

# **Town of Harwich**

**MASSACHUSETTS**

## **ANNUAL COMPREHENSIVE FINANCIAL REPORT**



Nantucket Sound

**For the Fiscal Year Ended June 30, 2022**

Prepared By:  
Ann Marie Ellis, Finance Director



Harwich and Chatham Fire

# **The Town of Harwich, Massachusetts**

## **Annual Comprehensive Financial Report**



**For the Year  
July 1, 2021 through June 30, 2022**

Prepared by the Finance Department

# ***Town of Harwich, Massachusetts***

## ***Annual Comprehensive Financial Report***

***Year Ended June 30, 2022***

### ***Table of Contents***

---

<b>INTRODUCTORY SECTION .....</b>	<b>1</b>
Letter of Transmittal .....	3
Principal Executive Officers as of June 30, 2022 .....	8
Organizational Chart .....	9
Certificate of Achievement of Excellence in Financial Reporting .....	10
<b>FINANCIAL SECTION .....</b>	<b>11</b>
Independent Auditor's Report .....	13
Management's Discussion and Analysis .....	16
Basic Financial Statements .....	26
Government-Wide Financial Statements .....	27
Statement of Net Position .....	27
Statement of Activities .....	28
Fund Financial Statements .....	30
Governmental Funds – Balance Sheet .....	30
Reconciliation of the Governmental Funds Balance Sheet Total Fund Balances to the Statement of Net Position .....	31
Governmental Funds – Statement of Revenues, Expenditures and Changes in Fund Balances .....	32
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	33
Proprietary Funds – Statement of Net Position .....	34
Proprietary Funds – Statement of Revenues, Expenses and Changes in Net Position .....	35
Proprietary Funds – Statement of Cash Flows .....	36
Fiduciary Funds – Statement of Fiduciary Net Position .....	37
Fiduciary Funds – Statement of Changes in Fiduciary Net Position .....	38
Notes to Basic Financial Statements .....	39
Required Supplementary Information .....	76
General Fund Budgetary Comparison Schedule .....	77
General Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budgetary Basis – Budget and Actual .....	78
Community Preservation Fund Budgetary Comparison Schedule .....	82

Community Preservation Fund – Schedule of Revenues, Expenditures and Changes in Fund	
Balance – Budgetary Basis – Budget and Actual .....	83
Pension Plan Schedules .....	84
Schedule of the Town's Proportionate Share of the Net Pension Liability .....	85
Schedule of Town's Contributions .....	86
Other Postemployment Benefit Plan Schedules .....	87
Schedule of Changes in the Town's Net OPEB Liability and Related Ratios .....	88
Schedule of the Town's Contributions .....	89
Schedule of Investment Returns .....	90
Notes to Required Supplementary Information .....	91
Other Supplementary Information .....	96
Combining Statements .....	97
Nonmajor Governmental Funds .....	98
Nonmajor Governmental Funds - Combining Balance Sheet .....	100
Nonmajor Governmental Funds - Combining Statement of Revenues, Expenditures and Changes in Fund Balances .....	104
<b>STATISTICAL SECTION .....</b>	<b>107</b>
Net Position by Component .....	108
Changes in Net Position .....	109
Fund Balances, Governmental Funds .....	110
Changes in Fund Balances, Governmental Funds .....	111
Assessed Value and Actual Value of Taxable Property by Classification and Tax Rates .....	112
Principal Taxpayers .....	113
Property Tax Levies and Collections .....	114
Ratios of Outstanding Debt by Type .....	115
Ratios of General Bonded Debt Outstanding .....	116
Direct and Overlapping Governmental Activities Debt .....	117
Computation of Legal Debt Margin .....	118
Demographic and Economic Statistics .....	119
Principal Employers (excluding Town) .....	120
Full-time Equivalent Town Employees by Function .....	121
Operating Indicators by Function/Program .....	122
Capital Assets Statistics by Function/Program .....	123

# ***Introductory Section***



Fish House on Herring River

# ***Introductory Section***

This page intentionally left blank.

# TOWN OF



# HARWICH

*Harwich, Massachusetts  
02645*

## **Letter of Transmittal**

February 28, 2023

To the Members of the Board of Selectmen and Citizens of the Town of Harwich:

Annually, the Town of Harwich utilizes the services of an external auditor to perform, under contract, an audit of the financial records of the Municipality and the Federal and State single audits. Independent audits play a vital role to the Town by helping to preserve the integrity of the public finance functions and by maintaining citizens' confidence in their elected and appointed leaders.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Powers & Sullivan, LLC Certified Public Accountants, have issued an unmodified ("clean") opinion on the Town of Harwich's financial statements for the year ended June 30, 2022. The independent auditor's report is located at the front of the financial section of this report. Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

## ***Profile of the government***

The Town of Harwich, incorporated in 1694, is located on the south side of the Cape Cod peninsula, made up of seven villages, with an extensive shoreline on Nantucket Sound. It currently occupies 21 square miles and serves a population of 13,709. The Town of Harwich is empowered to levy a property tax on real estate and personal property located within its boundaries.

The Town of Harwich operates under the traditional Open Town Meeting form of government. Policy-making and legislative authority are vested in the Board of Selectmen consisting of five members, all of whom are elected at large. Select members serve three-year terms, with one to two members elected each year. The Board of Selectmen appoints the Town of Harwich's Town Administrator, Finance Director, Police and Fire Chiefs, the Town Administrator in turn appoints department heads.

The Town of Harwich provides a full range of services, including police and fire protection; transfer station; snow and ice removal; traffic control; on- and off-street parking; building inspections; licenses and permits; vital statistics; the construction and maintenance of highways, streets, and other infrastructure; recreational and cultural activities; library services; council on aging; and harbor services. Water distribution services are accounted for in an enterprise fund with separate Water/Wastewater Commissioners. Water/Wastewater Division function as a department of the Town of Harwich and therefore has been included as an integral part of the Town of Harwich's financial statements.

At the Annual Town Meeting a budget is adopted which typically precedes the beginning of the fiscal year on July 1. The annual budget serves as the foundation for the Town of Harwich's financial planning and control. The budget is prepared by fund, function (e.g., public safety), department (e.g., police), and legal level of spending (e.g. salaries, expenditures and capital). Department heads may transfer resources within a department. Transfers between departments, however, need special approval from the governing council.

### ***Local economy***

Harwich was settled around 1665 and incorporated in 1694. Its early economy included agriculture and maritime industries and its history has included boom and bust cycles from the earliest days of the community.

When the whaling industry collapsed with the discovery of oil, the community's emphasis shifted to cod fishing. By 1802, 15 to 20 ships were shore fishing and another four ships were cod fishing in Newfoundland and Labrador, and by 1851, there were 48 ships employing 577 men and bringing in thousands of tons of cod and mackerel. The eventual decline of the fishing industry in Harwich, by the latter part of the 19th century, was caused by increases in the size of ships which eventually outstripped the shallow port's ability to house them. Residents turned to the development of cranberry bogs and resorts for summer visitors, working side-by-side with Portuguese immigrants. The first resort hotel opened in 1880 and both the cranberry and the tourist industries remain substantial parts of Harwich's economy in the present.

The Town of Harwich is located approximately 80 miles from the city of Boston. The Town of Harwich is headquarters for many medical, technology, hospitality businesses, and functions as a major regional shopping center for the surrounding communities. Major industries located within the government's boundaries, or in close proximity, include medical facilities, manufacturers of computer hardware and software, retail stores, and several financial institutions and insurance companies. Two regional school districts and the Town of Harwich also have a significant economic presence; employing in total more than 800 teachers, professionals, and support staff.

Because of its location in a region with a varied economic base and prior to COVID-19, unemployment has been relatively stable. During the past ten years, the unemployment rate fell from an initial high of 10.2 percent (2009) to a decade low of 3.1 percent for the 2021 fiscal year. There was a slight increase to 4.0 percent in fiscal year 2022. When the Governor declared a state of emergency on March 10, 2020, businesses shuttered ranging from retail to construction causing unemployment rates to increase substantially. Since this time employment has rebounded causing scarcity in numbers of available workers to support this resort community.

Median household income within the Town of Harwich are slightly lower than those for the county and slightly lower than the state as a whole. According to the five year average (2017 – 2021) estimate, the government's median household income was \$79,641, the county's was \$82,619, while the state's was \$89,026. Housing prices in the vicinity of the Town of Harwich continue to remain strong boasting an overall 9.82% increase in FY 22, effectively doubling the results in a little as two years. At the end of the second quarter of 2022, the median value of a single family home in the vicinity of the Town of Harwich was \$486,500. Due to COVID-19, the Town experienced a surge of full time residents ranging in new residential home sales to conversion of summer vacation homes for full time residency.

The Town's credit rating was upgraded in May 2019 to AAA stable rating by Standard & Poor's. The rating reflects Harwich's consecutive years of positive operating results leading to very strong reserves stemming from increased operating revenue, which is in turn based on its favorable location along southeast Cape Cod with high-end development and redevelopment. Standard & Poor's highlighted numerous areas of strength from the Town's management and budgetary performance to a strong liquidity position with appropriate management policies and practices.

The Town has not entered the bond market since the emergency order was enacted due to the onset of the Coronavirus. While the Town received a stable rating by Standard & Poor's that may or may not change due to the unprecedented circumstances in 2020/2021 and those that may present themselves in the future.

Over the past three years, the government has experienced a period of significant economic growth and investment. More than \$19.2 million in new commercial, mixed use and residential development has been completed or is in various phases of development throughout the Town. This development, the presence of retail and service industries, and the presence of recreational, educational and health facilities has even further strengthened the Town of Harwich's already strong economic base.

Harwich's small town character, extensive shoreline, rich historical connection to the sea, and rural nature have continued to lure visitors over the years – some who arrive for extended periods in the summer, others who have decided to purchase second homes, and those searching for a place to retire. Like most communities on the Cape, living in Harwich is expensive. Housing prices previously declined somewhat since the recession, since then the market has been rebounding and values have exceeded pre-recession levels with the median single-family house priced at \$468,500, still out of reach for many year-round residents. Harwich has been evolving into more of a year-round community, its economy continues to depend on second-home owners and summer visitors. Seasonal employment--such as retail trade, accommodations, and food services--accounts for a large portion of the local employment base.

The Town is heavily reliant on real estate taxes as the major funding source for Town operations. In fiscal year 2022 the Town collected 98.8% of estimated real estate tax collections, an impressive feat. For fiscal year 2022 the Town continues to maintain reduced estimates for local receipts. The largest reductions coming from various excise taxes and fees for the use of recreational facilities.

The extension of a ban on J-1 and H-2B visas left this resort community with further challenges. The inability to open indoor dining for an extended period, while reeling from total recent shutdowns, left business owners and managers with limited resources that were already strained. The Town has worked closely with local businesses to provide information and open communication avenues to support and reduce, to the extent possible, the ongoing effects of the pandemic.

On March 27, 2020, the President of the United States signed into law the federal Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"). In conjunction with three other pieces of federal legislation adopted to address the COVID-19 pandemic, the CARES Act created or expanded over 100 federal funding opportunities for state and local governments. The Town of Harwich is the recipient of CARES Act relief, FEMA funding, and Medicaid funding for eligible expenses to combat the unanticipated costs as a result of the public health emergency.

Most notably, the CARES Act created the federal Coronavirus Relief Fund administered by the U.S. Department of the Treasury with oversight provided by the U.S. Treasury Office of Inspector General. The federal CARES Act relief included \$150 billion for state and local governments allocated on a per capita basis. The Commonwealth of Massachusetts received approximately \$2.67 billion, with approximately \$1.069 million provided directly to the Town of Harwich. These funds have been critical to mitigating the Town's costs of the COVID-19 response and have, in part, made it possible to sustain services to the residents which include feeding programs for the Council on Aging's targeted population, recreation enforcement personnel to administer safety protocols and funding to support emergency operations.

The Town of Harwich is fortunate to have a number of local and regional housing agencies and organizations involved in providing affordable housing. The Harwich Housing Authority owns and manages 20 units of subsidized housing and partnered with the Community Development Partnership on the Main Street

Extension/Thankful Chases Pathway project with another 12 units. It is also working with the Town on managing a number of local initiatives.

At the Annual Town Meeting of 2018 voters approved the declaration of the Harwich Affordable Housing Trust. The purpose of the trust is to provide for the preservation and creation of affordable housing in the Town of Harwich for the benefit of low and moderate income households. Annual Town Meeting of 2019 authorized the transfer of five parcels of land to the care, custody and control of the Trust for affordable housing. In 2021, the Affordable Housing Trust purchased a total of six adjacent parcels to support efforts to provide affordable housing. The Town of Harwich also has experience in working with non-profit housing providers such as the Harwich Ecumenical Council on Housing (HECH), Habitat for Humanity of Cape Cod, the Community Development Partnership (CDP), and Housing Assistance Corporation (HAC). The Board of Selectmen are committed to aggressively pursue the creation of affordable and workforce housing.

It will be important for the Town to continue to establish vital partnerships with developers, for profit and non-profit, and build its capacity to promote new affordable units by aggressively reaching out for necessary technical and financial resources in addition to securing the essential political support for new housing initiatives.

### ***Long-term financial planning and major initiatives***

Unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) in the general fund at year end was 20.4 percent of total general fund revenues; an increase of 1.8 percent from the prior fiscal year. The Town remains committed to building healthy and consistent stabilization and other postemployment benefits reserves to support current and future liabilities, while providing for future budgetary flexibility.

By charter, the Town of Harwich maintains a five-year Capital Improvement Program which serves as its planning document to ensure that its facilities, equipment, and infrastructure are well maintained and operating in peak condition. Under the guidance of the Capital Outlay Committee, this process gives the Town of Harwich the ability to plan for its capital needs and allocate short- and long-term resources appropriately. As part of this process, the government identifies and quantifies the operational costs associated with its capital projects and budgets resources accordingly. The fiscal year 2021-2027 Capital Improvement Plan was greatly reduced as a result of the pandemic. The current plan anticipates nearly \$85 million in capital projects. Included in this \$85 million is \$18.1 million for necessary roadway and public works improvements, \$40.4 million for public wastewater design and construction, \$7.2 million for water system upgrades and \$5 million for harbor capital improvements. The remainder of the program will finance improvements to the government's parks, preservation of properties and bodies of water, equipment and technology.

### ***Relevant financial policies***

The Town of Harwich has adopted a comprehensive set of financial policies. Policies amid solid financial procedures include management's conservative budget assumptions and regular monitoring of budget performance with monthly reports on budget-to-actual results to the Board of Selectmen and finance committee. The Town's free cash policy outlines reserves, free cash, and stabilization funds with the goal of maintaining no less than 7%–8% of general fund expenditures in reserve. The Town exceeded this goal at the close of fiscal 2022. The Town also maintains a five-year budget forecast, which is also updated annually.

Strict adherence to the formal investment-management policy, which mirrors Commonwealth guidelines is an indicator of the comprehensive financial structure of the government. The Town maintains a formal debt-management policy that limits general fund debt service to 10%-12% of expenditures.

### ***Awards and acknowledgements***

Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Harwich for its annual comprehensive financial report (ACFR) for the fiscal year ended June 30, 2021. This was the fifth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the skill, effort, and dedication of the entire staff of the Finance Department. I wish to thank all government departments for their assistance in providing the data necessary to prepare this report. Credit also is due to the Board of Selectmen for their unfailing support for maintaining the highest standards of professionalism in the management of the Town of Harwich's finances.

Respectfully submitted,

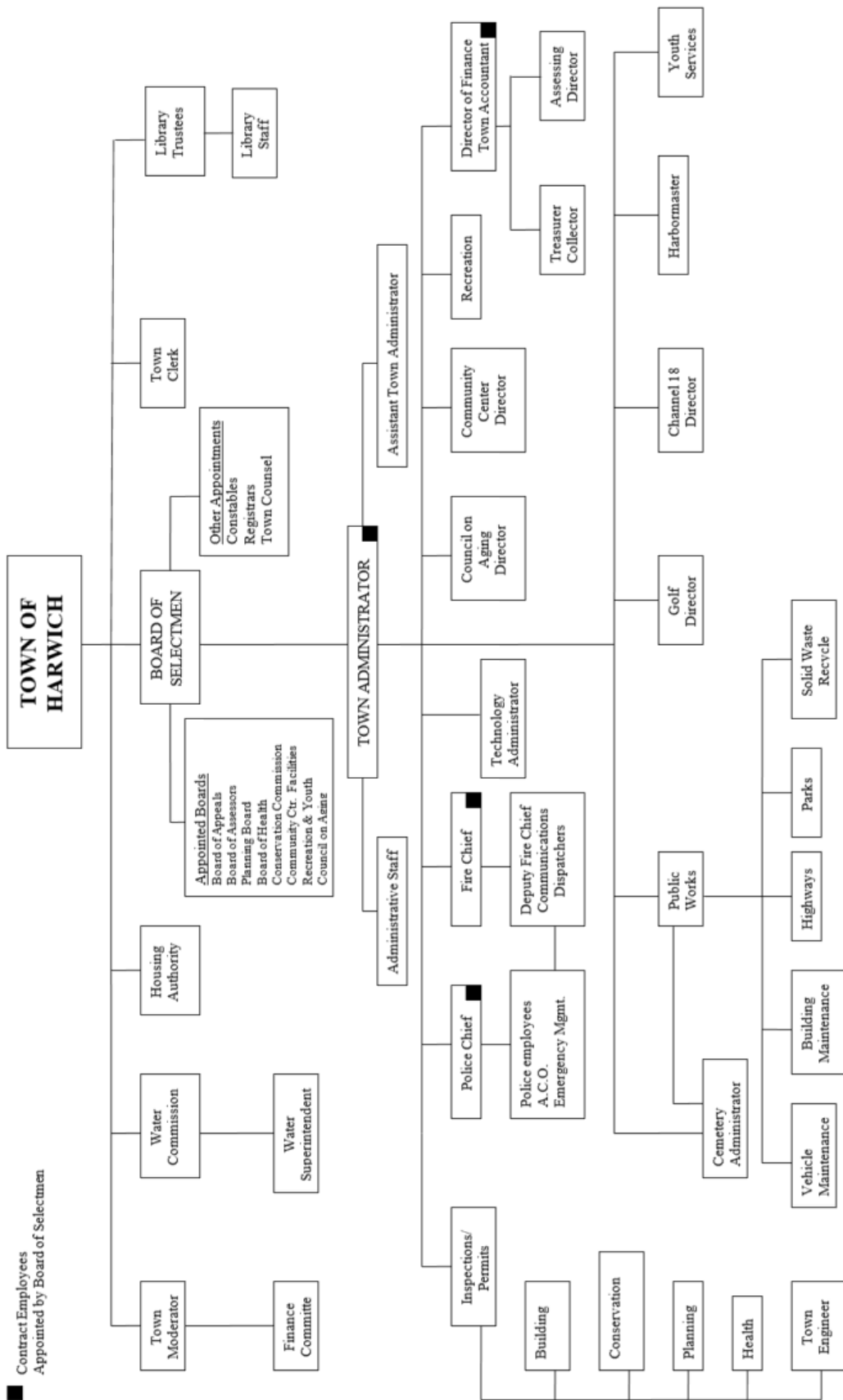


Ann Marie Ellis  
Finance Director

# Town of Harwich, Massachusetts

## Principal Executive Officers as of June 30, 2022

Elected Officials		Term Expires
Board of Selectmen	Michael D. MacAskill, Chair	2025
	Mary E. Anderson, Vice Chair	2024
	Donald F. Howell, Clerk	2023
	Larry G. Ballantine, Member	2023
	Julie E. Kavanagh, Member	2025
Town Clerk	Emily Mitchell	2025
Appointed Officials		
Board of Assessors	Richard Waystack, Chair	2024
	Jay Kavanaugh	2025
	Bruce Nightingale	2023
Town Administrator	Joseph F. Powers	
Finance Director/Town Accountant	Ann Marie Ellis	
Fire Chief/Forest Warden	David LeBlanc	
Chief of Police	David Guillemette	
Town Counsel	KP Law, P.C.	





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Town of Harwich  
Massachusetts**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2021

*Christopher P. Morill*

Executive Director/CEO

# ***Financial Section***



Red River

# ***Financial Section***

This page intentionally left blank.

## **Independent Auditor's Report**

To the Honorable Board of Selectmen  
Town of Harwich, Massachusetts

## **Report of the Audit on the Financial Statements**

### **Opinions**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Harwich, 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 Harwich, Massachusetts' basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Harwich, Massachusetts, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof 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 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 Harwich, 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.

### **Change in Accounting Principle**

As discussed in Note 8 to the financial statements, in the year ending June 30, 2022, the Town of Harwich, Massachusetts adopted new accounting guidance, Government Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

### **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 Harwich, 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 generally accepted auditing standards 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 generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Harwich, 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 Harwich, 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 and required supplementary information, as listed in 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 Harwich, Massachusetts' basic financial statements. The accompanying combining statements, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. 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 combining statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Information**

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2023, on our consideration of the Town of Harwich, 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 Harwich, 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 Harwich, Massachusetts' internal control over financial reporting and compliance.

*Powers & Sullivan LLC*

February 28, 2023

# ***Management's Discussion and Analysis***

## Management's Discussion and Analysis

As management of the Town of Harwich, we offer readers of these financial statements this narrative overview and analysis of the financial activities for the year ended June 30, 2022. The Town complies with financial reporting requirements issued by the Governmental Accounting Standards Board (GASB). Management's discussion and analysis is part of these requirements.

### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town of Harwich's basic financial statements. These basic financial statements comprise 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 and liabilities, and deferred inflows/outflows 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 of the Town is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g., uncollected taxes 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, education, public works, human services, culture and recreation, community preservation, and interest. The business-type activities include the activities of the municipal water and wastewater departments.

**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 and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental 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 Harwich adopts an annual appropriated budget for its general fund and community preservation fund. Budgetary comparison schedules have been provided as required supplementary information for the general fund and the community preservation fund to demonstrate budgetary compliance.

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

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for water and wastewater operations, each of which are considered major funds of the Town.

**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.

The Town maintains two different types of fiduciary funds. The Other Postemployment Benefit Trust Fund is used to report resources held in trust for healthcare benefits for retirees and beneficiaries. The Private Purpose trust fund is used to report the Town's scholarship funds.

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

## ***Government-wide Financial Analysis***

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Harwich's government-wide assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$46.2 million at the end of 2022. The Town's total net position increased by \$7.8 million during 2022.

Comparative analysis of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, expenses and transfers of the governmental and business-type activities are discussed herein.

## ***Governmental Activities***

The results of operations of the governmental activities are discussed in the following paragraphs and tables. Net position of \$60.7 million reflects its investment in capital assets (e.g., land, construction in progress, buildings, improvements, machinery, and equipment, infrastructure); 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 governmental activities net position, \$9.6 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* is a deficit of \$35.3 million. The deficit is primarily the result of the recognition of net pension liability of \$22.7 million along with the net other postemployment benefits liability of \$37.1 million. These are long-term unfunded liabilities that will not require significant short-term resources.

The governmental activities net position increased by \$7.5 million during the current year. Key reasons for this increase includes capital grants revenue totaling \$1.4 million, along with positive results in the general fund, a decrease in the net pension liability net of deferred inflows and outflows related to pension totaling \$1.4 million and the net other postemployment benefits (OPEB) liability net of deferred inflows and outflows related to OPEB totaling \$328,000.

	2022	2021
<b>Assets:</b>		
Current assets.....	\$ 50,128,227	\$ 39,341,169
Noncurrent assets (excluding capital).....	99,900	185,800
Capital assets, nondepreciable.....	45,831,687	44,760,877
Capital assets, net of accumulated depreciation....	57,450,885	59,786,003
<b>Total assets.....</b>	<b>153,510,699</b>	<b>144,073,849</b>
<b>Deferred outflows of resources.....</b>	<b>8,320,936</b>	<b>10,040,547</b>
<b>Liabilities:</b>		
Current liabilities (excluding debt).....	3,098,635	2,202,396
Noncurrent liabilities (excluding debt).....	60,741,994	66,373,190
Current debt.....	24,167,777	23,473,025
Noncurrent debt.....	23,103,357	20,989,108
<b>Total liabilities.....</b>	<b>111,111,763</b>	<b>113,037,719</b>
<b>Deferred inflows of resources.....</b>	<b>15,645,549</b>	<b>13,499,150</b>
<b>Net position:</b>		
Net investment in capital assets.....	60,699,230	60,818,996
Restricted.....	9,634,920	8,821,991
Unrestricted.....	(35,259,827)	(42,063,460)
<b>Total net position.....</b>	<b>\$ 35,074,323</b>	<b>\$ 27,577,527</b>

The Town's largest revenue source is real estate and personal property taxes, accounting for 70% of governmental revenue for the Town. The second largest category, charges for services, account for 17% of governmental revenue. This category includes, ambulance fees, permits, trash fees, dockage, and all golf related fees.

	2022	2021
<b>Program Revenues:</b>		
Charges for services.....	\$ 13,560,770	\$ 12,994,107
Operating grants and contributions.....	1,620,958	2,574,493
Capital grants and contributions.....	1,352,546	1,579,622
<b>General Revenues:</b>		
Real estate and personal property taxes, net of tax refunds payable.....	54,464,491	53,028,284
Motor vehicle and other excise taxes.....	2,695,151	2,550,271
Hotel/motel tax.....	1,675,737	1,132,926
Meals tax.....	571,745	325,311
Community preservation tax.....	1,592,278	1,592,401
Penalties and interest on taxes and excise.....	444,759	446,733
Payments in lieu of taxes.....	63,703	65,256
Grants and contributions not restricted to specific programs.....	692,728	556,790
Unrestricted investment income (loss).....	(3,751)	533,669
<b>Total revenues.....</b>	<b>78,731,115</b>	<b>77,379,863</b>
<b>Expenses:</b>		
General government.....	5,522,061	5,828,492
Public safety.....	15,419,239	15,615,512
Education.....	29,444,941	29,222,367
Public works.....	11,393,917	10,895,030
Human services.....	2,001,613	1,802,867
Culture and recreation.....	5,963,471	5,868,892
Community preservation.....	312,232	566,479
Interest.....	658,723	624,002
<b>Total expenses.....</b>	<b>70,716,197</b>	<b>70,423,641</b>
<b>Excess (Deficiency) before transfers.....</b>	<b>8,014,918</b>	<b>6,956,222</b>
<b>Transfers.....</b>	<b>(518,122)</b>	<b>(200,000)</b>
<b>Change in net position.....</b>	<b>7,496,796</b>	<b>6,756,222</b>
<b>Net position, beginning of year.....</b>	<b>27,577,527</b>	<b>20,821,305</b>
<b>Net position, end of year.....</b>	<b>\$ 35,074,323</b>	<b>\$ 27,577,527</b>

The increase in charges for services program revenue is mainly related to increased collections on disposal fees, ambulance fees and golf course fees.

Operating grants decreased due to COVID-19 grant funds recognized in the prior year.

Approximately 42% of the Town's expenses relate to education. Education expenses represent the Town's assessments paid to the Monomoy Regional School District and the Cape Cod Regional Technical High School.

## Business-type Activities

The results of operations for the business-type activities are discussed in the following paragraphs and tables.

For the Town's business-type activities, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$11.1 million at the close of 2022. Of this amount, \$10.8 million is net investment in capital assets, and the remaining balance of *unrestricted net position* is \$363,000. The unrestricted net position includes the recognition of net pension liability of \$1.6 million along with the net other postemployment benefits liability of \$2.5 million. These are long-term unfunded liabilities that will not require significant short-term resources.

	2022	2021
<b>Assets:</b>		
Current assets.....	\$ 5,158,194	\$ 4,139,756
Capital assets, nondepreciable.....	1,505,893	1,505,893
Capital assets, net of accumulated depreciation....	14,339,597	15,664,495
<b>Total assets.....</b>	<b>21,003,684</b>	<b>21,310,144</b>
<b>Deferred outflows of resources.....</b>	<b>641,590</b>	<b>768,517</b>
<b>Liabilities:</b>		
Current liabilities (excluding debt).....	163,385	76,551
Noncurrent liabilities (excluding debt).....	4,132,010	4,504,352
Current debt.....	409,851	564,614
Noncurrent debt.....	4,749,763	5,159,614
<b>Total liabilities.....</b>	<b>9,455,009</b>	<b>10,305,131</b>
<b>Deferred inflows of resources.....</b>	<b>1,068,129</b>	<b>916,937</b>
<b>Net position:</b>		
Net investment in capital assets.....	10,758,670	11,533,380
Unrestricted.....	363,466	(676,787)
<b>Total net position.....</b>	<b>\$ 11,122,136</b>	<b>\$ 10,856,593</b>

There was a decrease of \$19,000 in net position related to the Water Department's operations during the year. Operating revenues remained fairly consistent with the prior year while operating expenses increased approximately 5%.

There was a \$285,000 increase in the Wastewater Department's operations. This was mainly due to a transfer in from the general fund; offset with an increase in expenses. Fiscal year 2022 was the Wastewater Department's operations fourth year as a business-type activity. The long-term goal for the fund will be to fund the debt-service on wastewater infrastructure. The Town is continuing to budget this activity within the general fund.

	2022	2021
<b>Program Revenues:</b>		
Charges for services.....	\$ 5,080,973	\$ 5,167,449
<b>General Revenues:</b>		
Unrestricted investment income.....	1,085	10,471
<b>Total revenues.....</b>	<b>5,082,058</b>	<b>5,177,920</b>
<b>Expenses:</b>		
Water.....	5,102,475	4,889,376
Wastewater.....	232,162	120,441
<b>Total expenses.....</b>	<b>5,334,637</b>	<b>5,009,817</b>
<b>Excess (Deficiency) before transfers.....</b>	<b>(252,579)</b>	<b>168,103</b>
<b>Transfers.....</b>	<b>518,122</b>	<b>200,000</b>
<b>Change in net position.....</b>	<b>265,543</b>	<b>368,103</b>
<b>Net position, beginning of year.....</b>	<b>10,856,593</b>	<b>10,488,490</b>
<b>Net position, end of year.....</b>	<b>\$ 11,122,136</b>	<b>\$ 10,856,593</b>

### ***Financial Analysis of the Government's Funds***

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the year.

As of the end of the current year, governmental funds reported combined ending fund balances of \$20.2 million, an increase of \$8.8 million from the prior year.

The general fund is the chief operating fund. At the end of the current year, unassigned fund balance of the general fund totaled \$15.0 million, while total fund balance is \$19.5 million. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 22.1% of total general fund expenditures, while total fund balance represents 28.8% of that same amount.

The general fund increased by \$1.8 million in 2022. This was primarily the combined result of a budgetary surplus of \$394,000 in the general fund, and an increase in the Town's stabilization fund of \$1.0 million, which is reported within the general fund in the fund based financial statements in accordance with generally accepted accounting principles.

The Community Preservation Act fund had a fund balance at June 30, 2022, of \$6.6 million. These funds are attributable to the Town's acceptance of the Community Preservation Act, which allows the Town to impose a surcharge on property taxes and to receive matching state funds for specified uses related to the acquisition, creation, preservation and support of open space, historic resources, land for recreational use and community housing. The Community Preservation Act's fund balance increased \$1.0 million in 2022. This was the net result

of \$1.6 million in taxes, \$792,000 in state grants and \$6,700 in investment income, offset by expenditures on community preservation projects and a transfer out for debt service payments.

The Town capital fund reported a year end deficit fund balance of \$12.9 million, an increase of \$5.7 million from the prior year. Fiscal year 2022 expenditures totaling \$3.0 million and mainly related to road maintenance and wastewater construction. Projects have been temporarily funded with short term bond anticipation notes totaling \$20.7 million. The fund will be in a deficit until the Town permanently finances the projects.

The nonmajor governmental funds had a fund balance of \$7.0 million. This was a \$362,000 increase from the prior year. The nonmajor governmental funds had \$3.4 million in revenues, \$2.5 million in expenditures, and net transfers out totaling \$594,000.

### ***General Fund Budgetary Highlights***

The original general fund budget included \$70.2 million in estimated revenues and transfers in and \$74.7 million in expenditures and transfers out with the difference consisting of prior year encumbrances included in the current year original budget and the use of available funds to fund the current year budget. The \$3.7 million increase from the original budget to the final amended budget was appropriated from free cash.

General Fund revenues are approximately \$3.5 million more than budgeted. The largest areas of the surplus were in charges for services, hotel/motel tax and sanitation fees.

General fund expenditures and encumbrances were approximately \$2.3 million less than budgeted. Key components of this surplus include \$408,000 in police, \$123,000 in fire, \$260,000 in highway, \$218,000 in debt service and \$101,000 in harbormaster.

### ***Capital Asset and Debt Administration***

In conjunction with the operating budget, the Town annually prepares a capital budget for the upcoming year. The Town's major governmental capital asset activity in 2022 includes the wastewater infrastructure project which increased construction in progress by \$2.3 million. The wastewater project is scheduled to be turned over to the wastewater commission, and the wastewater enterprise fund once the notice to connect is delivered to residents. Other increases include \$1.5 million in machinery and equipment, and \$1.4 million in infrastructure related to road improvements.

The water enterprise fund reported additions totaling \$373,000 for infrastructure.

Depreciation expense for governmental and business-type activities totaled \$5.6 million and \$1.7 million, respectively.

The Town of Harwich's governmental funds had total bonded debt outstanding of \$26.5 million at the end of the current year. Of this amount, \$4.0 million was for marina improvements; \$2.6 million was for the construction of a police station; \$1.7 million is for land acquisitions; \$300,000 is related to harbor dredging, \$5.6 million is for sewer projects; \$860,000 is related to golf course improvements; \$5.1 million is related to the construction of a fire station; \$1.3 million is related to roadway improvements, \$1.9 million is related to the Saquatucket Harbormaster Building Boardwalk, \$267,000 relates to golf course maintenance equipment, \$764,000 relates to other capital related projects and \$2.1 million relates to unamortized premiums.

The water enterprise fund has \$5.2 million in water debt that is fully supported by the rates and does not rely on a general fund subsidy. For further discussion please refer to Note 4 for major capital activity and Notes 7 and 8 for debt activity.

### ***Requests for Information***

This financial report is designed to provide a general overview of the Town of Harwich'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 Finance Director, Town Hall, 732 Main Street, Harwich, Massachusetts 02645.

This page intentionally left blank.

# ***Basic Financial Statements***

## STATEMENT OF NET POSITION

JUNE 30, 2022

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
<b>CURRENT:</b>			
Cash and cash equivalents.....	\$ 36,670,653	\$ 4,110,782	\$ 40,781,435
Investments.....	6,177,477	-	6,177,477
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes.....	990,163	-	990,163
Tax liens.....	2,520,391	-	2,520,391
Community preservation fund surtax.....	25,722	-	25,722
Motor vehicle and other excise taxes.....	281,066	-	281,066
User fees.....	-	1,047,412	1,047,412
Departmental and other.....	737,479	-	737,479
Intergovernmental.....	1,712,863	-	1,712,863
Community preservation state share.....	560,603	-	560,603
Special assessments.....	72,860	-	72,860
Tax foreclosures.....	305,835	-	305,835
Inventory.....	56,898	-	56,898
Other assets.....	16,217	-	16,217
Total current assets.....	50,128,227	5,158,194	55,286,421
<b>NONCURRENT:</b>			
Receivables, net of allowance for uncollectibles:			
Special assessments.....	99,900	-	99,900
Capital assets, nondepreciable.....	45,831,687	1,505,893	47,337,580
Capital assets, net of accumulated depreciation.....	57,450,885	14,339,597	71,790,482
Total noncurrent assets.....	103,382,472	15,845,490	119,227,962
<b>TOTAL ASSETS.....</b>	<b>153,510,699</b>	<b>21,003,684</b>	<b>174,514,383</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows for refunding debt.....	9,936	72,794	82,730
Deferred outflows related to pensions.....	3,453,204	236,334	3,689,538
Deferred outflows related to other postemployment benefits.....	4,857,796	332,462	5,190,258
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES.....</b>	<b>8,320,936</b>	<b>641,590</b>	<b>8,962,526</b>
<b>LIABILITIES</b>			
<b>CURRENT:</b>			
Warrants payable.....	976,196	98,374	1,074,570
Tax refunds payable.....	12,530	-	12,530
Accrued interest.....	95,604	39,679	135,283
Other liabilities.....	860,435	-	860,435
Unearned revenue.....	635,443	-	635,443
Landfill closure.....	18,500	-	18,500
Compensated absences.....	499,927	25,332	525,259
Notes payable.....	20,734,953	-	20,734,953
Long-term debt.....	3,432,824	409,851	3,842,675
Total current liabilities.....	27,266,412	573,236	27,839,648
<b>NONCURRENT:</b>			
Landfill closure.....	148,000	-	148,000
Compensated absences.....	865,785	44,275	910,060
Net pension liability.....	22,658,477	1,550,722	24,209,199
Net other postemployment benefits.....	37,069,732	2,537,013	39,606,745
Long-term debt.....	23,103,357	4,749,763	27,853,120
Total noncurrent liabilities.....	83,845,351	8,881,773	92,727,124
<b>TOTAL LIABILITIES.....</b>	<b>111,111,763</b>	<b>9,455,009</b>	<b>120,566,772</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Taxes paid in advance.....	38,508	-	38,508
Deferred inflows related to pensions.....	9,165,357	627,267	9,792,624
Deferred inflows related to other postemployment benefits.....	6,441,684	440,862	6,882,546
<b>TOTAL DEFERRED INFLOWS OF RESOURCES.....</b>	<b>15,645,549</b>	<b>1,068,129</b>	<b>16,713,678</b>
<b>NET POSITION</b>			
Net investment in capital assets.....	60,699,230	10,758,670	71,457,900
Restricted for:			
Perpetual care and other permanent funds:			
Expendable.....	874,239	-	874,239
Nonexpendable.....	511,217	-	511,217
Gifts and grants.....	991,860	-	991,860
Community preservation.....	7,257,604	-	7,257,604
Unrestricted.....	(35,259,827)	363,466	(34,896,361)
<b>TOTAL NET POSITION.....</b>	<b>\$ 35,074,323</b>	<b>\$ 11,122,136</b>	<b>\$ 46,196,459</b>

See notes to basic financial statements.

# STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2022

		Program Revenues				
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue	
Primary Government:						
Governmental Activities:						
General government.....	\$ 5,522,061	\$ 718,389	\$ 634,084	\$ -	\$ (4,169,588)	
Public safety.....	15,419,239	3,421,976	461,950	-	(11,535,313)	
Education.....	29,444,941	-	-	-	(29,444,941)	
Public works.....	11,393,917	4,511,262	143,106	710,785	(6,028,764)	
Human services.....	2,001,613	114,308	292,151	-	(1,595,154)	
Culture and recreation.....	5,963,471	4,794,835	89,667	-	(1,078,969)	
Community preservation.....	312,232	-	-	641,761	329,529	
Interest.....	658,723	-	-	-	(658,723)	
Total Governmental Activities.....	70,716,197	13,560,770	1,620,958	1,352,546	(54,181,923)	
Business-Type Activities:						
Water.....	5,102,475	5,079,679	-	-	(22,796)	
Wastewater.....	232,162	1,294	-	-	(230,868)	
Total Business-Type Activities.....	5,334,637	5,080,973	-	-	(253,664)	
Total Primary Government.....	\$ 76,050,834	\$ 18,641,743	\$ 1,620,958	\$ 1,352,546	\$ (54,435,587)	

See notes to basic financial statements.

(Continued)

# STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Changes in net position:</b>			
Net (expense) revenue from previous page..... \$	<b>(54,181,923)</b>	<b>(253,664)</b>	<b>(54,435,587)</b>
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds payable.....	54,464,491	-	54,464,491
Motor vehicle and other excise taxes.....	2,695,151	-	2,695,151
Hotel/motel tax.....	1,675,737	-	1,675,737
Meals tax.....	571,745	-	571,745
Community preservation tax.....	1,592,278	-	1,592,278
Penalties and interest on taxes and excise.....	444,759	-	444,759
Payments in lieu of taxes.....	63,703	-	63,703
Grants and contributions not restricted to specific programs.....	692,728	-	692,728
Unrestricted investment income (loss).....	(3,751)	1,085	(2,666)
<i>Transfers, net</i> .....	<u>(518,122)</u>	<u>518,122</u>	<u>-</u>
Total general revenues and transfers.....	<u>61,678,719</u>	<u>519,207</u>	<u>62,197,926</u>
Change in net position.....	7,496,796	265,543	7,762,339
<i>Net position:</i>			
Beginning of year.....	<u>27,577,527</u>	<u>10,856,593</u>	<u>38,434,120</u>
End of year..... \$	<u><u>35,074,323</u></u>	<u><u>11,122,136</u></u>	<u><u>46,196,459</u></u>

See notes to basic financial statements.

(Concluded)

**GOVERNMENTAL FUNDS  
BALANCE SHEET**

JUNE 30, 2022

	General	Community Preservation Act Fund	Town Capital Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents.....	\$ 14,797,111	\$ 6,694,238	\$ 8,019,819	\$ 7,159,485	\$ 36,670,653
Investments.....	5,289,582	-	-	887,895	6,177,477
Receivables, net of uncollectibles:					
Real estate and personal property taxes.....	990,163	-	-	-	990,163
Tax liens.....	2,470,929	49,462	-	-	2,520,391
Community preservation fund surtax.....	-	25,722	-	-	25,722
Motor vehicle and other excise taxes.....	281,066	-	-	-	281,066
Departmental and other.....	656,411	-	-	81,068	737,479
Intergovernmental.....	-	-	-	1,712,863	1,712,863
Community preservation state share.....	-	560,603	-	-	560,603
Special assessments.....	-	-	-	172,760	172,760
Tax foreclosures.....	305,835	-	-	-	305,835
Due from other funds.....	19,339	-	-	-	19,339
Inventory.....	-	-	-	56,898	56,898
Other assets.....	16,217	-	-	-	16,217
<b>TOTAL ASSETS.....</b>	<b>\$ 24,826,653</b>	<b>\$ 7,330,025</b>	<b>\$ 8,019,819</b>	<b>\$ 10,070,969</b>	<b>\$ 50,247,466</b>
<b>LIABILITIES</b>					
Warrants payable.....	\$ 517,695	\$ 72,421	\$ 210,712	\$ 175,368	\$ 976,196
Tax refunds payable.....	12,530	-	-	-	12,530
Due to other funds.....	-	-	-	19,339	19,339
Other liabilities.....	367,120	-	-	493,315	860,435
Unearned revenue.....	-	-	-	635,443	635,443
Notes payable.....	-	-	20,734,953	-	20,734,953
<b>TOTAL LIABILITIES.....</b>	<b>897,345</b>	<b>72,421</b>	<b>20,945,665</b>	<b>1,323,465</b>	<b>23,238,896</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Taxes paid in advance.....	38,508	-	-	-	38,508
Unavailable revenue.....	4,356,919	635,787	-	1,782,247	6,774,953
<b>TOTAL DEFERRED INFLOWS OF RESOURCES.....</b>	<b>4,395,427</b>	<b>635,787</b>	<b>-</b>	<b>1,782,247</b>	<b>6,813,461</b>
<b>FUND BALANCES</b>					
Nonspendable.....	-	-	-	568,115	568,115
Restricted.....	-	6,621,817	-	6,416,481	13,038,298
Committed.....	2,616,411	-	-	-	2,616,411
Assigned.....	1,933,176	-	-	-	1,933,176
Unassigned.....	14,984,294	-	(12,925,846)	(19,339)	2,039,109
<b>TOTAL FUND BALANCES.....</b>	<b>19,533,881</b>	<b>6,621,817</b>	<b>(12,925,846)</b>	<b>6,965,257</b>	<b>20,195,109</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....</b>	<b>\$ 24,826,653</b>	<b>\$ 7,330,025</b>	<b>\$ 8,019,819</b>	<b>\$ 10,070,969</b>	<b>\$ 50,247,466</b>

See notes to basic financial statements.

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TOTAL FUND BALANCES TO THE STATEMENT OF NET POSITION**

JUNE 30, 2022

Total governmental fund balances.....	\$ 20,195,109
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....	103,282,572
Accounts receivable are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.....	6,774,953
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 reported.....	(7,286,105)
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....	(95,604)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:	
Long-term debt.....	(26,536,181)
Net pension liability.....	(22,658,477)
Net other postemployment benefits.....	(37,069,732)
Landfill closure.....	(166,500)
Compensated absences.....	(1,365,712)
Net effect of reporting long-term liabilities.....	(87,796,602)
Net position of governmental activities.....	\$ <u>35,074,323</u>

See notes to basic financial statements.

**GOVERNMENTAL FUNDS**  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2022

	General	Community Preservation Act Fund	Town Capital Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>					
Real estate and personal property taxes, net of tax refunds.....	\$ 54,401,250	\$ -	\$ -	\$ -	\$ 54,401,250
Motor vehicle and other excise taxes.....	2,612,206	-	-	26,076	2,638,282
Hotel/motel tax.....	1,675,737	-	-	-	1,675,737
Meals tax.....	571,745	-	-	-	571,745
Charges for services.....	1,694,361	-	-	630,746	2,325,107
Penalties and interest on taxes and excise.....	431,154	4,743	-	8,862	444,759
Fees and rentals.....	24,457	-	-	103,383	127,840
Recreation fees.....	4,095,030	-	-	-	4,095,030
Sanitation fees.....	4,197,083	-	-	-	4,197,083
Payments in lieu of taxes.....	63,703	-	-	-	63,703
Licenses and permits.....	915,886	-	-	-	915,886
Intergovernmental - state aid.....	817,912	-	-	-	817,912
Intergovernmental - other.....	-	-	-	764,618	764,618
Departmental and other.....	962,952	-	-	1,676,010	2,638,962
Community preservation taxes.....	-	1,583,795	-	-	1,583,795
Community preservation state match.....	-	791,824	-	-	791,824
Special assessments.....	-	-	-	77,942	77,942
Contributions and donations.....	-	-	-	94,534	94,534
Investment income (loss).....	(38,484)	6,727	-	28,006	(3,751)
<b>TOTAL REVENUES.....</b>	<b>72,424,992</b>	<b>2,387,089</b>	<b>-</b>	<b>3,410,177</b>	<b>78,222,258</b>
<b>EXPENDITURES:</b>					
Current:					
General government.....	3,424,960	-	-	154,502	3,579,462
Public safety.....	9,870,171	-	12,000	1,084,173	10,966,344
Education.....	28,929,100	-	-	-	28,929,100
Public works.....	7,524,492	-	2,982,866	626,313	11,133,671
Human services.....	1,281,522	-	-	168,750	1,450,272
Culture and recreation.....	3,833,521	-	24,458	420,816	4,278,795
Community preservation.....	-	1,124,251	-	-	1,124,251
Pension benefits.....	3,001,787	-	-	-	3,001,787
Employee benefits.....	5,343,905	-	-	-	5,343,905
State and county charges.....	805,213	-	-	-	805,213
Debt service:					
Principal.....	2,822,123	-	-	-	2,822,123
Interest.....	916,688	-	14,044	-	930,732
<b>TOTAL EXPENDITURES.....</b>	<b>67,753,482</b>	<b>1,124,251</b>	<b>3,033,368</b>	<b>2,454,554</b>	<b>74,365,655</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>	<b>4,671,510</b>	<b>1,262,838</b>	<b>(3,033,368)</b>	<b>955,623</b>	<b>3,856,603</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Issuance of bonds.....	-	-	5,135,000	-	5,135,000
Premium from issuance of bonds.....	-	-	359,328	-	359,328
Transfers in.....	877,311	-	3,203,676	52,052	4,133,039
Transfers out.....	(3,772,290)	(233,050)	-	(645,821)	(4,651,161)
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>(2,894,979)</b>	<b>(233,050)</b>	<b>8,698,004</b>	<b>(593,769)</b>	<b>4,976,206</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>1,776,531</b>	<b>1,029,788</b>	<b>5,664,636</b>	<b>361,854</b>	<b>8,832,809</b>
<b>FUND BALANCES AT BEGINNING OF YEAR.....</b>	<b>17,757,350</b>	<b>5,592,029</b>	<b>(18,590,482)</b>	<b>6,603,403</b>	<b>11,362,300</b>
<b>FUND BALANCES AT END OF YEAR.....</b>	<b>\$ 19,533,881</b>	<b>\$ 6,621,817</b>	<b>\$ (12,925,846)</b>	<b>\$ 6,965,257</b>	<b>\$ 20,195,109</b>

See notes to basic financial statements.

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES**

YEAR ENDED JUNE 30, 2022

Net change in fund balances - total governmental funds.....	\$	8,832,809
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay.....	4,288,175	
Depreciation expense.....	<u>(5,552,483)</u>	
Net effect of reporting capital assets.....		(1,264,308)
<p>Revenues in the Statement of Activities that do not provide current financial resources are unavailable in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable differ between the two statements. This amount represents the net change in unavailable revenue.....</p>		
		508,857
<p>The issuance of long-term debt 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 has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are unavailable and amortized in the Statement of Activities.</p>		
Issuance of bonds.....	(5,135,000)	
Premium from issuance of bonds notes.....	(359,328)	
Net amortization of premium from issuance of bonds.....	293,571	
Net change in deferred charge on refunding.....	(14,453)	
Debt service principal payments.....	<u>2,822,123</u>	
Net effect of reporting long-term debt.....		(2,393,087)
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
Net change in compensated absences accrual.....	77,587	
Net change in accrued interest on long-term debt.....	(7,109)	
Net change in deferred outflow/(inflow) of resources related to pensions.....	(5,184,852)	
Net change in net pension liability.....	6,580,859	
Net change in deferred outflow/(inflow) of resources related to other postemployment benefits....	1,324,625	
Net change in net other postemployment benefits liability.....	(997,085)	
Net change in landfill closure.....	<u>18,500</u>	
Net effect of recording long-term liabilities.....		<u>1,812,525</u>
Change in net position of governmental activities.....	\$	<u><u>7,496,796</u></u>

See notes to basic financial statements.

**PROPRIETARY FUNDS**  
**STATEMENT OF NET POSITION**

JUNE 30, 2022

	Business-type Activities		
	Water	Wastewater	Total
<b>ASSETS</b>			
<b>CURRENT:</b>			
Cash and cash equivalents.....	\$ 3,424,591	\$ 686,191	\$ 4,110,782
Receivables, net of allowance for uncollectibles:			
User fees.....	1,047,412	-	1,047,412
Total current assets.....	4,472,003	686,191	5,158,194
<b>NONCURRENT:</b>			
Capital assets, nondepreciable.....	1,505,893	-	1,505,893
Capital assets, net of accumulated depreciation.....	14,339,597	-	14,339,597
Total noncurrent assets.....	15,845,490	-	15,845,490
<b>TOTAL ASSETS.....</b>	<b>20,317,493</b>	<b>686,191</b>	<b>21,003,684</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred loss on refunding.....	72,794	-	72,794
Deferred outflows related to pensions.....	236,334	-	236,334
Deferred outflows related to other postemployment benefits.....	332,462	-	332,462
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES.....</b>	<b>641,590</b>	<b>-</b>	<b>641,590</b>
<b>LIABILITIES</b>			
<b>CURRENT:</b>			
Warrants payable.....	49,733	48,641	98,374
Accrued interest.....	39,679	-	39,679
Compensated absences.....	25,332	-	25,332
Long-term debt.....	409,851	-	409,851
Total current liabilities.....	524,595	48,641	573,236
<b>NONCURRENT:</b>			
Compensated absences.....	44,275	-	44,275
Net pension liability.....	1,550,722	-	1,550,722
Net other postemployment benefits.....	2,537,013	-	2,537,013
Long-term debt.....	4,749,763	-	4,749,763
Total noncurrent liabilities.....	8,881,773	-	8,881,773
<b>TOTAL LIABILITIES.....</b>	<b>9,406,368</b>	<b>48,641</b>	<b>9,455,009</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions.....	627,267	-	627,267
Deferred inflows related to other postemployment benefits.....	440,862	-	440,862
<b>TOTAL DEFERRED INFLOWS OF RESOURCES.....</b>	<b>1,068,129</b>	<b>-</b>	<b>1,068,129</b>
<b>NET POSITION</b>			
Net investment in capital assets.....	10,758,670	-	10,758,670
Unrestricted.....	(274,084)	637,550	363,466
<b>TOTAL NET POSITION.....</b>	<b>\$ 10,484,586</b>	<b>\$ 637,550</b>	<b>\$ 11,122,136</b>

See notes to basic financial statements.

**PROPRIETARY FUNDS**  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEAR ENDED JUNE 30, 2022

	Business-type Activities		
	Water	Wastewater	Total
<b>OPERATING REVENUES:</b>			
Charges for services.....	\$ 5,079,679	\$ 1,294	\$ 5,080,973
<b>OPERATING EXPENSES:</b>			
Cost of services and administration.....	2,019,183	153,165	2,172,348
Salaries and wages.....	1,240,077	78,997	1,319,074
Depreciation.....	1,697,729	-	1,697,729
<b>TOTAL OPERATING EXPENSES.....</b>	<b>4,956,989</b>	<b>232,162</b>	<b>5,189,151</b>
<b>OPERATING INCOME (LOSS).....</b>	<b>122,690</b>	<b>(230,868)</b>	<b>(108,178)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Investment income.....	797	288	1,085
Interest expense.....	(145,486)	-	(145,486)
<b>TOTAL NONOPERATING REVENUES (EXPENSES), NET.....</b>	<b>(144,689)</b>	<b>288</b>	<b>(144,401)</b>
<b>INCOME (LOSS) BEFORE TRANSFERS.....</b>	<b>(21,999)</b>	<b>(230,580)</b>	<b>(252,579)</b>
<b>TRANSFERS:</b>			
Transfers in.....	2,791	515,331	518,122
<b>CHANGE IN NET POSITION.....</b>	<b>(19,208)</b>	<b>284,751</b>	<b>265,543</b>
<b>NET POSITION AT BEGINNING OF YEAR.....</b>	<b>10,503,794</b>	<b>352,799</b>	<b>10,856,593</b>
<b>NET POSITION AT END OF YEAR.....</b>	<b>\$ 10,484,586</b>	<b>\$ 637,550</b>	<b>\$ 11,122,136</b>

See notes to basic financial statements.

**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**

YEAR ENDED JUNE 30, 2022

	Business-type Activities		
	Water	Wastewater	Total
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>			
Receipts from customers and users.....	\$ 5,087,878	\$ 1,294	\$ 5,089,172
Payments to vendors.....	(2,069,118)	(104,524)	(2,173,642)
Payments to employees.....	(1,254,295)	(78,997)	(1,333,292)
<b>NET CASH FROM OPERATING ACTIVITIES.....</b>	<b>1,764,465</b>	<b>(182,227)</b>	<b>1,582,238</b>
<b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u></b>			
Transfers in.....	2,791	515,331	518,122
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u></b>			
Acquisition and construction of capital assets.....	(372,831)	-	(372,831)
Principal payments on bonds and notes.....	(549,467)	-	(549,467)
Interest expense.....	(152,510)	-	(152,510)
<b>NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....</b>	<b>(1,074,808)</b>	<b>-</b>	<b>(1,074,808)</b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>			
Investment income.....	797	288	1,085
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS.....</b>	<b>693,245</b>	<b>333,392</b>	<b>1,026,637</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....</b>	<b>2,731,346</b>	<b>352,799</b>	<b>3,084,145</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR.....</b>	<b>\$ 3,424,591</b>	<b>\$ 686,191</b>	<b>\$ 4,110,782</b>
<b><u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:</u></b>			
Operating income (loss).....	\$ 122,690	\$ (230,868)	\$ (108,178)
Adjustments to reconcile operating income to net cash from operating activities:			
Depreciation.....	1,697,729	-	1,697,729
Deferred (outflows)/inflows related to pensions.....	354,990	-	354,990
Deferred (outflows)/inflows related to other postemployment benefits.....	(89,855)	-	(89,855)
Changes in assets and liabilities:			
User charges.....	8,199	-	8,199
Warrants payable.....	49,107	48,641	97,748
Compensated absences.....	(14,218)	-	(14,218)
Net pension liability.....	(442,342)	-	(442,342)
Net other postemployment benefits.....	78,165	-	78,165
<b>Total adjustments.....</b>	<b>1,641,775</b>	<b>48,641</b>	<b>1,690,416</b>
<b>NET CASH FROM OPERATING ACTIVITIES.....</b>	<b>\$ 1,764,465</b>	<b>\$ (182,227)</b>	<b>\$ 1,582,238</b>
<b><u>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</u></b>			
Change in the deferred loss on debt refunding.....	\$ (12,984)	\$ -	\$ (12,984)

See notes to basic financial statements.

**FIDUCIARY FUNDS**  
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2022

	Other Postemployment Benefit Trust Fund	Private Purpose Trust Fund
<b>ASSETS</b>		
Cash and cash equivalents.....	\$ 61,049	\$ 4,836
Investments:		
U.S. treasury notes.....	598,929	17,013
Government sponsored enterprises.....	290,918	6,530
Corporate bonds.....	515,890	61,263
Equity securities.....	2,441,007	74,356
Equity mutual funds.....	-	432,660
Fixed income mutual funds.....	650,852	10,216
<b>TOTAL ASSETS.....</b>	<b>4,558,645</b>	<b>606,874</b>
<b>NET POSITION</b>		
Restricted for other postemployment benefits.....	4,558,645	-
Held in trust for other purposes.....	-	606,874
<b>TOTAL NET POSITION.....</b>	<b>\$ 4,558,645</b>	<b>\$ 606,874</b>

See notes to basic financial statements.

**FIDUCIARY FUNDS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**

YEAR ENDED JUNE 30, 2022

	Other Postemployment Benefit Trust Fund	Private Purpose Trust Fund
<b>ADDITIONS:</b>		
Contributions:		
Employer contributions.....	\$ 800,000	\$ -
Employer contributions for other postemployment benefit payments.....	2,267,899	-
Total contributions.....	3,067,899	-
Net investment income:		
Investment income (loss).....	(268,977)	(53,318)
Less: investment expense.....	(16,558)	-
Net investment income (loss).....	(285,535)	(53,318)
TOTAL ADDITIONS.....	2,782,364	(53,318)
<b>DEDUCTIONS:</b>		
Other postemployment benefit payments.....	2,267,899	-
Educational scholarships.....	-	63,221
TOTAL DEDUCTIONS.....	2,267,899	63,221
NET INCREASE (DECREASE) IN NET POSITION.....	514,465	(116,539)
NET POSITION AT BEGINNING OF YEAR.....	4,044,180	723,413
NET POSITION AT END OF YEAR.....	\$ 4,558,645	\$ 606,874

See notes to basic financial statements.

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

The accompanying basic financial statements of the Town of Harwich, Massachusetts (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 accounting policies are described herein.

**A. Reporting Entity**

The Town of Harwich, Massachusetts is a municipal corporation governed by an elected five-member Board of Selectmen.

For financial reporting purposes, the Town has included all funds, organizations, 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. As required by GAAP, these basic financial statements present the Town (Primary Government) and its component units. The Town did not identify any component units requiring inclusion in the basic financial statements.

***Joint Ventures***

The Town has entered into joint ventures with other municipalities to pool resources and share the costs, risk, and rewards of providing goods or services to venture participants directly, or for the benefit of the general public or specified recipients. The Town has no equity interest in the joint ventures. The following identifies where the joint venture financial statements are available, their purpose, and the annual assessments paid by the Town during 2022.

<b><u>Joint venture and address</u></b>	<b><u>Purpose</u></b>	<b><u>FY 2022 payments</u></b>
Monomoy Regional School District 425 Crowell Road Chatham, MA 02633	To provide education for grades K-12 for the Towns of Harwich and Chatham	\$ 27,361,049
Cape Cod Regional Technical High School 351 Pleasant Lake Avenue Harwich, MA 02645	To provide secondary vocational education for member Towns	\$ 1,536,309
Cape Cod Commission 3225 Main Street P.O. Box 226 Barnstable, MA 02630	Regional land use planning agency	\$ 253,720
Cape Cod Regional Transit Authority 585 Main Street Dennis, MA 02638	To provide public transportation	\$ 110,685
Town Department of Veteran Services PO Box 429 Hyannis, MA 02601	To provide veterans' services	\$ 44,277
Pleasant Bay Resource Management Alliance P.O. Box 1584 Harwich, MA 02645	To protect the vast natural resources of the bay	\$ 23,760

## B. Government-Wide and Fund Financial Statements

### *Government-Wide Financial Statements*

The government-wide financial statements (i.e., statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. *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.

### *Fund Financial Statements*

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though fiduciary funds 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. Nonmajor funds are aggregated and displayed in a single column.

### *Major Fund Criteria*

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

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

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

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

### *Government-Wide Financial Statements*

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

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

- Charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment.

- Grants and contributions that are restricted to meeting the operational requirements of a particular function or segment.
- Grants and contributions that are restricted to meeting the capital requirements of a particular function or segment.

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

For the most part, the effect of interfund activity has been removed from the government-wide financial statements. However, the effect of interfund services provided and used between functions is not eliminated as the elimination of these charges would distort the direct costs and program revenues reported for the functions affected.

### *Fund Financial Statements*

**Governmental** fund financial statements are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when the fund 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. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Real estate and personal property tax revenues are considered available if they are collected within 60 days after year-end. Investment income is susceptible to accrual. Other receipts and tax revenues become measurable and available when the cash is received and are recognized as revenue at that time.

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 following major governmental funds are reported:

The *general fund* is the primary operating fund. It is used to account for all financial resources, except those that are required to be accounted for in another fund.

The *community preservation act fund* is a special revenue fund used to account for funds held for uses restricted by law for community preservation purposes. These funds are attributable to the Town's acceptance of the Community Preservation Act, which allows the Town to impose up to a 3% surcharge on property taxes and to receive matching state grant funds for specified uses related to the acquisition, creation, preservation and support of open space, historic resources, land for recreational use and community housing.

The *Town capital fund* is a capital project fund used to account for the construction, reconstruction and improvements of roadways, the wastewater management system, and other capital related projects.

The nonmajor governmental funds consist of other special revenue, capital projects, and permanent funds that are aggregated and presented in the *nonmajor governmental funds* column on the governmental funds financial

statements. The following describes the general use of these fund types:

The *special revenue fund* is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than permanent funds or capital projects.

The *capital projects fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets of the governmental funds.

The *permanent fund* is used to account for and report financial resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the governmental programs.

**Proprietary** fund financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the liabilities are incurred.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The *water enterprise fund* has been reported as a major proprietary fund and is used to account for the Town's water activities.

The *wastewater enterprise fund* has been reported as a major proprietary fund and is used to account for the Town's wastewater activities.

**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 governmental programs.

The following fiduciary fund types are reported:

The *other postemployment benefit trust fund* is used to accumulate resources to provide funding for future other postemployment benefits (OPEB) liabilities.

The *private purpose trust fund* is used to account for trust arrangements that exclusively benefit individuals, private organizations, or other governments. Some of these trusts have donor restrictions and trustee policies that do not allow the endowment portion and any unrealized appreciation to be spent. The restrictions and trustee policies only allows the trustees to approve spending of the realized investment earnings. The Town's private purpose trust fund is primarily comprised of scholarships.

#### D. Cash and Investments

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

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.

Investments are carried at fair value. The fair values were determined by the closing price for those securities traded on national stock exchanges and at the average bid-and-asked quotation for those securities traded in the

over-the-counter market.

#### E. Fair Value Measurements

The Town reports required types of financial instruments in accordance with the fair value standards. These standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or valuation techniques) to determine fair value. Fair value standards also require the government to classify these financial instruments into a three-level hierarchy, based on the priority of inputs to the valuation technique or in accordance with net asset value practical expedient rules, which allow for either Level 2 or Level 3 depending on lock up and notice periods associated with the underlying funds.

Instruments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 – Quoted prices are available in active markets for identical instruments as of the reporting date. Instruments, which are generally included in this category, include actively traded equity and debt securities, U.S. government obligations, and mutual funds with quoted market prices in active markets.

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

Level 3 – Pricing inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgment or estimation.

In some instances, the inputs used to measure fair value may fall into different levels of the fair value hierarchy and is based on the lowest level of input that is significant to the fair value measurement.

Market price is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument. Instruments with readily available active quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. It is reasonably possible that change in values of these instruments will occur in the near term and that such changes could materially affect amounts reported in these financial statements. For more information on the fair value of the Town's financial instruments, see Note 2 – Cash and Investments.

#### F. Accounts Receivable

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

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

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

Real estate and personal property taxes are levied and based on values assessed on January 1<sup>st</sup> of every year. Assessed values are established by the Board of Assessor's for 100% of the estimated fair value. Taxes are due on August 1<sup>st</sup>, November 1<sup>st</sup>, February 1<sup>st</sup> and May 1<sup>st</sup> and are subject to penalties and interest if they are not paid

by the respective due date. Real estate and personal property taxes levied are recorded as receivables in the year of the levy.

Real estate tax liens are processed yearly after the close of the valuation year on delinquent properties and are recorded as receivables in the year they are processed.

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

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

### ***Motor Vehicle and Other Excise Taxes***

Motor vehicle excise taxes are assessed annually for each vehicle registered and are recorded as receivables in the year of the levy. The Commonwealth is responsible for reporting the number of vehicles registered and the fair values of those vehicles. The tax calculation is the fair value of the vehicle multiplied by \$25 per \$1,000 of value. Boat excise taxes are assessed annually for each boat registered and are recorded as receivables in the year of the levy. The Commonwealth is responsible for reporting the number of boats registered and the fair value of those boats. The tax calculation is the fair value of the boat multiplied by \$10 per \$1,000 of value.

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

### ***User Fees***

Water user fees are levied semi-annually based on individual meter readings and are subject to penalties and interest if they are not paid by the respective due date. Unbilled user fees are estimated at year-end and are recorded as revenue in the current period. Water liens are processed annually and are included as a lien on the property owner's tax bill. Water charges and liens are recorded as receivables in the year of the levy.

Since the receivables are secured via the lien process, these accounts are considered 100% collectible and therefore do not report an allowance for uncollectibles.

### ***Departmental and Other***

Departmental and other receivables consist of mainly of ambulance receivables and are recorded as receivables in the year accrued. The allowance for uncollectibles is estimated based on historical trends and specific account analysis.

### ***Special Assessments***

Special assessments consist of apportioned and unapportioned road improvement and septic system betterments assessed to homeowners whose properties were improved through Town-run construction projects.

Since the receivables are secured via the lien process, these accounts are considered 100% collectible and therefore do not report an allowance for uncollectibles.

### ***Intergovernmental***

Various federal and state grants for operating and capital purposes are applied for and received annually. For non-expenditure driven grants, receivables are recorded as soon as all eligibility requirements imposed by the

provider have been met. For expenditure driven grants, receivables are recorded when the qualifying expenditures are incurred and all other grant requirements are met.

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

#### G. Inventories and Prepaid Items

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

The Town reports inventories in the nonmajor governmental funds relating to items held for resale at the Town's golf course. Other Town inventories are recorded as expenditures at the time of purchase since they are not material in total to the government-wide and fund financial statements. Inventories are valued at the lower of cost or market (first-in first-out).

#### H. Capital Assets

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

Capital assets, which include land, construction in progress, buildings and improvements, machinery and equipment, and infrastructure (e.g., roads, water mains, and similar items), are reported in the applicable governmental or business-type activity column of the government-wide financial statements, and the proprietary fund financial statements. Capital assets are recorded at historical cost, or at estimated historical cost, if actual historical cost is not available. Donated capital assets; donated works of art, historical treasures and similar assets; and capital assets received in service concession arrangements are recorded at acquisition value.

All purchases and construction costs in excess of \$25,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than one year. All major general infrastructure assets acquired or significantly reconstructed in years ending after June 30, 1980, have been recorded at estimated historical cost.

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

<u>Capital Asset Type</u>	<u>Estimated Useful Life (in years)</u>
Buildings and improvements.....	25 - 50
Improvements.....	10 - 50
Machinery and equipment.....	3 - 20
Infrastructure.....	25 - 50

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized and are treated as expenses when incurred. Improvements are capitalized.

##### *Governmental Fund Financial Statements*

Capital asset costs are recorded as expenditures in the acquiring fund in the year of the purchase.

### I. Deferred Outflows/Inflows of Resources

#### *Government-Wide Financial Statements (Net Position)*

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has reported deferred outflows on refunding debt, deferred outflows of resources related to pensions, and deferred outflows of resources related to other postemployment benefits in this category.

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 assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Town has reported taxes paid in advance, deferred inflows of resources related to pensions, and deferred inflows of resources related to other postemployment benefits in this category.

#### *Governmental 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 amounts that have been recorded in the governmental fund financial statements but the revenue is not available and so will not be recognized as an inflow of resources (revenue) until it becomes available. The Town has recorded taxes paid in advance and unavailable revenue as deferred inflows of resources in the governmental funds balance sheet.

### J. Interfund Receivables and Payables

During the course of its operations, transactions occur between and within individual funds that may result in amounts owed between funds.

#### *Government-Wide Financial Statements*

Transactions of a buyer/seller nature between and within governmental funds are eliminated from the governmental activities in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of net position as "internal balances".

#### *Fund Financial Statements*

Transactions of a buyer/seller nature between and within funds are *not* eliminated from the individual fund statements. Receivables and payables resulting from these transactions are classified as "Due from other funds" or "Due to other funds" on the balance sheet.

### K. Interfund Transfers

During the course of its operations, resources are permanently reallocated between and within funds. These transactions are reported as transfers in and transfers out.

*Government-Wide Financial Statements*

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".

*Fund Financial Statements*

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

L. Unearned and Unavailable Revenue

Unearned revenue at the government-wide and fund financial statement level represents resources that have been received, but not yet earned.

*Fund Financial Statements*

Unavailable revenue at the governmental fund financial statement level represents billed receivables that do not meet the available criterion in accordance with the current financial resources measurement focus and the modified accrual basis of accounting, i.e. receivables that are not considered to be available to liquidate liabilities of the current period. Unavailable revenue is recognized as revenue in the conversion to the government-wide (full accrual) financial statements.

M. Net Position and Fund Equity*Government-Wide Financial Statements (Net Position)*

Net position reported as "net investment in capital assets" includes capital assets, net of accumulated depreciation, less the principal balance of outstanding debt used to acquire capital assets. Unspent proceeds of capital related debt are not considered to be capital assets. Outstanding debt related to future reimbursements from the state's school building program is not considered to be capital related debt.

Net position is reported as restricted when amounts are not available for appropriation or are legally restricted by outside parties for a specific future use.

Net position has been "restricted for" the following:

"Perpetual care and other permanent funds - expendable" represents the amount of realized and unrealized investment earnings of donor restricted trusts. The restrictions and trustee policies only allows the trustees to approve spending of the realized investment earnings.

"Perpetual care and other permanent funds - nonexpendable" represents the endowment portion of donor restricted trusts.

"Gifts and grants" represents restrictions placed on assets from outside parties.

"Community preservation" represents amounts held for uses restricted by law for community preservation purposes.

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and

unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

#### *Fund Financial Statements (Fund Balances)*

Governmental fund balances are classified as nonspendable, restricted, committed, assigned, or unassigned based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

The governmental fund balance classifications are as follows:

"Nonspendable" fund balance includes amounts that cannot be spent because they are either not in spendable form or they are legally or contractually required to be maintained intact.

"Restricted" fund balance includes amounts subject to constraints placed on the use of resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or that are imposed by law through constitutional provisions or enabling legislation.

"Committed" fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of Open Town Meeting, the government's highest level of decision-making authority. Town Meeting is the highest level of decision-making authority that can, by majority vote of a warrant article at an open Town Meeting, commit funds for a specific purpose. Once voted, the limitation imposed by the vote remains in place until the funds are used for their intended purpose, the purpose no longer exists, or a vote is taken to modify the commitment.

"Assigned" fund balance includes amounts that are constrained by the Town's intent to be used for specific purposes, but are neither restricted nor committed. The Town's by-laws authorize the Town Accountant to assign fund balance which generally only exists temporarily. Additional action does not have to be taken for the removal of an assignment.

"Unassigned" fund balance includes the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount.

Sometimes the Town will fund outlays for a particular purpose from different components of fund balance. In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. When different components of fund balance can be used for the same purpose, it is the Town's policy to consider restricted fund balance to have been depleted first, followed by committed fund balance, and assigned fund balance. Unassigned fund balance is applied last.

#### N. Pensions

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 Barnstable County Retirement Association and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

O. Long-term Debt*Government-Wide and Proprietary Fund Financial Statements*

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. Bonds payable are reported net of the applicable bond premium or discount.

*Governmental Fund Financial Statements*

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

P. Investment Income

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

Q. Compensated Absences

Employees are granted vacation and sick leave in varying amounts based on collective bargaining agreements, state laws and executive policies.

*Government-Wide and Proprietary Fund Financial Statements*

Vested or accumulated vacation and sick leave are reported as liabilities and expensed as incurred.

*Governmental Fund Financial Statements*

Vested or accumulated vacation and sick leave, which will be liquidated with expendable available financial resources, are reported as expenditures and fund liabilities upon maturity of the liability.

R. Use of Estimates*Government-Wide and Fund Financial Statements*

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 the revenues and expenditures/expenses during the year. Actual results could vary from estimates that were used.

S. Individual Fund Deficits

Individual fund deficits exist within the Town capital fund and the Saquatucket Harbor capital project fund. These deficits will be funded through available funds and bond proceeds in future years.

T. Total Column*Government-Wide Financial Statements*

The total column presented on the government-wide financial statements represents consolidated financial information.

*Fund Financial Statements*

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.

**NOTE 2 – CASH AND INVESTMENTS**

A cash and investment pool is maintained that is available for use by all funds. Each fund type's portion of this pool is displayed on the balance sheet as "Cash and Cash equivalents". The deposits and investments of the trust funds are held separately from those of other funds.

Statutes authorize the investment in obligations of the U.S. Treasury, agencies, instrumentalities, certificates of deposit, repurchase agreements, money market accounts, bank deposits and the State Treasurer's Investment Pool (Pool). The Treasurer may also invest trust funds in securities, other than mortgages or collateral loans, which are legal for the investment of funds of savings banks under the laws of the Commonwealth. The Pool meets the criteria of an external investment pool. The Pool is administered by the Massachusetts Municipal Depository Trust (MMDT), which was established by the Treasurer of the Commonwealth who serves as Trustee. The fair value of the position in the Pool is the same as the value of the Pool shares.

Custodial Credit Risk – Deposits

In the case of deposits, the custodial credit risk is the risk that, in the event of a bank failure, the Town's deposits may not be recovered. At year-end, the carrying amount of deposits totaled \$40,713,290 and the bank balance totaled \$41,952,136. Of the bank balance, \$1,750,000 was covered by Federal Depository Insurance, \$31,022,750 was covered by Depositors Insurance Fund, and \$9,179,386 was exposed to custodial credit risk because it was uninsured and uncollateralized. The Town's investment policy limits its custodial credit risk by 1) pre-qualifying banks, 2) diversifying its investments across several banks and 3) collateralizing deposits where practical.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of a failure by the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town's investments of \$4,513,526 in debt securities and \$4,777,067 in equity securities are exposed to custodial credit risk as the securities are uninsured. The shares of open-end mutual funds are not subject to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form. The Town's investment policy allows for unlimited investments in United States Treasury Investments and United States Government obligations. Other investments are allowed with a high concentration of securities rated A or better.

The Town's investment policy requires the review of each financial institution's financial statements and the background of the sales representatives to limit the Town's exposure to only those institutions with proven financial strength. Further, all securities not held directly by the Town must be held in the Town's name and tax

identification number by a third-party custodian approved by the Treasurer and evidenced by safekeeping receipts showing individual CUSIP numbers for each security.

### Investments

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

Investment Type	Fair value	Maturities		
		Under 1 Year	1-5 Years	6-10 Years
<u>Debt securities:</u>				
U.S. treasury notes.....	\$ 2,214,629	\$ 119,745	\$ 1,684,493	\$ 410,391
Government sponsored enterprises.....	867,131	224,879	513,751	128,501
Corporate bonds.....	1,431,766	174,675	1,107,705	149,386
Total debt securities.....	4,513,526	\$ 519,299	\$ 3,305,949	\$ 688,278
<u>Other investments:</u>				
Equity securities.....	4,777,067			
Mutual funds.....	48,825			
Equity mutual funds.....	432,660			
Fixed income mutual funds.....	1,505,033			
Money market mutual funds.....	134,030			
Total investments.....	\$ 11,411,141			

### Interest Rate Risk

The Town's investment policy limits investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates and to match investment maturities with anticipated cash flow requirements.

### Credit Risk

Credit risk is the risk of loss due to the failure of the security issuer or backer. At June 30, 2022, the Town's investments were rated as follows:

Quality Rating	Government Sponsored Enterprises	Corporate Bonds
AAA.....	\$ -	\$ 24,027
AA+.....	867,131	49,711
AA-.....	-	356,904
A+.....	-	124,893
A.....	-	71,986
A-.....	-	369,366
BBB+.....	-	297,893
BBB.....	-	136,986
Total.....	\$ 867,131	\$ 1,431,766

Additionally, the Town has \$134,030 in money market mutual funds, all of which are unrated.

The Town's investment policy allows for unlimited investments in U.S. Treasury Notes and United States Government Agency obligations. Other investments should include investment grade securities with a high concentration in securities rates A or better.

### Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the Town's investment in a single issuer. The Town places no limit on the amount the government may invest in any one issuer. As of June 30, 2022, the Town had no investments with a single issuer that represented 5 percent or more of the Town's total investments.

### Fair Value of Investments

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

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Town has the following recurring fair value measurements as of June 30, 2022:

Investment Type	June 30, 2022	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments measured at fair value:</b>				
<u>Debt securities:</u>				
U.S. treasury notes.....	\$ 2,214,629	\$ 2,214,629	\$ -	\$ -
Government sponsored enterprises.....	867,131	867,131	-	-
Corporate bonds.....	1,431,766	-	1,431,766	-
Total debt securities.....	4,513,526	3,081,760	1,431,766	-
<u>Other investments:</u>				
Equity securities.....	4,777,067	4,777,067	-	-
Mutual funds.....	48,825	48,825	-	-
Equity mutual funds.....	432,660	432,660	-	-
Fixed income mutual funds.....	1,505,033	1,505,033	-	-
Money market mutual funds.....	134,030	134,030	-	-
Total other investments.....	6,897,615	6,897,615	-	-
Total investments.....	\$ 11,411,141	\$ 9,979,375	\$ 1,431,766	\$ -

U.S. treasury notes, government sponsored enterprises, equity securities, mutual funds, equity mutual funds, fixed income mutual funds, and money market mutual funds, classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Corporate bonds classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Investments classified in Level 3 are valued using significant unobservable inputs. The Town does not have any investments in this category.

### NOTE 3 – RECEIVABLES

At June 30, 2022, receivables for the individual major and nonmajor governmental funds, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Real estate and personal property taxes.....	\$ 990,163	\$ -	\$ 990,163
Tax liens.....	2,520,391	-	2,520,391
Community preservation fund surtax.....	25,722	-	25,722
Motor vehicle and other excise taxes.....	340,853	(59,787)	281,066
Departmental and other.....	880,982	(143,503)	737,479
Intergovernmental.....	1,712,863	-	1,712,863
Community preservation state share.....	560,603	-	560,603
Special assessments.....	172,760	-	172,760
Total.....	<u>\$ 7,204,337</u>	<u>\$ (203,290)</u>	<u>\$ 7,001,047</u>

At June 30, 2022, receivables for the water enterprise fund consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Water user fees.....	<u>\$ 1,047,412</u>	<u>\$ -</u>	<u>\$ 1,047,412</u>

Governmental funds report *unavailable revenue* 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 year, the various components of *unavailable revenue* reported in the governmental funds were as follows:

	General Fund	Other Governmental Funds	Total
<u>Receivables and other asset types:</u>			
Real estate and personal property taxes.....	\$ 642,425	\$ -	\$ 642,425
Tax liens.....	2,470,929	49,462	2,520,391
Community preservation fund surtax.....	-	25,722	25,722
Motor vehicle and other excise taxes.....	281,066	-	281,066
Departmental and other.....	656,664	80,815	737,479
Community preservation state share.....	-	560,603	560,603
Intergovernmental.....	-	1,528,672	1,528,672
Special assessments.....	-	172,760	172,760
Tax foreclosures.....	305,835	-	305,835
Total.....	<u>\$ 4,356,919</u>	<u>\$ 2,418,034</u>	<u>\$ 6,774,953</u>

**NOTE 4 – CAPITAL ASSETS**

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

**Governmental Activities**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 24,406,768	\$ -	\$ -	\$ 24,406,768
Construction in progress.....	20,354,109	2,348,655	(1,277,845)	21,424,919
Total capital assets not being depreciated....	44,760,877	2,348,655	(1,277,845)	45,831,687
<u>Capital assets being depreciated:</u>				
Buildings and improvements.....	68,969,761	-	-	68,969,761
Improvements.....	16,082,213	374,527	-	16,456,740
Machinery and equipment.....	15,679,700	1,477,612	(55,466)	17,101,846
Infrastructure.....	94,462,311	1,365,226	-	95,827,537
Total capital assets being depreciated.....	195,193,985	3,217,365	(55,466)	198,355,884
<u>Less accumulated depreciation for:</u>				
Buildings and improvements.....	(43,208,233)	(1,671,286)	-	(44,879,519)
Improvements.....	(7,028,852)	(451,347)	-	(7,480,199)
Machinery and equipment.....	(10,345,652)	(1,005,471)	55,466	(11,295,657)
Infrastructure.....	(74,825,245)	(2,424,379)	-	(77,249,624)
Total accumulated depreciation.....	(135,407,982)	(5,552,483)	55,466	(140,904,999)
Total capital assets being depreciated, net.....	59,786,003	(2,335,118)	-	57,450,885
Total governmental activities capital assets, net.....	\$ 104,546,880	\$ 13,537	\$ (1,277,845)	\$ 103,282,572

**Business-Type Activities**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Water:</b>				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 1,505,893	\$ -	\$ -	\$ 1,505,893
<u>Capital assets being depreciated:</u>				
Buildings and improvements.....	6,417,657	-	-	6,417,657
Machinery and equipment.....	3,170,355	-	-	3,170,355
Infrastructure.....	38,607,499	372,831	-	38,980,330
Total capital assets being depreciated.....	48,195,511	372,831	-	48,568,342
<u>Less accumulated depreciation for:</u>				
Buildings and improvements.....	(1,453,669)	(161,090)	-	(1,614,759)
Machinery and equipment.....	(2,057,007)	(188,191)	-	(2,245,198)
Infrastructure.....	(29,020,340)	(1,348,448)	-	(30,368,788)
Total accumulated depreciation.....	(32,531,016)	(1,697,729)	-	(34,228,745)
Total capital assets being depreciated, net.....	15,664,495	(1,324,898)	-	14,339,597
Total water enterprise capital assets, net.....	\$ 17,170,388	\$ (1,324,898)	\$ -	\$ 15,845,490

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

**Governmental Activities:**

General government.....	\$ 283,505
Public safety.....	1,105,628
Education.....	515,841
Public works.....	2,494,127
Human services.....	195,555
Culture and recreation.....	797,669
Community preservation.....	160,158
Total depreciation expense - governmental activities.....	\$ 5,552,483

**Business-Type Activities:**

Water.....	\$ 1,697,729
------------	--------------

**NOTE 5 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

At June 30, 2022, the Town had an interfund receivable/payable between the general fund and the Saquatucket harbor nonmajor capital projects fund totaling \$19,339. The purpose of this balance is to cover short-term cash needs that will be funded by available funds.

Interfund transfers for the year ended June 30, 2022, are summarized as follows:

Transfers Out:	Transfers In:					Total
	General fund	Town capital fund	Nonmajor governmental funds	Water enterprise fund	Wastewater enterprise fund	
General fund.....	\$ -	\$ 3,203,676	\$ 52,052	\$ 1,231	\$ 515,331	\$ 3,772,290 (1)
Community preservation act fund..	233,050	-	-	-	-	233,050 (2)
Nonmajor governmental funds.....	644,261	-	-	1,560	-	645,821 (3)
Total.....	\$ 877,311	\$ 3,203,676	\$ 52,052	\$ 2,791	\$ 515,331	\$ 4,651,161

- (1) Represents budgeted transfers from the general fund to the Town capital fund; to nonmajor governmental funds to fund special revenue programs; and to the water and the wastewater enterprise funds.
- (2) Represents a transfer to the general fund for debt service payments funded with community preservation act funds.
- (3) Represents transfers from the nonmajor governmental funds to the general fund to fund the budget, mainly from receipts reserved for appropriation funds for golf, PEG access, betterments, and grant funds. Also represents a transfer from the nonmajor governmental funds to the water enterprise fund.

**NOTE 6 – LANDFILL**

State and Federal laws and regulations require the Town to place a final cover on its landfill site and to perform certain maintenance and monitoring functions at the site for thirty years thereafter. The landfill has stopped accepting solid waste and pursuant to a Massachusetts Department of Environmental Protection consent order, the Town has placed a final cover on its landfill. Based upon experience, the Town estimates annual monitoring costs are \$18,500 per year, which is included within the annual appropriations. As of June 30, 2022, \$166,500 has been reported on the Town's statement of net position as an estimated remaining liability for post-closure monitoring costs of the landfill. Actual costs may change due to changes in regulations, technology, and inflation.

**NOTE 7 – SHORT-TERM FINANCING**

Short-term debt may be authorized and issued to fund the following:

- Current operating costs prior to the collection of revenues through issuance of revenue or tax anticipation notes (RANS or TANS).
- Capital project costs and other approved expenditures incurred prior to obtaining permanent financing through issuance of bond anticipation notes (BANS) or grant anticipation notes (GANS).

Short-term loans are general obligations and carry maturity dates that are limited by statute. Interest expenditures and expenses for short-term borrowings are accounted for in the general fund.

Details related to the short-term debt activity for the year ended June 30, 2022, is as follows:

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2021	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2022
<b>Governmental Funds:</b>							
BAN	Municipal Purpose.....	1.00%	06/10/22	\$ 1,408,300	\$ -	\$ (1,408,300)	\$ -
BAN	MCWT Interim Loan.....	0.00%	03/31/23	18,896,286	1,838,667	-	20,734,953 *
Total Governmental Funds.....				\$ 20,304,586	\$ 1,838,667	\$ (1,408,300)	\$ 20,734,953

\*The Town entered into a short-term interest free loan agreement through the Massachusetts Clean Water Trust (MCWT) interim loan program which provides funding to allow projects to proceed during the time prior to permanent financing by the Trust.

## NOTE 8 – LONG-TERM DEBT

### Change in Accounting Principle

The Town implemented GASB Statement #87, *Leases* in the year ended June 30, 2022. Several capital leases previously reported as long-term leases have been reclassified as capital financing long-term debt this year.

Under the provisions of Chapter 44, Section 10, Municipal Law authorizes indebtedness up to a limit of 5% of the equalized valuation. Debt issued in accordance with this section of the law is designated as being "inside the debt limit". In addition, however, debt may be authorized in excess of that limit for specific purposes. Such debt, when issued, is designated as being "outside the debt limit."

Details related to the outstanding general obligation indebtedness at June 30, 2022, and the debt service requirements are as follows:

### Long-term Debt Schedule – Governmental Funds

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2022
<b>General Obligation Bonds Payable:</b>				
Municipal Purpose Refunding Loan of 2012.....	2024	\$ 2,265,000	2.00-3.00	\$ 385,000
Municipal Purpose Loan of 2013.....	2023	2,900,000	2.00-2.75	300,000
Municipal Purpose Loan of 2018.....	2038	12,525,000	3.00-5.00	8,975,000
Municipal Purpose Loan of 2019.....	2039	9,105,000	3.00-5.00	6,740,000
Municipal Purpose Refunding Loan of 2019.....	2029	3,815,000	4.00	2,610,000
Municipal Purpose Loan of 2022.....	2042	5,135,000	4.00-5.00	5,135,000
Subtotal Governmental General Obligation Bonds Payable.....				<u>24,145,000</u>
<b>Direct Borrowings Payable:</b>				
Massachusetts Clean Water Trust 2004.....	2024	121,316	2.00	<u>12,242</u>
<b>Capital Financing Payable:</b>				
Golf Course Maintenance Equipment.....	2025	444,881	1.70	<u>266,878</u>
Total Governmental Long-term Debt.....				24,424,120
Add: Unamortized premium on bonds.....				<u>2,112,061</u>
Total Governmental Long-term Debt, net.....				<u>\$ 26,536,181</u>

Debt service requirements for principal and interest for governmental general obligation bonds, direct borrowings and capital financing payable in future years are as follows:

Year	General Obligation Bonds Payable		
	Principal	Interest	Total
2023.....	\$ 3,040,000	\$ 1,038,545	\$ 4,078,545
2024.....	2,390,000	912,878	3,302,878
2025.....	1,895,000	803,972	2,698,972
2026.....	1,890,000	713,177	2,603,177
2027.....	1,825,000	622,621	2,447,621
2028.....	1,690,000	535,328	2,225,328
2029.....	1,520,000	454,721	1,974,721
2030.....	1,280,000	381,078	1,661,078
2031.....	1,275,000	320,822	1,595,822
2032.....	1,260,000	267,528	1,527,528
2033.....	870,000	214,823	1,084,823
2034.....	860,000	178,328	1,038,328
2035.....	850,000	148,252	998,252
2036.....	850,000	120,176	970,176
2037.....	850,000	92,097	942,097
2038.....	790,000	63,586	853,586
2039.....	500,000	37,100	537,100
2040.....	170,000	20,400	190,400
2041.....	170,000	13,600	183,600
2042.....	170,000	6,800	176,800
Total.....	\$ <u>24,145,000</u>	\$ <u>6,945,832</u>	\$ <u>31,090,832</u>

Year	Direct Borrowings Payable		
	Principal	Interest	Total
2023.....	\$ 6,121	\$ 459	\$ 6,580
2024.....	6,121	153	6,274
Total.....	\$ <u>12,242</u>	\$ <u>612</u>	\$ <u>12,854</u>

Year	Capital Financing Payable		
	Principal	Interest	Total
2023.....	\$ 87,464	\$ 4,537	\$ 92,001
2024.....	88,951	3,050	92,001
2025.....	90,463	1,538	92,001
Total.....	\$ <u>266,878</u>	\$ <u>9,125</u>	\$ <u>276,003</u>

**Long-term Debt Schedule – Water Enterprise Fund**

Details related to the outstanding indebtedness at June 30, 2022, and the debt service requirements are as follows:

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2022
<b>General Obligation Bonds Payable:</b>				
Municipal Purpose Loan of 2010.....	2030	\$ 1,592,000	2.75-4.00	\$ 600,000
Municipal Purpose Loan of 2011.....	2037	4,800,000	3.00-4.00	1,950,000
Municipal Purpose Refunding Loan of 2012.....	2034	1,920,000	3.00-2.75	1,130,000
Subtotal Water Enterprise General Obligation Bonds Payable.....				<u>3,680,000</u>
<b>Direct Borrowings Payable:</b>				
Massachusetts Clean Water Trust 2016.....	2036	1,875,541	2.00	<u>1,394,695</u>
Total Water Enterprise Long-term Debt.....				5,074,695
Add: Unamortized premium on bonds.....				<u>84,919</u>
Total Water Enterprise Long-term Debt, net.....				<u>\$ 5,159,614</u>

Debt service requirements for principal and interest for water enterprise fund general obligation bonds and direct borrowings payable in future years are as follows:

Year	General Obligation Bonds Payable		
	Principal	Interest	Total
2023.....	\$ 310,000	\$ 110,176	\$ 420,176
2024.....	310,000	101,773	411,773
2025.....	305,000	93,496	398,496
2026.....	305,000	84,883	389,883
2027.....	300,000	75,977	375,977
2028.....	300,000	66,940	366,940
2029.....	300,000	57,563	357,563
2030.....	295,000	47,909	342,909
2031.....	220,000	38,224	258,224
2032.....	215,000	31,389	246,389
2033.....	215,000	24,502	239,502
2034.....	215,000	17,549	232,549
2035.....	130,000	11,700	141,700
2036.....	130,000	7,020	137,020
2037.....	130,000	2,340	132,340
Total.....	<u>\$ 3,680,000</u>	<u>\$ 771,441</u>	<u>\$ 4,451,441</u>

Year	Direct Borrowings Payable		
	Principal	Interest	Total
2023.....	\$ 86,303	\$ 27,894	\$ 114,197
2024.....	88,179	26,168	114,347
2025.....	90,095	24,404	114,499
2026.....	92,053	22,602	114,655
2027.....	94,054	20,762	114,816
2028.....	96,098	18,880	114,978
2029.....	98,187	16,958	115,145
2030.....	100,321	14,994	115,315
2031.....	102,501	12,988	115,489
2032.....	104,728	10,938	115,666
2033.....	107,005	8,844	115,849
2034.....	109,330	6,704	116,034
2035.....	111,706	4,516	116,222
2036.....	114,135	2,282	116,417
Total.....	\$ 1,394,695	\$ 218,934	\$ 1,613,629

The Town is subject to various debt limits by statute and may issue additional general obligation debt under the normal debt limit. At June 30, 2022, the Town had the following authorized and unissued debt:

Purpose	Amount
Saquatucket Municipal Marina Improvements.....	\$ 742,400
Sewer Interconnection and Planning.....	3,285,000
Sewer - Cold Brook.....	1,902,600
Pleasant Bay Watershed Section Sewer and Chatham Interconnector System Construction.....	24,745,000
Fire Station.....	100,000
Total.....	\$ 30,775,000

Changes in Long-term Liabilities

During the year ended June 30, 2022, the following changes occurred in long-term liabilities:

	Beginning Balance	Bonds and Notes Issued	Bonds and Notes Redeemed	Other Increases	Other Decreases	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>							
Long-term general obligation bonds payable.. \$	21,740,000	\$ 5,135,000	\$ (2,730,000)	\$ -	\$ -	\$ 24,145,000	\$ 3,040,000
Long-term direct borrowings payable.....	18,363	-	(6,121)	-	-	12,242	6,121
Long-term capital financing payable.....	352,880	-	(86,002)	-	-	266,878	87,464
Add: Unamortized premium on bonds.....	2,046,304	359,328	(293,571)	-	-	2,112,061	299,239
Total long-term debt.....	24,157,547	5,494,328	(3,115,694)	-	-	26,536,181	3,432,824
Landfill closure.....	185,000	-	-	-	(18,500)	166,500	18,500
Compensated absences.....	1,443,299	-	-	471,005	(548,592)	1,365,712	499,927
Net pension liability.....	29,239,336	-	-	1,646,621	(8,227,480)	22,658,477	-
Net other postemployment benefits.....	36,072,647	-	-	3,447,371	(2,450,286)	37,069,732	-
Total governmental activity							
long-term liabilities.....	\$ 91,097,829	\$ 5,494,328	\$ (3,115,694)	\$ 5,564,997	\$ (11,244,858)	\$ 87,796,602	\$ 3,951,251
<b>Business-Type Activities:</b>							
Long-term general obligation bonds payable.. \$	4,145,000	\$ -	\$ (465,000)	\$ -	\$ -	\$ 3,680,000	\$ 310,000
Long-term direct borrowings payable.....	1,479,162	-	(84,467)	-	-	1,394,695	86,303
Add: Unamortized premium on bonds.....	100,066	-	(15,147)	-	-	84,919	13,548
Total long-term debt.....	5,724,228	-	(564,614)	-	-	5,159,614	409,851
Compensated absences.....	83,825	-	-	17,167	(31,385)	69,607	25,332
Net pension liability.....	1,993,064	-	-	112,693	(555,035)	1,550,722	-
Net other postemployment benefits.....	2,458,848	-	-	435,097	(356,932)	2,537,013	-
Total business-type activity							
long-term liabilities.....	\$ 10,259,965	\$ -	\$ (564,614)	\$ 564,957	\$ (943,352)	\$ 9,316,956	\$ 435,183

Long-term liabilities related to both governmental and business-type activities are normally paid from the general fund and enterprise funds, respectively.

**NOTE 9 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS**

The Town classifies fund balance according to constraints imposed on the uses of those resources.

There are two major types of fund balances, which are nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund. The Town has reported principal portions of endowment funds, and inventory as nonspendable.

In addition to the nonspendable fund balance, spendable fund balances are classified based on a hierarchy of spending constraints.

- Restricted: fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.
- Committed: fund balances that contain self-imposed constraints of the Town from its highest level of decision-making authority.
- Assigned: fund balances that contain self-imposed constraints of the Town to be used for a particular purpose.
- Unassigned: fund balance of the general fund that is not constrained for any particular purpose.

Massachusetts General Law Ch.40 §5B allows for the establishment of Stabilization funds for one or more different purposes on an as needed basis. 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. The stabilization fund balance can be used for general and/or capital purposes upon approval of Town Meeting. Additions to and withdrawals from the funds can only be made upon Town Meeting approval.

In accordance with Massachusetts General Law the Town has established a general stabilization fund. At year end, the balance of the Town's stabilization fund was \$5,338,183, and was reported as unassigned fund balance within the general fund.

The committed balances in the general fund consist of articles carried forward to next year. Assigned balances in the general fund are encumbrances carried forward to next year. The detail of each article and encumbrance is included in the budgetary comparison schedule presented as required supplementary information.

As of June 30, 2022, the governmental fund balances consisted of the following:

	General	Community Preservation Act Fund	Town Capital Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Fund Balances:</b>					
Nonspendable:					
Trust fund principal.....	\$ -	\$ -	\$ -	\$ 511,217	\$ 511,217
Inventory.....	-	-	-	56,898	56,898
Restricted for:					
Community Preservation Act Fund.....	-	6,621,817	-	-	6,621,817
Federal grants.....	-	-	-	47,209	47,209
State grants.....	-	-	-	451,283	451,283
Local gifts and grants.....	-	-	-	404,107	404,107
Highway improvements.....	-	-	-	89,261	89,261
Revolving.....	-	-	-	1,471,952	1,471,952
Receipts reserved for appropriation.....	-	-	-	2,370,092	2,370,092
Other special revenue.....	-	-	-	231,132	231,132
Special revenue trust.....	-	-	-	477,206	477,206
Library trust.....	-	-	-	845,453	845,453
Cemetery trust.....	-	-	-	26,575	26,575
Other trust.....	-	-	-	2,211	2,211
Committed to:					
Articles and continuing appropriations:					
Selectmen.....	170,000	-	-	-	170,000
Town Accountant.....	208	-	-	-	208
Administration.....	110,000	-	-	-	110,000
IT Channel 18.....	371,413	-	-	-	371,413
Town planner.....	200,000	-	-	-	200,000
Police.....	18,000	-	-	-	18,000
Fire.....	158,202	-	-	-	158,202
Town Engineer.....	184,533	-	-	-	184,533
Highway department.....	871,470	-	-	-	871,470
Cemetery administration.....	20,000	-	-	-	20,000
Culture and recreation.....	130,543	-	-	-	130,543
Recreation and youth.....	52,722	-	-	-	52,722
Harbormaster.....	253,185	-	-	-	253,185
Golf.....	76,135	-	-	-	76,135
Assigned to:					
Administration.....	200	-	-	-	200
Fire.....	248	-	-	-	248
Highway department.....	44,007	-	-	-	44,007
Council on Aging.....	780	-	-	-	780
Veterans.....	857	-	-	-	857
Free cash used for subsequent year budget.....	1,887,084	-	-	-	1,887,084
Unassigned.....	14,984,294	-	(12,925,846)	(19,339)	2,039,109
<b>Total Fund Balances.....</b>	<b>\$ 19,533,881</b>	<b>\$ 6,621,817</b>	<b>\$ (12,925,846)</b>	<b>\$ 6,965,257</b>	<b>\$ 20,195,109</b>

**NOTE 10 – COMMUNITY PRESERVATION FUNDS**

The Town has approved the Community Preservation Act (CPA) which allows the Town to impose a surcharge on property taxes and to receive matching state funds for specified uses related to the acquisition, creation, preservation and support of open space, historic resources, land for recreational use and community housing. The CPA requires that the Town spend or set aside for later spending a minimum of 10% of annual revenues for open space, a minimum of 10% of annual revenues for historic resources and a minimum of 10% of annual revenues for community housing.

In accordance with the CPA, the Town has approved a bylaw establishing a Community Preservation Committee (CPC) to study the needs, possibilities and resources of the Town regarding community preservation and to make recommendations for Town Meeting approval to fund eligible projects using CPA funds.

As of June 30, 2022, the CPA fund has a balance of \$6,621,817 and is reported as a major fund in the governmental funds financial statements.

**NOTE 11 – RISK FINANCING**

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 for which the Town carries commercial insurance. The Town participates in a premium-based health care plan for its active and retired employees. The amount of claim settlements has not exceeded insurance coverage in any of the previous three years.

The Town provides health insurance through the Cape Cod Municipal Health Group (Group), a nonprofit shared risk health group comprised of 51 governmental units. The Town and its employees contribute to the Group based upon a 75% (Town) and 25% (employee) primary care premium formula. In the event the Group is terminated, the Town is obligated to pay its prorated share of a deficit, should one exist.

The Town carries commercial insurance for worker's compensation claims as well as public safety personnel "injured on duty" insurance in excess of \$40,000 per claim. The Town's share of unpaid liabilities as of June 30, 2022, is immaterial to the financial statements and therefore is not reported.

The Town is self-insured for unemployment claims which are funded on a pay-as-you-go basis from annual appropriations paid from the general fund. The Incurred But Not Reported is immaterial to the financial statements and therefore is not reported.

**NOTE 12 – PENSION PLAN***Plan Descriptions*

The Town is a member of the Barnstable County Retirement Association (BCRA), a cost-sharing multiple-employer defined benefit pension plan covering eligible employees of the 50 member units. The BCRA is administered by five board members (Board) on behalf of all current employees and retirees. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. The audited financial report may be obtained by visiting <http://www.barnstablecounty.org/retirement-association/>.

*Benefits Provided*

BCRA provides retirement, disability, survivor and death benefits to plan members and beneficiaries. Massachusetts Contributory Retirement System benefits are, with certain minor exceptions, uniform from system to system. The System provides for retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. For persons who became members on or after April 2, 2012, average salary is the average annual rate of regular compensation received during the five consecutive years that produce the highest average, or, if greater, during the last five years (whether or not consecutive) preceding retirement. Benefit payments are based upon a member's age, length of creditable service, level of compensation, and group classification. Members become vested after ten years of creditable service.

Employees who resign from service and who are not eligible to receive a retirement allowance or are under the age of 55 are entitled to request a refund of their accumulated total deductions. Survivor benefits are extended to eligible beneficiaries of members whose death occurs prior to or following retirement.

Cost-of-living adjustments granted between 1981 and 1997 and any increase 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*

Chapter 32 of the MGL governs the contributions of plan members and member units. Active plan members are required to contribute to the System at rates ranging from 5% to 9% of gross regular compensation with an additional 2% contribution required for compensation exceeding \$30,000. The percentage rate is keyed to the date upon which an employee's membership commences. The member units are required to pay into the BCRA a legislatively mandated actuarial determined contribution that is apportioned among the employers based on active current payroll. The Town's proportionate share of the required contribution was \$3,242,673 and its actual contribution for the year ended June 30, 2022, was \$3,242,673, 22.58% of covered payroll, actuarially determined as an amount that, when combined with plan member contributions, is expected to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability.

*Pension Liabilities*

At June 30, 2022, the Town reported a liability of \$24,209,199 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, 2022. Accordingly, procedures were used to roll back 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 proportion was 4.403%, which is 0.118% less than its proportion measured at December 31, 2020.

*Pension Expense*

For the year ended June 30, 2022, the Town recognized pension expense of \$1,759,314. At June 30, 2022, the Town reported net deferred outflows of resources and deferred inflows of resources related to pensions of \$3,689,538 and \$9,792,624, respectively.

The balances of deferred outflows and inflows at June 30, 2022, consist of the following:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ -	\$ (169,887)	\$ (169,887)
Difference between projected and actual earnings, net.....	-	(8,476,774)	(8,476,774)
Changes in assumptions.....	3,036,003	-	3,036,003
Changes in proportion and proportionate share of contributions...	653,535	(1,145,963)	(492,428)
Total deferred outflows/(inflows) of resources.....	\$ <u>3,689,538</u>	\$ <u>(9,792,624)</u>	\$ <u>(6,103,086)</u>

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

Year ended June 30:

2023.....	\$ (963,430)
2024.....	(2,376,828)
2025.....	(1,456,137)
2026.....	(1,451,450)
2027.....	144,759
Total.....	\$ <u>(6,103,086)</u>

### Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2022, using the following actuarial assumptions, applied to all periods included in the measurement that was updated to December 31, 2021:

Valuation date.....	January 1, 2022
Actuarial cost method.....	Entry Age Actuarial Cost Method.
Projected salary increases.....	3.25%
Cost of living adjustments.....	3% of the first \$18,000.
Investment rate of return/ Discount rate.....	6.90%
Mortality Rates:	
Pre-Retirement.....	RP-2014 Blue Collar Employee Mortality Table projected generationally with Scale MP-2021.
Healthy Retiree.....	RP-2014 Blue Collar Healthy Annuitant Mortality Table projected generationally with Scale MP-2021.
Disabled Retiree.....	RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year and projected generationally with Scale MP-2021.

*Investment Policy*

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Board and pursuant to Massachusetts General Laws and Public Employee Retirement Administration guidelines. Plan 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 pension plan.

The investment objective is to fully fund the Plan by generating sufficient long-term inflation adjusted capital appreciation while providing sufficient liquidity to meet short-term withdrawal requirements. The Board desires to balance the goal of higher long-term returns with the goal of minimizing contribution volatility, recognizing these are often competing goals. This requires taking both assets and liabilities into account when setting investment strategy.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of January 1, 2022, are summarized in the following table:

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity.....	22.00%	6.11%
International developed markets equity.....	11.50%	6.49%
International emerging markets equity.....	4.50%	8.12%
Core fixed income.....	15.00%	0.38%
Value added fixed income.....	8.00%	2.48%
Real estate.....	10.00%	3.72%
Timberland.....	4.00%	3.44%
Hedge fund, PCS.....	10.00%	2.63%
Private equity.....	15.00%	9.93%
Total.....	100.00%	

*Rate of Return*

For the year ended December 31, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 19.75%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

*Discount Rate*

The discount rate used to measure the total pension liability was 6.90% as of December 31, 2021, and 7.15% at December 31, 2020. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rate. For this purpose, only employer contributions that are intended to fund the service costs for future plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the

pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the net pension liability, calculated using the discount rate of 6.90%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.90%) or 1-percentage-point higher (7.90%) than the current rate:

	1% Decrease (5.90%)	Current Discount (6.90%)	1% Increase (7.90%)
The Town's proportionate share of the net pension liability.....	\$ 35,601,552	\$ 24,209,199	\$ 14,626,387

*Pension Plan Fiduciary Net Position*

Detailed information about the pension plan's fiduciary net position is available in the separately issued Barnstable County Retirement Association's financial report.

*Changes in Assumptions:*

- The discount rate was lowered from 7.15% to 6.90%.
- The mortality improvement scale was updated from Scale MP-2017 to Scale MP-2021.

*Changes in Plan Provisions*

- None.

**NOTE 13 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

*Plan Description*

The Town of Harwich administers a single-employer defined benefit healthcare plan (Plan). The Plan provides lifetime healthcare and life insurance for eligible retirees and their spouses through a single-employer defined Other Postemployment Benefit (OPEB) plan. Chapter 32B of the MGL assigns authority to establish and amend benefit provisions of the plan. Benefit provisions are negotiated between the Town and the unions representing Town employees and are renegotiated each bargaining period. The Plan does not issue a publicly available financial report. Additionally, retired teachers and their spouses receive health insurance through the Group Insurance Commission of the Commonwealth of Massachusetts (GIC). Each participating municipality is assessed for the governmental share of health and life insurance premiums paid on-behalf of its teacher retirees by the state. The state pays 85 – 90% of the total premium; the retiree's co-payment is 10 – 15% of the total premium as well as full payment for catastrophic illness coverage.

*Funding Policy*

The contribution requirements of plan members and the Town are established and may be amended by the Town. The required contribution is based on a pay-as-you-go financing requirement. The Town contributes 75% of the

cost of current-year premiums for eligible retired plan members and their spouses. Plan members receiving benefits contribute the remaining 25% of their premium costs. For 2022, the Town's age-adjusted contribution to the plan totaled \$3.1 million, which includes \$800,000 in pre-funding as described below.

The Commonwealth of Massachusetts passed special legislation that has allowed the Town to establish a postemployment benefit trust fund and to enable the Town to raise taxes necessary to begin pre-funding its OPEB liabilities.

During 2022, the Town pre-funded future OPEB liabilities totaling \$800,000 by contributing funds to the Other Postemployment Benefit Fund in excess of the pay-as-you-go required contribution. These funds are reported within the Fiduciary Funds financial statements. As of June 30, 2022, the balance of this fund totaled \$4,558,645.

#### *Summary of Significant Accounting Policies*

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

#### *Employees Covered by Benefit Terms*

The following table represents the Plan's membership at June 30, 2020:

Active members.....	196
Inactive members currently receiving benefits.....	<u>382</u>
Total.....	<u><u>578</u></u>

#### *Components of OPEB Liability*

The following table represents the components of the Plan's OPEB liability as of June 30, 2022:

Total OPEB liability.....	\$	44,165,390
Less: OPEB plan's fiduciary net position.....		<u>(4,558,645)</u>
Net OPEB liability.....	\$	<u><u>39,606,745</u></u>
The OPEB plan's fiduciary net position		
as a percentage of the total OPEB liability.....		10.32%

#### *Significant Actuarial Methods and Assumptions*

The total OPEB liability in the June 30, 2020, actuarial valuation was determined by using the following actuarial assumptions, applied to all periods included in the measurement that was updated to June 30, 2022, as shown on the following page.

Valuation date.....	June 30, 2020
Actuarial cost method.....	Entry age normal - level percentage of payroll.
Inflation rate.....	3.25%
Discount rate.....	6.50% as of June 30, 2022, and 6.50% as of June 30, 2021.
Investment rate of return.....	6.50% as of June 30, 2022, and 6.50% as of June 30, 2021.
Salary increases.....	Service-related increases for Group 1 (excluding Teachers) and Group 2 employees: 6.0% decreasing over 11 years to an ultimate level of 4.0%. Service-related increases for Group 4 employees: 7.0% decreasing over 8 years to an ultimate level of 4.5%. Service-related increases for Teachers: 7.5% decreasing over 20 years to an ultimate level of 4.0%.
Health care trend rates:	
CCMHG.....	Non-Medicare: 2.50% for 1 year, then 6.75% decreasing by 0.25% each year to an ultimate level of 4.50% per year. Medicare: 2.50% for 1 year, then 6.75% decreasing by 0.25% each year to an ultimate level of 4.50% per year.
GIC.....	Non-Medicare: 6.60%, 6.50%, 6.40%, 6.20%, then 6.0% decreasing by 0.25% each year to an ultimate level of 4.50% per year. Medicare: 4.80%, 4.70%, 4.60%, 4.70%, then 6.0% decreasing by 0.25% each year to an ultimate level of 4.50% per year.
Dental.....	3.00%
Part B.....	8.70% for year 1, then 4.50%.
Contributions.....	Retiree contributions are expected to increase with respective trends shown above.
Mortality rates:	
Preretirement mortality rates.....	Healthy Non-Teachers: RP-2014 Blue Collar Employee Mortality Table projected generationally with Scale MP-2017. Healthy Teachers: Pub-2010 Teachers Employee Headcount-Weighted Mortality Table projected generationally with Scale MP-2020.
Postretirement mortality rates.....	Healthy Non-Teachers: RP-2014 Blue Collar Healthy Annuitant Mortality Table projected generationally with Scale MP-2017. Healthy Teachers: Pub-2010 Teacher Healthy Retiree Headcount-Weighted Mortality Table projected generationally with Scale MP-2020. Disabled Non-Teachers: RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year projected generationally with Scale MP-2017. Disabled Teachers: Pub-2010 Teacher Healthy Retiree Headcount-Weighted Mortality Table projected generationally with Scale MP-2020.

*Rate of Return*

For the year ended June 30, 2022, the annual money-weighted rate of return on investments, net of investment expense, was -5.97%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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 pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2022, are summarized in table as follows:

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity.....	21.00%	6.11%
International developed markets equity....	13.00%	6.49%
International emerging markets equity.....	5.00%	8.12%
Core fixed income.....	15.00%	0.38%
High-yield fixed income.....	8.00%	2.48%
Real estate.....	10.00%	3.72%
Commodities.....	4.00%	3.44%
Hedge fund, GTAA, Risk parity.....	11.00%	2.63%
Private equity.....	13.00%	9.93%
Total.....	100.00%	

*Discount Rate*

The discount rate used to measure the total OPEB liability was 6.50% as of June 30, 2022, and 6.50% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions 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 sufficient to make all projected benefit payments to current plan members.

*Changes in the Net OPEB Liability*

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2021.....	\$ 42,575,675	\$ 4,044,180	\$ 38,531,495
Changes for the year:			
Service cost.....	1,091,776	-	1,091,776
Interest.....	2,765,838	-	2,765,838
Contributions - employer.....	-	3,067,899	(3,067,899)
Net investment income (loss).....	-	(285,535)	285,535
Benefit payments.....	(2,267,899)	(2,267,899)	-
Net change.....	1,589,715	514,465	1,075,250
Balances at June 30, 2022.....	\$ 44,165,390	\$ 4,558,645	\$ 39,606,745

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

The following table presents the net other postemployment benefit liability, calculated using the discount rate of 6.50%, as well as what the net other postemployment benefit liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50%) or 1-percentage-point higher (7.50%) than the current discount rate.

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Net OPEB liability.....	\$ 44,998,719	\$ 39,606,745	\$ 35,120,875

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

The following table presents the net other postemployment benefit liability as well as what the net other postemployment benefit liability would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rates.

	1% Decrease	Current Trend	1% Increase
Net OPEB liability.....	\$ 34,033,309	\$ 39,606,745	\$ 46,451,757

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

For the year ended June 30, 2022, the Town recognized OPEB expense of \$2,728,669. At June 30, 2022, the Town reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ 4,136,256	\$ -	\$ 4,136,256
Difference between projected and actual earnings, net.....	223,562	-	223,562
Changes in assumptions.....	830,440	(6,882,546)	(6,052,106)
Total deferred outflows/(inflows) of resources.....	\$ 5,190,258	\$ (6,882,546)	\$ (1,692,288)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:

2023.....	\$ (397,057)
2024.....	(527,323)
2025.....	(882,789)
2026.....	114,881
Total deferred outflows/(inflows) of resources.....	\$ (1,692,288)

*Changes of Assumptions*

- None.

*Changes in Plan Provisions*

- None.

**NOTE 14 – COMMITMENTS AND CONTINGENCIES**

The regional vocational school, Cape Cod Technical Regional High School, received permission to construct a new high school on its existing campus in Harwich as approved in a district wide vote passed on October 24, 2017. The estimated cost of the project is \$127 million and the Massachusetts School Building Authority (MSBA) is estimated to reimburse 51% of eligible project costs up to a maximum of \$46,292,000. Harwich represents approximately 9% of the student enrollment in the regional school. The estimated annual budget impact to the Town is \$500,000 annually for 25 years.

The Town participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* through June 30, 2022, these

programs are still subject to financial and compliance audits. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although it is expected such amounts, if any, to be immaterial.

Various legal actions and claims are pending. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any, at June 30, 2022, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2022.

The general fund has various commitments for goods and services related to articles and encumbrances totaling \$2,616,411 and \$46,092, respectively.

#### **NOTE 15 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through February 28, 2023, which is the date the financial statements were available to be issued.

#### **NOTE 16 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS**

During 2022, the following GASB pronouncements were implemented:

- GASB Statement #87, *Leases*. The annual comprehensive financial report was updated to be in compliance with this pronouncement.
- GASB Statement #89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This pronouncement did not impact the annual comprehensive financial report.
- GASB Statement #92, *Omnibus 2020*. This pronouncement did not impact the annual comprehensive financial report.
- GASB Statement #93, *Replacement of Interbank Offered Rates*. This pronouncement did not impact the annual comprehensive financial report.
- GASB Statement #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*. This pronouncement did not impact the annual comprehensive financial report.

The following GASB pronouncements will be implemented in the future:

- The GASB issued Statement #91, *Conduit Debt Obligations*, which is required to be implemented in 2023.
- The GASB issued Statement #94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which is required to be implemented in 2023.
- The GASB issued Statement #96, *Subscription-Based Information Technology Arrangements*, which is required to be implemented in 2023.

- The GASB issued Statement #99, *Omnibus 2022*, which is required to be implemented in 2023.
- The GASB issued Statement #100, *Accounting Changes and Error Corrections*, which is required to be implemented in 2024.
- The GASB issued Statement #101, *Compensated Absences*, which is required to be implemented in 2025.

Management is currently assessing the impact the implementation of these pronouncements will have on the annual comprehensive financial report.

# ***Required Supplementary Information***

# ***General Fund Budgetary Comparison Schedule***

The General Fund is the general operating fund of the Town. It is used to account for all the financial resources, except those required to be accounted for in another fund.

**GENERAL FUND**  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2022

	Budgeted Amounts				Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Amounts Carried Forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget			
<b>REVENUES:</b>							
Real estate and personal property taxes, net of tax refunds.....	\$ -	\$ 54,178,439	\$ 54,178,439	\$ 54,178,439	\$ 54,034,837	\$ -	\$ (143,602)
Motor vehicle and other excise taxes.....	-	2,375,000	2,375,000	2,375,000	2,612,206	-	237,206
Hotel/motel tax.....	-	600,000	600,000	600,000	1,675,737	-	1,075,737
Meals tax.....	-	315,000	315,000	315,000	571,745	-	256,745
Charges for services.....	-	217,288	217,288	217,288	1,694,361	-	1,477,073
Penalties and interest on taxes and excise.....	-	285,000	285,000	285,000	431,154	-	146,154
Fees and rentals.....	-	12,200	12,200	12,200	24,457	-	12,257
Recreation fees.....	-	3,547,000	3,547,000	3,547,000	4,095,030	-	548,030
Sanitation fees.....	-	3,532,359	3,532,359	3,532,359	4,197,083	-	664,724
Payments in lieu of taxes.....	-	55,000	55,000	55,000	63,703	-	8,703
Licenses and permits.....	-	819,710	819,710	819,710	915,886	-	96,176
Intergovernmental - state aid.....	-	745,387	745,387	745,387	817,912	-	72,525
Departmental and other.....	-	1,926,500	1,926,500	1,926,500	962,952	-	(963,548)
Investment income.....	-	38,177	38,177	38,177	19,101	-	(19,076)
TOTAL REVENUES.....	-	68,647,060	68,647,060	68,647,060	72,116,164	-	3,469,104
<b>EXPENDITURES:</b>							
Current:							
General government							
Moderator							
Salaries.....	-	1,000	1,000	1,000	-	-	1,000
Selectmen							
Salaries.....	-	12,500	12,500	12,500	11,400	-	1,100
Expenditures.....	-	8,750	8,750	8,750	4,225	-	4,525
Selectmen Articles.....	-	-	-	170,000	-	170,000	-
Total.....	-	21,250	21,250	191,250	15,625	170,000	5,625
Finance Committee							
Salaries.....	-	3,000	3,000	3,000	-	-	3,000
Expenditures.....	-	2,000	2,000	2,000	888	-	1,112
Total.....	-	5,000	5,000	5,000	888	-	4,112
Finance Committee Reserve Fund.....	-	50,000	50,000	50,000	-	-	50,000
Town Accountant							
Salaries.....	-	278,184	278,184	281,300	269,397	-	11,903
Expenditures.....	-	8,139	8,139	8,139	8,757	-	(618)
Audit.....	-	40,000	40,000	40,000	40,000	-	-
Articles.....	-	-	-	1,976	1,768	208	-
Total.....	-	326,323	326,323	331,415	319,922	208	11,285
Assessor							
Salaries.....	-	206,287	206,287	161,479	168,061	-	(6,582)
Expenditures.....	13,231	108,220	121,451	175,451	128,832	-	46,619
Total.....	13,231	314,507	327,738	336,930	296,893	-	40,037
Town Collections							
Salaries.....	-	16,000	16,000	16,000	9,460	-	6,540
Expenditures.....	-	5,500	5,500	5,500	5,060	-	440
Total.....	-	21,500	21,500	21,500	14,520	-	6,980
Postage.....	-	41,500	41,500	49,000	41,921	-	7,079
Treasurer							
Salaries.....	-	291,686	291,686	296,677	287,520	-	9,157
Expenditures.....	-	91,550	91,550	91,550	99,093	-	(7,543)
Total.....	-	383,236	383,236	388,227	386,613	-	1,614
Medicare.....	-	405,630	405,630	408,040	335,417	-	72,623
Administration							
Salaries.....	-	397,945	397,945	402,754	396,134	-	6,620
Expenditures.....	-	119,879	119,879	119,879	117,995	200	1,684
Capital Outlay.....	-	5,500	5,500	5,500	1,522	-	3,978
Articles.....	60,000	80,000	140,000	140,000	30,000	110,000	-
Total.....	60,000	603,324	663,324	668,133	545,651	110,200	12,282
Legal Services							
Expenditures.....	-	185,000	185,000	185,000	193,633	-	(8,633)
Claims and Suits.....	-	500	500	500	-	-	500
Total.....	-	185,500	185,500	185,500	193,633	-	(8,133)
Information Technology							
Salaries.....	-	111,098	111,098	111,098	79,509	-	31,589
Expenditures.....	68,725	274,141	342,866	342,820	320,447	-	22,373
Total.....	68,725	385,239	453,964	453,918	399,956	-	53,962

(Continued)

**GENERAL FUND**  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2022

	Budgeted Amounts				Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Amounts Carried Forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget			
IT Channel 18							
Salaries.....	-	149,496	149,496	154,080	143,040	-	11,040
Expenditures.....	-	40,604	40,604	40,604	27,193	-	13,411
Capital Outlay.....	-	20,000	20,000	20,000	-	-	20,000
Articles.....	121,165	250,248	371,413	371,413	-	371,413	-
Total.....	121,165	460,348	581,513	586,097	170,233	371,413	44,451
Constable							
Salaries.....	-	708	708	708	375	-	333
Town Clerk							
Salaries.....	-	240,725	240,725	278,612	278,927	-	(315)
Expenditures.....	6,184	32,228	38,412	35,607	40,984	-	(5,377)
Total.....	6,184	272,953	279,137	314,219	319,911	-	(5,692)
Conservation							
Salaries.....	-	165,506	165,506	172,560	153,335	-	19,225
Expenditures.....	-	5,915	5,915	5,915	5,059	-	856
Total.....	-	171,421	171,421	178,475	158,394	-	20,081
Town Planner							
Salaries.....	-	95,305	95,305	160,678	132,001	-	28,677
Expenditures.....	-	4,531	4,531	4,531	2,442	-	2,089
Articles.....	200,000	-	200,000	200,000	-	200,000	-
Total.....	200,000	99,836	299,836	365,209	134,443	200,000	30,766
Board of Appeals							
Expenditures.....	-	735	735	735	265	-	470
Buildings							
Albro House Expenditures.....	-	6,355	6,355	6,355	2,814	-	3,541
Old Recreation Building Expenditures.....	-	7,627	7,627	7,627	4,239	-	3,388
West Harwich School Expenditures.....	-	1,424	1,424	1,424	402	-	1,022
Total.....	-	15,406	15,406	15,406	7,455	-	7,951
Community Development.....							
Salaries.....	-	235,150	235,150	-	5,054	-	(5,054)
Expenditures.....	-	13,113	13,113	13,113	11,032	-	2,081
Total.....	-	248,263	248,263	13,113	16,086	-	(2,973)
Public Building Repair.....	-	2,133	2,133	2,133	-	-	2,133
Town Reports.....	-	10,000	10,000	10,000	-	-	10,000
Advertising.....	-	22,750	22,750	22,750	-	-	22,750
Total General Government.....	469,305	4,048,562	4,517,867	4,598,758	3,358,201	851,821	388,736
Public safety							
Police							
Salaries.....	-	4,267,392	4,267,392	4,279,032	4,029,745	-	249,287
Expenditures.....	-	493,738	493,738	493,738	336,393	-	157,345
Capital Outlay.....	96,931	-	96,931	96,931	95,966	-	965
Articles.....	-	18,000	18,000	18,000	-	18,000	-
Total.....	96,931	4,779,130	4,876,061	4,887,701	4,462,104	18,000	407,597
Fire							
Salaries.....	-	4,209,767	4,209,767	4,300,445	4,247,143	-	53,302
Expenditures.....	620	551,329	551,949	550,449	498,317	248	51,884
Articles.....	-	223,204	223,204	177,812	2,199	158,202	17,411
Total.....	620	4,984,300	4,984,920	5,028,706	4,747,659	158,450	122,597
Total Public Safety.....	97,551	9,763,430	9,860,981	9,916,407	9,209,763	176,450	530,194
School							
Cape Cod Regional Technical High School.....	-	1,536,309	1,536,309	1,536,309	1,536,309	-	-
Monomoy Regional School District.....	-	27,444,586	27,444,586	27,444,586	27,392,791	-	51,795
Total School.....	-	28,980,895	28,980,895	28,980,895	28,929,100	-	51,795

(Continued)

**GENERAL FUND**  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2022

	Budgeted Amounts				Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Amounts Carried Forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget			
Public Works							
Building							
Salaries.....	-	336,171	336,171	483,576	467,667	-	15,909
Expenditures.....	-	26,475	26,475	26,545	19,737	-	6,808
Total.....	-	362,646	362,646	510,121	487,404	-	22,717
Emergency Management							
Salaries.....	-	5,355	5,355	5,811	5,810	-	1
Expenditures.....	-	8,500	8,500	8,044	3,176	-	4,868
Total.....	-	13,855	13,855	13,855	8,986	-	4,869
Natural Resources							
Salaries.....	-	114,714	114,714	114,714	114,867	-	(153)
Expenditures.....	-	27,100	27,100	27,100	25,395	-	1,705
Total.....	-	141,814	141,814	141,814	140,262	-	1,552
Pleasant Bay Alliance.....	-	23,760	23,760	23,760	23,760	-	-
Town Engineer							
Salaries.....	-	114,549	114,549	13,549	-	-	13,549
Expenditures.....	285	30,310	30,595	131,310	46,548	-	84,762
Articles.....	-	200,000	200,000	200,000	15,467	184,533	-
Total.....	285	344,859	345,144	344,859	62,015	184,533	98,311
Highway Department							
Salaries.....	-	2,771,010	2,771,010	2,756,205	2,734,435	-	21,770
Expenditures.....	-	3,303,766	3,303,766	3,668,766	3,590,600	44,007	34,159
Articles.....	831,924	858,500	1,690,424	1,689,424	613,552	871,470	204,402
Total.....	831,924	6,933,276	7,765,200	8,114,395	6,938,587	915,477	260,331
Snow & Ice							
Salaries.....	-	40,000	40,000	110,215	110,215	-	-
Expenditures.....	-	95,000	95,000	293,332	293,332	-	-
Total.....	-	135,000	135,000	403,547	403,547	-	-
Street Lights.....	-	31,000	31,000	31,000	24,165	-	6,835
Cemetery Administration							
Salaries.....	-	71,434	71,434	71,434	71,434	-	-
Expenditures.....	-	5,108	5,108	5,108	4,471	-	637
Articles.....	40,273	-	40,273	40,273	20,273	20,000	-
Total.....	40,273	76,542	116,815	116,815	96,178	20,000	637
Total Public Works.....	872,482	8,062,752	8,935,234	9,700,166	8,184,904	1,120,010	395,252
Human services							
Board of Health							
Salaries.....	-	193,197	193,197	258,299	214,552	-	43,747
Expenditures.....	-	12,560	12,560	12,560	10,321	-	2,239
Total.....	-	205,757	205,757	270,859	224,873	-	45,986
Community Center							
Salaries.....	-	196,876	196,876	203,432	196,210	-	7,222
Expenditures.....	-	121,190	121,190	121,190	120,329	-	861
Total.....	-	318,066	318,066	324,622	316,539	-	8,083
Council on Aging							
Salaries.....	-	393,012	393,012	407,652	378,466	-	29,186
Expenditures.....	-	82,326	82,326	82,326	64,794	780	16,752
Total.....	-	475,338	475,338	489,978	443,260	780	45,938
Youth Counselor							
Salaries.....	-	96,853	96,853	96,853	96,853	-	-
Expenditures.....	-	3,485	3,485	3,485	3,101	-	384
Total.....	-	100,338	100,338	100,338	99,954	-	384
Veterans							
Expenditures/Benefits.....	1,500	144,277	145,777	145,777	115,703	857	29,217
Disability Rights							
Expenditures.....	-	500	500	500	-	-	500
Human Services.....	-	83,250	83,250	83,250	81,193	-	2,057
Total Human Services.....	1,500	1,327,526	1,329,026	1,415,324	1,281,522	1,637	132,165

(Continued)

**GENERAL FUND**  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2022

	Budgeted Amounts				Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Amounts Carried Forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget			
<b>Culture and Recreation</b>							
Library							
Salaries.....	-	737,978	737,978	757,964	720,606	-	37,358
Expenditures.....	-	274,820	274,820	277,626	273,825	-	3,801
Articles.....	132,353	20,000	152,353	152,353	21,810	130,543	-
Total.....	132,353	1,032,798	1,165,151	1,187,943	1,016,241	130,543	41,159
Recreation and Youth							
Seasonal Salaries.....	-	213,213	213,213	217,695	224,274	-	(6,579)
Salaries.....	-	274,076	274,076	278,779	261,060	-	17,719
Expenditures.....	-	45,575	45,575	45,575	43,368	-	2,207
Articles.....	52,722	-	52,722	52,722	-	52,722	-
Total.....	52,722	532,864	585,586	594,771	528,702	52,722	13,347
Harbormaster							
Salaries.....	-	342,729	342,729	348,489	338,883	-	9,606
Expenditures.....	1,360	93,480	94,840	94,840	106,746	-	(11,906)
Capital Outlays.....	130,770	159,750	290,520	290,520	224,204	-	66,316
Articles.....	318,218	-	318,218	317,668	27,801	253,185	36,682
Total.....	450,348	595,959	1,046,307	1,051,517	697,634	253,185	100,698
Brooks Museum Commission							
Expenditures.....	-	12,894	12,894	15,894	15,080	-	814
Historical Commission							
Expenditures.....	-	350	350	350	-	-	350
Celebrations.....	-	1,600	1,600	1,600	-	-	1,600
Golf							
Salaries.....	-	937,540	937,540	963,096	955,037	-	8,059
Expenditures.....	-	639,223	639,223	639,223	622,510	-	16,713
Capital Outlays.....	23,000	68,000	91,000	91,000	75,454	-	15,546
Articles.....	85,000	-	85,000	85,000	8,865	76,135	-
Total.....	108,000	1,644,763	1,752,763	1,778,319	1,661,866	76,135	40,318
Electricity-CVEC.....	-	75,750	75,750	75,750	66,759	-	8,991
Total Culture and Recreation.....	743,423	3,896,978	4,640,401	4,706,144	3,986,282	512,585	207,277
Contributory Pension.....	-	3,242,673	3,242,673	3,242,673	3,242,673	-	-
Unemployment Compensation.....	-	20,000	20,000	20,000	7,400	-	12,600
Group Health Insurance.....	-	5,688,071	5,688,071	5,330,571	5,056,585	-	273,986
General Insurance.....	-	897,726	897,726	897,726	797,784	-	99,942
State and County Charges.....	-	804,373	804,373	804,373	805,213	-	(840)
Debt Service							
Debt Service Principal.....	-	2,763,721	2,763,721	2,763,721	2,736,121	-	27,600
Debt Service Interest.....	-	1,107,441	1,107,441	1,107,441	916,688	-	190,753
Total.....	-	3,871,162	3,871,162	3,871,162	3,652,809	-	218,353
TOTAL EXPENDITURES.....	2,184,261	70,604,148	72,788,409	73,484,199	68,512,236	2,662,503	2,309,460
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(2,184,261)	(1,957,088)	(4,141,349)	(4,837,139)	3,603,928	(2,662,503)	5,778,564
<b>OTHER FINANCING SOURCES (USES):</b>							
Transfers in.....	-	1,600,794	1,600,794	1,600,794	1,636,061	-	35,267
Transfers out.....	-	(1,868,102)	(1,868,102)	(4,846,460)	(4,846,460)	-	-
TOTAL OTHER FINANCING SOURCES (USES).....	-	(267,308)	(267,308)	(3,245,666)	(3,210,399)	-	35,267
NET CHANGE IN FUND BALANCE.....	(2,184,261)	(2,224,396)	(4,408,657)	(8,082,805)	393,529	(2,662,503)	5,813,831
BUDGETARY FUND BALANCE, Beginning of year.....	-	13,470,839	13,470,839	13,470,839	13,470,839	-	-
BUDGETARY FUND BALANCE, End of year.....	\$ (2,184,261)	\$ 11,246,443	\$ 9,062,182	\$ 5,388,034	\$ 13,864,368	\$ (2,662,503)	\$ 5,813,831

See notes to required supplementary information.

(Concluded)

# ***Community Preservation Fund Budgetary Comparison Schedule***

The Community Preservation Fund is a special revenue fund used to account for the acquisition, creation, preservation, or rehabilitation of areas of open space, historic preservation, affordable housing, and recreation. Funding is provided primarily by a property tax surcharge of up to 3%, along with matching state funds.

**COMMUNITY PRESERVATION FUND**  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2022

	Budgeted Amounts				Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Amounts Carried Forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget			
<b>REVENUES:</b>							
Community preservation taxes.....	\$ -	\$ 1,611,710	\$ 1,611,710	\$ 1,611,710	\$ 1,583,795	\$ -	\$ (27,915)
Community preservation state match.....	-	240,000	240,000	240,000	791,824	-	551,824
Penalties and interest.....	-	-	-	-	4,743	-	4,743
Investment income.....	-	5,000	5,000	5,000	6,727	-	1,727
<b>TOTAL REVENUES.....</b>	<b>-</b>	<b>1,856,710</b>	<b>1,856,710</b>	<b>1,856,710</b>	<b>2,387,089</b>	<b>-</b>	<b>530,379</b>
<b>EXPENDITURES:</b>							
Community preservation.....	2,105,901	1,602,066	3,707,967	3,819,593	1,124,251	2,574,055	121,287
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>	<b>(2,105,901)</b>	<b>254,644</b>	<b>(1,851,257)</b>	<b>(1,962,883)</b>	<b>1,262,838</b>	<b>(2,574,055)</b>	<b>651,666</b>
<b>OTHER FINANCING SOURCES (USES):</b>							
Transfers out.....	-	(233,050)	(233,050)	(233,050)	(233,050)	-	-
<b>NET CHANGE IN FUND BALANCE.....</b>	<b>(2,105,901)</b>	<b>21,594</b>	<b>(2,084,307)</b>	<b>(2,195,933)</b>	<b>1,029,788</b>	<b>(2,574,055)</b>	<b>651,666</b>
<b>BUDGETARY FUND BALANCE, Beginning of year.....</b>	<b>-</b>	<b>5,592,029</b>	<b>5,592,029</b>	<b>5,592,029</b>	<b>5,592,029</b>	<b>-</b>	<b>-</b>
<b>BUDGETARY FUND BALANCE, End of year.....</b>	<b>\$ (2,105,901)</b>	<b>\$ 5,613,623</b>	<b>\$ 3,507,722</b>	<b>\$ 3,396,096</b>	<b>\$ 6,621,817</b>	<b>\$ (2,574,055)</b>	<b>\$ 651,666</b>

See notes to required supplementary information.

## ***Pension Plan Schedules***

The Schedule of the Town's Proportionate Share of the Net Pension Liability presents multi-year trend information on the Town's net pension liability and related ratios.

The Schedule of the Town's Contributions presents multi-year trend information on the Town's required and actual contributions to the pension plan and related ratios.

These schedules are intended to present information for ten years. Until a ten-year trend is compiled, information is presented for those years for which information is available.

**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY  
BARNSTABLE COUNTY RETIREMENT ASSOCIATION**

Year	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered payroll	Net pension liability as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
December 31, 2021.....	4.403%	\$ 24,209,199	\$ 14,219,429	170.25%	75.07%
December 31, 2020.....	4.521%	31,232,400	14,492,861	215.50%	66.82%
December 31, 2019.....	4.575%	34,371,684	14,070,455	244.28%	62.34%
December 31, 2018.....	4.397%	34,751,878	13,053,024	266.24%	57.63%
December 31, 2017.....	4.493%	30,570,977	12,788,137	239.06%	61.86%
December 31, 2016.....	4.461%	31,340,183	12,620,687	248.32%	57.28%
December 31, 2015.....	4.228%	26,622,943	11,725,015	227.06%	58.10%
December 31, 2014.....	4.258%	24,040,696	11,169,369	215.24%	60.43%

Note: this schedule is intended to present information for 10 years.

Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

**SCHEDULE OF THE TOWN'S CONTRIBUTIONS**  
**BARNSTABLE COUNTY RETIREMENT ASSOCIATION**

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
June 30, 2022.....	\$ 3,242,673	\$ (3,242,673)	-	\$ 14,361,623	22.58%
June 30, 2021.....	3,144,894	(3,144,894)	-	14,637,790	21.48%
June 30, 2020.....	3,012,208	(3,024,763)	(12,555)	14,211,160	21.28%
June 30, 2019.....	2,763,836	(2,763,836)	-	13,183,554	20.96%
June 30, 2018.....	2,681,194	(2,681,194)	-	12,916,018	20.76%
June 30, 2017.....	2,528,468	(2,528,468)	-	12,746,894	19.84%
June 30, 2016.....	2,283,370	(2,283,370)	-	11,842,265	19.28%
June 30, 2015.....	2,217,735	(2,217,735)	-	11,281,063	19.66%

Note: this schedule is intended to present information for 10 years.

Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

# ***Other Postemployment Benefit Plan Schedules***

The Schedule of Changes in the Town's Net Other Postemployment Benefit Liability and Related Ratios presents multi-year trend information on the Town's net other postemployment benefit liability and related ratios.

The Schedule of the Town's Contributions presents multi-year trend information on the Town's actual contributions to the other postemployment benefit plan and related ratios.

The Schedule of Investment Returns presents multi-year trend information on the money-weighted investment return on other postemployment assets, net of investment expense.

These schedules are intended to present information for ten years. Until a ten-year trend is compiled, information is presented for those years for which information is available.

**SCHEDULE OF CHANGES IN THE  
TOWN'S NET OPEB LIABILITY AND RELATED RATIOS  
OTHER POSTEMPLOYMENT BENEFIT PLAN**

	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
<b>Total OPEB Liability</b>						
Service Cost.....	\$ 1,078,218	\$ 1,013,394	\$ 1,073,425	\$ 1,085,819	\$ 1,248,126	\$ 1,091,776
Interest.....	1,971,659	2,095,434	2,181,931	2,480,258	2,436,455	2,765,838
Differences between expected and actual experience.....	-	(1,819,848)	985,195	-	6,893,759	-
Changes of assumptions.....	(2,139,815)	(415,644)	-	1,736,451	(11,470,909)	-
Benefit payments.....	(1,866,279)	(1,950,262)	(2,039,829)	(2,020,814)	(2,135,628)	(2,267,899)
Net change in total OPEB liability.....	(956,217)	(1,076,926)	2,200,722	3,281,714	(3,028,197)	1,589,715
Total OPEB liability - beginning.....	42,154,579	41,198,362	40,121,436	42,322,158	45,603,872	42,575,675
Total OPEB liability - ending (a).....	<u>\$ 41,198,362</u>	<u>\$ 40,121,436</u>	<u>\$ 42,322,158</u>	<u>\$ 45,603,872</u>	<u>\$ 42,575,675</u>	<u>\$ 44,165,390</u>
<b>Plan fiduciary net position</b>						
Employer contributions to the trust.....	\$ 100,000	\$ 203,000	\$ 1,396,925	\$ 750,000	\$ 50,000	\$ 800,000
Employer contributions for OPEB payments.....	1,866,279	1,950,262	2,039,829	2,020,814	2,135,628	2,267,899
Net investment income (loss).....	31,824	33,432	140,111	156,222	647,238	(285,535)
Benefit payments.....	(1,866,279)	(1,950,262)	(2,039,829)	(2,020,814)	(2,135,628)	(2,267,899)
Net change in plan fiduciary net position.....	131,824	236,432	1,537,036	906,222	697,238	514,465
Plan fiduciary net position - beginning of year.....	535,428	667,252	903,684	2,440,720	3,346,942	4,044,180
Plan fiduciary net position - end of year (b).....	<u>\$ 667,252</u>	<u>\$ 903,684</u>	<u>\$ 2,440,720</u>	<u>\$ 3,346,942</u>	<u>\$ 4,044,180</u>	<u>\$ 4,558,645</u>
<b>Net OPEB liability - ending (a)-(b).....</b>	<u><b>\$ 40,531,110</b></u>	<u><b>\$ 39,217,752</b></u>	<u><b>\$ 39,881,438</b></u>	<u><b>\$ 42,256,930</b></u>	<u><b>\$ 38,531,495</b></u>	<u><b>\$ 39,606,745</b></u>
Plan fiduciary net position as a percentage of the total OPEB liability.....	1.62%	2.25%	5.77%	7.34%	9.50%	10.32%
Covered-employee payroll.....	\$ 15,514,239	\$ 17,311,507	\$ 16,433,655	\$ 16,597,992	\$ 19,037,045	\$ 19,227,415
Net OPEB liability as a percentage of covered-employee payroll.....	261.25%	226.54%	242.68%	254.59%	202.40%	205.99%

Note: this schedule is intended to present information for 10 years.

Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

**SCHEDULE OF THE TOWN'S CONTRIBUTIONS  
OTHER POSTEMPLOYMENT BENEFIT PLAN**

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered- employee payroll	Contributions as a percentage of covered- employee payroll
June 30, 2022.....	\$ 3,339,084	\$ (3,067,899)	\$ 271,185	\$ 19,227,415	15.96%
June 30, 2021.....	3,232,345	(2,185,628)	1,046,717	19,037,045	11.48%
June 30, 2020.....	2,965,460	(2,770,814)	194,646	16,597,992	16.69%
June 30, 2019.....	2,872,116	(3,436,754)	(564,638)	16,433,655	20.91%
June 30, 2018.....	2,492,688	(2,153,262)	339,426	17,311,507	12.44%
June 30, 2017.....	2,408,394	(1,966,279)	442,115	15,514,239	12.67%

Note: this schedule is intended to present information for 10 years.

Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

**SCHEDULE OF INVESTMENT RETURNS**  
**OTHER POSTEMPLOYMENT BENEFIT PLAN**

---

<u>Year</u>	<u>Annual money-weighted rate of return, net of investment expense</u>
June 30, 2022.....	-5.97%
June 30, 2021.....	19.13%
June 30, 2020.....	5.00%
June 30, 2019.....	8.09%
June 30, 2018.....	4.12%
June 30, 2017.....	5.44%

Note: this schedule is intended to present information for 10 years.  
Until a 10-year trend is compiled, information is presented for those  
years for which information is available.

See notes to required supplementary information.

**NOTE A – BUDGETARY BASIS OF ACCOUNTING****A. Budgetary Information**

Municipal Law requires the Town to adopt a balanced budget that is approved at the Annual Town Meeting. The Town Administrator presents an annual budget to the Board of Selectmen and Finance Committee, which includes estimates of revenues and other financing sources and recommendations of expenditures and other financing uses. Expenditures are budgeted by categories that are broken down by personal services, expenses, debt service and capital outlay and are mandated by Municipal Law.

Supplementary appropriations are voted at special town meetings.

The majority of appropriations are non-continuing which lapse at the end of each year. Others are continuing appropriations for which the governing body has authorized that an unspent balance from a prior year be carried forward and made available for spending in the current year. These carry forwards are included as part of the subsequent year's original budget.

Generally, expenditures may not exceed the legal level of spending (salaries, expenses and capital) authorized for an appropriation account. However, the payment of debt service is statutorily required, regardless of whether such amounts are appropriated. Additionally, expenditures for disasters, natural or otherwise, and final judgments may exceed the level of spending authorized.

The Town adopts an annual budget for the General Fund in conformity with the guidelines described above. The original 2022 approved budget for the General Fund includes \$72.5 million in current year appropriations and other amounts to be raised and \$2.2 million in encumbrances and appropriations carried over from previous years. During 2022, the Town approved various transfers within appropriation lines in the General Fund along with supplemental appropriations totaling \$3.7 million.

The Town adopts an annual budget for the Community Preservation Fund with the guidelines described above, based on recommendations from the Community Preservation Committee. The Community Preservation Fund is a special revenue fund used to account for the acquisition, creation, preservation, or rehabilitation of areas of open space, historic preservation, affordable housing and recreation. Funding is provided primarily by a property tax surcharge of up to 3%, along with matching state funds.

The Accounting office has the responsibility to ensure that budgetary control is maintained on an individual line item appropriation account basis. Budgetary control is exercised through the Town's accounting system.

**B. Budgetary - GAAP Reconciliation**

For budgetary financial reporting purposes, the Uniform Municipal Accounting System basis of accounting (established by the Commonwealth) is followed, which differs from the GAAP basis of accounting. The reconciliations of budgetary-basis to GAAP-basis results for the General Fund and the Community Preservation Fund for the year ended June 30, 2022, are presented on the following page.

*General Fund:*

Net change in fund balance - budgetary basis.....	\$ 393,529
<u>Perspective differences:</u>	
Activity of the stabilization fund recorded in the general fund for GAAP .....	1,016,586
<u>Basis of accounting differences:</u>	
Net change in recording tax refunds payable.....	77,581
Net change in recording 60 day receipts.....	<u>288,835</u>
Net change in fund balance - GAAP basis.....	\$ <u><u>1,776,531</u></u>

*Community Preservation Fund:*

Net change in fund balance - budgetary basis.....	\$ <u>1,029,788</u>
Net change in fund balance - GAAP basis.....	\$ <u><u>1,029,788</u></u>

C. Appropriation Deficits

Expenditures exceeded appropriations for Town accountant expenditures, assessor salaries, treasurer expenditures, legal service expenditures, Town clerk salaries, Town clerk expenditures, community development salaries, natural resources salaries, recreation and youth seasonal salaries, harbormaster expenditures and state and county charges.

**NOTE B – PENSION PLAN*****Pension Plan Schedules***A. Schedule of the Town's Proportionate Share of the Net Pension Liability

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

B. Schedule of the Town's Contributions

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

C. Changes in Assumptions

- The discount rate was lowered from 7.15% to 6.90%.
- The mortality improvement scale was updated from Scale MP-2017 to Scale MP-2021.

D. Changes in Plan Provisions

- None.

NOTE C – OTHER POSTEMPLOYMENT BENEFITS PLAN

The Town administers a single-employer defined benefit healthcare plan (“Plan”). The plan provides lifetime healthcare insurance for eligible retirees and their spouses through the Town’s group health insurance plan, which covers both active and retired members. Additionally, retired teachers and their spouses receive health insurance through the Group Insurance Commission of the Commonwealth of Massachusetts (GIC). Each participating municipality is assessed for the governmental share of health and life insurance premiums paid on behalf of its teacher retirees by the state.

The Other Postemployment Benefit Plan

A. Schedule of Changes in the Town’s Net Other Postemployment Benefit Liability and Related Ratios

The Schedule of Changes in the Town’s Net Other Postemployment Benefit Liability and Related Ratios presents multi-year trend information on changes in the Plan’s total OPEB liability, changes in the Plan’s net position, and ending net OPEB liability. It also demonstrates the Plan’s net position as a percentage of the total liability and the Plan’s net other postemployment benefit liability as a percentage of covered employee payroll.

B. Schedule of the Town’s Contributions

The Schedule of the Town’s Contributions includes the Town’s annual required contribution to the Plan, along with the contribution made in relation to the actuarially determined contribution and the covered employee payroll. The Town is not required to fully fund this contribution. It also demonstrates the contributions as a percentage of covered employee payroll. Methods and assumptions used to determine contribution rates are presented below:

Valuation date.....	June 30, 2020
Actuarial cost method.....	Entry age normal - level percentage of payroll.
Inflation rate.....	3.25%
Discount rate.....	6.50% as of June 30, 2022, and 6.50% as of June 30, 2021.
Investment rate of return.....	6.50% as of June 30, 2022, and 6.50% as of June 30, 2021.

Salary increases.....	<p>Service-related increases for Group 1 (excluding Teachers) and Group 2 employees: 6.0% decreasing over 11 years to an ultimate level of 4.0%.</p> <p>Service-related increases for Group 4 employees: 7.0% decreasing over 8 years to an ultimate level of 4.5%.</p> <p>Service-related increases for Teachers: 7.5% decreasing over 20 years to an ultimate level of 4.0%.</p>
Health care trend rates:	
CCMHG.....	<p>Non-Medicare: 2.50% for 1 year, then 6.75% decreasing by 0.25% each year to an ultimate level of 4.50% per year.</p> <p>Medicare: 2.50% for 1 year, then 6.75% decreasing by 0.25% each year to an ultimate level of 4.50% per year.</p>
GIC.....	<p>Non-Medicare: 6.60%, 6.50%, 6.40%, 6.20%, then 6.0% decreasing by 0.25% each year to an ultimate level of 4.50% per year.</p> <p>Medicare: 4.80%, 4.70%, 4.60%, 4.70%, then 6.0% decreasing by 0.25% each year to an ultimate level of 4.50% per year.</p>
Dental.....	3.00%
Part B.....	8.70% for year 1, then 4.50%.
Contributions.....	Retiree contributions are expected to increase with respective trends shown above.
Mortality rates:	
Preretirement mortality rates.....	<p>Healthy Non-Teachers: RP-2014 Blue Collar Employee Mortality Table projected generationally with Scale MP-2017.</p> <p>Healthy Teachers: Pub-2010 Teachers Employee Headcount-Weighted Mortality Table projected generationally with Scale MP-2020.</p>
Postretirement mortality rates.....	<p>Healthy Non-Teachers: RP-2014 Blue Collar Healthy Annuitant Mortality Table projected generationally with Scale MP-2017.</p> <p>Healthy Teachers: Pub-2010 Teacher Healthy Retiree Headcount-Weighted Mortality Table projected generationally with Scale MP-2020.</p> <p>Disabled Non-Teachers: RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year projected generationally with Scale MP-2017.</p> <p>Disabled Teachers: Pub-2010 Teacher Healthy Retiree Headcount-Weighted Mortality Table projected generationally with Scale MP-2020.</p>

### C. Schedule of Investment Returns

The Schedule of Investment Returns includes the money-weighted investment return on the Plan's other postemployment assets, net of investment expense.

D. Changes of Assumptions

- None.

E. Changes in Plan Provisions

- None.

# ***Other Supplementary Information***

# ***Combining Statements***

The combining financial statements provide a more detailed view of the “Basic Financial Statements” presented in the preceding subsection.

Combining statements are presented when there are more than one fund of a given fund type.

# ***Nonmajor Governmental Funds***

## Fund Description

### ***Special Revenue Funds***

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than permanent funds or capital project funds) that are restricted by law or administrative action to expenditures for specific purposes. The Town's grouping for nonmajor special revenue funds is as described as follows:

- ***Federal Grants*** – accounts for activity specifically financed by federal grants, which are designated for specific programs.
- ***State Grants*** – accounts for activity specifically financed by state grants, which are designated for specific programs.
- ***Local Gifts and Grants*** – accounts for various gifts and grants restricted for special programs administered by Town departments.
- ***Highway Improvements*** – accounts for costs incurred with the construction and reconstruction of Town owned roadways. Costs charged to the fund are subject to reimbursement by the Commonwealth of Massachusetts.
- ***Revolving*** – accounts for self-supporting programs and activities.
- ***Receipts Reserved for Appropriation*** – accounts for specific revenue sources that must be appropriated to be used for their individual purpose.
- ***Other Special Revenue*** – accounts for other small special revenue funds which are not categorized within any of the other funds.
- ***Special Revenue Trust*** – accounts for statutory trust accounts that may be spent to support the government.

### ***Capital Projects Funds***

Capital Projects Funds are used to account for financial resources to be used for the acquisition, construction or improvement of major capital assets (other than those financed by enterprise funds). Such resources are derived principally from proceeds of general obligation bonds and grants. The Town's grouping for nonmajor capital project funds is as described as follows:

- ***Saquatucket Harbor*** – accounts for the construction of a new harbormaster's office, maintenance building, boardwalk, and parking lot expansion at Saquatucket Harbor.

### ***Permanent Funds***

Permanent Funds are 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 governmental programs. The Town's grouping for nonmajor permanent funds is as described as follows:

- ***Library Trust*** – accounts for library contributions and bequests for which only earnings may be expended to benefit the Town's libraries.
- ***Cemetery Trust*** – accounts for cemetery contributions and bequests for which only earnings may be expended to benefit the Town's cemeteries.
- ***Other Trust*** – accounts for various gifts, bequests and contributions held for which only earnings may be expended for purposes specified by the donor in relation to other Town activities.

**NONMAJOR GOVERNMENTAL FUNDS**  
COMBINING BALANCE SHEET

JUNE 30, 2022

	Special Revenue Funds				
	Federal Grants	State Grants	Local Gifts and Grant	Highway Improvements	Revolving
<b>ASSETS</b>					
Cash and cash equivalents.....	\$ 498,461	\$ 451,283	\$ 408,085	\$ 210,261	\$ 1,517,351
Investments.....	-	-	-	-	-
Receivables, net of uncollectibles:					
Departmental and other.....	-	-	-	-	-
Intergovernmental - other.....	184,191	-	-	1,528,672	-
Special assessments.....	-	-	-	-	-
Inventory.....	-	-	-	-	56,898
<b>TOTAL ASSETS.....</b>	<b>\$ 682,652</b>	<b>\$ 451,283</b>	<b>\$ 408,085</b>	<b>\$ 1,738,933</b>	<b>\$ 1,574,249</b>
<b>LIABILITIES</b>					
Warrants payable.....	\$ -	\$ -	\$ 3,978	\$ 121,000	\$ 17,626
Due to other funds.....	-	-	-	-	-
Other liabilities.....	-	-	-	-	27,773
Unearned revenue.....	635,443	-	-	-	-
<b>TOTAL LIABILITIES.....</b>	<b>635,443</b>	<b>-</b>	<b>3,978</b>	<b>121,000</b>	<b>45,399</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue.....	-	-	-	1,528,672	-
<b>FUND BALANCES</b>					
Nonspendable.....	-	-	-	-	56,898
Restricted.....	47,209	451,283	404,107	89,261	1,471,952
Unassigned.....	-	-	-	-	-
<b>TOTAL FUND BALANCES.....</b>	<b>47,209</b>	<b>451,283</b>	<b>404,107</b>	<b>89,261</b>	<b>1,528,850</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....</b>	<b>\$ 682,652</b>	<b>\$ 451,283</b>	<b>\$ 408,085</b>	<b>\$ 1,738,933</b>	<b>\$ 1,574,249</b>

(Continued)

Special Revenue Funds				Capital Project Fund
Receipts Reserved for Appropriations	Other Special Revenue	Special Revenue Trust	Subtotal	Saquatucket Harbor
\$ 2,370,092	\$ 702,695	\$ 490,706	\$ 6,648,934	\$ -
-	-	-	-	-
-	81,068	-	81,068	-
-	-	-	1,712,863	-
172,760	-	-	172,760	-
-	-	-	56,898	-
<u>\$ 2,542,852</u>	<u>\$ 783,763</u>	<u>\$ 490,706</u>	<u>\$ 8,672,523</u>	<u>\$ -</u>
\$ -	\$ 6,274	\$ 13,500	\$ 162,378	\$ -
-	-	-	-	19,339
-	465,542	-	493,315	-
-	-	-	635,443	-
-	471,816	13,500	1,291,136	19,339
172,760	80,815	-	1,782,247	-
-	-	-	56,898	-
2,370,092	231,132	477,206	5,542,242	-
-	-	-	-	(19,339)
<u>2,370,092</u>	<u>231,132</u>	<u>477,206</u>	<u>5,599,140</u>	<u>(19,339)</u>
<u>\$ 2,542,852</u>	<u>\$ 783,763</u>	<u>\$ 490,706</u>	<u>\$ 8,672,523</u>	<u>\$ -</u>

(Continued)

**NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET**

JUNE 30, 2022

	Permanent Funds				Total Nonmajor Governmental Funds
	Library Trust	Cemetery Trust	Other Trust	Subtotal	
<b>ASSETS</b>					
Cash and cash equivalents.....	\$ 8,154	\$ 469,579	\$ 32,818	\$ 510,551	\$ 7,159,485
Investments.....	887,895	-	-	887,895	887,895
Receivables, net of uncollectibles:					
Departmental and other.....	-	-	-	-	81,068
Intergovernmental - other.....	-	-	-	-	1,712,863
Special assessments.....	-	-	-	-	172,760
Inventory.....	-	-	-	-	56,898
<b>TOTAL ASSETS.....</b>	<b>\$ 896,049</b>	<b>\$ 469,579</b>	<b>\$ 32,818</b>	<b>\$ 1,398,446</b>	<b>\$ 10,070,969</b>
<b>LIABILITIES</b>					
Warrants payable.....	\$ 12,990	\$ -	\$ -	\$ 12,990	\$ 175,368
Due to other funds.....	-	-	-	-	19,339
Other liabilities.....	-	-	-	-	493,315
Unearned revenue.....	-	-	-	-	635,443
<b>TOTAL LIABILITIES.....</b>	<b>12,990</b>	<b>-</b>	<b>-</b>	<b>12,990</b>	<b>1,323,465</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue.....	-	-	-	-	1,782,247
<b>FUND BALANCES</b>					
Nonspendable.....	37,606	443,004	30,607	511,217	568,115
Restricted.....	845,453	26,575	2,211	874,239	6,416,481
Unassigned.....	-	-	-	-	(19,339)
<b>TOTAL FUND BALANCES.....</b>	<b>883,059</b>	<b>469,579</b>	<b>32,818</b>	<b>1,385,456</b>	<b>6,965,257</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....</b>	<b>\$ 896,049</b>	<b>\$ 469,579</b>	<b>\$ 32,818</b>	<b>\$ 1,398,446</b>	<b>\$ 10,070,969</b>

(Concluded)

This page intentionally left blank.

**NONMAJOR GOVERNMENTAL FUNDS**  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2022

	Special Revenue Funds				
	Federal Grants	State Grants	Local Gifts and Grants	Highway Improvements	Revolving
<b>REVENUES:</b>					
Motor vehicle and other excise taxes.....	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services.....	-	-	-	-	20,037
Penalties and interest on taxes.....	-	-	-	-	-
Fees and rentals.....	-	-	-	-	-
Intergovernmental - other.....	411,736	340,478	-	2,311	-
Departmental and other.....	-	350	67,188	-	897,723
Special assessments.....	-	-	-	-	-
Contributions and donations.....	-	-	76,403	-	-
Investment income.....	-	-	-	-	-
<b>TOTAL REVENUES.....</b>	<b>411,736</b>	<b>340,828</b>	<b>143,591</b>	<b>2,311</b>	<b>917,760</b>
<b>EXPENDITURES:</b>					
Current:					
General government.....	9,965	-	130,059	-	-
Public safety.....	305,307	61,588	2,069	-	-
Public works.....	48,470	16,871	162,478	138,550	259,944
Human services.....	32,425	39,109	2,145	-	95,071
Culture and recreation.....	12,551	11,952	47,641	-	283,341
<b>TOTAL EXPENDITURES.....</b>	<b>408,718</b>	<b>129,520</b>	<b>344,392</b>	<b>138,550</b>	<b>638,356</b>
<b>EXCESS (DEFICIENCY) OF REVENUES</b>					
<b>OVER (UNDER) EXPENDITURES.....</b>	<b>3,018</b>	<b>211,308</b>	<b>(200,801)</b>	<b>(136,239)</b>	<b>279,404</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in.....	46,309	2,143	-	-	-
Transfers out.....	(13,855)	-	-	-	(104,950)
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>32,454</b>	<b>2,143</b>	<b>-</b>	<b>-</b>	<b>(104,950)</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>35,472</b>	<b>213,451</b>	<b>(200,801)</b>	<b>(136,239)</b>	<b>174,454</b>
<b>FUND BALANCES AT BEGINNING OF YEAR.....</b>	<b>11,737</b>	<b>237,832</b>	<b>604,908</b>	<b>225,500</b>	<b>1,354,396</b>
<b>FUND BALANCES AT END OF YEAR.....</b>	<b>\$ 47,209</b>	<b>\$ 451,283</b>	<b>\$ 404,107</b>	<b>\$ 89,261</b>	<b>\$ 1,528,850</b>

(Continued)

Special Revenue Funds				Capital Project Fund
Receipts Reserved for Appropriations	Other Special Revenue	Special Revenue Trust	Subtotal	Saquatucket Harbor
\$ 26,076	\$ -	\$ -	\$ 26,076	\$ -
-	610,709	-	630,746	-
8,862	-	-	8,862	-
103,383	-	-	103,383	-
-	5,200	4,893	764,618	-
503,620	206,449	680	1,676,010	-
77,942	-	-	77,942	-
-	13,316	-	89,719	-
-	-	212	212	-
719,883	835,674	5,785	3,377,568	-
-	2,228	12,250	154,502	-
-	715,091	118	1,084,173	-
-	-	-	626,313	-
-	-	-	168,750	-
-	29,257	-	384,742	16,303
-	746,576	12,368	2,418,480	16,303
719,883	89,098	(6,583)	959,088	(16,303)
-	3,600	-	52,052	-
(525,456)	(1,560)	-	(645,821)	-
(525,456)	2,040	-	(593,769)	-
194,427	91,138	(6,583)	365,319	(16,303)
2,175,665	139,994	483,789	5,233,821	(3,036)
\$ 2,370,092	\$ 231,132	\$ 477,206	\$ 5,599,140	\$ (19,339)

(Continued)

**NONMAJOR GOVERNMENTAL FUNDS**  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2022

	Permanent Funds				Total Nonmajor Governmental Funds
	Library Trust	Cemetery Trust	Other Trust	Subtotal	
<b>REVENUES:</b>					
Motor vehicle and other excise taxes.....	\$ -	\$ -	\$ -	\$ -	\$ 26,076
Charges for services.....	-	-	-	-	630,746
Penalties and interest on taxes.....	-	-	-	-	8,862
Fees and rentals.....	-	-	-	-	103,383
Intergovernmental - other.....	-	-	-	-	764,618
Departmental and other.....	-	-	-	-	1,676,010
Special assessments.....	-	-	-	-	77,942
Contributions and donations.....	-	4,815	-	4,815	94,534
Investment income.....	26,748	232	814	27,794	28,006
<b>TOTAL REVENUES.....</b>	<b>26,748</b>	<b>5,047</b>	<b>814</b>	<b>32,609</b>	<b>3,410,177</b>
<b>EXPENDITURES:</b>					
Current:					
General government.....	-	-	-	-	154,502
Public safety.....	-	-	-	-	1,084,173
Public works.....	-	-	-	-	626,313
Human services.....	-	-	-	-	168,750
Culture and recreation.....	19,771	-	-	19,771	420,816
<b>TOTAL EXPENDITURES.....</b>	<b>19,771</b>	<b>-</b>	<b>-</b>	<b>19,771</b>	<b>2,454,554</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>	<b>6,977</b>	<b>5,047</b>	<b>814</b>	<b>12,838</b>	<b>955,623</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in.....	-	-	-	-	52,052
Transfers out.....	-	-	-	-	(645,821)
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(593,769)</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>6,977</b>	<b>5,047</b>	<b>814</b>	<b>12,838</b>	<b>361,854</b>
<b>FUND BALANCES AT BEGINNING OF YEAR.....</b>	<b>876,082</b>	<b>464,532</b>	<b>32,004</b>	<b>1,372,618</b>	<b>6,603,403</b>
<b>FUND BALANCES AT END OF YEAR.....</b>	<b>\$ 883,059</b>	<b>\$ 469,579</b>	<b>\$ 32,818</b>	<b>\$ 1,385,456</b>	<b>\$ 6,965,257</b>

(Concluded)

# ***Statistical Section***



Brooks Museum

# ***Statistical Section***

This part of the Town of Harwich's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Town's overall financial health.

## ***Financial Trends***

- These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.

## ***Revenue Capacity***

- These schedules contain information to help the reader assess the Town's most significant local revenue source, the property tax.

## ***Debt Capacity***

- These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.

## ***Demographic and Economic Information***

- These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.

## ***Operating Information***

- These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.

SOURCES: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive financial reports for the relevant year.

**Net Position By Component**

**Last Ten Years**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Governmental activities</b>										
Net investment in capital assets.....	\$ 52,374,860	\$ 52,837,023	\$ 53,791,322	\$ 56,460,827	\$ 59,469,911	\$ 59,186,082	\$ 60,136,904	\$ 60,390,841	\$ 60,818,996	\$ 60,699,230
Restricted.....	6,087,680	7,767,504	8,549,230	8,370,616	5,722,339	6,980,230	7,046,170	7,082,601	8,821,991	9,634,920
Unrestricted.....	(6,512,217)	(8,670,952)	(31,243,743)	(27,808,099)	(46,205,784)	(47,758,544)	(48,357,542)	(46,652,137)	(42,063,460)	(35,259,827)
<b>Total governmental activities net position.....</b>	<b>\$ 51,950,323</b>	<b>\$ 51,933,575</b>	<b>\$ 31,096,809</b>	<b>\$ 37,023,344</b>	<b>\$ 18,986,466</b>	<b>\$ 18,407,768</b>	<b>\$ 18,825,532</b>	<b>\$ 20,821,305</b>	<b>\$ 27,577,527</b>	<b>\$ 35,074,323</b>
<b>Business-type activities</b>										
Net investment in capital assets.....	\$ 11,558,803	\$ 11,929,482	\$ 11,235,181	\$ 10,706,776	\$ 12,268,450	\$ 13,874,150	\$ 13,203,237	\$ 12,390,263	\$ 11,533,380	\$ 10,758,670
Unrestricted.....	4,145,597	3,750,094	5,149,897	3,509,809	652,672	(2,328,606)	(2,645,558)	(1,901,773)	(676,787)	363,466
<b>Total business-type activities net position.....</b>	<b>\$ 15,704,400</b>	<b>\$ 15,679,576</b>	<b>\$ 16,385,078</b>	<b>\$ 14,216,585</b>	<b>\$ 12,921,122</b>	<b>\$ 11,545,544</b>	<b>\$ 10,557,679</b>	<b>\$ 10,488,490</b>	<b>\$ 10,856,593</b>	<b>\$ 11,122,136</b>
<b>Primary government</b>										
Net investment in capital assets.....	\$ 63,933,663	\$ 64,766,505	\$ 65,026,503	\$ 67,167,603	\$ 71,738,361	\$ 73,060,232	\$ 73,340,141	\$ 72,781,104	\$ 72,352,376	\$ 71,457,900
Restricted.....	6,087,680	7,767,504	8,549,230	8,370,616	5,722,339	6,980,230	7,046,170	7,082,601	8,821,991	9,634,920
Unrestricted.....	(2,366,620)	(4,920,858)	(26,093,846)	(24,298,290)	(45,553,112)	(50,087,150)	(51,003,100)	(48,553,910)	(42,740,247)	(34,896,361)
<b>Total primary government net position.....</b>	<b>\$ 67,654,723</b>	<b>\$ 67,613,151</b>	<b>\$ 47,481,887</b>	<b>\$ 51,239,929</b>	<b>\$ 31,907,588</b>	<b>\$ 29,953,312</b>	<b>\$ 29,383,211</b>	<b>\$ 31,309,795</b>	<b>\$ 38,434,120</b>	<b>\$ 46,196,459</b>

FY2015 reflects the implementation of GASB 68.

FY2017 reflects the implementation of GASB 75.

FY2020 reflects the implementation of GASB 84.

**Changes in Net Position**

**Last Ten Years**

	2013	2014	2015	2016	2017 (a)	2018	2019	2020	2021	2022
<b>Expenses</b>										
<b>Governmental activities:</b>										
General government.....	\$ 4,477,098	\$ 4,529,058	\$ 4,188,411	\$ 5,179,542	\$ 5,290,047	\$ 5,898,460	\$ 5,586,547	\$ 6,319,407	\$ 5,828,492	\$ 5,522,061
Public safety.....	13,620,409	13,624,984	12,432,338	13,172,473	13,996,114	14,129,485	14,125,237	14,729,395	15,615,512	15,419,239
Education.....	21,789,074	22,751,503	22,333,529	25,225,308	26,444,962	26,979,835	27,706,467	29,558,731	29,222,367	29,444,941
Public works.....	8,562,148	9,968,987	10,357,930	9,545,765	10,085,199	12,455,355	10,132,868	9,932,352	10,895,030	11,393,917
Human services.....	2,314,405	2,014,775	1,825,742	1,805,606	1,857,258	2,005,125	1,860,906	2,055,672	1,802,867	2,001,613
Culture and recreation.....	7,698,789	5,272,952	4,664,382	5,161,159	5,108,459	5,814,554	6,212,939	6,063,055	5,868,892	5,963,471
Community preservation.....	-	-	-	-	97,390	88,219	262,485	214,576	566,479	312,232
Interest.....	688,728	662,307	624,347	518,438	451,254	485,291	941,593	848,840	624,002	658,723
Total government activities expenses.....	59,150,651	58,824,566	56,426,679	60,608,291	63,330,683	67,856,324	66,829,042	69,722,028	70,423,641	70,716,197
<b>Business-type activities:</b>										
Water.....	3,824,382	3,779,970	4,017,528	4,064,788	4,759,477	3,647,456	5,417,978	4,764,455	4,889,376	5,102,475
Wastewater.....	-	-	-	-	-	-	-	25,642	120,441	232,162
Total business-type activities expenses.....	3,824,382	3,779,970	4,017,528	4,064,788	4,759,477	3,647,456	5,417,978	4,790,097	5,009,817	5,334,637
Total primary government expenses.....	\$ 62,975,033	\$ 62,604,536	\$ 60,444,207	\$ 64,673,079	\$ 68,090,160	\$ 71,503,780	\$ 72,247,020	\$ 74,512,125	\$ 75,433,458	\$ 76,050,834
<b>Program Revenues</b>										
<b>Governmental activities:</b>										
Public works charges for services.....	\$ 1,553,597	\$ 2,030,989	\$ 2,111,827	\$ 2,663,526	\$ 2,979,259	\$ 3,443,227	\$ 3,844,297	\$ 3,444,510	\$ 4,329,179	\$ 4,511,262
Culture and recreation charges for services.....	3,089,454	3,754,561	3,127,083	3,336,146	3,555,448	3,854,106	4,073,921	3,585,935	4,309,156	4,794,835
Other charges for services.....	2,055,030	2,849,192	2,895,705	2,736,733	3,095,105	2,643,033	3,738,247	3,171,871	4,355,772	4,254,673
Operating grants and contributions.....	5,100,667	4,761,309	2,034,958	1,899,658	1,021,267	675,551	886,785	1,129,746	2,574,493	1,620,958
Capital grant and contributions.....	667,249	912,606	1,862,815	4,803,000	4,072,965	3,124,074	1,097,971	1,738,397	1,890,201	1,352,546
Total government activities program revenues.....	12,465,997	14,308,657	12,032,388	15,439,063	14,724,044	13,739,991	13,641,221	13,070,459	17,458,801	16,534,274
<b>Business-type activities:</b>										
Charges for services - water.....	3,894,809	3,784,821	4,722,072	4,948,020	4,800,457	2,922,056	4,504,728	4,468,270	5,167,449	5,079,679
Charges for services - wastewater.....	-	-	-	-	-	-	-	-	-	1,294
Total business-type activities program revenues.....	3,894,809	3,784,821	4,722,072	4,948,020	4,800,457	2,922,056	4,504,728	4,468,270	5,167,449	5,080,973
Total primary government program revenues.....	\$ 16,360,806	\$ 18,093,478	\$ 16,754,460	\$ 20,387,083	\$ 19,524,501	\$ 16,622,047	\$ 18,145,949	\$ 17,538,729	\$ 22,626,250	\$ 21,615,247
<b>Net (Expense)/Revenue</b>										
Governmental activities.....	\$ (46,684,654)	\$ (44,515,909)	\$ (44,394,291)	\$ (45,169,228)	\$ (48,606,639)	\$ (54,116,333)	\$ (53,187,821)	\$ (56,651,569)	\$ (52,964,840)	\$ (54,181,923)
Business-type activities.....	70,427	4,851	704,544	883,232	40,980	(725,400)	(913,250)	(321,827)	157,632	(253,664)
Total primary government net expense.....	\$ (46,614,227)	\$ (44,511,058)	\$ (43,689,747)	\$ (44,285,996)	\$ (48,565,659)	\$ (54,841,733)	\$ (54,101,071)	\$ (56,973,396)	\$ (52,807,208)	\$ (54,435,587)
<b>General Revenues and other Changes in Net Position</b>										
<b>Governmental activities:</b>										
Real estate and personal property taxes, net of tax refunds payable.....	\$ 37,971,741	\$ 39,513,264	\$ 42,191,684	\$ 43,216,843	\$ 44,467,932	\$ 46,865,775	\$ 49,151,540	\$ 51,921,669	\$ 53,028,284	\$ 54,464,491
Motor vehicle and other excise taxes.....	1,740,250	1,833,844	1,619,573	2,211,927	2,297,637	2,387,732	2,414,404	2,388,270	2,550,271	2,695,151
Hotel/Motel tax.....	534,951	553,174	939,539	649,119	678,226	674,717	684,793	905,397	1,132,926	1,675,737
Meals tax.....	334,050	328,522	359,441	379,689	406,465	423,305	439,960	445,497	325,311	571,745
Community preservation tax.....	1,135,123	1,174,624	1,287,789	1,267,529	1,311,440	1,366,320	1,445,251	1,291,189	1,281,822	1,592,278
Penalties and interest on taxes and excise.....	285,346	374,774	325,349	314,847	432,405	405,047	503,894	309,139	446,733	444,759
Payments in lieu of taxes.....	57,482	54,851	54,873	58,319	56,741	58,616	61,960	62,471	65,256	63,703
Grants and contributions not restricted to specific programs.....	364,336	648,248	578,188	668,191	552,299	538,689	580,046	550,348	556,790	692,728
Unrestricted investment income (loss).....	52,315	77,492	40,044	108,189	120,365	167,256	749,074	572,549	533,669	(3,751)
Miscellaneous.....	2,125	-	-	-	-	-	-	-	-	-
Transfers.....	(3,394)	-	-	-	-	650,178	(70,000)	(225,000)	(200,000)	(518,122)
Extraordinary items:										
Tornado reimbursements.....	-	-	-	-	-	-	-	1,171,060	-	-
Tornado expense.....	-	-	-	-	-	-	-	(844,876)	-	-
Total governmental activities.....	42,474,325	44,556,793	47,396,480	48,874,653	50,323,510	53,537,635	55,960,922	58,547,713	59,721,062	61,678,719
<b>Business-type activities:</b>										
Investment income.....	1,161	-	958	963	296	-	24,088	27,638	10,471	1,085
Transfers.....	3,394	-	-	-	-	(650,178)	70,000	225,000	200,000	518,122
Total primary government.....	\$ 42,478,880	\$ 44,556,793	\$ 47,397,438	\$ 48,875,616	\$ 50,323,806	\$ 52,887,457	\$ 56,055,010	\$ 58,800,351	\$ 59,931,533	\$ 62,197,926
<b>Changes in Net Position</b>										
Governmental activities.....	\$ (4,210,329)	\$ 40,884	\$ 3,002,189	\$ 3,705,425	\$ 1,716,871	\$ (578,698)	\$ 2,773,101	\$ 1,896,144	\$ 6,756,222	\$ 7,496,796
Business-type activities.....	74,982	4,851	705,502	884,195	41,276	(1,375,578)	(819,162)	(69,189)	368,103	265,543
Total primary government.....	\$ (4,135,347)	\$ 45,735	\$ 3,707,691	\$ 4,589,620	\$ 1,758,147	\$ (1,954,276)	\$ 1,953,939	\$ 1,826,955	\$ 7,124,325	\$ 7,762,339

(a) Beginning in fiscal year 2017, the Town has segregated noncapital community preservation expenses as a function.  
2017 has also been revised for the implementation of GASB 75.

**Fund Balances, Governmental Funds**

**Last Ten Years**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>General Fund</b>										
Restricted.....	\$ 16,843	\$ 59,735	\$ 59,735	\$ 59,735	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Committed.....	2,883,956	1,028,708	2,282,380	5,147,433	1,428,213	655,728	1,021,754	2,017,239	1,468,975	2,616,411
Assigned.....	351,706	16,253	165,245	191,116	2,044,375	230,369	3,531,564	127,720	3,925,640	1,933,176
Unassigned.....	<u>2,358,533</u>	<u>4,387,532</u>	<u>5,638,148</u>	<u>4,312,454</u>	<u>7,149,286</u>	<u>10,080,250</u>	<u>6,817,432</u>	<u>11,559,302</u>	<u>12,362,735</u>	<u>14,984,294</u>
Total general fund.....	<u>\$ 5,611,038</u>	<u>\$ 5,492,228</u>	<u>\$ 8,145,508</u>	<u>\$ 9,710,738</u>	<u>\$ 10,621,874</u>	<u>\$ 10,966,347</u>	<u>\$ 11,370,750</u>	<u>\$ 13,704,261</u>	<u>\$ 17,757,350</u>	<u>\$ 19,533,881</u>
<b>All Other Governmental Funds</b>										
Nonspendable.....	\$ 149,669	\$ 156,746	\$ 156,746	\$ 137,442	\$ 601,676	\$ 575,620	\$ 588,952	\$ 578,227	\$ 560,969	\$ 568,115
Restricted.....	5,283,083	6,569,076	8,035,820	7,814,281	7,889,698	10,142,796	12,259,665	11,015,927	11,637,499	13,038,298
Committed.....	40,224	371,107	296,927	450,958	-	-	-	-	-	-
Unassigned.....	<u>(2,694,905)</u>	<u>(241,162)</u>	<u>(1,000,618)</u>	<u>(3,791,429)</u>	<u>(2,608,172)</u>	<u>(985,252)</u>	<u>(28,755)</u>	<u>(9,394,972)</u>	<u>(18,593,518)</u>	<u>(12,945,185)</u>
Total all other governmental funds.....	<u>\$ 2,778,071</u>	<u>\$ 6,855,767</u>	<u>\$ 7,488,875</u>	<u>\$ 4,611,252</u>	<u>\$ 5,883,202</u>	<u>\$ 9,733,164</u>	<u>\$ 12,819,862</u>	<u>\$ 2,199,182</u>	<u>\$ (6,395,050)</u>	<u>\$ 661,228</u>

**Changes in Fund Balances, Governmental Funds**

	Last Ten Years									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Revenues:</b>										
Real estate and personal property taxes, net of tax refunds.....	\$ 39,265,378	\$ 40,628,331	\$ 43,275,829	\$ 44,240,027	\$ 45,906,995	\$ 46,824,452	\$ 49,180,230	\$ 51,781,419	\$ 53,133,205	\$ 54,401,250
Motor vehicle and other excise taxes.....	1,660,920	1,929,747	1,972,008	2,106,253	2,350,985	2,398,639	2,434,366	2,320,990	2,514,249	2,638,282
Hotel/motel tax.....	534,951	553,174	589,322	649,119	678,226	674,717	684,793	905,397	1,132,926	1,675,737
Meals tax.....	334,050	328,522	359,441	379,689	406,465	423,305	439,960	445,497	325,311	571,745
Charges for services.....	1,513,922	1,767,977	2,096,797	2,119,239	2,082,057	1,495,312	1,683,252	1,615,612	2,721,300	2,325,107
Penalties and interest on taxes and excise.....	284,963	372,574	307,873	314,847	410,681	405,047	503,894	309,139	446,733	444,759
Fees and rentals.....	-	-	-	-	-	264,414	107,521	147,507	143,258	127,840
Recreation fees.....	2,511,958	2,556,706	1,770,473	1,875,887	2,898,807	3,107,877	3,139,411	3,029,257	3,770,492	4,095,030
Sanitation fees.....	1,713,368	1,931,322	2,156,538	2,455,995	2,749,461	3,110,692	3,209,427	3,209,427	3,837,379	4,197,083
Payments in lieu of taxes.....	57,482	54,851	55,962	58,319	56,741	58,616	61,960	62,471	65,256	63,703
Licenses and permits.....	848,300	975,256	1,688,049	1,777,026	694,880	731,490	913,619	883,702	988,060	915,886
Intergovernmental.....	6,212,743	6,725,263	4,140,679	7,005,754	5,173,694	3,548,977	1,713,048	2,017,798	2,834,134	1,582,530
Departmental and other.....	756,280	1,450,236	1,248,203	1,614,355	1,630,206	2,024,635	2,635,738	2,211,358	1,953,195	2,638,962
Community preservation taxes.....	-	-	-	-	-	1,371,737	1,448,794	1,518,544	1,563,029	1,583,795
Community preservation state match.....	-	-	-	-	-	304,606	-	400,087	505,537	791,824
Special assessments.....	-	-	-	-	106,661	169,003	98,751	103,940	96,299	77,942
Contributions and donations.....	63,492	42,338	117,968	38,733	38,664	9,110	7,235	38,229	393,865	94,534
Investment income (loss).....	72,098	90,754	48,887	108,189	120,365	167,256	749,074	572,549	533,669	(3,751)
<b>Total revenues.....</b>	<b>55,829,905</b>	<b>59,407,051</b>	<b>59,828,029</b>	<b>64,743,432</b>	<b>65,304,888</b>	<b>67,089,885</b>	<b>65,801,646</b>	<b>71,572,923</b>	<b>76,957,897</b>	<b>78,222,258</b>
<b>Expenditures:</b>										
General government.....	2,328,162	2,815,828	2,688,988	3,097,869	3,217,922	3,683,572	3,537,246	3,648,272	4,494,077	3,579,462
Public safety.....	7,570,722	8,107,909	8,433,586	8,909,986	9,024,268	9,597,470	14,432,126	11,229,052	11,043,355	10,966,344
Education.....	20,915,309	21,759,572	21,343,766	24,235,546	25,495,354	26,247,111	27,190,613	28,998,890	28,706,526	28,929,100
Public works.....	5,147,687	6,278,572	9,054,635	13,411,113	8,774,422	11,045,317	9,187,789	16,832,929	17,895,349	11,133,671
Human services.....	1,660,018	1,397,057	1,302,963	1,247,826	1,232,738	1,374,904	1,332,714	1,373,413	1,309,880	1,460,272
Culture and recreation.....	5,879,033	3,968,526	3,394,215	5,094,883	4,130,106	14,594,041	6,157,691	3,822,698	4,875,003	4,278,795
Community preservation.....	-	-	-	-	948,441	163,205	1,222,411	542,471	861,581	1,124,251
Pension benefits.....	-	-	-	-	2,364,925	2,681,194	2,542,729	2,793,063	2,903,991	3,001,787
Employee benefits.....	9,732,233	9,621,497	6,106,443	6,469,592	4,124,629	5,115,326	5,618,378	5,588,374	4,794,901	5,343,905
State and county charges.....	626,146	627,779	642,174	536,513	646,442	682,359	701,638	737,501	764,538	805,213
Debt service:										
Principal.....	3,269,227	2,825,000	2,812,358	2,802,358	2,777,358	1,782,356	2,687,358	3,301,950	3,027,170	2,822,123
Interest.....	707,299	643,018	662,513	548,892	485,197	498,958	1,189,155	1,243,633	1,077,105	930,732
<b>Total expenditures.....</b>	<b>57,835,836</b>	<b>58,044,758</b>	<b>56,441,641</b>	<b>66,354,578</b>	<b>63,221,802</b>	<b>77,465,813</b>	<b>75,799,848</b>	<b>80,112,246</b>	<b>81,753,476</b>	<b>74,365,655</b>
Excess (deficiency) of revenues over (under) expenditures.....	(2,005,931)	1,362,293	3,386,388	(1,611,146)	2,083,086	(10,375,928)	(9,998,202)	(8,539,323)	(4,795,579)	3,856,603
<b>Other Financing Sources (Uses):</b>										
Issuance of bonds and notes.....	-	2,900,000	-	-	-	12,525,000	9,105,000	-	-	5,135,000
Issuance of refunding bonds.....	3,565,000	-	-	-	-	-	-	3,815,000	-	-
Premium from issuance of bonds and notes.....	-	-	-	-	-	1,395,185	1,081,602	18,173	9,555	359,328
Premium from issuance of refunding bonds.....	343,949	-	-	-	-	-	-	517,595	-	-
Payments to refunded bond escrow agent.....	(3,908,949)	-	-	-	-	-	-	(4,250,000)	-	-
Capital lease financing.....	-	-	-	-	-	-	-	-	444,881	-
Transfers in.....	1,825,159	1,188,549	2,024,960	1,498,095	2,465,537	2,898,336	2,717,401	2,736,685	2,465,497	4,133,039
Transfers out.....	(1,828,553)	(1,492,062)	(2,124,960)	(1,498,095)	(2,465,537)	(2,248,158)	(2,787,401)	(2,961,685)	(2,665,497)	(4,651,161)
<b>Total other financing sources (uses).....</b>	<b>(3,394)</b>	<b>2,596,487</b>	<b>(100,000)</b>	<b>-</b>	<b>-</b>	<b>14,570,363</b>	<b>10,116,602</b>	<b>(124,232)</b>	<b>254,436</b>	<b>4,976,206</b>
Extraordinary Item - Intergovernmental tornado revenue....	-	-	-	-	-	-	-	1,171,060	-	-
Extraordinary Item - Tornado relief expenditures.....	-	-	-	-	-	-	-	(844,876)	-	-
<b>Total extraordinary items.....</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>326,184</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balance.....</b>	<b>\$ (2,009,325)</b>	<b>\$ 3,958,780</b>	<b>\$ 3,286,388</b>	<b>\$ (1,611,146)</b>	<b>\$ 2,083,086</b>	<b>\$ 4,194,435</b>	<b>\$ 118,400</b>	<b>\$ (8,337,371)</b>	<b>\$ (4,541,143)</b>	<b>\$ 8,832,809</b>
Debt service as a percentage of noncapital expenditures....	6.88%	5.97%	6.16%	5.05%	5.61%	3.64%	5.98%	6.86%	6.06%	5.36%

**Notes:**

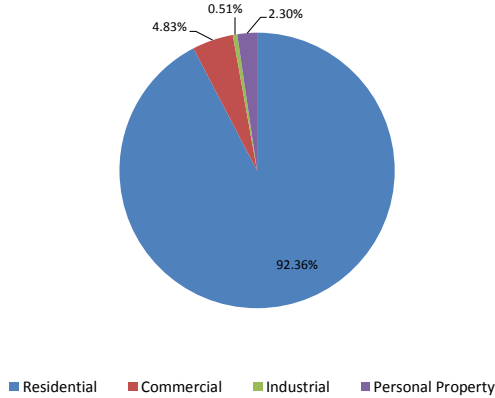
Beginning in fiscal year 2017, the Town has segregated special assessment revenue, community preservation and pension benefit expenditures.

# Assessed Value and Actual Value of Taxable Property by Classification and Tax Rates

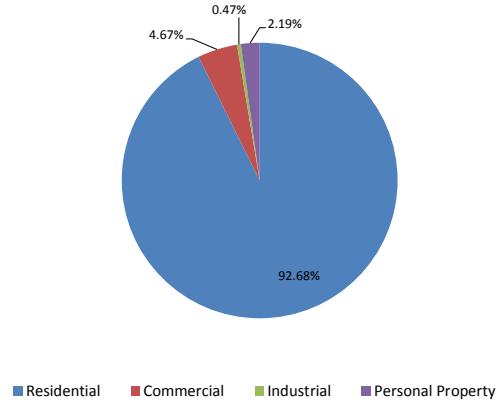
Last Ten Years

Year	Assessed and Actual Values and Tax Rates								
	Residential Value	Residential & Personal Property Tax Rate	Commercial Value	Industrial Value	Personal Property	Total Commercial Value	Commercial Tax Rate	Total Direct Rate (1)	Total Town Value
2013	\$ 4,154,166,443	\$ 8.58	\$ 237,620,107	\$ 18,169,700	\$ 69,888,320	\$ 325,678,127	\$ 8.58	\$ 8.58	\$ 4,479,844,570
2014	4,205,723,813	8.77	239,364,277	19,467,100	70,368,150	329,199,527	8.77	8.77	4,534,923,340
2015	4,362,218,987	8.97	245,771,003	19,809,600	72,314,360	337,894,963	8.97	8.97	4,700,113,950
2016	4,461,686,152	9.07	251,670,218	26,499,900	74,153,530	352,323,648	9.07	9.07	4,814,009,800
2017	4,617,995,392	8.97	259,151,168	28,645,900	77,454,040	365,251,108	8.97	8.97	4,983,246,500
2018	4,931,447,716	8.80	269,576,804	30,490,100	82,166,200	382,233,104	8.80	8.80	5,313,680,820
2019	5,281,196,190	8.67	278,842,570	30,042,500	93,413,130	402,298,200	8.67	8.67	5,683,494,390
2020	5,545,219,026	8.73	288,115,194	31,235,300	108,599,480	427,949,974	8.73	8.73	5,973,169,000
2021	5,724,314,087	8.60	299,449,073	31,300,100	142,579,700	473,328,873	8.60	8.60	6,197,642,960
2022	6,243,200,766	8.11	314,504,004	31,509,500	147,296,500	493,310,004	8.11	8.11	6,736,510,770

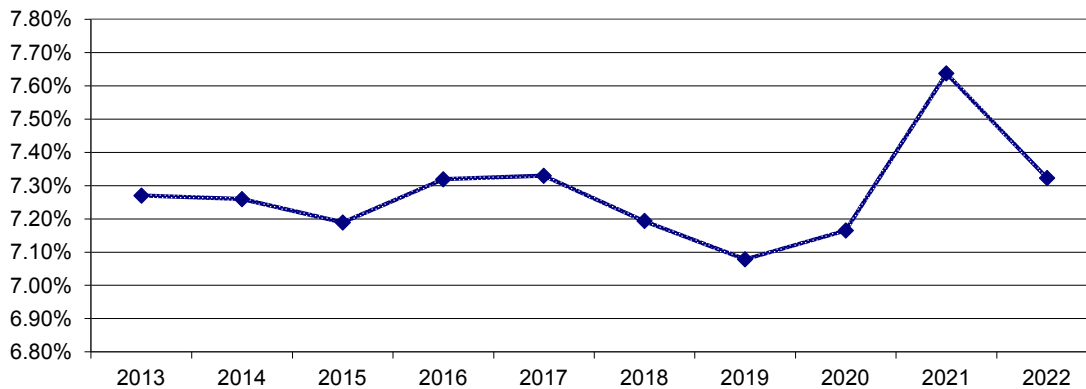
**Total Assessed Value by Classification  
Year Ended June 30, 2021**



**Total Assessed Value by Classification  
Year Ended June 30, 2022**



**Commercial Value as % of Total Value**



(1) Weighted average direct tax rate, calculated as weighted average of residential, commercial and personal property tax rates.

Source: Department of Revenue, Division of Local Services

All property in the Commonwealth of Massachusetts is assessed at 100% of fair cash value.

Note: Chapter 59, Section 21C of the Massachusetts General Laws, known as "Proposition 2 1/2", imposes 2 separate limits on the annual tax levy of the Town. The primary limitation is that the tax levy cannot exceed 2 1/2 percent of the full and fair cash value. The secondary limitation is that the tax levy cannot exceed the maximum levy limit for the preceding year as determined by the State Commissioner of Revenue by more than 2 1/2 percent, subject to an exception for property added to the tax rolls and for certain substantial valuation increases other than as part of a general revaluation. The secondary limit may be exceeded in any year by a majority vote of the voters, however it cannot exceed the primary limitation.

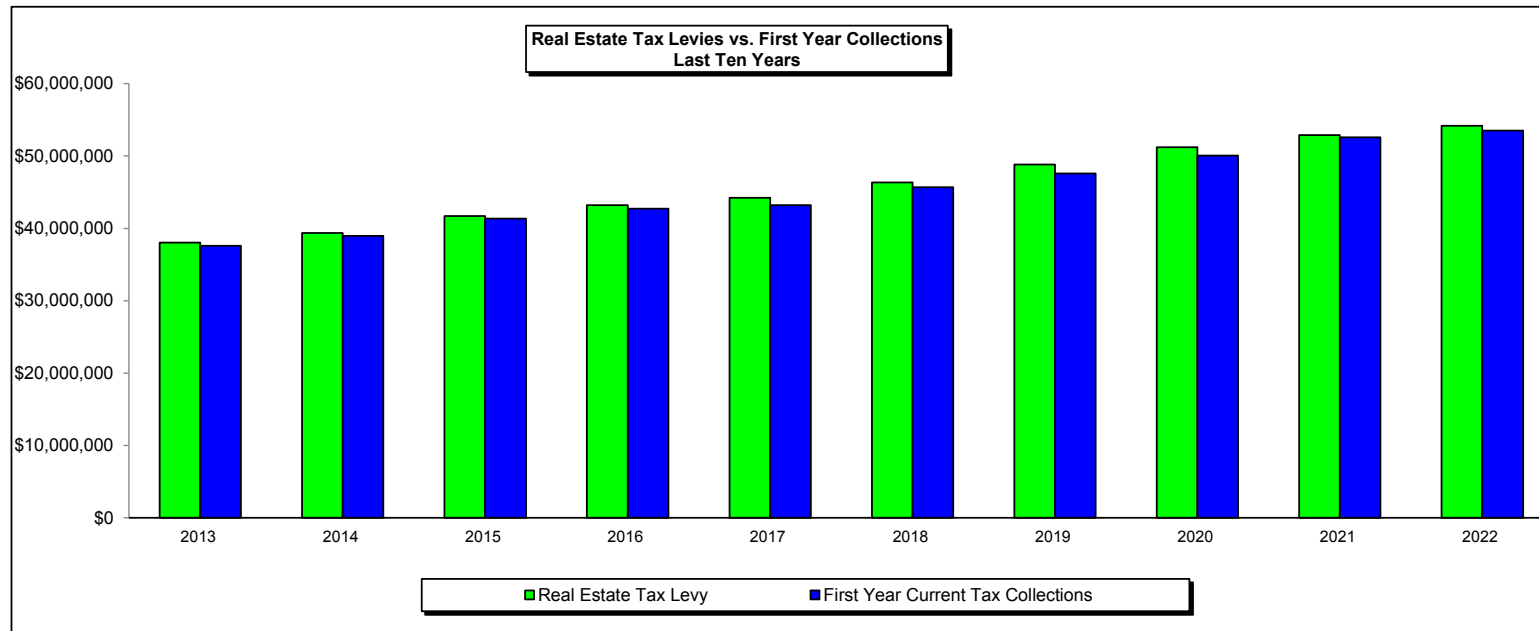
**Principal Taxpayers**  
**Current Year and Nine Years Ago**

Name	Nature of Business	2022		Percentage of Total Taxable Assessed Value	2013		Percentage of Total Taxable Assessed Value
		Assessed Valuation	Rank		Assessed Valuation	Rank	
Eversource	Utility	\$58,890,580	1	0.87%	\$7,254,330	9	0.16%
Wequasset Inn LLP	Inn	\$33,895,500	2	0.50%	\$29,043,460	1	0.65%
Nstar Electric Co.	Utility	\$28,993,250	3	0.43%	\$16,568,710	2	0.37%
WJG Realty Trust	Super Store/Stores	\$16,219,600	4	0.24%	\$15,332,100	3	0.34%
Headwaters Realty, LLC	Nursing Home	\$13,575,700	5	0.20%			0.00%
Individual	Individual Residence	\$9,734,600	6	0.14%	\$8,535,800	6	0.19%
MS Harwich LLC	Super Market	\$9,305,900	7	0.14%			
Wychmere Harbor Real Estate, LLC	Inn	\$8,769,400	8	0.13%	\$10,548,800	5	0.24%
Individual	Individual Residence	\$8,661,700	9	0.13%	\$7,276,700	8	0.16%
Ace of Cape Cod Solar II, LLC	Utility	\$8,231,700	10	0.12%			0.00%
NPH Harwich LLC	Nursing Home				\$12,152,900	4	0.27%
TRT Harwich LLC	Super Market				\$7,622,700	7	0.17%
Verizon New England	Utility				\$7,093,700	10	0.16%
	Totals	<u>\$196,277,930</u>		<u>2.91%</u>	<u>\$121,429,200</u>		<u>2.71%</u>
Source: Assessor's Department							

# Property Tax Levies and Collections

## Last Ten Years

Year		(1) Total Tax Levy	Less Reserve for Abatements & Exemptions	(1) Net Tax Levy	Net as % of Total	First Year Current Tax Collections	Percent of Net Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Net Tax Levy (2)
2013	\$	38,437,066	\$ 420,000	\$ 38,017,066	98.91%	\$ 37,603,177	98.91%	\$ 377,041	\$ 37,980,218	99.90%
2014		39,771,278	430,000	39,341,278	98.92%	38,970,524	99.06%	372,296	39,342,820	100.00%
2015		42,160,022	440,000	41,720,022	98.96%	41,353,997	99.12%	283,280	41,637,277	99.80%
2016		43,663,069	451,039	43,212,030	98.97%	42,734,389	98.89%	415,259	43,149,648	99.86%
2017		44,699,721	467,623	44,232,098	98.95%	43,202,536	97.67%	381,973	43,584,509	98.54%
2018		46,761,271	413,262	46,348,009	99.12%	45,679,828	98.56%	600,852	46,280,680	99.85%
2019		49,275,896	450,000	48,825,896	99.09%	47,582,459	97.45%	1,063,994	48,646,453	99.63%
2020		51,635,467	437,775	51,197,692	99.15%	50,066,624	97.79%	690,505	50,757,129	99.14%
2021		53,299,729	400,000	52,899,729	99.25%	52,563,015	99.36%	277,493	52,840,508	99.89%
2022		54,633,102	454,663	54,178,439	99.17%	53,511,334	98.77%	-	53,511,334	98.77%



(1) Includes tax liens.

(2) If the actual abatements and exemptions are lower than the estimate, the actual collections can exceed the net levy.

Source: Official Statements, Town of Harwich.

**Ratios of Outstanding Debt by Type**

**Last Ten Years**

Year	Governmental Activities		Business-type Activities		Total Debt Outstanding	Percentage of Personal Income (2)	U. S. Census Population	Debt Per Capita
	General Obligation Bonds (1)	Direct Borrowings and Capital Financing	General Obligation Bonds (1)	Direct Borrowings				
2013	\$ 19,539,999	\$ 156,537	\$ 7,905,000	\$ -	\$ 27,601,536	6.24%	12,832	\$ 2,151
2014	19,614,999	139,272	7,430,000	-	27,184,271	6.38%	12,479	2,178
2015	16,819,999	121,914	8,838,232	-	25,780,145	6.07%	12,432	2,074
2016	14,329,812	104,557	6,690,406	1,878,232	23,003,007	4.32%	12,872	1,787
2017	11,497,438	87,199	6,196,993	1,802,256	19,583,886	3.68%	12,873	1,521
2018	23,590,617	69,841	5,705,257	1,721,937	31,087,652	6.20%	12,133	2,562
2019	30,826,801	52,483	5,215,197	1,642,746	37,737,227	7.08%	12,745	2,961
2020	27,242,825	35,533	3,597,781	1,561,833	32,437,972	6.15%	12,142	2,672
2021	23,786,304	371,243	4,245,066	1,479,162	29,881,775	5.53%	13,440	2,223
2022	26,257,061	279,120	3,764,919	1,394,695	31,695,795	5.63%	13,709	2,312

(1) Presented net of original issuance discounts and premiums.

(2) Personal income is disclosed on the Schedule of Demographic and Economic Statistics.

Source: Audited Financial Statements, U. S. Census

# **Ratios of General Bonded Debt Outstanding**

## **Last Ten Years**

<b>Year</b>	<b>General Obligation Bonds</b>	<b>Percentage of Estimated Actual Taxable Value of Property (1)</b>	<b>Per Capita (2)</b>
2013	\$ 27,444,999	0.61%	\$ 2,139
2014	27,044,999	0.60%	2,167
2015	25,658,231	0.55%	2,064
2016	21,020,218	0.44%	1,633
2017	17,694,431	0.36%	1,375
2018	29,295,874	0.55%	2,415
2019	36,041,998	0.63%	2,828
2020	30,840,606	0.52%	2,540
2021	28,031,370	0.45%	2,086
2022	30,021,980	0.45%	2,190

(1) Property value data is disclosed on the Schedule of Assessed Value of Taxable Property by Classification and Tax Rates.

(2) Population data is disclosed on the Schedule of Demographic and Economic Statistics.

Source: Audited Financial Statements, U. S. Census

# **Direct and Overlapping Governmental Activities Debt**

**As of June 30, 2022**

<u>Overlapping Entities</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable</u>	<u>Share of Overlapping Debt</u>	<u>Current Year Assessment for Operations and Debt Service</u>
Debt repaid with property taxes				
Barnstable County.....	\$ 19,117,890	6.70%	\$ 1,280,899	\$ 236,649
Cape Cod Regional Technical High School District.....	62,730,000	8.15%	5,112,495	1,536,309
Monomoy Regional School District.....	20,900,000	75.11%	<u>15,697,990</u>	<u>27,361,049</u>
Subtotal, overlapping debt.....			22,091,384	
Town direct debt.....			<u>47,271,134</u>	
Total direct and overlapping debt.....			<u>\$ 69,362,518</u>	

Source: Official Statements

Note: The Town obtains the debt outstanding and percentages directly from Barnstable County.

Note: Overlapping governments are those that coincide, at least in part, with geographic boundaries of the Town. This schedule calculates the portion of the outstanding debt of those overlapping governments that is borne by the taxpayers of Town. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the property taxpayers should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

**Computation of Legal Debt Margin**

**Last Ten Years**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Equalized Valuation.....	\$ 4,982,071,300	\$ 4,818,012,600	\$ 4,818,012,600	\$ 5,172,756,600	\$ 5,172,756,600	\$ 5,697,974,900	\$ 5,697,974,900	\$ 6,396,397,000	\$ 6,396,397,000	\$ 7,143,004,400
Debt Limit - 5% of Equalized Valuation.....	\$ 249,103,565	\$ 240,900,630	\$ 240,900,630	\$ 258,637,830	\$ 258,637,830	\$ 284,898,745	\$ 284,898,745	\$ 319,819,850	\$ 319,819,850	\$ 357,150,220
Less:										
Outstanding debt applicable to limit.....	19,146,537	19,279,272	16,541,914	13,809,556	11,015,000	21,840,000	28,340,000	24,685,000	21,740,000	24,145,000
Authorized and unissued debt applicable to limit.....	<u>3,572,000</u>	<u>8,451,000</u>	<u>9,351,000</u>	<u>9,151,000</u>	<u>17,166,037</u>	<u>44,445,150</u>	<u>33,451,617</u>	<u>33,507,696</u>	<u>33,231,300</u>	<u>30,775,000</u>
Legal debt margin.....	<u>\$ 226,385,028</u>	<u>\$ 213,170,358</u>	<u>\$ 215,007,716</u>	<u>\$ 235,677,274</u>	<u>\$ 230,456,793</u>	<u>\$ 218,613,595</u>	<u>\$ 223,107,128</u>	<u>\$ 261,627,154</u>	<u>\$ 264,848,550</u>	<u>\$ 302,230,220</u>
Total debt applicable to the limit as a percentage of debt limit.....	9.12%	11.51%	10.75%	8.88%	10.90%	23.27%	21.69%	18.20%	17.19%	15.38%

Source: Assessor's Office

## Demographic and Economic Statistics

### Last Ten Years

Year	Population Estimates	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2013	12,832	\$ 442,177,888	\$ 34,459 *	51.0 *	1,421	7.8%
2014	12,479	426,107,934	34,146	50.9	1,432	6.9%
2015	12,432	424,503,072	34,146	52.0	1,631	6.4%
2016	12,872	531,909,656	41,323	52.0	1,622	5.2%
2017	12,873	531,950,979	41,323	52.0	1,474	4.8%
2018	12,133	501,371,959	41,323	52.8	1,487	4.5%
2019	12,745	532,983,155	41,819	52.8	1,507	4.3%
2020	12,142	527,667,036	43,458	52.8	1,443	15.4%
2021	13,440	540,744,960	40,234	52.8	1,379	5.4%
2022	13,709	562,591,056	41,039	52.8	1,327	4.0%

Source: U. S. Census, Division of Local Services, and Annual Town Reports  
 Median age and personal income is estimated based on most recent census data

\* Five Year Average

**Principal Employers (excluding Town)**

**Current Year and Nine Years Ago**

Employer	Nature of Business	2022			2013		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Monomoy Regional School District (Harwich only)	Education	221	1	3.58%			
Stop & Shop Supermarket	Grocery Store	200	2	3.24%	200	1	3.33%
Outer Cape Health Services	Health Services	200	2	3.24%			
Wequasset Resort	Resort	150	4	2.43%			
Robert B. Our Co., Inc.	Construction	130	5	2.11%	80	3	1.33%
Epoch Health Care	Senior Health Care	120	6	1.94%			
Cape Cod Technical High School	Education	110	7	1.78%			
Fontaine Center	Medical Facility	100	8	1.62%			
Wychmere Harbor Beach & Tennis	Private Beach Club	92	9	1.49%			
Star Market	Grocery Store	90	10	1.46%	90	2	1.50%
400 East	Restaurant				40	4	0.67%
Rosewood Manor	Nursing Home				32	5	0.53%
Hinckley Home Center	Lumber				30	6	0.50%
Cape Cod Five Cents Savings Bank	Bank				24	7	0.40%
Allen Harbor Marine Services, Inc.	Boatyard				20	8	0.33%
	Totals	1413		22.90%	516		8.59%

For 2013, information was only available for 8 of the largest employers.

Source: Massachusetts Department of Employment and Training and Official Statements

**Full-time Equivalent Town Employees by Function**

**Last Ten Years**

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Function										
General government.....	23	27	28	28	29	29	29	36	27	27
Public safety.....	69	74	75	75	76	76	76	84	84	83
Public works.....	46	49	50	51	52	52	52	45	47	47
Human services.....	7	8	10	11	11	11	11	10	10	10
Culture and recreation.....	<u>20</u>	<u>20</u>	<u>22</u>	<u>23</u>	<u>22</u>	<u>22</u>	<u>22</u>	<u>46</u>	<u>49</u>	<u>49</u>
Total .....	<u>165</u>	<u>178</u>	<u>185</u>	<u>188</u>	<u>190</u>	<u>190</u>	<u>190</u>	<u>221</u>	<u>217</u>	<u>216</u>

Source: Various Town Departments

## Operating Indicators by Function/Program

### Last Ten Years

<u>Function/Program</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Fire Department										
Total incidents.....	3,900	3,900	4,014	4,294	4,322	4,205	5,029	4,863	4,350	4,554
Rescue/EMS.....	1,917	1,939	2,204	2,274	2,492	2,318	2,605	2,601	3,161	2,635
Inspectional Services Department										
Number of building permits (quick and zoning).....	1,099	1,157	1,395	1,047	1,331	1,242	1,321	1,389	1,179	1,292
Number of plumbing/gas permits.....	N/A	1,218	1,146	1,208	1,199	1,176	1,320	1,419	1,432	1,309
Number of electrical permits.....	N/A	780	774	804	904	935	916	951	875	916
Water/Sewer										
Number of gallons pumped (millions).....	781	711	752	854	853	699	773	730	861	783
Number of new services added.....	35	32	32	42	36	40	52	50	28	41
Number of main improvements.....	1	-	11	14	3	5	5	1	1	1
Highway										
Number of work orders.....	207	403	571	507	507	498	785	755	575	624
Cemetery										
Burials.....	N/A	N/A	77	81	88	83	62	80	62	47
Recreation										
Number of programs added.....	10	9	9	12	13	11	9	8	-	-
Number of participants-winter.....	N/A	308	310	408	426	389	385	350	47	35
Number of participants-spring.....	N/A	203	200	203	230	229	229	438	-	-
Number of participants-summer.....	N/A	927	952	662	1,028	1,161	1,250	1,248	-	-
Number of participants-fall.....	N/A	249	274	274	357	373	402	393	61	46
Police Department										
Arrests/PCs.....	197	175	190	216	235	216	210	209	166	207
Summons Arrests.....	166	136	172	141	135	135	156	166	121	143
Total Calls for Service.....	19,711	19,018	17,168	18,118	16,879	16,872	18,154	18,694	14,596	17,039

Source: Various Town Departments

N/A - Information not available

Several operating indicators are maintained on a calendar year basis. As a result, 2022 information is not yet available.

## Capital Asset Statistics by Function/Program

### Last Ten Years

<u>Function/Program</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
General Government										
Number of buildings.....	1	1	1	1	1	1	1	1	1	1
Police										
Number of stations.....	1	1	1	1	1	1	1	1	1	1
Fire										
Number of stations.....	2	2	2	2	2	2	2	2	2	2
Harbors										
Number of buildings.....	3	3	3	3	3	3	3	3	3	3
Public beaches.....	20	20	20	20	20	20	20	20	20	20
Public landings.....	3	3	3	3	3	3	3	3	3	3
Education										
Number of elementary schools.....	1	1	1	1	1	1	1	1	1	1
Number of high schools.....	1	(A)	-	-	-	-	-	-	-	-
Public Works										
Highway Department Building.....	1	1	1	1	1	1	1	1	1	1
Water pumping stations.....	14	14	14	14	14	14	14	14	14	14
Water corrosion facilities.....	5	5	5	5	5	5	5	5	5	5
Water storage tanks.....	3	3	3	3	3	3	3	3	3	3
Miles of water mains.....	210	210	210	210	210	210	210	210	210	210
Fire hydrants.....	1,349	1,360	1,360	1,360	1,360	1,360	1,360	1,360	1,360	1,360
Service connections.....	9,887	9,824	9,848	9,925	9,823	9,957	N/A	N/A	N/A	N/A
Water office buildings.....	1	1	1	1	1	1	1	1	1	1
Water service garage (4 bays).....	1	1	1	1	1	1	1	1	1	1
Water equipment garage (1 bay).....	1	1	1	1	1	1	1	1	1	1
Water storage garage (1 bay).....	1	1	1	1	1	1	1	1	1	1
Cemeteries.....	16	17	17	17	17	17	17	17	17	17
Human Services										
Community Center.....	1	1	1	1	1	1	1	1	1	1
Culture and Recreation										
Brooks Academy, Town Museum.....	1	1	1	1	1	1	1	1	1	1
Cultural Center.....	-	-	-	1	1	1	1	1	1	1
Parks.....	6	6	6	6	6	6	6	6	6	6
Athletic fields.....	5	7	7	7	7	7	7	7	7	7
Golf courses.....	1	1	1	1	1	1	1	1	1	1
Golf clubhouses.....	1	1	1	1	1	1	1	1	1	1
Golf course buildings.....	1	1	1	1	1	1	1	1	1	1
Town owned libraries.....	1	1	1	1	1	1	1	1	1	1

Source: Various Town Departments

(A) The Town is now part of a Regional School District and these buildings are no longer utilized.

N/A - Information not available



Headwaters Cranberry Harvest