

Town of Harwich

MASSACHUSETTS

ANNUAL COMPREHENSIVE FINANCIAL REPORT



Herring River

For the Fiscal Year Ended June 30, 2021

Prepared By:
Carol Coppola, Finance Director



Cranberry Valley

The Town of Harwich, Massachusetts

Annual Comprehensive Financial Report



**For the Year
July 1, 2020 through June 30, 2021**

Prepared by the Finance Department

Town of Harwich, Massachusetts

Annual Comprehensive Financial Report
Year Ended June 30, 2021

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Introductory Section



Thompson's Field Conservation

Introductory Section

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TOWN OF



HARWICH

*Harwich, Massachusetts
02645*

Letter of Transmittal

January 10, 2022

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

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

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

Powers & Sullivan, LLC Certified Public Accountants, have issued an unmodified ("clean") opinion on the Town of Harwich's financial statements for the year ended June 30, 2021. The independent auditor's report is located at the front of the financial section of this report. Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the government

The Town of Harwich, incorporated in 1694, is located on the south side of the Cape Cod peninsula, made up of seven villages, with an extensive shoreline on Nantucket Sound. It currently occupies 21 square miles and serves a population of 13,440. The Town of Harwich is empowered to levy a property tax on real estate and personal property located within its boundaries.

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

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

At the Annual Town Meeting a budget is adopted which typically precedes the beginning of the fiscal year on July 1. The annual budget serves as the foundation for the Town of Harwich's financial planning and control. The budget is prepared by fund, function (e.g., public safety), 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. Two regional school districts and the Town of Harwich also have a significant economic presence; employing in total more than 800 teachers, professionals, and support staff.

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

Median household 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 9.25% increase in FY 21, effectively doubling the results in a little as two years. At the end of the second quarter of 2021, the median value of a single family home in the vicinity of the Town of Harwich was \$426,600. Due to COVID-19, the Town experienced a surge of full time residents ranging in new residential home sales to conversion of summer vacation homes for full time residency.

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

The Town has not entered the bond market since the emergency order was enacted due to the onset of the Coronavirus. While the Town received a stable rating by Standard & Poor's that may or may not change due to the unprecedented circumstances in 2020/2021 and those that may present themselves in the future. Over the past three years, the government has experienced a period of significant economic growth and investment. More than \$19.8 million in new commercial, mixed use and residential development has been completed or is in various phases of development throughout the Town. This development, the presence of retail and service industries, and the presence of recreational, educational and health facilities has even further strengthened the Town of Harwich's already strong economic base.

Harwich's small town character, extensive shoreline, rich historical connection to the sea, and rural nature have continued to lure visitors over the years – some who arrive for extended periods in the summer, others who have decided to purchase second homes, and those searching for a place to retire. Like most communities on the Cape, living in Harwich is expensive. Housing prices previously declined somewhat since the recession, since then the market has been rebounding and values have exceeded pre-recession levels with the median single-family house priced at \$426,600; still out of reach for many year-round residents. Harwich has been evolving into more of a year-round community, its economy continues to depend on second-home owners and summer visitors. Seasonal employment--such as retail trade, accommodations, and food services--accounts for a large portion of the local employment base.

The Town is heavily reliant on real estate taxes as the major funding source for Town operations. In fiscal year 2021 the Town collected 99.6% of estimated real estate tax collections, an impressive 1.8% ahead of the year prior at 97.8%. For fiscal year 2021 the Town continues to maintain reduced estimates for local receipts. The largest reductions coming from various excise taxes and fees for the use of recreational facilities.

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

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

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

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

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

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

Long-term financial planning and major initiatives

Unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) in the general fund at year end was 18.6 percent of total general fund revenues; an impressive increase of 8.6 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. This conservative approach to fiscal health and strength in management has continued throughout fiscal year 2021. 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 2022. 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 were used to balance the fiscal year 2021 operating budget. Replenishment of these funds was approved at the Annual Town Meeting held on May 8, 2021. The Town remains committed to building healthy and consistent stabilization and other postemployment benefits reserves to support current and future liabilities, while providing for future budgetary flexibility.

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

Relevant financial policies

The Town of Harwich has adopted a comprehensive set of financial policies. Policies amid solid financial procedures include management's conservative budget assumptions and regular monitoring of budget performance with monthly reports on budget-to-actual results to the Board of Selectmen and finance committee. The Town's free cash policy outlines reserves, free cash, and stabilization funds with the goal of maintaining no less than 7%–8% of general fund expenditures in reserve. The Town exceeded this goal at the close of fiscal 2021. The Town also maintains a five-year budget forecast, which is also updated annually.

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

Awards and acknowledgements

Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Harwich for its annual comprehensive financial report (ACFR) for the fiscal year ended June 30, 2020. This was the fourth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,

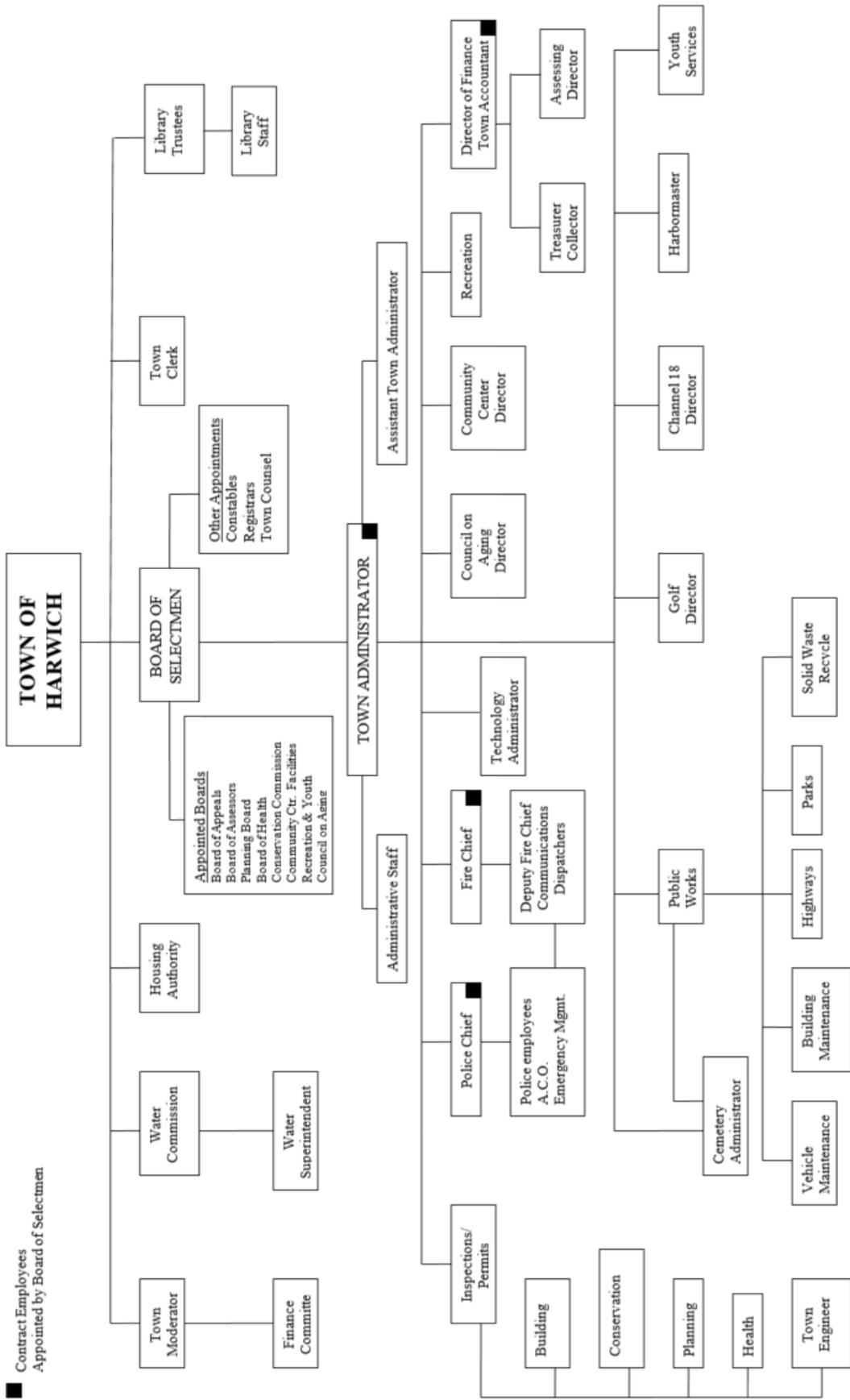


Carol Coppola, CPA, CFE
Finance Director

Town of Harwich, Massachusetts

Principal Executive Officers as of June 30, 2021

Elected Officials		Term Expires
Board of Selectmen	Michael D. MacAskill, Chair	2022
	Julie E. Kavanagh, Vice Chair	2022
	Mary E. Anderson, Clerk	2024
	Donald F. Howell, Member	2023
	Larry G. Ballantine, Member	2023
Town Clerk	Anita N. Doucette	2022
Appointed Officials		
Board of Assessors	Richard Waystack, Chair	2024
	Jay Kavanaugh	2022
	Bruce Nightingale	2023
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, 2020

Christopher P. Morill

Executive Director/CEO

Financial Section



Red River Beach May 2021

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, 2021, 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, 2021, 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 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 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 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 January 10, 2022, 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.



January 10, 2022

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, 2021. The Town complies with financial reporting requirements issued by the Governmental Accounting Standards Board (GASB). Management's discussion and analysis is part of these requirements.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Harwich's government-wide assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$38.4 million at the end of 2021. The Town's total net position increased by \$7.1 million during 2021.

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 \$60.8 million reflects its investment in capital assets (e.g., land, construction in progress, buildings, machinery, and equipment, infrastructure); less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the investment in its capital assets is reported net of its related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the governmental activities net position, \$8.8 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 \$42.1 million. The deficit is primarily the result of the recognition of net pension liability of \$29.2 million along with the net other postemployment benefits liability of \$36.1 million. These are long-term unfunded liabilities that will not require significant short-term resources.

The governmental activities net position increased by \$6.8 million during the current year. Key reasons for this increase includes favorable budgetary results totaling \$4.6 million, capital grants revenue totaling \$1.9 million; offset with an increase in the net pension liability net of deferred inflows and outflows related to pension totaling \$318,000 and the net other postemployment benefits (OPEB) liability net of deferred inflows and outflows related to OPEB totaling \$415,000.

	2021	2020 (As Revised)
Assets:		
Current assets.....	\$ 39,341,169	\$ 34,811,188
Noncurrent assets (excluding capital).....	185,800	244,800
Capital assets, nondepreciable.....	44,760,877	34,196,126
Capital assets, net of accumulated depreciation....	59,786,003	61,856,846
Total assets.....	144,073,849	131,108,960
Deferred outflows of resources.....	10,040,547	6,973,311
Liabilities:		
Current liabilities (excluding debt).....	2,202,396	3,545,751
Noncurrent liabilities (excluding debt).....	66,373,190	72,504,415
Current debt.....	23,473,025	13,903,032
Noncurrent debt.....	20,989,108	23,857,412
Total liabilities.....	113,037,719	113,810,610
Deferred inflows of resources.....	13,499,150	3,450,356
Net position:		
Net investment in capital assets.....	60,818,996	60,390,841
Restricted.....	8,821,991	7,082,601
Unrestricted.....	(42,063,460)	(46,652,137)
Total net position.....	\$ 27,577,527	\$ 20,821,305

Beginning net position for governmental activities has been revised to reflect the implementation of GASB Statement #84, *Fiduciary Activities*, accordingly, funds previously classified as agency funds are now reported as special revenue funds. Accordingly, previously net position of \$20,721,676 has been revised to \$20,821,305 (see Note 18 for additional information.)

The Town's largest revenue source is real estate and personal property taxes, accounting for 69% of governmental revenue for the Town. The second largest category, charges for services, account for 17% of governmental revenue. This category includes, ambulance fees, permits, trash fees, dockage, and all golf related fees.

	2021	2020 (As Revised)
Program Revenues:		
Charges for services.....	\$ 12,994,107	\$ 10,202,316
Operating grants and contributions.....	2,574,493	1,129,746
Capital grants and contributions.....	1,890,201	1,738,397
General Revenues:		
Real estate and personal property taxes, net of tax refunds payable.....	53,028,284	51,921,669
Motor vehicle and other excise taxes.....	2,550,271	2,388,270
Hotel/motel tax.....	1,132,926	905,397
Meals tax.....	325,311	445,497
Community preservation tax.....	1,281,822	1,291,189
Penalties and interest on taxes and excise.....	446,733	309,139
Payments in lieu of taxes.....	65,256	62,471
Grants and contributions not restricted to specific programs.....	556,790	550,348
Unrestricted investment income.....	533,669	572,549
Total revenues.....	77,379,863	71,516,988
Expenses:		
General government.....	5,828,492	6,319,407
Public safety.....	15,615,512	14,729,395
Education.....	29,222,367	29,558,731
Public works.....	10,895,030	9,932,352
Human services.....	1,802,867	2,055,672
Culture and recreation.....	5,868,892	6,063,055
Community preservation.....	566,479	214,576
Interest.....	624,002	848,840
Total expenses.....	70,423,641	69,722,028
Excess (Deficiency) before extraordinary items and transfers.....	6,956,222	1,794,960
Extraordinary item - tornado reimbursements.....	-	1,171,060
Extraordinary item - tornado expenses.....	-	(844,876)
Transfers.....	(200,000)	(225,000)
Change in net position.....	6,756,222	1,896,144
Net position, beginning of year (as revised).....	20,821,305	18,925,161
Net position, end of year.....	\$ 27,577,527	\$ 20,821,305

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

The increase in operating grants program revenue related to the COVID-19 grant funding received in the current year.

Approximately 41% of the Town's expenses relate to education. Education expenses represent the Town's assessments paid to the Monomoy Regional School District and the Cape Cod Regional Technical High School.

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 \$10.8 million at the close of 2021. Of this amount, \$11.5 million is net investment in capital assets, and the remaining balance of *unrestricted net position* is a deficit of \$677,000. The deficit is primarily the result of the recognition of net pension liability of \$2.0 million along with the net other postemployment benefits liability of \$2.5 million. These are long-term unfunded liabilities that will not require significant short-term resources.

	2021	2020
Assets:		
Current assets.....	\$ 4,139,756	\$ 3,396,702
Capital assets, nondepreciable.....	1,505,893	1,505,893
Capital assets, net of accumulated depreciation....	15,664,495	16,853,852
Total assets.....	21,310,144	21,756,447
Deferred outflows of resources.....	768,517	596,331
Liabilities:		
Current liabilities (excluding debt).....	76,551	153,464
Noncurrent liabilities (excluding debt).....	4,504,352	5,176,094
Current debt.....	564,614	564,418
Noncurrent debt.....	5,159,614	5,724,228
Total liabilities.....	10,305,131	11,618,204
Deferred inflows of resources.....	916,937	246,084
Net position:		
Net investment in capital assets.....	11,533,380	12,390,263
Unrestricted.....	(676,787)	(1,901,773)
Total net position.....	\$ 10,856,593	\$ 10,488,490

There was an increase of \$287,000 in net position related to the Water Department’s operations during the year, compared with a \$271,000 decrease in the prior year. Operating revenues increased by \$699,000 due to an increase of water usage throughout the Town.

There was a \$81,000 increase in the Wastewater Department’s operations. This was mainly due to a transfer in from the general fund; offset with an increase in expenses for salaries. This is only the third 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.

	2021	2020
Program Revenues:		
Charges for services.....	\$ 5,167,449	\$ 4,468,270
General Revenues:		
Unrestricted investment income.....	10,471	27,638
Total revenues.....	5,177,920	4,495,908
Expenses:		
Water.....	4,889,376	4,764,455
Wastewater.....	120,441	25,642
Total expenses.....	5,009,817	4,790,097
Excess (Deficiency) before transfers.....	168,103	(294,189)
Transfers.....	200,000	225,000
Change in net position.....	368,103	(69,189)
Net position, beginning of year.....	10,488,490	10,557,679
Net position, end of year.....	\$ 10,856,593	\$ 10,488,490

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 \$11.4 million, a decrease of \$4.5 million from the prior year.

The general fund is the chief operating fund. At the end of the current year, unassigned fund balance of the general fund totaled \$12.4 million, while total fund balance is \$17.8 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 18.5% of total general fund expenditures, while total fund balance represents 26.6% of that same amount.

The general fund increased by \$4.1 million in 2021. This was the combined result of a budgetary surplus of \$4.6 million in the general fund, and an decrease in the Town's stabilization fund of \$219,000, 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, 2021, of \$5.6 million. These funds are attributable to the Town's acceptance of the Community Preservation Act, which allows the Town to impose a surcharge on property taxes and to receive matching state funds for specified uses related to the acquisition, creation, preservation and support of open space, historic resources, land for recreational use and community housing. The Community Preservation Act's fund balance increased \$630,000 in 2021. This was the net result of

\$1.6 million in taxes, \$506,000 in state grants and \$12,000 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 \$18.6 million, a decrease of \$9.2 million from the prior year. Fiscal year 2021 expenditures totaling \$9.9 million and mainly related to road maintenance and wastewater construction. Projects have been temporarily funded with short term bond anticipation notes totaling \$20.3 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 \$67.6 million in estimated revenues and transfers in and \$72.3 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 \$27,000 increase from the original budget to the final amended budget was appropriated from free cash.

General Fund revenues are approximately \$5.0 million more than budgeted. The largest areas of the surplus were in recreation fees, motor vehicle and other excise taxes and sanitation fees.

General fund expenditures and encumbrances were approximately \$2.8 million less than budgeted. Key components of this surplus include \$465,000 in police, \$283,000 in fire, \$299,000 in highway, \$156,000 in debt service and \$324,000 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 2021 includes the wastewater infrastructure project which increased construction in progress by \$9.7 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 \$2.3 million in machinery and equipment, and \$1.1 million in infrastructure related to road improvements.

The water enterprise fund reported additions totaling \$521,000 for infrastructure and machinery and equipment.

Depreciation expense for governmental and business-type activities totaled \$5.5 million and \$1.7 million, respectively.

The Town of Harwich's governmental funds had total bonded debt outstanding of \$23.8 million at the end of the current year. Of this amount, \$4.4 million was for marina improvements; \$3.0 million was for the construction of a police station; \$1.2 million is for land acquisitions; \$615,000 is related to harbor dredging, \$3.5 million is for sewer projects; \$1.0 million is related to golf course improvements; \$5.4 million is related to the construction of a fire station; and \$2.0 million is related to the Saquatucket Harbormaster Building Boardwalk, \$753,000 relates to other capital related projects and \$2.0 million relates to unamortized premiums.

The water enterprise fund has \$5.7 million in water debt that is fully supported by the rates and does not rely on a general fund subsidy. For further discussion please refer to Note 4 for major capital activity and Notes 8 and 9 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, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT:			
Cash and cash equivalents.....	\$ 24,787,735	\$ 3,084,145	\$ 27,871,880
Investments.....	6,268,792	-	6,268,792
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes.....	425,493	-	425,493
Tax liens.....	2,810,124	-	2,810,124
Community preservation fund surtax.....	9,628	-	9,628
Motor vehicle and other excise taxes.....	224,197	-	224,197
User fees.....	-	1,055,611	1,055,611
Departmental and other.....	2,411,782	-	2,411,782
Intergovernmental.....	1,347,173	-	1,347,173
Community preservation state share.....	710,666	-	710,666
Special assessments.....	71,091	-	71,091
Tax foreclosures.....	232,428	-	232,428
Inventory.....	39,752	-	39,752
Other assets.....	2,308	-	2,308
Total current assets.....	<u>39,341,169</u>	<u>4,139,756</u>	<u>43,480,925</u>
NONCURRENT:			
Receivables, net of allowance for uncollectibles:			
Special assessments.....	185,800	-	185,800
Capital assets, nondepreciable.....	44,760,877	1,505,893	46,266,770
Capital assets, net of accumulated depreciation.....	<u>59,786,003</u>	<u>15,664,495</u>	<u>75,450,498</u>
Total noncurrent assets.....	<u>104,732,680</u>	<u>17,170,388</u>	<u>121,903,068</u>
TOTAL ASSETS.....	<u>144,073,849</u>	<u>21,310,144</u>	<u>165,383,993</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows for refunding debt.....	24,389	85,778	110,167
Deferred outflows related to pensions.....	3,623,321	246,979	3,870,300
Deferred outflows related to other postemployment benefits.....	<u>6,392,837</u>	<u>435,760</u>	<u>6,828,597</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES.....	<u>10,040,547</u>	<u>768,517</u>	<u>10,809,064</u>
LIABILITIES			
CURRENT:			
Warrants payable.....	75,805	626	76,431
Tax refunds payable.....	90,111	-	90,111
Accrued interest.....	88,495	44,540	133,035
Other liabilities.....	745,450	-	745,450
Unearned revenue.....	635,443	-	635,443
Capital lease obligations.....	86,002	-	86,002
Landfill closure.....	18,500	-	18,500
Compensated absences.....	548,592	31,385	579,977
Notes payable.....	20,304,586	-	20,304,586
Bonds payable.....	<u>3,082,437</u>	<u>564,614</u>	<u>3,647,051</u>
Total current liabilities.....	<u>25,675,421</u>	<u>641,165</u>	<u>26,316,586</u>
NONCURRENT:			
Capital lease obligations.....	266,878	-	266,878
Landfill closure.....	166,500	-	166,500
Compensated absences.....	894,707	52,440	947,147
Net pension liability.....	29,239,336	1,993,064	31,232,400
Net other postemployment benefits.....	36,072,647	2,458,848	38,531,495
Bonds payable.....	<u>20,722,230</u>	<u>5,159,614</u>	<u>25,881,844</u>
Total noncurrent liabilities.....	<u>87,362,298</u>	<u>9,663,966</u>	<u>97,026,264</u>
TOTAL LIABILITIES.....	<u>113,037,719</u>	<u>10,305,131</u>	<u>123,342,850</u>
DEFERRED INFLOWS OF RESOURCES			
Taxes paid in advance.....	47,178	-	47,178
Deferred inflows related to pensions.....	4,150,622	282,922	4,433,544
Deferred inflows related to other postemployment benefits.....	<u>9,301,350</u>	<u>634,015</u>	<u>9,935,365</u>
TOTAL DEFERRED INFLOWS OF RESOURCES.....	<u>13,499,150</u>	<u>916,937</u>	<u>14,416,087</u>
NET POSITION			
Net investment in capital assets.....	60,818,996	11,533,380	72,352,376
Restricted for:			
Perpetual care and other permanent funds:			
Expendable.....	851,401	-	851,401
Nonexpendable.....	521,217	-	521,217
Gifts and grants.....	1,079,977	-	1,079,977
Community preservation.....	6,369,396	-	6,369,396
Unrestricted.....	<u>(42,063,460)</u>	<u>(676,787)</u>	<u>(42,740,247)</u>
TOTAL NET POSITION.....	<u>\$ 27,577,527</u>	<u>\$ 10,856,593</u>	<u>\$ 38,434,120</u>

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2021

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.....	\$ 5,828,492	\$ 773,207	\$ 666,737	\$ -	\$ (4,388,548)
Public safety.....	15,615,512	3,551,561	513,854	-	(11,550,097)
Education.....	29,222,367	-	-	-	(29,222,367)
Public works.....	10,895,030	4,329,179	821,012	673,998	(5,070,841)
Human services.....	1,802,867	31,004	407,682	-	(1,364,181)
Culture and recreation.....	5,868,892	4,309,156	165,208	-	(1,394,528)
Community preservation.....	566,479	-	-	1,216,203	649,724
Interest.....	624,002	-	-	-	(624,002)
Total Governmental Activities.....	70,423,641	12,994,107	2,574,493	1,890,201	(52,964,840)
<i>Business-Type Activities:</i>					
Water.....	4,889,376	5,167,449	-	-	278,073
Wastewater.....	120,441	-	-	-	(120,441)
Total Business-Type Activities.....	5,009,817	5,167,449	-	-	157,632
Total Primary Government.....	\$ 75,433,458	\$ 18,161,556	\$ 2,574,493	\$ 1,890,201	\$ (52,807,208)

See notes to basic financial statements.

(Continued)

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Changes in net position:			
Net (expense) revenue from previous page..... \$	(52,964,840)	157,632	(52,807,208)
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds payable.....	53,028,284	-	53,028,284
Motor vehicle and other excise taxes.....	2,550,271	-	2,550,271
Hotel/motel tax.....	1,132,926	-	1,132,926
Meals tax.....	325,311	-	325,311
Community preservation tax.....	1,281,822	-	1,281,822
Penalties and interest on taxes and excise.....	446,733	-	446,733
Payments in lieu of taxes.....	65,256	-	65,256
Grants and contributions not restricted to specific programs.....	556,790	-	556,790
Unrestricted investment income.....	533,669	10,471	544,140
<i>Transfers, net</i>	(200,000)	200,000	-
Total general revenues and transfers.....	59,721,062	210,471	59,931,533
Change in net position.....	6,756,222	368,103	7,124,325
<i>Net position:</i>			
Beginning of year (as revised).....	20,821,305	10,488,490	31,309,795
End of year..... \$	27,577,527	10,856,593	38,434,120

See notes to basic financial statements.

(Concluded)

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2021

	General	Community Preservation Act Fund	Town Capital Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents.....	\$ 12,809,392	\$ 5,592,029	\$ 76,497	\$ 6,309,817	\$ 24,787,735
Investments.....	5,392,710	-	-	876,082	6,268,792
Receivables, net of uncollectibles:					
Real estate and personal property taxes.....	425,493	-	-	-	425,493
Tax liens.....	2,753,051	57,073	-	-	2,810,124
Community preservation fund surtax.....	-	9,628	-	-	9,628
Motor vehicle and other excise taxes.....	224,197	-	-	-	224,197
Departmental and other.....	723,871	-	1,637,607	50,304	2,411,782
Intergovernmental.....	-	-	-	1,347,173	1,347,173
Community preservation state share.....	-	710,666	-	-	710,666
Special assessments.....	-	-	-	256,891	256,891
Tax foreclosures.....	232,428	-	-	-	232,428
Due from other funds.....	3,036	-	-	-	3,036
Inventory.....	-	-	-	39,752	39,752
Other assets.....	2,308	-	-	-	2,308
TOTAL ASSETS.....	\$ 22,566,486	\$ 6,369,396	\$ 1,714,104	\$ 8,880,019	\$ 39,530,005
LIABILITIES					
Warrants payable.....	\$ 55,315	\$ -	\$ -	\$ 20,490	\$ 75,805
Tax refunds payable.....	90,111	-	-	-	90,111
Due to other funds.....	-	-	-	3,036	3,036
Other liabilities.....	312,516	-	-	432,934	745,450
Unearned revenue.....	-	-	-	635,443	635,443
Notes payable.....	-	-	20,304,586	-	20,304,586
TOTAL LIABILITIES.....	457,942	-	20,304,586	1,091,903	21,854,431
DEFERRED INFLOWS OF RESOURCES					
Taxes paid in advance.....	47,178	-	-	-	47,178
Unavailable revenue.....	4,304,016	777,367	-	1,184,713	6,266,096
TOTAL DEFERRED INFLOWS OF RESOURCES.....	4,351,194	777,367	-	1,184,713	6,313,274
FUND BALANCES					
Nonspendable.....	-	-	-	560,969	560,969
Restricted.....	-	5,592,029	-	6,045,470	11,637,499
Committed.....	1,468,975	-	-	-	1,468,975
Assigned.....	3,925,640	-	-	-	3,925,640
Unassigned.....	12,362,735	-	(18,590,482)	(3,036)	(6,230,783)
TOTAL FUND BALANCES.....	17,757,350	5,592,029	(18,590,482)	6,603,403	11,362,300
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....	\$ 22,566,486	\$ 6,369,396	\$ 1,714,104	\$ 8,880,019	\$ 39,530,005

See notes to basic financial statements.

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

JUNE 30, 2021

Total governmental fund balances.....		\$ 11,362,300
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....		104,546,880
Accounts receivable are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.....		6,266,096
The statement of net position includes certain deferred inflows of resources and deferred outflows of resources that will be amortized over future periods. In governmental funds, these amounts are not reported.....		(3,411,425)
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....		(88,495)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Bonds payable.....	(23,804,667)	
Net pension liability.....	(29,239,336)	
Net other postemployment benefits.....	(36,072,647)	
Landfill closure.....	(185,000)	
Capital lease obligations.....	(352,880)	
Compensated absences.....	(1,443,299)	
Net effect of reporting long-term liabilities.....		<u>(91,097,829)</u>
Net position of governmental activities.....		<u>\$ 27,577,527</u>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2021

	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.....	\$ 53,133,205	\$ -	\$ -	\$ -	\$ 53,133,205
Motor vehicle and other excise taxes.....	2,486,435	-	-	27,814	2,514,249
Hotel/motel tax.....	1,132,926	-	-	-	1,132,926
Meals tax.....	325,311	-	-	-	325,311
Charges for services.....	1,789,175	-	-	932,125	2,721,300
Penalties and interest on taxes and excise.....	431,743	2,077	-	12,913	446,733
Fees and rentals.....	45,271	-	-	97,987	143,258
Recreation fees.....	3,770,492	-	-	-	3,770,492
Sanitation fees.....	3,837,379	-	-	-	3,837,379
Payments in lieu of taxes.....	65,256	-	-	-	65,256
Licenses and permits.....	988,060	-	-	-	988,060
Intergovernmental - state aid.....	636,757	-	-	-	636,757
Intergovernmental - other.....	5,520	-	-	2,191,857	2,197,377
Departmental and other.....	682,223	-	-	1,270,972	1,953,195
Community preservation taxes.....	-	1,563,029	-	-	1,563,029
Community preservation state match.....	-	505,537	-	-	505,537
Special assessments.....	-	-	-	96,299	96,299
Contributions and donations.....	-	-	-	393,865	393,865
Investment income.....	402,410	12,196	-	119,063	533,669
TOTAL REVENUES.....	69,732,163	2,082,839	-	5,142,895	76,957,897
EXPENDITURES:					
Current:					
General government.....	3,429,306	-	-	1,064,771	4,494,077
Public safety.....	9,527,226	-	5,139	1,510,990	11,043,355
Education.....	28,706,526	-	-	-	28,706,526
Public works.....	6,938,102	-	9,802,927	1,154,320	17,895,349
Human services.....	1,122,792	-	-	187,088	1,309,880
Culture and recreation.....	4,374,057	-	104,499	396,447	4,875,003
Community preservation.....	-	861,581	-	-	861,581
Pension benefits.....	2,903,991	-	-	-	2,903,991
Employee benefits.....	4,794,901	-	-	-	4,794,901
State and county charges.....	764,538	-	-	-	764,538
Debt service:					
Principal.....	3,027,170	-	-	-	3,027,170
Interest.....	1,077,105	-	-	-	1,077,105
TOTAL EXPENDITURES.....	66,665,714	861,581	9,912,565	4,313,616	81,753,476
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	3,066,449	1,221,258	(9,912,565)	829,279	(4,795,579)
OTHER FINANCING SOURCES (USES):					
Premium from issuance of notes.....	-	-	9,555	-	9,555
Capital lease financing.....	444,881	-	-	-	444,881
Transfers in.....	1,473,624	-	707,500	284,373	2,465,497
Transfers out.....	(931,865)	(591,750)	-	(1,141,882)	(2,665,497)
TOTAL OTHER FINANCING SOURCES (USES).....	986,640	(591,750)	717,055	(857,509)	254,436
NET CHANGE IN FUND BALANCES.....	4,053,089	629,508	(9,195,510)	(28,230)	(4,541,143)
FUND BALANCES AT BEGINNING OF YEAR, AS REVISED.....	13,704,261	4,962,521	(9,394,972)	6,631,633	15,903,443
FUND BALANCES AT END OF YEAR.....	\$ 17,757,350	\$ 5,592,029	\$ (18,590,482)	\$ 6,603,403	\$ 11,362,300

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, 2021

Net change in fund balances - total governmental funds.....		\$ (4,541,143)
<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.....	13,997,075	
Depreciation expense.....	<u>(5,503,167)</u>	
Net effect of reporting capital assets.....		8,493,908
<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>		
		421,966
<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>		
Principal payments on capital leases.....	92,001	
Premium from issuance of notes.....	(9,555)	
Capital lease financing.....	(444,881)	
Net amortization of premium from issuance of bonds.....	456,076	
Net change in deferred charge on refunding.....	(21,277)	
Debt service principal payments.....	<u>3,027,170</u>	
Net effect of reporting long-term debt.....		3,099,534
<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.....	(21,957)	
Net change in accrued interest on long-term debt.....	18,304	
Net change in deferred outflow/(inflow) of resources related to pensions.....	(3,152,868)	
Net change in net pension liability.....	2,834,996	
Net change in deferred outflow/(inflow) of resources related to other postemployment benefits....	(3,774,911)	
Net change in net other postemployment benefits liability.....	3,359,893	
Net change in landfill closure.....	<u>18,500</u>	
Net effect of recording long-term liabilities.....		<u>(718,043)</u>
Change in net position of governmental activities.....		\$ <u>6,756,222</u>

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF NET POSITION

JUNE 30, 2021

	Business-type Activities		
	Water	Wastewater	Total
ASSETS			
CURRENT:			
Cash and cash equivalents.....	\$ 2,731,346	\$ 352,799	\$ 3,084,145
Receivables, net of allowance for uncollectibles:			
User fees.....	1,055,611	-	1,055,611
Total current assets.....	3,786,957	352,799	4,139,756
NONCURRENT:			
Capital assets, nondepreciable.....	1,505,893	-	1,505,893
Capital assets, net of accumulated depreciation.....	15,664,495	-	15,664,495
Total noncurrent assets.....	17,170,388	-	17,170,388
TOTAL ASSETS.....	20,957,345	352,799	21,310,144
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on refunding.....	85,778	-	85,778
Deferred outflows related to pensions.....	246,979	-	246,979
Deferred outflows related to other postemployment benefits.....	435,760	-	435,760
TOTAL DEFERRED OUTFLOWS OF RESOURCES.....	768,517	-	768,517
LIABILITIES			
CURRENT:			
Warrants payable.....	626	-	626
Accrued interest.....	44,540	-	44,540
Compensated absences.....	31,385	-	31,385
Bonds payable.....	564,614	-	564,614
Total current liabilities.....	641,165	-	641,165
NONCURRENT:			
Compensated absences.....	52,440	-	52,440
Net pension liability.....	1,993,064	-	1,993,064
Net other postemployment benefits.....	2,458,848	-	2,458,848
Bonds payable.....	5,159,614	-	5,159,614
Total noncurrent liabilities.....	9,663,966	-	9,663,966
TOTAL LIABILITIES.....	10,305,131	-	10,305,131
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions.....	282,922	-	282,922
Deferred inflows related to other postemployment benefits.....	634,015	-	634,015
TOTAL DEFERRED INFLOWS OF RESOURCES.....	916,937	-	916,937
NET POSITION			
Net investment in capital assets.....	11,533,380	-	11,533,380
Unrestricted.....	(1,029,586)	352,799	(676,787)
TOTAL NET POSITION.....	\$ 10,503,794	\$ 352,799	\$ 10,856,593

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2021

	Business-type Activities		
	Water	Wastewater	Total
OPERATING REVENUES:			
Charges for services.....	\$ 5,167,449	\$ -	\$ 5,167,449
OPERATING EXPENSES:			
Cost of services and administration.....	1,797,554	42,473	1,840,027
Salaries and wages.....	1,217,461	77,968	1,295,429
Depreciation.....	1,710,445	-	1,710,445
TOTAL OPERATING EXPENSES.....	4,725,460	120,441	4,845,901
OPERATING INCOME (LOSS).....	441,989	(120,441)	321,548
NONOPERATING REVENUES (EXPENSES):			
Investment income.....	9,144	1,327	10,471
Interest expense.....	(163,916)	-	(163,916)
TOTAL NONOPERATING REVENUES (EXPENSES), NET.....	(154,772)	1,327	(153,445)
INCOME (LOSS) BEFORE TRANSFERS.....	287,217	(119,114)	168,103
TRANSFERS:			
Transfers in.....	-	200,000	200,000
CHANGE IN NET POSITION.....	287,217	80,886	368,103
NET POSITION AT BEGINNING OF YEAR.....	10,216,577	271,913	10,488,490
NET POSITION AT END OF YEAR.....	\$ 10,503,794	\$ 352,799	\$ 10,856,593

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2021

	Business-type Activities		
	Water	Wastewater	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers and users.....	\$ 5,130,605	\$ -	\$ 5,130,605
Payments to vendors.....	(2,016,447)	(42,473)	(2,058,920)
Payments to employees.....	(1,258,069)	(77,968)	(1,336,037)
NET CASH FROM OPERATING ACTIVITIES.....	1,856,089	(120,441)	1,735,648
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers in.....	-	200,000	200,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and construction of capital assets.....	(521,088)	-	(521,088)
Principal payments on bonds and notes.....	(547,671)	-	(547,671)
Interest expense.....	(171,150)	-	(171,150)
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....	(1,239,909)	-	(1,239,909)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment income.....	9,144	1,327	10,471
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	625,324	80,886	706,210
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	2,106,022	271,913	2,377,935
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	\$ 2,731,346	\$ 352,799	\$ 3,084,145
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH			
FROM OPERATING ACTIVITIES:			
Operating income (loss).....	\$ 441,989	\$ (120,441)	\$ 321,548
Adjustments to reconcile operating income to net cash from operating activities:			
Depreciation.....	1,710,445	-	1,710,445
Deferred (outflows)/inflows related to pensions.....	224,001	-	224,001
Deferred (outflows)/inflows related to other postemployment benefits.....	260,311	-	260,311
Changes in assets and liabilities:			
User charges.....	(36,844)	-	(36,844)
Warrants payable.....	(33,375)	-	(33,375)
Accrued payroll.....	(31,213)	-	(31,213)
Compensated absences.....	(9,395)	-	(9,395)
Net pension liability.....	(304,288)	-	(304,288)
Net other postemployment benefits.....	(365,542)	-	(365,542)
Total adjustments.....	1,414,100	-	1,414,100
NET CASH FROM OPERATING ACTIVITIES.....	\$ 1,856,089	\$ (120,441)	\$ 1,735,648
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:			
Change in the deferred loss on debt refunding.....	\$ (14,355)	\$ -	\$ (14,355)

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2021

	<u>Other Postemployment Benefit Trust Fund</u>	<u>Private Purpose Trust Funds</u>
ASSETS		
Cash and cash equivalents.....	\$ 71,470	\$ 63,225
Investments:		
U.S. treasury notes.....	370,185	7,378
Government sponsored enterprises.....	288,446	5,669
Corporate bonds.....	426,707	66,016
Equity securities.....	2,346,109	53,869
Equity mutual funds.....	-	520,843
Fixed income mutual funds.....	<u>541,263</u>	<u>6,413</u>
 TOTAL ASSETS.....	 <u>4,044,180</u>	 <u>723,413</u>
NET POSITION		
Restricted for other postemployment benefits.....	4,044,180	-
Held in trust for other purposes.....	<u>-</u>	<u>723,413</u>
 TOTAL NET POSITION.....	 <u>\$ 4,044,180</u>	 <u>\$ 723,413</u>

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2021

	Other Postemployment Benefit Trust Fund	Private Purpose Trust Funds
ADDITIONS:		
Contributions:		
Employer contributions.....	\$ 50,000	\$ -
Employer contributions for other postemployment benefit payments.....	2,135,628	-
Total contributions.....	2,185,628	-
Investment income (loss).....	660,352	171,405
Less: investment expense.....	(13,114)	-
Net investment income (loss).....	647,238	171,405
TOTAL ADDITIONS.....	2,832,866	171,405
DEDUCTIONS:		
Other postemployment benefit payments.....	2,135,628	-
Educational scholarships.....	-	13,500
TOTAL DEDUCTIONS.....	2,135,628	13,500
NET INCREASE (DECREASE) IN NET POSITION.....	697,238	157,905
NET POSITION AT BEGINNING OF YEAR.....	3,346,942	565,508
NET POSITION AT END OF YEAR.....	\$ 4,044,180	\$ 723,413

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 2021.

<u>Joint venture and address</u>	<u>Purpose</u>	<u>FY 2021 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	\$ 26,820,046
Cape Cod Regional Technical High School 351 Pleasant Lake Avenue Harwich, MA 02645	To provide secondary vocational education for member Towns	\$ 1,737,789
Cape Cod Commission 3225 Main Street P.O. Box 226 Barnstable, MA 02630	Regional land use planning agency	\$ 239,906
Cape Cod Regional Transit Authority 585 Main Street Dennis, MA 02638	To provide public transportation	\$ 107,986
Town Department of Veteran Services PO Box 429 Hyannis, MA 02601	To provide veterans' services	\$ 42,878
Pleasant Bay Resource Management Alliance P.O. Box 1584 Harwich, MA 02645	To protect the vast natural resources of the bay	\$ 23,760

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The government-wide financial statements (i.e., statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. *Governmental activities*, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which are supported primarily by user fees and charges.

Fund Financial Statements

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

Major Fund Criteria

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

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

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

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

Government-Wide Financial Statements

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

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

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

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

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

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

Fund Financial Statements

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

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

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

The following major governmental funds are reported:

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

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

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

The nonmajor governmental funds consist of other special revenue, capital projects, and permanent funds that are aggregated and presented in the *nonmajor governmental funds* column on the governmental funds financial statements. The following describes the general use of these fund types:

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

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

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

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

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

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

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

Fiduciary fund financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting. Fiduciary funds are used to account for assets held in a trustee capacity for others that cannot be used to support the governmental programs.

The following fiduciary fund types are reported:

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

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

D. Cash and Investments

Government-Wide and Fund Financial Statements

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with an original maturity of three months or less from the date of acquisition.

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

E. Fair Value Measurements

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

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

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

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

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

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

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

F. Accounts Receivable

Government-Wide and Fund Financial Statements

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

Real Estate, Personal Property Taxes and Tax Liens

Real estate and personal property taxes are levied and based on values assessed on January 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 lower cost or market (first-in first-out).

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

H. Capital Assets

Government-Wide and Proprietary Fund Financial Statements

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

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

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

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

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

Governmental Fund Financial Statements

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

I. Deferred Outflows/Inflows of Resources

Government-Wide Financial Statements (Net Position)

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

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has reported taxes paid in advance, deferred inflows of resources related to pensions, and deferred inflows of resources related to other postemployment benefits in this category.

Governmental Fund Financial Statements

In addition to liabilities, the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents amounts that have been recorded in the governmental fund financial statements but the revenue is not available and so will not be recognized as an inflow of resources (revenue) until it becomes available. The Town has recorded taxes paid in advance and unavailable revenue as deferred inflows of resources in the governmental funds balance sheet.

J. Interfund Receivables and Payables

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

K. Interfund Transfers

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

Government-Wide Financial Statements

Transfers between and within governmental funds are eliminated from the governmental activities in the statement of activities. Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of activities as "Transfers, net".

Fund Financial Statements

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

L. Unavailable Revenue

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

M. Net Position and Fund Equity

Government-Wide Financial Statements (Net Position)

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

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

Net position has been "restricted for" the following:

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

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

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

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

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Financial Statements (Fund Balances)

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

The governmental fund balance classifications are as follows:

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

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

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

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

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

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

N. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of both the Barnstable County 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 Town capital fund and the Saquatucket Harbor capital project fund. These deficits will be funded through available funds and bond proceeds in future years.

T. Total Column

Government-Wide Financial Statements

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

Fund Financial Statements

The total column on the fund financial statements is presented only to facilitate financial analysis. Data in this column is not the equivalent of consolidated financial information.

NOTE 2 – CASH AND INVESTMENTS

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

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

Custodial Credit Risk – Deposits

In the case of deposits, the custodial credit risk is the risk that, in the event of a bank failure, the Town's deposits may not be recovered. At year-end, the carrying amount of deposits totaled \$27,818,660 and the bank balance totaled \$29,922,580. Of the bank balance, \$1,322,571 was covered by Federal Depository Insurance, \$20,328,111 was covered by Depositors Insurance Fund, and \$8,271,898 was exposed to custodial credit risk because it was uninsured and uncollateralized. The Town's investment policy limits its custodial credit risk by 1) pre-qualifying banks, 2) diversifying its investments across several banks and 3) collateralizing deposits where practical.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of a failure by the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town's investments of \$4,219,571 in debt securities and \$4,552,521 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, 2021, the Town of Harwich had the following investments:

Investment Type	Fair value	Maturities		
		Under 1 Year	1-5 Years	6-10 Years
<u>Debt securities:</u>				
U.S. treasury notes.....	\$ 1,876,764	\$ 192,130	\$ 1,427,688	\$ 256,946
Government sponsored enterprises.....	975,404	162,105	784,880	28,419
Corporate bonds.....	1,367,403	50,725	1,185,947	130,731
Total debt securities.....	4,219,571	\$ 404,960	\$ 3,398,515	\$ 416,096
<u>Other investments:</u>				
Equity securities.....	4,552,521			
Mutual funds.....	62,174			
Equity mutual funds.....	520,843			
Fixed income mutual funds.....	1,546,581			
Money market mutual funds.....	187,915			
Total investments.....	\$ 11,089,605			

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, 2021, the Town’s investments were rated as follows:

Quality Rating	Government Sponsored Enterprises	Corporate Bonds
AAA.....	\$ 975,404	\$ 26,659
AA.....	-	331,774
A.....	-	429,491
BAA.....	-	579,479
Total.....	\$ 975,404	\$ 1,367,403

Additionally, the Town has \$187,915 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, 2021, the Town had no investments with a single issuer that represented 5 percent or more of the Town’s total investments.

Fair Value of Investments

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

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Town has the following recurring fair value measurements as of June 30, 2021:

Investment Type	June 30, 2021	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.....	\$ 1,876,764	\$ 1,876,764	\$ -	\$ -
Government sponsored enterprises.....	975,404	975,404	-	-
Corporate bonds.....	1,367,403	-	1,367,403	-
Total debt securities.....	4,219,571	2,852,168	1,367,403	-
<u>Other investments:</u>				
Equity securities.....	4,552,521	4,552,521	-	-
Mutual funds.....	62,174	62,174	-	-
Equity mutual funds.....	520,843	520,843	-	-
Fixed income mutual funds.....	1,546,581	1,546,581	-	-
Money market mutual funds.....	187,915	187,915	-	-
Total other investments.....	6,870,034	6,870,034	-	-
Total investments.....	\$ 11,089,605	\$ 9,722,202	\$ 1,367,403	\$ -

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, 2021, 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.....	\$ 425,493	\$ -	\$ 425,493
Tax liens.....	2,810,124	-	2,810,124
Community preservation fund surtax.....	9,628	-	9,628
Motor vehicle and other excise taxes.....	271,836	(47,639)	224,197
Departmental and other.....	2,583,082	(171,300)	2,411,782
Intergovernmental.....	1,347,173	-	1,347,173
Community preservation state share.....	710,666	-	710,666
Special assessments.....	256,891	-	256,891
Total.....	<u>\$ 8,414,893</u>	<u>\$ (218,939)</u>	<u>\$ 8,195,954</u>

At June 30, 2021, receivables for the water enterprise fund consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Water user fees.....	\$ 1,055,611	\$ -	\$ 1,055,611

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.....	\$ 370,469	\$ -	\$ 370,469
Tax liens.....	2,753,051	57,073	2,810,124
Community preservation fund surtax.....	-	9,628	9,628
Motor vehicle and other excise taxes.....	224,197	-	224,197
Departmental and other.....	723,871	75,886	799,757
Community preservation state share.....	-	710,666	710,666
Intergovernmental.....	-	851,936	851,936
Special assessments.....	-	256,891	256,891
Tax foreclosures.....	232,428	-	232,428
Total.....	<u>\$ 4,304,016</u>	<u>\$ 1,962,080</u>	<u>\$ 6,266,096</u>

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021, was as follows:

Governmental Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 23,566,068	\$ 840,700	\$ -	\$ 24,406,768
Construction in progress.....	10,630,058	9,724,051	-	20,354,109
Total capital assets not being depreciated....	<u>34,196,126</u>	<u>10,564,751</u>	<u>-</u>	<u>44,760,877</u>
<u>Capital assets being depreciated:</u>				
Buildings and improvements.....	68,954,699	15,062	-	68,969,761
Improvements.....	16,020,549	61,664	-	16,082,213
Machinery and equipment.....	13,620,042	2,285,486	(225,828)	15,679,700
Infrastructure.....	93,392,199	1,070,112	-	94,462,311
Total capital assets being depreciated.....	<u>191,987,489</u>	<u>3,432,324</u>	<u>(225,828)</u>	<u>195,193,985</u>
<u>Less accumulated depreciation for:</u>				
Buildings and improvements.....	(41,528,948)	(1,679,285)	-	(43,208,233)
Improvements.....	(6,419,970)	(608,882)	-	(7,028,852)
Machinery and equipment.....	(9,666,460)	(905,020)	225,828	(10,345,652)
Infrastructure.....	(72,515,265)	(2,309,980)	-	(74,825,245)
Total accumulated depreciation.....	<u>(130,130,643)</u>	<u>(5,503,167)</u>	<u>225,828</u>	<u>(135,407,982)</u>
Total capital assets being depreciated, net.....	<u>61,856,846</u>	<u>(2,070,843)</u>	<u>-</u>	<u>59,786,003</u>
Total governmental activities capital assets, net.....	<u>\$ 96,052,972</u>	<u>\$ 8,493,908</u>	<u>\$ -</u>	<u>\$ 104,546,880</u>

Business-Type Activities

	Beginning Balance	Increases	Decreases	Ending Balance
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.....	3,148,175	22,180	-	3,170,355
Infrastructure.....	38,108,591	498,908	-	38,607,499
Total capital assets being depreciated.....	47,674,423	521,088	-	48,195,511
<u>Less accumulated depreciation for:</u>				
Buildings and improvements.....	(1,292,579)	(161,090)	-	(1,453,669)
Machinery and equipment.....	(1,850,774)	(206,233)	-	(2,057,007)
Infrastructure.....	(27,677,218)	(1,343,122)	-	(29,020,340)
Total accumulated depreciation.....	(30,820,571)	(1,710,445)	-	(32,531,016)
Total capital assets being depreciated, net.....	16,853,852	(1,189,357)	-	15,664,495
Total water enterprise capital assets, net.....	\$ 18,359,745	\$ (1,189,357)	\$ -	\$ 17,170,388

D

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

Governmental Activities:

General government.....	\$ 271,964
Public safety.....	1,131,106
Education.....	515,841
Public works.....	2,352,697
Human services.....	188,841
Culture and recreation.....	890,796
Community preservation.....	151,922

Total depreciation expense - governmental activities..... \$ 5,503,167

Business-Type Activities:

Water.....	\$ <u>1,710,445</u>
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NOTE 5 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

At June 30, 2021, the Town had an interfund receivable/payable between the general fund and the Saquatucket harbor nonmajor capital projects fund totaling \$3,036. The purpose of this balance is to cover short-term cash needs that will be funded by available funds.

Interfund transfers for the year ended June 30, 2021, are summarized as follows:

Transfers Out:	Transfers In:				Total
	General fund	Town capital fund	Nonmajor governmental funds	Wastewater enterprise fund	
General fund.....	\$ -	\$ 707,500	\$ 24,365	\$ 200,000	\$ 931,865 (1)
Community preservation act fund.....	341,750	-	250,000	-	591,750 (2)
Nonmajor governmental funds.....	1,131,874	-	10,008	-	1,141,882 (3)
Total.....	\$ 1,473,624	\$ 707,500	\$ 284,373	\$ 200,000	\$ 2,665,497

- (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 special revenue trust nonmajor governmental fund.
- (3) Represents transfers from the nonmajor governmental funds to the general fund to fund the budget, mainly from receipts reserved for appropriation funds for golf, cemetery, PEG access, waterways, and betterments. Also transfers between nonmajor governmental funds.

NOTE 6 – CAPITAL LEASES

The Town has entered into a lease agreement to finance the acquisition of equipment. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of its future minimum lease payments as of the inception date. The following identifies the assets acquired through the capital lease agreement:

Asset:	Governmental Activities
Equipment.....	\$ 444,881
Less: accumulated depreciation.....	(44,488)
Total.....	\$ 400,393

The future minimum lease obligations and the net present value of these minimum lease payments at June 30, 2021, were as follows:

Years ending June 30:	Governmental Activities
2022.....	\$ 92,001
2023.....	92,001
2024.....	92,001
2025.....	92,001
 Total minimum lease payments.....	 368,004
 Less: amounts representing interest.....	 (15,124)
 Present value of minimum lease payments.....	 \$ 352,880

NOTE 7 – 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, 2021, \$185,000 has been reported on the Town’s statement of net position as an estimated remaining liability for post-closure monitoring costs of the landfill. Actual costs may change due to changes in regulations, technology, and inflation.

NOTE 8 – 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, 2021, is as follows:

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2020	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2021
Governmental Funds:							
BAN	Municipal Purpose.....	2.00%	06/11/21	\$ 1,765,800	\$ -	\$ (1,765,800)	\$ -
BAN	Municipal Purpose.....	1.00%	06/10/22	-	1,408,300	-	1,408,300
BAN	*MCWT Interim Loan.....	0.00%	06/30/22	8,716,286	10,180,000	-	18,896,286
Total Governmental Funds.....				\$ 10,482,086	\$ 11,588,300	\$ (1,765,800)	\$ 20,304,586

*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 9 – LONG-TERM DEBT

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

Details related to the outstanding general obligation indebtedness at June 30, 2021, 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, 2021
General Obligation Bonds Payable:				
Municipal Purpose Loan of 2006.....	2022	\$ 2,140,000	4.00	\$ 130,000
Municipal Purpose Loan of 2011.....	2022	162,000	3.00-4.00	15,000
Municipal Purpose Refunding Loan of 2012.....	2024	3,565,000	2.00-3.00	610,000
Municipal Purpose Loan of 2013.....	2023	2,900,000	2.00-2.75	615,000
Municipal Purpose Loan of 2018.....	2038	12,525,000	3.00-5.00	9,845,000
Municipal Purpose Loan of 2019.....	2039	9,105,000	3.00-5.00	7,515,000
Municipal Purpose Refunding Loan of 2019.....	2029	3,815,000	4.00	3,010,000
Subtotal Governmental General Obligation Bonds Payable.....				21,740,000
Direct Borrowings Payable:				
Massachusetts Clean Water Trust 2004.....	2024	121,316	0.00	18,363
Total Bonds Payable.....				21,758,363
Add: Unamortized premium on bonds.....				2,046,304
Total Bonds Payable, net.....				\$ 23,804,667

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
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>21,740,000</u>	\$ <u>5,991,824</u>	\$ <u>27,731,824</u>

Year	Direct Borrowings Payable		
	Principal	Interest	Total
2022.....	\$ 6,121	\$ 765	\$ 6,886
2023.....	6,121	459	6,580
2024.....	6,121	153	6,274
Total.....	\$ <u>18,363</u>	\$ <u>1,377</u>	\$ <u>19,740</u>

Bonds Payable Schedule – Water Enterprise Fund

Details related to the outstanding indebtedness at June 30, 2021, and the debt service requirements are as follows:

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2021
General Obligation Bonds Payable:				
Municipal Purpose Loan of 2010.....	2030	\$ 1,592,000	2.75-4.00	\$ 675,000
Municipal Purpose Loan of 2011.....	2037	4,800,000	3.00-4.00	2,235,000
Municipal Purpose Refunding Loan of 2012.....	2034	1,920,000	3.00-2.75	1,235,000
Subtotal Water Enterprise General Obligation Bonds Payable.....				<u>4,145,000</u>
Direct Borrowings Payable:				
Massachusetts Clean Water Trust 2016.....	2036	1,875,541	0.00	<u>1,479,162</u>
Total Bonds Payable.....				5,624,162
Add: Unamortized premium on bonds.....				<u>100,066</u>
Total Bonds Payable, net.....				<u>\$ 5,724,228</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
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>\$ 4,145,000</u>	<u>\$ 894,368</u>	<u>\$ 5,039,368</u>

Year	Direct Borrowings Payable		
	Principal	Interest	Total
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.....	\$ 1,479,162	\$ 248,518	\$ 1,727,680

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, 2021, the Town had the following authorized and unissued debt:

Purpose	Amount
Squatucket Municipal Marina Improvements.....	\$ 742,400
Sewer Interconnection and Planning.....	3,750,000
Sewer - Cold Brook.....	1,902,600
Fire Station.....	153,300
Pleasant Bay Watershed Section Sewer and Chatham Interconnector System Construction.....	24,775,000
Fire Station.....	100,000
Quint Purchase.....	1,138,000
Road Maintenance.....	700,000
Total.....	\$ 33,261,300

Changes in Long-term Liabilities

During the year ended June 30, 2021, the following changes occurred in long-term liabilities:

	Beginning Balance	Bonds and Notes Issued	Bonds and Notes Redeemed	Other Increases	Other Decreases	Ending Balance	Due Within One Year
Governmental Activities:							
Long-term general obligation bonds payable.. \$	24,750,000	\$ -	\$ (3,010,000)	\$ -	\$ -	\$ 21,740,000	\$ 2,730,000
Long-term direct borrowings payable.....	35,533	-	(17,170)	-	-	18,363	6,121
Add: Unamortized premium on bonds.....	2,492,825	9,555	(456,076)	-	-	2,046,304	346,316
Total bonds payable.....	27,278,358	9,555	(3,483,246)	-	-	23,804,667	3,082,437
Capital lease obligations.....	-	-	-	444,881	(92,001)	352,880	86,002
Landfill closure.....	203,500	-	-	-	(18,500)	185,000	18,500
Compensated absences.....	1,421,342	-	-	630,756	(608,799)	1,443,299	548,592
Net pension liability.....	32,074,332	-	-	3,166,630	(6,001,626)	29,239,336	-
Net other postemployment benefits.....	39,432,540	-	-	415,018	(3,774,911)	36,072,647	-
Total governmental activity long-term liabilities.....	\$ 100,410,072	\$ 9,555	\$ (3,483,246)	\$ 4,657,285	\$ (10,495,837)	\$ 91,097,829	\$ 3,735,531
Business-Type Activities:							
Long-term general obligation bonds payable.. \$	4,610,000	\$ -	\$ (465,000)	\$ -	\$ -	\$ 4,145,000	\$ 465,000
Long-term direct borrowings payable.....	1,561,833	-	(82,671)	-	-	1,479,162	84,467
Add: Unamortized premium on bonds.....	116,813	-	(16,747)	-	-	100,066	15,147
Total bonds payable.....	6,288,646	-	(564,418)	-	-	5,724,228	564,614
Compensated absences.....	93,220	-	-	29,473	(38,868)	83,825	31,385
Net pension liability.....	2,297,352	-	-	215,849	(520,137)	1,993,064	-
Net other postemployment benefits.....	2,824,390	-	-	159,242	(524,784)	2,458,848	-
Total business-type activity long-term liabilities.....	\$ 11,503,608	\$ -	\$ (564,418)	\$ 404,564	\$ (1,083,789)	\$ 10,259,965	\$ 595,999

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

NOTE 10 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

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

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

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

- Restricted: fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.
- Committed: fund balances that contain self-imposed constraints of the Town from its highest level of decision-making authority.
- Assigned: fund balances that contain self-imposed constraints of the Town to be used for a particular purpose.

- Unassigned: fund balance of the general fund that is not constrained for any particular purpose.

Massachusetts General Law Ch.40 §5B allows for the establishment of Stabilization funds for one or more different purposes on an as needed basis. The creation of a fund requires a two-thirds vote of the legislative body and must clearly define the purpose of the fund. Any change to the purpose of the fund along with any additions to or appropriations from the fund requires a two-thirds vote of the legislative body. The stabilization fund balance can be used for general and/or capital purposes upon approval of Town Meeting. Additions to and withdrawals from the funds can only be made upon Town Meeting approval.

In accordance with Massachusetts General Law the Town has established a general stabilization fund. At year end, the balance of the Town’s stabilization fund was \$4,321,598, 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, 2021, 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.....	-	-	-	39,752	39,752
Restricted for:					
Community Preservation Act Fund.....	-	5,592,029	-	-	5,592,029
Federal grants.....	-	-	-	11,737	11,737
State grants.....	-	-	-	584,823	584,823
Local gifts and grants.....	-	-	-	257,917	257,917
Highway improvements.....	-	-	-	225,500	225,500
Revolving funds.....	-	-	-	1,221,692	1,221,692
Receipts reserved for appropriation.....	-	-	-	2,268,617	2,268,617
Other special revenue funds.....	-	-	-	130,248	130,248
Special revenue trust funds.....	-	-	-	483,535	483,535
Library trust funds.....	-	-	-	838,476	838,476
Cemetery trust funds.....	-	-	-	21,528	21,528
Other trust funds.....	-	-	-	1,397	1,397
Committed to:					
Articles and continuing appropriations:					
Administration.....	60,000	-	-	-	60,000
IT Channel 18.....	121,165	-	-	-	121,165
Town planner.....	200,000	-	-	-	200,000
Highway department.....	614,424	-	-	-	614,424
Cemetery administration.....	40,273	-	-	-	40,273
Harbormaster.....	163,038	-	-	-	163,038
Golf.....	85,000	-	-	-	85,000
Library.....	132,353	-	-	-	132,353
Recreation and youth.....	52,722	-	-	-	52,722
Assigned to:					
Assessor.....	13,231	-	-	-	13,231
Information technology.....	68,679	-	-	-	68,679
Town clerk.....	6,184	-	-	-	6,184
Fire.....	620	-	-	-	620
Veterans.....	1,500	-	-	-	1,500
Harbormaster.....	1,360	-	-	-	1,360
Golf.....	23,000	-	-	-	23,000
Free cash used for subsequent year budget.....	3,811,066	-	-	-	3,811,066
Unassigned.....	12,362,735	-	(18,590,482)	(3,036)	(6,230,783)
Total Fund Balances..... \$	17,757,350	\$ 5,592,029	\$ (18,590,482)	\$ 6,603,403	\$ 11,362,300

NOTE 11 – 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, 2021, the CPA fund has a balance of \$5,592,029 and is reported as a major fund in the governmental funds financial statements.

NOTE 12 – 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, 2021, 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 13 – 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 \$3,144,894 and its actual contribution for the year ended June 30, 2021, was \$3,144,894, 21.48% 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, 2021, the Town reported a liability of \$31,232,400 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2020, 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, 2020, the Town's proportion was 4.521%, which is 0.054% less than its proportion measured at December 31, 2019.

Pension Expense

For the year ended June 30, 2021, the Town recognized pension expense of \$3,382,479. At June 30, 2021, the Town reported net deferred outflows of resources and deferred inflows of resources related to pensions of \$3,870,300 and \$4,433,544, respectively.

The balances of deferred outflows and inflows at June 30, 2021, consist of the following:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ -	\$ (170,995)	\$ (170,995)
Difference between projected and actual earnings, net.....	-	(3,644,401)	(3,644,401)
Changes in assumptions.....	2,746,835	-	2,746,835
Changes in proportion and proportionate share of contributions...	1,123,465	(618,148)	505,317
Total deferred outflows/(inflows) of resources.....	\$ 3,870,300	\$ (4,433,544)	\$ (563,244)

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

Year ended June 30:

2022.....	\$ 153,491
2023.....	434,661
2024.....	(1,015,696)
2025.....	(73,016)
2026.....	(62,684)
Total.....	\$ (563,244)

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 forward to December 31, 2020:

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%
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.....	22.00%	6.28%
International developed markets equity.....	12.00%	7.00%
International emerging markets equity.....	5.00%	8.82%
Core fixed income.....	15.00%	3.80%
Value added fixed income.....	8.00%	2.97%
Real estate.....	10.00%	3.50%
Timberland.....	4.00%	3.45%
Hedge fund, PCS.....	10.00%	2.35%
Private equity.....	14.00%	10.11%
Total.....	100.00%	

Rate of Return

For the year ended December 31, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 12.20%. 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% as of December 31, 2020, and December 31, 2021. 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.....	\$ 42,242,845	\$ 31,232,400	\$ 21,980,482
	<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 – None.

Changes in Plan Provisions – None.

NOTE 14 – 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 2021, the Town’s age-adjusted contribution to the plan totaled \$2.2 million, which includes \$50,000 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 2021, the Town pre-funded future OPEB liabilities totaling \$50,000 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, 2021, the balance of this fund totaled \$4,044,180.

Summary of Significant Accounting Policies

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

Employees Covered by Benefit Terms

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

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

Components of OPEB Liability

The following table represents the components of the Plan’s OPEB liability as of June 30, 2021:

Total OPEB liability.....	\$ 42,575,675
Less: OPEB plan’s fiduciary net position.....	<u>(4,044,180)</u>
Net OPEB liability.....	<u><u>\$ 38,531,495</u></u>
The OPEB plan’s fiduciary net position as a percentage of the total OPEB liability.....	9.50%

Significant Actuarial Methods and Assumptions

The total OPEB liability in the June 30, 2020, actuarial valuation was determined by using the following actuarial assumptions, applied to all periods included in the measurement that was updated to June 30, 2021, as follows.

Valuation date.....	June 30, 2020
Actuarial cost method.....	Entry age normal - level percentage of payroll.

Inflation rate.....	3.25%
Discount rate.....	6.50% as of June 30, 2021 and 5.32% as of June 30, 2020.
Investment rate of return.....	6.50% as of June 30, 2021 and 7.00% as of June 30, 2020.
Salary increases.....	<p>Service-related increases for Group 1 (excluding Teachers) and Group 2 employees: 6.0% decreasing over 11 years to an ultimate level of 4.0%.</p> <p>Service-related increases for Group 4 employees: 7.0% decreasing over 8 years to an ultimate level of 4.5%.</p> <p>Service-related increases for Teachers: 7.5% decreasing over 20 years to an ultimate level of 4.0%.</p>
Health care trend rates:	
CCMHG.....	<p>Non-Medicare: 2.50% for 1 year, then 6.75% decreasing by 0.25% each year to an ultimate level of 4.50% per year.</p> <p>Medicare: 2.50% for 1 year, then 6.75% decreasing by 0.25% each year to an ultimate level of 4.50% per year.</p>
GIC.....	<p>Non-Medicare: 6.60%, 4.50%, 6.40%, 6.20%, then 6.0% decreasing by 0.25% each year to an ultimate level of 4.50% per year.</p> <p>Medicare: 4.80%, 4.70%, 4.60%, 4.70%, then 6.0% decreasing by 0.25% each year to an ultimate level of 4.50% per year.</p>
Dental.....	3.00%
Part B.....	8.70% for year 1, then 4.50%.
Contributions.....	Retiree contributions are expected to increase with respective trends shown above.
Mortality rates:	
Preretirement mortality rates.....	<p>Healthy Non-Teachers: RP-2014 Blue Collar Employee Mortality Table projected generationally with Scale MP-2017.</p> <p>Healthy Teachers: Pub-2010 Teachers Employee Headcount-Weighted Mortality Table projected generationally with Scale MP-2020.</p>
Postretirement mortality rates.....	<p>Healthy Non-Teachers: RP-2014 Blue Collar Healthy Annuitant Mortality Table projected generationally with Scale MP-2017.</p> <p>Healthy Teachers: Pub-2010 Teacher Healthy Retiree Headcount-Weighted Mortality Table projected generationally with Scale MP-2020.</p> <p>Disabled Non-Teachers: RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year projected generationally with Scale MP-2017.</p> <p>Disabled Teachers: Pub-2010 Teacher Healthy Retiree Headcount-Weighted Mortality Table projected generationally with Scale MP-2020.</p>

Rate of Return

For the year ended June 30, 2021, the annual money-weighted rate of return on investments, net of investment expense, was 19.13%. 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, 2021, are summarized in table as follows:

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity.....	21.00%	6.28%
International developed markets equity....	13.00%	7.00%
International emerging markets equity.....	5.00%	8.82%
Core fixed income.....	15.00%	0.38%
High-yield fixed income.....	8.00%	2.97%
Real estate.....	10.00%	3.50%
Commodities.....	4.00%	3.45%
Hedge fund, GTAA, Risk parity.....	11.00%	2.35%
Private equity.....	13.00%	10.11%
Total.....	100.00%	

Discount Rate

The discount rate used to measure the total OPEB liability was 6.50% as of June 30, 2021, and 5.32% as of June 30, 2020. 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 (2.16% as of June 30, 2021, and 2.21% as of June 30, 2020).

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, 2020.....	\$ 45,603,872	\$ 3,346,942	\$ 42,256,930
Changes for the year:			
Service cost.....	1,248,126	-	1,248,126
Interest.....	2,436,455	-	2,436,455
Differences between expected and actual experience.....	6,893,759	-	6,893,759
Changes in assumptions and other inputs.....	(11,470,909)	-	(11,470,909)
Contributions - employer.....	-	2,185,628	(2,185,628)
Net investment income.....	-	647,238	(647,238)
Benefit payments.....	(2,135,628)	(2,135,628)	-
Net change.....	(3,028,197)	697,238	(3,725,435)
Balances at June 30, 2021.....	<u>\$ 42,575,675</u>	<u>\$ 4,044,180</u>	<u>\$ 38,531,495</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 6.50%, as well as what the net other postemployment benefit liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50%) or 1-percentage-point higher (7.50%) than the current discount rate.

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Net OPEB liability.....	\$ <u>43,774,320</u>	\$ <u>38,531,495</u>	\$ <u>34,170,927</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>33,490,740</u>	\$ <u>38,531,495</u>	\$ <u>44,703,314</u>

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

For the year ended June 30, 2021, the Town recognized OPEB expense of \$2,495,415. At June 30, 2021, the Town reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ 5,515,008	\$ (363,968)	\$ 5,151,040
Difference between projected and actual earnings, net.....	-	(311,541)	(311,541)
Changes in assumptions.....	1,313,589	(9,259,856)	(7,946,267)
Total deferred outflows/(inflows) of resources.....	\$ 6,828,597	\$ (9,935,365)	\$ (3,106,768)

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:

2022.....	\$ (954,956)
2023.....	(511,938)
2024.....	(642,204)
2025.....	(997,670)
Total deferred outflows/(inflows) of resources.....	\$ (3,106,768)

Changes of Assumptions

- Per capita health costs, contributions, and trends for CCMHG retirees were updated to reflect current experience and future expectations.
- Per capita health costs, contributions, and trends for GIC retirees were updated based on June 30, 2020 Commonwealth of Massachusetts Postemployment Benefit Other than Pensions GASB Statement No. 74 Valuation Report, dated January 2021, completed by Deloitte Consulting.
- The mortality assumption for Teachers was updated to be consistent with the companion pension fund.
- The Medicare enrollment assumption for the Town of Eastham, Town of Mashpee, Cotuit Fire Department, and GIC retirees under age 65 and future retirees as updated.
- The life insurance enrollment for future retirees was updated, if applicable.
- The discount rate was updated from 5.32% as of June 30, 2020 to 6.50% as of June 30, 2021.
- The expected return on assets was lowered from 7.00% to 6.50%.

Changes in Plan Provisions

None.

NOTE 15 – 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, 2021, 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, 2021, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2021.

The general fund has various commitments for goods and services related to articles and encumbrances totaling \$1,468,975 and \$114,574, respectively.

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, 2021. The Commonwealth and communities throughout the Commonwealth were awarded a portion of this federal funding.

In addition to the CARES Act, on March 11, 2021, the United States Federal Government established the American Rescue Plan Act (ARPA) to enhance the United States' recovery from the economic and health effects of the COVID-19 pandemic. This Act requires that the payment from these funds be used to cover costs related

to; public health; negative economic impacts; services to disproportionately impacted communities; premium pay; infrastructure; revenue replacement; or administration. These funds can only be used to cover costs incurred between March 3, 2021, and December 31, 2024. The Commonwealth and communities throughout the Commonwealth were awarded a portion of this federal funding.

In addition to funding from the CARES Act and ARPA, 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 January 10, 2022, which is the date the financial statements were available to be issued.

NOTE 18 – REVISION OF NET POSITION AND FUND BALANCE PREVIOUSLY REPORTED

The Town revised its beginning net position and fund balance for implementation of GASB Statement #84. Accordingly, the beginning net position and fund balance was updated to reflect the movement of agency funds to special revenue funds. The cumulative effect of the revision is as follows:

	6/30/2020 Previously Reported Balances	Implementation of GASB #84	6/30/2020 Revised Balances
Government-Wide Financial Statements			
Governmental activities.....	\$ 20,721,676	\$ 99,629	\$ 20,821,305
Governmental Funds			
Nonmajor governmental funds.....	\$ 6,581,431	\$ 50,202	\$ 6,631,633

NOTE 19 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During 2021, the following GASB pronouncements were implemented:

- GASB Statement #84, *Fiduciary Activities*. The basic financial statements and related notes were updated to be in compliance with this pronouncement.
- GASB Statement #90, *Majority Equity Interests – an amendment of GASB Statements #14 and #61*. This pronouncement did not impact the basic financial statements.
- GASB Statement #98, *The Annual Comprehensive Financial Report*. The basic financial statements and related notes were updated to be in compliance with this pronouncement.

The following GASB pronouncements will be implemented in the future:

- 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 #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, which is required to be implemented in 2022.

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

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Required Supplementary Information

General Fund

Budgetary Comparison Schedule

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

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

YEAR ENDED JUNE 30, 2021

	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.....	\$ -	\$ 52,899,729	\$ 52,899,729	\$ 52,899,729	\$ 53,469,527	\$ -	\$ 569,798
Motor vehicle and other excise taxes.....	-	1,625,000	1,625,000	1,625,000	2,486,435	-	861,435
Hotel/motel tax.....	-	456,000	456,000	456,000	1,132,926	-	676,926
Meals tax.....	-	215,000	215,000	215,000	325,311	-	110,311
Charges for services.....	-	1,407,000	1,407,000	1,407,000	1,789,175	-	382,175
Penalties and interest on taxes and excise.....	-	235,000	235,000	235,000	431,743	-	196,743
Fees and rentals.....	-	-	-	-	45,271	-	45,271
Recreation fees.....	-	2,740,000	2,740,000	2,740,000	3,770,492	-	1,030,492
Sanitation fees.....	-	3,002,500	3,002,500	3,002,500	3,837,379	-	834,879
Payments in lieu of taxes.....	-	55,000	55,000	55,000	65,256	-	10,256
Licenses and permits.....	-	650,000	650,000	650,000	988,060	-	338,060
Intergovernmental - state aid.....	-	664,352	664,352	664,352	636,757	-	(27,595)
Intergovernmental - other.....	-	-	-	-	5,520	-	5,520
Departmental and other.....	-	794,088	794,088	794,088	682,219	-	(111,869)
Investment income.....	-	70,631	70,631	70,631	47,292	-	(23,339)
TOTAL REVENUES.....	-	64,814,300	64,814,300	64,814,300	69,713,363	-	4,899,063
EXPENDITURES:							
Current:							
General government							
Moderator							
Salaries.....	-	1,000	1,000	1,000	-	-	1,000
Selectmen							
Salaries.....	-	12,500	12,500	12,500	11,600	-	900
Expenditures.....	-	8,750	8,750	8,750	4,211	-	4,539
Capital.....	-	-	-	25,000	25,000	-	-
Total.....	-	21,250	21,250	46,250	40,811	-	5,439
Finance Committee							
Salaries.....	-	3,000	3,000	3,000	-	-	3,000
Expenditures.....	-	2,000	2,000	2,000	268	-	1,732
Total.....	-	5,000	5,000	5,000	268	-	4,732
Finance Committee Reserve Fund.....							
-	-	50,000	50,000	50,000	-	-	50,000
Town Accountant							
Salaries.....	-	265,485	265,485	279,485	280,756	-	(1,271)
Expenditures.....	-	7,875	7,875	7,875	3,409	-	4,466
Audit.....	-	40,000	40,000	40,000	40,000	-	-
Articles.....	-	3,846	3,846	25,195	25,195	-	-
Total.....	-	317,206	317,206	352,555	349,360	-	3,195
Assessor							
Salaries.....	-	204,048	204,048	177,342	169,527	-	7,815
Expenditures.....	20,000	110,520	130,520	130,520	90,977	13,231	26,312
Total.....	20,000	314,568	334,568	307,862	260,504	13,231	34,127
Town Collections							
Salaries.....	-	16,000	16,000	16,000	8,161	-	7,839
Expenditures.....	-	5,500	5,500	5,500	4,578	-	922
Total.....	-	21,500	21,500	21,500	12,739	-	8,761
Postage.....							
-	-	41,500	41,500	54,206	59,265	-	(5,059)
Treasurer							
Salaries.....	-	288,776	288,776	288,776	284,513	-	4,263
Expenditures.....	-	95,358	95,358	95,358	81,981	-	13,377
Total.....	-	384,134	384,134	384,134	366,494	-	17,640
Medicare.....							
-	-	381,616	381,616	381,616	305,574	-	76,042
Administration							
Salaries.....	-	469,123	469,123	465,623	348,401	-	117,222
Expenditures.....	-	96,880	96,880	96,880	65,973	-	30,907
Capital Outlay.....	-	5,500	5,500	5,500	4,550	-	950
Articles.....	60,000	30,000	90,000	90,000	30,000	60,000	-
Total.....	60,000	601,503	661,503	658,003	448,924	60,000	149,079
Legal Services							
Expenditures.....	-	185,000	185,000	185,000	157,016	-	27,984
Claims and Suits.....	-	500	500	500	-	-	500
Total.....	-	185,500	185,500	185,500	157,016	-	28,484
Information Technology							
Salaries.....	-	111,098	111,098	111,098	110,748	-	350
Expenditures.....	80,013	276,250	356,263	356,263	240,679	68,679	46,905
Total.....	80,013	387,348	467,361	467,361	351,427	68,679	47,255

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

YEAR ENDED JUNE 30, 2021

	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.....	-	143,627	143,627	143,627	134,278	-	9,349
Expenditures.....	-	66,480	66,480	66,480	29,952	-	36,528
Articles.....	-	155,985	155,985	155,985	34,820	121,165	-
Total.....	-	366,092	366,092	366,092	199,050	121,165	45,877
Constable							
Salaries.....	-	708	708	708	563	-	145
Town Clerk							
Salaries.....	-	272,756	272,756	272,756	267,340	-	5,416
Expenditures.....	14,242	49,300	63,542	63,542	52,257	6,184	5,101
Total.....	14,242	322,056	336,298	336,298	319,597	6,184	10,517
Conservation							
Salaries.....	-	168,022	168,022	168,022	162,999	-	5,023
Expenditures.....	-	7,565	7,565	7,565	4,832	-	2,733
Total.....	-	175,587	175,587	175,587	167,831	-	7,756
Town Planner							
Salaries.....	-	95,479	95,479	95,479	63,545	-	31,934
Expenditures.....	-	4,531	4,531	4,531	1,275	-	3,256
Articles.....	200,000	-	200,000	200,000	-	200,000	-
Total.....	200,000	100,010	300,010	300,010	64,820	200,000	35,190
Board of Appeals							
Expenditures.....	-	735	735	735	-	-	735
Buildings							
Albro House Expenditures.....	-	6,355	6,355	6,355	2,076	-	4,279
Old Recreation Building Expenditures.....	-	7,627	7,627	7,627	3,458	-	4,169
West Harwich School Expenditures.....	-	1,424	1,424	1,424	396	-	1,028
Total.....	-	15,406	15,406	15,406	5,930	-	9,476
Community Development.....							
Salaries.....	-	242,944	242,944	242,944	211,493	-	31,451
Expenditures.....	-	13,113	13,113	13,113	8,218	-	4,895
Total.....	-	256,057	256,057	256,057	219,711	-	36,346
Public Building Repair.....	-	2,133	2,133	2,133	-	-	2,133
Town Reports.....	-	10,000	10,000	3,500	1,540	-	1,960
Advertising.....	-	22,750	22,750	29,250	27,138	-	2,112
Total General Government.....	374,255	3,983,659	4,357,914	4,400,763	3,358,562	469,259	572,942
Public safety							
Police							
Salaries.....	-	4,041,892	4,041,892	4,041,892	3,824,384	-	217,508
Expenditures.....	-	506,644	506,644	506,644	316,692	-	189,952
Capital Outlay.....	-	60,000	60,000	60,000	2,330	-	57,670
Articles.....	26,400	27,986	54,386	41,310	41,310	-	-
Total.....	26,400	4,636,522	4,662,922	4,649,846	4,184,716	-	465,130
Fire							
Salaries.....	-	4,129,052	4,129,052	4,134,514	3,906,675	-	227,839
Expenditures.....	11,965	406,192	418,157	418,157	364,590	620	52,947
Articles.....	1,987	378,000	379,987	379,987	377,781	-	2,206
Total.....	13,952	4,913,244	4,927,196	4,932,658	4,649,046	620	282,992
Ambulance							
Salaries.....	-	131,607	131,607	124,219	100,343	-	23,876
Expenditures.....	-	124,095	124,095	124,095	123,874	-	221
Total.....	-	255,702	255,702	248,314	224,217	-	24,097
Total Public Safety.....	40,352	9,805,468	9,845,820	9,830,818	9,057,979	620	772,219
School							
Cape Cod Regional Technical High School.....	-	1,737,789	1,737,789	1,737,789	1,737,789	-	-
Monomoy Regional School District.....	-	27,022,892	27,022,892	27,022,892	26,968,737	-	54,155
Total School.....	-	28,760,681	28,760,681	28,760,681	28,706,526	-	54,155

(Continued)

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

YEAR ENDED JUNE 30, 2021

	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.....	-	337,190	337,190	337,190	301,442	-	35,748
Expenditures.....	-	24,976	24,976	24,976	15,852	-	9,124
Total.....	-	362,166	362,166	362,166	317,294	-	44,872
Emergency Management							
Salaries.....	-	5,355	5,355	5,355	637	-	4,718
Expenditures.....	-	8,500	8,500	8,500	1,974	-	6,526
Total.....	-	13,855	13,855	13,855	2,611	-	11,244
Natural Resources							
Salaries.....	-	113,631	113,631	113,631	113,474	-	157
Expenditures.....	-	28,200	28,200	28,200	12,108	-	16,092
Total.....	-	141,831	141,831	141,831	125,582	-	16,249
Pleasant Bay Alliance.....	-	23,760	23,760	23,760	23,760	-	-
Town Engineer							
Salaries.....	-	114,549	114,549	118,049	119,404	-	(1,355)
Expenditures.....	10,479	80,310	90,789	90,789	46,761	-	44,028
Total.....	10,479	194,859	205,338	208,838	166,165	-	42,673
Highway Department							
Salaries.....	-	2,848,194	2,848,194	2,694,194	2,642,032	-	52,162
Expenditures.....	-	3,226,579	3,226,579	3,380,579	3,352,558	-	28,021
Articles.....	926,204	270,000	1,196,204	1,196,204	363,426	614,424	218,354
Total.....	926,204	6,344,773	7,270,977	7,270,977	6,358,016	614,424	298,537
Snow & Ice							
Salaries.....	-	40,000	40,000	93,373	93,372	-	1
Expenditures.....	-	95,000	95,000	211,696	211,695	-	1
Total.....	-	135,000	135,000	305,069	305,067	-	2
Street Lights.....	-	35,000	35,000	35,000	24,504	-	10,496
Cemetery Administration							
Salaries.....	-	71,434	71,434	71,434	71,084	-	350
Expenditures.....	-	5,075	5,075	5,075	3,429	-	1,646
Articles.....	30,110	20,000	50,110	50,110	9,837	40,273	-
Total.....	30,110	96,509	126,619	126,619	84,350	40,273	1,996
Total Public Works.....	966,793	7,347,753	8,314,546	8,488,115	7,407,349	654,697	426,069
Human services							
Board of Health							
Salaries.....	-	203,882	203,882	203,882	160,145	-	43,737
Expenditures.....	-	16,390	16,390	16,390	5,852	-	10,538
Total.....	-	220,272	220,272	220,272	165,997	-	54,275
Community Center							
Salaries.....	-	193,389	193,389	193,389	190,465	-	2,924
Expenditures.....	-	125,355	125,355	125,355	97,069	-	28,286
Total.....	-	318,744	318,744	318,744	287,534	-	31,210
Council on Aging							
Salaries.....	-	396,170	396,170	396,170	351,334	-	44,836
Expenditures.....	-	79,232	79,232	79,232	22,391	-	56,841
Total.....	-	475,402	475,402	475,402	373,725	-	101,677
Youth Counselor							
Salaries.....	-	96,255	96,255	96,255	96,255	-	-
Expenditures.....	-	3,485	3,485	3,485	3,243	-	242
Total.....	-	99,740	99,740	99,740	99,498	-	242
Veterans							
Expenditures/Benefits.....	1,500	128,058	129,558	129,558	120,138	1,500	7,920
Disability Rights							
Expenditures.....	-	500	500	500	-	-	500
Human Services.....	-	83,250	83,250	83,250	75,900	-	7,350
Total Human Services.....	1,500	1,325,966	1,327,466	1,327,466	1,122,792	1,500	203,174

(Continued)

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

YEAR ENDED JUNE 30, 2021

	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.....	-	730,884	730,884	730,884	703,073	-	27,811
Expenditures.....	-	274,820	274,820	274,820	262,676	-	12,144
Articles.....	139,161	20,000	159,161	159,161	26,808	132,353	-
Total.....	139,161	1,025,704	1,164,865	1,164,865	992,557	132,353	39,955
Recreation and Youth							
Seasonal Salaries.....	-	218,026	218,026	218,026	223,664	-	(5,638)
Salaries.....	-	272,618	272,618	272,618	246,770	-	25,848
Expenditures.....	-	45,575	45,575	45,575	41,608	-	3,967
Articles.....	112,000	-	112,000	112,000	59,278	52,722	-
Total.....	112,000	536,219	648,219	648,219	571,320	52,722	24,177
Harbormaster							
Salaries.....	-	343,405	343,405	343,405	310,483	-	32,922
Expenditures.....	-	92,580	92,580	92,580	85,783	1,360	5,437
Capital Outlays.....	-	160,000	160,000	160,000	29,432	-	130,568
Articles.....	445,386	106,357	551,743	551,743	233,524	163,038	155,181
Total.....	445,386	702,342	1,147,728	1,147,728	659,222	164,398	324,108
Brooks Museum Commission							
Expenditures.....	-	12,894	12,894	12,894	9,833	-	3,061
Historical Commission							
Expenditures.....	-	350	350	350	-	-	350
Celebrations.....	-	1,600	1,600	1,600	-	-	1,600
Golf							
Salaries.....	-	919,181	919,181	919,181	928,704	-	(9,523)
Expenditures.....	-	665,272	665,272	665,272	671,366	-	(6,094)
Capital Outlays.....	-	68,000	68,000	68,000	44,314	23,000	686
Articles.....	136,860	-	136,860	136,860	51,860	85,000	-
Total.....	136,860	1,652,453	1,789,313	1,789,313	1,696,244	108,000	(14,931)
Electricity-CVEC.....	-	73,900	73,900	73,900	70,744	-	3,156
Total Culture and Recreation.....	833,407	4,005,462	4,838,869	4,838,869	3,999,920	457,473	381,476
Contributory Pension.....	-	3,144,894	3,144,894	3,144,894	3,144,894	-	-
Unemployment Compensation.....	-	20,000	20,000	20,000	6,518	-	13,482
Group Health Insurance.....	-	4,833,551	4,833,551	4,638,482	4,525,043	-	113,439
General Insurance.....	-	874,470	874,470	874,470	752,727	-	121,743
State and County Charges.....	-	764,539	764,539	764,539	764,538	-	1
Debt Service							
Debt Service Principal.....	-	3,027,170	3,027,170	3,027,170	3,027,170	-	-
Debt Service Interest.....	-	1,232,739	1,232,739	1,232,739	1,077,105	-	155,634
Total.....	-	4,259,909	4,259,909	4,259,909	4,104,275	-	155,634
TOTAL EXPENDITURES.....	2,216,307	69,126,352	71,342,659	71,349,006	66,951,123	1,583,549	2,814,334
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(2,216,307)	(4,312,052)	(6,528,359)	(6,534,706)	2,762,240	(1,583,549)	7,713,397
OTHER FINANCING SOURCES (USES):							
Transfers in.....	-	2,760,946	2,760,946	2,760,946	2,778,089	-	17,143
Transfers out.....	-	(911,400)	(911,400)	(931,865)	(931,865)	-	-
TOTAL OTHER FINANCING SOURCES (USES).....	-	1,849,546	1,849,546	1,829,081	1,846,224	-	17,143
NET CHANGE IN FUND BALANCE.....	(2,216,307)	(2,462,506)	(4,678,813)	(4,705,625)	4,608,464	(1,583,549)	7,730,540
BUDGETARY FUND BALANCE, Beginning of year.....	-	8,862,375	8,862,375	8,862,375	8,862,375	-	-
BUDGETARY FUND BALANCE, End of year.....	\$ (2,216,307)	\$ 6,399,869	\$ 4,183,562	\$ 4,156,750	\$ 13,470,839	\$ (1,583,549)	\$ 7,730,540

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, 2021

	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.....	\$ -	\$ 1,561,683	\$ 1,561,683	\$ 1,561,683	\$ 1,563,029	\$ -	\$ 1,346
Community preservation state match.....	-	234,741	234,741	234,741	505,537	-	270,796
Penalties and interest.....	-	-	-	-	2,077	-	2,077
Investment income.....	-	20,000	20,000	20,000	12,196	-	(7,804)
TOTAL REVENUES.....	-	1,816,424	1,816,424	1,816,424	2,082,839	-	266,415
EXPENDITURES:							
Community preservation.....	1,673,357	1,580,017	3,253,374	3,104,107	861,581	2,105,901	136,625
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(1,673,357)	236,407	(1,436,950)	(1,287,683)	1,221,258	(2,105,901)	403,040
OTHER FINANCING SOURCES (USES):							
Transfers out.....	-	(341,750)	(341,750)	(341,750)	(591,750)	-	(250,000)
NET CHANGE IN FUND BALANCE.....	(1,673,357)	(105,343)	(1,778,700)	(1,629,433)	629,508	(2,105,901)	153,040
BUDGETARY FUND BALANCE, Beginning of year.....	-	4,962,521	4,962,521	4,962,521	4,962,521	-	-
BUDGETARY FUND BALANCE, End of year.....	\$ (1,673,357)	\$ 4,857,178	\$ 3,183,821	\$ 3,333,088	\$ 5,592,029	\$ (2,105,901)	\$ 153,040

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, 2020.....	4.521%	\$ 31,232,400	\$ 14,492,861	215.50%	66.82%
December 31, 2019.....	4.575%	34,371,684	14,070,455	244.28%	62.34%
December 31, 2018.....	4.397%	34,751,878	13,053,024	266.24%	57.63%
December 31, 2017.....	4.493%	30,570,977	12,788,137	239.06%	61.86%
December 31, 2016.....	4.461%	31,340,183	12,620,687	248.32%	57.28%
December 31, 2015.....	4.228%	26,622,943	11,725,015	227.06%	58.10%
December 31, 2014.....	4.258%	24,040,696	11,169,369	215.24%	60.43%

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

See notes to required supplementary information.

SCHEDULE OF THE TOWN'S CONTRIBUTIONS
BARNSTABLE COUNTY RETIREMENT ASSOCIATION

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

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

See notes to required supplementary information.

Other Postemployment Benefit Plan Schedules

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

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

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

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

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

	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
Total OPEB Liability					
Service Cost.....	\$ 1,078,218	\$ 1,013,394	\$ 1,073,425	\$ 1,085,819	\$ 1,248,126
Interest.....	1,971,659	2,095,434	2,181,931	2,480,258	2,436,455
Differences between expected and actual experience....	-	(1,819,848)	985,195	-	6,893,759
Changes of assumptions.....	(2,139,815)	(415,644)	-	1,736,451	(11,470,909)
Benefit payments.....	(1,866,279)	(1,950,262)	(2,039,829)	(2,020,814)	(2,135,628)
Net change in total OPEB liability.....	(956,217)	(1,076,926)	2,200,722	3,281,714	(3,028,197)
Total OPEB liability - beginning.....	42,154,579	41,198,362	40,121,436	42,322,158	45,603,872
Total OPEB liability - ending (a).....	<u>\$ 41,198,362</u>	<u>\$ 40,121,436</u>	<u>\$ 42,322,158</u>	<u>\$ 45,603,872</u>	<u>\$ 42,575,675</u>
Plan fiduciary net position					
Employer contributions to the trust.....	\$ 100,000	\$ 203,000	\$ 1,396,925	\$ 750,000	\$ 50,000
Employer contributions for OPEB payments.....	1,866,279	1,950,262	2,039,829	2,020,814	2,135,628
Net investment income.....	31,824	33,432	140,111	156,222	660,352
Benefit payments.....	(1,866,279)	(1,950,262)	(2,039,829)	(2,020,814)	(2,135,628)
Net change in plan fiduciary net position.....	131,824	236,432	1,537,036	906,222	710,352
Plan fiduciary net position - beginning of year.....	535,428	667,252	903,684	2,440,720	3,346,942
Plan fiduciary net position - end of year (b).....	<u>\$ 667,252</u>	<u>\$ 903,684</u>	<u>\$ 2,440,720</u>	<u>\$ 3,346,942</u>	<u>\$ 4,057,294</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>	<u>\$ 38,518,381</u>
Plan fiduciary net position as a percentage of the total OPEB liability.....	1.62%	2.25%	5.77%	7.34%	9.53%
Covered-employee payroll.....	\$ 15,514,239	\$ 17,311,507	\$ 16,433,655	\$ 16,597,992	\$ 19,037,045
Net OPEB liability as a percentage of covered-employee payroll.....	261.25%	226.54%	242.68%	254.59%	202.33%

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

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

See notes to required supplementary information.

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

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

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

See notes to required supplementary information.

SCHEDULE OF INVESTMENT RETURNS
OTHER POSTEMPLOYMENT BENEFIT PLAN

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

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

See notes to required supplementary information.

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

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

Supplementary appropriations are voted at special town meetings.

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

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

The Town adopts an annual budget for the General Fund in conformity with the guidelines described above. The original 2021 approved budget for the General Fund includes \$70.0 million in current year appropriations and other amounts to be raised and \$2.2 million in encumbrances and appropriations carried over from previous years. During 2021, the Town approved various transfers within appropriation lines in the General Fund along with supplemental appropriations totaling \$27,000.

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, 2021, are presented on the following page.

General Fund:

Net change in fund balance - budgetary basis.....	\$ 4,608,464
<u>Perspective differences:</u>	
Activity of the stabilization fund recorded in the general fund for GAAP.....	(219,054)
<u>Basis of accounting differences:</u>	
Net change in recording tax refunds payable.....	(90,111)
Net change in recording 60 day receipts.....	<u>(246,210)</u>
Net change in fund balance - GAAP basis.....	<u>\$ 4,053,089</u>

Community Preservation Fund:

Net change in fund balance - budgetary basis.....	<u>\$ 629,508</u>
Net change in fund balance - GAAP basis.....	<u>\$ 629,508</u>

C. Appropriation Deficits

Expenditures exceeded appropriations for Town accountant salaries, postage, Town engineer salaries, recreation and youth seasonal salaries, golf salaries and golf expenditures.

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

None.

D. Changes in Plan Provisions

None.

NOTE C – OTHER POSTEMPLOYMENT BENEFITS PLAN

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

The Other Postemployment Benefit Plan

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

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

B. Schedule of the Town’s Contributions

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

Valuation date.....	June 30, 2020
Actuarial cost method.....	Entry age normal - level percentage of payroll.
Inflation rate.....	3.25%
Discount rate.....	6.50% as of June 30, 2021 and 5.32% as of June 30, 2020.
Investment rate of return.....	6.50% as of June 30, 2021 and 7.00% as of June 30, 2020.
Salary increases.....	Service-related increases for Group 1 (excluding Teachers) and Group 2 employees: 6.0% decreasing over 11 years to an ultimate level of 4.0%. Service-related increases for Group 4 employees: 7.0% decreasing over 8 years to an ultimate level of 4.5%. Service-related increases for Teachers: 7.5% decreasing over 20 years to an ultimate level of 4.0%.

Health care trend rates:

CCMHG.....	Non-Medicare: 2.50% for 1 year, then 6.75% decreasing by 0.25% each year to an ultimate level of 4.50% per year. Medicare: 2.50% for 1 year, then 6.75% decreasing by 0.25% each year to an ultimate level of 4.50% per year.
GIC.....	Non-Medicare: 6.60%, 4.50%, 6.40%, 6.20%, then 6.0% decreasing by 0.25% each year to an ultimate level of 4.50% per year. Medicare: 4.80%, 4.70%, 4.60%, 4.70%, then 6.0% decreasing by 0.25% each year to an ultimate level of 4.50% per year.
Dental.....	3.00%
Part B.....	8.70% for year 1, then 4.50%.
Contributions.....	Retiree contributions are expected to increase with respective trends shown above.

Mortality rates:

Preretirement mortality rates.....	Healthy Non-Teachers: RP-2014 Blue Collar Employee Mortality Table projected generationally with Scale MP-2017. Healthy Teachers: Pub-2010 Teachers Employee Headcount-Weighted Mortality Table projected generationally with Scale MP-2020.
Postretirement mortality rates.....	Healthy Non-Teachers: RP-2014 Blue Collar Healthy Annuitant Mortality Table projected generationally with Scale MP-2017. Healthy Teachers: Pub-2010 Teacher Healthy Retiree Headcount-Weighted Mortality Table projected generationally with Scale MP-2020. Disabled Non-Teachers: RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year projected generationally with Scale MP-2017. Disabled Teachers: Pub-2010 Teacher Healthy Retiree Headcount-Weighted Mortality Table projected generationally with Scale MP-2020.

C. Schedule of Investment Returns

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

D. Changes of Assumptions

- Per capita health costs, contributions, and trends for CCMHG retirees were updated to reflect current experience and future expectations.
- Per capita health costs, contributions, and trends for GIC retirees were updated based on June 30, 2020 Commonwealth of Massachusetts Postemployment Benefit Other than Pensions GASB Statement No. 74 Valuation Report, dated January 2021, completed by Deloitte Consulting.
- The mortality assumption for Teachers was updated to be consistent with the companion pension fund.

- The Medicare enrollment assumption for the Town of Eastham, Town of Mashpee, Cotuit Fire Department, and GIC retirees under age 65 and future retirees as updated.
- The life insurance enrollment for future retirees was updated, if applicable.
- The discount rate was updated from 5.32% as of June 30, 2020 to 6.50% as of June 30, 2021.
- The expected return on assets was lowered from 7.00% to 6.50%.

E. Changes in Plan Provisions

None.

Other Supplementary Information

Combining Statements

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

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

Nonmajor Governmental Funds

Fund Description

Special Revenue Funds

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

- ***Federal Grants*** – accounts for activity specifically financed by federal grants, which are designated for specific programs.
- ***State Grants*** – accounts for activity specifically financed by state grants, which are designated for specific programs.
- ***Local Gifts and Grants*** – accounts for various gifts and grants restricted for special programs administered by Town departments.
- ***Highway 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:

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

Permanent Funds

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

- ***Library Trust 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, 2021

	Special Revenue Funds				
	Federal Grants	State Grants	Local Gifts and Grant	Highway Improvement Grants	Revolving
ASSETS					
Cash and cash equivalents.....	\$ 151,943	\$ 584,823	\$ 257,917	\$ 225,500	\$ 1,247,274
Investments.....	-	-	-	-	-
Receivables, net of uncollectibles:					
Departmental and other.....	-	-	-	-	-
Intergovernmental - other.....	495,237	-	-	851,936	-
Special assessments.....	-	-	-	-	-
Inventory.....	-	-	-	-	39,752
TOTAL ASSETS.....	<u>\$ 647,180</u>	<u>\$ 584,823</u>	<u>\$ 257,917</u>	<u>\$ 1,077,436</u>	<u>\$ 1,287,026</u>
LIABILITIES					
Warrants payable.....	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds.....	-	-	-	-	-
Other liabilities.....	-	-	-	-	-
Unearned revenue.....	635,443	-	-	-	-
TOTAL LIABILITIES.....	<u>635,443</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue.....	-	-	-	851,936	25,582
FUND BALANCES					
Nonspendable.....	-	-	-	-	39,752
Restricted.....	11,737	584,823	257,917	225,500	1,221,692
Unassigned.....	-	-	-	-	-
TOTAL FUND BALANCES.....	<u>11,737</u>	<u>584,823</u>	<u>257,917</u>	<u>225,500</u>	<u>1,261,444</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....	<u>\$ 647,180</u>	<u>\$ 584,823</u>	<u>\$ 257,917</u>	<u>\$ 1,077,436</u>	<u>\$ 1,287,026</u>

Special Revenue Funds				Capital Project Fund
Receipts Reserved for Appropriations	Other Special Revenue	Special Revenue Trust Funds	Subtotal	Saquatucket Harbor
\$ 2,268,617	\$ 563,182	\$ 514,025	\$ 5,813,281	\$ -
-	-	-	-	-
-	50,304	-	50,304	-
-	-	-	1,347,173	-
256,891	-	-	256,891	-
-	-	-	39,752	-
<u>\$ 2,525,508</u>	<u>\$ 613,486</u>	<u>\$ 514,025</u>	<u>\$ 7,507,401</u>	<u>\$ -</u>
\$ -	\$ -	\$ 20,490	\$ 20,490	\$ -
-	-	-	-	3,036
-	432,934	-	432,934	-
-	-	-	635,443	-
-	432,934	20,490	1,088,867	3,036
256,891	50,304	-	1,184,713	-
-	-	10,000	49,752	-
2,268,617	130,248	483,535	5,184,069	-
-	-	-	-	(3,036)
<u>2,268,617</u>	<u>130,248</u>	<u>493,535</u>	<u>5,233,821</u>	<u>(3,036)</u>
<u>\$ 2,525,508</u>	<u>\$ 613,486</u>	<u>\$ 514,025</u>	<u>\$ 7,507,401</u>	<u>\$ -</u>

(Continued)

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET**

JUNE 30, 2021

	Permanent Funds				Total Nonmajor Governmental Funds
	Library Trust Funds	Cemetery Trust Funds	Other Trust Funds	Subtotal	
ASSETS					
Cash and cash equivalents.....	\$ -	\$ 464,532	\$ 32,004	\$ 496,536	\$ 6,309,817
Investments.....	876,082	-	-	876,082	876,082
Receivables, net of uncollectibles:					
Departmental and other.....	-	-	-	-	50,304
Intergovernmental - other.....	-	-	-	-	1,347,173
Special assessments.....	-	-	-	-	256,891
Inventory.....	-	-	-	-	39,752
TOTAL ASSETS.....	\$ 876,082	\$ 464,532	\$ 32,004	\$ 1,372,618	\$ 8,880,019
LIABILITIES					
Warrants payable.....	\$ -	\$ -	\$ -	\$ -	\$ 20,490
Due to other funds.....	-	-	-	-	3,036
Other liabilities.....	-	-	-	-	432,934
Unearned revenue.....	-	-	-	-	635,443
TOTAL LIABILITIES.....	-	-	-	-	1,091,903
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue.....	-	-	-	-	1,184,713
FUND BALANCES					
Nonspendable.....	37,606	443,004	30,607	511,217	560,969
Restricted.....	838,476	21,528	1,397	861,401	6,045,470
Unassigned.....	-	-	-	-	(3,036)
TOTAL FUND BALANCES.....	876,082	464,532	32,004	1,372,618	6,603,403
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....	\$ 876,082	\$ 464,532	\$ 32,004	\$ 1,372,618	\$ 8,880,019

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

YEAR ENDED JUNE 30, 2021

	Special Revenue Funds				
	Federal Grants	State Grants	Local Gifts and Grants	Highway Improvement Grants	Revolving
REVENUES:					
Motor vehicle and other excise taxes.....	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services.....	-	-	-	-	13,522
Penalties and interest on taxes.....	-	-	-	-	-
Fees and rentals.....	-	-	-	-	-
Intergovernmental - other.....	1,229,761	193,870	-	753,969	-
Departmental and other.....	-	2,265	29,213	-	619,336
Special assessments.....	-	-	-	-	-
Contributions and donations.....	-	298,800	8,324	-	-
Investment income.....	-	-	-	-	-
TOTAL REVENUES.....	1,229,761	494,935	37,537	753,969	632,858
EXPENDITURES:					
Current:					
General government.....	140,742	-	21,329	-	-
Public safety.....	503,863	22,615	2,931	-	-
Public works.....	333,122	51,341	-	547,805	160,903
Human services.....	145,187	15,409	-	-	26,492
Culture and recreation.....	111,310	150	6,695	-	191,631
TOTAL EXPENDITURES.....	1,234,224	89,515	30,955	547,805	379,026
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(4,463)	405,420	6,582	206,164	253,832
OTHER FINANCING SOURCES (USES):					
Transfers in.....	30,473	-	-	-	-
Transfers out.....	(53,215)	(12,075)	(123)	-	(208,200)
TOTAL OTHER FINANCING SOURCES (USES).....	(22,742)	(12,075)	(123)	-	(208,200)
NET CHANGE IN FUND BALANCES.....	(27,205)	393,345	6,459	206,164	45,632
FUND BALANCES AT BEGINNING OF YEAR, AS REVISED.....	38,942	191,478	251,458	19,336	1,215,812
FUND BALANCES AT END OF YEAR.....	\$ 11,737	\$ 584,823	\$ 257,917	\$ 225,500	\$ 1,261,444

Special Revenue Funds				Capital Project Fund
Receipts Reserved for Appropriations	Other Special Revenue	Special Revenue Trust Funds	Subtotal	Saquatucket Harbor
\$ 27,814	\$ -	\$ -	\$ 27,814	\$ -
-	918,603	-	932,125	-
12,913	-	-	12,913	-
97,987	-	-	97,987	-
9,257	5,000	-	2,191,857	-
468,110	30,188	121,860	1,270,972	-
96,299	-	-	96,299	-
-	80,021	-	387,145	-
-	-	1,191	1,191	-
<u>712,380</u>	<u>1,033,812</u>	<u>123,051</u>	<u>5,018,303</u>	<u>-</u>
-	331	902,369	1,064,771	-
-	978,777	2,804	1,510,990	-
61,149	-	-	1,154,320	-
-	-	-	187,088	-
<u>9,257</u>	<u>71,436</u>	<u>-</u>	<u>390,479</u>	<u>3,036</u>
<u>70,406</u>	<u>1,050,544</u>	<u>905,173</u>	<u>4,307,648</u>	<u>3,036</u>
<u>641,974</u>	<u>(16,732)</u>	<u>(782,122)</u>	<u>710,655</u>	<u>(3,036)</u>
-	3,900	250,000	284,373	-
<u>(847,271)</u>	<u>(998)</u>	<u>-</u>	<u>(1,121,882)</u>	<u>-</u>
<u>(847,271)</u>	<u>2,902</u>	<u>250,000</u>	<u>(837,509)</u>	<u>-</u>
(205,297)	(13,830)	(532,122)	(126,854)	(3,036)
<u>2,473,914</u>	<u>144,078</u>	<u>1,025,657</u>	<u>5,360,675</u>	<u>-</u>
<u>\$ 2,268,617</u>	<u>\$ 130,248</u>	<u>\$ 493,535</u>	<u>\$ 5,233,821</u>	<u>\$ (3,036)</u>

(Continued)

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

YEAR ENDED JUNE 30, 2021

	Permanent Funds				Total Nonmajor Governmental Funds
	Library Trust Funds	Cemetery Trust Funds	Other Trust Funds	Subtotal	
REVENUES:					
Motor vehicle and other excise taxes.....	\$ -	\$ -	\$ -	\$ -	\$ 27,814
Charges for services.....	-	-	-	-	932,125
Penalties and interest on taxes.....	-	-	-	-	12,913
Fees and rentals.....	-	-	-	-	97,987
Intergovernmental - other.....	-	-	-	-	2,191,857
Departmental and other.....	-	-	-	-	1,270,972
Special assessments.....	-	-	-	-	96,299
Contributions and donations.....	-	6,720	-	6,720	393,865
Investment income.....	117,294	548	30	117,872	119,063
TOTAL REVENUES.....	117,294	7,268	30	124,592	5,142,895
EXPENDITURES:					
Current:					
General government.....	-	-	-	-	1,064,771
Public safety.....	-	-	-	-	1,510,990
Public works.....	-	-	-	-	1,154,320
Human services.....	-	-	-	-	187,088
Culture and recreation.....	2,932	-	-	2,932	396,447
TOTAL EXPENDITURES.....	2,932	-	-	2,932	4,313,616
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	114,362	7,268	30	121,660	829,279
OTHER FINANCING SOURCES (USES):					
Transfers in.....	-	-	-	-	284,373
Transfers out.....	-	(20,000)	-	(20,000)	(1,141,882)
TOTAL OTHER FINANCING SOURCES (USES).....	-	(20,000)	-	(20,000)	(857,509)
NET CHANGE IN FUND BALANCES.....	114,362	(12,732)	30	101,660	(28,230)
FUND BALANCES AT BEGINNING OF YEAR, AS REVISED.....	761,720	477,264	31,974	1,270,958	6,631,633
FUND BALANCES AT END OF YEAR.....	\$ 876,082	\$ 464,532	\$ 32,004	\$ 1,372,618	\$ 6,603,403

(Concluded)

Statistical Section



Saquatucket Harbor

Statistical Section

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

Net Position By Component

Last Ten Years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities										
Net investment in capital assets.....	\$ 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	\$ 60,818,996
Restricted.....	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	8,821,991
Unrestricted.....	<u>(3,113,601)</u>	<u>(6,512,217)</u>	<u>(8,670,952)</u>	<u>(31,243,743)</u>	<u>(27,808,099)</u>	<u>(46,205,784)</u>	<u>(47,758,544)</u>	<u>(48,357,542)</u>	<u>(46,652,137)</u>	<u>(42,063,460)</u>
Total governmental activities net position.....	<u>\$ 57,718,161</u>	<u>\$ 51,950,323</u>	<u>\$ 51,933,575</u>	<u>\$ 31,096,809</u>	<u>\$ 37,023,344</u>	<u>\$ 18,986,466</u>	<u>\$ 18,407,768</u>	<u>\$ 18,825,532</u>	<u>\$ 20,821,305</u>	<u>\$ 27,577,527</u>
Business-type activities										
Net investment in capital assets.....	\$ 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	\$ 11,533,380
Unrestricted.....	<u>3,530,953</u>	<u>4,145,597</u>	<u>3,750,094</u>	<u>5,149,897</u>	<u>3,509,809</u>	<u>652,672</u>	<u>(2,328,606)</u>	<u>(2,645,558)</u>	<u>(1,901,773)</u>	<u>(676,787)</u>
Total business-type activities net position.....	<u>\$ 15,629,418</u>	<u>\$ 15,704,400</u>	<u>\$ 15,679,576</u>	<u>\$ 16,385,078</u>	<u>\$ 14,216,585</u>	<u>\$ 12,921,122</u>	<u>\$ 11,545,544</u>	<u>\$ 10,557,679</u>	<u>\$ 10,488,490</u>	<u>\$ 10,856,593</u>
Primary government										
Net investment in capital assets.....	\$ 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	\$ 72,352,376
Restricted.....	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	8,821,991
Unrestricted.....	<u>417,352</u>	<u>(2,366,620)</u>	<u>(4,920,858)</u>	<u>(26,093,846)</u>	<u>(24,298,290)</u>	<u>(45,553,112)</u>	<u>(50,087,150)</u>	<u>(51,003,100)</u>	<u>(48,553,910)</u>	<u>(42,740,247)</u>
Total primary government net position.....	<u>\$ 73,347,579</u>	<u>\$ 67,654,723</u>	<u>\$ 67,613,151</u>	<u>\$ 47,481,887</u>	<u>\$ 51,239,929</u>	<u>\$ 31,907,588</u>	<u>\$ 29,953,312</u>	<u>\$ 29,383,211</u>	<u>\$ 31,309,795</u>	<u>\$ 38,434,120</u>

FY2015 reflects the implementation of GASB 68.
 FY2017 reflects the implementation of GASB 75.
 FY2020 reflects the implementation of GASB 84.

Changes in Net Position

Last Ten Years

	2012	2013	2014	2015	2016	2017 (a)	2018	2019	2020	2021
Expenses										
Governmental activities:										
General government.....	\$ 6,294,029	\$ 4,477,098	\$ 4,529,058	\$ 4,188,411	\$ 5,179,542	\$ 5,290,047	\$ 5,798,473	\$ 5,586,547	\$ 6,319,407	\$ 5,828,492
Public safety.....	16,249,845	13,620,409	13,624,984	12,432,338	13,172,473	13,996,114	13,781,945	14,125,237	14,729,395	15,615,512
Education.....	21,699,049	21,789,074	22,751,503	22,333,529	25,225,308	26,444,962	26,979,835	27,706,467	29,558,731	29,222,367
Public works.....	9,618,093	8,562,148	9,968,987	10,357,930	9,545,765	10,085,199	12,333,394	10,132,868	9,932,352	10,895,030
Human services.....	2,150,044	2,314,405	2,014,775	1,825,742	1,805,606	1,857,258	1,971,772	1,860,906	2,055,672	1,802,867
Culture and recreation.....	5,931,980	7,698,789	5,272,952	4,664,382	5,161,159	5,108,459	5,717,217	6,212,939	6,063,055	5,868,892
Community preservation.....	-	-	-	-	-	97,390	88,219	262,485	214,576	566,479
Interest.....	874,085	688,728	662,307	624,347	518,438	451,254	485,291	941,593	848,840	624,002
Total government activities expenses.....	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	70,423,641
Business-type activities:										
Water.....	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	4,889,376
Wastewater.....	-	-	-	-	-	-	-	-	25,642	120,441
Total business-type activities expenses.....	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	5,009,817
Total primary government expenses.....	\$ 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	\$ 75,433,458
Program Revenues										
Governmental activities:										
Education charges for services.....	\$ 624,645	\$ 39,857	\$ 2,216	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public works charges for services.....	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	4,329,179
Culture and recreation charges for services.....	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	4,309,156
Other charges for services.....	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	4,355,772
Operating grants and contributions.....	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	2,574,493
Capital grant and contributions.....	663,258	667,249	912,606	1,862,815	4,803,000	4,072,965	3,124,074	1,097,971	1,738,397	1,890,201
Total government activities program revenues.....	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	17,458,801
Business-type activities:										
Charges for services - water.....	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	5,167,449
Total primary government program revenues.....	\$ 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	\$ 22,626,250
Net (Expense)/Revenue										
Governmental activities.....	\$ (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)	\$ (52,964,840)
Business-type activities.....	(128,390)	70,427	4,851	704,544	883,232	40,980	(725,400)	(913,250)	(321,827)	157,632
Total primary government net expense.....	\$ (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)	\$ (52,807,208)
General Revenues and other Changes in Net Position										
Governmental activities:										
Real estate and personal property taxes, net of tax refunds payable.....	\$ 37,715,962	\$ 37,971,741	\$ 39,513,264	\$ 42,191,684	\$ 43,216,843	\$ 44,467,932	\$ 46,865,775	\$ 49,151,540	\$ 51,921,669	\$ 53,028,284
Motor vehicle and other excise taxes.....	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	2,550,271
Hotel/Motel tax.....	500,138	534,951	553,174	939,539	649,119	678,226	674,717	684,793	905,397	1,132,926
Meals tax.....	308,570	334,050	328,522	359,441	379,689	406,465	423,305	439,960	445,497	325,311
Community preservation tax.....	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	1,281,822
Penalties and interest on taxes and excise.....	219,427	285,346	374,774	325,349	314,847	432,405	405,047	503,894	309,139	446,733
Payments in lieu of taxes.....	52,025	57,482	54,851	54,873	58,319	56,741	58,616	61,960	62,471	65,256
Grants and contributions not restricted to specific programs.....	364,336	364,336	646,248	578,188	668,191	552,299	538,689	580,046	550,348	556,790
Unrestricted investment income.....	29,091	52,315	77,492	40,044	108,189	120,365	167,256	749,074	572,549	533,669
Miscellaneous.....	-	2,125	-	-	-	-	-	-	-	-
Transfers.....	-	(3,394)	-	-	-	-	-	(70,000)	(225,000)	(200,000)
Extraordinary Items:										
Tornado reimbursements.....	-	-	-	-	-	-	-	-	1,171,060	-
Tornado expense.....	-	-	-	-	-	-	-	-	(844,876)	-
Total governmental activities.....	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	59,721,062
Business-type activities:										
Investment income.....	776	1,161	-	958	963	296	-	24,088	27,638	10,471
Transfers.....	-	3,394	-	-	-	-	(650,178)	70,000	225,000	200,000
Total primary government.....	\$ 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	\$ 59,931,533
Changes in Net Position										
Governmental activities.....	\$ (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	\$ 6,756,222
Business-type activities.....	(127,614)	74,982	4,851	705,502	884,195	41,276	(1,375,578)	(819,162)	(69,189)	368,103
Total primary government.....	\$ (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	\$ 7,124,325

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

Fund Balances, Governmental Funds

Last Ten Years

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
General Fund										
Restricted.....	\$ -	\$ 16,843	\$ 59,735	\$ 59,735	\$ 59,735	\$ -	\$ -	\$ -	\$ -	\$ -
Committed.....	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	1,468,975
Assigned.....	334,782	351,706	16,253	165,245	191,116	2,044,375	230,369	3,531,564	127,720	3,925,640
Unassigned.....	<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>	<u>12,362,735</u>
Total general fund.....	<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>	<u>\$ 17,757,350</u>
All Other Governmental Funds										
Nonspendable.....	\$ 769,863	\$ 149,669	\$ 156,746	\$ 156,746	\$ 137,442	\$ 601,676	\$ 575,620	\$ 588,952	\$ 578,227	\$ 560,969
Restricted.....	6,414,440	5,283,083	6,569,076	8,035,820	7,814,281	7,889,698	10,142,796	12,259,665	11,015,927	11,637,499
Committed.....	19,713	40,224	371,107	296,927	450,958	-	-	-	-	-
Unassigned.....	<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>	<u>(18,593,518)</u>
Total all other governmental funds.....	<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>\$ 2,199,182</u>	<u>\$ (6,395,050)</u>

Changes in Fund Balances, Governmental Funds

	Last Ten Years									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues:										
Real estate and personal property taxes, net of tax refunds.....	\$ 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	\$ 53,133,205
Motor vehicle and other excise taxes.....	1,571,572	1,660,920	1,929,747	1,972,008	2,106,253	2,350,985	2,398,639	2,434,366	2,320,890	2,514,249
Hotel/motel tax.....	500,138	534,951	553,174	589,322	649,119	678,226	674,717	684,793	905,397	1,132,926
Meals tax.....	308,570	334,050	328,522	359,441	379,689	406,465	423,305	439,960	445,497	325,311
Other fees and charges for services.....	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	2,721,300
Penalties and interest on taxes and excise.....	219,376	284,963	372,574	307,873	314,847	410,681	405,047	503,894	309,139	446,733
Fees and rentals.....	-	-	-	-	-	-	264,414	107,521	147,507	143,258
Recreation fees.....	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	3,770,492
Sanitation fees.....	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	3,837,379
Payments in lieu of taxes.....	52,025	57,482	54,851	55,962	58,319	56,741	58,616	61,960	62,471	65,256
Licenses and permits.....	821,559	848,300	975,256	1,688,049	1,777,026	694,880	731,490	913,619	883,702	988,000
Intergovernmental.....	10,320,518	6,212,743	6,725,263	4,140,679	7,005,754	5,173,694	3,548,977	1,713,048	2,017,798	2,834,134
Departmental and other.....	2,336,766	756,280	1,450,236	1,248,203	1,614,355	1,630,206	-	2,635,738	2,211,358	1,953,195
Community preservation taxes.....	-	-	-	-	-	-	1,371,737	1,448,794	1,518,544	1,563,029
Community preservation state match.....	-	-	-	-	-	-	304,606	-	400,087	505,537
Special assessments.....	-	-	-	-	-	106,661	169,003	98,751	103,940	96,299
Contributions and donations.....	197,454	63,492	42,338	117,968	38,733	38,664	9,110	7,235	38,229	393,865
Investment income.....	79,584	72,098	90,754	48,887	108,189	120,365	167,256	749,074	572,549	533,689
Total revenues.....	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	76,957,897
Expenditures:										
General government.....	3,226,562	2,328,162	2,815,828	2,688,988	3,097,869	3,217,922	3,683,572	3,537,246	3,648,272	4,494,077
Public safety.....	8,467,745	7,570,722	8,107,909	8,433,586	8,909,986	9,024,268	9,597,470	14,432,126	11,229,052	11,043,355
Education.....	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	28,706,526
Public works.....	5,132,324	5,147,687	6,278,572	9,054,635	13,411,113	8,774,422	11,045,317	9,187,789	16,832,929	17,895,349
Human services.....	1,256,566	1,660,018	1,397,057	1,302,963	1,247,826	1,232,738	1,374,904	1,332,714	1,373,413	1,309,880
Culture and recreation.....	3,969,709	5,879,033	3,968,526	3,394,215	5,094,883	4,130,106	14,594,041	6,157,691	3,822,698	4,875,003
Community preservation.....	-	-	-	-	-	948,441	163,205	1,222,411	542,471	861,581
Pension benefits.....	-	-	-	-	-	2,364,925	2,681,194	2,542,729	2,793,063	2,903,991
Employee benefits.....	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	4,794,901
State and county charges.....	579,642	626,146	627,779	642,174	536,513	646,442	682,359	701,638	737,501	764,538
Debt service:										
Principal.....	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	3,027,170
Interest.....	904,485	707,299	643,018	662,513	548,892	485,197	498,958	1,189,155	1,243,633	1,077,105
Total expenditures.....	60,629,100	57,835,836	58,044,758	56,441,641	66,354,578	63,221,802	77,465,813	75,799,848	80,112,246	81,753,476
Excess (deficiency) of revenues over (under) expenditures.....	(509,756)	(2,005,931)	1,362,293	3,386,388	(1,611,146)	2,083,086	(10,375,928)	(6,625,501)	(8,539,323)	(4,795,579)
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	9,555
Premium from issuance of refunding bonds.....	-	343,949	-	-	-	-	-	-	517,595	-
Payments to refunded bond escrow agent.....	-	(3,908,949)	-	-	-	-	-	-	(4,250,000)	-
Capital lease financing.....	-	-	-	-	-	-	-	-	-	444,881
Transfers in.....	1,155,330	1,825,159	1,188,549	2,024,960	1,498,095	2,465,537	2,898,336	2,717,401	2,736,685	2,465,497
Transfers out.....	(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)	(2,665,497)
Total other financing sources (uses).....	162,000	(3,394)	2,596,487	(100,000)	-	-	14,570,363	10,116,602	(124,232)	254,436
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.....	\$ (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)	\$ (4,541,143)
Debt service as a percentage of noncapital expenditures....	7.53%	6.88%	5.97%	6.16%	5.05%	5.61%	3.64%	5.98%	6.86%	6.06%

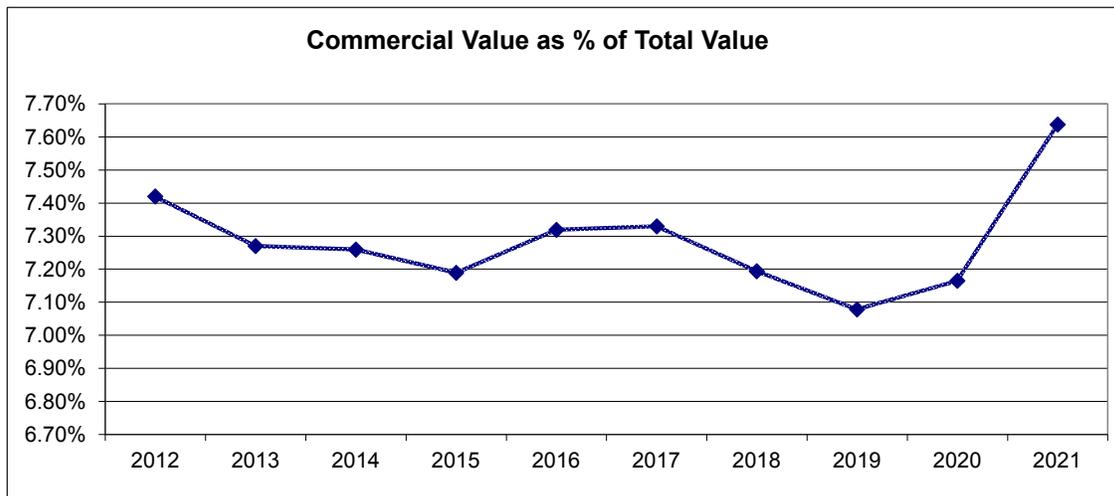
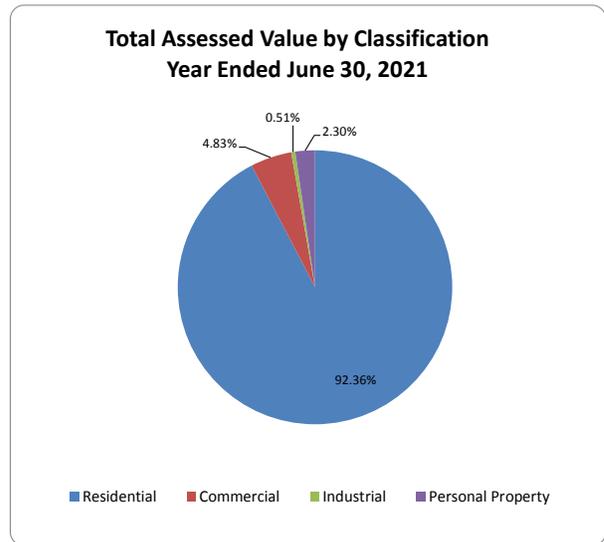
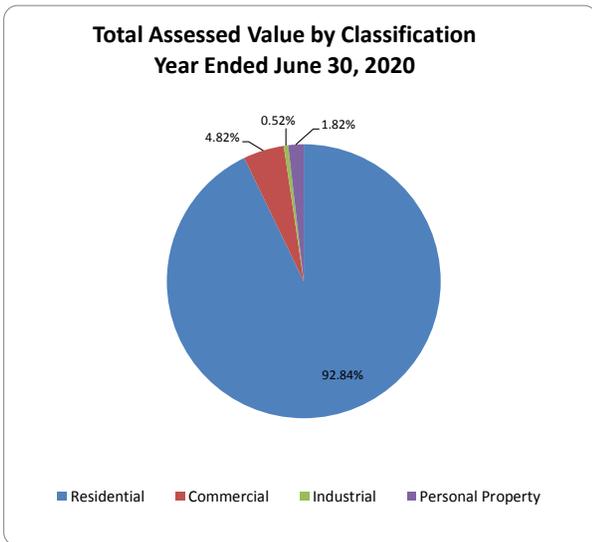
Notes:

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	
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	
2021	5,724,314,087	8.60	299,449,073	31,300,100	142,579,700	473,328,873	8.60	8.60	6,197,642,960	



(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

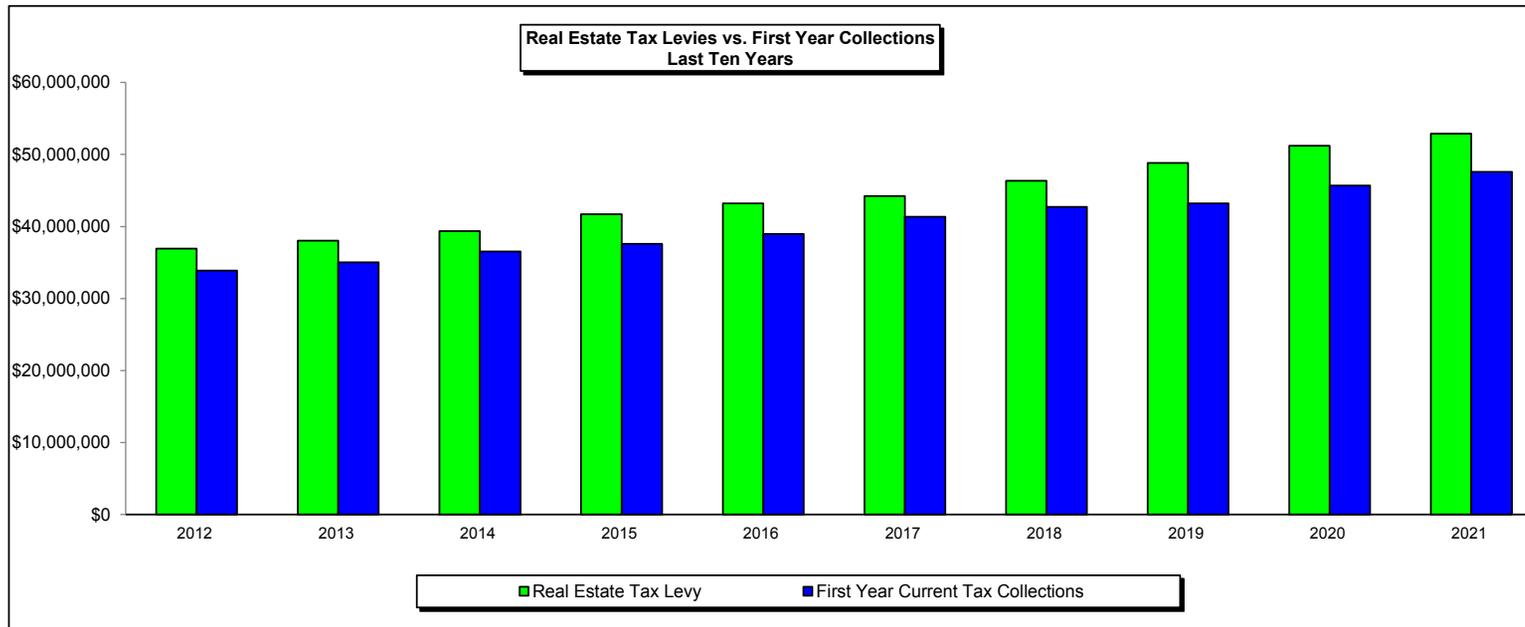
Name	Nature of Business	2021			2012		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
Eversource	Utility	\$39,119,620	1	0.63%			
Wequasset Inn LLP	Inn	\$37,740,190	2	0.61%	\$29,626,300	1	0.64%
Individual	Individual Residence	\$20,444,100	3	0.33%			0.00%
Nstar Electric Co.	Utility	\$19,462,160	4	0.31%	\$16,317,450	2	0.35%
WJG Realty Trust	Super Store/Stores	\$18,240,000	5	0.29%	\$16,098,000	3	0.35%
NPH Harwich LLC	Nursing Home	\$13,485,100	6	0.22%	\$12,335,300	4	0.27%
Wychmere Harbor R.E.	Inn	\$12,332,100	7	0.20%	\$10,464,700	5	0.23%
Individual	Individual Residence	\$10,505,140	8	0.17%	\$8,790,400	6	0.19%
MS Harwich LLC	Super Market	\$9,039,600	9	0.15%			
Individual	Individual Residence	\$8,654,810	10	0.14%	\$7,640,500	9	0.17%
Wychmere Estates	Condos				\$10,332,900	7	0.22%
TRT Harwich LLC	Super Market				\$8,009,200	8	0.17%
Verixon New England	Utility				\$7,413,200	10	0.16%
	Totals	<u>\$189,022,820</u>		<u>3.05%</u>	<u>\$127,027,950</u>		<u>2.76%</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)
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%	415,259	43,149,648	99.86%
2017	44,699,721	467,623	44,232,098	98.95%	43,202,536	97.67%	381,939	43,584,475	98.54%
2018	46,761,271	413,262	46,348,009	99.12%	45,679,828	98.56%	600,741	46,280,569	99.85%
2019	49,275,896	450,000	48,825,896	99.09%	47,582,459	97.45%	1,063,676	48,646,135	99.63%
2020	51,635,467	437,775	51,197,692	99.15%	50,066,624	97.79%	689,844	50,756,468	99.14%
2021	53,299,729	400,000	52,899,729	99.25%	52,563,015	99.36%	-	52,563,015	99.36%



(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				
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	4,162,395	1,561,833	33,002,586	6.25%	12,142	2,718
2021	23,786,304	18,363	4,245,066	1,479,162	29,528,895	5.46%	13,440	2,197

(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)
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	31,405,220	0.53%	2,586
2021	28,031,370	0.45%	2,086

(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, 2021

<u>Overlapping Entities</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable</u>	<u>Share of Overlapping Debt</u>	<u>Current Year Assessment for Operations and Debt Service</u>
Debt repaid with property taxes				
Barnstable County.....	\$ 21,087,101	6.36%	\$ 1,341,140	\$ 223,101
Cape Cod Regional Technical High School District.....	66,050,000	9.42%	6,221,910	1,737,789
Monomoy Regional School District.....	22,000,000	74.35%	<u>16,357,000</u>	26,820,046
Subtotal, overlapping debt.....			23,920,050	
Town direct debt.....			<u>44,462,133</u>	
Total direct and overlapping debt.....			<u>\$ 68,382,183</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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Equalized Valuation.....	\$ 4,982,071,300	\$ 4,982,071,300	\$ 4,818,012,600	\$ 4,818,012,600	\$ 5,172,756,600	\$ 5,172,756,600	\$ 5,697,974,900	\$ 5,697,974,900	\$ 6,396,397,000	\$ 6,396,397,000
Debt Limit -5% of Equalized Valuation.....	\$ 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	\$ 319,819,850
Less:										
Outstanding debt applicable to limit.....	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	21,740,000
Authorized and unissued debt applicable to limit.....	<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>	<u>33,261,300</u>
Legal debt margin.....	\$ <u>223,767,801</u>	\$ <u>226,385,028</u>	\$ <u>213,170,358</u>	\$ <u>215,007,716</u>	\$ <u>235,677,274</u>	\$ <u>230,456,793</u>	\$ <u>218,613,595</u>	\$ <u>223,107,128</u>	\$ <u>261,627,154</u>	\$ <u>264,818,550</u>
Total debt applicable to the limit as a percentage of debt limit.....	10.17%	9.12%	11.51%	10.75%	8.88%	10.90%	23.27%	21.69%	18.20%	17.20%

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
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	1,443	15.4%
2021	13,440	540,744,960	40,234	52.8	1,379	5.4%

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	2021			2012		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Stop & Shop Supermarket	Grocery Store	200	1	3.21%	200	1	3.33%
Wequasset Resort	Resort	150	2	2.41%			
Robert B. Our Co., Inc.	Construction	130	3	2.09%	80	3	1.33%
Epoch Health Care	Senior Health Care	120	4	1.93%			
Cape Cod Technical HS	Education	110	5	1.77%			
Fontaine Center	Medical Facility	100	6	1.61%			
Wychmere Harbor Beach & Tennis	Private Resort	92	7	1.48%			
Star Market	Grocery Store	90	8	1.44%	90	2	1.50%
400 East	Restaurant				40	4	0.67%
Rosewood Manor	Nursing Home				32	5	0.53%
Hinckley Home Center	Lumber				30	6	0.50%
Cape Cod Five Cents Savings Bank	Bank				24	7	0.40%
Allen Harbor Marine Services, Inc.	Boatyard				20	8	0.33%
	Totals	<u>992</u>		<u>15.93%</u>	<u>516</u>		<u>8.60%</u>

For 2021 and 2012, information was only available for 8 of the largest employers.

Source: Massachusetts Department of Employment and Training and Official Statements

Full-time Equivalent Town Employees by Function

Last Ten Years

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Function										
General government.....	23	23	27	28	28	29	29	29	36	36
Public safety.....	69	69	74	75	75	76	76	76	84	84
Public works.....	47	46	49	50	51	52	52	52	45	45
Human services.....	8	7	8	10	11	11	11	11	10	10
Culture and recreation.....	19	20	20	22	23	22	22	22	46	46
Total	<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>	<u>221</u>

Source: Various Town Departments

Operating Indicators by Function/Program

Last Ten Years

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

Source: Various Town Departments

N/A - Information not available

Several operating indicators are maintained on a calendar year basis. As a result, 2021 information is not yet available.

Capital Asset Statistics by Function/Program

Last Ten Years

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
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.....	(A)	-	-	-	-	-	-	-	-	-
Number of high schools.....	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	1,360	1,360	1,360	1,360	1,360	1,360	1,360	1,360
Service connections.....	9,869	9,887	9,824	9,848	9,925	9,823	9,957	N/A	N/A	N/A
Water office buildings.....	1	1	1	1	1	1	1	1	1	1
Water service garage (4 bays).....	1	1	1	1	1	1	1	1	1	1
Water equipment garage (1 bay).....	1	1	1	1	1	1	1	1	1	1
Water storage garage (1 bay).....	1	1	1	1	1	1	1	1	1	1
Cemeteries.....	16	16	17	17	17	17	17	17	17	17
Human Services										
Community Center.....	1	1	1	1	1	1	1	1	1	1
Culture and Recreation										
Brooks Academy, Town Museum.....	1	1	1	1	1	1	1	1	1	1
Cultural Center.....	-	-	-	-	1	1	1	1	1	1
Parks.....	6	6	6	6	6	6	6	6	6	6
Athletic fields.....	5	5	7	7	7	7	7	7	7	7
Golf courses.....	1	1	1	1	1	1	1	1	1	1
Golf clubhouses.....	1	1	1	1	1	1	1	1	1	1
Golf course buildings.....	1	1	1	1	1	1	1	1	1	1
Town owned libraries.....	1	1	1	1	1	1	1	1	1	1

Source: Various Town Departments

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



Whitehouse Field