

# **Town of Harwich**

**MASSACHUSETTS**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**



Neel Road Beach

**For the Fiscal Year Ended June 30, 2019**

Christopher Clark, Town Administrator  
Carol Coppola, Finance Director



Cranberry Valley Golf Course

# **The Town of Harwich, Massachusetts**

## **Comprehensive Annual Financial Report**



**For the Year  
July 1, 2018 through June 30, 2019**

Prepared by the Finance Department

***Town of Harwich, Massachusetts***  
***Comprehensive Annual Financial Report***  
***For the Year Ended June 30, 2019***

***Table of Contents***

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<b>INTRODUCTORY SECTION .....</b>	<b>1</b>
Letter of Transmittal .....	3
Principal Executive Officers .....	7
Organizational Chart .....	8
Certificate of Achievement of Excellence in Financial Reporting .....	9
<b>FINANCIAL SECTION .....</b>	<b>11</b>
Independent Auditor's Report .....	13
Management's Discussion and Analysis .....	15
Basic Financial Statements .....	24
Government-Wide Financial Statements .....	25
Statement of Net Position .....	25
Statement of Activities .....	26
Fund Financial Statements .....	28
Governmental Funds – Balance Sheet .....	28
Reconciliation of the Governmental Funds Balance Sheet Total Fund Balances to the Statement of Net Position .....	29
Governmental Funds – Statement of Revenues, Expenditures and Changes in Fund Balances .....	30
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	31
Proprietary Funds – Statement of Net Position .....	32
Proprietary Funds – Statement of Revenues, Expenses and Changes in Net Position .....	33
Proprietary Funds – Statement of Cash Flows .....	34
Fiduciary Funds – Statement of Fiduciary Net Position .....	35
Fiduciary Funds – Statement of Changes in Fiduciary Net Position .....	36
Notes to Basic Financial Statements .....	37
Required Supplementary Information .....	77
General Fund Budgetary Comparison Schedule .....	78
General Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budgetary Basis – Budget and Actual .....	79
Community Preservation Fund Budgetary Comparison Schedule .....	84



Community Preservation Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance	
– Budgetary Basis – Budget and Actual .....	85
Pension Plan Schedules .....	86
Schedule of the Town’s Proportionate Share of the Net Pension Liability .....	87
Schedule of Town’s Contributions .....	88
Other Postemployment Benefit Plan Schedules.....	89
Schedule of Changes in the Town’s Net OPEB Liability and Related Ratios.....	90
Schedule of the Town’s Contributions .....	91
Schedule of Investment Returns .....	92
Notes to Required Supplementary Information .....	93
Other Supplementary Information.....	98
Combining Fund Statements .....	99
Nonmajor Governmental Funds.....	100
Nonmajor Governmental Funds - Combining Balance Sheet .....	102
Nonmajor Governmental Funds - Combining Statement of Revenues, Expenditures and Changes in	
Fund Balances .....	106
Agency Fund .....	109
Agency Fund – Statement of Changes in Assets and Liabilities.....	110
<b>STATISTICAL SECTION.....</b>	<b>111</b>
Net Position by Component .....	112
Changes in Net Position .....	113
Fund Balances, Governmental Funds .....	114
Changes in Fund Balances, Governmental Funds.....	115
Assessed Value and Actual Value of Taxable Property by Classification and Tax Rates .....	116
Principal Taxpayers .....	117
Property Tax Levies and Collections .....	118
Ratios of Outstanding Debt by Type.....	119
Ratios of General Bonded Debt Outstanding .....	120
Direct and Overlapping Governmental Activities Debt .....	121
Computation of Legal Debt Margin .....	122
Demographic and Economic Statistics .....	123
Principal Employers (excluding Town).....	124
Full-time Equivalent Town Employees by Function.....	125
Operating Indicators by Function/Program .....	126
Capital Assets Statistics by Function/Program.....	127

# ***Introductory Section***



Great Sand Lakes

# ***Introductory Section***

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

## FINANCE DEPARTMENT

December 17, 2019

Letter of Transmittal

To the Honorable 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, 2019. 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 12,745. The Town of Harwich is empowered to levy a property tax on real 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 Commissioners, the department functions 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 preceding the beginning of the fiscal year on July 1. This 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 object (e.g., salaries). Department heads may transfer resources within a department as they see fit. 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, technical, 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 hospitals, manufacturers of computer hardware and software, retail stores, and several financial institutions and insurance companies. The two regional school districts and 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, 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 4.3 percent for the current year (2019). The Town of Harwich continues to experience unemployment rates consistent with national averages.

Median household incomes within the Town of Harwich are also consistent with those for the county and slightly lower than the state as a whole. According to the five-year average (2012 – 2016) estimate, the government's median family income was \$69,730, the county's was \$65,382, while the state's was \$70,954. Housing prices in the vicinity of the Town of Harwich continue to remain strong boasting an overall 5.7% increase in FY19. At the end of the second quarter of 2018, the median price of a single-family home in the vicinity of the Town of Harwich was \$394,800.

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 resulting 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 assets of strength from the Town's management and budgetary performance to a strong liquidity position with appropriate management policies and practices.

Over the past three years, the government has experienced a period of significant economic growth and investment. More than \$19.8 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. But like most communities on the Cape, living in Harwich is expensive. While house prices declined somewhat since the recession, the market has been rebounding and values are approaching pre-recession levels with the median single-family house priced at \$394,800, still out of reach for many year-round residents. While 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 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. 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).

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 necessary 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 11 percent of total general fund revenues; a strong indication of the financial stability of the government. The Town is committed to building healthy and consistent stabilization and other postemployment benefits (OPEB) reserves to support current and future liabilities while providing for future budgetary flexibility.

By charter, the Town of Harwich maintains a seven-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 2020-2026 Capital Improvement Program anticipates nearly \$69.8 million in capital projects. Included in this \$69.8 million is \$25.6 million for various roadway improvements, \$20.7 million for public wastewater design and construction, \$7 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 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 Selectman 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 2019. The Town also maintains a five-year budget forecast, which is also updated annually.

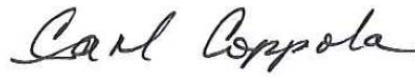
### **Awards and Acknowledgements**

The preparation of this report would not have been possible without the skill, effort, and dedication of the entire staff of the Finance Department. We 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,

A handwritten signature in blue ink, appearing to read "Chris Clark", with a stylized flourish at the end.

Christopher Clark, Town Administrator

A handwritten signature in blue ink, appearing to read "Carol Coppola", with a stylized flourish at the end.

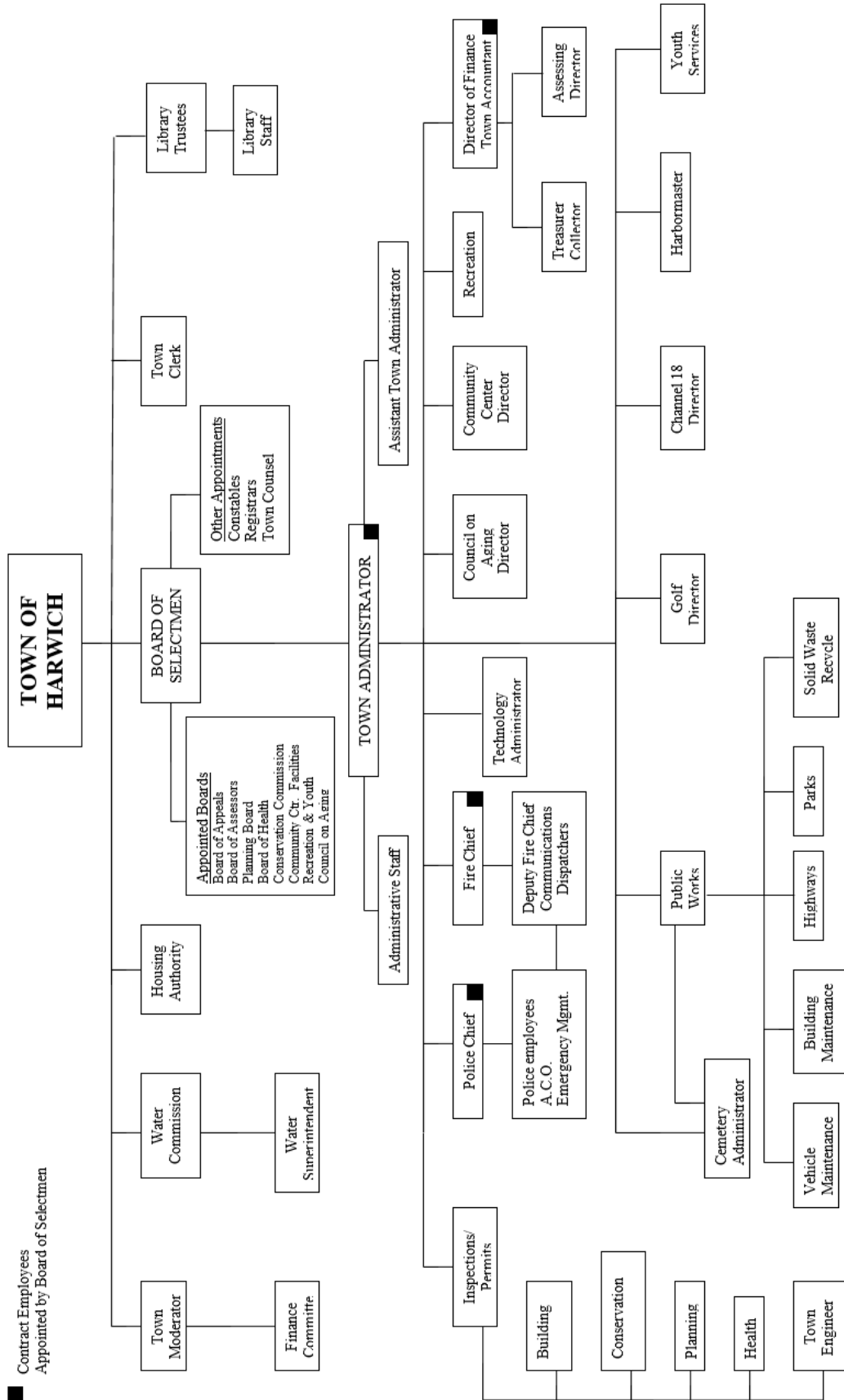
Carol Coppola, Finance Director

# Town of Harwich, Massachusetts

## Principal Executive Officers

Elected Officials		Term Expires
Board of Selectmen	Larry G. Ballantine, Chair	2020
	Edward McManus, Vice-Chair	2021
	Stephen P. Ford, Clerk	2022
	Michael D. MacAskill, Member	2022
	Donald Howell, Member	2020
Town Clerk	Anita N. Doucette	2022
Appointed Officials		
Board of Assessors	Richard Waystack, Chairman	2021
	Jay Kavanaugh	2022
	Bruce Nightingale	2020
Town Administrator	Christopher Clark	
Finance Director/Town Accountant	Carol Coppola	
Fire Chief/Forest Warden	Norman Clarke	
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 Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2018**

*Christopher P. Morill*

Executive Director/CEO

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# ***Financial Section***



Wychmere Harbor

# ***Financial Section***



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## **Independent Auditor's Report**

To the Honorable Board of Selectmen  
Town of Harwich, Massachusetts

## **Report of the Financial Statements**

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

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

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

## **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Harwich, Massachusetts, as of June 30, 2019, 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.

## **Other Matters**

### *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, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Harwich, Massachusetts' basic financial statements. The introductory section, combining statements, individual fund statements and statistical section, as listed in the table of contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2019, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Harwich, Massachusetts' internal control over financial reporting and compliance.



December 17, 2019

# ***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, 2019. 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.

The Town maintains two different enterprise funds within the proprietary fund type. Enterprise funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses an enterprise fund to account for its municipal water and wastewater departments.

**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 three 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. The Agency fund reports resources held by the Town in a custodial capacity for individuals, private organizations and other governments. The Town's agency funds are primarily used to account for police and fire details.

**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 \$31.9 million at the end of 2019. The Town's total net position increased by \$2 million during 2019.

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 \$60.1 million reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the investment in its capital assets is reported net of its related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the governmental activities net position, \$7 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 \$46 million. The deficit is primarily the result of the recognition of net pension liability of \$32.4 million along with the net other postemployment benefits liability of \$36.5 million. These are long-term unfunded liabilities that will not require significant short-term resources.

The governmental activities net position increased by \$2.8 million during the current year. Key reasons for this increase included the \$582,000 increase in investment income due to better market rates; a \$911,000 budgeted increase in the Town's stabilization reserves; and a \$1.3 million decrease in the net OPEB liability.

	2019	2018
<b>Assets:</b>		
Current assets.....	\$ 34,278,092	\$ 48,735,753
Noncurrent assets (excluding capital).....	-	87,797
Capital assets, nondepreciable.....	28,978,732	27,350,561
Capital assets, net of accumulated depreciation....	58,401,392	54,106,208
<b>Total assets.....</b>	<b>121,658,216</b>	<b>130,280,319</b>
<b>Deferred outflows of resources.....</b>	<b>8,682,959</b>	<b>6,769,883</b>
<b>Liabilities:</b>		
Current liabilities (excluding debt).....	2,719,539	4,598,212
Noncurrent liabilities (excluding debt).....	69,856,877	67,662,971
Current debt.....	5,832,393	21,096,324
Noncurrent debt.....	27,208,508	20,759,284
<b>Total liabilities.....</b>	<b>105,617,317</b>	<b>114,116,791</b>
<b>Deferred inflows of resources.....</b>	<b>3,542,989</b>	<b>4,525,643</b>
<b>Net position:</b>		
Net investment in capital assets.....	60,136,904	59,186,082
Restricted.....	7,046,170	6,980,230
Unrestricted.....	(46,002,205)	(47,758,544)
<b>Total net position.....</b>	<b>\$ 21,180,869</b>	<b>\$ 18,407,768</b>

The decrease in current assets and debt relate to the paydown of BANs in July of 2018.

	2019	2018
<b>Program Revenues:</b>		
Charges for services.....	\$ 11,656,465	\$ 9,940,366
Operating grants and contributions.....	886,785	675,551
Capital grants and contributions.....	1,097,971	3,124,074
<b>General Revenues:</b>		
Real estate and personal property taxes, net of tax refunds payable.....	49,151,540	46,859,230
Motor vehicle and other excise taxes.....	2,414,404	2,387,732
Hotel/motel tax.....	684,793	674,717
Meals tax.....	439,960	423,305
Community preservation tax.....	1,445,251	1,372,865
Penalties and interest on taxes and excise.....	503,894	405,047
Payments in lieu of taxes.....	61,960	58,616
Grants and contributions not restricted to specific programs.....	580,046	538,689
Unrestricted investment income.....	749,074	167,256
<b>Total revenues.....</b>	<b>69,672,143</b>	<b>66,627,448</b>
<b>Expenses:</b>		
General government.....	5,586,547	5,540,405
Public safety.....	14,125,237	14,040,013
Education.....	27,706,467	26,979,835
Public works.....	10,132,868	12,333,394
Human services.....	1,860,906	1,971,772
Culture and recreation.....	6,212,939	5,717,217
Community preservation.....	262,485	88,219
Interest.....	941,593	485,291
<b>Total expenses.....</b>	<b>66,829,042</b>	<b>67,156,146</b>
<b>Excess (Deficiency) before transfers.....</b>	<b>2,843,101</b>	<b>(528,698)</b>
<b>Transfers.....</b>	<b>(70,000)</b>	<b>(50,000)</b>
<b>Change in net position.....</b>	<b>2,773,101</b>	<b>(578,698)</b>
<b>Net position, beginning of year.....</b>	<b>18,407,768</b>	<b>18,986,466</b>
<b>Net position, end of year.....</b>	<b>\$ 21,180,869</b>	<b>\$ 18,407,768</b>

The capital grants decrease relates to the Saquatucket Harbor project funded by a capital grant from the state in the prior fiscal year. Current year capital grant revenue includes state highway grants and community preservation fund state match.

Approximately 41% 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.

The decrease in expenses related to public works relates to the \$2.3 million payment made in fiscal year 2018, to enter into an intermunicipal agreement with the Town of Chatham for wastewater collection and treatment.

## Business-type Activities

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

For the Town's water business-type activities, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$10.7 million at the close of 2019. Of this amount, \$13.2 million is net investment in capital assets, and the remaining balance of *unrestricted net position* is a deficit of \$2.5 million. The deficit is primarily the result of the recognition of net pension liability of \$2.4 million along with the net other postemployment benefits liability of \$2.7 million. These are long-term unfunded liabilities that will not require significant short-term resources.

	2019	2018
<b>Assets:</b>		
Current assets.....	\$ 3,355,050	\$ 3,779,944
Capital assets, nondepreciable.....	1,505,893	1,505,893
Capital assets, net of accumulated depreciation....	17,948,387	17,967,548
<b>Total assets.....</b>	<b>22,809,330</b>	<b>23,253,385</b>
<b>Deferred outflows of resources.....</b>	<b>750,336</b>	<b>543,890</b>
<b>Liabilities:</b>		
Current liabilities (excluding debt).....	585,711	143,121
Noncurrent liabilities (excluding debt).....	5,131,476	4,437,246
Current debt.....	569,297	569,251
Noncurrent debt.....	6,288,646	6,857,943
<b>Total liabilities.....</b>	<b>12,575,130</b>	<b>12,007,561</b>
<b>Deferred inflows of resources.....</b>	<b>258,154</b>	<b>244,170</b>
<b>Net position:</b>		
Net investment in capital assets.....	13,203,237	13,874,150
Unrestricted.....	(2,476,855)	(2,328,606)
<b>Total net position.....</b>	<b>\$ 10,726,382</b>	<b>\$ 11,545,544</b>

There was a decrease of \$889,000 in net position related to the Water Department's operations during the year. Revenues increased due to the Town implementing a rate increase by changing the usage tier levels. Additionally, fiscal year 2018 was a lower than normal year for water rates. The \$1.0 million increase in expenses is partially attributed to the \$434,000 reduction in pension expense recorded in fiscal year 2018 and a \$146,000 increase in depreciation expense in fiscal year 2018.

Depreciable capital assets decreased by \$19,000, which was the net result of the purchase of equipment and infrastructure totaling \$1.5 million and \$1.5 million in depreciation recorded against capital assets.

In the spring of 2018, the Town voted to implement a wastewater enterprise fund. The fund's activity for fiscal year 2019, was limited to a \$70,000 transfer in from the general fund to establish the fund.

	2019	2018
<b>Program Revenues:</b>		
Charges for services.....	\$ 4,504,728	\$ 2,922,056
<b>General Revenues:</b>		
Unrestricted investment income.....	24,088	-
<b>Total revenues.....</b>	<b>4,528,816</b>	<b>2,922,056</b>
<b>Expenses:</b>		
Water.....	<b>5,417,978</b>	<b>4,347,634</b>
<b>Excess (Deficiency) before transfers.....</b>	<b>(889,162)</b>	<b>(1,425,578)</b>
<b>Transfers.....</b>	<b>70,000</b>	<b>50,000</b>
<b>Change in net position.....</b>	<b>(819,162)</b>	<b>(1,375,578)</b>
<b>Net position, beginning of year .....</b>	<b>11,545,544</b>	<b>12,921,122</b>
<b>Net position, end of year.....</b>	<b>\$ 10,726,382</b>	<b>\$ 11,545,544</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 \$24.2 million, an increase of \$3.5 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 \$6.8 million, while total fund balance is \$11.4 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 10.6% of total general fund expenditures, while total fund balance represents 17.6 % of that same amount.

The general fund increased by \$404,000 in 2019. This was the net result of a budgetary decrease of \$500,000 in the general fund, and an increase in the Town's stabilization fund by \$911,000, 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, 2019, of \$4.9 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 decreased \$268,000 in 2019. This was primarily the net result of \$1.4 million in taxes offset by expenditures on community preservation projects and transfers out for debt service payments.

The Town capital fund reported a year end fund balance of \$2.3 million, an increase of \$3.2 million from the prior year. Fiscal year 2019 expenditures of \$7 million related to road maintenance, fire station renovations, and construction of the cart barn. The fund reported bond proceeds of \$8.9 million and \$1 million in bond premiums.

The Saquatucket Harbor capital fund reported a deficit fund balance of \$19,000. The project had \$275,000 in state grants, offset with \$1.6 million in expenditures. The fund had \$710,000 in other financing sources of which \$223,000 was the issuance on long-term bonds and \$468,000 was transferred from the Town capital fund.

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

The original general fund budget included \$63.8 million in estimated revenues and transfers in and \$68.7 million in expenditures and transfers out with the difference financed by available funds. The \$161,000 increase from the original budget to the final amended budget was primarily available funds voted to fund a snow and ice deficit.

General Fund revenues came in approximately \$2.5 million more than budgeted. The largest areas of the surplus were in real estate taxes, recreation fees, sanitation fees, and departmental and other revenues.

General fund expenditures and encumbrances were approximately \$827,000 less than budgeted. Key components of this surplus include \$65,000 in human services, \$78,000 in fire, \$194,000 in police, \$60,000 in golf, and \$97,000 in group health insurance.

### ***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 2019 includes the construction of the fire station which increased construction in progress by \$4.1 million. Other increases include \$5.1 million in building and building improvements, which included \$3.2 million transferred from construction in progress for the Saquatucket Harbor Landside project; \$2.7 million in infrastructure, which includes road improvements and wastewater design costs in relation to the intermunicipal agreement; \$1.4 million in machinery, equipment and vehicles, which includes a fire pumper; and \$179,000 in improvements.

The water enterprise fund reported additions totaling \$1.5 million for infrastructure and machinery and equipment.

Depreciation expense for governmental and business-type activities totaled \$5.1 million and \$1.5 million, respectively.

The Town of Harwich's governmental funds had total bonded debt outstanding of \$28.5 million at the end of the current year. Of this amount, \$5.2 million was for marina improvements; \$4.2 million was for the construction of a police station; \$2.2 million is for land acquisitions; \$1.2 million is related to harbor dredging, \$4.7 million is for sewer projects; \$1.4 million is related to golf course improvements; \$5.9 million is related to the construction of a fire station; and \$2.2 million is related to the Saquatucket Harbormaster Building Boardwalk. The remaining \$1.5 million relates to other capital related projects.

The water enterprise fund has \$6.7 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.



# ***Basic Financial Statements***

## STATEMENT OF NET POSITION

JUNE 30, 2019

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
<b>CURRENT:</b>			
Cash and cash equivalents.....	\$ 23,561,878	\$ 2,538,964	\$ 26,100,842
Investments.....	4,591,159	-	4,591,159
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes.....	927,738	-	927,738
Tax liens.....	2,408,127	-	2,408,127
Community preservation fund surtax.....	22,502	-	22,502
Motor vehicle and other excise taxes.....	120,895	-	120,895
User fees.....	-	816,086	816,086
Departmental and other.....	953,622	-	953,622
Intergovernmental.....	694,614	-	694,614
Community preservation state share.....	234,741	-	234,741
Special assessments.....	457,155	-	457,155
Tax foreclosures.....	232,128	-	232,128
Inventory.....	67,735	-	67,735
Prepaid expense.....	5,798	-	5,798
Total current assets.....	34,278,092	3,355,050	37,633,142
<b>NONCURRENT:</b>			
Capital assets, nondepreciable.....	28,978,732	1,505,893	30,484,625
Capital assets, net of accumulated depreciation.....	58,401,392	17,948,387	76,349,779
Total noncurrent assets.....	87,380,124	19,454,280	106,834,404
<b>TOTAL ASSETS.....</b>	<b>121,658,216</b>	<b>22,809,330</b>	<b>144,467,546</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows for refunding debt.....	73,768	115,892	189,660
Deferred outflows related to pensions.....	5,388,018	397,064	5,785,082
Deferred outflows related to other postemployment benefits.....	3,221,173	237,380	3,458,553
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES.....</b>	<b>8,682,959</b>	<b>750,336</b>	<b>9,433,295</b>
<b>LIABILITIES</b>			
<b>CURRENT:</b>			
Warrants payable.....	1,429,811	475,552	1,905,363
Accrued payroll.....	325,975	25,235	351,210
Accrued interest.....	129,950	52,975	182,925
Other liabilities.....	279,512	-	279,512
Landfill closure.....	18,500	-	18,500
Compensated absences.....	535,791	31,949	567,740
Notes payable.....	2,161,617	-	2,161,617
Bonds payable.....	3,670,776	569,297	4,240,073
Total current liabilities.....	8,551,932	1,155,008	9,706,940
<b>NONCURRENT:</b>			
Landfill closure.....	203,500	-	203,500
Compensated absences.....	760,711	54,512	815,223
Net pension liability.....	32,366,655	2,385,223	34,751,878
Net other postemployment benefits.....	36,526,011	2,691,741	39,217,752
Bonds payable.....	27,208,508	6,288,646	33,497,154
Total noncurrent liabilities.....	97,065,385	11,420,122	108,485,507
<b>TOTAL LIABILITIES.....</b>	<b>105,617,317</b>	<b>12,575,130</b>	<b>118,192,447</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Taxes paid in advance.....	39,927	-	39,927
Deferred inflows related to pensions.....	840,944	61,972	902,916
Deferred inflows related to other postemployment benefits.....	2,662,118	196,182	2,858,300
<b>TOTAL DEFERRED INFLOWS OF RESOURCES.....</b>	<b>3,542,989</b>	<b>258,154</b>	<b>3,801,143</b>
<b>NET POSITION</b>			
Net investment in capital assets.....	60,136,904	13,203,237	73,340,141
Restricted for:			
Perpetual care and other permanent funds:			
Expendable.....	640,817	-	640,817
Nonexpendable.....	588,952	-	588,952
Gifts and grants.....	630,767	-	630,767
Community preservation.....	5,185,634	-	5,185,634
Unrestricted.....	(46,002,205)	(2,476,855)	(48,479,060)
<b>TOTAL NET POSITION.....</b>	<b>\$ 21,180,869</b>	<b>\$ 10,726,382</b>	<b>\$ 31,907,251</b>

See notes to basic financial statements.

# STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2019

		Program Revenues				
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue	
<b>Primary Government:</b>						
<i>Governmental Activities:</i>						
General government.....	\$ 5,586,547	\$ 760,635	\$ 504,269	\$ -	\$ (4,321,643)	
Public safety.....	14,125,237	2,796,205	84,575	-	(11,244,457)	
Education.....	27,706,467	-	-	-	(27,706,467)	
Public works.....	10,132,868	3,844,297	17,974	863,209	(5,407,388)	
Human services.....	1,860,906	181,407	218,712	-	(1,460,787)	
Culture and recreation.....	6,212,939	4,073,921	61,255	-	(2,077,763)	
Community preservation.....	262,485	-	-	234,762	(27,723)	
Interest.....	941,593	-	-	-	(941,593)	
Total Governmental Activities.....	66,829,042	11,656,465	886,785	1,097,971	(53,187,821)	
<i>Business-Type Activities:</i>						
Water.....	5,417,978	4,504,728	-	-	(913,250)	
Total Primary Government.....	\$ 72,247,020	\$ 16,161,193	\$ 886,785	\$ 1,097,971	\$ (54,101,071)	

See notes to basic financial statements.

(Continued)

# STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Changes in net position:</b>			
Net (expense) revenue from previous page..... \$	<b>(53,187,821)</b>	<b>(913,250)</b>	<b>(54,101,071)</b>
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds payable.....	49,151,540	-	49,151,540
Motor vehicle and other excise taxes.....	2,414,404	-	2,414,404
Hotel/motel tax.....	684,793	-	684,793
Meals tax.....	439,960	-	439,960
Community preservation tax.....	1,445,251	-	1,445,251
Penalties and interest on taxes and excise.....	503,894	-	503,894
Payments in lieu of taxes.....	61,960	-	61,960
Grants and contributions not restricted to specific programs.....	580,046	-	580,046
Unrestricted investment income.....	749,074	24,088	773,162
<i>Transfers, net</i> .....	(70,000)	70,000	-
Total general revenues and transfers.....	55,960,922	94,088	56,055,010
Change in net position.....	2,773,101	(819,162)	1,953,939
<i>Net position:</i>			
Beginning of year.....	18,407,768	11,545,544	29,953,312
End of year..... \$	<b>21,180,869</b>	<b>10,726,382</b>	<b>31,907,251</b>

See notes to basic financial statements.

(Concluded)

**GOVERNMENTAL FUNDS  
BALANCE SHEET**

JUNE 30, 2019

	General	Community Preservation Act Fund	Town Capital Fund	Saquatumet Harbor Capital Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents.....	\$ 8,455,915	\$ 4,898,157	\$ 5,212,715	\$ -	\$ 4,995,091	\$ 23,561,878
Investments.....	3,854,735	-	-	-	736,424	4,591,159
Receivables, net of uncollectibles:						
Real estate and personal property taxes.....	927,738	-	-	-	-	927,738
Tax liens.....	2,361,637	46,490	-	-	-	2,408,127
Community preservation fund surtax.....	-	22,502	-	-	-	22,502
Motor vehicle and other excise taxes.....	120,895	-	-	-	-	120,895
Departmental and other.....	953,622	-	-	-	-	953,622
Intergovernmental.....	34,425	-	-	-	660,189	694,614
Community preservation state share.....	-	234,741	-	-	-	234,741
Special assessments.....	-	-	-	-	457,155	457,155
Tax foreclosures.....	232,128	-	-	-	-	232,128
Due from other funds.....	8,497	-	-	-	-	8,497
Inventory.....	-	-	-	-	67,735	67,735
Other assets.....	5,798	-	-	-	-	5,798
<b>TOTAL ASSETS.....</b>	<b>\$ 16,955,390</b>	<b>\$ 5,201,890</b>	<b>\$ 5,212,715</b>	<b>\$ -</b>	<b>\$ 6,916,594</b>	<b>\$ 34,286,589</b>
<b>LIABILITIES</b>						
Warrants payable.....	\$ 522,829	\$ 16,158	\$ 839,824	\$ 10,239	\$ 40,761	\$ 1,429,811
Accrued payroll.....	312,811	98	-	-	13,066	325,975
Due to other funds.....	-	-	-	8,497	-	8,497
Other liabilities.....	279,512	-	-	-	-	279,512
Notes payable.....	-	-	2,092,500	-	69,117	2,161,617
<b>TOTAL LIABILITIES.....</b>	<b>1,115,152</b>	<b>16,256</b>	<b>2,932,324</b>	<b>18,736</b>	<b>122,944</b>	<b>4,205,412</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Taxes paid in advance.....	39,927	-	-	-	-	39,927
Unavailable revenue.....	4,429,561	303,733	-	-	1,117,344	5,850,638
<b>TOTAL DEFERRED INFLOWS OF RESOURCES.....</b>	<b>4,469,488</b>	<b>303,733</b>	<b>-</b>	<b>-</b>	<b>1,117,344</b>	<b>5,890,565</b>
<b>FUND BALANCES</b>						
Nonspendable.....	-	-	-	-	588,952	588,952
Restricted.....	-	4,881,901	2,280,391	-	5,097,373	12,259,665
Committed.....	1,021,754	-	-	-	-	1,021,754
Assigned.....	3,531,564	-	-	-	-	3,531,564
Unassigned.....	6,817,432	-	-	(18,736)	(10,019)	6,788,677
<b>TOTAL FUND BALANCES.....</b>	<b>11,370,750</b>	<b>4,881,901</b>	<b>2,280,391</b>	<b>(18,736)</b>	<b>5,676,306</b>	<b>24,190,612</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....</b>	<b>\$ 16,955,390</b>	<b>\$ 5,201,890</b>	<b>\$ 5,212,715</b>	<b>\$ -</b>	<b>\$ 6,916,594</b>	<b>\$ 34,286,589</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, 2019

Total governmental fund balances.....	\$ 24,190,612
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....	87,380,124
Accounts receivable are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.....	5,850,638
The statement of net position includes certain deferred inflows of resources and deferred outflows of resources that will be amortized over future periods. In governmental funds, these amounts are not deferred.....	5,179,897
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....	(129,950)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:	
Bonds payable.....	(30,879,284)
Net pension liability.....	(32,366,655)
Net other postemployment benefits.....	(36,526,011)
Landfill closure.....	(222,000)
Compensated absences.....	(1,296,502)
Net effect of reporting long-term liabilities.....	<u>(101,290,452)</u>
Net position of governmental activities.....	<u>\$ 21,180,869</u>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2019

	General	Community Preservation Act Fund	Town Capital Fund	Saquatucket Harbor Capital Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>						
Real estate and personal property taxes, net of tax refunds.....	\$ 49,180,230	\$ -	\$ -	\$ -	\$ -	\$ 49,180,230
Motor vehicle and other excise taxes.....	2,407,537	-	-	-	26,829	2,434,366
Hotel/motel tax.....	684,793	-	-	-	-	684,793
Meals tax.....	439,960	-	-	-	-	439,960
Charges for services.....	1,664,188	-	-	-	19,064	1,683,252
Penalties and interest on taxes and excise.....	478,336	5,352	-	-	20,206	503,894
Fees and rentals.....	9,226	-	-	-	98,295	107,521
Recreation fees.....	3,139,411	-	-	-	-	3,139,411
Sanitation fees.....	3,372,701	-	-	-	-	3,372,701
Payments in lieu of taxes.....	61,960	-	-	-	-	61,960
Licenses and permits.....	913,619	-	-	-	-	913,619
Intergovernmental - state aid.....	724,726	-	-	-	-	724,726
Intergovernmental - other.....	63,565	-	-	275,000	649,757	988,322
Departmental and other.....	849,273	21	-	-	1,786,444	2,635,738
Community preservation taxes.....	-	1,448,794	-	-	-	1,448,794
Special assessments.....	-	-	-	-	98,751	98,751
Contributions and donations.....	-	-	-	-	7,235	7,235
Investment income.....	563,029	88,695	-	-	97,350	749,074
<b>TOTAL REVENUES.....</b>	<b>64,552,554</b>	<b>1,542,862</b>	<b>-</b>	<b>275,000</b>	<b>2,803,931</b>	<b>69,174,347</b>
<b>EXPENDITURES:</b>						
Current:						
General government.....	3,503,664	-	-	-	33,582	3,537,246
Public safety.....	9,782,579	-	4,567,127	-	82,420	14,432,126
Education.....	27,190,613	-	-	-	-	27,190,613
Public works.....	6,486,725	-	2,108,745	-	592,319	9,187,789
Human services.....	1,191,206	-	-	-	141,508	1,332,714
Culture and recreation.....	3,725,617	-	358,180	1,586,118	487,776	6,157,691
Community preservation.....	-	1,222,411	-	-	-	1,222,411
Pension benefits.....	2,542,729	-	-	-	-	2,542,729
Employee benefits.....	5,618,378	-	-	-	-	5,618,378
State and county charges.....	701,638	-	-	-	-	701,638
Debt service:						
Principal.....	2,687,358	-	-	-	-	2,687,358
Interest.....	1,189,155	-	-	-	-	1,189,155
<b>TOTAL EXPENDITURES.....</b>	<b>64,619,662</b>	<b>1,222,411</b>	<b>7,034,052</b>	<b>1,586,118</b>	<b>1,337,605</b>	<b>75,799,848</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>	<b>(67,108)</b>	<b>320,451</b>	<b>(7,034,052)</b>	<b>(1,311,118)</b>	<b>1,466,326</b>	<b>(6,625,501)</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Issuance of bonds.....	-	-	8,881,850	223,150	-	9,105,000
Premium from issuance of bonds.....	-	-	1,047,152	34,450	-	1,081,602
Transfers in.....	1,378,644	-	777,454	468,000	93,303	2,717,401
Transfers out.....	(907,133)	(588,750)	(468,000)	(15,980)	(807,538)	(2,787,401)
<b>TOTAL OTHER FINANCING SOURCES (USES)...</b>	<b>471,511</b>	<b>(588,750)</b>	<b>10,238,456</b>	<b>709,620</b>	<b>(714,235)</b>	<b>10,116,602</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>404,403</b>	<b>(268,299)</b>	<b>3,204,404</b>	<b>(601,498)</b>	<b>752,091</b>	<b>3,491,101</b>
<b>FUND BALANCES AT BEGINNING OF YEAR.....</b>	<b>10,966,347</b>	<b>5,150,200</b>	<b>(924,013)</b>	<b>582,762</b>	<b>4,924,215</b>	<b>20,699,511</b>
<b>FUND BALANCES AT END OF YEAR.....</b>	<b>\$ 11,370,750</b>	<b>\$ 4,881,901</b>	<b>\$ 2,280,391</b>	<b>\$ (18,736)</b>	<b>\$ 5,676,306</b>	<b>\$ 24,190,612</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, 2019

Net change in fund balances - total governmental funds.....	\$	3,491,101
<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.....	10,987,967	
Depreciation expense.....	<u>(5,064,612)</u>	
Net effect of reporting capital assets.....		5,923,355
<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>		
		497,796
<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.....	(9,105,000)	
Premium from issuance of bonds.....	(1,081,602)	
Net amortization of premium from issuance of bonds.....	280,418	
Net change in deferred charge on refunding.....	(35,028)	
Debt service principal payments.....	<u>2,687,358</u>	
Net effect of reporting long-term debt.....		(7,253,854)
<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.....	(53,619)	
Net change in accrued interest on long-term debt.....	2,172	
Net change in deferred outflow/(inflow) of resources related to pensions.....	2,282,749	
Net change in net pension liability.....	(3,444,866)	
Net change in deferred outflow/(inflow) of resources related to other postemployment benefits....	40,845	
Net change in net other postemployment benefits liability.....	1,268,922	
Net change in landfill closure.....	<u>18,500</u>	
Net effect of recording long-term liabilities.....		<u>114,703</u>
Change in net position of governmental activities.....	\$	<u><u>2,773,101</u></u>

See notes to basic financial statements.



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

JUNE 30, 2019

	Business-type Activities		
	Water	Wastewater	Total
<b>ASSETS</b>			
<b>CURRENT:</b>			
Cash and cash equivalents.....	\$ 2,468,964	\$ 70,000	\$ 2,538,964
Receivables, net of allowance for uncollectibles:			
User fees.....	816,086	-	816,086
Total current assets.....	3,285,050	70,000	3,355,050
<b>NONCURRENT:</b>			
Capital assets, nondepreciable.....	1,505,893	-	1,505,893
Capital assets, net of accumulated depreciation.....	17,948,387	-	17,948,387
Total noncurrent assets.....	19,454,280	-	19,454,280
<b>TOTAL ASSETS.....</b>	<b>22,739,330</b>	<b>70,000</b>	<b>22,809,330</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred loss on refunding.....	115,892	-	115,892
Deferred outflows related to pensions.....	397,064	-	397,064
Deferred outflows related to other postemployment benefits.....	237,380	-	237,380
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES.....</b>	<b>750,336</b>	<b>-</b>	<b>750,336</b>
<b>LIABILITIES</b>			
<b>CURRENT:</b>			
Warrants payable.....	475,552	-	475,552
Accrued payroll.....	25,235	-	25,235
Accrued interest.....	52,975	-	52,975
Compensated absences.....	31,949	-	31,949
Bonds payable.....	569,297	-	569,297
Total current liabilities.....	1,155,008	-	1,155,008
<b>NONCURRENT:</b>			
Compensated absences.....	54,512	-	54,512
Net pension liability.....	2,385,223	-	2,385,223
Net other postemployment benefits.....	2,691,741	-	2,691,741
Bonds payable.....	6,288,646	-	6,288,646
Total noncurrent liabilities.....	11,420,122	-	11,420,122
<b>TOTAL LIABILITIES.....</b>	<b>12,575,130</b>	<b>-</b>	<b>12,575,130</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions.....	61,972	-	61,972
Deferred inflows related to other postemployment benefits.....	196,182	-	196,182
<b>TOTAL DEFERRED INFLOWS OF RESOURCES.....</b>	<b>258,154</b>	<b>-</b>	<b>258,154</b>
<b>NET POSITION</b>			
Net investment in capital assets.....	13,203,237	-	13,203,237
Unrestricted.....	(2,546,855)	70,000	(2,476,855)
<b>TOTAL NET POSITION.....</b>	<b>\$ 10,656,382</b>	<b>\$ 70,000</b>	<b>\$ 10,726,382</b>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2019

	Business-type Activities		
	Water	Wastewater	Total
<b><u>OPERATING REVENUES:</u></b>			
Charges for services.....	\$ 4,504,728	\$ -	\$ 4,504,728
<b><u>OPERATING EXPENSES:</u></b>			
Cost of services and administration.....	2,448,554	-	2,448,554
Salaries and wages.....	1,248,993	-	1,248,993
Depreciation.....	1,525,212	-	1,525,212
 TOTAL OPERATING EXPENSES.....	 5,222,759	 -	 5,222,759
 OPERATING INCOME (LOSS).....	 (718,031)	 -	 (718,031)
<b><u>NONOPERATING REVENUES (EXPENSES):</u></b>			
Investment income.....	24,088	-	24,088
Interest expense.....	(195,219)	-	(195,219)
 INCOME (LOSS) BEFORE TRANSFERS.....	 (889,162)	 -	 (889,162)
<b><u>TRANSFERS:</u></b>			
Transfers in.....	-	70,000	70,000
 CHANGE IN NET POSITION.....	 (889,162)	 70,000	 (819,162)
NET POSITION AT BEGINNING OF YEAR.....	11,545,544	-	11,545,544
NET POSITION AT END OF YEAR.....	\$ 10,656,382	\$ 70,000	\$ 10,726,382

See notes to basic financial statements.

**PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS**

YEAR ENDED JUNE 30, 2019

	Business-type Activities		
	Water	Wastewater	Total
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>			
Receipts from customers and users.....	\$ 4,345,078	\$ -	\$ 4,345,078
Payments to vendors.....	(1,667,554)	-	(1,667,554)
Payments to employees.....	(1,247,334)	-	(1,247,334)
NET CASH FROM OPERATING ACTIVITIES.....	1,430,190	-	1,430,190
<b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u></b>			
Transfers in.....	-	70,000	70,000
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u></b>			
Acquisition and construction of capital assets.....	(1,357,748)	-	(1,357,748)
Principal payments on bonds and notes.....	(549,191)	-	(549,191)
Interest expense.....	(201,883)	-	(201,883)
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....	(2,108,822)	-	(2,108,822)
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>			
Investment income.....	24,088	-	24,088
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	(654,544)	70,000	(584,544)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	3,123,508	-	3,123,508
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	\$ 2,468,964	\$ 70,000	\$ 2,538,964
<b><u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:</u></b>			
Operating income (loss).....	\$ (718,031)	\$ -	\$ (718,031)
Adjustments to reconcile operating income to net cash from operating activities:			
Depreciation.....	1,525,212	-	1,525,212
Deferred (outflows)/inflows related to pensions.....	(205,975)	-	(205,975)
Deferred (outflows)/inflows related to other postemployment benefits.....	(3,682)	-	(3,682)
Changes in assets and liabilities:			
User charges.....	(193,419)	-	(193,419)
Departmental and other.....	33,769	-	33,769
Warrants payable.....	299,058	-	299,058
Accrued payroll.....	160	-	160
Compensated absences.....	1,499	-	1,499
Net pension liability.....	736,035	-	736,035
Net other postemployment benefits.....	(44,436)	-	(44,436)
Total adjustments.....	2,148,221	-	2,148,221
NET CASH FROM OPERATING ACTIVITIES.....	\$ 1,430,190	\$ -	\$ 1,430,190
<b><u>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</u></b>			
Change in the deferred loss on debt refunding.....	\$ (17,195)	\$ -	\$ (17,195)

See notes to basic financial statements.

**FIDUCIARY FUNDS**  
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2019

	Other Postemployment Benefit Trust Fund	Private Purpose Trust Funds	Agency Funds
<b>ASSETS</b>			
Cash and cash equivalents.....	\$ 49,088	\$ 10,411	\$ 48,812
Investments:			
U.S. treasury notes.....	254,865	8,245	-
Government sponsored enterprises.....	204,431	67,895	-
Corporate bonds.....	254,603	404,111	-
Equity securities.....	745,501	50,232	-
Equity mutual funds.....	614,908	28,363	-
Fixed income mutual funds.....	317,324	4,226	-
Receivables, net of allowance for uncollectibles:			
Departmental and other.....	-	-	94,500
<b>TOTAL ASSETS.....</b>	<b>2,440,720</b>	<b>573,483</b>	<b>143,312</b>
<b>LIABILITIES</b>			
Accrued payroll.....	-	-	22,732
Other liabilities.....	-	-	120,580
<b>TOTAL LIABILITIES.....</b>	<b>-</b>	<b>-</b>	<b>143,312</b>
<b>NET POSITION</b>			
Restricted for other postemployment benefits.....	2,440,720	-	-
Held in trust for other purposes.....	-	573,483	-
<b>TOTAL NET POSITION.....</b>	<b>\$ 2,440,720</b>	<b>\$ 573,483</b>	<b>\$ -</b>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2019

	Other Postemployment Benefit Trust Fund	Private Purpose Trust Funds
<b>ADDITIONS:</b>		
Contributions:		
Employer contributions.....	\$ 1,396,925	\$ -
Employer contributions for other postemployment benefit payments....	2,039,829	-
Private donations.....	-	596
	<u>3,436,754</u>	<u>596</u>
Total contributions.....	3,436,754	596
Investment income.....	140,111	37,076
	<u>140,111</u>	<u>37,076</u>
TOTAL ADDITIONS.....	3,576,865	37,672
	<u>3,576,865</u>	<u>37,672</u>
<b>DEDUCTIONS:</b>		
Other postemployment benefit payments.....	2,039,829	-
Educational scholarships.....	-	5,636
	<u>2,039,829</u>	<u>5,636</u>
TOTAL DEDUCTIONS.....	2,039,829	5,636
	<u>2,039,829</u>	<u>5,636</u>
NET INCREASE IN NET POSITION.....	1,537,036	32,036
NET POSITION AT BEGINNING OF YEAR.....	903,684	541,447
	<u>903,684</u>	<u>541,447</u>
NET POSITION AT END OF YEAR.....	\$ 2,440,720	\$ 573,483
	<u><u>2,440,720</u></u>	<u><u>573,483</u></u>

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 2019.

<b><u>Joint venture and address</u></b>	<b><u>Purpose</u></b>	<b><u>FY 2019 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	\$ 25,609,390
Cape Cod Regional Technical High School 351 Pleasant Lake Avenue Harwich, MA 02645	To provide secondary vocational education for member Towns	\$ 1,581,236
Cape Cod Commission 3225 Main Street P.O. Box 226 Barnstable, MA 02630	Regional land use planning agency	\$ 223,393
Cape Cod Regional Transit Authority 585 Main Street Dennis, MA 02638	To provide public transportation	\$ 102,784
Town Department of Veteran Services PO Box 429 Hyannis, MA 02601	To provide veterans' services	\$ 37,249
Pleasant Bay Resource Management Alliance P.O. Box 1584 Harwich, MA 02645	To protect the vast natural resources of the bay	\$ 20,160

## 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 construction, reconstruction and improvements of roadways, wastewater management system, and other capital related projects.

The *Saquatucket Harbor capital fund* is a capital project fund used to account for construction of a new harbormaster's office, maintenance building, boardwalk, and parking lot expansion at Saquatucket Harbor.



The nonmajor governmental funds consist of other special revenue and capital projects 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 sewer 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. Agency funds have no measurement focus.

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.

The *agency fund* is used to account for assets held in a purely custodial capacity. The Town's agency fund is comprised mainly of off duty police and fire details fees. The agency fund applies the accrual basis of accounting but does not have a measurement focus.

#### 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 market 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 general fund relating to bulk fuel purchases and 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 cost (first-in first-out).

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items are recorded as an expenditure/expense when consumed, rather than when purchased.

**H. Capital Assets*****Government-Wide and Proprietary Fund Financial Statements***

Capital assets, which include land, land improvements, buildings, 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. Except for the capital assets of the governmental activities column in the government-wide financial statements, construction period interest is capitalized on constructed capital assets.

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 position that applies to a future period(s) 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 position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town 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 and internal service 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. Unavailable Revenue

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 both the Barnstable County Contributory Retirement System and the Massachusetts Teachers’ Retirement System and additions to/deductions from the Systems fiduciary net position have been determined on the same basis as they are reported by the Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable 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).

Investment income from proprietary funds is voluntarily assigned and transferred to the general fund.

#### 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 deficit exists within the nonmajor capital project funds and the Saquatucket Harbor Capital fund. These deficits will be funded through grants, 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 \$26,097,208 and the bank balance totaled \$26,962,364. Of the bank balance, \$1,500,000 was covered by Federal Depository Insurance, \$13,803,441 was covered by Depositors Insurance Fund, \$2,717,699 was covered by the Share Insurance Fund, and \$8,941,224 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 \$3,271,013 in debt securities and \$2,428,912 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, 2019, the Town of Harwich 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.....	\$ 1,327,822	\$ -	\$ 1,050,065	\$ 277,757	
Government sponsored enterprises.....	1,146,872	274,155	812,280	60,437	
Corporate bonds.....	796,319	99,957	558,725	137,637	
Total debt securities.....	3,271,013	\$ 374,112	\$ 2,421,070	\$ 475,831	
<u>Other investments:</u>					
Equity securities.....	2,428,912				
Mutual funds.....	87,490				
Equity mutual funds.....	1,014,294				
Fixed income mutual funds.....	744,154				
Money market mutual funds.....	111,945				
Total investments.....	\$ 7,657,808				

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, 2019, the Town's investments were rated as follows:

<u>Quality Rating</u>	<u>Government Sponsored Enterprises</u>	<u>Corporate Bonds</u>
AAA.....	\$ 1,146,872	\$ -
BAA.....	-	330,201
A.....	-	276,777
AA.....	-	189,341
Total.....	\$ <u>1,146,872</u>	\$ <u>796,319</u>

Additionally, the Town has \$111,945 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, 2019, the Town's investments with a single issuer that represents 5 percent or more of the Town's total investments are below.

<u>Issuer</u>	<u>Percentage of Total Investments</u>
Federal National Mortgage Association.....	10%

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, 2019:

Investment Type	June 30, 2019	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.....	\$ 1,327,822	\$ 1,327,822	\$ -	\$ -
Government sponsored enterprises.....	1,146,872	1,146,872	-	-
Corporate bonds.....	796,319	-	796,319	-
Total debt securities.....	3,271,013	2,474,694	796,319	-
<u>Other investments:</u>				
Equity securities.....	2,428,912	2,428,912	-	-
Mutual funds.....	87,490	87,490	-	-
Equity mutual funds.....	1,014,294	1,014,294	-	-
Fixed income mutual funds.....	744,154	744,154	-	-
Money market mutual funds.....	111,945	111,945	-	-
Total other investments.....	4,386,795	4,386,795	-	-
Total investments.....	\$ 7,657,808	\$ 6,861,489	\$ 796,319	\$ -

U.S. treasury notes, Government sponsored enterprises, equity securities, mutual funds, equity mutual funds, fixed income, 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.

**NOTE 3 – RECEIVABLES**

At June 30, 2019, 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.....	\$ 927,738	\$ -	\$ 927,738
Tax liens.....	2,408,127	-	2,408,127
Community preservation fund surtax.....	22,502	-	22,502
Motor vehicle and other excise taxes.....	170,959	(50,064)	120,895
Departmental and other.....	1,307,322	(353,700)	953,622
Intergovernmental.....	694,614	-	694,614
Community preservation state share.....	234,741	-	234,741
Special assessments.....	457,155	-	457,155
Total.....	\$ 6,223,158	\$ (403,764)	\$ 5,819,394

At June 30, 2019, receivables for the water enterprise fund consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
User fees.....	\$ 816,086	\$ -	\$ 816,086

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.....	\$ 726,854	\$ -	\$ 726,854
Tax liens.....	2,361,637	46,490	2,408,127
Community preservation fund surtax.....	-	22,502	22,502
Motor vehicle and other excise taxes.....	120,895	-	120,895
Departmental and other.....	953,622	-	953,622
Community preservation state share.....	-	234,741	234,741
Intergovernmental.....	34,425	660,189	694,614
Special assessments.....	-	457,155	457,155
Tax foreclosures.....	232,128	-	232,128
Total.....	\$ 4,429,561	\$ 1,421,077	\$ 5,850,638

**NOTE 4 – CAPITAL ASSETS**

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

**Governmental Activities**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 23,366,068	\$ 200,000	\$ -	\$ 23,566,068
Construction in progress.....	3,984,493	4,624,179	(3,196,008)	5,412,664
Total capital assets not being depreciated....	27,350,561	4,824,179	(3,196,008)	28,978,732
<u>Capital assets being depreciated:</u>				
Buildings and improvements.....	57,136,700	5,077,002	-	62,213,702
Improvements.....	15,391,259	179,429	-	15,570,688
Machinery and equipment.....	12,291,684	1,390,857	(287,077)	13,395,464
Infrastructure.....	89,547,783	2,712,508	-	92,260,291
Total capital assets being depreciated.....	174,367,426	9,359,796	(287,077)	183,440,145
<u>Less accumulated depreciation for:</u>				
Buildings and improvements.....	(38,477,205)	(1,408,708)	-	(39,885,913)
Improvements.....	(5,257,995)	(575,218)	-	(5,833,213)
Machinery and equipment.....	(8,524,032)	(830,731)	287,077	(9,067,686)
Infrastructure.....	(68,001,986)	(2,249,955)	-	(70,251,941)
Total accumulated depreciation.....	(120,261,218)	(5,064,612)	287,077	(125,038,753)
Total capital assets being depreciated, net.....	54,106,208	4,295,184	-	58,401,392
Total governmental activities capital assets, net.....	\$ 81,456,769	\$ 9,119,363	\$ (3,196,008)	\$ 87,380,124

**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.....	2,961,900	107,708	-	3,069,608
Infrastructure.....	36,720,701	1,398,343	(298,400)	37,820,644
Total capital assets being depreciated.....	46,100,258	1,506,051	(298,400)	47,307,909
<u>Less accumulated depreciation for:</u>				
Buildings and improvements.....	(970,399)	(161,090)	-	(1,131,489)
Machinery and equipment.....	(1,414,226)	(221,114)	-	(1,635,340)
Infrastructure.....	(25,748,085)	(1,143,008)	298,400	(26,592,693)
Total accumulated depreciation.....	(28,132,710)	(1,525,212)	298,400	(29,359,522)
Total capital assets being depreciated, net.....	17,967,548	(19,161)	-	17,948,387
Total water enterprise capital assets, net.....	\$ 19,473,441	\$ (19,161)	\$ -	\$ 19,454,280

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

**Governmental Activities:**

General government.....	\$ 257,175
Public safety.....	832,033
Education.....	515,841
Public works.....	2,398,969
Human services.....	182,258
Culture and recreation.....	801,739
Community preservation.....	76,597
Total depreciation expense - governmental activities.....	\$ 5,064,612

**Business-Type Activities:**

Water.....	\$ 1,525,212
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**NOTE 5 – INTERFUND TRANSFERS**

As of June 30, 2019, the Saquatucket Harbor capital fund had an interfund receivable from the general fund which reported interfund payable of \$8,497 to meet temporary cash flow needs.

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

Transfers Out:	Transfers In:					Total
	General fund	Town capital fund	Saquatucket Harbor capital fund	Nonmajor governmental funds	Wastewater enterprise fund	
General fund.....	\$ -	\$ 777,454	\$ -	\$ 59,679	\$ 70,000	\$ 907,133 (1)
Community preservation act fund.....	588,750	-	-	-	-	588,750 (2)
Town capital fund.....	-	-	468,000	-	-	468,000 (3)
Saquatucket Harbor Capital Fund.....	15,980	-	-	-	-	15,980 (4)
Nonmajor governmental funds.....	773,914	-	-	33,624	-	807,538 (5)
Total.....	\$ 1,378,644	\$ 777,454	\$ 468,000	\$ 93,303	\$ 70,000	\$ 2,787,401

- (1) Represents budgeted transfers from the general fund to the Town capital fund; to nonmajor governmental funds to fund capital projects and other special revenue programs; and to the wastewater enterprise fund to establish the new enterprise fund.
- (2) Represents a transfer to the general fund for debt service payments funded with community preservation act funds.
- (3) Represents a transfer from the Town capital fund to the Saquatucket Harbor capital fund.
- (4) Represents a transfer from the Saquatucket Harbor capital fund to the general fund for the harbormaster budget dredge funds.
- (5) Represents a transfer from the nonmajor governmental funds to the general fund and other nonmajor governmental funds.

**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, 2019, \$222,000 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 and water enterprise fund, respectively.

Details related to the short-term debt activity for the year ended June 30, 2019, is as follows:

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2018	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2019
<b>Governmental Funds:</b>							
BAN	Municipal Purpose.....	2.00%	07/13/18	\$ 10,750,000	\$ -	\$ (10,750,000)	\$ - (1)
BAN	Municipal Purpose.....	2.75%	06/21/19	7,445,150	-	(7,445,150)	-
BAN	Municipal Purpose.....	2.50%	06/18/20	-	2,161,617	-	2,161,617
Total Governmental Funds.....				\$ 18,195,150	\$ 2,161,617	\$ (18,195,150)	\$ 2,161,617

- (1) On July 13, 2018, upon maturity, the Town paid down \$430,000 from available funds; \$1,200,000 using BAN proceeds from the BAN issued on June 21, 2018; \$1,397,000 using premiums applied from the general obligation bonds issued on June 6, 2018, and \$7,723,000 in bond proceeds from the general obligation bond issued on June 6, 2018.

**NOTE 8 – LONG-TERM DEBT**

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, 2019, and the debt service requirements are as follows:

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

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2019
Massachusetts Clean Water Trust 2003.....	2021	\$ 195,089	0.00	\$ 21,878
Massachusetts Clean Water Trust 2004.....	2024	121,316	0.00	30,605
Municipal Purpose Loan of 2005.....	2020	1,405,000	4.00	85,000
Municipal Purpose Loan of 2006.....	2022	2,140,000	4.00	390,000
Municipal Purpose Loan of 2009.....	2029	8,750,000	2.5-4.25	4,250,000
Municipal Purpose Refunding Loan of 2009.....	2021	2,755,000	4.00-5.00	455,000
Municipal Purpose Loan of 2010.....	2020	92,000	2.75-5.00	5,000
Municipal Purpose Loan of 2011.....	2022	162,000	3.00-4.00	45,000
Municipal Purpose Refunding Loan of 2012.....	2024	3,565,000	2.00-3.00	1,285,000
Municipal Purpose Loan of 2013.....	2023	2,900,000	2.00-2.75	1,250,000
Municipal Purpose Loan of 2018.....	2038	12,525,000	3.00-5.00	11,600,000
Municipal Purpose Loan of 2019.....	2039	9,105,000	3.00-5.00	9,105,000
Total Bonds Payable.....				28,522,483
Add: Unamortized premium on bonds.....				2,356,801
Total Bonds Payable, net.....				\$ 30,879,284

Debt service requirements for principal and interest for governmental bonds payable in future years are as follows:

Year	Principal	Interest	Total
2020.....	\$ 3,341,950	\$ 1,178,993	\$ 4,520,943
2021.....	3,067,170	1,056,622	4,123,792
2022.....	2,776,121	931,268	3,707,389
2023.....	2,541,121	814,567	3,355,688
2024.....	1,926,121	709,943	2,636,064
2025.....	1,515,000	624,784	2,139,784
2026.....	1,510,000	553,441	2,063,441
2027.....	1,505,000	482,333	1,987,333
2028.....	1,500,000	411,490	1,911,490
2029.....	1,335,000	339,785	1,674,785
2030.....	1,050,000	275,178	1,325,178
2031.....	1,045,000	226,422	1,271,422
2032.....	1,030,000	184,628	1,214,628
2033.....	700,000	143,423	843,423
2034.....	690,000	115,428	805,428
2035.....	680,000	93,852	773,852
2036.....	680,000	72,576	752,576
2037.....	680,000	51,297	731,297
2038.....	620,000	29,586	649,586
2039.....	330,000	9,900	339,900
Total.....	\$ 28,522,483	\$ 8,305,516	\$ 36,827,999

#### General Obligation Bonds Payable Schedule – Water Enterprise Fund

Details related to the outstanding indebtedness at June 30, 2019, and the debt service requirements are as follows:

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2019
Municipal Purpose Loan of 2010.....	2030	\$ 1,592,000	2.75-4.00	\$ 825,000
Municipal Purpose Loan of 2011.....	2037	4,800,000	3.00-4.00	2,805,000
Municipal Purpose Refunding Loan of 2012.....	2034	1,920,000	3.00-2.75	1,450,000
Massachusetts Clean Water Trust 2016.....	2036	1,875,541	0.00	1,642,746
Total Bonds Payable.....				6,722,746
Add: Unamortized premium on bonds.....				135,197
Total Bonds Payable, net.....				\$ 6,857,943

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

Year	Principal	Interest	Total
2020.....	\$ 550,913	\$ 187,544	\$ 738,457
2021.....	547,671	171,149	718,820
2022.....	549,467	152,511	701,978
2023.....	396,303	138,070	534,373
2024.....	398,179	127,941	526,120
2025.....	395,095	117,900	512,995
2026.....	397,053	107,485	504,538
2027.....	394,054	96,739	490,793
2028.....	396,098	85,820	481,918
2029.....	398,187	74,521	472,708
2030.....	395,321	62,903	458,224
2031.....	322,501	51,212	373,713
2032.....	319,728	42,327	362,055
2033.....	322,005	33,346	355,351
2034.....	324,330	24,253	348,583
2035.....	241,706	16,216	257,922
2036.....	244,135	9,302	253,437
2037.....	130,000	2,340	132,340
Total.....	\$ <u>6,722,746</u>	\$ <u>1,501,579</u>	\$ <u>8,224,325</u>

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, 2019, the Town had the following authorized and unissued debt:

Purpose	Amount
Wychmere Harbor Piers and Bulkheads.....	\$ 69,117
Saquatucket Municipal Marina Improvements.....	742,400
Road Maintenance.....	512,500
Sewer Interconnection & Planning.....	3,750,000
Sewer- Cold Brook.....	1,922,600
Fire Station.....	230,000
Road Maintenance.....	650,000
Pleasant Bay Watershed Section Sewer and Chatham Interconnector System Construction...	24,775,000
Road Maintenance.....	700,000
Fire Station.....	100,000
Total.....	\$ <u>33,451,617</u>

Changes in Long-term Liabilities

During the year ended June 30, 2019, 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 bonds payable.....	\$ 22,104,841	\$ 9,105,000	\$ (2,687,358)	\$ -	\$ -	\$ 28,522,483	\$ 3,341,950
Add: Unamortized premium on bonds.....	1,555,617	1,081,602	(280,418)	-	-	2,356,801	328,826
Total bonds payable.....	23,660,458	10,186,602	(2,967,776)	-	-	30,879,284	3,670,776
Landfill closure.....	240,500	-	-	-	(18,500)	222,000	18,500
Compensated absences.....	1,242,883	-	-	572,253	(518,634)	1,296,502	535,791
Net pension liability.....	28,921,789	-	-	6,019,004	(2,574,138)	32,366,655	-
Net other postemployment benefits.....	37,794,933	-	-	3,398,667	(4,667,589)	36,526,011	-
Total governmental activity long-term liabilities.....	\$ 91,860,563	\$ 10,186,602	\$ (2,967,776)	\$ 9,989,924	\$ (7,778,861)	\$ 101,290,452	\$ 4,225,067
<b>Business-Type Activities:</b>							
Long-term bonds payable.....	\$ 7,271,937	\$ -	\$ (549,191)	\$ -	\$ -	\$ 6,722,746	\$ 550,913
Add: Unamortized premium on bonds.....	155,257	-	(20,060)	-	-	135,197	18,384
Total bonds payable.....	7,427,194	-	(569,251)	-	-	6,857,943	569,297
Compensated absences.....	84,962	-	-	34,580	(33,081)	86,461	31,949
Net pension liability.....	1,649,188	-	-	925,733	(189,698)	2,385,223	-
Net other postemployment benefits.....	2,736,177	-	-	299,537	(343,973)	2,691,741	-
Total business-type activity long-term liabilities.....	\$ 11,897,521	\$ -	\$ (569,251)	\$ 1,259,850	\$ (566,752)	\$ 12,021,368	\$ 601,246

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 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 government from its highest level of decision making authority.
- Assigned: fund balances that contain self-imposed constraints of the government 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 is \$3,746,376, and is reported as unassigned fund balance within the general fund.

The committed balances in the general fund consist of articles carried forward to next year. With the exception of free cash used to fund the 2020 budget, 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, 2019, the governmental fund balances consisted of the following:

	General	Community Preservation Act Fund	Town Capital Fund	Saquatucket Harbor Capital Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Fund Balances:</b>						
Nonspendable:						
Trust fund principal.....	\$ -	\$ -	\$ -	\$ -	\$ 521,217	\$ 521,217
Inventory.....	-	-	-	-	67,735	67,735
Restricted for:						
Community Preservation Act Fund.....	-	4,881,901	-	-	-	4,881,901
Town capital fund.....	-	-	2,280,391	-	-	2,280,391
Federal grants.....	-	-	-	-	63,846	63,846
State grants.....	-	-	-	-	169,836	169,836
Local gifts and grants.....	-	-	-	-	202,975	202,975
Highway improvements.....	-	-	-	-	193,790	193,790
Revolving funds.....	-	-	-	-	1,183,459	1,183,459
Receipts reserved for appropriation.....	-	-	-	-	2,362,922	2,362,922
Other special revenue funds.....	-	-	-	-	78,220	78,220
Special revenue trust funds.....	-	-	-	-	123,773	123,773
Library trust funds.....	-	-	-	-	694,316	694,316
Cemetery trust funds.....	-	-	-	-	23,279	23,279
Other trust funds.....	-	-	-	-	957	957
Committed to:						
Articles and continuing appropriations:						
Selectman.....	502	-	-	-	-	502
Information technology.....	3,120	-	-	-	-	3,120
Police.....	6,435	-	-	-	-	6,435
Fire.....	91,812	-	-	-	-	91,812
Highway department.....	451,295	-	-	-	-	451,295
Library.....	53,341	-	-	-	-	53,341
Recreation and youth.....	7,058	-	-	-	-	7,058
Harbormaster.....	331,523	-	-	-	-	331,523
Golf.....	76,668	-	-	-	-	76,668
Assigned to:						
Encumbrances:						
Information technology.....	42,533	-	-	-	-	42,533
Town clerk.....	30,746	-	-	-	-	30,746
Highway department.....	1,922	-	-	-	-	1,922
Community center.....	706	-	-	-	-	706
Veterans.....	300	-	-	-	-	300
Library.....	2,703	-	-	-	-	2,703
Recreation and youth.....	23,120	-	-	-	-	23,120
Golf.....	13,631	-	-	-	-	13,631
Free cash used for subsequent year budget.....	3,415,903	-	-	-	-	3,415,903
Unassigned.....	6,817,432	-	-	(18,736)	(10,019)	6,788,677
<b>Total Fund Balances.....</b>	<b>\$ 11,370,750</b>	<b>\$ 4,881,901</b>	<b>\$ 2,280,391</b>	<b>\$ (18,736)</b>	<b>\$ 5,676,306</b>	<b>\$ 24,190,612</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, 2019, the CPA fund has a balance of \$4,881,901 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 in excess of \$40,000 per claim. The Town's share of unpaid liabilities as of June 30, 2019, 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 Contributory Retirement System (BCRA), a cost-sharing multiple-employer defined benefit pension plan covering eligible employees of the 51 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 equaled its actual contribution for the year ended June 30, 2019, was \$2,763,836, 20.96% of covered payroll, actuarially determined as an amount that, when combine 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, 2019, the Town reported a liability of \$34,751,878 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2018. Accordingly, update procedures were used to roll forward the total pension liability to the measurement date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At December 31, 2018, the Town's proportion was 4.397%, which is 0.096% less than its proportion measured at December 31, 2017.

*Pension Expense*

For the year ended June 30, 2019, the Town recognized pension expense of \$4,456,013. At June 30, 2019, the Town reported net deferred outflows of resources and deferred inflows of resources related to pensions of \$5,785,082 and \$902,916, respectively.



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

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ -	\$ (327,055)	\$ (327,055)
Difference between projected and actual earnings, net.....	2,029,505	-	2,029,505
Changes in assumptions.....	2,909,378	-	2,909,378
Changes in proportion and proportionate share of contributions...	846,199	(575,861)	270,338
Total deferred outflows/(inflows) of resources.....	\$ <u>5,785,082</u>	\$ <u>(902,916)</u>	\$ <u>4,882,166</u>

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

Year ended June 30:

2020.....	\$ 1,586,161
2021.....	1,044,894
2022.....	1,042,749
2023.....	1,309,938
2024.....	<u>(101,576)</u>
Total.....	\$ <u>4,882,166</u>

### *Actuarial Assumptions*

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

Valuation date.....	January 1, 2018
Actuarial cost method.....	Entry Age Normal Cost Method.
Amortization method.....	Appropriations increase at 5.28% per year.
Remaining amortization period.....	17 years from July 1, 2018 for 2002 and 2003 Early Retirement Incentives, retiree sheriffs liability and remaining unfunded liability, and 4 years from July 1, 2018 for 2010 Early Retirement Incentive.
Asset valuation method.....	The net pension liability is calculated using the market value of assets. The Association also uses an actuarial value of assets that gradually reflects year-to-year changes in the market value of assets in determining contribution requirements.
Inflation rate.....	3.25%
Projected salary increases.....	Varies by length of service with ultimate rates of 4.00% for Group 1, 4.25% for Group 2 and 4.50% for Group 4.

Cost of living adjustments.....	3.0% of the first \$18,000 of retirement income.
Rates of retirement.....	Varies based upon age for general employees, police and fire employees.
Rates of disability.....	For general employees, it was assumed that 55% of all disabilities are accidental disability. For police and fire employees, 90% of all disabilities are assumed to be accidental disability.
Mortality Rates:	
Pre-Retirement.....	The RP-2014 Blue Collar Employee Mortality Table projected generationally with Scale MP-2017.
Healthy Retiree.....	The RP-2014 Blue Collar Healthy Annuitant Mortality Table projected generationally with Scale MP-2017.
Disabled Retiree.....	The RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year and projected generationally with Scale MP-2017.
Investment rate of return/Discount rate.....	7.375%, net of pension plan investment expense, including inflation.

### *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, 2018, are summarized in the table on the following page.

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity.....	21.00%	6.16%
International developed markets equity.....	13.00%	6.69%
International emerging markets equity.....	5.00%	9.47%
Core fixed income.....	15.00%	1.89%
High-yield fixed income.....	8.00%	4.00%
Real estate.....	10.00%	4.58%
Commodities.....	4.00%	4.77%
Hedge fund, GTAA, Risk parity.....	11.00%	3.68%
Private equity.....	13.00%	10.00%
Total.....	100.00%	

*Rate of Return*

For the year ended December 31, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was -2.34%. 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 7.375%. 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 contributions will be made at rates equal to the actuarially determined contribution rate. 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 7.375%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.375%) or 1-percentage-point higher (8.375%) than the current rate:

	1% Decrease (6.375%)	Current Discount (7.375%)	1% Increase (8.375%)
The Town's proportionate share of the net pension liability..... \$	\$ 44,361,681	\$ 34,751,878	\$ 26,668,402

*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* – None.

*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 2019, the Town's age-adjusted contribution to the plan totaled \$3.4 million, which includes \$1.4 million in pre-funding as described below. For the year ended June 30, 2019, the Town's average contribution rate was 20.91% of covered-employee payroll.

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 2019, the Town pre-funded future OPEB liabilities totaling \$1,396,925 by contributing funds to the Other Postemployment Benefit Fund in excess of the pay-as-you-go required contribution. These funds are reported within the Fiduciary Funds financial statements. As of June 30, 2019, the balance of this fund totaled \$2,440,720.

***GASB Statement #74 – OPEB Plan Financial Reporting***

*Measurement Date* – GASB #74 requires the net OPEB liability to be measured as of the OPEB Plan's most recent fiscal year-end. Accordingly, the net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018.

*Employees Covered by Benefit Terms* – The following table represents the Plan's membership at June 30, 2018:

Active members.....	169
Inactive members currently receiving benefits.....	361
	<hr/>
Total.....	530
	<hr/>

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

Total OPEB liability.....	\$	42,322,158
Less: OPEB plan's fiduciary net position.....		<u>(2,440,720)</u>
Net OPEB liability.....	\$	<u>39,881,438</u>
The OPEB plan's fiduciary net position		
as a percentage of the total OPEB liability.....		5.77%

*Significant Actuarial Methods and Assumptions* – The total OPEB liability in the June 30, 2018, actuarial valuation was determined by using the following actuarial assumptions, applied to all periods included in the measurement that was updated to June 30, 2019 to be in accordance with GASB #74 is as follows.

Valuation date.....	June 30, 2018
Inflation rate.....	3.25%
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%.
Discount rate.....	5.85% as of June 30, 2019 and 5.24% as of June 30, 2018.
Investment rate of return.....	7.00%
Health care trend rates:	
CCMHG.....	Non-Medicare: 0% for 1 year, then 7.0% decreasing by 0.25% each year to an ultimate level of 4.5% per year. Medicare: 7.25% decreasing by 0.25% each year to an ultimate level of 4.5% per year.
GIC.....	8.0% decreasing by 0.5% for 5 years, then by 0.25% for 2 years to an ultimate level of 5.0% per year.
Part B.....	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: RP-2014 White Collar Employee Mortality Table projected generationally with Scale MP-2016.</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: RP-2014 White Collar Annuitant Mortality Table projected generationally with Scale MP-2016.</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: RP-2014 Healthy Annuitant Table set forward 4 years and projected generationally with Scale BB2D from 2014.</p>

*Rate of return* – For the year ended June 30, 2019, the annual money-weighted rate of return on investments, net of investment expense, was 8.09%. 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, 2019, are summarized in the following table:

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity.....	21.00%	6.16%
International developed markets equity..	13.00%	6.69%
International emerging markets equity...	5.00%	9.47%
Core fixed income.....	15.00%	1.89%
High Yield Fixed Income.....	8.00%	4.00%
Real estate.....	10.00%	4.58%
Commodities.....	4.00%	4.77%
Hedge fund, GTAA, Risk parity.....	11.00%	3.69%
Private equity.....	13.00%	10.00%
Total.....	100.00%	

*Discount rate* – The discount rate used to measure the total OPEB liability was 5.85% as of June 30, 2019, and 5.24% as of June 30, 2018.

*Sensitivity of the net OPEB liability to changes in the discount rate* – The following table presents the Plan's net OPEB liability, calculated using the discount rate of 5.85%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.85%) or 1-percentage-point higher (6.85%) than the current rate.

	1% Decrease (4.85%)	Current Discount Rate (5.85%)	1% Increase (6.85%)
Net OPEB liability.....	\$ 45,292,780	\$ 39,881,438	\$ 35,388,956

*Sensitivity of the net OPEB liability to changes in the healthcare trend* – The following table presents the net other postemployment benefit liability and service cost, calculated using the current healthcare trend rates, as well as what the net other postemployment benefit liability and service cost would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher.

	1% Decrease	Current Trend	1% Increase
Net OPEB liability.....	\$ 34,746,212	\$ 39,881,438	\$ 46,213,552

#### *Changes of Assumptions*

- Per capita health costs and trends for GIC retirees were updated based on the Commonwealth of Massachusetts Postemployment Benefits Other Than Pension Actuarial Valuation as of June 30, 2018, dated January 2, 2019.
- The discount rate was increased from 5.24% as of June 30, 2018 to 5.85% as of June 30, 2019.
- The mortality assumptions were updated.
- The salary scale assumptions were updated.

*Changes in Plan Provisions* – None.

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

*Summary of Significant Accounting Policies* – For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB 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.

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

*Plan Membership* – The following table represents the Plan's membership at June 30, 2018:

Active members.....	169
Retired members of beneficiaries currently receiving benefits.....	361
Total.....	530

*Significant Actuarial Methods and Assumptions* – The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Valuation date.....	June 30, 2018
Inflation rate.....	3.25%
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%.
Discount rate.....	5.99% as of June 30, 2018 and 5.08% as of June 30, 2017.
Investment rate of return.....	7.00%
Health care trend rates:	
CCMHG.....	Non-Medicare: 0% for 1 year, then 7.0% decreasing by 0.25% each year to an ultimate level of 4.5% per year. Medicare: 7.25% decreasing by 0.25% each year to an ultimate level of 4.5% per year.
GIC.....	8.0% decreasing by 0.5% for 5 years, then by 0.25% for 2 years to an ultimate level of 5.0% per year.
Part B.....	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: RP-2014 White Collar Employee Mortality Table projected generationally with Scale MP-2016.</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: RP-2014 White Collar Annuitant Mortality Table projected generationally with Scale MP-2016.</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: RP-2014 Healthy Annuitant Table set forward 4 years and projected generationally with Scale BB2D from 2014.</p>

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 and subtracting expected investment expenses and a risk margin. The target allocation as of June 30, 2018, and projected arithmetic real rates of return for each major asset class, after deduction inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized on the following page.

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity.....	21.00%	6.15%
International developed markets equity..	13.00%	7.11%
International emerging markets equity...	5.00%	9.41%
Core fixed income.....	15.00%	1.68%
High yield fixed income.....	8.00%	4.13%
Real estate.....	10.00%	4.90%
Commodities.....	4.00%	4.71%
Hedge fund, GTAA, Risk parity.....	11.00%	3.94%
Private equity.....	13.00%	10.28%
Total.....	100.00%	

**Discount rate** – The discount rate used to measure the total OPEB liability was 5.99% as of June 30, 2018 and 5.08% as of June 30, 2017. 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 insufficient to make all projected benefit payments to current plan members. Therefore, the discount rate is a blend of the long-term expected rate of return on OPEB Trust Fund assets and a yield or index rate using the 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (3.50% as of June 30, 2019 and 3.87% as of June 30, 2018).

#### *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, 2017.....	\$ 41,198,362	\$ 667,252	\$ 40,531,110
Changes for the year:			
Service cost.....	1,013,394	-	1,013,394
Interest.....	2,095,434	-	2,095,434
Differences between expected and actual experience.....	(1,819,848)	-	(1,819,848)
Changes in assumptions and other inputs.....	(415,644)	-	(415,644)
Contributions - employer.....	-	2,153,262	(2,153,262)
Net investment income.....	-	33,432	(33,432)
Benefit payments.....	(1,950,262)	(1,950,262)	-
Net change.....	(1,076,926)	236,432	(1,313,358)
Balances at June 30, 2018.....	\$ <u>40,121,436</u>	\$ <u>903,684</u>	\$ <u>39,217,752</u>

*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 5.99%, 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 (4.99%) or 1-percentage-point higher (6.99%) than the current discount rate.

	1% Decrease (4.99%)	Current Discount Rate (5.99%)	1% Increase (6.99%)
Net OPEB liability.....	\$ <u>44,343,618</u>	\$ <u>39,217,752</u>	\$ <u>34,958,006</u>

*Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates* – The following table presents the net other postemployment benefit liability, calculated using the current healthcare trend rate of 5.99%, 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.

	1% Decrease	Current Trend	1% Increase
Net OPEB liability.....	\$ <u>34,679,998</u>	\$ <u>39,217,752</u>	\$ <u>44,783,015</u>

*OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB* – For the year ended June 30, 2019, the Town recognized OPEB expense of \$2,078,869. At June 30, 2019, the Town reported deferred outflows of resources 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..... \$	-	\$ (1,455,878)	\$ (1,455,878)
Difference between projected and actual earnings, net.....	21,799	-	21,799
Changes in assumptions.....	-	(1,402,422)	(1,402,422)
Contributions made subsequent to the measurement date.....	3,436,754	-	3,436,754
Total deferred outflows/(inflows) of resources..... \$	<u>3,458,553</u>	<u>\$ (2,858,300)</u>	<u>\$ 600,253</u>

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:

2020.....	\$ (976,146)
2021.....	(976,145)
2022.....	(441,191)
2023.....	<u>(443,019)</u>
Subtotal amortized deferred outflows/(inflows) of resources.....	(2,836,501)
Contributions made subsequent to the measurement date.....	<u>3,436,754</u>
Total deferred outflows/(inflows) of resources..... \$	<u>600,253</u>

*Changes of Assumptions*

- Per capita health costs and trends for GIC retirees were updated based on the Commonwealth of Massachusetts Postemployment Benefits Other Than Pension Actuarial Valuation as of June 30, 2018, dated January 2, 2019.
- The discount rate was increased from 5.08% as of June 30, 2018, to 5.99% as of June 30, 2019.
- The mortality assumptions were updated.
- The salary scale assumptions were updated.

*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 13% of the student enrollment in the regional school. The estimated annual budget impact to the Town is \$617,000 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, 2019, 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, 2019, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2019.

#### **NOTE 15 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through December 17, 2019, which is the date the financial statements were available to be issued.

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

During 2019, the following GASB pronouncements were implemented:

- GASB Statement #83, *Certain Asset Retirement Obligations*. This pronouncement did not impact the basic financial statements.
- GASB Statement #88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This pronouncement did not impact the basic financial statements.

The following GASB pronouncements will be implemented in the future:

- The GASB issued Statement #84, *Fiduciary Activities*, which is required to be implemented in 2020.
- The GASB issued Statement #87, *Leases*, which is required to be implemented in 2021.
- The GASB issued Statement #89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which is required to be implemented in 2021.
- The GASB issued Statement #90, *Majority Equity Interests – an amendment of GASB Statements #14 and #61*, which is required to be implemented in 2020.
- The GASB issued Statement #91, *Conduit Debt Obligations*, which is required to be implemented in 2022.

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

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# ***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, 2019

	Budgeted Amounts						
	Amounts Carried Forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget	Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
REVENUES:							
Real estate and personal property taxes, net of tax refunds.....	\$ -	\$ 48,825,896	\$ 48,825,896	\$ 48,825,896	\$ 49,186,791	\$ -	\$ 360,895
Motor vehicle and other excise taxes.....	-	2,325,000	2,325,000	2,325,000	2,407,537	-	82,537
Hotel/motel tax.....	-	670,000	670,000	670,000	684,793	-	14,793
Meals tax.....	-	400,000	400,000	400,000	439,960	-	39,960
Charges for services.....	-	1,400,000	1,400,000	1,400,000	1,664,188	-	264,188
Penalties and interest on taxes and excise.....	-	340,000	340,000	340,000	478,336	-	138,336
Fees and rentals.....	-	267,500	267,500	267,500	9,226	-	(258,274)
Recreation fees.....	-	2,400,000	2,400,000	2,400,000	3,139,411	-	739,411
Sanitation fees.....	-	2,697,461	2,697,461	2,697,461	3,372,701	-	675,240
Payments in lieu of taxes.....	-	55,000	55,000	55,000	61,960	-	6,960
Licenses and permits.....	-	1,100,000	1,100,000	1,100,000	913,619	-	(186,381)
Intergovernmental - state aid.....	-	680,299	680,299	714,049	724,726	-	10,677
Intergovernmental - other.....	-	-	-	70,866	63,565	-	(7,301)
Departmental and other.....	-	365,000	365,000	365,000	849,273	-	484,273
Investment income.....	-	150,000	150,000	150,000	281,825	-	131,825
TOTAL REVENUES.....	-	61,676,156	61,676,156	61,780,772	64,277,911	-	2,497,139
EXPENDITURES:							
Current:							
General government							
Moderator							
Salaries.....	-	1,000	1,000	1,000	-	-	1,000
Selectmen							
Salaries.....	-	12,000	12,000	12,000	12,000	-	-
Expenditures.....	-	8,575	8,575	8,575	7,237	-	1,338
Selectmen Articles.....	280	100,000	100,280	100,280	99,778	502	-
Total.....	280	120,575	120,855	120,855	119,015	502	1,338
Finance Committee							
Salaries.....	-	4,000	4,000	4,000	229	-	3,771
Expenditures.....	-	500	500	1,766	1,516	-	250
Total.....	-	4,500	4,500	5,766	1,745	-	4,021
Finance Committee Reserve Fund.....	-	125,000	125,000	12,160	-	-	12,160
Town Accountant							
Salaries.....	-	250,711	250,711	250,711	246,777	-	3,934
Expenditures.....	-	3,600	3,600	3,600	2,570	-	1,030
Audit.....	-	44,500	44,500	41,500	40,505	-	995
Articles.....	-	-	-	378	378	-	-
Total.....	-	298,811	298,811	296,189	290,230	-	5,959
Assessor							
Salaries.....	-	196,212	196,212	196,212	182,201	-	14,011
Expenditures.....	34,300	107,390	141,690	141,690	132,172	-	9,518
Articles.....	25,000	-	25,000	25,000	25,000	-	-
Total.....	59,300	303,602	362,902	362,902	339,373	-	23,529
Town Collections							
Salaries.....	-	15,500	15,500	15,500	12,837	-	2,663
Expenditures.....	-	3,760	3,760	3,760	3,760	-	-
Total.....	-	19,260	19,260	19,260	16,597	-	2,663
Postage.....	-	55,000	55,000	55,000	39,128	-	15,872
Treasurer							
Salaries.....	-	256,196	256,196	256,196	254,705	-	1,491
Expenditures.....	5,900	103,250	109,150	109,150	103,517	-	5,633
Total.....	5,900	359,446	365,346	365,346	358,222	-	7,124
Medicare.....	-	264,593	264,593	283,593	282,778	-	815
Administration							
Salaries.....	-	449,807	449,807	441,807	425,860	-	15,947
Expenditures.....	-	89,312	89,312	87,097	74,692	-	12,405
Capital Outlay.....	-	5,500	5,500	5,500	4,801	-	699
Articles.....	-	30,000	30,000	30,000	30,000	-	-
Total.....	-	574,619	574,619	564,404	535,353	-	29,051

(Continued)



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

YEAR ENDED JUNE 30, 2019

	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			
Legal Services							
Expenditures.....	-	170,000	170,000	169,000	170,825	-	(1,825)
Claims and Suits.....	-	500	500	500	-	-	500
Total.....	-	170,500	170,500	169,500	170,825	-	(1,325)
Information Technology							
Salaries.....	-	101,790	101,790	105,790	101,439	-	4,351
Expenditures.....	11,033	276,362	287,395	287,395	244,543	42,533	319
Articles.....	5,840	-	5,840	5,840	2,720	3,120	-
Total.....	16,873	378,152	395,025	399,025	348,702	45,653	4,670
IT Channel 18							
Salaries.....	-	125,450	125,450	117,843	117,843	-	-
Expenditures.....	-	31,000	31,000	28,089	28,089	-	-
Total.....	-	156,450	156,450	145,932	145,932	-	-
Constable							
Salaries.....	-	708	708	708	188	-	520
Town Clerk							
Salaries.....	-	230,930	230,930	230,930	229,277	-	1,653
Expenditures.....	34,526	41,322	75,848	75,848	36,966	30,746	8,136
Total.....	34,526	272,252	306,778	306,778	266,243	30,746	9,789
Conservation							
Salaries.....	-	136,570	136,570	139,770	139,289	-	481
Expenditures.....	3,347	9,441	12,788	9,441	7,698	-	1,743
Total.....	3,347	146,011	149,358	149,211	146,987	-	2,224
Town Planner							
Salaries.....	-	87,324	87,324	87,324	87,324	-	-
Expenditures.....	2,478	4,531	7,009	4,531	3,580	-	951
Total.....	2,478	91,855	94,333	91,855	90,904	-	951
Board of Appeals							
Expenditures.....	-	735	735	735	15	-	720
Buildings							
Albro House Expenditures.....	2,282	5,835	8,117	5,835	2,928	-	2,907
Old Recreation Building Expenditures.....	836	6,989	7,825	6,989	4,123	-	2,866
West Harwich School Expenditures.....	-	1,425	1,425	1,425	404	-	1,021
Total.....	3,118	14,249	17,367	14,249	7,455	-	6,794
Community Development.....							
Salaries.....	-	221,032	221,032	226,032	225,761	-	271
Expenditures.....	-	11,630	11,630	19,630	20,076	-	(446)
Total.....	-	232,662	232,662	245,662	245,837	-	(175)
Public Building Repair.....	-	2,133	2,133	2,133	-	-	2,133
Town Reports.....	-	10,000	10,000	8,734	7,766	-	968
Advertising.....	-	7,500	7,500	23,500	22,229	-	1,271
Total General Government.....	125,822	3,609,613	3,735,435	3,644,497	3,435,524	76,901	132,072
Public safety							
Police							
Salaries.....	-	3,825,307	3,825,307	3,825,307	3,716,953	-	108,354
Expenditures.....	920	570,476	571,396	571,396	485,460	-	85,936
Capital Outlay.....	-	126,000	126,000	131,100	131,100	-	-
Articles.....	8,567	36,000	44,567	44,567	38,132	6,435	-
Total.....	9,487	4,557,783	4,567,270	4,572,370	4,371,645	6,435	194,290
Fire							
Salaries.....	-	3,870,083	3,870,083	3,870,083	3,872,856	-	(2,773)
Expenditures.....	75	416,212	416,287	416,132	362,367	-	53,765
Articles.....	52,792	463,000	515,792	576,769	458,447	91,812	26,510
Total.....	52,867	4,749,295	4,802,162	4,862,984	4,693,670	91,812	77,502
Ambulance							
Salaries.....	-	169,389	169,389	169,389	137,969	-	31,420
Expenditures.....	-	119,536	119,536	119,536	118,468	-	1,068
Total.....	-	288,925	288,925	288,925	256,437	-	32,488
Total Public Safety.....	62,354	9,596,003	9,658,357	9,724,279	9,321,752	98,247	304,280

(Continued)

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

YEAR ENDED JUNE 30, 2019

	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>School</b>							
Cape Cod Regional Technical High School.....	-	1,581,237	1,581,237	1,581,237	1,581,236	-	1
Monomoy Regional School District.....	-	25,649,753	25,649,753	25,649,753	25,609,376	-	40,377
<b>Total School.....</b>	<b>-</b>	<b>27,230,990</b>	<b>27,230,990</b>	<b>27,230,990</b>	<b>27,190,612</b>	<b>-</b>	<b>40,378</b>
<b>Public Works</b>							
<b>Building</b>							
Salaries.....	-	311,233	311,233	311,233	291,192	-	20,041
Expenditures.....	-	20,906	20,906	20,906	13,822	-	7,084
<b>Total.....</b>	<b>-</b>	<b>332,139</b>	<b>332,139</b>	<b>332,139</b>	<b>305,014</b>	<b>-</b>	<b>27,125</b>
<b>Emergency Management</b>							
Salaries.....	-	5,108	5,108	5,108	1,032	-	4,076
Expenditures.....	-	8,500	8,500	8,500	4,562	-	3,938
<b>Total.....</b>	<b>-</b>	<b>13,608</b>	<b>13,608</b>	<b>13,608</b>	<b>5,594</b>	<b>-</b>	<b>8,014</b>
<b>Natural Resources</b>							
Salaries.....	-	102,483	102,483	102,483	102,474	-	9
Expenditures.....	-	27,650	27,650	27,650	27,585	-	65
<b>Total.....</b>	<b>-</b>	<b>130,133</b>	<b>130,133</b>	<b>130,133</b>	<b>130,059</b>	<b>-</b>	<b>74</b>
Pleasant Bay Alliance.....	-	20,160	20,160	20,160	20,160	-	-
<b>Town Engineer</b>							
Salaries.....	-	180,860	180,860	136,860	131,618	-	5,242
Expenditures.....	15,232	69,670	84,902	82,846	79,872	-	2,974
<b>Total.....</b>	<b>15,232</b>	<b>250,530</b>	<b>265,762</b>	<b>219,706</b>	<b>211,490</b>	<b>-</b>	<b>8,216</b>
<b>Highway Department</b>							
Salaries.....	-	2,589,992	2,589,992	2,624,704	2,623,323	-	1,381
Expenditures.....	900	2,691,641	2,692,541	2,810,161	2,806,798	1,922	1,441
Articles.....	31,667	900,000	931,667	931,667	480,302	451,295	70
<b>Total.....</b>	<b>32,567</b>	<b>6,181,633</b>	<b>6,214,200</b>	<b>6,366,532</b>	<b>5,910,423</b>	<b>453,217</b>	<b>2,892</b>
<b>Snow &amp; Ice</b>							
Salaries.....	-	40,000	40,000	81,500	81,499	-	1
Expenditures.....	-	95,000	95,000	191,000	190,965	-	35
<b>Total.....</b>	<b>-</b>	<b>135,000</b>	<b>135,000</b>	<b>272,500</b>	<b>272,464</b>	<b>-</b>	<b>36</b>
Street Lights.....	-	37,500	37,500	37,500	22,731	-	14,769
<b>Cemetery Administration.....</b>							
Salaries.....	-	64,847	64,847	65,047	65,070	-	(23)
Expenditures.....	-	4,742	4,742	4,542	4,547	-	(5)
<b>Total.....</b>	<b>-</b>	<b>69,589</b>	<b>69,589</b>	<b>69,589</b>	<b>69,617</b>	<b>-</b>	<b>(28)</b>
<b>Total Public Works.....</b>	<b>47,799</b>	<b>7,170,292</b>	<b>7,218,091</b>	<b>7,461,867</b>	<b>6,947,552</b>	<b>453,217</b>	<b>61,098</b>
<b>Human services</b>							
<b>Board of Health</b>							
Salaries.....	-	177,593	177,593	177,593	201,783	-	(24,190)
Expenditures.....	-	17,038	17,038	17,038	13,241	-	3,797
<b>Total.....</b>	<b>-</b>	<b>194,631</b>	<b>194,631</b>	<b>194,631</b>	<b>215,024</b>	<b>-</b>	<b>(20,393)</b>
<b>Community Center</b>							
Salaries.....	-	172,133	172,133	172,133	173,411	-	(1,278)
Expenditures.....	-	135,855	135,855	135,855	119,938	706	15,211
<b>Total.....</b>	<b>-</b>	<b>307,988</b>	<b>307,988</b>	<b>307,988</b>	<b>293,349</b>	<b>706</b>	<b>13,933</b>
<b>Council on Aging</b>							
Salaries.....	-	370,480	370,480	370,480	352,597	-	17,883
Expenditures.....	-	77,286	77,286	77,286	63,933	-	13,353
<b>Total.....</b>	<b>-</b>	<b>447,766</b>	<b>447,766</b>	<b>447,766</b>	<b>416,530</b>	<b>-</b>	<b>31,236</b>
<b>Youth Counselor</b>							
Salaries.....	-	85,203	85,203	85,203	85,203	-	-
Expenditures.....	-	4,910	4,910	4,910	4,604	-	306
<b>Total.....</b>	<b>-</b>	<b>90,113</b>	<b>90,113</b>	<b>90,113</b>	<b>89,807</b>	<b>-</b>	<b>306</b>
<b>Veterans</b>							
Expenditures/Benefits.....	300	134,500	134,800	134,800	97,506	300	36,994

(Continued)

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

YEAR ENDED JUNE 30, 2019

	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			
Disability Rights							
Expenditures.....	-	300	300	300	300	-	-
Human Services.....	-	81,580	81,580	81,580	78,690	-	2,890
Total Human Services.....	300	1,256,878	1,257,178	1,257,178	1,191,206	1,006	64,966
Culture and Recreation							
Library							
Salaries.....	-	676,741	676,741	676,741	665,421	-	11,320
Expenditures.....	240	274,111	274,351	274,351	267,610	2,703	4,038
Articles.....	157,055	20,000	177,055	177,056	123,715	53,341	-
Total.....	157,295	970,852	1,128,147	1,128,148	1,056,746	56,044	15,358
Recreation and Youth							
Seasonal Salaries.....	-	215,988	215,988	220,188	216,097	-	4,091
Salaries.....	-	250,115	250,115	250,115	245,725	-	4,390
Expenditures.....	-	45,575	45,575	45,575	46,280	-	(705)
Capital Outlay.....	-	12,000	12,000	32,000	9,029	23,120	(149)
Articles.....	7,441	35,000	42,441	42,440	35,382	7,058	-
Total.....	7,441	558,678	566,119	590,318	552,513	30,178	7,627
Harbormaster							
Salaries.....	-	311,577	311,577	311,577	311,292	-	285
Expenditures.....	-	173,300	173,300	203,850	203,468	-	382
Articles.....	343,906	-	343,906	359,886	8,284	331,523	20,079
Total.....	343,906	484,877	828,783	875,313	523,044	331,523	20,746
Brooks Museum Commission							
Expenditures.....	-	12,894	12,894	12,894	9,440	-	3,454
Historical Commission							
Expenditures.....	-	350	350	350	198	-	152
Celebrations.....	-	1,600	1,600	1,600	992	-	608
Golf							
Salaries.....	-	870,333	870,333	870,333	865,827	-	4,506
Expense.....	-	676,367	676,367	676,367	614,145	13,631	48,591
Capital Outlays.....	-	73,000	73,000	73,000	66,199	-	6,801
Articles.....	23,180	90,000	113,180	113,181	36,513	76,668	-
Total.....	23,180	1,709,700	1,732,880	1,732,881	1,582,684	90,299	59,898
Electricity-CVEC.....	-	65,925	65,925	68,140	68,140	-	-
Total Culture and Recreation.....	531,822	3,804,876	4,336,698	4,409,644	3,793,757	508,044	107,843
Contributory Pension.....	-	2,763,836	2,763,836	2,763,836	2,763,836	-	-
Unemployment Compensation.....	-	10,000	10,000	35,000	32,401	-	2,599
Group Health Insurance.....	-	4,903,976	4,903,976	4,737,132	4,639,732	-	97,400
General Insurance.....	-	686,000	686,000	743,228	733,160	-	10,068
State and County Charges.....	-	701,638	701,638	701,638	701,638	-	-
Debt Service							
Debt Service Principal.....	-	3,176,698	3,176,698	2,687,358	2,687,358	-	-
Debt Service Interest.....	-	1,585,766	1,585,766	1,195,265	1,189,155	-	6,110
Total.....	-	4,762,464	4,762,464	3,882,623	3,876,513	-	6,110
TOTAL EXPENDITURES.....	768,097	66,496,566	67,264,663	66,591,912	64,627,683	1,137,415	826,814

(Continued)

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

YEAR ENDED JUNE 30, 2019

	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			
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(768,097)	(4,820,410)	(5,588,507)	(4,811,140)	(349,772)	(1,137,415)	3,323,953
<u>OTHER FINANCING SOURCES (USES):</u>							
Transfers in.....	-	2,166,779	2,166,779	2,095,109	2,086,666	-	(8,443)
Transfers out.....	-	(1,403,600)	(1,403,600)	(2,237,133)	(2,237,133)	-	-
TOTAL OTHER FINANCING SOURCES (USES).....	-	763,179	763,179	(142,024)	(150,467)	-	(8,443)
NET CHANGE IN FUND BALANCE.....	(768,097)	(4,057,231)	(4,825,328)	(4,953,164)	(500,239)	(1,137,415)	3,315,510
BUDGETARY FUND BALANCE, Beginning of year.....	-	7,923,730	7,923,730	7,923,730	7,923,730	-	-
BUDGETARY FUND BALANCE, End of year.....	\$ (768,097)	\$ 3,866,499	\$ 3,098,402	\$ 2,970,566	\$ 7,423,491	\$ (1,137,415)	\$ 3,315,510

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, 2019

	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.....	\$ -	\$ 1,466,995	\$ 1,466,995	\$ 1,466,995	\$ 1,448,794	\$ -	\$ (18,201)
Community preservation state match.....	-	176,039	176,039	176,039	304,606	-	128,567
Penalties and interest.....	-	2,000	2,000	-	5,352	-	5,352
Departmental and other.....	-	-	-	-	21	-	21
Investment income.....	-	-	-	-	88,695	-	88,695
<b>TOTAL REVENUES.....</b>	<b>-</b>	<b>1,645,034</b>	<b>1,645,034</b>	<b>1,643,034</b>	<b>1,847,468</b>	<b>-</b>	<b>204,434</b>
<b>EXPENDITURES:</b>							
Community preservation.....	898,410	2,912,516	3,810,926	3,756,851	1,222,411	2,534,440	-
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>	<b>(898,410)</b>	<b>(1,267,482)</b>	<b>(2,165,892)</b>	<b>(2,113,817)</b>	<b>625,057</b>	<b>(2,534,440)</b>	<b>204,434</b>
<b>OTHER FINANCING SOURCES (USES):</b>							
Transfers out.....	-	(588,750)	(588,750)	(588,750)	(588,750)	-	-
<b>NET CHANGE IN FUND BALANCE.....</b>	<b>(898,410)</b>	<b>(1,856,232)</b>	<b>(2,754,642)</b>	<b>(2,702,567)</b>	<b>36,307</b>	<b>(2,534,440)</b>	<b>204,434</b>
<b>BUDGETARY FUND BALANCE, Beginning of year.....</b>	<b>-</b>	<b>4,845,594</b>	<b>4,845,594</b>	<b>4,845,594</b>	<b>4,845,594</b>	<b>-</b>	<b>-</b>
<b>BUDGETARY FUND BALANCE, End of year.....</b>	<b>\$ (898,410)</b>	<b>\$ 2,989,362</b>	<b>\$ 2,090,952</b>	<b>\$ 2,143,027</b>	<b>\$ 4,881,901</b>	<b>\$ (2,534,440)</b>	<b>\$ 204,434</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 CONTRIBUTORY RETIREMENT SYSTEM**

<u>Year</u>	<u>Proportion of the net pension liability (asset)</u>	<u>Proportionate share of the net pension liability (asset)</u>	<u>Covered payroll</u>	<u>Net pension liability as a percentage of covered payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
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 CONTRIBUTORY RETIREMENT SYSTEM**

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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, 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
<b>Total OPEB Liability</b>			
Service Cost.....	\$ 1,078,218	\$ 1,013,394	\$ 1,073,425
Interest.....	1,971,659	2,095,434	2,181,931
Changes of benefit terms.....	-	-	-
Differences between expected and actual experience....	-	(1,819,848)	985,195
Changes of assumptions.....	(2,139,815)	(415,644)	-
Benefit payments.....	<u>(1,866,279)</u>	<u>(1,950,262)</u>	<u>(2,039,829)</u>
Net change in total OPEB liability.....	(956,217)	(1,076,926)	2,200,722
Total OPEB liability - beginning.....	<u>42,154,579</u>	<u>41,198,362</u>	<u>40,121,436</u>
Total OPEB liability - ending (a).....	<u>\$ 41,198,362</u>	<u>\$ 40,121,436</u>	<u>\$ 42,322,158</u>
<b>Plan fiduciary net position</b>			
Employer contributions to the trust.....	\$ 100,000	\$ 203,000	\$ 1,396,925
Employer contributions for OPEB payments.....	1,866,279	1,950,262	2,039,829
Net investment income.....	31,824	33,432	140,111
Benefit payments.....	<u>(1,866,279)</u>	<u>(1,950,262)</u>	<u>(2,039,829)</u>
Net change in plan fiduciary net position.....	131,824	236,432	1,537,036
Plan fiduciary net position - beginning of year.....	<u>535,428</u>	<u>667,252</u>	<u>903,684</u>
Plan fiduciary net position - end of year (b).....	<u>\$ 667,252</u>	<u>\$ 903,684</u>	<u>\$ 2,440,720</u>
<b>Net OPEB liability - ending (a)-(b).....</b>	<b><u>\$ 40,531,110</u></b>	<b><u>\$ 39,217,752</u></b>	<b><u>\$ 39,881,438</u></b>
Plan fiduciary net position as a percentage of the total OPEB liability.....	1.62%	2.25%	5.77%
Covered-employee payroll.....	\$ 15,514,239	\$ 17,311,507	\$ 16,433,655
Net OPEB liability as a percentage of covered-employee payroll.....	261.25%	226.54%	242.68%

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**

<u>Year</u>	<u>Actuarially determined contribution</u>	<u>Contributions in relation to the actuarially determined contribution</u>	<u>Contribution deficiency (excess)</u>	<u>Covered- employee payroll</u>	<u>Contributions as a percentage of covered- employee payroll</u>
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**

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Year	Annual money-weighted rate of return, net of investment expense
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 2019 approved budget for the General Fund includes \$67.9 million in current year appropriations and other amounts to be raised and \$768,000 in encumbrances and appropriations carried over from previous years. During 2019, the Town approved various transfers within appropriation lines in the General Fund along with supplemental appropriations totaling \$161,000.

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, 2019, are presented on the following page.

*General Fund:*

Net change in fund balance - budgetary basis.....	\$	(500,239)
<u>Perspective differences:</u>		
Activity of the stabilization fund recorded in the general fund for GAAP.....		911,204
<u>Basis of accounting differences:</u>		
Net change in recording 60 day receipts.....		(6,562)
Net change in fund balance - GAAP basis.....	\$	<u>404,403</u>

*Community Preservation Fund:*

Net change in fund balance - budgetary basis.....	\$	36,307
<u>Basis of accounting differences:</u>		
Net change in revenue accrual.....		(304,606)
Net change in fund balance - GAAP basis.....	\$	<u>(268,299)</u>

C. Appropriation Deficits

Expenditures exceeded appropriations for legal services, community development, cemetery administration and board of health. The Town will raise these fund deficits in the subsequent fiscal year.

**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 (asset), 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:

None.

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, 2018
Inflation rate.....	3.25%
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%.
Discount rate.....	5.85% as of June 30, 2019 and 5.24% as of June 30, 2018.
Investment rate of return.....	7.00%



## Health care trend rates:

CCMHG.....	Non-Medicare: 0% for 1 year, then 7.0% decreasing by 0.25% each year to an ultimate level of 4.5% per year. Medicare: 7.25% decreasing by 0.25% each year to an ultimate level of 4.5% per year.
GIC.....	8.0% decreasing by 0.5% for 5 years, then by 0.25% for 2 years to an ultimate level of 5.0% per year.
Part B.....	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: RP-2014 White Collar Employee Mortality Table projected generationally with Scale MP-2016.
Postretirement mortality rates.....	Healthy Non-Teachers: RP-2014 Blue Collar Healthy Annuitant Mortality Table projected generationally with Scale MP-2017. Healthy Teachers: RP-2014 White Collar Annuitant Mortality Table projected generationally with Scale MP-2016. Disabled Non-Teachers: RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year projected generationally with Scale MP-2017. Disabled Teachers: RP-2014 Healthy Annuitant Table set forward 4 years and projected generationally with Scale BB2D from 2014.

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

- Per capita health costs and trends for GIC retirees were updated based on the Commonwealth of Massachusetts Postemployment Benefits Other Than Pension Actuarial Valuation as of June 30, 2018, dated January 2, 2019.
- The discount rate was increased from 5.08% as of June 30, 2018, to 5.99% as of June 30, 2019.
- The mortality assumptions were updated.
- The salary scale assumptions were updated.

E. Changes in Plan Provisions

None.

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# ***Other Supplementary Information***

# ***Combining Fund Statements***

The combining and individual fund 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 Improvement Grants*** – 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 Funds*** – 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:

- ***Miscellaneous Small Projects*** – accounts for nonmajor capital projects.
- ***Wychmere Pier*** – accounts for the renovation to Wychmere Pier.

### ***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 non-major permanent funds is as described as follows:

- ***Library Trust Funds*** – accounts for library contributions and bequests for which only earnings may be expended to benefit the Town's libraries.
- ***Cemetery Trust Funds*** – accounts for cemetery contributions and bequests for which only earnings may be expended to benefit the Town's cemeteries.
- ***Other Trust Funds*** – 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, 2019

	Special Revenue Funds					
	Federal Grants	State Grants	Local Gifts and Grant	Highway Improvement Grants	Revolving	Receipts Reserved for Appropriations
<b>ASSETS</b>						
Cash and cash equivalents.....	\$ 64,312	\$ 178,869	\$ 207,048	\$ 196,897	\$ 1,200,230	\$ 2,372,457
Investments.....	-	-	-	-	-	-
Receivables, net of uncollectibles:						
Intergovernmental - other.....	-	-	-	660,189	-	-
Special assessments.....	-	-	-	-	-	457,155
Inventory.....	-	-	-	-	67,735	-
<b>TOTAL ASSETS.....</b>	<b>\$ 64,312</b>	<b>\$ 178,869</b>	<b>\$ 207,048</b>	<b>\$ 857,086</b>	<b>\$ 1,267,965</b>	<b>\$ 2,829,612</b>
<b>LIABILITIES</b>						
Warrants payable.....	\$ -	\$ 1,581	\$ 4,073	\$ 3,107	\$ 11,303	\$ 9,535
Accrued payroll.....	146	7,452	-	-	5,468	-
Notes payable.....	-	-	-	-	-	-
<b>TOTAL LIABILITIES.....</b>	<b>146</b>	<b>9,033</b>	<b>4,073</b>	<b>3,107</b>	<b>16,771</b>	<b>9,535</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue.....	-	-	-	660,189	-	457,155
<b>FUND BALANCES</b>						
Nonspendable.....	-	-	-	-	67,735	-
Restricted.....	63,846	169,836	202,975	193,790	1,183,459	2,362,922
Unassigned.....	320	-	-	-	-	-
<b>TOTAL FUND BALANCES.....</b>	<b>64,166</b>	<b>169,836</b>	<b>202,975</b>	<b>193,790</b>	<b>1,251,194</b>	<b>2,362,922</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....</b>	<b>\$ 64,312</b>	<b>\$ 178,869</b>	<b>\$ 207,048</b>	<b>\$ 857,086</b>	<b>\$ 1,267,965</b>	<b>\$ 2,829,612</b>

Special Revenue Funds			Capital Project Funds		
Other Special Revenue	Special Revenue Trust Funds	Subtotal	Miscellaneous Small Projects	Wychmere Pier	Subtotal
\$ 80,345	\$ 137,328	\$ 4,437,486	\$ -	\$ 59,758	\$ 59,758
-	-	-	-	-	-
-	-	660,189	-	-	-
-	-	457,155	-	-	-
-	-	67,735	-	-	-
<u>\$ 80,345</u>	<u>\$ 137,328</u>	<u>\$ 5,622,565</u>	<u>\$ -</u>	<u>\$ 59,758</u>	<u>\$ 59,758</u>
\$ 2,125	\$ 3,555	\$ 35,279	\$ -	\$ 980	\$ 980
-	-	13,066	-	-	-
-	-	-	-	69,117	69,117
<u>2,125</u>	<u>3,555</u>	<u>48,345</u>	<u>-</u>	<u>70,097</u>	<u>70,097</u>
-	-	1,117,344	-	-	-
-	10,000	77,735	-	-	-
78,220	123,773	4,378,821	-	-	-
-	-	320	-	(10,339)	(10,339)
<u>78,220</u>	<u>133,773</u>	<u>4,456,876</u>	<u>-</u>	<u>(10,339)</u>	<u>(10,339)</u>
<u>\$ 80,345</u>	<u>\$ 137,328</u>	<u>\$ 5,622,565</u>	<u>\$ -</u>	<u>\$ 59,758</u>	<u>\$ 59,758</u>

(Continued)



**NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET**

JUNE 30, 2019

	Permanent Funds				Total Nonmajor Governmental Funds
	Library Trust Funds	Cemetery Trust Funds	Other Trust Funds	Subtotal	
<b>ASSETS</b>					
Cash and cash equivalents.....	\$ -	\$ 466,283	\$ 31,564	\$ 497,847	\$ 4,995,091
Investments.....	736,424	-	-	736,424	736,424
Receivables, net of uncollectibles:					
Intergovernmental - other.....	-	-	-	-	660,189
Special assessments.....	-	-	-	-	457,155
Inventory.....	-	-	-	-	67,735
<b>TOTAL ASSETS.....</b>	<b>\$ 736,424</b>	<b>\$ 466,283</b>	<b>\$ 31,564</b>	<b>\$ 1,234,271</b>	<b>\$ 6,916,594</b>
<b>LIABILITIES</b>					
Warrants payable.....	\$ 4,502	\$ -	\$ -	\$ 4,502	\$ 40,761
Accrued payroll.....	-	-	-	-	13,066
Notes payable.....	-	-	-	-	69,117
<b>TOTAL LIABILITIES.....</b>	<b>4,502</b>	<b>-</b>	<b>-</b>	<b>4,502</b>	<b>122,944</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue.....	-	-	-	-	1,117,344
<b>FUND BALANCES</b>					
Nonspendable.....	37,606	443,004	30,607	511,217	588,952
Restricted.....	694,316	23,279	957	718,552	5,097,373
Unassigned.....	-	-	-	-	(10,019)
<b>TOTAL FUND BALANCES.....</b>	<b>731,922</b>	<b>466,283</b>	<b>31,564</b>	<b>1,229,769</b>	<b>5,676,306</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....</b>	<b>\$ 736,424</b>	<b>\$ 466,283</b>	<b>\$ 31,564</b>	<b>\$ 1,234,271</b>	<b>\$ 6,916,594</b>

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

YEAR ENDED JUNE 30, 2019

	Special Revenue Funds					
	Federal Grants	State Grants	Local Gifts and Grants	Highway Improvement Grants	Revolving	Receipts Reserved for Appropriations
<b>REVENUES:</b>						
Real estate and personal property taxes,						
Motor vehicle and other excise taxes.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,829
Charges for services.....	-	-	-	-	19,064	-
Penalties and interest on taxes.....	-	-	-	-	-	20,206
Fees and rentals.....	-	-	-	-	-	98,295
Intergovernmental - other.....	77,798	122,542	600	436,244	-	7,973
Departmental and other.....	-	350	19,342	-	868,845	772,380
Special assessments.....	-	-	-	-	-	98,751
Contributions and donations.....	-	-	-	-	-	-
Investment income.....	-	-	-	-	-	-
<b>TOTAL REVENUES.....</b>	<b>77,798</b>	<b>122,892</b>	<b>19,942</b>	<b>436,244</b>	<b>888,909</b>	<b>1,024,434</b>
<b>EXPENDITURES:</b>						
Current:						
General government.....	-	6,534	6,500	-	-	20,548
Public safety.....	3,730	19,743	-	-	-	-
Public works.....	-	-	-	461,059	85,504	40,577
Human services.....	-	55,572	7,271	-	78,665	-
Culture and recreation.....	7,571	31,490	7,815	-	394,590	7,973
<b>TOTAL EXPENDITURES.....</b>	<b>11,301</b>	<b>113,339</b>	<b>21,586</b>	<b>461,059</b>	<b>558,759</b>	<b>69,098</b>
<b>EXCESS (DEFICIENCY) OF REVENUES</b>						
<b>OVER (UNDER) EXPENDITURES.....</b>	<b>66,497</b>	<b>9,553</b>	<b>(1,644)</b>	<b>(24,815)</b>	<b>330,150</b>	<b>955,336</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in.....	-	-	-	-	-	33,624
Transfers out.....	(13,608)	(15,585)	-	-	(119,700)	(625,021)
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>(13,608)</b>	<b>(15,585)</b>	<b>-</b>	<b>-</b>	<b>(119,700)</b>	<b>(591,397)</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>52,889</b>	<b>(6,032)</b>	<b>(1,644)</b>	<b>(24,815)</b>	<b>210,450</b>	<b>363,939</b>
<b>FUND BALANCES AT BEGINNING OF YEAR.....</b>	<b>11,277</b>	<b>175,868</b>	<b>204,619</b>	<b>218,605</b>	<b>1,040,744</b>	<b>1,998,983</b>
<b>FUND BALANCES AT END OF YEAR.....</b>	<b>\$ 64,166</b>	<b>\$ 169,836</b>	<b>\$ 202,975</b>	<b>\$ 193,790</b>	<b>\$ 1,251,194</b>	<b>\$ 2,362,922</b>

Special Revenue Funds			Capital Project Funds		
Other Special Revenue	Special Revenue Trust Funds	Subtotal	Miscellaneous Small Projects	Wychmere Pier	Subtotal
\$ -	\$ -	\$ 26,829	\$ -	\$ -	\$ -
-	-	19,064	-	-	-
-	-	20,206	-	-	-
-	-	98,295	-	-	-
4,600	-	649,757	-	-	-
27,112	97,264	1,786,293	-	-	-
-	-	98,751	-	-	-
-	-	-	-	-	-
-	1,762	1,762	-	-	-
31,712	99,026	2,700,957	-	-	-
-	-	33,582	-	-	-
6,387	52,560	82,420	-	-	-
-	-	587,140	-	5,179	5,179
-	-	141,508	-	-	-
18,006	-	467,445	-	-	-
24,393	52,560	1,312,095	-	5,179	5,179
7,319	46,466	1,388,862	-	(5,179)	(5,179)
3,600	-	37,224	-	56,079	56,079
-	-	(773,914)	(33,624)	-	(33,624)
3,600	-	(736,690)	(33,624)	56,079	22,455
10,919	46,466	652,172	(33,624)	50,900	17,276
67,301	87,307	3,804,704	33,624	(61,239)	(27,615)
\$ 78,220	\$ 133,773	\$ 4,456,876	\$ -	\$ (10,339)	\$ (10,339)

(Continued)

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

YEAR ENDED JUNE 30, 2019

	Permanent Funds				Total Nonmajor Governmental Funds
	Library Trust Funds	Cemetery Trust Funds	Other Trust Funds	Subtotal	
<b>REVENUES:</b>					
Real estate and personal property taxes,					
Motor vehicle and other excise taxes.....	\$ -	\$ -	\$ -	\$ -	\$ 26,829
Charges for services.....	-	-	-	-	19,064
Penalties and interest on taxes.....	-	-	-	-	20,206
Fees and rentals.....	-	-	-	-	98,295
Intergovernmental - other.....	-	-	-	-	649,757
Departmental and other.....	-	151	-	151	1,786,444
Special assessments.....	-	-	-	-	98,751
Contributions and donations.....	2,700	4,535	-	7,235	7,235
Investment income.....	89,973	5,257	358	95,588	97,350
<b>TOTAL REVENUES.....</b>	<b>92,673</b>	<b>9,943</b>	<b>358</b>	<b>102,974</b>	<b>2,803,931</b>
<b>EXPENDITURES:</b>					
Current:					
General government.....	-	-	-	-	33,582
Public safety.....	-	-	-	-	82,420
Public works.....	-	-	-	-	592,319
Human services.....	-	-	-	-	141,508
Culture and recreation.....	20,331	-	-	20,331	487,776
<b>TOTAL EXPENDITURES.....</b>	<b>20,331</b>	<b>-</b>	<b>-</b>	<b>20,331</b>	<b>1,337,605</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>	<b>72,342</b>	<b>9,943</b>	<b>358</b>	<b>82,643</b>	<b>1,466,326</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in.....	-	-	-	-	93,303
Transfers out.....	-	-	-	-	(807,538)
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(714,235)</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>72,342</b>	<b>9,943</b>	<b>358</b>	<b>82,643</b>	<b>752,091</b>
<b>FUND BALANCES AT BEGINNING OF YEAR.....</b>	<b>659,580</b>	<b>456,340</b>	<b>31,206</b>	<b>1,147,126</b>	<b>4,924,215</b>
<b>FUND BALANCES AT END OF YEAR.....</b>	<b>\$ 731,922</b>	<b>\$ 466,283</b>	<b>\$ 31,564</b>	<b>\$ 1,229,769</b>	<b>\$ 5,676,306</b>

(Concluded)

# ***Agency Fund***

## Fund Description

Agency Fund is used to account for assets held in a purely custodial capacity. The Town's Agency Fund activity consists primarily of police and fire off duty details.

**AGENCY FUND**  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

YEAR ENDED JUNE 30, 2019

	June 30, 2018	Additions	Deductions	June 30, 2019
<b>ASSETS</b>				
CURRENT:				
Cash and cash equivalents.....	\$ 60,260	\$ 865,905	\$ (877,353)	\$ 48,812
Receivables, net of allowance for uncollectibles:				
Departmental and other.....	65,633	28,867	-	94,500
TOTAL ASSETS.....	\$ 125,893	\$ 894,772	\$ (877,353)	\$ 143,312
<b>LIABILITIES</b>				
Accrued payroll.....	\$ 6,225	\$ 22,732	\$ (6,225)	\$ 22,732
Other liabilities.....	119,668	872,040	(871,128)	120,580
TOTAL LIABILITIES.....	\$ 125,893	\$ 894,772	\$ (877,353)	\$ 143,312

# ***Statistical Section***



East Harwich Fire Station



# ***Statistical Section***

This part of the Town of Harwich's comprehensive annual 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 comprehensive annual financial reports for the relevant year.

**Net Position By Component**

	Last Ten Years									
	2010	2011	2012	2013	2014	2015	2016	(as revised) 2017	2018	2019
<b>Governmental activities</b>										
Net investment in capital assets.....	\$ 52,547,816	\$ 51,959,245	\$ 52,699,878	\$ 52,374,860	\$ 52,837,023	\$ 53,791,322	\$ 56,460,827	\$ 59,469,911	\$ 59,186,082	\$ 60,136,904
Restricted.....	8,181,034	8,040,807	8,131,884	6,087,680	7,767,504	8,549,230	8,370,616	5,722,339	6,980,230	7,046,170
Unrestricted.....	5,245,360	2,666,227	(3,113,601)	(6,512,217)	(8,670,952)	(31,243,743)	(27,808,099)	(46,205,784)	(47,758,544)	(46,002,205)
<b>Total governmental activities net position.....</b>	<b>\$ 65,974,210</b>	<b>\$ 62,666,279</b>	<b>\$ 57,718,161</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>\$ 21,180,869</b>
<b>Business-type activities</b>										
Net investment in capital assets.....	\$ 9,953,276	\$ 11,551,259	\$ 12,098,465	\$ 11,558,803	\$ 11,929,482	\$ 11,235,181	\$ 10,706,776	\$ 12,268,450	\$ 13,874,150	\$ 13,203,237
Unrestricted.....	2,562,450	3,078,139	3,530,953	4,145,597	3,750,094	5,149,897	3,509,809	652,672	(2,328,606)	(2,476,855)
<b>Total business-type activities net position.....</b>	<b>\$ 12,515,726</b>	<b>\$ 14,629,398</b>	<b>\$ 15,629,418</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>\$ 10,726,382</b>
<b>Primary government</b>										
Net investment in capital assets.....	\$ 62,501,092	\$ 63,510,504	\$ 64,798,343	\$ 63,933,663	\$ 64,766,505	\$ 65,026,503	\$ 67,167,603	\$ 71,738,361	\$ 73,060,232	\$ 73,340,141
Restricted.....	8,181,034	8,040,807	8,131,884	6,087,680	7,767,504	8,549,230	8,370,616	5,722,339	6,980,230	7,046,170
Unrestricted.....	7,807,810	5,744,366	417,352	(2,366,620)	(4,920,858)	(26,093,846)	(24,298,290)	(45,553,112)	(50,087,150)	(48,479,060)
<b>Total primary government net position.....</b>	<b>\$ 78,489,936</b>	<b>\$ 77,295,677</b>	<b>\$ 73,347,579</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>\$ 31,907,251</b>

FY2015 reflects the implementation of GASB 68.

FY2017 reflects the implementation of GASB 75.

**Changes in Net Position**

**Last Ten Years**

	2010	2011	2012	2013	2014	2015	2016	2017 (a)	2018	2019
<b>Expenses</b>										
Governmental activities:										
General government.....	\$ 5,787,671	\$ 5,911,252	\$ 6,294,029	\$ 4,477,098	\$ 4,529,058	\$ 4,188,411	\$ 5,179,542	\$ 5,290,047	\$ 5,798,473	\$ 5,586,547
Public safety.....	14,524,872	15,416,202	16,249,845	13,620,409	13,624,984	12,432,338	13,172,473	13,996,114	13,781,945	14,125,237
Education.....	20,234,651	21,090,133	21,699,049	21,789,074	22,751,503	22,333,529	25,225,308	26,444,962	26,979,835	27,706,467
Public works.....	8,765,415	8,811,754	9,618,093	8,562,148	9,968,987	10,357,930	9,545,765	10,085,199	12,333,394	10,132,868
Human services.....	2,566,832	2,059,364	2,150,044	2,314,405	2,014,775	1,825,742	1,805,606	1,857,258	1,971,772	1,860,906
Culture and recreation.....	5,438,952	5,230,583	5,931,980	7,698,789	5,272,952	4,664,382	5,161,159	5,108,459	5,717,217	6,212,939
Community preservation.....	-	-	-	-	-	-	-	97,390	88,219	262,485
Interest.....	1,119,991	1,000,510	874,085	688,728	662,307	624,347	518,438	451,254	485,291	941,593
Total government activities expenses.....	<u>58,438,384</u>	<u>59,519,798</u>	<u>62,817,125</u>	<u>59,150,651</u>	<u>58,824,566</u>	<u>56,426,679</u>	<u>60,608,291</u>	<u>63,330,683</u>	<u>67,156,146</u>	<u>66,829,042</u>
Business-type activities:										
Water.....	3,555,497	3,142,944	3,663,971	3,824,382	3,779,970	4,017,528	4,064,788	4,759,477	3,647,456	5,417,978
Total primary government expenses.....	<u>\$ 61,993,881</u>	<u>\$ 62,662,742</u>	<u>\$ 66,481,096</u>	<u>\$ 62,975,033</u>	<u>\$ 62,604,536</u>	<u>\$ 60,444,207</u>	<u>\$ 64,673,079</u>	<u>\$ 68,090,160</u>	<u>\$ 67,156,146</u>	<u>\$ 72,247,020</u>
<b>Program Revenues</b>										
Governmental activities:										
Education charges for services.....	\$ 661,318	\$ 797,810	\$ 624,645	\$ 39,857	\$ 2,216	\$ -	\$ -	\$ -	\$ -	\$ -
Public works charges for services.....	1,527,456	1,778,065	1,709,337	1,553,597	2,030,989	2,111,827	2,663,526	2,979,259	3,443,227	3,844,297
Culture and recreation charges for services.....	2,868,662	2,901,935	3,395,224	3,089,454	3,754,561	3,127,083	3,336,146	3,555,448	3,854,106	4,073,921
Other charges for services.....	2,224,193	2,131,532	2,270,103	2,015,173	2,846,976	2,895,705	2,736,733	3,095,105	2,643,033	3,738,247
Operating grants and contributions.....	8,485,086	9,613,606	8,904,353	5,100,667	4,761,309	2,034,958	1,899,658	1,021,267	675,551	886,785
Capital grant and contributions.....	539,038	768,456	663,258	667,249	912,606	1,862,815	4,803,000	4,072,965	3,124,074	1,097,971
Total government activities program revenues.....	<u>16,305,753</u>	<u>17,991,404</u>	<u>17,566,920</u>	<u>12,465,997</u>	<u>14,308,657</u>	<u>12,032,388</u>	<u>15,439,063</u>	<u>14,724,044</u>	<u>13,739,991</u>	<u>13,641,221</u>
Business-type activities:										
Charges for services - water.....	2,675,606	3,747,650	3,535,581	3,894,809	3,784,821	4,722,072	4,948,020	4,800,457	2,922,056	4,504,728
Total primary government program revenues.....	<u>\$ 18,981,359</u>	<u>\$ 21,739,054</u>	<u>\$ 21,102,501</u>	<u>\$ 16,360,806</u>	<u>\$ 18,093,478</u>	<u>\$ 16,754,460</u>	<u>\$ 20,387,083</u>	<u>\$ 19,524,501</u>	<u>\$ 16,622,047</u>	<u>\$ 18,145,949</u>
<b>Net (Expense)/Revenue</b>										
Governmental activities.....	\$ (42,132,631)	\$ (41,528,394)	\$ (45,250,205)	\$ (46,684,654)	\$ (44,515,909)	\$ (44,394,291)	\$ (45,169,228)	\$ (48,606,639)	\$ (53,416,155)	\$ (53,187,821)
Business-type activities.....	(879,891)	604,706	(128,390)	70,427	4,851	704,544	883,232	40,980	(725,400)	(913,250)
Total primary government net expense.....	<u>\$ (43,012,522)</u>	<u>\$ (40,923,688)</u>	<u>\$ (45,378,595)</u>	<u>\$ (46,614,227)</u>	<u>\$ (44,511,058)</u>	<u>\$ (43,689,747)</u>	<u>\$ (44,285,996)</u>	<u>\$ (48,565,659)</u>	<u>\$ (54,141,555)</u>	<u>\$ (54,101,071)</u>
<b>General Revenues and other Changes in Net Position</b>										
Governmental activities:										
Real estate and personal property taxes,										
net of tax refunds payable.....	\$ 34,529,435	\$ 35,584,755	\$ 37,792,886	\$ 37,971,741	\$ 39,513,264	\$ 42,191,684	\$ 43,216,843	\$ 44,467,932	\$ 46,865,775	\$ 49,151,540
Motor vehicle and other excise taxes.....	1,409,183	1,569,078	1,549,898	1,740,250	1,833,844	1,619,573	2,211,927	2,297,637	2,387,732	2,414,404
Hotel/Motel tax.....	405,249	446,821	500,138	534,951	553,174	939,539	649,119	678,226	674,717	684,793
Meals tax.....	108,763	281,647	308,570	334,050	328,522	359,441	379,689	406,465	423,305	439,960
Community preservation tax.....	1,021,395	1,059,753	1,104,656	1,135,123	1,174,624	1,287,789	1,267,529	1,311,440	1,366,320	1,445,251
Penalties and interest on taxes and excise.....	259,200	324,661	219,427	285,346	374,774	325,349	314,847	432,405	405,047	503,894
Payments in lieu of taxes.....	55,603	52,430	52,025	57,482	54,851	54,873	58,319	56,741	58,616	61,960
Grants and contributions not restricted to										
specific programs.....	379,514	364,333	364,336	364,336	646,248	578,188	668,191	552,299	538,689	590,046
Unrestricted investment income.....	116,921	42,878	29,091	52,315	77,492	40,044	108,189	120,365	167,256	749,074
Miscellaneous.....	-	-	(76,924)	2,125	-	-	-	-	-	-
Transfers.....	-	(1,505,893)	-	(3,394)	-	-	-	-	(50,000)	(70,000)
Total governmental activities.....	<u>38,285,263</u>	<u>38,220,463</u>	<u>41,844,103</u>	<u>42,474,325</u>	<u>44,556,793</u>	<u>47,396,480</u>	<u>48,874,653</u>	<u>50,323,510</u>	<u>52,837,457</u>	<u>55,960,922</u>
Business-type activities:										
Investment income.....	4,611	3,073	776	1,161	-	958	963	296	-	24,088
Transfers.....	-	1,505,893	-	3,394	-	-	-	-	(650,178)	70,000
Total primary government.....	<u>\$ 38,289,874</u>	<u>\$ 39,729,429</u>	<u>\$ 41,844,879</u>	<u>\$ 42,478,880</u>	<u>\$ 44,556,793</u>	<u>\$ 47,397,438</u>	<u>\$ 48,875,616</u>	<u>\$ 50,323,806</u>	<u>\$ 52,187,279</u>	<u>\$ 56,055,010</u>
<b>Changes in Net Position</b>										
Governmental activities.....	\$ (3,847,368)	\$ (3,307,931)	\$ (3,406,102)	\$ (4,210,329)	\$ 40,884	\$ 3,002,189	\$ 3,705,425	\$ 1,716,871	\$ (578,698)	\$ 2,773,101
Business-type activities.....	(875,280)	2,113,672	(127,614)	74,982	4,851	705,502	884,195	41,276	(1,375,578)	(819,162)
Total primary government.....	<u>\$ (4,722,648)</u>	<u>\$ (1,194,259)</u>	<u>\$ (3,533,716)</u>	<u>\$ (4,135,347)</u>	<u>\$ 45,735</u>	<u>\$ 3,707,691</u>	<u>\$ 4,589,620</u>	<u>\$ 1,758,147</u>	<u>\$ (1,954,276)</u>	<u>\$ 1,953,939</u>

(a) Beginning in fiscal year 2017, the Town has segregated noncapital community preservation expenses as a function.

**Fund Balances, Governmental Funds**

**Last Ten Years**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>General Fund</b>										
Reserved.....	\$ 2,971,608	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved.....	2,389,593	-	-	-	-	-	-	-	-	-
Restricted.....	-	-	-	16,843	59,735	59,735	59,735	-	-	-
Committed.....	-	3,784,777	1,346,210	2,883,956	1,028,708	2,282,380	5,147,433	1,428,213	655,728	1,021,754
Assigned.....	-	824,110	334,782	351,706	16,253	165,245	191,116	2,044,375	230,369	3,531,564
Unassigned.....	-	1,891,757	3,228,630	2,358,533	4,387,532	5,638,148	4,312,454	7,149,286	10,080,250	6,817,432
<b>Total general fund.....</b>	<b>\$ 5,361,201</b>	<b>\$ 6,500,644</b>	<b>\$ 4,909,622</b>	<b>\$ 5,611,038</b>	<b>\$ 5,492,228</b>	<b>\$ 8,145,508</b>	<b>\$ 9,710,738</b>	<b>\$ 10,621,874</b>	<b>\$ 10,966,347</b>	<b>\$ 11,370,750</b>
<b>All Other Governmental Funds</b>										
Unreserved, reported in:										
Special revenue funds.....	\$ 5,694,885	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital projects funds.....	316,089	-	-	-	-	-	-	-	-	-
Permanent funds.....	1,085,623	-	-	-	-	-	-	-	-	-
Nonspendable.....	-	799,692	769,863	149,669	156,746	156,746	137,442	601,676	575,620	588,952
Restricted.....	-	5,128,801	6,414,440	5,283,083	6,569,076	8,035,820	7,814,281	7,889,698	10,142,796	12,259,665
Committed.....	-	10,541	19,713	40,224	371,107	296,927	450,958	-	-	-
Unassigned.....	-	(135,988)	(157,699)	(2,694,905)	(241,162)	(1,000,618)	(3,791,429)	(2,608,172)	(985,252)	(28,755)
<b>Total all other governmental funds.....</b>	<b>\$ 7,096,597</b>	<b>\$ 5,803,046</b>	<b>\$ 7,046,317</b>	<b>\$ 2,778,071</b>	<b>\$ 6,855,767</b>	<b>\$ 7,488,875</b>	<b>\$ 4,611,252</b>	<b>\$ 5,883,202</b>	<b>\$ 9,733,164</b>	<b>\$ 12,819,862</b>

The Town implemented GASB 54 in year 2011, fund balances prior to year 2011 have been reported in the pre-GASB 54 format.

**Changes in Fund Balances, Governmental Funds**

**Last Ten Years**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Revenues:</b>										
Real estate and personal property taxes, net of tax refunds.....	\$ 35,470,833	\$ 36,681,949	\$ 38,273,160	\$ 39,265,378	\$ 40,628,331	\$ 43,275,829	\$ 44,240,027	\$ 45,906,995	\$ 46,824,452	\$ 49,180,230
Motor vehicle and other excise taxes.....	1,404,171	1,536,396	1,571,572	1,660,920	1,929,747	1,972,008	2,106,253	2,350,985	2,398,639	2,434,366
Hotel/motel tax.....	405,249	446,821	500,138	534,951	553,174	589,322	649,119	678,226	674,717	684,793
Meals tax.....	108,763	281,647	308,570	334,050	328,522	359,441	379,689	406,465	423,305	439,960
Other fees and charges for services.....	969,105	1,116,161	1,202,708	1,513,922	1,767,977	2,096,797	2,119,239	2,082,057	1,495,312	1,683,252
Penalties and interest on taxes and excise.....	259,200	324,661	219,376	284,963	372,574	307,873	314,847	410,681	405,047	503,894
Fees and rentals.....	-	-	-	-	-	-	-	-	264,414	107,521
Recreation fees.....	2,461,139	2,454,198	2,536,230	2,511,958	2,556,706	1,770,473	1,875,887	2,898,807	3,107,877	3,139,411
Sanitation fees.....	1,532,262	1,667,582	1,699,684	1,713,368	1,931,322	2,156,538	2,455,995	2,749,461	3,110,692	3,372,701
Payments in lieu of taxes.....	55,603	52,430	52,025	57,482	54,851	55,962	58,319	56,741	58,616	61,960
Licenses and permits.....	747,673	739,693	821,559	848,300	975,256	1,688,049	1,777,026	694,880	731,490	913,619
Intergovernmental.....	10,192,396	10,272,151	10,320,518	6,212,743	6,725,263	4,140,679	7,005,754	5,173,694	3,548,977	1,713,048
Departmental and other.....	1,689,445	1,779,018	2,336,766	756,280	1,450,236	1,248,203	1,614,355	1,630,206	2,024,635	2,635,738
Community preservation taxes.....	-	-	-	-	-	-	-	-	1,371,737	1,448,794
Community preservation state match.....	-	-	-	-	-	-	-	-	304,606	-
Special assessments.....	-	-	-	-	-	-	-	106,661	169,003	98,751
Contributions and donations.....	72,056	67,754	197,454	63,492	42,338	117,968	38,733	38,664	9,110	7,235
Investment income.....	162,718	178,213	79,584	72,098	90,754	48,887	108,189	120,365	167,256	749,074
<b>Total revenues.....</b>	<b>55,530,613</b>	<b>57,598,674</b>	<b>60,119,344</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>69,174,347</b>
<b>Expenditures:</b>										
General government.....	3,776,288	4,184,821	3,226,562	2,328,162	2,815,828	2,688,988	3,097,869	3,217,922	3,683,572	3,537,246
Public safety.....	10,130,915	7,471,552	8,467,745	7,570,722	8,107,909	8,433,586	8,909,986	9,024,268	9,597,470	14,432,126
Education.....	19,258,353	20,090,937	20,905,851	20,915,309	21,759,572	21,343,766	24,235,546	25,495,354	26,247,111	27,190,613
Public works.....	4,660,207	4,762,220	5,132,324	5,147,687	6,278,572	9,054,635	13,411,113	8,774,422	11,045,317	9,187,789
Human services.....	1,738,820	1,184,779	1,256,566	1,660,018	1,397,057	1,302,963	1,247,826	1,232,738	1,374,904	1,332,714
Culture and recreation.....	3,152,939	2,936,863	3,969,709	5,879,033	3,968,526	3,394,215	5,094,883	4,130,106	14,594,041	6,157,691
Community preservation.....	-	-	-	-	-	-	-	948,441	163,205	1,222,411
Pension benefits.....	-	-	-	-	-	-	-	2,364,925	2,681,194	2,542,729
Employee benefits.....	10,511,933	11,822,414	12,523,989	9,732,233	9,621,497	6,106,443	6,469,592	4,124,629	5,115,326	5,618,378
State and county charges.....	549,542	563,373	579,642	626,146	627,779	642,174	536,513	646,442	682,359	701,638
Debt service:										
Principal.....	3,382,250	3,259,013	3,662,227	3,269,227	2,825,000	2,812,358	2,802,358	2,777,358	1,782,356	2,687,358
Interest.....	1,625,893	1,476,810	904,485	707,299	643,018	662,513	548,892	485,197	498,958	1,189,155
<b>Total expenditures.....</b>	<b>58,787,140</b>	<b>57,752,782</b>	<b>60,629,100</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>
Excess (deficiency) of revenues over (under) expenditures.....	(3,256,527)	(154,108)	(509,756)	(2,005,931)	1,362,293	3,386,388	(1,611,146)	2,083,086	(10,375,928)	(6,625,501)
<b>Other Financing Sources (Uses):</b>										
Issuance of bonds and notes.....	92,000	-	162,000	-	2,900,000	-	-	-	12,525,000	9,105,000
Issuance of refunding bonds.....	8,525,000	-	-	3,565,000	-	-	-	-	-	-
Premium from issuance of bonds and notes.....	-	-	-	-	-	-	-	-	1,395,185	1,081,602
Premium from issuance of refunding bonds.....	-	-	-	343,949	-	-	-	-	-	-
Payments to refunded bond escrow agent.....	(8,525,000)	-	-	(3,908,949)	-	-	-	-	-	-
Transfers in.....	2,961,936	2,547,809	1,155,330	1,825,159	1,188,549	2,024,960	1,498,095	2,465,537	2,898,336	2,717,401
Transfers out.....	(2,946,716)	(2,547,809)	(1,155,330)	(1,828,553)	(1,492,062)	(2,124,960)	(1,498,095)	(2,465,537)	(2,248,158)	(2,787,401)
<b>Total other financing sources (uses).....</b>	<b>107,220</b>	<b>-</b>	<b>162,000</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>Net change in fund balance.....</b>	<b>\$ (3,149,307)</b>	<b>\$ (154,108)</b>	<b>\$ (347,756)</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>\$ 3,491,101</b>
Debt service as a percentage of noncapital expenditures.....	8.52%	8.20%	7.53%	6.88%	5.97%	6.16%	5.05%	5.61%	3.64%	5.98%

**Notes:**

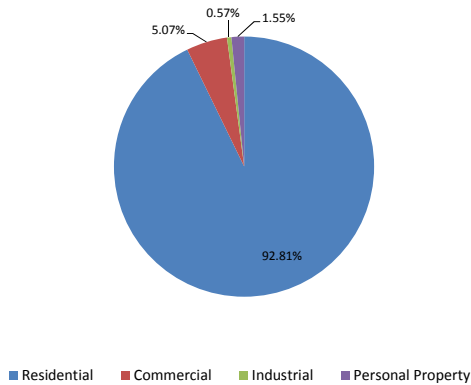
Beginning in fiscal year 2017 the Town has segregated special assessment revenue and community preservation and pension benefit expenditures.

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

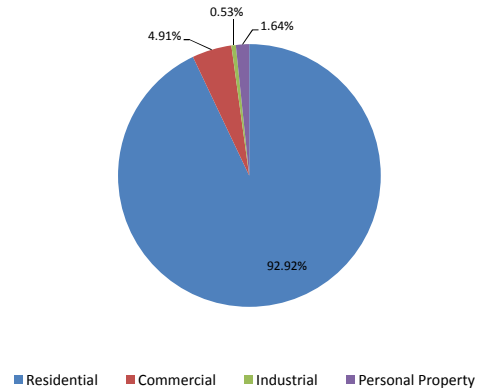
Last Ten Years

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
2010	\$4,586,390,128	\$7.03	\$263,347,052	\$32,410,500	\$62,764,060	\$358,521,612	\$7.03	\$7.03	\$4,944,911,740
2011	\$4,302,286,678	\$7.70	\$254,909,182	\$30,476,500	\$64,157,150	\$349,542,832	\$7.70	\$7.70	\$4,651,829,510
2012	\$4,257,186,934	\$8.12	\$254,536,416	\$22,985,400	\$63,646,450	\$341,168,266	\$8.12	\$8.12	\$4,598,355,200
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

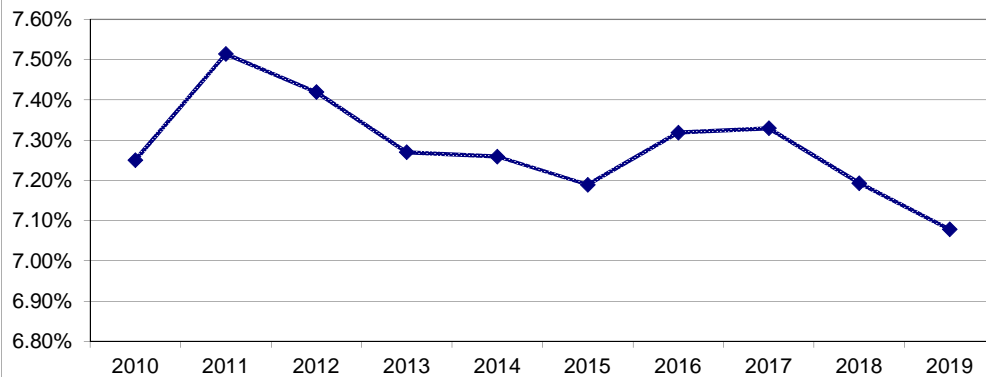
**Total Assessed Value by Classification  
Year Ended June 30, 2018**



**Total Assessed Value by Classification  
Year Ended June 30, 2019**



**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.

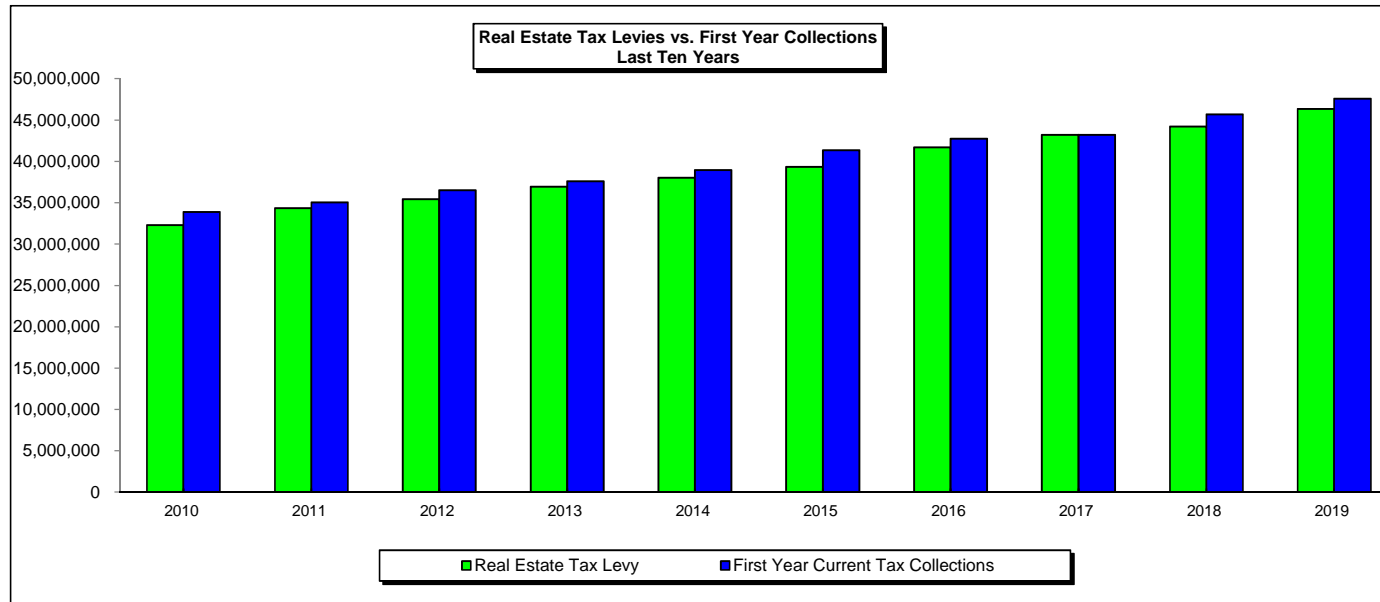
**Principal Taxpayers**  
**Current Year and Nine Years Ago**

Name	Nature of Business	2019			2010		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
Wequasset Inn LLP	Inn	\$36,665,570	1	0.69%	\$34,469,720	1	0.66%
Colonial Gas	Utility	\$24,410,990	2	0.46%	\$15,795,220	4	0.30%
Nstar Service	Utility	\$19,575,950	3	0.37%	\$20,202,190	2	0.39%
WJG Realty Trust	Super Store/Stores	\$17,734,800	4	0.33%	\$17,476,200	3	0.33%
NPH Harwich LLC	Nursing Home	\$13,351,300	5	0.25%	\$13,084,600	5	0.25%
Wychmere Harbor R.E.	Inn	\$12,022,000	6	0.23%	\$11,673,300	6	0.22%
Individual	Individual Residence	\$10,583,500	7	0.20%	\$9,869,900	7	0.19%
Individual	Individual Residence	\$10,088,100	8	0.19%	\$8,184,730	9	0.16%
MS Harwich LLC	Super Market	\$8,780,000	9	0.17%	\$8,650,000	8	0.17%
Individual	Individual Residence	\$8,566,900	10	0.16%			
Linear Retail Harwich #1 LLC	Shopping Center				\$6,670,400	10	0.13%
	Totals	<u>\$161,779,110</u>		<u>3.04%</u>	<u>\$146,076,260</u>		<u>2.79%</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)
2010	\$34,762,730	\$400,000	\$34,362,730	98.85%	\$33,894,287	98.64%	\$319,621	\$34,213,908	99.57%
2011	\$35,819,087	\$400,000	\$35,419,087	98.88%	\$35,037,810	98.92%	\$290,882	\$35,328,692	99.74%
2012	\$37,338,644	\$400,000	\$36,938,644	98.93%	\$36,535,229	98.91%	\$325,236	\$36,860,465	99.79%
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%	\$415,253	\$43,149,642	99.86%
2017	\$44,699,721	\$467,623	\$44,232,098	98.95%	\$43,202,536	97.67%	\$381,846	\$43,584,382	98.54%
2018	\$46,761,271	\$413,262	\$46,348,009	99.12%	\$45,679,828	98.56%	\$600,618	\$46,280,446	99.85%
2019	\$49,275,896	\$450,000	\$48,825,896	99.09%	\$47,582,459	97.45%	\$0	\$47,582,459	97.45%



(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)		General Obligation Bonds (1)					
2010	\$ 30,205,003	\$	3,845,000	\$	34,050,003	7.88%	12,243	\$ 2,781
2011	26,510,990		3,655,000		30,165,990	7.84%	12,648	2,385
2012	23,010,763		8,265,000		31,275,763	7.24%	12,691	2,464
2013	19,696,536		7,905,000		27,601,536	6.24%	12,832	2,151
2014	19,754,271		7,430,000		27,184,271	6.38%	12,479	2,178
2015	16,941,913		8,838,232		25,780,145	6.07%	12,432	2,074
2016	14,434,369		8,568,638		23,003,007	4.32%	12,872	1,787
2017	11,584,637		7,999,249		19,583,886	3.68%	12,873	1,521
2018	23,660,458		7,427,194		31,087,652	6.20%	12,133	2,562
2019	30,879,284		6,857,943		37,737,227	7.08%	12,745	2,961

(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>
2010	\$ 34,050,003	0.69%	2,781
2011	30,165,990	0.65%	2,385
2012	31,275,763	0.68%	2,464
2013	27,601,536	0.62%	2,151
2014	27,184,271	0.60%	2,178
2015	25,780,145	0.55%	2,074
2016	23,003,007	0.48%	1,787
2017	19,583,886	0.39%	1,521
2018	31,087,652	0.59%	2,562
2019	37,737,227	0.66%	2,961

(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, 2019

Overlapping Entities	Debt Outstanding	Percentage Applicable	Share of Overlapping Debt
Debt repaid with property taxes			
Barnstable County.....	\$ 23,061,312	6.36%	\$ 1,466,699
Cape Cod Regional Technical High School.....	68,985,000	12.40%	8,554,140
Monomoy Regional School District.....	23,200,000	73.48%	17,047,360
Subtotal, overlapping debt.....			27,068,199
Town direct debt.....			30,879,284
Total direct and overlapping debt.....			\$ 57,947,483

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**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Equalized Valuation.....	\$ 5,372,328,900	\$ 5,372,328,900	\$ 4,982,071,300	\$ 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
Debt Limit -5% of Equalized Valuation.....	\$ 268,616,445	\$ 268,616,445	\$ 249,103,565	\$ 249,103,565	\$ 240,900,630	\$ 240,900,630	\$ 258,637,830	\$ 258,637,830	\$ 284,898,745	\$ 284,898,745
Less:										
Outstanding debt applicable to limit.....	29,100,003	25,605,990	22,285,764	19,146,537	19,279,272	16,541,914	13,809,556	11,015,000	21,840,000	28,340,000
Authorized and unissued debt applicable to limit.....	92,125	1,754,125	3,050,000	3,572,000	8,451,000	9,351,000	9,151,000	17,166,037	44,445,150	33,451,617
Legal debt margin.....	\$ 239,424,317	\$ 241,256,330	\$ 223,767,801	\$ 226,385,028	\$ 213,170,358	\$ 215,007,716	\$ 235,677,274	\$ 230,456,793	\$ 218,613,595	\$ 223,107,128
Total debt applicable to the limit as a percentage of debt limit.....	10.87%	10.19%	10.17%	9.12%	11.51%	10.75%	8.88%	10.90%	23.27%	21.69%

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
2010	12,243	\$ 432,312,573	\$ 35,311 *	52.4 *	1,376	9.9%
2011	12,648	384,701,568	30,416	51.8	1,423	7.4%
2012	12,691	432,217,387	34,057	51.8	1,412	7.5%
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%

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	2019			2010		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Stop & Shop Supermarket	Grocery Store	200	1	2.93%	200	1	3.16%
Wequasset Resort	Resort	150	2	2.20%	150	2	2.37%
Robert B. Our Co., Inc.	Construction	130	3	1.90%	130	3	2.05%
Epoch Health Care	Senior Health Care	120	4	1.76%	120	4	1.89%
Cape Cod Technical HS	Education	110	5	1.61%	110	5	1.74%
Fontaine Center	Medical Facility	100	6	1.46%	100	6	1.58%
Wychmere Harbor Beach & Tennis	Private Resort	92	7	1.35%	92	7	1.45%
Star Market	Grocery Store	90	8	1.32%	90	8	1.42%
Brax Landing	Restaurant	50	9	0.73%	50	9	0.79%
400 East	Restaurant	40	10	0.59%	40	10	0.63%
Totals		1082		15.84%	1082		17.08%

Source: Massachusetts Department of Employment and Training and Official Statements

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

## **Last Ten Years**

	<u>2010</u>	<u>2011</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>
Function										
General government.....	22	22	23	23	27	28	28	29	29	29
Public safety.....	70	70	69	69	74	75	75	76	76	76
Education.....	300	320	-	-	-	-	-	-	-	-
Public works.....	42	45	47	46	49	50	51	52	52	52
Human services.....	7	8	8	7	8	10	11	11	11	11
Culture and recreation.....	20	20	19	20	20	22	23	22	22	22
Total .....	<u>461</u>	<u>485</u>	<u>166</u>	<u>165</u>	<u>178</u>	<u>185</u>	<u>188</u>	<u>190</u>	<u>190</u>	<u>190</u>

Source: Various Town Departments

Note: Beginning in fiscal year 2012, the Town joined a Regional School District.

### Operating Indicators by Function/Program

#### Last Ten Years

<u>Function/Program</u>	<u>2010</u>	<u>2011</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>
Fire Department										
Total incidents.....	3,942	4,069	3,900	3,900	4,014	4,294	4,322	4,205	5,029	N/A
Rescue/EMS.....	2,600	1,917	1,917	1,939	2,204	2,274	2,492	2,318	2,605	N/A
Inspectional Services Department										
Number of building permits (quick and zoning)...	1,045	1,007	1,099	1,157	1,395	1,047	1,331	1,242	1,321	1,389
Number of plumbing/gas permits.....	N/A	N/A	N/A	1,218	1,146	1,208	1,199	1,176	1,320	1,419
Number of electrical permits.....	N/A	N/A	N/A	780	774	804	904	935	916	951
Water/Sewer										
Number of gallons pumped (millions).....	770	683	781	711	752	854	853	699	773	N/A
Number of new services added.....	37	16	35	32	32	42	36	40	52	N/A
Number of main improvements.....	6	2	1	-	11	14	3	5	5	N/A
Highway										
Number of work orders.....	268	315	207	403	571	507	507	498	785	N/A
Cemetery										
Burials.....	72	95	N/A	N/A	77	81	88	83	62	N/A
Recreation										
Number of programs added.....	N/A	N/A	10	9	9	12	13	11	9	N/A
Number of participants-winter.....	N/A	N/A	N/A	308	310	408	426	389	385	N/A
Number of participants-spring.....	N/A	N/A	N/A	203	200	203	230	229	229	N/A
Number of participants-summer.....	N/A	N/A	N/A	927	952	662	1,028	1,161	1,250	N/A
Number of participants-fall.....	N/A	N/A	N/A	249	274	274	357	373	402	N/A
Police Department										
Arrests/PCs.....	348	199	197	175	190	216	235	216	210	N/A
Summons Arrests.....	179	450	166	136	172	141	135	135	156	N/A
Total Calls for Service.....	18,337	17,952	19,711	19,018	17,168	18,118	16,879	16,872	18,154	N/A

Source: Various Town Departments

N/A - Information not available

Several operating indicators are maintained on a calendar year basis. As a result, 2019 information is not yet available.



## Capital Asset Statistics by Function/Program

### Last Ten Years

<u>Function/Program</u>	<u>2010</u>	<u>2011</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>
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 middle schools.....	1	1	(A)	-	-	-	-	-	-	-
Number of high schools.....	1	1	1	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.....	1,333	1,349	1,349	1,349	1,360	1,360	1,360	1,360	1,360	1360
Service connections.....	9,806	9,844	9,869	9,887	9,824	9,848	9,925	9,823	9,957	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	16	16	16	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
Parks.....	6	6	6	6	6	6	6	6	6	6
Athletic fields.....	5	5	5	5	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.



Saquatucket Harbor