

TOWN OF MASHPEE, MASSACHUSETTS

**BASIC FINANCIAL STATEMENTS AND
REQUIRED SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2016

**TOWN OF MASHPEE, MASSACHUSETTS
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INDEPENDENT AUDITORS' REPORT

To The Honorable Board of Selectmen
Town of Mashpee, Massachusetts

Report on 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 Mashpee, Massachusetts, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Town of Mashpee, Massachusetts' 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.

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to previously 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 Mashpee, Massachusetts, as of June 30, 2016 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (located on pages 3 through 10) and general fund and community preservation fund budgetary comparisons and certain pension and other postemployment benefits information (located on pages 59 through 66) 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2017 on our consideration of the Town of Mashpee, 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 Mashpee, Massachusetts' internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Boston, Massachusetts
February 28, 2017

**TOWN OF MASHPEE, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

As management of the Town of Mashpee, Massachusetts (Town), we offer readers of these financial statements this narrative overview and analysis of the Town's financial activities for the fiscal year ended June 30, 2016.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$67,779,195 (net position).
- The Town's total net position decreased \$2,428,013
- At the end of the fiscal year, unassigned fund balance for the general fund totaled \$12,205,934, or 20.2 percent of total general fund revenues and transfers in.
- The Town's total long-term debt (gross) increased \$1,531,777 during the fiscal year; the Town issued refunding bonds in the amount of \$5,305,000 during the fiscal year.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the basic financial statements, which consists of the following three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the basic financial statements.

This report also contains required supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

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

The statement of net position presents information on all of the Town's non-fiduciary assets, deferred outflows, liabilities and deferred inflows, with the difference 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 fiscal 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 fiscal periods (e.g., uncollected taxes, earned but unused vacation leave, etc.).

**TOWN OF MASHPEE, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

Both of the government-wide financial statements distinguish functions of the Town 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*). Governmental activities include general government, public safety, education, public works, health and human services, culture and recreation, community development and debt service (interest). Business-type activities include the Town's preschool/daycare operation (nonmajor enterprise fund).

The government-wide financial statements can be found on pages 12-14 of this report.

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. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into the following categories and are described below:

1. Governmental funds
2. Proprietary funds
3. Fiduciary funds

Governmental Funds

Governmental funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal 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 effect of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains many individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general, community preservation, street betterments, and debt service funds, each of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation titled *nonmajor governmental funds*.

The basic governmental funds financial statements can be found on pages 15-20 of this report.

**TOWN OF MASHPEE, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

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 an enterprise fund to account for its Kids Klub operation, which is considered to be a nonmajor fund.

The basic proprietary funds financial statements can be found on pages 21-23 of this report.

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 programs. The accounting used for fiduciary funds is similar to that used for proprietary funds.

Private-purpose trust funds and agency funds are reported and combined into a single, aggregate presentation in the fiduciary fund financial statements under the captions "private purpose trust funds" and "agency funds", respectively.

The basic fiduciary funds financial statements can be found on pages 24-25 of this report.

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. The notes to the financial statements can be found on pages 26-58 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Presented in this information are the budget comparisons for the general fund and community preservation fund and certain pension and other postemployment benefits information, which can be found on pages 59-66 of this report.

**TOWN OF MASHPEE, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following tables present current and prior year data on the government-wide financial statements.

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Town's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$67,779,195 at the close of the fiscal year and are summarized as follows:

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	2016	2015	2016	2015	2016	2015
Assets						
Current assets	\$ 43,480,543	\$ 35,402,508	\$ 214,861	\$ 238,399	\$ 43,695,404	\$ 35,640,907
Noncurrent assets (excluding capital assets)	3,447,518	4,589,293	-	-	3,447,518	4,589,293
Capital assets (net)	112,927,297	114,403,089	102,212	38,819	113,029,509	114,441,908
Total assets	159,855,358	154,394,890	317,073	277,218	160,172,431	154,672,108
Deferred Outflows of Resources	2,359,125	118,951	30,184	588	2,389,309	119,539
Liabilities						
Current liabilities (excluding debt)	4,928,759	4,447,100	7,972	4,073	4,936,731	4,451,173
Noncurrent liabilities (excluding debt)	64,293,921	57,510,442	747,714	667,733	65,041,635	58,178,175
Current debt	4,658,493	3,939,992	-	-	4,658,493	3,939,992
Noncurrent debt	20,107,699	18,015,099	-	-	20,107,699	18,015,099
Total liabilities	93,988,872	83,912,633	755,686	671,806	94,744,558	84,584,439
Deferred Inflows of Resources	37,507	-	480	-	37,987	-
Net Position						
Net investment in capital assets	89,474,757	93,135,610	102,212	38,819	89,576,969	93,174,429
Restricted	22,380,408	17,211,867	-	-	22,380,408	17,211,867
Unrestricted	(43,667,061)	(39,746,269)	(511,121)	(432,819)	(44,178,182)	(40,179,088)
Total net position	\$ 68,188,104	\$ 70,601,208	\$ (408,909)	\$ (394,000)	\$ 67,779,195	\$ 70,207,208

The largest portion of the Town's net position reflects its net investment in capital assets (e.g., land, buildings and improvements, machinery, vehicles and equipment, infrastructure and construction in progress). These capital assets are used 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 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 Town's net position represents resources that are subject to external restrictions on how they may be used.

The Town has no unrestricted net position available. Such resources have been consumed with the recognition of net pension and other post employment benefit liabilities.

**TOWN OF MASHPEE, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

Changes in Net Position

Changes in net position are summarized as follows:

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	2016	2015	2016	2015	2016	2015
Revenues						
<i>Program Revenues:</i>						
Charges for services	\$ 4,963,757	\$ 4,746,246	\$ 422,956	\$ 427,534	\$ 5,386,713	\$ 5,173,780
Operating grants and contributions	11,502,661	8,213,386	185	256	11,502,846	8,213,642
Capital grants and contributions	680,678	789,567	-	-	680,678	789,567
<i>General Revenues:</i>						
Real estate and property taxes	43,148,768	41,609,313	-	-	43,148,768	41,609,313
Motor vehicle and other excise taxes	2,325,375	2,157,655	-	-	2,325,375	2,157,655
Penalties and interest on taxes	298,644	387,663	-	-	298,644	387,663
Payments in lieu of taxes	13,560	21,553	-	-	13,560	21,553
Community preservation surcharges	1,284,291	1,241,435	-	-	1,284,291	1,241,435
Grants and contributions not restricted to specific programs	741,519	3,117,725	-	-	741,519	3,117,725
Unrestricted investment income	92,211	71,702	-	-	92,211	71,702
Other	-	43,000	-	-	-	43,000
Total revenues	65,051,464	62,399,245	423,141	427,790	65,474,605	62,827,035
Expenses						
General government	6,591,109	5,918,229	-	-	6,591,109	5,918,229
Public safety	13,442,855	13,692,520	-	-	13,442,855	13,692,520
Education	35,789,191	33,739,030	-	-	35,789,191	33,739,030
Public works	7,703,810	5,339,607	-	-	7,703,810	5,339,607
Health and human services	1,369,528	1,248,654	-	-	1,369,528	1,248,654
Culture and recreation	1,957,490	1,837,236	-	-	1,957,490	1,837,236
Debt service - interest	610,585	749,965	-	-	610,585	749,965
Kids klub	-	-	438,050	417,226	438,050	417,226
Total expenses	67,464,568	62,525,241	438,050	417,226	67,902,618	62,942,467
Change in net position	(2,413,104)	(125,996)	(14,909)	10,564	(2,428,013)	(115,432)
Net position - beginning of year	70,601,208	70,727,204	(394,000)	(404,564)	70,207,208	70,322,640
Net position - end of year	<u>\$ 68,188,104</u>	<u>\$ 70,601,208</u>	<u>\$ (408,909)</u>	<u>\$ (394,000)</u>	<u>\$ 67,779,195</u>	<u>\$ 70,207,208</u>

Governmental activities decreased the Town's net position by \$2,413,104. In the prior year, governmental activities decreased the Town's net position by \$125,996. The key element of this change is a substantial increase in the net pension liability.

Business-type activities decreased the Town's net position by \$14,909. In the prior year, business-type activities increased the Town's net position by \$10,564. The key elements of this change is an increase in the net pension liability.

**TOWN OF MASHPEE, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

FUND FINANCIAL STATEMENT ANALYSIS

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

Governmental Funds

The focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the Town's financing requirements. Such information is useful in assessing the Town's 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 a fiscal year.

At the end of the current fiscal year, the governmental funds reported combined ending fund balances totaling \$35,138,939, an increase of \$6,404,621 in comparison with the prior year. \$11,151,674 represents unassigned fund balance. The remainder of fund balance includes the following constraints:

- Nonspendable (\$45,052)
- Restricted (\$20,254,978)
- Committed (\$3,321,746)
- Assigned (\$365,489)

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, the general fund's unassigned fund balance of the general fund totaled \$12,205,934, while total fund balance was \$16,354,415. 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 general fund revenues and transfers in. Unassigned fund balance represents 20.2% of total general fund revenues and transfers in, while total fund balance represents 27.1% of that same amount.

The balance of the Town's general fund increased \$836,682 during the current fiscal year. The Town anticipated utilizing \$4,997,609 of reserves to fund the 2016 budget; however the Town ultimately recognized an approximate \$4,244,000 budgetary surplus.

Financial highlights of the Town's other major governmental funds are as follows:

The fund balance of the community preservation fund (special revenue) increased by \$910,724 during the current fiscal year. The fund's receipts included \$1,285,667 in surcharges, \$405,976 in intergovernmental revenues, and investment income of \$408,953. Expenditures of \$376,105 were incurred during the fiscal year and a transfer of \$813,767 was made to the general fund to cover community preservation related debt service.

The Town established a debt service fund to record a bond refunding that occurred during the current fiscal year. Fund balance as of year-end was \$5,506,348. The fund's financing sources include proceeds of refunding bonds of \$5,305,000, premium from the issuance of refunding bonds of \$156,096, and transfers in of \$50,087 from the general fund.

The fund balance of the street betterment fund (special revenue) decreased by \$109,157 during the current fiscal year. The fund's revenues consisted of \$506,670 in special assessments and \$4,318 in penalties and interest. Expenditures of \$5,360 were incurred during the fiscal year and a transfer of \$614,785 was made to the general fund to cover street betterment related debt service.

**TOWN OF MASHPEE, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

Proprietary Funds

The Town's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

Net position of the Kids Klub enterprise fund at the end of the year amounted to a deficit of \$408,909. The Kids Klub enterprise fund had a decrease in net position for the year of \$14,909. Other factors concerning the finances of the fund have already been addressed in the discussion of the Town's business-type activities.

General Fund Budgetary Highlights

The original general fund budget of \$56,773,773 was increased by \$1,781,552 (3.1%) during the fiscal year. The following table summarizes the increase:

<u>Purpose of Increase</u>	<u>Amount</u>	<u>Funding Source</u>
Town Hall Repairs and Maintenance	\$ 350,000	Unassigned fund balance
Digital Records Management Project Expense	338,205	Unassigned fund balance
Snow & Ice Deficit	256,200	Unassigned fund balance
Shellfish Propagation Expense	250,000	Unassigned fund balance
Sewer Commission Facilities Study Expense	100,000	Unassigned fund balance
Legal & Engineering Expense	80,000	Unassigned fund balance
Waterways Maint/Dredging Expense	65,000	Transfer from Waterways Improvement Fund
Bond refunding	50,087	Restricted fund balance (Debt Service)
Assistant Town Planner	53,173	Unassigned fund balance
Water Quality Control Technician	46,747	Unassigned fund balance
Human Resources Accrued Benefits Expense	40,000	Unassigned fund balance
Human Resources Consulting Expense	35,000	Unassigned fund balance
Shellfish Propagation Water Quality Monitoring Expense	32,500	Unassigned fund balance
Waterways Maint/Dredging Expense	23,400	Transfer from Waterways Improvement Fund
Waterways Channel Permit Expense	20,500	Transfer from Waterways Improvement Fund
Waterways Equipment Expense	20,000	Transfer from Waterways Improvement Fund
Waterways Channel Permit Expense	14,000	Transfer from Waterways Improvement Fund
Emma Oakley Mills Way Engineering Expense	5,000	Unassigned fund balance
Unpaid Bills	2,492	Unassigned fund balance
Waterways Riverside Road Expense	<u>(752)</u>	Transfer from Riverside Road Fund
Total increase	<u>\$ 1,781,552</u>	

During the fiscal year, revenues exceeded budgetary estimates, while expenditures and encumbrances and continuing appropriations were less than budgetary estimates, resulting in a positive budget to actual variance of \$4,244,499. Encumbrances and continuing appropriations totaled \$1,288,127 at year-end.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets

The Town's investment in capital assets for its governmental and business-type activities at the end of the fiscal year totaled \$113,029,509 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery, vehicles and equipment, infrastructure and construction in progress.

**TOWN OF MASHPEE, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

Major capital asset events that occurred during the current fiscal year include the following:

- Completed infrastructure projects (approximately \$1,110,000)
- Infrastructure, and building improvement projects in progress (approximately \$230,000)
- Purchase of land (approximately \$200,000)

The following table summarizes the Town's capital assets (net of accumulated depreciation):

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Land	\$ 58,309,457	\$ 58,153,568	\$ -	\$ -	\$ 58,309,457	\$ 58,153,568
Buildings and improvements	37,364,813	39,021,243	102,212	38,819	37,467,025	39,060,062
Machinery, vehicles and equipment	2,063,070	2,294,954	-	-	2,063,070	2,294,954
Infrastructure	13,195,792	12,589,085	-	-	13,195,792	12,589,085
Construction in progress	<u>1,994,165</u>	<u>2,344,239</u>	<u>-</u>	<u>-</u>	<u>1,994,165</u>	<u>2,344,239</u>
Total capital assets	<u>\$ 112,927,297</u>	<u>\$ 114,403,089</u>	<u>\$ 102,212</u>	<u>\$ 38,819</u>	<u>\$ 113,029,509</u>	<u>\$ 114,441,908</u>

Additional information on the Town's capital assets can be found in Note 5 of this report.

Long-Term Debt

At the end of the current fiscal year, total bonded debt outstanding was \$22,869,971, which is backed by the full faith and credit of the Town, and is summarized as follows:

	<i>Governmental Activities</i>	
	<u>2016</u>	<u>2015</u>
General obligation bonds	\$ 22,270,000	\$ 20,625,000
MWPAT notes	<u>599,971</u>	<u>713,194</u>
Total bonds and notes	<u>\$ 22,869,971</u>	<u>\$ 21,338,194</u>

The Town's gross bonded debt increased by \$1,531,777 during the fiscal year.

The Town's bond rating from Standard & Poor's for the April 2016 bond issue was AAA.

Additional information on the Town's long-term debt can be found in Note 9 of this report.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town Accountant, Town Hall, 16 Great Neck Road North, Mashpee, Massachusetts 02649.

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**TOWN OF MASHPEE, MASSACHUSETTS
STATEMENT OF NET POSITION
JUNE 30, 2016**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 14,778,180	\$ 196,913	\$ 14,975,093
Restricted Cash and Cash Equivalents	13,924,940	17,948	13,942,888
Investments	4,445,450	-	4,445,450
Restricted Investments	6,886,780	-	6,886,780
Receivables, Net of Allowance for Uncollectible Amounts:			
Real Estate and Personal Property Taxes	719,773	-	719,773
Tax Liens	901,643	-	901,643
Motor Vehicle and Other Excise Taxes	321,950	-	321,950
Community Preservation Surcharges	44,567	-	44,567
Special Assessments	241,605	-	241,605
Departmental and Other	310,863	-	310,863
Intergovernmental	888,583	-	888,583
Loans	16,209	-	16,209
Total Current Assets	43,480,543	214,861	43,695,404
Noncurrent Assets:			
Receivables, Net of Allowance for Uncollectible Amounts:			
Real Estate Tax Deferrals	43,396	-	43,396
Special Assessments	2,511,073	-	2,511,073
Intergovernmental	36,724	-	36,724
Loans	102,661	-	102,661
Tax Foreclosures	753,664	-	753,664
Capital Assets not being Depreciated	60,303,622	-	60,303,622
Capital Assets, Net of Accumulated Depreciation	52,623,675	102,212	52,725,887
Total Noncurrent Assets	116,374,815	102,212	116,477,027
Total Assets	159,855,358	317,073	160,172,431
DEFERRED OUTFLOWS OF RESOURCES			
Related to Pensions	2,359,125	30,184	2,389,309
LIABILITIES			
Current Liabilities:			
Warrants Payable	1,487,788	4,822	1,492,610
Accrued Payroll	2,301,293	-	2,301,293
Other Liabilities	306,809	3,150	309,959
Accrued Interest	263,478	-	263,478
Capital Lease Obligations	299,794	-	299,794
Landfill Post-Closure	15,000	-	15,000
Compensated Absences	254,597	-	254,597
Short-Term Notes Payable	1,290,000	-	1,290,000
Long-Term Bonds and Notes Payable	3,368,493	-	3,368,493
Total Current Liabilities	9,587,252	7,972	9,595,224
Noncurrent Liabilities:			
Capital Lease Obligations	52,948	-	52,948
Landfill Post-Closure	391,729	-	391,729
Compensated Absences	2,291,373	-	2,291,373
Net OPEB Obligation	32,015,083	369,725	32,384,808
Net Pension Liability	29,542,788	377,989	29,920,777
Long-Term Bonds and Notes Payable	20,107,699	-	20,107,699
Total Noncurrent Liabilities	84,401,620	747,714	85,149,334
Total Liabilities	93,988,872	755,686	94,744,558
DEFERRED INFLOWS OF RESOURCES			
Related to Pensions	37,507	480	37,987
NET POSITION			
Net Investment in Capital Assets	89,474,757	102,212	89,576,969
Restricted for:			
Community Preservation	7,265,830	-	7,265,830
Loans	118,870	-	118,870
OPEB	322,713	-	322,713
Debt Service	5,488,786	-	5,488,786
Permanent Funds:			
Expendable	160	-	160
Nonexpendable	45,052	-	45,052
Other Specific Purposes	9,138,997	-	9,138,997
Unrestricted	(43,667,061)	(511,121)	(44,178,182)
Total Net Position	\$ 68,188,104	\$ (408,909)	\$ 67,779,195

See accompanying Notes to Basic Financial Statements.

**TOWN OF MASHPEE, MASSACHUSETTS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016**

Functions/Programs	Expenses	Program Revenues			Net (Expense)/ Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental Activities:					
General Government	\$ 6,591,109	\$ 915,556	\$ 1,232,302	\$ 556,792	\$ (3,886,459)
Public Safety	13,442,855	1,825,647	103,134	-	(11,514,074)
Education	35,789,191	723,130	9,917,760	-	(25,148,301)
Public Works	7,703,810	726,913	32,324	123,886	(6,820,687)
Health and Human Services	1,369,528	149,407	110,161	-	(1,109,960)
Culture and Recreation	1,957,490	623,104	39,581	-	(1,294,805)
Debt Service-Interest	610,585	-	67,399	-	(543,186)
Total Governmental Activities	<u>67,464,568</u>	<u>4,963,757</u>	<u>11,502,661</u>	<u>680,678</u>	<u>(50,317,472)</u>
Business-Type Activities:					
Kids Klub	438,050	422,956	185	-	(14,909)
Total Primary Government	<u>\$ 67,902,618</u>	<u>\$ 5,386,713</u>	<u>\$ 11,502,846</u>	<u>\$ 680,678</u>	<u>\$ (50,332,381)</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF MASHPEE, MASSACHUSETTS
STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED JUNE 30, 2016**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
CHANGES IN NET POSITION			
Net (Expense) Revenue (From Previous Page)	\$ (50,317,472)	\$ (14,909)	\$ (50,332,381)
General Revenues:			
Real Estate and Personal Property Taxes	43,148,768	-	43,148,768
Motor Vehicle and Other Excise Taxes	2,325,375	-	2,325,375
Penalties and Interest on Taxes	298,644	-	298,644
Payments in Lieu of Taxes	13,560	-	13,560
Community Preservation Surcharges	1,284,291	-	1,284,291
Grants and Contributions not Restricted to Specific Programs	741,519	-	741,519
Unrestricted Investment Income	92,211	-	92,211
	47,904,368	-	47,904,368
Total General Revenues and Transfers			
	47,904,368	-	47,904,368
CHANGE IN NET POSITION	(2,413,104)	(14,909)	(2,428,013)
Net Position - Beginning of Year	70,601,208	(394,000)	70,207,208
NET POSITION - END OF YEAR	\$ 68,188,104	\$ (408,909)	\$ 67,779,195

See accompanying Notes to Basic Financial Statements.

**TOWN OF MASHPEE, MASSACHUSETTS
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2016**

ASSETS	<u>General</u>	<u>Community Preservation</u>	<u>Street Betterments</u>
Cash and Cash Equivalents	\$ 14,778,180	\$ -	\$ -
Investments	4,445,450	-	-
Receivables, Net of Allowance for Uncollectible Amounts:			
Real Estate and Personal Property Taxes	719,773	-	-
Real Estate Tax Deferrals	43,396	-	-
Tax Liens	881,696	-	19,947
Motor Vehicle and Other Excise taxes	321,950	-	-
Community Preservation Surcharges	-	44,567	-
Special Assessments	-	-	2,746,437
Departmental and Other	500	-	-
Intergovernmental	888,871	-	-
Loans	-	-	-
Tax Foreclosures	753,664	-	-
Restricted Assets:			
Cash and Cash Equivalents	143,917	762,677	1,207,504
Investments	317,329	6,569,451	-
	<u>23,294,726</u>	<u>7,376,695</u>	<u>3,973,888</u>
Total Assets	\$ <u>23,294,726</u>	\$ <u>7,376,695</u>	\$ <u>3,973,888</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Warrants Payable	\$ 1,056,532	\$ 110,865	\$ 75
Accrued Payroll	2,301,293	-	-
Other Liabilities	306,809	-	-
Short-Term Notes Payable	-	-	-
	<u>3,664,634</u>	<u>110,865</u>	<u>75</u>
Total Liabilities	<u>3,664,634</u>	<u>110,865</u>	<u>75</u>
 DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue	<u>3,275,677</u>	<u>44,567</u>	<u>2,766,384</u>
 FUND BALANCES			
Nonspendable	-	-	-
Restricted	461,246	7,221,263	1,207,429
Committed	3,321,746	-	-
Assigned	365,489	-	-
Unassigned	12,205,934	-	-
	<u>16,354,415</u>	<u>7,221,263</u>	<u>1,207,429</u>
Total Fund Balances	<u>16,354,415</u>	<u>7,221,263</u>	<u>1,207,429</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 23,294,726</u>	<u>\$ 7,376,695</u>	<u>\$ 3,973,888</u>

See accompanying Notes to Basic Financial Statements.

	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
\$	-	-	\$ 14,778,180
	-	-	4,445,450
	-	-	719,773
	-	-	43,396
	-	-	901,643
	-	-	321,950
	-	-	44,567
	-	6,241	2,752,678
	-	310,363	310,863
	-	36,436	925,307
	-	118,870	118,870
	-	-	753,664
	5,506,348	6,304,494	13,924,940
	-	-	6,886,780
\$	<u>5,506,348</u>	<u>6,776,404</u>	<u>\$ 46,928,061</u>
\$	-	\$ 320,316	\$ 1,487,788
	-	-	2,301,293
	-	-	306,809
	-	1,290,000	1,290,000
	-	1,610,316	5,385,890
	-	316,604	6,403,232
	-	45,052	45,052
	5,506,348	5,858,692	20,254,978
	-	-	3,321,746
	-	-	365,489
	-	(1,054,260)	11,151,674
	<u>5,506,348</u>	<u>4,849,484</u>	<u>35,138,939</u>
\$	<u>5,506,348</u>	<u>6,776,404</u>	<u>\$ 46,928,061</u>

**TOWN OF MASHPEE, MASSACHUSETTS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2016**

	<u>General</u>	<u>Community Preservation</u>	<u>Street Betterments</u>
REVENUES			
Real Estate and Personal Property Taxes	\$ 43,050,056	\$ -	\$ -
Motor Vehicle and Other Excise Taxes	2,288,599	-	-
Tax and Trash Liens	148,177	-	-
Payments in Lieu of Taxes	13,560	-	-
Community Preservation Surcharges	-	1,285,667	-
Charges for Services	266,143	-	-
Trash Disposal	694,303	-	-
Intergovernmental	9,952,771	405,976	-
Special Assessments	-	-	506,670
Penalties and Interest on Taxes	294,290	-	4,318
Licenses and Permits	552,730	-	-
Fines and Forfeitures	20,883	-	-
Departmental and Other	333,773	-	-
Contributions	-	-	-
Investment Income	363,321	408,953	-
	<u>57,978,606</u>	<u>2,100,596</u>	<u>510,988</u>
Total Revenues			
EXPENDITURES			
Current:			
General Government	3,502,114	376,105	-
Public Safety	8,803,689	-	-
Education	21,122,026	-	-
Public Works	5,550,500	-	5,360
Health and Human Services	749,268	-	-
Culture and Recreation	818,856	-	-
Pension Benefits	5,967,556	-	-
Employee Benefits	6,309,486	-	-
Property and Liability Insurance	653,740	-	-
State and County Charges	1,704,756	-	-
Debt Service:			
Principal	3,773,220	-	-
Interest	728,581	-	-
	<u>59,683,792</u>	<u>376,105</u>	<u>5,360</u>
Total Expenditures			
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,705,186)</u>	<u>1,724,491</u>	<u>505,628</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from Capital Leases	300,086	-	-
Proceeds of Refunding Bonds (Current)	-	-	-
Premium from Issuance of Refunding Bonds (Current)	-	-	-
Transfers In	2,351,869	-	-
Transfer Out	(110,087)	(813,767)	(614,785)
	<u>2,541,868</u>	<u>(813,767)</u>	<u>(614,785)</u>
Total Other Financing Sources (Uses)			
NET CHANGE IN FUND BALANCES	836,682	910,724	(109,157)
Fund Balances - Beginning of Year	<u>15,517,733</u>	<u>6,310,539</u>	<u>1,316,586</u>
FUND BALANCES - END OF YEAR	<u>\$ 16,354,415</u>	<u>\$ 7,221,263</u>	<u>\$ 1,207,429</u>

See accompanying Notes to Basic Financial Statements.

Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 43,050,056
-	-	2,288,599
-	-	148,177
-	-	13,560
-	-	1,285,667
-	2,051,067	2,317,210
-	-	694,303
-	2,313,214	12,671,961
-	-	506,670
-	36	298,644
-	25,119	577,849
-	-	20,883
-	1,159,701	1,493,474
-	88,777	88,777
-	253	772,527
-	<u>5,638,167</u>	<u>66,228,357</u>
-	823,492	4,701,711
-	503,021	9,306,710
-	2,499,638	23,621,664
-	1,118,532	6,674,392
-	85,365	834,633
-	484,778	1,303,634
-	-	5,967,556
-	-	6,309,486
-	-	653,740
-	-	1,704,756
-	-	3,773,220
<u>4,835</u>	<u>-</u>	<u>733,416</u>
<u>4,835</u>	<u>5,514,826</u>	<u>65,584,918</u>
<u>(4,835)</u>	<u>123,341</u>	<u>643,439</u>
-	-	300,086
5,305,000	-	5,305,000
156,096	-	156,096
50,087	60,000	2,461,956
-	(923,317)	(2,461,956)
<u>5,511,183</u>	<u>(863,317)</u>	<u>5,761,182</u>
5,506,348	(739,976)	6,404,621
-	5,589,460	28,734,318
<u>\$ 5,506,348</u>	<u>\$ 4,849,484</u>	<u>\$ 35,138,939</u>

**TOWN OF MASHPEE, MASSACHUSETTS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TOTAL FUND BALANCES TO THE STATEMENT OF NET POSITION
JUNE 30, 2016**

Total Governmental Fund Balances	\$	35,138,939
Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds		112,927,297
Other assets are not available to pay for current period expenditures and, therefore, are reported as deferred inflows of resources in the governmental funds		6,403,232
In the statement of net position, interest is accrued on outstanding long-term debt, whereas in the governmental funds interest is not reported until due		(263,478)
In the statement of net position, deferred outflows/inflows of resources are reported for amounts related to pensions		2,321,618
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Bonds and Notes Payable		(23,476,192)
Capital Lease Obligations		(352,742)
Landfill Post-Closure		(406,729)
Compensated Absences		(2,545,970)
Net OPEB Obligation		(32,015,083)
Net Pension Liability		<u>(29,542,788)</u>
Net Position of Governmental Activities	\$	<u><u>68,188,104</u></u>

The accompanying notes are an integral part of the financial statements.

**TOWN OF MASHPEE, MASSACHUSETTS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016**

Net Change in Fund Balances - Total Governmental Funds	\$	6,404,621
<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. These amounts represent the related activity of the current period.</p>		
Capital Outlays		1,588,070
Depreciation		(3,020,851)
<p>In the statement of activities, the loss on the disposals of capital assets is reported, whereas in the governmental funds the disposals are not reported as financial resources. As a result, the change in net position differs from the change in fund balance by the net book value of the capital assets disposed</p>		
		(43,011)
<p>In the statement of activities, deferred outflows related to pensions are amortized and recognized as pension expense. This amount represents the net change in deferred outflows related to pensions.</p>		
		2,240,173
<p>In the statement of activities, deferred inflows related to pensions are amortized and recognized as pension expense. This amount represents the net change in deferred inflows related to pensions.</p>		
		(37,507)
<p>Revenues in the statement of activities that do not provide current financial resources are reported as deferred inflows of resources in the governmental funds. 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>		
		(1,176,888)
<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 impact on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities. These amounts represent the related activity of the current period.</p>		
Proceeds of Refunding Bonds		(5,305,000)
Bond Maturities		3,773,220
Issuance and Amortization of Bond Premiums		10,676
Capital Lease Proceeds		(300,086)
Capital Lease Maturities		355,303
<p>In the statement of activities, interest is accrued on outstanding long-term debt, whereas in the governmental funds interest is not reported until due. This amount represents the net change in accrued interest payable</p>		
		29,572
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported in the governmental funds. These amounts represent the net changes:</p>		
Landfill Post-Closure		12,250
Compensated Absences		79,619
Net OPEB Obligation		(4,010,808)
Net Pension Liability		(3,012,457)
		<u>(2,413,104)</u>
Changes in Net Position of Governmental Activities	\$	<u>(2,413,104)</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF MASHPEE, MASSACHUSETTS
 PROPRIETARY FUND
 STATEMENT OF FUND NET POSITION
 JUNE 30, 2016**

	<u>Business-Type Activities - Kids Klub Enterprise Fund</u>
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 196,913
Restricted Cash and Cash Equivalents	<u>17,948</u>
Total Current Assets	<u>214,861</u>
Noncurrent Assets:	
Capital Assets, Net of Accumulated Depreciation	<u>102,212</u>
Total Assets	<u>317,073</u>
DEFERRED OUTFLOWS OF RESOURCES	
Related to Pensions	<u>30,184</u>
LIABILITIES	
Current Liabilities:	
Warrants Payable	4,822
Other Liabilities	<u>3,150</u>
Total Current Liabilities	<u>7,972</u>
Noncurrent Liabilities:	
Net OPEB Obligation	369,725
Net Pension Liability	<u>377,989</u>
Total Noncurrent Liabilities	<u>747,714</u>
Total Liabilities	<u>755,686</u>
DEFERRED INFLOWS OF RESOURCES	
Related to Pensions	<u>480</u>
FUND NET POSITION	
Net Investment in Capital Assets	102,212
Unrestricted	<u>(511,121)</u>
Total Net Position	<u>\$ (408,909)</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF MASHPEE, MASSACHUSETTS
 PROPRIETARY FUND
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 YEAR ENDED JUNE 30, 2016**

	Business-Type Activities - Kids Klub Enterprise Fund
OPERATING REVENUES	
Charges for Services	\$ <u>422,956</u>
OPERATING EXPENSES	
Cost of Service and Administration	436,171
Depreciation	<u>1,879</u>
Total Operating Expenses	<u>438,050</u>
OPERATING INCOME (LOSS)	<u>(15,094)</u>
NONOPERATING REVENUES (EXPENSES)	
Investment Income	<u>185</u>
CHANGE IN FUND NET POSITION	(14,909)
Fund Net Position - Beginning of Year	<u>(394,000)</u>
FUND NET POSITION - END OF YEAR	<u><u>\$ (408,909)</u></u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF MASHPEE, MASSACHUSETTS
 PROPRIETARY FUND
 STATEMENTS OF CASH FLOWS
 YEAR ENDED JUNE 30, 2016**

	<u>Business-Type Activities - Kids Klub Enterprise Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers and Users	\$ 422,956
Payments to Vendors	(44,229)
Payments to Employees	<u>(337,178)</u>
Net Cash Provided by Operating Activities	<u>41,549</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and Construction of Capital Assets	<u>(65,272)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment Income	<u>185</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>(23,538)</u>
Cash and Cash Equivalents - Beginning of Year (Includes \$3,400 Reported as Restricted in the Kids Klub Enterprise Fund)	<u>238,399</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR (Includes \$17,948 Reported as Restricted in the Kids Klub Enterprise Fund)	<u>\$ 214,861</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES	
Operating Income (Loss)	\$ <u>(15,094)</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:	
Changes in Assets and Liabilities not Requiring Current Cash Flows:	
Depreciation	1,879
Net Pension Liability	34,750
Deferred Outflows of Resources Related to Pension	(29,596)
Deferred Inflows of Resources Related to Pension	480
Effect of Changes in Operating Assets and Liabilities:	
Warrants Payable	4,149
Other Liabilities	(250)
Net OPEB Obligation	<u>45,231</u>
Total Adjustments	<u>56,643</u>
Net Cash Provided by Operating Activities	<u>\$ 41,549</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF MASHPEE, MASSACHUSETTS
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2016**

ASSETS	<u>Private Purpose Trust Funds</u>	<u>Agency Funds</u>
Cash and Cash Equivalents	\$ <u>6,704</u>	\$ <u>643,781</u>
 LIABILITIES		
Warrants Payable	-	3,273
Liabilities Due Depositors	<u>-</u>	<u>640,508</u>
Total Liabilities	<u>-</u>	<u>\$ 643,781</u>
 NET POSITION		
Held in Trust for Scholarships	<u>\$ 6,704</u>	

See accompanying Notes to Basic Financial Statements.

**TOWN OF MASHPEE, MASSACHUSETTS
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2016**

	<u>Private Purpose Trust Funds</u>
ADDITIONS	
Net Investment Income:	
Interest	\$ <u>17</u>
DEDUCTIONS	
Other	<u>25</u>
CHANGE IN NET POSITION	(8)
Net Position - Beginning of Year	<u>6,712</u>
NET POSITION - END OF YEAR	<u><u>\$ 6,704</u></u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF MASHPEE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General

The basic financial statements 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 standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described herein.

B. Reporting Entity

The Town of Mashpee, Massachusetts (Town) is a municipal corporation that is governed by an elected Board of Selectmen.

For financial reporting purposes, the basic financial statements include all funds, organizations, account groups, agencies, boards, commissions and institutions that are not legally separate from the Town.

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/or significance of their relationship with the Town are such that exclusion would cause the Town's basic financial statements to be misleading or incomplete. It has been determined that there are no component units that require inclusion in the basic financial statements.

Joint Ventures

A joint venture is an organization (resulting from a contractual arrangement) that is owned, operated or governed by two or more participants as a separate and specific activity subject to joint control in which the participants retain an ongoing financial interest or ongoing financial responsibility. Joint control means that no single participant has the ability to unilaterally control the financial or operating policies of the joint venture.

The Town participates in one joint venture with other municipalities to pool resources and share the costs, risks and rewards of providing goods and services to venture participants directly, or for the benefit of the general public or specified recipients. The following table identifies the Town's joint venture and related information:

<u>Name</u>	<u>Purpose</u>	<u>Address</u>	<u>Fiscal Year 2016 Assessment</u>
Cape Cod Regional Technical High School	To provide vocational educational services	351 Pleasant Lake Avenue Harwich, MA 02645	\$ 1,166,386

The Cape Cod Regional Technical High School (School) is governed by a 21 member school committee consisting of two representatives (appointed by the Board of Selectmen) from the Town. The Town is indirectly liable for the School's debt and other expenditures and is assessed annually for its share of operating and capital costs. Separate financial statements may be obtained by writing to the Treasurer of the School at the address identified above.

**TOWN OF MASHPEE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Implementation of New Accounting Principles

For the year ending June 30, 2016, the Town implemented the following pronouncements issued by the GASB:

- GASB Statement No. 72, *Fair Value Measurement and Application*
- GASB Statement No. 73, *Accounting and Financial Reporting Pension and Related Assets That Are Not within the scope of GASB 68, and Amendments to Certain provisions of GASB Statements 67 and 68*
- GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*
- GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*

The implementation of GASB Statement No. 72 required certain disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques related to the Town's investments.

Implementation of GASB Statement No.'s 73, 76, and 79 had no reporting impact for the Town.

D. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

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. Fiduciary funds are reported by fund type.

**TOWN OF MASHPEE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Measurement Focus, Basis of Accounting and Basis of 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 fiscal 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 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 specific function or segment.
- Grants and contributions that are restricted to meeting the capital requirements of a specific function or segment.

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

Except for charges between the general fund and enterprise fund, the effect of interfund activity has been eliminated from the government-wide financial statements. Elimination of these charges would distort the direct costs and program revenues reported for the functions affected.

Fund Financial Statements

Governmental funds 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 are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and landfill closure costs which are recognized when the obligations are expected to be liquidated with current expendable available resources.

Real estate and personal property tax revenues are considered available if they are collected within 60-days after the end of the fiscal year. 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.

**TOWN OF MASHPEE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The following major governmental funds are reported:

The *general fund* is used to account for and report all financial resources not accounted for and reported in another fund

The *community preservation fund* is a special revenue fund used to account for the 3% local real estate tax surcharge on nonexempt property (and matching state trust fund distribution) that can be used for open space, historic resource and affordable housing purposes. Property exempt from the surcharge consists of the first \$100,000 of all residential property and also property owned by low income or seniors with a low or moderate income as defined by Massachusetts Department of Revenue (DOR) guidelines. Disbursements from this fund must originate from the Community Preservation Committee and be approved by Town Meeting.

The *street betterments fund* is a special revenue fund used to account for street betterments. Street betterments are levied annually based on the allocated betterment cost to each property. Taxpayers have the option of paying their respective share of the betterment up front or over a period of up to 25 years and are subject to penalties and interest if they are not paid by the respective due dates. Street betterments are recorded as receivables when the project is complete.

The *debt service fund* is used to account for accumulated resources related to the April 2016 debt refunding transaction.

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

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Capital projects funds are 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. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

Permanent funds are used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the government's programs and benefit the government or its citizenry.

Proprietary funds financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting, whereby 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 connections with the proprietary funds principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**TOWN OF MASHPEE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The following nonmajor proprietary fund is reported:

The *kids klub fund* is used to account for the toddler and pre-school activities of the leisure services department.

Fiduciary funds 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 government's programs.

The following fiduciary fund types are reported:

The *private-purpose trust fund* is used to account for trust arrangements, other than those properly reported in the permanent fund, under which principal and investment income exclusively benefits individuals, private organizations, or other governments.

The *agency fund* is used to account for assets held in a custodial capacity. Such assets consist mainly of planning board and other escrow deposits. Agency funds do not present the results of operations or have a measurement focus.

F. Cash and Cash Equivalents 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; with the exception of money market mutual funds (presented as cash and cash equivalents) which are held at amortized cost.

G. Accounts Receivable

Government-Wide and Fund Financial Statements

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

Real Estate Taxes, Personal Property Taxes and Tax Liens

Real estate and personal property taxes are levied and based on values assessed on January 1 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 November 1, February 1, May 1 and August 1 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 fiscal year of the levy.

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

**TOWN OF MASHPEE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Motor Vehicle and Other Excise Taxes

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

Community Preservation Surcharges

Community preservation surcharges are levied annually and at a rate of 3% of residents' real estate tax bills with exemptions for the first \$100,000 of residential property and property owned by qualified persons with low income and seniors (60+) with low or moderate income as defined by DOR guidelines. The surcharges are due with the real estate tax on August 1, November 1, February 1 and May 1 and are subject to penalties and interest if they are not paid by the respective due date. Overdue surcharges are included on the tax liens processed on delinquent real estate taxes. Surcharges are recorded as receivables in the fiscal year of the levy.

Special Assessments

Special assessments consist of street betterments and are recorded as receivables in the fiscal year accrued.

Departmental and Other

Departmental and other receivables represent amounts due from ambulance fees and other various departmental activities. These receivables are recorded when the service has been provided or the applicable agreement has been entered into.

Intergovernmental

Various state and federal operating and capital grants are applied for and received annually. For non-expenditure driven grants, revenue is recognized as soon as all eligibility requirements imposed by the provider have been met. For expenditure driven grants, revenue is recognized when the qualifying expenditures are incurred and all other grant requirements are met.

Loans

The Town administers various loan programs to residents that provide assistance to comply with Title V (related to septic systems) requirements. Loans are recorded as receivables upon issuance.

H. Allowance for Uncollectible Accounts

The allowance for uncollectible accounts is estimated based on historical trends and specific account analysis for the following accounts receivable:

- Personal property taxes
- Motor vehicle and other excise taxes
- Departmental and other

**TOWN OF MASHPEE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The following types of accounts receivable are secured via the lien process and are considered 100% collectible. Accordingly, an allowance for uncollectible accounts is not reported.

- Real estate taxes and tax liens
- Community preservation surcharges
- Special assessments
- Loans

Intergovernmental receivables are considered 100% collectible.

I. Inventories

Government-Wide and Fund Financial Statements

Inventories are recorded as expenditures at the time of purchase. Such inventories are not material in total to the government-wide and fund financial statements and therefore are not reported.

J. Restricted Assets

Government-Wide and Fund Financial Statements

Assets are reported as restricted when limitations on their use change the nature of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

K. Capital Assets

Government-Wide and Proprietary Fund Financial Statements

Capital assets, which consist of land, construction in progress, buildings and improvements, machinery, vehicles and equipment, and infrastructure, are reported in the governmental activities column of the government-wide financial statements.

Capital assets are recorded at historical cost or at estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at the estimated fair market value at the date of donation. Construction period interest is not capitalized on constructed capital assets.

All purchases and construction costs in excess of \$10,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than one year.

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

<u>Capital Asset Type</u>	<u>Estimated Useful Life (in years)</u>
Buildings and improvements	20-40
Machinery, vehicles and equipment	3-15
Infrastructure	40

**TOWN OF MASHPEE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 Funds Financial Statements

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

L. Interfund Receivables and Payables

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

Government-Wide Financial Statements

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

Fund Financial Statements

Transactions of a buyer/seller nature between and within funds are not eliminated from the individual fund statements. Receivables and payables resulting from these transactions are classified as "Due from other funds" or "Due to other funds" on the balance sheet. As of June 30, 2016, there were no amounts due to or from other funds.

M. Interfund Transfers

During the course of its operations, resources are permanently reallocated between and within funds.

Government-Wide Financial Statements

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

N. Deferred Outflows of Resources

In addition to assets, the statement of financial 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 that time.

Deferred outflows of resources related to pensions are reported in the government-wide and proprietary fund financial statements statement of net position.

**TOWN OF MASHPEE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Deferred Inflows of Resources

In addition to liabilities, the statement of financial 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.

Unavailable revenue is reported in the governmental funds balance sheet. Unavailable revenue 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.

Deferred inflows of resources related to pensions are reported in the government-wide and proprietary fund financial statements statement of net position.

P. Net Position and Fund Balances

Government-Wide and Proprietary Fund Financial Statements (Net Position)

Net position is reported as restricted when amounts are restricted by outside parties for a specific future use.

Net position has been “restricted” for the following:

“Community preservation” represents amounts restricted for open space, historic resource and affordable housing purposes.

“Loans” represents outstanding septic loans receivable.

“OPEB” represents amounts accumulated for other post employment benefits.

“Debt service” represents amounts accumulated for future debt principal and interest obligations.

“Permanent funds – expendable” represents amounts held in trust for which the expenditures are restricted by various trust agreements.

“Permanent funds – nonexpendable” represents amounts held in trust for which only investment earnings may be expended.

“Other specific purposes” represents other restrictions placed on assets from outside parties.

Governmental Funds Financial Statements (Fund Balances)

The following fund balance classifications describe the relative strength of the spending constraints:

Nonspendable — represents amounts that cannot be spent either because they are in nonspendable form (i.e., prepaid amounts) or because they are legally or contractually required to be maintained intact (i.e., principal of permanent fund).

Restricted — represents amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

**TOWN OF MASHPEE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Committed — represents amounts that can be used only for specific purposes imposed by a formal action of Town Meeting, which is the highest level of decision-making authority for the Town. Committed amounts may be established, modified, or rescinded only through actions approved by Town Meeting

Assigned — represents amounts that do not meet the criteria to be classified as restricted or committed but are intended to be used for specific purposes. Under the Town's structure, only authorized assignments for non-contractual encumbrances can be made by individual department heads.

Unassigned — represents the residual fund balance for the General Fund and the negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting assigned fund balance amounts.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned and unassigned.

Encumbrance amounts have been assigned for specific purposes for which resources already have been allocated.

Q. Long-Term Debt

Government-Wide and Proprietary Fund Financial Statements

Long-term debt is reported as liabilities in the government-wide 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 Funds Financial Statements

The face amount of governmental funds long-term debt is reported as other financing sources when the debt is issued. 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.

R. 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 the proprietary fund is retained in the fund.

S. 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.

**TOWN OF MASHPEE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Funds 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 employee retirements and resignations.

T. Pensions

Government-Wide and Fund Financial Statements

For the purpose of measuring net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Barnstable County Retirement Association (BCRA) and the additions to/deductions from BCRA's fiduciary net position have been determined on the same basis as they are reported by BCRA. 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.

U. Post Retirement Benefits

Government-Wide and Fund Financial Statements

In addition to providing pension benefits and, as more fully described in Note 12, the Town provides health, dental and life insurance coverage for current and future retirees and their spouses.

V. 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 fiscal year. Actual results could vary from estimates that were used.

W. 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 presented 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 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Municipal Law requires the adoption of a balanced budget that is approved by Town Meeting vote. The Finance Committee presents an annual budget to Town Meeting, which includes estimates of revenues and other financing sources and recommendations of expenditures and other financing uses. Town Meeting, which has full authority to amend and/or reject the budget or any line item, adopts the expenditure budget by majority vote.

Increases to the approval of the annual budget require Special Town Meeting approval.

**TOWN OF MASHPEE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

The majority of appropriations are non-continuing which lapse at the end of each fiscal year. Others are continuing appropriations for which the governing body has authorized that an unspent balance from a prior fiscal year be carried forward and made available for spending in the current fiscal year.

Generally, expenditures may not exceed the level of spending (salaries, expenses and capital) authorized for an appropriation account. However, the Town is statutorily required to pay debt service, regardless of whether such amounts are appropriated.

An annual budget is adopted for the general fund and community preservation fund in conformity with the guidelines described above. The original fiscal year 2016 approved budget for the general fund authorized \$56,773,773 in appropriations. During fiscal year 2016, supplemental appropriations totaling \$1,781,552 were authorized. The original and final 2016 approved budgets for the community preservation fund authorized \$2,114,784 in appropriations.

The Accountant's office has the responsibility to ensure that budgetary control is maintained. Budgetary control is exercised through the accounting system.

The budgetary comparison schedules presented in the accompanying required supplementary information presents comparisons of the legally adopted budgets, as amended, with actual results. The originally adopted budgets are presented for purposes of comparison to the final, amended budgets.

B. Fund Deficits

At June 30, 2016, the following temporary fund deficits exist:

Fund	Amount	Funding Source
Road Projects	\$ 960,274	Issuance of Long-Term Debt
Police Details	93,986	Available Funds

NOTE 3 DEPOSITS AND INVESTMENTS

The municipal finance laws of the Commonwealth authorize the Town to invest temporarily idle cash in bank term deposits and certificates of deposits, and treasury and agency obligations of the United States government, with maturities of one year or less; U.S. treasury or agency repurchase agreements with maturities of not more than 90 days; money market accounts; and the state treasurer's investment pool – the Massachusetts Municipal Depository Trust (MMDT). The Treasurer also has expanded investment powers as it related to certain trust funds (as defined by the Commonwealth), permanent funds and fiduciary funds.

The MMDT meets the criteria of an external investment pool and operates in accordance with applicable state laws and regulations. The Treasurer of the Commonwealth serves as Trustee. The reported value of the pool is the same as the fair value of the pool shares.

A cash and investment pool is maintained that is available for use by all funds with unrestricted cash and investments. The deposits and investments of permanent funds are held separately from other Town funds.

**TOWN OF MASHPEE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Deposits - Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the Town's deposits may not be recovered. The Town's policy is to rely on Federal Deposit Insurance Coverage (FDIC) and Depositors Insurance Fund (DIF) insurance coverage and to collateralize an additional portion of their deposits. As of June 30, 2016, \$17,779,974 of the Town's bank balance of \$29,652,573 was uninsured and uncollateralized and, therefore, exposed to custodial credit risk.

Investments Summary

The Town's investments at June 30, 2016 are presented below. All investments are presented by investment type, with debt securities presented by maturity.

Investment Type	Total Amount	Investment Maturities (in Years)		
		Less Than 1	1 - 5	6 - 10
<u>Debt Securities:</u>				
U.S. Treasuries	\$ 3,029,857	\$ 305,803	\$ 1,542,163	\$ 1,181,891
U.S. Agencies	4,676,712	1,471,503	2,406,659	798,550
Money market mutual funds	100,770	100,770	-	-
Mutual bond funds	139,268	139,268	-	-
Total debt securities	<u>7,946,607</u>	<u>\$ 2,017,344</u>	<u>\$ 3,948,822</u>	<u>\$ 1,980,441</u>
<u>Other Investments:</u>				
Equity securities	3,308,332			
Equity mutual funds	<u>178,061</u>			
Total other investments	<u>3,486,393</u>			
Total investments	<u>\$ 11,433,000</u>			

Investments - Interest Rate Risk of Debt Securities

Interest rate risk for debt securities is the risk that changes in interest rates of debt securities will adversely affect the fair value of an investment. The Town does not have a policy for interest rate risk of debt securities.

Investments - Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of 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 does not have a policy for custodial credit risk of investments. As of June 30, 2016, the Town was not exposed to custodial credit risk.

**TOWN OF MASHPEE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Investments - Credit Risk of Debt Securities

Credit risk for debt securities is the risk that an issuer or other counterparty to a debt security will not fulfill its obligations. The Town does not have a policy for credit risk of debt securities. As of June 30, 2016, the Town's money market mutual funds, mutual bond funds and external investment pools were unrated by a national credit rating organization.

Investments – Concentration of Credit Risk

Concentration of credit risk for investments is the risk of loss attributed to the magnitude of the Town's investment in a single issuer. The Town does not have a policy for concentration of credit risk of investments. As of June 30, 2016, following investments were greater than 5% of the Town's total investments

Issuer	Fair Value	Percentage of Total Investments
Federal Home Loan Bank	3,556,760	31.1%

Investments – Fair Market Value

The Town categorizes its fair value measurements within the fair value hierarchy established by GAAP. 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, 2016:

Investment Type	Fair Value	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)
<u>Equities:</u>				
Equity Securities	\$ 3,308,332	\$ 3,308,332	\$ -	\$ -
Equity Mutual Funds	178,061	178,061	-	-
Total Equity Securities	<u>3,486,393</u>	<u>3,486,393</u>	<u>-</u>	<u>-</u>
<u>Debt Securities:</u>				
U.S. Treasuries	3,029,857	3,029,857	-	-
U.S. Agencies	4,676,712	4,676,712	-	-
Mutual Bond Funds	139,268	139,268	-	-
Total Debt Securities	<u>7,845,837</u>	<u>7,845,837</u>	<u>-</u>	<u>-</u>
Total Investments by Fair Value Level	<u>\$ 11,332,230</u>	<u>\$ 11,332,230</u>	<u>\$ -</u>	<u>\$ -</u>

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

**TOWN OF MASHPEE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 4 ACCOUNTS RECEIVABLE

At June 30, 2016, receivables for the individual major governmental funds and nonmajor governmental and fiduciary funds in the aggregate, 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	\$ 719,773	\$ -	\$ 719,773
Real estate tax deferrals	43,396	-	43,396
Tax liens	901,643	-	901,643
Motor vehicle and other excise taxes	608,759	(286,809)	321,950
Community preservation surcharges	44,567	-	44,567
Special assessments	2,752,678	-	2,752,678
Departmental and other	606,224	(295,361)	310,863
Intergovernmental	925,307	-	925,307
Loans	118,870	-	118,870
	\$ 6,721,217	\$ (582,170)	\$ 6,139,047

The Commonwealth has approved school construction assistance. The assistance program, which is administered by the Massachusetts School Building Authority (MSBA), provides resources for future debt service of general obligation school bonds outstanding. During fiscal year 2016, \$891,901 of such assistance was received. \$855,736 will be received in future fiscal years. Of this amount, \$19,171 represents reimbursement of long-term interest costs, and \$836,565 represents reimbursement of approved and incurred construction costs. Accordingly, a \$836,565 intergovernmental receivable and corresponding deferred inflow have been reported in the governmental funds financial statements. The deferred inflows have been recognized as revenue in the conversion to the government-wide financial statements.

**TOWN OF MASHPEE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 5 CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2016 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
<u>Capital assets not being depreciated:</u>				
Land	\$ 58,153,568	\$ 198,900	\$ (43,011)	\$ 58,309,457
Construction in progress	<u>2,344,239</u>	<u>231,943</u>	<u>(582,017)</u>	<u>1,994,165</u>
Total capital assets not being depreciated	<u>60,497,807</u>	<u>430,843</u>	<u>(625,028)</u>	<u>60,303,622</u>
<u>Capital assets being depreciated:</u>				
Buildings and improvements	75,627,045	269,164	-	75,896,209
Machinery, vehicles and equipment	6,555,361	359,259	(278,032)	6,636,588
Infrastructure	<u>19,954,284</u>	<u>1,110,821</u>	<u>-</u>	<u>21,065,105</u>
Total capital assets being depreciated	<u>102,136,690</u>	<u>1,739,244</u>	<u>(278,032)</u>	<u>103,597,902</u>
<u>Less accumulated depreciation for:</u>				
Buildings and improvements	(36,605,802)	(1,925,594)	-	(38,531,396)
Machinery, vehicles and equipment	(4,260,407)	(591,143)	278,032	(4,573,518)
Infrastructure	<u>(7,365,199)</u>	<u>(504,114)</u>	<u>-</u>	<u>(7,869,313)</u>
Total accumulated depreciation	<u>(48,231,408)</u>	<u>(3,020,851)</u>	<u>278,032</u>	<u>(50,974,227)</u>
Total capital assets being depreciated, net	<u>53,905,282</u>	<u>(1,281,607)</u>	<u>-</u>	<u>52,623,675</u>
Total governmental activities capital assets, net	<u>\$ 114,403,089</u>	<u>\$ (850,764)</u>	<u>\$ (625,028)</u>	<u>\$ 112,927,297</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-Type Activities:				
<u>Capital assets being depreciated:</u>				
Buildings and improvements	\$ 42,542	\$ 65,272	\$ -	\$ 107,814
<u>Less accumulated depreciation for:</u>				
Buildings and improvements	<u>(3,723)</u>	<u>(1,879)</u>	<u>-</u>	<u>(5,602)</u>
Total capital assets being depreciated, net	<u>38,819</u>	<u>63,393</u>	<u>-</u>	<u>102,212</u>
Total business-type activities capital assets, net	<u>\$ 38,819</u>	<u>\$ 63,393</u>	<u>\$ -</u>	<u>\$ 102,212</u>

**TOWN OF MASHPEE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 5 CAPITAL ASSETS (CONTINUED)

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

Governmental Activities:	
General government	\$ 190,365
Public safety	538,738
Education	1,238,472
Public works	745,659
Health and human services	56,160
Culture and recreation	<u>251,457</u>
Total depreciation expense - governmental activities	<u>\$ 3,020,851</u>
 Business-Type Activities:	
Kids Klub	<u>\$ 1,879</u>

NOTE 6 INTERFUND TRANSFERS

Interfund transfers for the fiscal year ended June 30, 2016 are summarized as follows:

	Transfers In:			
Transfers Out:	General Fund	Nonmajor Governmental Funds	Debt Service Fund	Total
General Fund	\$ -	\$ 60,000	\$ 50,087	\$ 110,087 (1)
Community Preservation Fund	813,767	-	-	813,767 (2)
Street Betterments Fund	614,785	-	-	614,785 (3)
Nonmajor Governmental Funds	<u>923,317</u>	<u>-</u>	<u>-</u>	<u>923,317 (4)</u>
	<u>\$ 2,351,869</u>	<u>\$ 60,000</u>	<u>\$ 50,087</u>	<u>\$ 2,461,956</u>

(1) Represents budgeted transfers to the unemployment special revenue fund (\$60,000) and debt service major fund (\$50,087).

(2) Represents budgeted transfer to fund debt service principal and interest.

(3) Represents budgeted transfer to fund the fiscal 2016 operating budget.

(4) Represents budgeted transfers to the general fund from the Ambulance Receipts (\$611,800), Waterways Improvement (\$142,145), Media Government Access (\$60,069), Hotel/Motel Receipts (\$30,000), Septic Repair Program (\$29,159), Shellfish Improvements (\$20,000), Cemetery Sale of Plots (\$15,000), Leisure Service Revolving (\$10,141), and Conservation Revolving (\$5,000) funds to fund the fiscal year 2016 operating budget. Also represents transfers (\$3) from various special revenue funds to close out prior year activities.

**TOWN OF MASHPEE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

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 anticipation notes (RAN) or tax anticipation notes (TAN).
- Capital project costs and other approved expenditures incurred prior to obtaining permanent financing through issuance of bond anticipation notes (BAN) or grant anticipation notes (GAN).

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

Details related to the short-term activity for the fiscal year ended June 30, 2016 are as follows:

Notes Payable - Governmental Funds

Type	Description	Origination Date	Maturity Date	Interest Rate	Balance at June 30, 2015	Increases	Decreases	Balance at June 30, 2016
BAN	Roadways - Jonas Drive	6/28/16	6/1/17	0.80%	\$ -	\$ 322,024	\$ -	\$ 322,024
BAN	Roadways - Saddleback Road	6/28/16	6/1/17	0.80%	-	78,366	-	78,366
BAN	Roadways - Sunset Strip	6/28/16	6/1/17	0.80%	-	844,488	-	844,488
BAN	Roadways - Anthony's Way	6/28/16	6/1/17	0.80%	-	45,122	-	45,122
Total					\$ -	\$ 1,290,000	\$ -	\$ 1,290,000

NOTE 8 LONG-TERM OBLIGATIONS

The following represents a summary of changes that occurred in long-term obligations during the fiscal year ended June 30, 2016:

	Balance June 30, 2015	Increases	Decreases	Balance June 30, 2016	Current Portion
Governmental Activities:					
Bonds and notes payable, gross	\$ 21,338,194	\$ 5,305,000	\$ (3,773,223)	\$ 22,869,971	\$ 3,254,380
Unamortized premium	616,897	156,096	(166,772)	606,221	114,113
Bonds and notes payable, net	<u>21,955,091</u>	<u>5,461,096</u>	<u>(3,939,995)</u>	<u>23,476,192</u>	<u>3,368,493</u>
Capital lease obligations	407,959	300,086	(355,303)	352,742	299,794
Landfill closure and post-closure	418,979	-	(12,250)	406,729	15,000
Net pension liability	26,530,331	3,012,457	-	29,542,788	-
Net OPEB obligation	28,004,275	5,895,029	(1,884,221)	32,015,083	-
Compensated absences	2,625,589	-	(79,619)	2,545,970	254,597
Total	<u>\$ 79,942,224</u>	<u>\$ 14,668,668</u>	<u>\$ (6,271,388)</u>	<u>\$ 88,339,504</u>	<u>\$ 3,937,884</u>
Business-type Activities:					
Net OPEB obligation	\$ 324,494	\$ 66,480	\$ (21,249)	\$ 369,725	\$ -
Net pension liability	<u>343,239</u>	<u>34,750</u>	<u>-</u>	<u>377,989</u>	<u>-</u>
Total	<u>\$ 667,733</u>	<u>\$ 101,230</u>	<u>\$ (21,249)</u>	<u>\$ 747,714</u>	<u>\$ -</u>

These long-term liabilities are generally liquidated by the general fund. The community preservation and street betterments major funds transfer amounts to the general fund to pay for its share of debt service expenditures, which are primarily related to land acquisition debt.

**TOWN OF MASHPEE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 9 LONG-TERM DEBT

Details related to the Town's outstanding indebtedness at June 30, 2016 are as follows:

Bonds and Notes Payable – Governmental Funds

Project	Maturity Date	Interest Rate	Outstanding at June 30, 2015	Issued	Redeemed	Outstanding at June 30, 2016
Landfill Capping (MCWT)	8/1/2018	4.90%	\$ 224,100	\$ -	\$ (54,100)	\$ 170,000
Landfill Capping (MCWT)	8/1/2019	5.30%	25,000	-	(5,000)	20,000
Septic Repair (MCWT)	8/1/2020	5.00%	62,202	-	(10,400)	51,802
Sewer Facilities (MCWT)	2/1/2021	4.90%	10,707	-	(1,784)	8,923
Septic Repair (MCWT)	7/15/2025	0.00%	93,500	-	(8,500)	85,000
Refunding Bonds (Series A)	10/15/2016	3.60%	495,000	-	(495,000)	-
Septic Replacement (MCWT)	7/15/2020	0.00%	58,117	-	(9,687)	48,430
Septic Replacement (MCWT)	7/15/2020	0.00%	60,701	-	(10,153)	50,548
Septic Replacement (MCWT)	1/15/2034	2.00%	76,732	-	(3,305)	73,427
Municipal Purpose	9/15/2025	4.50%	4,170,000	-	(410,000)	3,760,000
Septic Replacement (MCWT)	8/1/2024	0.00%	102,135	-	(10,294)	91,841
Municipal Purpose	8/15/2027	3.25-5.00%	3,085,000	-	(295,000)	2,790,000
Municipal Purpose	1/15/2029	2.50-4.00%	4,385,000	-	(355,000)	4,030,000
Municipal Purpose of 2014	1/15/2029	2.00-4.00%	4,220,000	-	(420,000)	3,800,000
Refunding Municipal Purpose of 2013	9/1/2021	2.00-3.00%	4,270,000	-	(1,685,000)	2,585,000
Refunding Municipal Purpose of 2016	8/15/2027	2.00%	-	5,305,000	-	5,305,000
Sub-total			21,338,194	5,305,000	(3,773,223)	22,869,971
Unamortized premium			616,897	156,096	(166,772)	606,221
Total governmental funds, net			\$ 21,955,091	\$ 5,461,096	\$ (3,939,995)	\$ 23,476,192

The Town receives subsidy assistance for the Massachusetts Clean Water Trust (MCWT). Principal and interest on the outstanding bonds for MCWT is subsidized over the life of the bonds to assist the Town in the repayment of this future debt. During fiscal year 2016, the Town's subsidy totaled approximately \$32,600. Future subsidies total approximately \$52,000. The amount of MCWT bonds outstanding at June 30, 2016, totaled \$599,971.

**TOWN OF MASHPEE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 9 LONG-TERM DEBT (CONTINUED)

Debt service requirements (gross) for principal and interest for governmental bonds and notes payable in future fiscal years are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 3,254,380	\$ 627,222	\$ 3,881,602
2018	2,236,040	523,146	2,759,186
2019	2,197,301	456,013	2,653,314
2020	2,174,365	391,573	2,565,938
2021	2,114,231	339,182	2,453,413
2022	2,027,556	284,739	2,312,295
2023	1,837,638	231,182	2,068,820
2024	1,797,310	183,223	1,980,533
2025	1,612,394	137,201	1,749,595
2026	1,522,598	98,968	1,621,566
2027	969,187	63,611	1,032,798
2028	714,278	36,989	751,267
2029	389,371	15,479	404,850
2030	4,466	466	4,932
2031	4,563	377	4,940
2032	4,662	286	4,948
2033	4,763	193	4,956
2034	4,868	97	4,965
Total	<u>\$ 22,869,971</u>	<u>\$ 3,389,949</u>	<u>\$ 26,259,920</u>

During fiscal year 2016, the Town issued \$5,305,000 in current refunding bonds to refund \$5,265,000 of previously issued and outstanding bonds with interest rates between 4-5%. The average interest rate of the current refunding bonds is approximately 2%. The previously issued and outstanding bonds were retired subsequent to year end on August 15, 2016.

As a result of this refunding, the Town will reduce its total gross debt service payments over the remaining life of the bonds by approximately \$687,000 and will realize an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$599,000.

The Town is subject to debt limits by statute and may issue additional general obligation debt under the normal debt limit. At June 30, 2016, the Town had the following authorized and unissued debt:

<u>Purpose</u>	<u>Amount</u>
Mashpee River dredge	\$ 275,000
Road projects	100,186
Solar power	50,000
Total	<u>\$ 425,186</u>

**TOWN OF MASHPEE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 10 CAPITAL LEASES

The Town has entered into certain capital lease agreements for vehicles under which the vehicles will become the property of the Town when all of the lease requirements are met. The agreements also contain early purchase options which would allow the Town to purchase the vehicles before the end of the lease terms.

The following schedule presents future minimum lease payments as of June 30, 2016:

<u>Asset:</u>	<u>Governmental Activities</u>
Vehicles	\$ 781,920
Less: accumulated amortization	<u>(204,563)</u>
Total	<u><u>\$ 577,357</u></u>

Vehicles and related accumulated amortization under capital leases are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Governmental Activities</u>
2017	\$ 318,943
2018	<u>56,171</u>
Total minimum lease payments	375,114
Less: amounts representing interest	<u>(22,372)</u>
Present value of minimum lease payments	<u><u>\$ 352,742</u></u>

Amortization of leased vehicles under capital assets is included with depreciation expense.

NOTE 11 LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

State and federal laws and regulations required the Town to close its old landfill site when it stopped accepting waste and to perform certain maintenance and monitoring functions at the site after closure. The Town had operated a solid waste landfill that ceased operations in 1998 and, accordingly, was subsequently capped and funded via long-term debt. The Town has reflected \$406,729 as the estimate of the landfill postclosure care liability at June 30, 2016. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

**TOWN OF MASHPEE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS

Plan Description – The Town provides health, dental and life insurance coverage for its retirees and their survivors (hereinafter referred to as the Plan) as a single-employer defined benefit Other Postemployment Benefit (OPEB) plan. Chapter 32B of the MGL assigns authority to establish and amend benefit provisions. Changes to plan design and contribution rates must be accomplished through the collective bargaining process. The Plan does not issue a stand-alone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

The number of participants as of July 1, 2014, the latest actuarial valuation, is as follows:

Active employees	343	
Retired employees	290	290
Total		633

Funding Policy – The contribution requirements of Plan members and the Town are established and may be amended by the Town. The required health insurance (including Medicare Part B) contribution rates of Plan members and the Town are 25% and 75%, respectively. Plan members contribute 100% towards dental insurance. The Plan members and Town contribute 25% and 75%, respectively, towards a \$4,000 term life insurance premium. The Town currently contributes enough money to the Plan to satisfy current obligations on a pay-as-you-go basis. The costs of administering the Plan are paid by the Town.

Annual OPEB Cost and Net OPEB Obligation – The Town’s annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an actuarially determined amount that is calculated in accordance with the parameters set forth in GASB Statement #45. The ARC represents a level of funding that, if liabilities (or funding excess) over a period not to exceed thirty years.

The following table identifies the components of the Town’s annual OPEB cost for the year, the actual amount contributed to the plan, and changes in the Town’s net OPEB obligation:

		Amount
Annual required contribution	\$	5,718,523
Interest on net OPEB obligation		1,286,045
Adjustment to annual required contribution		(1,043,059)
Annual OPEB cost		5,961,509
Contributions made		(1,905,470)
Increase in net OPEB obligation		4,056,039
Net OPEB obligation at beginning of year		28,328,769
Net OPEB obligation at end of year	\$	32,384,808

**TOWN OF MASHPEE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 12 OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Trend information regarding annual OPEB cost, the percentage of the annual OPEB cost contributed and the net OPEB obligation is as follows:

Fiscal Year Ending	Annual OPEB Cost (AOPEBC)	Percentage of AOPEBC Contributed	Net OPEB Obligation
June 30, 2014	\$ 4,923,382	28.0%	\$ 24,382,452
June 30, 2015	5,634,297	30.0%	28,328,769
June 30, 2016	5,961,509	32.0%	32,384,808

Funded Status and Funding Progress – The funded status of the Plan at July 1, 2014, the most recent actuarial valuation, was 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)
07/01/14	\$ -	\$ 75,861,754	\$ 75,861,754	0.0%	\$ 21,866,959	346.9%

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 schedules of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the substantive Plan (the Plan as understood by the employer and 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 short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

**TOWN OF MASHPEE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 12 OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

The significant methods and assumptions as of the latest actuarial valuation are as follows:

Valuation Date:	July 1, 2014
Actuarial Cost Method:	Projected Unit Credit
Amortization Method:	Amortization payments increasing at 4.0%
Remaining Amortization Period:	30 years (open)
Interest Discount Rate:	4.50%
Medical/Prescription Drug Cost Trend Rate:	Under 65: 10.0% decreasing by 2.0% for one year and 0.5% for six years to an ultimate level of 5.0% per year. Over 65: 10.0% decreasing by 0.5% for ten years to an ultimate level of 5.0% per year.
Inflation rate:	4.0% annually

Allocation of AOPEBC – AOPEBC costs were allocated to the Town’s functions as follows:

Governmental Activities:	
General government	\$ 402,774
Public safety	1,502,320
Education	3,301,915
Public works	427,512
Health and human services	102,383
Culture and recreation	<u>158,125</u>
Total AOPEBC - governmental activities	<u><u>5,895,029</u></u>
Business-Type Activities:	
Kids Klub	<u>66,480</u>
Total	<u><u>\$ 5,961,509</u></u>

**TOWN OF MASHPEE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 13 FUND BALANCES

The constraints on fund balances as listed in aggregate in the governmental funds balance sheet are detailed as follows:

	General	Community Preservation	Street Betterments	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:						
Permanent fund principal	\$ -	\$ -	\$ -	\$ -	\$ 45,052	\$ 45,052
Restricted:						
Loans	-	-	-	-	118,870	118,870
Debt service	138,533	-	-	5,506,348	-	5,644,881
Other post employment benefits	322,713	-	-	-	-	322,713
Community preservation	-	7,221,263	-	-	-	7,221,263
Ambulance receipts reserved	-	-	-	-	1,215,278	1,215,278
Street betterments	-	-	1,207,429	-	-	1,207,429
Septic betterments	-	-	-	-	545,609	545,609
School lunch	-	-	-	-	3,371	3,371
Cable access	-	-	-	-	140,078	140,078
General government	-	-	-	-	421,515	421,515
Public safety	-	-	-	-	853,193	853,193
Education	-	-	-	-	1,804,439	1,804,439
Public works	-	-	-	-	285,774	285,774
Health and human services	-	-	-	-	45,068	45,068
Culture and recreation	-	-	-	-	425,497	425,497
Sub-total - Restricted	<u>461,246</u>	<u>7,221,263</u>	<u>1,207,429</u>	<u>5,506,348</u>	<u>5,858,692</u>	<u>20,254,978</u>
Committed:						
Subsequent year's expenditures	2,399,108	-	-	-	-	2,399,108
Continuing appropriations	<u>922,638</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>922,638</u>
Sub-total - Committed	<u>3,321,746</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,321,746</u>
Assigned:						
Encumbrances	<u>365,489</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>365,489</u>
Unassigned						
	<u>12,205,934</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,054,260)</u>	<u>11,151,674</u>
Total fund balances	<u>\$ 16,354,415</u>	<u>\$ 7,221,263</u>	<u>\$ 1,207,429</u>	<u>\$ 5,506,348</u>	<u>\$ 4,849,484</u>	<u>\$ 35,138,939</u>

NOTE 14 STABILIZATION FUNDS

The Town maintains a general stabilization fund that was established under MGL Chapter 40, Section 5B. Appropriations in and out of the stabilization fund require two-thirds vote of Town Meeting. Investment income is retained by the fund.

The balance of the stabilization fund at June 30, 2016 totals \$4,483,947 and is reported in the general fund as unassigned fund balance.

**TOWN OF MASHPEE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 15 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.

Health Insurance

The Town participates in a health insurance risk pool administered by the Cape Cod Municipal Health Group (Group). The Group offers a variety of premium based plans to its members with each participating governmental unit charged a premium for coverage based on rates established by the Group. The Town is obligated to pay the Group its required premiums and, in the event the Group is terminated, its proportionate share of a deficit, should one exist.

The amount of claim settlements has not exceeded insurance coverage in any of the previous three fiscal years.

Workers' Compensation

The Town participates in a premium-based workers' compensation policy for all employees. The amount of claim settlements has not exceeded insurance coverage in any of the previous three fiscal years.

Unemployment Insurance

The Town is self-insured for its unemployment insurance activities. The Town's liability for unemployment claims is immaterial at June 30, 2016, and therefore is not reported.

NOTE 16 PENSION PLAN

General Information about the Pension Plan

Plan description. Employees of the Town deemed eligible by the Barnstable County Retirement Board are provided with pensions through the BCRA - a cost-sharing multiple-employer defined benefit pension plan administered by the Barnstable County Retirement Board. Membership in the BCRA is mandatory immediately upon the commencement of employment for all permanent employees (except for school department employees who serve in a teaching capacity) working a minimum of 25 hours per week. The BCRA issues a publicly available financial report that can be obtained by contacting the BCRA located at 750 Attucks Lane, Hyannis, Massachusetts, 02601.

Benefits provided. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. The plan 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 those hired prior to April 2, 2012. 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.

**TOWN OF MASHPEE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 16 PENSION PLAN (CONTINUED)

There are three classes of membership in the plan; Group 1, Group 2 and Group 4. Group 1 consists of general employees which includes clerical and administrative positions. Group 2 consists of positions that have been specified as hazardous. Lastly, Group 4 consists of police officers, firefighters, and other hazardous positions.

Any individual in Group 1 or Group 2 whose membership began before January 1, 1978, and who maintains an annuity savings fund account, is eligible to receive a superannuation retirement allowance at age 55 or later, regardless of how many years of credible service he or she has completed.

There are no minimum vesting requirements for individuals in Group 4.

Members in Groups 1 and 2, hired after January 1, 1978 and prior to April 2, 2012, are eligible to receive a superannuation retirement allowance upon the completion of 20 years of service or upon the completion of 10 years of service and upon reaching the age of 55.

Members in Groups 1 and 2, hired on or after April 2, 2012, are eligible to receive a superannuation retirement allowance upon the completion of 10 years of service and upon reaching the age of 60 (Group 1) or age 55 (Group 2).

A retirement allowance consists of two parts: an annuity and a pension. A member's accumulated total deductions and the interest they generate constitute the annuity. The differential between the total retirement benefit and the annuity is the pension.

Members who become permanently and totally disabled for further duty may be eligible to receive a disability retirement allowance. The amount of benefits to be received in such cases is dependent on several factors, including whether or not the disability is work related, the member's age, years of creditable service, level of compensation, veterans' status and group classification.

Survivor benefits are extended to eligible beneficiaries of members whose death occurs prior to or following retirement.

Contributions. Chapter 32 of the MGL assigns authority to establish and amend contribution requirements of the plan. Employers are required to pay an actuarially determined annual appropriation. The total 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 plan's funding schedule, and additional appropriations in accordance with adopted early retirement incentive programs. The pension fund appropriations are allocated amongst employers based on covered payroll. Active member employees contribute between 5 and 9% of their gross regular compensation. The percentage rate is keyed to the date upon which an employee's membership commences. Members hired on or after January 1, 1979, contribute an additional 2% of annual regular compensation in excess of \$30,000. Contributions to the pension plan from the Town were \$2,566,216 for the year ended June 30, 2016.

**TOWN OF MASHPEE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 16 PENSION PLAN (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2016, the Town reported a liability of \$29,920,777 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2014 for which update procedures were used to roll forward the total pension liability to the measurement date. The Town proportion of the net pension liability is a blended rate of the proportionate share of active employer's covered payroll, direct charges for early retirement incentives and the direct amortization of the actuarial determined net pension liability for employer members that no longer have active covered payroll. At December 31, 2015, the Town proportion was 4.752 percent, which was .008 percent lower than the proportion measured as of December 31, 2014.

For the year ended June 30, 2016, the Town recognized pension expense of \$3,308,124. At June 30, 2016, the Town reported deferred outflows of resources related to pensions of \$2,389,309 from the net difference between projected and actual investment earnings on plan investments as well as changes in proportion. The Town also reported deferred inflows of resources related to pensions of \$37,987 related to changes in proportion.

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

<u>Year Ended June 30</u>	<u>Total</u>
2017	\$ 591,855
2018	591,855
2019	591,855
2020	580,369
2021	<u>(4,612)</u>
Totals	<u>\$ 2,351,322</u>

Actuarial assumptions. The total pension liability was determined using the following actuarial assumptions:

Inflation rate:	4.00%
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.

**TOWN OF MASHPEE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 16 PENSION PLAN (CONTINUED)

Mortality Rates: Pre-Retirement - The RP-2000 Employee Mortality Table projected generationally with a Scale AA from 2010

 Healthy Retiree - The RP-2000 Healthy Annuitant Mortality Table projected generationally with a Scale AA from 2010.

 Disabled Retiree - The RP-2000 Healthy Annuitant Mortality Table set forward three years for males only projected generationally with Scale AA from 2010

Investment rate of return 7.75%, net of pension plan investment expense, including inflation

The actuarial assumptions used in the January 1, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2013 to January 1, 2014.

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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	20.00%	6.60%
International Equity - Developed Markets	16.00%	7.10%
International Equity - Emerging Markets	7.00%	9.40%
Core Fixed Income	13.00%	2.20%
High-Yield Fixed Income	10.00%	4.70%
Real Estate	10.00%	4.40%
Commodities	4.00%	4.40%
Hedge Fund, GTAA, Risk Parity	10.00%	3.90%
Private Equity	10.00%	11.70%
Totals	<u>100.00%</u>	

Discount rate. The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from employers will be made at rates equal to the actuarially determined contribution rates. 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.

**TOWN OF MASHPEE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 16 PENSION PLAN (CONTINUED)

Sensitivity of the Town's proportionate share of the net pension liability to changes in the discount rate. The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the Town proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Town of Mashpee's Proportionate Share of the Net Pension Liability	\$ 37,943,995	\$ 29,920,777	\$ 23,111,563

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued BCRA financial report

NOTE 17 MASSACHUSETTS TEACHERS RETIREMENT SYSTEM

General Information about the Pension Plan

Plan description. Public school teachers and certain administrators are provided with pensions through the Massachusetts Teachers' Retirement System (MTRS), a cost-sharing multiple-employer defined benefit pension plan administered by the Massachusetts Teachers' Retirement Board. The MTRS is part of the Commonwealth of Massachusetts' (Commonwealth) reporting entity and does not issue a stand-alone audited financial report. The MTRS is reported as a Pension Trust Fund in the Commonwealth's audited financial statements that can be obtained at <http://www.mass.gov/osc/publications-and-reports/financial-reports/cafr-reports.html>.

Benefits provided. MTRS provides retirement, disability, survivor and death benefits to members and their beneficiaries. Massachusetts General Laws (MGL) establishes uniform benefit requirements. These requirements provide for superannuation retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. For employees hired after April 1, 2012, retirement allowances are calculated on the basis of the last five years or any five consecutive years, whichever is greater in terms of compensation. Benefit payments are based upon a member's age, length of creditable service, and group creditable service, and group classification. The authority for amending these provisions rests with the Massachusetts Legislature.

Members become vested after ten years of creditable service. A superannuation retirement allowance may be received upon the completion of twenty years of creditable service or upon reaching the age of 55 with ten years of service. Normal retirement for most employees occurs at age 65. Most employees who joined the system after April 1, 2012 cannot retire prior to age 60.

**TOWN OF MASHPEE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 17 MASSACHUSETTS TEACHERS RETIREMENT SYSTEM (CONTINUED)

Contributions. The MTRS' funding policies have been established by Chapter 32 of the MGL. The Legislature has the authority to amend these policies. The annuity portion of the MTRS retirement allowance is funded by employees, who contribute a percentage of their regular compensation. Member contributions for MTRS vary depending on the most recent date of membership, ranging from 5-11% of regular compensation. Members hired in 1979 or subsequent contribute an additional 2% of regular compensation in excess of \$30,000.

The Commonwealth is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers. Therefore, the Town is considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributing entity in MTRS.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Since the Town does not contribute directly to MTRS, the Town does not report a proportionate share of the net pension liability of the MTRS at June 30, 2016. The Commonwealth's net pension liability associated with the Town was \$41,610,752.

The MTRS' net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2015 rolled forward to June 30, 2015.

For the year ended June 30, 2016, the Town recognized pension expense of \$3,375,002 associated with MTRS and revenue of the same amount for support provided by the Commonwealth.

Actuarial assumptions. The MTRS' total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of January 1, 2015 rolled forward to June 30, 2015. This valuation used the following assumptions:

Investment rate of return	7.5%
Salary increases	Salary increases are based on analyses of past experience but range from 4.0% to 7.5% depending on length of service
Mortality Rates:	Pre-retirement - reflects RP-2014 Employees table projected generationally with Scale BB and a base year of 2014 (gender distinct)) Post-retirement - reflects RP-2014 Employee table projected generationally with Scale BB and a base year of 2014 (gender distinct)
	Disability – assumed to be in accordance with the RP-2014 Healthy Annuitant table projected generationally with Scale BB and a base year of 2014 set forward 4 years.
Other	3.5% interest rate credited to the annuity savings fund 3.0% cost of living increase per year

**TOWN OF MASHPEE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 17 MASSACHUSETTS TEACHERS RETIREMENT SYSTEM (CONTINUED)

Investment assets of the MTRS are with the Pension Reserves Investment Trust (PRIT) Fund. 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 rates of return 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 rates of return by the target asset allocation percentage. Best estimates of geometric rates of return for each major asset class included in the PRIT Fund's target asset allocation as of June 30, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	40%	6.9%
Core Fixed Income	13%	2.4%
Private Equity	10%	8.5%
Real Estate	10%	6.5%
Value Added Fixed Income	10%	5.8%
Hedge Funds	9%	5.8%
Portfolio Completion Strategies	4%	5.5%
Timber/Natural Resources	4%	6.6%
Totals	<u>100%</u>	

Discount rate. The discount rate used to measure the MTRS' total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the Commonwealth's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rates. Based on those assumptions, the 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.

Pension plan fiduciary net position. Detailed information about the MTRS' fiduciary net position is available in the Commonwealth's audited financial statements

NOTE 18 COMMITMENTS

Significant commitments include encumbrances and continuing appropriations outstanding for the general fund and community preservation fund, which totaled \$1,288,127 and \$1,808,095, respectively, at June 30, 2016.

**TOWN OF MASHPEE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 19 CONTINGENCIES

Various legal actions and claims are pending against the Town. 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, 2016, cannot be ascertained, management believes any resulting liability should not materially affect the financial position of the Town at June 30, 2016.

The Town participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of the Uniform Guidance through June 30, 2016, 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 the Town expects such amounts, if any, to be immaterial.

**TOWN OF MASHPEE, MASSACHUSETTS
REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND - SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND
BALANCE (NON-GAAP BUDGETARY BASIS) - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2016**

	Prior Year Encumbrances and Continuing Appropriations	Original Budget	Supplemental Appropriations and Transfers	Final Budget
REVENUES				
Real Estate and Personal Property Taxes	\$ -	42,880,428	\$ -	\$ 42,880,428
Motor Vehicle and Other Excise Taxes	-	1,314,900	-	1,314,900
Tax and Trash Liens	-	-	-	-
Payments in Lieu of Taxes	-	9,250	-	9,250
Charges for Services	-	90,000	-	90,000
Trash Disposal	-	452,000	-	452,000
Intergovernmental	-	6,288,342	-	6,288,342
Penalties and Interest on Taxes	-	200,000	-	200,000
Licenses and Permits	-	330,000	-	330,000
Fines and Forfeitures	-	39,000	-	39,000
Departmental and Other	-	414,850	-	414,850
Investment Income	-	50,000	-	50,000
Total Revenues	-	<u>52,068,770</u>	-	<u>52,068,770</u>
EXPENDITURES				
Current:				
General Government	460,006	3,167,222	896,381	4,523,609
Public Safety	280,923	8,627,047	471,392	9,379,362
Education	-	21,663,462	-	21,663,462
Public Works	111,158	5,287,252	361,200	5,759,610
Health and Human Services	1,836	781,351	-	783,187
Culture and Recreation	-	840,013	-	840,013
Pension Benefits	-	2,594,041	-	2,594,041
Employee Benefits	-	6,867,085	-	6,867,085
Property and Liability Insurance	9,000	760,025	2,492	771,517
State and County Charges	-	1,650,464	-	1,650,464
Debt Service:				
Principal	-	3,758,494	-	3,758,494
Interest	-	717,317	-	717,317
Total Expenditures	<u>862,923</u>	<u>56,713,773</u>	<u>1,731,465</u>	<u>59,308,161</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(862,923)</u>	<u>(4,645,003)</u>	<u>(1,731,465)</u>	<u>(7,239,391)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	2,209,721	142,148	2,351,869
Transfers Out	-	(60,000)	(50,087)	(110,087)
Total Other Financing Sources (Uses)	-	<u>2,149,721</u>	<u>92,061</u>	<u>2,241,782</u>
NET CHANGE IN FUND BALANCE	(862,923)	(2,495,282)	(1,639,404)	(4,997,609)
Fund Balance at Beginning of Year	<u>10,678,566</u>	<u>10,678,566</u>	<u>10,678,566</u>	<u>10,678,566</u>
FUND BALANCE AT END OF YEAR	<u>\$ 9,815,643</u>	<u>\$ 8,183,284</u>	<u>\$ 9,039,162</u>	<u>\$ 5,680,957</u>

See accompanying notes to required supplementary information.

Actual	Current Year Encumbrances and Continuing Appropriations	Actual and Encumbrances and Continuing Appropriations	Variance Positive (Negative)
\$ 43,042,500	\$ -	\$ 43,042,500	\$ 162,072
2,288,599	-	2,288,599	973,699
148,177	-	148,177	148,177
13,560	-	13,560	4,310
266,142	-	266,142	176,142
694,303	-	694,303	242,303
6,545,147	-	6,545,147	256,805
294,290	-	294,290	94,290
552,730	-	552,730	222,730
20,883	-	20,883	(18,117)
333,773	-	333,773	(81,077)
92,211	-	92,211	42,211
<u>54,292,315</u>	<u>-</u>	<u>54,292,315</u>	<u>2,223,545</u>
3,476,320	728,915	4,205,235	318,374
8,695,639	414,503	9,110,142	269,220
21,122,024	-	21,122,024	541,438
5,435,236	137,633	5,572,869	186,741
749,268	-	749,268	33,919
790,878	1,076	791,954	48,059
2,592,554	-	2,592,554	1,487
6,309,486	6,000	6,315,486	551,599
653,740	-	653,740	117,777
1,704,756	-	1,704,756	(54,292)
3,758,494	-	3,758,494	-
710,685	-	710,685	6,632
<u>55,999,080</u>	<u>1,288,127</u>	<u>57,287,207</u>	<u>2,020,954</u>
<u>(1,706,765)</u>	<u>(1,288,127)</u>	<u>(2,994,892)</u>	<u>4,244,499</u>
2,351,869	-	2,351,869	-
(110,087)	-	(110,087)	-
<u>2,241,782</u>	<u>-</u>	<u>2,241,782</u>	<u>-</u>
535,017	(1,288,127)	(753,110)	4,244,499
<u>10,678,566</u>	<u>-</u>	<u>10,678,566</u>	<u>-</u>
<u>\$ 11,213,583</u>	<u>\$ (1,288,127)</u>	<u>\$ 9,925,456</u>	<u>\$ 4,244,499</u>

**TOWN OF MASHPEE, MASSACHUSETTS
REQUIRED SUPPLEMENTARY INFORMATION
COMMUNITY PRESERVATION FUND - SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCE (NON-GAAP BUDGETARY BASIS) - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2016**

	Prior Year Encumbrances and Continuing Appropriations	Original Budget	Supplemental Appropriations and Transfers	Final Budget
REVENUES				
Community Preservation Surcharges	\$ -	\$ 1,209,888	\$ -	\$ 1,209,888
Intergovernmental	-	222,224	-	222,224
Investment Income	-	-	-	-
Total Revenues	<u>-</u>	<u>1,432,112</u>	<u>-</u>	<u>1,432,112</u>
EXPENDITURES				
Current:				
Administrative	31,539	8,461	-	40,000
Acquisitions and Projects	934,189	1,292,556	-	2,226,745
Total Expenditures	<u>965,728</u>	<u>1,301,017</u>	<u>-</u>	<u>2,266,745</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(965,728)</u>	<u>131,095</u>	<u>-</u>	<u>(834,633)</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	(813,767)	-	(813,767)
NET CHANGE IN FUND BALANCE	(965,728)	(682,672)	-	(1,648,400)
Fund Balance at Beginning of Year	<u>6,310,539</u>	<u>6,310,539</u>	<u>-</u>	<u>6,310,539</u>
FUND BALANCE AT END OF YEAR	<u>\$ 5,344,811</u>	<u>\$ 5,627,867</u>	<u>\$ -</u>	<u>\$ 4,662,139</u>

See accompanying notes to required supplementary information.

<u>Actual</u>	<u>Current Year Encumbrances and Continuing Appropriations</u>	<u>Actual and Encumbrances and Continuing Appropriations</u>	<u>Variance Positive/ (Negative)</u>
\$ 1,285,667	\$ -	\$ 1,285,667	\$ 75,779
405,976	-	405,976	183,752
408,953	-	408,953	408,953
<u>2,100,596</u>	<u>-</u>	<u>2,100,596</u>	<u>668,484</u>
8,506	31,494	40,000	-
367,599	1,776,601	2,144,200	82,545
<u>376,105</u>	<u>1,808,095</u>	<u>2,184,200</u>	<u>82,545</u>
<u>1,724,491</u>	<u>(1,808,095)</u>	<u>(83,604)</u>	<u>751,029</u>
<u>(813,767)</u>	<u>-</u>	<u>(813,767)</u>	<u>-</u>
910,724	(1,808,095)	(897,371)	751,029
<u>6,310,539</u>	<u>-</u>	<u>6,310,539</u>	<u>-</u>
<u>\$ 7,221,263</u>	<u>\$ (1,808,095)</u>	<u>\$ 5,413,168</u>	<u>\$ 751,029</u>

**TOWN OF MASHPEE, MASSACHUSETTS
PENSION PLAN SCHEDULES
JUNE 30, 2016**

**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY –
BARNSTABLE COUNTY RETIREMENT ASSOCIATION (1)(2)**

The following schedules provide information related to the System as a whole, for which the Town is one participating employer:

	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability	4.752%	4.760%
Town's proportionate share of the net pension liability	\$ 29,920,777	\$ 26,873,570
Town's covered-employee payroll	\$ 12,992,584	\$ 12,485,531
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	230.29%	215.24%
Plan fiduciary net position as a percentage of the total pension liability	58.10%	60.43%

(1) Amounts presented were determined as of December 31 of the applicable fiscal year.

(2) Data is being accumulated annually to present 10 years of the reported information.

SCHEDULE OF CONTRIBUTIONS – BARNSTABLE COUNTY RETIREMENT ASSOCIATION (1)(2)

	<u>2016</u>	<u>2015</u>
Actuarially Required Contribution	\$ 2,566,216	\$ 2,479,065
Contributions in Relation to the Actuarially Required Contribution	(2,566,216)	(2,479,065)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Town's Covered-Employee Payroll	\$ 12,992,584	\$ 12,485,531
Contributions as a Percentage of Covered Employee Payroll	19.75%	19.86%

(1) Amounts presented were determined as of December 31 of the applicable fiscal year.

(2) Data is being accumulated annually to present 10 years of the reported information.

**TOWN OF MASHPEE, MASSACHUSETTS
PENSION PLAN SCHEDULES
JUNE 30, 2016**

**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM (1)(2)**

The following schedules provide information related to the System as a whole, for which the Town is one participating employer:

	<u>2016</u>	<u>2015</u>
Town of Mashpee's proportion of the net pension liability	0.00%	0.00%
Town of Mashpee's proportionate share of the net pension liability	\$ -	\$ -
Commonwealth's proportionate share of the net pension liability associated with the Town of Mashpee	<u>41,610,752</u>	<u>33,206,774</u>
Total	<u>\$ 41,610,752</u>	<u>\$ 33,206,774</u>
Town of Mashpee's covered-employee payroll	\$ 12,873,141	\$ 12,808,446
Town of Mashpee's proportionate share of the net pension liability as a percentage of its covered-employee payroll	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	55.38%	61.64%

(1) Amounts presented were determined as of June 30 of the previous fiscal year.

(2) Data is being accumulated annually to present 10 years of the reported information.

**SCHEDULE OF THE TOWN'S CONTRIBUTIONS
MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM (1)(2)**

	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 12,873,141	\$ 12,808,446
Contributions as a percentage of covered-employee payroll	N/A	N/A

(1) Amounts presented were determined as of June 30 of the previous fiscal year.

(2) Data is being accumulated annually to present 10 years of the reported information.

**TOWN OF MASHPEE, MASSACHUSETTS
OTHER POSTEMPLOYMENT BENEFITS SCHEDULES
JUNE 30, 2016**

The following schedules provide information related to the Town's other postemployment benefits plan:

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)
07/01/10	\$ -	\$ 62,486,927	\$ 62,486,927	0.0%	\$ 26,798,532	233.2%
07/01/12	-	62,263,573	62,263,573	0.0%	27,792,519	224.0%
07/01/14	-	75,861,754	75,861,754	0.0%	21,866,959	346.9%

The significant changes in the methods and assumptions used in the 07/01/14 actuarial valuation that impacted trends in the schedule of funding progress are as follows:

- The healthcare/medical cost trend rate were raised to 10.0% increasing by 2.0% for 1 year and 0.5% for 6 years to an ultimate level of 5% (previously 8.0% decreasing by 0.5% for 6 years.)
- GIC Medical/Prescription drug cost trend rate was added at 6.5% for 1 year, 6.0% for 8 years, 5.5% for 1 year and finally an ultimate level of 5.0% per year.
- Dental rate was reduced to 2.0% for 1 year then 5.0% thereafter (previously 5.0%)

The significant changes in the methods and assumptions used in the 07/01/12 actuarial valuation that impacted trends in the schedule of funding progress are as follows:

- The amortization method reflects payments increasing at 4.0% (previously 4.5%)
- The interest discount rate was lowered from 5.0% to 4.5%.
- The healthcare/medical cost trend rates were lowered to 8.0% decreasing by 0.5% for 6 years to an ultimate level of 5% (previously 10.0% decreasing by 0.75% for 6 years and by 0.5% for 1 year to an ultimate level of 5.0%)

**TOWN OF MASHPEE, MASSACHUSETTS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2016**

NOTE A BUDGETARY – GAAP RECONCILIATION

For budgetary financial reporting purposes, the Uniform Massachusetts Accounting System basis of accounting (established by the Commonwealth) is followed, which differs from the GAAP basis of accounting. A reconciliation of budgetary-basis to GAAP-basis results for the general fund and community preservation fund for the fiscal year ended June 30, 2016, is presented below:

General Fund

	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Financing Sources (Uses)</u>	<u>Fund Balance</u>
Budgetary basis as reported on the schedule of revenues, expenditures and changes in fund balance - budget and actual	\$ 54,292,315	\$ 57,287,207	\$ 2,241,782	\$ 9,925,456
<u>Reclassifications</u>				
Activity of stabilization fund recorded in the general fund for GAAP purposes	258,923	-	-	4,483,947
Activity of OPEB fund recorded in the general fund for GAAP purposes	12,188	-	-	322,713
<u>Adjustments</u>				
To record gross up of capital lease proceeds	-	300,086	300,086	-
Net change in recording 60-day receipts	7,556	-	-	334,172
Net change in recording other expenditures	-	(22,998)	-	-
To record activity for MCWT subsidies	32,622	32,622	-	-
To record MTRS on-behalf payments	3,375,002	3,375,002	-	-
To record encumbrances and continuing appropriations	-	(1,288,127)	-	1,288,127
GAAP basis as reported on the statement of revenues, expenditures and changes in fund balances	<u>\$ 57,978,606</u>	<u>\$ 59,683,792</u>	<u>\$ 2,541,868</u>	<u>\$ 16,354,415</u>

Community Preservation Fund

	<u>Expenditures</u>	<u>Fund Balance</u>
Budgetary basis as reported on the schedule of revenues, expenditures and changes in fund balance - budget and actual	\$ 2,184,200	\$ 5,413,168
<u>Adjustments</u>		
To record encumbrances and continuing appropriations	<u>(1,808,095)</u>	<u>1,808,095</u>
GAAP basis as reported on the statement of revenues, expenditures and changes in fund balances	<u>\$ 376,105</u>	<u>\$ 7,221,263</u>