

TOWN OF MASHPEE, MASSACHUSETTS
BASIC FINANCIAL STATEMENTS AND
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2022



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**TOWN OF MASHPEE, MASSACHUSETTS
TABLE OF CONTENTS
JUNE 30, 2022**

INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	12
STATEMENT OF ACTIVITIES	13
GOVERNMENTAL FUNDS – BALANCE SHEET	15
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TOTAL FUND BALANCES TO THE STATEMENT OF NET POSITION	16
GOVERNMENTAL FUNDS – STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES	17
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	18
PROPRIETARY FUND – STATEMENT OF FUND NET POSITION	19
PROPRIETARY FUND – STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION	20
PROPRIETARY FUND – STATEMENT OF CASH FLOWS	21
FIDUCIARY FUNDS – STATEMENT OF FIDUCIARY NET POSITION	22
FIDUCIARY FUNDS – STATEMENT OF CHANGES IN FIDUCIARY NET POSITION	23
NOTES TO BASIC FINANCIAL STATEMENTS	24
REQUIRED SUPPLEMENTARY INFORMATION	
GENERAL FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE (NON-GAAP BUDGETARY BASIS) – BUDGET AND ACTUAL	60
COMMUNITY PRESERVATION FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE – (NON-GAAP BUDGETARY BASIS) – BUDGET AND ACTUAL	62
PENSION PLAN SCHEDULES	64
OPEB SCHEDULES	66
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	67



INDEPENDENT AUDITORS' REPORT

Honorable Select Board
Town of Mashpee, Massachusetts

Report on the Audit of the Financial Statements

Opinions

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, 2022, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Mashpee, Massachusetts, as of June 30, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Mashpee, Massachusetts and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Mashpee, Massachusetts' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Town of Mashpee, Massachusetts' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Mashpee, Massachusetts' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Honorable Select Board
Town of Mashpee, Massachusetts

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparisons, and certain pension and other postemployment benefits information be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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 July 5, 2023, 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
July 5, 2023

**TOWN OF MASHPEE, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

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, 2022.

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 \$49,521,098 (net position).
- The Town's total net position increased by \$8,789,786.
- At the end of the fiscal year, unassigned fund balance for the general fund totaled \$23,460,983, or 33.3% of total general fund expenses and transfers out.
- The Town's total long-term debt decreased \$2,186,767 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, 2022**

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.

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 wastewater design project 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*.

**TOWN OF MASHPEE, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

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.

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

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.

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.

**TOWN OF MASHPEE, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

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 \$49,521,098 at the close of the fiscal year and are summarized as follows:

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	2022	2021	2022	2021	2022	2021
Assets						
Current Assets	\$ 72,031,204	\$ 64,309,824	\$ 668,675	\$ 451,188	\$ 72,699,879	\$ 64,761,012
Noncurrent Assets (Excluding Capital Assets)	2,910,250	3,071,116	-	-	2,910,250	3,071,116
Capital Assets (Net)	129,631,745	128,375,444	154,590	159,156	129,786,335	128,534,600
Total Assets	<u>204,573,199</u>	<u>195,756,384</u>	<u>823,265</u>	<u>610,344</u>	<u>205,396,464</u>	<u>196,366,728</u>
Deferred Outflows of Resources	<u>19,310,414</u>	<u>25,388,798</u>	<u>177,140</u>	<u>256,579</u>	<u>19,487,554</u>	<u>25,645,377</u>
Liabilities						
Current Liabilities (Excluding Debt)	10,239,624	10,008,407	34,278	31,665	10,273,902	10,040,072
Noncurrent Liabilities (Excluding Debt)	105,825,080	127,589,706	995,921	1,304,716	106,821,001	128,894,422
Current Debt	5,611,947	4,438,921	-	-	5,611,947	4,438,921
Noncurrent Debt	10,841,230	12,782,782	-	-	10,841,230	12,782,782
Total Liabilities	<u>132,517,881</u>	<u>154,819,816</u>	<u>1,030,199</u>	<u>1,336,381</u>	<u>133,548,080</u>	<u>156,156,197</u>
Deferred Inflows of Resources	<u>41,463,418</u>	<u>24,880,064</u>	<u>351,422</u>	<u>244,532</u>	<u>41,814,840</u>	<u>25,124,596</u>
Net Position						
Net Investment in Capital Assets	113,426,813	110,962,529	154,590	159,156	113,581,403	111,121,685
Restricted	34,588,291	28,477,834	-	-	34,588,291	28,477,834
Unrestricted	<u>(98,112,790)</u>	<u>(97,995,061)</u>	<u>(535,806)</u>	<u>(873,146)</u>	<u>(98,648,596)</u>	<u>(98,868,207)</u>
Total Net Position	<u>\$ 49,902,314</u>	<u>\$ 41,445,302</u>	<u>\$ (381,216)</u>	<u>\$ (713,990)</u>	<u>\$ 49,521,098</u>	<u>\$ 40,731,312</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, 2022**

Changes in Net Position

Changes in net position are summarized as follows:

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	2022	2021	2022	2021	2022	2021
Revenues						
<i>Program Revenues:</i>						
Charges for Services	\$ 6,908,119	\$ 7,793,788	\$ 564,920	\$ 468,898	\$ 7,473,039	\$ 8,262,686
Operating Grants and Contributions	12,766,814	18,102,914	138	13,742	12,766,952	18,116,656
Capital Grants and Contributions	3,118,362	2,381,146	-	-	3,118,362	2,381,146
<i>General Revenues:</i>						
Real Estate and Property Taxes	51,951,945	51,453,609	-	-	51,951,945	51,453,609
Motor Vehicle and Other Excise Taxes	4,615,977	3,912,991	-	-	4,615,977	3,912,991
Penalties and Interest on Taxes	334,655	325,692	-	-	334,655	325,692
Payments in Lieu of Taxes	38,369	44,540	-	-	38,369	44,540
Community Preservation Surcharges	1,043,456	1,529,436	-	-	1,043,456	1,529,436
Grants and Contributions not Restricted to Specific Programs	1,598,370	969,517	-	-	1,598,370	969,517
Unrestricted Investment Income	35,291	400,826	-	-	35,291	400,826
Total Revenues	82,411,358	86,914,459	565,058	482,640	82,976,416	87,397,099
Expenses						
General Government	8,592,235	12,238,077	-	-	8,592,235	12,238,077
Public Safety	17,832,583	19,968,956	-	-	17,832,583	19,968,956
Education	35,889,652	38,656,312	-	-	35,889,652	38,656,312
Public Works	7,430,092	6,942,471	-	-	7,430,092	6,942,471
Health and Human Services	1,668,177	1,976,548	-	-	1,668,177	1,976,548
Culture and Recreation	2,218,386	2,123,621	-	-	2,218,386	2,123,621
Debt Service - Interest	323,221	462,731	-	-	323,221	462,731
Kids Klub	-	-	232,284	412,848	232,284	412,848
Total Expenses	73,954,346	82,368,716	232,284	412,848	74,186,630	82,781,564
Change in Net Position	8,457,012	4,545,743	332,774	69,792	8,789,786	4,615,535
Net Position - Beginning of Year, As Restated	41,445,302	36,899,559	(713,990)	(783,782)	40,731,312	36,115,777
Net Position - End of Year	<u>\$ 49,902,314</u>	<u>\$ 41,445,302</u>	<u>\$ (381,216)</u>	<u>\$ (713,990)</u>	<u>\$ 49,521,098</u>	<u>\$ 40,731,312</u>

Governmental activities increased the Town's net position by \$8,457,012, compared to the prior year increase of \$4,545,743. The key element of this change is that the net increases in pension and OPEB liabilities and related deferred inflows/outflows was less than the previous year.

Business-type activities increased the Town's net position by \$332,774, compared to the prior year increase of \$69,792. The key element of this change is increased revenues (approximately \$82,000) resulting from less COVID-19 restrictions than the previous year and a decrease in expenses (approximately \$181,000) as a result of ARPA funding that was utilized to cover those expenses. .

FUND FINANCIAL STATEMENT ANALYSIS

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

**TOWN OF MASHPEE, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

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. 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 \$58,805,438, an increase of \$6,261,456 in comparison with the prior year. \$19,801,589 represents unassigned fund balance. The remainder of fund balance includes the following constraints:

- Nonspendable (\$45,052)
- Restricted (\$31,861,188)
- Committed (\$4,285,434)
- Assigned (\$2,812,175)

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 \$23,460,983, while total fund balance was \$32,140,298. 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 expenditures and transfers out. Unassigned fund balance represents 33.3% of total general fund expenditures and transfers out, while total fund balance represents 45.7% of that same amount.

The balance of the Town's general fund increased \$1,493,514 during the current fiscal year. The Town anticipated utilizing \$11,923,460 of reserves to fund the 2022 budget; however the Town ultimately recognized an approximate \$8,846,000 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 \$497,821 during the current fiscal year. The fund's receipts included \$1,051,165 in surcharges and \$779,814 in intergovernmental revenues. Expenditures of \$699,449 were incurred during the fiscal year and transfers of \$444,025 were made to the general fund.

The fund balance of the street betterment fund (special revenue) increased by \$57,034 during the current fiscal year. The fund's revenues primarily consisted of \$585,653 in special assessments. A transfer of \$539,750 was made to the general fund to cover street betterment related debt service.

The fund balance of the wastewater design project fund (capital projects) decreased by \$730,174 during the current fiscal year as a result of expenditures.

Proprietary Funds

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

**TOWN OF MASHPEE, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

Net position of the Kids Klub enterprise fund at the end of the year amounted to a deficit of \$381,216. The Kids Klub enterprise fund had an increase in net position for the year of \$332,774. 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 \$69,124,680 was increased by \$5,910,273 (8.6%) during the fiscal year. 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 \$8,212,838. Encumbrances and continuing appropriations totaled \$5,092,609 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 \$129,786,335 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery, vehicles and equipment, infrastructure and construction in progress.

Major capital asset events that occurred during the current fiscal year included approximately \$2 million in infrastructure improvements.

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>	
	2022	2021	2022	2021	2022	2021
Land	\$ 60,367,376	\$ 60,352,157	\$ -	\$ -	\$ 60,367,376	\$ 60,352,157
Buildings and Improvements	29,036,057	30,551,226	154,590	159,156	29,190,647	30,710,382
Machinery, Vehicles, and Equipment	2,265,518	2,526,460	-	-	2,265,518	2,526,460
Infrastructure	20,725,240	19,343,759	-	-	20,725,240	19,343,759
Construction in Progress	17,237,554	15,601,842	-	-	17,237,554	15,601,842
Total Capital Assets	<u>\$ 129,631,745</u>	<u>\$ 128,375,444</u>	<u>\$ 154,590</u>	<u>\$ 159,156</u>	<u>\$ 129,786,335</u>	<u>\$ 128,534,600</u>

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

**TOWN OF MASHPEE, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

Long-Term Debt

At the end of the current fiscal year, total bonded debt outstanding was \$12,943,177, which is backed by the full faith and credit of the Town, and is summarized as follows:

	Governmental Activities	
	<u>2022</u>	<u>2021</u>
General Obligation Bonds	\$ 12,634,883	\$ 14,758,842
Direct Borrowings	308,294	371,102
Total Bonds and Notes	<u>\$ 12,943,177</u>	<u>\$ 15,129,944</u>

The Town's gross bonded debt decreased by \$2,186,767 during the fiscal year.

The Town's bond rating from Standard & Poor's for the April 2019 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 Finance Director/Town Accountant, Town Hall, 16 Great Neck Road North, Mashpee, Massachusetts 02649.

**TOWN OF MASHPEE, MASSACHUSETTS
STATEMENT OF NET POSITION
JUNE 30, 2022**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 48,840,254	\$ 668,675	\$ 49,508,929
Investments	19,894,749	-	19,894,749
Receivables, Net of Allowance for Uncollectible Amounts:			
Real Estate and Personal Property Taxes	582,439	-	582,439
Tax Liens	693,316	-	693,316
Motor Vehicle and Other Excise Taxes	361,467	-	361,467
Community Preservation Surcharges	29,016	-	29,016
Special Assessments	5,376	-	5,376
Departmental and Other	576,755	-	576,755
Intergovernmental	1,038,858	-	1,038,858
Loans	8,974	-	8,974
Total Current Assets	<u>72,031,204</u>	<u>668,675</u>	<u>72,699,879</u>
Noncurrent Assets:			
Receivables, Net of Allowance for Uncollectible Amounts:			
Real Estate Tax Deferrals	20,296	-	20,296
Special Assessments	2,129,641	-	2,129,641
Loans	17,252	-	17,252
Tax Foreclosures	743,061	-	743,061
Capital Assets not being Depreciated	77,604,930	-	77,604,930
Capital Assets, Net of Accumulated Depreciation	52,026,815	154,590	52,181,405
Total Noncurrent Assets	<u>132,541,995</u>	<u>154,590</u>	<u>132,696,585</u>
Total Assets	204,573,199	823,265	205,396,464
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Loss on Refunding	109,706	-	109,706
Related to OPEB	14,459,665	118,972	14,578,637
Related to Pensions	4,741,043	58,168	4,799,211
Total Deferred Outflows of Resources	<u>19,310,414</u>	<u>177,140</u>	<u>19,487,554</u>
LIABILITIES			
Current Liabilities:			
Warrants Payable	2,186,184	1,112	2,187,296
Accrued Payroll	3,298,875	13,553	3,312,428
Tax Refunds Payable	763,416	-	763,416
Other Liabilities	574,477	2,325	576,802
Unearned Revenue	744,664	-	744,664
Accrued Interest	137,265	-	137,265
Landfill Post-Closure	15,000	-	15,000
Compensated Absences	376,000	-	376,000
Total OPEB Liability - Due within One Year	2,143,743	17,288	2,161,031
Short-Term Notes Payable	3,510,000	-	3,510,000
Long-Term Bonds and Notes Payable	2,101,947	-	2,101,947
Total Current Liabilities	<u>15,851,571</u>	<u>34,278</u>	<u>15,885,849</u>
Noncurrent Liabilities:			
Landfill Post-Closure	317,847	-	317,847
Compensated Absences	3,383,997	-	3,383,997
Total OPEB Liability	75,361,430	620,413	75,981,843
Net Pension Liability	26,761,806	375,508	27,137,314
Long-Term Bonds and Notes Payable	10,841,230	-	10,841,230
Total Noncurrent Liabilities	<u>116,666,310</u>	<u>995,921</u>	<u>117,662,231</u>
Total Liabilities	132,517,881	1,030,199	133,548,080
DEFERRED INFLOWS OF RESOURCES			
Related to OPEB	31,167,916	256,445	31,424,361
Related to Pensions	10,295,502	94,977	10,390,479
Total Deferred Inflows of Resources	<u>41,463,418</u>	<u>351,422</u>	<u>41,814,840</u>
NET POSITION			
Net Investment in Capital Assets	113,426,813	154,590	113,581,403
Restricted for:			
Community Preservation	11,014,589	-	11,014,589
Street Betterments	3,365,086	-	3,365,086
Ambulance	2,917,701	-	2,917,701
Loans	26,226	-	26,226
OPEB	1,542,241	-	1,542,241
Debt Service	39,465	-	39,465
Permanent Funds:			
Expendable	1,886	-	1,886
Nonexpendable	45,052	-	45,052
Other Specific Purposes	15,636,045	-	15,636,045
Unrestricted	(98,112,790)	(535,806)	(98,648,596)
Total Net Position	<u>\$ 49,902,314</u>	<u>\$ (381,216)</u>	<u>\$ 49,521,098</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF MASHPEE, MASSACHUSETTS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022**

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	\$ 8,592,235	\$ 1,267,664	\$ 354,482	\$ 1,230,226	\$ (5,739,863)
Public Safety	17,832,583	2,441,612	463,039	-	(14,927,932)
Education	35,889,652	846,489	11,586,831	-	(23,456,332)
Public Works	7,430,092	1,233,698	7,427	1,888,136	(4,300,831)
Health and Human Services	1,668,177	155,938	138,259	-	(1,373,980)
Culture and Recreation	2,218,386	962,718	216,776	-	(1,038,892)
Debt Service - Interest	323,221	-	-	-	(323,221)
Total Governmental Activities	73,954,346	6,908,119	12,766,814	3,118,362	(51,161,051)
Business-Type Activities:					
Kids Klub	232,284	564,920	138	-	332,774
Total Primary Government	\$ 74,186,630	\$ 7,473,039	\$ 12,766,952	\$ 3,118,362	\$ (50,828,277)

See accompanying Notes to Basic Financial Statements.

**TOWN OF MASHPEE, MASSACHUSETTS
STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED JUNE 30, 2022**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
CHANGES IN NET POSITION			
Net (Expense) Revenue (from Previous Page)	\$ (51,161,051)	\$ 332,774	\$ (50,828,277)
General Revenues:			
Real Estate and Personal Property Taxes	51,951,945	-	51,951,945
Motor Vehicle and Other Excise Taxes	4,615,977	-	4,615,977
Penalties and Interest on Taxes	334,655	-	334,655
Payments in Lieu of Taxes	38,369	-	38,369
Community Preservation Surcharges	1,043,456	-	1,043,456
Grants and Contributions not Restricted to Specific Programs	1,598,370	-	1,598,370
Unrestricted Investment Income	35,291	-	35,291
Total General Revenues and Transfers	<u>59,618,063</u>	<u>-</u>	<u>59,618,063</u>
CHANGE IN NET POSITION	8,457,012	332,774	8,789,786
Net Position - Beginning of Year	<u>41,445,302</u>	<u>(713,990)</u>	<u>40,731,312</u>
NET POSITION - END OF YEAR	<u>\$ 49,902,314</u>	<u>\$ (381,216)</u>	<u>\$ 49,521,098</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF MASHPEE, MASSACHUSETTS
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2022**

ASSETS	General	Community Preservation	Street Betterments	Wastewater Design Project	Nonmajor Governmental Funds	Total Governmental Funds
Cash and Cash Equivalents	\$ 27,349,467	\$ 2,060,574	\$ 1,247,174	\$ 31,603	\$ 18,151,436	\$ 48,840,254
Investments	10,611,023	9,283,726	-	-	-	19,894,749
Receivables, Net of Allowance for Uncollectible Amounts:						
Real Estate and Personal Property Taxes	582,439	-	-	-	-	582,439
Real Estate Tax Deferrals	20,296	-	-	-	-	20,296
Tax Liens	670,845	-	9,120	-	13,350	693,315
Motor Vehicle and Other Excise Taxes	361,467	-	-	-	-	361,467
Community Preservation Surcharges	-	29,016	-	-	-	29,016
Special Assessments	-	-	2,108,792	-	26,226	2,135,018
Departmental and Other	1,250	-	-	-	575,505	576,755
Intergovernmental	-	-	-	-	1,038,858	1,038,858
Loans	-	-	-	-	26,226	26,226
Tax Foreclosures	743,061	-	-	-	-	743,061
Total Assets	<u>\$ 40,339,848</u>	<u>\$ 11,373,316</u>	<u>\$ 3,365,086</u>	<u>\$ 31,603</u>	<u>\$ 19,831,601</u>	<u>\$ 74,941,454</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Warrants Payable	\$ 1,508,077	\$ 358,489	\$ -	\$ 19,662	\$ 299,956	\$ 2,186,184
Accrued Payroll	3,213,040	238	-	-	85,597	3,298,875
Tax Refunds Payable	763,416	-	-	-	-	763,416
Other Liabilities	574,477	-	-	-	-	574,477
Unearned Revenue	-	-	-	-	744,664	744,664
Short-Term Notes Payable	-	-	-	2,480,000	1,030,000	3,510,000
Total Liabilities	<u>6,059,010</u>	<u>358,727</u>	<u>-</u>	<u>2,499,662</u>	<u>2,160,217</u>	<u>11,077,616</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue	2,140,540	29,016	2,117,912	-	770,932	5,058,400
FUND BALANCES						
Nonspendable	-	-	-	-	45,052	45,052
Restricted	1,581,706	10,985,573	1,247,174	-	18,046,735	31,861,188
Committed	4,285,434	-	-	-	-	4,285,434
Assigned	2,812,175	-	-	-	-	2,812,175
Unassigned	23,460,983	-	-	(2,468,059)	(1,191,335)	19,801,589
Total Fund Balances	<u>32,140,298</u>	<u>10,985,573</u>	<u>1,247,174</u>	<u>(2,468,059)</u>	<u>16,900,452</u>	<u>58,805,438</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 40,339,848</u>	<u>\$ 11,373,316</u>	<u>\$ 3,365,086</u>	<u>\$ 31,603</u>	<u>\$ 19,831,601</u>	<u>\$ 74,941,454</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF MASHPEE, MASSACHUSETTS
RECONCILIATION OF THE GOVERNMENT FUNDS BALANCE SHEET
TOTAL FUND BALANCES TO THE STATEMENT OF NET POSITION
JUNE 30, 2022**

Total Governmental Fund Balances	\$ 58,805,438
Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	129,631,745
Other assets are not available to pay for current period expenditures and, therefore, are reported as deferred inflows of resources in the governmental funds	5,058,400
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	(137,265)
Deferred losses on refunding of bonds payable are deferred outflows of resources on the statement of net position	109,706
In the statement of net position, deferred outflows/inflows of resources are reported for amounts related to OPEB	(16,708,251)
In the statement of net position, deferred outflows/inflows of resources are reported for amounts related to pensions	(5,554,459)
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	(12,943,177)
Landfill Post-Closure	(332,847)
Compensated Absences	(3,759,997)
Total OPEB Liability	(77,505,173)
Net Pension Liability	(26,761,806)
	(114,363,155)
Net Position of Governmental Activities	\$ 49,902,314

See accompanying Notes to Basic Financial Statements.

**TOWN OF MASHPEE, MASSACHUSETTS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2022**

	General	Community Preservation	Street Betterments	Wastewater Design Project	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Real Estate and Personal Property Taxes	\$ 51,814,198	\$ -	\$ -	\$ -	\$ -	\$ 51,814,198
Motor Vehicle and Other Excise Taxes	3,941,017	-	-	-	686,196	4,627,213
Tax and Trash Liens	143,909	-	-	-	-	143,909
Payments in Lieu of Taxes	38,369	-	-	-	-	38,369
Community Preservation Surcharges	-	1,051,165	-	-	-	1,051,165
Charges for Services	313,183	-	-	-	1,954,886	2,268,069
Trash Disposal	1,158,168	-	-	-	-	1,158,168
Intergovernmental	10,776,887	779,814	-	-	5,002,701	16,559,402
Special Assessments	-	-	585,653	-	1,300	586,953
Penalties and Interest on Taxes	322,851	-	11,131	-	673	334,655
Licenses and Permits	766,960	-	-	-	26,145	793,105
Fines and Forfeitures	16,434	-	-	-	-	16,434
Departmental and Other	628,648	-	-	-	2,413,733	3,042,381
Contributions	-	-	-	-	274,567	274,567
Investment Income (Loss)	(202,918)	(189,684)	-	-	1,697	(390,905)
Total Revenues	<u>69,717,706</u>	<u>1,641,295</u>	<u>596,784</u>	<u>-</u>	<u>10,361,898</u>	<u>82,317,683</u>
EXPENDITURES						
Current:						
General Government	4,956,511	82,620	-	-	1,079,066	6,118,197
Public Safety	10,623,749	-	-	-	1,085,795	11,709,544
Education	24,183,946	-	-	-	2,333,831	26,517,777
Public Works	6,373,693	616,829	-	730,174	1,065,777	8,786,473
Health and Human Services	879,090	-	-	-	85,868	964,958
Culture and Recreation	813,703	-	-	-	763,293	1,576,996
Pension Benefits	7,364,130	-	-	-	-	7,364,130
Employee Benefits	7,178,670	-	-	-	-	7,178,670
Property and Liability Insurance	757,080	-	-	-	-	757,080
State and County Charges	2,569,721	-	-	-	-	2,569,721
Debt Service:						
Principal	2,171,474	-	-	-	-	2,171,474
Interest	489,873	-	-	-	-	489,873
Total Expenditures	<u>68,361,640</u>	<u>699,449</u>	<u>-</u>	<u>730,174</u>	<u>6,413,630</u>	<u>76,204,893</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,356,066	941,846	596,784	(730,174)	3,948,268	6,112,790
OTHER FINANCING SOURCES (USES)						
Proceeds from Direct Borrowings	148,666	-	-	-	-	148,666
Transfers In	2,001,332	-	-	-	2,012,550	4,013,882
Transfer Out	(2,012,550)	(444,025)	(539,750)	-	(1,017,557)	(4,013,882)
Total Other Financing Sources (Uses)	<u>137,448</u>	<u>(444,025)</u>	<u>(539,750)</u>	<u>-</u>	<u>994,993</u>	<u>148,666</u>
NET CHANGE IN FUND BALANCES	1,493,514	497,821	57,034	(730,174)	4,943,261	6,261,456
Fund Balances - Beginning of Year	30,646,784	10,487,752	1,190,140	(1,737,885)	11,957,191	52,543,982
FUND BALANCES - END OF YEAR	<u>\$ 32,140,298</u>	<u>\$ 10,985,573</u>	<u>\$ 1,247,174</u>	<u>\$ (2,468,059)</u>	<u>\$ 16,900,452</u>	<u>\$ 58,805,438</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, 2022**

Net Change in Fund Balances - Total Governmental Funds	\$	6,261,456
<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		4,377,208
Depreciation		(3,120,907)
<p>In the statement of activities, deferred outflows and inflows related to Pensions are amortized and recognized as Pension expense. This amount represents the net change in deferred outflows and inflows related to pensions.</p>		
		(5,895,458)
<p>In the statement of activities, deferred outflows and inflows related to OPEB are amortized and recognized as OPEB expense. This amount represents the net change in deferred outflows and inflows related to OPEB.</p>		
		(16,744,339)
<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>		
		93,675
<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 and Direct Borrowing Maturities		2,171,474
Amortization of Bond Premiums		163,959
Proceeds of Direct Borrowings		(148,666)
Deferred Loss on Refunding		(21,941)
<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>		
		24,634
<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>		
Workers' Compensation		-
Compensated Absences		(235,087)
Net Pension Liability		7,511,515
Changes in Net Position of Governmental Activities	\$	8,457,012

See accompanying Notes to Basic Financial Statements.

**TOWN OF MASHPEE, MASSACHUSETTS
 PROPRIETARY FUND
 STATEMENT OF FUND NET POSITION
 JUNE 30, 2022**

	<u>Business-Type Activities - Kids Klub Enterprise Fund</u>
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 668,675
Noncurrent Assets:	
Capital Assets, Net of Accumulated Depreciation	<u>154,590</u>
Total Assets	823,265
DEFERRED OUTFLOWS OF RESOURCES	
Related to OPEB	118,972
Related to Pensions	<u>58,168</u>
Total Deferred Outflows	177,140
LIABILITIES	
Current Liabilities:	
Warrants Payable	1,112
Accrued Payroll	13,553
Other Liabilities	2,325
Total OPEB Liability - Due within One Year	<u>17,288</u>
Total Current Liabilities	34,278
Noncurrent Liabilities:	
Total OPEB Liability	620,413
Net Pension Liability	<u>375,508</u>
Total Noncurrent Liabilities	<u>995,921</u>
Total Liabilities	1,030,199
DEFERRED INFLOWS OF RESOURCES	
Related to OPEB	256,445
Related to Pensions	<u>94,977</u>
Total Deferred Inflows	351,422
FUND NET POSITION	
Net Investment in Capital Assets	154,590
Unrestricted	<u>(535,806)</u>
Total Net Position	<u><u>\$ (381,216)</u></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, 2022**

	<u>Business-Type Activities - Kids Klub Enterprise Fund</u>
OPERATING REVENUES	
Charges for Services	\$ 564,920
OPERATING EXPENSES	
Cost of Service and Administration	227,718
Depreciation	4,566
Total Operating Expenses	<u>232,284</u>
OPERATING INCOME	332,636
NONOPERATING REVENUES (EXPENSES)	
Investment Income	<u>138</u>
CHANGE IN FUND NET POSITION	332,774
Fund Net Position - Beginning of Year	<u>(713,990)</u>
FUND NET POSITION - END OF YEAR	<u><u>\$ (381,216)</u></u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF MASHPEE, MASSACHUSETTS
 PROPRIETARY FUND
 STATEMENT OF CASH FLOWS
 YEAR ENDED JUNE 30, 2022**

	Business-Type Activities - Kids Klub Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers and Users	\$ 564,920
Payments to Vendors	(34,412)
Payments to Employees	(313,159)
Net Cash Provided by Operating Activities	217,349
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment Income	138
NET CHANGE IN CASH AND CASH EQUIVALENTS	217,487
Cash and Cash Equivalents - Beginning of Year	451,188
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 668,675
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Income	\$ 332,636
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Changes in Assets and Liabilities not Requiring Current Cash Flows:	
Depreciation	4,566
Change in Net Pension Liability	(61,804)
Change in Total OPEB Liability	(248,357)
Change in Deferred Outflows of Resources Related to Pension	1,335
Change in Deferred Inflows of Resources Related to Pension	47,172
Change in Deferred Outflows of Resources Related to OPEB	78,104
Change in Deferred Inflows of Resources Related to OPEB	59,718
Effect of Changes in Operating Assets and Liabilities:	
Warrants Payable	(349)
Other Liabilities	365
Accrued Payroll	3,963
Total Adjustments	(115,287)
Net Cash Provided by Operating Activities	\$ 217,349

See accompanying Notes to Basic Financial Statements.

**TOWN OF MASHPEE, MASSACHUSETTS
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2022**

	Private Purpose Trust Fund	Custodial Fund
ASSETS		
Cash and Cash Equivalents	\$ 7,025	\$ 1,781
Receivables, Net of Allowance for Uncollectible Amounts: Departmental and Other	-	113,291
Total Assets	7,025	115,072
LIABILITIES		
Taxes Due to Other Governments	-	113,291
NET POSITION		
Held in Trust for Scholarships and Custodial Funds	\$ 7,025	\$ 1,781

See accompanying Notes to Basic Financial Statements.

**TOWN OF MASHPEE, MASSACHUSETTS
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2022**

	Private Purpose Trust Fund	Custodial Fund
ADDITIONS		
Net Investment Income:		
Interest	\$ 23	\$ -
Taxes and Fees Collected for Other Governments	-	1,045,169
Total Additions	23	1,045,169
DEDUCTIONS		
Scholarships Awarded	25	-
Payments of Taxes and Fees to Other Governments	-	1,043,388
Total Deductions	25	1,043,388
CHANGE IN NET POSITION	(2)	1,781
Net Position - Beginning of Year	7,027	-
NET POSITION - END OF YEAR	\$ 7,025	\$ 1,781

See accompanying Notes to Basic Financial Statements.

**TOWN OF MASHPEE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

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 Select Board.

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

The Town has also considered all potential component units for which it is financially accountable as well as other organizations for which the nature and/or significance of their relationship with the Town are such that exclusion would cause the Town's basic financial statements to be misleading or incomplete. It has been determined that there are no component units that require inclusion in the basic financial statements.

Joint Ventures

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

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

<u>Name</u>	<u>Purpose</u>	<u>Address</u>	<u>Fiscal Year 2022 Assessment</u>
Cape Cod Regional Technical High School	To provide vocational educational services	351 Pleasant Lake Avenue Harwich, MA 02645	\$ 978,770

The Cape Cod Regional Technical High School (School) is governed by a 22-member school committee consisting of two representatives (appointed by the Select Board) from the Town. The Town is indirectly liable for the School's debt and other expenditures and is assessed annually for its share of operating and capital costs. Separate financial statements may be obtained by writing to the Treasurer of the School at the address identified above.

**TOWN OF MASHPEE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Implementation of New Accounting Principles

In June 2017, the Governmental Accounting Standards Board, (GASB) issued GASB Statement No. 87, *Leases*. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The Town adopted the requirements of the guidance effective July 1, 2021, and has applied the provisions of this standard to the beginning of the period.

D. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

Fund Financial Statements

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

**TOWN OF MASHPEE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

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 BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Measurement Focus, Basis of Accounting, and Basis of Presentation (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 *wastewater design project* is a capital projects fund created to account for the financial resources and capital expenditures related to the wastewater design project.

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 BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Government-Wide Financial Statements (Continued)

Fund 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 custodial fund is used to account for assets held in a custodial capacity. Such assets consist mainly of taxes and fees collected for other governments and organizations.

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 BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

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 BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

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 BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

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 acquisition 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 to 40
Machinery, Vehicles, and Equipment	3 to 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.

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".

**TOWN OF MASHPEE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Interfund Receivables and Payables (Continued)

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, 2022, there were no 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 reports 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, OPEB and losses on refundings are reported in the government-wide and proprietary fund financial statements statement of net position.

O. Deferred Inflows of Resources

In addition to liabilities, the statement of financial position reports 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.

**TOWN OF MASHPEE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Deferred Inflows of Resources (Continued)

Deferred inflows of resources related to pensions and OPEB 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.

“Street betterments” represents amounts restricted for street betterments.

“Ambulance” represents amounts restricted for ambulance services.

“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.

Governmental Funds Financial Statements (Fund Balances)

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

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

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

**TOWN OF MASHPEE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Net Position and Fund Balances (Continued)

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

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

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

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

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

Q. Long-Term Debt

Government-Wide and Proprietary Fund Financial Statements

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

Governmental Funds Financial Statements

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

R. Investment Income

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

Investment income from the proprietary fund is retained in the fund.

**TOWN OF MASHPEE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Accumulated vacation and sick leave is 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. Other Postemployment 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 and life insurance coverage for current and future retirees and their spouses.

V. Use of Estimates

Government-Wide and Fund Financial Statements

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

**TOWN OF MASHPEE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

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.

An annual budget is adopted for the general fund and community preservation fund in conformity with the guidelines described above. The original fiscal year 2022 approved budget for the general fund authorized \$69,124,680 in appropriations. During fiscal year 2022, supplemental appropriations totaling \$5,910,273 were authorized. The original and final 2022 approved budgets for the community preservation fund authorized \$2,162,999 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.

**TOWN OF MASHPEE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

B. Fund Deficits

At June 30, 2022, the following temporary fund deficits exist:

<u>Fund</u>	<u>Amount</u>	<u>Funding Source</u>
Wastewater Design Project (major fund)	\$ 2,468,059	Issuance of Long-Term Debt
Wastewater Construction Phase 1	183,678	Issuance of Long-Term Debt
Project Adjust	140,165	Federal Grant
Cedar/Chestnut Road Project	212,192	Issuance of Long-Term Debt
Pimlico Heights Street Betterment Project	246,281	Issuance of Long-Term Debt
Leather Leaf Street Betterment Road Project	268,346	Issuance of Long-Term Debt
Chapter 90	90,673	State Grant
Quashnet Windows Project	50,000	Issuance of Long-Term Debt
Total	<u>\$ 3,659,394</u>	

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. There are no limitations or restrictions on withdrawals from the pool.

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, 2022, \$20,679,384 of the Town's bank balance of \$25,286,829 was uninsured and uncollateralized and, therefore, exposed to custodial credit risk. The carrying value of the Town's deposits totaled \$24,835,248 as of June 30, 2022.

**TOWN OF MASHPEE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Investments Summary

The Town's investments at June 30, 2022 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	More Than 10
<u>Debt Securities:</u>					
U.S. Treasuries	\$ 5,440,866	\$ 249,788	\$ 3,691,380	\$ 1,499,698	\$ -
U.S. Agencies	2,824,018	624,646	1,998,712	200,660	-
Corporate Bonds	2,534,806	-	2,087,808	446,998	-
Money Market Mutual Funds	1,968,937	1,968,937	-	-	-
Mutual Bond Funds	2,908,549	2,908,549	-	-	-
Fixed Income Securities	684,933	-	-	-	684,933
External Investment Pool (MMDT)	22,713,548	22,713,548	-	-	-
Total Debt Securities	39,075,657	<u>\$ 28,465,468</u>	<u>\$ 7,777,900</u>	<u>\$ 2,147,356</u>	<u>\$ 684,933</u>
<u>Other Investments:</u>					
Equity Securities	<u>5,501,577</u>				
Total Investments	<u>\$ 44,577,234</u>				

Investments – Interest Rate Risk of Debt Securities

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

Investments – Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk of investments. As of June 30, 2022, the Town was not exposed to custodial credit risk.

**TOWN OF MASHPEE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Investments – Credit Risk of Debt Securities

Credit risk for debt securities is the risk that an issuer or other counterparty to a debt security will not fulfill its obligations. The Town does not have a policy for credit risk of debt securities. As of June 30, 2022, the credit quality ratings of the Town's debt securities are as follows:

Investment Type	Fair Value	Quality Ratings *						
		AA+	A	A-	AA-	BBB+	BBB	Unrated
U.S. Agencies	\$ 2,824,018	\$ 2,199,372	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 624,646
Treasury Notes	5,440,866	-	-	-	-	-	-	5,440,866
Money Market Mutual Funds	1,968,937	-	-	-	-	-	-	1,968,937
Corporate Bonds	2,534,806	-	387,122	798,269	411,600	844,040	93,775	-
Mutual Bond Funds	2,908,549	-	-	-	-	-	-	2,908,549
Fixed Income Securities	684,933	-	-	-	-	-	-	684,933
External Investment Pools	22,713,548	-	-	-	-	-	-	22,713,548
Total	<u>\$ 39,075,657</u>	<u>\$ 2,199,372</u>	<u>\$ 387,122</u>	<u>\$ 798,269</u>	<u>\$ 411,600</u>	<u>\$ 844,040</u>	<u>\$ 93,775</u>	<u>\$ 34,341,479</u>

* Per the ratings scale of Moody'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, 2022, the Town was not exposed to concentration of credit risk.

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 BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

The Town has the following recurring fair value measurements as of June 30, 2022:

Investment Type	Fair Value	Fair Value Measurements Using	
		in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
<u>Investments by Fair Value Level</u>			
Equity Securities	\$ 5,501,577	\$ 5,501,577	\$ -
Money Market Mutual Funds	1,968,937	1,968,937	-
U.S. Treasuries	5,440,866	5,440,866	-
U.S. Agencies	2,824,018	2,824,018	-
Corporate Bonds	2,534,806	-	2,534,806
Mutual Bond Funds	2,908,549	2,908,549	-
Fixed Income Securities	684,933	-	684,933
Total Investments by Fair Value Level	<u>21,863,686</u>	<u>\$ 18,643,947</u>	<u>\$ 3,219,739</u>
<u>Investments measured at Amortized Cost:</u>			
External Investment Pool (MMDT)	22,713,548		
Total Investments	<u>\$ 44,577,234</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, 2022, 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	\$ 582,439	\$ -	\$ 582,439
Real Estate Tax Deferrals	20,296	-	20,296
Tax Liens	693,316	-	693,316
Motor Vehicle and Other Excise Taxes	438,711	(77,244)	361,467
Community Preservation Surcharges	29,016	-	29,016
Special Assessments	2,135,017	-	2,135,017
Departmental and Other	1,129,369	(439,323)	690,046
Intergovernmental	1,038,858	-	1,038,858
Loans	26,226	-	26,226
Total	<u>\$ 6,093,248</u>	<u>\$ (516,567)</u>	<u>\$ 5,576,681</u>

**TOWN OF MASHPEE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5 CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2022 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
<u>Capital Assets not Being Depreciated:</u>				
Land	\$ 60,352,157	\$ 15,219	\$ -	\$ 60,367,376
Construction in Progress	15,601,842	1,635,712	-	17,237,554
Total Capital Assets not Being Depreciated	75,953,999	1,650,931	-	77,604,930
<u>Capital Assets being Depreciated:</u>				
Buildings and Improvements	78,305,084	271,004	-	78,576,088
Machinery, Vehicles, and Equipment	8,955,564	274,595	-	9,230,159
Vehicles - Direct Borrowings	445,073	148,666	-	593,739
Infrastructure	29,981,699	2,032,012	-	32,013,711
Total Capital Assets Being Depreciated	117,687,420	2,726,277	-	120,413,697
<u>Less Accumulated Depreciation for:</u>				
Buildings and Improvements	(47,753,858)	(1,786,173)	-	(49,540,031)
Machinery, Vehicles, and Equipment	(6,717,345)	(491,525)	-	(7,208,870)
Vehicles - Direct Borrowings	(156,832)	(192,678)	-	(349,510)
Infrastructure	(10,637,940)	(650,531)	-	(11,288,471)
Total Accumulated Depreciation	(65,265,975)	(3,120,907)	-	(68,386,882)
Total Capital Assets Being Depreciated, Net	52,421,445	(394,630)	-	52,026,815
Total Governmental Activities Capital Assets, Net	<u>\$ 128,375,444</u>	<u>\$ 1,256,301</u>	<u>\$ -</u>	<u>\$ 129,631,745</u>
Business-Type Activities:				
<u>Capital Assets being Depreciated:</u>				
Buildings and Improvements	\$ 182,611	\$ -	\$ -	\$ 182,611
<u>Less Accumulated Depreciation for:</u>				
Buildings and Improvements	(23,455)	(4,566)	-	(28,021)
Total Capital Assets being Depreciated, Net	159,156	(4,566)	-	154,590
Total Business-Type Activities Capital Assets, Net	<u>\$ 159,156</u>	<u>\$ (4,566)</u>	<u>\$ -</u>	<u>\$ 154,590</u>

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

Governmental Activities:

General Government	\$ 184,862
Public Safety	556,609
Education	1,039,428
Public Works	1,021,093
Health and Human Services	56,160
Culture and Recreation	262,755
	<hr/>
Total Depreciation Expense - Governmental Activities	<u>\$ 3,120,907</u>

Business-Type Activities:

Kids Klub	<u>\$ 4,566</u>
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**TOWN OF MASHPEE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 6 INTERFUND TRANSFERS

Interfund transfers for the fiscal year ended June 30, 2022 are summarized as follows:

Transfers Out:	Transfers In:		
	General Fund	Nonmajor Governmental Funds	Total
General Fund	\$ -	\$ 2,012,550	\$ 2,012,550 (1)
Community Preservation Fund	444,025	-	444,025 (2)
Street Betterments Fund	539,750	-	539,750 (2)
Nonmajor Governmental Funds	1,017,557	-	1,017,557 (3)
Total	<u>\$ 2,001,332</u>	<u>\$ 2,012,550</u>	<u>\$ 4,013,882</u>

(1) Represents budgeted transfer to Unemployment (\$40,000), Solar Panels (\$469,050), MA Division of Ecological Restoration Grant (\$61,500), Injured on Duty (\$250,000), USDA NRCS Grant (\$192,000), and COVID-19 Grant (\$1,000,000) special revenue funds.

(2) Represents budgeted transfer to fund the operating budget.

(3) Represents budgeted transfers to the general fund from the Ambulance Receipts (\$638,000), Waterways Improvement (\$212,000), Shellfish Permits (\$25,000), Cemetery Sale of Plots (\$15,000), Peg Access Cable Access (\$80,000), Septic Repair Program (\$32,557), and Conservation Revolving (\$15,000).

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.

**TOWN OF MASHPEE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 7 SHORT-TERM FINANCING (CONTINUED)

Details related to the short-term activity for the fiscal year ended June 30, 2022 are as follows:

Notes Payable - Governmental Funds

Type	Description	Origination Date	Maturity Date	Interest Rate	Balance at June 30, 2021	Increases	Decreases	Balance at June 30, 2022
BAN	Various Projects	5/12/21	5/12/22	0.75%	\$ 2,380,000		\$ (2,380,000)	\$ -
BAN	Various Projects	5/12/21	5/12/23	1.75%	-	3,510,000		3,510,000
	Total				<u>\$ 2,380,000</u>	<u>\$ 3,510,000</u>	<u>\$ (2,380,000)</u>	<u>\$ 3,510,000</u>

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, 2022:

	Balance June 30, 2021	Increases	Decreases	Balance June 30, 2022	Current Portion
Governmental Activities:					
Bonds and Notes Payable	\$ 13,905,000	\$ -	\$ (1,960,000)	\$ 11,945,000	\$ 1,755,000
Direct Borrowings	371,102	148,666	(211,474)	308,294	213,533
Unamortized Premium	853,842	-	(163,959)	689,883	133,414
Bonds and Notes Payable, Net	<u>15,129,944</u>	<u>148,666</u>	<u>(2,335,433)</u>	<u>12,943,177</u>	<u>2,101,947</u>
Landfill Closure and Post-Closure	346,547	-	(13,700)	332,847	15,000
Compensated Absences	3,524,910	335,497	(100,410)	3,759,997	376,000
Total	<u>\$ 19,001,401</u>	<u>\$ 484,163</u>	<u>\$ (2,449,543)</u>	<u>\$ 17,036,021</u>	<u>\$ 2,492,947</u>

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

**TOWN OF MASHPEE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 9 LONG-TERM DEBT

Details related to the Town's outstanding indebtedness at June 30, 2022 are as follows:

Bonds and Notes Payable – Governmental Funds

Project	Maturity Date	Interest Rate	Outstanding at June 30, 2021	Issued	Redeemed	Outstanding at June 30, 2022
Septic Repair (MCWT)*	7/15/2025	0.00%	\$ 42,500	\$ -	\$ (8,500)	\$ 34,000
Septic Replacement (MCWT)*	8/1/2024	0.00%	40,361	-	(10,296)	30,065
Direct Borrowing - Lease/Purchases*	6/30/2024	5.65-6.35%	288,241	148,666	(192,678)	244,229
Municipal Purpose	1/15/2029	2.50-4.00%	2,360,000	-	(300,000)	2,060,000
Municipal Purpose of 2014	1/15/2029	2.00-4.00%	1,965,000	-	(290,000)	1,675,000
Refunding Municipal Purpose of 2013	9/1/2021	2.00-3.00%	180,000	-	(180,000)	-
Refunding Municipal Purpose of 2016	8/15/2027	2.00%	3,050,000	-	(615,000)	2,435,000
Municipal Purpose 2019	4/1/2019	2.50%	6,350,000	-	(575,000)	5,775,000
Subtotal			14,276,102	148,666	(2,171,474)	12,253,294
Unamortized Premium			853,842	-	(163,959)	689,883
Total Governmental Activities, Net			<u>\$ 15,129,944</u>	<u>\$ -</u>	<u>\$ (2,335,433)</u>	<u>\$ 12,943,177</u>

* Direct borrowings

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 2022, the Town's subsidy totaled approximately \$1,800. Future subsidies total approximately \$2,200. The amount of MCWT bonds outstanding at June 30, 2022, totaled \$64,065.

The Town also acquired vehicles through direct borrowings that expire in fiscal year 2024.

For direct borrowings, there are no terms specified in debt agreements related to significant (1) events of default with finance-related consequences, (2) termination events with finance-related consequences, and (3) subjective acceleration clauses.

**TOWN OF MASHPEE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 9 LONG-TERM DEBT (CONTINUED)

Bonds and Notes Payable – Governmental Funds (Continued)

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

Fiscal Year	Bonded Debt		Direct Borrowings		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 1,755,000	\$ 403,012	\$ 213,533	\$ 14,732	\$ 1,968,533	\$ 417,744
2024	1,660,000	339,512	67,877	3,143	1,727,877	342,655
2025	1,435,000	280,813	18,384	-	1,453,384	280,813
2026	1,380,000	235,625	8,500	-	1,388,500	235,625
2027	1,100,000	191,025	-	-	1,100,000	191,025
2028	960,000	150,975	-	-	960,000	150,975
2029	745,000	113,025	-	-	745,000	113,025
2030	350,000	87,300	-	-	350,000	87,300
2031	350,000	76,800	-	-	350,000	76,800
2032	295,000	66,300	-	-	295,000	66,300
2033	275,000	57,450	-	-	275,000	57,450
2034	275,000	49,200	-	-	275,000	49,200
2035	275,000	40,950	-	-	275,000	40,950
2036	275,000	32,700	-	-	275,000	32,700
2037	275,000	24,450	-	-	275,000	24,450
2038	270,000	16,200	-	-	270,000	16,200
2039	270,000	8,100	-	-	270,000	8,100
Total	<u>\$ 11,945,000</u>	<u>\$ 2,173,437</u>	<u>\$ 308,294</u>	<u>\$ 17,875</u>	<u>\$ 12,253,294</u>	<u>\$ 2,191,312</u>

The Town is subject to debt limits by statute and may issue additional general obligation debt under the normal debt limit. At June 30, 2022, the Town had the following authorized and unissued debt:

Purpose	Amount
Wastewater - Phase 1	\$ 53,750,000
Cedar Street Roadways	86,010
Total	<u>\$ 53,836,010</u>

**TOWN OF MASHPEE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 10 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 \$332,847 as the estimate of the landfill postclosure care liability at June 30, 2022. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

NOTE 11 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, state law, or Town ordinances. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided – The Town provides health, dental, and life insurance coverage for its retirees and survivors. 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.

**TOWN OF MASHPEE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Employees covered by benefit terms – At June 30, 2020, actuarial valuation date, the following employees were covered by the benefit terms.

Active Employees	332
Retired Employees	296
Total	628

Total OPEB Liability

The Town’s total OPEB liability of \$78,142,874 as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2020, which was rolled forward to the measurement date of June 30, 2022.

Actuarial assumptions – The following actuarial methods and assumptions used in the June 30, 2020 actuarial valuation apply to all periods included in the measurement.

Discount Rate: 3.54 % (20-year municipal bond rate)

Health Care Trend Rates: Non-Medicare: CCHMG - 2.5% for 1 year, then 6.75% decreasing by 0.25% each year to an ultimate level of 4.5% per year; GIC – 6.6%, 6.5%, 6.4%, 6.2%, then 6.0% decreasing by 0.25% each year to an ultimate level of 4.5% per year.

Medicare: CCHMG – 2.5% for 1 year, then 6.75% decreasing by 0.25% each year to an ultimate level of 4.5% per year; GIC – 4.8%, 4.7%, 4.6%, then 6.0% decreasing by 0.25% each year to an ultimate level of 4.5% per year.

Inflation Rate: 3.25% annually

**TOWN OF MASHPEE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Mortality Rates: Preretirement: Healthy Non-Teachers RP-2014 Blue Collar Employee Mortality Table projected generationally with Scale MP-2017; Healthy Teachers: Pub-2010 Teachers Employee Headcount-Weighted Mortality Table projected generationally with scale MP-2020

Postretirement: Healthy Non-Teachers RP-2014 Blue Collar Healthy Annuitant Mortality Table projected generationally with Scale MP-2017; Healthy Teachers Pub-2010 Teachers Healthy Retiree Headcount-Weighted Mortality Table projected generationally with scale MP-2020; Disabled Non-Teachers RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year projected generationally with Scale MP-2017; Disabled Teachers Pub-2010 Teachers Healthy Retiree Headcount-Weighted Mortality Table projected generationally with scale MP-2020

Changes in Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2021	\$ 92,397,020
Changes for the Year:	
Service Cost	4,873,641
Interest	2,079,430
Changes of Assumptions	(19,194,942)
Benefits Payments	(2,012,275)
Net Changes	(14,254,146)
Balance at June 30, 2022	\$ 78,142,874

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate – The following presents the net OPEB liability of the Town, as well as what the Town’s net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.54%) or 1-percentage-point higher (4.54%) than the current rate:

	1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
Net OPEB Liability	\$ 91,416,670	\$ 78,142,874	\$ 67,553,733

**TOWN OF MASHPEE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Trend – The following presents the net OPEB liability of the Town, as well as what the Town’s net OPEB liability would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease	Current Healthcare Trend Rate	1% Increase
Net OPEB Liability	\$ 65,291,592	\$ 78,142,874	\$ 94,782,575

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

For the year ended June 30, 2022, the Town recognized OPEB Expense of \$4,640,290. At June 30, 2022, the Town reported deferred inflows and outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 13,905,071	\$ 23,475,265
Differences Between Expected and Actual Experience	673,566	7,949,096
Total	\$ 14,578,637	\$ 31,424,361

The amounts reported as deferred outflows and inflows of resources are related to OPEB and will be recognized in OPEB expense as follows:

Year Ended June 30,	Amount
2023	\$ (1,084,062)
2024	(1,493,090)
2025	(4,013,114)
2026	(7,056,301)
2027	(3,199,157)
Totals	\$ (16,845,724)

**TOWN OF MASHPEE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 12 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	Wastewater Design Project	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:						
Permanent Fund Principal	\$ -	\$ -	\$ -	\$ -	\$ 45,052	\$ 45,052
Restricted:						
Loans	-	-	-	-	26,226	26,226
Debt Service	39,465	-	-	-	-	39,465
Other Post Employment Benefits	1,542,241	-	-	-	-	1,542,241
Community Preservation	-	10,985,573	-	-	-	10,985,573
Ambulance Receipts Reserved	-	-	-	-	2,440,841	2,440,841
Street Betterments	-	-	1,247,174	-	-	1,247,174
Septic Betterments	-	-	-	-	429,523	429,523
School Lunch	-	-	-	-	190,944	190,944
General Government	-	-	-	-	8,891,091	8,891,091
Public Safety	-	-	-	-	529,618	529,618
Education	-	-	-	-	4,085,824	4,085,824
Public Works	-	-	-	-	266,924	266,924
Health and Human Services	-	-	-	-	61,552	61,552
Culture and Recreation	-	-	-	-	1,124,192	1,124,192
Subtotal - Restricted	1,581,706	10,985,573	1,247,174	-	18,046,735	31,861,188
Committed:						
General Government	1,353,295	-	-	-	-	1,353,295
Public Safety	413,126	-	-	-	-	413,126
Public Works	32,742	-	-	-	-	32,742
Health and Human Services	150,000	-	-	-	-	150,000
Culture and Recreation	50,000	-	-	-	-	50,000
Subsequent Year's Expenditures	2,005,000	-	-	-	-	2,005,000
Continuing Appropriations	281,271	-	-	-	-	281,271
Subtotal - Committed	4,285,434	-	-	-	-	4,285,434
Assigned:						
General Government	150,475	-	-	-	-	150,475
Public Safety	52,325	-	-	-	-	52,325
Education	100,000	-	-	-	-	100,000
Public Works	206,122	-	-	-	-	206,122
Culture and Recreation	1,040	-	-	-	-	1,040
Encumbrances	2,302,213	-	-	-	-	2,302,213
Subtotal - Assigned	2,812,175	-	-	-	-	2,812,175
Unassigned	23,460,983	-	-	(2,468,059)	(1,191,335)	19,801,589
Total Fund Balances	\$ 32,140,298	\$ 10,985,573	\$ 1,247,174	\$ (2,468,059)	\$ 16,900,452	\$ 58,805,438

**TOWN OF MASHPEE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 13 STABILIZATION FUNDS

The Town maintains a general stabilization fund and a capital stabilization fund that were 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 funds.

The balances of the general stabilization and capital stabilization funds at June 30, 2022 totaled \$5,411,986 and \$4,643,934, respectively, and are reported in the general fund as unassigned fund balance.

NOTE 14 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 (the 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, 2022, and therefore is not reported.

**TOWN OF MASHPEE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 15 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.

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.

**TOWN OF MASHPEE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 15 PENSION PLAN (CONTINUED)

General Information about the Pension Plan (Continued)

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 \$3,640,546 for the year ended June 30, 2022.

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

At June 30, 2022, the Town reported a liability of \$27,137,314 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2022. 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, 2021, the Town proportion was 4.935%, which was 0.090% lower than the proportion 5.025% measured as of December 31, 2020.

For the year ended June 30, 2022, the Town recognized pension expense related to the BCRA of \$2,011,192. At June 30, 2022, the Town reported deferred outflows of resources related to pensions of \$4,799,211 from changes in assumptions, \$3,403,209, and \$1,396,002 from changes in proportion. The Town also reported deferred inflows of resources related to pensions of \$10,390,479 from changes in proportion \$698,000, from differences between expected and actual experience \$190,435, and the net difference between projected and actual investment earnings on pension plan investments \$9,502,044. The Town did not make any pension contributions after the measurement date of December 31, 2021 and prior to the reporting date of June 30, 2022.

**TOWN OF MASHPEE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 15 PENSION PLAN (CONTINUED)

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

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>
2023	\$ (893,692)
2024	(2,252,124)
2025	(1,366,296)
2026	(1,293,966)
2027	214,810
Totals	<u>\$ (5,591,268)</u>

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

Wage Inflation	3.25%
Salary Increases	Varies by length of service with ultimate rates of 4.00% for Group 1, 4.25% for Group 2 and 4.50% for Group 4.
Cost of Living:	3.00% of first \$18,000 of retirement income.
Mortality Rates:	<p>Pre-Retirement – The RP-2014 Blue Collar Employee Mortality Table projected generationally with Scale MP-2017.</p> <p>Healthy Retiree – The RP 2014 Blue Collar Healthy Annuitant Mortality table projected generationally with Scale MP-2017.</p> <p>Disabled Retiree – The RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year and projected generationally with Scale MP-2017.</p>
Investment Rate of Return	6.90% net of pension plan investment expense, including inflation.

**TOWN OF MASHPEE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 15 PENSION PLAN (CONTINUED)

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	22.00 %	6.28 %
International Equity - Developed Markets	11.50	7.00
International Equity - Emerging Markets	4.50	8.82
Core Fixed Income	15.00	3.80
Value Added Fixed Income	8.00	2.97
Real Estate	10.00	3.50
Timberland	4.00	3.45
Hedge Fund, PCS	10.00	2.35
Private Equity	15.00	10.11
Totals	100.00 %	

Discount rate. The discount rate used to measure the total pension liability was 6.90%. 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.

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 6.90%, 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 (5.90%) or 1-percentage-point higher (7.90%) than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Town of Mashpee's Proportionate Share of the Net Pension Liability	\$ 39,907,578	\$ 27,137,314	\$ 16,395,456

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

**TOWN OF MASHPEE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 16 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.

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.

**TOWN OF MASHPEE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 16 MASSACHUSETTS TEACHERS RETIREMENT SYSTEM (CONTINUED)

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, 2022. The Commonwealth's net pension liability associated with the Town was \$45,798,243.

The MTRS' net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2021 rolled forward to June 30, 2021.

For the year ended June 30, 2022, the Town recognized pension expense of \$3,675,118 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, 2021 measurement date was determined by an actuarial valuation as of January 1, 2021 rolled forward to June 30, 2021. This valuation used the following assumptions:

Investment Rate of Return 7.00%

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 Pub-2010 Teachers Employees mortality table (headcount weighted) projected generationally with scale MP-2020 (gender distinct)
Post-retirement – Pub-2010 Teachers Retirees mortality table (headcount weighted) projected generationally with scale MP-2020 (gender distinct)
Disability – assumed to be in accordance with the Pub-2010 Teachers Retirees mortality table (headcount weighted) projected generationally with scale MP-2020 (gender distinct)

Other 3.5% interest rate credited to the annuity savings fund.
3.0% cost of living increase on the first \$13,000 of allowance per year.

**TOWN OF MASHPEE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 16 MASSACHUSETTS TEACHERS RETIREMENT SYSTEM (CONTINUED)

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

Investment assets of the MTRS are with the Pension Reserves Investment Trust (PRIT) Fund. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage. Best estimates of geometric rates of return for each major asset class included in the PRIT Fund's target asset allocation as of June 30, 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	39.0 %	4.8 %
Core Fixed Income	15.0	0.3
Private Equity	13.0	7.8
Portfolio Completion Strategies	11.0	2.9
Real Estate	10.0	3.7
Value Added Fixed Income	8.0	3.9
Timber/Natural Resources	4.0	4.3
Totals	100 %	

Discount rate. The discount rate used to measure the MTRS' total pension liability was 7.00%. 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.

**TOWN OF MASHPEE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 17 COMMITMENTS

Significant commitments include encumbrances and continuing appropriations outstanding for the general fund and community preservation fund, which totaled \$5,092,609 and \$1,017,814 respectively, at June 30, 2022.

NOTE 18 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, 2022, cannot be ascertained, management believes any resulting liability should not materially affect the financial position of the Town at June 30, 2022.

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, 2022, 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, 2022**

	Prior Year Encumbrances and Continuing Appropriations	Original Budget	Supplemental Appropriations and Transfers	Final Budget
REVENUES				
Real Estate and Personal Property Taxes	\$ -	\$ 52,536,857	\$ -	\$ 52,536,857
Motor Vehicle and Other Excise Taxes	-	2,058,718	-	2,058,718
Tax and Trash Liens	-	-	-	-
Payments in Lieu of Taxes	-	20,000	-	20,000
Charges for Services	-	60,000	-	60,000
Trash Disposal	-	700,000	-	700,000
Intergovernmental	-	6,262,300	-	6,262,300
Penalties and Interest on Taxes	-	90,000	-	90,000
Licenses and Permits	-	300,000	-	300,000
Fines and Forfeitures	-	30,000	-	30,000
Departmental and Other	-	591,282	-	591,282
Investment Income	-	100,000	-	100,000
Total Revenues	-	62,749,157	-	62,749,157
EXPENDITURES				
Current:				
General Government	1,805,059	5,035,217	1,566,549	8,406,825
Public Safety	730,665	10,299,278	306,585	11,336,528
Education	-	24,717,894	211,004	24,928,898
Public Works	139,590	6,254,076	2,471,049	8,864,715
Health and Human Services	4,743	995,463	1,500	1,001,706
Culture and Recreation	51,500	1,068,281	(1,500)	1,118,281
Pension Benefits	-	3,704,763	-	3,704,763
Employee Benefits	-	8,044,587	155	8,044,742
Property and Liability Insurance	-	946,520	3,861	950,381
State and County Charges	-	2,697,100	-	2,697,100
Debt Service:				
Principal	-	2,083,797	(105,001)	1,978,796
Interest	-	496,513	-	496,513
Total Expenditures	2,731,557	66,343,489	4,454,202	73,529,248
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,731,557)	(3,594,332)	(4,454,202)	(10,780,091)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	3,727,378	-	3,727,378
Transfers Out	-	(2,781,191)	(1,456,071)	(4,237,262)
Total Other Financing Sources (Uses)	-	946,187	(1,456,071)	(509,884)
NET CHANGE IN FUND BALANCE	(2,731,557)	(2,648,145)	(5,910,273)	(11,289,975)
Fund Balance at Beginning of Year	19,343,765	19,343,765	19,343,765	19,343,765
FUND BALANCE AT END OF YEAR	\$ 16,612,208	\$ 16,695,620	\$ 13,433,492	\$ 8,053,790

**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 (CONTINUED)
YEAR ENDED JUNE 30, 2022**

	Actual	Current Year Encumbrances and Continuing Appropriations	Actual and Encumbrances and Continuing Appropriations	Variance Positive (Negative)
REVENUES				
Real Estate and Personal Property Taxes	\$ 52,587,297	\$ -	\$ 52,587,297	\$ 50,440
Motor Vehicle and Other Excise Taxes	3,941,017	-	3,941,017	1,882,299
Tax and Trash Liens	143,909	-	143,909	143,909
Payments in Lieu of Taxes	38,369	-	38,369	18,369
Charges for Services	313,183	-	313,183	253,183
Trash Disposal	1,158,168	-	1,158,168	458,168
Intergovernmental	7,100,008	-	7,100,008	837,708
Penalties and Interest on Taxes	322,851	-	322,851	232,851
Licenses and Permits	766,960	-	766,960	466,960
Fines and Forfeitures	16,434	-	16,434	(13,566)
Departmental and Other	628,648	-	628,648	37,366
Investment Income	23,917	-	23,917	(76,083)
Total Revenues	<u>67,040,761</u>	<u>-</u>	<u>67,040,761</u>	<u>4,291,604</u>
EXPENDITURES				
Current:				
General Government	4,956,511	2,568,281	7,524,792	882,033
Public Safety	10,667,761	512,720	11,180,481	156,047
Education	24,183,946	7,718	24,191,664	737,234
Public Works	6,353,003	1,998,419	8,351,422	513,293
Health and Human Services	879,090	2,000	881,090	120,616
Culture and Recreation	813,703	3,471	817,174	301,107
Pension Benefits	3,689,012	-	3,689,012	15,751
Employee Benefits	7,178,670	-	7,178,670	866,072
Property and Liability Insurance	757,080	-	757,080	193,301
State and County Charges	2,569,721	-	2,569,721	127,379
Debt Service:				
Principal	1,978,796	-	1,978,796	-
Interest	488,112	-	488,112	8,401
Total Expenditures	<u>64,515,405</u>	<u>5,092,609</u>	<u>69,608,014</u>	<u>3,921,234</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,525,356	(5,092,609)	(2,567,253)	8,212,838
OTHER FINANCING SOURCES (USES)				
Transfers In	3,727,378	-	3,727,378	-
Transfers Out	(4,237,262)	-	(4,237,262)	-
Total Other Financing Sources (Uses)	<u>(509,884)</u>	<u>-</u>	<u>(509,884)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	2,015,472	(5,092,609)	(3,077,137)	8,212,838
Fund Balance at Beginning of Year	<u>19,343,765</u>	<u>-</u>	<u>19,343,765</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 21,359,237</u>	<u>\$ (5,092,609)</u>	<u>\$ 16,266,628</u>	<u>\$ 8,212,838</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, 2022**

	Prior Year Encumbrances and Continuing Appropriations	Original Budget	Supplemental Appropriations and Transfers	Final Budget
REVENUES				
Community Preservation Surcharges	\$ -	\$ 1,495,448	\$ -	\$ 1,495,448
Intergovernmental	-	492,888	-	492,888
Investment Income (Loss)	-	-	-	-
Total Revenues	-	1,988,336	-	1,988,336
EXPENDITURES				
Current:				
Administrative	-	40,000	-	40,000
Acquisitions and Projects	1,612,151	66,823	-	1,678,974
Total Expenditures	1,612,151	106,823	-	1,718,974
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,612,151)	1,881,513	-	269,362
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	(444,025)	-	(444,025)
NET CHANGE IN FUND BALANCE	(1,612,151)	1,437,488	-	(174,663)
Fund Balance at Beginning of Year	10,487,752	10,487,752	10,487,752	10,487,752
FUND BALANCE AT END OF YEAR	\$ 8,875,601	\$ 11,925,240	\$ 10,487,752	\$ 10,313,089

**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 (CONTINUED)
YEAR ENDED JUNE 30, 2022**

	Actual	Current Year Encumbrances and Continuing Appropriations	Actual and Encumbrances and Continuing Appropriations	Variance Positive/ (Negative)
REVENUES				
Community Preservation Surcharges	\$ 1,051,165	\$ -	\$ 1,051,165	\$ (444,283)
Intergovernmental	779,814	-	779,814	286,926
Investment Income (Loss)	(189,684)	-	(189,684)	(189,684)
Total Revenues	1,641,295	-	1,641,295	(347,041)
EXPENDITURES				
Current:				
Administrative	38,289	-	38,289	1,711
Acquisitions and Projects	661,160	1,017,814	1,678,974	-
Total Expenditures	699,449	1,017,814	1,717,263	1,711
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	941,846	(1,017,814)	(75,968)	(345,330)
OTHER FINANCING SOURCES (USES)				
Transfers Out	(444,025)	-	(444,025)	-
NET CHANGE IN FUND BALANCE	497,821	(1,017,814)	(519,993)	(345,330)
Fund Balance at Beginning of Year	10,487,752	-	10,487,752	-
FUND BALANCE AT END OF YEAR	\$ 10,985,573	\$ (1,017,814)	\$ 9,967,759	\$ (345,330)

**TOWN OF MASHPEE, MASSACHUSETTS
REQUIRED SUPPLEMENTARY INFORMATION
PENSION PLAN SCHEDULES
JUNE 30, 2022**

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

	2022	2021	2020	2019	2018	2017	2016	2015
Town's Proportion of the Net Pension Liability	4.935%	5.025%	4.850%	4.709%	4.681%	4.860%	4.752%	4.760%
Town's Proportionate Share of the Net Pension Liability	\$ 27,137,314	\$ 27,137,314	\$ 36,435,356	\$ 37,215,748	\$ 31,854,119	\$ 34,148,007	\$ 29,920,777	\$ 26,873,570
Town's Covered Payroll	\$ 15,758,328	\$ 15,902,315	\$ 14,716,697	\$ 13,789,203	\$ 13,141,101	\$ 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	172.21%	170.65%	247.58%	269.89%	242.40%	251.74%	230.29%	215.24%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.07%	66.82%	62.34%	57.63%	61.86%	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)

	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially Required Contribution	\$ 3,640,546	\$ 3,495,129	\$ 3,193,061	\$ 2,962,112	\$ 2,793,731	\$ 2,754,998	\$ 2,566,216	\$ 2,479,065
Contributions in Relation to the Actuarially Required Contribution	(3,640,546)	(3,495,129)	(3,193,061)	(2,962,112)	(2,793,731)	(2,754,998)	(2,566,216)	(2,479,065)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's Covered Payroll	\$ 15,758,328	\$ 15,902,315	\$ 14,716,697	\$ 14,129,236	\$ 13,465,152	\$ 13,352,822	\$ 13,278,563	\$ 12,739,058
Contributions as a Percentage of Covered Payroll	23.10%	21.98%	21.70%	20.96%	20.75%	20.63%	19.33%	19.46%

- (1) Amounts presented were determined as of June 30 of the applicable fiscal year.
(2) Data is being accumulated annually to present 10 years of the reported information.

**TOWN OF MASHPEE, MASSACHUSETTS
REQUIRED SUPPLEMENTARY INFORMATION
PENSION PLAN SCHEDULES
JUNE 30, 2022**

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's Share of the Net Pension Liability	\$ 45,798,243	\$ 56,177,443	\$ 47,334,396	\$ 48,499,799	\$ 46,309,827	\$ 46,239,419	\$ 41,610,752	\$ 33,206,774
Commonwealth's Share of the Town's Net Pension Liability	<u>45,798,243</u>	<u>56,177,443</u>	<u>47,334,396</u>	<u>48,499,799</u>	<u>46,309,827</u>	<u>46,239,419</u>	<u>41,610,752</u>	<u>33,206,774</u>
Town's Net Pension Liability	<u>\$ -</u>							
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.03%	50.67%	53.95%	54.84%	54.25%	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
REQUIRED SUPPLEMENTARY INFORMATION
OPEB SCHEDULES
JUNE 30, 2022**

**SCHEDULE OF CHANGES IN THE TOWN'S
TOTAL OPEB LIABILITY AND RELATED RATIOS (1)(2)**

<u>Total OPEB Liability</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Service Cost	\$ 4,873,641	\$ 5,025,597	\$ 3,594,349
Interest	2,079,430	2,517,399	3,131,266
Differences Between Expected and Actual Experience	-	(11,923,644)	-
Changes of Assumptions	(19,194,942)	(11,219,217)	18,259,122
Benefit Payments	<u>(2,012,275)</u>	<u>(1,764,344)</u>	<u>(2,187,821)</u>
Net Change in Total OPEB Liability	(14,254,146)	(17,364,209)	22,796,916
Total OPEB Liability - Beginning	<u>92,397,020</u>	<u>109,761,229</u>	<u>86,964,313</u>
Total OPEB Liability - Ending	<u>\$ 78,142,874</u>	<u>\$ 92,397,020</u>	<u>\$ 109,761,229</u>
Covered Employee Payroll	\$ 35,954,983	\$ 35,954,983	\$ 32,303,380
Total OPEB Liability as a Percentage of Covered Employee Payroll	217.3%	257.0%	339.8%

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

(2) No assets are accumulated in a trust for the payment of OPEB

**TOWN OF MASHPEE, MASSACHUSETTS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022**

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, 2022, 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	\$ 67,040,761	\$ 69,608,014	\$ (509,884)	\$ 16,266,628
<u>Reclassifications</u>				
Activity of stabilization fund recorded in the general fund for GAAP purposes	(110,538)	-	-	5,411,986
Activity of OPEB fund recorded in the general fund for GAAP purposes	(126,649)	-	250,000	1,542,241
Activity of Capital Stabilization fund recorded in the general fund for GAAP purposes	10,352	-	248,666	4,643,934
<u>Adjustments</u>				
To record gross up of capital lease proceeds	-	148,666	148,666	-
Net change in recording 60-day receipts accrual	(9,686)	-	-	(32,997)
Net change in recording expenditure accruals	-	20,690	-	(20,690)
Net change in recording tax refunds accrual	(763,413)	-	-	(763,413)
To record activity for MCWT subsidies	1,761	1,761	-	-
To record MTRS on-behalf payments	3,675,118	3,675,118	-	-
To record encumbrances and continuing appropriations	-	(5,092,609)	-	5,092,609
GAAP basis as reported on the statement of revenues, expenditures, and changes in fund balances	<u>\$ 69,717,706</u>	<u>\$ 68,361,640</u>	<u>\$ 137,448</u>	<u>\$ 32,140,298</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	\$ 1,717,263	\$ 9,967,759
<u>Adjustments</u>		
To record encumbrances and continuing appropriations	<u>(1,017,814)</u>	<u>1,017,814</u>
GAAP basis as reported on the statement of revenues, expenditures, and changes in fund balances	<u>\$ 699,449</u>	<u>\$ 10,985,573</u>

**TOWN OF MASHPEE, MASSACHUSETTS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022**

NOTE B PENSION – CHANGES IN METHODS AND ASSUMPTIONS

The following are changes in actuarial methods and assumptions used to determine amounts reported in the pension plan schedules:

Salary increases (2015-2016):	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
Salary increases (2017-2022):	Varies by length of service with ultimate rates of 4.00% for Group 1, 4.25% for Group 2 and 4.50% for Group 4
Cost of living (2015):	3.0% of the first \$15,000 of retirement income
Cost of living (2016):	3.0% of the first \$16,000 of retirement income
Cost of living (2017):	3.0% of the first \$17,000 of retirement income
Cost of living (2018-2022):	3.0% of the first \$18,000 of retirement income
Investment rate of return (2015):	7.75%
Investment rate of return (2016):	7.625%
Investment rate of return (2017-2018):	7.375%
Investment rate of return (2019-2021):	7.15%
Investment rate of return (2022):	6.90%

NOTE C OPEB – CHANGES IN METHODS AND ASSUMPTIONS

The following are changes in actuarial methods and assumptions used to determine amounts reported in the OPEB schedules:

Discount Rate (2019):	3.87%
Discount Rate (2020):	2.21%
Discount Rate (2021):	2.16%
Discount Rate (2022):	3.54%