

Town of Harwich

MASSACHUSETTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT



Herring River

For the Fiscal Year Ended June 30, 2020

Prepared By:
Carol Coppola, Finance Director



Fish house on Herring River

The Town of Harwich, Massachusetts

Comprehensive Annual Financial Report



**For the Year
July 1, 2019 through June 30, 2020**

Prepared by the Finance Department

Town of Harwich, Massachusetts
Comprehensive Annual Financial Report
For the Year Ended June 30, 2020

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Introductory Section



Herring River

Introductory Section

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TOWN OF



HARWICH

*Harwich, Massachusetts
02645*

December 28, 2020

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

Annually, the Town of Harwich utilizes the services of an external auditor to perform, under contract, an audit of the financial records of the Municipality and the Federal 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, 2020. 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 12,142. 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 which typically precedes the beginning of the fiscal year on July 1, however COVID-19 coupled with the enactment of emergency measures by the Commonwealth allowed the Town to defer the Annual Town Meeting for fiscal year 2021, to September 26, 2020. The annual budget serves as the foundation for the Town of Harwich's financial planning and control. The budget is prepared by fund, function (e.g., public safety), and department (e.g., police). Department heads may transfer resources within a department. Transfers between departments, however, need special approval from the governing council.

Local economy

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

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

The Town of Harwich is located approximately 80 miles from the city of Boston. The Town of Harwich is headquarters for many medical, technology, hospitality businesses, and functions as a major regional shopping center for the surrounding communities. Major industries located within the government's boundaries, or in close proximity, include medical facilities, manufacturers of computer hardware and software, retail stores, and several financial institutions and insurance companies. 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 and prior to COVID-19, unemployment has been relatively stable. During the past ten years, the unemployment rate fell from an initial high of 10.2 percent (2009) to a decade low of 4.3 percent for the 2019 fiscal year. When the Governor declared a state of emergency on March 10, 2020, businesses shuttered ranging from retail to construction causing unemployment rates to increase substantially, the most recent unemployment rate as of September 30, 2020 was 9.2 percent.

Median household incomes within the Town of Harwich are slightly greater than those for the county and slightly lower than the state as a whole. According to the five year average (2014 – 2018) estimate, the government's median household income was \$75,352, the county's was \$70,621, while the state's was \$77,338. Housing prices in the vicinity of the Town of Harwich continue to remain strong boasting an overall 6% increase in FY 20, effectively doubling the results in a little as two years. At the end of the second quarter of 2020, the median value of a single family home in the vicinity of the Town of Harwich was \$413,800. Due to COVID-19 the Town experienced a surge of full time residents ranging in new residential home sales to conversion of summer vacation homes for full time residency. The regional high school's enrollment increased 8% largely due to the change in full time residency for secondary homeowners.

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

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

Over the past three years, the government has experienced a period of significant economic growth and investment. More than \$19.8 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.

While economic growth remains strong, the pandemic caused local businesses to reinvent themselves through physical distancing barriers, social distancing imposed regulations to creating an online presence. These important measures allowed most establishments the opportunity to serve the public in a safe manner preventing the spread of infections. Unfortunately, as the weather cools during the fall and winter months, some tourism and recreational firms may find it too difficult to remain open when the summer season ends. Thus, those who are typically open throughout the year may be forced to close temporarily.

Harwich's small town character, extensive shoreline, rich historical connection to the sea, and rural nature have continued to lure visitors over the years – some who arrive for extended periods in the summer, others who have decided to purchase second homes, and those searching for a place to retire. Like most communities on the Cape, living in Harwich is expensive. 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 \$413,800; 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 is heavily reliant on real estate taxes as the major funding source for town operations. In fiscal year 2020 the Town collected 97.8% of estimated real estate tax collections slightly ahead of the year prior at 97.5%. For fiscal year 2021 the Town has further reduced estimates for local receipts. The largest reductions coming from various excise taxes and fees for the use of recreational facilities.

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

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

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

The Town of Harwich is fortunate to have a number of local and regional housing agencies and organizations involved in providing affordable housing. The Harwich Housing Authority owns and manages 20 units of subsidized housing and partnered with the Community Development Partnership on the Main Street Extension/Thankful Chases Pathway project with another 12 units. It is also working with the Town on managing a number of local initiatives.

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

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

Long-term financial planning and major initiatives

Unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) in the general fund at year end was 10 percent of total general fund revenues; down 1 percent from the prior fiscal year. In the spring of 2020, the Town enacted measures to immediately reduce operating expenses, delay capital spending and freeze personnel hiring; these were structural budget adjustments necessary to protect the fiscal stability of Harwich. The onset and severity of the virus caused the Town to further reduce general revenue attributed to tourism and recreational activities. It is estimated that out of state tourists as well as limited leisure-based activities for Massachusetts residents will account for a 10% reduction in local receipts which required further budget reductions in fiscal year 2021. On September 26, 2020 residents supported use of budget stabilization funds totaling just under \$575,000. Addressing a significant structural budget deficit, as well as future uncertainty, these funds will be used to balance the fiscal year 2021 operating budget. Replenishment of these funds is a fiscal year 2022 priority. The town remains committed to building healthy and consistent stabilization and 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 2021-2027 Capital Improvement Plan was greatly reduced as a result of the pandemic. The current plan anticipates nearly \$85 million in capital projects. Included in this \$85 million is \$25.6 million for necessary roadway improvements, \$40.7 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, equipment and technology.

Relevant financial policies

The Town of Harwich has adopted a comprehensive set of financial policies. Policies amid solid financial procedures include management's conservative budget assumptions and regular monitoring of budget performance with monthly reports on budget-to-actual results to the board of 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 2020. The town also maintains a five-year budget forecast, which is also updated annually.

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

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Harwich for its comprehensive annual financial report (CAFR) for the year ended June 30, 2019. This was the third year that the Town submitted a CAFR to the GFOA. In order to receive this prestigious award, a government had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,

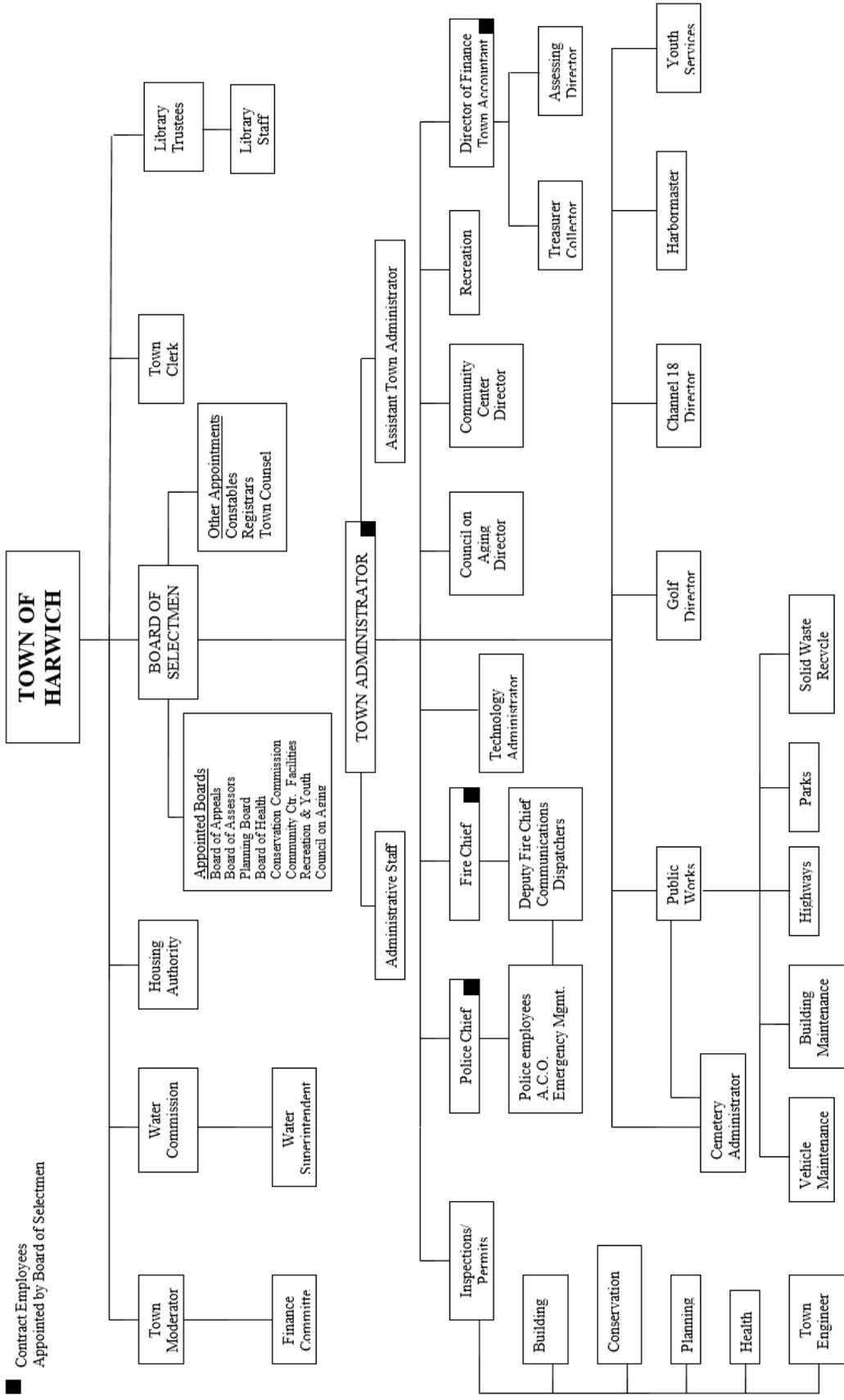
A handwritten signature in blue ink that reads "Carol Coppola". The signature is written in a cursive, flowing style.

Carol Coppola, CPA, CFE
Finance Director

Town of Harwich, Massachusetts

Principal Executive Officers

Elected Officials		Term Expires
Board of Selectmen	Larry G. Ballantine, Chair	2023
	Stephen P. Ford, Vice Chair	2022
	Michael D. MacAskill, Clerk	2022
	Donald F. Howell, Member	2023
	Edward J. McManus, Member	2021
Town Clerk	Anita N. Doucette	2022
Appointed Officials		
Board of Assessors	Richard Waystack, Chairman	2021
	Jay Kavanaugh	2022
	Bruce Nightingale	2023
Interim Town Administrator	Joseph F. Powers	
Finance Director/Town Accountant	Carol Coppola	
Fire Chief/Forest Warden	David LeBlanc	
Chief of Police	David Guillemette	
Town Counsel	KP Law, P.C.	



■ Contract Employees
 Appointed by Board of Selectmen



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, 2019

Christopher P. Morill

Executive Director/CEO

Financial Section



Horseshoe crab on the beach

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, 2020, 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, 2020, 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 28, 2020, 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.

Powers & Sullivan LLC

December 28, 2020

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, 2020. 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, COVID-19, and interest. The business-type activities include the activities of the municipal water and wastewater departments.

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

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

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

The Town of Harwich adopts an annual appropriated budget for its general fund and community preservation fund. Budgetary comparison schedules have been provided as required supplementary information for the general fund and the community preservation fund to demonstrate budgetary compliance.

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

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

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

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

The Town maintains 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 \$31.2 million at the end of 2020. The Town's total net position increased by \$1.8 million during 2020.

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 \$60.4 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, \$7.1 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 \$46.8 million. The deficit is primarily the result of the recognition of net pension liability of \$32.1 million along with the net other postemployment benefits liability of \$39.4 million. These are long-term unfunded liabilities that will not require significant short-term resources.

The governmental activities net position increased by \$1.9 million during the current year. Key reasons for this increase included the receipt of \$1.7 million in capital grants and better than expected budgetary results, offset with a \$1.9 million change in deferred inflows related to the net pension liability.

	2020	2019 (As Restated)
Assets:		
Current assets.....	\$ 34,811,188	\$ 33,929,960
Noncurrent assets (excluding capital).....	244,800	348,132
Capital assets, nondepreciable.....	34,196,126	28,978,732
Capital assets, net of accumulated depreciation....	61,856,846	58,401,392
Total assets.....	131,108,960	121,658,216
Deferred outflows of resources.....	6,973,311	8,682,959
Liabilities:		
Current liabilities (excluding debt).....	3,645,380	2,719,539
Noncurrent liabilities (excluding debt).....	72,504,415	72,212,214
Current debt.....	13,903,032	5,832,393
Noncurrent debt.....	23,857,412	27,208,508
Total liabilities.....	113,910,239	107,972,654
Deferred inflows of resources.....	3,450,356	3,542,989
Net position:		
Net investment in capital assets.....	60,390,841	60,136,904
Restricted.....	7,082,601	7,046,170
Unrestricted.....	(46,751,766)	(48,357,542)
Total net position.....	\$ 20,721,676	\$ 18,825,532

Beginning net position for governmental activities has been restated to reflect a change in the measurement date for the Town's net OPEB liability. Accordingly, previously reported net position of \$21,180,869 has been restated to \$18,825,532 (see Note 18 for additional information.)

In July of 2019, a tornado touched down in Harwich causing damage and power outages throughout the Town. The National Weather Service declared that the maximum wind speed for the tornado was 110 mph, which equates to a strong EF1 tornado. A state of emergency was declared for the Town, and the Town was provided with \$1.2 million in state funds to reimburse the Town for tornado damage. The revenue and expenses relating to the tornado are reported as an extraordinary item.

The Town's largest revenue source is real estate and personal property taxes, accounting for 73% of governmental revenue for the Town. The second largest category, charges for services, account for 14% of governmental revenue. This category includes, ambulance fees, permits, trash fees, dockage, and all golf related fees.

	2020	2019 (As Restated)
Program Revenues:		
Charges for services.....	\$ 10,202,316	\$ 11,656,465
Operating grants and contributions.....	1,129,746	886,785
Capital grants and contributions.....	1,738,397	1,097,971
General Revenues:		
Real estate and personal property taxes, net of tax refunds payable.....	51,921,669	49,151,540
Motor vehicle and other excise taxes.....	2,388,270	2,414,404
Hotel/motel tax.....	905,397	684,793
Meals tax.....	445,497	439,960
Community preservation tax.....	1,291,189	1,445,251
Penalties and interest on taxes and excise.....	309,139	503,894
Payments in lieu of taxes.....	62,471	61,960
Grants and contributions not restricted to specific programs.....	550,348	580,046
Unrestricted investment income.....	572,549	749,074
Total revenues.....	71,516,988	69,672,143
Expenses:		
General government.....	6,310,566	6,216,560
Public safety.....	14,699,311	14,125,237
Education.....	29,514,731	27,706,454
Public works.....	9,934,233	10,132,868
Human services.....	2,027,422	1,860,906
Culture and recreation.....	6,014,076	6,212,939
Community preservation.....	214,576	232,485
COVID-19.....	158,273	-
Interest.....	848,840	941,593
Total expenses.....	69,722,028	67,429,042
Excess (Deficiency) before extraordinary items and transfers.....	1,794,960	2,243,101
Extraordinary item - tornado reimbursements.....	1,171,060	-
Extraordinary item - tornado expenses.....	(844,876)	-
Transfers.....	(225,000)	530,000
Change in net position.....	1,896,144	2,773,101
Net position, beginning of year (as restated).....	18,825,532	16,052,431
Net position, end of year.....	\$ 20,721,676	\$ 18,825,532

The capital grants increase relates to additional funding from state highway grants and the community preservation fund state match.

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

Business-type Activities

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

For the Town's business-type activities, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$10.5 million at the close of 2020. Of this amount, \$12.4 million is net investment in capital assets, and the remaining balance of *unrestricted net position* is a deficit of \$1.9 million. The deficit is primarily the result of the recognition of net pension liability of \$2.3 million along with the net other postemployment benefits liability of \$2.8 million. These are long-term unfunded liabilities that will not require significant short-term resources.

	2020	2019 (As Restated)
Assets:		
Current assets.....	\$ 3,396,702	\$ 3,355,050
Capital assets, nondepreciable.....	1,505,893	1,505,893
Capital assets, net of accumulated depreciation....	16,853,852	17,948,387
Total assets.....	21,756,447	22,809,330
Deferred outflows of resources.....	596,331	750,336
Liabilities:		
Current liabilities (excluding debt).....	153,464	585,711
Noncurrent liabilities (excluding debt).....	5,176,094	5,300,179
Current debt.....	564,418	569,297
Noncurrent debt.....	5,724,228	6,288,646
Total liabilities.....	11,618,204	12,743,833
Deferred inflows of resources.....	246,084	258,154
Net position:		
Net investment in capital assets.....	12,390,263	13,203,237
Unrestricted.....	(1,901,773)	(2,645,558)
Total net position.....	\$ 10,488,490	\$ 10,557,679

There was a decrease of \$271,000 in net position related to the Water Department's operations during the year, compared with a \$889,000 decrease in the prior year. Operating revenues were consistent, at approximately \$4.5 million. Expenses decreased by approximately \$640,000. Expenses include the impact of changes to the long-term OPEB and pension liabilities.

There was a \$202,000 increase in the Wastewater Department's operations. This was mainly due to a \$225,000 transfer in from the general fund. This is only the second year that the Town has reported the Wastewater Department's operations as a business-type activity. The long-term goal for the fund will be to fund the debt-service on wastewater infrastructure. The Town is continuing to budget this activity within the general fund.

Beginning net position for business-type activities has been restated to reflect a change in the measurement date for the Town's net OPEB liability. Accordingly, previously reported net position of \$10,726,382 has been restated to \$10,557,679 (see Note 18 for additional information.)

	2020	2019 (As Restated)
Program Revenues:		
Charges for services..... \$	4,468,270	\$ 4,504,728
General Revenues:		
Unrestricted investment income.....	27,638	24,088
Total revenues.....	4,495,908	4,528,816
Expenses:		
Water.....	4,764,455	5,417,978
Wastewater.....	25,642	-
Total expenses.....	4,790,097	5,417,978
Excess (Deficiency) before transfers.....	(294,189)	(889,162)
Transfers.....	225,000	70,000
Change in net position.....	(69,189)	(819,162)
Net position, beginning of year (as restated).....	10,557,679	11,376,841
Net position, end of year..... \$	<u>10,488,490</u>	<u>10,557,679</u>

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 \$15.9 million, a decrease of \$8.3 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 \$11.6 million, while total fund balance is \$13.7 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 16.6% of total general fund expenditures, while total fund balance represents 19.7% of that same amount.

The general fund increased by \$2.3 million in 2020. This was the combined result of a budgetary surplus of \$1.5 million in the general fund, and an increase in the Town's stabilization fund of \$794,000, 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, 2020, of \$5 million. These funds are attributable to the Town's acceptance of the Community Preservation Act, which allows the Town to impose a surcharge on property taxes and to receive matching state funds for specified uses related to the acquisition, creation, preservation and support of open space, historic resources, land for recreational use and community housing. The Community Preservation Act's fund balance increased \$81,000 in 2020. This was the net result of \$1.5 million in taxes, \$401,000 in state grants and \$66,000 in investment income, offset by expenditures on community preservation projects, a transfer out for debt service payments, and a transfer to fund the Town's new affordable housing trust fund.

The Town capital fund reported a year end deficit fund balance of \$9.4 million, a decrease of \$11.7 million from the prior year. Fiscal year 2020 expenditures of \$12.1 million related to road maintenance and fire station renovations. Projects have been temporarily funded with short term bond anticipation notes totaling \$10.5 million. The fund will be in a deficit until the Town permanently finances the projects.

General Fund Budgetary Highlights

The original general fund budget included \$68.3 million in estimated revenues and transfers in and \$73.1 million in expenditures and transfers out with the difference consisting of prior year encumbrances included in the current year original budget and the use of available funds to fund the current year budget. The \$845,000 increase from the original budget to the final amended budget was the Town's state payment for tornado damage. The Town increased the general fund budget and budgeted intergovernmental revenues.

General Fund revenues are approximately \$461,000 more than budgeted. The largest areas of the surplus were in other intergovernmental revenues and hotel/motel taxes.

General fund expenditures and encumbrances were approximately \$3.7 million less than budgeted. Key components of this surplus include \$547,000 in police, \$413,000 in fire, \$678,000 in highway, \$372,000 in golf, \$409,000 in debt service and \$189,000 in harbormaster.

Capital Asset and Debt Administration

In conjunction with the operating budget, the Town annually prepares a capital budget for the upcoming year. The Town's major governmental capital asset activity in 2020 includes the wastewater infrastructure project which increased construction in progress by \$9.6 million. The wastewater project is scheduled to be turned over to the wastewater commission, and the wastewater enterprise fund, once the notice to connect is delivered to residents. Other increases include \$6.7 million in building and building improvements, which included \$4.4 million transferred from construction in progress for the fire station reconstruction project; and \$1.1 million in infrastructure related to road improvements.

The water enterprise fund reported additions totaling \$414,000 for infrastructure and machinery and equipment.

Depreciation expense for governmental and business-type activities totaled \$5.2 million and \$1.5 million, respectively.

The Town of Harwich's governmental funds had total bonded debt outstanding of \$24.8 million at the end of the current year. Of this amount, \$4.8 million was for marina improvements; \$3.4 million was for the construction of a police station; \$1.6 million is for land acquisitions; \$930,000 is related to harbor dredging, \$4.1 million is for sewer

projects; \$1.2 million is related to golf course improvements; \$5.7 million is related to the construction of a fire station; and \$2.1 million is related to the Saquatucket Harbormaster Building Boardwalk. The remaining \$1 million relates to other capital related projects.

The water enterprise fund has \$6.2 million in water debt that is fully supported by the rates and does not rely on a general fund subsidy. For further discussion please refer to Note 4 for major capital activity and Notes 7 and 8 for debt activity.

Requests for Information

This financial report is designed to provide a general overview of the Town of Harwich's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, Town Hall, 732 Main Street, Harwich, Massachusetts 02645.

Basic Financial Statements

STATEMENT OF NET POSITION

JUNE 30, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT:			
Cash and cash equivalents.....	\$ 23,240,433	\$ 2,377,935	\$ 25,618,368
Investments.....	5,242,844	-	5,242,844
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes.....	1,098,804	-	1,098,804
Tax liens.....	2,480,213	-	2,480,213
Community preservation fund surtax.....	27,398	-	27,398
Motor vehicle and other excise taxes.....	188,175	-	188,175
User fees.....	-	1,018,767	1,018,767
Departmental and other.....	630,077	-	630,077
Intergovernmental.....	1,228,258	-	1,228,258
Community preservation state share.....	271,530	-	271,530
Special assessments.....	112,714	-	112,714
Tax foreclosures.....	232,428	-	232,428
Inventory.....	57,010	-	57,010
Other assets.....	1,304	-	1,304
Total current assets.....	34,811,188	3,396,702	38,207,890
NONCURRENT:			
Receivables, net of allowance for uncollectibles:			
Special assessments.....	244,800	-	244,800
Capital assets, nondepreciable.....	34,196,126	1,505,893	35,702,019
Capital assets, net of accumulated depreciation.....	61,856,846	16,853,852	78,710,698
Total noncurrent assets.....	96,297,772	18,359,745	114,657,517
TOTAL ASSETS.....	131,108,960	21,756,447	152,865,407
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows for refunding debt.....	45,666	100,133	145,799
Deferred outflows related to pensions.....	5,226,819	374,375	5,601,194
Deferred outflows related to other postemployment benefits.....	1,700,826	121,823	1,822,649
TOTAL DEFERRED OUTFLOWS OF RESOURCES.....	6,973,311	596,331	7,569,642
LIABILITIES			
CURRENT:			
Warrants payable.....	2,249,663	34,001	2,283,664
Accrued payroll.....	452,197	31,213	483,410
Accrued interest.....	106,799	49,382	156,181
Other liabilities.....	209,422	-	209,422
Landfill closure.....	18,500	-	18,500
Compensated absences.....	608,799	38,868	647,667
Notes payable.....	10,482,086	-	10,482,086
Bonds payable.....	3,420,946	564,418	3,985,364
Total current liabilities.....	17,548,412	717,882	18,266,294
NONCURRENT:			
Landfill closure.....	185,000	-	185,000
Compensated absences.....	812,543	54,352	866,895
Net pension liability.....	32,074,332	2,297,352	34,371,684
Net other postemployment benefits.....	39,432,540	2,824,390	42,256,930
Bonds payable.....	23,857,412	5,724,228	29,581,640
Total noncurrent liabilities.....	96,361,827	10,900,322	107,262,149
TOTAL LIABILITIES.....	113,910,239	11,618,204	125,528,443
DEFERRED INFLOWS OF RESOURCES			
Taxes paid in advance.....	14,676	-	14,676
Deferred inflows related to pensions.....	2,601,252	186,317	2,787,569
Deferred inflows related to other postemployment benefits.....	834,428	59,767	894,195
TOTAL DEFERRED INFLOWS OF RESOURCES.....	3,450,356	246,084	3,696,440
NET POSITION			
Net investment in capital assets.....	60,390,841	12,390,263	72,781,104
Restricted for:			
Perpetual care and other permanent funds:			
Expendable.....	692,731	-	692,731
Nonexpendable.....	578,227	-	578,227
Gifts and grants.....	501,214	-	501,214
Community preservation.....	5,310,429	-	5,310,429
Unrestricted.....	(46,751,766)	(1,901,773)	(48,653,539)
TOTAL NET POSITION.....	\$ 20,721,676	\$ 10,488,490	\$ 31,210,166

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
<i>Governmental Activities:</i>					
General government.....	\$ 6,310,566	\$ 729,518	\$ 547,415	\$ -	\$ (5,033,633)
Public safety.....	14,699,311	2,290,711	91,446	-	(12,317,154)
Education.....	29,514,731	-	-	-	(29,514,731)
Public works.....	9,934,233	3,444,510	72,006	1,066,780	(5,350,937)
Human services.....	2,027,422	151,642	144,996	-	(1,730,784)
Culture and recreation.....	6,014,076	3,585,935	115,610	-	(2,312,531)
Community preservation.....	214,576	-	-	671,617	457,041
COVID-19.....	158,273	-	158,273	-	-
Interest.....	848,840	-	-	-	(848,840)
Total Governmental Activities.....	69,722,028	10,202,316	1,129,746	1,738,397	(56,651,569)
<i>Business-Type Activities:</i>					
Water.....	4,764,455	4,468,270	-	-	(296,185)
Wastewater.....	25,642	-	-	-	(25,642)
Total Business-Type Activities.....	4,790,097	4,468,270	-	-	(321,827)
Total Primary Government.....	\$ 74,512,125	\$ 14,670,586	\$ 1,129,746	\$ 1,738,397	\$ (56,973,396)

See notes to basic financial statements.

(Continued)

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2020

	Primary Government		
	Governmental	Business-Type	Total
	Activities	Activities	
Changes in net position:			
Net (expense) revenue from previous page..... \$	(56,651,569)	(321,827)	(56,973,396)
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds payable.....	51,921,669	-	51,921,669
Motor vehicle and other excise taxes.....	2,388,270	-	2,388,270
Hotel/motel tax.....	905,397	-	905,397
Meals tax.....	445,497	-	445,497
Community preservation tax.....	1,291,189	-	1,291,189
Penalties and interest on taxes and excise.....	309,139	-	309,139
Payments in lieu of taxes.....	62,471	-	62,471
Grants and contributions not restricted to specific programs.....	550,348	-	550,348
Unrestricted investment income.....	572,549	27,638	600,187
<i>Extraordinary item - Tornado reimbursements</i>	1,171,060	-	1,171,060
<i>Extraordinary item - Tornado expense</i>	(844,876)	-	(844,876)
<i>Transfers, net</i>	(225,000)	225,000	-
Total general revenues, extraordinary items and transfers.....	<u>58,547,713</u>	<u>252,638</u>	<u>58,800,351</u>
Change in net position.....	1,896,144	(69,189)	1,826,955
<i>Net position:</i>			
Beginning of year, as restated.....	<u>18,825,532</u>	<u>10,557,679</u>	<u>29,383,211</u>
End of year..... \$	<u>20,721,676</u>	<u>10,488,490</u>	<u>31,210,166</u>

See notes to basic financial statements.

(Concluded)

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2020

	General	Community Preservation Act Fund	Town Capital Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents.....	\$ 9,964,706	\$ 4,966,803	\$ 2,268,198	\$ 6,040,726	\$ 23,240,433
Investments.....	4,480,164	-	-	762,680	5,242,844
Receivables, net of uncollectibles:					
Real estate and personal property taxes.....	1,098,804	-	-	-	1,098,804
Tax liens.....	2,431,234	48,979	-	-	2,480,213
Community preservation fund surtax.....	-	27,398	-	-	27,398
Motor vehicle and other excise taxes.....	188,175	-	-	-	188,175
Departmental and other.....	630,077	-	-	-	630,077
Intergovernmental.....	-	-	-	1,228,258	1,228,258
Community preservation state share.....	-	271,530	-	-	271,530
Special assessments.....	-	-	-	357,514	357,514
Tax foreclosures.....	232,428	-	-	-	232,428
Due from other funds.....	17,125	-	-	-	17,125
Inventory.....	-	-	-	57,010	57,010
Other assets.....	1,304	-	-	-	1,304
TOTAL ASSETS.....	\$ 19,044,017	\$ 5,314,710	\$ 2,268,198	\$ 8,446,188	\$ 35,073,113
LIABILITIES					
Warrants payable.....	\$ 412,450	\$ 4,281	\$ 1,181,084	\$ 651,848	\$ 2,249,663
Accrued payroll.....	424,087	-	-	28,110	452,197
Due to other funds.....	-	-	-	17,125	17,125
Other liabilities.....	209,422	-	-	-	209,422
Notes payable.....	-	-	10,482,086	-	10,482,086
TOTAL LIABILITIES.....	1,045,959	4,281	11,663,170	697,083	13,410,493
DEFERRED INFLOWS OF RESOURCES					
Taxes paid in advance.....	14,676	-	-	-	14,676
Unavailable revenue.....	4,279,121	347,908	-	1,167,674	5,794,703
TOTAL DEFERRED INFLOWS OF RESOURCES.....	4,293,797	347,908	-	1,167,674	5,809,379
FUND BALANCES					
Nonspendable.....	-	-	-	578,227	578,227
Restricted.....	-	4,962,521	-	6,003,204	10,965,725
Committed.....	2,017,239	-	-	-	2,017,239
Assigned.....	127,720	-	-	-	127,720
Unassigned.....	11,559,302	-	(9,394,972)	-	2,164,330
TOTAL FUND BALANCES.....	13,704,261	4,962,521	(9,394,972)	6,581,431	15,853,241
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....	\$ 19,044,017	\$ 5,314,710	\$ 2,268,198	\$ 8,446,188	\$ 35,073,113

See notes to basic financial statements.

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

JUNE 30, 2020

Total governmental fund balances.....		\$ 15,853,241
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....		96,052,972
Accounts receivable are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.....		5,794,703
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.....		3,537,631
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....		(106,799)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Bonds payable.....	(27,278,358)	
Net pension liability.....	(32,074,332)	
Net other postemployment benefits.....	(39,432,540)	
Landfill closure.....	(203,500)	
Compensated absences.....	<u>(1,421,342)</u>	
Net effect of reporting long-term liabilities.....		<u>(100,410,072)</u>
Net position of governmental activities.....		<u>\$ 20,721,676</u>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2020

	General	Community Preservation Act Fund	Town Capital Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:					
Real estate and personal property taxes, net of tax refunds.....	\$ 51,781,419	\$ -	\$ -	\$ -	\$ 51,781,419
Motor vehicle and other excise taxes.....	2,294,569	-	-	26,421	2,320,990
Hotel/motel tax.....	905,397	-	-	-	905,397
Meals tax.....	445,497	-	-	-	445,497
Charges for services.....	1,601,026	-	-	14,586	1,615,612
Penalties and interest on taxes and excise.....	288,776	2,651	-	17,712	309,139
Fees and rentals.....	50,803	-	-	96,704	147,507
Recreation fees.....	3,029,257	-	-	-	3,029,257
Sanitation fees.....	3,209,427	-	-	-	3,209,427
Payments in lieu of taxes.....	62,471	-	-	-	62,471
Licenses and permits.....	883,702	-	-	-	883,702
Intergovernmental - state aid.....	621,101	-	-	-	621,101
Intergovernmental - other.....	88,090	-	-	1,150,334	1,238,424
Intergovernmental - COVID-19 relief.....	-	-	-	158,273	158,273
Departmental and other.....	885,500	-	-	1,325,858	2,211,358
Community preservation taxes.....	-	1,518,544	-	-	1,518,544
Community preservation state match.....	-	400,087	-	-	400,087
Special assessments.....	-	-	-	103,940	103,940
Contributions and donations.....	-	-	-	38,229	38,229
Investment income.....	457,402	65,509	-	49,638	572,549
TOTAL REVENUES.....	66,604,437	1,986,791	-	2,981,695	71,572,923
EXPENDITURES:					
Current:					
General government.....	3,516,243	-	49,942	73,246	3,639,431
Public safety.....	8,827,194	-	2,267,837	103,937	11,198,968
Education.....	28,998,890	-	-	-	28,998,890
Public works.....	5,802,019	-	9,766,925	1,221,866	16,790,810
Human services.....	1,214,343	-	-	130,820	1,345,163
Culture and recreation.....	3,336,824	-	21,823	415,072	3,773,719
Community preservation.....	-	542,471	-	-	542,471
COVID-19.....	-	-	-	158,273	158,273
Pension benefits.....	2,793,063	-	-	-	2,793,063
Employee benefits.....	5,588,374	-	-	-	5,588,374
State and county charges.....	737,501	-	-	-	737,501
Debt service:					
Principal.....	3,301,950	-	-	-	3,301,950
Principal payment on current refunding.....	4,250,000	-	-	-	4,250,000
Interest.....	1,243,633	-	-	-	1,243,633
TOTAL EXPENDITURES.....	69,610,034	542,471	12,106,527	2,103,214	84,362,246
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(3,005,597)	1,444,320	(12,106,527)	878,481	(12,789,323)
OTHER FINANCING SOURCES (USES):					
Issuance of refunding bonds.....	3,815,000	-	-	-	3,815,000
Premium from issuance of notes.....	-	-	17,587	586	18,173
Premium from issuance of refunding bonds.....	517,595	-	-	-	517,595
Transfers in.....	1,401,197	-	426,700	908,788	2,736,685
Transfers out.....	(720,868)	(1,363,700)	(13,123)	(863,994)	(2,961,685)
TOTAL OTHER FINANCING SOURCES (USES)...	5,012,924	(1,363,700)	431,164	45,380	4,125,768
EXTRAORDINARY ITEMS:					
Intergovernmental tornado revenue.....	1,171,060	-	-	-	1,171,060
Tornado relief expenditures.....	(844,876)	-	-	-	(844,876)
TOTAL EXTRAORDINARY ITEMS.....	326,184	-	-	-	326,184
NET CHANGE IN FUND BALANCES.....	2,333,511	80,620	(11,675,363)	923,861	(8,337,371)
FUND BALANCES AT BEGINNING OF YEAR.....	11,370,750	4,881,901	2,280,391	5,657,570	24,190,612
FUND BALANCES AT END OF YEAR.....	\$ 13,704,261	\$ 4,962,521	\$ (9,394,972)	\$ 6,581,431	\$ 15,853,241

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, 2020

Net change in fund balances - total governmental funds.....		\$ (8,337,371)
<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.....	13,853,598	
Depreciation expense.....	<u>(5,180,750)</u>	
Net effect of reporting capital assets.....		8,672,848
<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>		
		(55,935)
<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 refunding bonds.....	(3,815,000)	
Premium from issuance of notes.....	(18,173)	
Premium from issuance of refunding bonds.....	(517,595)	
Net amortization of premium from issuance of bonds.....	399,744	
Net change in deferred charge on refunding.....	(28,102)	
Debt service principal payments.....	<u>7,551,950</u>	
Net effect of reporting long-term debt.....		3,572,824
<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.....	(124,840)	
Net change in accrued interest on long-term debt.....	23,151	
Net change in deferred outflow/(inflow) of resources related to pensions.....	(1,921,507)	
Net change in net pension liability.....	292,323	
Net change in deferred outflow/(inflow) of resources related to other postemployment benefits....	307,343	
Net change in net other postemployment benefits liability.....	(551,192)	
Net change in landfill closure.....	<u>18,500</u>	
Net effect of recording long-term liabilities.....		<u>(1,956,222)</u>
Change in net position of governmental activities.....		\$ <u>1,896,144</u>

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF NET POSITION

JUNE 30, 2020

	Business-type Activities		
	Water	Wastewater	Total
ASSETS			
CURRENT:			
Cash and cash equivalents.....	\$ 2,106,022	\$ 271,913	\$ 2,377,935
Receivables, net of allowance for uncollectibles:			
User fees.....	1,018,767	-	1,018,767
Total current assets.....	<u>3,124,789</u>	<u>271,913</u>	<u>3,396,702</u>
NONCURRENT:			
Capital assets, nondepreciable.....	1,505,893	-	1,505,893
Capital assets, net of accumulated depreciation.....	<u>16,853,852</u>	<u>-</u>	<u>16,853,852</u>
Total noncurrent assets.....	<u>18,359,745</u>	<u>-</u>	<u>18,359,745</u>
TOTAL ASSETS.....	<u>21,484,534</u>	<u>271,913</u>	<u>21,756,447</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on refunding.....	100,133	-	100,133
Deferred outflows related to pensions.....	374,375	-	374,375
Deferred outflows related to other postemployment benefits.....	<u>121,823</u>	<u>-</u>	<u>121,823</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES.....	<u>596,331</u>	<u>-</u>	<u>596,331</u>
LIABILITIES			
CURRENT:			
Warrants payable.....	34,001	-	34,001
Accrued payroll.....	31,213	-	31,213
Accrued interest.....	49,382	-	49,382
Compensated absences.....	38,868	-	38,868
Bonds payable.....	<u>564,418</u>	<u>-</u>	<u>564,418</u>
Total current liabilities.....	<u>717,882</u>	<u>-</u>	<u>717,882</u>
NONCURRENT:			
Compensated absences.....	54,352	-	54,352
Net pension liability.....	2,297,352	-	2,297,352
Net other postemployment benefits.....	2,824,390	-	2,824,390
Bonds payable.....	<u>5,724,228</u>	<u>-</u>	<u>5,724,228</u>
Total noncurrent liabilities.....	<u>10,900,322</u>	<u>-</u>	<u>10,900,322</u>
TOTAL LIABILITIES.....	<u>11,618,204</u>	<u>-</u>	<u>11,618,204</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions.....	186,317	-	186,317
Deferred inflows related to other postemployment benefits.....	<u>59,767</u>	<u>-</u>	<u>59,767</u>
TOTAL DEFERRED INFLOWS OF RESOURCES.....	<u>246,084</u>	<u>-</u>	<u>246,084</u>
NET POSITION			
Net investment in capital assets.....	12,390,263	-	12,390,263
Unrestricted.....	<u>(2,173,686)</u>	<u>271,913</u>	<u>(1,901,773)</u>
TOTAL NET POSITION.....	<u>\$ 10,216,577</u>	<u>\$ 271,913</u>	<u>\$ 10,488,490</u>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2020

	Business-type Activities		
	Water	Wastewater	Total
OPERATING REVENUES:			
Charges for services.....	\$ 4,468,270	\$ -	\$ 4,468,270
OPERATING EXPENSES:			
Cost of services and administration.....	1,783,890	25,642	1,809,532
Salaries and wages.....	1,290,791	-	1,290,791
Depreciation.....	1,508,448	-	1,508,448
TOTAL OPERATING EXPENSES.....	4,583,129	25,642	4,608,771
OPERATING INCOME (LOSS).....	(114,859)	(25,642)	(140,501)
NONOPERATING REVENUES (EXPENSES):			
Investment income.....	25,083	2,555	27,638
Interest expense.....	(181,326)	-	(181,326)
INCOME (LOSS) BEFORE TRANSFERS.....	(271,102)	(23,087)	(294,189)
TRANSFERS:			
Transfers in.....	-	225,000	225,000
CHANGE IN NET POSITION.....	(271,102)	201,913	(69,189)
NET POSITION AT BEGINNING OF YEAR, AS RESTATED.....	10,487,679	70,000	10,557,679
NET POSITION AT END OF YEAR.....	\$ 10,216,577	\$ 271,913	\$ 10,488,490

See notes to basic financial statements.

**PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS**

YEAR ENDED JUNE 30, 2020

	Business-type Activities		
	Water	Wastewater	Total
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>			
Receipts from customers and users.....	\$ 4,265,589	\$ -	\$ 4,265,589
Payments to vendors.....	(1,747,638)	(25,642)	(1,773,280)
Payments to employees.....	(1,278,054)	-	(1,278,054)
NET CASH FROM OPERATING ACTIVITIES.....	1,239,897	(25,642)	1,214,255
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>			
Transfers in.....	-	225,000	225,000
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>			
Acquisition and construction of capital assets.....	(889,465)	-	(889,465)
Principal payments on bonds and notes.....	(550,913)	-	(550,913)
Interest expense.....	(187,544)	-	(187,544)
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....	(1,627,922)	-	(1,627,922)
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>			
Investment income.....	25,083	2,555	27,638
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	(362,942)	201,913	(161,029)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	2,468,964	70,000	2,538,964
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	\$ 2,106,022	\$ 271,913	\$ 2,377,935
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:</u>			
Operating income (loss).....	\$ (114,859)	\$ (25,642)	\$ (140,501)
Adjustments to reconcile operating income to net cash from operating activities:			
Depreciation.....	1,508,448	-	1,508,448
Deferred (outflows)/inflows related to pensions.....	147,034	-	147,034
Deferred (outflows)/inflows related to other postemployment benefits.....	(20,858)	-	(20,858)
Changes in assets and liabilities:			
User charges.....	(202,681)	-	(202,681)
Warrants payable.....	34,001	-	34,001
Accrued payroll.....	5,978	-	5,978
Compensated absences.....	6,759	-	6,759
Net pension liability.....	(87,871)	-	(87,871)
Net other postemployment benefits.....	(36,054)	-	(36,054)
Total adjustments.....	1,354,756	-	1,354,756
NET CASH FROM OPERATING ACTIVITIES.....	\$ 1,239,897	\$ (25,642)	\$ 1,214,255
<u>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</u>			
Change in the deferred loss on debt refunding.....	\$ (15,759)	-	\$ (15,759)
Acquisition of capital assets on account.....	(475,552)	-	(475,552)

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2020

	Other Postemployment Benefit Trust Fund	Private Purpose Trust Funds	Agency Funds
ASSETS			
Cash and cash equivalents..... \$	44,303	\$ 27,334	\$ 102,289
Investments:			
U.S. treasury notes.....	271,029	4,961	-
Government sponsored enterprises.....	343,055	6,862	-
Corporate bonds.....	317,528	77,292	-
Equity securities.....	1,096,792	49,402	-
Equity mutual funds.....	861,036	396,465	-
Fixed income mutual funds.....	413,199	3,363	-
Receivables, net of allowance for uncollectibles:			
Departmental and other.....	-	-	51,902
TOTAL ASSETS.....	3,346,942	565,679	154,191
LIABILITIES			
Warrants payable.....	-	171	-
Accrued payroll.....	-	-	39,127
Other liabilities.....	-	-	115,064
TOTAL LIABILITIES.....	-	171	154,191
NET POSITION			
Restricted for other postemployment benefits.....	3,346,942	-	-
Held in trust for other purposes.....	-	565,508	-
TOTAL NET POSITION..... \$	3,346,942	\$ 565,508	\$ -

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2020

	<u>Other Postemployment Benefit Trust Fund</u>	<u>Private Purpose Trust Funds</u>
ADDITIONS:		
Contributions:		
Employer contributions.....	\$ 750,000	\$ -
Employer contributions for other postemployment benefit payments....	<u>2,020,814</u>	<u>-</u>
Total contributions.....	<u>2,770,814</u>	<u>-</u>
Investment income (loss).....	<u>156,222</u>	<u>(804)</u>
TOTAL ADDITIONS.....	<u>2,927,036</u>	<u>(804)</u>
DEDUCTIONS:		
Other postemployment benefit payments.....	2,020,814	-
Educational scholarships.....	<u>-</u>	<u>7,171</u>
TOTAL DEDUCTIONS.....	<u>2,020,814</u>	<u>7,171</u>
NET INCREASE (DECREASE) IN NET POSITION.....	906,222	(7,975)
NET POSITION AT BEGINNING OF YEAR.....	<u>2,440,720</u>	<u>573,483</u>
NET POSITION AT END OF YEAR.....	<u>\$ 3,346,942</u>	<u>\$ 565,508</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 2020.

<u>Joint venture and address</u>	<u>Purpose</u>	<u>FY 2020 payments</u>
Monomoy Regional School District 425 Crowell Road Chatham, MA 02633	To provide education for grades K-12 for the Towns of Harwich and Chatham	\$ 26,643,415
Cape Cod Regional Technical High School 351 Pleasant Lake Avenue Harwich, MA 02645	To provide secondary vocational education for member Towns	\$ 2,317,475
Cape Cod Commission 3225 Main Street P.O. Box 226 Barnstable, MA 02630	Regional land use planning agency	\$ 234,056
Cape Cod Regional Transit Authority 585 Main Street Dennis, MA 02638	To provide public transportation	\$ 105,353
Town Department of Veteran Services PO Box 429 Hyannis, MA 02601	To provide veterans' services	\$ 40,263
Pleasant Bay Resource Management Alliance P.O. Box 1584 Harwich, MA 02645	To protect the vast natural resources of the bay	\$ 23,760

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

Governmental activities, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which are supported primarily by user fees and charges.

Fund Financial Statements

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

Major Fund Criteria

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

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

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

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

Government-Wide Financial Statements

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

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

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

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

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

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

Fund Financial Statements

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

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

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

The following major governmental funds are reported:

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

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

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

The nonmajor governmental funds consist of other special revenue 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 wastewater activities.

Fiduciary fund financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting. Fiduciary funds are used to account for assets held in a trustee capacity for others that cannot be used to support the governmental programs. 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 1st of every year. Assessed values are established by the Board of Assessor's for 100% of the estimated fair value. Taxes are due on August 1st, November 1st, February 1st and May 1st 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:

Capital Asset Type	Estimated Useful Life (in years)
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 Retirement Association 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).

Q. Compensated Absences

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

Government-Wide and Proprietary Fund Financial Statements

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

Governmental Fund Financial Statements

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

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

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

S. Individual Fund Deficits

Individual fund deficits exist within the capital project 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 \$25,654,597 and the bank balance totaled \$26,363,573. Of the bank balance, \$1,500,000 was covered by Federal Depository Insurance,

\$17,592,815 was covered by Depositors Insurance Fund, and \$7,270,758 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 \$3,781,248 in debt securities and \$3,070,985 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, 2020, the Town of Harwich had the following investments:

<u>Investment Type</u>	<u>Fair value</u>	<u>Maturities</u>		
		<u>Under 1 Year</u>	<u>1-5 Years</u>	<u>6-10 Years</u>
<u>Debt securities:</u>				
U.S. treasury notes.....	\$ 1,504,076	\$ 75,229	\$ 1,145,839	\$ 283,008
Government sponsored enterprises.....	1,206,579	201,675	929,562	75,342
Corporate bonds.....	1,070,593	50,630	771,552	248,411
Total debt securities.....	3,781,248	\$ 327,534	\$ 2,846,953	\$ 606,761
<u>Other investments:</u>				
Equity securities.....	3,070,985			
Mutual funds.....	98,101			
Equity mutual funds.....	1,231,581			
Fixed income mutual funds.....	901,913			
Money market mutual funds.....	137,697			
Total investments.....	\$ 9,221,525			

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, 2020, the Town’s investments were rated as follows:

<u>Quality Rating</u>	<u>Government Sponsored Enterprises</u>	<u>Corporate Bonds</u>
AAA.....	\$ 1,206,579	\$ -
BBB+.....	-	455,664
A.....	-	388,783
AA.....	-	226,146
Total.....	<u>\$ 1,206,579</u>	<u>\$ 1,070,593</u>

Additionally, the Town has \$137,697 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, 2020, the Town’s had no investments with a single issuer that represented 5 percent or more of the Town’s total investments.

Fair Value of Investments

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

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

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

Investment Type	June 30, 2020	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)
Investments measured at fair value:				
<u>Debt securities:</u>				
U.S. treasury notes.....	\$ 1,504,076	\$ 1,504,076	\$ -	\$ -
Government sponsored enterprises.....	1,206,579	1,206,579	-	-
Corporate bonds.....	1,070,593	-	1,070,593	-
Total debt securities.....	3,781,248	2,710,655	1,070,593	-
<u>Other investments:</u>				
Equity securities.....	3,070,985	3,070,985	-	-
Mutual funds.....	98,101	98,101	-	-
Equity mutual funds.....	1,231,581	1,231,581	-	-
Fixed income mutual funds.....	901,913	901,913	-	-
Money market mutual funds.....	137,697	137,697	-	-
Total other investments.....	5,440,277	5,440,277	-	-
Total investments.....	\$ 9,221,525	\$ 8,150,932	\$ 1,070,593	\$ -

U.S. treasury notes, government sponsored enterprises, equity securities, mutual funds, equity mutual funds, fixed income mutual funds, and money market mutual funds, classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Corporate bonds classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

NOTE 3 – RECEIVABLES

At June 30, 2020, 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.....	\$ 1,098,804	\$ -	\$ 1,098,804
Tax liens.....	2,480,213	-	2,480,213
Community preservation fund surtax.....	27,398	-	27,398
Motor vehicle and other excise taxes.....	228,621	(40,446)	188,175
Departmental and other.....	805,377	(175,300)	630,077
Intergovernmental.....	1,228,258	-	1,228,258
Community preservation state share.....	271,530	-	271,530
Special assessments.....	357,514	-	357,514
Total.....	<u>\$ 6,497,715</u>	<u>\$ (215,746)</u>	<u>\$ 6,281,969</u>

At June 30, 2020, receivables for the water enterprise fund consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Water user fees.....	<u>\$ 1,018,767</u>	<u>\$ -</u>	<u>\$ 1,018,767</u>

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

	General Fund	Other Governmental Funds	Total
<u>Receivables and other asset types:</u>			
Real estate and personal property taxes.....	\$ 797,207	\$ -	\$ 797,207
Tax liens.....	2,431,234	48,979	2,480,213
Community preservation fund surtax.....	-	27,398	27,398
Motor vehicle and other excise taxes.....	188,175	-	188,175
Departmental and other.....	630,077	-	630,077
Community preservation state share.....	-	271,530	271,530
Intergovernmental.....	-	810,161	810,161
Special assessments.....	-	357,514	357,514
Tax foreclosures.....	232,428	-	232,428
Total.....	<u>\$ 4,279,121</u>	<u>\$ 1,515,582</u>	<u>\$ 5,794,703</u>

NOTE 4 – CAPITAL ASSETS

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

Governmental Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 23,566,068	\$ -	\$ -	\$ 23,566,068
Construction in progress.....	5,412,664	9,651,059	(4,433,665)	10,630,058
Total capital assets not being depreciated....	<u>28,978,732</u>	<u>9,651,059</u>	<u>(4,433,665)</u>	<u>34,196,126</u>
<u>Capital assets being depreciated:</u>				
Buildings and improvements.....	62,213,702	6,740,997	-	68,954,699
Improvements.....	15,570,688	449,861	-	16,020,549
Machinery and equipment.....	13,395,464	313,438	(88,860)	13,620,042
Infrastructure.....	92,260,291	1,131,908	-	93,392,199
Total capital assets being depreciated.....	<u>183,440,145</u>	<u>8,636,204</u>	<u>(88,860)</u>	<u>191,987,489</u>
<u>Less accumulated depreciation for:</u>				
Buildings and improvements.....	(39,885,913)	(1,643,035)	-	(41,528,948)
Improvements.....	(5,833,213)	(586,757)	-	(6,419,970)
Machinery and equipment.....	(9,067,686)	(687,634)	88,860	(9,666,460)
Infrastructure.....	(70,251,941)	(2,263,324)	-	(72,515,265)
Total accumulated depreciation.....	<u>(125,038,753)</u>	<u>(5,180,750)</u>	<u>88,860</u>	<u>(130,130,643)</u>
Total capital assets being depreciated, net.....	<u>58,401,392</u>	<u>3,455,454</u>	<u>-</u>	<u>61,856,846</u>
Total governmental activities capital assets, net.....	<u>\$ 87,380,124</u>	<u>\$ 13,106,513</u>	<u>\$ (4,433,665)</u>	<u>\$ 96,052,972</u>

Business-Type Activities

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Water:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 1,505,893	\$ -	\$ -	\$ 1,505,893
<u>Capital assets being depreciated:</u>				
Buildings and improvements.....	6,417,657	-	-	6,417,657
Machinery and equipment.....	3,069,608	125,966	(47,399)	3,148,175
Infrastructure.....	37,820,644	287,947	-	38,108,591
Total capital assets being depreciated.....	<u>47,307,909</u>	<u>413,913</u>	<u>(47,399)</u>	<u>47,674,423</u>
<u>Less accumulated depreciation for:</u>				
Buildings and improvements.....	(1,131,489)	(161,090)	-	(1,292,579)
Machinery and equipment.....	(1,635,340)	(262,833)	47,399	(1,850,774)
Infrastructure.....	(26,592,693)	(1,084,525)	-	(27,677,218)
Total accumulated depreciation.....	<u>(29,359,522)</u>	<u>(1,508,448)</u>	<u>47,399</u>	<u>(30,820,571)</u>
Total capital assets being depreciated, net.....	<u>17,948,387</u>	<u>(1,094,535)</u>	<u>-</u>	<u>16,853,852</u>
Total water enterprise capital assets, net.....	<u>\$ 19,454,280</u>	<u>\$ (1,094,535)</u>	<u>\$ -</u>	<u>\$ 18,359,745</u>

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

Governmental Activities:

General government.....	\$ 261,439
Public safety.....	900,295
Education.....	515,841
Public works.....	2,329,680
Human services.....	181,171
Culture and recreation.....	905,356
Community preservation.....	86,968
Total depreciation expense - governmental activities.....	<u>\$ 5,180,750</u>

Business-Type Activities:

Water.....	<u>\$ 1,508,448</u>
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NOTE 5 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

At June 30, 2020, the Town had an interfund receivable/payable between the general fund and the federal grants nonmajor fund totaling \$17,125. The purpose of this balance is to cover short-term cash needs that will be funded by future grant proceeds.

Interfund transfers for the year ended June 30, 2020, are summarized as follows:

Transfers Out:	Transfers In:				Total
	General fund	Town capital fund	Nonmajor governmental funds	Wastewater enterprise fund	
General fund.....	\$ -	\$ 426,700	\$ 69,168	\$ 225,000	\$ 720,868 (1)
Community preservation act fund.	553,700	-	810,000	-	1,363,700 (2)
Town capital fund.....	-	-	13,123	-	13,123 (3)
Nonmajor governmental funds.....	847,497	-	16,497	-	863,994 (4)
Total.....	\$ <u>1,401,197</u>	\$ <u>426,700</u>	\$ <u>908,788</u>	\$ <u>225,000</u>	\$ <u>2,961,685</u>

- (1) Represents budgeted transfers from the general fund to the Town capital fund; to nonmajor governmental funds to fund special revenue programs; and to the wastewater enterprise fund.
- (2) Represents a transfer to the general fund for debt service payments funded with community preservation act funds and a transfer from the CPA fund to the newly formed affordable housing trust within the nonmajor governmental funds.
- (3) Represents a transfer from the Town capital fund to the Saquatucket Harbor capital fund.
- (4) Represents transfers from the nonmajor governmental funds to the general fund to fund the budget, mainly from receipts reserved for appropriation funds for golf, cemetery, PEG access, waterways, and betterments. Also transfers between 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, 2020, \$203,500 has been reported on the Town’s statement of net position as an estimated remaining liability for post-closure monitoring costs of the landfill. Actual costs may change due to changes in regulations, technology, and inflation.

NOTE 7 – SHORT-TERM FINANCING

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

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

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

Details related to the short-term debt activity for the year ended June 30, 2020, is as follows:

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2019	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2020
Governmental Funds:							
BAN	Municipal Purpose.....	2.50%	06/18/20	\$ 2,161,617	\$ -	\$ (2,161,617)	\$ -
BAN	Municipal Purpose.....	2.00%	06/11/21	-	1,765,800	-	1,765,800
BAN	*MCWT Direct Interim Loan.....	0.00%	12/31/20	-	8,716,286	-	8,716,286
Total Governmental Funds.....				\$ 2,161,617	\$ 10,482,086	\$ (2,161,617)	\$ 10,482,086

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

NOTE 8 – LONG-TERM DEBT

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."

In order to take advantage of favorable interest rates, the Town issued \$3,815,000 of general obligation refunding bonds on August 20, 2019. The proceeds of the refunding bonds were used to complete a current refunding of existing debt. The refunded bonds totaled \$4,250,000 and became callable on October 1, 2019. As a result of the transaction, the refunded bonds were paid down on the call date and the liability has been removed from the statement of net position. The transaction resulted in an economic gain of \$498,193 and a reduction of \$532,213 in future debt service payments.

Details related to the outstanding general obligation indebtedness at June 30, 2020, 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, 2020
General Obligation Bonds Payable:				
Municipal Purpose Loan of 2006.....	2022	\$ 2,140,000	4.00	\$ 260,000
Municipal Purpose Refunding Loan of 2009.....	2021	2,755,000	4.00-5.00	170,000
Municipal Purpose Loan of 2011.....	2022	162,000	3.00-4.00	30,000
Municipal Purpose Refunding Loan of 2012.....	2024	3,565,000	2.00-3.00	930,000
Municipal Purpose Loan of 2013.....	2023	2,900,000	2.00-2.75	930,000
Municipal Purpose Loan of 2018.....	2038	12,525,000	3.00-5.00	10,720,000
Municipal Purpose Loan of 2019.....	2039	9,105,000	3.00-5.00	8,300,000
Municipal Purpose Refunding Loan of 2019.....	2029	3,815,000	4.00	<u>3,410,000</u>
Subtotal Governmental General Obligation Bonds Payable.....				<u>24,750,000</u>
Direct Borrowings Payable:				
Massachusetts Clean Water Trust 2003.....	2021	195,089	4.00-5.00	11,049
Massachusetts Clean Water Trust 2004.....	2024	121,316	4.00-5.00	<u>24,484</u>
Subtotal Governmental Direct Borrowings Payable.....				<u>35,533</u>
Total Bonds Payable.....				24,785,533
Add: Unamortized premium on bonds.....				<u>2,492,825</u>
Total Bonds Payable, net.....				<u>\$ 27,278,358</u>

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

Year	General Obligation Bonds Payable		
	Principal	Interest	Total
2021.....	\$ 3,010,000	\$ 1,041,785	\$ 4,051,785
2022.....	2,730,000	916,691	3,646,691
2023.....	2,495,000	800,796	3,295,796
2024.....	1,880,000	696,978	2,576,978
2025.....	1,470,000	613,572	2,083,572
2026.....	1,465,000	544,027	2,009,027
2027.....	1,460,000	474,721	1,934,721
2028.....	1,450,000	405,678	1,855,678
2029.....	1,285,000	337,071	1,622,071
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.....	\$ <u>24,750,000</u>	\$ <u>7,033,609</u>	\$ <u>31,783,609</u>

Year	Direct Borrowings Payable		
	Principal	Interest	Total
2021.....	\$ 17,170	\$ 1,623	\$ 18,793
2022.....	6,121	765	6,886
2023.....	6,121	459	6,580
2024.....	6,121	153	6,274
Total.....	\$ <u>35,533</u>	\$ <u>3,000</u>	\$ <u>38,533</u>

Bonds Payable Schedule – Water Enterprise Fund

Details related to the outstanding indebtedness at June 30, 2020, and the debt service requirements are as follows:

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2020
General Obligation Bonds Payable:				
Municipal Purpose Loan of 2010.....	2030	\$ 1,592,000	2.75-4.00	\$ 750,000
Municipal Purpose Loan of 2011.....	2037	4,800,000	3.00-4.00	2,520,000
Municipal Purpose Refunding Loan of 2012.....	2034	1,920,000	3.00-2.75	1,340,000
Subtotal Water Enterprise General Obligation Bonds Payable.....				<u>4,610,000</u>
Direct Borrowings Payable:				
Massachusetts Clean Water Trust 2016.....	2036	1,875,541	2.00	1,561,833
Total Bonds Payable.....				6,171,833
Add: Unamortized premium on bonds.....				<u>116,813</u>
Total Bonds Payable, net.....				<u>\$ 6,288,646</u>

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

Year	General Obligation Bonds Payable		
	Principal	Interest	Total
2021.....	\$ 465,000	\$ 139,913	\$ 604,913
2022.....	465,000	122,927	587,927
2023.....	310,000	110,176	420,176
2024.....	310,000	101,773	411,773
2025.....	305,000	93,496	398,496
2026.....	305,000	84,883	389,883
2027.....	300,000	75,977	375,977
2028.....	300,000	66,940	366,940
2029.....	300,000	57,563	357,563
2030.....	295,000	47,909	342,909
2031.....	220,000	38,224	258,224
2032.....	215,000	31,389	246,389
2033.....	215,000	24,502	239,502
2034.....	215,000	17,549	232,549
2035.....	130,000	11,700	141,700
2036.....	130,000	7,020	137,020
2037.....	130,000	2,340	132,340
Total.....	<u>\$ 4,610,000</u>	<u>\$ 1,034,281</u>	<u>\$ 5,644,281</u>

Year	Direct Borrowings Payable		
	Principal	Interest	Total
2021.....	\$ 82,671	\$ 31,236	\$ 113,907
2022.....	84,467	29,584	114,051
2023.....	86,303	27,894	114,197
2024.....	88,179	26,168	114,347
2025.....	90,095	24,404	114,499
2026.....	92,053	22,602	114,655
2027.....	94,054	20,762	114,816
2028.....	96,098	18,880	114,978
2029.....	98,187	16,958	115,145
2030.....	100,321	14,994	115,315
2031.....	102,501	12,988	115,489
2032.....	104,728	10,938	115,666
2033.....	107,005	8,844	115,849
2034.....	109,330	6,704	116,034
2035.....	111,706	4,516	116,222
2036.....	114,135	2,282	116,417
Total.....	\$ <u>1,561,833</u>	\$ <u>279,754</u>	\$ <u>1,841,587</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, 2020, the Town had the following authorized and unissued debt:

Purpose	Amount
Wychmere Harbor Piers and Bulkheads.....	\$ 125,196
Saquatucket Municipal Marina Improvements.....	742,400
Road Maintenance.....	512,500
Sewer Interconnection and 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>33,507,696</u>

Changes in Long-term Liabilities

During the year ended June 30, 2020, the following changes occurred in long-term liabilities:

	(As Restated) Beginning Balance	Bonds and Notes Issued	Bonds and Notes Redeemed	Other Increases	Other Decreases	Ending Balance	Due Within One Year
Governmental Activities:							
Long-term general obligation bonds payable..	\$ 28,470,000	\$ 3,815,000	\$ (7,535,000)	\$ -	\$ -	\$ 24,750,000	\$ 3,010,000
Long-term direct borrowings payable.....	52,483	-	(16,950)	-	-	35,533	17,170
Add: Unamortized premium on bonds.....	2,356,801	535,768	(399,744)	-	-	2,492,825	393,776
Total bonds payable.....	30,879,284	4,350,768	(7,951,694)	-	-	27,278,358	3,420,946
Landfill closure.....	222,000	-	-	-	(18,500)	203,500	18,500
Compensated absences.....	1,296,502	-	-	660,631	(535,791)	1,421,342	608,799
Net pension liability.....	32,366,655	-	-	2,530,269	(2,822,592)	32,074,332	-
Net other postemployment benefits.....	38,881,348	-	-	3,136,809	(2,585,617)	39,432,540	-
Total governmental activity long-term liabilities.....	\$ 103,645,789	\$ 4,350,768	\$ (7,951,694)	\$ 6,327,709	\$ (5,962,500)	\$ 100,410,072	\$ 4,048,245
Business-Type Activities:							
Long-term general obligation bonds payable..	\$ 5,080,000	\$ -	\$ (470,000)	\$ -	\$ -	\$ 4,610,000	\$ 465,000
Long-term direct borrowings payable.....	1,642,746	-	(80,913)	-	-	1,561,833	82,671
Add: Unamortized premium on bonds.....	135,197	-	(18,384)	-	-	116,813	16,747
Total bonds payable.....	6,857,943	-	(569,297)	-	-	6,288,646	564,418
Compensated absences.....	86,461	-	-	38,708	(31,949)	93,220	38,868
Net pension liability.....	2,385,223	-	-	114,300	(202,171)	2,297,352	-
Net other postemployment benefits.....	2,860,444	-	-	149,143	(185,197)	2,824,390	-
Total business-type activity long-term liabilities.....	\$ 12,190,071	\$ -	\$ (569,297)	\$ 302,151	\$ (419,317)	\$ 11,503,608	\$ 603,286

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

NOTE 9 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

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

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

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

- Restricted: fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.
- Committed: fund balances that contain self-imposed constraints of the 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 was \$4,540,651, and was reported as unassigned fund balance within the general fund.

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

As of June 30, 2020, the governmental fund balances consisted of the following:

	General	Community Preservation Act Fund	Town Capital Fund	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances:					
Nonspendable:					
Trust fund principal.....	\$ -	\$ -	\$ -	\$ 521,217	\$ 521,217
Inventory.....	-	-	-	57,010	57,010
Restricted for:					
Community Preservation Act Fund.....	-	4,962,521	-	-	4,962,521
Federal grants.....	-	-	-	38,942	38,942
State grants.....	-	-	-	191,478	191,478
Local gifts and grants.....	-	-	-	251,458	251,458
Highway improvements.....	-	-	-	19,336	19,336
Revolving funds.....	-	-	-	1,158,802	1,158,802
Receipts reserved for appropriation.....	-	-	-	2,473,914	2,473,914
Other special revenue funds.....	-	-	-	93,876	93,876
Special revenue trust funds.....	-	-	-	1,015,657	1,015,657
Library trust funds.....	-	-	-	724,114	724,114
Cemetery trust funds.....	-	-	-	34,260	34,260
Other trust funds.....	-	-	-	1,367	1,367
Committed to:					
Administration.....	60,000	-	-	-	60,000
Town planner.....	200,000	-	-	-	200,000
Police.....	26,400	-	-	-	26,400
Fire.....	1,987	-	-	-	1,987
Highway department.....	926,204	-	-	-	926,204
Cemetery administration.....	30,110	-	-	-	30,110
Harbormaster.....	384,517	-	-	-	384,517
Golf.....	136,860	-	-	-	136,860
Library.....	139,161	-	-	-	139,161
Recreation and youth.....	112,000	-	-	-	112,000
Assigned to:					
Assessor.....	20,000	-	-	-	20,000
Information technology.....	80,013	-	-	-	80,013
Town clerk.....	14,242	-	-	-	14,242
Fire.....	11,965	-	-	-	11,965
Veterans.....	1,500	-	-	-	1,500
Unassigned.....	11,559,302	-	(9,394,972)	-	2,164,330
Total Fund Balances.....	\$ 13,704,261	\$ 4,962,521	\$ (9,394,972)	\$ 6,581,431	\$ 15,853,241

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, 2020, the CPA fund has a balance of \$4,962,521 and is reported as a major fund in the governmental funds financial statements.

NOTE 11 – RISK FINANCING

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance. The Town participates in a premium-based health care plan for its active and retired employees. The amount of claim settlements has not exceeded insurance coverage in any of the previous three years.

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

The Town carries commercial insurance for worker's compensation claims as well as public safety personnel "injured on duty" insurance in excess of \$40,000 per claim. The Town's share of unpaid liabilities as of June 30, 2020, is immaterial to the financial statements and therefore is not reported.

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

NOTE 12 – PENSION PLAN*Plan Descriptions*

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

Benefits Provided

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

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

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

Contributions

Chapter 32 of the MGL governs the contributions of plan members and member units. Active plan members are required to contribute to the System at rates ranging from 5% to 9% of gross regular compensation with an additional 2% contribution required for compensation exceeding \$30,000. The percentage rate is keyed to the date upon which an employee's membership commences. The member units are required to pay into the BCRA a legislatively mandated actuarial determined contribution that is apportioned among the employers based on active current payroll. The Town's proportionate share of the required contribution was \$3,012,208 and its actual contribution for the year ended June 30, 2020, was \$3,024,763, 21.28% of covered payroll, actuarially determined as an amount that, when combined with plan member contributions, is expected to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability.

Pension Liabilities

At June 30, 2020, the Town reported a liability of \$34,371,684 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020. Accordingly, procedures were used to roll back the total pension liability to the measurement date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At December 31, 2019, the Town's proportion was 4.575%, which is 0.178% more than its proportion measured at December 31, 2018.

Pension Expense

For the year ended June 30, 2020, the Town recognized pension expense of \$4,713,110. At June 30, 2020, the Town reported net deferred outflows of resources and deferred inflows of resources related to pensions of \$5,601,194 and \$2,787,569, respectively.

The balances of deferred outflows and inflows at June 30, 2020, consist of the following:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ -	\$ (289,723)	\$ (289,723)
Difference between projected and actual earnings, net.....	-	(2,054,102)	(2,054,102)
Changes in assumptions.....	3,995,943	-	3,995,943
Changes in proportion and proportionate share of contributions...	<u>1,605,251</u>	<u>(443,744)</u>	<u>1,161,507</u>
Total deferred outflows/(inflows) of resources.....	<u>\$ 5,601,194</u>	<u>\$ (2,787,569)</u>	<u>\$ 2,813,625</u>

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

Year ended June 30:

2021.....	\$ 789,343
2022.....	786,074
2023.....	1,073,318
2024.....	(393,914)
2025.....	<u>558,804</u>
Total.....	<u>\$ 2,813,625</u>

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2020, using the following actuarial assumptions, applied to all periods included in the measurement that was rolled back to December 31, 2019:

Valuation date.....	January 1, 2020
Actuarial cost method.....	Entry Age Actuarial Cost Method.
Projected salary increases.....	3.25%
Cost of living adjustments.....	3% of the first \$18,000.
Investment rate of return/ Discount rate.....	7.15% (previously, 7.375%).
Mortality Rates:	
Pre-Retirement.....	RP-2014 Blue Collar Employee Mortality Table projected generationally with Scale MP-2017.
Healthy Retiree.....	RP-2014 Blue Collar Healthy Annuitant Mortality Table projected generationally with Scale MP-2017.
Disabled Retiree.....	RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year and projected generationally with Scale MP-2017.

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, 2020, are summarized in the following table:

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity.....	21.00%	6.15%
International developed markets equity.....	13.00%	6.78%
International emerging markets equity.....	5.00%	8.65%
Core fixed income.....	15.00%	1.11%
High-yield fixed income.....	8.00%	3.51%
Real estate.....	10.00%	4.33%
Commodities.....	4.00%	4.13%
Hedge fund, GTAA, Risk parity.....	11.00%	3.19%
Private equity.....	13.00%	9.99%
Total.....	100.00%	

Rate of Return

For the year ended December 31, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 16.09%. 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 7.15%. 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 7.15%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.15%) or 1-percentage-point higher (8.15%) than the current rate:

	1% Decrease (6.15%)	Current Discount (7.15%)	1% Increase (8.15%)
	<u> </u>	<u> </u>	<u> </u>
The Town's proportionate share of the net pension liability.....	\$ 45,200,514	\$ 34,371,684	\$ 25,274,219
	<u> </u>	<u> </u>	<u> </u>

Pension Plan Fiduciary Net Position

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

Changes in Assumptions

- The net investment return assumption was lowered from 7.375% to 7.15%.
- The administrative expense assumption was changed from \$1,500,000 to \$1,850,000.

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 2020, the Town’s age-adjusted contribution to the plan totaled \$2.8 million, which includes \$750,000 in pre-funding as described below.

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

During 2020, the Town pre-funded future OPEB liabilities totaling \$750,000 by contributing funds to the Other Postemployment Benefit Fund in excess of the pay-as-you-go required contribution. These funds are reported within the Fiduciary Funds financial statements. As of June 30, 2020, the balance of this fund totaled \$3,346,942.

Summary of Significant Accounting Policies

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan’s fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts (repurchase agreements) that have a maturity at the time of purchase of one year or less, which are reported at cost.

Employees Covered by Benefit Terms

The following table represents the Plan’s membership at June 30, 2018:

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

Components of OPEB Liability

The following table represents the components of the Plan’s OPEB liability as of June 30, 2020:

Total OPEB liability.....	\$ 45,603,872
Less: OPEB plan’s fiduciary net position.....	<u>(3,346,942)</u>
Net OPEB liability.....	<u><u>\$ 42,256,930</u></u>
The OPEB plan’s fiduciary net position as a percentage of the total OPEB liability.....	7.34%

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, 2020, as follows.

Valuation date.....	June 30, 2018
Actuarial cost method.....	Entry age normal - level percentage of payroll.

Inflation rate.....	3.25%
Discount rate.....	5.32% as of June 30, 2020 and 5.85% as of June 30, 2019.
Investment rate of return.....	7.00%
Salary increases.....	<p>Service-related increases for Group 1 (excluding Teachers) and Group 2 employees: 6.0% decreasing over 11 years to an ultimate level of 4.0%.</p> <p>Service-related increases for Group 4 employees: 7.0% decreasing over 8 years to an ultimate level of 4.5%.</p> <p>Service-related increases for Teachers: 7.5% decreasing over 20 years to an ultimate level of 4.0%.</p>
Health care trend rates:	
CCMHG.....	<p>Non-Medicare: 0% for 1 year, then 7.0% decreasing by 0.25% each year to an ultimate level of 4.5% per year.</p> <p>Medicare: 7.25% decreasing by 0.25% each year to an ultimate level of 4.5% per year.</p>
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, 2020, the annual money-weighted rate of return on investments, net of investment expense, was 5.00%. 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, 2020, are summarized in table as follows:

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity.....	21.00%	6.15%
International developed markets equity..	13.00%	6.78%
International emerging markets equity...	5.00%	8.65%
Core fixed income.....	15.00%	1.11%
High-yield fixed income.....	8.00%	3.51%
Real estate.....	10.00%	4.33%
Commodities.....	4.00%	4.13%
Hedge fund, GTAA, Risk parity.....	11.00%	3.19%
Private equity.....	13.00%	9.99%
Total.....	100.00%	

Discount Rate

The discount rate used to measure the total OPEB liability was 5.32% as of June 30, 2020 and 5.85% as of June 30, 2019. 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 (2.21% as of June 30, 2020, and 3.50% as of June 30, 2019).

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, 2019.....	\$ 42,322,158	\$ 2,440,720	\$ 39,881,438
Changes for the year:			
Service cost.....	1,085,819	-	1,085,819
Interest.....	2,480,258	-	2,480,258
Differences between expected and actual experience.....	-	-	-
Changes in assumptions and other inputs.....	1,736,451	-	1,736,451
Contributions - employer.....	-	2,770,814	(2,770,814)
Net investment income.....	-	156,222	(156,222)
Benefit payments.....	(2,020,814)	(2,020,814)	-
Net change.....	<u>3,281,714</u>	<u>906,222</u>	<u>2,375,492</u>
Balances at June 30, 2020.....	<u>\$ 45,603,872</u>	<u>\$ 3,346,942</u>	<u>\$ 42,256,930</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 5.32%, 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 (4.32%) or 1-percentage-point higher (6.32%) than the current discount rate.

	1% Decrease (4.32%)	Current Discount Rate (5.32%)	1% Increase (6.32%)
Net OPEB liability.....	\$ <u>48,297,701</u>	\$ <u>42,256,930</u>	\$ <u>37,264,069</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 as well as what the net other postemployment benefit liability would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rates.

	1% Decrease	Current Trend	1% Increase
Net OPEB liability.....	\$ <u>36,135,132</u>	\$ <u>42,256,930</u>	\$ <u>49,872,829</u>

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

For the year ended June 30, 2020, the Town recognized OPEB expense of \$2,878,565. At June 30, 2020, 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.....	\$ -	\$ (727,938)	\$ (727,938)
Difference between projected and actual earnings, net.....	25,911	-	25,911
Changes in assumptions.....	<u>1,796,738</u>	<u>(166,257)</u>	<u>1,630,481</u>
Total deferred outflows/(inflows) of resources.....	<u>\$ 1,822,649</u>	<u>\$ (894,195)</u>	<u>\$ 928,454</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:

2021.....	\$ 44,542
2022.....	42,714
2023.....	485,732
2024.....	<u>355,466</u>
Total deferred outflows/(inflows) of resources.....	<u>\$ 928,454</u>

Changes of Assumptions

- The discount rate was decreased from 5.85% as of June 30, 2019, to 5.32% as of June 30, 2020.
- This valuation includes the repeal of the excise tax on high cost health plans, which was effective December 20, 2019.

Changes in Plan Provisions – None.

NOTE 14 – COMMITMENTS AND CONTINGENCIES

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

The Town participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* through June 30, 2020, 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, 2020, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2020.

The general fund has various commitments for goods and services related to articles and encumbrances totaling \$2,017,239 and \$127,720, respectively.

NOTE 15 – NATURAL DISASTERS

A category EF-1 tornado touched down in the Town in July of 2019, causing widespread damage, downed trees, and power outages. A state of emergency was declared, and the Town received state relief totaling \$1.2 million. The tornado relief and associated expenses are reported as extraordinary items.

NOTE 16 – COVID-19

On March 10, 2020, the Massachusetts Governor declared a state of emergency in response to the coronavirus outbreak. The World Health Organization officially declared the novel Coronavirus (COVID-19) a pandemic the following day. In an attempt to slow the spread of COVID-19, governments issued various stay at home orders that caused global economic shutdowns and substantial financial market impact. Starting in March 2020, the Governor continued to issue orders allowing governments to operate and carry out essential functions safely. These included modifying the state's Open Meeting Law, issuing a stay-at-home order, and introducing a phased approach to reopening State businesses. The Town is considered an essential business and although it was closed to the public for a period of time, departments remained operational and most employees continued to perform their daily duties. A number of businesses have been forced to stop or significantly reduce operations decreasing the Town's portion of certain revenue. The Town has also incurred unanticipated costs specifically related to the pandemic.

On March 27, 2020, the United States Federal Government established the Coronavirus Aid, Relief and Economic Security (CARES) Act in response to the economic downfall caused by the COVID-19 pandemic. This Act requires that the payment from these funds be used only to cover expenses that; are necessary expenditures incurred due to the public health emergency with respect COVID-19; were not accounted for in the budget most recently approved as of March 27, 2020; and were incurred during the period that begins on March 1, 2020, and ends on December 30, 2020. The Commonwealth and communities throughout the Commonwealth were awarded a portion of this federal funding. In addition to funding from the CARES Act, there are several other federal and state grants available.

The full extent of the financial impact cannot be determined as of the date of the financial statements.

NOTE 17 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 28, 2020, which is the date the financial statements were available to be issued.

NOTE 18 – RESTATEMENT OF NET POSITION PREVIOUSLY REPORTED

Beginning net position of the governmental activities and the water enterprise funds within the business-type activities have been restated as management has determined that it would be preferable to use the respective year end measurement dates for GASB Statement #75 to coincide with similar information reported for GASB Statement #74. Accordingly, the beginning net position was updated to bring the measurement date from June 30, 2018, to June 30, 2019. The cumulative effect of the revision and the restatement is as follows:

	Previously Reported Balances	Restated for update of OPEB measurement date	Restated Balances
Government-Wide Financial Statements			
Governmental activities.....	\$ 21,180,869	\$ (2,355,337)	\$ 18,825,532
Business-type activities.....	10,726,382	(168,703)	10,557,679
Total.....	<u>\$ 31,907,251</u>	<u>\$ (2,524,040)</u>	<u>\$ 29,383,211</u>
Business-type Activities - Enterprise Funds			
Water Enterprise Fund.....	<u>\$ 10,656,382</u>	<u>\$ (168,703)</u>	<u>\$ 10,487,679</u>

NOTE 19 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During 2020, the following GASB pronouncement was implemented:

- GASB Statement #95, Postponement of the Effective Dates of Certain Authoritative Guidance. This pronouncement postponed the effective dates of certain provisions in GASB Statements and Implementation Guides that first became effective or are scheduled to be effective for periods beginning after June 15, 2018 or later.

The following GASB pronouncements will be implemented in the future:

- The GASB issued Statement #84, Fiduciary Activities, which is required to be implemented in 2021.
- The GASB issued Statement #87, Leases, which is required to be implemented in 2022.
- The GASB issued Statement #89, Accounting for Interest Cost Incurred before the End of a Construction Period, which is required to be implemented in 2022.
- The GASB issued Statement #90, Majority Equity Interests – an amendment of GASB Statements #14 and #61, which is required to be implemented in 2021.
- The GASB issued Statement #91, Conduit Debt Obligations, which is required to be implemented in 2023.
- The GASB issued Statement #92, Omnibus 2020, which is required to be implemented in 2022.
- The GASB issued Statement #93, Replacement of Interbank Offered Rates, which is required to be implemented in 2022.

- The GASB issued Statement #94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which is required to be implemented in 2023.
- The GASB issued Statement #96, *Subscription-Based Information Technology Arrangements*, which is required to be implemented in 2023.
- The GASB issued Statement #97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, in which certain paragraphs are required to be implemented in 2021 and 2022.

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

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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, 2020

	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			
REVENUES:							
Real estate and personal property taxes, net of tax refunds.....	\$ -	\$ 51,707,990	\$ 51,707,990	\$ 51,707,990	\$ 51,681,067	\$ -	\$ (26,923)
Motor vehicle and other excise taxes.....	-	2,350,000	2,350,000	2,350,000	2,294,569	-	(55,431)
Hotel/motel tax.....	-	680,000	680,000	680,000	905,397	-	225,397
Meals tax.....	-	420,000	420,000	420,000	445,497	-	25,497
Charges for services.....	-	1,600,000	1,600,000	1,600,000	1,601,026	-	1,026
Penalties and interest on taxes and excise.....	-	385,994	385,994	385,994	288,776	-	(97,218)
Fees and rentals.....	-	10,500	10,500	10,500	50,803	-	40,303
Recreation fees.....	-	3,050,000	3,050,000	3,050,000	3,029,257	-	(20,743)
Sanitation fees.....	-	3,210,000	3,210,000	3,210,000	3,209,427	-	(573)
Payments in lieu of taxes.....	-	55,000	55,000	55,000	62,471	-	7,471
Licenses and permits.....	-	900,000	900,000	900,000	883,702	-	(16,298)
Intergovernmental - state aid.....	-	691,174	691,174	691,174	621,101	-	(70,073)
Intergovernmental - other.....	-	-	-	844,876	1,259,150	-	414,274
Departmental and other.....	-	838,800	838,800	838,800	885,500	-	46,700
Investment income.....	-	225,039	225,039	225,039	213,127	-	(11,912)
TOTAL REVENUES.....	-	66,124,497	66,124,497	66,969,373	67,430,870	-	461,497
EXPENDITURES:							
Current:							
General government							
Moderator							
Salaries.....	-	1,000	1,000	1,000	-	-	1,000
Selectmen							
Salaries.....	-	12,500	12,500	12,500	12,000	-	500
Expenditures.....	-	8,575	8,575	7,475	5,737	-	1,738
Selectmen Articles.....	502	-	502	502	502	-	-
Total.....	502	21,075	21,577	20,477	18,239	-	2,238
Finance Committee							
Salaries.....	-	3,000	3,000	3,000	76	-	2,924
Expenditures.....	-	2,000	2,000	2,000	1,824	-	176
Total.....	-	5,000	5,000	5,000	1,900	-	3,100
Finance Committee Reserve Fund.....							
-	-	125,000	125,000	115,000	-	-	115,000
Town Accountant							
Salaries.....	-	254,601	254,601	258,180	258,180	-	-
Expenditures.....	-	10,875	10,875	10,875	6,991	-	3,884
Audit.....	-	40,000	40,000	40,000	40,000	-	-
Total.....	-	305,476	305,476	309,055	305,171	-	3,884
Assessor							
Salaries.....	-	215,571	215,571	207,423	178,746	-	28,677
Expenditures.....	-	107,780	107,780	107,780	85,333	20,000	2,447
Total.....	-	323,351	323,351	315,203	264,079	20,000	31,124
Town Collections							
Salaries.....	-	16,000	16,000	16,000	9,425	-	6,575
Expenditures.....	-	3,800	3,800	3,800	3,700	-	100
Total.....	-	19,800	19,800	19,800	13,125	-	6,675
Postage.....							
-	-	55,000	55,000	55,000	47,487	-	7,513
Treasurer							
Salaries.....	-	281,585	281,585	281,585	276,731	-	4,854
Expenditures.....	-	106,974	106,974	106,974	101,574	-	5,400
Total.....	-	388,559	388,559	388,559	378,305	-	10,254
Medicare.....							
-	-	318,271	318,271	348,271	337,251	-	11,020
Administration							
Salaries.....	-	459,259	459,259	494,709	494,695	-	14
Expenditures.....	-	81,879	81,879	927,855	929,928	-	(2,073)
Capital Outlay.....	-	5,500	5,500	5,500	3,013	-	2,487
Articles.....	-	166,734	166,734	166,734	56,170	60,000	50,564
Total.....	-	713,372	713,372	1,594,798	1,483,806	60,000	50,992
Legal Services							
Expenditures.....	-	185,000	185,000	185,000	140,192	-	44,808
Claims and Suits.....	-	500	500	500	-	-	500
Total.....	-	185,500	185,500	185,500	140,192	-	45,308
Information Technology							
Salaries.....	-	178,233	178,233	178,233	108,577	-	69,656
Expenditures.....	42,533	274,681	317,214	317,214	202,496	80,013	34,705
Articles.....	3,120	-	3,120	3,120	3,120	-	-
Total.....	45,653	452,914	498,567	498,567	314,193	80,013	104,361

(Continued)

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

YEAR ENDED JUNE 30, 2020

	Budgeted Amounts				Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Amounts Carried Forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget			
IT Channel 18							
Salaries.....	-	137,114	137,114	137,114	128,625	-	8,489
Expenditures.....	-	31,480	31,480	31,480	15,772	-	15,708
Total.....	-	168,594	168,594	168,594	144,397	-	24,197
Constable							
Salaries.....	-	708	708	708	375	-	333
Town Clerk							
Salaries.....	-	253,417	253,417	253,417	240,754	-	12,663
Expenditures.....	30,746	37,368	68,114	68,114	51,129	14,242	2,743
Total.....	30,746	290,785	321,531	321,531	291,883	14,242	15,406
Conservation							
Salaries.....	-	154,865	154,865	154,865	149,475	-	5,390
Expenditures.....	-	9,185	9,185	9,185	4,390	-	4,795
Total.....	-	164,050	164,050	164,050	153,865	-	10,185
Town Planner							
Salaries.....	-	93,443	93,443	93,443	93,093	-	350
Expenditures.....	-	4,831	4,831	4,531	3,428	-	1,103
Articles.....	-	200,000	200,000	200,000	-	200,000	-
Total.....	-	298,274	298,274	297,974	96,521	200,000	1,453
Board of Appeals							
Expenditures.....	-	735	735	735	124	-	611
Buildings							
Albro House Expenditures.....	-	6,355	6,355	6,355	2,177	-	4,178
Old Recreation Building Expenditures.....	-	7,627	7,627	7,627	5,001	-	2,626
West Harwich School Expenditures.....	-	1,424	1,424	1,424	365	-	1,059
Total.....	-	15,406	15,406	15,406	7,543	-	7,863
Community Development.....							
Salaries.....	-	235,636	235,636	235,636	211,841	-	23,795
Expenditures.....	-	14,762	14,762	14,762	6,596	-	8,166
Total.....	-	250,398	250,398	250,398	218,437	-	31,961
Public Building Repair.....	-	2,133	2,133	2,133	-	-	2,133
Town Reports.....	-	10,000	10,000	10,000	5,961	-	4,039
Advertising.....	-	17,000	17,000	17,000	4,788	-	12,212
Total General Government.....	76,901	4,132,401	4,209,302	5,104,759	4,227,642	374,255	502,862
Public safety							
Police							
Salaries.....	-	3,900,044	3,900,044	3,900,044	3,554,438	-	345,606
Expenditures.....	-	569,515	569,515	569,515	375,891	-	193,624
Capital Outlay.....	-	88,512	88,512	88,512	85,811	-	2,701
Articles.....	6,435	41,310	47,745	47,745	16,411	26,400	4,934
Total.....	6,435	4,599,381	4,605,816	4,605,816	4,032,551	26,400	546,865
Fire							
Salaries.....	-	3,990,453	3,990,453	3,990,453	3,744,052	-	246,401
Expenditures.....	-	450,762	450,762	450,762	356,868	11,965	81,929
Articles.....	91,812	25,000	116,812	112,347	25,849	1,987	84,511
Total.....	91,812	4,466,215	4,558,027	4,553,562	4,126,769	13,952	412,841
Ambulance							
Salaries.....	-	168,750	168,750	168,750	86,233	-	82,517
Expenditures.....	-	122,495	122,495	122,495	122,332	-	163
Total.....	-	291,245	291,245	291,245	208,565	-	82,680
Total Public Safety.....	98,247	9,356,841	9,455,088	9,450,623	8,367,885	40,352	1,042,386
School							
Cape Cod Regional Technical High School.....	-	2,332,198	2,332,198	2,332,198	2,317,475	-	14,723
Monomoy Regional School District.....	-	26,726,175	26,726,175	26,726,175	26,725,415	-	760
Total School.....	-	29,058,373	29,058,373	29,058,373	29,042,890	-	15,483

(Continued)

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

YEAR ENDED JUNE 30, 2020

	Budgeted Amounts				Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Amounts Carried Forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget			
Public Works							
Building							
Salaries.....	-	322,832	322,832	322,832	283,536	-	39,296
Expenditures.....	-	20,197	20,197	20,197	10,568	-	9,629
Total.....	-	343,029	343,029	343,029	294,104	-	48,925
Emergency Management							
Salaries.....	-	5,315	5,315	5,315	2,300	-	3,015
Expenditures.....	-	8,500	8,500	8,150	7,076	-	1,074
Total.....	-	13,815	13,815	13,465	9,376	-	4,089
Natural Resources							
Salaries.....	-	110,639	110,639	110,639	110,546	-	93
Expenditures.....	-	28,380	28,380	28,380	21,523	-	6,857
Total.....	-	139,019	139,019	139,019	132,069	-	6,950
Pleasant Bay Alliance.....	-	23,760	23,760	23,760	23,760	-	-
Town Engineer							
Salaries.....	-	112,310	112,310	115,710	115,709	-	1
Expenditures.....	1,922	65,670	67,592	67,592	28,677	-	38,915
Total.....	1,922	177,980	179,902	183,302	144,386	-	38,916
Highway Department							
Salaries.....	-	2,730,843	2,730,843	2,730,843	2,578,958	-	151,885
Expenditures.....	-	2,946,182	2,946,182	2,946,182	2,690,058	-	256,124
Articles.....	451,295	891,225	1,342,520	1,342,520	146,681	926,204	269,635
Total.....	451,295	6,568,250	7,019,545	7,019,545	5,415,697	926,204	677,644
Snow & Ice							
Salaries.....	-	40,000	40,000	37,905	25,914	-	11,991
Expenditures.....	-	95,000	95,000	95,000	66,956	-	28,044
Total.....	-	135,000	135,000	132,905	92,870	-	40,035
Street Lights.....	-	40,000	40,000	40,000	30,356	-	9,644
Cemetery Administration							
Salaries.....	-	69,431	69,431	70,041	70,040	-	1
Expenditures.....	-	5,613	5,613	5,613	4,670	-	943
Articles.....	-	30,110	30,110	30,110	-	30,110	-
Total.....	-	105,154	105,154	105,764	74,710	30,110	944
Total Public Works.....	453,217	7,546,007	7,999,224	8,000,789	6,217,328	956,314	827,147
Human services							
Board of Health							
Salaries.....	-	193,864	193,864	193,864	183,249	-	10,615
Expenditures.....	-	16,930	16,930	16,930	8,331	-	8,599
Total.....	-	210,794	210,794	210,794	191,580	-	19,214
Community Center							
Salaries.....	-	185,368	185,368	185,478	185,474	-	4
Expenditures.....	706	142,256	142,962	143,262	109,176	-	34,086
Total.....	706	327,624	328,330	328,740	294,650	-	34,090
Council on Aging							
Salaries.....	-	377,594	377,594	377,594	361,825	-	15,769
Expenditures.....	-	77,507	77,507	77,507	55,275	-	22,232
Total.....	-	455,101	455,101	455,101	417,100	-	38,001
Youth Counselor							
Salaries.....	-	93,443	93,443	93,443	93,443	-	-
Expenditures.....	-	4,310	4,310	4,310	4,221	-	89
Total.....	-	97,753	97,753	97,753	97,664	-	89
Veterans							
Expenditures/Benefits.....	300	125,263	125,563	140,563	133,899	1,500	5,164
Disability Rights							
Expenditures.....	-	500	500	500	-	-	500
Human Services.....	-	82,250	82,250	82,250	79,450	-	2,800
Total Human Services.....	1,006	1,299,285	1,300,291	1,315,701	1,214,343	1,500	99,858

(Continued)

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

YEAR ENDED JUNE 30, 2020

	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			
Culture and Recreation							
Library							
Salaries.....	-	713,112	713,112	713,112	696,848	-	16,264
Expenditures.....	2,703	282,372	285,075	285,075	248,848	-	36,227
Articles.....	53,341	110,000	163,341	198,339	59,177	139,161	1
Total.....	56,044	1,105,484	1,161,528	1,196,526	1,004,873	139,161	52,492
Recreation and Youth							
Seasonal Salaries.....	-	228,507	228,507	228,507	208,379	-	20,128
Salaries.....	-	264,615	264,615	264,615	253,707	-	10,908
Expenditures.....	-	45,575	45,575	45,575	37,671	-	7,904
Capital Outlay.....	23,120	12,000	35,120	35,120	15,295	-	19,825
Articles.....	7,058	112,000	119,058	119,059	-	112,000	7,059
Total.....	30,178	662,697	692,875	692,876	515,052	112,000	65,824
Harbormaster							
Salaries.....	-	333,851	333,851	333,851	324,300	-	9,551
Expenditures.....	223	253,280	253,503	226,170	107,199	-	118,971
Articles.....	351,602	127,000	478,602	478,602	33,216	384,517	60,869
Total.....	351,825	714,131	1,065,956	1,038,623	464,715	384,517	189,391
Brooks Museum Commission							
Expenditures.....	-	12,894	12,894	12,894	7,841	-	5,053
Historical Commission							
Expenditures.....	-	350	350	350	-	-	350
Celebrations.....	-	1,600	1,600	1,600	-	-	1,600
Golf							
Salaries.....	-	917,841	917,841	917,841	795,295	-	122,546
Expense.....	13,631	676,766	690,397	690,397	535,219	-	155,178
Capital Outlays.....	-	73,000	73,000	73,000	13,829	-	59,171
Articles.....	76,668	110,000	186,668	171,860	-	136,860	35,000
Total.....	90,299	1,777,607	1,867,906	1,853,098	1,344,343	136,860	371,895
Electricity-CVEC.....	-	69,610	69,610	71,705	71,705	-	-
Total Culture and Recreation.....	528,346	4,344,373	4,872,719	4,867,672	3,408,529	772,538	686,605
Contributory Pension.....	-	3,024,763	3,024,763	3,024,763	3,024,763	-	-
Unemployment Compensation.....	-	15,000	15,000	15,000	16,281	-	(1,281)
Group Health Insurance.....	-	5,490,067	5,490,067	5,368,137	5,251,199	-	116,938
General Insurance.....	-	800,830	800,830	817,466	809,489	-	7,977
State and County Charges.....	-	701,867	701,867	737,161	737,501	-	(340)
Debt Service							
Debt Service Principal.....	-	3,727,853	3,727,853	3,522,393	3,301,950	-	220,443
Debt Service Interest.....	-	1,651,273	1,651,273	1,411,423	1,222,810	-	188,613
Total.....	-	5,379,126	5,379,126	4,933,816	4,524,760	-	409,056
TOTAL EXPENDITURES.....	1,157,717	71,148,933	72,306,650	72,694,260	66,842,610	2,144,959	3,706,691
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(1,157,717)	(5,024,436)	(6,182,153)	(5,724,887)	588,260	(2,144,959)	4,168,188
OTHER FINANCING SOURCES (USES):							
Transfers in.....	-	2,146,090	2,146,090	2,146,090	2,121,492	-	(24,598)
Transfers out.....	-	(778,600)	(778,600)	(1,270,868)	(1,270,868)	-	-
TOTAL OTHER FINANCING SOURCES (USES).....	-	1,367,490	1,367,490	875,222	850,624	-	(24,598)
NET CHANGE IN FUND BALANCE.....	(1,157,717)	(3,656,946)	(4,814,663)	(4,849,665)	1,438,884	(2,144,959)	4,143,590
BUDGETARY FUND BALANCE, Beginning of year.....	-	7,423,491	7,423,491	7,423,491	7,423,491	-	-
BUDGETARY FUND BALANCE, End of year.....	\$ (1,157,717)	\$ 3,766,545	\$ 2,608,828	\$ 2,573,826	\$ 8,862,375	\$ (2,144,959)	\$ 4,143,590

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, 2020

	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			
REVENUES:							
Community preservation taxes.....	\$ -	\$ 1,503,670	\$ 1,503,670	\$ 1,503,670	\$ 1,518,544	\$ -	\$ 14,874
Community preservation state match.....	-	180,440	180,440	180,440	400,087	-	219,647
Penalties and interest.....	-	-	-	-	2,651	-	2,651
Investment income.....	-	2,000	2,000	2,000	65,509	-	63,509
TOTAL REVENUES.....	-	1,686,110	1,686,110	1,686,110	1,986,791	-	300,681
EXPENDITURES:							
Community preservation.....	2,534,440	822,450	3,356,890	2,416,984	542,471	1,673,357	201,156
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(2,534,440)	863,660	(1,670,780)	(730,874)	1,444,320	(1,673,357)	501,837
OTHER FINANCING SOURCES (USES):							
Transfers out.....	-	(553,700)	(553,700)	(553,700)	(1,363,700)	-	(810,000)
NET CHANGE IN FUND BALANCE.....	(2,534,440)	309,960	(2,224,480)	(1,284,574)	80,620	(1,673,357)	(308,163)
BUDGETARY FUND BALANCE, Beginning of year.....	-	4,881,901	4,881,901	4,881,901	4,881,901	-	-
BUDGETARY FUND BALANCE, End of year.....	\$ (2,534,440)	\$ 5,191,861	\$ 2,657,421	\$ 3,597,327	\$ 4,962,521	\$ (1,673,357)	\$ (308,163)

See notes to required supplementary information.

Pension Plan Schedules

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

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

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

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

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

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

See notes to required supplementary information.

SCHEDULE OF THE TOWN'S CONTRIBUTIONS
BARNSTABLE COUNTY RETIREMENT ASSOCIATION

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

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

See notes to required supplementary information.

Other Postemployment Benefit Plan Schedules

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

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

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

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

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

	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020
Total OPEB Liability				
Service Cost.....	\$ 1,078,218	\$ 1,013,394	\$ 1,073,425	\$ 1,085,819
Interest.....	1,971,659	2,095,434	2,181,931	2,480,258
Changes of benefit terms.....	-	-	-	-
Differences between expected and actual experience...	-	(1,819,848)	985,195	-
Changes of assumptions.....	(2,139,815)	(415,644)	-	1,736,451
Benefit payments.....	<u>(1,866,279)</u>	<u>(1,950,262)</u>	<u>(2,039,829)</u>	<u>(2,020,814)</u>
Net change in total OPEB liability.....	(956,217)	(1,076,926)	2,200,722	3,281,714
Total OPEB liability - beginning.....	<u>42,154,579</u>	<u>41,198,362</u>	<u>40,121,436</u>	<u>42,322,158</u>
Total OPEB liability - ending (a).....	<u>\$ 41,198,362</u>	<u>\$ 40,121,436</u>	<u>\$ 42,322,158</u>	<u>\$ 45,603,872</u>
Plan fiduciary net position				
Employer contributions to the trust.....	\$ 100,000	\$ 203,000	\$ 1,396,925	\$ 750,000
Employer contributions for OPEB payments.....	1,866,279	1,950,262	2,039,829	2,020,814
Net investment income.....	31,824	33,432	140,111	156,222
Benefit payments.....	<u>(1,866,279)</u>	<u>(1,950,262)</u>	<u>(2,039,829)</u>	<u>(2,020,814)</u>
Net change in plan fiduciary net position.....	131,824	236,432	1,537,036	906,222
Plan fiduciary net position - beginning of year.....	<u>535,428</u>	<u>667,252</u>	<u>903,684</u>	<u>2,440,720</u>
Plan fiduciary net position - end of year (b).....	<u>\$ 667,252</u>	<u>\$ 903,684</u>	<u>\$ 2,440,720</u>	<u>\$ 3,346,942</u>
Net OPEB liability - ending (a)-(b).....	<u>\$ 40,531,110</u>	<u>\$ 39,217,752</u>	<u>\$ 39,881,438</u>	<u>\$ 42,256,930</u>
Plan fiduciary net position as a percentage of the total OPEB liability.....	1.62%	2.25%	5.77%	7.34%
Covered-employee payroll.....	\$ 15,514,239	\$ 17,311,507	\$ 16,433,655	16,597,992
Net OPEB liability as a percentage of covered-employee payroll.....	261.25%	226.54%	242.68%	254.59%

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.

N/A = Information not 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, 2020.....	\$ 2,965,460	\$ (2,770,814)	\$ 194,646	\$ 16,597,992	16.69%
June 30, 2019.....	2,872,116	(3,436,754)	(564,638)	16,433,655	20.91%
June 30, 2018.....	2,492,688	(2,153,262)	339,426	17,311,507	12.44%
June 30, 2017.....	2,408,394	(1,966,279)	442,115	15,514,239	12.67%

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

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

N/A = Information not available

See notes to required supplementary information.

SCHEDULE OF INVESTMENT RETURNS
OTHER POSTEMPLOYMENT BENEFIT PLAN

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

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

See notes to required supplementary information.

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

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

Supplementary appropriations are voted at special town meetings.

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

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

The Town adopts an annual budget for the General Fund in conformity with the guidelines described above. The original 2020 approved budget for the General Fund includes \$71.9 million in current year appropriations and other amounts to be raised and \$1.2 million in encumbrances and appropriations carried over from previous years. During 2020, the Town approved various transfers within appropriation lines in the General Fund along with supplemental appropriations totaling \$845,000.

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, 2020, are presented on the following page.

General Fund:

Net change in fund balance - budgetary basis.....	\$ 1,438,884
<u>Perspective differences:</u>	
Activity of the stabilization fund recorded in the general fund for GAAP.....	794,275
<u>Basis of accounting differences:</u>	
Net change in recording 60 day receipts.....	<u>100,352</u>
Net change in fund balance - GAAP basis.....	<u>\$ 2,333,511</u>

Community Preservation Fund:

Net change in fund balance - budgetary basis.....	\$ <u>80,620</u>
Net change in fund balance - GAAP basis.....	\$ <u>80,620</u>

C. Appropriation Deficits

Expenditures exceeded appropriations for administration expenditures, unemployment compensation, and state and county charges. 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, the proportionate share of the net pension liability, and the covered employee payroll. It also demonstrates the net position as a percentage of the pension liability and the net pension liability as a percentage of covered payroll.

B. Schedule of the Town’s Contributions

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

C. Changes in Assumptions

- The net investment return assumption was lowered from 7.375% to 7.15%.
- The administrative expense assumption was changed from \$1,500,000 to \$1,850,000.

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
Actuarial cost method.....	Entry age normal - level percentage of payroll.
Inflation rate.....	3.25%
Discount rate.....	5.32% as of June 30, 2020 and 5.85% as of June 30, 2019.
Investment rate of return.....	7.00%
Salary increases.....	Service-related increases for Group 1 (excluding Teachers) and Group 2 employees: 6.0% decreasing over 11 years to an ultimate level of 4.0%. Service-related increases for Group 4 employees: 7.0% decreasing over 8 years to an ultimate level of 4.5%. Service-related increases for Teachers: 7.5% decreasing over 20 years to an ultimate level of 4.0%.

Health care trend rates:

CCMHG.....	Non-Medicare: 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

- The discount rate was decreased from 5.85% as of June 30, 2019, to 5.32% as of June 30, 2020.
- This valuation includes the repeal of the excise tax on high cost health plans, which was effective December 20, 2019.

E. Changes in Plan Provisions

None.

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:

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

Permanent Funds

Permanent Funds are used to account for financial resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support governmental programs. The Town's grouping for nonmajor permanent funds is as described as follows:

- ***Library Trust 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, 2020

	Special Revenue Funds					
	Federal Grants	State Grants	Local Gifts and Grant	Highway Improvement Grants	Revolving	Receipts Reserved for Appropriations
ASSETS						
Cash and cash equivalents.....	\$ -	\$ 254,906	\$ 251,884	\$ 205,803	\$ 1,205,839	\$ 2,478,634
Investments.....	-	-	-	-	-	-
Receivables, net of uncollectibles:						
Intergovernmental - other.....	110,588	-	-	1,117,670	-	-
Special assessments.....	-	-	-	-	-	357,514
Inventory.....	-	-	-	-	57,010	-
TOTAL ASSETS.....	\$ 110,588	\$ 254,906	\$ 251,884	\$ 1,323,473	\$ 1,262,849	\$ 2,836,148
LIABILITIES						
Warrants payable.....	\$ 30,274	\$ 62,508	\$ 426	\$ 519,822	\$ 18,249	\$ 4,720
Accrued payroll.....	24,247	920	-	-	2,943	-
Due to other funds.....	17,125	-	-	-	-	-
TOTAL LIABILITIES.....	71,646	63,428	426	519,822	21,192	4,720
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue.....	-	-	-	784,315	25,845	357,514
FUND BALANCES						
Nonspendable.....	-	-	-	-	57,010	-
Restricted.....	38,942	191,478	251,458	19,336	1,158,802	2,473,914
TOTAL FUND BALANCES.....	38,942	191,478	251,458	19,336	1,215,812	2,473,914
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....	\$ 110,588	\$ 254,906	\$ 251,884	\$ 1,323,473	\$ 1,262,849	\$ 2,836,148

Special Revenue Funds			Capital Project Funds		
Other Special Revenue	Special Revenue Trust Funds	Subtotal	Wychmere Pier	Saquatucket Harbor	Subtotal
\$ 98,209	\$ 1,036,213	\$ 5,531,488	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	1,228,258	-	-	-
-	-	357,514	-	-	-
-	-	57,010	-	-	-
<u>\$ 98,209</u>	<u>\$ 1,036,213</u>	<u>\$ 7,174,270</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 4,333	\$ 10,556	\$ 650,888	\$ -	\$ -	\$ -
-	-	28,110	-	-	-
-	-	17,125	-	-	-
<u>4,333</u>	<u>10,556</u>	<u>696,123</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	1,167,674	-	-	-
-	10,000	67,010	-	-	-
<u>93,876</u>	<u>1,015,657</u>	<u>5,243,463</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>93,876</u>	<u>1,025,657</u>	<u>5,310,473</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 98,209</u>	<u>\$ 1,036,213</u>	<u>\$ 7,174,270</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET**

JUNE 30, 2020

	Permanent Funds				Total Nonmajor Governmental Funds
	Library Trust Funds	Cemetery Trust Funds	Other Trust Funds	Subtotal	
ASSETS					
Cash and cash equivalents.....	\$ -	\$ 477,264	\$ 31,974	\$ 509,238	\$ 6,040,726
Investments.....	762,680	-	-	762,680	762,680
Receivables, net of uncollectibles:					
Intergovernmental - other.....	-	-	-	-	1,228,258
Special assessments.....	-	-	-	-	357,514
Inventory.....	-	-	-	-	57,010
TOTAL ASSETS.....	\$ 762,680	\$ 477,264	\$ 31,974	\$ 1,271,918	\$ 8,446,188
LIABILITIES					
Warrants payable.....	\$ 960	\$ -	\$ -	\$ 960	\$ 651,848
Accrued payroll.....	-	-	-	-	28,110
Due to other funds.....	-	-	-	-	17,125
TOTAL LIABILITIES.....	960	-	-	960	697,083
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue.....	-	-	-	-	1,167,674
FUND BALANCES					
Nonspendable.....	37,606	443,004	30,607	511,217	578,227
Restricted.....	724,114	34,260	1,367	759,741	6,003,204
TOTAL FUND BALANCES.....	761,720	477,264	31,974	1,270,958	6,581,431
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....	\$ 762,680	\$ 477,264	\$ 31,974	\$ 1,271,918	\$ 8,446,188

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

YEAR ENDED JUNE 30, 2020

	Special Revenue Funds					
	Federal Grants	State Grants	Local Gifts and Grants	Highway Improvement Grants	Revolving	Receipts Reserved for Appropriations
REVENUES:						
Motor vehicle and other excise taxes.....	\$ -	\$ -	\$ -	\$ -	\$ -	26,421
Charges for services.....	-	-	-	-	14,586	-
Penalties and interest on taxes.....	-	-	-	-	-	17,712
Fees and rentals.....	-	-	-	-	-	96,704
Intergovernmental - other.....	56,439	291,168	599	789,063	-	8,165
Intergovernmental - COVID-19 relief.....	158,273	-	-	-	-	-
Departmental and other.....	-	2,739	40,167	-	649,709	471,347
Special assessments.....	-	-	-	-	-	103,940
Contributions and donations.....	-	400	28,068	-	-	-
Investment income.....	-	-	-	-	-	-
TOTAL REVENUES.....	214,712	294,307	68,834	789,063	664,295	724,289
EXPENDITURES:						
Current:						
General government.....	-	27,587	6,597	-	-	-
Public safety.....	64,591	8,288	7,524	-	-	-
Public works.....	-	152,910	-	963,517	82,809	20,450
Human services.....	-	56,703	1,756	-	72,361	-
Culture and recreation.....	7,722	54,860	4,474	-	310,317	8,165
COVID-19.....	158,273	-	-	-	-	-
TOTAL EXPENDITURES.....	230,586	300,348	20,351	963,517	465,487	28,615
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(15,874)	(6,041)	48,483	(174,454)	198,808	695,674
OTHER FINANCING SOURCES (USES):						
Premium from issuance of notes.....	-	-	-	-	-	-
Transfers in.....	4,465	38,089	-	-	14,810	-
Transfers out.....	(13,815)	(10,406)	-	-	(249,000)	(584,682)
TOTAL OTHER FINANCING SOURCES (USES).....	(9,350)	27,683	-	-	(234,190)	(584,682)
NET CHANGE IN FUND BALANCES.....	(25,224)	21,642	48,483	(174,454)	(35,382)	110,992
FUND BALANCES AT BEGINNING OF YEAR.....	64,166	169,836	202,975	193,790	1,251,194	2,362,922
FUND BALANCES AT END OF YEAR.....	\$ 38,942	\$ 191,478	\$ 251,458	\$ 19,336	\$ 1,215,812	\$ 2,473,914

Special Revenue Funds			Capital Project Funds		
Other Special Revenue	Special Revenue Trust Funds	Subtotal	Wychmere Pier	Saquatucket Harbor	Subtotal
\$ -	\$ -	\$ 26,421	\$ -	\$ -	\$ -
-	-	14,586	-	-	-
-	-	17,712	-	-	-
-	-	96,704	-	-	-
4,900	-	1,150,334	-	-	-
-	-	158,273	-	-	-
25,730	136,166	1,325,858	-	-	-
-	-	103,940	-	-	-
4,871	-	33,339	-	-	-
-	2,520	2,520	-	-	-
<u>35,501</u>	<u>138,686</u>	<u>2,929,687</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	39,062	73,246	-	-	-
5,794	17,740	103,937	-	-	-
-	-	1,219,686	2,180	-	2,180
-	-	130,820	-	-	-
17,651	-	403,189	-	1,064	1,064
-	-	158,273	-	-	-
<u>23,445</u>	<u>56,802</u>	<u>2,089,151</u>	<u>2,180</u>	<u>1,064</u>	<u>3,244</u>
<u>12,056</u>	<u>81,884</u>	<u>840,536</u>	<u>(2,180)</u>	<u>(1,064)</u>	<u>(3,244)</u>
-	-	-	-	586	586
3,600	810,000	870,964	18,610	19,214	37,824
-	-	(857,903)	(6,091)	-	(6,091)
<u>3,600</u>	<u>810,000</u>	<u>13,061</u>	<u>12,519</u>	<u>19,800</u>	<u>32,319</u>
15,656	891,884	853,597	10,339	18,736	29,075
<u>78,220</u>	<u>133,773</u>	<u>4,456,876</u>	<u>(10,339)</u>	<u>(18,736)</u>	<u>(29,075)</u>
<u>\$ 93,876</u>	<u>\$ 1,025,657</u>	<u>\$ 5,310,473</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

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

YEAR ENDED JUNE 30, 2020

	Permanent Funds				Total Nonmajor Governmental Funds
	Library Trust Funds	Cemetery Trust Funds	Other Trust Funds	Subtotal	
REVENUES:					
Motor vehicle and other excise taxes.....	\$ -	\$ -	\$ -	\$ -	\$ 26,421
Charges for services.....	-	-	-	-	14,586
Penalties and interest on taxes.....	-	-	-	-	17,712
Fees and rentals.....	-	-	-	-	96,704
Intergovernmental - other.....	-	-	-	-	1,150,334
Intergovernmental - COVID-19 relief.....	-	-	-	-	158,273
Departmental and other.....	-	-	-	-	1,325,858
Special assessments.....	-	-	-	-	103,940
Contributions and donations.....	-	4,890	-	4,890	38,229
Investment income.....	40,617	6,091	410	47,118	49,638
TOTAL REVENUES.....	40,617	10,981	410	52,008	2,981,695
EXPENDITURES:					
Current:					
General government.....	-	-	-	-	73,246
Public safety.....	-	-	-	-	103,937
Public works.....	-	-	-	-	1,221,866
Human services.....	-	-	-	-	130,820
Culture and recreation.....	10,819	-	-	10,819	415,072
COVID-19.....	-	-	-	-	158,273
TOTAL EXPENDITURES.....	10,819	-	-	10,819	2,103,214
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	29,798	10,981	410	41,189	878,481
OTHER FINANCING SOURCES (USES):					
Premium from issuance of notes.....	-	-	-	-	586
Transfers in.....	-	-	-	-	908,788
Transfers out.....	-	-	-	-	(863,994)
TOTAL OTHER FINANCING SOURCES (USES).....	-	-	-	-	45,380
NET CHANGE IN FUND BALANCES.....	29,798	10,981	410	41,189	923,861
FUND BALANCES AT BEGINNING OF YEAR.....	731,922	466,283	31,564	1,229,769	5,657,570
FUND BALANCES AT END OF YEAR.....	\$ 761,720	\$ 477,264	\$ 31,974	\$ 1,270,958	\$ 6,581,431

(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, 2020

	June 30, 2019	Additions	Deductions	June 30, 2020
ASSETS				
CURRENT:				
Cash and cash equivalents.....	\$ 48,812	\$ 1,592,347	\$ (1,538,870)	\$ 102,289
Receivables, net of allowance for uncollectibles:				
Departmental and other.....	94,500	2,475	(45,073)	51,902
TOTAL ASSETS.....	\$ 143,312	\$ 1,594,822	\$ (1,583,943)	\$ 154,191
LIABILITIES				
Accrued payroll.....	\$ 22,732	\$ 39,127	\$ (22,732)	\$ 39,127
Other liabilities.....	120,580	1,555,695	(1,561,211)	115,064
TOTAL LIABILITIES.....	\$ 143,312	\$ 1,594,822	\$ (1,583,943)	\$ 154,191

Statistical Section



Cranberry Valley Golf Course

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

	<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>	<u>2020</u>
Governmental activities										
Net investment in capital assets.....	\$ 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	\$ 60,390,841
Restricted.....	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	7,082,601
Unrestricted.....	2,666,227	(3,113,601)	(6,512,217)	(8,670,952)	(31,243,743)	(27,808,099)	(46,205,784)	(47,758,544)	(48,357,542)	(46,751,766)
Total governmental activities net position.....	\$ 62,666,279	\$ 57,718,161	\$ 51,950,323	\$ 51,933,575	\$ 31,096,809	\$ 37,023,344	\$ 18,986,466	\$ 18,407,768	\$ 18,825,532	\$ 20,721,676
Business-type activities										
Net investment in capital assets.....	\$ 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	\$ 12,390,263
Unrestricted.....	3,078,139	3,530,953	4,145,597	3,750,094	5,149,897	3,509,809	652,672	(2,328,606)	(2,645,558)	(1,901,773)
Total business-type activities net position.....	\$ 14,629,398	\$ 15,629,418	\$ 15,704,400	\$ 15,679,576	\$ 16,385,078	\$ 14,216,585	\$ 12,921,122	\$ 11,545,544	\$ 10,557,679	\$ 10,488,490
Primary government										
Net investment in capital assets.....	\$ 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	\$ 72,781,104
Restricted.....	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	7,082,601
Unrestricted.....	5,744,366	417,352	(2,366,620)	(4,920,858)	(26,093,846)	(24,298,290)	(45,553,112)	(50,087,150)	(51,003,100)	(48,653,539)
Total primary government net position.....	\$ 77,295,677	\$ 73,347,579	\$ 67,654,723	\$ 67,613,151	\$ 47,481,887	\$ 51,239,929	\$ 31,907,588	\$ 29,953,312	\$ 29,383,211	\$ 31,210,166

FY2015 reflects the implementation of GASB 68.

FY2017 reflects the implementation of GASB 75.

Changes in Net Position

Last Ten Years

	2011	2012	2013	2014	2015	2016	2017 (a)	2018	2019	2020
Expenses										
Governmental activities:										
General government.....	\$ 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	\$ 6,310,566
Public safety.....	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	14,699,311
Education.....	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	29,514,731
Public works.....	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	9,934,233
Human services.....	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	2,027,422
Culture and recreation.....	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	6,014,076
Community preservation.....	-	-	-	-	-	-	97,390	88,219	262,485	214,576
COVID-19.....	-	-	-	-	-	-	-	-	-	158,273
Interest.....	1,000,510	874,085	688,728	662,307	624,347	518,438	451,254	485,291	941,593	848,840
Total government activities expenses.....	59,519,798	62,817,125	59,150,651	58,824,566	56,426,679	60,608,291	63,330,683	67,156,146	66,829,042	69,722,028
Business-type activities:										
Water.....	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	4,764,455
Wastewater.....	-	-	-	-	-	-	-	-	-	25,642
Total business-type activities expenses.....	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	4,790,097
Total primary government expenses.....	\$ 62,662,742	\$ 66,481,096	\$ 62,975,033	\$ 62,604,536	\$ 60,444,207	\$ 64,673,079	\$ 68,090,160	\$ 70,803,602	\$ 72,247,020	\$ 74,512,125
Program Revenues										
Governmental activities:										
Education charges for services.....	\$ 797,810	\$ 624,645	\$ 39,857	\$ 2,216	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public works charges for services.....	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	3,444,510
Culture and recreation charges for services.....	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	3,585,935
Other charges for services.....	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	3,171,871
Operating grants and contributions.....	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	1,129,746
Capital grant and contributions.....	768,456	663,258	667,249	912,606	1,862,815	4,803,000	4,072,965	3,124,074	1,097,971	1,738,397
Total government activities program revenues.....	17,991,404	17,566,920	12,465,997	14,308,657	12,032,388	15,439,063	14,724,044	13,739,991	13,641,221	13,070,459
Business-type activities:										
Charges for services - water.....	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	4,468,270
Total primary government program revenues.....	\$ 21,739,054	\$ 21,102,501	\$ 16,360,806	\$ 18,093,478	\$ 16,754,460	\$ 20,387,083	\$ 19,524,501	\$ 16,622,047	\$ 18,145,949	\$ 17,538,729
Net (Expense)/Revenue										
Governmental activities.....	\$ (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)	\$ (56,651,569)
Business-type activities.....	604,706	(128,390)	70,427	4,851	704,544	883,232	40,980	(725,400)	(913,250)	(321,827)
Total primary government net expense.....	\$ (40,923,688)	\$ (45,378,595)	\$ (46,614,227)	\$ (44,511,058)	\$ (43,689,747)	\$ (44,285,996)	\$ (48,565,659)	\$ (54,141,555)	\$ (54,101,071)	\$ (56,973,396)
General Revenues and other Changes in Net Position										
Governmental activities:										
Real estate and personal property taxes, net of tax refunds payable.....	\$ 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	\$ 51,921,669
Motor vehicle and other excise taxes.....	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	2,388,270
Hotel/Motel tax.....	446,821	500,138	534,951	553,174	939,539	649,119	678,226	674,717	684,793	905,397
Meals tax.....	281,647	308,570	334,050	328,522	359,441	379,689	406,465	423,305	439,960	445,497
Community preservation tax.....	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	1,291,189
Penalties and interest on taxes and excise.....	324,661	219,427	285,346	374,774	325,349	314,847	432,405	405,047	503,894	309,139
Payments in lieu of taxes.....	52,430	52,025	57,482	54,851	54,873	58,319	56,741	58,616	61,960	62,471
Grants and contributions not restricted to specific programs.....	364,333	364,336	364,336	646,248	578,188	668,191	552,299	538,689	580,046	550,348
Unrestricted investment income.....	42,878	29,091	52,315	77,492	40,044	108,189	120,365	167,256	749,074	572,549
Miscellaneous.....	-	(76,924)	2,125	-	-	-	-	-	-	-
Transfers.....	(1,505,893)	-	(3,394)	-	-	-	-	(50,000)	(70,000)	(225,000)
Extraordinary Items: Tornado reimbursements.....	-	-	-	-	-	-	-	-	-	1,171,060
Tornado expense.....	-	-	-	-	-	-	-	-	-	(844,876)
Total governmental activities.....	38,220,463	41,844,103	42,474,325	44,556,793	47,396,480	48,874,653	50,323,510	52,837,457	55,960,922	58,547,713
Business-type activities:										
Investment income.....	3,073	776	1,161	-	958	963	296	-	24,088	27,638
Transfers.....	1,505,893	-	3,394	-	-	-	-	(650,178)	70,000	225,000
Total primary government.....	\$ 39,729,429	\$ 41,844,879	\$ 42,478,880	\$ 44,556,793	\$ 47,397,438	\$ 48,875,616	\$ 50,323,806	\$ 52,187,279	\$ 56,055,010	\$ 58,800,351
Changes in Net Position										
Governmental activities.....	\$ (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	\$ 1,896,144
Business-type activities.....	2,113,672	(127,614)	74,982	4,851	705,502	884,195	41,276	(1,375,578)	(819,162)	(69,189)
Total primary government.....	\$ (1,194,259)	\$ (3,533,716)	\$ (4,135,347)	\$ 45,735	\$ 3,707,691	\$ 4,589,620	\$ 1,758,147	\$ (1,954,276)	\$ 1,953,939	\$ 1,826,955

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

Fund Balances, Governmental Funds

Last Ten Years

	<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>	<u>2020</u>
General Fund										
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	2,017,239
Assigned.....	824,110	334,782	351,706	16,253	165,245	191,116	2,044,375	230,369	3,531,564	127,720
Unassigned.....	<u>1,891,757</u>	<u>3,228,630</u>	<u>2,358,533</u>	<u>4,387,532</u>	<u>5,638,148</u>	<u>4,312,454</u>	<u>7,149,286</u>	<u>10,080,250</u>	<u>6,817,432</u>	<u>11,559,302</u>
Total general fund.....	<u>\$ 6,500,644</u>	<u>\$ 4,909,622</u>	<u>\$ 5,611,038</u>	<u>\$ 5,492,228</u>	<u>\$ 8,145,508</u>	<u>\$ 9,710,738</u>	<u>\$ 10,621,874</u>	<u>\$ 10,966,347</u>	<u>\$ 11,370,750</u>	<u>\$ 13,704,261</u>
All Other Governmental Funds										
Nonspendable.....	\$ 799,692	\$ 769,863	\$ 149,669	\$ 156,746	\$ 156,746	\$ 137,442	\$ 601,676	\$ 575,620	\$ 588,952	\$ 578,227
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	10,965,725
Committed.....	10,541	19,713	40,224	371,107	296,927	450,958	-	-	-	-
Unassigned.....	<u>(135,988)</u>	<u>(157,699)</u>	<u>(2,694,905)</u>	<u>(241,162)</u>	<u>(1,000,618)</u>	<u>(3,791,429)</u>	<u>(2,608,172)</u>	<u>(985,252)</u>	<u>(28,755)</u>	<u>(9,394,972)</u>
Total all other governmental funds.....	<u>\$ 5,803,046</u>	<u>\$ 7,046,317</u>	<u>\$ 2,778,071</u>	<u>\$ 6,855,767</u>	<u>\$ 7,488,875</u>	<u>\$ 4,611,252</u>	<u>\$ 5,883,202</u>	<u>\$ 9,733,164</u>	<u>\$ 12,819,862</u>	<u>\$ 2,148,980</u>

Changes in Fund Balances, Governmental Funds

Last Ten Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues:										
Real estate and personal property taxes,										
net of tax refunds.....	\$ 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	\$ 51,781,419
Motor vehicle and other excise taxes.....	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	2,320,990
Hotel/motel tax.....	446,821	500,138	534,951	553,174	589,322	649,119	678,226	674,717	684,793	905,397
Meals tax.....	281,647	308,570	334,050	328,522	359,441	379,689	406,465	423,305	439,960	445,497
Other fees and charges for services.....	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	1,615,612
Penalties and interest on taxes and excise.....	324,661	219,376	284,963	372,574	307,873	314,847	410,681	405,047	503,894	309,139
Fees and rentals.....	-	-	-	-	-	-	-	264,414	107,521	147,507
Recreation fees.....	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	3,029,257
Sanitation fees.....	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	3,209,427
Payments in lieu of taxes.....	52,430	52,025	57,482	54,851	55,962	58,319	56,741	58,616	61,960	62,471
Licenses and permits.....	739,693	821,559	848,300	975,256	1,688,049	1,777,026	694,880	731,490	913,619	883,702
Intergovernmental.....	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	1,859,525
Intergovernmental - COVID-19 relief.....	-	-	-	-	-	-	-	-	-	158,273
Departmental and other.....	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	2,211,358
Community preservation taxes.....	-	-	-	-	-	-	-	1,371,737	1,448,794	1,518,544
Community preservation state match.....	-	-	-	-	-	-	-	304,606	-	400,087
Special assessments.....	-	-	-	-	-	-	106,661	169,003	98,751	103,940
Contributions and donations.....	67,754	197,454	63,492	42,338	117,968	38,733	38,664	9,110	7,235	38,229
Investment income.....	178,213	79,584	72,098	90,754	48,887	108,189	120,365	167,256	749,074	572,549
Total revenues.....	57,598,674	60,119,344	55,829,905	59,407,051	59,828,029	64,743,432	65,304,888	67,089,885	69,174,347	71,572,923
Expenditures:										
General government.....	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	3,639,431
Public safety.....	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	11,198,968
Education.....	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	28,998,890
Public works.....	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	16,790,810
Human services.....	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	1,345,163
Culture and recreation.....	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	3,773,719
Community preservation.....	-	-	-	-	-	-	948,441	163,205	1,222,411	542,471
COVID-19.....	-	-	-	-	-	-	-	-	-	158,273
Pension benefits.....	-	-	-	-	-	-	2,364,925	2,681,194	2,542,729	2,793,063
Employee benefits.....	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	5,588,374
State and county charges.....	563,373	579,642	626,146	627,779	642,174	536,513	646,442	682,359	701,638	737,501
Debt service:										
Principal.....	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	3,301,950
Principal - current refunding.....	-	-	-	-	-	-	-	-	-	4,250,000
Interest.....	1,476,810	904,485	707,299	643,018	662,513	548,892	485,197	498,958	1,189,155	1,243,633
Total expenditures.....	57,752,782	60,629,100	57,835,836	58,044,758	56,441,641	66,354,578	63,221,802	77,465,813	75,799,848	84,362,246
Excess (deficiency) of revenues over (under) expenditures.....	(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)	(12,789,323)
Other Financing Sources (Uses):										
Issuance of bonds and notes.....	-	162,000	-	2,900,000	-	-	-	12,525,000	9,105,000	-
Issuance of refunding bonds.....	-	-	3,565,000	-	-	-	-	-	-	3,815,000
Premium from issuance of bonds and notes.....	-	-	-	-	-	-	-	1,395,185	1,081,602	18,173
Premium from issuance of refunding bonds.....	-	-	343,949	-	-	-	-	-	-	517,595
Payments to refunded bond escrow agent.....	-	-	(3,908,949)	-	-	-	-	-	-	-
Transfers in.....	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	2,736,685
Transfers out.....	(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)	(2,961,685)
Total other financing sources (uses).....	-	162,000	(3,394)	2,596,487	(100,000)	-	-	14,570,363	10,116,602	4,125,768
Extraordinary Item - Intergovernmental tornado revenue.....	-	-	-	-	-	-	-	-	-	1,171,060
Extraordinary Item - Tornado relief expenditures.....	-	-	-	-	-	-	-	-	-	(844,876)
Total extraordinary items.....	-	-	-	-	-	-	-	-	-	326,184
Net change in fund balance.....	\$ (154,108)	\$ (347,756)	\$ (2,009,325)	\$ 3,958,780	\$ 3,286,388	\$ (1,611,146)	\$ 2,083,086	\$ 4,194,435	\$ 3,491,101	\$ (8,337,371)
Debt service as a percentage of noncapital expenditures....	8.20%	7.53%	6.88%	5.97%	6.16%	5.05%	5.61%	3.64%	5.98%	6.45%

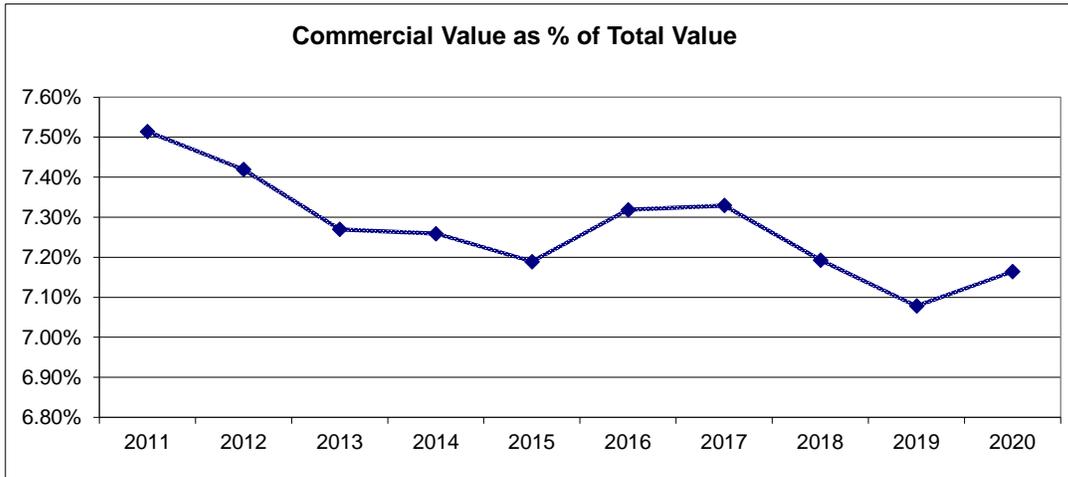
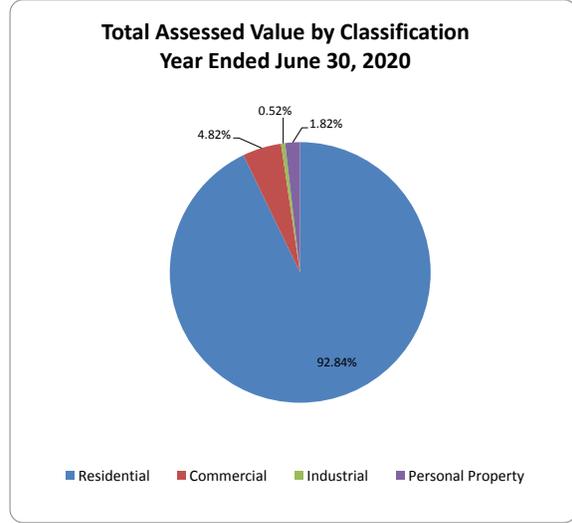
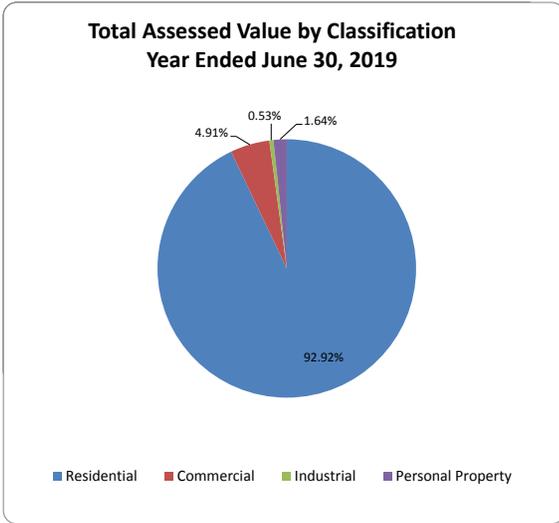
Notes:

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

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

Last Ten Years

Year	Assessed and Actual Values and Tax Rates								
	Residential Value	Residential & Personal Property Tax Rate	Commercial Value	Industrial Value	Personal Property	Total Commercial Value	Commercial Tax Rate	Total Direct Rate (1)	Total Town Value
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
2020	5,545,219,026	8.73	288,115,194	31,235,300	108,599,480	427,949,974	8.73	8.73	5,973,169,000



(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

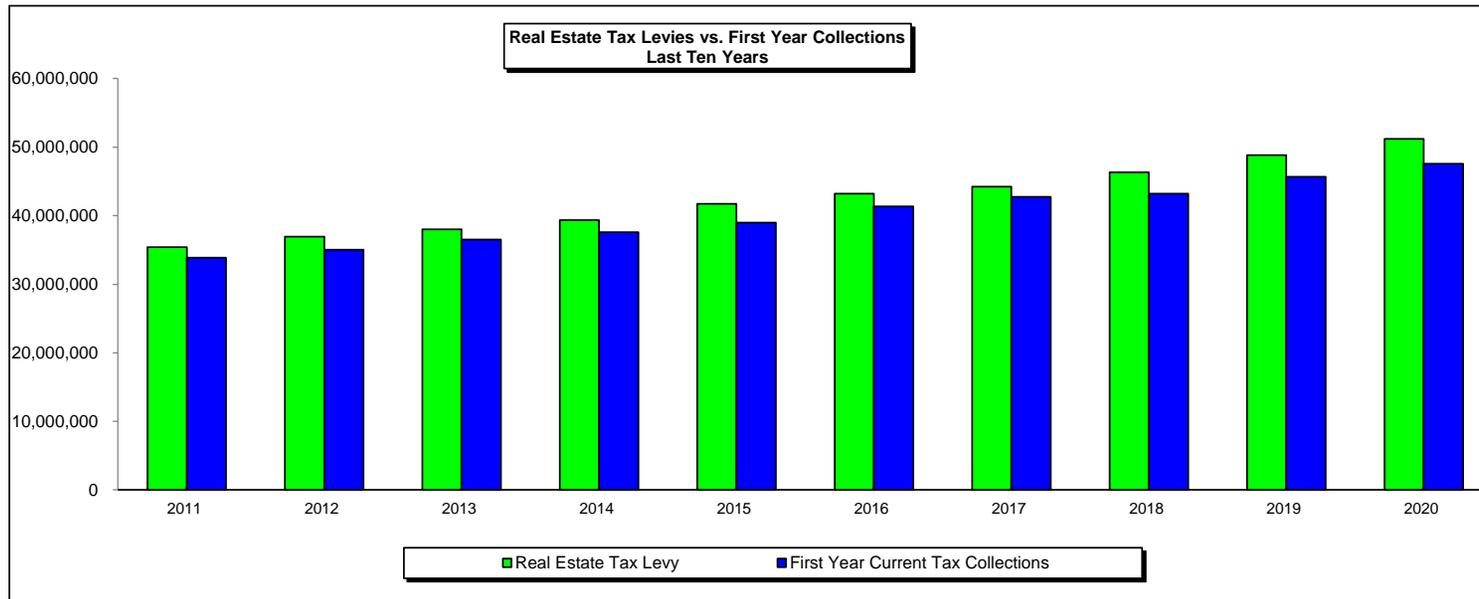
Name	Nature of Business	2020			2011		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
Colonial Gas	Utility	\$39,119,620	1	0.74%	\$6,301,200	10	0.12%
Wequasset Inn LLP	Inn	\$37,740,190	2	0.71%	\$29,866,880	1	0.57%
Individual	Individual Residence	\$20,444,100	3	0.38%	\$24,117,500	2	0.46%
Nstar Service	Utility	\$19,462,160	4	0.37%	\$15,951,940	5	0.30%
WJG Realty Trust	Super Store/Stores	\$18,240,000	5	0.34%	\$16,233,900	4	0.31%
NPH Harwich LLC	Nursing Home	\$13,485,100	6	0.25%	\$13,202,000	6	0.25%
Wychmere Harbor R.E.	Inn	\$12,332,100	7	0.23%	\$20,594,200	3	0.39%
Individual	Individual Residence	\$10,505,140	8	0.20%	\$8,982,300	7	0.17%
MS Harwich LLC	Super Market	\$9,039,600	9	0.17%	\$8,009,200	8	0.15%
Individual	Individual Residence	\$8,654,810	10	0.16%	7,738,740	9	0.15%
	Totals	<u>\$189,022,820</u>		<u>3.56%</u>	<u>\$150,997,860</u>		<u>2.88%</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)
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%	1,042,554	48,625,013	99.59%
2020	51,635,467	437,775	51,197,692	99.15%	50,066,624	97.79%	0	50,066,624	97.79%



(1) Includes tax liens.

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

Source: Official Statements, Town of Harwich.

Ratios of Outstanding Debt by Type

Last Ten Years

Year	Governmental Activities		Business-type Activities		Total Debt Outstanding	Percentage of Personal Income (2)	U. S. Census Population	Debt Per Capita
	General Obligation Bonds (1)	Direct Borrowings	General Obligation Bonds (1)	Direct Borrowings				
2011	\$ 26,319,999	\$ 190,991	\$ 3,655,000	\$ -	30,165,990	7.84%	12,648	2,385
2012	22,836,999	173,764	8,265,000	-	31,275,763	7.24%	12,691	2,464
2013	19,539,999	156,537	7,905,000	-	27,601,536	6.24%	12,832	2,151
2014	19,614,999	139,272	7,430,000	-	27,184,271	6.38%	12,479	2,178
2015	16,819,999	121,914	8,838,232	-	25,780,145	6.07%	12,432	2,074
2016	14,329,812	104,557	6,690,406	1,878,232	23,003,007	4.32%	12,872	1,787
2017	11,497,438	87,199	6,196,993	1,802,256	19,583,886	3.68%	12,873	1,521
2018	23,590,617	69,841	5,705,257	1,721,937	31,087,652	6.20%	12,133	2,562
2019	30,826,801	52,483	5,215,197	1,642,746	37,737,227	7.08%	12,745	2,961
2020	27,242,825	35,533	4,726,813	1,561,833	33,567,004	6.36%	12,142	2,765

(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

Year	General Obligation Bonds	Percentage of Estimated Actual Taxable Value of Property (1)	Per Capita (2)
2011	\$ 29,974,999	0.64%	2,370
2012	31,101,999	0.68%	2,451
2013	27,444,999	0.61%	2,139
2014	27,044,999	0.60%	2,167
2015	25,658,231	0.55%	2,064
2016	21,020,218	0.44%	1,633
2017	17,694,431	0.36%	1,375
2018	29,295,874	0.55%	2,415
2019	36,041,998	0.63%	2,828
2020	31,969,638	0.54%	2,633

(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, 2020

<u>Overlapping Entities</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable</u>	<u>Share of Overlapping Debt</u>
Debt repaid with property taxes			
Barnstable County.....	\$ 2,239,087	6.49%	\$ 145,317
Cape Cod Regional Technical High School.....	66,050,000	9.40%	6,208,700
Monomoy Regional School District.....	22,000,000	74.35%	<u>16,357,000</u>
Subtotal, overlapping debt.....			22,711,017
Town direct debt.....			<u>27,242,825</u>
Total direct and overlapping debt.....			<u>\$ 49,953,842</u>

Source: Official Statements

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

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

Computation of Legal Debt Margin

Last Ten Years

	<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>	<u>2020</u>
Equalized Valuation.....	\$ <u>5,372,328,900</u>	\$ <u>4,982,071,300</u>	\$ <u>4,982,071,300</u>	\$ <u>4,818,012,600</u>	\$ <u>4,818,012,600</u>	\$ <u>5,172,756,600</u>	\$ <u>5,172,756,600</u>	\$ <u>5,697,974,900</u>	\$ <u>5,697,974,900</u>	\$ <u>6,396,397,000</u>
Debt Limit -5% of Equalized Valuation.....	\$ 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	\$ 319,819,850
Less:										
Outstanding debt applicable to limit.....	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	24,685,000
Authorized and unissued debt applicable to limit.....	<u>1,754,125</u>	<u>3,050,000</u>	<u>3,572,000</u>	<u>8,451,000</u>	<u>9,351,000</u>	<u>9,151,000</u>	<u>17,166,037</u>	<u>44,445,150</u>	<u>33,451,617</u>	<u>33,507,696</u>
Legal debt margin.....	\$ <u><u>241,256,330</u></u>	\$ <u><u>223,767,801</u></u>	\$ <u><u>226,385,028</u></u>	\$ <u><u>213,170,358</u></u>	\$ <u><u>215,007,716</u></u>	\$ <u><u>235,677,274</u></u>	\$ <u><u>230,456,793</u></u>	\$ <u><u>218,613,595</u></u>	\$ <u><u>223,107,128</u></u>	\$ <u><u>261,627,154</u></u>
Total debt applicable to the limit as a percentage of debt limit.....	10.19%	10.17%	9.12%	11.51%	10.75%	8.88%	10.90%	23.27%	21.69%	18.20%

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
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%
2020	12,142	527,667,036	43,458	52.8	1,298	15.4%

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	2020			2011		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Stop & Shop Supermarket	Grocery Store	200	1	2.93%	180	1	2.84%
Wequasset Resort	Resort	150	2	2.20%			
Robert B. Our Co., Inc.	Construction	130	3	1.90%	74	3	1.17%
Epoch Health Care	Senior Health Care	120	4	1.76%			
Cape Cod Technical HS	Education	110	5	1.61%			
Fontaine Center	Medical Facility	100	6	1.46%			
Wychmere Harbor Beach & Tennis	Private Resort	92	7	1.35%			
Star Market	Grocery Store	90	8	1.32%	100	2	1.58%
Brax Landing	Restaurant	50	9	0.73%			
400 East	Restaurant	40	10	0.59%	40	5	0.63%
Rosewood Manor	Nursing Home				50	4	0.79%
Allen Harbor Marine Services, Inc.	Boatyard				30	6	0.47%
Hinckley Home Center	Lumber				30	7	0.47%
Cape Cod Five Cents Savings Bank	Bank				25	8	0.39%
Friendly's	Restaurant				24	9	0.38%
	Totals	<u>1082</u>		<u>15.84%</u>	<u>553</u>		<u>8.73%</u>

For 2011, information on the 10th largest employer was not available
 Source: Massachusetts Department of Employment and Training and Official Statements

Full-time Equivalent Town Employees by Function

Last Ten Years

	<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>	<u>2020</u>
Function										
General government.....	22	23	23	27	28	28	29	29	29	36
Public safety.....	70	69	69	74	75	75	76	76	76	84
Education.....	320	-	-	-	-	-	-	-	-	-
Public works.....	45	47	46	49	50	51	52	52	52	45
Human services.....	8	8	7	8	10	11	11	11	11	10
Culture and recreation.....	20	19	20	20	22	23	22	22	22	46
Total	<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>	<u>221</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>	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Fire Department										
Total incidents.....	4,069	3,900	3,900	4,014	4,294	4,322	4,205	5,029	4,863	N/A
Rescue/EMS.....	1,917	1,917	1,939	2,204	2,274	2,492	2,318	2,605	2,601	N/A
Inspectional Services Department										
Number of building permits (quick and zoning)....	1,007	1,099	1,157	1,395	1,047	1,331	1,242	1,321	1,389	N/A
Number of plumbing/gas permits.....	N/A	N/A	1,218	1,146	1,208	1,199	1,176	1,320	1,419	N/A
Number of electrical permits.....	N/A	N/A	780	774	804	904	935	916	951	N/A
Water/Sewer										
Number of gallons pumped (millions).....	683	781	711	752	854	853	699	773	730	N/A
Number of new services added.....	16	35	32	32	42	36	40	52	50	N/A
Number of main improvements.....	2	1	-	11	14	3	5	5	1	N/A
Highway										
Number of work orders.....	315	207	403	571	507	507	498	785	755	N/A
Cemetery										
Burials.....	95	N/A	N/A	77	81	88	83	62	80	N/A
Recreation										
Number of programs added.....	N/A	10	9	9	12	13	11	9	8	N/A
Number of participants-winter.....	N/A	N/A	308	310	408	426	389	385	350	N/A
Number of participants-spring.....	N/A	N/A	203	200	203	230	229	229	438	N/A
Number of participants-summer.....	N/A	N/A	927	952	662	1,028	1,161	1,250	1,248	N/A
Number of participants-fall.....	N/A	N/A	249	274	274	357	373	402	393	N/A
Police Department										
Arrests/PCs.....	199	197	175	190	216	235	216	210	209	N/A
Summons Arrests.....	450	166	136	172	141	135	135	156	166	N/A
Total Calls for Service.....	17,952	19,711	19,018	17,168	18,118	16,879	16,872	18,154	18,694	N/A

Source: Various Town Departments

N/A - Information not available

Several operating indicators are maintained on a calendar year basis. As a result, 2020 information is not yet available.

Capital Asset Statistics by Function/Program

Last Ten Years

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
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	(A)	-	-	-	-	-	-	-	-
Number of high schools.....	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.....	1,349	1,349	1,349	1,360	1,360	1,360	1,360	1,360	1,360	1,360
Service connections.....	9,844	9,869	9,887	9,824	9,848	9,925	9,823	9,957	N/A	N/A
Water office buildings.....	1	1	1	1	1	1	1	1	1	1
Water service garage (4 bays).....	1	1	1	1	1	1	1	1	1	1
Water equipment garage (1 bay).....	1	1	1	1	1	1	1	1	1	1
Water storage garage (1 bay).....	1	1	1	1	1	1	1	1	1	1
Cemeteries.....	16	16	16	17	17	17	17	17	17	17
Human Services										
Community Center.....	1	1	1	1	1	1	1	1	1	1
Culture and Recreation										
Brooks Academy, Town Museum.....	1	1	1	1	1	1	1	1	1	1
Cultural Center.....	-	-	-	-	-	1	1	1	1	1
Parks.....	6	6	6	6	6	6	6	6	6	6
Athletic fields.....	5	5	5	7	7	7	7	7	7	7
Golf courses.....	1	1	1	1	1	1	1	1	1	1
Golf clubhouses.....	1	1	1	1	1	1	1	1	1	1
Golf course buildings.....	1	1	1	1	1	1	1	1	1	1
Town owned libraries.....	1	1	1	1	1	1	1	1	1	1

Source: Various Town Departments

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



Harwich