

TOWN OF TISBURY, MASSACHUSETTS

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

For the Year Ended June 30, 2022

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For the Year Ended June 30, 2022

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Independent Auditor's Report

To the Honorable Select Board
Town of Tisbury, Massachusetts

Report on the Audit of Financial Statements

Opinions

We have audited 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, 2022, 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.

In our opinion, the accompanying 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, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Tisbury, Massachusetts, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, 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 is the responsibility of management and, 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.

Supplementary 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 Schedule, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 6, 2023, 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 solely 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 the effectiveness of the Town of Tisbury, Massachusetts' 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

February 6, 2023

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, 2022. 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 \$28,312,061 (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 \$23,942,450, or an increase of \$4,369,611 (18%).
- At the close of the current fiscal year, the Town's governmental funds reported total ending fund balance of \$25,666,700 a decrease of \$873,990 (3%) in comparison to the prior year.
- The General Fund's total fund balance increased \$2,747,649 (16%) to \$20,098,044. The ending General fund balance is 57% of revenues and transfers in and 61% of expenditures and transfers out.
- Total liabilities of the Town increased by \$2,438,393 (4%) to \$58,533,695. The increase was mainly attributed to increases in the warrants payable of \$1,175,134 and in bond anticipation notes payable of \$12,620,000; and decreases in the other post-employment benefit (OPEB) liability of \$7,622,486, in the pension liability of \$2,660,235 and in the leases and bonds payables of \$1,286,693 from the prior year.

Overview of the Financial Statements

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

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

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

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

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities include general government, public safety, public works, education, health and human services, culture and recreation, employee benefits and insurance, intergovernmental assessments and interest. The business-type activities are sewer and the water works.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decision. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds and governmental activities*.

The Town of Tisbury adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

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

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

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

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

Financial Highlights

Statement of Net Position Highlights

	Governmental Activities		
	2022	2021	Change
Assets:			
Current assets	\$ 44,678,811	\$ 31,543,457	\$ 13,135,354
Capital assets	24,798,025	20,363,810	4,434,215
Total assets	69,476,836	51,907,267	17,569,569
Deferred Outflows of Resources	8,402,658	9,860,776	(1,458,118)
Liabilities:			
Current liabilities (excluding debt and leases)	4,031,351	2,554,419	1,476,932
Current debt and lease	14,018,175	1,067,037	12,951,138
Noncurrent liabilities (excluding debt and leases)	33,406,320	43,188,430	(9,782,110)
Noncurrent debt and lease	1,407,276	2,125,451	(718,175)
Total liabilities	52,863,122	48,935,337	3,927,785
Deferred Inflows of Resources	14,671,424	6,235,328	8,436,096
Net Position:			
Net investment in capital assets	17,713,419	17,237,667	475,752
Restricted	8,720,774	7,603,359	1,117,415
Unrestricted	(16,089,245)	(18,243,648)	2,154,403
Total net position	\$ 10,344,948	\$ 6,597,378	\$ 3,747,570

	Business-Type Activities		
	2022	2021	Change
Assets:			
Current assets	\$ 5,356,686	\$ 5,233,892	\$ 122,794
Noncurrent assets (excluding capital assets)	1,071,295	1,372,703	(301,408)
Capital assets	17,645,521	17,746,501	(100,980)
Total assets	24,073,502	24,353,096	(279,594)
Deferred Outflows of Resources	556,014	511,676	44,338
Liabilities:			
Current liabilities (excluding debt)	142,490	228,692	(86,202)
Current debt	1,499,110	1,819,656	(320,546)
Noncurrent liabilities (excluding debt)	1,690,342	2,193,876	(503,534)
Noncurrent debt	2,338,631	2,917,741	(579,110)
Total liabilities	5,670,573	7,159,965	(1,489,392)
Deferred Inflows of Resources	991,830	359,735	632,095
Net Position:			
Net investment in capital assets	14,072,875	13,394,877	677,998
Restricted	2,508,569	2,903,664	(395,095)
Unrestricted	1,385,669	1,046,531	339,138
Total net position	\$ 17,967,113	\$ 17,345,072	\$ 622,041

Financial Highlights

Statement of Activities Highlights

	Governmental Activities		
	2022	2021	Change
Program Revenues:			
Charges for services	\$ 2,335,114	\$ 2,335,395	\$ (281)
Operating grants and contributions	3,605,856	3,985,634	(379,778)
Capital grants and contributions	142,114	353,366	(211,252)
General Revenues:			
Property taxes	28,313,335	27,300,730	1,012,605
Motor vehicle excise and other taxes	1,164,986	1,234,004	(69,018)
Hotel room occupancy and meal taxes	1,661,342	1,046,600	614,742
Penalties and interest on taxes	362,657	363,232	(575)
Nonrestricted grants	763,746	492,672	271,074
Unrestricted investment income	57,044	206,321	(149,277)
Miscellaneous	4,694	7,340	(2,646)
Total revenues	38,410,888	37,325,294	1,085,594
Expenses:			
General government	3,799,739	4,585,194	(785,455)
Public safety	4,783,202	4,698,115	85,087
Public works	2,940,247	2,748,345	191,902
Education	13,634,419	12,723,507	910,912
Health and human services	570,775	530,782	39,993
Culture and recreation	763,922	799,027	(35,105)
Employee benefits and insurance	6,124,305	9,290,492	(3,166,187)
State assessments	1,782,918	1,550,880	232,038
Interest	149,807	108,681	41,126
Total expenses	34,549,334	37,035,023	(2,485,689)
Contributions to permanent funds	7,875	6,750	1,125
Transfers	(121,859)	(119,740)	(2,119)
Change in net position	3,747,570	177,281	3,570,289
Net position - beginning of year	6,597,378	6,420,097	177,281
Net position - end of year	\$ 10,344,948	\$ 6,597,378	\$ 3,747,570

	Business-Type Activities		
	2022	2021	Change
Program Revenues:			
Charges for services	\$ 3,172,264	\$ 3,025,153	\$ 147,111
Operating grants and contributions	37,051	59,887	(22,836)
Capital grants and contributions	168,114	179,386	(11,272)
Total revenues	3,377,429	3,264,426	113,003
Expenses:			
Sewer	1,329,858	971,154	358,704
Water works	1,547,389	1,667,111	(119,722)
Total expenses	2,877,247	2,638,265	238,982
Transfers	121,859	119,740	2,119
Change in net position	622,041	745,901	(123,860)
Net position - beginning of year	17,345,072	16,599,171	745,901
Net position - end of year	\$ 17,967,113	\$ 17,345,072	\$ 622,041

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 \$28,312,061 at the close of fiscal year 2022.

Net position of \$31,786,294 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, \$11,229,343 represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* consists of (\$14,703,576).

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

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

The governmental activities net position increased by \$3,747,570 (57%) during the current fiscal year. The key elements of the increase in net position for fiscal year 2022 was attributed to increases in the acquisition of \$5,754,893 in new capital assets exceeding the depreciation expense (normally spread out over the useful life of the asset) for the year of \$1,320,678, in recognizing this year's change in the OPEB liability of \$7,238,560 and in the pension liability of \$2,542,901; and the decreases in recognizing this year's change to deferred outflow/inflow of resources related to OPEB of \$8,783,850 and related to pensions of \$2,110,364.

There was an increase of \$622,041 (4%) in net position reported in connection with the sewer and water works business-type activities. Of this, there was an increase of \$720,093 attributed to the water works department and a decrease of \$98,052 attributed to the sewer 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 \$25,666,700 a decrease of \$873,990 (3%) 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 – \$659,482 (3%).
- Restricted fund balance – \$7,022,675 (27%).
- Committed fund balance – \$2,907,260 (11%).
- Assigned fund balance – \$6,912,850 (27%).
- Unassigned fund balance – \$8,164,433 (32%).

Major Governmental Funds

The *General Fund* is the Town's primary operating fund and the largest source of day-to-day operations. At the end of the fiscal year, the General Fund reported a fund balance of \$20,098,044 increasing \$2,747,649 (16%) from the prior year. Of the \$20,098,044, the unassigned amount is \$13,185,194 (66%) and the assigned amount is \$6,912,850 (34%). General fund revenues were \$1,186,600 (4%) more than the prior fiscal year and expenditures also increased by \$514,701 (2%). Other activity in the General Fund is net transfers to other funds of \$135,347.

The main components of the increase in general fund revenues were related to increases in property taxes in the amount of \$1,220,690 (5%), in hotel room occupancy, meals and cannabis taxes of \$614,742 (59%) and a decrease in intergovernmental "on-behalf payments of \$880,855 (47%) from the prior year.

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

- Increase in Public safety expenditures of \$419,901 (10%).
- Increase in Education expenditures of \$866,006 (7%).
- Decrease in Employee benefits and insurance expenditures of \$878,389 (13%).
- Increase in intergovernmental assessments of \$232,038 (15%).

The *Community Preservation Fund* has accumulated a fund balance of \$2,937,787. The fund balance shows a decrease of \$541,284 (16%) in total operations. This amount was attributed to collections of \$724,224, the Commonwealth of Massachusetts grant receipts of \$288,002, expenditures of \$1,503,510 and a transfer to other funds of \$50,000.

School Renovation Fund is used to account for the renovation and expansion of the existing elementary school. The fund has accumulated a deficit balance of \$4,306,902 at the end of the fiscal year, decreasing by \$3,956,902 in operations. This is attributed to expenditures of \$4,032,667 and receipts of \$75,765 in proceeds from the issuance of notes and premiums for the project. The Town also issued bond anticipation notes totaling \$9.3 million which is not reflected in the Fund Balance.

The *Roadway Improvement Fund* is a capital projects fund used to account for the accumulation of resources to make improvements to the Town's sidewalks and roadways. The fund has a deficit balance of \$713,859 at the end of the fiscal year and shows a decrease of \$715,932 in operations. This is attributed to expenditures of \$726,806 and receipts of \$10,874 in proceeds from premiums on the issuance of notes for the project. The Town also issued bond anticipation notes totaling \$4 million which is not reflected in the Fund Balance.

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 \$7,734,884 used in the financing and operations of the Town's sewer system. For the current fiscal year, the sewer fund shows an increase of \$98,052 (1%) in total operations. This change was attributed to operating expenses exceeding operating revenues by \$420,170, interest income of \$12, special assessments of \$27,144, intergovernmental revenues of \$197,492, interest expense of \$58,889 and net transfers in from other funds of \$156,359. Operating revenues increased by \$121,043 (17%) and operating expenses also increased by \$383,594 (43%) from the prior year.

The *Water Works Fund* has accumulated a fund balance of \$10,232,229 used in the financing and operations of the Town's water system. The water works fund shows an increase of \$720,093 (8%) in total operations. This change resulted from operating revenues exceeding current operating expenses by \$773,164, interest income of \$7,661, interest expense of \$26,232 and transfers out to the general fund of \$34,500. Operating revenues increased by \$30,022 (1%) while operating expenses decreased by \$115,593 (7%) from the prior year.

General Fund Budgetary Highlights

The final general fund budget for fiscal year 2022 was \$37,676,937. This was an increase of \$1,088,594 (3%) over the previous year's budget.

General fund expenditures were less than budgeted by \$6,278,874. Of the \$6,278,874 in under budget expenditures \$4,525,332 has been carried over to fiscal year 2023.

There was a negative variance in intergovernmental assessments of \$228,098 due to lower assessments in the registry of motor vehicles non-renewal surcharge of \$10,580, in the school choice sending tuitions of \$52,497 and in charter school sending tuitions of \$165,027 than actual payments.

Overall, the variance with the final budget was a positive \$4,301,254 consisting of a revenue surplus of \$2,547,712 and an appropriation surplus of \$1,753,542.

Capital Assets and Debt Administration

Capital Assets - The Town's investment in capital assets for its governmental and business-type activities amounts to \$24,798,025 and \$17,645,521 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:

- Town Hall steeple improvement for \$74,290.
- Shellfish vehicle purchase for \$27,563.
- Police vehicle and equipment purchases for \$69,230.
- Harbor Patrol boat purchase for \$234,000.
- Fire Department vehicle purchases for \$221,972.
- Highway vehicle purchase for \$55,027.
- Road infrastructure improvements for \$840,792.
- Tisbury School improvements for \$4,032,667.
- School equipment purchases for \$33,332.
- Senior Center improvements for \$110,785.
- Owen Park improvements for \$55,235.

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

Sewer Fund:

- Vehicle purchase for \$40,310.

Water Works Fund:

- Equipment purchase for \$109,997.
- Infrastructure improvements for \$476,731.

Debt Administration - The Town's outstanding long-term governmental debt, as of June 30, 2022 totaled \$1,991,606. Of this, \$1,770,000 is for the public safety facility, \$100,000 is for the harbor and channel dredging, \$60,000 is for the school roof and \$61,606 is for the Title V septic repair program.

The governmental activities have bond anticipation notes outstanding totaling \$13.3 million, of which \$9.3 million for the Tisbury School repair projects and \$4 million is for the roadway improvement project.

The Town also has a capital lease in the governmental type fund for the financing of the fire department equipment. The last lease is due in 2025. The Town currently owes \$141,110 on the lease consisting of \$133,845 in principal and \$7,265 in interest.

The business-type funds have \$2,917,741 in long-term debt. Of this, \$1,029,178 is for sewer debt and \$1,888,563 in water works debt and are fully supported by the rates.

The Town also has \$920,000 in business-type temporary debt for various sewer projects.

Please refer to notes 3D, 3F, 3G and 3H 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, 2022 do not reflect the fiscal year 2023 Town Meeting action except for the fund balance free cash and stabilization amounts used to fund the 2023 budget. The Annual Town Meeting on April 12, 2022 authorized a fiscal year 2023 operating and capital budget as follows:

From the tax levy		\$	33,585,105
From sewer user charges	\$	884,922	
From sewer betterments		150,000	
From sewer fund balance		5,000	1,039,922
From water user charges		1,631,114	
From water fund balance		805,000	2,436,114
From Other Available Funds:			
General Fund:			
Unassigned fund balance:			
Free cash			2,387,518
Community Preservation Fund			1,644,876
Non-major Governmental Funds:			
Landfill trash fees		80,000	
Bond premium		4,780	
Steamship Embarkation Fees		248,519	
Waterways fund		191,500	524,799
			<u>\$ 41,618,334</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, 51 Spring Street, P.O. Box 1239, Vineyard Haven, Massachusetts 02568.

BASIC FINANCIAL STATEMENTS

TOWN OF TISBURY, MASSACHUSETTS
STATEMENT OF NET POSITION
JUNE 30, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
CURRENT:			
Cash and Cash Equivalents	\$ 37,168,427	\$ 4,581,585	\$ 41,750,012
Investments	4,805,164	26,314	4,831,478
Receivables, net of allowance for uncollectibles:			
Property Taxes	776,694	-	776,694
Tax Liens	569,421	-	569,421
Excise Taxes	179,902	-	179,902
Departmental	218,799	-	218,799
User Charges	-	440,185	440,185
Special Assessments	-	168,811	168,811
Due from Other Governments	960,404	139,791	1,100,195
Total current assets	<u>44,678,811</u>	<u>5,356,686</u>	<u>50,035,497</u>
NONCURRENT:			
Receivables, net of allowance for uncollectibles:			
Special Assessments	-	935,276	935,276
Due from Other Governments	-	136,019	136,019
Capital Assets, net of accumulated Depreciation:			
Nondepreciable	9,569,702	381,600	9,951,302
Depreciable	15,228,323	17,263,921	32,492,244
Total noncurrent assets	<u>24,798,025</u>	<u>18,716,816</u>	<u>43,514,841</u>
Total Assets	<u>69,476,836</u>	<u>24,073,502</u>	<u>93,550,338</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	2,614,135	274,731	2,888,866
Deferred Outflows Related to OPEB	5,788,523	281,283	6,069,806
Total Deferred Outflows of Resources	<u>8,402,658</u>	<u>556,014</u>	<u>8,958,672</u>
LIABILITIES			
CURRENT:			
Warrants Payable	2,243,610	88,158	2,331,768
Accrued Payroll	676,590	10,675	687,265
Payroll Withholdings	330,705	-	330,705
Tax Refund Payable	-	-	-
Other	22,270	-	22,270
Unearned Revenue	214,361	-	214,361
Accrued Interest	91,841	20,713	112,554
Compensated Absences	451,974	22,944	474,918
Bond Anticipation Notes Payable	13,300,000	920,000	14,220,000
Leases Payable	43,436	-	43,436
Bonds Payable	674,739	579,110	1,253,849
Total current liabilities	<u>18,049,526</u>	<u>1,641,600</u>	<u>19,691,126</u>
NONCURRENT:			
Compensated Absences	354,745	30,517	385,262
Net OPEB Liability	31,536,964	1,500,648	33,037,612
Net Pension Liability	1,514,611	159,177	1,673,788
Leases Payable	90,409	-	90,409
Bonds Payable	1,316,867	2,338,631	3,655,498
Total noncurrent liabilities	<u>34,813,596</u>	<u>4,028,973</u>	<u>38,842,569</u>
Total Liabilities	<u>52,863,122</u>	<u>5,670,573</u>	<u>58,533,695</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	4,935,784	518,724	5,454,508
Deferred Inflows Related to OPEB	9,735,640	473,106	10,208,746
Total Deferred Inflows of Resources	<u>14,671,424</u>	<u>991,830</u>	<u>15,663,254</u>
NET POSITION			
Net Investment in Capital Assets	17,713,419	14,072,875	31,786,294
Restricted for:			
Capital Projects	202,418	592,702	795,120
Federal & State Grants	1,105,094	-	1,105,094
Community Preservation	3,651,846	-	3,651,846
Permanent Funds:			
Expendable	901,242	-	901,242
Nonexpendable	659,482	-	659,482
Other Purposes	2,200,692	1,915,867	4,116,559
Unrestricted	(16,089,245)	1,385,669	(14,703,576)
Total Net Position	<u>\$ 10,344,948</u>	<u>\$ 17,967,113</u>	<u>\$ 28,312,061</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, 2022**

	<u>Program Revenues</u>				<u>Net (Expenses) Revenues and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Governmental Activities:							
General Government	\$ 3,799,739	\$ 466,280	\$ 891,816	\$ -	\$ (2,441,643)	\$ -	\$ (2,441,643)
Public Safety	4,783,202	986,758	101,930	-	(3,694,514)	-	(3,694,514)
Public Works	2,940,247	736,370	(1,084)	142,114	(2,062,847)	-	(2,062,847)
Education	13,634,419	52,334	1,437,744	-	(12,144,341)	-	(12,144,341)
Health and Human Services	570,775	80,199	26,663	-	(463,913)	-	(463,913)
Culture and Recreation	763,922	13,173	163,638	-	(587,111)	-	(587,111)
Employee Benefits and Insurance	6,124,305	-	985,149	-	(5,139,156)	-	(5,139,156)
Intergovernmental Assessments	1,782,918	-	-	-	(1,782,918)	-	(1,782,918)
Interest	149,807	-	-	-	(149,807)	-	(149,807)
Total Governmental Activities	34,549,334	2,335,114	3,605,856	142,114	(28,466,250)	-	(28,466,250)
Business-Type Activities:							
Sewer	1,329,858	877,943	29,390	168,114	-	(254,411)	(254,411)
Water Works Fund	1,547,389	2,294,321	7,661	-	-	754,593	754,593
Total Primary Government	\$ 37,426,581	\$ 5,507,378	\$ 3,642,907	\$ 310,228	(28,466,250)	500,182	(27,966,068)
General Revenues:							
Property Taxes					28,313,335	-	28,313,335
Motor vehicle excise and other taxes					1,164,986	-	1,164,986
Hotel room occupancy, meals and cannabis taxes					1,661,342	-	1,661,342
Penalties & Interest on taxes					362,657	-	362,657
Grants & Contributions not restricted to specific programs					763,746	-	763,746
Unrestricted Investment Income					57,044	-	57,044
Miscellaneous					4,694	-	4,694
Contributions to Permanent Funds					7,875	-	7,875
Transfers, net					(121,859)	121,859	-
Total General Revenues, Contributions and Transfers					32,213,820	121,859	32,335,679
Change in Net Position					3,747,570	622,041	4,369,611
Net Position:							
Beginning of year					6,597,378	17,345,072	23,942,450
End of year					\$ 10,344,948	\$ 17,967,113	\$ 28,312,061

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

**TOWN OF TISBURY, MASSACHUSETTS
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2022**

	General Fund	School Renovation Fund	Roadway Improvement Fund	Community Preservation Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets:						
Cash and Cash Equivalents	\$ 17,582,940	\$ 6,343,840	\$ 3,286,141	\$ 3,627,443	\$ 6,328,063	\$ 37,168,427
Investments	3,940,385	-	-	-	864,779	4,805,164
Receivables, net of allowance for uncollectibles:						
Property Taxes	754,942	-	-	21,752	-	776,694
Tax Liens	552,970	-	-	16,451	-	569,421
Excise Taxes	179,902	-	-	-	-	179,902
Departmental	47,099	-	-	-	171,700	218,799
Due from Other Governments	12,439	-	-	-	947,965	960,404
Total Assets	\$ 23,070,677	\$ 6,343,840	\$ 3,286,141	\$ 3,665,646	\$ 8,312,507	\$ 44,678,811
Liabilities:						
Warrants Payable	\$ 822,348	\$ 1,350,742	\$ -	\$ 13,800	\$ 56,720	\$ 2,243,610
Accrued Payroll	672,958	-	-	-	3,632	676,590
Payroll Withholdings	330,705	-	-	-	-	330,705
Other	22,270	-	-	-	-	22,270
Unearned Revenue	-	-	-	-	214,361	214,361
Bond Anticipation Notes Payable	-	9,300,000	4,000,000	-	-	13,300,000
Total Liabilities	1,848,281	10,650,742	4,000,000	13,800	274,713	16,787,536
Deferred Inflows of Resources:						
Unavailable Revenue	1,124,352	-	-	38,203	1,062,020	2,224,575
Fund Balance:						
Nonspendable	-	-	-	-	659,482	659,482
Restricted	-	-	-	3,613,643	3,409,032	7,022,675
Committed	-	-	-	-	2,907,260	2,907,260
Assigned	6,912,850	-	-	-	-	6,912,850
Unassigned	13,185,194	(4,306,902)	(713,859)	-	-	8,164,433
Total Fund Balance	20,098,044	(4,306,902)	(713,859)	3,613,643	6,975,774	25,666,700
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 23,070,677	\$ 6,343,840	\$ 3,286,141	\$ 3,665,646	\$ 8,312,507	\$ 44,678,811

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, 2022**

	General Fund	School Renovation Fund	Roadway Improvement Fund	Community Preservation Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:						
Property Taxes	\$ 28,024,628	\$ -	\$ -	\$ 735,247	\$ -	\$ 28,759,875
Intergovernmental	1,332,671	-	-	454,132	1,034,017	2,820,820
Excise and Other Taxes	1,023,305	-	-	-	153,368	1,176,673
Hotel Room Occupancy, Meals and Cannabis Taxes	1,661,342	-	-	-	-	1,661,342
Licenses, Permits, Fees	1,555,086	-	-	-	-	1,555,086
Charges for Services	-	-	-	-	1,130,137	1,130,137
Gifts and Donations	-	-	-	-	-	-
Interest on Delinquent Taxes	356,289	-	-	6,368	-	362,657
Investment Income	57,044	-	-	-	(274)	56,770
Other	-	-	-	-	221,164	221,164
Intergovernmental - "On-behalf" Payments	984,891	-	-	-	-	984,891
Total Revenues	34,995,256	-	-	1,195,747	2,538,412	38,729,415
Expenditures:						
Current:						
General Government	2,630,282	-	-	519,891	683,302	3,833,475
Public Safety	4,575,509	-	-	-	210,555	4,786,064
Public Works	2,025,653	-	726,806	-	633,113	3,385,572
Education	13,304,375	4,032,667	-	-	242,059	17,579,101
Health and Human Services	651,211	-	-	-	10,153	661,364
Culture and Recreation	620,483	-	-	-	102,368	722,851
Employee Benefits and Insurance	5,951,296	-	-	-	60,256	6,011,552
Intergovernmental Assessments	1,782,918	-	-	-	-	1,782,918
Debt Service:						
Principal	724,739	-	-	-	-	724,739
Interest	116,488	-	-	-	6,242	122,730
Total Expenditures	32,382,954	4,032,667	726,806	519,891	1,948,048	39,610,366
Excess of Revenues Over (Under) Expenditures	2,612,302	(4,032,667)	(726,806)	675,856	590,364	(880,951)
Other Financing Sources (Uses):						
Operating Transfers In	518,950	-	-	-	210,000	728,950
Operating Transfers Out	(383,603)	-	-	-	(467,206)	(850,809)
Premium from Issuance of Bonds and Notes	-	25,765	10,874	-	42,181	78,820
Proceeds from the Issuance of Bonds and Notes	-	50,000	-	-	-	50,000
Total Other Financing Sources (Uses)	135,347	75,765	10,874	-	(215,025)	6,961
Net Change in Fund Balances	2,747,649	(3,956,902)	(715,932)	675,856	375,339	(873,990)
Fund Balances, Beginning of Year	17,350,395	(350,000)	2,073	2,937,787	6,600,435	26,540,690
Fund Balances, End of Year	\$ 20,098,044	\$ (4,306,902)	\$ (713,859)	\$ 3,613,643	\$ 6,975,774	\$ 25,666,700

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, 2022

Total Governmental Fund Balances		\$ 25,666,700
Capital Assets (net) used in governmental activities are not financial resources and therefore, are not reported in the funds.		24,798,025
Revenues are recognized on an accrual basis of accounting instead of a modified accrual basis.		2,224,575
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.		(6,268,766)
Long Term liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds:		
Bonds Payable	\$ (1,991,606)	
Leases Payable	(133,845)	
Net OPEB Liability	(31,536,964)	
Net Pension Liability	(1,514,611)	
Compensated Absences	<u>(806,719)</u>	(35,983,745)
In the statement of activities, interest is accrued on outstanding long term debt, whereas in governmental funds, interest is not reported until due.		<u>(91,841)</u>
Net Position of Governmental Activities		<u><u>\$ 10,344,948</u></u>

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, 2022

Net Change in Fund Balances - Total Governmental Funds \$ (873,990)

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	\$ 5,754,893	
Depreciation	<u>(1,320,678)</u>	4,434,215

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. (310,652)

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 and Lease Principal	767,037	
Net Amortization of Premium from Issuance of Bonds and Notes	78,820	
Premium from the Issuance of Bonds and Notes	(78,820)	
Proceeds from Issuance of Bonds and Notes	<u>(50,000)</u>	717,037

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	(42,571)	
Net Change in Net Other Post Employment Benefits Liability	7,238,560	
Net Change in Deferred Outflow/(Inflow) of Resources Related to OPEB	(8,783,850)	
Net Change in Net Pension Liability	2,542,901	
Net Change in Deferred Outflow/(Inflow) of Resources Related to Pensions	(1,110,364)	
Net Change in Accrued Interest	<u>(63,716)</u>	(219,040)

Change in Net Position of Governmental Activities \$ 3,747,570

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, 2022

Budgeted Amounts

	Budgeted Amounts			Actual Budgetary Basis	Amounts Carried Forward to Next Year	Variance with Final Budget Positive (Negative)
	Amounts Carried Forward from Prior Year	Original Budget	Final Budget			
Revenues:						
Property Taxes	\$ -	\$ 27,514,848	\$ 27,514,848	\$ 27,813,628	\$ -	\$ 298,780
Intergovernmental	-	1,048,791	1,048,791	1,332,671	-	283,880
Excise and Other Taxes	-	975,000	975,000	1,003,720	-	28,720
Hotel Room Occupancy, Meals and Cannabis Taxes	-	475,000	475,000	1,661,342	-	1,186,342
Licenses, Permits, Fees	-	990,000	990,000	1,555,086	-	565,086
Interest on Delinquent Taxes	-	185,000	185,000	356,289	-	171,289
Investment Income	-	25,000	25,000	38,615	-	13,615
Total Revenues	-	31,213,639	31,213,639	33,761,351	-	2,547,712
Expenditures:						
Current:						
General Government	973,361	3,353,103	4,282,300	2,630,282	1,106,914	545,104
Public Safety	936,717	4,683,119	5,617,223	4,575,509	839,684	202,030
Public Works	952,452	2,271,909	3,224,009	2,025,653	969,303	229,053
Education	1,506,718	13,478,320	14,985,038	13,304,375	1,437,391	243,272
Health and Human Services	18,020	684,687	702,707	651,211	1,114	50,382
Culture and Recreation	50,060	770,010	820,070	620,483	170,000	29,587
Employee Benefits and Insurance	25,000	5,496,367	5,546,367	4,966,405	926	579,036
Intergovernmental Assessments	-	1,554,820	1,554,820	1,782,918	-	(228,098)
Debt Service:						
Principal	-	824,739	824,739	724,739	-	100,000
Interest	-	119,664	119,664	116,488	-	3,176
Total Expenditures	4,462,328	33,236,738	37,676,937	31,398,063	4,525,332	1,753,542
Excess of Revenues Over (Under) Expenditures	(4,462,328)	(2,023,099)	(6,463,298)	2,363,288	(4,525,332)	4,301,254
Other Financing Sources (Uses):						
Operating Transfers In	-	718,944	687,750	743,950	-	56,200
Operating Transfers (Out)	-	(1,318,603)	(1,318,603)	(1,318,603)	-	-
Total Other Financing Sources (Uses)	-	(599,659)	(630,853)	(574,653)	-	56,200
Net Change in Budgetary Fund Balance	(4,462,328)	(2,622,758)	(7,094,151)	\$ 1,788,635	\$ (4,525,332)	\$ 4,357,454
Other Budgetary Items:						
Free Cash and Other Reserves	-	2,622,758	2,631,823			
Prior Year Encumbrances	4,462,328	-	4,462,328			
Total Other Budgetary Items	4,462,328	2,622,758	7,094,151			
NET BUDGET	\$ -	\$ -	\$ -			

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

TOWN OF TISBURY, MASSACHUSETTS
Reconciliation of Revenues and Expenditures
from Budgetary Basis to GAAP Basis
For the Year Ended June 30, 2022

	Revenues	Expenditures
Reported on a Budgetary Basis	\$ 33,761,351	\$ 31,398,063
<i>Adjustments:</i>		
Activity for Stabilization Fund Recorded in the General Fund for GAAP Purposes	38,014	-
Recognition of Intergovernmental Revenue - "on behalf payments"	984,891	-
Recognition of Expenditures - "on behalf payments"	-	984,891
Net Increase in Revenue from Recording 60-Day Receipts	211,000	-
	\$ 34,995,256	\$ 32,382,954
Reported on a GAAP Basis	\$ 34,995,256	\$ 32,382,954

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, 2022

	Business-Type Activities Enterprise Funds		
	Sewer Fund	Water Works Fund	Total
ASSETS			
CURRENT:			
Cash and Cash Equivalents	\$ 2,128,004	\$ 2,453,581	\$ 4,581,585
Investments	5,263	21,051	26,314
Receivables, net of allowance for uncollectibles:			
User Charges	364,437	75,748	440,185
Special Assessments	168,811	-	168,811
Due from Other Governments	139,791	-	139,791
Total current assets	<u>2,806,306</u>	<u>2,550,380</u>	<u>5,356,686</u>
NONCURRENT:			
Receivables, net of allowance for uncollectibles:			
Special Assessments	935,276	-	935,276
Due from Other Governments	136,019	-	136,019
Capital Assets, net of accumulated depreciation:			
Nondepreciable	-	381,600	381,600
Depreciable	7,037,677	10,226,244	17,263,921
Total noncurrent assets	<u>8,108,972</u>	<u>10,607,844</u>	<u>18,716,816</u>
Total Assets	<u>10,915,278</u>	<u>13,158,224</u>	<u>24,073,502</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	87,821	186,910	274,731
Deferred Outflows Related to OPEB	27,848	253,435	281,283
Total Deferred Outflows of Resources	<u>115,669</u>	<u>440,345</u>	<u>556,014</u>
LIABILITIES			
CURRENT:			
Warrants and Accounts Payable	51,444	36,714	88,158
Accrued Payroll	3,200	7,475	10,675
Accrued Interest	15,222	5,491	20,713
Compensated Absences	5,663	17,281	22,944
Bond Anticipation Notes Payable	920,000	-	920,000
Bonds Payable	480,188	98,922	579,110
Total current liabilities	<u>1,475,717</u>	<u>165,883</u>	<u>1,641,600</u>
NONCURRENT:			
Compensated Absences	1,154	29,363	30,517
Net OPEB Liability	140,892	1,359,756	1,500,648
Net Pension Liability	50,883	108,294	159,177
Bonds Payable	1,414,929	923,702	2,338,631
Total noncurrent liabilities	<u>1,607,858</u>	<u>2,421,115</u>	<u>4,028,973</u>
Total Liabilities	<u>3,083,575</u>	<u>2,586,998</u>	<u>5,670,573</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	165,817	352,907	518,724
Deferred Inflows Related to OPEB	46,671	426,435	473,106
Total Deferred Inflows of Resources	<u>212,488</u>	<u>779,342</u>	<u>991,830</u>
NET POSITION			
Net Investment in Capital Assets	4,487,655	9,585,220	14,072,875
Restricted for Capital Projects	584,540	8,162	592,702
Restricted for Special Assessments	1,915,867	-	1,915,867
Unrestricted	746,822	638,847	1,385,669
Total Net Position	<u>\$ 7,734,884</u>	<u>\$ 10,232,229</u>	<u>\$ 17,967,113</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, 2022**

	Business-Type Activities Enterprise Funds		
	Sewer Fund	Water Works Fund	Total
Operating Revenues:			
Charges for Services	\$ 821,065	\$ 2,102,814	\$ 2,923,879
Other	29,734	191,507	221,241
Total Operating Revenues	850,799	2,294,321	3,145,120
Operating Expenses:			
Salaries & Wages	216,362	475,704	692,066
Operating Expenses	654,423	717,620	1,372,043
Depreciation	400,184	327,833	728,017
Total Operating Expenses	1,270,969	1,521,157	2,792,126
Operating Income (Loss)	(420,170)	773,164	352,994
Non-Operating Revenues (Expenses):			
Interest Income	12	7,661	7,673
Special Assessments	27,144	-	27,144
Intergovernmental	197,492	-	197,492
Interest Expense	(58,889)	(26,232)	(85,121)
Total Non-Operating Revenues (Expenses)	165,759	(18,571)	147,188
Income (Loss) Before Operating Transfers	(254,411)	754,593	500,182
Operating Transfers:			
Transfer In	176,059	-	176,059
Transfer (Out)	(19,700)	(34,500)	(54,200)
Total Operating Transfers	156,359	(34,500)	121,859
Change in Net Position	(98,052)	720,093	622,041
Net Position at Beginning of Year	7,832,936	9,512,136	17,345,072
Net Position at End of Year	\$ 7,734,884	\$ 10,232,229	\$ 17,967,113

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, 2022**

	Business-Type Activities Enterprise Funds		
	Sewer Fund	Water Works Fund	Total
Cash Flows From Operating Activities:			
Receipts from Customers and Users	\$ 815,310	\$ 2,120,411	\$ 2,935,721
Receipts from Other Revenues	29,734	191,507	221,241
Payments to Vendors	(659,260)	(651,843)	(1,311,103)
Payments to Employees	(216,012)	(488,441)	(704,453)
Net Cash Provided by (Used for) Operating Activities	(30,228)	1,171,634	1,141,406
Cash Flows from Noncapital Financing Activities:			
Transfers from (to) Other Funds	156,359	(34,500)	121,859
Net Cash Provided by (Used for) Noncapital Financing Activities	156,359	(34,500)	121,859
Cash Flows from Capital and Related Financing Activities:			
Special Assessments	200,550	-	200,550
Intergovernmental	329,259	-	329,259
Acquisition and Construction of Capital Assets	(78,420)	(586,727)	(665,147)
Principal Payments on Bonds and Notes	(600,734)	(298,922)	(899,656)
Interest Expense	(69,687)	(27,856)	(97,543)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(219,032)	(913,505)	(1,132,537)
Cash Flows from Investing Activities:			
Investment Income	12	7,661	7,673
Proceeds/(Purchase) of Investments	(5,263)	(21,051)	(26,314)
Net Cash Provided by (Used for) Investing Activities	(5,251)	(13,390)	(18,641)
Net Increase (Decrease) in Cash and Cash Equivalents	(98,152)	210,239	112,087
Cash and Cash Equivalents at Beginning of Year	2,226,156	2,243,342	4,469,498
Cash and Cash Equivalents at End of Year	\$ 2,128,004	\$ 2,453,581	\$ 4,581,585

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

Operating Income (Loss)	\$ (420,170)	\$ 773,164	\$ 352,994
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	400,184	327,833	728,017
Deferred (Outflows)/Inflows of Resources Related to Pensions	44,615	116,831	161,446
Deferred (Outflows)/Inflows of Resources Related to OPEB	46,635	379,676	426,311
Change in Assets and Liabilities:			
Increase (Decrease) in Warrants Payable	7,609	(33,166)	(25,557)
Increase (Decrease) in Accrued Payroll	1,248	2,275	3,523
Increase (Decrease) in Compensated Absences	(898)	(15,012)	(15,910)
Increase (Decrease) in Net OPEB Liability	(42,761)	(341,165)	(383,926)
Increase (Decrease) in Net Pension Liability	(60,935)	(56,399)	(117,334)
Decrease (Increase) in User Charges Receivable	(5,755)	17,597	11,842
Total Adjustments	389,942	398,470	788,412
Net Cash Provided by (Used for) Operating Activities	\$ (30,228)	\$ 1,171,634	\$ 1,141,406

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, 2022**

	Other Post Employment Benefits Trust Fund	Private Purpose Trust Funds
ASSETS:		
Cash and Cash Equivalents	\$ -	\$ -
Investments	2,489,683	896,025
Total Assets	2,489,683	896,025
NET POSITION:		
Restricted for Other Postemployment Benefits	2,489,683	-
Held in Trust for Other Purposes	-	896,025
Total Net Position	\$ 2,489,683	\$ 896,025

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, 2022**

	Other Post Employment Benefits Trust Fund	Private Purpose Trust Funds
Additions:		
Employer Contributions	\$ 1,135,599	\$ -
Investment Income	(274,866)	(851)
Total Additions	860,733	(851)
Deductions:		
General Expenses	-	40,261
Employee Benefits and Insurance	985,599	-
Total Deductions	985,599	40,261
Change in Net Position	(124,866)	(41,112)
Net Position at Beginning of Year	2,614,549	937,137
Net Position at End of Year	\$ 2,489,683	\$ 896,025

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, 2022

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 2022, 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. The Town is indirectly liable for debt and other expenditures of the Districts and is assessed annually for its share of operating and capital costs. 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, 2022

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, 2022

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 *school renovation fund* is used to account for the renovation and expansion of the existing elementary school.

The *roadway improvement fund* is a capital projects fund used to account for the accumulation of resources to make improvements to the Town's sidewalks and roadways.

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.

TOWN OF TISBURY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2022

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.

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.

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.

TOWN OF TISBURY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2022

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.

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, 2021 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 2022 on June 28, 2021 that were due on August 2, 2021 and November 1, 2021 and the actual tax bills were mailed on December 24, 2021 and were due on February 1, 2022 and May 2, 2022, respectively.

TOWN OF TISBURY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2022

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 2022 is as follows:

Legal Levy Limit Under Proposition		
2 1/2 for fiscal year 2022	\$	27,315,489
Add: Debt Exclusion		903,486
Add: Stabilization override		185,000
Maximum Allowable Levy	\$	<u>28,403,975</u>

The total amount raised by taxation was \$27,761,287.

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.

TOWN OF TISBURY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2022

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.

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.

TOWN OF TISBURY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2022

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*.

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.

TOWN OF TISBURY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2022

“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.

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 is reported as liabilities in the government-wide and proprietary fund statement of net position. Material bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method.

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

TOWN OF TISBURY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2022

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.

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.

TOWN OF TISBURY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2022

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 Select Board and the finance committee.
- Select Board 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 . . ."

For fiscal year 2022, the Town incurred a final budget deficit of \$7,094,151 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	\$ 2,631,823
Prior year's encumbrances	<u>4,462,328</u>
	<u><u>\$ 7,094,151</u></u>

B. Deficit Fund Balances

The following funds have deficits at June 30, 2022 as measured by the balances of unassigned fund balance.

- The *School renovation* capital project funds have deficits totaling of \$4,306,902 (Tisbury School renovation of \$300,000 and the Tisbury School renovation and expansion of \$4,006,902). The Town have outstanding bond anticipation notes for \$9.3 million. The deficit will be eliminated upon the issuance of permanent debt.
- The *Roadway improvement* capital project fund has a deficit of \$713,859. The Town has an outstanding bond anticipation note for \$4 million. The deficit will be eliminated upon the issuance of permanent debt.

TOWN OF TISBURY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2022

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, 2022 were \$42,646,254. Of these, \$1,137,309 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.

As of June 30, 2022, the Town had the following investments:

Investment Type	Fair Value	Investment Maturities (in Years)	
		Less Than 1	1 to 5
Debt Securities:			
U. S. treasury obligations	\$ 1,038,945	\$ 373,547	\$ 665,398
U. S. government agencies	221,726	65,130	156,596
Corporate bonds	1,185,326	109,652	1,075,674
Money market mutual funds	375,525	375,525	-
	<u>2,821,522</u>	<u>\$ 923,854</u>	<u>\$ 1,897,668</u>
Other Investments:			
Certificate of deposits	197,705		
Equity mutual funds	2,043,039		
MMDT	665,237		
PRIT	2,489,683		
	<u>\$ 8,217,186</u>		

TOWN OF TISBURY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2022

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 \$8,217,186 in investments, none are uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department but not in the Town's name. The Town has no policy on custodial credit risk.

Interest Rate Risk

The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The Town's exposure to credit risk as of June 30, 2022 is as follows:

Related Debt Instruments	Fair Value
Moody's Quality Ratings	
<i>U. S. Treasury Obligations:</i>	
Aaa	\$ 1,038,945
<i>U. S. Government Agencies:</i>	
Aaa	201,720
Not rated	20,006
<i>Corporate Bonds:</i>	
Aaa	207,543
A1	113,392
A2	326,848
A3	99,995
Baa1	309,762
Baa2	127,786
<i>Money Market Mutual Funds:</i>	
Not rated	375,525
	\$ 2,821,522

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, 2022

The Town has the following recurring fair value measurements as of June 30, 2022:

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	\$ 1,038,945	\$ 1,038,945	\$ -	\$ -
U. S. government agencies	221,726	221,726	-	-
Certificates of deposit	197,705	197,705	-	-
Equity mutual funds	2,043,039	2,043,039	-	-
Money market mutual fund	375,525	375,525	-	-
Corporate bonds	1,185,326	-	1,185,326	-
	<u>5,062,266</u>	<u>\$ 3,876,940</u>	<u>\$ 1,185,326</u>	<u>\$ -</u>
Investments Measured at Amortized Cost:				
External Investment Pools (MMDT)	665,237			
External Investment Pools (PRIT)	<u>2,489,683</u>			
Total Investments	<u>\$ 8,217,186</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, 2022, receivables for the individual major governmental funds and non-major governmental funds in the aggregate, including the applicable allowances for uncollectible accounts of the primary government, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Major and nonmajor governmental funds:			
Property taxes	\$ 807,360	\$ (30,666)	\$ 776,694
Tax liens	673,926	(104,505)	569,421
Excise taxes	286,927	(107,025)	179,902
Departmental	872,491	(653,692)	218,799
Due from other governments	960,404	-	960,404
	<u>\$ 3,601,108</u>	<u>\$ (895,888)</u>	<u>\$ 2,705,220</u>

TOWN OF TISBURY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2022

At June 30, 2022, receivables for the business-type activities consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Sewer Fund:			
User charges	\$ 415,946	\$ (106,965)	\$ 308,981
Tax liens	55,456	-	55,456
Special assessments	1,104,087	-	1,104,087
Due from other governments	275,810	-	275,810
Water Works Fund:			
User charges	36,853	-	36,853
Tax liens	38,895	-	38,895
	\$ 1,927,047	\$ (106,965)	\$ 1,820,082

The composition of amounts due from other governments as of June 30, 2022 for governmental funds is as follows:

General Fund:			
Commonwealth of Massachusetts:			
Department of Veterans Services:			
Veterans Benefits		\$	12,439
Nonmajor Governmental Funds:			
U. S. Department of Agriculture			
School lunch	\$	18,531	
Commonwealth of Massachusetts:			
Department of Elementary and Secondary Education:			
School lunch		179	
Department of Fire Services:			
Firefighter Equipment Grant		12,500	
Massachusetts Department of Transportation:			
Highway Department - Chapter 90 funds		916,755	947,965
		\$	960,404

The composition of amounts due from other governments as of June 30, 2022 for business-type funds is as follows:

Sewer Fund:	
Commonwealth of Massachusetts:	
Massachusetts Clean Water Trust:	
Principal loan subsidy	\$ 275,810

TOWN OF TISBURY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2022

C. Deferred Inflows of Resources – Unavailable Revenue

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of deferred inflows of resources reported in the governmental funds are as follows:

General Fund:			
Property taxes	\$	331,942	
Tax liens		552,970	
Excise and other taxes		179,902	
Departmental		47,099	
Due from other governments		12,439	\$ 1,124,352
Community Preservation Fund:			
Property taxes		21,752	
Tax liens		16,451	38,203
Nonmajor governmental funds:			
Departmental		145,265	
Due from other governments		916,755	1,062,020
			\$ 2,224,575

D. Capital Assets

Capital asset activity for the year ended June 30, 2022, is as follows

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 5,062,745	\$ -	\$ -	\$ 5,062,745
Construction in Progress	479,576	4,217,742	(190,361)	4,506,957
Total capital assets not being depreciated	5,542,321	4,217,742	(190,361)	9,569,702
Capital assets being depreciated:				
Buildings and Renovations	22,318,913	245,596	-	22,564,509
Machinery, equipment and other	5,478,942	641,124	(283,289)	5,836,777
Infrastructure	7,718,561	840,792	-	8,559,353
Total capital assets being depreciated	35,516,416	1,727,512	(283,289)	36,960,639
Less accumulated depreciation for:				
Buildings and Renovations	13,352,085	590,311	-	13,942,396
Machinery, equipment and other	4,239,390	374,267	(283,289)	4,330,368
Infrastructure	3,103,452	356,100	-	3,459,552
Total accumulated depreciation	20,694,927	1,320,678	(283,289)	21,732,316
Total capital assets being depreciated, net	14,821,489	406,834	-	15,228,323
Total governmental activities capital assets, net	\$ 20,363,810	\$ 4,624,576	\$ (190,361)	\$ 24,798,025

TOWN OF TISBURY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2022

Business-Type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 381,600	\$ -	\$ -	\$ 381,600
Total capital assets not being depreciated	381,600	-	-	381,600
Capital assets being depreciated:				
Buildings and Renovations	1,876,490	-	-	1,876,490
Machinery, equipment and other	890,745	150,307	(55,250)	985,802
Infrastructure	25,069,637	476,731	-	25,546,368
Total capital assets being depreciated	27,836,872	627,038	(55,250)	28,408,660
Less accumulated depreciation for:				
Buildings and Renovations	267,930	47,281	-	315,211
Machinery, equipment and other	780,516	51,760	(55,250)	777,026
Infrastructure	9,423,525	628,977	-	10,052,502
Total accumulated depreciation	10,471,971	728,018	(55,250)	11,144,739
Total capital assets being depreciated, net	17,364,901	(100,980)	-	17,263,921
Total Business-type activities capital assets, net	\$ 17,746,501	\$ (100,980)	\$ -	\$ 17,645,521

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

Governmental Activities:

General government	\$ 102,179
Public safety	562,935
Public works	428,020
Education	120,842
Health and human services	11,339
Culture and recreation	95,363
Total depreciation expense - governmental activities	<u>\$ 1,320,678</u>

Business-Type Activities:

Sewer fund	\$ 400,184
Water works fund	327,834
Total depreciation expense - business-type activities	<u>\$ 728,018</u>

TOWN OF TISBURY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2022

E. Interfund Receivables, Payables and Transfers

Interfund transfers for the fiscal year ended June 30, 2022, are summarized below:

Transfers Out:	Transfers In:			Total
	General fund	Nonmajor Governmental fund	Business-type fund	
General fund	\$ -	\$ 210,000	\$ 173,603	\$ 383,603
Nonmajor governmental funds	467,206	-	-	467,206
Business-type fund	51,744	-	-	51,744
Total transfers out	<u>\$ 518,950</u>	<u>\$ 210,000</u>	<u>\$ 173,603</u>	<u>\$ 902,553</u>

F. Lease Liability

The Town has entered into a non-cancelable lease for the financing of Fire Department equipment. The lease agreements qualify as leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets, including any expiring in 2022, acquired through the capital leases are as follows:

Asset:	<u>Governmental Activities</u>
Machinery, Equipment and Other	\$ 223,180
Less: Accumulated Depreciation	(66,954)
Total	<u>\$ 156,226</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2022 are as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>
2023	\$ 47,037
2024	47,036
2025	47,037
Total minimum lease payments	<u>141,110</u>
Less: amount representing interest	(7,265)
Present value of minimum lease payments	<u>\$ 133,845</u>

TOWN OF TISBURY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2022

G. 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, 2021	Renewed/ Issued	Retired/ Redeemed	Outstanding June 30, 2022
Bond anticipation note:						
Tisbury School renovation	0.70%	8/13/2021	\$ 350,000	\$ -	\$ 350,000	\$ -
Tisbury School renovation	1.50%	2/17/2022	-	6,000,000	6,000,000	-
Roadway improvements	1.50%	2/17/2022	-	2,000,000	2,000,000	-
Tisbury School renovation	0.38%	8/12/2022	-	300,000	-	300,000
Tisbury School renovation	1.50%	8/16/2022	-	9,000,000	-	9,000,000
Roadway improvements	1.50%	8/16/2022	-	4,000,000	-	4,000,000
Total Governmental Activities			\$ 350,000	\$ 21,300,000	\$ 8,350,000	\$ 13,300,000

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, 2021	Renewed/ Issued	Retired/ Redeemed	Outstanding June 30, 2022
Bond anticipation note:						
Sewer Fund:						
Wastewater improvements	0.52%	1/21/2022	\$ 500,000	\$ -	\$ 500,000	\$ -
Wastewater Management Plan	0.52%	1/21/2022	150,000	-	150,000	-
Wastewater Management Plan	0.42%	1/21/2022	400,000	-	400,000	-
Wastewater improvements	0.55%	1/20/2023	-	400,000	-	400,000
Wastewater Management Plan	0.55%	1/20/2023	-	520,000	-	520,000
			1,050,000	920,000	1,050,000	920,000
Water Works Fund:						
Garage Facility	0.70%	8/13/2021	200,000	-	200,000	-
Total Business-type Activities			\$ 1,250,000	\$ 920,000	\$ 1,250,000	\$ 920,000

TOWN OF TISBURY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2022

H. Long Term Debt

General Obligation Bonds

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

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

	Interest Rate	Date Issued	Final Maturity Date	Original Amount Issued	Outstanding June 30, 2022
Inside Debt:					
Municipal Purpose Loan of 2010:					
Public safety facility construction	3.05%	3/15/2010	3/15/2025	\$ 6,800,000	\$ 1,650,000
Public safety facility design	2.90%	3/15/2010	3/15/2025	640,000	120,000
Municipal Purpose Loan of 2014:					
Harbor & Channel Dredging	2.0-3.0%	8/15/2014	8/15/2023	450,000	100,000
Tisbury School Roof	2.0-3.0%	8/15/2014	8/15/2023	275,000	60,000
Total Inside Debt					<u>1,930,000</u>
Outside Debt:					
Massachusetts Clean Water Trust:					
Title V Septic Repair Program	N/A	1/7/2015	1/15/2035	94,779	61,606
Total Outside Debt					<u>61,606</u>
Total governmental type debt					<u>\$ 1,991,606</u>

Future Debt Service

The annual principal and interest payments to retire all governmental type long term debt outstanding as of June 30, 2022, are as follows:

Year	Principal	Interest	Total
2023	\$ 674,739	\$ 65,888	\$ 740,627
2024	674,739	43,975	718,714
2025	594,739	22,125	616,864
2026	4,739	-	4,739
2027	4,739	-	4,739
2028-2032	23,694	-	23,694
2033-2035	14,217	-	14,217
	<u>\$ 1,991,606</u>	<u>\$ 131,988</u>	<u>\$ 2,123,594</u>

TOWN OF TISBURY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2022

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

	Interest Rate	Date Issued	Final Maturity Date	Original Amount Issued	Outstanding June 30, 2022
Inside Debt:					
Sewer Fund:					
Massachusetts Clean Water Trust:					
Wastewater treatment facility	N/A	11/6/2003	8/1/2023	\$ 7,482,332	\$ 907,602
Total Inside Debt					<u>907,602</u>
Outside Debt:					
Sewer Fund:					
U.S. Department of Agriculture (USDA):					
Centrifuge	3.38%	3/26/2014	3/26/2052	154,000	121,576
Wastewater Leaching Facility	1.75%	6/4/2021	6/1/2054	893,000	865,939
Water Works:					
Municipal Purpose Loan of 2012:					
Water mains	1.83%	11/1/2012	11/1/2027	400,000	150,000
Water mains	1.82%	11/1/2012	11/1/2027	513,000	195,000
Water storage tank	1.82%	11/1/2012	11/1/2027	292,000	110,000
U.S. Department of Agriculture (USDA):					
Water storage tank	2.75%	3/26/2014	3/26/2052	719,000	567,624
Total Outside Debt					<u>2,010,139</u>
Total business-type debt					<u><u>\$ 2,917,741</u></u>

Future Debt Service

The annual principal and interest payments to retire all business-type long-term debt outstanding as of June 30, 2022, are as follows:

Year	Principal	Interest	Total
2023	\$ 579,110	\$ 66,213	\$ 645,323
2024	588,564	40,866	629,430
2025	130,036	38,135	168,171
2026	125,036	35,380	160,416
2027	120,036	32,654	152,690
2028-2032	320,180	135,529	455,709
2033-2037	250,180	106,491	356,671
2038-2042	250,180	78,223	328,403
2043-2047	250,180	49,956	300,136
2048-2052	250,130	21,688	271,818
2053-2056	54,109	1,420	55,529
	<u>\$ 2,917,741</u>	<u>\$ 606,555</u>	<u>\$ 3,524,296</u>

TOWN OF TISBURY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2022

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

	Balance			Balance	Amounts Due
	July 1, 2021	Additions	Reductions	June 30, 2022	within One
					Year
Governmental activities:					
Bonds Payable:					
General obligation bonds	\$ 2,600,000	\$ -	\$ 670,000	\$ 1,930,000	\$ 670,000
Massachusetts Clean					
Water Trust bonds	66,345	-	4,739	61,606	4,739
Capital lease	176,143	-	42,298	133,845	-
Compensated absences	764,148	42,571	-	806,719	451,974
Net OPEB liability	38,775,524	-	7,238,560	31,536,964	-
Net pension liability	4,057,512	-	2,542,901	1,514,611	-
Governmental activity					
Long-term liabilities	\$ 46,439,672	\$ 42,571	\$ 10,498,498	\$ 35,983,745	\$ 1,126,713
Business-type activities:					
Bonds Payable:					
General obligation bonds	\$ 535,000	\$ -	\$ 80,000	\$ 455,000	\$ 80,000
U.S.D.A. bonds	1,605,175	-	50,036	1,555,139	84,903
Massachusetts Clean					
Water Trust bonds	1,347,222	-	439,620	907,602	414,207
Compensated absences	69,371	-	15,910	53,461	22,944
Net OPEB liability	1,884,574	-	383,926	1,500,648	-
Net pension liability	276,511	-	117,334	159,177	-
Business-type activity					
Long-term liabilities	\$ 5,717,853	\$ -	\$ 1,086,826	\$ 4,631,027	\$ 602,054

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 \$7,201,572 and interest costs of \$3,784,216 for tow loans which the Town has borrowed from MCWT. The gross amount outstanding at June 30, 2022 for principal and interest combined for the loans is \$991,824. The net repayments, including interest, are scheduled to be \$704,113. 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 2022 principal and interest subsidies totaled \$161,145.

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, 2022 totaled \$2,837,602.

TOWN OF TISBURY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2022

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, 2022:

Equalized Valuation-Real Estate and Personal Property (2022)		<u>\$ 3,667,871,800</u>
Debt Limit: 5 % of Equalized value		183,393,590
Total Debt Outstanding	\$ 4,909,347	
Less: Debt Outside Debt Limit	<u>(2,071,745)</u>	<u>2,837,602</u>
Inside Debt Excess Borrowing Capacity at June 30, 2022		<u>\$ 180,555,988</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, 2022 and are not reflected in the Town's financial statements are as follows:

Date Town Meeting Authorized	Purpose	Amount
4/23/2002	Rehabilitate and Replace Water Mains on Main Street and Beach Road	\$ 250,000
9/10/2002	Additional Costs of Wastewater Treatment System Improvements for the Town	394,967
9/10/2002	Additional Costs of Rehabilitating and Replacing Water Mains on Main Street and Beach Road	25,000
4/11/2012	Septic Management Upgrades	105,221
4/14/2015	Wastewater Engineering/Design Plans	70,000
4/25/2017	Road and Street improvements	400,000
6/13/2020	Wastewater Capacity Upgrades	6,000,000
6/12/2021	Roadway Improvements	1,000,000
6/13/2021	Renovation/expansion of Tisbury School	<u>46,000,000</u>
		<u>\$ 54,245,188</u>

TOWN OF TISBURY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2022

I. Fund Balances

The following is a summary of the Town's Governmental fund balances at the year ended June 30, 2022:

	General Fund	Major Funds	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:				
Permanent funds	\$ -	\$ -	\$ 659,482	\$ 659,482
Restricted:				
Federal, state and local grants	-	-	188,339	188,339
School revolving funds	-	-	438,396	438,396
Town revolving funds	-	-	111,042	111,042
Community preservation	-	3,613,643	-	3,613,643
Debt service	-	-	9,729	9,729
Donations and gifts	-	-	72,952	72,952
Permanent funds	-	-	901,242	901,242
Capital projects	-	-	202,419	202,419
Other	-	-	1,484,913	1,484,913
	-	3,613,643	3,409,032	7,022,675
Committed:				
Ambulance services	-	-	43,809	43,809
Embarkation fee fund	-	-	546,603	546,603
Employee benefits and Insurance	-	-	996,681	996,681
Shellfish trust	-	-	141,893	141,893
Transfer station	-	-	1,178,274	1,178,274
	-	-	2,907,260	2,907,260
Assigned:				
General government	1,106,914	-	-	1,106,914
Public safety	839,684	-	-	839,684
Public works	969,303	-	-	969,303
Education	1,437,391	-	-	1,437,391
Health and human services	1,114	-	-	1,114
Culture and recreation	170,000	-	-	170,000
Employee benefits and Insurance	926	-	-	926
Subsequent year's budget	2,387,518	-	-	2,387,518
	6,912,850	-	-	6,912,850
Unassigned:				
General Fund	13,185,194	-	-	13,185,194
Capital Projects	-	(5,020,761)	-	(5,020,761)
	13,185,194	(5,020,761)	-	8,164,433
Total Governmental fund balances	\$ 20,098,044	\$ (1,407,118)	\$ 6,975,774	\$ 25,666,700

TOWN OF TISBURY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2022

J. 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, 2022 the balances in the stabilization funds are reported in the General Fund as unassigned fund balance consisting of the following:

General purpose stabilization fund	\$	1,910,722
Ambulance stabilization fund		318,627
Capital stabilization fund		1,694,045
Department of Public Works stabilization		183,836
Dredge stabilization fund		122,323
Fire Department stabilization fund		181,457
Wick System stabilization fund		843
Window stabilization fund		5,274
		5,274
	\$	4,417,127

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, 2022, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2022.

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
Notes to the Financial Statements
Year Ended June 30, 2022

C. Subsequent Events

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

D. Pension Plan

Plan Description

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

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

Special Funding Situation

The Commonwealth is a nonemployer contributor and is responsible by statute to make all actuarially determined contributions and future benefit requirements on behalf of the Town to the MTRS. Therefore, the Town is considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributor in the MTRS. Since the Town does not contribute directly to MTRS, there is no pension liability to recognize. The total of the Commonwealth provided contributions have been allocated based upon each employer's covered payroll to the total covered payroll of employers in MTRS as of the measurement date of June 30, 2021. The Town's portion of the collective pension expense contributed by the Commonwealth of \$984,891 on-behalf payments for the fiscal year ending June 30, 2022 is reported as intergovernmental revenues and employee benefits and insurance expenditures in the General Fund.

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.

TOWN OF TISBURY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2022

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, 2021 was \$1,408,909, representing 19.70% 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, 2022, the Town reported a liability of \$1,673,788 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020. 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, 2021, the Town's proportional percentage was 18.150%, which is the same as the last measurement.

Pension Expense

For the year ended June 30, 2022, the Town recognized a pension expense of \$20,484 and reported deferred outflows of resources related to pensions of \$2,888,866 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 \$5,454,508 from the 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.

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

For years ended June 30,	
2023	\$ (613,166)
2024	(1,204,089)
2025	(547,699)
2026	(357,500)
Thereafter:	156,812
	<u>\$ (2,565,642)</u>

TOWN OF TISBURY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2022

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2020, using the following actuarial assumptions, applied to all periods included in the measurement that was updated December 31, 2021:

Valuation date	January 1, 2020
Actuarial cost method	Individual Entry Age Normal Cost Method
Amortization method	UAAL: Increasing dollar amount at 4.0% to reduce the Unfunded Actuarial Accrued Liability to zero on or before June 30, 2031. The annual increase in appropriation is further limited to 4.51% per year. 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 fair value of assets as of the valuation date reduced by the sum of: (a) 80% of gains and losses of the prior year, (b) 60% of gains and losses of the second prior year, (c) 40% of 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 fair value. The actuarial valuation of assets is further constrained to be not less than 80% or more than 120% of fair value.
Inflation	2.40% per year
Salary increases	General employees: 6.00% to 4.25%, based on years of service. Public safety: 7.00% to 4.75%, based on years of service.
Payroll Growth	3.25% per year
Investment rate of return	7.00%, net of pension plan investment expense, including inflation
Cost of living adjustments	3.00% of the first \$14,000 of the annual retirement allowance.
Mortality rates	Based on the RP-2014 Blue Collar Mortality Table with full generational mortality improvements using Scale MP-2020. For disabled members, based on the RP-2014 Blue Collar Mortality Table set forward one year with full generational mortality improvements using Scale MP-2020.

TOWN OF TISBURY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2022

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major class included in the pension plan's target asset allocation as of December 31, 2021, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	30.0%	9.1%
International equity	5.0%	6.6%
Real estate	5.0%	6.8%
PRIT Core	50.0%	6.8%
Fixed income	10.0%	2.2%
Total	<u>100.0%</u>	

Rate of Return

For the year ended December 31, 2021, the annual money-weighted rate of return (which expresses investment performance), net of investment expense was 18.66%. The money-weighted rate of return is calculated as the internal rate of return on pension plan investments, net of pension plan investment expense. A money-weighted rate of return expresses investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested. Inputs to the money-weighted rate of return calculation are determined monthly.

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and that contributions from participating employers will be made in accordance with Sections 22D and Section 22F of M.G.L. Chapter 32 and at rates equal to the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF TISBURY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2022

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 7.00%. 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 (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Town's net pension liability	\$ 7,078,288	\$ 1,673,788	\$ (2,895,164)

E. Other Post-Employment Benefits Payable

GASB Statement No. 74 and GASB Statement No. 75

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

Plan Description

In addition to providing pension benefits as described on the following footnote, the Town provided post-employment health care and life insurance benefits for retired employees, their dependents and beneficiaries. The benefits, benefit levels, employee and employer contributions are governed by Massachusetts General Law chapter 32. As of the actuarial valuation date there are approximately 261 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, 2022, investments, concentration and rate of return information consisted of pooled funds in the Town's Pension Reserve Investment Trust (PRIT) with Dukess 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, 2022 Measurement Date to Town premiums plus implicit costs for the retiree medical program were \$985,599. The Town also made a contribution to an OPEB Trust of \$150,000 for a total contribution during the measurement period of \$1,135,599. The Town did establish a trust fund in order to contribute funds to reduce the future OPEB liability. The trust balance is \$2,489,683 as of June 30, 2022.

TOWN OF TISBURY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2022

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, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2020.

Plan Membership:

Current active members	150
Current retirees, beneficiaries and dependents	111
Total	261

Net OPEB Liability

The components of the net OPEB liability are as follows:

	6/30/2022
Total OPEB liability	\$ 35,527,295
Less: Plan fiduciary net position	(2,489,683)
Town's Net OPEB liability	\$ 33,037,612
Plan fiduciary net position as a percentage of the total OPEB liability	7.01%

Actuarial Methods and Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2020, using the following actuarial assumptions, applied to all periods included in the measurement for the reporting date of June 30, 2022:

Valuation date	July 1, 2020
Actuarial cost method	Individual Entry Age Normal
Amortization method	Increasing at 3.5% over 30 years on an open amortization period for partial pre-funding.
Asset valuation method	Market value.
Investment rate of return	6.60%, compounded annually, net of fees.
Single Equivalent Discount rate	3.61%, compounded annually, for measurement as of June 30, 2022.
Healthcare cost trend rates	7.00% annually in Year 1 decreasing to an ultimate 4.0% annually.
Inflation	2.40% annually.
Payroll Growth	3.50% per year.

TOWN OF TISBURY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2022

Mortality rates: General and Public Safety employees:

Pre-retirement Mortality	Based on the RP-2014 Blue Collar Mortality Table projected with generational mortality improvement using Scale MP-2018.
Post-retirement Mortality	Based on the RP-2014 Blue Collar Mortality Table projected with generational mortality improvement using Scale MP-2018.

Mortality rates: Teachers:

Pre-retirement Mortality	Based on the PUB-2010 Teachers Headcount-Weighted Employee Mortality Table (base year 2010) projected with generational mortality using Scale MP-2020.
Post-retirement Mortality	Based on the PUB-2010 Teachers Headcount-Weighted Retiree Mortality Table (base year 2010) projected with generational mortality using Scale MP-2020.

The actuarial assumptions used the July 1, 2020 actuarial valuation and market value of assets as of the measurement date of June 30, 2022 were reflective of published municipal bond indices; the Bond Buyer 20-year GO Index is 3.54%.

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 weighting the expected future real rates of return by the target asset allocation percentage provided in the investment policy statement and by adding expected inflation. Best estimates of arithmetic real rates of return for each major class included in the target asset allocation as of June 30, 2022, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return *
Large Cap Equity	35.0%	5.08%
Middle Cap Equity	10.0%	5.06%
Small Cap Equity	10.0%	4.89%
International Equity	15.0%	6.09%
Real Estate	10.0%	2.65%
Fixed income	20.0%	1.36%
Total	<u>100.0%</u>	

* = Provided in the Dukes County Pooled OPEB Trust's investment policy statement.

Rate of Return

For the year ended June 30, 2022, the annual money-weighted rate of return (which expresses investment performance), net of investment expense was (10.26%). The money-weighted rate of return considers the changing amounts actually invested during a period and weights the amount of OPEB 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 OPEB plan investments to the ending fair value of OPEB plan investments.

TOWN OF TISBURY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2022

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Total OPEB Liability
Balances at June 30, 2021	\$ 43,274,647	\$ 2,614,549	\$ 40,660,098
Service cost	2,240,832	-	2,240,832
Interest on Total OPEB Liability	990,499	-	990,499
Changes in benefit terms	-	-	-
Changes in assumptions	(9,993,084)	-	(9,993,084)
Difference between actual and expected experience	-	-	-
Net investment income	-	(274,866)	274,866
Employer contributions to Trust	-	1,135,599	(1,135,599)
Total benefit payments including implicit cost	(985,599)	(985,599)	-
Net change in total OPEB liability	<u>(7,747,352)</u>	<u>(124,866)</u>	<u>(7,622,486)</u>
Balances at June 30, 2022	<u>\$ 35,527,295</u>	<u>\$ 2,489,683</u>	<u>\$ 33,037,612</u>

Discount Rate

The discount rate used to measure the total OPEB liability was 3.61%. The projection of cash flows used to determine the discount rate assumed that contributions from the Town will be made in accordance with the plan's funding policy. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be insufficient 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 the first seven periods of the projected future benefit payments and the Municipal Bond Rate was applied to all periods thereafter to determine the total OPEB liability.

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

The following presents the Town's net OPEB liability as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.61%) or 1-percentage-point higher (4.61%) than the current rate:

	1% Decrease (2.61%)	Current Discount Rate (3.61%)	1% Increase (4.61%)
	Town's net OPEB liability	\$ 39,596,649	\$ 33,037,612

TOWN OF TISBURY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2022

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 (6.0% decreasing to 3.0%) or 1-percentage-point higher (8.0% decreasing to 5.0%) than the current healthcare cost trend rates:

	1% Decrease (6.0% in Year 1 decreasing to 3.0%)	Healthcare Cost Trend Rates (7.0% in Year 1 decreasing to 4.0%)	1% Increase (8.0% in Year 1 decreasing to 5.0%)
Town's net OPEB liability	\$ 26,961,818	\$ 33,037,612	\$ 40,963,203

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, 2022, the GASB Statement No. 75 reporting period and fiscal year ending date, the Town recognized an OPEB expense of \$2,723,274 and reported deferred outflows of resources related to OPEB of \$6,069,806 from the changes in assumptions and from the differences between projected and actual earnings on OPEB plan investments; and deferred inflows of resources related to OPEB of \$10,208,746 from the differences between expected and actual experience, changes in assumptions and from the differences between projected and actual earnings on OPEB plan investments.

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,	
2023	\$ (3,401)
2024	(56,471)
2025	(750,170)
2026	(1,634,423)
2027	(1,661,277)
Thereafter:	(33,198)
	\$ (4,138,940)

F. Implementation of New GASB Pronouncements

The GASB issued Statement No. 87, *Leases*, for implementation in fiscal year 2022. The adoption of this standard did not have a material impact on the Town's financial statements.

TOWN OF TISBURY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2022

The GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, for implementation in fiscal year 2022. The adoption of this standard did not have a material impact on the Town's financial statements.

The GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*, for implementation in fiscal 2022. The adoption of this standard did not have a material impact on the Town's financial statements.

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. The adoption of this standard did not have a material impact on the Town's financial statements.

The GASB issued Statement No. 98, *The Annual Comprehensive Financial Report*, for implementation in fiscal year 2022. The adoption of this standard did not have a material impact on the Town's financial statements.

G. Future GASB Pronouncements

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

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

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. 99, *Omnibus 2022*, clarification on GASB No. 34 Management's Discussion and Analysis; on GASB No. 63 Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position; requirements related to leases and requirements related to derivative instruments for implementation in fiscal year 2023 and 2024.

The GASB issued Statement No. 100, *Accounting Changes and Error Corrections—An Amendment of GASB No. 62*, for implementation in fiscal year 2024.

The GASB issued Statement No. 101, *Compensated Absences*, for implementation in fiscal year 2025.

REQUIRED SUPPLEMENTARY INFORMATION

**TOWN OF TISBURY, MASSACHUSETTS
Required Supplementary Information
Pension Plan Schedules
Dukes County Contributory Retirement System
For the Year Ended June 30, 2022**

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:

Measurement Date	Town's proportion of the net pension liability (asset)	Town's proportionate share of the net pension liability (asset)	Town's covered employee payroll	Net pension liability percentage of covered employee payroll	Plan fiduciary net position as a percentage of the total pension liability
12/31/2021	18.150%	\$ 1,673,788	\$ 7,152,885	23.40%	96.41%
12/31/2020	18.150%	\$ 4,334,023	\$ 6,768,925	64.03%	89.76%
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, 2022

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:

Measurement Date	Actuarially determined contribution	Less: Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Town's covered employee payroll	Contributions percentage of covered employee payroll
12/31/2021	\$ 1,408,909	\$ (1,408,909)	\$ -	\$ 7,152,885	19.70%
12/31/2020	\$ 1,289,274	\$ (1,289,274)	\$ -	\$ 6,768,925	19.05%
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, 2022

Schedule of Changes in the Net OPEB Liability:

	<u>6/30/2022</u>	<u>6/30/2021</u>	<u>6/30/2020</u>
Total OPEB liability			
Service cost	\$ 2,240,832	\$ 2,401,887	\$ 1,706,778
Interest on net OPEB liability	990,499	963,645	1,174,938
Changes in Benefit terms	-	-	(933,511)
Changes in Assumptions	(9,993,084)	454,643	8,586,051
Difference between actual and expected experience	-	(844,355)	-
Benefit payments, including refunds of member contributions	(985,599)	(1,024,112)	(1,016,817)
Net change in total OPEB liability	(7,747,352)	1,951,708	9,517,439
Total OPEB liability-beginning	43,274,647	41,322,939	31,805,500
Total OPEB liability-ending (a)	\$ 35,527,295	\$ 43,274,647	\$ 41,322,939
Plan fiduciary net position			
Net investment income	\$ (274,866)	\$ 586,869	\$ 75,289
Employer contributions to Trust	1,135,599	1,174,112	1,166,817
Benefit payments, including refunds of member contributions	(985,599)	(1,024,112)	(1,016,817)
Net change in plan fiduciary net position	(124,866)	736,869	225,289
Total fiduciary net position-beginning	2,614,549	1,877,680	1,652,391
Total fiduciary net position-ending (b)	\$ 2,489,683	\$ 2,614,549	\$ 1,877,680
Town's net OPEB liability (a-b)	\$ 33,037,612	\$ 40,660,098	\$ 39,445,259

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, 2022

Schedule of Changes in the Net OPEB Liability:

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

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

TOWN OF TISBURY, MASSACHUSETTS
Required Supplementary Information
Other Post Employment Benefit Plan Schedules
For the Year Ended June 30, 2022

Schedule of Net OPEB Liability:

	<u>6/30/2022</u>	<u>6/30/2021</u>	<u>6/30/2020</u>
Total OPEB liability	\$ 35,527,295	\$ 43,274,647	\$ 41,322,939
Less: Plan fiduciary net position	<u>(2,489,683)</u>	<u>(2,614,549)</u>	<u>(1,877,680)</u>
Town's Net OPEB liability	<u>\$ 33,037,612</u>	<u>\$ 40,660,098</u>	<u>\$ 39,445,259</u>
Plan fiduciary net position as a percentage of the total OPEB liability	7.01%	6.04%	4.54%
Town's share of covered employee payroll	\$ 11,647,624	\$ 11,340,133	\$ 10,799,364
Participating employer net OPEB liability (asset) as a percentage of covered-employee payroll	283.64%	358.55%	365.26%

Schedule of Contributions:

	<u>6/30/2022</u>	<u>6/30/2021</u>	<u>6/30/2020</u>
Actuarially determined contribution	\$ 3,436,465	\$ 3,572,791	\$ 2,817,172
Less: Contributions in relation to the actuarially determined contribution	<u>(1,135,599)</u>	<u>(1,174,112)</u>	<u>(1,166,817)</u>
Contribution deficiency (excess)	<u>\$ 2,300,866</u>	<u>\$ 2,398,679</u>	<u>\$ 1,650,355</u>
Town's share of covered employee payroll	\$ 11,647,624	\$ 11,340,133	\$ 10,799,364
Contributions percentage of covered-employee payroll	9.75%	10.35%	10.80%
Annual money-weighted rate of return net of investment expense	-10.26%	30.13%	4.56%

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, 2022

Schedule of Net OPEB Liability:

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

Schedule of Contributions:

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

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

TOWN OF TISBURY, MASSACHUSETTS
Required Supplementary Information
Other Post Employment Benefit Plan Schedules
For the Year Ended June 30, 2022

Schedule of Funding Progress:

Other Post Employment Benefits							
Actuarial Measurement Date	Actuarial Fiduciary Net Position (A)	Actuarial Total OPEB Liability (B)	Actuarial Net OPEB Liability (B-A)	Actuarial Funded Ratio (A/B)	Actuarial Covered Payroll (C)	Actuarial Percentage of Covered Payroll ((B-A)/C)	
6/30/2022	\$ 2,489,683	\$ 35,527,295	\$ 33,037,612	7.01%	\$ 11,647,624	283.64%	
6/30/2021	\$ 2,614,549	\$ 43,274,647	\$ 40,660,098	6.04%	\$ 11,340,133	358.55%	
6/30/2020	\$ 1,877,680	\$ 41,322,939	\$ 39,445,259	4.54%	\$ 10,799,364	365.26%	
6/30/2019	\$ 1,652,391	\$ 31,805,500	\$ 30,153,109	5.20%	\$ 9,530,204	316.40%	
6/30/2018	\$ 1,277,656	\$ 29,164,430	\$ 27,886,774	4.38%	\$ 9,673,251	288.29%	
6/30/2017	\$ -	\$ 29,591,612	\$ 29,591,612	0.00%	\$ 7,337,024	403.32%	

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 SCHEDULE

**TOWN OF TISBURY, MASSACHUSETTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022**

	Fund Balances July 1, 2021	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2022
Special Revenue:					
Federal and State Grants:					
School Grants	\$ -	\$ 4,235	\$ -	\$ -	\$ 4,235
Community Development Block Grants	-	400,000	400,000	-	-
Council on Aging Grants	39,381	11,280	3,259	-	47,402
Emergency Management Grants	81,300	-	4,594	-	76,706
Energy Grants	13,407	-	-	-	13,407
Library Grants	4,456	8,590	12,322	-	724
Other Grants and Programs	20,774	19,000	25,554	-	14,220
Public Safety Grants	4,319	35,663	33,494	(2,000)	4,488
Recycling Grant	5,481	4,800	-	-	10,281
Septic Grants	9,840	-	-	-	9,840
Tashmoo Grants	-	7,036	-	-	7,036
Schools:					
School Lunch Program	-	197,041	124,428	-	72,613
School Choice Tuition	270,460	77,805	400	-	347,865
School Revolving	7,166	1,002	1,586	-	6,582
Special Education Reimbursement Fund	57,172	-	57,172	-	-
Student Activity	16,375	51,885	56,924	-	11,336
Other:					
Ambulance Transport Fund	43,809	-	-	-	43,809
Cable Television Franchise Fee	22,187	144,409	109,727	-	56,869
Dog Licenses Revolving	29,670	3,559	-	-	33,229
Economic Development Fund	32,470	-	-	-	32,470
Gifts and Donations	97,090	8,231	32,369	-	72,952
Insurance reimbursements	5,895	46,967	46,967	-	5,895
Landfill Trash Fees	126,213	84,511	-	(100,000)	110,724
Total Special Revenue Page 74	\$ 887,465	\$ 1,106,014	\$ 908,796	\$ (102,000)	\$ 982,683

**TOWN OF TISBURY, MASSACHUSETTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022**

	Fund Balances July 1, 2021	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2022
Continued from Page 74	\$ 887,465	\$ 1,106,014	\$ 908,796	\$ (102,000)	\$ 982,683
Special Revenue (Continued):					
Other (Continued):					
Library Book Replacement	346	900	1,018	-	228
Parks and Recreation Revolving	46,022	11,125	-	-	57,147
Planning Board Escrow Funds	31,790	25,030	4,875	-	51,945
Police Auctions	562	-	-	-	562
Police Off-Duty Details	6,449	67,822	66,945	-	7,326
Premium and Interest on Bonds	15,972	-	48,424	42,181	9,729
Sale of Cemetery Lots	132,790	2,625	-	-	135,415
Septic System Repair Programs	284,465	20,207	2,300	-	302,372
Special Event Fund	16,413	47,500	13,712	-	50,201
Steamship Authority Ferry Embarkation Fees	493,898	265,255	-	(212,550)	546,603
Tashmoo Spring Building Revolving	21,343	8,250	8,927	-	20,666
Transfer Station Fund	998,861	74,679	5,990	-	1,067,550
Transportation Infrastructure	11,665	2,784	-	-	14,449
Trash Disposal Fees	-	574,455	574,455	-	-
Waterways Fund	341,679	153,408	-	(150,200)	344,887
Luce Fund	746,861	148,822	64,478	-	831,205
Municipal Housing Fund	216,130	359	1,027	35,000	250,462
Municipal Insurance Fund	148,731	140	46,630	75,000	177,241
Nancy Hamilton Fund	31,672	17	-	-	31,689
Shellfish Fund	159,055	12,760	29,922	-	141,893
Sick Leave Buy Back Fund	712,416	440	108,522	50,000	654,334
Unemployment Fund	128,615	118	13,627	50,000	165,106
Water Street Parking Lot Fund	221,730	10,103	-	-	231,833
Total Special Revenue Funds	\$ 5,654,930	\$ 2,532,813	\$ 1,899,648	\$ (212,569)	\$ 6,075,526

**TOWN OF TISBURY, MASSACHUSETTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022**

	Fund Balances July 1, 2021	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2022
Capital Projects:					
Connector Road	\$ 22,138	\$ -	\$ -	\$ -	\$ 22,138
Departmental Equipment	143	-	-	-	143
Land Acquisition-Aquifer	4,689	-	-	-	4,689
Landfill	32,099	-	-	-	32,099
Lighting Improvements	10,488	-	-	-	10,488
Other	2,456	-	-	(2,456)	-
Park and Ride System	104,360	-	-	-	104,360
Police/Ambulance Facility	4,038	-	-	-	4,038
Sidewalk Construction	7,578	-	-	-	7,578
Tashmoo Beach Restrooms	16,635	-	-	-	16,635
Veterans Park	250	-	-	-	250
Total Capital Projects	204,874	-	-	(2,456)	202,418
Perpetual Permanent Funds:					
A&P Supermarket Parking Lot Escrow	100,000	-	-	-	100,000
Cemetery	363,130	7,876	-	-	371,006
Library	186,415	2,061	-	-	188,476
Total Perpetual Permanent Funds	649,545	9,937	-	-	659,482
Permanent Funds:					
A&P Supermarket Parking Lot Escrow	21,103	64	-	-	21,167
Cemetery	49,313	(5,885)	48,400	-	(4,972)
Library	20,670	1,483	-	-	22,153
Total Permanent Funds	91,086	(4,338)	48,400	-	38,348
Total - Non-Major Governmental Funds	\$ 6,600,435	\$ 2,538,412	\$ 1,948,048	\$ (215,025)	\$ 6,975,774

**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 Select Board
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, 2022, and the related notes to the financial statements, which collectively comprise the Town of Tisbury, Massachusetts' basic financial statements, and have issued our report thereon dated February 6, 2023.

Report on 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) as a basis for designing 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.

Report on 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 financial statements. 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

February 6, 2023