

TOWN OF MASHPEE, MASSACHUSETTS

**BASIC FINANCIAL STATEMENTS AND
REQUIRED SUPPLEMENTARY INFORMATION**

JUNE 30, 2017

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INDEPENDENT AUDITORS' REPORT

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, 2017, 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, 2017 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 61 through 68) 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 March 16, 2018 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 solely 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 the effectiveness of the Town of Mashpee, Massachusetts' 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
March 16, 2018

**TOWN OF MASHPEE, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

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, 2017.

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 \$66,284,716 (net position).
- The Town's total net position decreased \$1,494,479.
- At the end of the fiscal year, unassigned fund balance for the general fund totaled \$13,357,514, or 20.9% of total general fund revenues and transfers in.
- The Town's total long-term debt decreased \$8,509,465 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 nonfiduciary 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, 2017**

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, 2017**

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 26-60 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 61-68 of this report.

**TOWN OF MASHPEE, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

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 \$66,284,716 at the close of the fiscal year and are summarized as follows:

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	2017	2016	2017	2016	2017	2016
Assets						
Current Assets	\$ 39,789,043	\$ 43,480,543	\$ 234,748	\$ 214,861	\$ 40,023,791	\$ 43,695,404
Noncurrent Assets (Excluding Capital Assets)	3,692,860	3,447,518	-	-	3,692,860	3,447,518
Capital Assets (Net)	112,355,831	112,927,297	110,948	102,212	112,466,779	113,029,509
Total Assets	<u>155,837,734</u>	<u>159,855,358</u>	<u>345,696</u>	<u>317,073</u>	<u>156,183,430</u>	<u>160,172,431</u>
Deferred Outflows of Resources	<u>4,685,634</u>	<u>2,359,125</u>	<u>52,835</u>	<u>30,184</u>	<u>4,738,469</u>	<u>2,389,309</u>
Liabilities						
Current Liabilities (Excluding Debt)	4,526,345	4,928,759	4,539	7,972	4,530,884	4,936,731
Noncurrent Liabilities (Excluding Debt)	72,130,705	64,293,921	830,051	747,714	72,960,756	65,041,635
Current Debt	3,735,241	4,658,493	-	-	3,735,241	4,658,493
Noncurrent Debt	12,942,373	20,107,699	-	-	12,942,373	20,107,699
Total Liabilities	<u>93,334,664</u>	<u>93,988,872</u>	<u>834,590</u>	<u>755,686</u>	<u>94,169,254</u>	<u>94,744,558</u>
Deferred Inflows of Resources	<u>462,876</u>	<u>37,507</u>	<u>5,053</u>	<u>480</u>	<u>467,929</u>	<u>37,987</u>
Net Position						
Net Investment in Capital Assets	96,915,250	89,474,757	110,948	102,212	97,026,198	89,576,969
Restricted	18,342,790	22,380,408	-	-	18,342,790	22,380,408
Unrestricted	<u>(48,532,212)</u>	<u>(43,667,061)</u>	<u>(552,060)</u>	<u>(511,121)</u>	<u>(49,084,272)</u>	<u>(44,178,182)</u>
Total Net Position	<u>\$ 66,725,828</u>	<u>\$ 68,188,104</u>	<u>\$ (441,112)</u>	<u>\$ (408,909)</u>	<u>\$ 66,284,716</u>	<u>\$ 67,779,195</u>

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 postemployment benefit liabilities.

**TOWN OF MASHPEE, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

Changes in Net Position

Changes in net position are summarized as follows:

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues						
<i>Program Revenues:</i>						
Charges for Services	\$ 5,472,672	\$ 4,963,757	\$ 407,603	\$ 422,956	\$ 5,880,275	\$ 5,386,713
Operating Grants and Contributions	12,587,784	11,502,661	205	185	12,587,989	11,502,846
Capital Grants and Contributions	1,444,654	680,678	-	-	1,444,654	680,678
<i>General Revenues:</i>						
Real Estate and Property Taxes	44,954,852	43,148,768	-	-	44,954,852	43,148,768
Motor Vehicle and Other Excise Taxes	2,452,862	2,325,375	-	-	2,452,862	2,325,375
Penalties and Interest on Taxes	330,482	298,644	-	-	330,482	298,644
Payments in Lieu of Taxes	123,194	13,560	-	-	123,194	13,560
Community Preservation Surcharges	1,339,267	1,284,291	-	-	1,339,267	1,284,291
Grants and Contributions not Restricted to Specific Programs	858,405	741,519	-	-	858,405	741,519
Unrestricted Investment Income	120,480	92,211	-	-	120,480	92,211
Total Revenues	69,684,652	65,051,464	407,808	423,141	70,092,460	65,474,605
Expenses						
General Government	7,918,496	6,591,109	-	-	7,918,496	6,591,109
Public Safety	16,347,232	13,442,855	-	-	16,347,232	13,442,855
Education	35,267,840	35,789,191	-	-	35,267,840	35,789,191
Public Works	7,394,552	7,703,810	-	-	7,394,552	7,703,810
Health and Human Services	1,585,379	1,369,528	-	-	1,585,379	1,369,528
Culture and Recreation	2,238,396	1,957,490	-	-	2,238,396	1,957,490
Debt Service - Interest	395,033	610,585	-	-	395,033	610,585
Kids Klub	-	-	440,011	438,050	440,011	438,050
Total Expenses	71,146,928	67,464,568	440,011	438,050	71,586,939	67,902,618
Change in Net Position	(1,462,276)	(2,413,104)	(32,203)	(14,909)	(1,494,479)	(2,428,013)
Net Position - Beginning of Year	68,188,104	70,601,208	(408,909)	(394,000)	67,779,195	70,207,208
Net Position - End of Year	<u>\$ 66,725,828</u>	<u>\$ 68,188,104</u>	<u>\$ (441,112)</u>	<u>\$ (408,909)</u>	<u>\$ 66,284,716</u>	<u>\$ 67,779,195</u>

Governmental activities decreased the Town's net position by \$1,462,276. In the prior year, governmental activities decreased the Town's net position by \$2,413,104. The key element of this change is an increase in grants and contributions.

Business-type activities decreased the Town's net position by \$32,203. In the prior year, business-type activities decreased the Town's net position by \$14,909. 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, 2017**

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 \$31,693,181, a decrease of \$3,445,758 in comparison with the prior year. \$11,805,621 represents unassigned fund balance. The remainder of fund balance includes the following constraints:

- Nonspendable (\$45,052)
- Restricted (\$15,573,863)
- Committed (\$3,997,133)
- Assigned (\$271,512)

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 \$13,357,514, while total fund balance was \$18,075,566. 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 20.9% of total general fund revenues and transfers in, while total fund balance represents 29.1% of that same amount.

The balance of the Town's general fund increased \$1,721,151 during the current fiscal year. The Town anticipated utilizing \$4,307,142 of reserves to fund the 2017 budget; however the Town ultimately recognized an approximate \$4,970,000 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 \$294,163 during the current fiscal year. The fund's receipts included \$1,341,894 in surcharges, \$292,773 in intergovernmental revenues, and investment income of \$161,304. Expenditures of \$920,533 were incurred during the fiscal year and a transfer of \$581,275 was made to the general fund to cover community preservation related debt service.

The fund balance of the street betterment fund (special revenue) decreased by \$152,987 during the current fiscal year. The fund's revenues consisted of \$715,704 in special assessments and \$6,112 in penalties and interest. Expenditures of \$3,254 were incurred during the fiscal year and a transfer of \$565,575 was made to the general fund to cover street betterment related debt service.

**TOWN OF MASHPEE, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

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 \$441,112. The Kids Klub enterprise fund had a decrease in net position for the year of \$32,203. 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 \$58,751,732 was increased by \$954,143 (1.6%) during the fiscal year. The following table summarizes the increase:

<u>Purpose of Increase</u>	<u>Amount</u>	<u>Funding Source</u>
Firefighters Union Contract Settlement	\$ 404,000	Unassigned Fund Balance
Snow & Ice Removal	134,000	Unassigned Fund Balance
Waterways Maint/Dredging Expense	102,800	Transfer from Waterways Improvement Fund
Waterways Engineering Study Great River/Little River	100,000	Transfer from Waterways Improvement Fund
Upgrade Fire/EMS Reporting System	83,000	Transfer from Ambulance Receipts Fund
Barnstable County Retirement Assessment	74,000	Unassigned Fund Balance
Chip Sealing Cemetery Roads	20,000	Transfer from Cemetery Receipts Reserved
Waterways Equipment/Hardware	20,000	Transfer from Waterways Improvement Fund
Defining Winslow Drive & Holly Farm Drive	6,000	Unassigned Fund Balance
Board of Health Clerk Position Salary	5,892	Transfer from Septic Betterments Reserves
Unpaid Bills	4,451	Unassigned Fund Balance
Total Increase	<u>\$ 954,143</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 \$4,969,936. Encumbrances and continuing appropriations totaled \$1,010,251 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 \$112,466,779 (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, 2017**

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

- Completed infrastructure projects (approximately \$1,200,000)
- Infrastructure, and building improvement projects in progress (approximately \$1,050,000)
- Purchase of land (approximately \$440,000)

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>	
	2017	2016	2017	2016	2017	2016
Land	\$ 58,748,357	\$ 58,309,457	\$ -	\$ -	\$ 58,748,357	\$ 58,309,457
Buildings and Improvements	35,765,088	37,364,813	110,948	102,212	35,876,036	37,467,025
Machinery, Vehicles, and Equipment	1,613,090	2,063,070	-	-	1,613,090	2,063,070
Infrastructure	13,880,928	13,195,792	-	-	13,880,928	13,195,792
Construction in Progress	2,348,368	1,994,165	-	-	2,348,368	1,994,165
Total Capital Assets	<u>\$ 112,355,831</u>	<u>\$ 112,927,297</u>	<u>\$ 110,948</u>	<u>\$ 102,212</u>	<u>\$ 112,466,779</u>	<u>\$ 113,029,509</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 \$14,360,506, which is backed by the full faith and credit of the Town, and is summarized as follows:

	<i>Governmental Activities</i>	
	2017	2016
General Obligation Bonds	\$ 13,865,000	\$ 22,270,000
MWPAT Notes	495,506	599,971
Total Bonds and Notes	<u>\$ 14,360,506</u>	<u>\$ 22,869,971</u>

The Town's gross bonded debt decreased by \$8,509,465 during the fiscal year.

The Town's bond rating from Standard & Poor's for the April 2016 bond issue (most recent bond issuance) 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, 2017**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 16,284,515	\$ 231,017	\$ 16,515,532
Restricted Cash and Cash Equivalents	8,698,315	3,731	8,702,046
Investments	4,375,758	-	4,375,758
Restricted Investments	7,489,406	-	7,489,406
Receivables, Net of Allowance for Uncollectible Amounts:			
Real Estate and Personal Property Taxes	565,412	-	565,412
Tax Liens	976,055	-	976,055
Motor Vehicle and Other Excise Taxes	445,620	-	445,620
Community Preservation Surcharges	41,941	-	41,941
Special Assessments	261,088	-	261,088
Departmental and Other	494,899	-	494,899
Intergovernmental	140,548	-	140,548
Loans	15,486	-	15,486
Total Current Assets	39,789,043	234,748	40,023,791
Noncurrent Assets:			
Receivables, Net of Allowance for Uncollectible Amounts:			-
Real Estate Tax Deferrals	45,308	-	45,308
Special Assessments	2,776,854	-	2,776,854
Intergovernmental	20,247	-	20,247
Loans	96,787	-	96,787
Tax Foreclosures	753,664	-	753,664
Capital Assets not being Depreciated	61,096,725	-	61,096,725
Capital Assets, Net of Accumulated Depreciation	51,259,106	110,948	51,370,054
Total Noncurrent Assets	116,048,691	110,948	116,159,639
Total Assets	155,837,734	345,696	156,183,430
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Loss on Refunding	219,412	-	219,412
Related to Pensions	4,466,222	52,835	4,519,057
Total Deferred Outflows of Resources	4,685,634	52,835	4,738,469
LIABILITIES			
Current Liabilities:			
Warrants Payable	1,671,975	829	1,672,804
Accrued Payroll	1,845,009	-	1,845,009
Other Liabilities	372,153	3,710	375,863
Accrued Interest	254,732	-	254,732
Capital Lease Obligations	86,478	-	86,478
Landfill Post-Closure	15,000	-	15,000
Compensated Absences	280,998	-	280,998
Short-Term Notes Payable	1,825,000	-	1,825,000
Long-Term Bonds and Notes Payable	1,910,241	-	1,910,241
Total Current Liabilities	8,261,586	4,539	8,266,125
Noncurrent Liabilities:			
Landfill Post-Closure	379,854	-	379,854
Compensated Absences	2,528,980	-	2,528,980
Net OPEB Obligation	35,496,813	407,102	35,903,915
Net Pension Liability	33,725,058	422,949	34,148,007
Long-Term Bonds and Notes Payable	12,942,373	-	12,942,373
Total Noncurrent Liabilities	85,073,078	830,051	85,903,129
Total Liabilities	93,334,664	834,590	94,169,254
DEFERRED INFLOWS OF RESOURCES			
Related to Pensions	462,876	5,053	467,929
NET POSITION			
Net Investment in Capital Assets	96,915,250	110,948	97,026,198
Restricted for:			
Community Preservation	7,557,367	-	7,557,367
Loans	112,273	-	112,273
OPEB	338,890	-	338,890
Debt Service	110,517	-	110,517
Permanent Funds:			
Expendable	427	-	427
Nonexpendable	45,052	-	45,052
Other Specific Purposes	10,178,264	-	10,178,264
Unrestricted	(48,532,212)	(552,060)	(49,084,272)
Total Net Position	\$ 66,725,828	\$ (441,112)	\$ 66,284,716

See accompanying Notes to Basic Financial Statements.

**TOWN OF MASHPEE, MASSACHUSETTS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017**

Functions/Programs	Expenses	Program Revenues			Net (Expense)/ Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental Activities:					
General Government	\$ 7,918,496	\$ 912,065	\$ 707,533	\$ 1,292,999	\$ (5,005,899)
Public Safety	16,347,232	2,056,277	57,738	-	(14,233,217)
Education	35,267,840	828,927	11,626,260	-	(22,812,653)
Public Works	7,394,552	806,985	26,112	151,655	(6,409,800)
Health and Human Services	1,585,379	209,892	112,732	-	(1,262,755)
Culture and Recreation	2,238,396	658,526	39,644	-	(1,540,226)
Debt Service-Interest	395,033	-	17,765	-	(377,268)
Total Governmental Activities	71,146,928	5,472,672	12,587,784	1,444,654	(51,641,818)
Business-Type Activities:					
Kids Klub	440,011	407,603	205	-	(32,203)
Total Primary Government	\$ 71,586,939	\$ 5,880,275	\$ 12,587,989	\$ 1,444,654	\$ (51,674,021)

See accompanying Notes to Basic Financial Statements.

**TOWN OF MASHPEE, MASSACHUSETTS
STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED JUNE 30, 2017**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
CHANGES IN NET POSITION			
Net (Expense) Revenue (From Previous Page)	\$ (51,641,818)	\$ (32,203)	\$ (51,674,021)
General Revenues:			
Real Estate and Personal Property Taxes	44,954,852	-	44,954,852
Motor Vehicle and Other Excise Taxes	2,452,862	-	2,452,862
Penalties and Interest on Taxes	330,482	-	330,482
Payments in Lieu of Taxes	123,194	-	123,194
Community Preservation Surcharges	1,339,267	-	1,339,267
Grants and Contributions not Restricted to Specific Programs	858,405	-	858,405
Unrestricted Investment Income	120,480	-	120,480
Total General Revenues and Transfers	<u>50,179,542</u>	<u>-</u>	<u>50,179,542</u>
CHANGE IN NET POSITION	(1,462,276)	(32,203)	(1,494,479)
Net Position - Beginning of Year	<u>68,188,104</u>	<u>(408,909)</u>	<u>67,779,195</u>
NET POSITION - END OF YEAR	<u>\$ 66,725,828</u>	<u>\$ (441,112)</u>	<u>\$ 66,284,716</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF MASHPEE, MASSACHUSETTS
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2017**

ASSETS	<u>General</u>	<u>Community Preservation</u>	<u>Street Betterments</u>
Cash and Cash Equivalents	\$ 16,284,515	\$ -	\$ -
Investments	4,375,758	-	-
Receivables, Net of Allowance for Uncollectible Amounts:			
Real Estate and Personal Property Taxes	565,413	-	-
Real Estate Tax Deferrals	45,308	-	-
Tax Liens	957,257	-	18,797
Motor Vehicle and Other Excise taxes	445,620	-	-
Community Preservation Surcharges	-	41,941	-
Special Assessments	-	-	3,032,110
Departmental and Other	1,000	-	-
Intergovernmental	36,959	-	-
Loans	-	-	-
Tax Foreclosures	753,664	-	-
Restricted Assets:			
Cash and Cash Equivalents	116,802	467,787	1,360,416
Investments	332,605	7,156,801	-
Total Assets	<u>\$ 23,914,901</u>	<u>\$ 7,666,529</u>	<u>\$ 4,411,323</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Warrants Payable	\$ 1,099,469	\$ 109,162	\$ -
Accrued Payroll	1,845,009	-	-
Other Liabilities	372,153	-	-
Short-Term Notes Payable	-	-	-
Total Liabilities	<u>3,316,631</u>	<u>109,162</u>	<u>-</u>
 DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue	<u>2,522,704</u>	<u>41,941</u>	<u>3,050,907</u>
 FUND BALANCES			
Nonspendable	-	-	-
Restricted	449,407	7,515,426	1,360,416
Committed	3,997,133	-	-
Assigned	271,512	-	-
Unassigned	13,357,514	-	-
Total Fund Balances	<u>18,075,566</u>	<u>7,515,426</u>	<u>1,360,416</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	 <u>\$ 23,914,901</u>	 <u>\$ 7,666,529</u>	 <u>\$ 4,411,323</u>

See accompanying Notes to Basic Financial Statements.

Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 16,284,515
-	4,375,758
-	565,413
-	45,308
-	976,054
-	445,620
-	41,941
5,832	3,037,942
493,899	494,899
123,836	160,795
112,273	112,273
-	753,664
6,753,309	8,698,314
-	7,489,406
<u>\$ 7,489,149</u>	<u>\$ 43,481,902</u>

\$ 463,344	\$ 1,671,975
-	1,845,009
-	372,153
<u>1,825,000</u>	<u>1,825,000</u>
<u>2,288,344</u>	<u>5,714,137</u>

<u>459,032</u>	<u>6,074,584</u>
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45,052	45,052
6,248,614	15,573,863
-	3,997,133
-	271,512
(1,551,893)	11,805,621
<u>4,741,773</u>	<u>31,693,181</u>

<u>\$ 7,489,149</u>	<u>\$ 43,481,902</u>
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**TOWN OF MASHPEE, MASSACHUSETTS
GOVERNMENTAL FUNDS
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2017**

	General	Community Preservation	Street Betterments
REVENUES			
Real Estate and Personal Property Taxes	\$ 44,889,114	\$ -	\$ -
Motor Vehicle and Other Excise Taxes	2,329,192	-	-
Tax and Trash Liens	90,968	-	-
Payments in Lieu of Taxes	123,194	-	-
Community Preservation Surcharges	-	1,341,894	-
Charges for Services	281,817	-	-
Trash Disposal	748,845	-	-
Intergovernmental	11,459,542	292,773	-
Special Assessments	-	-	715,704
Penalties and Interest on Taxes	324,345	-	6,112
Licenses and Permits	603,699	-	-
Fines and Forfeitures	36,258	-	-
Departmental and Other	297,568	-	-
Contributions	-	-	-
Investment Income	220,243	161,304	-
Total Revenues	<u>61,404,785</u>	<u>1,795,971</u>	<u>721,816</u>
EXPENDITURES			
Current:			
General Government	3,684,891	731,132	-
Public Safety	8,460,599	-	-
Education	21,776,315	-	-
Public Works	5,450,166	189,401	3,254
Health and Human Services	736,666	-	-
Culture and Recreation	853,510	-	-
Pension Benefits	7,512,212	-	-
Employee Benefits	6,854,641	-	-
Property and Liability Insurance	637,158	-	-
State and County Charges	1,962,043	-	-
Debt Service:			
Principal	3,251,004	-	-
Interest	489,417	-	-
Total Expenditures	<u>61,668,622</u>	<u>920,533</u>	<u>3,254</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(263,837)</u>	<u>875,438</u>	<u>718,562</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from Capital Leases	73,530	-	-
Payments to Refunding Bond Escrow Agent	-	-	-
Transfers In	2,356,458	-	-
Transfer Out	(445,000)	(581,275)	(565,575)
Total Other Financing Sources (Uses)	<u>1,984,988</u>	<u>(581,275)</u>	<u>(565,575)</u>
NET CHANGE IN FUND BALANCES	1,721,151	294,163	152,987
Fund Balances - Beginning of Year	<u>16,354,415</u>	<u>7,221,263</u>	<u>1,207,429</u>
FUND BALANCES - END OF YEAR	<u>\$ 18,075,566</u>	<u>\$ 7,515,426</u>	<u>\$ 1,360,416</u>

See accompanying Notes to Basic Financial Statements.

Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 44,889,114
-	2,329,192
-	90,968
-	123,194
-	1,341,894
2,267,171	2,548,988
-	748,845
2,334,589	14,086,904
-	715,704
26	330,483
25,433	629,132
-	36,258
1,263,465	1,561,033
199,452	199,452
592	382,139
<u>6,090,728</u>	<u>70,013,300</u>
807,420	5,223,443
505,088	8,965,687
2,803,934	24,580,249
755,607	6,398,428
76,705	813,371
485,077	1,338,587
-	7,512,212
-	6,854,641
-	637,158
-	1,962,043
-	3,251,004
-	489,417
<u>5,433,831</u>	<u>68,026,240</u>
<u>656,897</u>	<u>1,987,060</u>
-	73,530
(5,506,348)	(5,506,348)
445,000	2,801,458
<u>(1,209,608)</u>	<u>(2,801,458)</u>
<u>(6,270,956)</u>	<u>(5,432,818)</u>
(5,614,059)	(3,445,758)
<u>10,355,832</u>	<u>35,138,939</u>
<u>\$ 4,741,773</u>	<u>\$ 31,693,181</u>

**TOWN OF MASHPEE, MASSACHUSETTS
RECONCILIATION OF THE GOVERNMENT FUNDS BALANCE SHEET
TOTAL FUND BALANCES TO THE STATEMENT OF NET POSITION
JUNE 30, 2017**

Total Governmental Fund Balances	\$ 31,693,181
Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	112,355,831
Other assets are not available to pay for current period expenditures and, therefore, are reported as deferred inflows of resources in the governmental funds	6,074,584
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	(254,731)
Deferred losses on refunding of bonds payable are deferred outflows of resources on the statement of net position	219,412
In the statement of net position, deferred outflows/inflows of resources are reported for amounts related to pensions	4,003,346
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	(14,852,614)
Capital Lease Obligations	(86,478)
Landfill Post-Closure	(394,854)
Compensated Absences	(2,809,978)
Net OPEB Obligation	(35,496,813)
Net Pension Liability	(33,725,058)
Net Position of Governmental Activities	<u>\$ 66,725,828</u>

See accompanying Notes to Basic 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, 2017**

Net Change in Fund Balances - Total Governmental Funds	\$ (3,445,758)
<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	2,434,408
Depreciation	(3,005,874)
<p>In the statement of activities, deferred outflows related to pensions and refundings are amortized and recognized as expense over time. This amount represents the net change in deferred outflows related to pensions and refundings.</p>	
	2,326,509
<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>	
	(425,369)
<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>	
	(328,647)
<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>	
Bond Maturities	8,509,465
Amortization of Bond Premiums	114,113
Capital Lease Proceeds	(73,530)
Capital Lease Maturities	339,794
<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>	
	8,746
<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	11,875
Compensated Absences	(264,008)
Net OPEB Obligation	(3,481,730)
Net Pension Liability	(4,182,270)
Changes in Net Position of Governmental Activities	<u>\$ (1,462,276)</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF MASHPEE, MASSACHUSETTS
PROPRIETARY FUND
STATEMENT OF FUND NET POSITION
JUNE 30, 2017**

	Business-Type Activities - Kids Klub Enterprise Fund
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 231,017
Restricted Cash and Cash Equivalents	3,731
Total Current Assets	<u>234,748</u>
Noncurrent Assets:	
Capital Assets, Net of Accumulated Depreciation	110,948
Total Noncurrent Assets	<u>110,948</u>
Total Assets	<u>345,696</u>
DEFERRED OUTFLOWS OF RESOURCES	
Related to Pensions	<u>52,835</u>
LIABILITIES	
Current Liabilities:	
Warrants Payable	829
Other Liabilities	3,710
Total Current Liabilities	<u>4,539</u>
Noncurrent Liabilities:	
Net OPEB Obligation	407,102
Net Pension Liability	422,949
Total Noncurrent Liabilities	<u>830,051</u>
Total Liabilities	<u>834,590</u>
DEFERRED INFLOWS OF RESOURCES	
Related to Pensions	<u>5,053</u>
FUND NET POSITION	
Net Investment in Capital Assets	110,948
Unrestricted	(552,060)
Total Net Position	<u>\$ (441,112)</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, 2017**

	Business-Type Activities - Kids Klub Enterprise Fund
OPERATING REVENUES	
Charges for Services	<u>\$ 407,603</u>
OPERATING EXPENSES	
Cost of Service and Administration	437,171
Depreciation	2,840
Total Operating Expenses	<u>440,011</u>
OPERATING INCOME (LOSS)	(32,408)
NONOPERATING REVENUES (EXPENSES)	
Investment Income	<u>205</u>
CHANGE IN FUND NET POSITION	(32,203)
Fund Net Position - Beginning of Year	<u>(408,909)</u>
FUND NET POSITION - END OF YEAR	<u><u>\$ (441,112)</u></u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF MASHPEE, MASSACHUSETTS
PROPRIETARY FUND
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2017**

	Business-Type Activities - Kids Klub Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers and Users	\$ 407,603
Payments to Vendors	(65,050)
Payments to Employees	(311,295)
Net Cash Provided by Operating Activities	<u>31,258</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and Construction of Capital Assets	<u>(11,576)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment Income	<u>205</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	19,887
Cash and Cash Equivalents - Beginning of Year (Includes \$17,948 Reported as Restricted in the Kids Klub Enterprise Fund)	<u>214,861</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR (Includes \$3,731 Reported as Restricted in the Kids Klub Enterprise Fund)	<u><u>\$ 234,748</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES	
Operating Income (Loss)	\$ (32,408)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:	
Changes in Assets and Liabilities not Requiring Current Cash Flows:	
Depreciation	2,840
Net Pension Liability	44,960
Deferred Outflows of Resources Related to Pension	(22,651)
Deferred Inflows of Resources Related to Pension	4,573
Effect of Changes in Operating Assets and Liabilities:	
Warrants Payable	(3,993)
Other Liabilities	560
Net OPEB Obligation	37,377
Total Adjustments	<u>63,666</u>
Net Cash Provided by Operating Activities	<u><u>\$ 31,258</u></u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF MASHPEE, MASSACHUSETTS
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2017**

	Private Purpose Trust Funds	Agency Funds
ASSETS		
Cash and Cash Equivalents	\$ 6,718	\$ 630,009
LIABILITIES		
Warrants Payable	-	13,200
Liabilities Due Depositors	-	616,809
Total Liabilities	-	\$ 630,009
NET POSITION		
Held in Trust for Scholarships	\$ 6,718	

See accompanying Notes to Basic Financial Statements.

**TOWN OF MASHPEE, MASSACHUSETTS
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2017**

	Private Purpose Trust Funds
ADDITIONS	
Net Investment Income:	
Interest	\$ 39
DEDUCTIONS	
Other	25
CHANGE IN NET POSITION	14
Net Position - Beginning of Year	6,704
NET POSITION - END OF YEAR	<u>\$ 6,718</u>

See accompanying Notes to Basic Financial Statements.

TOWN OF MASHPEE, MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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:

Name	Purpose	Address	Fiscal Year 2017 Assessment
Cape Cod Regional Technical High School	To provide vocational educational services	351 Pleasant Lake Avenue Harwich, MA 02645	\$ 1,137,175

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 FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Implementation of New Accounting Principles

For the year ending June 30, 2017, the Town implemented the following pronouncements issued by the GASB:

- GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pensions*
- GASB Statement No. 77, *Tax Abatement Disclosures*
- GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*
- GASB Statement No. 80, *Blending Requirements for Certain Component units – an amendment of GASB Statement No. 14*
- GASB Statement No. 82, *an amendment of GASB Statements No. 67, No. 68, and No. 73*

Implementation of these GASB Statements 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 FINANCIAL STATEMENTS
JUNE 30, 2017

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.

TOWN OF MASHPEE, MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Government-Wide Financial Statements (Continued)

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

The following major governmental funds are reported:

The *general fund* is 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 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.

TOWN OF MASHPEE, MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Government-Wide Financial Statements (Continued)

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.

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.

TOWN OF MASHPEE, MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

**TOWN OF MASHPEE, MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Accounts Receivable (Continued)

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

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.

TOWN OF MASHPEE, MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

TOWN OF MASHPEE, MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2017, 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 FINANCIAL STATEMENTS
JUNE 30, 2017**

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 postemployment 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.

TOWN OF MASHPEE, MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Net Position and Fund Balances (Continue)

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.

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.

TOWN OF MASHPEE, MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Long-Term Debt (Continued)

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.

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.

TOWN OF MASHPEE, MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

**TOWN OF MASHPEE, MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

A. Budgetary Information (Continued)

An annual budget is adopted for the general fund and community preservation fund in conformity with the guidelines described above. The original fiscal year 2017 approved budget for the general fund authorized \$58,751,732 in appropriations. During fiscal year 2017, supplemental appropriations totaling \$954,143 were authorized. The original and final 2017 approved budgets for the community preservation fund authorized \$3,061,151 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, 2017, the following temporary fund deficits exist:

Fund	Amount	Funding Source
Sunset Strip Road Project	\$ 691,037	Issuance of Long-Term Debt
Spring Hill Roadways Project	379,921	Issuance of Long-Term Debt
Jonas Drive/Valeria Circle Road Projects	249,745	Issuance of Long-Term Debt
Leeward Lane Road Projects	88,140	Issuance of Long-Term Debt
Saddleback Road Project	73,929	Issuance of Long-Term Debt
Fire Pumper Truck 2017	47,502	Issuance of Long-Term Debt
Anthony's Way Road Project	21,619	Issuance of Long-Term Debt

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.

TOWN OF MASHPEE, MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

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.

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, 2017, \$7,091,460 of the Town's bank balance of \$18,719,547 was uninsured and uncollateralized and, therefore, exposed to custodial credit risk.

Investments Summary

The Town's investments at June 30, 2017 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	\$ 4,469,519	\$ 379,729	\$ 2,084,993	\$ 2,004,797
U.S. Agencies	3,381,332	-	2,970,944	410,388
Corporate Bonds	646,064	-	230,952	415,112
Money Market Mutual Funds	511,721	511,721	-	-
Mutual Bond Funds	146,373	146,373	-	-
External Investment Pool (MMDT)	7,418,241	7,418,241	-	-
Total Debt Securities	<u>\$ 16,573,250</u>	<u>\$ 8,456,064</u>	<u>\$ 5,286,889</u>	<u>\$ 2,830,297</u>
<u>Other Investments:</u>				
Equity Securities	3,035,643			
Equity Mutual Funds	<u>186,233</u>			
Total Other Investments	<u>3,221,876</u>			
Total Investments	<u>\$ 19,795,126</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.

TOWN OF MASHPEE, MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

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, 2017, the Town was not exposed to custodial credit risk.

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, 2017, the credit quality ratings of the Town's debt securities are as follows:

Investment Type	Fair Value	Quality Ratings *				
		AA+	AA	A	BAA	Unrated
U.S. Agencies	\$ 3,381,332	\$ 3,381,332	\$ -	\$ -	\$ -	\$ -
Money Market Mutual Funds	511,721	-	-	-	-	511,721
Corporate Bonds	646,064	-	49,764	296,454	299,846	-
Mutual Bond Funds	146,373	-	-	-	-	146,373
External Investment Pools	7,418,241	-	-	-	-	7,418,241
Total	<u>\$ 12,103,731</u>	<u>\$ 3,381,332</u>	<u>\$ 49,764</u>	<u>\$ 296,454</u>	<u>\$ 299,846</u>	<u>\$ 8,076,335</u>

* Per the ratings scale of Standard & Poor's (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, 2017, following investments were greater than 5% of the Town's total investments

Issuer	Fair Value	Percentage of Total Investments
Federal Home Loan Mortgage Corp	\$ 2,719,449	22.0%
Federal National Mortgage Association	1,323,766	10.7%

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.

TOWN OF MASHPEE, MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

The Town has the following recurring fair value measurements as of June 30, 2017:

Investment Type	Fair Value	Fair Value Measurements Using		
		Quoted Prices in	Significant	
		Active Markets	Other	Significant
		for Identical	Observable	Unobservable
		Assets	Inputs	Inputs
		(Level 1)	(Level 2)	(Level 3)
<u>Investments by Fair Value Level</u>				
Equity Securities	\$ 3,035,643	\$ 3,035,643	\$ -	\$ -
Equity Mutual Funds	186,233	186,233	-	-
Money Market Mutual Funds	511,721	511,721	-	-
U.S. Treasuries	4,469,519	4,469,519	-	-
U.S. Agencies	3,381,332	3,381,332	-	-
Corporate Bonds	646,064	-	646,064	-
Mutual Bond Funds	146,373	146,373	-	-
Total Investments by Fair Value Level	12,376,885	<u>\$ 11,730,821</u>	<u>\$ 646,064</u>	<u>\$ -</u>
<u>Investments measured at Amortized Cost:</u>				
External Investment Pool (MMDT)	7,418,241			
Total Investments	<u>\$ 19,795,126</u>			

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

Investments classified in Level 2 are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

NOTE 4 ACCOUNTS RECEIVABLE

At June 30, 2017, 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	\$ 565,413	\$ -	\$ 565,413
Real Estate Tax Deferrals	45,308	-	45,308
Tax Liens	976,055	-	976,055
Motor Vehicle and Other Excise Taxes	744,011	(298,391)	445,620
Community Preservation Surcharges	41,941	-	41,941
Special Assessments	3,037,942	-	3,037,942
Departmental and Other	545,058	(50,159)	494,899
Intergovernmental	160,795	-	160,795
Loans	112,273	-	112,273
	<u>\$ 6,228,796</u>	<u>\$ (348,550)</u>	<u>\$ 5,880,246</u>

TOWN OF MASHPEE, MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 5 CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
<u>Capital Assets not Being Depreciated:</u>				
Land	\$ 58,309,457	\$ 438,900	\$ -	\$ 58,748,357
Construction in Progress	1,994,165	1,055,902	(701,699)	2,348,368
Total Capital Assets not Being Depreciated	60,303,622	1,494,802	(701,699)	61,096,725
<u>Capital Assets being Depreciated:</u>				
Buildings and Improvements	75,896,209	334,596	-	76,230,805
Machinery, Vehicles, and Equipment	6,636,588	103,763	-	6,740,351
Infrastructure	21,065,105	1,202,946	-	22,268,051
Total Capital Assets being Depreciated	103,597,902	1,641,305	-	105,239,207
<u>Less Accumulated Depreciation for:</u>				
Buildings and Improvements	(38,531,396)	(1,934,321)	-	(40,465,717)
Machinery, Vehicles, and Equipment	(4,573,518)	(553,743)	-	(5,127,261)
Infrastructure	(7,869,313)	(517,810)	-	(8,387,123)
Total Accumulated Depreciation	(50,974,227)	(3,005,874)	-	(53,980,101)
Total Capital Assets being Depreciated, Net	52,623,675	(1,364,569)	-	51,259,106
Total Governmental Activities Capital Assets, Net	\$ 112,927,297	\$ 130,233	\$ (701,699)	\$ 112,355,831
	Beginning Balance	Increases	Decreases	Ending Balance
<u>Capital Assets being Depreciated:</u>				
Buildings and Improvements	\$ 107,814	\$ 11,576	\$ -	\$ 119,390
<u>Less Accumulated Depreciation for:</u>				
Buildings and Improvements	(5,602)	(2,840)	-	(8,442)
Total Capital Assets being Depreciated, Net	102,212	8,736	-	110,948
Total Business-Type Activities Capital Assets, Net	\$ 102,212	\$ 8,736	\$ -	\$ 110,948

TOWN OF MASHPEE, MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 5 CAPITAL ASSETS (CONTINUED)

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

Governmental Activities:

General Government	\$ 159,794
Public Safety	528,352
Education	1,241,452
Public Works	767,260
Health and Human Services	56,160
Culture and Recreation	252,856
	<u>2,905,814</u>

Total Depreciation Expense - Governmental Activities	<u>\$ 3,005,874</u>
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Business-Type Activities:

Kids Klub	<u>\$ 2,840</u>
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Total Depreciation Expense - Business-Type Activities	<u>\$ 2,840</u>
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NOTE 6 INTERFUND TRANSFERS

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

Transfers Out:	Transfers In:		
	General Fund	Nonmajor Governmental Funds	Total
General Fund	\$ -	\$ 445,000	\$ 445,000 (1)
Community Preservation Fund	581,275	-	581,275 (2)
Street Betterments Fund	565,575	-	565,575 (3)
Nonmajor Governmental Funds	1,209,608	-	1,209,608 (4)
	<u>\$ 2,356,458</u>	<u>\$ 445,000</u>	<u>\$ 2,801,458</u>

(1) Represents budgeted transfers to the PEG Access/Cable special revenue fund (\$385,000) and unemployment special revenue fund (\$60,000).

(2) Represents budgeted transfer from the CPA Major Fund to the General Fund to fund the operating budget.

(3) Represents budgeted transfers to the general fund from Street Betterments Major Fund to fund the operating budget.

(4) Represents budgeted transfers to the general fund from the Ambulance Receipts (\$692,800), Waterways Improvement (\$292,800), Hotel/Motel (\$75,000), PEG Access/Cable Fund (\$39,000), Septic Repair Program (\$35,088), Cemetery Sale of Plots (\$35,000), Shellfish Permits (\$20,000), Conservation Revolving (\$10,000), and the Leisure Service Revolving Fund (\$9,920).

TOWN OF MASHPEE, MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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, 2017 are as follows:

Notes Payable - Governmental Funds

Type	Description	Origination Date	Maturity Date	Interest Rate	Balance at June 30, 2016	Increases	Decreases	Balance at June 30, 2017
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)	-
BAN	Roadways - Jonas Drive	6/1/17	6/1/18	1.20%	-	255,255	-	255,255
BAN	Roadways - Saddleback Road	6/1/17	6/1/18	1.20%	-	77,314	-	77,314
BAN	Roadways - Sunset Strip	6/1/17	6/1/18	1.20%	-	693,364	-	693,364
BAN	Roadways - Anthony's Way	6/1/17	6/1/18	1.20%	-	26,441	-	26,441
BAN	Roadways - Windsor Way	6/1/17	6/1/18	1.20%	-	518,459	-	518,459
BAN	Roadways - Leeward Lane	6/1/17	6/1/18	1.20%	-	104,167	-	104,167
BAN	Fire Truck	6/1/17	6/1/18	1.20%	-	150,000	-	150,000
	Total				<u>\$ 1,290,000</u>	<u>\$ 1,825,000</u>	<u>\$ (1,290,000)</u>	<u>\$ 1,825,000</u>

TOWN OF MASHPEE, MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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, 2017:

	Balance June 30, 2016	Increases	Decreases	Balance June 30, 2017	Current Portion
Governmental Activities:					
Bonds and Notes Payable	\$ 22,869,971	\$ -	\$ (8,509,465)	\$ 14,360,506	\$ 1,849,204
Unamortized Premium	606,221	-	(114,113)	492,108	61,037
Bonds and Notes Payable, Net	<u>23,476,192</u>	<u>-</u>	<u>(8,623,578)</u>	<u>14,852,614</u>	<u>1,910,241</u>
Capital Lease Obligations	352,742	73,530	(339,794)	86,478	86,478
Landfill Closure and Post-Closure	406,729	-	(11,875)	394,854	15,000
Net Pension Liability	29,542,788	4,182,270	-	33,725,058	-
Net OPEB Obligation	32,015,083	4,947,914	(1,466,184)	35,496,813	-
Compensated Absences	2,545,970	264,008	-	2,809,978	280,998
Total	<u>\$ 88,339,504</u>	<u>\$ 9,467,722</u>	<u>\$ (10,441,431)</u>	<u>\$ 87,365,795</u>	<u>\$ 2,292,717</u>
Business-Type Activities:					
Net OPEB Obligation	\$ 369,725	\$ 53,116	\$ (15,739)	\$ 407,102	\$ -
Net Pension Liability	377,989	44,960	-	422,949	-
Total	<u>\$ 747,714</u>	<u>\$ 98,076</u>	<u>\$ (15,739)</u>	<u>\$ 830,051</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 FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 9 LONG-TERM DEBT

Details related to the Town's outstanding indebtedness at June 30, 2017 are as follows:

Bonds and Notes Payable – Governmental Funds

Project	Maturity Date	Interest Rate	Outstanding at June 30, 2016	Issued	Redeemed	Outstanding at June 30, 2017
Landfill Capping (MCWT)	8/1/2018	4.90%	\$ 170,000	\$ -	\$ (55,200)	\$ 114,800
Landfill Capping (MCWT)	8/1/2019	5.30%	20,000	-	(5,000)	15,000
Septic Repair (MCWT)	8/1/2020	5.00%	51,802	-	(10,400)	41,402
Sewer Facilities (MCWT)	2/1/2021	4.90%	8,923	-	(1,784)	7,139
Septic Repair (MCWT)	7/15/2025	0.00%	85,000	-	(8,500)	76,500
Septic Replacement (MCWT)	7/15/2020	0.00%	48,430	-	(9,687)	38,743
Septic Replacement (MCWT)	7/15/2020	0.00%	50,548	-	(10,137)	40,411
Septic Replacement (MCWT)	1/15/2020	0.00%	73,427	-	6,539	79,966
Municipal Purpose	9/15/2025	4.50%	3,760,000	-	(3,760,000)	-
Septic Replacement (MCWT)	8/1/2024	0.00%	91,841	-	(10,296)	81,545
Municipal Purpose	8/15/2027	3.25-5.00%	2,790,000	-	(2,210,000)	580,000
Municipal Purpose	1/15/2029	2.50-4.00%	4,030,000	-	(355,000)	3,675,000
Municipal Purpose of 2014	1/15/2029	2.00-4.00%	3,800,000	-	(420,000)	3,380,000
Refunding Municipal Purpose of 2013	9/1/2021	2.00-3.00%	2,585,000	-	(1,590,000)	995,000
Refunding Municipal Purpose of 2016	8/15/2027	2.00%	5,305,000	-	(70,000)	5,235,000
Sub-Total			22,869,971	-	(8,509,465)	14,360,506
Unamortized Premium			606,221	-	(114,113)	492,108
Total Governmental Activities, Net			\$ 23,476,192	\$ -	\$ (8,623,578)	\$ 14,852,614

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 2017, the Town's subsidy totaled approximately \$30,000. Future subsidies total approximately \$65,000. The amount of MCWT bonds outstanding at June 30, 2017, totaled \$495,506.

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

Fiscal Year	Principal	Interest	Total
2018	\$ 1,849,204	\$ 501,936	\$ 2,351,140
2019	1,820,432	442,282	2,262,714
2020	1,567,459	303,360	1,870,819
2021	1,485,550	263,481	1,749,031
2022	1,403,796	220,863	1,624,659
2023	1,213,796	179,663	1,393,459
2024	1,183,385	144,163	1,327,548
2025	1,083,384	110,213	1,193,597
2026	1,028,500	83,525	1,112,025
2027	740,000	56,925	796,925
2028	600,000	34,875	634,875
2029	385,000	14,925	399,925
Total	\$ 14,360,506	\$ 2,356,207	\$ 16,716,713

TOWN OF MASHPEE, MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 9 LONG-TERM DEBT (CONTINUED)

The Town is subject to debt limits by statute and may issue additional general obligation debt under the normal debt limit. At June 30, 2017, the Town had the following authorized and unissued debt:

<u>Purpose</u>	<u>Amount</u>
Fire Truck	\$ 500,000
Mashpee River Dredge	275,000
Road Projects	103,357
Solar Power	50,000
Total	<u>\$ 928,357</u>

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, 2017:

<u>Asset:</u>	<u>Governmental Activities</u>
Vehicles	\$ 855,450
Less: Accumulated Amortization	<u>(385,507)</u>
Total	<u>\$ 469,943</u>

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

<u>Fiscal Year Ending June 30,</u>	<u>Governmental Activities</u>
2018	\$ 91,696
Less: Amounts Representing Interest	<u>(5,218)</u>
Present Value of Minimum Lease Payments	<u>\$ 86,478</u>

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

**TOWN OF MASHPEE, MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

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 \$394,854 as the estimate of the landfill postclosure care liability at June 30, 2017. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

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, 2016, the latest actuarial valuation, is as follows:

Active Employees	324
Retired Employees	273
Total	<u>597</u>

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.

TOWN OF MASHPEE, MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 12 OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

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	\$ 4,952,654
Interest on Net OPEB Obligation	1,159,376
Adjustment to Annual Required Contribution	(1,111,000)
Annual OPEB Cost	5,001,030
Contributions Made	(1,481,923)
Increase in Net OPEB Obligation	3,519,107
Net OPEB Obligation at Beginning of Year	32,384,808
Net OPEB Obligation at End of Year	<u>\$ 35,903,915</u>

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, 2015	\$ 5,634,297	30.0 %	\$ 28,328,769
June 30, 2016	5,961,509	32.0	32,384,808
June 30, 2017	5,001,030	29.6	35,903,915

Funded Status and Funding Progress – The funded status of the Plan at July 1, 2016, 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)
07/01/16	\$ -	\$ 58,588,610	\$ 58,588,610	0.0%	\$ 30,484,934	192.2%

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.

**TOWN OF MASHPEE, MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 12 OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

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.

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

Valuation Date:	July 1, 2016
Actuarial Cost Method:	Entry Age Normal – Level percentage of payroll
Amortization Method:	Payments increasing at 3.5%
Remaining Amortization Period:	30 years (open)
Discount Rate:	3.58%
Medical/Prescription Drug Cost Trend Rate:	Under 65: 10.5%, then 7.0% decreasing by 0.5% for six years to an ultimate level of 4.5% per year. Over 65: 10.9%, then 7.0% decreasing by 0.5% for six years to an ultimate level of 4.5% per year.
Inflation rate:	3.5% annually

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

Governmental Activities:

General Government	\$ 357,674
Public Safety	1,238,280
Education	2,776,689
Public Works	351,351
Health and Human Services	85,806
Culture and Recreation	138,114
Total AOPEBC - Governmental Activities	<u><u>4,947,914</u></u>

Business-Type Activities:

Kids Klub	53,116
Total	<u><u>\$ 5,001,030</u></u>

TOWN OF MASHPEE, MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:					
Permanent Fund Principal	\$ -	\$ -	\$ -	\$ 45,052	\$ 45,052
Restricted:					
Loans	-	-	-	112,273	112,273
Debt Service	110,517	-	-	-	110,517
Other Post Employment Benefits	338,890	-	-	-	338,890
Community Preservation	-	7,515,426	-	-	7,515,426
Ambulance Receipts Reserved	-	-	-	1,247,121	1,247,121
Street Betterments	-	-	1,360,416	-	1,360,416
Septic Betterments	-	-	-	529,739	529,739
School Lunch	-	-	-	18,973	18,973
Cable Access	-	-	-	140,078	140,078
General Government	-	-	-	944,882	944,882
Public Safety	-	-	-	708,828	708,828
Education	-	-	-	1,782,001	1,782,001
Public Works	-	-	-	251,522	251,522
Health and Human Services	-	-	-	45,812	45,812
Culture and Recreation	-	-	-	467,385	467,385
Subtotal - Restricted	449,407	7,515,426	1,360,416	6,248,614	15,573,863
Committed:					
Subsequent Year's Expenditures	3,258,394	-	-	-	3,258,394
Continuing Appropriations	738,739	-	-	-	738,739
Subtotal - Committed	3,997,133	-	-	-	3,997,133
Assigned:					
Encumbrances	271,512	-	-	-	271,512
Unassigned	13,357,514	-	-	(1,551,893)	11,805,621
Total Fund Balances	\$ 18,075,566	\$ 7,515,426	\$ 1,360,416	\$ 4,741,773	\$ 31,693,181

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, 2017 totals \$4,567,532 and is reported in the general fund as unassigned fund balance.

TOWN OF MASHPEE, MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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, 2017, 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 FINANCIAL STATEMENTS
JUNE 30, 2017

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 \$2,754,998 for the year ended June 30, 2017.

TOWN OF MASHPEE, MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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, 2017, the Town reported a liability of \$34,148,007 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2016 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, 2016, the Town proportion was 4.860%, which was .108% higher than the proportion measured as of December 31, 2015.

For the year ended June 30, 2017, the Town recognized pension expense of \$5,282,422. At June 30, 2017, the Town reported deferred outflows of resources related to pensions of \$1,941,077 from the net difference between projected and actual investment earnings on plan investments, \$2,025,681 from changes in assumptions, and \$552,299 from changes in proportion. The Town also reported deferred inflows of resources related to pensions of \$437,539 for differences between expected and actual experience, and \$30,390 for 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>
2018	\$ 1,061,813
2019	1,061,813
2020	1,050,065
2021	451,739
2021	425,698
Totals	<u>\$ 4,051,128</u>

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

Salary increases	Varies by length of service with ultimate rates of 4.25% for Group 1, 4.50% for Group 2 and 4.75% for Group 4.
Cost of living:	3.00% of first \$16,000 of retirement income as of July 1, 2015, \$17,000 as of July 1, 2016, and \$18,000 as of July 1, 2017

TOWN OF MASHPEE, MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 16 PENSION PLAN (CONTINUED)

Mortality Rates: Pre-Retirement - The RP-2000 Employee Mortality Table projected generationally with a Scale BB2D from 2009.

 Healthy Retiree - The RP-2000 Healthy Annuitant Mortality Table projected generationally with a Scale BB2D from 2009.

 Disabled Retiree - The RP-2000 Healthy Annuitant Mortality Table projected generationally with scale BB2d from 2015.

Investment rate of return 7.625% net of pension plan investment expense, including inflation

The actuarial assumptions used in the January 1, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2015 to January 1, 2016.

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	18.00 %	6.44 %
International Equity - Developed Markets	16.00	7.40
International Equity - Emerging Markets	6.00	9.42
Core Fixed Income	13.00	2.02
High-Yield Fixed Income	10.00	4.43
Real Estate	10.00	5.00
Commodities	4.00	4.43
Hedge Fund, GTAA, Risk Parity	13.00	3.75
Private Equity	10.00	10.47
Totals	<u>100.00 %</u>	

Discount rate. The discount rate used to measure the total pension liability was 7.625 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 FINANCIAL STATEMENTS
JUNE 30, 2017

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 7.625%, 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 (6.625%) or 1-percentage-point higher (8.625%) than the current rate:

	1% Decrease (6.625%)	Current Discount Rate (7.625%)	1% Increase (8.625%)
Town of Mashpee's Proportionate Share of the Net Pension Liability	\$ 43,543,705	\$ 34,148,007	\$ 26,299,106

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 FINANCIAL STATEMENTS
JUNE 30, 2017

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, 2017. The Commonwealth's net pension liability associated with the Town was \$46,239,419.

The MTRS' net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2016 rolled forward to June 30, 2016.

For the year ended June 30, 2017, the Town recognized pension expense of \$4,716,724 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, 2016 measurement date was determined by an actuarial valuation as of January 1, 2016 rolled forward to June 30, 2016. 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.

TOWN OF MASHPEE, MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 17 MASSACHUSETTS TEACHERS RETIREMENT SYSTEM (CONTINUED)

Other 3.5% interest rate credited to the annuity savings fund

3.0% cost of living increase per year

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, 2016 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	1.6
Private Equity	10	8.7
Real Estate	10	4.6
Value Added Fixed Income	10	4.8
Hedge Funds	9	4.0
Portfolio Completion Strategies	4	3.6
Timber/Natural Resources	4	5.4
Totals	100 %	

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 \$1,010,251 and \$1,583,783, respectively, at June 30, 2017.

TOWN OF MASHPEE, MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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

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, 2017, these programs are still subject to financial and compliance audits. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although 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, 2017**

	Prior Year Encumbrances and Continuing Appropriations	Original Budget	Supplemental Appropriations and Transfers	Final Budget
REVENUES				
Real Estate and Personal Property Taxes	\$ -	\$ 44,688,763	\$ -	\$ 44,688,763
Motor Vehicle and Other Excise Taxes	-	1,514,900	-	1,514,900
Tax and Trash Liens	-	-	-	-
Payments in Lieu of Taxes	-	9,250	-	9,250
Charges for Services	-	220,000	-	220,000
Trash Disposal	-	452,000	-	452,000
Intergovernmental	-	6,611,639	-	6,611,639
Penalties and Interest on Taxes	-	200,000	-	200,000
Licenses and Permits	-	375,000	-	375,000
Fines and Forfeitures	-	14,000	-	14,000
Departmental and Other	-	194,850	-	194,850
Investment Income	-	50,000	-	50,000
Total Revenues	-	54,330,402	-	54,330,402
EXPENDITURES				
Current:				
General Government	861,915	3,963,723	200	4,825,838
Public Safety	281,503	8,458,303	668,100	9,407,906
Education	-	21,978,731	-	21,978,731
Public Works	137,633	5,463,050	177,500	5,778,183
Health and Human Services	1,000	757,597	11,492	770,089
Culture and Recreation	76	937,201	-	937,277
Pension Benefits	-	2,718,138	78,050	2,796,188
Employee Benefits	6,000	7,527,679	(51,650)	7,482,029
Property and Liability Insurance	-	792,000	10,451	802,451
State and County Charges	-	1,990,217	-	1,990,217
Debt Service:				
Principal	-	3,165,150	70,000	3,235,150
Interest	-	614,943	(70,000)	544,943
Total Expenditures	1,288,127	58,366,732	894,143	60,549,002
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,288,127)	(4,036,330)	(894,143)	(6,218,600)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	2,024,766	331,692	2,356,458
Transfers Out	-	(385,000)	(60,000)	(445,000)
Total Other Financing Sources (Uses)	-	1,639,766	271,692	1,911,458
NET CHANGE IN FUND BALANCE	(1,288,127)	(2,396,564)	(622,451)	(4,307,142)
Fund Balance at Beginning of Year	11,213,583	11,213,583	11,213,583	11,213,583
FUND BALANCE AT END OF YEAR	\$ 9,925,456	\$ 8,817,019	\$ 10,591,132	\$ 6,906,441

Actual	Current Year Encumbrances and Continuing Appropriations	Actual and Encumbrances and Continuing Appropriations	Variance Positive (Negative)
\$ 44,940,771	\$ -	\$ 44,940,771	\$ 252,008
2,329,192	-	2,329,192	814,292
90,968	-	90,968	90,968
123,194	-	123,194	113,944
281,817	-	281,817	61,817
748,845	-	748,845	296,845
6,713,023	-	6,713,023	101,384
324,345	-	324,345	124,345
603,699	-	603,699	228,699
36,258	-	36,258	22,258
297,568	-	297,568	102,718
120,480	-	120,480	70,480
<u>56,610,160</u>	<u>-</u>	<u>56,610,160</u>	<u>2,279,758</u>
3,684,891	383,768	4,068,659	757,179
8,460,599	488,274	8,948,873	459,033
21,776,315	-	21,776,315	202,416
5,376,636	125,577	5,502,213	275,970
736,666	-	736,666	33,423
853,510	632	854,142	83,135
2,795,488	-	2,795,488	700
6,854,641	12,000	6,866,641	615,388
637,158	-	637,158	165,293
1,962,043	-	1,962,043	28,174
3,235,150	-	3,235,150	-
475,476	-	475,476	69,467
<u>56,848,573</u>	<u>1,010,251</u>	<u>57,858,824</u>	<u>2,690,178</u>
<u>(238,413)</u>	<u>(1,010,251)</u>	<u>(1,248,664)</u>	<u>4,969,936</u>
2,356,458	-	2,356,458	-
(445,000)	-	(445,000)	-
<u>1,911,458</u>	<u>-</u>	<u>1,911,458</u>	<u>-</u>
1,673,045	(1,010,251)	662,794	4,969,936
<u>11,213,583</u>	<u>-</u>	<u>11,213,583</u>	<u>-</u>
<u>\$ 12,886,628</u>	<u>\$ (1,010,251)</u>	<u>\$ 11,876,377</u>	<u>\$ 4,969,936</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, 2017**

	Prior Year Encumbrances and Continuing Appropriations	Original Budget	Supplemental Appropriations and Transfers	Final Budget
REVENUES				
Community Preservation Surcharges	\$ -	\$ 1,254,086	\$ -	\$ 1,254,086
Intergovernmental	-	243,139	-	243,139
Investment Income	-	-	-	-
Total Revenues	-	1,497,225	-	1,497,225
EXPENDITURES				
Current:				
Administrative	31,494	40,000	-	71,494
Acquisitions and Projects	1,776,601	2,439,876	-	4,216,477
Total Expenditures	1,808,095	2,479,876	-	4,287,971
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,808,095)	(982,651)	-	(2,790,746)
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	(581,275)	-	(581,275)
Total Other Financing Sources (Uses)	-	(581,275)	-	(581,275)
NET CHANGE IN FUND BALANCE	(1,808,095)	(1,563,926)	-	(3,372,021)
Fund Balance at Beginning of Year	7,221,263	7,221,263	-	7,221,263
FUND BALANCE AT END OF YEAR	<u>\$ 5,413,168</u>	<u>\$ 5,657,337</u>	<u>\$ -</u>	<u>\$ 3,849,242</u>

Actual	Current Year Encumbrances and Continuing Appropriations	Actual and Encumbrances and Continuing Appropriations	Variance Positive/ (Negative)
\$ 1,341,894	\$ -	\$ 1,341,894	\$ 87,808
292,773	-	292,773	49,634
161,304	-	161,304	161,304
1,795,971	-	1,795,971	298,746
8,506	62,988	71,494	-
912,027	1,520,795	2,432,822	1,783,655
920,533	1,583,783	2,504,316	1,783,655
875,438	(1,583,783)	(708,345)	2,082,401
(581,275)	-	(581,275)	-
(581,275)	-	(581,275)	-
294,163	(1,583,783)	(1,289,620)	2,082,401
7,221,263	-	7,221,263	-
\$ 7,515,426	\$ (1,583,783)	\$ 5,931,643	\$ 2,082,401

**TOWN OF MASHPEE, MASSACHUSETTS
PENSION PLAN SCHEDULES
JUNE 30, 2017**

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's Proportion of the Net Pension Liability	4.860%	4.752%	4.760%
Town's Proportionate Share of the Net Pension Liability	\$ 34,148,007	\$ 29,920,777	\$ 26,873,570
Town's Covered Payroll	\$ 13,564,542	\$ 12,992,584	\$ 12,485,531
Town's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	251.74%	230.29%	215.24%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	57.28%	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>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially Required Contribution	\$ 2,754,998	\$ 2,566,216	\$ 2,479,065
Contributions in Relation to the Actuarially Required Contribution	(2,754,998)	(2,566,216)	(2,479,065)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's Covered Payroll	\$ 13,564,542	\$ 12,992,584	\$ 12,485,531
Contributions as a Percentage of Covered Payroll	20.31%	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, 2017**

**SCHEDULE OF SPECIAL FUNDING AMOUNTS OF THE NET PENSION LIABILITY
MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM (1)(2)**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's Share of the Net Pension Liability	\$ 46,239,419	\$ 41,610,752	\$ 33,206,774
Commonwealth's Share of the Town's Net Pension Liability	<u>46,239,419</u>	<u>41,610,752</u>	<u>33,206,774</u>
Town's Net Pension Liability	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's Expense and Revenue Recognized for the Commonwealth's Support	\$ 4,716,724	\$ 3,375,002	\$ 2,307,034
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.73%	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.

**TOWN OF MASHPEE, MASSACHUSETTS
OTHER POSTEMPLOYMENT BENEFITS SCHEDULES
JUNE 30, 2017**

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)
07/01/12	\$ -	\$ 62,263,573	\$ 62,263,573	0%	\$ 27,792,519	224.0 %
07/01/14	-	75,861,754	75,861,754	0%	21,866,959	346.9 %
07/01/16	-	58,588,610	58,588,610	0%	30,484,934	192.2 %

The significant changes in the methods and assumptions used in the 07/01/16 actuarial valuation that impacted trends in the schedule of funding progress are as follows:

- The per capita health costs for retirees were updated to reflect current experience.
- The medical/prescription drug trend assumptions for retirees were revised to reflect current experience and future expectations.
- The mortality assumptions were updated to reflect past experience and future expectations.

TOWN OF MASHPEE, MASSACHUSETTS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2017

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, 2017, 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	\$ 56,610,160	\$ 57,858,824	\$ 1,911,458	\$ 11,876,377
<u>Reclassifications</u>				
Activity of stabilization fund recorded in the general fund for GAAP purposes	83,585	-	-	4,567,532
Activity of OPEB fund recorded in the general fund for GAAP purposes	16,178	-	-	338,890
<u>Adjustments</u>				
To record gross up of capital lease proceeds	-	73,530	73,530	-
Net change in recording 60-day receipts	(51,657)	-	-	282,516
To record activity for MCWT subsidies	29,795	29,795	-	-
To record MTRS on-behalf payments	4,716,724	4,716,724	-	-
To record encumbrances and continuing appropriations	-	(1,010,251)	-	1,010,251
GAAP basis as reported on the statement of revenues, expenditures and changes in fund balances	<u>\$ 61,404,785</u>	<u>\$ 61,668,622</u>	<u>\$ 1,984,988</u>	<u>\$ 18,075,566</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	\$ 2,504,316	\$ 5,931,643
<u>Adjustments</u>		
To record encumbrances and continuing appropriations	(1,583,783)	1,583,783
GAAP basis as reported on the statement of revenues, expenditures and changes in fund balances	<u>\$ 920,533</u>	<u>\$ 7,515,426</u>