(1,812,711)
TOTAL NET POSITION	\$ 15,463,520

See accompanying notes to the basic financial statements

**TOWN OF WEST TISBURY, MASSACHUSETTS  
STATEMENT OF ACTIVITIES  
FISCAL YEAR ENDED JUNE 30, 2019**

<b><u>FUNCTIONS/PROGRAMS</u></b>	<b><u>EXPENSES</u></b>	<b><u>PROGRAM REVENUES</u></b>		<b><u>NET (EXPENSE) REVENUE</u></b>
		<b><u>CHARGES FOR SERVICES</u></b>	<b><u>OPERATING GRANTS AND CONTRIBUTIONS</u></b>	
<b>PRIMARY GOVERNMENT:</b>				
GOVERNMENTAL ACTIVITIES:				
GENERAL GOVERNMENT	\$ 1,993,633	\$ 21,742	\$ 25,040	\$ (1,946,851)
PUBLIC SAFETY	2,542,196	377,638	37,882	(2,126,676)
EDUCATION	10,750,490	-	-	(10,750,490)
PUBLIC WORKS	555,440	275	5,632	(549,533)
SANITATION	126,712	110,057	-	(16,655)
HUMAN SERVICES	710,938	39,990	218,560	(452,388)
CULTURE & RECREATION	1,366,217	116,902	196,487	(1,052,828)
EMPLOYEE BENEFITS	1,420,960	-	-	(1,420,960)
STATE & COUNTY ASSESSMENTS	193,440	-	-	(193,440)
INTEREST	228,743	-	-	(228,743)
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 19,888,769</b>	<b>\$ 666,604</b>	<b>\$ 483,601</b>	<b>\$ (18,738,564)</b>

See accompanying notes to the basic financial statements

(continued)

**TOWN OF WEST TISBURY, MASSACHUSETTS  
STATEMENT OF ACTIVITIES  
FISCAL YEAR ENDED JUNE 30, 2019**

	<b>PRIMARY GOVERNMENT</b>
	<b>GOVERNMENTAL ACTIVITIES</b>
<b>CHANGES IN NET POSITION:</b>	
NET (EXPENSE) REVENUE FROM PREVIOUS PAGE	\$ (18,738,564)
GENERAL REVENUES:	
REAL ESTATE AND PERSONAL PROPERTY TAXES, NET OF TAX REFUNDS PAYABLE	16,689,791
TAX LIENS	34,885
MOTOR VEHICLE EXCISE TAXES	542,687
PENALTIES AND INTEREST ON TAXES	83,228
GRANTS AND CONTRIBUTIONS NOT RESTRICTED TO SPECIFIC PROGRAMS	1,573,833
UNRESTRICTED INVESTMENT INCOME	35,649
MISCELLANEOUS	81,607
TOTAL GENERAL REVENUES	19,041,680
CHANGE IN NET POSITION	303,116
<b>NET POSITION:</b>	
BEGINNING OF YEAR	15,160,404
END OF YEAR	\$ 15,463,520

See accompanying notes to the basic financial statements

(concluded)



**TOWN OF WEST TISBURY, MASSACHUSETTS  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2019**

<b><u>ASSETS</u></b>	<b><u>GENERAL</u></b>	<b><u>COMMUNITY PRESERVATION</u></b>	<b><u>HIGHWAY BUILDING PROJECT</u></b>	<b><u>FIRE TRUCK</u></b>	<b><u>NONMAJOR GOVERNMENTAL FUNDS</u></b>	<b><u>TOTAL GOVERNMENTAL FUNDS</u></b>
CASH AND SHORT-TERM INVESTMENTS	\$ 2,472,243	\$ 1,144,183	\$ 3,926	\$ -	\$ 1,053,913	\$ 4,674,265
RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:						
REAL ESTATE AND PERSONAL PROPERTY TAXES	274,643	-	-	-	-	274,643
TAX LIENS	15,893	-	-	-	-	15,893
MOTOR VEHICLE AND OTHER EXCISE TAXES	58,290	-	-	-	-	58,290
DEPARTMENTAL AND OTHER	-	6,724	-	-	-	6,724
INTERGOVERNMENTAL	72,570	-	-	-	76,937	149,507
<b>TOTAL ASSETS</b>	<b>\$ 2,893,639</b>	<b>\$ 1,150,907</b>	<b>\$ 3,926</b>	<b>\$ -</b>	<b>\$ 1,130,850</b>	<b>\$ 5,179,322</b>
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u></b>						
LIABILITIES:						
ACCOUNTS PAYABLE	\$ 176,951	\$ 634	\$ -	\$ -	\$ 16,396	\$ 193,981
OTHER LIABILITIES	50,597	563	-	-	-	51,160
NOTES PAYABLE	-	450,000	558,250	320,000	60,667	1,388,917
<b>TOTAL LIABILITIES</b>	<b>227,548</b>	<b>451,197</b>	<b>558,250</b>	<b>320,000</b>	<b>77,063</b>	<b>1,634,058</b>
DEFERRED INFLOWS OF RESOURCES:						
ADVANCE COLLECTIONS - TAXES						
UNAVAILABLE REVENUE	228,685	6,724	-	-	76,937	312,346
FUND BALANCES:						
NONSPENDABLE	-	-	-	-	65,333	65,333
RESTRICTED	3,119	692,986	-	-	987,470	1,683,575
COMMITTED	286,036	-	-	-	-	286,036
ASSIGNED	693,989	-	-	-	-	693,989
UNASSIGNED	1,454,262	-	(554,324)	(320,000)	(75,953)	503,985
<b>TOTAL FUND BALANCES</b>	<b>2,437,406</b>	<b>692,986</b>	<b>(554,324)</b>	<b>(320,000)</b>	<b>976,850</b>	<b>3,232,918</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES</b>	<b>\$ 2,893,639</b>	<b>\$ 1,150,907</b>	<b>\$ 3,926</b>	<b>\$ -</b>	<b>\$ 1,130,850</b>	<b>\$ 5,179,322</b>

See accompanying notes to the basic financial statements

**TOWN OF WEST TISBURY, MASSACHUSETTS  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FISCAL YEAR ENDED JUNE 30, 2019**

	GENERAL	COMMUNITY PRESERVATION	HIGHWAY BUILDING PROJECT	FIRE TRUCK	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES:</b>						
REAL ESTATE AND PERSONAL PROPERTY TAXES, NET OF TAX REFUNDS	\$ 16,744,718	\$ -	\$ -	\$ -	\$ -	\$ 16,744,718
MOTOR VEHICLE EXCISE TAXES	562,445	-	-	-	-	562,445
PENALTIES AND INTEREST ON TAXES	83,228	-	-	-	-	83,228
INTERGOVERNMENTAL	982,244	138,334	-	-	63,425	1,184,003
CHARGES FOR SERVICES	-	-	-	-	119,160	119,160
INVESTMENT INCOME	34,649	18,547	-	-	8,153	61,349
CONTRIBUTIONS & DONATIONS	-	-	-	-	126,143	126,143
DEPARTMENTAL AND OTHER	828,046	449,168	-	-	73,194	1,350,408
TOTAL REVENUES	19,235,330	606,049	-	-	390,075	20,231,454
<b>EXPENDITURES:</b>						
CURRENT:						
GENERAL GOVERNMENT	1,628,264	188,710	-	-	53,138	1,870,112
PUBLIC SAFETY	2,433,463	43,205	-	-	29,060	2,505,728
EDUCATION	10,511,914	-	-	-	-	10,511,914
PUBLIC WORKS	312,002	-	-	-	-	312,002
SANITATION	126,712	-	-	-	-	126,712
HUMAN SERVICES	585,729	-	-	-	117,719	703,448
CULTURE & RECREATION	900,048	98,339	-	-	180,585	1,178,972
EMPLOYEE BENEFITS	1,387,974	-	-	-	-	1,387,974
STATE & COUNTY ASSESSMENTS	193,440	-	-	-	-	193,440
DEBT SERVICE						
PRINCIPAL	620,000	-	-	-	-	620,000
INTEREST	220,028	6,500	-	-	-	226,528
TOTAL EXPENDITURES	18,919,574	336,754	-	-	380,502	19,636,830
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	315,756	269,295	-	-	9,573	594,624
<b>OTHER FINANCING SOURCES (USES)</b>						
OPERATING TRANSFERS IN	23,675	-	79,750	80,000	50,333	233,758
OPERATING TRANSFERS OUT	(210,083)	-	-	-	(23,675)	(233,758)
TOTAL OTHER FINANCING SOURCES (USES)	(186,408)	-	79,750	80,000	26,658	-
NET CHANGE IN FUND BALANCES	129,348	269,295	79,750	80,000	36,231	594,624
FUND BALANCES AT BEGINNING OF YEAR	2,308,058	423,691	(634,074)	(400,000)	940,619	2,638,294
FUND BALANCES AT END OF YEAR	\$ 2,437,406	\$ 692,986	\$ (554,324)	\$ (320,000)	\$ 976,850	\$ 3,232,918

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, 2019**

<b>TOTAL GOVERNMENTAL FUND BALANCES</b>		\$ 3,232,918
CAPITAL ASSETS (NET) USED IN GOVERNMENTAL ACTIVITIES ARE NOT FINANCIAL RESOURCES AND, THEREFORE, ARE NOT REPORTED IN THE FUNDS		23,347,831
ACCOUNTS RECEIVABLE ARE NOT AVAILABLE TO PAY FOR CURRENT-PERIOD EXPENDITURES AND, THEREFORE, ARE DEFERRED IN THE FUNDS		312,346
IN THE STATEMENT OF ACTIVITIES, INTEREST IS ACCRUED ON OUTSTANDING LONG-TERM DEBT, WHEREAS IN GOVERNMENTAL FUNDS INTEREST IS NOT REPORTED UNTIL DUE		(39,579)
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	(6,545,000)	
NET PENSION LIABILITY	(3,472,827)	
DEFERRED INFLOWS OF RESOURCES - RELATED TO PENSIONS	(85,287)	
DEFERRED OUTFLOWS OF RESOURCES - RELATED TO POSTEMPLOYMENT BENEFITS	788,632	
DEFERRED OUTFLOWS OF RESOURCES - RELATED TO PENSIONS	972,895	
COMPENSATED ABSENCES	(384,402)	
POSTEMPLOYMENT BENEFITS	(2,592,007)	
LANDFILL POSTCLOSURE CARE COSTS	<u>(72,000)</u>	
NET EFFECT OF REPORTING LONG-TERM LIABILITIES		<u>(11,389,996)</u>
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>		<u><u>\$ 15,463,520</u></u>

See accompanying notes to the basic financial statements

**TOWN OF WEST TISBURY, MASSACHUSETTS  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FISCAL YEAR ENDED JUNE 30, 2019**

<b>NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS</b>		<b>\$ 594,624</b>
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	223,999	
DEPRECIATION EXPENSE	<u>(1,064,737)</u>	
NET EFFECT OF REPORTING CAPITAL ASSETS		(840,738)
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		
		(39,569)
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>620,000</u>	
NET EFFECT OF REPORTING LONG-TEM DEBT		620,000
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	(19,438)	
NET CHANGE IN POSTEMPLOYMENT BENEFITS ACCRUAL	(740,119)	
NET CHANGE IN LANDFILL POSTCLOSURE CARE ACCRUAL	4,000	
NET CHANGE IN ACCRUED INTEREST ON LONG-TERM DEBT	(2,215)	
NET CHANGE IN NET PENSION LIABILITY	(1,114,964)	
NET CHANGE IN DEFERRED OUTFLOW OF RESOURCES - RELATED TO PENSIONS	612,775	
NET CHANGE IN DEFERRED OUTFLOW OF RESOURCES - RELATED TO POSTEMPLOYMENT BENEFITS	745,739	
NET CHANGE IN DEFERRED INFLOW OF RESOURCES - RELATRD TO PENSIONS	<u>483,021</u>	
NET EFFECT OF RECORDING LONG-TERM LIABILITIES		<u>(31,201)</u>
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>		<b><u>\$ 303,116</u></b>

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, 2019**

	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL</b>	<b>VARIANCE</b>
	<b>ORIGINAL BUDGET</b>	<b>FINAL BUDGET</b>	<b>BUDGETARY AMOUNTS</b>	<b>OVER/UNDER</b>
<b>REVENUES:</b>				
REAL ESTATE AND PERSONAL PROPERTY TAXES,				
NET OF TAX REFUNDS	\$ 16,693,794	\$ 16,693,794	\$ 16,744,718	\$ 50,924
MOTOR VEHICLE EXCISE TAXES	560,000	560,000	562,445	2,445
PENALTIES & INTEREST ON TAXES	65,000	65,000	83,228	18,228
INTERGOVERNMENTAL	972,282	972,282	982,244	9,962
INVESTMENT INCOME	22,000	22,000	22,867	867
DEPARTMENTAL AND OTHER	735,450	735,450	828,046	92,596
TOTAL REVENUES	19,048,526	19,048,526	19,223,548	175,022
<b>EXPENDITURES:</b>				
CURRENT:				
GENERAL GOVERNMENT	1,955,685	1,953,633	1,628,264	325,369
PUBLIC SAFETY	2,532,869	2,600,644	2,433,463	167,181
EDUCATION	10,511,914	10,511,914	10,511,914	-
PUBLIC WORKS	380,326	394,526	312,002	82,524
SANITATION	146,517	146,517	126,712	19,805
HUMAN SERVICES	627,638	632,388	585,729	46,659
CULTURE & RECREATION	923,880	926,580	900,048	26,532
EMPLOYEE BENEFITS	1,461,990	1,463,492	1,387,974	75,518
STATE & COUNTY ASSESSMENTS	195,048	195,048	193,440	1,608
DEBT SERVICE:				
PRINCIPAL	620,000	620,000	620,000	-
INTEREST	224,529	224,529	220,028	4,501
TOTAL EXPENDITURES	19,580,396	19,669,271	18,919,574	749,697
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(531,870)	(620,745)	303,974	924,719
<b>OTHER FINANCING SOURCES (USES):</b>				
OPERATING TRANSFERS IN	-	23,675	23,675	-
OPERATING TRANSFERS OUT	(210,083)	(210,083)	(210,083)	-
TOTAL OTHER FINANCING SOURCES (USES)	(210,083)	(186,408)	(186,408)	-
NET CHANGE IN FUND BALANCE	(741,953)	(807,153)	117,566	924,719
BUDGETARY FUND BALANCE, BEGINNING OF YEAR	1,702,046	1,702,046	1,702,046	-
BUDGETARY FUND BALANCE, END OF YEAR	\$ 960,093	\$ 894,893	\$ 1,819,612	\$ 924,719

See accompanying notes to the basic financial statements

**TOWN OF WEST TISBURY, MASSACHUSETTS  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2019**

	<b>POSTEMPLOYMENT BENEFITS TRUST FUND</b>	<b>AGENCY FUNDS</b>
<b><u>ASSETS</u></b>		
CASH AND SHORT-TERM INVESTMENTS	\$ -	\$ 63,687
DEPOSITS HELD BY TRUSTEE	<u>2,238,042</u>	<u>-</u>
TOTAL ASSETS	<u>2,238,042</u>	<u>63,687</u>
<b><u>LIABILITIES</u></b>		
ACCOUNTS PAYABLE	-	1,200
OTHER LIABILITIES	<u>-</u>	<u>62,487</u>
TOTAL LIABILITIES	<u>-</u>	<u>63,687</u>
<b><u>NET POSITION</u></b>		
NET POSITION - HELD IN TRUST FOR POST-EMPLOYMENT BENEFITS	<u>\$ 2,238,042</u>	<u>\$ -</u>

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

**TOWN OF WEST TISBURY, MASSACHUSETTS  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
JUNE 30, 2019**

	<b>POSTEMPLOYMENT BENEFITS TRUST FUND</b>
<b><u>ADDITIONS:</u></b>	
CONTRIBUTIONS:	
EMPLOYER CONTRIBUTIONS	\$ 200,000
EMPLOYER CONTRIBUTIONS TO PAY FOR OPEB BENEFITS	220,618
NET INVESTMENT INCOME (LOSS):	
INVESTMENT INCOME	<u>108,902</u>
TOTAL ADDITIONS	529,520
<b><u>DEDUCTIONS:</u></b>	
BENEFIT PAYMENTS	<u>220,618</u>
CHANGES IN NET POSITION	<u>308,902</u>
<b>NET POSITION AT BEGINNING OF YEAR</b>	<u>1,929,140</u>
<b>NET POSITION AT END OF YEAR</b>	<u><u>\$ 2,238,042</u></u>

See accompanying notes to the basic financial statements

**TOWN OF WEST TISBURY, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

Primary Government

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

Joint Ventures

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

<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	\$ 2,847,231
Up-Island Regional School District	To provide elementary education services	2 Pine Street Vineyard Haven, MA 02568	\$ 7,624,269
M.V. Regional Refuse & Resource Recovery District	To process solid waste of the member communities	750 West Tisbury Rd Edgartown, MA 02539	\$ 118,766



**TOWN OF WEST TISBURY, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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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 16% 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 49% 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, 2019.

*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, 2019**

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*Major Fund Criteria*

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

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

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

Fiduciary funds are reported by fund type.

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

*Government-Wide Financial Statements*

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

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

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

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

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

**TOWN OF WEST TISBURY, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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*Fund Financial Statements*

***Governmental Fund Financial Statements***

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period.

Expenditures are recorded when the related fund liability is incurred, except for interest on general long-term debt which is recognized when due, and the noncurrent portion of compensated absences, landfill post closure care costs, net pension liability, and post-employment benefits, which are recognized when the obligations are expected to be liquidated with current expendable available resources.

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

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

The Town reports the following major governmental funds:

- The *General fund* is the primary operating fund of the Town. It is used to account for all financial resources, except those that are required to be accounted for in another fund.
- The *Community Preservation fund* is a special revenue fund used to account for the accumulation of resources to purchase open space, provide for affordable housing, or preservation of historical property under the guidelines of the Community Preservation Act of the Massachusetts General Laws.
- The *Highway Building Project fund* is a capital project fund used to account for the construction activity of the highway building.
- The *Fire Truck fund* is a capital project fund used to account for the purchase of a new fire truck.
- The *Nonmajor Governmental funds* consist of other special revenue, capital projects, and permanent funds that are aggregated and presented in the nonmajor governmental funds column on the governmental funds financial statements. The following describes the general use of these fund types:
  - The *Special Revenue fund* is used to account for the proceeds of specific revenue sources (other than permanent funds or capital projects funds) that are restricted by law or administrative action to expenditures for specified purposes.

**TOWN OF WEST TISBURY, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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- The *Capital Projects fund* is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by trust funds).
- The *Permanent fund* is used to account for financial resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the governmental programs.

***Fiduciary Fund Financial Statements***

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

The following fiduciary fund types are reported:

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

**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, 2019**

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

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

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

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

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

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

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

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

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

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

**TOWN OF WEST TISBURY, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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*Motor Vehicle Excise*

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

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

*Departmental and Other*

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

*Intergovernmental*

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

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

**G. Inventories**

*Government-Wide and Fund Financial Statements*

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

**H. Capital Assets**

*Government-Wide Financial Statements*

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

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

**TOWN OF WEST TISBURY, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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

<u>Asset Class</u>	<u>Estimated 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, 2019**

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*Fund Financial Statements*

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

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

*Government-Wide Financial Statements (Net Position)*

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

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



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Net position has been “restricted” for the following:

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

*Fund Financial Statements (Fund Balances)*

The Town uses the following criteria for fund balance classification:

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

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

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

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**M. Long-term debt**

*Government-Wide Financial Statements*

Long-term debt is reported as liabilities in the government-wide statement of net position. Material bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

*Governmental Fund Financial Statements*

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

**N. Investment Income**

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

**O. Compensated Absences**

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

*Government-Wide Financial Statements*

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

*Governmental Fund Financial Statements*

The portion of the liability related to unused sick and vacation time that has matured or is due as of June 30, 2019 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.

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**Q. Post Retirement Benefits**

*Government-Wide and Fund Financial Statements*

In addition to providing pension benefits, health insurance coverage is provided for retired employees and their survivors in accordance with 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.

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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 2019 approved budget authorized \$19,362,917 in current year appropriations and other amounts to be raised and \$217,479 in encumbrances and articles carried over from previous fiscal years. Supplemental budget increases of \$88,875 were approved at one Town Meeting during fiscal year 2019.

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, 2019, is presented below:

Net Change in Fund Balance - Budgetary Basis	\$ 117,566
Basis of Accounting Differences:	
Net Stabilization Fund Activity	<u>11,782</u>
Net Change in Fund Balance - GAAP Basis	<u><u>\$ 129,348</u></u>

*C. Deficit Fund Balances*

Several individual fund deficits exist within the Special Revenue and the Capital Projects funds. These individual deficits will be eliminated through subsequent fiscal year budget transfers, grants or proceeds from long-term debt during fiscal year 2020.

**TOWN OF WEST TISBURY, MASSACHUSETTS**  
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**NOTE 3 – DEPOSITS AND INVESTMENTS**

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

*Deposits*

▪ *Custodial Credit Risk – Deposits*

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

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

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

The following table illustrates how much of the Town's bank deposits are insured, and how much of the Town's bank deposits are collateralized with securities held by the pledging financial institution's trust department but not in the Town's name as of June 30, 2019:

Total Bank Balances		<u><u>\$ 4,875,613</u></u>
Bank Balances Covered by Deposit Insurance		
Federal Deposit Insurance Corporation (FDIC)	2,688,375	
Depositor's Insurance Fund (DIF)	1,714,958	
Shared Insurance Fund (SIF)	<u>378,801</u>	
Total Bank Balances Covered by Deposit Insurance		<u>4,782,134</u>
Balances Subject to Custodial Credit Risk		
Bank Balances Collateralized with Securities Held by the Pledging Financial Institution's Trust Department or Agent but not in the Town's Name	<u>93,479</u>	
Total Bank Balances Subject to Custodial Credit Risk		<u>93,479</u>
Total Bank Balances		<u><u>\$ 4,875,613</u></u>

**TOWN OF WEST TISBURY, MASSACHUSETTS**  
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*Investments*

Investments can also be made in securities issued by or unconditionally guaranteed by the U.S. government or agencies that have a maturity of less than one year from the date of purchase, repurchase agreement guaranteed by the U.S. government or agencies that have a maturity of less than one year from the date of purchase, repurchase agreements guaranteed by such securities with maturity dates of no more than 90 days from the date of purchase, and units in the Massachusetts Municipal Depository Trust (MMDT). The Treasurer of the Commonwealth of Massachusetts oversees the financial management of the MMDT, a local investment pool for cities, towns, and other state and local agencies within the Commonwealth.

The Town did not hold or own any investments as of June 30, 2019.

*a) Credit Risk*

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

*b) Custodial Credit Risk*

For an investment, this is the risk that, in the event of a failure by the counterparty, the Town will not be able to recover the value of its investments or collateral security that are in possession of an outside party. The Town does not have an investment policy for custodial credit risk.

*c) Interest Rate Risk*

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

*d) Concentration of Credit Risk*

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

*e) Fair Market Value of Investments*

The Town holds no investments that are measured at fair value on a recurring basis as of June 30, 2019.

**TOWN OF WEST TISBURY, MASSACHUSETTS**  
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**NOTE 4 – RECEIVABLES**

The receivables at June 30, 2019 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	\$ 288,143	\$ (13,500)	\$ 274,643
Tax Liens	15,893	-	15,893
Motor Vehicle and Other Excise Taxes	91,590	(33,300)	58,290
Departmental and Other	6,724	-	6,724
Intergovernmental	149,507	-	149,507
Total	<u>\$ 551,857</u>	<u>\$ (46,800)</u>	<u>\$ 505,057</u>

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

Deferred Inflows of Resources Analysis				
Deferred Inflows:	General Fund	Community Preservation Fund	Nonmajor Governmental Funds	Total
Deferred Property Taxes	\$ 154,502	\$ -	\$ -	\$ 154,502
Deferred Other Revenue	74,183	6,724	-	80,907
Deferred Intergovernmental Revenue	-	-	76,937	76,937
Total	<u>\$ 228,685</u>	<u>\$ 6,724</u>	<u>\$ 76,937</u>	<u>\$ 312,346</u>

**TOWN OF WEST TISBURY, MASSACHUSETTS**  
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**NOTE 5 – CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2019, was as follows:

<b>Governmental Activities:</b>	Beginning Balance	Increases	Reclassifications & Decreases	Ending Balance
<i><b>Capital Assets not Being Depreciated :</b></i>				
Land	\$ 1,877,108	\$ -	\$ -	\$ 1,877,108
<i><b>Capital Assets Being Depreciated :</b></i>				
Buildings and Improvements	28,510,934	-	-	28,510,934
Machinery & Equipment	193,896	-	-	193,896
Vehicles	2,056,683	103,045	-	2,159,728
Infrastructure	4,726,716	120,954	-	4,847,670
Total Capital Assets Being Depreciated	35,488,229	223,999	-	35,712,228
<i><b>Less Accumulated Depreciation for :</b></i>				
Buildings and Improvements	(10,489,718)	(686,565)	-	(11,176,283)
Machinery & Equipment	(185,613)	(2,367)	-	(187,980)
Vehicles	(806,840)	(159,247)	-	(966,087)
Infrastructure	(1,694,597)	(216,558)	-	(1,911,155)
Total Accumulated Depreciation	(13,176,768)	(1,064,737)	-	(14,241,505)
Total Capital Assets Being Depreciated, Net	22,311,461	(840,738)	-	21,470,723
Total Governmental Activities Capital Assets, Net	\$ 24,188,569	\$ (840,738)	\$ -	\$ 23,347,831



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

<b>Governmental Activities:</b>	
General Government	\$ 123,521
Public Safety	260,467
Education	238,576
Public Works	243,438
Human Services	11,490
Culture and Recreation	<u>187,245</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 1,064,737</u></u>

**NOTE 6 – INTERFUND TRANSFERS**

Interfund transfers for the fiscal year ended June 30, 2019, are summarized as follows:

Operating Transfers In:					
Operating Transfers Out:	General Fund	Highway Building Project Fund	Fire Truck Fund	Nonmajor Governmental Funds	Total
General Fund	\$ -	\$ 79,750	\$ 80,000	\$ 50,333	\$ 210,083 (1)
Non Major Governmental Funds	<u>23,675</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,675 (1)</u>
Total	<u><u>\$ 23,675</u></u>	<u><u>\$ 79,750</u></u>	<u><u>\$ 80,000</u></u>	<u><u>\$ 50,333</u></u>	<u><u>\$ 233,758</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**  
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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, 2019:

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2018	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2019
<i>Governmental Funds</i>							
BAN	Multiple	1.30%	12/13/2018	\$ 900,000	\$ -	\$ (900,000)	\$ -
BAN	Multiple	1.95%	6/14/2019	729,000	-	(729,000)	-
BAN	Multiple	2.59%	12/13/2019	-	770,000	-	770,000
BAN	Multiple	2.10%	6/12/2020	-	618,917	-	618,917
Total				<u>\$ 1,629,000</u>	<u>\$ 1,388,917</u>	<u>\$ (1,629,000)</u>	<u>\$ 1,388,917</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, 2019:

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

Project	Interest Rate %	Outstanding at June 30, 2018	Issued	Redeemed	Outstanding at June 30, 2019
Town Hall	3.11	\$ 2,560,000	\$ -	\$ 235,000	\$ 2,325,000
Library and Road Repairs	3.74	2,660,000	-	260,000	2,400,000
Public Safety Building	3.74	1,945,000	-	125,000	1,820,000
Total		<u>\$ 7,165,000</u>	<u>\$ -</u>	<u>\$ 620,000</u>	<u>\$ 6,545,000</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, 2019 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 620,000	\$ 185,589	\$ 805,589
2021	615,000	169,639	784,639
2022	615,000	153,739	768,739
2023	615,000	137,692	752,692
2024	610,000	121,033	731,033
2025-2029	2,870,000	333,875	3,203,875
2030-2034	600,000	63,000	663,000
Total	<u>\$ 6,545,000</u>	<u>\$ 1,164,567</u>	<u>\$ 7,709,567</u>

**Loans Authorized and Unissued**

As of June 30, 2019, the Town has loans authorized and unissued as follows:

<u>Description</u>	<u>Date Authorized</u>	<u>Amount</u>
Highway Building	4/12/2016	\$ 558,250
Highway Truck	4/12/2016	29,200
Howes Roof	4/12/2016	31,467
Pumper Truck	12/13/2017	320,000
Scotts Grove Affordable Housing	12/13/2017	450,000
Total		<u>\$ 1,388,917</u>

**TOWN OF WEST TISBURY, MASSACHUSETTS**  
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**Changes in Long-term Liabilities**

The following is a summary of changes in long-term liabilities for the year ended June 30, 2019:

Governmental Activities:	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds and Notes Payable	\$ 7,165,000	\$ -	\$ (620,000)	\$ 6,545,000	\$ 620,000
Landfill Postclosure Care Costs	76,000	-	(4,000)	72,000	8,000
Compensated Absences	364,964	19,438	-	384,402	234,879
Net Pension Liability	2,357,863	1,114,964	-	3,472,827	-
Postemployment Benefits	1,851,888	740,119	-	2,592,007	-
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 11,815,715</u>	<u>\$ 1,874,521</u>	<u>\$ (624,000)</u>	<u>\$ 13,066,236</u>	<u>\$ 862,879</u>

The governmental activities long-term liabilities are generally liquidated by the general fund.

**Overlapping Debt**

The Town pays assessments under formulas which include debt service payments to other governmental agencies providing services to the Town, (commonly referred to as overlapping debt). The following summary sets forth the long-term debt of such governmental agencies and the estimated share being financed by the Town as of June 30, 2019:

Agency	Total Long- Term Debt Outstanding	Town's Estimated Share	Town's Indirect Debt
Martha's Vineyard Public Schools	\$ 900,000	16.00%	\$ 144,000
Up-Island Regional School District	450,000	49.00%	220,500
Martha's Vineyard Refuse Disposal & Resource Recovery District	2,800,000	15.50%	434,000
Dukes County			
MVY	266,000	12.18%	32,399
County Center for Living Bldg	<u>960,000</u>	<u>14.39%</u>	<u>138,144</u>
Total	<u>\$ 5,376,000</u>		<u>\$ 969,043</u>

**TOWN OF WEST TISBURY, MASSACHUSETTS**  
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**NOTE 9 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS**

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

	General Fund	Community Preservation Fund	Highway Fund	Fire Truck Fund	Nonmajor Governmental Funds	TOTAL
<b>Fund Balances</b>						
Nonspendable						
Permanent Fund Principal	\$ -	\$ -	\$ -	\$ -	\$ 65,333	\$ 65,333
Restricted For:						
General Government	-	-	-	-	564,448	564,448
Public Safety	-	-	-	-	35,132	35,132
Public Works	-	-	-	-	68,911	68,911
Human Services	-	-	-	-	98,682	98,682
Culture & Recreation	-	-	-	-	142,417	142,417
Employee Benefits	-	-	-	-	68,954	68,954
Debt Service	3,119	-	-	-	-	3,119
Community Preservation	-	692,986	-	-	-	692,986
Expendable Trust Fund	-	-	-	-	8,926	8,926
	<u>3,119</u>	<u>692,986</u>	<u>-</u>	<u>-</u>	<u>987,470</u>	<u>1,683,575</u>
Committed To:						
Continuing Appropriations						
General Government	125,206	-	-	-	-	125,206
Public Safety	86,023	-	-	-	-	86,023
Public Works	54,287	-	-	-	-	54,287
Human Service	18,370	-	-	-	-	18,370
Culture & Recreation	2,150	-	-	-	-	2,150
	<u>286,036</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>286,036</u>
Assigned To:						
Encumbered For:						
General Government	24,514	-	-	-	-	24,514
Public Safety	208	-	-	-	-	208
Public Works	1,045	-	-	-	-	1,045
Culture & Recreation	695	-	-	-	-	695
Subsequent Years Expenditures	550,000	-	-	-	-	550,000
Bond Premium	17,687	-	-	-	-	17,687
Stabilization - Ambulance	57,946	-	-	-	-	57,946
Stabilization - Building Maintenance	37,268	-	-	-	-	37,268
Stabilization - Fire Equipment	4,626	-	-	-	-	4,626
	<u>693,989</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>693,989</u>
Unassigned						
General Fund	936,308	-	-	-	-	936,308
General Stabilization Fund	517,954	-	-	-	-	517,954
Nonmajor Governmental Funds	-	-	-	-	(15,475)	(15,475)
Capital Project						
General Government	-	-	-	-	(31,467)	(31,467)
Fire Truck	-	-	-	(320,000)	-	(320,000)
Public Works	-	-	-	-	(29,011)	(29,011)
Highway Building	-	-	(554,324)	-	-	(554,324)
	<u>1,454,262</u>	<u>-</u>	<u>(554,324)</u>	<u>(320,000)</u>	<u>(75,953)</u>	<u>503,985</u>
Total Governmental Fund Balances	<u>\$ 2,437,406</u>	<u>\$ 692,986</u>	<u>\$ (554,324)</u>	<u>\$ (320,000)</u>	<u>\$ 976,850</u>	<u>\$ 3,232,918</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 \$517,954 as of June 30, 2019. The fund was established under chapter 40, sub-section 5B of the Massachusetts General Law.

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- *The Fire Equipment Stabilization Fund* is used to account for appropriations funding the acquisition, repair, replacement, extension, reconstruction, enlarging and/or additions to capital equipment, vehicles, and apparatus of the fire department and pay notes, bonds, or certificates of indebtedness issued to pay for the cost of such acquisition, repair, replacement, extension, reconstruction, enlarging and additions. The Town may appropriate into and out of the fund at Annual or Special Town Meeting by 2/3 vote. The fire stabilization fund balance is \$4,626 as of June 30, 2019. 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 \$57,946 as of June 30, 2019. This fund was established under Chapter 40 sub-section 5B of **MGL**.
- *The Building Maintenance Stabilization Fund* purpose is to budget and set aside funds necessary for future anticipated major maintenance items for town owned buildings. Funds will be appropriated from the stabilization funds at future town meetings as planned maintenance items are scheduled to be performed. The building maintenance stabilization fund balance is \$37,268 as of June 30, 2019. 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 2019.

The Town is a member of the Cape Cod Municipal Health Group, (CCMHG) which is a Massachusetts Municipal Joint Health Insurance purchase group. The Group includes thirteen Towns, six school districts, five fire districts, six water districts, one recreation authority, one education collaborative, Veterans Services of Cape Cod, Barnstable County, Orleans/Brewster/Eastham Groundwater Protection District, Cape Light Compact, and Cape Cod Regional Transit Authority as participants. In addition, the Group entered into a Joint Negotiation Purchase of Health Coverage with the Dukes County Municipal Health Group which now consists of Dukes County Commissioners; the Towns of Chilmark, Edgartown, Gosnold, Oak Bluffs, Tisbury, West Tisbury, and Aquinnah; Martha's Vineyard Refuse Disposal and Resource Recovery District; Martha's Vineyard Commission; Martha's Vineyard Land Bank Commission; Oak Bluffs Water District; Martha's Vineyard Regional School District; Up-Island Regional School District; Martha's Vineyard Charter School; and Martha's Vineyard Transit Authority.

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

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

The Master Health Plus, Blue Care Elect Preferred PPO plan, Network Blue EPO plan, and Medex 2 plan are on a claims-paid basis, and are administered by Blue Cross Blue Shield of Massachusetts for a monthly administration fee based on the number of individual, single parent/single child, and family plan subscribers for that particular month. Medex 2 is combined with a fully insured PDP provided by Blue Cross Blue Shield and called Blue Medicare RX.

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

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

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

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

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The Group provides health care coverage for employees that qualify for and select health care coverage as an employee benefit as well as retired employees. There are 30 Town of West Tisbury employees and 15 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, 2019 the Cape Cod Municipal Health Group had total assets of \$57,399,989 total liabilities of \$16,565,732 (including \$13,956,161 in estimated benefits obligations), and a total surplus of \$40,834,257.

**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, dental, 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, dental and life insurance benefits to eligible retirees and their spouses. Town meeting vote is the authority to establish and amend benefit provisions to the Town. The Town has accepted various sections of Massachusetts General Laws Chapter 32B to provide 75% of the premium cost of retirees' health and life insurance costs.

**Funding Policy.** The contribution requirements of plan members and the Town are established and may be amended by local by-law. The required contribution is based on projected pay-as-you-go financing requirements. For Fiscal Year 2019, total Town premiums plus implicit costs for the retiree medical program are \$220,618. The Town also made a contribution to an OPEB Trust of \$200,000 for a total contribution during the measurement period of \$420,618 to be reported on the financial statements for the fiscal year ending June 30, 2019.

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 2019, 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, 2019, the balance of this fund totaled \$2,238,042.



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

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

*Measurement Date* - GASB #75 requires the net OPEB liability to be measured as of a date no earlier than the end of the employer's prior fiscal year and no later than the end of the employer's current fiscal year, consistently applied from period to period. Accordingly, the net OPEB liability was measured as of June 30, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2018.

*Plan Membership* – The following table represents the Plan's membership as June 30, 2019:

Active Members	38
Inactive members currently receiving benefits	<u>15</u>
Total	<u><u>53</u></u>

*Components of OPEB Liability* – The following table represents the components of the Plan's OPEB liability as of June 30, 2019:

Total OPEB Liability	\$ 4,830,049
Less: OPEB plan's fiduciary net position	<u>(2,238,042)</u>
Net OPEB Liability	<u><u>\$ 2,592,007</u></u>

The OPEB plan's fiduciary net position as a percentage of the total OPEB liability	46.34%
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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, 2019 to be in accordance with GASB Statement #75.

Valuation Date:	July 1, 2018
Actuarial Cost Method:	Entry Age Normal
Asset-Valuation Method:	Market value
Long Term Expected Rate of Return	7.5%, compounded annually, net of fees
Inflation:	2.60%
Discount rate	7.5%, compounded annually, for the measurment as of June 30, 2019 and 7.5% compunded annually for the measurment as of June 30, 2018.
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 2018 decreasing 0.5% per year to 5.5% then grading down to an ultimate trend rate of 3.9% utilizing to Society of Actuaries Gretzen Medical Trend model. The ultimate medical inflation rate is reached in 2075.
Pre-Retirement Mortality - General and Public Safety Employees	RP-2000 Employees Mortality Table base year 2009 projected with Generational Mortality Improvement using scale BB
Post-Retirement Mortality - General and Public Safety Employees	RP-2000 Healthy Annuitant Mortality Table base year 2009 projected with generational mortality improvement using scale BB.

*Rate of Return* – For the year ended June 30, 2019 the annual money-weighted rate on investments, net of investments expense, was 5.27%. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

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The long-term expected rate of return on OPEB plan investments was determined using the building block method. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plans target asset allocation as of June 30, 2019 are summarized in the following table.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap Equity	35%	4.20%
Mid Cap Equity	10%	6.60%
Small Cap Equity	10%	7.10%
International Equity	15%	2.80%
Real Estate	10%	6.00%
Fixed Income	20%	2.00%
Total	<u>100%</u>	

*Discount Rate* – The discount rate used to measure the total OPEB liability was 7.50% as of June 30, 2019. 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.

***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, 2018	\$ 3,781,661	\$ 1,929,773	\$ 1,851,888
Charges for the year			
Service cost	135,312	-	135,312
Interest on Total OPEB Liability	285,500	-	285,500
Benefit Payments	(220,618)	(220,618)	-
Difference between expected & actual experience	367,715	-	367,715
Changes of assumptions	480,479	-	480,479
Net Investment Income	-	108,269	(108,269)
Employer Contributions	-	420,618	(420,618)
Net Changes	<u>1,048,388</u>	<u>308,269</u>	<u>740,119</u>
Balance at June 30, 2019	<u>\$ 4,830,049</u>	<u>\$ 2,238,042</u>	<u>\$ 2,592,007</u>

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*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 7.50% as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage- point lower (6.50%) or 1 percentage-point higher (8.50%) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net OPEB liability	\$ 3,294,201	\$ 2,592,007	\$ 2,022,231

*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.

	1% Decrease 7% Year 1 Decreasing to 2.9%	Healthcare Cost Trend Rates 8% Year 1 Decreasing to 3.9%	1% Increase 9% Year 1 Decreasing to 4.9%
Net OPEB liability	\$ 1,329,126	\$ 1,851,888	\$ 2,534,709

*Deferred Outflows of Resources*

At June 30, 2019 the Town reported deferred outflows of resources related to other postemployment benefits of \$788,632.

The balances of deferred outflows of resources as of June 30, 2019 consist of the following:

Deferred Category	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 312,085
Changes of Assumptions	407,789
Difference between projected and actual earnings	68,758
Total Deferred Outflows of Resources	<u>\$ 788,632</u>

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

<u>Year ended June 30</u>	<u>Amount</u>
2020	\$ 148,190
2021	148,190
2022	148,191
2023	137,467
2024	128,320
Thereafter	<u>78,274</u>
Total Deferred Outflows Recognized in Future Years	<u><u>\$ 788,632</u></u>

*Changes of Assumption – None*

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

**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.

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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.

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, 2019 which was \$501,305 and 20.69% 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.

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

*Pension Liabilities*

At June 30, 2019 the Town reported a liability of \$3,472,827 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2018. Accordingly updated procedures were used to roll forward the 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, 2018, the Town's proportion was 6.95%.

*Pension Expense and Deferred Outflows/Inflows of Resources*

For the year ended June 30, 2019 the Town recognized pension expense of \$520,473. At June 30, 2019 the Town reported deferred outflows and inflows of resources related to pensions of \$972,895 and \$85,287 respectively.

The balances of deferred outflows and inflows as June 30, 2019 consist of the following:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Difference between expected and actual experience	\$ 26,006	\$ (26,183)	\$ (177)
Changes of Assumptions	518,439	-	518,439
Net difference between projected and actual investment earnings	364,602	-	364,602
Changes in proportion and differences between employer contributions and proportionate share of contributions	63,848	(59,104)	4,744
Total Deferred Outflows (Inflows) of Resources	<u>\$ 972,895</u>	<u>\$ (85,287)</u>	<u>\$ 887,608</u>

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

Year ended June 30	Amount
2019	\$ 237,132
2020	176,050
2021	173,075
2022	265,624
2023	35,727
Total Deferred Inflows/(Outflows)	
Recognized in Future Pension Expenses	<u>\$ 887,608</u>



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**E. Actuarial assumptions**

The total pension liability was determined by an actuarial valuation as of January 1, 2018 using the following actuarial assumptions, applied to all periods included in the measurement that was updated December 31, 2018:

Valuation Date	January 1, 2018
Actuarial cost method	Individual entry age normal cost method
Amortization method	UAAL: Increasing dollar amount at 4.5% to reduce the unfunded actuarial accrued liability to zero on or before June 30, 2030.  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	11 years for UAL as of December 31, 2018 9 years for the 2002 and 2003 ERI's as of December 31, 2018
Actual asset method	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	4% per year
Inflation rate	3% per year
Investment rate of return/discount rate	7.50% per year net of pension plan investment expense, including inflation
Projected salary increases	6% - 4.25% for general employees and 7% - 4.75% for public safety depending on years of service
Cost of living allowance	Cost of living adjustment are assumed to be 3% of the pension amount, capped at \$420 per year.

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Rates of retirement	Varies based upon age for general employees, police and fire employees.
Rates of disability	Varies based upon age of general employees, police and fire employees.
Mortality table	RP-2000 Mortality table (base year 2009) with full generational mortality improvement using scale BB. For disabled members, the mortality rates were based on the RP-2000 mortality table (base year 2012) with full generational mortality improvement using scale BB.

**Investment policy**

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

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

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	25%	1.60%
Domestic equity	40%	4.60%
International equity	15%	3.20%
Real estate	10%	6.20%
Alternatives - private equity	5%	10.50%
Timber	2.50%	3.60%
Hedge funds	2.50%	1.60%
	100%	

For the year ended December 31, 2018 the System's annual money-weighted rate of return on pension plan investments net of pension plan investment expense was -1.21%. The money-weighted rate of return expenses investment performance net of pension plan investments expense, adjusted for the changing amounts actually invested inputs to the money weighted rate of return calculation are determined monthly.

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**G. Discount Rate**

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

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

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

	<u>1% Decrease (6.50%)</u>	<u>Current Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
West Tisbury share of the net pension liability	\$ 5,131,381	\$ 3,472,827	\$ 2,069,415

**I. Changes in Contribution Methodology**

The fiscal 2015 and prior pension fund appropriations have been allocated among employers based on covered payroll. Beginning with the fiscal 2016 appropriations, the System began transitioning to an actuarial based methodology that will allocate contributions to member units based on the member units actuarially determined total liability at the beginning of the measurement period. The transition is being phased-in through the use of a blended rate that was used for the fiscal 2016 and 2017 appropriations. For fiscal 2016, the blended rate was 1/3 actuarial basis and 2/3 covered payroll. For fiscal 2017, the blended rate was 2/3 actuarial basis and 1/3 covered payroll. For the fiscal 2019 pension fund appropriations and subsequent fiscal years, 100% of appropriations will be calculated using the member unit's applicable percentage of the total pension liability.

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

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**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, 2019. 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 9 years and the estimated liability has been recorded in the Statement of Net position, Governmental Activities. The \$72,000 reported as landfill post-closure liability at June 30, 2019 is based on what it would cost to perform all post-closure care costs at June 30, 2019. 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, 2019, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2019.

**NOTE 15 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS**

During fiscal year 2019, the following GASB pronouncements were implemented:

The GASB issued **Statement #83**, *Certain Asset Retirement Obligations*, was implemented in 2019. Management's current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

The GASB issued **Statement #88**, *Certain Disclosures Related to Debt Including Direct Borrowings and Direct Placements*, was implemented in 2019. 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 #84**, *Fiduciary Activities*, which is required to be implemented in 2020. Management's current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

The GASB issued **Statement #87**, *Leases*, which is required to be implemented in 2021. Management's current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

The GASB issued **Statement #89**, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which is required to be implemented in 2021. Management's current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

**TOWN OF WEST TISBURY, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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The GASB issued **Statement #90**, *Majority Equity Interests – an Amendment of GASB Statements No.14 and No.61*, which is required to be implemented in 2020. Management’s current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

The GASB issued **Statement #91**, *Conduit Debt Obligations* – which is required to be implemented for reporting periods beginning after December 15, 2020. Earlier application is encouraged. The primary objectives of this statement is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures.

**TOWN OF WEST TISBURY, MASSACHUSETTS  
REQUIRED SUPPLEMENTARY INFORMATION  
DUKE'S COUNTY CONTRIBUTORY RETIREMENT SYSTEM  
JUNE 30, 2019**

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

	<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	6.95%	7.11%	7.11%	7.06%	7.06%
Town's proportionate share of the net pension liability	\$ 3,472,827	\$ 2,357,863	\$ 3,264,288	\$ 2,775,718	\$ 2,545,845
Town's covered-employee payroll	\$ 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	143.35%	87.70%	129.15%	124.52%	118.78%
Plan fiduciary net position as a percentage of the total pension liability	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, 2019**

**SCHEDULE OF TOWN'S CONTRIBUTION**

	<u>December 31, 2018</u>	<u>December 31, 2017</u>	<u>December 31, 2016</u>	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Statutory required contribution	\$ 501,305	\$ 477,434	\$ 421,587	\$ 378,544	\$ 341,840
Contribution in relation to the statutory required contribution	<u>(501,305)</u>	<u>(477,434)</u>	<u>(421,587)</u>	<u>(378,544)</u>	<u>(341,840)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 2,422,692	\$ 2,688,427	\$ 2,527,447	\$ 2,229,146	\$ 2,143,410
Contribution as a percentage of covered - employee payroll	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, 2019**

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

	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
<b>Total OPEB Liability</b>			
Service Cost	\$ 135,312	\$ 130,312	\$ 125,300
Interest	285,500	270,883	254,847
Changes of benefit terms	-	(11,317)	-
Differences between expected and actual experience	367,715	-	-
Changes of assumptions	480,479	-	-
Benefit Payments	<u>(220,618)</u>	<u>(179,359)</u>	<u>(163,342)</u>
Net Change in total OPEB liability	1,048,388	210,519	216,805
Total OPEB liability-beginning	<u>3,781,661</u>	<u>3,571,142</u>	<u>3,354,337</u>
Total OPEB liability-ending (a)	<u><u>4,830,049</u></u>	<u><u>3,781,661</u></u>	<u><u>3,571,142</u></u>
 <b>Plan fiduciary net position</b>			
Contributions-employer	420,618	379,359	313,342
Net investment income	108,269	77,783	66,660
Benefit payments	(220,618)	(179,359)	(163,342)
Administrative expenses	-	-	-
Net change in plan fiduciary net position	<u>308,269</u>	<u>277,783</u>	<u>216,660</u>
Plan fiduciary net position - beginning	<u>1,929,773</u>	<u>1,651,990</u>	<u>1,435,330</u>
Plan fiduciary net position - ending (b)	<u><u>2,238,042</u></u>	<u><u>1,929,773</u></u>	<u><u>1,651,990</u></u>
 <b>Town's net OPEB liability-ending (a)-(b)</b>	<u><u>\$ 2,592,007</u></u>	<u><u>\$ 1,851,888</u></u>	<u><u>\$ 1,919,152</u></u>
 Plan fiduciary net position as a percentage of total OPEB liability	46.34%	51.03%	46.26%
 Covered-employee payroll	2,785,901	2,673,765	2,453,455
 Plan's net OPEB liability as a percentage of covered-employee payroll	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, 2019**

**Schedule of the Town's Contribution**

	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Actuarially determined contribution	\$ 254,485	\$ 246,760	\$ 235,328
Contributions in relation to the actuarially determined contribution	<u>(420,618)</u>	<u>(379,359)</u>	<u>(313,342)</u>
Contribution deficiency (excess)	<u>\$ (166,133)</u>	<u>\$ (132,599)</u>	<u>\$ (78,014)</u>
Covered-employee payroll	\$ 2,785,901	\$ 2,673,765	\$ 2,453,455
Contributions as a percentage of covered- employee payroll	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, 2019**

**Schedule of Investment Return**

	<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	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, 2019**

**Pension Plan Schedules**

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

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

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

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

**C. Change in Assumption** – Long term investment rate of return reduced from 7.75% to 7.50%

**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