

**TOWN OF TISBURY, MASSACHUSETTS**

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

**For the Year Ended June 30, 2020**

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## **Independent Auditor's Report**

To the Honorable Select Board  
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, 2020, 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, 2020, 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 June 21, 2021, 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 and Associates, LLC*

Scanlon & Associates, LLC  
South Deerfield, Massachusetts

June 21, 2021

## **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, 2020. 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 \$22,894,914 (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 \$22,407,831, or an increase of \$487,083 (2%).
- At the close of the current fiscal year, the Town's governmental funds reported total ending fund balance of \$24,382,871 an increase of \$1,072,404 (5%) in comparison to the prior year.
- The General Fund's total fund balance increased \$643,934 (4%) to \$15,427,287. The ending General fund balance is 47% of revenues and transfers in and 48% of expenditures and transfers out.
- Total liabilities of the Town increased by \$5,442,397 (11%) to \$56,739,871. The increase was mainly attributed to increases bond anticipation notes payable of \$810,000 and in the other post employment benefit (OPEB) liability of \$9,292,150; and decreases in the pension liability of \$3,833,322 and in bonds payable of \$1,294,371 from the prior year.
- The Town had General fund free cash certified by the Department of Revenue in the amount of \$3,513,055. The key factors that attributed to the free cash amount for fiscal year 2020 were unexpended/unencumbered appropriations of \$1,949,000, excess over budget – State and local receipts of \$878,500 and prior year free cash not appropriated of \$1,147,500.
- The Town's enterprise funds certified free cash are as follows:
  - Sewer fund                   \$ 394,009.
  - Water Works fund         \$ 984,475.

### 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		
	2020	2019	Change
<b>Assets:</b>			
Current assets	\$ 29,603,255	\$ 27,775,604	\$ 1,827,651
Capital assets	20,024,094	20,405,135	(381,041)
<b>Total assets</b>	<b>49,627,349</b>	<b>48,180,739</b>	<b>1,446,610</b>
<b>Deferred Outflows of Resources</b>	<b>11,227,719</b>	<b>6,534,488</b>	<b>4,693,231</b>
<b>Liabilities:</b>			
Current liabilities (excluding debt)	2,411,491	2,295,253	116,238
Current debt	1,084,939	780,139	304,800
Noncurrent liabilities (excluding debt)	42,717,405	37,389,838	5,327,567
Noncurrent debt	2,666,345	3,351,284	(684,939)
<b>Total liabilities</b>	<b>48,880,180</b>	<b>43,816,514</b>	<b>5,063,666</b>
<b>Deferred Inflows of Resources</b>	<b>5,679,145</b>	<b>4,535,769</b>	<b>1,143,376</b>
<b>Net Position:</b>			
Net investment in capital assets	16,354,094	16,370,135	(16,041)
Restricted	7,952,025	7,080,739	871,286
Unrestricted	(18,010,376)	(17,087,930)	(922,446)
<b>Total net position</b>	<b>\$ 6,295,743</b>	<b>\$ 6,362,944</b>	<b>\$ (67,201)</b>

	Business-Type Activities		
	2020	2019	Change
<b>Assets:</b>			
Current assets	\$ 5,138,686	\$ 4,069,959	\$ 1,068,727
Noncurrent assets (excluding capital assets)	1,712,129	2,002,486	(290,357)
Capital assets	17,364,801	17,305,674	59,127
<b>Total assets</b>	<b>24,215,616</b>	<b>23,378,119</b>	<b>837,497</b>
<b>Deferred Outflows of Resources</b>	<b>561,443</b>	<b>470,870</b>	<b>90,573</b>
<b>Liabilities:</b>			
Current liabilities (excluding debt)	498,645	164,560	334,085
Current debt	2,588,413	2,164,232	424,181
Noncurrent liabilities (excluding debt)	2,178,236	2,029,358	148,878
Noncurrent debt	2,594,397	3,122,810	(528,413)
<b>Total liabilities</b>	<b>7,859,691</b>	<b>7,480,960</b>	<b>378,731</b>
<b>Deferred Inflows of Resources</b>	<b>318,197</b>	<b>323,142</b>	<b>(4,945)</b>
<b>Net Position:</b>			
Net investment in capital assets	12,682,552	12,628,187	54,365
Restricted	2,690,143	2,695,448	(5,305)
Unrestricted	1,226,476	721,252	505,224
<b>Total net position</b>	<b>\$ 16,599,171</b>	<b>\$ 16,044,887</b>	<b>\$ 554,284</b>

## Financial Highlights

### Statement of Activities Highlights

	Governmental Activities		
	2020	2019	Change
<b>Program Revenues:</b>			
Charges for services	\$ 1,297,023	\$ 1,365,753	\$ (68,730)
Operating grants and contributions	3,907,364	3,204,592	702,772
Capital grants and contributions	156,160	171,389	(15,229)
<b>General Revenues:</b>			
Property taxes	26,887,578	26,273,047	614,531
Motor vehicle excise and other taxes	1,196,664	1,194,733	1,931
Hotel room occupancy and meal taxes	728,075	530,089	197,986
Penalties and interest on taxes	235,245	315,492	(80,247)
Nonrestricted grants	531,658	513,904	17,754
Unrestricted investment income	116,506	220,823	(104,317)
Miscellaneous	4,269	19,481	(15,212)
<b>Total revenues</b>	<b>35,060,542</b>	<b>33,809,303</b>	<b>1,251,239</b>
<b>Expenses:</b>			
General government	4,509,301	4,490,957	18,344
Public safety	4,233,368	4,012,310	221,058
Public works	1,357,427	1,767,924	(410,497)
Education	13,177,776	11,893,610	1,284,166
Health and human services	838,474	934,054	(95,580)
Culture and recreation	812,848	698,224	114,624
Employee benefits and insurance	8,244,993	7,631,847	613,146
State assessments	1,611,902	1,316,355	295,547
Interest	132,296	155,674	(23,378)
<b>Total expenses</b>	<b>34,918,385</b>	<b>32,900,955</b>	<b>2,017,430</b>
<b>Contributions to permanent funds</b>	<b>5,563</b>	<b>9,248</b>	<b>(3,685)</b>
<b>Transfers</b>	<b>214,921</b>	<b>(114,231)</b>	<b>329,152</b>
<b>Change in net position</b>	<b>362,641</b>	<b>803,365</b>	<b>(440,724)</b>
<b>Net position - beginning of year</b>	<b>6,362,944</b>	<b>5,559,579</b>	<b>803,365</b>
<b>Net position - end of year</b>	<b>\$ 6,725,585</b>	<b>\$ 6,362,944</b>	<b>\$ 362,641</b>

	<b>Business-Type Activities</b>		
	<b>2020</b>	<b>2019</b>	<b>Change</b>
<b>Program Revenues:</b>			
Charges for services	\$ 2,883,226	\$ 2,970,890	\$ (87,664)
Operating grants and contributions	80,171	94,972	(14,801)
<b>Total revenues</b>	<b>2,963,397</b>	<b>3,065,862</b>	<b>(102,465)</b>
<b>Expenses:</b>			
Sewer	1,077,025	1,031,925	45,100
Water works	1,547,009	932,366	614,643
<b>Total expenses</b>	<b>2,624,034</b>	<b>1,964,291</b>	<b>659,743</b>
<b>Transfers</b>	<b>214,921</b>	<b>114,231</b>	<b>100,690</b>
<b>Change in net position</b>	<b>554,284</b>	<b>1,215,802</b>	<b>(661,518)</b>
<b>Net position - beginning of year</b>	<b>16,044,887</b>	<b>14,829,085</b>	<b>1,215,802</b>
<b>Net position - end of year</b>	<b>\$ 16,599,171</b>	<b>\$ 16,044,887</b>	<b>\$ 554,284</b>

### 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 \$22,894,914 at the close of fiscal year 2020.

Net position of \$29,036,646 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, \$10,642,168 represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* consists of (\$16,783,900).

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 decreased by \$67,201 (1%) during the current fiscal year. The key elements of the increase in net position for fiscal year 2020 was attributed to increases from the change in governmental funds of \$1,072,404, in recognizing this year's change to deferred outflow/inflow of resources related to OPEB of \$6,905,468, in the pension liability of \$3,540,735 and in the repayment of debt for \$780,139; and the decreases due to the depreciation expense (normally spread out over the useful life of the asset) for the year of \$1,302,227 exceeding the acquisition of \$921,186 in new capital assets, and from the changes to deferred outflow/inflow of resources related to pensions of \$3,355,613 and in the OPEB liability of \$8,857,735.

There was an increase of \$554,284 (3%) in net position reported in connection with the sewer and water works business-type activities. Of this, there was a decrease of \$50,006 attributed to the sewer department and an increase of \$604,290 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 \$24,382,871 an increase of \$1,072,404 (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 – \$632,656 (3%).
- Restricted fund balance – \$6,285,594 (26%).
- Committed fund balance – \$2,276,934 (9%).
- Assigned fund balance – \$7,744,813 (32%).
- Unassigned fund balance – \$7,442,874 (30%).

### **Major Governmental Funds**

At the end of the fiscal year, the General Fund reported a fund balance of \$15,427,287 increasing \$643,934 (4%) from the prior year. Of the \$15,427,287, the unassigned amount is \$7,682,474 (50%) and the assigned amount is \$7,744,813 (50%). General fund revenues were \$781,008 (3%) more than the prior fiscal year and expenditures also increased by \$855,416 (3%). Other activity in the General Fund is net transfers from other funds of \$7,411.

The main components of the increases in general fund revenues were related to increases in property taxes in the amount of \$412,911 (2 and in intergovernmental – "on-behalf" payments of \$360,849 (30%) from the prior year.

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

- Decrease in General government expenditures of \$514,368 (14%).
- Decrease in Public works expenditures of \$512,637 (29%).
- Increase in Education expenditures of \$1,390,416 (12%).
- Increase in Employee benefits and insurance of \$392,126 (6%).
- Increase in State assessments of \$295,547 (22%).

The *Community Preservation Fund* has accumulated a fund balance of \$3,479,071. The fund balance shows an increase of \$537,410 (18%) in total operations. This amount was attributed to collections of \$675,702, the Commonwealth of Massachusetts grant receipt of \$232,484, expenditures of \$271,076 and a transfer to other funds of \$100,000.

**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 \$7,664,313 used in the financing and operations of the Town's sewer system. For the current fiscal year, the sewer fund shows a decrease of \$50,006 (1%) in total operations. This change was attributed to operating expenditures exceeding operating revenues by \$295,420, interest income of \$93, special assessments of \$47,507, intergovernmental revenues of \$60,585, interest expense of \$109,465 and net transfers in from the general fund of \$246,421. Operating revenues decreased by \$60,007 (8%) while operating expenses increased by \$57,218 (6%) from the prior year.

The *Water Works Fund* has accumulated a fund balance of \$8,934,858 used in the financing and operations of the Town's water system. The water works fund shows an increase of \$604,290 (7%) in total operations. This change resulted from operating revenues exceeding current operating costs by \$655,644, interest income of \$19,220, interest expense of \$39,074 and net transfers out to the general fund of \$31,500. Operating revenues decreased by \$28,138 (1%) while operating expenses increased by \$628,187 (71%) from the prior year.

### **General Fund Budgetary Highlights**

The final general fund budget for fiscal year 2020 was \$36,696,117. This was an increase of \$2,046,238 (6%) 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 at various Special Town Meetings and the Annual Town Meeting in June 2020 for various budget operating line items.

General fund expenditures were less than budgeted by \$6,908,843. Of the \$6,908,843 in under budget expenditures \$4,959,813 has been carried over to fiscal year 2021.

There were negative variances in property taxes of \$459,023 as expectations (budget) were higher than the receipts.

A negative variance exists in State assessments of \$108,208 as the Town had a higher assessment in the county tax of \$31,151; and lower assessments in the registry of motor vehicles non-renewal surcharges of \$1,820, in school choice sending tuitions of \$83,811 and in the charter school tuitions of \$78,808 than was withheld by the State.

Overall, the variance with the final budget was a positive \$2,368,492 consisting of a revenue surplus of \$419,462 and an appropriation surplus of \$1,949,030.

### **Capital Assets and Debt Administration**

**Capital Assets** - The Town's investment in capital assets for its governmental and business-type activities amounts to \$20,024,094 and \$17,364,801, 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:

- Police vehicle purchases for \$61,506.
- Fire Station solar panels for \$16,814.
- Fire Department vehicles purchase for \$274,594.
- Highway equipment purchase for \$91,968.
- Road infrastructure improvements for \$211,011.
- Tisbury School improvements for \$292,293.

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

**Sewer Fund:**

- Leeching facility improvements for \$47,115.
- Wastewater Treatment Plant improvements for \$309,560.

**Water Works Fund:**

- Infrastructure improvements for \$353,254.

**Debt Administration** - The Town's outstanding long-term governmental debt, as of June 30, 2020 totaled \$3,351,284. Of this, \$2,950,000 is for the public safety facility, \$200,000 is for the harbor and channel dredging, \$120,000 is for the school roof and \$81,284 is for the Title V septic repair program.

The governmental activities have bond anticipation notes outstanding totaling \$400,000 for the Tisbury School repair project.

The business-type funds have \$3,122,810 in long-term debt. Of this, \$1,902,342 is for sewer debt and \$1,220,468 in water works debt and are fully supported by the rates.

The Town also has \$2,060,000 in business-type temporary debt. \$1,660,000 for the sewer projects and \$400,000 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, 2020 do not reflect the fiscal year 2021 Town Meeting action except for the free cash amount. The Annual Town Meeting on June 13, 2020 authorized a fiscal year 2021 operating and capital budget as follows:

From the tax levy		\$	28,497,356
From sewer user charges	\$	753,406	
From sewer betterments		150,000	
From sewer fund balance		55,000	958,406
From water user charges		1,656,456	
From water fund balance		20,000	1,676,456
From Other Available Funds:			
<b>General Fund:</b>			
Unassigned fund balance:			
Free cash			2,785,000
<b>Community Preservation Fund</b>			769,151
<b>Non-major Governmental Funds:</b>			
Insurance reimbursements		255,000	
Landfill trash fees		110,000	
Waterways fund		54,000	419,000
			<u>\$ 35,105,369</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, 2020**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
<b>CURRENT:</b>			
Cash and Cash Equivalents	\$ 22,492,770	\$ 4,492,105	\$ 26,984,875
Investments	3,379,117	-	3,379,117
Receivables, net of allowance for uncollectibles:			
Property Taxes	1,469,099	-	1,469,099
Tax Liens	825,518	-	825,518
Excise Taxes	255,795	-	255,795
Departmental	277,792	-	277,792
User Charges	-	320,035	320,035
Special Assessments	-	181,576	181,576
Due from Other Governments	903,164	144,970	1,048,134
Total current assets	<u>29,603,255</u>	<u>5,138,686</u>	<u>34,741,941</u>
<b>NONCURRENT:</b>			
Receivables, net of allowance for uncollectibles:			
Special Assessments	-	1,326,356	1,326,356
Due from Other Governments	-	385,773	385,773
Capital Assets, net of accumulated Depreciation:			
Nondepreciable	5,513,356	691,160	6,204,516
Depreciable	14,510,738	16,673,641	31,184,379
Total noncurrent assets	<u>20,024,094</u>	<u>19,076,930</u>	<u>39,101,024</u>
<b>Total Assets</b>	<u>49,627,349</u>	<u>24,215,616</u>	<u>73,842,965</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows Related to Pensions	977,624	66,288	1,043,912
Deferred Outflows Related to OPEB	10,250,095	495,155	10,745,250
<b>Total Deferred Outflows of Resources</b>	<u>11,227,719</u>	<u>561,443</u>	<u>11,789,162</u>
<b>LIABILITIES</b>			
<b>CURRENT:</b>			
Warrants Payable	1,002,858	405,269	1,408,127
Accrued Payroll	690,914	9,229	700,143
Payroll Withholdings	320,274	-	320,274
Accrued Interest	37,681	54,798	92,479
Compensated Absences	359,764	29,349	389,113
Bond Anticipation Notes Payable	400,000	2,060,000	2,460,000
Bonds Payable	684,939	528,413	1,213,352
Total current liabilities	<u>3,496,430</u>	<u>3,087,058</u>	<u>6,583,488</u>
<b>NONCURRENT:</b>			
Compensated Absences	313,556	30,048	343,604
Net OPEB Liability	37,621,351	1,823,908	39,445,259
Net Pension Liability	4,782,498	324,280	5,106,778
Bonds Payable	2,666,345	2,594,397	5,260,742
Total noncurrent liabilities	<u>45,383,750</u>	<u>4,772,633</u>	<u>50,156,383</u>
<b>Total Liabilities</b>	<u>48,880,180</u>	<u>7,859,691</u>	<u>56,739,871</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows Related to Pensions	2,249,034	152,497	2,401,531
Deferred Inflows Related to OPEB	3,430,111	165,700	3,595,811
<b>Total Deferred Inflows of Resources</b>	<u>5,679,145</u>	<u>318,197</u>	<u>5,997,342</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	16,354,094	12,682,552	29,036,646
Restricted for:			
Capital Projects	367,347	473,787	841,134
Federal & State Grants	866,602	-	866,602
Community Preservation	3,540,874	-	3,540,874
Permanent Funds:			
Expendable	775,731	-	775,731
Nonexpendable	632,656	-	632,656
Other Purposes	1,768,815	2,216,356	3,985,171
Unrestricted	(18,010,376)	1,226,476	(16,783,900)
<b>Total Net Position</b>	<u>\$ 6,295,743</u>	<u>\$ 16,599,171</u>	<u>\$ 22,894,914</u>

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, 2020**

	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
<b>Governmental Activities:</b>							
General Government	\$ 4,509,301	\$ 214,624	\$ 901,991	\$ -	\$ (3,392,686)	\$ -	\$ (3,392,686)
Public Safety	4,233,368	797,787	41,930	-	(3,393,651)	-	(3,393,651)
Public Works	1,357,427	129,303	13,987	156,160	(1,057,977)	-	(1,057,977)
Education	13,177,776	21,089	1,107,822	-	(12,048,865)	-	(12,048,865)
Health and Human Services	838,474	97,993	126,690	-	(613,791)	-	(613,791)
Culture and Recreation	812,848	36,227	131,575	-	(645,046)	-	(645,046)
Employee Benefits and Insurance	8,244,993	-	1,582,561	-	(6,662,432)	-	(6,662,432)
Intergovernmental Assessments	1,611,902	-	-	-	(1,611,902)	-	(1,611,902)
Interest	132,296	-	808	-	(131,488)	-	(131,488)
<b>Total Governmental Activities</b>	<b>34,918,385</b>	<b>1,297,023</b>	<b>3,907,364</b>	<b>156,160</b>	<b>(29,557,838)</b>	<b>-</b>	<b>(29,557,838)</b>
<b>Business-Type Activities:</b>							
Sewer	1,077,025	719,647	60,951	-	-	(296,427)	(296,427)
Water Works Fund	1,547,009	2,163,579	19,220	-	-	635,790	635,790
<b>Total Primary Government</b>	<b>\$ 37,542,419</b>	<b>\$ 4,180,249</b>	<b>\$ 3,987,535</b>	<b>\$ 156,160</b>	<b>(29,557,838)</b>	<b>339,363</b>	<b>(29,218,475)</b>
<b>General Revenues:</b>							
Property Taxes					26,887,578	-	26,887,578
Motor vehicle excise and other taxes					1,196,664	-	1,196,664
Hotel room occupancy and meal taxes					728,075	-	728,075
Penalties & Interest on taxes					235,245	-	235,245
Grants & Contributions not restricted to specific programs					531,658	-	531,658
Unrestricted Investment Income					116,506	-	116,506
Miscellaneous					4,269	-	4,269
<b>Contributions to Permanent Funds</b>					5,563	-	5,563
<b>Transfers, net</b>					(214,921)	214,921	-
<b>Total General Revenues, Contributions and Transfers</b>					<b>29,490,637</b>	<b>214,921</b>	<b>29,705,558</b>
<b>Change in Net Position</b>					<b>(67,201)</b>	<b>554,284</b>	<b>487,083</b>
<b>Net Position:</b>							
Beginning of year					6,362,944	16,044,887	22,407,831
End of year					<b>\$ 6,295,743</b>	<b>\$ 16,599,171</b>	<b>\$ 22,894,914</b>

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

**TOWN OF TISBURY, MASSACHUSETTS  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2020**

	General Fund	Community Preservation Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 13,780,802	\$ 3,480,944	\$ 5,231,024	\$ 22,492,770
Investments	2,784,907	-	594,210	3,379,117
Receivables, net of allowance for uncollectibles:				
Property Taxes	1,428,153	40,946	-	1,469,099
Tax Liens	804,661	20,857	-	825,518
Excise Taxes	255,795	-	-	255,795
Departmental	51,649	-	226,143	277,792
Due from Other Governments	15,421	-	887,743	903,164
<b>Total Assets</b>	<b>\$ 19,121,388</b>	<b>\$ 3,542,747</b>	<b>\$ 6,939,120</b>	<b>\$ 29,603,255</b>
<b>Liabilities:</b>				
Warrants Payable	\$ 834,342	\$ 1,873	\$ 166,643	\$ 1,002,858
Accrued Payroll	687,806	-	3,108	690,914
Payroll Withholdings	320,274	-	-	320,274
Bond Anticipation Notes Payable	-	-	400,000	400,000
<b>Total Liabilities</b>	<b>1,842,422</b>	<b>1,873</b>	<b>569,751</b>	<b>2,414,046</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable Revenue	1,851,679	61,803	892,856	2,806,338
<b>Fund Balance:</b>				
Nonspendable	-	-	632,656	632,656
Restricted	-	3,479,071	2,806,523	6,285,594
Committed	-	-	2,276,934	2,276,934
Assigned	7,744,813	-	-	7,744,813
Unassigned	7,682,474	-	(239,600)	7,442,874
<b>Total Fund Balance</b>	<b>15,427,287</b>	<b>3,479,071</b>	<b>5,476,513</b>	<b>24,382,871</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 19,121,388</b>	<b>\$ 3,542,747</b>	<b>\$ 6,939,120</b>	<b>\$ 29,603,255</b>

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, 2020**

	General Fund	Community Preservation Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Property Taxes	\$ 26,122,779	\$ 670,770	\$ -	\$ 26,793,549
Intergovernmental	1,136,165	232,784	783,059	2,152,008
Excise and Other Taxes	968,164	-	157,288	1,125,452
Hotel Room Occupancy and Meal Taxes	728,075	-	-	728,075
Licenses, Permits, Fees	1,121,795	-	-	1,121,795
Charges for Services	-	-	307,218	307,218
Gifts and Donations	-	-	22,482	22,482
Interest on Delinquent Taxes	230,313	4,932	-	235,245
Investment Income	116,506	-	19,857	136,363
Other	-	-	572,251	572,251
Intergovernmental - "On-behalf" Payments	1,580,128	-	-	1,580,128
<b>Total Revenues</b>	<b>32,003,925</b>	<b>908,486</b>	<b>1,862,155</b>	<b>34,774,566</b>
<b>Expenditures:</b>				
Current:				
General Government	3,254,529	271,076	833,052	4,358,657
Public Safety	3,829,237	-	171,148	4,000,385
Public Works	1,231,259	-	53,287	1,284,546
Education	12,841,606	-	517,466	13,359,072
Health and Human Services	628,217	-	139,989	768,206
Culture and Recreation	606,357	-	105,978	712,335
Employee Benefits and Insurance	6,459,003	-	18,845	6,477,848
Intergovernmental Assessments	1,611,902	-	-	1,611,902
Debt Service:				
Principal	780,139	-	-	780,139
Interest	125,153	-	8,998	134,151
<b>Total Expenditures</b>	<b>31,367,402</b>	<b>271,076</b>	<b>1,848,763</b>	<b>33,487,241</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>636,523</b>	<b>637,410</b>	<b>13,392</b>	<b>1,287,325</b>
<b>Other Financing Sources (Uses):</b>				
Operating Transfers In	536,532	-	360,000	896,532
Operating Transfers Out	(529,121)	(100,000)	(482,332)	(1,111,453)
<b>Total Other Financing Sources (Uses)</b>	<b>7,411</b>	<b>(100,000)</b>	<b>(122,332)</b>	<b>(214,921)</b>
<b>Net Change in Fund Balances</b>	<b>643,934</b>	<b>537,410</b>	<b>(108,940)</b>	<b>1,072,404</b>
<b>Fund Balances, Beginning of Year</b>	<b>14,783,353</b>	<b>2,941,661</b>	<b>5,585,453</b>	<b>23,310,467</b>
<b>Fund Balances, End of Year</b>	<b>\$ 15,427,287</b>	<b>\$ 3,479,071</b>	<b>\$ 5,476,513</b>	<b>\$ 24,382,871</b>

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, 2020**

<b>Total Governmental Fund Balances</b>	<b>\$</b>	<b>24,382,871</b>
Capital Assets (net) used in governmental activities are not financial resources and therefore, are not reported in the funds.		20,024,094
Revenues are recognized on an accrual basis of accounting instead of a modified accrual basis.		2,806,338
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.		5,548,574
Long Term liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds:		
Bonds Payable	\$ (3,351,284)	
Net OPEB Liability	(37,621,351)	
Net Pension Liability	(4,782,498)	
Compensated Absences	<u>(673,320)</u>	(46,428,453)
In the statement of activities, interest is accrued on outstanding long term debt, whereas in governmental funds, interest is not reported until due.		<u>(37,681)</u>
<b>Net Position of Governmental Activities</b>	<b>\$</b>	<b><u><u>6,295,743</u></u></b>

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, 2020**

**Net Change in Fund Balances - Total Governmental Funds** \$ 1,072,404

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	\$ 921,186	
Depreciation	<u>(1,302,227)</u>	(381,041)

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. 291,539

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 780,139

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	(64,952)	
Net Change in Net Other Post Employment Benefits Liability	(8,857,735)	
Net Change in Deferred Outflow/(Inflow) of Resources Related to OPEB	6,905,468	
Net Change in Net Pension Liability	3,540,735	
Net Change in Deferred Outflow/(Inflow) of Resources Related to Pensions	(3,355,613)	
Net Change in Accrued Interest	<u>1,855</u>	<u>(1,830,242)</u>

**Change in Net Position of Governmental Activities** \$ (67,201)

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, 2020**

	Budgeted Amounts			Actual Budgetary Basis	Amounts Carried Forward to Next Year	Variance with Final Budget Positive (Negative)
	Amounts Carried		Final Budget			
	Forward from Prior Year	Original Budget				
<b>Revenues:</b>						
Property Taxes	\$ -	\$ 26,114,802	\$ 26,114,802	\$ 25,655,779	\$ -	\$ (459,023)
Intergovernmental	-	979,968	979,968	1,136,165	-	156,197
Excise and Other Taxes	-	925,000	925,000	968,164	-	43,164
Hotel Room Occupancy and Meal Taxes	-	375,000	375,000	728,075	-	353,075
Licenses, Permits, Fees	-	921,000	921,000	1,121,795	-	200,795
Interest on Delinquent Taxes	-	150,000	150,000	230,313	-	80,313
Investment Income	-	25,000	25,000	69,941	-	44,941
<b>Total Revenues</b>	-	29,490,770	29,490,770	29,910,232	-	419,462
<b>Expenditures:</b>						
Current:						
General Government	1,264,803	3,529,967	4,977,433	3,254,529	1,288,717	434,187
Public Safety	1,265,512	3,854,834	5,608,614	3,829,237	1,216,386	562,991
Public Works	568,588	1,669,332	2,304,447	1,231,259	883,317	189,871
Education	1,460	12,476,612	14,428,072	12,841,606	1,512,652	73,814
Health and Human Services	-	678,730	687,230	628,217	8,680	50,333
Culture and Recreation	69,566	619,017	688,583	606,357	50,061	32,165
Employee Benefits and Insurance	-	5,419,630	5,433,080	4,879,683	-	553,397
Intergovernmental Assessments	-	1,503,694	1,503,694	1,611,902	-	(108,208)
Debt Service:						
Principal	-	780,139	780,139	780,139	-	-
Interest	-	284,825	284,825	124,345	-	160,480
<b>Total Expenditures</b>	3,169,929	30,816,780	36,696,117	29,787,274	4,959,813	1,949,030
<b>Excess of Revenues Over (Under) Expenditures</b>	(3,169,929)	(1,326,010)	(7,205,347)	122,958	(4,959,813)	2,368,492
<b>Other Financing Sources (Uses):</b>						
Operating Transfers In	-	210,250	2,514,511	2,581,532	-	67,021
Operating Transfers (Out)	-	(1,014,121)	(1,014,121)	(1,014,121)	-	-
<b>Total Other Financing Sources (Uses)</b>	-	(803,871)	1,500,390	1,567,411	-	67,021
<b>Net Change in Budgetary Fund Balance</b>	(3,169,929)	(2,129,881)	(5,704,957)	\$ 1,690,369	\$ (4,959,813)	\$ 2,435,513
<b>Other Budgetary Items:</b>						
Free Cash and Other Reserves	-	2,129,881	2,535,028			
Prior Year Encumbrances	3,169,929	-	3,169,929			
<b>Total Other Budgetary Items</b>	3,169,929	2,129,881	5,704,957			
<b>NET BUDGET</b>	\$ -	\$ -	\$ -			

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, 2020**

	<b>Revenues</b>	<b>Expenditures</b>
<b>Reported on a Budgetary Basis</b>	\$ 29,910,232	\$ 29,787,274
<i>Adjustments:</i>		
Activity for Stabilization Fund Recorded in the General Fund for GAAP Purposes	46,565	-
Recognition of Intergovernmental Revenue - "on behalf payments"	1,580,128	-
Recognition of Expenditures - "on behalf payments"	-	1,580,128
Net Increase in Revenue from Recording 60-Day Receipts	467,000	-
	<b>\$ 32,003,925</b>	<b>\$ 31,367,402</b>
<b>Reported on a GAAP Basis</b>	<b>\$ 32,003,925</b>	<b>\$ 31,367,402</b>

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, 2020**

	Business-Type Activities Enterprise Funds		
	Sewer Fund	Water Works Fund	Total
<b>ASSETS</b>			
<b>CURRENT:</b>			
Cash and Cash Equivalents	\$ 2,662,709	\$ 1,829,396	\$ 4,492,105
Receivables, net of allowance for uncollectibles:			
User Charges	222,647	97,388	320,035
Special Assessments	181,576	-	181,576
Due from Other Governments	144,970	-	144,970
Total current assets	<u>3,211,902</u>	<u>1,926,784</u>	<u>5,138,686</u>
<b>NONCURRENT:</b>			
Receivables, net of allowance for uncollectibles:			
Special Assessments	1,326,356	-	1,326,356
Due from Other Governments	385,773	-	385,773
Capital Assets, net of accumulated depreciation:			
Nondepreciable	309,560	381,600	691,160
Depreciable	6,719,231	9,954,410	16,673,641
Total noncurrent assets	<u>8,740,920</u>	<u>10,336,010</u>	<u>19,076,930</u>
<b>Total Assets</b>	<u>11,952,822</u>	<u>12,262,794</u>	<u>24,215,616</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows Related to Pensions	26,202	40,086	66,288
Deferred Outflows Related to OPEB	41,853	453,302	495,155
<b>Total Deferred Outflows of Resources</b>	<u>68,055</u>	<u>493,388</u>	<u>561,443</u>
<b>LIABILITIES</b>			
<b>CURRENT:</b>			
Warrants Payable	325,131	80,138	405,269
Accrued Payroll	2,032	7,197	9,229
Accrued Interest	41,627	13,171	54,798
Compensated Absences	4,947	24,402	29,349
Bond Anticipation Notes Payable	1,660,000	400,000	2,060,000
Bonds Payable	429,491	98,922	528,413
Total current liabilities	<u>2,463,228</u>	<u>623,830</u>	<u>3,087,058</u>
<b>NONCURRENT:</b>			
Compensated Absences	1,693	28,355	30,048
Net OPEB Liability	216,328	1,607,580	1,823,908
Net Pension Liability	128,180	196,100	324,280
Bonds Payable	1,472,851	1,121,546	2,594,397
Total noncurrent liabilities	<u>1,819,052</u>	<u>2,953,581</u>	<u>4,772,633</u>
<b>Total Liabilities</b>	<u>4,282,280</u>	<u>3,577,411</u>	<u>7,859,691</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows Related to Pensions	60,278	92,219	152,497
Deferred Inflows Related to OPEB	14,006	151,694	165,700
<b>Total Deferred Inflows of Resources</b>	<u>74,284</u>	<u>243,913</u>	<u>318,197</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	3,967,010	8,715,542	12,682,552
Restricted for Capital Projects	465,625	8,162	473,787
Restricted for Special Assessments	2,216,356	-	2,216,356
Unrestricted	1,015,322	211,154	1,226,476
<b>Total Net Position</b>	<u>\$ 7,664,313</u>	<u>\$ 8,934,858</u>	<u>\$ 16,599,171</u>

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, 2020**

	Business-Type Activities Enterprise Funds		
	Sewer Fund	Water Works Fund	Total
<b>Operating Revenues:</b>			
Charges for Services	\$ 672,140	\$ 1,886,600	\$ 2,558,740
Other	-	276,979	276,979
<b>Total Operating Revenues</b>	<b>672,140</b>	<b>2,163,579</b>	<b>2,835,719</b>
<b>Operating Expenses:</b>			
Salaries & Wages	327,484	508,177	835,661
Operating Expenses	288,576	700,456	989,032
Depreciation	351,500	299,302	650,802
<b>Total Operating Expenses</b>	<b>967,560</b>	<b>1,507,935</b>	<b>2,475,495</b>
<b>Operating Income (Loss)</b>	<b>(295,420)</b>	<b>655,644</b>	<b>360,224</b>
<b>Non-Operating Revenues (Expenses):</b>			
Interest Income	93	19,220	19,313
Special Assessments	47,507	-	47,507
Intergovernmental	60,858	-	60,858
Interest Expense	(109,465)	(39,074)	(148,539)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(1,007)</b>	<b>(19,854)</b>	<b>(20,861)</b>
<b>Income (Loss) Before Operating Transfers</b>	<b>(296,427)</b>	<b>635,790</b>	<b>339,363</b>
<b>Operating Transfers:</b>			
Transfer In	269,121	-	269,121
Transfer (Out)	(22,700)	(31,500)	(54,200)
<b>Total Operating Transfers</b>	<b>246,421</b>	<b>(31,500)</b>	<b>214,921</b>
<b>Change in Net Position</b>	<b>(50,006)</b>	<b>604,290</b>	<b>554,284</b>
<b>Net Position at Beginning of Year</b>	<b>7,714,319</b>	<b>8,330,568</b>	<b>16,044,887</b>
<b>Net Position at End of Year</b>	<b>\$ 7,664,313</b>	<b>\$ 8,934,858</b>	<b>\$ 16,599,171</b>

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, 2020**

	<b>Business-Type Activities Enterprise Funds</b>		
	<b>Sewer Fund</b>	<b>Water Works Fund</b>	<b>Total</b>
<b>Cash Flows From Operating Activities:</b>			
Receipts from Customers and Users	\$ 744,272	\$ 1,892,533	\$ 2,636,805
Receipts from Other Revenues	-	276,979	276,979
Payments to Vendors	(206,609)	(704,505)	(911,114)
Payments to Employees	(336,259)	(484,877)	(821,136)
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>201,404</b>	<b>980,130</b>	<b>1,181,534</b>
<b>Cash Flows from Noncapital Financing Activities:</b>			
Transfers from (to) Other Funds	246,421	(31,500)	214,921
<b>Net Cash Provided by (Used for) Noncapital Financing Activities</b>	<b>246,421</b>	<b>(31,500)</b>	<b>214,921</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Special Assessments	259,505	-	259,505
Intergovernmental	178,117	-	178,117
Proceeds from the Issuance of Bonds and Notes	650,000	-	650,000
Acquisition and Construction of Capital Assets	(47,114)	(353,254)	(400,368)
Principal Payments on Bonds and Notes	(455,310)	(298,922)	(754,232)
Interest Expense	(115,992)	(47,106)	(163,098)
<b>Net Cash Provided by (Used for) Capital and Related Financing Activities</b>	<b>469,206</b>	<b>(699,282)</b>	<b>(230,076)</b>
<b>Cash Flows from Investing Activities:</b>			
Investment Income	93	19,220	19,313
<b>Net Cash Provided by (Used for) Investing Activities</b>	<b>93</b>	<b>19,220</b>	<b>19,313</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>917,124</b>	<b>268,568</b>	<b>1,185,692</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>1,745,585</b>	<b>1,560,828</b>	<b>3,306,413</b>
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 2,662,709</b>	<b>\$ 1,829,396</b>	<b>\$ 4,492,105</b>

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

<b>Operating Income (Loss)</b>	\$ (295,420)	\$ 655,644	\$ 360,224
<b>Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:</b>			
Depreciation	351,500	299,302	650,802
Deferred (Outflows)/Inflows of Resources Related to Pensions	80,864	159,813	240,677
Deferred (Outflows)/Inflows of Resources Related to OPEB	(28,134)	(308,061)	(336,195)
Change in Assets and Liabilities:			
Increase (Decrease) in Warrants Payable	(10,977)	42,585	31,608
Increase (Decrease) in Accrued Payroll	(2,600)	(529)	(3,129)
Increase (Decrease) in Compensated Absences	(6,175)	23,829	17,654
Increase (Decrease) in Net OPEB Liability	98,882	335,533	434,415
Increase (Decrease) in Net Pension Liability	(58,668)	(233,919)	(292,587)
Decrease (Increase) in User Charges Receivable	72,132	5,933	78,065
<b>Total Adjustments</b>	<b>496,824</b>	<b>324,486</b>	<b>821,310</b>
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>\$ 201,404</b>	<b>\$ 980,130</b>	<b>\$ 1,181,534</b>

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, 2020**

	<b>Other Post Employment Benefits Trust Fund</b>	<b>Private Purpose Trust Funds</b>	<b>Agency Funds</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ -	\$ 5,702	\$ 163,364
Investments	1,877,680	862,182	-
<b>Total Assets</b>	<b>1,877,680</b>	<b>867,884</b>	<b>163,364</b>
<b>LIABILITIES</b>			
Warrants Payable	-	-	21,014
Due to Others	-	-	94,725
Due to Student Groups	-	-	17,305
Escrows and Deposits	-	-	30,320
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>163,364</b>
<b>NET POSITION:</b>			
Held in Trust for Other Purposes	\$ 1,877,680	\$ 867,884	\$ -

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, 2020**

	<b>Other Post Employment Benefits Trust Fund</b>	<b>Private Purpose Trust Funds</b>
<b>Additions:</b>		
Employer Contributions	\$ 1,166,817	\$ -
Investment Income	75,289	15,280
<b>Total Additions</b>	<b>1,242,106</b>	<b>15,280</b>
<b>Deductions:</b>		
General Expenses	-	1,795
Employee Benefits and Insurance	1,016,817	-
<b>Total Deductions</b>	<b>1,016,817</b>	<b>1,795</b>
<b>Change in Net Position</b>	<b>225,289</b>	<b>13,485</b>
<b>Net Position at Beginning of Year</b>	<b>1,652,391</b>	<b>854,399</b>
<b>Net Position at End of Year</b>	<b>\$ 1,877,680</b>	<b>\$ 867,884</b>

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, 2020**

**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 Select Board.

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 2020, 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.

**TOWN OF TISBURY, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2020**

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, 2020**

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, 2020**

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**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2020**

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, 2019 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 2020 on June 26, 2019 that were due on August 1, 2019 and November 1, 2019 and the actual tax bills were mailed on December 13, 2019 and were due on February 1, 2020 and June 1, 2020, 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 2020 is as follows:

Legal Levy Limit Under Proposition	
2 1/2 for fiscal year 2020	\$ 25,454,675
Add: Debt Exclusion	903,863
Add: Stabilization override	185,000
Maximum Allowable Levy	\$ 26,543,538

**TOWN OF TISBURY, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2020**

The total amount raised by taxation was \$26,404,187.

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**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2020**

**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 items in this category are *deferred inflows related to pensions and deferred inflows related to OPEB*.

**TOWN OF TISBURY, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2020**

**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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**Year Ended June 30, 2020**

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**  
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**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**  
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**Year Ended June 30, 2020**

For fiscal year 2020, the Town incurred a final budget deficit of \$5,704,957 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	\$ 2,535,028
Prior year's encumbrances	<u>3,169,929</u>
	<u><u>\$ 5,704,957</u></u>

**B. Deficit Fund Balances**

The following funds have deficits at June 30, 2020 as measured by the balances of unassigned fund balance.

- The *Tisbury School renovation* capital project fund has a deficit of \$239,600. The Town has an outstanding bond anticipation note for \$400,000. The deficit will be eliminated upon the issuance of permanent debt.

**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, 2020 were \$27,059,960. Of these, \$851,394 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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**Year Ended June 30, 2020**

As of June 30, 2020, the Town had the following investments:

<b>Investment Type</b>	<b>Fair Value</b>	<b>Investment Maturities (in Years)</b>		
		<b>Less Than 1</b>	<b>1 to 5</b>	<b>6 to 10</b>
<b>Debt Securities:</b>				
U. S. treasury obligations	\$ 591,492	\$ 255,768	\$ 335,724	\$ -
U. S. government agencies	589,662	188,293	351,291	50,078
Corporate bonds	1,078,515	133,629	944,886	-
Money market mutual funds	134,274	134,274	-	-
	<u>2,393,943</u>	<u>\$ 711,964</u>	<u>\$ 1,631,901</u>	<u>\$ 50,078</u>
<b>Other Investments:</b>				
Certificate of deposits	491,704			
Equity mutual funds	693,785			
MMDT	661,868			
PRIT	1,877,679			
	<u>\$ 6,118,979</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 \$6,118,979 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.

**TOWN OF TISBURY, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2020**

**Credit Risk**

The Town's exposure to credit risk as of June 30, 2020 is as follows:

Related Debt Instruments	Fair Value
<b>Moody's Quality Ratings</b>	
<b><i>U. S. Treasury Obligations:</i></b>	
Aaa	\$ 574,943
Not rated	16,549
<b><i>U. S. Government Agencies:</i></b>	
Aaa	589,662
<b><i>Corporate Bonds:</i></b>	
Aaa	125,952
A1	113,621
A2	212,286
A3	104,185
Baa1	388,842
Baa2	133,629
<b><i>Money Market Mutual Funds:</i></b>	
Not rated	134,274
	\$ 2,393,943

**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.

**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.

**TOWN OF TISBURY, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2020**

The Town has the following recurring fair value measurements as of June 30, 2020:

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	\$ 591,492	\$ 591,492	\$ -	\$ -
U. S. government agencies	589,662	589,662	-	-
Certificates of deposit	491,704	491,704	-	-
Equity securities - domestic	-	-	-	-
Money market mutual fund	134,274	134,274	-	-
Corporate bonds	1,078,515	-	1,078,515	-
	<u>3,579,432</u>	<u>\$ 2,500,917</u>	<u>\$ 1,078,515</u>	<u>\$ -</u>
Investments Measured at Amortized Cost:				
External Investment Pools (MMDT)	661,868			
External Investment Pools (PRIT)	1,877,679			
Total Investments	<u>\$ 6,118,979</u>			

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.

**B. Receivables**

At June 30, 2020, 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
<b>Major and nonmajor governmental funds:</b>			
Property taxes	\$ 1,494,006	\$ (24,907)	\$ 1,469,099
Tax liens	921,068	(95,550)	825,518
Excise taxes	330,745	(74,950)	255,795
Departmental	823,851	(546,059)	277,792
Due from other governments	903,164	-	903,164
	<u>\$ 4,472,834</u>	<u>\$ (741,466)</u>	<u>\$ 3,731,368</u>

**TOWN OF TISBURY, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2020**

At June 30, 2020, receivables for the business-type activities consist of the following:

	<b>Gross Amount</b>	<b>Allowance for Uncollectibles</b>	<b>Net Amount</b>
<b>Sewer Fund:</b>			
User charges	\$ 235,146	\$ (71,305)	\$ 163,841
Tax liens	58,806	-	58,806
Special assessments	1,507,932	-	1,507,932
Due from other governments	530,743	-	530,743
<b>Water Works Fund:</b>			
User charges	57,771	-	57,771
Tax liens	39,617	-	39,617
	\$ 2,430,015	\$ (71,305)	\$ 2,358,710

The composition of amounts due from other governments as of June 30, 2020 for governmental funds is as follows:

<b>General Fund:</b>			
<b>Commonwealth of Massachusetts:</b>			
Department of Veterans Services:			
Veterans Benefits		\$	15,421
<b>Nonmajor Governmental Funds:</b>			
<b>Commonwealth of Massachusetts:</b>			
Executive Office of Environmental Affairs:			
Coastal Resiliency Grant	\$	129,951	
Massachusetts Department of Transportation:			
Highway Department - Chapter 90 funds		757,792	887,743
		\$	903,164

The composition of amounts due from other governments as of June 30, 2020 for business-type funds is as follows:

<b>Sewer Fund:</b>			
<b>Commonwealth of Massachusetts:</b>			
<b>Massachusetts Clean Water Trust:</b>			
Principal loan subsidy		\$	530,743

**TOWN OF TISBURY, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2020**

**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:

<b>General Fund:</b>			
Property taxes	\$	724,153	
Tax liens		804,661	
Excise and other taxes		255,795	
Departmental		51,649	
Due from other governments		15,421	\$ 1,851,679
<b>Community Preservation Fund:</b>			
Property taxes		40,946	
Tax liens		20,857	61,803
<b>Nonmajor governmental funds:</b>			
Departmental		215,618	
Due from other governments		677,238	892,856
		\$ 2,806,338	

**D. Capital Assets**

Capital asset activity for the year ended June 30, 2020, is as follows

<b>Governmental Activities</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets not being depreciated:				
Land	\$ 5,062,745	\$ -	\$ -	\$ 5,062,745
Construction in Progress	107,300	467,425	(124,114)	450,611
Total capital assets not being depreciated	5,170,045	467,425	(124,114)	5,513,356
Capital assets being depreciated:				
Buildings and Renovations	22,086,521	176,807	-	22,263,328
Machinery, equipment and other	4,808,545	401,068	-	5,209,613
Infrastructure	6,592,462	-	-	6,592,462
Total capital assets being depreciated	33,487,528	577,875	-	34,065,403
Less accumulated depreciation for:				
Buildings and Renovations	12,142,553	632,952	-	12,775,505
Machinery, equipment and other	3,592,135	390,500	-	3,982,635
Infrastructure	2,517,750	278,775	-	2,796,525
Total accumulated depreciation	18,252,438	1,302,227	-	19,554,665
Total capital assets being depreciated, net	15,235,090	(724,352)	-	14,510,738
Total governmental activities capital assets, net	\$ 20,405,135	\$ (256,927)	\$ (124,114)	\$ 20,024,094

**TOWN OF TISBURY, MASSACHUSETTS**  
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**Year Ended June 30, 2020**

<b>Business-Type Activities</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets not being depreciated:				
Land	\$ 381,600	\$ -	\$ -	\$ 381,600
Construction in Progress	-	309,560	-	309,560
Total capital assets not being depreciated	381,600	309,560	-	691,160
Capital assets being depreciated:				
Buildings and Renovations	1,876,490	-	-	1,876,490
Machinery, equipment and other	876,764	-	-	876,764
Infrastructure	23,350,863	400,369	-	23,751,232
Total capital assets being depreciated	26,104,117	400,369	-	26,504,486
Less accumulated depreciation for:				
Buildings and Renovations	173,368	47,281	-	220,649
Machinery, equipment and other	726,125	48,911	-	775,036
Infrastructure	8,280,550	554,610	-	8,835,160
Total accumulated depreciation	9,180,043	650,802	-	9,830,845
Total capital assets being depreciated, net	16,924,074	(250,433)	-	16,673,641
Total Business-type activities capital assets, net	\$ 17,305,674	\$ 59,127	\$ -	\$ 17,364,801

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

**Governmental Activities:**

General government	\$ 113,897
Public safety	532,034
Public works	386,228
Education	116,192
Health and human services	61,274
Culture and recreation	92,602
Total depreciation expense - governmental activities	<u>\$ 1,302,227</u>

**Business-Type Activities:**

Sewer fund	\$ 351,500
Water works fund	299,302
Total depreciation expense - business-type activities	<u>\$ 650,802</u>

**TOWN OF TISBURY, MASSACHUSETTS**  
**Notes to the Financial Statements**  
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**E. Interfund Receivables, Payables and Transfers**

Interfund transfers for the fiscal year ended June 30, 2020, are summarized below:

Transfers Out:	General fund	Nonmajor Governmental fund	Business-type fund
General fund	\$ -	\$ 260,000	\$ 269,121
Community Preservation fund	-	100,000	-
Nonmajor governmental funds	482,332	-	-
Business-type fund	54,200	-	-
<b>Total transfers out</b>	<b>\$ 536,532</b>	<b>\$ 360,000</b>	<b>\$ 269,121</b>

**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, 2019	Renewed/ Issued	Retired/ Redeemed	Outstanding June 30, 2020
<b>Bond anticipation note:</b>						
Tisbury School repairs	1.80%	8/14/2020	\$ -	\$ 400,000	\$ -	\$ 400,000

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, 2019	Renewed/ Issued	Retired/ Redeemed	Outstanding June 30, 2020
<b>Bond anticipation note:</b>						
<b>Sewer Fund:</b>						
Wastewater Treatment Facility	2.33%	2/21/2020	\$ 1,050,000	\$ -	\$ 1,050,000	\$ -
Wastewater Treatment Facility	1.75%	1/22/2021	-	650,000	-	650,000
Wastewater Treatment Facility	1.50%	2/22/2021	-	260,000	-	260,000
Leaching Facility	1.50%	2/22/2021	-	750,000	-	750,000
			<u>1,050,000</u>	<u>1,660,000</u>	<u>1,050,000</u>	<u>1,660,000</u>
<b>Water Works Fund:</b>						
Garage Facility	2.65%	8/16/2019	600,000	-	600,000	-
Garage Facility	1.97%	8/14/2020	-	400,000	-	400,000
			<u>600,000</u>	<u>400,000</u>	<u>600,000</u>	<u>400,000</u>
<b>Total Business-type Activities</b>			<b>\$ 1,650,000</b>	<b>\$ 2,060,000</b>	<b>\$ 1,650,000</b>	<b>\$ 2,060,000</b>

**TOWN OF TISBURY, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2020**

**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:

	<b>Interest Rate</b>	<b>Date Issued</b>	<b>Final Maturity Date</b>	<b>Original Amount Issued</b>	<b>Outstanding June 30, 2020</b>
<b>Inside Debt:</b>					
<b>Municipal Purpose Loan of 2010:</b>					
Public safety facility construction	3.05%	3/15/2010	3/15/2025	\$ 6,800,000	\$ 2,750,000
Public safety facility design	2.90%	3/15/2010	3/15/2025	640,000	200,000
<b>Municipal Purpose Loan of 2014:</b>					
Harbor & Channel Dredging	2.0-3.0%	8/15/2014	8/15/2023	450,000	200,000
Tisbury School Roof	2.0-3.0%	8/15/2014	8/15/2023	275,000	120,000
Total Inside Debt					<u>3,270,000</u>
<b>Outside Debt:</b>					
<b>Massachusetts Clean Water Trust:</b>					
Title V Septic Repair Program	N/A	5/28/2002	8/1/2020	197,403	10,200
Title V Septic Repair Program	N/A	1/7/2015	1/15/2035	94,779	71,084
Total Outside Debt					<u>81,284</u>
Total governmental type debt					<u>\$ 3,351,284</u>

**Future Debt Service**

The annual principal and interest payments to retire all governmental type long term debt outstanding as of June 30, 2020, are as follows:

<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2021	\$ 684,939	\$ 106,968	\$ 791,907
2022	674,739	86,662	761,401
2023	674,739	65,888	740,627
2024	674,739	43,975	718,714
2025	594,739	22,125	616,864
2026-2030	23,694	-	23,694
2031-2035	23,695	-	23,695
	<u>\$ 3,351,284</u>	<u>\$ 325,618</u>	<u>\$ 3,676,902</u>

**TOWN OF TISBURY, MASSACHUSETTS**  
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**Year Ended June 30, 2020**

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

	<b>Interest Rate</b>	<b>Date Issued</b>	<b>Final Maturity Date</b>	<b>Original Amount Issued</b>	<b>Outstanding June 30, 2020</b>
<b>Inside Debt:</b>					
<b>Sewer Fund:</b>					
<b>Massachusetts Clean Water Trust:</b>					
Wastewater treatment facility	N/A	11/6/2003	8/1/2023	\$ 7,482,332	\$ 1,772,660
Total Inside Debt					<u>1,772,660</u>
<b>Outside Debt:</b>					
<b>Sewer Fund:</b>					
<b>United States Department of Agriculture (USDA) Centrifuge</b>					
	3.38%	3/26/2014	3/26/2052	154,000	129,682
<b>Water Works:</b>					
<b>Municipal Purpose Loan of 2012:</b>					
Water mains	1.83%	11/1/2012	11/1/2027	400,000	200,000
Water mains	1.82%	11/1/2012	11/1/2027	513,000	265,000
Water storage tank	1.82%	11/1/2012	11/1/2027	292,000	150,000
<b>United States Department of Agriculture (USDA) Centrifuge</b>					
	2.75%	3/26/2014	3/26/2052	719,000	605,468
Total Outside Debt					<u>1,350,150</u>
Total business-type debt					<u>\$ 3,122,810</u>

**Future Debt Service**

The annual principal and interest payments to retire all business-type long-term debt outstanding as of June 30, 2020, are as follows:

<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
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	102,975	23,929	126,904
2026-2030	329,875	89,121	418,996
2031-2035	114,875	65,707	180,582
2036-2040	114,875	49,278	164,153
2041-2045	114,875	32,850	147,725
2046-2050	114,875	16,421	131,296
2051-2052	45,900	1,968	47,868
	<u>\$ 3,122,810</u>	<u>\$ 530,956</u>	<u>\$ 3,653,766</u>

**TOWN OF TISBURY, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2020**

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

	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020	Amounts Due within One Year
<b>Governmental activities:</b>					
<b>Bonds Payable:</b>					
General obligation bonds Massachusetts Clean Water Trust bonds	\$ 4,035,000	\$ -	\$ 765,000	\$ 3,270,000	\$ 670,000
	96,423	-	15,139	81,284	14,939
<b>Compensated absences</b>	608,368	80,515	15,563	673,320	359,764
<b>Net OPEB liability</b>	28,763,616	8,857,735	-	37,621,351	-
<b>Net pension liability</b>	8,323,233	-	3,540,735	4,782,498	-
Governmental activity Long-term liabilities	<u>\$ 41,826,640</u>	<u>\$ 8,938,250</u>	<u>\$ 4,336,437</u>	<u>\$ 46,428,453</u>	<u>\$ 1,044,703</u>
<b>Business-type activities:</b>					
<b>Bonds Payable:</b>					
General obligation bonds U.S.D.A. bonds Massachusetts Clean Water Trust bonds	\$ 695,000	\$ -	\$ 80,000	\$ 615,000	\$ 80,000
	758,125	-	22,975	735,150	22,975
	2,183,917	-	411,257	1,772,660	425,438
<b>Compensated absences</b>	41,743	23,829	6,175	59,397	29,349
<b>Net OPEB liability</b>	1,389,493	434,415	-	1,823,908	-
<b>Net pension liability</b>	616,867	-	292,587	324,280	-
Business-type activity Long-term liabilities	<u>\$ 5,685,145</u>	<u>\$ 458,244</u>	<u>\$ 812,994</u>	<u>\$ 5,330,395</u>	<u>\$ 557,762</u>

**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, 2020 for principal and interest combined for the loans is \$1,987,608. The net repayments, including interest, are scheduled to be \$1,368,834. 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 2020 principal and interest subsidies totaled \$178,926.

**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, 2020 totaled \$5,042,660.

**TOWN OF TISBURY, MASSACHUSETTS**  
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**Year Ended June 30, 2020**

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, 2020:

Equalized Valuation-Real Estate and Personal Property (2020)		\$	<u>3,224,394,300</u>
Debt Limit: 5 % of Equalized value			161,219,715
Total Debt Outstanding	\$	6,474,094	
Less: Debt Outside Debt Limit		<u>(1,431,434)</u>	<u>5,042,660</u>
Inside Debt Excess Borrowing Capacity at June 30, 2020		\$	<u>156,177,055</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. Loan authorizations that have not been issued as of June 30, 2020 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	<u>400,000</u>
		<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
<b>County of Dukes County</b>	\$ 960,000	18.85%	<u>\$ 180,960</u>

**TOWN OF TISBURY, MASSACHUSETTS**  
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**H. Fund Balances**

The following is a summary of the Town's Governmental fund balances at the year ended June 30, 2020:

	<b>General Fund</b>	<b>Major Funds</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Nonspendable:</b>				
Permanent funds	\$ -	\$ -	\$ 632,656	\$ 632,656
<b>Restricted:</b>				
Federal, state and local grants	-	-	189,364	189,364
School revolving funds	-	-	186,577	186,577
Town revolving funds	-	-	70,301	70,301
Community preservation	-	3,479,071	-	3,479,071
Debt service	-	-	23,620	23,620
Donations and gifts	-	-	97,111	97,111
Permanent funds	-	-	775,731	775,731
Capital projects	-	-	204,491	204,491
Other	-	-	1,259,328	1,259,328
	-	3,479,071	2,806,523	6,285,594
<b>Committed:</b>				
Ambulance services	-	-	43,809	43,809
Embarkation fee fund	-	-	262,151	262,151
Employee benefits and Insurance	-	-	774,786	774,786
Shellfish trust	-	-	146,593	146,593
Transfer station	-	-	1,049,595	1,049,595
	-	-	2,276,934	2,276,934
<b>Assigned:</b>				
General government	1,288,717	-	-	1,288,717
Public safety	1,216,386	-	-	1,216,386
Public works	883,317	-	-	883,317
Education	1,512,652	-	-	1,512,652
Health and human services	8,680	-	-	8,680
Culture and recreation	50,061	-	-	50,061
Subsequent year's budget	2,785,000	-	-	2,785,000
	7,744,813	-	-	7,744,813
<b>Unassigned:</b>				
General Fund	7,682,474	-	-	7,682,474
Capital Projects	-	-	(239,600)	(239,600)
	7,682,474	-	(239,600)	7,442,874
<b>Total Governmental fund balances</b>	<b>\$ 15,427,287</b>	<b>\$ 3,479,071</b>	<b>\$ 5,476,513</b>	<b>\$ 24,382,871</b>

**TOWN OF TISBURY, MASSACHUSETTS**  
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**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, 2020 the balances in the stabilization funds are reported in the General Fund as unassigned fund balance consisting of the following:

General purpose stabilization fund	\$	1,216,928
Ambulance stabilization fund		248,329
Building stabilization fund		426,549
Department of Public Works stabilization		83,604
Dredge stabilization fund		122,190
Fire Department stabilization fund		206,156
Wick System Stabilization		734
		734
	<b>\$</b>	<b>2,304,490</b>

**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, 2020, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2020.

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.

**TOWN OF TISBURY, MASSACHUSETTS**  
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**C. COVID-19**

The Covid-19 outbreak in the United States and across the globe has resulted in economic uncertainties. The disruption is expected to be temporary, but there is considerable uncertainty around the duration and scope. The extent of the impact of Covid-19 on our operational and financial performance will depend on certain developments, including the duration and spread of outbreak, impact on our customers, employees, and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which Covid-19 may impact our financial condition or results of operations is uncertain.

**D. Subsequent Events**

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

**E. 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, 2019. The Town's portion of the collective pension expense contributed by the Commonwealth of \$1,579,320 on-behalf payments for the fiscal year ending June 30, 2020 is reported as intergovernmental revenues and employee benefits and insurance expenditures in the General Fund as of the measurement date.

**TOWN OF TISBURY, MASSACHUSETTS**  
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**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.

**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, 2019 was \$1,215,150, representing 18.86% 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, 2020, the Town reported a liability of \$5,106,778 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2019, 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, 2019, the Town's proportional percentage was 17.895%, which was the same as the last measurement.

**Pension Expense**

For the year ended June 30, 2020, the Town recognized a pension expense of \$978,118 and reported deferred outflows of resources related to pensions of \$1,043,912 from the differences between expected and actual experience, 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 \$2,401,531 from the net difference between projected and actual experience, the net difference between projected and actual investment earnings on pension plan investments, and changes in proportion and differences between employer contributions and proportionate share of contributions.

**TOWN OF TISBURY, MASSACHUSETTS**  
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**Year Ended June 30, 2020**

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

<u>For years ended June 30,</u>		
<b>2021</b>	\$	(309,883)
<b>2022</b>		(323,007)
<b>2023</b>		(68,876)
<b>2024</b>		(651,522)
<b>Thereafter:</b>		<u>(4,331)</u>
		<u>\$ (1,357,619)</u>

**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, 2019:

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 ERI's: 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	2.20% 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.

**TOWN OF TISBURY, MASSACHUSETTS**  
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**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. 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, 2019, are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Domestic equity	30.0%	5.9%
International equity	5.0%	3.8%
Real estate	5.0%	6.6%
PRIT Core	50.0%	5.0%
Fixed income	10.0%	2.9%
Total	<u>100.0%</u>	

**Rate of Return**

For the year ended December 31, 2019, the annual money-weighted rate of return (which expresses investment performance), net of investment expense was 20.99%. 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.

**TOWN OF TISBURY, MASSACHUSETTS**  
**Notes to the Financial Statements**  
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**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:

	<b>1% Decrease</b>	<b>Current</b>	<b>Discount Rate</b>	<b>1% Increase</b>
	<b>6.50%</b>	<b>7.50%</b>	<b>8.50%</b>	
Town's net pension liability	\$ 9,546,056	\$ 5,106,778	\$	1,349,777

**F. 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 253 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 Select Board 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, 2020, 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 period ending on the June 30, 2020 Measurement Date to Town premiums plus implicit costs for the retiree medical program were \$1,016,817. The Town also made a contribution to an OPEB Trust of \$150,000 for a total contribution during the measurement period of \$1,166,817. The Town did establish a trust fund in order to contribute funds to reduce the future OPEB liability. The trust balance is \$1,877,680 as of June 30, 2020.

**TOWN OF TISBURY, MASSACHUSETTS**  
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**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, 2020, 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	151
Current retirees, beneficiaries and dependents	<u>102</u>
Total	<u><u>253</u></u>

**Net OPEB Liability**

The components of the net OPEB liability are as follows:

	<b>6/30/2020</b>
Total OPEB liability	\$ 41,322,939
Less: Plan fiduciary net position	<u>(1,877,680)</u>
Town's Net OPEB liability	<u><u>\$ 39,445,259</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	4.54%

**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, 2020:

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	7.0%, compounded annually, net of fees.
Single Equivalent Discount rate	2.23%, compounded annually, for measurement as of June 30, 2020.
Healthcare cost trend rates	8.0% annually in Year 1 decreasing to an ultimate 3.90% annually
Inflation	2.40% per year, based on the 2020 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.

**TOWN OF TISBURY, MASSACHUSETTS**  
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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, 2020 were reflective of published municipal bond indices; the Bond Buyer 20-year GO Index is 2.21%.

**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, 2020, are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Large Capital Equity	35.0%	5.00%
Middle Capital Equity	10.0%	6.40%
Small Capital Equity	10.0%	6.50%
International Equity	15.0%	3.30%
Real Estate	10.0%	6.30%
Fixed income	20.0%	3.00%
Total	<u>100.0%</u>	

**Rate of Return**

For the year ended June 30, 2020, the annual money-weighted rate of return (which expresses investment performance), net of investment expense was 4.56%.

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

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Total OPEB Liability
Balances at June 30, 2019	\$ 31,805,500	\$ 1,652,391	\$ 30,153,109
Service cost	1,706,778	-	1,706,778
Interest on Total OPEB Liability	1,174,938	-	1,174,938
Changes in benefit terms	(933,511)	-	(933,511)
Changes in assumptions	8,586,051	-	8,586,051
Difference between actual and expected experience	-	-	-
Net investment income	-	75,289	(75,289)
Employer contributions to Trust	-	1,166,817	(1,166,817)
Total benefit payments including implicit cost	(1,016,817)	(1,016,817)	-
Net change in total OPEB liability	9,517,439	225,289	9,292,150
Balances at June 30, 2020	\$ 41,322,939	\$ 1,877,680	\$ 39,445,259

**Discount Rate**

The discount rate used to measure the total OPEB liability was 2.23%. 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 (1.23%) or 1-percentage-point higher (3.23%) than the current rate:

	Current		
	1% Decrease (1.23%)	Discount Rate (2.23%)	1% Increase (3.23%)
Town's net OPEB liability	\$ 47,998,579	\$ 39,445,259	\$ 32,838,260

**TOWN OF TISBURY, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2020**

**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	\$ 31,764,131	\$ 39,445,259	\$ 49,693,628

**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.

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

For the year ended June 30, 2020, the GASB Statement No. 75 reporting period and fiscal year ending date, the Town recognized an OPEB expense of \$3,217,303 and reported deferred outflows of resources related to OPEB of \$10,745,250 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 \$3,595,811 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,	
<b>2021</b>	\$ 1,393,027
<b>2022</b>	1,393,027
<b>2023</b>	1,721,075
<b>2024</b>	1,668,005
<b>2025</b>	974,305
	\$ 7,149,439

**G. Implementation of New GASB Pronouncements**

The GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. This pronouncement postponed the effective dates of certain provisions in GASB statements and Implementation Guides that first became effective or are scheduled to be effective for periods beginning after June 15, 2018 or later.

**TOWN OF TISBURY, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2020**

**H. 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 2021.

The GASB issued Statement No. 87, *Leases*, for implementation in fiscal year 2022.

The GASB issued Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*, for implementation in fiscal year 2021.

The GASB issued Statement No. 91, *Conduit Debt Obligations*, for implementation in fiscal year 2023.

The GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*, for implementation in fiscal 2022.

The GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, for implementation in fiscal year 2023.

The GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, for implementation in fiscal year 2023.

The GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, for implementation in fiscal year 2021 and 2022.

**REQUIRED SUPPLEMENTARY INFORMATION**

**TOWN OF TISBURY, MASSACHUSETTS**  
**Required Supplementary Information**  
**Pension Plan Schedules**  
**Dukes County Contributory Retirement System**  
**For the Year Ended June 30, 2020**

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:**

<b>Measurement Date</b>	<b>Town's proportion of the net pension liability (asset)</b>	<b>Town's proportionate share of the net pension liability (asset)</b>	<b>Town's covered employee payroll</b>	<b>Net pension liability percentage of covered employee payroll</b>	<b>Plan fiduciary net position as a percentage of the total pension liability</b>
12/31/2019	17.895%	\$ 5,106,778	\$ 6,444,578	79.24%	86.73%
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, 2020**

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:**

<b>Measurement Date</b>	<b>Actuarially determined contribution</b>	<b>Less: Contributions in relation to the actuarially determined contribution</b>	<b>Contribution deficiency (excess)</b>	<b>Town's covered employee payroll</b>	<b>Contributions percentage of covered employee payroll</b>
12/31/2019	\$ 1,215,150	\$ (1,215,150)	\$ -	\$ 6,444,578	18.86%
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, 2020**

**Schedule of Changes in the Net OPEB Liability:**

	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>
<b>Total OPEB liability</b>				
Service cost	\$ 1,706,778	\$ 1,254,643	\$ 1,338,048	\$ 1,576,707
Interest on net OPEB liability	1,174,938	1,184,868	1,089,542	939,599
Changes in Benefit terms	(933,511)	-	(36,608)	-
Changes in Assumptions	8,586,051	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	(1,016,817)	(996,329)	(991,058)	(986,258)
Net change in total OPEB liability	9,517,439	2,641,070	(427,182)	(2,293,205)
Total OPEB liability-beginning	31,805,500	29,164,430	29,591,612	31,884,817
<b>Total OPEB liability-ending (a)</b>	<u>\$ 41,322,939</u>	<u>\$ 31,805,500</u>	<u>\$ 29,164,430</u>	<u>\$ 29,591,612</u>
<b>Plan fiduciary net position</b>				
Net investment income	\$ 75,289	\$ 74,412	\$ 32,455	\$ -
Employer contributions to Trust	1,166,817	1,296,652	2,236,259	986,258
Benefit payments, including refunds of member contributions	(1,016,817)	(996,329)	(991,058)	(986,258)
Net change in plan fiduciary net position	225,289	374,735	1,277,656	-
Total fiduciary net position-beginning	1,652,391	1,277,656	-	-
<b>Total fiduciary net position-ending (b)</b>	<u>\$ 1,877,680</u>	<u>\$ 1,652,391</u>	<u>\$ 1,277,656</u>	<u>\$ -</u>
<b>Town's net OPEB liability (a-b)</b>	<u>\$ 39,445,259</u>	<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, 2020**

**Schedule of Net OPEB Liability:**

	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>
Total OPEB liability	\$ 41,322,939	\$ 31,805,500	\$ 29,164,430	\$ 29,591,612
Less: Plan fiduciary net position	<u>(1,877,680)</u>	<u>(1,652,391)</u>	<u>(1,277,656)</u>	<u>-</u>
Town's Net OPEB liability	<u>\$ 39,445,259</u>	<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	4.54%	5.20%	4.38%	0.00%
Town's share of covered employee payroll	\$ 10,799,364	\$ 9,530,204	\$ 9,673,251	\$ 7,337,024
Participating employer net OPEB liability (asset) as a percentage of covered-employee payroll	365.26%	316.40%	288.29%	403.32%

**Schedule of Contributions:**

	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>
Actuarially determined contribution	\$ 2,817,172	\$ 2,334,206	\$ 2,348,910	\$ 2,048,278
Less: Contributions in relation to the actuarially determined contribution	<u>(1,166,817)</u>	<u>(1,296,652)</u>	<u>(2,236,259)</u>	<u>(986,258)</u>
Contribution deficiency (excess)	<u>\$ 1,650,355</u>	<u>\$ 1,037,554</u>	<u>\$ 112,651</u>	<u>\$ 1,062,020</u>
Town's share of covered employee payroll	\$ 10,799,364	\$ 9,530,204	\$ 9,673,251	\$ 7,337,024
Contributions percentage of covered-employee payroll	10.80%	13.61%	23.12%	13.44%
Annual money-weighted rate of return net of investment expense	4.56%	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, 2020**

**Schedule of Funding Progress:**

<b>Other Post Employment Benefits</b>						
<b>Actuarial Measurement Date</b>	<b>Actuarial Fiduciary Net Position (A)</b>	<b>Actuarial Total OPEB Liability (B)</b>	<b>Actuarial Net OPEB Liability (B-A)</b>	<b>Actuarial Funded Ratio (A/B)</b>	<b>Actuarial Covered Payroll (C)</b>	<b>Actuarial Percentage of Covered Payroll ((B-A)/C)</b>
6/30/2020	\$ 1,877,680	\$ 41,322,939	\$ 39,445,259	4.5%	\$ 10,799,364	365.3%
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, 2020**

	Fund Balances July 1, 2019	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2020
<b>Special Revenue:</b>					
<b>Federal and State Grants:</b>					
Council on Aging Grants	\$ 18,982	\$ 11,280	\$ 2,550	\$ -	\$ 27,712
Coastal Resiliency Grant	-	129,951	129,951	-	-
Emergency Management Grants	13,016	75,080	4,868	-	83,228
Energy Grants	7,501	-	-	-	7,501
Highways	-	8,997	8,997	-	-
Housing Choice Program Grant	-	90,000	90,000	-	-
Library Grants	10,906	6,160	15,551	-	1,515
Other Grants and Programs	10,140	26,249	23,276	(549)	12,564
Public Safety Grants	3,513	12,387	10,881	-	5,019
Recycling Grant	-	6,600	1,119	-	5,481
Septic Grants	14,592	-	4,752	-	9,840
Vehicle Grant	22,500	-	-	-	22,500
<b>Schools:</b>					
School Lunch Program	17,485	85,161	93,196	-	9,450
School Choice Tuition	258,566	44,943	133,528	-	169,981
School Revolving	26,641	1,058	20,553	-	7,146
Special Education Reimbursement Fund	3,338	42,202	30,589	(947)	14,004
<b>Other:</b>					
Ambulance Transport Fund	43,809	-	-	-	43,809
Cable Television Franchise Fee	22,187	134,587	134,587	-	22,187
Economic Development Fund	34,540	-	2,070	-	32,470
Gifts and Donations	86,905	22,484	12,278	-	97,111
Insurance reimbursements	7,997	274,214	5,666	(11,325)	265,220
Landfill Trash Fees	113,796	93,752	-	(60,000)	147,548
Library Book Replacement	738	841	1,341	-	238
Parks and Recreation Revolving	20,660	30,190	-	-	50,850
Police Auctions	245	317	-	-	562
Police Off-Duty Details	4,526	57,816	55,636	-	6,706
<b>Total Special Revenue Page 70</b>	<b>\$ 742,583</b>	<b>\$ 1,154,269</b>	<b>\$ 781,389</b>	<b>\$ (72,821)</b>	<b>\$ 1,042,642</b>

**TOWN OF TISBURY, MASSACHUSETTS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020**

	Fund Balances July 1, 2019	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2020
<b>Continued from Page 70</b>	\$ 742,583	\$ 1,154,269	\$ 781,389	\$ (72,821)	\$ 1,042,642
<b>Special Revenue (Continued):</b>					
<b>Other (Continued):</b>					
Premium and Interest on Bonds	32,618	-	8,998	-	23,620
Sale of Cemetery Lots	127,553	1,512	125	-	128,940
Septic System Repair Programs	184,774	48,502	37,819	-	195,457
Special Event Fund	29,000	29,000	41,587	-	16,413
Steamship Authority Ferry Embarkation Fees	276,760	259,652	-	(274,261)	262,151
Tashmoo Spring Building Revolving	19,079	3,150	2,778	-	19,451
Transfer Station Fund	890,982	32,989	21,923	-	902,048
Transportation Infrastructure	5,380	4,427	-	-	9,807
Waterways Fund	213,631	157,355	-	(135,250)	235,736
Luce Fund	647,570	119,733	86,273	-	681,030
Municipal Housing Fund	438,710	2,445	444,639	135,000	131,516
Municipal Insurance Fund	104,640	668	50,786	75,000	129,522
Nancy Hamilton Fund	31,500	154	-	-	31,654
Shellfish Fund	145,115	17,965	16,487	-	146,593
Sick Leave Buy Back Fund	477,700	2,760	66,278	100,000	514,182
Unemployment Fund	99,253	674	18,845	50,000	131,082
Water Street Parking Lot Fund	200,664	10,955	-	-	211,619
<b>Total Special Revenue Funds</b>	<b>4,667,512</b>	<b>1,846,210</b>	<b>1,577,927</b>	<b>(122,332)</b>	<b>4,813,463</b>
<b>Capital Projects:</b>					
Connector Road	22,138	-	-	-	22,138
Department of Public Works Equipment	143	-	-	-	143
Dredging	15,221	-	15,221	-	-
Land Acquisition-Aquifer	4,689	-	-	-	4,689
Landfill	32,099	-	-	-	32,099
Lighting Improvements	10,488	-	-	-	10,488
<b>Total Capital Projects Page 71</b>	<b>\$ 84,778</b>	<b>\$ -</b>	<b>\$ 15,221</b>	<b>\$ -</b>	<b>\$ 69,557</b>

**TOWN OF TISBURY, MASSACHUSETTS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020**

	Fund Balances July 1, 2019	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2020
<b>Continued from Page 71</b>	\$ 84,778	\$ -	\$ 15,221	\$ -	\$ 69,557
<b>Capital Projects (Continued):</b>					
Other	-	2,456	-	-	2,456
Park and Ride System	104,360	-	-	-	104,360
Paving and Resurfacing Roads	2,073	-	-	-	2,073
Police/Ambulance Facility	4,038	-	-	-	4,038
Sidewalk Construction	7,578	-	-	-	7,578
Tashmoo Beach Restrooms	16,635	-	-	-	16,635
Tisbury School Renovation	-	-	239,600	-	(239,600)
Veterans Park	250	-	-	-	250
<b>Total Capital Projects</b>	<b>219,712</b>	<b>2,456</b>	<b>254,821</b>	<b>-</b>	<b>(32,653)</b>
<b>Perpetual Permanent Funds:</b>					
A&P Supermarket Parking Lot Escrow	100,000	-	-	-	100,000
Cemetery	351,543	4,837	-	-	356,380
Library	175,550	726	-	-	176,276
<b>Total Perpetual Permanent Funds</b>	<b>627,093</b>	<b>5,563</b>	<b>-</b>	<b>-</b>	<b>632,656</b>
<b>Permanent Funds:</b>					
A&P Supermarket Parking Lot Escrow	20,445	590	-	-	21,035
Cemetery	36,950	6,797	15,615	-	28,132
Library	13,741	539	400	-	13,880
<b>Total Permanent Funds</b>	<b>71,136</b>	<b>7,926</b>	<b>16,015</b>	<b>-</b>	<b>63,047</b>
<b>Total - Non-Major Governmental Funds</b>	<b>\$ 5,585,453</b>	<b>\$ 1,862,155</b>	<b>\$ 1,848,763</b>	<b>\$ (122,332)</b>	<b>\$ 5,476,513</b>

**TOWN OF TISBURY, MASSACHUSETTS  
SCHEDULE OF REAL ESTATE, PERSONAL PROPERTY,  
DEFERRED PROPERTY AND ROLLBACK TAXES  
JULY 1, 2019 TO JUNE 30, 2020**

	Uncollected Taxes July 1, 2019	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Taxes June 30, 2020	Taxes Per Detail June 30, 2020
<b>Real Estate Taxes:</b>						
Levy of 2020	\$ -	\$ 25,861,824	\$ 293,101	\$ 24,410,612	\$ 1,158,111	\$ 1,158,111
Levy of 2019	533,936	-	40,905	371,941	121,090	121,090
Levy of 2018	97,878	-	17,561	17,943	62,374	62,374
Levy of 2017	22,649	-	8,826	13,823	-	-
	<u>654,463</u>	<u>25,861,824</u>	<u>360,393</u>	<u>24,814,319</u>	<u>1,341,575</u>	<u>1,341,575</u>
<b>Personal Property Taxes:</b>						
Levy of 2020	-	543,917	9,679	488,344	45,894	45,894
Levy of 2019	32,265	-	-	17,132	15,133	15,133
Levy of 2018	8,808	-	-	1,929	6,879	6,879
Levy of 2017	5,601	-	-	1,254	4,347	4,347
Levy of 2016	4,750	-	-	716	4,034	4,034
Prior Years	21,132	-	351	2,397	18,384	18,384
	<u>72,556</u>	<u>543,917</u>	<u>10,030</u>	<u>511,772</u>	<u>94,671</u>	<u>94,671</u>
<b>Deferred Property Taxes</b>	<u>19,971</u>	<u>4,325</u>	<u>-</u>	<u>20,888</u>	<u>3,408</u>	<u>3,408</u>
<b>Rollback Taxes</b>	<u>41</u>	<u>13,365</u>	<u>-</u>	<u>-</u>	<u>13,406</u>	<u>13,365</u>
<b>Total Real Estate, Personal Property Deferred Property and Rollback Taxes</b>	<u>\$ 747,031</u>	<u>\$ 26,423,431</u>	<u>\$ 370,423</u>	<u>\$ 25,346,979</u>	<u>\$ 1,453,060</u>	<u>\$ 1,453,019</u>

**TOWN OF TISBURY, MASSACHUSETTS  
SCHEDULE OF COMMUNITY PRESERVATION SURCHARGES  
JULY 1, 2019 TO JUNE 30, 2020**

	<b>Uncollected Taxes July 1, 2019</b>	<b>Commitments</b>	<b>Abatements and Adjustments</b>	<b>Collections Net of Refunds and Overpayments</b>	<b>Uncollected Taxes June 30, 2020</b>	<b>Taxes Per Detail June 30, 2020</b>
<b>Non-Major Governmental Funds:</b>						
<b>Community Preservation Surcharges:</b>						
Levy of 2020	\$ -	\$ 693,243	\$ 8,500	\$ 649,217	\$ 35,526	\$ 35,526
Levy of 2019	16,538	-	945	11,966	3,627	3,627
Levy of 2018	3,070	-	437	840	1,793	1,793
Levy of 2017	642	-	197	445	-	-
<b>Total Community Preservation Surcharges</b>	<b>\$ 20,250</b>	<b>\$ 693,243</b>	<b>\$ 10,079</b>	<b>\$ 662,468</b>	<b>\$ 40,946</b>	<b>\$ 40,946</b>

**TOWN OF TISBURY, MASSACHUSETTS  
SCHEDULE OF MOTOR VEHICLE AND VESSEL EXCISE TAXES  
JULY 1, 2019 TO JUNE 30, 2020**

	<b>Uncollected Taxes July 1, 2019</b>	<b>Commitments</b>	<b>Abatements and Adjustments</b>	<b>Collections Net of Refunds and Overpayments</b>	<b>Uncollected Taxes June 30, 2020</b>	<b>Uncollected Taxes Per Detail June 30, 2020</b>
<b>Motor Vehicle Excise Taxes:</b>						
Levy of 2020	\$ -	\$ 923,913	21,916	\$ 738,988	\$ 163,009	\$ 163,009
Levy of 2019	106,423	116,038	7,842	170,570	44,049	44,049
Levy of 2018	44,447	-	2,040	18,826	23,581	23,581
Levy of 2017	17,926	-	568	3,645	13,713	13,713
Levy of 2016	10,241	-	-	1,183	9,058	9,058
Prior Years	35,056	-	-	596	34,460	34,460
	<u>214,093</u>	<u>1,039,951</u>	<u>32,366</u>	<u>933,808</u>	<u>287,870</u>	<u>287,870</u>
<b>Vessel Excise Taxes:</b>						
Levy of 2020	-	42,961	1,602	31,208	10,151	10,151
Levy of 2019	9,502	-	833	3,505	5,164	5,164
Levy of 2018	5,197	-	377	623	4,197	4,197
Levy of 2017	4,140	-	53	342	3,745	3,745
Levy of 2016	4,243	-	108	514	3,621	3,621
Prior Years	17,850	-	382	1,471	15,997	15,993
	<u>40,932</u>	<u>42,961</u>	<u>3,355</u>	<u>37,663</u>	<u>42,875</u>	<u>42,871</u>
<b>Total Motor Vehicle and Vessel Excise Taxes</b>	<u>\$ 255,025</u>	<u>\$ 1,082,912</u>	<u>\$ 35,721</u>	<u>\$ 971,471</u>	<u>\$ 330,745</u>	<u>\$ 330,741</u>

**TOWN OF TISBURY, MASSACHUSETTS  
SCHEDULE OF TAX LIENS  
JULY 1, 2019 TO JUNE 30, 2020**

	Uncollected Accounts July 1, 2019	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Accounts June 30, 2020	Uncollected Accounts Per Detail June 30, 2020
<b>General Fund:</b>						
Tax Liens	\$ 1,061,915	\$ 147,096	\$ -	\$ 308,800	\$ 900,211	\$ 900,361
<b>Non-Major Governmental Funds:</b>						
<b>Community Preservation:</b>						
Tax Liens	\$ 25,671	\$ 3,487	\$ -	\$ 8,301	\$ 20,857	\$ 20,857

**TOWN OF TISBURY, MASSACHUSETTS  
SCHEDULE OF DEPARTMENTAL RECEIVABLES  
JULY 1, 2019 TO JUNE 30, 2020**

	Uncollected Accounts July 1, 2019	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Accounts June 30, 2020	Uncollected Accounts Per Detail June 30, 2020
<b>General Fund:</b>						
<b>Ambulance</b>	\$ 496,917	\$ 309,419	\$ 1,027	\$ 245,087	\$ 560,222	\$ 560,222
<b>Income &amp; Expense Penalty:</b>						
Levy of 2020	-	22,500	267	18,979	3,254	3,254
Levy of 2019	3,123	-	-	2,623	500	500
Levy of 2018	502	-	2	-	500	500
<b>Total Income &amp; Expense Penalty</b>	<b>3,625</b>	<b>22,500</b>	<b>269</b>	<b>21,602</b>	<b>4,254</b>	<b>4,254</b>
<b>Non-Major Governmental Funds:</b>						
<b>Moorings Receivable:</b>						
Levy of 2020	-	139,577	-	130,474	9,103	9,103
Levy of 2019	11,797	-	-	7,983	3,814	3,814
Levy of 2018	2,608	-	-	-	2,608	2,608
Levy of 2017	2,703	-	-	-	2,703	4,102
Levy of 2016	267	-	-	-	267	100
Prior Years	31,033	-	-	-	31,033	31,034
	<b>48,408</b>	<b>139,577</b>	<b>-</b>	<b>138,457</b>	<b>49,528</b>	<b>50,761</b>
<b>Septic System Repair Program Loans:</b>						
Program one	46,699	-	-	17,999	28,700	28,700
Program two	163,307	37,818	-	30,503	170,622	170,622
	<b>210,006</b>	<b>37,818</b>	<b>-</b>	<b>48,502</b>	<b>199,322</b>	<b>199,322</b>
<b>Total Departmental Receivables</b>	<b>\$ 758,956</b>	<b>\$ 509,314</b>	<b>\$ 1,296</b>	<b>\$ 453,648</b>	<b>\$ 813,326</b>	<b>\$ 814,559</b>

**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, 2020, 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 June 21, 2021.

**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 and Associates, LLC*

Scanlon & Associates, LLC  
South Deerfield, Massachusetts

June 21, 2021