

TOWN OF TISBURY, MASSACHUSETTS

**Report on the Examination
Of Basic Financial Statements**

For the Year Ended June 30, 2019

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Independent Auditor's Report

To the Honorable Board of Selectmen
Town of Tisbury, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of 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 of Tisbury, Massachusetts' 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Tisbury, Massachusetts, as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof 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, pension plan and other post employment benefit plan schedules as listed on the table of contents 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Tisbury, Massachusetts' basic financial statements. The Supplementary Schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplementary Schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 4, 2020, on our consideration of the Town of Tisbury Massachusetts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Tisbury, Massachusetts' internal control over financial reporting and compliance.

Scanlon & Associates, LLC
South Deerfield, Massachusetts

February 4, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As management of the Town of Tisbury, we offer readers of these financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2019. The intent of this discussion and analysis is to look at the Town's financial performance as a whole. Readers should also review the financial statements and the notes to the financial statements to enhance their understanding of the Town's financial performance.

Financial Highlights

- The Town's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$22,407,831 (net position) for the fiscal year reported. This compares to the previous year when assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$20,388,664, or an increase of \$2,019,167 (10%).
- At the close of the current fiscal year, the Town's governmental funds reported total ending fund balance of \$23,310,467 an increase of \$1,004,252 (5%) in comparison to the prior year.
- The General Fund's total fund balance increased \$672,457 (5%) to \$14,783,353. The ending General fund balance is 46% of revenues and transfers in and 47% of expenditures and transfers out.
- Total liabilities of the Town increased by \$3,283,173 (7%) to \$51,297,474. The increase was mainly attributed to net increases in the other post employment benefit (OPEB) liability of \$2,266,335 and in the pension liability of \$3,021,452; and net decreases in the bond anticipation notes of \$390,000 and in bonds payable of \$1,487,290 from the prior year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Tisbury's basic financial statements. These basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between them 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 fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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 and charges (*business-type activities*). The governmental activities include general government, public safety, public works, education, health and human services, culture and recreation, employee benefits and insurance, intergovernmental assessments and interest. The business-type activities are sewer and the water works.

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 categories: governmental funds, proprietary funds, and fiduciary 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 fund statements focus on *near-term inflows 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 financial 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 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 decision. Both the governmental fund balance sheet and the governmental fund 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 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.

Proprietary funds. The Town maintains one type of proprietary fund.

Enterprise funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses enterprise funds to account for its sewer and water works activities.

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 because the resources of those funds are *not* available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

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

Financial Highlights

Statement of Net Position Highlights

	Governmental Activities		
	2019	2018	Change
Assets:			
Current assets	\$ 27,775,604	\$ 27,150,212	\$ 625,392
Capital assets	20,405,135	19,705,370	699,765
Total assets	48,180,739	46,855,582	1,325,157
Deferred Outflows of Resources	6,534,488	777,361	5,757,127
Liabilities:			
Current liabilities (excluding debt)	2,295,253	2,368,945	(73,692)
Current debt	780,139	962,239	(182,100)
Noncurrent liabilities (excluding debt)	37,389,838	31,891,154	5,498,684
Noncurrent debt	3,351,284	4,131,423	(780,139)
Total liabilities	43,816,514	39,353,761	4,462,753
Deferred Inflows of Resources	4,535,769	2,719,603	1,816,166
Net Position:			
Net investment in capital assets	16,370,135	14,723,270	1,646,865
Restricted	7,080,739	7,285,046	(204,307)
Unrestricted	(17,087,930)	(16,448,737)	(639,193)
Total net position	\$ 6,362,944	\$ 5,559,579	\$ 803,365

	Business-Type Activities		
	2019	2018	Change
Assets:			
Current assets	\$ 4,069,959	\$ 4,187,688	\$ (117,729)
Noncurrent assets (excluding capital assets)	2,002,486	2,288,602	(286,116)
Capital assets	17,305,674	17,163,582	142,092
Total assets	23,378,119	23,639,872	(261,753)
Deferred Outflows of Resources	470,870	51,195	419,675
Liabilities:			
Current liabilities (excluding debt)	164,560	210,883	(46,323)
Current debt	2,164,232	2,565,051	(400,819)
Noncurrent liabilities (excluding debt)	2,029,358	2,247,564	(218,206)
Noncurrent debt	3,122,810	3,637,042	(514,232)
Total liabilities	7,480,960	8,660,540	(1,179,580)
Deferred Inflows of Resources	323,142	201,442	121,700
Net Position:			
Net investment in capital assets	12,628,187	11,675,071	953,116
Restricted	2,695,448	2,739,275	(43,827)
Unrestricted	721,252	414,739	306,513
Total net position	\$ 16,044,887	\$ 14,829,085	\$ 1,215,802

Financial Highlights

Statement of Activities Highlights

	Governmental Activities		
	2019	2018	Change
Program Revenues:			
Charges for services	\$ 1,365,753	\$ 1,468,074	\$ (102,321)
Operating grants and contributions	3,204,592	2,780,017	424,575
Capital grants and contributions	171,389	1,118,910	(947,521)
General Revenues:			
Property taxes	26,273,047	24,913,187	1,359,860
Motor vehicle excise and other taxes	1,194,733	1,017,334	177,399
Hotel room occupancy and meal taxes	530,089	518,509	11,580
Penalties and interest on taxes	315,492	181,472	134,020
Nonrestricted grants	513,904	555,934	(42,030)
Unrestricted investment income	220,823	55,600	165,223
Miscellaneous	19,481	5,962	13,519
Total revenues	33,809,303	32,614,999	1,194,304
Expenses:			
General government	4,490,957	2,737,818	1,753,139
Public safety	4,012,310	3,856,898	155,412
Public works	1,767,924	2,144,755	(376,831)
Education	11,893,610	11,339,419	554,191
Health and human services	934,054	766,950	167,104
Culture and recreation	698,224	768,335	(70,111)
Employee benefits and insurance	7,631,847	6,382,477	1,249,370
State assessments	1,316,355	1,334,889	(18,534)
Interest	155,674	194,718	(39,044)
Total expenses	32,900,955	29,526,259	3,374,696
Contributions to permanent funds	9,248	5,706	3,542
Transfers	(114,231)	(119,516)	5,285
Change in net position	803,365	2,974,930	(2,171,565)
Net position - beginning of year	5,559,579	2,584,649	2,974,930
Net position - end of year	\$ 6,362,944	\$ 5,559,579	\$ 803,365

	Business-Type Activities		
	2019	2018	Change
Program Revenues:			
Charges for services	\$ 2,970,890	\$ 2,877,948	\$ 92,942
Operating grants and contributions	94,972	99,629	(4,657)
Total revenues	3,065,862	2,977,577	88,285
Expenses:			
Sewer	1,031,925	1,046,178	(14,253)
Water works	932,366	1,394,007	(461,641)
Total expenses	1,964,291	2,440,185	(475,894)
Transfers	114,231	119,516	(5,285)
Change in net position	1,215,802	656,908	558,894
Net position - beginning of year	14,829,085	14,172,177	656,908
Net position - end of year	\$ 16,044,887	\$ 14,829,085	\$ 1,215,802

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$22,407,831 at the close of fiscal year 2019.

Net position of \$28,998,322 reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the investment in its 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.

An additional portion of the net position, \$9,776,187 represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* consists of (\$16,366,678).

At the end of the current fiscal year, the Town is able to report positive balances in two categories of net position and a negative balance in the unrestricted category in the governmental activities and for the government as a whole. The unrestricted governmental activities and government as a whole resulted in a negative balance mainly due to the accrual of the net OPEB and net pension liabilities that are required under GASB to be recognized in the Town's financial statements. These liabilities are presented on the statement of net position.

The Town is able to report positive balances in all three categories of net position for the business-type activities.

The governmental activities net position increased by \$803,365 (14%) during the current fiscal year. The key elements of the increase in net position for fiscal year 2019 was attributed to net increases due to the acquisition of \$2,055,283 in new capital assets exceeding the depreciation expense (normally spread out over the useful life of the asset) for the year of \$1,355,518, resulting from the change in governmental funds of \$1,004,252, in recognizing this year's change to deferred outflow/inflow of resources related to OPEB of \$1,259,521 and in the repayment of debt for \$812,239; and the net decrease resulting from the change in the OPEB liability of \$2,711,951.

There was an increase of \$1,215,802 (8%) in net position reported in connection with the sewer and water works business-type activities. Of this, there was a decrease of \$33,909 attributed to the sewer department and an increase of \$1,249,711 attributed to the water works department.

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 *spendable* resources. Such information is useful in assessing financing requirements. In particular, the general fund *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 \$23,310,467, an increase of \$1,004,252 (5%) in comparison with the prior year.

The breakdown of the governmental funds and the percentage of total fund governmental balance they represent are as follows:

- Non-spendable fund balance – \$627,093 (3%).
- Restricted fund balance – \$5,747,966 (24%).
- Committed fund balance – \$2,152,055 (9%).
- Assigned fund balance – \$5,299,810 (23%).
- Unassigned fund balance – \$9,483,543 (41%).

Major Governmental Funds

At the end of the fiscal year, the General Fund reported a fund balance of \$14,783,353 increasing \$672,457 (5%) from the prior year. Of the \$14,783,353, the unassigned amount is \$9,483,543 (64%) and the assigned amount is \$5,299,810 (36%). General fund revenues were \$2,126,045 (7%) more than the prior fiscal year and expenditures also increased by \$2,262,945 (8%). Other activity in the General Fund is net transfers to other funds of \$38,474.

The main components of the increases in general fund revenues were related to increases in property taxes in the amount of \$1,755,200 (7%), in intergovernmental receipts of \$154,807 (18%) and in investment income of \$165,223 (297%); and a decrease in licenses, permits and fees of \$174,031 (13%).

The major changes in the general fund expenditures from the prior fiscal year are as follows:

- Increase in General government expenditures of \$1,515,857 (67%).
- Increase in Public safety expenditures of \$587,529 (18%).
- Increase in Education expenditures of \$438,499 (4%).
- Decrease in Debt service expenditures (principal and interest) of \$447,717 (30%).

The *Community Preservation Fund* has accumulated a fund balance of \$2,941,661. The fund balance shows a decrease of \$83,569 (3%) in total operations. This amount was attributed to collections of \$676,419, the Commonwealth of Massachusetts grant receipt of \$170,306 and expenditures of \$930,294.

Proprietary funds. The *proprietary funds* statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status.

The *Sewer Fund* has accumulated a fund balance of \$7,714,319 used in the financing and operations of the Town's sewer system. For the current fiscal year, the sewer fund shows a decrease of \$33,909 (.4%) in total operations. This change was attributed to operating expenditures exceeding operating revenues by \$178,195, interest income of \$103, special assessments of \$47,026, intergovernmental revenues of \$74,700, interest expense of \$121,583 and net transfers in from the general fund of \$144,040. Operating revenues decreased by \$1,751 and operating expenses also decreased by \$1,214 from the prior year.

The *Water Works Fund* has accumulated a fund balance of \$8,330,568 used in the financing and operations of the Town's water system. The water works fund shows an increase of \$1,249,711 (18%) in total operations. This change resulted from operating revenues exceeding current operating costs by \$1,311,969, interest income of \$20,169, interest expense of \$52,618 and net transfers out to the general fund of \$29,809. Operating revenues increased by \$91,485 (4%) while operating expenses decreased by \$458,359 (34%) from the prior year.

General Fund Budgetary Highlights

The final general fund budget for fiscal year 2019 was \$34,649,879. This was an increase of \$2,885,686 (9%) over the previous year's budget.

There was an increase between the original budget and the final amended budget. The change is attributed to the Town amending specific budget line items of the original budget the Annual Town Meeting in April 2019 for various budget operating line items.

General fund expenditures were less than budgeted by \$5,357,172. Of the \$5,357,172 in under budget expenditures \$3,169,929 has been carried over to fiscal year 2020.

Overall, the variance with the final budget was a positive \$3,235,115 consisting of a revenue surplus of \$1,047,872 and an appropriation surplus of \$2,187,243.

Capital Assets and Debt Administration

Capital Assets - The Town's investment in capital assets for its governmental and business-type activities amounts to \$20,405,135 and \$17,305,674, respectively.

The investment in capital assets includes land, construction in progress, buildings and renovations, machinery, equipment and other and infrastructure.

Major capital events during the current fiscal year in the governmental type funds included the following:

- Land purchase for \$675,000.
- Police vehicle purchase for \$47,989.
- Fire Station solar panels for \$107,300.
- Fire Department vehicles and equipment purchases for \$534,945.
- Highway vehicle and equipment purchases for \$47,900.
- Road infrastructure improvements for \$534,945.
- Dog Park improvements for \$17,480.
- Veterans' Park improvements for \$16,227.

Major capital events during the current fiscal year in the business-type funds included the following:

Sewer Fund:

- Leeching facility improvements for \$78,680.

Water Works Fund:

- Garage facility improvements for \$231,884.
- Water vehicle purchase for \$36,329.
- Water storage tank fence for \$24,800.
- Infrastructure improvements for \$407,459.

Debt Administration - The Town's outstanding long-term governmental debt, as of June 30, 2019 totaled \$4,131,423. Of this, \$3,540,000 is for the public safety facility, \$95,000 is for the department equipment, \$250,000 is for the harbor and channel dredging, \$150,000 is for the school roof and \$96,423 is for the Title V septic repair program.

The business-type funds have \$3,637,042 in long-term debt. Of this, \$2,317,652 is for sewer debt and \$1,319,390 in water works debt.

The Town also has \$1,650,000 in business-type temporary debt. \$1,050,000 for the sewer projects and \$600,000 for the water works garage facility project.

Please refer to notes 3D, 3F and 3G for further discussion of the major capital and debt activity.

Next Year's Annual Town Meeting

The Town of Tisbury operates under the "Open Meeting" concept where each voter has an equal vote in adopting of Town budgets and appropriations. The financial statements for June 30, 2019 do not reflect the fiscal year 2020 Town Meeting action except for the free cash amount. The Annual Town Meeting on April 9, 2019 authorized a fiscal year 2020 operating and capital budget as follows:

From the tax levy		\$	28,258,622
From sewer user charges	\$	729,747	
From sewer betterments		150,000	
From sewer fund balance		410,000	1,289,747
From water user charges		1,657,226	
From water fund balance		15,000	1,672,226
From Other Available Funds:			
General Fund:			
Unassigned fund balance:			
Free cash			2,129,881
Department of Public Works stabilization fund		95,000	
Wick System stabilization fund		100,000	195,000
Community Preservation Fund			752,510
Non-major Governmental Funds:			
Landfill trash fees		60,000	
Waterways fund		55,250	115,250
			<u>\$</u>
			<u>34,413,236</u>

Requests for Information

This financial report is designed to provide a general overview of the Town of 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 requests for additional financial information should be addressed to the Town Accountant and Town Treasurer, Town Hall, Spring Street, Tisbury, Massachusetts 02568.

BASIC FINANCIAL STATEMENTS

TOWN OF TISBURY, MASSACHUSETTS
STATEMENT OF NET POSITION
JUNE 30, 2019

	Primary Government		
	Governmental	Business-Type	Total
	Activities	Activities	
ASSETS			
CURRENT:			
Cash and Cash Equivalents	\$ 21,610,531	\$ 3,306,413	\$ 24,916,944
Investments	3,322,716	-	3,322,716
Receivables, net of allowance for uncollectibles:			
Property Taxes	741,552	-	741,552
Tax Liens	992,036	-	992,036
Excise Taxes	184,583	-	184,583
Departmental	286,572	-	286,572
User Charges	-	398,100	398,100
Special Assessments	-	218,005	218,005
Due from Other Governments	637,614	147,441	785,055
Total current assets	27,775,604	4,069,959	31,845,563
NONCURRENT:			
Receivables, net of allowance for uncollectibles:			
Special Assessments	-	1,501,925	1,501,925
Due from Other Governments	-	500,561	500,561
Capital Assets, net of accumulated Depreciation:			
Nondepreciable	5,170,045	381,600	5,551,645
Depreciable	15,235,090	16,924,074	32,159,164
Total noncurrent assets	20,405,135	19,308,160	39,713,295
Total Assets	48,180,739	23,378,119	71,558,858
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	2,196,945	162,824	2,359,769
Deferred Outflows Related to OPEB	4,337,543	308,046	4,645,589
Total Deferred Outflows of Resources	6,534,488	470,870	7,005,358
LIABILITIES			
CURRENT:			
Warrants Payable	856,396	64,100	920,496
Accrued Payroll	794,902	12,358	807,260
Payroll Withholdings	299,040	-	299,040
Accrued Interest	39,536	69,357	108,893
Compensated Absences	305,379	18,745	324,124
Bond Anticipation Notes Payable	-	1,650,000	1,650,000
Bonds Payable	780,139	514,232	1,294,371
Total current liabilities	3,075,392	2,328,792	5,404,184
NONCURRENT:			
Compensated Absences	302,989	22,998	325,987
Net OPEB Liability	28,763,616	1,389,493	30,153,109
Net Pension Liability	8,323,233	616,867	8,940,100
Bonds Payable	3,351,284	3,122,810	6,474,094
Total noncurrent liabilities	40,741,122	5,152,168	45,893,290
Total Liabilities	43,816,514	7,480,960	51,297,474
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	112,742	8,356	121,098
Deferred Inflows Related to OPEB	4,423,027	314,786	4,737,813
Total Deferred Inflows of Resources	4,535,769	323,142	4,858,911
NET POSITION			
Net Investment in Capital Assets	16,370,135	12,628,187	28,998,322
Restricted for:			
Capital Projects	219,712	180,463	400,175
Federal & State Grants	634,564	-	634,564
Community Preservation	2,987,582	-	2,987,582
Permanent Funds:			
Expendable	750,205	-	750,205
Nonexpendable	627,093	-	627,093
Other Purposes	1,861,583	2,514,985	4,376,568
Unrestricted	(17,087,930)	721,252	(16,366,678)
Total Net Position	\$ 6,362,944	\$ 16,044,887	\$ 22,407,831

The Notes to the Financial Statements are an integral part of this Statement.

**TOWN OF TISBURY, MASSACHUSETTS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**

	Program Revenues				Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General Government	\$ 4,490,957	\$ 251,417	\$ 512,027	\$ -	\$ (3,727,513)	\$ -	\$ (3,727,513)
Public Safety	4,012,310	740,601	23,735	-	(3,247,974)	-	(3,247,974)
Public Works	1,767,924	160,447	35,140	171,389	(1,400,948)	-	(1,400,948)
Education	11,893,610	57,522	944,286	-	(10,891,802)	-	(10,891,802)
Health and Human Services	934,054	126,508	178,195	-	(629,351)	-	(629,351)
Culture and Recreation	698,224	29,258	142,256	-	(526,710)	-	(526,710)
Employee Benefits and Insurance	7,631,847	-	1,366,777	-	(6,265,070)	-	(6,265,070)
Intergovernmental Assessments	1,316,355	-	-	-	(1,316,355)	-	(1,316,355)
Interest	155,674	-	2,176	-	(153,498)	-	(153,498)
Total Governmental Activities	32,900,955	1,365,753	3,204,592	171,389	(28,159,221)	-	(28,159,221)
Business-Type Activities:							
Sewer	1,031,925	779,173	74,803	-	-	(177,949)	(177,949)
Water Works Fund	932,366	2,191,717	20,169	-	-	1,279,520	1,279,520
Total Primary Government	\$ 34,865,246	\$ 4,336,643	\$ 3,299,564	\$ 171,389	(28,159,221)	1,101,571	(27,057,650)
General Revenues:							
Property Taxes					26,273,047	-	26,273,047
Motor vehicle excise and other taxes					1,194,733	-	1,194,733
Hotel room occupancy and meal taxes					530,089	-	530,089
Penalties & Interest on taxes					315,492	-	315,492
Grants & Contributions not restricted to specific programs					513,904	-	513,904
Unrestricted Investment Income					220,823	-	220,823
Miscellaneous					19,481	-	19,481
Contributions to Permanent Funds					9,248	-	9,248
Transfers, net					(114,231)	114,231	-
Total General Revenues, Contributions and Transfers					28,962,586	114,231	29,076,817
Change in Net Position					803,365	1,215,802	2,019,167
Net Position:							
Beginning of year (as restated)					5,559,579	14,829,085	20,388,664
End of year					\$ 6,362,944	\$ 16,044,887	\$ 22,407,831

The Notes to the Financial Statements are an integral part of this Statement.

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

	General Fund	Community Preservation Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets:				
Cash and Cash Equivalents	\$ 13,599,464	\$ 2,961,993	\$ 5,049,074	\$ 21,610,531
Investments	2,736,660	-	586,056	3,322,716
Receivables, net of allowance for uncollectibles:				
Property Taxes	721,302	20,250	-	741,552
Tax Liens	966,365	25,671	-	992,036
Excise Taxes	184,583	-	-	184,583
Departmental	60,465	-	226,107	286,572
Due from Other Governments	16,981	-	620,633	637,614
Total Assets	\$ 18,285,820	\$ 3,007,914	\$ 6,481,870	\$ 27,775,604
Liabilities:				
Warrants Payable	\$ 747,579	\$ 20,332	\$ 88,485	\$ 856,396
Accrued Payroll	743,152	-	51,750	794,902
Payroll Withholdings	299,040	-	-	299,040
Total Liabilities	1,789,771	20,332	140,235	1,950,338
Deferred Inflows of Resources:				
Unavailable Revenue	1,712,696	45,921	756,182	2,514,799
Fund Balance:				
Nonspendable	-	-	627,093	627,093
Restricted	-	2,941,661	2,806,305	5,747,966
Committed	-	-	2,152,055	2,152,055
Assigned	5,299,810	-	-	5,299,810
Unassigned	9,483,543	-	-	9,483,543
Total Fund Balance	14,783,353	2,941,661	5,585,453	23,310,467
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 18,285,820	\$ 3,007,914	\$ 6,481,870	\$ 27,775,604

The Notes to the Financial Statements are an integral part of this Statement.

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

	General Fund	Community Preservation Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Property Taxes	\$ 25,709,868	\$ 670,960	\$ -	\$ 26,380,828
Intergovernmental	1,033,631	170,306	1,030,936	2,234,873
Excise and Other Taxes	1,067,295	-	144,544	1,211,839
Hotel Room Occupancy and Meal Taxes	530,089	-	-	530,089
Licenses, Permits, Fees	1,131,899	-	-	1,131,899
Charges for Services	-	-	289,748	289,748
Gifts and Donations	-	-	10,875	10,875
Interest on Delinquent Taxes	310,033	5,459	-	315,492
Investment Income	220,823	-	62,288	283,111
Other	-	-	332,961	332,961
Intergovernmental - "On-behalf" Payments	1,219,279	-	-	1,219,279
Total Revenues	31,222,917	846,725	1,871,352	33,940,994
Expenditures:				
Current:				
General Government	3,768,897	930,294	307,402	5,006,593
Public Safety	3,938,318	-	263,291	4,201,609
Public Works	1,743,896	-	297,012	2,040,908
Education	11,451,190	-	288,371	11,739,561
Health and Human Services	618,715	-	191,169	809,884
Culture and Recreation	573,708	-	65,945	639,653
Employee Benefits and Insurance	6,066,877	-	24,806	6,091,683
Intergovernmental Assessments	1,316,355	-	-	1,316,355
Debt Service:				
Principal	880,352	-	-	880,352
Interest	153,678	-	10,348	164,026
Total Expenditures	30,511,986	930,294	1,448,344	32,890,624
Excess of Revenues Over (Under) Expenditures	710,931	(83,569)	423,008	1,050,370
Other Financing Sources (Uses):				
Operating Transfers In	623,262	-	495,887	1,119,149
Operating Transfers Out	(661,736)	-	(571,644)	(1,233,380)
Proceeds from the issuance of bonds and notes	-	-	68,113	68,113
Total Other Financing Sources (Uses)	(38,474)	-	(7,644)	(46,118)
Net Change in Fund Balances	672,457	(83,569)	415,364	1,004,252
Fund Balances, Beginning of Year	14,110,896	3,025,230	5,170,089	22,306,215
Fund Balances, End of Year	\$ 14,783,353	\$ 2,941,661	\$ 5,585,453	\$ 23,310,467

The Notes to the Financial Statements are an integral part of this Statement.

TOWN OF TISBURY, MASSACHUSETTS
Reconciliation of the Governmental Funds Balance Sheet
Total Fund Balances to the Statement of Net Position
For the Year Ended June 30, 2019

Total Governmental Fund Balances	\$	23,310,467
Capital Assets (net) used in governmental activities are not financial resources and therefore, are not reported in the funds.		20,405,135
Revenues are recognized on an accrual basis of accounting instead of a modified accrual basis.		2,514,799
The statement of net position includes certain deferred inflows of resources and deferred outflows of resources that will be amortized over future periods. In governmental funds, these amounts are not deferred.		1,998,719
Long Term liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds:		
Bonds Payable	\$	(4,131,423)
Net OPEB Liability		(28,763,616)
Net Pension Liability		(8,323,233)
Compensated Absences		(608,368)
		(41,826,640)
In the statement of activities, interest is accrued on outstanding long term debt, whereas in governmental funds, interest is not reported until due.		(39,536)
Net Position of Governmental Activities	\$	6,362,944

The Notes to the Financial Statements are an integral part of this Statement.

TOWN OF TISBURY, MASSACHUSETTS
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2019

Net Change in Fund Balances - Total Governmental Funds **\$ 1,004,252**

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 are reported as depreciation expense:

Capital Outlay Purchases	\$ 2,055,283	
Depreciation	<u>(1,355,518)</u>	699,765

Revenue 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 unavailable revenue. (122,443)

The issuance of long-term debt (e.g., bonds and leases) 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:

Repayment of Debt Principal	880,352	
Proceeds from Issuance of Bonds and Notes	<u>(68,113)</u>	812,239

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 governmental funds:

Net Change in Compensated Absences	(58,636)	
Net Change in Net Other Post Employment Benefits Liability	(2,711,951)	
Net Change in Deferred Outflow/(Inflow) of Resources Related to OPEB	1,259,521	
Net Change in Net Pension Liability	(2,769,174)	
Net Change in Deferred Outflow/(Inflow) of Resources Related to Pensions	2,681,440	
Net Change in Accrued Interest	<u>8,352</u>	<u>(1,590,448)</u>

Change in Net Position of Governmental Activities **\$ 803,365**

The Notes to the Financial Statements are an integral part of this Statement.

TOWN OF TISBURY, MASSACHUSETTS
STATEMENT OF REVENUES AND EXPENDITURES - BUDGETARY BASIS -
(NON-GAAP) - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts					Amounts	Variance with
	Carried				Actual	Carried	Final Budget
	Forward from	Original	Final		Budgetary	Forward to	Positive
	Prior Year	Budget	Budget		Basis	Next Year	(Negative)
Revenues:							
Property Taxes	\$ -	\$ 25,563,787	\$ 25,563,787	\$ 25,694,868	\$ -	\$ 131,081	
Intergovernmental	-	907,611	907,611	1,033,631	-	126,020	
Excise and Other Taxes	-	875,000	875,000	1,067,295	-	192,295	
Hotel Room Occupancy and Meal Taxes	-	375,000	375,000	530,089	-	155,089	
Licenses, Permits, Fees	-	907,000	907,000	1,131,899	-	224,899	
Interest on Delinquent Taxes	-	150,000	150,000	310,033	-	160,033	
Investment Income	-	20,000	20,000	78,455	-	58,455	
Total Revenues	-	28,798,398	28,798,398	29,846,270	-	1,047,872	
Expenditures:							
Current:							
General Government	911,066	4,221,222	5,435,665	3,768,897	1,264,803	401,965	
Public Safety	1,579,438	3,800,340	5,579,018	3,938,318	1,265,512	375,188	
Public Works	340,850	1,963,342	2,495,364	1,743,896	568,588	182,880	
Education	7,080	11,467,218	11,474,298	11,451,190	1,460	21,648	
Health and Human Services	852	659,101	659,953	618,715	-	41,238	
Culture and Recreation	160,122	620,570	780,692	573,708	69,566	137,418	
Employee Benefits and Insurance	23,660	5,479,915	5,503,575	4,858,128	-	645,447	
Intergovernmental Assessments	-	1,416,307	1,416,307	1,316,355	-	99,952	
Debt Service:							
Principal	-	953,886	953,886	871,999	-	81,887	
Interest	-	351,121	351,121	151,501	-	199,620	
Total Expenditures	3,023,068	30,933,022	34,649,879	29,292,707	3,169,929	2,187,243	
Excess of Revenues Over (Under) Expenditures	(3,023,068)	(2,134,624)	(5,851,481)	553,563	(3,169,929)	3,235,115	
Other Financing Sources (Uses):							
Operating Transfers In	-	273,000	568,986	623,262	-	54,276	
Operating Transfers (Out)	-	(1,945,849)	(1,946,736)	(1,946,736)	-	-	
Total Other Financing Sources (Uses)	-	(1,672,849)	(1,377,750)	(1,323,474)	-	54,276	
Net Change in Budgetary Fund Balance	(3,023,068)	(3,807,473)	(7,229,231)	\$ (769,911)	\$ (3,169,929)	\$ 3,289,391	
Other Budgetary Items:							
Free Cash and Other Reserves	-	3,807,473	4,206,163				
Prior Year Encumbrances	3,023,068	-	3,023,068				
Total Other Budgetary Items	3,023,068	3,807,473	7,229,231				
NET BUDGET	\$ -	\$ -	\$ -				

The Notes to the Financial Statements are an integral part of this Statement.

TOWN OF TISBURY, MASSACHUSETTS
Reconciliation of Revenues and Expenditures
from Budgetary Basis to GAAP Basis
For the Year Ended June 30, 2019

	<u>Revenues</u>	<u>Expenditures</u>
Reported on a Budgetary Basis	\$ 29,846,270	\$ 29,292,707
<u>Adjustments:</u>		
Activity for Stabilization Fund Recorded in the General Fund for GAAP Purposes	142,368	-
Recognition of Intergovernmental Revenue - "on behalf payments"	1,219,279	-
Recognition of Expenditures - "on behalf payments"	-	1,219,279
Net Increase in Revenue from Recording 60-Day Receipts	15,000	-
Reported on a GAAP Basis	<u>\$ 31,222,917</u>	<u>\$ 30,511,986</u>

The Notes to the Financial Statements are an integral part of this Statement.

TOWN OF TISBURY, MASSACHUSETTS
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2019

	Business-Type Activities Enterprise Funds		
	Sewer Fund	Water Works Fund	Total
ASSETS			
CURRENT:			
Cash and Cash Equivalents	\$ 1,745,585	\$ 1,560,828	\$ 3,306,413
Receivables, net of allowance for uncollectibles:			
User Charges	294,779	103,321	398,100
Special Assessments	218,005	-	218,005
Due from Other Governments	147,441	-	147,441
Total current assets	2,405,810	1,664,149	4,069,959
NONCURRENT:			
Receivables, net of allowance for uncollectibles:			
Special Assessments	1,501,925	-	1,501,925
Due from Other Governments	500,561	-	500,561
Capital Assets, net of accumulated depreciation:			
Nondepreciable	-	381,600	381,600
Depreciable	7,023,616	9,900,458	16,924,074
Total noncurrent assets	9,026,102	10,282,058	19,308,160
Total Assets	11,431,912	11,946,207	23,378,119
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	49,319	113,505	162,824
Deferred Outflows Related to OPEB	15,362	292,684	308,046
Total Deferred Outflows of Resources	64,681	406,189	470,870
LIABILITIES			
CURRENT:			
Warrants Payable	26,547	37,553	64,100
Accrued Payroll	4,632	7,726	12,358
Accrued Interest	48,154	21,203	69,357
Compensated Absences	5,477	13,268	18,745
Bond Anticipation Notes Payable	1,050,000	600,000	1,650,000
Bonds Payable	415,310	98,922	514,232
Total current liabilities	1,550,120	778,672	2,328,792
NONCURRENT:			
Compensated Absences	7,338	15,660	22,998
Net OPEB Liability	117,446	1,272,047	1,389,493
Net Pension Liability	186,848	430,019	616,867
Bonds Payable	1,902,342	1,220,468	3,122,810
Total noncurrent liabilities	2,213,974	2,938,194	5,152,168
Total Liabilities	3,764,094	3,716,866	7,480,960
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	2,531	5,825	8,356
Deferred Inflows Related to OPEB	15,649	299,137	314,786
Total Deferred Inflows of Resources	18,180	304,962	323,142
NET POSITION			
Net Investment in Capital Assets	4,265,519	8,362,668	12,628,187
Restricted for Capital Projects	172,301	8,162	180,463
Restricted for Special Assessments	2,514,985	-	2,514,985
Unrestricted	761,514	(40,262)	721,252
Total Net Position	\$ 7,714,319	\$ 8,330,568	\$ 16,044,887

The Notes to the Financial Statements are an integral part of this Statement.

TOWN OF TISBURY, MASSACHUSETTS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Business-Type Activities Enterprise Funds		
	Sewer Fund	Water Works Fund	Total
Operating Revenues:			
Charges for Services	\$ 732,147	\$ 1,950,487	\$ 2,682,634
Other	-	241,230	241,230
Total Operating Revenues	732,147	2,191,717	2,923,864
Operating Expenses:			
Salaries & Wages	230,107	491,567	721,674
Operating Expenses	323,237	108,119	431,356
Depreciation	356,998	280,062	637,060
Total Operating Expenses	910,342	879,748	1,790,090
Operating Income (Loss)	(178,195)	1,311,969	1,133,774
Non-Operating Revenues (Expenses):			
Interest Income	103	20,169	20,272
Special Assessments	47,026	-	47,026
Intergovernmental	74,700	-	74,700
Interest Expense	(121,583)	(52,618)	(174,201)
Total Non-Operating Revenues (Expenses)	246	(32,449)	(32,203)
Income (Loss) Before Operating Transfers	(177,949)	1,279,520	1,101,571
Operating Transfers:			
Transfer In	165,849	-	165,849
Transfer (Out)	(21,809)	(29,809)	(51,618)
Total Operating Transfers	144,040	(29,809)	114,231
Change in Net Position	(33,909)	1,249,711	1,215,802
Net Position at Beginning of Year (as restated)	7,748,228	7,080,857	14,829,085
Net Position at End of Year	\$ 7,714,319	\$ 8,330,568	\$ 16,044,887

The Notes to the Financial Statements are an integral part of this Statement.

**TOWN OF TISBURY, MASSACHUSETTS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

	Business-Type Activities Enterprise Funds		
	Sewer Fund	Water Works Fund	Total
Cash Flows From Operating Activities:			
Receipts from Customers and Users	\$ 772,985	\$ 2,011,836	\$ 2,784,821
Receipts from Other Revenues	-	241,230	241,230
Payments to Vendors	(322,178)	(628,032)	(950,210)
Payments to Employees	(231,500)	(532,083)	(763,583)
Net Cash Provided by (Used for) Operating Activities	219,307	1,092,951	1,312,258
Cash Flows from Noncapital Financing Activities:			
Transfers from (to) Other Funds	144,040	(29,809)	114,231
Net Cash Provided by (Used for) Noncapital Financing Activities	144,040	(29,809)	114,231
Cash Flows from Capital and Related Financing Activities:			
Special Assessments	247,042	-	247,042
Intergovernmental	185,249	-	185,249
Acquisition and Construction of Capital Assets	(78,680)	(700,472)	(779,152)
Principal Payments on Bonds and Notes	(441,129)	(473,922)	(915,051)
Interest Expense	(125,521)	(50,421)	(175,942)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(213,039)	(1,224,815)	(1,437,854)
Cash Flows from Investing Activities:			
Investment Income	103	20,169	20,272
Net Cash Provided by (Used for) Investing Activities	103	20,169	20,272
Net Increase (Decrease) in Cash and Cash Equivalents	150,411	(141,504)	8,907
Cash and Cash Equivalents at Beginning of Year	1,595,174	1,702,332	3,297,506
Cash and Cash Equivalents at End of Year	\$ 1,745,585	\$ 1,560,828	\$ 3,306,413

Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:

Operating Income (Loss)	\$ (178,195)	\$ 1,311,969	\$ 1,133,774
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	356,998	280,062	637,060
Deferred (Outflows)/Inflows of Resources Related to Pensions	(61,045)	(132,628)	(193,673)
Deferred (Outflows)/Inflows of Resources Related to OPEB	(17,428)	(86,874)	(104,302)
Change in Assets and Liabilities:			
Increase (Decrease) in Warrants Payable	(17,791)	(9,750)	(27,541)
Increase (Decrease) in Accrued Payroll	219	(1,280)	(1,061)
Increase (Decrease) in Compensated Absences	(1,612)	(39,236)	(40,848)
Increase (Decrease) in Net OPEB Liability	43,053	(488,669)	(445,616)
Increase (Decrease) in Net Pension Liability	54,270	198,008	252,278
Decrease (Increase) in User Charges Receivable	40,838	61,349	102,187
Total Adjustments	397,502	(219,018)	178,484
Net Cash Provided by (Used for) Operating Activities	\$ 219,307	\$ 1,092,951	\$ 1,312,258

The Notes to the Financial Statements are an integral part of this Statement.

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

	<div> <div>Other</div> <div>Post Employment Benefits Trust Fund</div> <div>Private Purpose Trust Funds</div> <div>Agency Funds</div> </div>		
ASSETS			
Cash and Cash Equivalents	\$ -	\$ 7,366	\$ 199,162
Investments	1,652,391	847,033	-
Total Assets	1,652,391	854,399	199,162
LIABILITIES			
Due to Others	-	-	84,218
Due to Student Groups	-	-	7,750
Escrows and Deposits	-	-	107,194
Total Liabilities	-	-	199,162
NET POSITION:			
Held in Trust for Other Purposes	\$ 1,652,391	\$ 854,399	\$ -

The Notes to the Financial Statements are an integral part of this Statement.

**TOWN OF TISBURY, MASSACHUSETTS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

	Other Post Employment Benefits Trust Fund	Private Purpose Trust Funds
Additions:		
Employer Contributions	\$ 1,296,652	\$ -
Investment Income	74,412	67,838
Total Additions	1,371,064	67,838
Deductions:		
General Expenses	-	16,230
Employee Benefits and Insurance	996,329	-
Total Deductions	996,329	16,230
Change in Net Position	374,735	51,608
Net Position at Beginning of Year	1,277,656	802,791
Net Position at End of Year	\$ 1,652,391	\$ 854,399

The Notes to the Financial Statements are an integral part of this Statement.

TOWN OF TISBURY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of the Town of 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 significant Town accounting policies are described herein.

A. Reporting Entity

The Town was incorporated in 1671 under the laws of the Commonwealth of Massachusetts. The Town is governed by an elected three-member Board of Selectmen.

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 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. In fiscal year 2019, it was determined that no entities met the required GASB-39 and GASB-61 criteria of component units.

The Town is responsible for electing the governing board and/or committee members of the Martha's Vineyard Regional High School District, the Martha's Vineyard Land Bank Commission and the Martha's Vineyard Commission. These related organizations are excluded from the financial reporting entity because the Town's accountability does not extend beyond the Town electing the board and/or committee members. Audited financial statements are available from the respective organizations. Descriptions of the related organizations are as follows:

Martha's Vineyard Regional High School District – A regional school district made up of six towns to serve and provide education to the Town's students. The regional school district is a separate entity under the Commonwealth of Massachusetts. The Town elects three school committee members for its representation. The District is responsible for both the operating and capital costs related to the school and operates independently from the Town.

Martha's Vineyard Land Bank Commission – A public body that was created to acquire, hold and manage land on the island of Martha's Vineyard in its natural, scenic or open condition. The commission is an autonomous and self-sufficient agency under the Commonwealth of Massachusetts general laws. The Town has no significant influence over management, budget or policies of the authority.

Martha's Vineyard Commission – A regional planning agency for Dukes County. The agency is an autonomous and self-sufficient agency. The Town has no significant influence over management, budget or policies of the agency.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The government-wide financial statements (e.g., 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.

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The statement of activities demonstrates the degree to which the direct expenses of a given 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 (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Fund financial statements

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

Because governmental fund statements are presented using a measurement focus and basis of accounting different from that used in the government-wide statements' governmental column, a reconciliation is presented that briefly explains the adjustment necessary to reconcile ending net position and the change in net position.

Major Fund Criteria

Major funds must be reported if the following criteria are met:

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

Proprietary and 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, as are the proprietary fund and fiduciary fund financial statements. Revenues are recognized when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the 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.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Town's enterprise funds and various other functions of the Town. Elimination of these charges would distort the direct costs and program revenues of the various functions concerned.

TOWN OF TISBURY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2019

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported.

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 concept, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon thereafter to be used to pay current liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, excises and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria is met. Expenditure driven grants recognize revenue when the qualifying expenditures are incurred and all other grant requirements are met.

The Town reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *community preservation fund* is a special revenue fund that is used to account for the accumulation of resources generated from a surcharge levy on its real property tax and the receipt of state matching funds for the acquisition, creation, preservation, rehabilitation and restriction of open space, historic resources and affordable housing.

The Town reports the following major proprietary funds:

The *sewer fund* is used to account for the sewer activities.

The *water works fund* is used to account for the water activities.

The non-major governmental fund consists of other special revenue, capital projects and permanent funds that are aggregated and presented in the *non-major 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 or capital projects funds) that are restricted by law or administrative action to expenditures for specified purposes.

The *capital projects fund* is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Enterprise and 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.

TOWN OF TISBURY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2019

Additionally, the Town reports the following fund types:

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 in a trustee capacity for others that cannot be used to support the government programs. The Town reports the following fiduciary funds:

The *Other Postemployment Benefit (OPEB) Trust Fund* is used to account for the assets held by the Town in trust for the payment of future retiree health insurance benefits. The assets of the OPEB Trust Fund cannot be used to support the Town's operations.

The *private-purpose trust fund* is used to account for trust arrangements, other than those properly reported in the permanent fund, under which principal and investment income exclusively benefit individuals, private organizations, or other governments.

The *agency fund* is used to account for assets held in a purely custodial capacity.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Cash and Cash Equivalents

Cash balances from all funds, except those required to be segregated by law, are combined to form a consolidation of cash. Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with an original maturity of three months or less from the date of acquisition. The Town maintains a cash and investment pool that is available for use by all funds. Each fund's portion of this pool is reflected on the combined financial statements under the caption, "cash and cash equivalents".

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

Investment income from proprietary funds is maintained in those funds.

E. Investments

The Town maintains investments according to Massachusetts General Laws and adopted policies. Investments are reported according to the fair value hierarchy established by generally accepted accounting principles. Investments are defined as securities or other assets that (a) a government holds primarily for the purpose of income or profit and (b) has a present service capacity based solely on its ability to generate cash or to be sold to generate cash. Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The hierarchy is based upon valuation inputs, which are assumptions that market participants would use when pricing an asset or a liability, including assumptions about risk.

Level 1 inputs are quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2 inputs are directly observable for an asset or a liability (including quoted prices for similar assets or liabilities), as well as inputs that are indirectly observable for the asset or liability.

TOWN OF TISBURY, MASSACHUSETTS
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Level 3 inputs are unobservable for the asset or liability.

Certain investments, such as money market investments and 2a7-like external investment pools, are reported at amortized cost. 2a7-like pools are external investment pools that operate in conformity with the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended and should be measured at the net asset value per share provided by the pool.

Additional investment disclosures are presented in these Notes.

F. Receivables

The recognition of revenues related to accounts receivable reported in the government-wide financial statements and fund financial statements are reported under the accrual basis of accounting and the modified accrual basis of accounting, respectively.

Property Taxes, Deferred Property Taxes and Tax Liens

Property taxes are based on assessments as of January 1, 2018 and include betterments, special assessments and liens. Taxes are used to finance the operations of the Town for the fiscal year July 1st to June 30th. By law, all taxable property in the Commonwealth of Massachusetts must be assessed at 100% of fair cash value. Taxes are due and payable on July 1st. The Town accepted the provisions of the Massachusetts General Laws Chapter 59, Section 57C which enables the Town to have a quarterly tax payment system. Under the quarterly tax payment system, the assessors make a preliminary tax commitment based on the prior year's net tax and may not exceed, with limited exceptions, fifty percent of that amount. The collector must mail preliminary tax bills each year by July 1st. The preliminary tax is payable in two equal installments. The first installment is due on August 1st and the second installment is due on November 1st. After the Town sets the tax rate, the assessors make the actual tax commitment. If actual bills are mailed on or before December 31st, the balance remaining is payable in two equal installments. The first installment is due on February 1st and the second installment is due on May 1st. If bills are mailed after December 31st, the entire balance is not due until May 1st or thirty days after the bills were mailed, whichever is later. Any betterments, special assessments and other charges are added to the actual bills. Interest at the rate of 14% is charged on the amount of any preliminary tax or actual tax installment payment that is unpaid and delinquent and is charged only for the number of days the payment is actually delinquent. If actual tax bills are mailed after December 31st, interest will be computed from May 1st, or the payment due date, whichever is later. The Town has an ultimate right to foreclose on property for which taxes have not been paid. Property taxes levied are recorded as receivables. Revenues from property taxes are recognized in the fiscal year for which they have been levied.

The Town mailed preliminary tax bills for fiscal year 2019 on June 27, 2018 that were due on August 1, 2018 and November 1, 2018 and the actual tax bills were mailed on December 21, 2018 and were due on February 1, 2019 and May 1, 2019, respectively.

The Commonwealth of Massachusetts electorate in November, 1980, passed legislation known as Proposition 2 1/2, in order to limit the amount of revenue to be raised by taxation. The purpose of the legislation was to control the levy of taxes that are assessed to property owners of a Town. The legal levy limit under Proposition 2 1/2 for fiscal year 2019 is as follows:

Legal Levy Limit Under Proposition	
2 1/2 for fiscal year 2019	\$ 24,554,479
Add: Debt Exclusion	1,070,846
Add: Stabilization override	185,000
Maximum Allowable Levy	<u>\$ 25,810,325</u>

TOWN OF TISBURY, MASSACHUSETTS
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The total amount raised by taxation was \$25,800,845.

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

Excise Taxes

Excise taxes consist of motor vehicle excise and vessel excise. Excise taxes are assessed annually for each vehicle and vessel registered in the Town, and are recorded as receivables in the fiscal year of levy. The Commonwealth is responsible for reporting the number of vehicles registered and the fair value of those vehicles. The Board of Assessors of the Town is responsible for determining the value of each vessel.

The tax calculation is the fair market value of the vehicle or vessel multiplied by the \$25 per \$1,000 of value and \$10 per \$1,000 of valuation, respectively.

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

User Charges

User charges and fees of the primary government consist of sewer and water that is levied based on individual meter readings and are subject to penalties and interest if they are not paid by the respective due date. Sewer and water liens are processed each year and are included as a lien on the property owner's tax bill. Sewer and water charges and liens are recorded as receivables in the fiscal year of the levy.

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

Departmental

Departmental receivables consist of mooring fees, ambulance charges, police off-duty fees and septic system repair loans.

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

Special Assessments

Special assessments consist of sewer betterments in the business-type activities.

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

Due from Other Governments

Various federal and state grants for operating and capital purposes are applied for and received annually. For non-expenditure driven grants, revenue is recognized as soon as all eligibility requirements imposed by the provider have been met. For expenditure driven grants, revenue is 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.

TOWN OF TISBURY, MASSACHUSETTS
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Capital Assets

Capital assets of the primary government include land, construction in progress, buildings and renovations, machinery, equipment and other, and infrastructure assets (e.g. roads, water mains, sewer mains, and similar items), are reported in the applicable governmental or business-type activity 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.

All purchase and construction costs in excess of \$10,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than one year.

Capital assets (excluding land and construction in progress) are depreciated on a straight-line basis. The estimated useful lives of fixed assets are as follows:

Capital Asset Type	Years
Buildings and renovations	10-40
Machinery, equipment and other	3-20
Infrastructure	20-50
Water works infrastructure	10-99

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.

G. 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.

In the government-wide financial statements, operating transfers between and within governmental funds are eliminated from the governmental activities in the statement of activities. Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of activities as "Transfers, net".

In the 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.

H. Deferred Outflows/Inflows of Resources

Government-wide financial statements

The government-wide financial statements *Statement of Net Position* includes a separate section, listed below total assets, for *deferred outflows of resources*. This represents the usage of net position applicable for future period(s) and will not be recognized as expenditures until the future period to which it applies. Currently, the items in this category are *deferred outflows related to pensions and deferred outflows related to OPEB*.

In addition to liabilities, the *Statement of Net 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 and so will not be recognized as an inflow of resources (revenue) until that time. Currently, the item in this category are *deferred inflows related to pensions and deferred inflows related to OPEB*.

TOWN OF TISBURY, MASSACHUSETTS
Notes to the Financial Statements
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Fund 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 an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has only one type of item, which arises only under a modified accrual basis of accounting that qualifies in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues for the Town's property and excise taxes; departmental revenue and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

I. Net Position and Fund Balances

In the Governmental-Wide financial statements, the difference between the Town's total assets, deferred outflows of resources, total liabilities and deferred inflows of resources represents net position. Net position displays three components – net investment in capital assets; restricted (distinguished between major categories of restrictions); and unrestricted. Unrestricted net position represents the net position available for future operations.

Net position classified as net investment in capital assets, consists of 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.

Net position has been "restricted for" the following:

"Capital projects" represents amounts restricted for capital purposes.

"Federal and state grants" represents amounts restricted by the federal and state government for various programs.

"Community preservation fund" represents amounts that are restricted for the preservation of open space, historical resources and community housing.

"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.

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of those resources.

The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

TOWN OF TISBURY, MASSACHUSETTS
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The spendable portion of the fund balance comprises the remaining four classifications of fund balance: restricted, committed, assigned and unassigned.

Restricted fund balance. This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance. These amounts can only be used for specific purposes pursuant to constraints imposed by formal action of the Town's highest level of decision-making authority, which is the Town meeting action and can be modified or rescinded only through these actions. Committed amounts cannot be used for any other purpose unless the Town removes or changes the specified use by taking the same type of action it employed to previously commit.

Assigned fund balance. This classification reflects the amounts constrained by the Town's "intent" to be used for specific purposes, but are neither restricted nor committed. Department heads and Town board/committees have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance. This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When the restricted and other fund balance resources are available for use, it is the Town's policy to use restricted resources first, followed by committed, assigned, and unassigned amounts respectively.

J. Long-term Debt

Long-term debt of the primary government is reported as liabilities in the government-wide statement of net position.

The face amount of governmental funds long-term debt is reported as other financing sources.

K. Compensated Absences

The Town grants to employees sick and vacation leave in varying amounts based upon length of service and in accordance with various individual union contracts. Individuals are able to buy back 25% of their sick leave for individuals with less than 10 years of service and 50% for employees over ten years of service. Upon retirement, termination, or death, certain employees are compensated for unused vacation and sick leave (subject to certain limitations) at their current rates of pay.

L. Pension Benefits

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 (the System) and the Massachusetts Teachers Retirement System (MTRS) are provided. Additions to and deductions from the fiduciary net position have been determined on the same basis as they are reported by the Systems. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable according with the benefit terms. Investments are reported at their fair value.

TOWN OF TISBURY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2019

M. Post Retirement Benefits

In addition to providing pension benefits, health insurance coverage is provided for retired employees and their survivors in accordance with MGL, Chapter 32, on a pay-as-you-go basis. 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.

N. Use of Estimates

The preparation of basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure for contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenditures/expenses during the fiscal year. Actual results could vary from estimates that were used.

O. Total Column

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

An annual budget is adopted for the Town's General Fund. Although legislative approval is required for the acceptance of grants, capital projects, and borrowing authorizations, annual budgets are not prepared for any other fund; therefore, comparison of budget to actual is only presented for the General Fund.

The Town must establish its property tax rate each year so that the property tax rate levy will comply with the limits established by Proposition 2 1/2, as amended, and also equal the sum of (a) the aggregate of all annual appropriations for expenditures, plus (b) provision for prior year deficits, if any, less (c) the aggregate of all non-property tax revenues estimated to be received, including available funds.

The Town follows these procedures in establishing the General Fund budgetary data as reflected in the financial statements:

- Departments submit budget requests to the Finance Director.
- Finance Director reviews budget requests. Finance Director submits revenue forecasts and budget recommendations to the Board of Selectmen and the finance committee.
- Board of Selectmen and finance committee review budget recommendations and submit their own recommendations to Town meeting.
- The budget is legally enacted by vote at the annual Town meeting.
- Supplemental appropriations may be made from available funds after the setting of the tax rate with Town meeting approval.
- Throughout the year appropriations may be transferred between departments with Town meeting approval.

Massachusetts law requires cities and towns to provide for a balanced budget. Section 23 of Chapter 59 of the Massachusetts General Laws states, in part,

"The assessors shall annually assess taxes to an amount not less than the aggregate of all amounts appropriated, granted or lawfully expended by their respective towns (cities) since the preceding annual assessment and not provided for therein . . . "

TOWN OF TISBURY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2019

For fiscal year 2019, the Town incurred a final budget deficit of \$7,229,231 for the General Fund.

The Town voted from the following sources to fund the deficit budget during the fiscal year:

Unassigned fund balance:	
Free cash votes	\$ 4,206,163
Prior year's encumbrances	<u>3,023,068</u>
	<u>\$ 7,229,231</u>

3. DETAILED NOTES

A. Deposits and Investments

Custodial Credit Risks – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned. The government does not have a deposit policy for custodial credit risk. Deposits at June 30, 2019 were \$25,128,480. Of these, \$671,690 is exposed to custodial credit risk as uninsured and uncollateralized.

Investment Policies

Investments of funds, except for trust funds, are generally restricted by Massachusetts General Laws, Chapter 44, Section 55. That statute permits investments of available revenue funds and bond and note proceeds in term deposits and certificates of deposit 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 in SEC-registered money market funds with the highest possible rating from at least one nationally recognized rating organization.

The MMDT is an investment pool created by the Commonwealth under the supervision of the State Treasurer's office. 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. The MMDT is an external investment pool that meets the criteria established under GASB Statement No. 79 to report its investments at amortized cost. MMDT's fair value is measured at amortized cost.

TOWN OF TISBURY, MASSACHUSETTS
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As of June 30, 2019, the Town had the following investments:

Investment Type	Fair Value	Investment Maturities (in Years)	
		Less Than 1	1 to 5
Debt Securities:			
U. S. treasury obligations	\$ 165,077	\$ 119,999	\$ 45,078
U. S. government agencies	848,552	562,391	286,161
Corporate bonds	166,828	166,828	-
Money market mutual funds	194,920	194,920	-
	<u>1,375,377</u>	<u>\$ 1,044,138</u>	<u>\$ 331,239</u>
Other Investments:			
Certificate of deposits	909,810		
Equity securities-domestic	1,233,635		
MMDT	650,926		
PRIT	1,652,392		
	<u>\$ 5,822,140</u>		

Custodial Credit Risks

For an investment, custodial risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the Town's \$5,822,140 in investments, none are uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department but not in the Town's name. The Town has no policy on custodial credit risk.

Interest Rate Risk

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.

Credit Risk

The Town's exposure to credit risk as of June 30, 2019 is as follows:

Related Debt Instruments	Fair Value
Moody's Quality Ratings	
U. S. Treasury Obligations:	
Aaa	\$ 165,077
U. S. Government Agencies:	
Aaa	848,552
Corporate Bonds:	
Aa3	111,891
Baa1	54,937
Money Market Mutual Funds:	
Not rated	194,920
	<u>\$ 1,375,377</u>

TOWN OF TISBURY, MASSACHUSETTS
Notes to the Financial Statements
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Concentration of Credit Risk

The Town places no limit on the amount the Town may invest in one issuer. There are no investments that are more than 5 percent.

The Town places no limit on the amount the Town may invest in one issuer. More than 5 percent of the Town's investments are Federal National Mortgage Association amounting to 7.51% of the Town's total investments.

Fair Value of Investments

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

The Town has the following recurring fair value measurements as of June 30, 2019:

Investment Type	Fair Value	Fair Value Measurements		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level:				
U. S. treasury obligations	\$ 165,077	\$ 165,077	\$ -	\$ -
U. S. government agencies	848,552	848,552	-	-
Certificates of deposit	909,810	909,810	-	-
Equity securities - domestic	1,233,635	1,233,635	-	-
Money market mutual fund	194,920	194,920	-	-
Corporate bonds	166,828	-	166,828	-
	3,518,822	\$ 3,351,994	\$ 166,828	\$ -
Investments Measured at Amortized Cost:				
External Investment Pools (MMDT)	650,926			
External Investment Pools (PRIT)	1,652,392			
Total Investments	\$ 5,822,140			

Investments classified in Level 1 of the fair value hierarchy are valued using quoted prices in active markets for those securities.

Investments classified in Level 2 are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

TOWN OF TISBURY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2019

B. Receivables

At June 30, 2019, receivables for the individual major governmental funds and non-major governmental funds in the aggregate, including the applicable allowances for uncollectible accounts of the primary government, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Major and nonmajor governmental funds:			
Property taxes	\$ 767,280	\$ (25,728)	\$ 741,552
Tax liens	1,087,586	(95,550)	992,036
Excise taxes	255,025	(70,442)	184,583
Departmental	758,956	(472,384)	286,572
Due from other governments	637,614	-	637,614
	<u>\$ 3,506,461</u>	<u>\$ (664,104)</u>	<u>\$ 2,842,357</u>

At June 30, 2019, receivables for the business-type activities consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Sewer Fund:			
User charges	\$ 347,924	\$ (71,305)	\$ 276,619
Tax liens	18,160	-	18,160
Special assessments	1,719,930	-	1,719,930
Due from other governments	648,002	-	648,002
Water Works Fund:			
User charges	65,999	-	65,999
Tax liens	37,322	-	37,322
	<u>\$ 2,837,337</u>	<u>\$ (71,305)</u>	<u>\$ 2,766,032</u>

The composition of amounts due from other governments as of June 30, 2019 for governmental funds is as follows:

General Fund:		
Commonwealth of Massachusetts:		
Department of Veterans Services:		
Veterans Benefits	\$	16,981
Nonmajor Governmental Funds:		
U. S. Department of the Interior:		
Clean vessel act	\$ 19,000	
Massachusetts Department of Transportation:		
Highway Department - Chapter 90 funds	601,633	620,633
	<u>\$</u>	<u>637,614</u>

TOWN OF TISBURY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2019

The composition of amounts due from other governments as of June 30, 2019 for business-type funds is as follows:

Sewer Fund:

Commonwealth of Massachusetts:

Massachusetts Clean Water Trust:

Principal loan subsidy	\$	648,002
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\$ 648,002

C. Deferred Inflows of Resources – Unavailable Revenue

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. At the end of the current fiscal year, the various components of deferred inflows of resources reported in the governmental funds are as follows:

General Fund:

Property taxes	\$	484,302	
Tax liens		966,365	
Excise and other taxes		184,583	
Departmental		60,465	
Due from other governments		<u>16,981</u>	\$ 1,712,696

Community Preservation Fund:

Property taxes		20,250	
Tax liens		<u>25,671</u>	45,921

Nonmajor governmental funds:

Departmental		226,107	
Due from other governments		<u>530,075</u>	<u>756,182</u>
			<u><u>\$ 2,514,799</u></u>

TOWN OF TISBURY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2019

D. Capital Assets

Capital asset activity for the year ended June 30, 2019, is as follows

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 4,387,745	\$ 675,000	\$ -	\$ 5,062,745
Construction in Progress	838,924	127,327	(858,951)	107,300
Total capital assets not being depreciated	5,226,669	802,327	(858,951)	5,170,045
Capital assets being depreciated:				
Buildings and Renovations	21,193,863	892,658	-	22,086,521
Machinery, equipment and other	4,215,710	630,834	(37,999)	4,808,545
Infrastructure	6,004,047	588,415	-	6,592,462
Total capital assets being depreciated	31,413,620	2,111,907	(37,999)	33,487,528
Less accumulated depreciation for:				
Buildings and Renovations	11,426,584	715,969	-	12,142,553
Machinery, equipment and other	3,254,650	375,484	(37,999)	3,592,135
Infrastructure	2,253,685	264,065	-	2,517,750
Total accumulated depreciation	16,934,919	1,355,518	(37,999)	18,252,438
Total capital assets being depreciated, net	14,478,701	756,389	-	15,235,090
Total governmental activities capital assets, net	\$ 19,705,370	\$ 1,558,716	\$ (858,951)	\$ 20,405,135

Business-Type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 381,600	\$ -	\$ -	\$ 381,600
Construction in Progress	1,469,588	231,884	(1,701,472)	-
Total capital assets not being depreciated	1,851,188	231,884	(1,701,472)	381,600
Capital assets being depreciated:				
Buildings and Renovations	175,018	1,701,472	-	1,876,490
Machinery, equipment and other	863,971	36,329	(23,536)	876,764
Infrastructure	22,839,924	510,939	-	23,350,863
Total capital assets being depreciated	23,878,913	2,248,740	(23,536)	26,104,117
Less accumulated depreciation for:				
Buildings and Renovations	147,355	26,013	-	173,368
Machinery, equipment and other	688,812	60,849	(23,536)	726,125
Infrastructure	7,730,352	550,198	-	8,280,550
Total accumulated depreciation	8,566,519	637,060	(23,536)	9,180,043
Total capital assets being depreciated, net	15,312,394	1,611,680	-	16,924,074
Total Business-type activities capital assets, net	\$ 17,163,582	\$ 1,843,564	\$ (1,701,472)	\$ 17,305,674

TOWN OF TISBURY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2019

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

Governmental Activities:

General government	\$ 128,198
Public safety	489,314
Public works	382,107
Education	142,434
Health and human services	122,548
Culture and recreation	90,917
Total depreciation expense - governmental activities	<u>\$ 1,355,518</u>

Business-Type Activities:

Sewer fund	\$ 356,998
Water works fund	280,062
Total depreciation expense - business-type activities	<u>\$ 637,060</u>

E. Interfund Receivables, Payables and Transfers

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

Transfers Out:	Transfers In:			
	General fund	Nonmajor Governmental fund	Business-type fund	Total
General fund	\$ -	\$ 495,887	\$ 165,849	\$ 661,736
Nonmajor governmental funds	571,644	-	-	571,644
Business-type fund	51,618	-	-	51,618
Total transfers out	<u>\$ 623,262</u>	<u>\$ 495,887</u>	<u>\$ 165,849</u>	<u>\$ 1,284,998</u>

F. Short-Term Financing

Under the general laws of the Commonwealth and with the appropriate local authorization the Town is authorized to borrow funds on a temporary basis to (1) fund current operations prior to the collection of revenues, by issuing revenue anticipation notes, (2) fund grants prior to reimbursements, by issuing grant anticipation notes, and (3) fund capital projects costs incurred prior to selling permanent debt by issuing bond anticipation notes.

Details related to the short-term debt activity of the governmental type activities are as follows:

Purpose	Interest Rate	Final Maturity Date	Balance July 1, 2018	Renewed/ Issued	Retired/ Redeemed	Outstanding June 30, 2019
Bond anticipation note:						
School feasibility study	2.00%	5/24/2019	<u>\$ 150,000</u>	<u>\$ -</u>	<u>\$ 150,000</u>	<u>\$ -</u>

TOWN OF TISBURY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2019

Details related to the short-term debt activity of the business-type activities are as follows:

Purpose	Interest Rate	Final Maturity Date	Balance July 1, 2018	Renewed/ Issued	Retired/ Redeemed	Outstanding June 30, 2019
Bond anticipation note:						
Sewer Fund:						
Wastewater Treatment Facility	1.55%	2/22/2019	\$ 1,090,000	\$ -	\$ 1,090,000	\$ -
Wastewater Treatment Facility	2.33%	2/21/2020	-	1,050,000	-	1,050,000
			<u>1,090,000</u>	<u>1,050,000</u>	<u>1,090,000</u>	<u>1,050,000</u>
Water Works Fund:						
Garage Facility	1.30%	8/17/2018	800,000	-	800,000	-
Garage Facility	2.65%	8/16/2019	-	600,000	-	600,000
			<u>800,000</u>	<u>600,000</u>	<u>800,000</u>	<u>600,000</u>
Total Business-type Activities			<u>\$ 1,890,000</u>	<u>\$ 1,650,000</u>	<u>\$ 1,890,000</u>	<u>\$ 1,650,000</u>

G. Long Term Debt

General Obligation Bonds

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities.

General obligation bonds currently outstanding of the governmental type fund are as follows:

	Interest Rate	Date Issued	Final Maturity Date	Original Amount Issued	Outstanding June 30, 2019
Inside Debt:					
Municipal Purpose Loan of 2010:					
Public safety facility construction	3.05%	3/15/2010	3/15/2025	\$ 6,800,000	\$ 3,300,000
Public safety facility design	2.90%	3/15/2010	3/15/2025	640,000	240,000
Municipal Purpose Loan of 2014:					
DPW Departmental Equipment	2.0-3.0%	8/15/2014	8/15/2019	350,000	70,000
Parking System Departmental Equipment	2.0-3.0%	8/15/2014	8/15/2019	125,000	25,000
Harbor & Channel Dredging	2.0-3.0%	8/15/2014	8/15/2023	450,000	250,000
Tisbury School Roof	2.0-3.0%	8/15/2014	8/15/2023	275,000	150,000
Total Inside Debt					<u>4,035,000</u>
Outside Debt:					
Massachusetts Clean Water Trust:					
Title V Septic Repair Program	N/A	5/28/2002	8/1/2020	197,403	20,600
Title V Septic Repair Program	N/A	1/7/2015	1/15/2035	94,779	75,823
Total Outside Debt					<u>96,423</u>
Total governmental type debt					<u>\$ 4,131,423</u>

TOWN OF TISBURY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2019

Future Debt Service

The annual principal and interest payments to retire all governmental type long term debt outstanding as of June 30, 2019, are as follows:

Year	Principal	Interest	Total
2020	\$ 780,139	\$ 128,634	\$ 908,773
2021	684,939	106,968	791,907
2022	674,739	86,662	761,401
2023	674,739	65,887	740,626
2024	674,739	43,975	718,714
2025-2029	613,695	22,125	635,820
2030-2034	23,694	-	23,694
2035	4,739	-	4,739
	<u>\$ 4,131,423</u>	<u>\$ 454,251</u>	<u>\$ 4,585,674</u>

General obligation bonds currently outstanding of the business-type fund are as follows:

	Interest Rate	Date Issued	Final Maturity Date	Original Amount Issued	Outstanding June 30, 2019
Inside Debt:					
Sewer Fund:					
Massachusetts Clean Water Trust:					
Wastewater treatment facility	N/A	11/6/2003	8/1/2023	\$ 7,482,332	<u>\$ 2,183,917</u>
Total Inside Debt					<u>2,183,917</u>
Outside Debt:					
Sewer Fund:					
United States Department of Agriculture (USDA) Centrifuge					
	3.38%	3/26/2014	3/26/2052	154,000	133,735
Water Works:					
Municipal Purpose Loan of 2012:					
Water mains	1.83%	11/1/2012	11/1/2027	400,000	225,000
Water mains	1.82%	11/1/2012	11/1/2027	513,000	300,000
Water storage tank	1.82%	11/1/2012	11/1/2027	292,000	170,000
United States Department of Agriculture (USDA) Centrifuge					
	2.75%	3/26/2014	3/26/2052	719,000	<u>624,390</u>
Total Outside Debt					<u>1,453,125</u>
Total business-type debt					<u>\$ 3,637,042</u>

TOWN OF TISBURY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2019

Future Debt Service

The annual principal and interest payments to retire all business-type long-term debt outstanding as of June 30, 2019, are as follows:

Year	Principal	Interest	Total
2020	\$ 514,232	\$ 121,195	\$ 635,427
2021	528,413	98,609	627,022
2022	542,595	75,828	618,423
2023	552,049	51,059	603,108
2024	561,503	26,186	587,689
2025-2029	409,875	97,936	507,811
2030-2034	114,875	68,993	183,868
2035-2039	114,875	52,564	167,439
2040-2044	114,875	36,136	151,011
2045-2049	114,875	19,707	134,582
2050-2052	68,875	3,939	72,814
	<u>\$ 3,637,042</u>	<u>\$ 652,152</u>	<u>\$ 4,289,194</u>

A summary of the changes in governmental activities and business-type long term liabilities during the year is as follows:

	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019	Amounts Due within One Year
Governmental activities:					
Bonds Payable:					
General obligation bonds	\$ 4,800,000	\$ -	\$ 765,000	\$ 4,035,000	\$ 765,000
Massachusetts Clean Water Trust bonds	143,662	-	47,239	96,423	15,139
Compensated absences	549,732	77,412	18,776	608,368	305,379
Net OPEB liability	25,521,173	3,242,443	-	28,763,616	-
Net pension liability	5,554,059	2,769,174	-	8,323,233	-
Governmental activity Long-term liabilities	<u>\$ 36,568,626</u>	<u>\$ 6,089,029</u>	<u>\$ 831,015</u>	<u>\$ 41,826,640</u>	<u>\$ 1,085,518</u>
Business-type activities:					
Bonds Payable:					
General obligation bonds	\$ 950,000	\$ -	\$ 255,000	\$ 695,000	\$ 80,000
U.S.D.A. bonds	781,100	-	22,975	758,125	22,975
Massachusetts Clean Water Trust bonds	2,580,993	-	397,076	2,183,917	411,257
Compensated absences	82,591	-	40,848	41,743	18,745
Net OPEB liability	2,365,601	-	976,108	1,389,493	-
Net pension liability	364,589	252,278	-	616,867	-
Business-type activity Long-term liabilities	<u>\$ 7,124,874</u>	<u>\$ 252,278</u>	<u>\$ 1,692,007</u>	<u>\$ 5,685,145</u>	<u>\$ 532,977</u>

TOWN OF TISBURY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2019

Massachusetts Clean Water Trust (MCWT)

The Town is scheduled to be subsidized by the Massachusetts Clean Water Trust (MCWT) on a periodic basis for principal in the amount of \$8,267,714 and interest costs of \$4,536,310 for four loans which the Town has borrowed from MCWT. The gross amount outstanding at June 30, 2019 for principal and interest combined for the loans is \$2,500,794. The net repayments, including interest, are scheduled to be \$1,703,094. Since the Town is legally obligated for the total amount of the debt, such amounts for the gross principal have been recorded on the financial statements. The fiscal year 2019 principal and interest subsidies totaled \$195,779.

Legal Debt Limit

Under Section 10 of Chapter 44 of the Massachusetts General Laws a Town may authorize indebtedness up to a limit of five percent of its equalized valuation of the Town. Debt issued in accordance with this section of the law is designated as being "inside the debt limit." The Town's inside debt at June 30, 2019 totaled \$6,218,917.

In addition, the Town is authorized to incur debt outside of that limit for specific purposes. Such debt, when issued, is designated as being "outside the debt limit." The following is a computation of the legal debt limit as of June 30, 2019:

Equalized Valuation-Real Estate and Personal Property (2018)		<u>\$ 2,884,208,400</u>
Debt Limit: 5 % of Equalized value		144,210,420
Total Debt Outstanding	\$ 7,768,465	
Less: Debt Outside Debt Limit	<u>(1,549,548)</u>	<u>6,218,917</u>
Inside Debt Excess Borrowing Capacity at June 30, 2019		<u>\$ 137,991,503</u>

Loans Authorized and Unissued - Memorandum Only

Under the general laws of the Commonwealth of Massachusetts a Town must authorize debt at a Town meeting. This authorized debt does not have to be actually issued at that time and remains authorized until the debt is actually issued or Town meeting votes to rescind the authorized debt.

TOWN OF TISBURY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2019

Loan authorizations that have not been issued as of June 30, 2019 and are not reflected in the Town's financial statements are as follows:

Date Town Meeting Authorized	Purpose	Amount
4/23/2002	Rehabilitate and Replace Water Mains on Main Street and Beach Road	\$ 250,000
9/10/2002	Additional Costs of Wastewater Treatment System Improvements for the Town	394,967
9/10/2002	Additional Costs of Rehabilitating and Replacing Water Mains on Main Street and Beach Road	25,000
4/11/2012	Septic Management Upgrades	105,221
4/14/2015	Wastewater Engineering/Design Plans	70,000
4/25/2017	Road and Street improvements	400,000
		<u>\$ 1,245,188</u>

Overlapping Debt

The Town pays assessments; which includes debt service payments to other local governmental units providing services within the Town's boundaries (commonly referred to as overlapping debt). The following summary sets forth the long-term debt of the governmental unit, the estimated share of such debt being serviced by the Town and the total of its share of estimated indirect debt.

	Current Year's Debt	Town's Estimated Share	Town's Estimated Indirect Debt
Martha's Vineyard Regional High School District	\$ 900,000	24.88%	\$ 223,920
County of Dukes County	1,226,000	18.85%	231,101
			<u>\$ 455,021</u>

TOWN OF TISBURY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2019

H. Fund Balances

The following is a summary of the Town's Governmental fund balances at the year ended June 30, 2019:

	General Fund	Major Funds	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:				
Permanent funds	\$ -	\$ -	\$ 627,093	\$ 627,093
Restricted:				
Federal, state and local grants	-	-	104,489	104,489
School revolving funds	-	-	302,691	302,691
Town revolving funds	-	-	39,739	39,739
Community preservation	-	2,941,661	-	2,941,661
Debt service	-	-	32,619	32,619
Donations and gifts	-	-	86,905	86,905
Permanent funds	-	-	750,205	750,205
Capital projects	-	-	219,712	219,712
Other	-	-	1,269,945	1,269,945
	-	2,941,661	2,806,305	5,747,966
Committed:				
Ambulance services	-	-	43,809	43,809
Embarkation fee fund	-	-	276,760	276,760
Employee benefits and Insurance	-	-	681,593	681,593
Shellfish trust	-	-	145,115	145,115
Transfer station	-	-	1,004,778	1,004,778
	-	-	2,152,055	2,152,055
Assigned:				
General government	1,264,803	-	-	1,264,803
Public safety	1,265,512	-	-	1,265,512
Public works	568,588	-	-	568,588
Education	1,460	-	-	1,460
Culture and recreation	69,566	-	-	69,566
Subsequent year's budget	2,129,881	-	-	2,129,881
	5,299,810	-	-	5,299,810
Unassigned:				
General Fund	9,483,543	-	-	9,483,543
Capital Projects	-	-	-	-
	9,483,543	-	-	9,483,543
Total Governmental fund balances	\$ 14,783,353	\$ 2,941,661	\$ 5,585,453	\$ 23,310,467

TOWN OF TISBURY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2019

I. Special Trust Funds

Stabilization Fund

Massachusetts General Laws, Chapter 40, Section 5B, allows for the establishment of stabilization funds for one or more different purposes. The creation of a fund requires a two-thirds vote of the legislative body and must clearly define the purpose of the fund. Any change to the purpose of the fund along with any additions to or appropriations from the fund requires a two-thirds vote of the legislative body. Any interest shall be added to and become a part of the fund.

At June 30, 2019 the balances in the stabilization funds are reported in the General Fund as unassigned fund balance consisting of the following:

General purpose stabilization fund	\$ 3,124,535
Ambulance stabilization fund	212,243
Building stabilization fund	25,892
Department of Public Works stabilization	127,911
Dredge stabilization fund	121,595
Fire Department stabilization fund	105,506
Wick System Stabilization	100,243
	<u>\$ 3,817,925</u>

4. OTHER INFORMATION

A. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The Town has obtained a variety of commercial liability insurance policies which passes the risk of loss listed above to independent third parties.

Settlement claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

B. Contingent Liabilities

Litigation

Litigation is subject to many uncertainties, and the outcome of individual matters is not always predictable. Although the amount of the 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.

The Town has received state and federal grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for any expenditure disallowed under the terms of the grant. The amount, if any, of expenditures which may be disallowed cannot be determined at this time, although, based on prior experience, Town management believes such disallowances, if any, will not be material.

C. Subsequent Events

Management has evaluated subsequent events through the date the financial statements were available to be issued.

TOWN OF TISBURY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2019

D. Pension Plan

Plan Description

The Town is a member of the Dukes County Contributory Retirement System (the System). The System is a cost-sharing multiple-employer public employee retirement system administered by the Dukes County Retirement Board (the Board). Massachusetts General Laws (MGL), Chapter 32, assigns authority to establish the System and amend benefit provisions of the plan; which is regulated by the Public Employees Retirement Administration Commission (PERAC). The System is a defined benefit pension plan that covers substantially all employees of its member employers except for current and retired teachers. The System issues a publicly available financial report in accordance with guidelines established by the Commonwealth's PERAC. That report may be obtained by contacting the System at 9 Airport Road, Suite 1, Vineyard Haven, Massachusetts 02568.

The Town is a member of the Massachusetts Teachers' Retirement System (MTRS), a cost-sharing multi-employer defined benefit plan, to which the Town does not contribute. MTRS is managed by the Commonwealth of Massachusetts (Commonwealth) on behalf of municipal teachers and municipal teacher retirees. The Commonwealth is a nonemployer contributor and is responsible for the contributions and future benefit requirements of the MTRS.

Special Funding Situation

The Commonwealth is a nonemployer contributor and is responsible by statute to make all actuarially determined contributions and future benefit requirements on behalf of the Town to the MTRS. Therefore, the Town is considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributor in the MTRS. Since the Town does not contribute directly to MTRS, there is no pension liability to recognize. The total of the Commonwealth provided contributions have been allocated based upon each employer's covered payroll to the total covered payroll of employers in MTRS as of the measurement date of June 30, 2018. The Town's portion of the collective pension expense contributed by the Commonwealth of \$1,208,749 on-behalf payments for the fiscal year ending June 30, 2019 is reported as intergovernmental revenues and employee benefits and insurance expenditures in the General Fund as of the measurement date.

Benefits Provided

Both the System and MTRS provide retirement, disability, and death benefits to plan members and beneficiaries. Members become vested after 10 years of creditable service and are eligible for retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. Retirement benefits are determined as a percentage of the member's final three-year (five-year for members hired on or after April 2, 2012) final average compensation times the member's years of creditable service prior to retirement. The percentage is based on the age of the member at retirement and his or her Group classification. The authority for amending these provisions rests with the Massachusetts Legislature.

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 members whose death occurs prior to or following retirement.

Cost of living adjustments granted between 1981 and 1997 and any increases in other benefits imposed by the Commonwealth's State law during those years are borne by the Commonwealth and are deposited into the pension fund. Cost-of-living adjustments granted after 1997 must be approved by the Board and are borne by the System.

TOWN OF TISBURY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2019

Contributions

MGL Chapter 32 governs the contributions of plan members and the Town. Plan members are required to contribute to the System at rates ranging from 5% to 9% based upon their membership date of gross regular compensation with an additional 2% contribution after exceeding \$30,000 in annual covered compensation. The Town is required to pay into the System its share of the system-wide actuarial determined contribution that is apportioned among the employers based on active current payroll. Administrative expenses are funded through investment earnings. The Town's proportionate share of the required contribution to the System for the year ended December 31, 2018 was \$1,179,352, representing 20.31% of the covered payroll, an actuarially determined amount that, when combined with plan member contributions, is expected to finance the costs of benefits earned by plan members during the year and an additional amount to finance any unfunded accrued liability.

Pension Liability

As of June 30, 2019, the Town reported a liability of \$8,940,100 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, update 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 members, actuarially determined. At December 31, 2018, the Town's proportional percentage was 17.895%, which was a slight increase from the last measurement.

Pension Expense

For the year ended June 30, 2019, the Town recognized a pension expense of \$1,325,691 and reported deferred outflows of resources related to pensions of \$2,359,769 from the differences between expected and actual experience, from the net difference between projected and actual investment earnings on pension plan investments, changes in assumptions, and from changes in proportion and differences between employer contributions and proportionate share of contributions; and deferred inflows of resources related to pensions of \$121,098 from the net difference between projected and actual experience and changes in proportion and differences between employer contributions and proportionate share of contributions.

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

For years ended June 30,		
2020	\$	596,278
2021		439,040
2022		425,913
2023		680,045
Thereafter:		97,395
	\$	2,238,671

TOWN OF TISBURY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2019

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. 2002 & 2003: Increasing dollar amount at 4.5% to reduce the unfunded Actuarial accrued liability attributable to the ERIs to zero on or before June 30, 2028.
Asset valuation method	The actuarial value of assets is the market 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 the 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 market value. The actuarial valuation of assets is further constrained to be not less than 80% or more than 120% of market value.
Inflation	3.00% per year
Salary increases	6.00% to 4.25% for General Employees and 7.00% to 4.75% for Public Safety, depending on years of service.
Payroll Growth	4.00% per year
Investment rate of return	7.50%, net of pension plan investment expense, including inflation
Cost of living adjustments	3.00% of the pension amount, capped at \$420 per year.
Mortality rates	Based on the RP-2000 Mortality Table (base year 2009) with fully generational mortality improvements using Scale BB. For disabled members, based on the RP-2000 Mortality Table (base year 2012) with fully generational mortality improvements using Scale BB.

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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

TOWN OF TISBURY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2019

Best estimates of arithmetic real rates of return for each major 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
Domestic equity	40.0%	4.6%
International equity	15.0%	3.2%
Alternatives - Private equity	5.0%	10.5%
Hedge Funds	2.5%	1.6%
Real estate	10.0%	6.2%
Timber	2.5%	3.6%
Fixed income	25.0%	1.6%
Total	100.0%	

Rate of Return

For the year ended December 31, 2018, the annual money-weighted rate of return (which expresses investment performance), net of investment expense was (1.21%). The money-weighted rate of return considers the changing amounts actually invested during a period and weighs the amount of pension plan investments by the proportion of time they are available to earn a return during that period. The rate of return is then calculated by solving, through an iterative process, for the rate that equates the sum of the weighted external cash flows into and out of the pension plan investments to the ending fair value of pension plan investments.

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 that contributions from plan members will be made based at the current contribution rates and that contributions from participating employers will be made in accordance with Section 22D and Section 22F of MGL Chapter 32. 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.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

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

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Town's net pension liability	\$ 13,209,717	\$ 8,940,100	\$ 5,327,297

TOWN OF TISBURY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2019

E. Other Post Employment Benefits Payable

GASB Statement No. 74 and GASB Statement No. 75

The cost of post employment benefits generally should be associated with the periods in which costs occur rather than in the future year when it will be paid. The Town recognizes the cost of post employment benefits in the year when the employee services are received, reports the accumulated liability from prior years and provides information useful in assessing potential demands on the Town's future cash flows.

Plan Description

In addition to providing pension benefits as described on the following footnote, the Town provided post-employment health care and life insurance benefits for retired employees, their dependents and beneficiaries. The benefits, benefit levels, employee and employer contributions are governed by Massachusetts General Law chapter 32. As of the actuarial valuation date there are approximately 256 active, retired employees and dependents that meet the eligibility requirements. The plan does not issue a separate financial report.

Investments

The Town's policy in regard to the allocation of invested assets is established and may be amended by the Board of Selectmen by majority vote of its members. The OPEB plan's assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the OPEB plan. The long-term real rate of return on OPEB investments was determined using the Town's investment policy. As of June 30, 2019, investments, concentration and rate of return information consisted of pooled funds in the Town's Pension Reserve Investment Trust with Dukes County described earlier under Deposits and Investments (refer to note 3A).

Funding Policy

The contribution requirements of plan members and the Town are established and may be amended through Town policy and member contracts. The required contribution is based on the projected pay-as-you-go financing requirements. For the 2019 fiscal year, total Town contributions are \$1,296,652 to the plan. The Town did establish a trust fund in order to contribute funds to reduce the future OPEB liability. The trust balance is \$1,652,391 as of June 30, 2019.

Measurement Date

GASB Statement No. 74 and GASB Statement No. 75 require the net OPEB liability to be measured as of the OPEB Plan's most recent fiscal year-end. 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:

Current active members	147
Current retirees, beneficiaries and dependents	109
Total	<u>256</u>

TOWN OF TISBURY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2019

Net OPEB Liability

The components of the net OPEB liability are as follows:

	<u>6/30/2019</u>
Total OPEB liability	\$ 31,805,500
Less: Plan fiduciary net position	<u>(1,652,391)</u>
Town's Net OPEB liability	<u><u>\$ 30,153,109</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	5.20%

Actuarial Methods and Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2018, using the following actuarial assumptions, applied to all periods included in the measurement for the reporting date of June 30, 2019:

Valuation date	July 1, 2018
Actuarial cost method	Individual Entry Age Normal
Asset valuation method	Increasing at 3.5% over 30 years on an open amortization period for partial pre-funding.
Investment rate of return	7.5%, compounded annually, net of fees
Single Equivalent Discount rate	3.56%, compounded annually, for measurement as of June 30, 2019
Healthcare cost trend rates	8.0% annually in Year 1 decreasing to an ultimate 3.90% annually
Inflation	2.60% per year, based on the 2019 Social Security Trustees Report
Payroll Growth	3.50% per year
Mortality rates: General and Public Safety employees:	
Pre-retirement Mortality	Based on the RP-2000 Employees Mortality Table (base year 2009) projected with generational mortality improvement using Scale BB.
Post-retirement Mortality	Based on the RP-2000 Healthy Annuitant Mortality Table (base year 2009) projected with generational mortality improvement using Scale BB.
Mortality rates: Teachers:	
Pre-retirement Mortality	Based on the RP-2014 White Collar Mortality Table (base year 2014) projected with generational mortality improvement using Scale MP-2016.
Post-retirement Mortality	Based on the RP-2014 White Collar Mortality Table (base year 2014) projected with generational mortality improvement using Scale MP-2016.

The actuarial assumptions used the July 1, 2018 actuarial valuation and market value of assets as of the measurement date of June 30, 2019 were reflective of published municipal bond indices; the S&P Municipal Bond 20-year High Grade Rate Index is 3.50%.

TOWN OF TISBURY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2019

Long-term Expected Rate of Return

The long-term expected rate of return on OPEB 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 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 weighing 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 class included in the 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 Capital Equity	35.0%	4.20%
Middle Capital Equity	10.0%	6.60%
Small Capital Equity	10.0%	7.10%
International Equity	15.0%	2.80%
Real Estate	10.0%	6.00%
Fixed income	20.0%	2.00%
Total	100.0%	

Rate of Return

For the year ended June 30, 2019, the annual money-weighted rate of return (which expresses investment performance), net of investment expense was 5.51%.

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Total OPEB Liability
Balances at June 30, 2018	\$ 29,164,430	\$ 1,277,656	\$ 27,886,774
Service cost	1,254,643	-	1,254,643
Interest on Total OPEB Liability	1,184,868	-	1,184,868
Changes in benefit terms	-	-	-
Changes in assumptions	5,610,265	-	5,610,265
Difference between actual and expected experience	(4,412,377)	-	(4,412,377)
Net investment income	-	74,412	(74,412)
Employer contributions to Trust	-	1,296,652	(1,296,652)
Total benefit payments including implicit cost	(996,329)	(996,329)	-
Administrative expense	-	-	-
Net change in total OPEB liability	2,641,070	374,735	2,266,335
Balances at June 30, 2019	\$ 31,805,500	\$ 1,652,391	\$ 30,153,109

TOWN OF TISBURY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2019

Discount Rate

The discount rate used to measure the total OPEB liability was 3.56%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and that member employer contributions will be made in accordance Massachusetts General Law Chapter 32. Based on those assumptions, the OPEB plan fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the Town's net OPEB liability as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.56%) or 1-percentage-point higher (4.56%) than the current rate:

	1% Decrease (2.56%)	Current Discount Rate (3.56%)	1% Increase (4.56%)
Town's net OPEB liability	\$ 36,064,413	\$ 30,153,109	\$ 25,517,286

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Trend Rates

The following presents the Town's net OPEB liability as well as what the Town's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (7.0% decreasing to 2.9%) or 1-percentage-point higher (9.0% decreasing to 4.9%) than the current healthcare cost trend rates:

	1% Decrease (7.0% in Year 1 decreasing to 2.9%)	Healthcare Cost Trend Rates (8.0% in Year 1 decreasing to 3.9%)	1% Increase (9.0% in Year 1 decreasing to 4.9%)
Town's net OPEB liability	\$ 24,646,446	\$ 30,153,109	\$ 37,782,179

Summary of Significant Accounting Policies

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to the OPEB, and OPEB expense, information about the fiduciary net position of the Plan and additions to or 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, except for money market investments and participating interest earning investment contracts (repurchase agreements) that have a maturity at the time of purchase of one year, which are reported at cost.

TOWN OF TISBURY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2019

Expense, Deferred Outflows or Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2019, the GASB Statement No. 75 reporting period and fiscal year ending date, the Town recognized an OPEB expense of \$2,199,164 and reported deferred outflows of resources related to OPEB of \$4,645,589 from the changes in assumptions and the differences between expected and actual investment earnings on OPEB plan investments; and deferred inflows of resources related to OPEB of \$4,737,813 from the differences between expected and actual experience and changes in assumptions.

The Town's net deferred outflows/(inflows) of resources related to OPEB will be recognized in the OPEB expense as follows:

For years ended June 30,		
2020	\$	(139,050)
2021		(139,050)
2022		(139,050)
2023		188,998
2024		135,928
	\$	<u>(92,224)</u>

F. Implementation of New GASB Pronouncements

The GASB issued Statement No. 83, *Certain Asset Retirement Obligations*, for implementation in fiscal year 2019.

The GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, for implementation in fiscal year 2019.

G. Future GASB Pronouncements

Management is currently assessing the impact the implementation of the following pronouncements will have on the basic financial statements.

The GASB issued Statement No. 84, *Fiduciary Activities*, for implementation in fiscal year 2020.

The GASB issued Statement No. 87, *Leases*, for implementation in fiscal year 2021.

The GASB issued Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*, for implementation in fiscal year 2020.

The GASB issued Statement No. 91, *Conduit Debt Obligations*, for implementation in fiscal year 2022.

5. RESTATEMENT

The net position as of June 30, 2018 has been restated. As required by GASB Statement No. 75, the beginning net position reflects the changes in the other post employment (OPEB) liability of \$265,246 between the governmental and business-type activities. Accordingly, the previously reported net position of \$20,388,664 has been revised to \$5,559,579 for governmental activities and \$14,829,085 for business-type activities.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF TISBURY, MASSACHUSETTS
Required Supplementary Information
Pension Plan Schedules
Dukes County Contributory Retirement System
For the Year Ended June 30, 2019

The Schedule of Proportionate Share of the Net Pension Liability represents multiyear trend information relating to the Town's proportion of the net pension liability and related ratios.

Schedule of the Town's Proportionate Share of the Net pension:

Date	Town's proportion of the net pension liability (asset)	Town's proportionate share of the net pension liability (asset)	Town's covered employee payroll	Net pension liability percentage of covered employee payroll	Plan fiduciary net position as a percentage of the total pension liability
12/31/2018	17.895%	\$ 8,940,100	\$ 5,807,451	153.94%	75.54%
12/31/2017	17.842%	\$ 5,918,648	\$ 6,748,420	87.70%	82.43%
12/31/2016	17.842%	\$ 8,193,932	\$ 6,204,138	132.07%	74.21%
12/31/2015	18.063%	\$ 7,098,653	\$ 6,239,273	113.77%	75.61%
12/31/2014	18.063%	\$ 6,510,775	\$ 6,296,756	103.40%	76.17%

Note: These schedules are intended to present information for 10 years. Until a 10-year trend is compiled, the information is presented for those years the information is available.

TOWN OF TISBURY, MASSACHUSETTS
Required Supplementary Information
Pension Plan Schedules
Dukes County Contributory Retirement System
For the Year Ended June 30, 2019

The Schedule of the Employer Contributions presents multiyear trend information on the Town's required and actual payments to the pension plan and related ratios.

Schedule of the Town's Contributions:

Date	Actuarially determined contribution	Less: Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Town's covered employee payroll	Contributions percentage of covered employee payroll
12/31/2018	\$ 1,179,352	\$ (1,179,352)	\$ -	\$ 5,807,451	20.31%
12/31/2017	\$ 1,123,192	\$ (1,123,192)	\$ -	\$ 6,748,420	16.64%
12/31/2016	\$ 1,072,866	\$ (1,072,866)	\$ -	\$ 6,204,138	17.29%
12/31/2015	\$ 1,007,673	\$ (1,007,673)	\$ -	\$ 6,239,273	16.15%
12/31/2014	\$ 1,015,376	\$ (1,015,376)	\$ -	\$ 6,296,756	16.13%

Note: These schedules are intended to present information for 10 years. Until a 10-year trend is compiled, the information is presented for those years the information is available.

TOWN OF TISBURY, MASSACHUSETTS
Required Supplementary Information
Other Post Employment Benefit Plan Schedules
For the Year Ended June 30, 2019

Schedule of Changes in the Net OPEB Liability:

	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>
Total OPEB liability			
Service cost	\$ 1,254,643	\$ 1,338,048	\$ 1,576,707
Interest on net OPEB liability	1,184,868	1,089,542	939,599
Changes in Benefit terms	-	(36,608)	-
Changes in Assumptions	5,610,265	(1,827,106)	(3,823,253)
Difference between actual and expected experience	(4,412,377)	-	-
Benefit payments, including refunds of member contributions	(996,329)	(991,058)	(986,258)
Net change in total OPEB liability	2,641,070	(427,182)	(2,293,205)
Total OPEB liability-beginning	29,164,430	29,591,612	31,884,817
Total OPEB liability-ending (a)	<u>\$ 31,805,500</u>	<u>\$ 29,164,430</u>	<u>\$ 29,591,612</u>
Plan fiduciary net position			
Net investment income	74,412	32,455	\$ -
Employer contributions to Trust	1,296,652	2,236,259	986,258
Benefit payments, including refunds of member contributions	(996,329)	(991,058)	(986,258)
Administrative expense	-	-	-
Net change in plan fiduciary net position	374,735	1,277,656	-
Total fiduciary net position-beginning	1,277,656	-	-
Total fiduciary net position-ending (b)	<u>\$ 1,652,391</u>	<u>\$ 1,277,656</u>	<u>\$ -</u>
Town's net OPEB liability (a-b)	<u>\$ 30,153,109</u>	<u>\$ 27,886,774</u>	<u>\$ 29,591,612</u>

Note: These schedules are intended to present information for 10 years. Until a 10-year trend is compiled, the information is presented for those years the information is available.

TOWN OF TISBURY, MASSACHUSETTS
Required Supplementary Information
Other Post Employment Benefit Plan Schedules
For the Year Ended June 30, 2019

Schedule of Net OPEB Liability:

	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>
Total OPEB liability	\$ 31,805,500	\$ 29,164,430	\$ 29,591,612
Less: Plan fiduciary net position	(1,652,391)	(1,277,656)	-
Town's Net OPEB liability	<u>\$ 30,153,109</u>	<u>\$ 27,886,774</u>	<u>\$ 29,591,612</u>
Plan fiduciary net position as a percentage of the total OPEB liability	5.20%	4.38%	0.00%
Town's share of covered employee payroll	\$ 9,530,204	\$ 9,673,251	\$ 7,337,024
Participating employer net OPEB liability (asset) as a percentage of covered-employee payroll	316.40%	288.29%	403.32%

Schedule of Contributions:

	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>
Actuarially determined contribution	\$ 2,334,206	\$ 2,348,910	\$ 2,048,278
Less: Contributions in relation to the actuarially determined contribution	(1,296,652)	(2,236,259)	(986,258)
Contribution deficiency (excess)	<u>\$ 1,037,554</u>	<u>\$ 112,651</u>	<u>\$ 1,062,020</u>
Town's share of covered employee payroll	\$ 9,530,204	\$ 9,673,251	\$ 7,337,024
Contributions percentage of covered-employee payroll	13.61%	23.12%	13.44%
Annual money-weighted rate of return net of investment expense	5.51%	4.03%	N/A

Note: These schedules are intended to present information for 10 years. Until a 10-year trend is compiled, the information is presented for those years the information is available.

TOWN OF TISBURY, MASSACHUSETTS
Required Supplementary Information
Other Post Employment Benefit Plan Schedules
For the Year Ended June 30, 2019

Schedule of Funding Progress:

Other Post Employment Benefits						
Actuarial Measurement Date	Actuarial Fiduciary Net Position (A)	Actuarial Total OPEB Liability (B)	Actuarial Net OPEB Liability (B-A)	Actuarial Funded Ratio (A/B)	Actuarial Covered Payroll (C)	Actuarial Percentage of Covered Payroll ((B-A)/C)
6/30/2019	\$ 1,652,391	\$ 31,805,500	\$ 30,153,109	5.2%	\$ 9,530,204	316.4%
6/30/2018	\$ 1,277,656	\$ 29,164,430	\$ 27,886,774	4.4%	\$ 9,673,251	288.3%
6/30/2017	\$ -	\$ 29,591,612	\$ 29,591,612	0.0%	\$ 7,337,024	403.3%

Note: These schedules are intended to present information for 10 years. Until a 10-year trend is compiled, the information is presented for those years the information is available.

SUPPLEMENTARY SCHEDULES

TOWN OF TISBURY, MASSACHUSETTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Fund Balances July 1, 2018	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2019
Special Revenue:					
Federal and State Grants:					
Clean Vessel Act	\$ -	\$ 19,000	\$ 19,000	\$ -	\$ -
Council on Aging Grants	16,156	11,280	8,454	-	18,982
Emergency Management Grants	13,016	-	-	-	13,016
Energy Grants	7,500	1	-	-	7,501
Highways	-	233,460	233,460	-	-
Library Grants	5,431	5,525	50	-	10,906
Municipal Vulnerable Preparedness grant	-	20,000	19,363	-	637
Other Grants and Programs	6,003	89,896	85,500	(2,396)	8,003
Public Safety Grants	2,178	1,335	-	-	3,513
Rural Gateways Grant	-	1,500	-	-	1,500
Septic Grants	(14,685)	149,675	120,398	-	14,592
Vehicle Grant	22,500	-	-	-	22,500
Schools:					
School Lunch Program	15,826	121,386	119,727	-	17,485
School Choice Tuition	290,407	97,740	129,581	-	258,566
School Revolving	20,489	12,833	6,681	-	26,641
Special Education Reimbursement Fund	261	34,512	31,174	(261)	3,338
Other:					
Ambulance Transport Fund	43,809	-	-	-	43,809
Cable Television Franchise Fee	22,187	133,337	133,337	-	22,187
Economic Development Fund	19,590	16,900	1,950	-	34,540
Gifts and Donations	83,817	10,874	7,786	-	86,905
Insurance reimbursements	12,898	16,101	21,002	-	7,997
Landfill Trash Fees	136,854	87,443	-	(110,501)	113,796
Library Book Replacement	197	1,556	1,015	-	738
Parks and Recreation Revolving	2,688	20,870	2,898	-	20,660
Police Auctions	245	-	-	-	245
Police Off-Duty Details	3,523	16,287	15,284	-	4,526
Premium and Interest on Bonds	42,966	-	10,348	-	32,618
Total Special Revenue Page 69	\$ 753,856	\$ 1,101,511	\$ 967,008	\$ (113,158)	\$ 775,201

**TOWN OF TISBURY, MASSACHUSETTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

	Fund Balances July 1, 2018	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2019
Continued from Page 69	\$ 753,856	\$ 1,101,511	\$ 967,008	\$ (113,158)	\$ 775,201
Special Revenue (Continued):					
Other (Continued):					
Sale of Cemetery Lots	126,715	838	-	-	127,553
Septic System Repair Programs	232,621	14,470	62,317	-	184,774
Special Event Fund	-	29,000	-	-	29,000
Steamship Authority Ferry Embarkation Fees	242,692	286,834	-	(252,766)	276,760
Tashmoo Spring Building Revolving	15,713	4,675	1,309	-	19,079
Transfer Station Fund	840,375	70,142	19,535	-	890,982
Transportation Fund	1,900	3,480	-	-	5,380
Waterways Fund	274,573	144,778	-	(205,720)	213,631
Luce Fund	577,191	130,256	59,877	-	647,570
Municipal Housing Fund	374,638	3,013	23,941	85,000	438,710
Municipal Insurance Fund	5,531	547	11,438	110,000	104,640
Nancy Hamilton Fund	31,266	234	-	-	31,500
Shellfish Fund	132,766	16,625	5,163	887	145,115
Sick Leave Buy Back Fund	283,330	3,189	58,819	250,000	477,700
Unemployment Fund	73,289	770	24,806	50,000	99,253
Water Street Parking Lot Fund	193,664	11,400	4,400	-	200,664
Total Special Revenue Funds	4,160,120	1,821,762	1,238,613	(75,757)	4,667,512
Capital Projects:					
Connector Road	22,138	-	-	-	22,138
Department of Public Works Equipment	143	-	-	-	143
Dredging	89,221	-	74,000	-	15,221
Fire Station Construction	92,178	-	92,178	-	-
Land Acquisition-Aquifer	4,689	-	-	-	4,689
Landfill	35,949	-	3,850	-	32,099
Lighting Improvements	10,488	-	-	-	10,488
Total Capital Projects Page 70	\$ 254,806	\$ -	\$ 170,028	\$ -	\$ 84,778

**TOWN OF TISBURY, MASSACHUSETTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

	Fund Balances July 1, 2018	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2019
Continued from Page 70	\$ 254,806	\$ -	\$ 170,028	\$ -	\$ 84,778
Capital Projects (Continued):					
Park and Ride System	104,882	-	522	-	104,360
Paving and Resurfacing Roads	2,073	-	-	-	2,073
Police/Ambulance Facility	4,038	-	-	-	4,038
School Feasibility Study	(68,113)	-	-	68,113	-
Sidewalk Construction	7,578	-	-	-	7,578
Tashmoo Beach Restrooms	16,635	-	-	-	16,635
Underground Utilities	38,791	-	38,791	-	-
Veterans Park	250	-	-	-	250
Total Capital Projects	360,940	-	209,341	68,113	219,712
Perpetual Permanent Funds:					
A&P Supermarket Parking Lot Escrow	\$ 100,000	\$ -	\$ -	\$ -	\$ 100,000
Cemetery	349,031	2,512	-	-	351,543
Library	168,814	6,736	-	-	175,550
Total Perpetual Permanent Funds	617,845	9,248	-	-	627,093
Permanent Funds:					
A&P Supermarket Parking Lot Escrow	19,551	894	-	-	20,445
Cemetery	3,093	34,247	390	-	36,950
Library	8,540	5,201	-	-	13,741
Total Permanent Funds	31,184	40,342	390	-	71,136
Total - Non-Major Governmental Funds	\$ 5,170,089	\$ 1,871,352	\$ 1,448,344	\$ (7,644)	\$ 5,585,453

**TOWN OF TISBURY, MASSACHUSETTS
SCHEDULE OF REAL ESTATE, PERSONAL PROPERTY,
DEFERRED PROPERTY AND ROLLBACK TAXES
JULY 1, 2018 TO JUNE 30, 2019**

	Uncollected Taxes July 1, 2018	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Taxes June 30, 2019	Taxes Per Detail June 30, 2019
Real Estate Taxes:						
Levy of 2019	\$ -	\$ 25,252,975	\$ 310,215	\$ 24,408,824	\$ 533,936	\$ 533,936
Levy of 2018	491,482	-	14,180	379,424	97,878	97,878
Levy of 2017	104,457	-	14,372	67,436	22,649	22,649
Levy of 2016	12,280	-	10,431	1,849	-	-
Levy of 2015	-	-	4,697	(4,697)	-	-
	608,219	25,252,975	353,895	24,852,836	654,463	654,463
Personal Property Taxes:						
Levy of 2019	-	547,873	13,681	501,927	32,265	32,265
Levy of 2018	30,439	-	204	21,427	8,808	8,808
Levy of 2017	8,079	-	147	2,331	5,601	5,601
Levy of 2016	5,859	-	147	962	4,750	4,750
Levy of 2015	4,558	-	244	570	3,744	3,744
Prior Years	20,343	-	654	2,301	17,388	17,388
	69,278	547,873	15,077	529,518	72,556	72,556
Deferred Property Taxes	16,139	3,831	-	-	19,970	19,971
Rollback Taxes	41	-	-	-	41	-
Total Real Estate, Personal Property Deferred Property and Rollback Taxes	\$ 693,677	\$ 25,804,679	\$ 368,972	\$ 25,382,354	\$ 747,030	\$ 746,990

**TOWN OF TISBURY, MASSACHUSETTS
SCHEDULE OF COMMUNITY PRESERVATION SURCHARGES
JULY 1, 2018 TO JUNE 30, 2019**

	Uncollected Taxes July 1, 2018	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Taxes June 30, 2019	Taxes Per Detail June 30, 2019
Non-Major Governmental Funds:						
Community Preservation Surcharges:						
Levy of 2019	\$ -	\$ 677,067	\$ 9,197	\$ 651,332	\$ 16,538	\$ 16,457
Levy of 2018	15,281	-	511	11,700	3,070	3,070
Levy of 2017	2,786	-	293	1,851	642	642
Levy of 2016	418	-	355	63	-	-
Levy of 2015	-	-	173	(173)	-	-
Total Community Preservation Surcharges	\$ 18,485	\$ 677,067	\$ 10,529	\$ 664,773	\$ 20,250	\$ 20,169

**TOWN OF TISBURY, MASSACHUSETTS
SCHEDULE OF MOTOR VEHICLE AND VESSEL EXCISE TAXES
JULY 1, 2018 TO JUNE 30, 2019**

	Uncollected Taxes July 1, 2018	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Taxes June 30, 2019	Uncollected Taxes Per Detail June 30, 2019
Motor Vehicle Excise Taxes:						
Levy of 2019	\$ -	\$ 928,952	13,897	\$ 808,632	\$ 106,423	\$ 106,423
Levy of 2018	130,989	120,153	10,442	196,253	44,447	44,447
Levy of 2017	33,845	-	236	15,683	17,926	17,926
Levy of 2016	15,657	-	1,211	4,205	10,241	10,241
Levy of 2015	11,159	-	-	3,714	7,445	7,445
Prior Years	29,019	-	1	1,407	27,611	27,611
	<u>220,669</u>	<u>1,049,105</u>	<u>25,787</u>	<u>1,029,894</u>	<u>214,093</u>	<u>214,093</u>
Vessel Excise Taxes:						
Levy of 2019	-	40,593	981	30,110	9,502	9,502
Levy of 2018	8,950	-	465	3,288	5,197	5,197
Levy of 2017	6,399	-	243	2,016	4,140	4,140
Levy of 2016	7,609	-	73	3,293	4,243	4,243
Levy of 2015	5,985	-	65	1,404	4,516	4,516
Prior Years	17,100	-	71	3,695	13,334	13,334
	<u>46,043</u>	<u>40,593</u>	<u>1,898</u>	<u>43,806</u>	<u>40,932</u>	<u>40,932</u>
Total Motor Vehicle and Vessel Excise Taxes	<u>\$ 266,712</u>	<u>\$ 1,089,698</u>	<u>\$ 27,685</u>	<u>\$ 1,073,700</u>	<u>\$ 255,025</u>	<u>\$ 255,025</u>

**TOWN OF TISBURY, MASSACHUSETTS
SCHEDULE OF TAX LIENS
JULY 1, 2018 TO JUNE 30, 2019**

	Uncollected Accounts July 1, 2018	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Accounts June 30, 2019	Uncollected Accounts Per Detail June 30, 2019
General Fund:						
Tax Liens	\$ 1,195,574	\$ 178,800	\$ -	\$ 312,459	\$ 1,061,915	\$ 1,061,915
Non-Major Governmental Funds:						
Community Preservation:						
Tax Liens	\$ 27,464	\$ 4,394	\$ -	\$ 6,187	\$ 25,671	\$ 25,671

**TOWN OF TISBURY, MASSACHUSETTS
SCHEDULE OF DEPARTMENTAL RECEIVABLES
JULY 1, 2018 TO JUNE 30, 2019**

	Uncollected Accounts July 1, 2018	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Accounts June 30, 2019	Uncollected Accounts Per Detail June 30, 2019
General Fund:						
Ambulance	\$ 404,938	\$ 325,530	\$ -	\$ 233,551	\$ 496,917	\$ 495,890
Income & Expense Penalty:						
Levy of 2019	-	23,250	750	19,377	3,123	3,123
Levy of 2018	2,764	-	500	1,762	502	502
Levy of 2017	508	-	250	258	-	-
Levy of 2016	250	-	250	-	-	-
Total Income & Expense Penalty	3,522	23,250	1,750	21,397	3,625	3,625
Non-Major Governmental Funds:						
Moorings Receivable:						
Levy of 2019	-	130,327	-	118,530	11,797	11,797
Levy of 2018	6,487	-	-	3,879	2,608	541
Levy of 2017	2,703	-	-	-	2,703	986
Levy of 2016	498	-	-	231	267	100
Levy of 2015	420	-	-	-	420	420
Prior Years	30,613	-	-	-	30,613	30,613
	40,721	130,327	-	122,640	48,408	44,457
Septic System Repair Program Loans:						
Program one	36,116	16,612	-	6,029	46,699	46,699
Program two	126,042	45,705	-	8,440	163,307	163,307
	162,158	62,317	-	14,469	210,006	210,006
Total Departmental Receivables	\$ 611,339	\$ 541,424	\$ 1,750	\$ 392,057	\$ 758,956	\$ 753,978

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Board of Selectmen
Town of Tisbury, Massachusetts

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of 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 of Tisbury, Massachusetts' basic financial statements, and have issued our report thereon dated February 4, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Tisbury, Massachusetts' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Tisbury, Massachusetts' internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Tisbury, Massachusetts' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Tisbury, Massachusetts' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Scanlon & Associates, LLC
South Deerfield, Massachusetts

February 4, 2020