

# Town of Harwich

MASSACHUSETTS

## COMPREHENSIVE ANNUAL FINANCIAL REPORT



Overlook at Wychmere Harbor - photos courtesy of Harwich Chamber of Commerce

**For the Fiscal Year Ended June 30, 2017**

Christopher Clark, Town Administrator  
Carol Coppola, Finance Director



Fishing Adventures at Harwich Port

# **The Town of Harwich, Massachusetts**

## **Comprehensive Annual Financial Report**



**For the Year  
July 1, 2016 through June 30, 2017**

Prepared by the Finance Department

**Town of Harwich, Massachusetts**

**Comprehensive Annual Financial Report**  
*For the Year Ended June 30, 2017*

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# ***Introductory Section***



Bank Street Beach - Harwich

# ***Introductory Section***

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# *Town of Harwich, Massachusetts*

## ACCOUNTING DEPARTMENT

December 26, 2017

Letter of Transmittal

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

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

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

Powers & Sullivan, LLC Certified Public Accountants, have issued an unqualified ("clean") opinion on the Town of Harwich's financial statements for the year ended June 30, 2017. The independent auditor's report is located at the front of the financial section of this report. Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

### **Profile of the government**

The Town of Harwich, incorporated in 1694, is located on the south side of the Cape Cod peninsula, made up of seven villages, with an extensive shoreline on Nantucket Sound. It currently occupies 21 square miles and serves a population of 12,873. The Town of Harwich is empowered to levy a property tax on real and personal property located within its boundaries.

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

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

At the annual town meeting a budget is adopted preceding the beginning of the fiscal year on July 1. This annual budget serves as the foundation for the Town of Harwich's financial planning and control. The budget is prepared by fund, function (e.g., public safety), and department (e.g., police). Department heads may transfer resources within a department as they see fit. Transfers between departments, however, need special approval from the governing council.

### **Local economy**

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

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

The Town of Harwich is located approximately 80 miles from the city of Boston. The Town of Harwich is headquarters for many medical, technical, hospitality businesses, and functions as a major regional shopping center for the surrounding communities. Major industries located within the government's boundaries or in close proximity include hospitals, manufacturers of computer hardware and software, retail stores, and several financial institutions and insurance companies. The regional school district and Town of Harwich also have a significant economic presence, employing in total more than 700 teachers, professionals, and support staff.

Because of its location in a region with a varied economic base, unemployment has been relatively stable. During the past ten years, the unemployment rate fell from an initial high of 10.4 percent (2010) to a decade low of 4.9 percent for the current year (2017). The Town of Harwich continues to experience unemployment rates consistent with national averages.

Median household incomes within the Town of Harwich are also consistent with those for the county and slightly lower than the state as a whole. According to the five year average (2009 – 2013) estimate, the government's median family income was \$73,338, the county's was \$76,311, while the state's was \$84,900. Housing prices in the vicinity of the Town of Harwich continue to remain strong boasting an overall 3.5% increase in FY17. At the end of the second quarter of 2017, the median price of a single family home in the vicinity of the Town of Harwich was \$350,000.

Due to its strong and healthy local economy, the Town of Harwich has maintained a credit rating of AA+ from Standard & Poor's, which is a strong indicator of the financial security of the Town.

Over the past three years, the government has experienced a period of significant economic growth and investment. More than \$20 million in new commercial, mixed use and residential development has been completed or is in various phases of development throughout the Town. This development, the presence of retail and service industries, and the presence of recreational, educational and health facilities has even further strengthened the Town of Harwich's already strong economic base.

Harwich's small town character, extensive shoreline, rich historical connection to the sea, and rural nature have continued to lure visitors over the years – some who arrive for extended periods in the summer, others who have decided to purchase second homes, and those searching for a place to retire. But like most communities on the

Cape, living in Harwich is expensive. While house prices declined somewhat since the recession, the market has been rebounding and values are approaching pre-recession levels with the median single-family house priced at \$350,000, still out of reach for many year-round residents. While Harwich has been evolving into more of a year-round community, its economy continues to depend on second-home owners and summer visitors. Seasonal employment--such as retail trade, accommodations, and food services--accounts for a large portion of the local employment base.

The Town of Harwich is fortunate to have a number of local and regional housing agencies and organizations involved in providing affordable housing. The Harwich Housing Authority owns and manages 20 units of subsidized housing and partnered with CDP 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.

The Town of Harwich also has experience in working with non-profit housing providers such as the Harwich Ecumenical Council on Housing (HECH), Habitat for Humanity of Cape Cod, the Community Development Partnership (CDP), and Housing Assistance Corporation (HAC). It will be important for the Town to continue to establish important partnerships with developers, for profit and non-profit, and build its capacity to promote new affordable units by aggressively reaching out for necessary technical and financial resources in addition to securing the necessary political support for new housing initiatives.

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

Unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) in the general fund at year end was 18 percent of total general fund revenues; a strong indication of the financial stability of the government. The Town is committed to building healthy and consistent stabilization and OPEB reserves to support current and future liabilities while providing for future budgetary flexibility.

By charter, the Town of Harwich maintains a seven-year Capital Improvement Program which serves as its planning document to ensure that its facilities, equipment, and infrastructure are well maintained and operating in peak condition. Under the guidance of the Capital Outlay Committee, this process gives the Town of Harwich the ability to plan for its capital needs and allocate short- and long-term resources appropriately. As part of this process, the government identifies and quantifies the operational costs associated with its capital projects and budgets resources accordingly. The fiscal year 2019-2025 Capital Improvement Program anticipates \$36.5 million in capital projects. Included in this \$36.5 million is \$22.4 million for various wastewater projects, \$6.05 million in fire station improvements and \$1.3 million for infrastructure and water system improvements. The remainder of the program will finance improvements to the government's parks, preservation of properties and bodies of water and technology.

### **Relevant financial policies**

The Town of Harwich has adopted a comprehensive set of financial policies. Policies amid solid financial procedures include management's conservative budget assumptions and regular monitoring of budget performance with monthly reports on budget-to-actual results to the board of selectman and finance committee. The Town's free cash policy outlines reserves, free cash, and stabilization funds with the goal of maintaining no less than 7%–8% of general fund expenditures in reserve. The Town reached compliance with this policy at the close of fiscal 2017. 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.

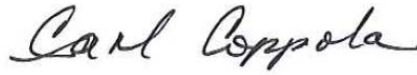
**Acknowledgements**

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

Respectfully submitted,



Christopher Clark, Town Administrator



Carol Coppola, Finance Director

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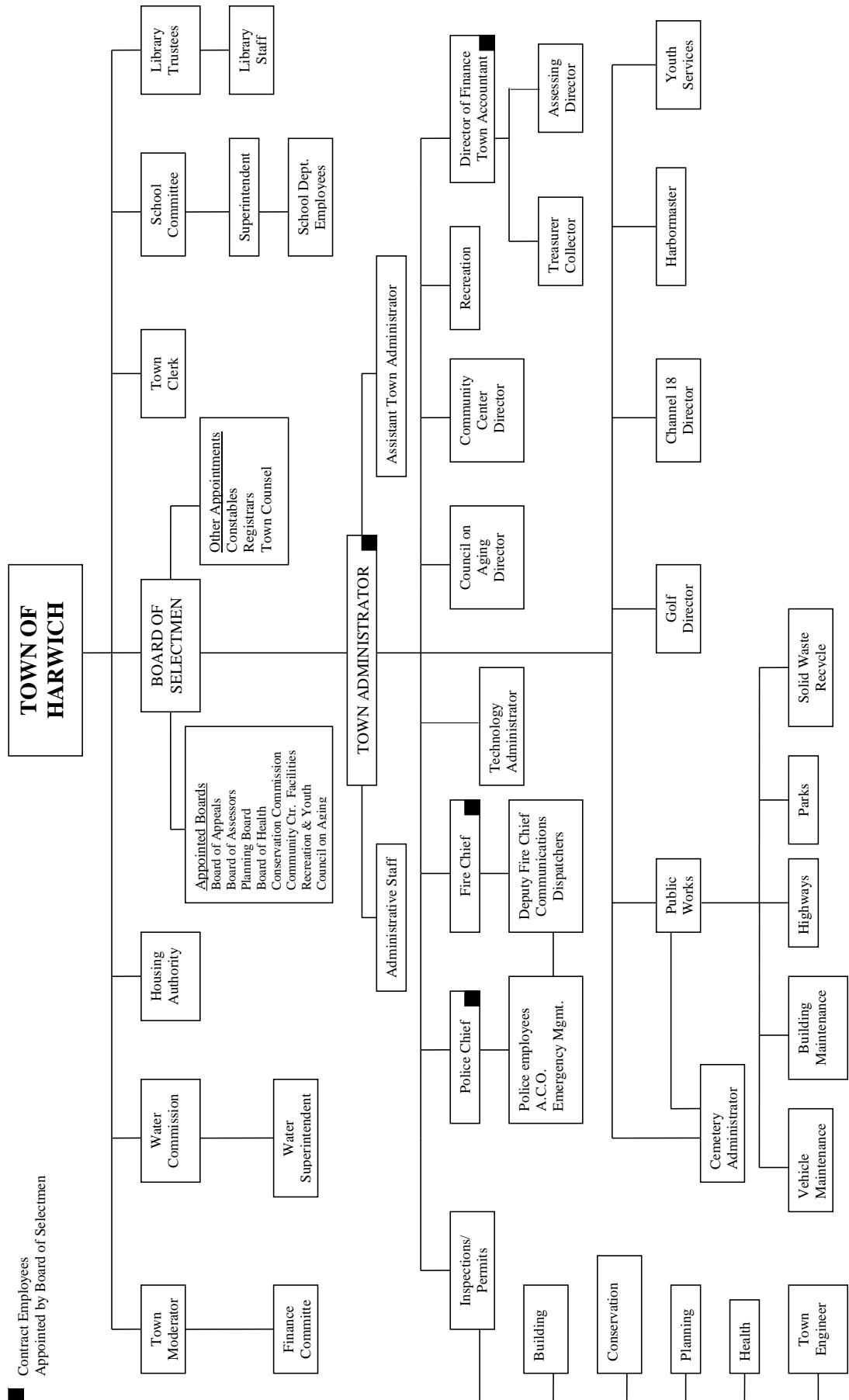
# Town of Harwich, Massachusetts

## Principal Executive Officers

Town of Harwich, Massachusetts

### Principal Executive Officers

Elected Officials		Term Expires
Board of Selectmen	Michael D. MacAskill, Chairman	2019
	Julie E. Kavanaugh, Vice-Chairman	2019
	Larry G. Ballantine, Clerk	2020
	Jannell M. Brown, Member	2018
	Donald Howell, Member	2020
Town Clerk	Anita N. Doucette	2019
Appointed Officials		
Board of Assessors	Richard Waystack, Chairman	2018
	Jay Kavanaugh	2019
	Bruce Nightingale	2020
Town Administrator	Christopher Clark	
Finance Director/Town Accountant	Carol Coppola	
Fire Chief/Forest Warden	Norman Clarke	
Chief of Police	David Guillemette	
Town Counsel	Kopelman & Paige, P.C.	
Harbormaster	John Rendon	



Contract Employees  
Appointed by Board of Selectmen

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# ***Financial Section***



Inn On The Beach – Harwich Port

# ***Financial Section***

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100 Quannapowitt Parkway  
Suite 101  
Wakefield, MA 01880  
T. 781-914-1700  
F. 781-914-1701  
[www.powersandsullivan.com](http://www.powersandsullivan.com)

## 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, 2017, 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. The financial statements of the Town of Harwich, Massachusetts, as of June 30, 2016, were audited by other auditors whose report dated September 5, 2017, expressed an unqualified opinion on those financial statements. 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, 2017, 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.

As part of our audit of the 2017 financial statements, we also audited the adjustments described in Note 15 that were applied to restate the 2016 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2016 financial statements of the Town other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2016 financial statements as a whole.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 26, 2017, on our consideration of the Town of Harwich, Massachusetts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Harwich, Massachusetts' internal control over financial reporting and compliance.

*Powers & Sullivan LLC*

December 26, 2017

# ***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, 2017. 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 department.

**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 presented as *business-type activities* in the government-wide financial statements. The Town uses enterprise funds to account for its municipal water department.

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

The Town maintains three different types of fiduciary funds. The Other Postemployment Benefits Fund is used to report resources held in trust for healthcare benefits for retirees and beneficiaries. The Private-purpose trust fund is used to report the Town's scholarship funds. The Agency fund reports resources held by the Town in a custodial capacity for individuals, private organizations and other governments. The Town's agency funds are primarily used to account for police details.

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

## **Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Harwich's government-wide assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$53.0 million at the end of 2017. The Town's total net position increased by \$1.8 million during 2017. This is an indication that the Town's overall financial position improved from the prior year.

Comparative analysis of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, expense 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 \$59.5 million reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the investment in its capital assets is reported net of its related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the governmental activities' net position, \$5.7 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* is a deficit of \$26.5 million. The deficit is primarily the result of the recognition of net pension liability of \$29.1 million along with the other postemployment benefits liability of \$17.2 million. These are long-term unfunded liabilities that will not require significant short term resources.

The governmental activities net position increased by \$1.7 million during the current year. Key reasons for this increase included \$4.1 million in capital grants received through the Community Preservation and State Highway grant programs and the increase in the OPEB and pension liabilities.

	Balance at June 30, 2017	(As Restated) Balance at June 30, 2016
<b>Assets:</b>		
Current assets.....	\$ 30,456,260	\$ 25,758,070
Noncurrent assets (excluding capital).....	597,111	430,289
Capital assets, non depreciable.....	23,912,953	23,868,107
Capital assets, net of accumulated depreciation.....	47,832,570	47,650,720
<b>Total assets.....</b>	<b>102,798,894</b>	<b>97,707,186</b>
<b>Deferred Outflows of Resources.....</b>	<b>4,594,792</b>	<b>2,325,890</b>
<b>Liabilities:</b>		
Current liabilities (excluding debt).....	2,171,996	2,835,990
Noncurrent liabilities (excluding debt).....	47,240,077	42,603,927
Current debt.....	9,023,758	5,570,358
Noncurrent debt.....	9,740,266	11,862,197
<b>Total liabilities.....</b>	<b>68,176,097</b>	<b>62,872,472</b>
<b>Deferred Inflows of Resources.....</b>	<b>477,374</b>	<b>436,013</b>
<b>Net Position:</b>		
Net investment in capital assets.....	59,469,911	56,460,827
Restricted.....	5,722,339	8,071,863
Unrestricted.....	(26,452,035)	(27,808,099)
<b>Total net position.....</b>	<b>\$ 38,740,215</b>	<b>\$ 36,724,591</b>

Current debt increased by \$3.5 million due to the issuance of additional bond anticipation notes to finance wastewater treatment and road maintenance projects. This also resulted in an increase in current assets as of June 30, 2017. Noncurrent debt decreased by \$2.1 million as debt was retired and no new long-term debt was issued in fiscal year 2017. Increases in deferred outflows of resources and other noncurrent liabilities were all related to an increase in the Town's proportionate share of the liability of the Barnstable County Retirement System.

GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pensions Plans, was implemented this year. This standard added Note disclosures and Required Supplemental Information for the Town's OPEB Trust fund. Its sister standard, GASB Statement No. 75, Accounting and Financial Reporting for Postemployment benefits Other Than Pensions, is required to be implemented in FY2018. This standard will affect the financial statements themselves by requiring the Town to record its OPEB assets, liabilities, and deferred financial statement elements for the first time.

	Year Ended June 30, 2017	(As Restated) Year Ended June 30, 2016
<b>Program Revenues:</b>		
Charges for services..... \$	9,629,812 \$	8,736,405
Operating grants and contributions.....	1,021,267	1,899,658
Capital grants and contributions.....	4,072,965	4,803,000
<b>General Revenues:</b>		
Real estate and personal property taxes.....	44,467,932	43,216,843
Motor vehicle and other excise taxes.....	2,297,637	2,211,926
Hotel/Motel taxes.....	678,226	649,120
Meals taxes.....	406,465	379,689
Community preservation taxes.....	1,311,440	1,267,529
Penalties and interest on taxes.....	432,405	314,847
Payments in lieu of taxes.....	56,741	58,319
Nonrestricted grants and contributions.....	552,299	668,191
Unrestricted investment income.....	120,365	108,189
<b>Total revenues.....</b>	<b>65,047,554</b>	<b>64,313,716</b>
<b>Expenses:</b>		
General government.....	5,290,047	4,780,070
Public safety.....	13,996,114	13,112,659
Education.....	26,444,962	25,225,308
Public works.....	10,085,199	9,523,826
Human services.....	1,857,258	1,800,101
Culture and recreation.....	5,378,877	5,144,627
Community preservation.....	(173,029)	383,299
Interest.....	451,255	518,438
<b>Total expenses.....</b>	<b>63,330,683</b>	<b>60,488,328</b>
<b>Change in net position.....</b>	<b>1,716,871</b>	<b>3,825,388</b>
<b>Beginning net position, as restated.....</b>	<b>37,023,344</b>	<b>32,899,203</b>
<b>Ending net position..... \$</b>	<b>38,740,215 \$</b>	<b>36,724,591</b>

Massachusetts real estate tax assessments are limited to 2 ½ % of the prior year levy plus additions for new growth. Accordingly, the largest revenue source of the Town increased by just over 2 ½%. Capital grants related mainly to state highway grants and state grants related to the Town's restoration project at Muddy Creek.

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

**Business-type Activities**

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

For the Town's water business-type activities, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$14.3 million at the close of 2017. Of this amount \$12.3 million (86%) is net investment in capital assets, and \$2.0 million (14%) is unrestricted and may be used to meet the water enterprise's ongoing obligations.

There was an increase of \$41,000 in net position related to the Water Department's operations during the year. Revenue remained consistent with the prior year while expenses increased \$575,000, which included a \$175,000 increase in the net pension liability allocated to the Water Department, net of deferred outflows/inflows related to pensions.

	Balance at June 30, 2017	(As Restated) Balance at June 30, 2016
	<u>2017</u>	<u>2016</u>
<b>Assets:</b>		
Current assets.....	\$ 5,589,556	\$ 6,780,090
Capital assets, non depreciable.....	1,505,893	1,505,893
Capital assets, net of accumulated depreciation.....	18,861,806	17,719,115
<b>Total assets.....</b>	<b><u>25,957,255</u></b>	<b><u>26,005,098</u></b>
<b>Deferred Outflows of Resources.....</b>	<b><u>497,523</u></b>	<b><u>171,787</u></b>
<b>Liabilities:</b>		
Current liabilities (excluding debt).....	408,704	115,174
Noncurrent liabilities (excluding debt).....	3,651,817	3,126,488
Current debt.....	514,107	695,976
Noncurrent debt.....	7,585,142	7,822,256
<b>Total liabilities.....</b>	<b><u>12,159,770</u></b>	<b><u>11,759,894</u></b>
<b>Deferred Inflows of Resources.....</b>	<b><u>37,147</u></b>	<b><u>200,406</u></b>
<b>Net Position:</b>		
Net investment in capital assets.....	12,268,450	10,706,776
Unrestricted.....	1,989,411	3,509,809
<b>Total net position.....</b>	<b><u>\$ 14,257,861</u></b>	<b><u>\$ 14,216,585</u></b>

Depreciable capital assets increased by approximately \$1.2 million which was the net result of the purchase of a new water tank and equipment totaling \$2.5 million and approximately \$1.3 million in depreciation recorded against capital assets. The purchase of the new water tank also had the effect of increasing the net position invested in capital assets.

	Year Ended June 30, 2017	(As Restated) Year Ended June 30, 2016
<b>Program revenues:</b>		
Charges for services..... \$	4,800,457	\$ 4,948,020
<b>General Revenues:</b>		
Unrestricted investment income.....	296	963
<b>Total revenues.....</b>	<b>4,800,753</b>	<b>4,948,983</b>
<b>Expenses:</b>		
Water.....	4,759,477	4,184,751
<b>Change in net position.....</b>	<b>41,276</b>	<b>764,232</b>
<b>Beginning net position, as restated.....</b>	<b>14,216,585</b>	<b>13,452,353</b>
<b>Ending net position..... \$</b>	<b>14,257,861</b>	<b>\$ 14,216,585</b>

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

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

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

As of the end of the current year, governmental funds reported combined ending fund balances of \$16.5 million, an increase of \$2.2 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 \$7.1 million, while total fund balance is \$10.6 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 12.2% of total general fund expenditures, while total fund balance represents 18.2% of that same amount.

The general fund increased by \$911,000 in 2017. This was the net result of a budgetary decrease of \$883,000 in the general fund, offset by an increase in the Town's stabilization fund by \$1.7 million, which is reported within the general fund in the fund based financial statements in accordance with generally accepted accounting principles.

The Community Preservation Act fund had a fund balance at June 30, 2017, of \$4.2 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 \$396,000 in 2017. This was primarily the net result of \$1.6 million in taxes and state matching funds offset by expenditures on community preservation projects and transfers out for debt service payments.

The Town capital fund reported a deficit fund balance of \$977,000 which was financed with \$5 million in bond anticipation notes issued for varying capital projects including wastewater treatment and road maintenance projects. Fiscal year 2017 expenditures of \$654,000 all related to road maintenance.

### ***General Fund and CPA Fund Budgetary Highlights***

The original general fund budget included \$58.4 million in estimated revenues and transfers in and \$64.6 million in expenditures and transfers out with the difference financed by available funds. The \$250,000 increase from the original budget to the final amended budget was financed with \$250,000 in available funds voted to fund a harbor capital project.

General Fund revenues came in approximately \$1.7 million more than budgeted. The largest areas of the surplus were in tax liens, excise taxes, and sanitation fees. This was mainly due to the Town budgeting conservatively in these areas.

General fund expenditures and encumbrances were approximately \$2 million less than budgeted. Key components of this surplus include \$469,000, \$164,000, and \$158,000 in group insurance, pension benefits, and general insurance, respectively.

The community preservation fund budget included estimated revenues of \$1.3 million in real estate taxes, \$299,000 in state matching funds, and \$280,000 in transfers in from completed projects. Budgeted expenditures included \$1.9 million on project costs and administration and \$633,000 in debt service payments to be transferred to the general fund. Revenues exceeded the budget by \$166,000 and \$53,000 was returned from an unused project to available funds. The ending balance totaled \$3.9 million, an increase of \$438,000 from the prior year.

### ***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 2017 includes a land purchase of \$800,000 for the purchase of the Marini property, \$3 million in road improvement additions, \$1 million in machinery, equipment and vehicles, and \$414,000 in improvements.

The water enterprise fund reported additions totaling \$2.5 million, including the purchase of a new water tank.

Depreciation expense for governmental and business-type activities totaled \$4.9 million and \$1.3 million, respectively.

#### **Debt**

The Town of Harwich's governmental funds had total bonded debt outstanding of \$11.4 million at the end of the current year. Of this amount, \$5.2 million was for the construction of a police station; \$2.7 is for land acquisitions; \$1.9 million is related to harbor dredging, \$860,000 is related to golf course improvements. The remaining \$722,000 relates to other capital related projects.

The water enterprise fund has \$7.8 million in water debt that is fully supported by the rates and does not rely on a general fund subsidy.

For further discussion please refer to Note 4 for major capital activity and Notes 7 and 8 for debt activity.

## ***Requests for Information***

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

# ***Basic Financial Statements***



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## STATEMENT OF NET POSITION

JUNE 30, 2017

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
<b>CURRENT:</b>			
Cash and cash equivalents.....	\$ 20,530,520	\$ 3,636,562	\$ 24,167,082
Investments.....	3,767,861	-	3,767,861
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes.....	887,660	-	887,660
Tax liens.....	2,413,486	-	2,413,486
Motor vehicle and other excise taxes.....	151,766	-	151,766
User fees.....	-	1,952,994	1,952,994
Departmental and other.....	1,118,532	-	1,118,532
Special assessments.....	181,280	-	181,280
Intergovernmental.....	918,655	-	918,655
Tax foreclosures.....	332,256	-	332,256
Inventory.....	154,244	-	154,244
Total current assets.....	<u>30,456,260</u>	<u>5,589,556</u>	<u>36,045,816</u>
<b>NONCURRENT:</b>			
Receivables, net of allowance for uncollectibles:			
Special assessments.....	597,111	-	597,111
Capital assets:			
Nondepreciable.....	23,912,953	1,505,893	25,418,846
Depreciable.....	<u>47,832,570</u>	<u>18,861,806</u>	<u>66,694,376</u>
Total noncurrent assets.....	<u>72,342,634</u>	<u>20,367,699</u>	<u>92,710,333</u>
<b>TOTAL ASSETS.....</b>	<u>102,798,894</u>	<u>25,957,255</u>	<u>128,756,149</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred loss on refunding.....	150,847	151,717	302,564
Deferred outflows related to pensions.....	<u>4,443,945</u>	<u>345,806</u>	<u>4,789,751</u>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES.....</b>	<u>4,594,792</u>	<u>497,523</u>	<u>5,092,315</u>
<b>LIABILITIES</b>			
<b>CURRENT:</b>			
Warrants payable.....	568,139	325,376	893,515
Accrued payroll.....	287,761	25,611	313,372
Tax refunds payable.....	363,000	-	363,000
Accrued interest.....	218,953	25,717	244,670
Payroll withholdings.....	129,029	-	129,029
Other liabilities.....	112,579	-	112,579
Compensated absences.....	474,035	32,000	506,035
Landfill closure.....	18,500	-	18,500
Notes payable.....	7,179,387	100,000	7,279,387
Bonds payable.....	<u>1,844,371</u>	<u>414,107</u>	<u>2,258,478</u>
Total current liabilities.....	<u>11,195,754</u>	<u>922,811</u>	<u>12,118,565</u>
<b>NONCURRENT:</b>			
Compensated absences.....	699,827	49,000	748,827
Net pension liability.....	29,077,515	2,262,668	31,340,183
Other postemployment benefits.....	17,222,235	1,340,149	18,562,384
Landfill closure.....	240,500	-	240,500
Bonds payable.....	<u>9,740,266</u>	<u>7,585,142</u>	<u>17,325,408</u>
Total noncurrent liabilities.....	<u>56,980,343</u>	<u>11,236,959</u>	<u>68,217,302</u>
<b>TOTAL LIABILITIES.....</b>	<u>68,176,097</u>	<u>12,159,770</u>	<u>80,335,867</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions.....	<u>477,374</u>	<u>37,147</u>	<u>514,521</u>
<b>NET POSITION</b>			
Net investment in capital assets.....	59,469,911	12,268,450	71,738,361
Restricted for:			
Perpetual care and other permanent funds:			
Expendable.....	697,662	-	697,662
Nonexpendable.....	449,091	-	449,091
Gifts and grants.....	408,716	-	408,716
Community preservation.....	4,166,870	-	4,166,870
Unrestricted.....	<u>(26,452,035)</u>	<u>1,989,411</u>	<u>(24,462,624)</u>
<b>TOTAL NET POSITION.....</b>	<u>\$ 38,740,215</u>	<u>\$ 14,257,861</u>	<u>\$ 52,998,076</u>

See notes to basic financial statements.

**STATEMENT OF ACTIVITIES**

YEAR ENDED JUNE 30, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary Government:</b>					
<i>Governmental Activities:</i>					
General government.....	\$ 5,290,047	\$ 730,749	\$ 425,777	\$ -	\$ (4,133,521)
Public safety.....	13,996,114	2,208,269	18,089	-	(11,769,756)
Education.....	26,444,962	-	-	-	(26,444,962)
Public works.....	10,085,199	2,979,259	26,050	3,690,033	(3,389,857)
Human services.....	1,857,258	156,087	175,930	-	(1,525,241)
Culture and recreation.....	5,378,877	3,555,448	146,579	12,156	(1,664,694)
Community preservation.....	(173,029)	-	-	370,776	543,805
Interest.....	451,255	-	228,842	-	(222,413)
Total Governmental Activities.....	<u>63,330,683</u>	<u>9,629,812</u>	<u>1,021,267</u>	<u>4,072,965</u>	<b>(48,606,639)</b>
<i>Business-Type Activities:</i>					
Water.....	<u>4,759,477</u>	<u>4,800,457</u>	<u>-</u>	<u>-</u>	<u>40,980</u>
Total Primary Government.....	<u>\$ 68,090,160</u>	<u>\$ 14,430,269</u>	<u>\$ 1,021,267</u>	<u>\$ 4,072,965</u>	<b><u>\$ (48,565,659)</u></b>

See notes to basic financial statements.

(Continued)

**STATEMENT OF ACTIVITIES**

YEAR ENDED JUNE 30, 2017

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Changes in net position:</b>			
Net (expense) revenue from previous page.....	\$ <b>(48,606,639)</b>	\$ <b>40,980</b>	\$ <b>(48,565,659)</b>
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds payable.....	44,467,932	-	44,467,932
Motor vehicle and other excise taxes.....	2,297,637	-	2,297,637
Hotel/Motel taxes.....	678,226	-	678,226
Meals taxes.....	406,465	-	406,465
Community preservation taxes.....	1,311,440	-	1,311,440
Penalties and interest on taxes.....	432,405	-	432,405
Payments in lieu of taxes.....	56,741	-	56,741
Grants and contributions not restricted to specific programs.....	552,299	-	552,299
Unrestricted investment income.....	120,365	296	120,661
<b>Total general revenues and transfers.....</b>	<b>50,323,510</b>	<b>296</b>	<b>50,323,806</b>
Change in net position.....	1,716,871	41,276	1,758,147
<i>Net Position:</i>			
Beginning of year, as restated.....	37,023,344	14,216,585	51,239,929
End of year.....	\$ <b>38,740,215</b>	\$ <b>14,257,861</b>	\$ <b>52,998,076</b>

See notes to basic financial statements.

(Concluded)

**GOVERNMENTAL FUNDS  
BALANCE SHEET**

JUNE 30, 2017

	General	Community Preservation Act	Town Capital Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents.....\$	8,597,959	\$ 3,923,741	\$ 4,048,353	\$ 3,960,467	\$ 20,530,520
Investments.....	3,069,743	-	-	698,118	3,767,861
Receivables, net of uncollectibles:					
Real estate and personal property taxes.....	866,317	21,343	-	-	887,660
Tax liens.....	2,363,423	50,063	-	-	2,413,486
Motor vehicle and other excise taxes.....	151,766	-	-	-	151,766
Departmental and other.....	1,118,532	-	-	-	1,118,532
Special assessments.....	-	-	-	778,391	778,391
Intergovernmental.....	-	356,482	-	562,173	918,655
Tax foreclosures.....	332,256	-	-	-	332,256
Due from other funds.....	-	-	-	120,307	120,307
Inventory.....	1,659	-	-	152,585	154,244
<b>TOTAL ASSETS.....\$</b>	<b>16,501,655</b>	<b>\$ 4,351,629</b>	<b>\$ 4,048,353</b>	<b>\$ 6,272,041</b>	<b>\$ 31,173,678</b>
<b>LIABILITIES</b>					
Warrants payable.....\$	378,176	\$ 113,352	-	\$ 76,611	\$ 568,139
Accrued payroll.....	280,060	-	-	7,701	287,761
Tax refunds payable.....	363,000	-	-	-	363,000
Accrued interest on short-term debt.....	93,121	-	-	-	93,121
Payroll withholdings.....	129,029	-	-	-	129,029
Other liabilities.....	112,579	-	-	-	112,579
Due to other funds.....	-	-	-	120,307	120,307
Notes payable.....	-	-	5,025,000	2,154,387	7,179,387
<b>TOTAL LIABILITIES.....</b>	<b>1,355,965</b>	<b>113,352</b>	<b>5,025,000</b>	<b>2,359,006</b>	<b>8,853,323</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenues.....	4,523,816	71,407	-	1,220,056	5,815,279
<b>FUND BALANCES</b>					
Nonspendable.....	-	-	-	601,676	601,676
Restricted.....	-	4,166,870	-	3,722,828	7,889,698
Committed.....	1,428,213	-	-	-	1,428,213
Assigned.....	2,044,375	-	-	-	2,044,375
Unassigned.....	7,149,286	-	(976,647)	(1,631,525)	4,541,114
<b>TOTAL FUND BALANCES.....</b>	<b>10,621,874</b>	<b>4,166,870</b>	<b>(976,647)</b>	<b>2,692,979</b>	<b>16,505,076</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES.....\$</b>	<b>16,501,655</b>	<b>\$ 4,351,629</b>	<b>\$ 4,048,353</b>	<b>\$ 6,272,041</b>	<b>\$ 31,173,678</b>

See notes to basic financial statements.

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

JUNE 30, 2017

Total governmental fund balances.....		\$ 16,505,076
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....		71,745,523
Accounts receivable are not available to pay for current-period expenditures and, therefore, are deferred in the funds.....		5,815,279
Certain changes in the net pension liability are required to be included in pension expense over future periods. These changes are reported as deferred outflows of resources or (deferred inflows of resources) related to pensions.....		3,966,571
In the statement of net position, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....		(125,832)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds		
Bonds payable.....	(11,584,637)	
Landfill monitoring liabilities.....	(259,000)	
Compensated absences.....	(1,173,862)	
Net pension liability.....	(29,077,515)	
Other postemployment benefits obligation.....	<u>(17,222,235)</u>	
Net effect of reporting long-term liabilities.....		(59,317,249)
In the statement of activities, deferred losses are reported for refundings of debt, which are amortized over the shorter of the remaining life of the refunding bonds or refunded bonds. In governmental funds, defeasances of debt are expensed when the refunding bonds are issued.....		<u>150,847</u>
Net position of governmental activities.....		<u>\$ 38,740,215</u>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2017

	General	Community Preservation Act	Town Capital Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>					
Real estate and personal property taxes, net of tax refunds.....	\$ 44,595,126	\$ 1,311,869	\$ -	\$ -	\$ 45,906,995
Motor vehicle and other excise taxes.....	2,325,968	-	-	25,017	2,350,985
Hotel/Motel taxes.....	678,226	-	-	-	678,226
Meals taxes.....	406,465	-	-	-	406,465
Recreation fees.....	2,898,807	-	-	-	2,898,807
Sanitation fees.....	2,749,461	-	-	-	2,749,461
Penalties and interest on taxes and excise.....	407,352	3,329	-	-	410,681
Other fees and charges for services.....	1,916,606	-	-	165,451	2,082,057
Payments in lieu of taxes.....	56,741	-	-	-	56,741
Licenses and permits.....	694,880	-	-	-	694,880
Intergovernmental.....	1,750,183	356,482	-	3,167,029	5,273,694
Departmental and other.....	495,129	20,574	-	1,114,503	1,630,206
Special assessments.....	-	-	-	106,661	106,661
Contributions.....	-	-	-	38,664	38,664
Investment income.....	65,469	5,132	-	49,764	120,365
<b>TOTAL REVENUES.....</b>	<b>59,040,413</b>	<b>1,697,386</b>	<b>-</b>	<b>4,667,089</b>	<b>65,404,888</b>
<b>EXPENDITURES:</b>					
Current:					
General government.....	3,078,067	-	-	139,855	3,217,922
Public safety.....	8,983,370	-	-	40,898	9,024,268
Education.....	25,495,354	-	-	-	25,495,354
Public works.....	6,119,215	-	653,692	2,001,515	8,774,422
Human services.....	1,139,760	-	-	92,978	1,232,738
Culture and recreation.....	3,291,386	-	-	838,720	4,130,106
Community preservation.....	-	948,441	-	-	948,441
Pension benefits.....	2,364,925	-	-	-	2,364,925
Employee benefits.....	4,124,629	-	-	-	4,124,629
State and county charges.....	646,442	-	-	-	646,442
Debt service:					
Principal.....	2,777,358	-	-	-	2,777,358
Interest.....	485,197	-	-	-	485,197
<b>TOTAL EXPENDITURES.....</b>	<b>58,505,703</b>	<b>948,441</b>	<b>653,692</b>	<b>3,113,966</b>	<b>63,221,802</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>	<b>534,710</b>	<b>748,945</b>	<b>(653,692)</b>	<b>1,553,123</b>	<b>2,183,086</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in.....	1,403,779	280,183	300,000	481,575	2,465,537
Transfers out.....	(1,027,353)	(633,400)	-	(804,784)	(2,465,537)
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>376,426</b>	<b>(353,217)</b>	<b>300,000</b>	<b>(323,209)</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>911,136</b>	<b>395,728</b>	<b>(353,692)</b>	<b>1,229,914</b>	<b>2,183,086</b>
<b>FUND BALANCES AT BEGINNING OF YEAR (as restated).....</b>	<b>9,710,738</b>	<b>3,771,142</b>	<b>(622,955)</b>	<b>1,463,065</b>	<b>14,321,990</b>
<b>FUND BALANCES AT END OF YEAR.....</b>	<b>\$ 10,621,874</b>	<b>\$ 4,166,870</b>	<b>\$ (976,647)</b>	<b>\$ 2,692,979</b>	<b>\$ 16,505,076</b>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2017

Net change in fund balances - total governmental funds.....	\$	2,183,086
<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.....		5,113,275
Depreciation expense.....		<u>(4,886,579)</u>
Net effect of reporting capital assets.....		226,696
<p>Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred inflows of resources.....</p>		
		(357,334)
<p>The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.</p>		
Debt service principal payments.....		2,777,358
Amortization of bond premiums.....		72,374
Amortization of deferred charge on refunding.....		<u>(49,081)</u>
Net effect of reporting long-term debt.....		2,800,651
<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.....		(62,262)
Net change in landfill liability.....		18,500
Net change in accrued interest on long-term debt.....		10,649
Net change in deferred outflow/(inflow) of resources related to pensions.....		1,981,808
Net change in net pension liability.....		(4,233,375)
Net change in other postemployment benefits obligation.....		<u>(851,548)</u>
Net effect of recording long-term liabilities.....		<u>(3,136,228)</u>
Change in net position of governmental activities.....	\$	<u><u>1,716,871</u></u>

See notes to basic financial statements.



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

JUNE 30, 2017

	Business-type Activities
	Water Enterprise
<b>ASSETS</b>	
CURRENT:	
Cash and cash equivalents.....	\$ 3,636,562
Receivables, net of allowance for uncollectibles:	
Water fees.....	1,952,994
Total current assets.....	5,589,556
NONCURRENT:	
Capital assets:	
Nondepreciable.....	1,505,893
Depreciable.....	18,861,806
Total noncurrent assets.....	20,367,699
TOTAL ASSETS.....	25,957,255
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred loss on refunding.....	151,717
Deferred outflows related to pensions.....	345,806
TOTAL DEFERRED OUTFLOWS OF RESOURCES.....	497,523
<b>LIABILITIES</b>	
CURRENT:	
Warrants payable.....	325,376
Accrued payroll.....	25,611
Accrued interest.....	25,717
Compensated absences.....	32,000
Notes payable.....	100,000
Bonds payable.....	414,107
Total current liabilities.....	922,811
NONCURRENT:	
Compensated absences.....	49,000
Net pension liability.....	2,262,668
Other postemployment benefits.....	1,340,149
Bonds payable.....	7,585,142
Total noncurrent liabilities.....	11,236,959
TOTAL LIABILITIES.....	12,159,770
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pensions.....	37,147
<b>NET POSITION</b>	
Net investment in capital assets.....	12,428,218
Unrestricted.....	1,829,643
TOTAL NET POSITION.....	\$ 14,257,861

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2017

		<u>Water Enterprise</u>
<u>OPERATING REVENUES:</u>		
Charges for services.....	\$	<u>4,800,457</u>
<u>OPERATING EXPENSES:</u>		
Cost of services and administration.....		3,234,345
Depreciation.....		<u>1,339,010</u>
TOTAL OPERATING EXPENSES.....		<u>4,573,355</u>
OPERATING INCOME (LOSS).....		<u>227,102</u>
<u>NONOPERATING REVENUES (EXPENSES):</u>		
Investment income.....		296
Interest expense.....		<u>(186,122)</u>
TOTAL NONOPERATING REVENUES (EXPENSES), NET.....		<u>(185,826)</u>
CHANGE IN NET POSITION.....		41,276
NET POSITION AT BEGINNING OF YEAR, AS RESTATED.....		<u>14,216,585</u>
NET POSITION AT END OF YEAR.....	\$	<u><u>14,257,861</u></u>

See notes to basic financial statements.

**PROPRIETARY FUNDS**  
STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2017

	Water Enterprise
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>	
Receipts from customers and users.....	\$ 4,872,494
Payments to vendors.....	(1,731,541)
Payments to employees.....	(947,126)
	<u>2,193,827</u>
NET CASH FROM OPERATING ACTIVITIES.....	<u>2,193,827</u>
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u></b>	
Acquisition and construction of capital assets.....	(2,481,701)
Principal payments on bonds and notes.....	(619,389)
Interest expense.....	(211,530)
	<u>(3,312,620)</u>
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....	<u>(3,312,620)</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>	
Investment income.....	296
	<u>296</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	(1,118,497)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	<u>4,755,059</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	<u>\$ 3,636,562</u>
<b><u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:</u></b>	
Operating income (loss).....	\$ 227,102
Adjustments to reconcile operating income (loss) to net cash from operating activities:	
Depreciation.....	1,339,010
Deferred (outflows)/inflows related to pensions.....	(165,365)
Changes in assets and liabilities:	
Water fees.....	72,037
Warrants payable.....	325,276
Accrued payroll.....	(18,268)
Accrued compensated absences.....	7,200
Net pension liability.....	340,571
Other postemployment benefits obligation.....	66,264
Total adjustments.....	<u>1,966,725</u>
NET CASH FROM OPERATING ACTIVITIES.....	<u>\$ 2,193,827</u>

See notes to basic financial statements.

**FIDUCIARY FUNDS**  
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2017

	Other Postemployment Benefits Fund	Private Purpose Trust Funds	Agency Funds
<b>ASSETS</b>			
Cash and cash equivalents.....	\$ 9,800	\$ 36,375	\$ -
Investments:			
Equity mutual funds.....	365,323	-	-
Fixed income mutual funds.....	292,129	-	-
Government sponsored enterprises.....	-	450,661	-
Receivables, net of allowance for uncollectibles:			
Departmental and other.....	-	-	98,751
<b>TOTAL ASSETS.....</b>	<b>667,252</b>	<b>487,036</b>	<b>98,751</b>
<b>LIABILITIES</b>			
Warrants payable.....	-	394	-
Accrued liabilities.....	-	-	9,218
Other liabilities.....	-	-	89,533
<b>TOTAL LIABILITIES.....</b>	<b>-</b>	<b>394</b>	<b>98,751</b>
<b>NET POSITION</b>			
Restricted for OPEB benefits.....	667,252	-	-
Held in trust for other purposes.....	-	486,642	-
<b>TOTAL NET POSITION.....</b>	<b>\$ 667,252</b>	<b>\$ 486,642</b>	<b>\$ -</b>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2017

	Other Postemployment Benefits Fund	Private Purpose Trust Funds
<u>ADDITIONS:</u>		
Contributions:		
Employer contributions to the trust.....	\$ 100,000	\$ -
Employer contributions to pay benefit payments.....	1,866,279	-
Private donations.....	-	-
<b>Total contributions.....</b>	<b>1,966,279</b>	<b>-</b>
Net investment income:		
Investment income.....	31,824	23,932
<b>TOTAL ADDITIONS.....</b>	<b>1,998,103</b>	<b>23,932</b>
<u>DEDUCTIONS:</u>		
Scholarships and other.....	-	4,912
Benefit payments.....	1,866,279	-
<b>TOTAL DEDUCTIONS.....</b>	<b>1,866,279</b>	<b>4,912</b>
<b>CHANGE IN NET POSITION.....</b>	<b>131,824</b>	<b>19,020</b>
<b>NET POSITION AT BEGINNING OF YEAR.....</b>	<b>535,428</b>	<b>467,622</b>
<b>NET POSITION AT END OF YEAR.....</b>	<b>\$ 667,252</b>	<b>\$ 486,642</b>

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 2017.

<u>Joint venture and address</u>	<u>Purpose</u>	<u>FY 2017 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	\$ 23,833,578
Cape Cod Regional Technical High School 351 Pleasant Lake Avenue Harwich, MA 02645	To provide secondary vocational education for member Towns	\$ 1,437,053
Cape Cod Commission 3225 Main Street P.O. Box 226 Barnstable, MA 02630	Regional land use planning agency	\$ 207,455
Cape Cod Regional Transit Authority 585 Main Street Dennis, MA 02638	To provide public transportation	\$ 97,831
Town Department of Veteran Services PO Box 429 Hyannis, MA 02601	To provide veterans' services	\$ 34,505
Pleasant Bay Resource Management Alliance P.O. Box 1584 Harwich, MA 02645	To protect the vast natural resources of the bay	\$ 16,920

## 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 changes in net position) report information on all of the non-fiduciary activities of the primary government and its component units. *Governmental activities*, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which are supported primarily by user fees and charges.

### *Fund Financial Statements*

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

#### *Major Fund Criteria*

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

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

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

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

### *Government-Wide Financial Statements*

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

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

- Charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment.
- Grants and contributions that are restricted to meeting the operational requirements of a particular function or segment.

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

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

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

#### *Fund Financial Statements*

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

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

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

The following major governmental funds are reported:

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

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

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

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

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



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

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

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

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

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

**Fiduciary** fund financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting. Fiduciary funds are used to account for assets held in a trustee capacity for others that cannot be used to support the governmental programs. Agency funds have no measurement focus.

The following fiduciary fund types are reported:

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

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

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

#### D. Cash and Investments

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

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

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

### E. Fair Value Measurements

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

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

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

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

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

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

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

### F. Accounts Receivable

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

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

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

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

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

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

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

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

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

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

### ***User Fees***

Water user fees are levied semi-annually based on individual meter readings and are subject to penalties and interest if they are not paid by the respective due date. Unbilled user fees are estimated at year-end and are recorded as revenue in the current period. Water liens are processed in 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 in the general fund 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

*Government-Wide and Fund Financial Statements*

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

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.....	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 of resources related to pensions and deferred loss on refunding 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 deferred inflows of resources related to pensions 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 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.

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

#### N. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of both the Barnstable County Contributory Retirement System and the Massachusetts Teachers Retirement System and additions to/deductions from the Systems fiduciary net position have been determined on the same basis as they are reported by the Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

#### O. Long-term debt

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

Long-term debt is reported as liabilities in the government-wide and proprietary fund statement of net position. Material bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

*Governmental Fund Financial Statements*

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

P. Investment Income

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

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

Q. Compensated Absences

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

*Government-Wide and Proprietary Fund Financial Statements*

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

*Governmental Fund Financial Statements*

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

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

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

S. Individual Fund Deficits

Individual fund deficit exists within the nonmajor capital project funds. These deficits will be funded through grants, available funds, and bond proceeds in future years.

T. Total Column*Government-Wide Financial Statements*

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



*Fund Financial Statements*

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

**NOTE 2 – CASH AND INVESTMENTS**

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

Statutes authorize the investment in obligations of the U.S. Treasury, agencies, and 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 \$24,140,390 and the bank balance totaled \$25,133,021. Of the bank balance, \$1,500,000 was covered by Federal Depository Insurance, \$1,470,415 was covered by the Share Insurance Fund, \$17,336,243 was covered by Depositors Insurance Fund, and \$4,826,363 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 \$2,387,383 in debt securities and \$1,351,820 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, 2017, the Town of Harwich had the following investments:

Investment Type	Fair Value	Maturity		
		Under 1 Year	1-5 Years	6-10 Years
<u>Debt Securities:</u>				
Government Sponsored Enterprises.....	\$ 923,325	\$ -	\$ 762,247	\$ 161,078
Corporate Bonds.....	305,874	-	202,111	103,763
U.S. Treasury Notes.....	1,158,184	203,140	667,865	287,179
Total Debt Securities.....	2,387,383	\$ 203,140	\$ 1,632,223	\$ 552,020
<u>Other Investments:</u>				
Equity Securities.....	1,351,820			
Mutual Funds.....	63,951			
Money Market Mutual Funds.....	72,867			
Equity Mutual Funds.....	415,323			
Fixed Income Mutual Funds.....	342,129			
Exchange Traded Funds.....	315,367			
Total Investments.....	\$ 4,948,840			

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, 2017, the Town’s investments were rated as follows:

Quality Ratings	U.S. Treasury Notes	Government Sponsored Enterprises	Corporate Bonds
AAA.....	\$ 1,158,184	\$ 923,325	\$ -
BAA.....	-	-	305,874
Fair Value.....	\$ 1,158,184	\$ 923,325	\$ 305,874

Additionally, the Town has \$72,867 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

The Town places no limit on the amount the government may invest in any one issuer. The Town does not have more than 5% of investments in any one issuer.

Fair Market 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, 2017:

Investment Type	June 30, 2017	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments Measured at Fair Value:</b>				
<u>Debt Securities:</u>				
Government Sponsored Enterprises.....	\$ 923,325	\$ 923,325	\$ -	\$ -
Corporate Bonds.....	305,874	-	305,874	-
U.S. Treasury Notes.....	1,158,184	1,158,184	-	-
Total debt securities.....	<u>2,387,383</u>	<u>2,081,509</u>	<u>305,874</u>	<u>-</u>
<u>Other investments:</u>				
Equity Securities.....	1,351,820	1,351,820	-	-
Mutual Funds.....	63,951	63,951	-	-
Money Market Mutual Funds.....	72,867	72,867	-	-
Equity Mutual Funds.....	415,323	415,323	-	-
Fixed Income Mutual Funds.....	342,129	342,129	-	-
Exchange Traded Funds.....	315,367	315,367	-	-
Total other investments.....	<u>2,561,457</u>	<u>2,561,457</u>	<u>-</u>	<u>-</u>
Total investments measured at fair value....	<u>\$ 4,948,840</u>	<u>\$ 4,642,966</u>	<u>\$ 305,874</u>	<u>\$ -</u>

Government sponsored enterprises, U.S. treasury notes, equity securities, money market mutual funds, and equity 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, 2017, 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.....	\$ 887,660	\$ -	\$ 887,660
Tax liens.....	2,413,486	-	2,413,486
Motor vehicle and other excise taxes.....	174,766	(23,000)	151,766
Departmental and other.....	2,378,532	(1,260,000)	1,118,532
Special assessments.....	778,391	-	778,391
Intergovernmental.....	918,655	-	918,655
 Total.....	 \$ 7,551,490	 \$ (1,283,000)	 \$ 6,268,490

At June 30, 2017, receivables for the water enterprise fund consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Water user fees.....	\$ 2,036,994	\$ (84,000)	\$ 1,952,994

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	Community Preservation Act	Nonmajor Governmental Funds	Total
<u>Receivable and other asset type:</u>				
Real estate and personal property taxes.....	\$ 557,839	\$ 21,344	\$ -	\$ 579,183
Tax liens.....	2,363,423	50,063	-	2,413,486
Motor vehicle and other excise taxes.....	151,766	-	-	151,766
Departmental and other.....	1,118,532	-	-	1,118,532
Special assessments.....	-	-	778,391	778,391
Intergovernmental.....	-	-	441,665	441,665
Tax foreclosures.....	332,256	-	-	332,256
 Total.....	 \$ 4,523,816	 \$ 71,407	 \$ 1,220,056	 \$ 5,815,279

**NOTE 4 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2017, was as follows:

**Governmental Activities**

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 22,566,068	\$ 800,000	\$ -	\$ 23,366,068
Construction in progress.....	705,867	430,250	(589,232)	546,885
Total capital assets not being depreciated.....	<u>23,271,935</u>	<u>1,230,250</u>	<u>(589,232)</u>	<u>23,912,953</u>
<u>Capital assets being depreciated:</u>				
Buildings and building improvements.....	56,386,969	128,500	-	56,515,469
Improvements.....	7,259,988	285,247	-	7,545,235
Machinery and equipment.....	10,517,276	1,038,349	-	11,555,625
Infrastructure.....	<u>84,422,584</u>	<u>3,020,161</u>	<u>-</u>	<u>87,442,745</u>
Total capital assets being depreciated.....	<u>158,586,817</u>	<u>4,472,257</u>	<u>-</u>	<u>163,059,074</u>
<u>Less accumulated depreciation for:</u>				
Buildings and building improvements.....	(35,094,602)	(1,808,879)	-	(36,903,481)
Improvements.....	(4,399,596)	(293,744)	-	(4,693,340)
Machinery and equipment.....	(7,110,689)	(689,205)	-	(7,799,894)
Infrastructure.....	<u>(63,735,039)</u>	<u>(2,094,751)</u>	<u>-</u>	<u>(65,829,790)</u>
Total accumulated depreciation.....	<u>(110,339,926)</u>	<u>(4,886,579)</u>	<u>-</u>	<u>(115,226,505)</u>
Total capital assets being depreciated, net.....	<u>48,246,891</u>	<u>(414,322)</u>	<u>-</u>	<u>47,832,569</u>
Total governmental activities capital assets.....	<u>\$ 71,518,826</u>	<u>\$ 815,928</u>	<u>\$ (589,232)</u>	<u>\$ 71,745,522</u>

**Business-Type Activities**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Water Enterprise Fund Activities:</b>				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 1,505,893	\$ -	\$ -	\$ 1,505,893
<u>Capital assets being depreciated:</u>				
Buildings and building improvements.....	6,789,893	-	-	6,789,893
Machinery and equipment.....	2,726,285	157,760	-	2,884,045
Infrastructure.....	36,494,816	2,323,941	(2,475,000)	36,343,757
Total capital assets being depreciated.....	46,010,994	2,481,701	(2,475,000)	46,017,695
<u>Less accumulated depreciation for:</u>				
Buildings and building improvements.....	(652,873)	(156,437)	-	(809,310)
Machinery and equipment.....	(1,109,435)	(136,247)	-	(1,245,682)
Infrastructure.....	(26,529,571)	(1,046,326)	2,475,000	(25,100,897)
Total accumulated depreciation.....	(28,291,879)	(1,339,010)	2,475,000	(27,155,889)
Total capital assets being depreciated, net.....	17,719,115	1,142,691	-	18,861,806
Total Water Enterprise capital assets.....	\$ 19,225,008	\$ 1,142,691	\$ -	\$ 20,367,699

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

**Governmental Activities:**

General government.....	\$ 254,463
Public safety.....	687,539
Education.....	949,608
Public works.....	2,316,909
Human services.....	180,423
Culture and recreation.....	465,466
Community preservation.....	32,171
Total depreciation expense - governmental activities.....	\$ 4,886,579

**Business-Type Activities:**

Water.....	\$ 1,339,010
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**NOTE 5 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

As of June 30, 2017, the Town has interfund receivables/payables of \$120,307 which exists within nonmajor governmental funds. The purpose of this balance is to cover short-term cash needs that will be funded by future grant proceeds and departmental revenues.

Interfund transfers for the year ended June 30, 2017, are summarized as follows:

Transfers Out:	Transfers In:				Total
	General Fund	Community Preservation Act Fund	Town Capital Fund	Nonmajor Governmental Funds	
General Fund.....	\$ -	\$ 280,183	\$ 300,000	\$ 447,170	\$ 1,027,353 (1)
Community Preservation Act Fund.....	633,400	-	-	-	633,400 (2)
Nonmajor Governmental Funds.....	770,379	-	-	34,405	804,784 (3)
Total.....	\$ 1,403,779	\$ 280,183	\$ 300,000	\$ 481,575	\$ 2,465,537

- (1) Represents budgeted transfers from the General Fund to the Community Preservation Act (CPA) fund for unused CPA project that were originally accounted for in the General Fund; to the Town Capital Fund for the budgeted pay down of Bond Anticipation Notes; and to the Nonmajor Governmental Funds to fund capital project and other special revenue programs.
- (2) Represents a transfer to the General Fund for debt service payments funded with Community Preservation Act funds.
- (3) Represents transfers within nonmajor governmental funds and from nonmajor funds to the General Fund for amounts budgeted in the general fund financed through special revenue funds.

**NOTE 6 – LANDFILL**

State and Federal laws and regulations require the Town to place a final cover on its landfill site and to perform certain maintenance and monitoring functions at the site for thirty years thereafter. The landfill has stopped accepting solid waste and pursuant to a Massachusetts Department of Environmental Protection consent order, the Town has place 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, 2017, \$259,000 has been reported on the Town’s statement of net position as an estimated remaining liability for post-closure monitoring costs of the landfill. Actual costs may change due to changes in regulations, technology, and inflation.

**NOTE 7 – SHORT-TERM FINANCING**

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

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

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

Details related to the short-term debt activity for the year ended June 30, 2017, is as follows:

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2016	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2017
<i>Governmental Funds</i>							
BAN	Municipal Purpose.....	1.15%	6/22/2017	\$ 3,293,000	\$ -	\$ (3,293,000)	\$ -
BAN	Municipal Purpose.....	2.25%	6/22/2018	-	7,179,387	-	7,179,387
<i>Total Governmental Funds.....</i>				<u>3,293,000</u>	<u>7,179,387</u>	<u>(3,293,000)</u>	<u>7,179,387</u>
<i>Water Enterprise Fund</i>							
BAN	Municipal Purpose.....	1.15%	6/22/2017	150,000	-	(150,000)	-
BAN	Municipal Purpose.....	2.25%	6/22/2018	-	100,000	-	100,000
<i>Total Water Enterprise Fund.....</i>				<u>150,000</u>	<u>100,000</u>	<u>(150,000)</u>	<u>100,000</u>
<i>Total.....</i>				<u>\$ 3,443,000</u>	<u>\$ 7,279,387</u>	<u>\$ (3,443,000)</u>	<u>\$ 7,279,387</u>



**NOTE 8 – LONG-TERM DEBT**

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

Details related to the outstanding indebtedness at June 30, 2017, 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, 2016	Issued	Redeemed	Outstanding at June 30, 2017
School Repairs - Brooks Academy.....	2022	\$ 185,000	4.00	\$ 60,000	\$ -	\$ 10,000	\$ 50,000
Police Station Construction.....	2029	8,750,000	2.5-4.25	5,600,000	-	450,000	5,150,000
School Road Repairs.....	2022	350,000	4.00	125,000	-	25,000	100,000
School Roof Repairs.....	2022	430,000	4.00	160,000	-	30,000	130,000
General Obligation Land Acquisition.....	2020	1,405,000	4.00	355,000	-	90,000	265,000
Golf Course Renovations.....	2022	1,175,000	4.00	455,000	-	80,000	375,000
Advance Refunding - Land Acquisition.....	2021	1,480,000	4.00-5.00	630,000	-	155,000	475,000
Advance Refunding - Land Acquisition.....	2021	390,000	4.00-5.00	245,000	-	50,000	195,000
Advance Refunding - Land Acquisition.....	2021	175,000	4.00-5.00	115,000	-	20,000	95,000
Advance Refunding - Elementary School.....	2017	3,965,000	4.00	970,000	-	970,000	-
Advance Refunding - Recycling Facility.....	2021	710,000	4.00-5.00	330,000	-	70,000	260,000
Roads.....	2020	92,000	2.75-5.00	30,000	-	10,000	20,000
Road Construction.....	2022	162,000	3.00-4.00	90,000	-	15,000	75,000
Advance Refunding - Golf Course Clubhouse.....	2021	485,000	3.00	290,000	-	65,000	225,000
Advance Refunding - Land Acquisition.....	2021	310,000	3.00	190,000	-	40,000	150,000
Advance Refunding - Land Acquisition.....	2024	1,730,000	3.00-2.00	1,365,000	-	175,000	1,190,000
Advance Refunding - Land Acquisition.....	2023	490,000	3.00	375,000	-	55,000	320,000
Advance Refunding - Police Station Planning.....	2023	45,000	3.00	35,000	-	5,000	30,000
Advance Refunding - Golf Course.....	2020	505,000	3.00	375,000	-	115,000	260,000
Allen Harbor Dredging.....	2023	2,900,000	2.00-2.75	2,240,000	-	330,000	1,910,000
Massachusetts Clean Water Trust.....	2021	195,089	0.00	54,364	-	10,829	43,535
Massachusetts Clean Water Trust.....	2024	121,316	0.00	50,191	-	6,529	43,662
Total Bonds Payable.....				14,139,555	-	2,777,358	11,362,197
Add: Unamortized Premium.....				294,814	-	72,374	222,440
Total Bonds Payable, net.....				\$ 14,434,369	\$ -	\$ 2,849,732	\$ 11,584,637

**General Obligation Bonds Payable Schedule – Governmental Funds**

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

Year	Principal	Interest	Total
2018.....	\$ 1,782,358	\$ 381,385	\$ 2,163,743
2019.....	1,762,358	322,849	2,085,207
2020.....	1,656,950	260,358	1,917,308
2021.....	1,407,169	206,223	1,613,392
2022.....	1,131,121	163,340	1,294,461
2023.....	966,121	128,897	1,095,018
2024.....	611,120	103,016	714,136
2025.....	440,000	83,613	523,613
2026.....	440,000	66,013	506,013
2027.....	440,000	48,413	488,413
2028.....	440,000	30,813	470,813
2029.....	285,000	12,113	297,113
Totals.....	\$ 11,362,197	\$ 1,807,033	\$ 13,169,230

**Bonds and Notes Payable Schedule—Water Enterprise Funds**

Details related to the outstanding indebtedness at June 30, 2017, and the debt service requirements are as follows:

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2016	Issued	Redeemed	Outstanding at June 30, 2017
Water Treatment Plant.....	2030	\$ 1,592,000	2.75-4.00	\$ 1,050,000	\$ -	\$ 75,000	\$ 975,000
Greensand Water Treatment Facility.....	2037	3,250,000	3.00-3.60	2,730,000	-	130,000	2,600,000
Water Storage Tank.....	2022	1,550,000	3.00-4.00	930,000	-	155,000	775,000
Advance Refunding - Water Storage Tank.....	2034	1,920,000	3.00-2.75	1,780,000	-	110,000	1,670,000
Massachusetts Clean Water Trust.....	2036	1,878,232	0.00	1,878,232	-	75,976	1,802,256
Total Bonds Payable.....				8,368,232	-	545,976	7,822,256
Add: Unamortized Premium.....				200,406	-	23,413	176,993
Total Bonds Payable, net.....				\$ 8,568,638	\$ -	\$ 569,389	\$ 7,999,249

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

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

Year	Principal	Interest	Total
2018.....	\$ 547,628	\$ 183,039	\$ 730,667
2019.....	549,315	167,439	716,754
2020.....	551,039	154,689	705,728
2021.....	547,800	139,914	687,714
2022.....	549,599	122,926	672,525
2023.....	396,438	110,176	506,614
2024.....	398,317	101,774	500,091
2025.....	395,236	93,496	488,732
2026.....	397,197	84,884	482,081
2027.....	394,201	75,978	470,179
2028.....	396,248	66,940	463,188
2029.....	398,340	57,562	455,902
2030.....	395,478	47,909	443,387
2031.....	322,661	38,224	360,885
2032.....	319,892	31,389	351,281
2033.....	322,172	24,501	346,673
2034.....	324,501	17,549	342,050
2035.....	241,881	11,700	253,581
2036.....	244,313	7,020	251,333
2037.....	130,000	2,340	132,340
Totals.....	\$ 7,822,256	\$ 1,539,449	\$ 9,361,705

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, 2017, the Town had the following authorized and unissued debt:

Purpose	Amount
Road Betterment - Skinequit Road.....	\$ 52,000
Construct Muddy Creek Culvert.....	4,500,000
Wychmere Harbor Piers and Bulkheads.....	1,226,000
Saquatucket Municipal Marina Improvements.....	7,000,000
Ginger Plum Lane Private Way Betterment.....	223,650
<b>Total.....</b>	<b>\$ 13,001,650</b>

**Changes in Long-term Liabilities**

During the year ended June 30, 2017, the following changes occurred in long-term liabilities:

	Balance June 30, 2016	Bonds Redeemed	Other Increases	Other Decreases	Balance June 30, 2017	Due Within One Year
<b>Governmental Activities:</b>						
Long-Term Bonds Payable.....	\$ 14,139,555	\$ (2,777,358)	\$ -	\$ -	\$ 11,362,197	\$ 1,782,358
Add: Unamortized Premium.....	294,814	(72,374)	-	-	222,440	62,012
Total Long-Term Bonds Payable.....	14,434,369	(2,849,732)	-	-	11,584,637	1,844,370
Net Pension Liability.....	26,622,943	-	4,800,492	(2,345,920)	29,077,515	-
Other Postemployment Benefits.....	16,370,687	-	2,675,868	(1,824,320)	17,222,235	-
Compensated Absences.....	1,111,600	-	511,154	(448,892)	1,173,862	474,035
Total governmental activity long-term liabilities.....	<u>\$ 58,539,599</u>	<u>\$ (2,849,732)</u>	<u>\$ 7,987,514</u>	<u>\$ (4,619,132)</u>	<u>\$ 59,058,249</u>	<u>\$ 2,318,405</u>
<b>Business-Type Activities:</b>						
Long-Term Bonds Payable.....	\$ 8,368,232	\$ (545,976)	\$ -	\$ -	\$ 7,822,256	\$ 547,628
Add: Unamortized Premium.....	200,406	(23,413)	-	-	176,993	21,736
Total Long-Term Bonds Payable.....	8,568,638	(569,389)	-	-	7,999,249	569,364
Net Pension Liability.....	1,778,803	-	666,413	(182,548)	2,262,668	-
Other Postemployment Benefits.....	1,273,885	-	208,223	(141,959)	1,340,149	-
Compensated Absences.....	73,800	-	39,910	(32,710)	81,000	49,000
Total business-type activity long-term liabilities.....	<u>\$ 11,695,126</u>	<u>\$ (569,389)</u>	<u>\$ 914,546</u>	<u>\$ (357,217)</u>	<u>\$ 11,683,066</u>	<u>\$ 618,364</u>

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

**NOTE 9 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS**

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

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

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

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

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

In accordance with Massachusetts General Law the Town has established a general stabilization fund. At year end, the balance of the Town's stabilization fund is \$2,855,862, and is reported as unassigned fund balance within the general fund.

The committed balances in the General Fund consist of articles carried forward to next year. With the exception of free cash used to fund the 2018 budget, assigned balances in the General Fund are encumbrances carried forward to next year. The detail of each article and encumbrance is included in the budgetary comparison schedule presented as required supplementary information.

As of June 30, 2017, the governmental fund balances consisted of the following:

	GOVERNMENTAL FUNDS				
	General Fund	Community Preservation Act Fund	Town Capital Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>FUND BALANCES</b>					
Nonspendable:					
Permanent fund principal.....	\$ -	\$ -	\$ -	449,091	\$ 449,091
Nonspendable special revenue funds....	-	-	-	152,585	152,585
Restricted for:					
Community Preservation Act.....	-	4,166,870	-	-	4,166,870
Federal grants.....	-	-	-	25,063	25,063
State grants.....	-	-	-	155,622	155,622
Local gifts and grants.....	-	-	-	208,695	208,695
Highway improvement grants.....	-	-	-	19,336	19,336
Revolving funds.....	-	-	-	755,959	755,959
Receipts reserved for appropriation.....	-	-	-	1,503,632	1,503,632
Other special revenue funds.....	-	-	-	59,670	59,670
Special revenue trust funds.....	-	-	-	263,565	263,565
Miscellaneous small projects.....	-	-	-	33,624	33,624
Library trust funds.....	-	-	-	607,725	607,725
Cemetery trust funds.....	-	-	-	84,222	84,222
Other trust funds.....	-	-	-	5,715	5,715
Committed for:					
Selectmen.....	18,505	-	-	-	18,505
Town Accountant.....	2,245	-	-	-	2,245
Town collections.....	50,000	-	-	-	50,000
Information technology.....	7,760	-	-	-	7,760
Police.....	26,815	-	-	-	26,815
Fire.....	194,073	-	-	-	194,073
Highway department.....	416,904	-	-	-	416,904
Library.....	63,252	-	-	-	63,252
Recreation and youth.....	15,914	-	-	-	15,914
Harbormaster.....	578,826	-	-	-	578,826
Historical commission.....	4,820	-	-	-	4,820
Golf.....	49,099	-	-	-	49,099
Assigned to:					
Town Accountant.....	146	-	-	-	146
Assessor.....	33,777	-	-	-	33,777
Treasurer.....	39,422	-	-	-	39,422
Information technology.....	55,455	-	-	-	55,455
Police.....	39,300	-	-	-	39,300
Fire.....	20,000	-	-	-	20,000
Natural resources.....	803	-	-	-	803
Highway department.....	72,950	-	-	-	72,950
Board of health.....	2,300	-	-	-	2,300
Youth counselor.....	366	-	-	-	366
Library.....	4,146	-	-	-	4,146
Harbormaster.....	61,036	-	-	-	61,036
Free cash used to fund the the 2018 budget.....	1,714,674	-	-	-	1,714,674
Unassigned.....	7,149,286	-	(976,647)	(1,631,525)	4,541,114
<b>TOTAL FUND BALANCES.....</b>	<b>\$ 10,621,874</b>	<b>\$ 4,166,870</b>	<b>\$ (976,647)</b>	<b>\$ 2,692,979</b>	<b>\$ 16,505,076</b>

**NOTE 10 – COMMUNITY PRESERVATION FUNDS**

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

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

As of June 30, 2017, the CPA fund has a balance of approximately \$3.8 million and is reported as a major fund in the governmental funds financial statements.

**NOTE 11 – RISK FINANCING**

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

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

The Town carries commercial insurance for worker's compensation claims in excess of \$40,000 per claim. The Town's share of unpaid liabilities as of June 30, 2017 is immaterial to the financial statements and therefore is not reported.

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

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

The Town is a member of the Barnstable County Contributory Retirement System (BCRA), a cost-sharing multiple-employer defined benefit pension plan covering eligible employees of the 51 member units. The BCRA is administered by five board members (Board) on behalf of all current employees and retirees. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. The audited financial report may be obtained by visiting <http://www.barnstablecounty.org/retirement-association/>.

*Benefits Provided*

Both Systems provide 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.

There were no changes of benefit terms that affected the total pension liability at December 31, 2016.

*Contributions*

Chapter 32 of the MGL governs the contributions of plan members and member units. Active plan members are required to contribute to the System at rates ranging from 5% to 9% of gross regular compensation with an additional 2% contribution required for compensation exceeding \$30,000. The percentage rate is keyed to the date upon which an employee's membership commences. The member units are required to pay into the BCRA a legislatively mandated actuarial determined contribution that is apportioned among the employers based on active current payroll. The Town's proportionate share of the required contribution equaled its actual contribution for the year ended June 30, 2017, was \$2,528,468, 20.03% of covered payroll, actuarially determined as an amount that, when combine with plan member contributions, is expected to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability.

*Pension Liabilities*

At June 30, 2017, the Town reported a liability of \$31,340,183 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2016. Accordingly, update procedures were used to roll forward the total pension liability to the measurement date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At December 31, 2016, the Town's proportion was 4.461%, which is .233% greater than its proportion measured at December 31, 2015.

*Pension Expense*

For the year ended June 30, 2017, the Town recognized pension expense of \$4,955,241. At June 30, 2017, the Town reported net deferred outflows of resources and deferred inflows of resources related to pensions of

\$4,789,751, and \$514,521, respectively. The balances of deferred outflows and inflows at June 30, 2017 consist of the following:

Deferred category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ -	\$ (401,562)	\$ (401,562)
Differences between projected and actual earnings.....	1,781,472	-	1,781,472
Changes of assumptions.....	1,859,120	-	1,859,120
Changes in proportionate share of contributions.....	1,149,159	(112,959)	1,036,200
<b>Total Deferred Outflows/(Inflows) of Resources.....</b>	<b>\$ 4,789,751</b>	<b>\$ (514,521)</b>	<b>\$ 4,275,230</b>

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

Year ended June 30:	
2018.....	\$ 1,081,675
2019.....	1,081,675
2020.....	1,070,892
2021.....	521,767
2022.....	<u>519,221</u>
<b>Total.....</b>	<b>\$ <u>4,275,230</u></b>

*Actuarial Assumptions*

The total pension liability in the January 1, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement that was updated to December 31, 2016:

Valuation date.....	January 1, 2016
Actuarial cost method.....	Entry Age Normal Cost Method.
Amortization method.....	Appropriations increase at 5.28% per year
Remaining amortization period.....	20 years from July 1, 2016 for 2002 and 2003 Early Retirement Incentives, retiree sheriffs liability and remaining unfunded liability, and 6 years from July 1, 2016 for 2010 Early Retirement Incentive.
Asset valuation method.....	Market Value as of December 31, 2016
Inflation rate.....	3.50%
Projected salary increases.....	Varies by length of service with ultimate rates of 4.25% for Group 1, 4.50% for Group 2 and 4.75% for Group 4.
Cost of living adjustments.....	3.0% of first \$16,000 of retirement income as of July 1, 2015, \$17,000 as of July 1, 2016, and \$18,000 as of July 1, 2017.
Rates of retirement.....	Varies based upon age for general employees, police and fire employees.



Rates of disability.....	For general employees, it was assumed that 45% of all disabilities are ordinary (55% are service connected). For police and fire employees, 10% of all disabilities are assumed to be ordinary (90% are service connected).
Mortality Rates:	
Pre-Retirement.....	The RP-2000 Employee Mortality Table projected generationally with Scale BB2D from 2009.
Healthy Retiree.....	The RP-2000 Healthy Annuitant Mortality Table projected generationally with Scale BB2D from 2009.
Disabled Retiree.....	The RP-2000 Healthy Annuitant Mortality Table projected generationally with Scale BB2D from 2015.
Investment rate of return/Discount rate..	7.625% formally 7.75 %, net of pension plan investment expense, including inflation.

*Investment Policy*

The pension plan’s policy in regard to the allocation of invested assets is established and may be amended by the Board and pursuant to Massachusetts General Laws and Public Employee Retirement Administration guidelines. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension plan.

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of January 1, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity.....	18.00%	2.94%
International developed markets equity.....	16.00%	3.90%
International emerging markets equity.....	6.00%	5.92%
Core fixed income.....	13.00%	-1.48%
High-yield fixed income.....	10.00%	0.93%
Real estate.....	10.00%	1.50%
Commodities.....	4.00%	0.93%
Hedge fund, GTAA, Risk parity.....	13.00%	0.25%
Private equity.....	10.00%	6.97%
	<u>100.00%</u>	

*Rate of Return*

For the year ended December 31, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 7.4%. 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 7.625%, formally 7.75%. 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 7.625%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.625%) or 1-percentage-point higher (8.625%) than the current rate:

	1% Decrease (6.625%)	Current Discount (7.625%)	1% Increase (8.625%)
The Town's proportionate share of the net pension liability.....	\$ 39,880,722	\$ 31,340,183	\$ 24,136,661

*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 and Plan Provisions*

The following assumption changes were reflected in the January 1, 2016 actuarial valuation:

- The investment return assumption was decreased from 7.75% to 7.625%.
- The pre-retirement mortality assumption was changed from the RP-2000 Employee Mortality Table projected generationally using Scale AA from 2010 to the RP-2000 Employee Mortality Table projected generationally using Scale BB2D from 2009.
- The post-retirement mortality assumption for non-disabled participants was changed from the RP-2000 Healthy Annuitant Mortality Table projected generationally using Scale AA from 2010 to the RP-2000 Healthy Annuitant Mortality Table projected generationally using Scale BB2D from 2009.
- The mortality assumption for disabled participants was changed from the RP-2000 Healthy Annuitant Mortality Table set forward three years for males only projected generationally using Scale AA from 2010 to the RP-2000 Healthy Annuitant Mortality Table projected generationally with Scale BB2D from 2015.

- The administrative expense assumption was increased from \$1,150,000 to \$1,500,000 based on the fiscal 2017 expense budget.

The following plan provision change was reflected in the January 1, 2016 actuarial valuation:

- The Cost of Living Adjustment base was increased from \$15,000 to \$16,000 as of July 1, 2015, to \$17,000 as of July 1, 2016 and to \$18,000 as of July 1, 2017.

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

*Plan Description* – The Town of Harwich administers a single-employer defined benefit healthcare plan (Plan). The Plan provides lifetime healthcare and life insurance for eligible retirees and their spouses through a single-employer defined Other Postemployment Benefit (OPEB) plan. Chapter 32B of the MGL assigns authority to establish and amend benefit provisions of the plan. Benefit provisions are negotiated between the Town and the unions representing Town employees and are renegotiated each bargaining period. The Retiree Health 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 2017, the Town's age-adjusted contribution to the plan totaled \$2.0 million. For the year ended June 30, 2017, the Town's average contribution rate was 12.67% of covered-employee payroll.

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

During 2017, the Town pre-funded future OPEB liabilities totaling approximately \$100,000 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, 2017, the balance of this fund totaled \$667,000.

The annual money-weighted rate of return on OPEB plan investments was 5.44%. The money-weighted rate of return expresses investment performance, net of OPEB plan investment expense, adjusted for the changing amounts actually invested.

*Plan Membership* – The following table represents the Plan's membership at June 30, 2016:

Active members.....	359
Inactive employees or beneficiaries currently receiving benefits.....	<u>156</u>
Total.....	<u><u>515</u></u>

*Components of OPEB Liability* – The following table represents the components of the Plan’s OPEB liability as of June 30, 2017:

Total OPEB liability.....	\$	41,198,362
Less: OPEB plan's fiduciary net position.....		<u>(667,252)</u>
Net OPEB liability.....	\$	<u>40,531,110</u>
The OPEB plan's fiduciary net position as a percentage of the total OPEB liability.....		1.62%

*Significant Actuarial Methods and Assumptions* – The total OPEB liability in the June 30, 2016 actuarial valuation was determined by using the following actuarial assumptions, applied to all periods included in the measurement that was updated to June 30, 2017 to be in accordance with GASB #74:

Valuation date.....	Actuarially determined contribution for fiscal year ending June 30, 2017 was determined with the June 30, 2016 actuarial valuation.
Actuarial cost method.....	Individual Entry Age Normal - Level Percentage of Payroll
Asset valuation method.....	Market Value of Assets as of the Reporting Date, June 30, 2017.
Discount rate.....	5.08% as of June 30, 2017 and 4.66% as of June 30, 2016.
Investment rate of return.....	7.25% for assets invested in the State Retiree Benefits Trust Fund, 7.0% for all others.
Inflation.....	3.50%.
Salary increases.....	Service-related increases for Group 1 and Group 2 employees: 6.00% decreasing over 9 years to an ultimate 4.25%. Service-related increases for Group 4 members: 7.00% decreasing over 5 years to an ultimate level of 4.75%.
Healthcare trend rates:	
Cape Cod Municipal Health Group.....	Under 65: 10.5% for 1 year, then 7.0% decreasing by 0.5% each year to an ultimate level of 4.5% per year. Over 65: 1.9% for 1 year, then 7.0% decreasing by 0.5% each year to an ultimate level of 4.5% per year. Dental: 2.1% for 1 year, then 4.5% per year.
Group Insurance Commission of the Commonwealth of Massachusetts.....	Under 65: 6.8% for 1 year, then 8.5% decreasing by 0.5% each year to an ultimate level of 5.0% per year. Over 65: 1.6% for 1 year, then 8.5% decreasing by 0.5% each year to an ultimate level of 5.0% per year.
Part B contributions.....	Retiree contributions are expected to increase with the respective trend shown above.
Pre-Retirement mortality:	
Healthy non-teachers.....	RP-2000 Employee Mortality Table projected generationally with scale BB2D from 2009.
Healthy non-teachers (Falmouth).....	RP-2000 Employee Mortality Table projected generationally with scale BB from 2009.
Post-Retirement mortality:	
Healthy non-teachers.....	RP-2000 Healthy Annuitant Mortality Table projected generationally with scale BB2D from 2009.
Healthy non-teachers (Falmouth).....	RP-2000 Healthy Annuitant Mortality Table projected generationally with scale BB from 2009.
Disabled non-teachers.....	RP-2000 Healthy Annuitant Mortality Table projected generationally with scale BB2D from 2015.
Disabled non-teachers (Falmouth).....	RP-2000 Healthy Annuitant Mortality Table projected generationally with scale BB from 2012.

*Investment Policy* – The Town’s Policy in regard to the allocation of invested assets is established and may be amended by the Board of Selectmen by a majority vote of its members. The OPEB plan’s assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the OPEB plan. The long-term real rate of return on OPEB investments was determined using the Town’s investment policy.

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 rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and subtracting expected investment expenses and a risk margin. The arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expense, used in the derivation of the long-term expected investment rate of return assumption are summarized in the table on the following page:

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity.....	18.00%	6.44%
International developed markets equity.....	16.00%	7.40%
International emerging markets equity.....	6.00%	9.42%
Core fixed income.....	13.00%	2.02%
High-yield fixed income.....	10.00%	4.43%
Real estate.....	10.00%	5.00%
Commodities.....	4.00%	4.43%
Hedge fund, GTAA, Risk parity.....	13.00%	3.75%
Private equity.....	10.00%	10.47%
Total Asset Allocation.....	100.00%	

*Discount rate* – The blended discount rate is determined based on the sufficiency of the projected assets in the OPEB trust fund to make to make projected benefit payments, the funding policy, the June 30, 2017 Bond Buyer’s 20 bond index of 3.58% and the expected return on assets which resulted in a single discount rate of 5.08%.

*Sensitivity of the net OPEB liability to changes in the discount rate* – The following table presents the net other postemployment benefit liability and service cost, calculated using the discount rate of 5.08%, as well as what the net other postemployment benefit liability and service cost would be if it were calculated using a discount rate that is 1-percentage-point lower (4.08%) or 1-percentage-point higher (6.08%) than the current rate.

	1% Decrease (4.08%)	Current Discount Rate (5.08%)	1% Increase (6.08%)
Net OPEB liability..... \$	45,928,865 \$	40,531,110 \$	36,066,831

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

	<u>1% Decrease in Trend Rates</u>	<u>Current Trend Rates</u>	<u>1% Increase in Trend Rates</u>
Net OPEB liability.....	\$ 35,657,221	\$ 40,531,110	\$ 46,575,392

*Annual OPEB Cost and Net OPEB Obligation* – The Town’s annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement #45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The components of the Town’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town’s net OPEB obligation are summarized in the table on the following page:

Annual Required Contribution.....	\$ 2,732,356
Interest on net OPEB obligation.....	896,344
Adjustment to annual required contribution.....	<u>(744,609)</u>
Annual OPEB Cost (expense).....	2,884,091
Annual Employer Contributions.....	<u>(1,966,279)</u>
Increase/Decrease in net OPEB obligation.....	917,812
Net OPEB obligation - beginning of year.....	<u>17,644,572</u>
Net OPEB obligation - end of year.....	<u>\$ 18,562,384</u>

The Town’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 was as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2017	\$ 2,884,091	68%	\$ 18,562,384
6/30/2016	3,170,780	66%	17,644,572
6/30/2015	3,040,675	65%	16,578,763

*Funded Status and Funding Progress.* The funded status of the Plan as of the most recent actuarial valuation dates is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Projected Unit Credit (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
6/30/2016	\$ 535,428	\$ 40,048,147	\$ 39,512,719	1.3%	\$ 15,514,239	254.7%
6/30/2014	-	42,724,608	42,724,608	0.0%	N/A	N/A
6/30/2012	-	44,084,195	44,084,195	0.0%	N/A	N/A

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

*Actuarial Methods and Assumptions.* Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2016, actuarial valuation, actuarial liabilities were determined using the entry age normal cost method. The actuarial assumptions included a 7.00% investment return assumption and a 5.08% discount rate, which is based on the expected yield on the assets of the Town, calculated based on the funded level of the plan at the valuation date, an annual medical/prescription drug cost trend rate of: 10.5% initially, then 7% decreasing 0.5% for six years to an ultimate level of 4.5% per year for members under age 65 and 1.9% initially, then 7.0% decreasing by 0.5% for six years to an ultimate level of 4.5% per year for members over age 65, a GIC medical/prescription drug cost trend rate of 6.8% then 8.5% decreasing by 0.5% for eight years to an ultimate level of 5.0% per year for members under age 65 and 1.6% then 8.5% decreasing 0.5% for eight years to an ultimate rate of 5.0% per year for members over age 65, and included a 3.5% inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized over a 30 year open period using a level percentage of projected payroll with amortization payments increasing at 3.5% per year. The asset valuation method being used is market value. The remaining amortization period at June 30, 2016 is 30 years.

#### *Changes in Assumptions and Plan Provisions*

- The per capita health costs for the Cape Cod Municipal Health Group (CCMHG) retirees were updated to reflect current experience.
- The medical/prescription drug trend assumptions for CCMHG retirees were revised to reflect current experience and future expectations.

- Per capita health costs and trends for Group Insurance Commission retirees were updated based on the Commonwealth of Massachusetts postemployment benefits other than pension actuarial valuation as of January 1, 2016.
- The discount rates were updated to comply with the requirements of GASB Statement No. 74.
- The funding method was changed to comply with the requirements of GASB Statement No. 74.
- The expected return on assets was updated to 7.25% for entities with assets invested in the State Retiree Benefits trust fund and 7.0% for all other entities.
- The excise tax on high cost health plans beginning in 2020 was recalculated with this valuation.
- The mortality assumptions were updated to reflect past experience and future expectations.

There were no plan provision changes in the January 1, 2016 actuarial valuation.

#### **NOTE 14 – COMMITMENTS AND CONTINGENCIES**

The regional vocational school, Cape Cod Technical Regional High School, received permission to construct a new high school on its existing campus in Harwich as approved in a district wide vote passed on October 24, 2017. The estimated cost of the project is \$127 million and the Massachusetts School Building Authority (MSBA) is estimated to reimburse 51% of eligible project costs up to a maximum of \$46,292,000. The regional high school will issue general obligation bonds of approximately \$81 million to finance the unreimbursed project costs.

The cost of the annual debt service to repay the bonds will be allocated to the member communities based on their respective student enrollments each year. Harwich represents approximately 13% of the student enrollment in the regional school. The estimated annual budget impact to the Town is \$617,000 annually for 25 years. The Town held an election on October 24, 2017 to exempt this annual debt service assessment from the tax levy limitations of Proposition 2 ½ which successfully passed. Based on the Town's current assessed valuation of all property this equates to approximately \$0.12 on the tax rate.

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, 2017, 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, 2017, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2017.



**NOTE 15 – RESTATEMENT OF PRIOR BALANCES**

As of June 30, 2016, the governmental and business-type activities, and water enterprise fund balance have been restated to adjust a previously reported intergovernmental receivable, to adjust previously reported balances of capital assets, and to reallocate the net pension and OPEB liabilities between governmental and business-type activities as follows:

	Governmental Activities	Business-Type Activities	Total
<b>Government-Wide Financial Statements</b>			
Previously reported balances at June 30, 2016.....	\$ 34,802,234	\$ 17,269,273	\$ 52,071,507
Adjustment to intergovernmental receivable.....	298,753	-	298,753
Adjustment to capital assets.....	(1,130,331)	-	(1,130,331)
Reallocation of net pension liability.....	1,778,803	(1,778,803)	-
Reallocation of OPEB liability.....	1,273,885	(1,273,885)	-
	<u>37,023,344</u>	<u>14,216,585</u>	<u>51,239,929</u>
Revised balances as of June 30, 2016.....	\$ <u>37,023,344</u>	\$ <u>14,216,585</u>	\$ <u>51,239,929</u>

**Business-type Activities - Enterprise Funds**

	Water Enterprise Fund
Previously reported balances at June 30, 2016.....	\$ 17,269,273
Reallocation of net pension liability.....	(1,778,803)
Reallocation of OPEB liability.....	(1,273,885)
	<u>14,216,585</u>
Revised balances as of June 30, 2016.....	\$ <u>14,216,585</u>

The Community Preservation Act major governmental fund beginning fund balance was restated from \$3,472,389 to \$3,771,142 to record an intergovernmental receivable of \$398,753.

**NOTE 16 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through December 26, 2017, which is the date the financial statements were available to be issued.

**NOTE 17 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS**

During 2017, the following GASB pronouncements were implemented:

- GASB Statement #74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The basic financial statements, related notes and required supplementary information were updated to be in compliance with this pronouncement.
- GASB Statement #77, *Tax Abatement Disclosures*. This pronouncement did not impact the basic financial statements.

- GASB Statement #78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. This pronouncement did not impact the basic financial statements.
- GASB Statement #80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement #14*. This pronouncement did not impact the basic financial statements.
- GASB Statement #82, *Pension Issues – an amendment of GASB Statements #67, #68, and #73*. 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 #75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which is required to be implemented in 2018.
- The GASB issued Statement #81, *Irrevocable Split-Interest Agreements*, which is required to be implemented in 2018.
- The GASB issued Statement #83, *Certain Asset Retirement Obligations*, which is required to be implemented in 2019.
- The GASB issued Statement #84, *Fiduciary Activities*, which is required to be implemented in 2020.
- The GASB issued Statement #85, *Omnibus 2017*, which is required to be implemented in 2018.
- The GASB issued Statement #86, *Certain Debt Extinguishment Issues*, which is required to be implemented in 2018.
- The GASB issued Statement #87, *Leases*, which is required to be implemented in 2021.

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, 2017

	Budgeted 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	Actual			
<b>REVENUES:</b>								
Real estate and personal property taxes, net of tax refunds.....	\$ -	\$ 44,192,098	\$ 44,192,098	\$ 44,192,098	\$ 44,547,116	\$ -	\$ -	355,018
Motor vehicle and other excise taxes.....	-	1,995,000	1,995,000	1,995,000	2,325,968	-	-	330,968
Hotel/Motel Taxes.....	-	625,000	625,000	625,000	678,226	-	-	53,226
Meals Taxes.....	-	350,000	350,000	350,000	406,465	-	-	56,465
Recreational fees.....	-	2,900,000	2,900,000	2,900,000	2,898,807	-	-	(1,193)
Sanitation fees.....	-	2,375,000	2,375,000	2,375,000	2,749,461	-	-	374,461
Penalties and interest on taxes and excise.....	-	275,000	275,000	275,000	407,352	-	-	132,352
Other fees and charges for services.....	-	1,750,000	1,750,000	1,750,000	1,916,606	-	-	166,606
Payments in lieu of taxes.....	-	50,000	50,000	50,000	56,741	-	-	6,741
Licenses and permits.....	-	750,000	750,000	750,000	694,880	-	-	(55,120)
Intergovernmental.....	-	1,672,835	1,672,835	1,750,811	1,750,183	-	-	(628)
Departmental and other.....	-	280,000	280,000	280,000	495,129	-	-	215,129
Investment income.....	-	30,000	30,000	30,000	47,522	-	-	17,522
<b>TOTAL REVENUES.....</b>	<b>-</b>	<b>57,244,933</b>	<b>57,244,933</b>	<b>57,322,909</b>	<b>58,974,456</b>	<b>-</b>	<b>-</b>	<b>1,651,547</b>
<b>EXPENDITURES:</b>								
Current:								
General government								
Moderator								
Salaries.....	-	300	300	300	-	-	-	300
Selectmen								
Salaries.....	-	7,500	7,500	7,500	7,500	-	-	-
Expenditures.....	-	6,700	6,700	6,700	6,302	-	-	398
Selectmen Articles.....	154,956	55,000	209,956	209,956	47,150	18,504	18,504	144,302
<b>Total.....</b>	<b>154,956</b>	<b>69,200</b>	<b>224,156</b>	<b>224,156</b>	<b>60,952</b>	<b>18,504</b>	<b>18,504</b>	<b>144,700</b>
Finance Committee								
Salaries.....	-	3,300	3,300	3,300	2,239	-	-	1,061
Expenditures.....	-	450	450	450	221	-	-	229
<b>Total.....</b>	<b>-</b>	<b>3,750</b>	<b>3,750</b>	<b>3,750</b>	<b>2,460</b>	<b>-</b>	<b>-</b>	<b>1,290</b>
Finance Committee Reserve Fund.....								
	-	125,000	125,000	65,825	-	-	-	65,825
Town Accountant								
Salaries.....	-	236,197	236,197	229,286	219,162	-	-	10,124
Expenditures.....	5,000	3,265	8,265	8,265	7,919	146	146	200
Audit.....	-	41,000	41,000	41,000	41,000	-	-	-
Articles.....	12,879	25,000	37,879	37,879	22,222	2,245	2,245	13,412
<b>Total.....</b>	<b>17,879</b>	<b>305,462</b>	<b>323,341</b>	<b>316,430</b>	<b>290,303</b>	<b>2,391</b>	<b>2,391</b>	<b>23,736</b>
Assessor								
Salaries.....	-	207,103	207,103	197,804	172,355	-	-	25,449
Expenditures.....	15,700	103,040	118,740	114,240	72,344	33,777	33,777	8,119
Articles.....	7,421	-	7,421	7,421	-	-	-	7,421
<b>Total.....</b>	<b>23,121</b>	<b>310,143</b>	<b>333,264</b>	<b>319,465</b>	<b>244,699</b>	<b>33,777</b>	<b>33,777</b>	<b>40,989</b>
Town Collections								
Salaries.....	-	16,400	16,400	16,400	12,140	-	-	4,260
Expenditures.....	-	4,760	4,760	4,760	4,700	-	-	60
Articles.....	50,000	-	50,000	50,000	-	50,000	50,000	-
<b>Total.....</b>	<b>50,000</b>	<b>21,160</b>	<b>71,160</b>	<b>71,160</b>	<b>16,840</b>	<b>50,000</b>	<b>50,000</b>	<b>4,320</b>
Postage.....								
	-	56,160	56,160	46,160	52,104	-	-	(5,944)
Treasurer								
Salaries.....	-	229,074	229,074	229,074	228,362	-	-	712
Expenditures.....	3,807	121,670	125,477	125,477	85,800	39,422	39,422	255
Articles.....	350	-	350	350	-	-	-	350
<b>Total.....</b>	<b>4,157</b>	<b>350,744</b>	<b>354,901</b>	<b>354,901</b>	<b>314,162</b>	<b>39,422</b>	<b>39,422</b>	<b>1,317</b>
Medicare.....								
	-	195,000	195,000	202,600	202,561	-	-	39

(Continued)

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

YEAR ENDED JUNE 30, 2017

	Budgeted 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	Actual		
<b>Administration</b>							
Salaries.....	-	404,631	404,631	404,631	409,417	-	(4,786)
Expenditures.....	-	99,380	99,380	110,430	113,790	-	(3,360)
Capital Outlay.....	-	5,000	5,000	5,000	3,416	-	1,584
Union Contracts.....	-	5,000	5,000	5,000	5,000	-	-
<b>Total.....</b>	<b>-</b>	<b>514,011</b>	<b>514,011</b>	<b>525,061</b>	<b>531,623</b>	<b>-</b>	<b>(6,562)</b>
<b>Legal Services</b>							
Expenditures.....	-	164,000	164,000	204,000	204,738	-	(738)
Claims and Suits.....	-	400	400	400	-	-	400
<b>Total.....</b>	<b>-</b>	<b>164,400</b>	<b>164,400</b>	<b>204,400</b>	<b>204,738</b>	<b>-</b>	<b>(338)</b>
<b>Information Technology</b>							
Salaries.....	-	97,851	97,851	97,851	97,502	-	349
Expenditures.....	49,594	198,476	248,070	248,070	192,136	55,455	479
Articles.....	7,760	-	7,760	7,760	-	7,760	-
<b>Total.....</b>	<b>57,354</b>	<b>296,327</b>	<b>353,681</b>	<b>353,681</b>	<b>289,638</b>	<b>63,215</b>	<b>828</b>
<b>IT Channel 18</b>							
Salaries.....	-	98,237	98,237	98,307	98,307	-	-
Expenditures.....	-	31,000	31,000	31,000	18,673	-	12,327
<b>Total.....</b>	<b>-</b>	<b>129,237</b>	<b>129,237</b>	<b>129,307</b>	<b>116,980</b>	<b>-</b>	<b>12,327</b>
<b>Constable</b>							
Salaries.....	-	694	694	694	250	-	444
<b>Town Clerk</b>							
Salaries.....	-	207,209	207,209	215,509	215,499	-	10
Expenditures.....	5,037	42,510	47,547	53,047	51,937	-	1,110
<b>Total.....</b>	<b>5,037</b>	<b>249,719</b>	<b>254,756</b>	<b>268,556</b>	<b>267,436</b>	<b>-</b>	<b>1,120</b>
<b>Conservation</b>							
Salaries.....	-	99,326	99,326	99,326	81,732	-	17,594
Expenditures.....	136	6,146	6,282	6,282	5,970	-	312
<b>Total.....</b>	<b>136</b>	<b>105,472</b>	<b>105,608</b>	<b>105,608</b>	<b>87,702</b>	<b>-</b>	<b>17,906</b>
<b>Town Planner</b>							
Salaries.....	-	86,456	86,456	86,456	57,331	-	29,125
Expenditures.....	-	1,740	1,740	1,740	1,419	-	321
<b>Total.....</b>	<b>-</b>	<b>88,196</b>	<b>88,196</b>	<b>88,196</b>	<b>58,750</b>	<b>-</b>	<b>29,446</b>
<b>Board of Appeals</b>							
Expenditures.....	-	560	560	560	439	-	121
<b>Buildings</b>							
Albro House Expenditures.....	-	4,555	4,555	4,555	2,891	-	1,664
Old Recreation Building Expenditures.....	-	5,270	5,270	5,270	4,709	-	561
West Harwich School Expenditures.....	-	1,400	1,400	1,400	577	-	823
<b>Total.....</b>	<b>-</b>	<b>11,225</b>	<b>11,225</b>	<b>11,225</b>	<b>8,177</b>	<b>-</b>	<b>3,048</b>
<b>Community Development.....</b>							
Salaries.....	-	274,828	274,828	254,828	230,386	-	24,442
Expenditures.....	690	10,200	10,890	10,890	11,069	-	(179)
<b>Total.....</b>	<b>690</b>	<b>285,028</b>	<b>285,718</b>	<b>265,718</b>	<b>241,455</b>	<b>-</b>	<b>24,263</b>
<b>Public Building Repair.....</b>	<b>-</b>	<b>2,133</b>	<b>2,133</b>	<b>2,133</b>	<b>1,100</b>	<b>-</b>	<b>1,033</b>
<b>Town Reports.....</b>	<b>-</b>	<b>13,000</b>	<b>13,000</b>	<b>13,000</b>	<b>7,869</b>	<b>-</b>	<b>5,131</b>
<b>Advertising.....</b>	<b>-</b>	<b>4,500</b>	<b>4,500</b>	<b>14,500</b>	<b>13,514</b>	<b>-</b>	<b>986</b>
<b>Total General Government.....</b>	<b>313,330</b>	<b>3,301,421</b>	<b>3,614,751</b>	<b>3,587,386</b>	<b>3,013,752</b>	<b>207,309</b>	<b>366,325</b>

(Continued)

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

YEAR ENDED JUNE 30, 2017

	Budgeted 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	Actual		
<b>Public safety</b>							
<b>Police</b>							
Salaries.....	-	3,160,821	3,160,821	3,130,821	3,079,151	-	51,670
Expenditures.....	22,018	415,719	437,737	437,737	335,079	39,300	63,358
Capital Outlay.....	-	165,151	165,151	165,151	165,151	-	-
Articles.....	63,125	-	63,125	63,125	36,310	26,815	-
<b>Total.....</b>	<b>85,143</b>	<b>3,741,691</b>	<b>3,826,834</b>	<b>3,796,834</b>	<b>3,615,691</b>	<b>66,115</b>	<b>115,028</b>
<b>Fire</b>							
Salaries.....	-	3,528,875	3,528,875	3,514,730	3,472,081	-	42,649
Expenditures.....	2,500	409,696	412,196	412,196	368,164	20,000	24,032
Articles.....	187,798	349,900	537,698	537,698	343,478	194,073	147
<b>Total.....</b>	<b>190,298</b>	<b>4,288,471</b>	<b>4,478,769</b>	<b>4,464,624</b>	<b>4,183,723</b>	<b>214,073</b>	<b>66,828</b>
<b>Ambulance</b>							
Salaries.....	-	194,364	194,364	158,508	143,001	-	15,507
Expenditures.....	-	118,211	118,211	132,211	129,183	-	3,028
<b>Total.....</b>	<b>-</b>	<b>312,575</b>	<b>312,575</b>	<b>290,719</b>	<b>272,184</b>	<b>-</b>	<b>18,535</b>
<b>Emergency Telecommunication</b>							
Salaries.....	-	453,207	453,207	453,207	391,026	-	62,181
Expenditures.....	-	153,463	153,463	153,463	133,119	-	20,344
<b>Total.....</b>	<b>-</b>	<b>606,670</b>	<b>606,670</b>	<b>606,670</b>	<b>524,145</b>	<b>-</b>	<b>82,525</b>
<b>Total Public Safety.....</b>	<b>275,441</b>	<b>8,949,407</b>	<b>9,224,848</b>	<b>9,158,847</b>	<b>8,595,743</b>	<b>280,188</b>	<b>282,916</b>
<b>School</b>							
Cape Cod Regional Technical High School.....	-	1,437,053	1,437,053	1,437,053	1,437,053	-	-
Monomoy Regional School District.....	-	24,058,302	24,058,302	24,058,301	24,058,301	-	-
<b>Total School.....</b>	<b>-</b>	<b>25,495,355</b>	<b>25,495,355</b>	<b>25,495,354</b>	<b>25,495,354</b>	<b>-</b>	<b>-</b>
<b>Public Works</b>							
<b>Building</b>							
Salaries.....	-	203,633	203,633	228,034	227,996	-	38
Expenditures.....	32	13,968	14,000	14,505	14,955	-	(450)
Articles.....	1,142	-	1,142	1,142	-	-	1,142
<b>Total.....</b>	<b>1,174</b>	<b>217,601</b>	<b>218,775</b>	<b>243,681</b>	<b>242,951</b>	<b>-</b>	<b>730</b>
<b>Emergency Management</b>							
Salaries.....	-	4,910	4,910	4,910	4,458	-	452
Expenditures.....	-	8,500	8,500	8,500	3,126	-	5,374
Articles.....	326	-	326	326	-	-	326
<b>Total.....</b>	<b>326</b>	<b>13,410</b>	<b>13,736</b>	<b>13,736</b>	<b>7,584</b>	<b>-</b>	<b>6,152</b>
<b>Natural Resources</b>							
Salaries.....	-	93,657	93,657	93,657	93,375	-	282
Expenditures.....	-	27,600	27,600	27,600	26,797	803	-
<b>Total.....</b>	<b>-</b>	<b>121,257</b>	<b>121,257</b>	<b>121,257</b>	<b>120,172</b>	<b>803</b>	<b>282</b>
<b>Pleasant Bay Alliance.....</b>	<b>-</b>	<b>17,192</b>	<b>17,192</b>	<b>17,192</b>	<b>16,920</b>	<b>-</b>	<b>272</b>
<b>Town Engineer</b>							
Salaries.....	-	170,774	170,774	170,774	170,185	-	589
Expenditures.....	1,966	5,020	6,986	23,286	19,705	-	3,581
<b>Total.....</b>	<b>1,966</b>	<b>175,794</b>	<b>177,760</b>	<b>194,060</b>	<b>189,890</b>	<b>-</b>	<b>4,170</b>
<b>Highway Department</b>							
Salaries.....	-	2,436,680	2,436,680	2,436,683	2,402,761	-	33,922
Expenditures.....	64,004	2,186,694	2,250,698	2,459,990	2,343,292	72,950	43,748
Articles.....	128,446	980,709	1,109,155	1,109,156	690,992	416,904	1,260
<b>Total.....</b>	<b>192,450</b>	<b>5,604,083</b>	<b>5,796,533</b>	<b>6,005,829</b>	<b>5,437,045</b>	<b>489,854</b>	<b>78,930</b>

(Continued)



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

YEAR ENDED JUNE 30, 2017

	Budgeted 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	Actual		
<b>Snow &amp; Ice</b>							
Salaries.....	-	40,000	40,000	110,000	108,597	-	1,403
Expenditures.....	-	95,000	95,000	275,000	271,908	-	3,092
Total.....	-	135,000	135,000	385,000	380,505	-	4,495
<b>Street Lights.....</b>	-	60,000	60,000	60,000	38,130	-	21,870
<b>Cemetery Administration.....</b>							
Salaries.....	-	58,866	58,866	58,867	58,830	-	37
Expenditures.....	-	4,097	4,097	4,800	4,800	-	-
Total.....	-	62,963	62,963	63,667	63,630	-	37
<b>Wastewater Articles.....</b>	10,015	-	10,015	10,015	10,015	-	-
<b>Total Public Works.....</b>	205,931	6,407,300	6,613,231	7,114,437	6,506,842	490,657	116,938
<b>Human services</b>							
<b>Board of Health</b>							
Salaries.....	-	191,694	191,694	191,694	181,165	-	10,529
Expenditures.....	-	15,540	15,540	15,538	12,253	2,300	985
Total.....	-	207,234	207,234	207,232	193,418	2,300	11,514
<b>Community Center</b>							
Salaries.....	-	152,951	152,951	152,950	152,894	-	56
Expenditures.....	6,727	141,771	148,498	148,498	109,636	-	38,862
Total.....	6,727	294,722	301,449	301,448	262,530	-	38,918
<b>Council on Aging</b>							
Salaries.....	-	355,829	355,829	363,154	359,395	-	3,759
Expenditures.....	-	74,697	74,697	74,697	68,197	-	6,500
Total.....	-	430,526	430,526	437,851	427,592	-	10,259
<b>Youth Counselor</b>							
Salaries.....	-	75,350	75,350	75,638	75,638	-	-
Expenditures.....	-	4,310	4,310	4,310	3,931	366	13
Total.....	-	79,660	79,660	79,948	79,569	366	13
<b>Veterans</b>							
Expenditures/Benefits.....	-	134,346	134,346	134,346	96,671	-	37,675
<b>Disability Rights</b>							
Expenditures.....	-	300	300	300	-	-	300
Articles.....	1,999	-	1,999	1,999	-	-	1,999
Total.....	1,999	300	2,299	2,299	-	-	2,299
<b>Human Services.....</b>	-	79,980	79,980	79,980	79,980	-	-
<b>Total Human Services.....</b>	8,726	1,226,768	1,235,494	1,243,104	1,139,760	2,666	100,678
<b>Culture and Recreation</b>							
<b>Library</b>							
Salaries.....	-	626,193	626,193	626,192	603,961	-	22,231
Expenditures.....	13,906	269,150	283,056	283,056	265,401	4,146	13,509
Articles.....	64,096	20,000	84,096	84,096	20,844	63,252	-
Total.....	78,002	915,343	993,345	993,344	890,206	67,398	35,740
<b>Recreation and Youth</b>							
Seasonal Salaries.....	-	173,580	173,580	175,733	175,733	-	-
Salaries.....	-	218,912	218,912	218,912	218,335	-	577
Expenditures.....	-	45,575	45,575	45,575	44,634	-	941
Capital Outlay.....	-	12,000	12,000	12,000	7,319	-	4,681
Articles.....	27,522	-	27,522	27,522	9,929	15,914	1,679
Total.....	27,522	450,067	477,589	479,742	455,950	15,914	7,878

(Continued)

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

YEAR ENDED JUNE 30, 2017

	Budgeted 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	Actual		
<b>Harbormaster</b>							
Salaries.....	-	282,020	282,020	282,021	280,246	-	1,775
Expenditures.....	-	169,605	169,605	159,605	99,058	61,036	(489)
Capital Outlays.....	-	-	-	10,000	9,500	-	500
Articles.....	469,482	85,000	554,482	632,458	53,632	578,826	-
<b>Total.....</b>	<b>469,482</b>	<b>536,625</b>	<b>1,006,107</b>	<b>1,084,084</b>	<b>442,436</b>	<b>639,862</b>	<b>1,786</b>
<b>Brooks Museum Commission</b>							
Expenditures.....	-	12,194	12,194	12,194	10,138	-	2,056
<b>Historical Commission</b>							
Salaries.....	-	540	540	540	80	-	460
Expenditures.....	-	350	350	350	-	-	350
Articles.....	21,692	-	21,692	21,692	14,435	4,820	2,437
<b>Total.....</b>	<b>21,692</b>	<b>890</b>	<b>22,582</b>	<b>22,582</b>	<b>14,515</b>	<b>4,820</b>	<b>3,247</b>
<b>Celebrations.....</b>	<b>-</b>	<b>1,600</b>	<b>1,600</b>	<b>1,600</b>	<b>-</b>	<b>-</b>	<b>1,600</b>
<b>Golf</b>							
Salaries.....	-	842,050	842,050	842,049	765,404	-	76,645
Expense.....	-	684,625	684,625	684,625	580,875	-	103,750
Capital Outlays.....	-	73,000	73,000	73,000	69,548	-	3,452
Articles.....	70,188	65,000	135,188	111,413	62,314	49,099	-
<b>Total.....</b>	<b>70,188</b>	<b>1,664,675</b>	<b>1,734,863</b>	<b>1,711,087</b>	<b>1,478,141</b>	<b>49,099</b>	<b>183,847</b>
Electricity-CVEC.....	-	65,000	65,000	65,000	64,315	-	685
<b>Total Culture and Recreation.....</b>	<b>666,886</b>	<b>3,646,394</b>	<b>4,313,280</b>	<b>4,369,633</b>	<b>3,355,701</b>	<b>777,093</b>	<b>236,839</b>
Contributory Pension.....	-	2,528,468	2,528,468	2,528,468	2,364,925	-	163,543
Unemployment Compensation.....	-	35,000	35,000	35,000	2,567	-	32,433
Group Health Insurance.....	-	4,300,000	4,300,000	4,132,400	3,663,522	-	468,878
General Insurance.....	-	616,519	616,519	616,521	458,540	-	157,981
State and County Charges.....	-	650,351	650,351	650,350	646,442	-	3,908
<b>Debt Service</b>							
Debt Service Principal.....	-	2,777,358	2,777,358	2,777,358	2,777,358	-	-
Debt Service Interest.....	-	504,910	504,910	504,910	485,197	-	19,713
<b>Total.....</b>	<b>-</b>	<b>3,282,268</b>	<b>3,282,268</b>	<b>3,282,268</b>	<b>3,262,555</b>	<b>-</b>	<b>19,713</b>
<b>TOTAL EXPENDITURES.....</b>	<b>1,470,314</b>	<b>60,439,251</b>	<b>61,909,565</b>	<b>62,213,768</b>	<b>58,505,703</b>	<b>1,757,913</b>	<b>1,950,152</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>	<b>(1,470,314)</b>	<b>(3,194,318)</b>	<b>(4,664,632)</b>	<b>(4,890,859)</b>	<b>468,753</b>	<b>(1,757,913)</b>	<b>3,601,699</b>
<b>OTHER FINANCING SOURCES (USES):</b>							
Transfers in.....	-	1,169,644	1,169,644	1,169,644	1,403,779	-	234,135
Transfers out.....	(270,436)	(2,449,541)	(2,719,977)	(2,743,752)	(2,755,853)	-	(12,101)
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>(270,436)</b>	<b>(1,279,897)</b>	<b>(1,550,333)</b>	<b>(1,574,108)</b>	<b>(1,352,074)</b>	<b>-</b>	<b>222,034</b>
<b>NET CHANGE IN FUND BALANCE.....</b>	<b>(1,740,750)</b>	<b>(4,474,215)</b>	<b>(6,214,965)</b>	<b>(6,464,967)</b>	<b>(883,321)</b>	<b>(1,757,913)</b>	<b>3,823,733</b>
<b>BUDGETARY FUND BALANCE, Beginning of year...</b>	<b>-</b>	<b>8,764,867</b>	<b>8,764,867</b>	<b>8,764,867</b>	<b>8,764,867</b>	<b>-</b>	<b>-</b>
<b>BUDGETARY FUND BALANCE, End of year.....</b>	<b>\$ (1,740,750)</b>	<b>\$ 4,290,652</b>	<b>\$ 2,549,902</b>	<b>\$ 2,299,900</b>	<b>\$ 7,881,546</b>	<b>\$ (1,757,913)</b>	<b>\$ 3,823,733</b>

(Concluded)

See notes to required supplementary information.

# *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, 2017

	Budgeted Amounts					Actual	Amounts Carried Forward To Next Year	Variance to Final Budget
	Amounts Carried forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget				
<b>REVENUES:</b>								
Real estate and personal property taxes, net of tax refunds.....	\$ -	\$ 1,273,000	\$ 1,273,000	\$ 1,273,000	\$ 1,305,160	\$ -	\$ 32,160	
Tax liens.....	-	-	-	-	6,709	-	6,709	
Penalties and interest on taxes.....	-	-	-	-	3,329	-	3,329	
Intergovernmental.....	-	298,753	298,753	298,753	298,753	-	-	
Gifts and grants.....	-	-	-	-	100,000	-	100,000	
Departmental and other.....	-	-	-	-	20,574	-	20,574	
Investment income.....	-	2,000	2,000	2,000	5,132	-	3,132	
<b>TOTAL REVENUES.....</b>	<b>-</b>	<b>1,573,753</b>	<b>1,573,753</b>	<b>1,573,753</b>	<b>1,739,657</b>	<b>-</b>	<b>165,904</b>	
<b>EXPENDITURES:</b>								
Community preservation expenditures.....	121,250	1,822,811	1,944,061	1,944,061	948,441	942,620	53,000	
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>	<b>(121,250)</b>	<b>(249,058)</b>	<b>(370,308)</b>	<b>(370,308)</b>	<b>791,216</b>	<b>(942,620)</b>	<b>218,904</b>	
<b>OTHER FINANCING SOURCES (USES):</b>								
Transfers in.....	-	280,183	280,183	280,183	280,183	-	-	
Transfers out.....	-	(633,400)	(633,400)	(633,400)	(633,400)	-	-	
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>-</b>	<b>(353,217)</b>	<b>(353,217)</b>	<b>(353,217)</b>	<b>(353,217)</b>	<b>-</b>	<b>-</b>	
<b>NET CHANGE IN FUND BALANCE.....</b>	<b>(121,250)</b>	<b>(602,275)</b>	<b>(723,525)</b>	<b>(723,525)</b>	<b>437,999</b>	<b>(942,620)</b>	<b>218,904</b>	
<b>BUDGETARY FUND BALANCE, Beginning of year.....</b>	<b>-</b>	<b>3,472,389</b>	<b>3,472,389</b>	<b>3,472,389</b>	<b>3,472,389</b>	<b>-</b>	<b>-</b>	
<b>BUDGETARY FUND BALANCE, End of year.....</b>	<b>\$ (121,250)</b>	<b>\$ 2,870,114</b>	<b>\$ 2,748,864</b>	<b>\$ 2,748,864</b>	<b>\$ 3,910,388</b>	<b>\$ (942,620)</b>	<b>\$ 218,904</b>	

See notes to required supplementary information.

# *Pension Plan Schedules*

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

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

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

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

	December 31, 2014	December 31, 2015	December 31, 2016
Town's proportion of the net pension liability (asset).....	4.258%	4.228%	4.461%
Town's proportionate share of the net pension liability (asset).....	\$ 24,040,696	\$ 26,622,943	\$ 31,340,183
Town's covered employee payroll.....	\$ 11,169,369	\$ 11,725,015	\$ 12,620,687
Net pension liability as a percentage of covered-employee payroll.....	215.24%	227.06%	248.32%
Plan fiduciary net position as a percentage of the total pension liability.....	60.43%	58.10%	57.28%

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 TOWN'S CONTRIBUTIONS**  
**BARNSTABLE COUNTY CONTRIBUTORY RETIREMENT SYSTEM**

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	June 30, 2015	June 30, 2016	June 30, 2017
Actuarially determined contribution.....	\$ 2,217,735	\$ 2,283,370	\$ 2,528,468
Contributions in relation to the actuarially determined contribution.....	(2,217,735)	(2,283,370)	(2,528,468)
Contribution deficiency (excess).....	\$ -	\$ -	\$ -
Covered-employee payroll.....	\$ 11,281,063	\$ 11,842,265	\$ 12,746,894
Contributions as a percentage of covered- employee payroll.....	19.66%	19.28%	19.84%

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*

## GASB #74 - Schedules for the Other Postemployment Benefits Plan

The Schedule of Changes in the Town's Net Other Postemployment Benefit Liability 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 Return presents multi-year trend information on the money-weighted investment return on other postemployment assets, net of investment expense.

## GASB #45 - Schedules for the Town's Other Postemployment Benefits Liability

The Schedule of Funding progress compares, over time, the actuarial accrued liability for benefits with the actuarial value of accumulated plan assets.

The Schedule of Employer Contributions compares, overtime, the Annual Required Contributions to the Actual Contributions made.

The Schedule of Actuarial Methods and Assumptions presents factors that significantly affect the identification of trends in the amounts reported.



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

	June 30, 2017
<b>Total OPEB Liability</b>	
Service Cost.....	\$ 1,078,218
Interest.....	1,971,659
Changes of benefit terms.....	-
Differences between expected and actual experience.....	-
Changes of assumptions.....	(2,139,815)
Benefit payments.....	(1,866,279)
Net change in total OPEB liability.....	(956,217)
Total OPEB liability- beginning.....	42,154,579
Total OPEB liability- ending (a).....	\$ 41,198,362
<b>Plan fiduciary net position</b>	
Employer contributions to the trust.....	\$ 100,000
Employer contributions to pay benefit payments.....	1,866,279
Net investment income.....	31,824
Benefit payments.....	(1,866,279)
Net change in plan fiduciary net position.....	131,824
Plan fiduciary net position- beginning.....	535,428
Plan fiduciary net position- ending (b).....	\$ 667,252
<b>Town's net OPEB liability- ending (a)-(b).....</b>	<b>\$ 40,531,110</b>
Plan fiduciary net position as a percentage of the total OPEB liability.....	1.62%
Covered-employee payroll.....	\$ 15,514,239
Town's net OPEB liability as a percentage of covered-employee payroll.....	261.25%

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 TOWN CONTRIBUTIONS  
OTHER POSTEMPLOYMENT BENEFIT PLAN**

	June 30, 2017
Actuarially determined contribution.....	\$ 2,732,356
Contributions in relation to the actuarially determined contribution.....	(1,966,279)
Contribution deficiency (excess).....	\$ 766,077
Covered-employee payroll.....	\$ 15,514,239
Contributions as a percentage of covered- employee payroll.....	12.67%

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

See notes to required supplementary information.

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

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June 30, 2017

Annual money-weighted rate of return, net of investment expense.....	5.44%
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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**  
**SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS**

**Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Projected Unit Credit (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
6/30/2016	\$ 535,428	\$ 40,048,147	\$ 39,512,719	1.3%	\$ 15,514,239	254.7%
6/30/2014	-	42,724,608	42,724,608	0.0%	N/A	N/A
6/30/2012	-	44,084,195	44,084,195	0.0%	N/A	N/A

**Schedule of Employer Contributions**

Year Ended	Annual Required Contribution	Actual Contributions Made	Percentage Contributed
2017	\$ 2,732,356	\$ 1,966,279	72%
2016	2,933,863	2,104,971	72%
2015	2,818,966	1,976,475	70%
2014	2,918,121	1,947,624	67%
2013	2,808,742	1,816,588	65%
2012	5,537,940	2,497,353	45%

See notes to required supplementary information.

**OTHER POSTEMPLOYMENT BENEFIT PLAN**  
**ACTUARIAL METHODS AND ASSUMPTIONS**

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Actuarial Methods:

Valuation date.....	June 30, 2016
Actuarial cost method.....	Entry Age Normal - Level percentage of payroll
Amortization method.....	Payments increasing at 3.5%
Remaining amortization period.....	30 years as of June 30, 2016, open

Actuarial Assumptions:

Investment rate of return.....	7.00%
Discount rate.....	5.08%
Inflation rate.....	3.50%
Projected salary increases.....	6.00% dvaries by plan and age from 10.5% to 4.5%
Medical/drug cost trend rate.....	10.50% graded to 4.50% over 8 years

Plan Membership:

Current retirees, beneficiaries, and dependents...	359
Current active members.....	<u>156</u>
Total.....	<u><u>515</u></u>

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 2017 approved budget for the General Fund includes \$62.9 million in current year appropriations and other amounts to be raised and \$1.5 million in encumbrances and appropriations carried over from previous years. During 2017, the Town approved various transfers within appropriation lines in the General Fund along with supplemental appropriations totaling \$250,000.

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, 2017, are presented on the following page.

*General Fund:*

Net Change in Fund Balance - budgetary basis.....	\$	(883,321)
<u>Perspective difference:</u>		
Activity of the stabilization funds recorded in the general fund for GAAP.....		1,746,447
<u>Basis of accounting differences:</u>		
Net change in revenue accrual.....		<u>48,010</u>
Net Change in Fund Balance - GAAP basis.....	\$	<u><u>911,136</u></u>

*Community Preservation Fund:*

Net Change in Fund Balance - budgetary basis.....	\$	437,999
<u>Basis of accounting differences:</u>		
Net change in revenue accrual.....		<u>(42,271)</u>
Net Change in Fund Balance - GAAP basis.....	\$	<u><u>395,728</u></u>

C. Appropriation Deficits

Expenditures exceeded appropriations for postage, administration, legal services, community development, building, and harbor master and transfer out. The Town will raise these fund deficits in the subsequent fiscal year.

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

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

B. Schedule of Town's Contributions

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

### C. Changes in Assumptions:

The following assumption changes were reflected in the January 1, 2016 actuarial valuation:

- The investment return assumption was decreased from 7.75% to 7.625%.
- The pre-retirement mortality assumption was changed from the RP-2000 Employee Mortality Table projected generationally using Scale AA from 2010 to the RP-2000 Employee Mortality Table projected generationally using Scale BB2D from 2009.
- The post-retirement mortality assumption for non-disabled participants was changed from the RP-2000 Healthy Annuitant Mortality Table projected generationally using Scale AA from 2010 to the RP-2000 Healthy Annuitant Mortality Table projected generationally using Scale BB2D from 2009.
- The mortality assumption for disabled participants was changed from the RP-2000 Healthy Annuitant Mortality Table set forward three years for males only projected generationally using Scale AA from 2010 to the RP-2000 Healthy Annuitant Mortality Table projected generationally with Scale BB2D from 2015.
- The administrative expense assumption was increased from \$1,150,000 to \$1,500,000 based on the fiscal 2017 expense budget.

### D. Changes in Plan Provisions

The following plan provision change was reflected in the January 1, 2016 actuarial valuation:

- The Cost of Living Adjustment base was increased from \$15,000 to \$16,000 as of July 1, 2015, to \$17,000 as of July 1, 2016 and to \$18,000 as of July 1, 2017.

## **NOTE C – OTHER POSTEMPLOYMENT BENEFITS PLAN**

The Town administers a single-employer defined benefit healthcare plan (“The Retiree Health 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**

#### The 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.

#### The 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.

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 payroll.

Schedule of Investment Return

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

**The Town**

The Town currently finances its other postemployment benefits (OPEB) on a combined pre-funded and pay-as-you-go basis. As a result, the funded ratio (actuarial value of assets expressed as a percentage of the actuarial accrued liability) is 1.62%. In accordance with Governmental Accounting Standards, the Town has recorded its OPEB cost equal to the actuarial determined annual required contribution (ARC) which includes the normal cost of providing benefits for the year and a component for the amortization of the total unfunded actuarial accrued liability of the plan.

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Schedule of Funding Progress

The Schedule of Funding Progress presents multiyear trend information which compares, over time, the Town's actuarial accrued liability for benefits with the actuarial value of accumulated plan assets.

Schedule of Employer Contributions

The Schedule of Employer Contributions presents multiyear trend information for the Town's required and actual contributions relating to the plan.

Schedule of Actuarial Methods and Assumptions

The Schedule of Actuarial Methods and Assumptions presents factors that significantly affect the identification of trends in the amounts reported.

Changes in Assumptions and Plan Provisions

- The per capita health costs for the Cape Cod Municipal Health Group (CCMHG) retirees were updated to reflect current experience.

- The medical/prescription drug trend assumptions for CCMHG retirees were revised to reflect current experience and future expectations.
- Per capita health costs and trends for Group Insurance Commission retirees were updated based on the Commonwealth of Massachusetts postemployment benefits other than pension actuarial valuation as of January 1, 2016.
- The discount rates were updated to comply with the requirements of GASB Statement No. 74.
- The funding method was changed to comply with the requirements of GASB Statement No. 74.
- The expected return on assets was updated to 7.25% for entities with assets invested in the State Retiree Benefits trust fund and 7.0% for all other entities.
- The excise tax on high cost health plans beginning in 2020 was recalculated with this valuation.
- The mortality assumptions were updated to reflect past experience and future expectations.

There were no plan provision changes in the January 1, 2016 actuarial valuation.

# ***Other Supplementary Information***

# ***Combining Fund Statements***

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

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

# Nonmajor Governmental Funds

## Fund Description

### **Special Revenue Funds**

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

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

### **Capital Projects Funds**

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

- **Miscellaneous Small Projects** – accounts for nonmajor capital projects.
- **Muddy Creek Culvert** – accounts for the renovation of the Muddy Creek Culvert.
- **Wychmere Pier** – accounts for the renovation to Wychmere Pier.
- **Saquatucket Harbor** – accounts for the Saquatucket Harbor renovation project.

### ***Permanent Funds***

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

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

**NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET**

JUNE 30, 2017

**Special Revenue Funds**

	Federal Grants	State Grants	Local Gifts and Grants	Highway Improvement Grants	Revolving	Receipts Reserved for Appropriations	Other Special Revenue
<b>ASSETS</b>							
Cash and cash equivalents.....	\$ 25,063	\$ 156,041	\$ 208,806	\$ 19,336	\$ 665,647	\$ 1,640,330	\$ 61,365
Investments.....	-	-	-	-	-	-	-
Special assessments.....	-	-	-	-	-	778,391	-
Intergovernmental.....	-	-	-	562,173	-	-	-
Due from other funds.....	-	-	-	-	120,307	-	-
Inventory.....	-	-	-	-	152,585	-	-
<b>TOTAL ASSETS.....</b>	<b>\$ 25,063</b>	<b>\$ 156,041</b>	<b>\$ 208,806</b>	<b>\$ 581,509</b>	<b>\$ 938,539</b>	<b>\$ 2,418,721</b>	<b>\$ 61,365</b>
<b>LIABILITIES</b>							
Warrants payable.....	\$ -	\$ -	\$ 111	\$ 201	\$ 22,713	\$ 36,698	\$ 1,695
Accrued payroll.....	-	419	-	-	7,282	-	-
Due to other funds.....	-	-	-	120,307	-	-	-
Notes payable.....	-	-	-	-	-	100,000	-
<b>TOTAL LIABILITIES.....</b>	<b>-</b>	<b>419</b>	<b>111</b>	<b>120,508</b>	<b>29,995</b>	<b>136,698</b>	<b>1,695</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable revenues.....	-	-	-	441,665	-	778,391	-
<b>FUND BALANCES</b>							
Nonspendable.....	-	-	-	-	152,585	-	-
Restricted.....	25,063	155,622	208,695	19,336	755,959	1,503,632	59,670
Unassigned.....	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCES.....</b>	<b>25,063</b>	<b>155,622</b>	<b>208,695</b>	<b>19,336</b>	<b>908,544</b>	<b>1,503,632</b>	<b>59,670</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES...</b>	<b>\$ 25,063</b>	<b>\$ 156,041</b>	<b>\$ 208,806</b>	<b>\$ 581,509</b>	<b>\$ 938,539</b>	<b>\$ 2,418,721</b>	<b>\$ 61,365</b>

(Continued)

Special Revenue Funds		Capital Project Funds				
Special Revenue Trust Funds	Subtotal	Miscellaneous Small Projects	Muddy Creek Culvert	Wychmere Pier	Saquatucket Harbor	Subtotal
\$ 272,349	\$ 3,048,937	\$ 33,624	\$ 116,705	\$ 103,042	\$ 208,616	\$ 461,987
-	-	-	-	-	-	-
-	778,391	-	-	-	-	-
-	562,173	-	-	-	-	-
-	120,307	-	-	-	-	-
-	152,585	-	-	-	-	-
<u>\$ 272,349</u>	<u>\$ 4,662,393</u>	<u>\$ 33,624</u>	<u>\$ 116,705</u>	<u>\$ 103,042</u>	<u>\$ 208,616</u>	<u>\$ 461,987</u>
\$ 8,784	\$ 70,202	\$ -	\$ -	\$ -	\$ 5,501	\$ 5,501
-	7,701	-	-	-	-	-
-	120,307	-	-	-	-	-
-	100,000	-	500,000	274,387	1,280,000	2,054,387
<u>8,784</u>	<u>298,210</u>	<u>-</u>	<u>500,000</u>	<u>274,387</u>	<u>1,285,501</u>	<u>2,059,888</u>
-	1,220,056	-	-	-	-	-
-	152,585	-	-	-	-	-
263,565	2,991,542	33,624	-	-	-	33,624
-	-	-	(383,295)	(171,345)	(1,076,885)	(1,631,525)
<u>263,565</u>	<u>3,144,127</u>	<u>33,624</u>	<u>(383,295)</u>	<u>(171,345)</u>	<u>(1,076,885)</u>	<u>(1,597,901)</u>
<u>\$ 272,349</u>	<u>\$ 4,662,393</u>	<u>\$ 33,624</u>	<u>\$ 116,705</u>	<u>\$ 103,042</u>	<u>\$ 208,616</u>	<u>\$ 461,987</u>

(Continued)



**NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET**

JUNE 30, 2017

	<b>Permanent Funds</b>				Total Nonmajor Governmental Funds
	Library Trust Funds	Cemetery Trust Funds	Other Trust Funds	Subtotal	
<b>ASSETS</b>					
Cash and cash equivalents.....	\$ -	\$ 421,108	\$ 28,435	\$ 449,543	\$ 3,960,467
Investments.....	698,118	-	-	698,118	698,118
Special assessments.....	-	-	-	-	778,391
Intergovernmental.....	-	-	-	-	562,173
Due from other funds.....	-	-	-	-	120,307
Inventory.....	-	-	-	-	152,585
<b>TOTAL ASSETS.....</b>	<b>\$ 698,118</b>	<b>\$ 421,108</b>	<b>\$ 28,435</b>	<b>\$ 1,147,661</b>	<b>\$ 6,272,041</b>
<b>LIABILITIES</b>					
Warrants payable.....	\$ 908	\$ -	\$ -	\$ 908	\$ 76,611
Accrued payroll.....	-	-	-	-	7,701
Due to other funds.....	-	-	-	-	120,307
Notes payable.....	-	-	-	-	2,154,387
<b>TOTAL LIABILITIES.....</b>	<b>908</b>	<b>-</b>	<b>-</b>	<b>908</b>	<b>2,359,006</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenues.....	-	-	-	-	1,220,056
<b>FUND BALANCES</b>					
Nonspendable.....	89,485	336,886	22,720	449,091	601,676
Restricted.....	607,725	84,222	5,715	697,662	3,722,828
Unassigned.....	-	-	-	-	(1,631,525)
<b>TOTAL FUND BALANCES.....</b>	<b>697,210</b>	<b>421,108</b>	<b>28,435</b>	<b>1,146,753</b>	<b>2,692,979</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES.....</b>	<b>\$ 698,118</b>	<b>\$ 421,108</b>	<b>\$ 28,435</b>	<b>\$ 1,147,661</b>	<b>\$ 6,272,041</b>

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

YEAR ENDED JUNE 30, 2017

	<b>Special Revenue Funds</b>						
	Federal Grants	State Grants	Local Gifts and Grants	Highway Improvement Grants	Revolving	Receipts Reserved for Appropriations	Other Special Revenue
<b>REVENUES:</b>							
Motor vehicle and other excise taxes.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,017	\$ -
Other fees and charges for services.....	-	-	-	-	16,614	89,504	-
Intergovernmental.....	14,538	87,635	12,756	1,541,874	-	7,678	4,400
Departmental and other.....	-	11,236	25,431	-	594,128	464,266	19,216
Special assessments.....	-	-	-	-	-	106,661	-
Contributions.....	-	-	-	-	-	-	-
Investment income.....	-	-	33	-	-	-	-
<b>TOTAL REVENUES.....</b>	<b>14,538</b>	<b>98,871</b>	<b>38,220</b>	<b>1,541,874</b>	<b>610,742</b>	<b>693,126</b>	<b>23,616</b>
<b>EXPENDITURES:</b>							
Current:							
General government.....	-	-	696	-	-	96,395	832
Public safety.....	4,147	14,733	-	-	-	5,370	7,750
Public works.....	-	10,050	-	1,646,601	-	209,717	-
Human services.....	-	39,470	1,780	-	51,728	-	-
Culture and recreation.....	-	-	29,683	-	313,863	11,455	21,994
<b>TOTAL EXPENDITURES.....</b>	<b>4,147</b>	<b>64,253</b>	<b>32,159</b>	<b>1,646,601</b>	<b>365,591</b>	<b>322,937</b>	<b>30,576</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>	<b>10,391</b>	<b>34,618</b>	<b>6,061</b>	<b>(104,727)</b>	<b>245,151</b>	<b>370,189</b>	<b>(6,960)</b>
<b>OTHER FINANCING SOURCES (USES):</b>							
Transfers in.....	-	2,321	33	-	58,180	20,000	3,000
Transfers out.....	(128,548)	(95,568)	(12,543)	-	(99,405)	(457,508)	(11,212)
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>(128,548)</b>	<b>(93,247)</b>	<b>(12,510)</b>	<b>-</b>	<b>(41,225)</b>	<b>(437,508)</b>	<b>(8,212)</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>(118,157)</b>	<b>(58,629)</b>	<b>(6,449)</b>	<b>(104,727)</b>	<b>203,926</b>	<b>(67,319)</b>	<b>(15,172)</b>
<b>FUND BALANCES AT BEGINNING OF YEAR.....</b>	<b>143,220</b>	<b>214,251</b>	<b>215,144</b>	<b>124,063</b>	<b>704,618</b>	<b>1,570,951</b>	<b>74,842</b>
<b>FUND BALANCES AT END OF YEAR.....</b>	<b>\$ 25,063</b>	<b>\$ 155,622</b>	<b>\$ 208,695</b>	<b>\$ 19,336</b>	<b>\$ 908,544</b>	<b>\$ 1,503,632</b>	<b>\$ 59,670</b>

(Continued)

Special Revenue Funds		Capital Project Funds				
Special Revenue Trust Funds	Sub-total	Miscellaneous Small Projects	Muddy Creek Culvert	Wychmere Pier	Saquatucket Harbor	Sub-total
\$ -	\$ 25,017	\$ -	\$ -	\$ -	\$ -	\$ -
59,333	165,451	-	-	-	-	-
-	1,668,881	-	1,498,148	-	-	1,498,148
226	1,114,503	-	-	-	-	-
-	106,661	-	-	-	-	-
-	-	-	-	-	-	-
60	93	-	-	-	-	-
59,619	3,080,606	-	1,498,148	-	-	1,498,148
41,932	139,855	-	-	-	-	-
8,898	40,898	-	-	-	-	-
-	1,866,368	-	130,632	4,515	-	135,147
-	92,978	-	-	-	-	-
-	376,995	-	-	-	430,250	430,250
50,830	2,517,094	-	130,632	4,515	430,250	565,397
8,789	563,512	-	1,367,516	(4,515)	(430,250)	932,751
-	83,534	-	-	103,041	295,000	398,041
-	(804,784)	-	-	-	-	-
-	(721,250)	-	-	103,041	295,000	398,041
8,789	(157,738)	-	1,367,516	98,526	(135,250)	1,330,792
254,776	3,301,865	33,624	(1,750,811)	(269,871)	(941,635)	(2,928,693)
\$ 263,565	\$ 3,144,127	\$ 33,624	\$ (383,295)	\$ (171,345)	\$ (1,076,885)	\$ (1,597,901)

(Continued)

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

YEAR ENDED JUNE 30, 2017

	<u>Permanent Funds</u>				Total Nonmajor Governmental Funds
	Library Trust Funds	Cemetery Trust Funds	Other Trust Funds	Sub-total	
<b>REVENUES:</b>					
Motor vehicle and other excise taxes.....	\$ -	\$ -	\$ -	\$ -	\$ 25,017
Charges for services.....	-	-	-	-	165,451
Intergovernmental.....	-	-	-	-	3,167,029
Departmental and other.....	-	-	-	-	1,114,503
Special assessments.....	-	-	-	-	106,661
Contributions.....	-	38,664	-	38,664	38,664
Investment income.....	49,558	113	-	49,671	49,764
<b>TOTAL REVENUES.....</b>	<b>49,558</b>	<b>38,777</b>	<b>-</b>	<b>88,335</b>	<b>4,667,089</b>
<b>EXPENDITURES:</b>					
Current:					
General government.....	-	-	-	-	139,855
Public safety.....	-	-	-	-	40,898
Public works.....	-	-	-	-	2,001,515
Human services.....	-	-	-	-	92,978
Culture and recreation.....	31,475	-	-	31,475	838,720
<b>TOTAL EXPENDITURES.....</b>	<b>31,475</b>	<b>-</b>	<b>-</b>	<b>31,475</b>	<b>3,113,966</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>	<b>18,083</b>	<b>38,777</b>	<b>-</b>	<b>56,860</b>	<b>1,553,123</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in.....	-	-	-	-	481,575
Transfers out.....	-	-	-	-	(804,784)
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(323,209)</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>18,083</b>	<b>38,777</b>	<b>-</b>	<b>56,860</b>	<b>1,229,914</b>
<b>FUND BALANCES AT BEGINNING OF YEAR.....</b>	<b>679,127</b>	<b>382,331</b>	<b>28,435</b>	<b>1,089,893</b>	<b>1,463,065</b>
<b>FUND BALANCES AT END OF YEAR.....</b>	<b>\$ 697,210</b>	<b>\$ 421,108</b>	<b>\$ 28,435</b>	<b>\$ 1,146,753</b>	<b>\$ 2,692,979</b>

(Concluded)

# ***Agency Fund***

## Fund Description

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

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

YEAR ENDED JUNE 30, 2017

	<u>July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2017</u>
<b><u>ASSETS</u></b>				
Cash and cash equivalents.....	\$ 6,997	\$ 547,260	\$ (554,257)	\$ -
Receivables, net of allowance for uncollectibles:				
Departmental and other.....	<u>43,956</u>	<u>98,751</u>	<u>(43,956)</u>	<u>98,751</u>
TOTAL ASSETS.....	<u>\$ 50,953</u>	<u>\$ 646,011</u>	<u>\$ (598,213)</u>	<u>\$ 98,751</u>
<b><u>LIABILITIES</u></b>				
Warrants payable.....	\$ 44,321	\$ -	\$ (44,321)	\$ -
Accrued liabilities.....	-	9,218	-	9,218
Other Liabilities.....	<u>6,632</u>	<u>636,793</u>	<u>(553,892)</u>	<u>89,533</u>
TOTAL LIABILITIES.....	<u>\$ 50,953</u>	<u>\$ 646,011</u>	<u>\$ (598,213)</u>	<u>\$ 98,751</u>

# ***Statistical Section***



Bonfire with Cape Cod Beach Chair Company – Harwich



# ***Statistical Section***

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

## ***Financial Trends***

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

## ***Revenue Capacity***

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

## ***Debt Capacity***

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

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

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

## ***Operating Information***

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

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

**Net Position By Component**

**Last Ten Years**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>Governmental activities</b>										
Net investment in capital assets.....	\$ 50,058,796	\$ 51,424,693	\$ 52,547,816	\$ 51,959,245	\$ 52,699,878	\$ 52,374,860	\$ 52,837,023	\$ 53,791,322	\$ 56,460,827	\$ 59,469,911
Restricted.....	11,824,523	13,112,203	8,181,034	8,040,807	8,131,884	6,087,680	7,767,504	8,549,230	8,370,616	5,722,339
Unrestricted.....	14,500,802	5,284,682	5,245,360	2,666,227	(3,113,601)	(6,512,217)	(8,670,952)	(31,243,743)	(27,808,099)	(26,452,035)
<b>Total governmental activities net position.....</b>	<b>\$ 76,384,121</b>	<b>\$ 69,821,578</b>	<b>\$ 65,974,210</b>	<b>\$ 62,666,279</b>	<b>\$ 57,718,161</b>	<b>\$ 51,950,323</b>	<b>\$ 51,933,575</b>	<b>\$ 31,096,809</b>	<b>\$ 37,023,344</b>	<b>\$ 38,740,215</b>
<b>Business-type activities</b>										
Net investment in capital assets.....	\$ 11,782,296	\$ 11,598,182	\$ 9,953,276	\$ 11,551,259	\$ 12,098,465	\$ 11,558,803	\$ 11,929,482	\$ 11,235,181	\$ 10,706,776	\$ 12,268,450
Unrestricted.....	2,199,204	1,792,824	2,562,450	3,078,139	3,530,953	4,145,597	3,750,094	5,149,897	3,509,809	1,989,411
<b>Total business-type activities net position.....</b>	<b>\$ 13,981,500</b>	<b>\$ 13,391,006</b>	<b>\$ 12,515,726</b>	<b>\$ 14,629,398</b>	<b>\$ 15,629,418</b>	<b>\$ 15,704,400</b>	<b>\$ 15,679,576</b>	<b>\$ 16,385,078</b>	<b>\$ 14,216,585</b>	<b>\$ 14,257,861</b>
<b>Primary government</b>										
Net investment in capital assets.....	\$ 61,841,092	\$ 63,022,875	\$ 62,501,092	\$ 63,510,504	\$ 64,798,343	\$ 63,933,663	\$ 64,766,505	\$ 65,026,503	\$ 67,167,603	\$ 71,738,361
Restricted.....	11,824,523	13,112,203	8,181,034	8,040,807	8,131,884	6,087,680	7,767,504	8,549,230	8,370,616	5,722,339
Unrestricted.....	16,700,006	7,077,506	7,807,810	5,744,366	417,352	(2,366,620)	(4,920,858)	(26,093,846)	(24,298,290)	(24,462,624)
<b>Total primary government net position.....</b>	<b>\$ 90,365,621</b>	<b>\$ 83,212,584</b>	<b>\$ 78,489,936</b>	<b>\$ 77,295,677</b>	<b>\$ 73,347,579</b>	<b>\$ 67,654,723</b>	<b>\$ 67,613,151</b>	<b>\$ 47,481,887</b>	<b>\$ 51,239,929</b>	<b>\$ 52,998,076</b>

FY2015 reflects the implementation of GASB 68.

**Changes in Net Position**

**Last Ten Years**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017 (a)
<b>Expenses</b>										
<b>Governmental activities:</b>										
General government.....	\$ 5,454,001	\$ 5,581,198	\$ 5,787,671	\$ 5,911,252	\$ 6,294,029	\$ 4,477,098	\$ 4,529,058	\$ 4,188,411	\$ 5,179,542	\$ 5,290,047
Public safety.....	11,420,671	14,622,562	14,524,872	15,416,202	16,249,845	13,620,409	13,624,984	12,432,338	13,172,473	13,996,114
Education.....	19,589,906	20,297,057	20,234,651	21,090,133	21,699,049	21,789,074	22,751,503	22,333,529	25,225,308	26,444,962
Public works.....	7,884,747	9,142,334	8,765,415	8,811,754	9,618,093	8,562,148	9,968,987	10,357,930	9,545,765	10,085,199
Human services.....	1,942,216	2,604,627	2,566,832	2,059,364	2,150,044	2,314,405	2,014,775	1,825,742	1,805,606	1,857,258
Culture and recreation.....	4,921,254	5,511,686	5,438,952	5,230,583	5,931,980	7,698,789	5,272,952	4,664,382	5,161,159	5,378,877
Community preservation.....	-	-	-	-	-	-	-	-	-	(173,029)
Interest.....	1,430,829	1,230,993	1,119,991	1,000,510	874,085	688,728	662,307	624,347	518,438	451,255
<b>Total government activities expenses.....</b>	<b>52,643,624</b>	<b>58,990,457</b>	<b>58,438,384</b>	<b>59,519,798</b>	<b>62,817,125</b>	<b>59,150,651</b>	<b>58,824,566</b>	<b>56,426,679</b>	<b>60,608,291</b>	<b>63,330,683</b>
<b>Business-type activities:</b>										
Water.....	2,853,890	3,212,183	3,555,497	3,142,944	3,663,971	3,824,382	3,779,970	4,017,528	4,064,788	4,759,477
<b>Total business-type activities expenses.....</b>	<b>2,853,890</b>	<b>3,212,183</b>	<b>3,555,497</b>	<b>3,142,944</b>	<b>3,663,971</b>	<b>3,824,382</b>	<b>3,779,970</b>	<b>4,017,528</b>	<b>4,064,788</b>	<b>4,759,477</b>
<b>Total primary government expenses.....</b>	<b>\$ 55,497,514</b>	<b>\$ 62,202,640</b>	<b>\$ 61,993,881</b>	<b>\$ 62,662,742</b>	<b>\$ 66,481,096</b>	<b>\$ 62,975,033</b>	<b>\$ 62,604,536</b>	<b>\$ 60,444,207</b>	<b>\$ 64,673,079</b>	<b>\$ 68,090,160</b>
<b>Program Revenues</b>										
<b>Governmental activities:</b>										
Education charges for services.....	\$ 583,949	\$ 654,542	\$ 661,318	\$ 797,810	\$ 624,645	\$ 39,857	\$ 2,216	\$ -	\$ -	\$ -
Public works charges for services.....	1,671,592	1,434,028	1,527,456	1,778,065	1,709,337	1,553,597	2,030,989	2,111,827	2,663,526	2,979,259
Culture and recreation charges for services.....	2,748,115	2,831,325	2,868,662	2,901,935	3,395,224	3,089,454	3,754,561	3,127,083	3,336,146	3,555,448
Other charges for services.....	2,001,510	2,030,339	2,224,193	2,131,532	2,270,103	2,015,173	2,846,976	2,895,705	2,736,733	3,095,105
Operating grants and contributions.....	9,335,427	8,495,551	8,485,086	9,613,606	8,904,353	5,100,667	4,761,309	2,034,958	1,899,658	1,021,267
Capital grant and contributions.....	564,026	571,690	539,038	768,456	663,258	667,249	912,606	1,862,815	4,803,000	4,072,965
<b>Total government activities program revenues.....</b>	<b>16,904,619</b>	<b>16,017,475</b>	<b>16,305,753</b>	<b>17,991,404</b>	<b>17,566,920</b>	<b>12,465,997</b>	<b>14,308,657</b>	<b>12,032,388</b>	<b>15,439,063</b>	<b>14,724,044</b>
<b>Business-type activities:</b>										
Charges for services - water.....	2,625,517	2,600,964	2,675,606	3,747,650	3,535,581	3,894,809	3,784,821	4,722,072	4,948,020	4,800,457
<b>Total business-type activities program revenues.....</b>	<b>2,625,517</b>	<b>2,600,964</b>	<b>2,675,606</b>	<b>3,747,650</b>	<b>3,535,581</b>	<b>3,894,809</b>	<b>3,784,821</b>	<b>4,722,072</b>	<b>4,948,020</b>	<b>4,800,457</b>
<b>Total primary government program revenues.....</b>	<b>\$ 19,530,136</b>	<b>\$ 18,618,439</b>	<b>\$ 18,981,359</b>	<b>\$ 21,739,054</b>	<b>\$ 21,102,501</b>	<b>\$ 16,360,806</b>	<b>\$ 18,093,478</b>	<b>\$ 16,754,460</b>	<b>\$ 20,387,083</b>	<b>\$ 19,524,501</b>
<b>Net (Expense)/Revenue</b>										
Governmental activities.....	\$ (35,739,005)	\$ (42,972,982)	\$ (42,132,631)	\$ (41,528,394)	\$ (45,250,205)	\$ (46,684,654)	\$ (44,515,909)	\$ (44,394,291)	\$ (45,169,228)	\$ (48,606,639)
Business-type activities.....	(228,373)	(611,219)	(879,891)	604,706	(128,390)	70,427	4,851	704,544	883,232	40,980
<b>Total primary government net expense.....</b>	<b>\$ (35,967,378)</b>	<b>\$ (43,584,201)</b>	<b>\$ (43,012,522)</b>	<b>\$ (40,923,688)</b>	<b>\$ (45,378,595)</b>	<b>\$ (46,614,227)</b>	<b>\$ (44,511,058)</b>	<b>\$ (43,689,747)</b>	<b>\$ (44,285,996)</b>	<b>\$ (48,565,659)</b>
<b>General Revenues and other Changes in Net Position</b>										
<b>Governmental activities:</b>										
Real estate and personal property taxes, net of tax refunds payable.....	\$ 31,364,954	\$ 32,529,097	\$ 34,529,435	\$ 35,584,755	\$ 37,792,886	\$ 37,971,741	\$ 39,513,264	\$ 42,191,684	\$ 43,216,843	\$ 44,467,932
Motor vehicle and other excise taxes.....	1,765,372	1,536,069	1,409,183	1,569,078	1,549,898	1,740,250	1,833,844	1,619,573	2,211,927	2,297,637
Hotel/Motel taxes.....	420,897	456,342	405,249	446,821	500,138	534,951	553,174	939,539	649,119	678,226
Meals taxes.....	-	-	108,763	281,647	308,570	334,050	328,522	359,441	379,689	406,465
Community preservation taxes.....	931,271	962,563	1,021,395	1,059,753	1,104,656	1,135,123	1,174,624	1,287,789	1,267,529	1,311,440
Penalties and interest on taxes.....	200,681	188,956	259,200	324,661	219,427	285,346	374,774	325,349	314,847	432,405
Payments in lieu of taxes.....	69,496	45,483	55,603	52,430	52,025	57,482	54,851	54,873	58,319	56,741
Grants and contributions not restricted to specific programs.....	536,099	483,858	379,514	364,333	364,336	364,336	646,248	578,188	668,191	552,299
Unrestricted investment income.....	368,629	228,796	116,921	42,878	29,091	52,315	77,492	40,044	108,189	120,365
Miscellaneous.....	-	-	-	-	(76,924)	2,125	-	-	-	-
Transfers.....	-	-	-	(1,505,893)	-	(3,394)	-	-	-	-
<b>Total governmental activities.....</b>	<b>35,657,399</b>	<b>36,431,164</b>	<b>38,285,263</b>	<b>38,220,463</b>	<b>41,844,103</b>	<b>42,474,325</b>	<b>44,556,793</b>	<b>47,396,480</b>	<b>48,874,653</b>	<b>50,323,510</b>
<b>Business-type activities:</b>										
Investment income.....	57,092	20,725	4,611	3,073	776	1,161	-	958	963	296
Transfers.....	-	-	-	1,505,893	-	3,394	-	-	-	-
<b>Total primary government.....</b>	<b>\$ 35,714,491</b>	<b>\$ 36,451,889</b>	<b>\$ 38,289,874</b>	<b>\$ 39,729,429</b>	<b>\$ 41,844,879</b>	<b>\$ 42,478,880</b>	<b>\$ 44,556,793</b>	<b>\$ 47,397,438</b>	<b>\$ 48,875,616</b>	<b>\$ 50,323,806</b>
<b>Changes in Net Position</b>										
Governmental activities.....	\$ (81,606)	\$ (6,541,818)	\$ (3,847,368)	\$ (3,307,931)	\$ (3,406,102)	\$ (4,210,329)	\$ 40,884	\$ 3,002,189	\$ 3,705,425	\$ 1,716,871
Business-type activities.....	(171,281)	(590,494)	(875,280)	2,113,672	(127,614)	74,982	4,851	705,502	884,195	41,276
<b>Total primary government.....</b>	<b>\$ (252,887)</b>	<b>\$ (7,132,312)</b>	<b>\$ (4,722,648)</b>	<b>\$ (1,194,259)</b>	<b>\$ (3,533,716)</b>	<b>\$ (4,135,347)</b>	<b>\$ 45,735</b>	<b>\$ 3,707,691</b>	<b>\$ 4,589,620</b>	<b>\$ 1,758,147</b>

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

**Fund Balances, Governmental Funds**

**Last Ten Years**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>General Fund</b>										
Reserved.....	\$ 1,995,639	\$ 2,329,398	\$ 2,971,608	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved.....	3,233,878	2,226,910	2,389,593	-	-	-	-	-	-	-
Restricted.....	-	-	-	-	-	16,843	59,735	59,735	59,735	-
Committed.....	-	-	-	3,784,777	1,346,210	2,883,956	1,028,708	2,282,380	5,147,433	1,428,213
Assigned.....	-	-	-	824,110	334,782	351,706	16,253	165,245	191,116	2,044,375
Unassigned.....	-	-	-	1,891,757	3,228,630	2,358,533	4,387,532	5,638,148	4,312,454	7,149,286
<b>Total general fund.....</b>	<b>\$ 5,229,517</b>	<b>\$ 4,556,308</b>	<b>\$ 5,361,201</b>	<b>\$ 6,500,644</b>	<b>\$ 4,909,622</b>	<b>\$ 5,611,038</b>	<b>\$ 5,492,228</b>	<b>\$ 8,145,508</b>	<b>\$ 9,710,738</b>	<b>\$ 10,621,874</b>
<b>All Other Governmental Funds</b>										
Unreserved, reported in:										
Special revenue funds.....	\$ 8,427,048	\$ 6,813,556	\$ 5,694,885	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital projects funds.....	646,427	3,084,382	316,089	-	-	-	-	-	-	-
Permanent funds.....	1,239,851	1,152,859	1,085,623	-	-	-	-	-	-	-
Committed.....	-	-	-	10,541	19,713	40,224	371,107	296,927	450,958	-
Nonspendable.....	-	-	-	799,692	769,863	149,669	156,746	156,746	137,442	601,676
Restricted.....	-	-	-	5,128,801	6,414,440	5,283,083	6,569,076	8,035,820	7,814,281	7,889,698
Unassigned.....	-	-	-	(135,988)	(157,699)	(2,694,905)	(241,162)	(1,000,618)	(3,791,429)	(2,608,172)
<b>Total all other governmental funds....</b>	<b>\$ 10,313,326</b>	<b>\$ 11,050,797</b>	<b>\$ 7,096,597</b>	<b>\$ 5,803,046</b>	<b>\$ 7,046,317</b>	<b>\$ 2,778,071</b>	<b>\$ 6,855,767</b>	<b>\$ 7,488,875</b>	<b>\$ 4,611,252</b>	<b>\$ 5,883,202</b>

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

**Changes in Fund Balances, Governmental Funds**

**Last Ten Years**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Revenues:</b>										
Real estate and personal property taxes, net of tax refunds.....	\$ 32,036,718	\$ 33,186,064	\$ 35,470,833	\$ 36,681,949	\$ 38,273,160	\$ 39,265,378	\$ 40,628,331	\$ 43,275,829	\$ 44,240,027	\$ 45,906,995
Motor vehicle and other excise taxes.....	1,794,067	1,574,145	1,404,171	1,536,396	1,571,572	1,660,920	1,929,747	1,972,008	2,106,253	2,350,985
Hotel/Motel taxes.....	420,897	456,342	405,249	446,821	500,138	534,951	553,174	589,322	649,119	678,226
Meals taxes.....	-	-	108,763	281,647	308,570	334,050	328,522	359,441	379,689	406,465
Recreation fees.....	2,419,184	2,402,789	2,461,139	2,454,198	2,536,230	2,511,958	2,556,706	1,770,473	1,875,887	2,898,807
Sanitation fees.....	1,668,704	1,430,433	1,532,262	1,667,582	1,699,684	1,713,368	1,931,322	2,156,538	2,455,995	2,749,461
Penalties and interest on taxes and excise.....	203,679	188,956	259,200	324,661	219,376	284,963	372,574	307,873	314,847	410,681
Other fees and charges for services.....	859,054	978,530	969,105	1,116,161	1,202,708	1,513,922	1,767,977	2,096,797	2,119,239	2,082,057
Payments in lieu of taxes.....	69,496	45,483	55,603	52,430	52,025	57,482	54,851	55,962	58,319	56,741
Licenses and permits.....	769,674	712,256	747,673	739,693	821,559	848,300	975,256	1,688,049	1,777,026	694,880
Intergovernmental.....	10,492,926	10,140,462	10,192,396	10,272,151	10,320,518	6,212,743	6,725,263	4,140,679	7,005,754	5,173,694
Departmental and other.....	1,746,416	1,833,608	1,689,445	1,779,018	2,336,766	756,280	1,450,236	1,248,203	1,614,355	1,630,206
Special assessments.....	-	-	-	-	-	-	-	-	-	106,661
Contributions.....	102,115	44,361	72,056	67,754	197,454	63,492	42,338	117,968	38,733	38,664
Investment income.....	486,655	235,443	162,718	178,213	79,584	72,098	90,754	48,887	108,189	120,365
<b>Total Revenues.....</b>	<b>53,069,585</b>	<b>53,228,872</b>	<b>55,530,613</b>	<b>57,598,674</b>	<b>60,119,344</b>	<b>55,829,905</b>	<b>59,407,051</b>	<b>59,828,029</b>	<b>64,743,432</b>	<b>65,304,888</b>
<b>Expenditures:</b>										
General government.....	3,466,683	3,423,686	3,776,288	4,184,821	3,226,562	2,328,162	2,815,828	2,688,988	3,097,869	3,217,922
Public safety.....	6,631,373	13,508,728	10,130,915	7,471,552	8,467,745	7,570,722	8,107,909	8,433,586	8,909,986	9,024,268
Education.....	18,789,920	19,314,363	19,258,353	20,090,937	20,905,851	20,915,309	21,759,572	21,343,766	24,235,546	25,495,354
Public works.....	5,615,129	5,145,397	4,660,207	4,762,220	5,132,324	5,147,687	6,278,572	9,054,635	13,411,113	8,774,422
Human services.....	1,298,115	1,798,541	1,738,820	1,184,779	1,256,566	1,660,018	1,397,057	1,302,963	1,247,826	1,232,738
Culture and recreation.....	3,470,916	3,295,975	3,152,939	2,936,863	3,969,709	5,879,033	3,968,526	3,394,215	5,094,883	4,130,106
Community preservation.....	-	-	-	-	-	-	-	-	-	948,441
Pension benefits.....	-	-	-	-	-	-	-	-	-	2,364,925
Employee benefits.....	9,963,756	10,166,406	10,511,933	11,822,414	12,523,989	9,732,233	9,621,497	6,106,443	6,469,592	4,124,629
State and county charges.....	560,824	572,347	549,542	563,373	579,642	626,146	627,779	642,174	536,513	646,442
Debt service:										
Principal.....	3,407,250	3,517,250	3,382,250	3,259,013	3,662,227	3,269,227	2,825,000	2,812,358	2,802,358	2,777,358
Interest.....	1,197,200	1,117,593	1,625,893	1,476,810	904,485	707,299	643,018	662,513	548,892	485,197
<b>Total Expenditures.....</b>	<b>54,401,166</b>	<b>61,860,286</b>	<b>58,787,140</b>	<b>57,752,782</b>	<b>60,629,100</b>	<b>57,835,836</b>	<b>58,044,758</b>	<b>56,441,641</b>	<b>66,354,578</b>	<b>63,221,802</b>
Excess (deficiency) of revenues over (under) expenditures.....	(1,331,581)	(8,631,414)	(3,256,527)	(154,108)	(509,756)	(2,005,931)	1,362,293	3,386,388	(1,611,146)	2,083,086
<b>Other Financing Sources (Uses):</b>										
Issuance of refunding bonds.....	-	-	8,525,000	-	-	3,565,000	-	-	-	-
Premium from issuance of refunding bonds.....	-	-	-	-	-	343,949	-	-	-	-
Payments to refunded bond escrow agent.....	-	-	(8,525,000)	-	-	(3,908,949)	-	-	-	-
Issuance of long-term debt.....	2,000,000	8,750,000	92,000	-	162,000	-	2,900,000	-	-	-
Transfers in.....	2,588,080	3,101,183	2,961,936	2,547,809	1,155,330	1,825,159	1,188,549	2,024,960	1,498,095	2,465,537
Transfers out.....	(2,292,080)	(3,155,507)	(2,946,716)	(2,547,809)	(1,155,330)	(1,828,553)	(1,492,062)	(2,124,960)	(1,498,095)	(2,465,537)
<b>Total other financing sources (uses).....</b>	<b>2,296,000</b>	<b>8,695,676</b>	<b>107,220</b>	<b>-</b>	<b>162,000</b>	<b>(3,394)</b>	<b>2,596,487</b>	<b>(100,000)</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balance.....</b>	<b>\$ 964,419</b>	<b>\$ 64,262</b>	<b>\$ (3,149,307)</b>	<b>\$ (154,108)</b>	<b>\$ (347,756)</b>	<b>\$ (2,009,325)</b>	<b>\$ 3,958,780</b>	<b>\$ 3,286,388</b>	<b>\$ (1,611,146)</b>	<b>\$ 2,083,086</b>
Debt service as a percentage of noncapital expenditures.....	8.46%	7.49%	8.52%	8.20%	7.53%	6.88%	5.97%	6.16%	5.05%	5.61%

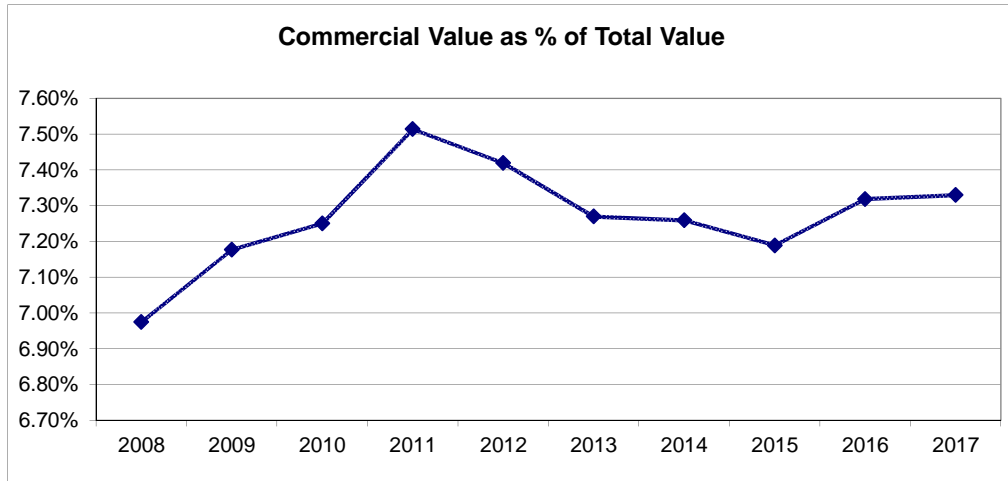
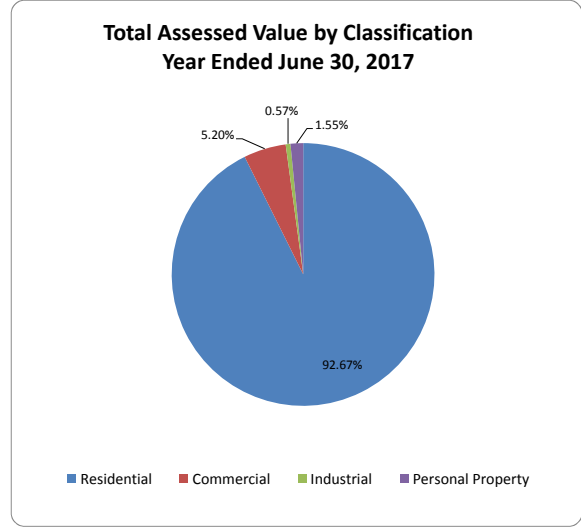
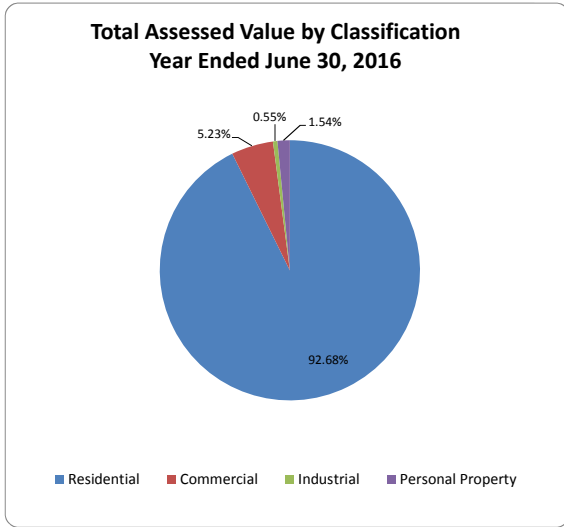
**Notes:**

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

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

Last Ten Years

Year	Assessed and Actual Values and Tax Rates								Total Town Value
	Residential Value	Residential & Personal Property Tax Rate	Commercial Value	Industrial Value	Personal Property	Total Commercial Value	Commercial Tax Rate	Total Direct Rate (2)	
2008	\$4,862,651,347	\$6.05	\$279,565,583	\$33,621,000	\$51,404,500	\$364,591,083	\$6.05	\$6.05	\$5,227,242,430
2009	(1) \$4,863,309,939	\$6.25	\$281,477,201	\$34,247,500	\$60,282,580	\$376,007,281	\$6.25	\$6.25	\$5,239,317,220
2010	\$4,586,390,128	\$7.03	\$263,347,052	\$32,410,500	\$62,764,060	\$358,521,612	\$7.03	\$7.03	\$4,944,911,740
2011	\$4,302,286,678	\$7.70	\$254,909,182	\$30,476,500	\$64,157,150	\$349,542,832	\$7.70	\$7.70	\$4,651,829,510
2012	(1) \$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	(1) \$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



(1) Revaluation year.

(2) 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**

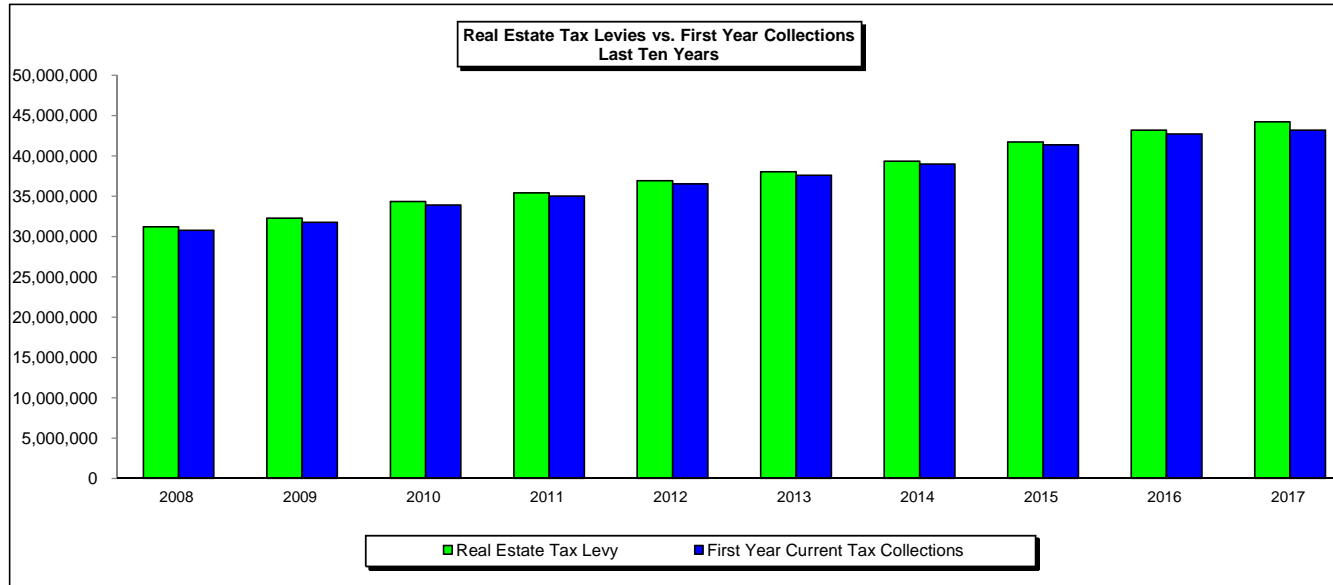
Name	Nature of Business	2017			2008		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
Wequasset Inn LLP	Inn	\$32,619,880	1	0.65%	\$25,950,400	2	0.50%
Nstar Service	Utility	\$16,986,760	2	0.34%	\$11,284,600	5	0.22%
WJG Realty Trust	Super Store/Stores	\$16,892,500	3	0.34%	\$17,602,000	3	0.34%
Colonial Gas	Utility	\$12,746,650	4	0.26%	-	-	0.00%
NPH Harwich LLC	Nursing Home	\$12,551,900	5	0.25%	-	-	0.00%
Wychmere Harbor R.E.	Inn	\$10,894,900	6	0.22%	-	-	0.00%
Individual	Individual Residence	\$9,239,200	7	0.19%	\$9,008,290	8	0.17%
TRT Harwich LLC	Super Market	\$8,290,800	8	0.17%	\$9,310,500	7	0.18%
Individual	Individual Residence	\$7,731,190	9	0.16%	\$7,126,790	10	0.14%
Linear Retail Harwich #1 LLC	Shopping Center	\$6,534,500	10	0.13%	-	-	0.00%
Individual	Inn	-	-	0.00%	\$27,732,800	1	0.53%
Nationwide Health Properties	Nursing Home	-	-	0.00%	\$14,085,900	4	0.27%
Individual	Individual Residence	-	-	0.00%	\$10,912,400	6	0.21%
Robert B. Our Co., Inc	Warehouse/Commercial Land	-	-	0.00%	\$8,528,480	9	0.16%
	Totals	<u>\$134,488,280</u>		<u>2.70%</u>	<u>\$141,542,160</u>		<u>2.71%</u>

Source: Assessor's Department

**Property Tax Levies and Collections**

**Last Ten Years**

Year	(2) Total Tax Levy	Less Reserve for Abatements & Exemptions	(2) 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 (3)
2008	\$31,624,817	\$430,000	\$31,194,817	98.64%	\$30,754,260	98.59%	\$383,426	\$31,137,686	99.82%
2009 (1)	\$32,745,733	\$450,000	\$32,295,733	98.63%	\$31,755,131	98.33%	\$417,902	\$32,173,033	99.62%
2010	\$34,762,730	\$400,000	\$34,362,730	98.85%	\$33,894,287	98.64%	\$319,455	\$34,213,742	99.57%
2011	\$35,819,087	\$400,000	\$35,419,087	98.88%	\$35,037,810	98.92%	\$290,724	\$35,328,534	99.74%
2012 (1)	\$37,338,644	\$400,000	\$36,938,644	98.93%	\$36,535,229	98.91%	\$325,069	\$36,860,298	99.79%
2013	\$38,437,066	\$420,000	\$38,017,066	98.91%	\$37,603,177	98.91%	\$376,881	\$37,980,058	99.90%
2014	\$39,771,278	\$430,000	\$39,341,278	98.92%	\$38,970,524	99.06%	\$372,132	\$39,342,656	100.00%
2015 (1)	\$42,160,022	\$440,000	\$41,720,022	98.96%	\$41,353,997	99.12%	\$282,757	\$41,636,754	99.80%
2016	\$43,663,069	\$451,039	\$43,212,030	98.97%	\$42,734,389	98.89%	\$353,679	\$43,088,068	99.71%
2017	\$44,699,721	\$467,623	\$44,232,098	98.95%	\$43,202,536	97.67%	\$0	\$43,202,536	97.67%



(1) Revaluation year.

(2) Includes tax liens.

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

Source: Official Statements, Town of Harwich.



**Ratios of Outstanding Debt by Type**

**Last Ten Years**

Year	Governmental Activities		Business-type Activities		Total Debt Outstanding	Percentage of Personal Income (2)	U. S. Census Population	Debt Per Capita
	General Obligation Bonds (1)	General Obligation Bonds (1)	General Obligation Bonds (1)	General Obligation Bonds (1)				
2008	\$ 28,682,505	\$ 2,575,000	\$ 28,682,505	\$ 2,575,000	\$ 31,257,505	8.51%	12,298	\$ 2,542
2009	33,930,255	2,460,000	33,930,255	2,460,000	36,390,255	8.04%	12,564	2,896
2010	30,205,003	3,845,000	30,205,003	3,845,000	34,050,003	7.57%	12,743	2,672
2011	26,510,990	3,655,000	26,510,990	3,655,000	30,165,990	7.84%	12,648	2,385
2012	23,010,763	8,265,000	23,010,763	8,265,000	31,275,763	7.24%	12,691	2,464
2013	19,696,536	7,905,000	19,696,536	7,905,000	27,601,536	6.24%	12,832	2,151
2014	19,754,271	7,430,000	19,754,271	7,430,000	27,184,271	6.38%	12,479	2,178
2015	16,941,913	8,838,232	16,941,913	8,838,232	25,780,145	N/A	12,432	2,074
2016	14,434,369	8,568,638	14,434,369	8,568,638	23,003,007	N/A	12,872	1,787
2017	11,584,637	7,999,249	11,584,637	7,999,249	19,583,886	N/A	12,873	1,521

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

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

N/A Not Available.

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)
2008	\$ 31,257,505	0.60%	\$ 2,542
2009	36,390,255	0.69%	2,896
2010	34,050,003	0.69%	2,672
2011	30,165,990	0.65%	2,385
2012	31,275,763	0.68%	2,464
2013	27,601,536	0.62%	2,151
2014	27,184,271	0.60%	2,178
2015	25,780,145	0.55%	2,074
2016	23,003,007	0.48%	1,787
2017	19,583,886	0.39%	1,521

(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, 2017**

<u>Overlapping Entities</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable</u>	<u>Share of Overlapping Debt</u>
Debt repaid with property taxes			
Barnstable County.....	\$ 23,578,945	6.26%	\$ 1,476,042
Monomoy Regional School District.....	25,600,000	73.48%	<u>18,810,880</u>
Subtotal, overlapping debt.....			20,286,922
Town direct debt.....			<u>11,584,637</u>
Total direct and overlapping debt.....			<u>\$ 31,871,559</u>

Source: Official Statements

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

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

**Computation of Legal Debt Margin**

**Last Ten Years**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Equalized Valuation.....	\$ <u>5,689,733,100</u>	\$ <u>5,689,733,100</u>	\$ <u>5,372,328,900</u>	\$ <u>5,372,328,900</u>	\$ <u>4,982,071,300</u>	\$ <u>4,982,071,300</u>	\$ <u>4,818,012,600</u>	\$ <u>4,818,012,600</u>	\$ <u>5,172,756,600</u>	\$ <u>5,172,756,600</u>
Debt Limit -5% of Equalized Valuation.....	\$ 284,486,655	\$ 284,486,655	\$ 268,616,445	\$ 268,616,445	\$ 249,103,565	\$ 249,103,565	\$ 240,900,630	\$ 240,900,630	\$ 258,637,830	\$ 258,637,830
Less:										
Outstanding debt applicable to limit.....	27,227,504	32,650,254	29,100,003	25,605,990	22,285,764	19,146,537	19,279,272	16,541,914	13,809,556	11,015,000
Authorized and unissued debt applicable to limit.....	<u>-</u>	<u>92,125</u>	<u>92,125</u>	<u>1,754,125</u>	<u>3,050,000</u>	<u>3,572,000</u>	<u>8,451,000</u>	<u>9,351,000</u>	<u>9,151,000</u>	<u>17,166,037</u>
Legal debt margin.....	\$ <u><u>257,259,151</u></u>	\$ <u><u>251,744,276</u></u>	\$ <u><u>239,424,317</u></u>	\$ <u><u>241,256,330</u></u>	\$ <u><u>223,767,801</u></u>	\$ <u><u>226,385,028</u></u>	\$ <u><u>213,170,358</u></u>	\$ <u><u>215,007,716</u></u>	\$ <u><u>235,677,274</u></u>	\$ <u><u>230,456,793</u></u>
Total debt applicable to the limit as a percentage of debt limit.....	9.57%	11.51%	10.87%	10.19%	10.17%	9.12%	11.51%	10.75%	8.88%	10.90%

Source: Assessor's Office

**Demographic and Economic Statistics**

Last Ten Years

<b>Year</b>	<b>Population Estimates</b>	<b>Personal Income</b>	<b>Per Capita Personal Income</b>	<b>Median Age</b>	<b>School Enrollment</b>	<b>Unemployment Rate</b>
2008	12,298	\$ 367,119,896	\$ 29,852	52.4	1,414	9.4%
2009	12,564	452,429,640	36,010 *	52.4 *	1,376	10.2%
2010	12,743	449,968,073	35,311 *	51.8 *	1,423	9.9%
2011	12,648	384,701,568	30,416	51.8	1,412	7.4%
2012	12,691	432,217,387	34,057	51.8	1,421	7.5%
2013	12,832	442,177,888	34,459 *	51.0 *	1,432	7.8%
2014	12,479	426,107,934	34,146	50.9	1,631	5.7%
2015	12,432	424,503,072	34,146	52.0	1,622	4.2%
2016	12,872	439,527,312	34,146	52.0	1,474	4.3%
2017	12,873	439,561,458	34,146	52.0	1,474	3.3%

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

**Principal Employers (excluding Town)**

**Current Year and Nine Years Ago**

Employer	Nature of Business	2017			2008		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Stop & Shop Supermarket	Grocery Store	200	1	2.74%	160	1	2.21%
Robert B. Our Co., Inc.	Construction	130	2	1.78%	70	3	0.97%
Epoch Senior Healthcare	Senior Health Care	120	3	1.65%	-	-	0.00%
Star Market	Grocery Store	90	4	1.23%	115	2	1.59%
Brax Landing	Restaurant	50	5	0.69%	-	-	0.00%
400 East	Restaurant	40	6	0.55%	45	4	0.62%
Rosewood Manor	Nursing Home	33	7	0.45%	40	5	0.55%
Hinckley Home Center	Lumber	30	8	0.41%	33	6	0.46%
Allen Harbor Marine Service, Inc.	Boatyard	-	-	0.00%	25	7	0.34%
Friendly's	Restaurant	-	-	0.00%	24	8	0.33%
Four Hundred Club	Restaurant	-	-	0.00%	22	9	0.30%
Cape Cod Auto Mall	Automobile Dealer	-	-	0.00%	20	10	0.28%
Totals		<u>693</u>		<u>9.50%</u>	<u>554</u>		<u>7.64%</u>

For 2017 only information on the 8 largest employers is available.

Source: Massachusetts Department of Employment and Training and Official Statements

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

**Last Ten Years**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Function										
General government.....	23	21	22	22	23	23	22	25	26	25
Public safety.....	63	68	70	70	69	69	68	71	73	72
Education.....	319	332	300	320	-	-	-	-	-	-
Public works.....	42	41	42	45	47	46	48	47	50	52
Human services.....	8	6	7	8	8	7	8	10	11	11
Culture and recreation.....	20	21	20	20	19	20	20	19	23	22
Total .....	<u>475</u>	<u>489</u>	<u>461</u>	<u>485</u>	<u>166</u>	<u>165</u>	<u>166</u>	<u>172</u>	<u>183</u>	<u>182</u>

Source: Various Town Departments

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

**Operating Indicators by Function/Program**

**Last Ten Years**

<b>Function/Program</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Fire Department										
Fire related calls.....	3,746	3,825	3,942	4,069	3,900	3,900	4,014	4,294	4,322	NA
Rescue/EMS.....	2,573	2,632	2,600	1,917	1,917	1,939	2,204	2,274	2,492	NA
Inspectional Services Department										
Number of building permits (quick and zoning)...	850	770	1,045	1,007	1,099	1,157	1,395	1,047	1,331	1,242
Number of plumbing/gas permits.....	NA	NA	NA	NA	NA	1,218	1,146	1,208	1,199	NA
Number of electrical permits.....	NA	NA	NA	NA	NA	780	774	804	904	NA
Water/Sewer										
Number of gallons pumped (millions).....	650	605	770	683	781	711	752	854	853	NA
Number of new services added.....	30	30	37	16	35	32	32	42	36	NA
Number of main improvements.....	25	-	6	2	1	-	11	14	3	NA
Highway										
Number of work orders.....	275	297	268	315	207	403	571	507	507	NA
Cemetery										
Burials.....	NA	NA	72	95	NA	NA	77	81	88	76
Recreation										
Number of programs added.....	NA	NA	NA	NA	10	9	9	12	13	11
Number of participants-winter.....	NA	NA	NA	NA	NA	308	310	408	426	389
Number of participants-spring.....	NA	NA	NA	NA	NA	203	200	203	230	229
Number of participants-summer.....	NA	NA	NA	NA	NA	927	952	662	1,028	1,161
Number of participants-fall.....	NA	NA	NA	NA	NA	249	274	274	357	373
Police Department										
Arrests/PCs.....	314	279	348	199	197	175	190	216	235	NA
Summons Arrests.....	227	208	179	450	166	136	172	141	135	NA
Total Calls for Service.....	20,774	18,580	18,337	17,952	19,711	19,018	17,168	18,118	16,879	NA

Source: Various Town Departments

N/A - Information not available

Several operating indicators are maintained on a calendar year basis. As a result, 2017 information is not yet available.



## Capital Asset Statistics by Function/Program

### Last Ten Years

<b>Function/Program</b>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General Government										
Number of buildings.....	1	1	1	1	1	1	1	1	1	1
Police										
Number of stations.....	1	1	1	1	1	1	1	1	1	1
Fire										
Number of stations.....	2	2	2	2	2	2	2	2	2	2
Harbors										
Number of buildings.....	3	3	3	3	3	3	3	3	3	3
Public beaches.....	20	20	20	20	20	20	20	20	20	20
Public landings.....	3	3	3	3	3	3	3	3	3	3
Education										
Number of elementary schools.....	1	1	1	1	1	1	1	1	1	1
Number of middle schools.....	1	1	1	1	(A)	-	-	-	-	-
Number of high schools.....	1	1	1	1	1	1	(A)	-	-	-
Public Works										
Highway Department Building.....	1	1	1	1	1	1	1	1	1	1
Water pumping stations.....	14	14	14	14	14	14	14	14	14	14
Water corrosion facilities.....	5	5	5	5	5	5	5	5	5	5
Water storage tanks.....	3	3	3	3	3	3	3	3	3	3
Miles of water mains.....	210	210	210	210	210	210	210	210	210	210
Fire hydrants.....	1,310	1,310	1,333	1,349	1,349	1,349	1,360	1,360	1,360	1,360
Service connections.....	9,761	9,847	9,806	9,844	9,869	9,887	9,824	9,848	9,925	9,823
Water office buildings.....	1	1	1	1	1	1	1	1	1	1
Water service garage (4 bays).....	1	1	1	1	1	1	1	1	1	1
Water equipment garage (1 bay).....	1	1	1	1	1	1	1	1	1	1
Water storage garage (1 bay).....	1	1	1	1	1	1	1	1	1	1
Cemeteries.....	16	16	16	16	16	16	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
Parks.....	6	6	6	6	6	6	6	6	6	6
Athletic fields.....	5	5	5	5	5	5	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.



Early Morning at Red River Beach - Harwich