



COUNTY OF BARNSTABLE, MASSACHUSETTS

Financial Statements
For the Year Ended June 30, 2022

(With Independent Auditor's Report Thereon)

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INDEPENDENT AUDITOR'S REPORT

To the Honorable County Commissioners
County of Barnstable, Massachusetts

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the County of Barnstable, Massachusetts (the County), as of and for the year ended June 30, 2022, and the related notes to financial statements, which collectively comprise the County's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the County of Barnstable, 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County and to meet our 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

The County's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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Greenfield, Massachusetts
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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 County's 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.

Auditor's 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 auditor's 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 County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting principles 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 County's ability to continue as a going concern for a reasonable period of time.



Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management’s Discussion and Analysis, the budgetary comparison for the General Fund, and certain pension and OPEB schedules 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County’s basic financial statements. The accompanying supplementary information appearing on pages 60 through 64 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2023 on our consideration of the County's internal control over financial reporting and 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 County's 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 County's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Melanson".

Andover, Massachusetts
March 31, 2023



MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the County of Barnstable, Massachusetts (the County) we offer readers this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2022.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the basic financial statements. The basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to financial statements. This report also contains required and other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

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

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

The Statement of Activities presents information showing how the County'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.

Both of the government-wide financial statements distinguish functions that are principally supported by tax assessments and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities include general government, county services, health and human services, public safety, planning and development, and interest on long-term debt expenses. The business-type activities include dredge operations.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. The County's funds are reported into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's near-term financing decisions. Reconciliations are provided to facilitate the comparison between governmental funds and governmental activities.

Proprietary Funds

Proprietary fund reporting focuses on the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. Included in the proprietary fund category is the County's dredge enterprise fund.

Enterprise funds are used to report activity for which a fee is charged to external users, and must be used when one of the following criteria are met: (1) activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges, (2) laws or regulations require the activity's costs of providing services be recovered with fees and charges, or (3) the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs such as depreciation or debt service. The primary focus on these criteria is on fees charged to external users. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements, only in more detail. Specifically, enterprise funds are used to account for the County's dredge operations which is considered to be a major fund.

Fiduciary Funds

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

Notes to Financial Statements

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

Required and Other Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which is required to be disclosed by accounting

principles generally accepted in the United States of America, and other supplementary information.

Financial Highlights

- As of the close of the current fiscal year, net position in governmental activities was \$(31,437,894), a change of \$15,187,593, and net position in business-type activities was \$(1,326,712), a change of \$(204,700) in comparison to the prior year.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$55,497,857, a change of \$10,453,920 in comparison to the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$28,508,953, a change of \$9,251,524 in comparison to the prior year.

Government-Wide Financial Analysis

The following is a summary of condensed government-wide financial data for the current and prior fiscal years:

	NET POSITION					
	Governmental Activities		Business-Type Activities		Total	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Assets						
Current and other assets	\$ 119,683,661	\$ 85,330,479	\$ 694,866	\$ 938,317	\$ 120,378,527	\$ 86,268,796
Capital assets	<u>6,744,474</u>	<u>6,406,125</u>	<u>3,121,731</u>	<u>3,168,057</u>	<u>9,866,205</u>	<u>9,574,182</u>
Total Assets	126,428,135	91,736,604	3,816,597	4,106,374	130,244,732	95,842,978
Deferred Outflows of Resources	12,703,919	10,477,996	276,718	295,684	12,980,637	10,773,680
Liabilities						
Current liabilities	49,486,142	25,494,012	1,507,988	1,454,688	50,994,130	26,948,700
Noncurrent liabilities	<u>92,467,371</u>	<u>107,424,882</u>	<u>3,287,480</u>	<u>3,760,318</u>	<u>95,754,851</u>	<u>111,185,200</u>
Total Liabilities	141,953,513	132,918,894	4,795,468	5,215,006	146,748,981	138,133,900
Deferred Inflows of Resources	28,616,435	15,921,193	624,559	309,064	29,240,994	16,230,257
Net Position						
Net investment in capital assets	2,537,002	4,675,844	685,300	504,987	3,222,302	5,180,831
Restricted	42,069,192	40,207,702	-	-	42,069,192	40,207,702
Unrestricted	<u>(76,044,088)</u>	<u>(91,509,033)</u>	<u>(2,012,012)</u>	<u>(1,626,999)</u>	<u>(78,056,100)</u>	<u>(93,136,032)</u>
Total Net Position	\$ <u>(31,437,894)</u>	\$ <u>(46,625,487)</u>	\$ <u>(1,326,712)</u>	\$ <u>(1,122,012)</u>	\$ <u>(32,764,606)</u>	\$ <u>(47,747,499)</u>

As noted earlier, net position may serve over time as a useful indicator of the County's financial position. At the close of the most recent fiscal year, total net position was \$(32,764,606), a change of \$14,982,893 in comparison to the prior year.

Net investment in capital assets, \$3,222,302, reflects our investment in capital assets (e.g., land, land improvements, buildings and improvements, equipment, and vehicles), less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to the County; consequently, these assets are not available for future spending. Although

the investment in 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 net position, \$42,069,192, represents resources that are subject to external restrictions on how they may be used. The remaining balance of net position reflects a deficit of \$(78,056,100), primarily resulting from unfunded pension and OPEB liabilities.

	<u>CHANGE IN NET POSITION</u>					
	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Revenues						
Program revenues:						
Charges for services	\$ 7,200,018	\$ 6,511,944	\$ 1,152,700	\$ 1,700,007	\$ 8,352,718	\$ 8,211,951
Operating grants and contributions	9,831,935	8,926,586	-	-	9,831,935	8,926,586
Capital grants and contributions	3,358,023	3,972,093	-	-	3,358,023	3,972,093
General revenues:						
County tax assessments	3,533,429	3,447,249	-	-	3,533,429	3,447,249
Registry of deeds excise	2,424,595	3,052,431	-	-	2,424,595	3,052,431
County deeds excise	21,006,572	21,135,339	-	-	21,006,572	21,135,339
Rental income	1,744,059	1,890,001	-	-	1,744,059	1,890,001
Insurance settlements	672,909	82,785	-	-	672,909	82,785
Investment income	165,945	382,034	180	-	166,125	382,034
Other	367,745	153,107	187,600	14,338	555,345	167,445
Total Revenues	50,305,230	49,553,569	1,340,480	1,714,345	51,645,710	51,267,914
Expenses						
General government	5,089,331	5,026,865	-	-	5,089,331	5,026,865
County services	8,808,729	8,689,969	-	-	8,808,729	8,689,969
Health and human services	12,974,903	12,259,235	-	-	12,974,903	12,259,235
Public safety	1,970,635	2,594,177	-	-	1,970,635	2,594,177
Planning and development	5,772,097	6,854,193	-	-	5,772,097	6,854,193
Interest on long-term debt	365,919	384,645	-	-	365,919	384,645
Dredge operations	-	-	1,681,203	1,943,239	1,681,203	1,943,239
Total Expenses	34,981,614	35,809,084	1,681,203	1,943,239	36,662,817	37,752,323
Change in Net Position Before Transfers	15,323,616	13,744,485	(340,723)	(228,894)	14,982,893	13,515,591
Transfers In (out)	(136,023)	-	136,023	-	-	-
Change in net position	15,187,593	13,744,485	(204,700)	(228,894)	14,982,893	13,515,591
Net Position - Beginning of Year	(46,625,487)	(60,369,972)	(1,122,012)	(893,118)	(47,747,499)	(61,263,090)
Net Position - End of Year	\$ (31,437,894)	\$ (46,625,487)	\$ (1,326,712)	\$ (1,122,012)	\$ (32,764,606)	\$ (47,747,499)

Governmental Activities

Governmental activities for the year resulted in a change in net position of \$15,187,593. Key elements of this change are as follows:

Change in fund balance of governmental funds, adjusted for capital acquisitions and deferred revenues	\$	11,261,262
Decrease in net pension liability, net of related deferrals		3,668,397
Increase in net OPEB liability, net of related deferrals		(1,118,225)
Debt service in excess of depreciation		1,258,814
Other		<u>117,345</u>
Total	\$	<u>15,187,593</u>

Business-Type Activities

Business-type activities for the year resulted in a change in net position of \$(204,700). This change is largely attributable to an increase in the net OPEB liability and operating losses arising from operating expenses exceeding operating revenues.

Financial Analysis of the County's Funds

As noted earlier, fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

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

General Fund

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$28,508,953, while total fund balance was \$30,174,193. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to General Fund expenditures. Refer to the table below:

<u>General Fund</u>	<u>6/30/22</u>	<u>6/30/21</u>	<u>Change</u>	<u>% of Total General Fund Expenditures</u>
Unassigned fund balance	\$ 28,508,953	\$ 19,257,429	\$ 9,251,524	147.22%
Total fund balance	30,174,193	21,655,333	8,518,860	155.81%

The total fund balance of the General Fund changed by \$8,518,860 during the current fiscal year. Key factors related to this change are as follows:

Revenues in excess of budget	\$ 8,914,915
Expenditures less than budget	2,360,211
Use of fund balance as a funding source	(1,585,825)
Stabilization activity	(1,057,424)
Other	<u>(113,017)</u>
Total	<u>\$ 8,518,860</u>

Revenues in excess of budget are largely attributable to county deeds excises exceeding budgeted amounts, largely attributable to strengthened housing market activity during fiscal year 2022.

The use of fund balance as a funding source is comprised of the following:

Operating budget support	\$ 688,761
PFAS cleanup at former fire training site	622,785
Police academy operations	<u>274,279</u>
Total	<u>\$ 1,585,825</u>

The County maintains three stabilization accounts which are included in the total General Fund balances as follows:

	<u>6/30/22</u>	<u>6/30/21</u>	<u>Change</u>	<u>Fund Balance Classification</u>
General stabilization	\$ 514,603	\$ 992,777	\$ (478,174)	Unassigned
Capital stabilization	966,539	992,777	(26,238)	Committed
Emergency stabilization	<u>439,765</u>	<u>992,777</u>	<u>(553,012)</u>	Committed
Total	<u>\$ 1,920,907</u>	<u>\$ 2,978,331</u>	<u>\$ (1,057,424)</u>	

Cape Cod Commission Fund

The fund balance of the Cape Cod Commission Fund increased by \$960,714 over the prior year primarily attributable to various grant funding related to prior year indirect costs recognized in the cape cod commission fund.

Septic Loan Program Fund

The fund balance of the Septic Loan Program Fund decreased by \$(598,061) over the prior year.

ARPA Fund

The American Rescue Plan Act (ARPA) Fund was established in fiscal year 2021 to account for activities related to federal funding received from the American Rescue Plan Act. Through fiscal year 2022, the County has received \$41,370,812 in ARPA funds, \$41,259,401 of which are reported as unearned revenues on the governmental funds balance sheet as the criteria has not been met to recognize these monies as revenue in fiscal year 2022.

Nonmajor Governmental Funds

The fund balance of the Nonmajor Governmental Funds increased by \$1,572,407 over the prior year primarily attributable to timing differences between transfers from the General Fund related to special projects and related project expenditures.

Proprietary Funds

Proprietary funds provide the same type of information found in the business-type activities reported in the government-wide financial statements, but in more detail.

Unrestricted net position of the Dredge Enterprise Fund activities at the end of the fiscal year amounted to \$(2,012,012). This is largely attributable to the fund's unfunded portion of pension and OPEB liabilities.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget resulted in an overall change in appropriations of \$1,703,445. Major reasons for these amendments include:

\$ 622,785	for PFAS cleanup at former fire training site
541,396	for other departmental support
274,279	for police academy operations
264,985	for carryforwards of prior year purchase orders (encumbrances)

Of this increase, \$1,438,460 was funded from unassigned fund balance while \$264,985 was funded from assigned fund balance.

Capital Assets and Debt Administration

Capital Assets

Total investment in capital assets at year-end amounted to \$9,866,205 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, building improvements, machinery and equipment, vehicles, and software.

Additional information on capital assets can be found in Note 6 of the Notes to Financial Statements.

Long-Term Debt

At the end of the current fiscal year, total bonded debt outstanding was \$17,231,152, all of which was backed by the full faith and credit of the County.

The County maintained its AA rating from S&P Global Ratings for general obligation debt outstanding as of June 30, 2022.

Additional information on long-term debt can be found in Note 10 of the Notes to Financial Statements.

Requests for Information

This financial report is designed to provide a general overview of the County of Barnstable, Massachusetts' finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

County Commissioner's Office
County of Barnstable, Massachusetts
3195 Main Street
Barnstable, Massachusetts 02630

COUNTY OF BARNSTABLE, MASSACHUSETTS

STATEMENT OF NET POSITION

JUNE 30, 2022

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
Assets			
Current:			
Cash and short-term investments	\$ 102,777,084	\$ 633,088	\$ 103,410,172
Receivables, net of allowance for uncollectibles:			
Departmental	402,749	-	402,749
Intergovernmental	2,133,062	-	2,133,062
User charges	<u>-</u>	<u>61,778</u>	<u>61,778</u>
Total Current Assets	105,312,895	694,866	106,007,761
Noncurrent:			
Receivables, net of allowance for uncollectibles:			
Loans	14,370,766	-	14,370,766
Capital assets:			
Depreciable, net of accumulated depreciation	5,766,529	3,121,731	8,888,260
Land and construction in progress	<u>977,945</u>	<u>-</u>	<u>977,945</u>
Total Noncurrent Assets	<u>21,115,240</u>	<u>3,121,731</u>	<u>24,236,971</u>
Total Assets	126,428,135	3,816,597	130,244,732
Deferred Outflows of Resources			
Related to pension	8,748,086	132,344	8,880,430
Related to OPEB	<u>3,955,833</u>	<u>144,374</u>	<u>4,100,207</u>
Total Deferred Outflows of Resources	12,703,919	276,718	12,980,637
Liabilities			
Current:			
Warrants and accounts payable	1,863,143	43,217	1,906,360
Accrued payroll and withholdings	939,387	23,072	962,459
Notes payable	3,230,000	1,297,000	4,527,000
Unearned revenue	41,259,401	-	41,259,401
Other	20,786	-	20,786
Current portion of long-term liabilities:			
Bonds payable	1,856,148	135,000	1,991,148
Compensated absences	183,228	9,699	192,927
Legal settlements	<u>134,049</u>	<u>-</u>	<u>134,049</u>
Total Current Liabilities	49,486,142	1,507,988	50,994,130
Noncurrent:			
Bonds payable, net of current portion	13,915,004	1,325,000	15,240,004
Compensated absences, net of current portion	1,649,052	87,286	1,736,338
Legal settlements, net of current portion	2,184,117	-	2,184,117
Net pension liability	39,862,472	603,050	40,465,522
Net OPEB liability	<u>34,856,726</u>	<u>1,272,144</u>	<u>36,128,870</u>
Total Noncurrent Liabilities	<u>92,467,371</u>	<u>3,287,480</u>	<u>95,754,851</u>
Total Liabilities	141,953,513	4,795,468	146,748,981
Deferred Inflows of Resources			
Related to pension	19,647,818	297,237	19,945,055
Related to OPEB	<u>8,968,617</u>	<u>327,322</u>	<u>9,295,939</u>
Total Deferred Inflows of Resources	28,616,435	624,559	29,240,994
Net Position			
Net investment in capital assets	2,537,002	685,300	3,222,302
Restricted for:			
Grants and other statutory restrictions	29,549,309	-	29,549,309
Loans	12,519,883	-	12,519,883
Unrestricted	<u>(76,044,088)</u>	<u>(2,012,012)</u>	<u>(78,056,100)</u>
Total Net Position	\$ <u>(31,437,894)</u>	\$ <u>(1,326,712)</u>	\$ <u>(32,764,606)</u>

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

COUNTY OF BARNSTABLE, MASSACHUSETTS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	Program Revenues				Net (Expenses) Revenues and Change in Net Position		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Governmental Activities							
General government	\$ 5,089,331	\$ 584,721	\$ 101,986	\$ -	\$ (4,402,624)	\$ -	\$ (4,402,624)
County services	8,808,729	532,278	2,245,179	-	(6,031,272)	-	(6,031,272)
Health and human services	12,974,903	1,845,750	4,516,774	3,006,171	(3,606,208)	-	(3,606,208)
Public safety	1,970,635	283,500	39,855	-	(1,647,280)	-	(1,647,280)
Planning and development	5,772,097	3,953,769	2,928,141	-	1,109,813	-	1,109,813
Interest on long-term debt	365,919	-	-	351,852	(14,067)	-	(14,067)
Total Governmental Activities	34,981,614	7,200,018	9,831,935	3,358,023	(14,591,638)	-	(14,591,638)
Business-Type Activities							
Dredge operations	1,681,203	1,152,700	-	-	-	(528,503)	(528,503)
Total	\$ 36,662,817	\$ 8,352,718	\$ 9,831,935	\$ 3,358,023	(14,591,638)	(528,503)	(15,120,141)
General Revenues							
County tax assessments					3,533,429	-	3,533,429
Registry of deeds excise					2,424,595	-	2,424,595
County deeds excise					21,006,572	-	21,006,572
Rental income					1,744,059	-	1,744,059
Insurance settlements					672,909	-	672,909
Investment income					165,945	180	166,125
Other					367,745	187,600	555,345
Transfers, net					(136,023)	136,023	-
Total General Revenues and Transfers					29,779,231	323,803	30,103,034
Change in Net Position					15,187,593	(204,700)	14,982,893
Net Position							
Beginning of year					(46,625,487)	(1,122,012)	(47,747,499)
End of year					\$ (31,437,894)	\$ (1,326,712)	\$ (32,764,606)

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

COUNTY OF BARNSTABLE, MASSACHUSETTS

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2022

	General Fund	Cape Cod Commission Fund	Septic Loan Program Fund	ARPA Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash and short-term investments	\$ 31,198,801	\$ 7,428,767	\$ 8,233,024	\$ 41,274,645	\$ 14,641,847	\$ 102,777,084
Receivables:						
Departmental	211,806	-	-	-	190,943	402,749
Intergovernmental	97,465	-	-	-	2,035,597	2,133,062
Loans	-	-	12,519,883	-	1,850,883	14,370,766
Due from other funds	75,000	-	-	-	-	75,000
Total Assets	<u>\$ 31,583,072</u>	<u>\$ 7,428,767</u>	<u>\$ 20,752,907</u>	<u>\$ 41,274,645</u>	<u>\$ 18,719,270</u>	<u>\$ 119,758,661</u>
Liabilities						
Warrants and accounts payable	\$ 336,790	\$ 32,831	\$ 377,835	\$ 12,099	\$ 1,103,588	\$ 1,863,143
Accrued payroll and withholdings	743,523	95,142	5,507	-	95,215	939,387
Notes payable	-	-	-	-	3,230,000	3,230,000
Unearned revenue	-	-	-	41,259,401	-	41,259,401
Due to other funds	-	-	-	-	75,000	75,000
Other	19,295	-	-	-	1,491	20,786
Total Liabilities	1,099,608	127,973	383,342	41,271,500	4,505,294	47,387,717
Deferred Inflows of Resources						
Unavailable revenues	309,271	-	12,519,883	-	4,043,933	16,873,087
Fund Balances						
Restricted	-	7,300,794	7,849,682	3,145	10,351,755	25,505,376
Committed	1,406,304	-	-	-	3,041,073	4,447,377
Assigned	258,936	-	-	-	-	258,936
Unassigned	28,508,953	-	-	-	(3,222,785)	25,286,168
Total Fund Balances	<u>30,174,193</u>	<u>7,300,794</u>	<u>7,849,682</u>	<u>3,145</u>	<u>10,170,043</u>	<u>55,497,857</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 31,583,072</u>	<u>\$ 7,428,767</u>	<u>\$ 20,752,907</u>	<u>\$ 41,274,645</u>	<u>\$ 18,719,270</u>	<u>\$ 119,758,661</u>

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

COUNTY OF BARNSTABLE, MASSACHUSETTS
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
IN THE STATEMENT OF NET POSITION
JUNE 30, 2022

Total governmental fund balances	\$	55,497,857
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		6,744,474
Deferred outflows of resources to be recognized as an increase to pension and OPEB expense in future periods:		
Related to pension		8,748,086
Related to OPEB		3,955,833
Revenues are reported on the accrual basis of accounting and are not deferred until collection.		16,873,087
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Bonds payable		(15,771,152)
Compensated absences		(1,832,280)
Legal settlements		(2,318,166)
Net pension liability		(39,862,472)
Net OPEB liability		(34,856,726)
Deferred inflows of resources to be recognized as a decrease to pension and OPEB expense in future periods:		
Related to pension		(19,647,818)
Related to OPEB		(8,968,617)
Net position of governmental activities	\$	<u>(31,437,894)</u>

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

COUNTY OF BARNSTABLE, MASSACHUSETTS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2022

	General Fund	Cape Cod Commission Fund	Septic Loan Program Fund	ARPA Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
County tax assessments	\$ 3,533,429	\$ -	\$ -	\$ -	\$ -	\$ 3,533,429
Registry of deeds excise	2,424,595	-	-	-	-	2,424,595
County deeds excise	21,006,572	-	-	-	-	21,006,572
Environmental protection taxes	-	3,788,320	-	-	-	3,788,320
Rental income	1,744,059	-	-	-	-	1,744,059
Intergovernmental	-	-	351,852	111,411	8,602,371	9,065,634
Special assessments	-	-	3,959,349	-	-	3,959,349
Departmental	1,305,065	117,317	701,253	-	1,554,441	3,678,076
Insurance settlements	-	-	-	-	672,909	672,909
Investment income	114,437	-	-	33,670	17,838	165,945
Other	106,175	92,399	-	-	169,171	367,745
Total Revenues	30,234,332	3,998,036	5,012,454	145,081	11,016,730	50,406,633
Expenditures						
Current:						
General government	3,979,492	-	-	145,081	37,552	4,162,125
County services	6,546,953	-	-	-	2,541,169	9,088,122
Health and human services	4,170,516	-	3,794,453	-	4,718,686	12,683,655
Public safety	2,359,100	-	-	-	267,868	2,626,968
Planning and development	-	3,942,796	-	-	1,910,106	5,852,902
Shared costs	1,886,468	-	-	-	1,277,423	3,163,891
Debt service:						
Principal	365,000	-	1,464,210	-	-	1,829,210
Interest	57,965	-	351,852	-	-	409,817
Total Expenditures	19,365,494	3,942,796	5,610,515	145,081	10,752,804	39,816,690
Excess (Deficiency) of Revenues Over (Under) Expenditures	10,868,838	55,240	(598,061)	-	263,926	10,589,943
Other Financing Sources (Uses)						
Transfers in	481,169	905,474	-	-	2,814,208	4,200,851
Transfers out	(2,831,147)	-	-	-	(1,505,727)	(4,336,874)
Total Other Financing Sources (Uses)	(2,349,978)	905,474	-	-	1,308,481	(136,023)
Change in Fund Balances	8,518,860	960,714	(598,061)	-	1,572,407	10,453,920
Fund Balances, at Beginning of Year	21,655,333	6,340,080	8,447,743	3,145	8,597,636	45,043,937
Fund Balances, at End of Year	<u>\$ 30,174,193</u>	<u>\$ 7,300,794</u>	<u>\$ 7,849,682</u>	<u>\$ 3,145</u>	<u>\$ 10,170,043</u>	<u>\$ 55,497,857</u>

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

COUNTY OF BARNSTABLE, MASSACHUSETTS
 RECONCILIATION OF THE STATEMENT OF REVENUES,
 EXPENDITURES, AND CHANGES IN FUND BALANCES OF
 GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2022

Net changes in fund balances - total governmental funds	\$ 10,453,920
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:</p>	
Capital outlay	908,745
Depreciation	(570,396)
<p>Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures, and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., county excise, etc.) differ between the two statements. This amount represents the net change in unavailable revenue, net of the change in allowance for doubtful accounts.</p>	
	(101,403)
<p>The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position:</p>	
Repayments of general obligation bonds and loans	1,829,210
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:</p>	
Bond premium amortization	43,898
Change in compensated absences liability	(57,974)
Change in legal settlements liability	131,421
Change in net pension liability and related deferred outflows and inflows	3,668,397
Change in net OPEB liability and related deferred outflows and inflows	<u>(1,118,225)</u>
Change in net position of governmental activities	\$ <u>15,187,593</u>

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

COUNTY OF BARNSTABLE, MASSACHUSETTS

PROPRIETARY FUNDS

STATEMENT OF NET POSITION

JUNE 30, 2022

	Business-Type Activities Dredge <u>Enterprise Fund</u>
Assets	
Current:	
Cash and short-term investments	\$ 633,088
Receivables, net of allowance for uncollectibles:	
User charges	<u>61,778</u>
Total Current Assets	694,866
Noncurrent:	
Capital assets:	
Depreciable, net of accumulated depreciation	<u>3,121,731</u>
Total Noncurrent Assets	<u>3,121,731</u>
Total Assets	3,816,597
Deferred Outflows of Resources	
Related to pension	132,344
Related to OPEB	<u>144,374</u>
Total Deferred Outflows of Resources	276,718
Liabilities	
Current:	
Warrants and accounts payable	43,217
Accrued payroll and withholdings	23,072
Notes payable	1,297,000
Current portion of long-term liabilities:	
Bonds payable	135,000
Compensated absences	<u>9,699</u>
Total Current Liabilities	1,507,988
Noncurrent:	
Bonds payable, net of current portion	1,325,000
Compensated absences, net of current portion	87,286
Net pension liability	603,050
Net OPEB liability	<u>1,272,144</u>
Total Noncurrent Liabilities	<u>3,287,480</u>
Total Liabilities	4,795,468
Deferred Inflows of Resources	
Related to pension	297,237
Related to OPEB	<u>327,322</u>
Total Deferred Inflows of Resources	624,559
Net Position	
Net investment in capital assets	685,300
Unrestricted	<u>(2,012,012)</u>
Total Net Position	\$ <u><u>(1,326,712)</u></u>

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

COUNTY OF BARNSTABLE, MASSACHUSETTS

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

FOR THE YEAR ENDED JUNE 30, 2022

	Business-Type Activities
	Dredge <u>Enterprise Fund</u>
Operating Revenues	
Charges for services	\$ 1,152,700
Other	<u>7,600</u>
Total Operating Revenues	1,160,300
Operating Expenses	
Salaries and benefits	639,699
Costs of services and administration	751,243
Depreciation	<u>229,511</u>
Total Operating Expenses	<u>1,620,453</u>
Operating (Loss)	(460,153)
Nonoperating Revenues (Expenses)	
Proceeds from sale of capital assets	180,000
Investment income	180
Interest expense	<u>(60,750)</u>
Total Nonoperating Revenues (Expenses)	<u>119,430</u>
(Loss) Before Transfers	(340,723)
Transfers	
Transfers in	<u>136,023</u>
Change in Net Position	(204,700)
Net Position, Beginning of Year	<u>(1,122,012)</u>
Net Position, End of Year	\$ <u><u>(1,326,712)</u></u>

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

COUNTY OF BARNSTABLE, MASSACHUSETTS
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

	Business-Type Activities Dredge Enterprise Fund
Cash Flows from Operating Activities	
Receipts from customers and users	\$ 1,143,306
Payments to vendors	(719,272)
Payments to employees	<u>(618,747)</u>
Net Cash (Used For) Operating Activities	(194,713)
Cash Flows from Capital and Related Financing Activities	
Acquisition and construction of capital assets	(183,185)
Proceeds from notes	2,597,000
Principal payments on notes	(2,600,000)
Principal payments on bonds	(135,000)
Proceeds from sale of capital assets	180,000
Interest expense	(60,750)
Transfers in	<u>136,023</u>
Net Cash (Used For) Capital and Related Financing Activities	(65,912)
Cash Flows from Investing Activities	
Investment income	<u>180</u>
Net Cash Provided By Investing Activities	<u>180</u>
Net Change in Cash and Short-Term Investments	(260,445)
Cash and Short-Term Investments, Beginning of Year	<u>893,533</u>
Cash and Short-Term Investments, End of Year	\$ <u><u>633,088</u></u>
Reconciliation of Operating (Loss) to Net Cash (Used For) Operating Activities	
Operating (loss)	\$ (460,153)
Adjustments to reconcile operating (loss) to net cash (used for) operating activities:	
Depreciation	229,511
Changes in assets, liabilities, and deferred outflows/inflows:	
User fees receivable	(16,994)
Deferred outflows - related to pension	(70,944)
Deferred outflows - related to OPEB	89,910
Warrants payable	31,971
Accrued payroll and withholdings	23,072
Compensated absences	12,566
Net pension liability	(89,218)
Net OPEB liability	(259,929)
Deferred inflows - related to pension	104,665
Deferred inflows - related to OPEB	<u>210,830</u>
Net Cash Provided By Operating Activities	\$ <u><u>(194,713)</u></u>
Schedule of Non-Cash Capital and Related Financing Activities	
Disposal of capital assets	\$ (263,156)

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

COUNTY OF BARNSTABLE, MASSACHUSETTS

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2022

	OPEB <u>Trust Fund</u>	Custodial <u>Funds</u>
Assets		
Cash and short-term investments	\$ 12,349	\$ 2,734,243
Investments:		
Equity mutual funds	565,426	-
Fixed income mutual funds	<u>483,078</u>	<u>-</u>
Total Assets	1,060,853	2,734,243
Liabilities		
Due to other governments	<u>-</u>	<u>2,734,243</u>
Total Liabilities	<u>-</u>	<u>2,734,243</u>
Net Position		
Restricted for OPEB	<u>1,060,853</u>	<u>-</u>
Total Net Position	\$ <u><u>1,060,853</u></u>	\$ <u><u>-</u></u>

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

COUNTY OF BARNSTABLE, MASSACHUSETTS
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022

	<u>OPEB Trust Fund</u>	<u>Custodial Funds</u>
Additions		
Contributions:		
Employers	\$ 1,414,810	\$ -
Investment (loss)	(102,807)	-
Fees collected for the Commonwealth of Massachusetts	-	<u>32,568,674</u>
Total Additions	1,312,003	32,568,674
Deductions		
Benefit payments to plan members and beneficiaries	1,314,810	-
Payment of fees to the Commonwealth of Massachusetts	-	30,782,642
Payment of fees to County	-	<u>1,786,032</u>
Total Deductions	<u>1,314,810</u>	<u>32,568,674</u>
Change in Net Position	(2,807)	-
Net Position Restricted for OPEB and Other Purposes		
Beginning of year	<u>1,063,660</u>	<u>-</u>
End of year	<u>\$ 1,060,853</u>	<u>\$ -</u>

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

COUNTY OF BARNSTABLE, MASSACHUSETTS

Notes to Financial Statements

1. Summary of Significant Accounting Policies

The accounting policies of the County of Barnstable, Massachusetts (County) conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental and financial reporting principles. The following is a summary of the significant policies of the County:

Reporting Entity

The County adheres to the County form of government prescribed by Massachusetts General Laws (MGL) and the County of Barnstable Home Rule Charter, enacted under Chapter 163 of the Acts of 1988, Chapter 716 of the Acts of 1989, and Chapter 2 of the Acts of 1990. The County is governed by an elected Board of Commissioners, comprised of three members, and an Assembly of Delegates. The Assembly of Delegates is comprised of representatives from each municipality within Barnstable County, elected for terms of two years each by the voters in each of the municipalities of the County.

As required by GAAP, these financial statements present the County (primary government) and applicable component units for which the County is considered to be financially accountable. In fiscal year 2022, it was determined that no entities met the required GASB 14 (as amended) criteria of component units.

Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the County. For the most part, the effect of interfund activity has been removed from these statements. *Governmental Activities*, which normally are supported by tax assessments and intergovernmental revenues, are reported separately from *Business-Type Activities*, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which direct expenses of a given 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 (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Tax assessments and other items not properly included among program revenues are reported instead as *general revenues*.

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Financial Statements

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. County taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes and excises.

Fund Financial Statements

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Revenue from grants, entitlements, and donations is recognized when all eligibility requirements have been satisfied and they are measurable and available. All other revenue items are considered to be measurable and available only when cash is received. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, certain expenditures, such as debt service, compensated absences, claims and judgments, and pension and OPEB costs are recorded as expenditures only when payment is due.

The County reports the following major governmental funds:

- The *General Fund* is the County's primary operating fund. It accounts for all financial resources of the County, except those required to be accounted for in another fund.
- The *Cape Cod Commission Fund* is used to account for the activities of the Cape Cod Commission. These activities include the promotion of affordable housing, sponsorship of economic development programs, preservation of historic sites,

preservation of open space, planning and analysis of transportation, solid waste and hazardous waste management, and protection of water quality and water supplies.

- The *Septic Loan Program Fund* is used to account for the activities associated with the issuance of loans for septic system repairs.
- The *American Rescue Plan Act (ARPA) Fund* is used to account for the activities associated with the American Rescue Plan Act.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The County reports the following major proprietary fund:

- The *Dredge Enterprise Fund* is used to account for the activities of the County's dredge operations.

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

The County reports the following fiduciary funds:

- The *Other Post-Employment Benefits (OPEB) Trust Fund* is used to accumulate resources for health, dental, and life insurance benefits for retired employees. It is used to account for funds to offset the anticipated cost of premium payments for retirees and to any eligible spouse or dependents.
- The *Custodial Funds* account for fiduciary assets held by the County in a custodial capacity as an agent on behalf of others and are not required to be reported elsewhere on the financial statements. Custodial funds include fees collected on behalf of other governments.

Cash and Investments

Cash balances from all funds, except those required to be segregated by law, are combined to form a consolidation of cash. Cash balances are invested to the extent available, and interest earnings are recognized in the General Fund. Certain special revenue and fiduciary funds segregate cash, and investment earnings become a part of those funds.

Deposits with financial institutions consist primarily of demand deposits, certificates of deposit, and savings accounts, and money market accounts. Generally, a cash and investment pool is maintained that is available for use by all funds. Each fund’s portion of this pool is reflected on the financial statements under the caption “cash and short-term investments”.

For the purpose of the Statement of Cash Flows, the proprietary fund considers investments with original maturities of three months or less to be short-term investments.

Investments are carried at fair value, except certificates of deposit which are reported at cost.

Capital Assets

Capital assets, which include land, land improvements, buildings, building improvements, machinery and equipment, vehicles, and software, are reported in the government-wide financial statements. Capital assets are defined by the County as assets with an initial individual cost of more than \$5,000 and an estimated useful life of three years or more. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land improvements	20
Buildings	20 - 40
Building improvements	10 - 20
Machinery and equipment	3 - 20
Vehicles	5 - 10
Software	5 - 10

Compensated Absences

It is the County's policy to permit certain employees to accumulate earned but unused vacation and sick pay benefits. All vested vacation and sick pay is accrued when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt, and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. The General Fund, Septic Loan Fund, and Dredge Enterprise Fund typically repay these obligations.

Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance". Fund equity for all other reporting is classified as "net position".

Fund Balance

Generally, fund balance represents the difference between current assets/deferred outflows of resources and current liabilities/deferred inflows of resources. The County implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54), which enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying existing governmental fund type definitions, as follows:

Nonspendable

Represents amounts that cannot be spent because they are either (1) not in spendable form, or (2) legally or contractually required to be maintained intact. This fund balance classification includes General Fund reserves for prepaid expenditures and nonmajor governmental fund reserves for the principal portion of permanent trust funds.

Restricted

Represents amounts that are restricted to specific purposes by constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation. This fund balance classification includes the Cape Cod Commission Fund, Septic Loan Program Fund, various special revenue funds, and capital project funds.

Committed

Represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the County's highest level of decision-making authority. This fund balance classification includes capital and emergency stabilization accounts* as well as special revenue funds. A similar action is needed to modify or rescind a commitment.

Assigned

Represents amounts that are constrained by the County's intent to use these resources for a specific purpose. This fund balance classification includes General Fund encumbrances that have been established by various County departments for the expenditure of current year budgetary financial resources in the subsequent budgetary period.

Unassigned

Represents amounts that are available to be spent in future periods, the County's general stabilization account*, and deficit balances.

*The creation of a stabilization fund requires two-thirds vote of the legislative body and must clearly define the purpose of the fund. Generally, any change to the purpose of the fund, along with any additions to or appropriations from the fund, requires a two-thirds vote of the legislative body.

When an expenditure is incurred that would qualify for payment from multiple fund balance types, the County uses the following order to liquidate liabilities: restricted, committed, assigned, and unassigned.

Net Position

Net Position represents the difference between assets/deferred outflows of resources and liabilities/deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on use either through enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The remaining net position is reported as unrestricted.

Use of Estimates

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 disclosures for contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenditures/expenses during the fiscal year. Actual results could vary from estimates that were used.

2. Stewardship, Compliance, and Accountability***Budgetary Information***

The County tax is levied annually by the County Commissioners on the basis of the approved budget, after deducting probable receipts from sources other than the County tax. The County Commissioners are also required to levy annually, as a County tax, an amount sufficient to meet debt service costs in the event no provision has been made. All

County taxes are apportioned and assessed upon the cities and towns comprising the County. The apportionment is based upon the equalized valuations of each city and town as calculated biennially by the Massachusetts Department of Revenue. County taxes are normally due on the subsequent November 1 and May 1.

Excess of Expenditures Over Appropriations

There were no expenditures exceeding appropriations during the current fiscal year.

Deficit Fund Equity

The County reported various special revenue and capital project funds reflecting deficit account balances as of June 30, 2022. It is anticipated that the deficits in these funds will be eliminated through future intergovernmental and departmental revenues and transfers from other funds.

3. Deposits and Investments

Massachusetts General Laws (MGL) Chapter 35, Section 22 place certain limitation on cash deposits and investments available to the County. Authorized deposits include demand deposits, term deposits, and certificates of deposit in trust companies, national banks, savings banks, and certain other financial institutions. Deposits may not exceed certain levels without collateralization of the excess by the financial institution involved. The County may also invest in securities issued by or unconditionally guaranteed by the U.S. government or an agency thereof, and having a maturity from date of purchase of one year or less. The County may also invest in repurchase agreements guaranteed by such government securities with maturity dates of not more than ninety days from the date of purchase. The County may invest in units of the Massachusetts Municipal Depository Trust (MMDT), an external investment pool managed by the Treasurer of the Commonwealth of Massachusetts.

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned. The County does not have formal deposit policies related to the custodial credit risk of deposits.

As of June 30, 2022, \$21,346,785 of the County's bank balance of \$105,643,524 was exposed to custodial credit risk as uninsured or uncollateralized and \$4,000,000 was collateralized by securities held by the banks trust department or agent.

Investments

Investment Summary

As of June 30, 2022, County investments consisted of money-market funds and are classified as cash and short-term investments in the basic financial statements.

As of June 30, 2022, Investments of the OPEB Trust Fund consisted of equity mutual funds and fixed income mutual funds of \$565,426 and \$483,078, respectively.

Custodial Credit Risk – Investments

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the County will not be able to recover the value of its investment of collateral securities that are in the possession of another party. The County and the OPEB Trust Fund does not have formal investment policies related to custodial credit risk.

As of June 30, 2022, investments in the OPEB Trust Fund were not exposed to custodial credit risk as all investments were held in the OPEB Trust Fund's name.

Credit Risk – Investments in Debt Securities

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligations. The County and the OPEB Trust Fund does not have formal investment policies related to credit risk.

As of June 30, 2022, the OPEB Trust Fund's investments in fixed income mutual funds were unrated.

Concentration of Credit Risk – Investments

Concentration of credit risk is the risk of loss attributable to the magnitude of the County's investment in a single issuer. The County and the OPEB Trust Fund does not have formal investment policies related to concentration of credit risk exposure.

As of June 30, 2022, the OPEB Trust Fund did not have investments exposed to concentration of credit risk exposure as all investments were in pooled investment vehicles.

Interest Rate Risk – Investments in Debt Securities

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The County and the OPEB Trust Fund does not have formal investment policies limiting investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

As of June 30, 2022, the OPEB Trust Fund's investments in fixed income mutual funds had a weighted average maturity of 6.47 years.

Foreign Currency Risk

Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair value of an investment. The County and the OPEB Trust Fund does not have formal investment policies related to foreign currency risk however, as of June 30, 2022, the County and the OPEB Trust Fund did not have any investments exposed to foreign currency risk.

Fair Value

The County categorizes its fair value measurements within the fair value hierarchy established by Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application* (GASB 72).

The hierarchy is based on the valuation inputs used to measure the fair value of an asset or liability and give the highest priority to unadjusted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The hierarchy categorizes the inputs to valuation techniques used for fair value measurement into three levels as follows:

Level 1 – inputs that reflect quoted prices (unadjusted) in active markets for identical assets or liabilities that are accessible at the measurement date.

Level 2 – inputs other than quoted prices that are observable for an asset or liability either directly or indirectly, including inputs in markets that are not considered to be active. Because they must often be priced on the basis of transactions involving similar but not identical securities or do not trade with sufficient frequency, certain directly held securities are categorized as level 2.

Level 3 – unobservable inputs based on the best information available, using assumptions in determining the fair value of investments and derivative instruments.

In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation.

As of June 30, 2022, OPEB Trust Fund investments in equity mutual funds and fixed income mutual funds were valued using level 1 and 2, respectively.

4. Loans Receivable

At June 30, 2022, receivables for the individual governmental funds in the aggregate and the governmental activities, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Gross Amount</u>	<u>Allowance for Uncollectibles</u>	<u>Net Amount</u>
Septic Loan Program Fund			
Loans:			
Septic	\$ 12,519,883	\$ -	\$ 12,519,883
Nonmajor Governmental Funds			
Loans:			
HOME loans	\$ 12,724,381	\$ (10,881,776)	\$ 1,842,605
Other	<u>8,278</u>	<u>-</u>	<u>8,278</u>
Total Nonmajor Governmental Funds	<u>\$ 12,732,659</u>	<u>\$ (10,881,776)</u>	<u>1,850,883</u>
Total Governmental Activities			<u>\$ 14,370,766</u>

5. Interfund Transfers

The County reports interfund transfers between many of its funds. The sum of all transfers presented in the table agrees with the interfund transfers presented in the governmental fund financial statements. The following is an analysis of interfund transfers for the year ended June 30, 2022:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>	
General Fund			
PFAS cleanup at former fire training site	\$ -	\$ 1,622,785	(1)
Various fund closures	136,169	356,632	(2)
BAN paydowns	-	293,911	(3)
Police academy operations	-	274,279	(4)
Supporting other nonmajor governmental funds	-	176,601	(5)
Capital improvements and acquisitions	-	90,000	(6)
Retirement reimbursement	-	16,939	(7)
Operating budget support	300,000	-	(8)
Capital stabilization	45,000	-	(9)
Total General Fund	<u>481,169</u>	<u>2,831,147</u>	
Cape Cod Commission (CCC) fund			
Retirement reimbursement	16,939	-	(7)
From license plate fund for regional economic development plans and projects	200,000	-	(10)
Indirect costs from grant funds	688,535	-	(11)
Total Cape Cod Commission Fund	<u>905,474</u>	<u>-</u>	
Nonmajor Governmental Funds			
PFAS cleanup at former fire training site	1,622,785	-	(1)
Various fund closures	356,632	136,169	(2)
BAN paydowns	293,911	-	(3)
Police academy operations	274,279	-	(4)
Unemployment fund	100,000	-	(5)
HOME program support	76,101	-	(5)
Scholarship support	500	-	(5)
Capital stabilization funding	90,000	-	(6)
General fund operating budget	-	300,000	(8)
Capital acquisitions	-	45,000	(9)
Funding regional economic development plans and projects	-	200,000	(10)
Various grants to CCC fund for indirect costs	-	688,535	(11)
Dredge capital projects	-	136,023	(12)
Total Nonmajor Governmental Funds	<u>2,814,208</u>	<u>1,505,727</u>	
Dredge Enterprise Fund			
Capital projects	136,023	-	(12)
Total	<u>\$ 4,336,874</u>	<u>\$ 4,336,874</u>	

6. Capital Assets

Capital asset activity for the year ended June 30, 2022 for the County's governmental activities was as follows:

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
Governmental Activities				
Capital assets, depreciable:				
Land improvements	\$ 710,569	\$ 265,017	\$ -	\$ 975,586
Buildings	6,533,702	-	-	6,533,702
Building improvements	6,429,098	445,800	-	6,874,898
Machinery and equipment	3,217,906	374,000	-	3,591,906
Vehicles	906,456	31,316	(133,695)	804,077
Software	920,788	136,662	-	1,057,450
Total capital assets, depreciable	<u>18,718,519</u>	<u>1,252,795</u>	<u>(133,695)</u>	<u>19,837,619</u>
Less accumulated depreciation for:				
Land improvements	(414,946)	(30,179)	-	(445,125)
Buildings	(6,122,676)	(37,372)	-	(6,160,048)
Building improvements	(2,984,753)	(265,920)	-	(3,250,673)
Machinery and equipment	(2,721,875)	(147,743)	-	(2,869,618)
Vehicles	(806,042)	(25,318)	133,695	(697,665)
Software	(584,097)	(63,864)	-	(647,961)
Total accumulated depreciation	<u>(13,634,389)</u>	<u>(570,396)</u>	<u>133,695</u>	<u>(14,071,090)</u>
Total capital assets, depreciable, net	5,084,130	682,399	-	5,766,529
Capital assets, non-depreciable:				
Land	947,995	-	-	947,995
Construction in progress	374,000	29,950	(374,000)	29,950
Total capital assets, non-depreciable	<u>1,321,995</u>	<u>29,950</u>	<u>(374,000)</u>	<u>977,945</u>
Governmental activities capital assets, net	<u>\$ 6,406,125</u>	<u>\$ 712,349</u>	<u>\$ (374,000)</u>	<u>\$ 6,744,474</u>

Capital asset activity for the year ended June 30, 2022 for the County's business-type activities was as follows:

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
Business-Type Activities				
Capital assets, depreciable:				
Machinery and equipment	\$ 5,219,696	\$ 183,185	\$ (237,821)	\$ 5,165,060
Vehicles	205,575	-	(25,335)	180,240
Total capital assets, depreciable	<u>5,425,271</u>	<u>183,185</u>	<u>(263,156)</u>	<u>5,345,300</u>
Less accumulated depreciation for:				
Machinery and equipment	(2,051,639)	(229,511)	237,821	(2,043,329)
Vehicles	(205,575)	-	25,335	(180,240)
Total accumulated depreciation	<u>(2,257,214)</u>	<u>(229,511)</u>	<u>263,156</u>	<u>(2,223,569)</u>
Total capital assets, depreciable, net	<u>3,168,057</u>	<u>(46,326)</u>	<u>-</u>	<u>3,121,731</u>
Business-Type activities capital assets, net	<u>\$ 3,168,057</u>	<u>\$ (46,326)</u>	<u>\$ -</u>	<u>\$ 3,121,731</u>

Depreciation expense was charged to functions of the County as follows:

Governmental Activities	
General government	\$ 87,553
County services	200,186
Health and human services	244,424
Public safety	34,169
Planning and development	<u>4,064</u>
Total governmental activities	\$ <u>570,396</u>
Business-Type Activities	
Dredge enterprise fund	\$ 229,511

7. Deferred Outflows of Resources

Deferred outflows of resources represent the consumption of net assets by the County that apply to future reporting periods. Deferred outflows of resources have a positive effect on net position, similar to assets. Deferred outflows of resources related to pension and OPEB, in accordance with GASB Statements No. 68 and No. 75, respectively, are more fully discussed in the corresponding pension and OPEB notes.

8. Notes Payable

The following summarizes notes payable activity for the County's governmental funds as of June 30, 2022:

<u>Governmental Activities</u>	<u>Interest Rate(s) %</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Beginning of Year</u>	<u>New Issues</u>	<u>Maturities</u>	<u>End of Year</u>
Building Repairs	1.00	9/18/2020	9/17/2021	\$ 203,212	\$ -	\$ (203,212)	\$ -
Sidewalks/Wall	1.00	9/18/2020	9/17/2021	104,394	-	(104,394)	-
Technology	1.00	9/18/2020	9/17/2021	36,305	-	(36,305)	-
Old Jail Renovations	0.35	9/17/2021	6/1/2022	-	50,000	(50,000)	-
Various Purpose	2.00	6/1/2022	6/1/2023	-	<u>3,230,000</u>	-	<u>3,230,000</u>
Total Governmental Activities				\$ <u>343,911</u>	\$ <u>3,280,000</u>	\$ <u>(393,911)</u>	\$ <u>3,230,000</u>

The following summarizes notes payable activity for the County's business-type activities as of June 30, 2022:

<u>Business-Type Activities</u>	<u>Interest Rate(s) %</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Beginning of Year</u>	<u>New Issues</u>	<u>Maturities</u>	<u>End of Year</u>
Dredge	1.00	9/18/2020	9/17/2021	\$ 1,300,000	\$ -	\$ (1,300,000)	\$ -
Dredge	0.35	9/17/2021	6/1/2022	-	1,300,000	(1,300,000)	-
Dredge	2.00	6/1/2022	6/1/2023	-	1,192,000	-	1,192,000
Dredge Pickup	2.00	6/1/2022	6/1/2023	-	<u>105,000</u>	-	<u>105,000</u>
Total Business-Type Activities				\$ <u>1,300,000</u>	\$ <u>2,597,000</u>	\$ <u>(2,600,000)</u>	\$ <u>1,297,000</u>

9. Unearned Revenue

Unearned revenue represents grant funds received by the County from the American Rescue Plan Act (ARPA). These funds will be used for COVID-19 related expenditures or negative economic impacts of COVID-19 over the next several years.

10. Long-Term Debt

General Obligation Bonds and State Revolving Loans

The County issues general obligation bonds and direct borrowings to provide funds for the acquisition and construction of major capital facilities and projects. General obligation bonds and direct borrowings outstanding are as follows:

<u>Governmental Activities</u>	<u>Original Issue</u>	<u>Serial Maturities Through</u>	<u>Interest Rate(s) %</u>	<u>Amount Outstanding as of 6/30/22</u>
Public Offerings				
General obligation bonds of 2017	\$ 2,387,000	9/15/2032	2.00 - 5.00	\$ <u>900,000</u>
Total Public Offerings				<u>900,000</u>
Loans - Direct Borrowings				
Massachusetts Clean Water Trust (MCWT):				
Series 15 - 05-1685-C	\$ 3,000,000	7/15/2030	0.00	1,350,000
Series 14 - T5-05-1685	2,850,000	7/15/2027	0.00	900,000
Series 15 - T5-05-1685-A	2,550,000	7/15/2029	0.00	1,073,680
Series 15 - T5-05-1685-B	3,600,000	7/15/2030	0.00	1,620,000
Series 17B - 05-1685-D	4,000,000	1/15/2033	0.00	2,200,000
Series 17B - 05-1685-E	3,000,000	1/15/2033	0.00	1,650,000
Series 17A - 05-1685-F	5,000,000	1/15/2033	0.00	2,750,000
Series 18 - T5-05-1685-G	5,000,000	1/15/2035	0.00	<u>3,250,000</u>
Total Loans - Direct Borrowings				<u>14,793,680</u>
Total Governmental Activities				<u>\$ 15,693,680</u>
<u>Business-Type Activities</u>	<u>Original Issue</u>	<u>Serial Maturities Through</u>	<u>Interest Rate(s) %</u>	<u>Amount Outstanding as of 6/30/22</u>
Public Offerings				
General obligation bonds of 2017	\$ 2,000,000	9/15/2032	2.00 - 5.00	\$ <u>1,460,000</u>
Total Business-Type Activities				<u>\$ 1,460,000</u>

Future Debt Service

The annual payments to retire all general obligation bonds and loans outstanding as of June 30, 2022 are as follows:

<u>Governmental</u>	<u>Bonds - Public Offerings</u>		<u>Loans - Direct Borrowings</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Net Interest</u>
2023	\$ 365,000	\$ 28,988	\$ 1,464,210	\$ -
2024	100,000	17,363	1,464,210	-
2025	90,000	12,613	1,464,210	-
2026	80,000	8,363	1,464,210	-
2027	75,000	5,238	1,464,210	-
2028-2032	165,000	10,494	6,122,630	-
2033-2035	25,000	313	1,350,000	-
Total	<u>\$ 900,000</u>	<u>\$ 83,372</u>	<u>\$ 14,793,680</u>	<u>\$ -</u>

<u>Business-Type</u>	<u>Bonds - Public Offerings</u>		<u>Loans - Direct Borrowings</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 135,000	\$ 45,000	\$ -	\$ -
2024	135,000	38,250	-	-
2025	135,000	31,500	-	-
2026	135,000	24,750	-	-
2027	135,000	19,350	-	-
2028-2032	655,000	52,538	-	-
2033	130,000	1,625	-	-
Total	<u>\$ 1,460,000</u>	<u>\$ 213,013</u>	<u>\$ -</u>	<u>\$ -</u>

The County has issued direct borrowings from the Massachusetts Pollution Abatement Trust (MWPAT), a state revolving loan fund (SRF) of the Massachusetts Clean Water Trust (MCWT), a component unit of the Commonwealth of Massachusetts. MCWT issues special obligation bonds under its SRF programs to provide low-cost financing to Cities, Towns, and other eligible borrowers, primarily for the construction and improvement of drinking water and wastewater infrastructure. There were no unused lines of credit or assets pledge as collateral for debt. The County certifies that rates and charges in the Septic Loan Fund have been set at a sufficient level to cover estimated operating expenses and debt service related to direct borrowings. In addition, the County as an “obligated person” with respect to Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, agrees with MCWT to provide an annual report, not later than 270 days after the close of each fiscal year, that incorporates the most recently available audited financial statements to meet continuing disclosure requirements.

The County receives subsidy assistance from the MCWT related to interest on the outstanding direct borrowings. The interest on the outstanding direct borrowings is subsidized over the life of the issuance to assist the County in repayment of future debt. Future interest subsidies total approximately \$1.95 million and will be recognized as revenue when incurred. For the year ended June 30, 2022, the County's interest subsidy amounted to approximately \$351 thousand.

Changes in Long-Term Liabilities

During the year ended June 30, 2022, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Less Current Portion	Equals Long-Term Portion
Governmental Activities						
Bonds payable:						
Public offerings	\$ 1,265,000	\$ -	\$ (365,000)	\$ 900,000	\$ (365,000)	\$ 535,000
Loans (direct borrowings)	16,257,890	-	(1,464,210)	14,793,680	(1,464,210)	13,329,470
Unamortized premiums	121,370	-	(43,898)	77,472	(26,938)	50,534
Subtotal bonds payable	<u>17,644,260</u>	<u>-</u>	<u>(1,873,108)</u>	<u>15,771,152</u>	<u>(1,856,148)</u>	<u>13,915,004</u>
Compensated absences	1,774,306	57,974	-	1,832,280	(183,228)	1,649,052
Legal settlements	2,449,587	-	(131,421)	2,318,166	(134,049)	2,184,117
Net pension liability	45,759,897	-	(5,897,425)	39,862,472	-	39,862,472
Net OPEB liability	41,978,792	-	(7,122,066)	34,856,726	-	34,856,726
Total long-term liabilities	<u>\$ 109,606,842</u>	<u>\$ 57,974</u>	<u>\$ (15,024,020)</u>	<u>\$ 94,640,796</u>	<u>\$ (2,173,425)</u>	<u>\$ 92,467,371</u>
Business-Type Activities						
Bonds payable:						
Public offerings	\$ 1,595,000	\$ -	\$ (135,000)	\$ 1,460,000	\$ (135,000)	\$ 1,325,000
Compensated absences	84,419	12,566	-	96,985	(9,699)	87,286
Net pension liability	692,268	-	(89,218)	603,050	-	603,050
Net OPEB liability	1,532,073	-	(259,929)	1,272,144	-	1,272,144
Total long-term liabilities	<u>\$ 3,903,760</u>	<u>\$ 12,566</u>	<u>\$ (484,147)</u>	<u>\$ 3,432,179</u>	<u>\$ (144,699)</u>	<u>\$ 3,287,480</u>

Long-Term Liabilities Supporting Governmental and Business-Type Activities

Bonds and loans issued by the County for various projects are approved by the County Commissioners and repaid with revenues recorded in the General Fund, the Septic Loan Fund, and the Dredge Enterprise Fund. All other long-term liabilities are repaid from the funds that the cost relates to, primarily the General Fund and Dredge Enterprise Fund.

11. Deferred Inflows of Resources

Deferred inflows of resources represent the acquisition of net assets by the County that apply to future reporting periods. Deferred inflows of resources have a negative effect on net position, similar to liabilities. Deferred inflows of resources related to pension and OPEB, in accordance with GASB Statements No. 69, and 75, will be recognized as expense in future years and are more fully described in the corresponding pension and OPEB notes.

Unavailable revenues are reported in the governmental funds Balance Sheet in connection with receivables for which revenues are not considered available to liquidate liabilities of the current year.

12. Barnstable County Retirement Association – Pension

The County follows the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, with respect to employees' retirement funds.

Plan Description

All full-time employees of the County are members of the Barnstable County Retirement Association (Association), a cost sharing, multiple-employer public employee retirement system (PERS). Eligible employees must participate in the Association. The Association provides pension benefits, deferred allowances, and death and disability benefits. Chapter 32 of Massachusetts General Laws establishes the authority of the Association, contribution percentages, and benefits paid. The Barnstable County Retirement Board does not have the authority to amend benefit provisions. Additional information is disclosed in the Association's annual financial reports publicly available from the Association located at 750 Attucks Lane, Hyannis, MA 02601.

Participant Contributions

Participants contribute a set percentage of their gross regular compensation annually. Employee contribution percentages are specified in Chapter 32 of Massachusetts General Laws. The employee's individual contribution percentage is determined by their date of entry into the Association. In addition, all employees hired on or after January 1, 1979 contribute an additional 2% on all gross regular compensation over the rate of \$30,000 per year. The percentages are as follows:

Before January 1, 1975	5%
January 1, 1975 – December 31, 1983	7%
January 1, 1984 – June 30, 1996	8%
Beginning July 1, 1996	9%

For those members entering the Association on or after April 2, 2012 in Group 1, the contribution rate will be reduced to 6% when at least 30 years of creditable service has been attained.

Participant Retirement Benefits

A retirement allowance consists of two parts: an annuity and a pension. A member's accumulated total deductions and a portion of the interest they generate constitute the annuity. The difference between the total retirement allowance and the annuity is the pension. The average retirement benefit is approximately 80-85% pension and 15-20% annuity.

The Association provides for retirement allowance benefits up to a maximum of 80% of a member's highest 3-year average annual rate of regular compensation for those hired prior to April 2, 2012 and the highest 5-year average annual rate of regular compensation for those first becoming members of the Association on or after that date. However, per Chapter 176 of the Acts of 2011, for members who retire on or after April 2, 2012, if in the 5 years of creditable service immediately preceding retirement, the difference in the annual rate of regular compensation between any 2 consecutive years exceeds 100%, the normal yearly amount of the retirement allowance shall be based on the average annual rate of regular compensation received by the member during the period of 5 consecutive years preceding retirement. Benefit payments are based upon a member's age, length of creditable service, level of compensation, and group classification.

There are four classes of membership in the retirement system, but one of these classes, Group 3, is made up exclusively of the Massachusetts State Police. The other three classes are as follows:

- Group 1 – General employees, including clerical, administrative, technical, and all other employees not otherwise classified.
- Group 2 – Certain specified hazardous duty positions.
- Group 4 – Police officers, firefighters, and other specified hazardous positions.

A retirement allowance may be received at any age, upon attaining 20 years of service. The plan also provides for retirement at age 55 if the participant was a member prior to January 1, 1978, with no minimum vesting requirements. If the participant was a member on or after January 1, 1978 and a member of Groups 1 or 2, then a retirement allowance may be received if the participant (1) has at least 10 years of creditable service, (2) is age 55, (3) voluntarily left County employment on or after that date, and (4) left accumulated annuity deductions in the fund. Members of Group 4 have no minimum vesting requirements, however, must be at least age 55. Groups 2 and 4 require that participants perform the duties of the Group position for at least 12 months immediately prior to retirement.

A participant who became a member on or after April 2, 2012 is eligible for a retirement allowance upon 10 years creditable service and reaching ages 60 or 55 for Groups 1 and 2, respectively. Participants in Group 4 must be at least age 55. Groups 2 and 4 require that participants perform the duties of the group position for at least 12 months immediately prior to retirement.

Methods of Payment

A member may elect to receive his or her retirement allowance in one of three forms of payment as follows:

- Option A – Total annual allowance, payable in monthly installments, commencing at retirement and terminating at the member’s death.
- Option B – A reduced annual allowance, payable in monthly installments, commencing at retirement and terminating at the death of the member, provided however, that if the total amount of the annuity portion received by the member is less than the amount of his or her accumulated deductions, including interest, the difference or balance of his accumulated deductions will be paid in a lump sum to the retiree’s beneficiary or beneficiaries of choice.
- Option C – A reduced annual allowance, payable in monthly installments, commencing at retirement. At the death of the retired employee, 2/3 of the allowance is payable to the member’s designated beneficiary (who may be the spouse, or former spouse who has not remarried, child, parent, sister, or brother of the employee) for the life of the beneficiary. For members who retired on or after January 12, 1988, if the beneficiary pre-deceases the retiree, the benefit payable increases (or “pops up” to Option A) based on the factor used to determine the Option C benefit at retirement. For members who retired prior to January 12, 1988, if the System has accepted Section 288 of Chapter 194 of the Acts of 1998 and the beneficiary pre-deceases the retiree, the benefit payable “pops up” to Option A in the same fashion. The Option C became available to accidental disability retirees on November 7, 1996.

Participant Refunds

Employees who resign from service and who are not eligible to receive a retirement allowance are entitled to request a refund of their accumulated total deductions. Members voluntarily withdrawing with at least 10 years of service or involuntarily withdrawing, receive 100% of the regular interest that has accrued on those accumulated total deductions. Members voluntarily withdrawing with less than 10 years of service get credited interest each year at a rate of 3%.

Employer Contributions

Employers are required to contribute at actuarially determined rates as accepted by the Public Employee Retirement Administration Commission (PERAC).

The County’s contribution to the Association for the year ended June 30, 2022 was \$4,976,056.

Summary of Significant Accounting Policies

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

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

At June 30, 2022, the County reported a liability of \$40,465,522 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 County’s proportion of the net pension liability was based on a projection of the County’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2021, the County’s proportion was 7.360%, a decrease of (0.636)% from its proportion measured as of December 31, 2020.

For the year ended June 30, 2022, the County recognized pension expense of \$1,252,162. In addition, the County reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	\$ -	\$ (283,965)
Changes of assumptions	5,074,660	-
Net difference between projected and actual investment earnings on pension plan investments	-	(14,168,873)
Changes in proportion and differences between between contributions and proportionate share of contributions	<u>3,805,770</u>	<u>(5,492,217)</u>
Total	<u>\$ 8,880,430</u>	<u>\$ (19,945,055)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as increases (decreases) in pension expense as follows:

<u>Year ended June 30:</u>	
2023	\$ (2,831,571)
2024	(4,785,659)
2025	(2,795,633)
2026	(1,811,285)
2027	<u>1,159,523</u>
Total	\$ <u>(11,064,625)</u>

Actuarial Assumptions

The total pension liability in the latest actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	January 1, 2022
Actuarial cost method	Entry age normal
Cost of living adjustments	3.00% of the first \$18,000
Projected salary increases	3.25%
Investment rate of return	6.90% (previously 7.15%)
Mortality rates:	
Pre-retirement	RP-2014 Blue Collar Employee Mortality Table projected generationally with Scale MP-2021
Healthy retiree	RP-2014 Blue Collar Healthy Annuitant Mortality Table projected generationally with Scale MP-2021
Disabled retiree	RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year and projected generationally with Scale MP-2021

Target Allocations

The long-term expected rate of return on pension plan investments was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range (expected returns, net of pension plan investment expense and inflation) is calculated separately for each asset class. These ranges are combined to produce the long-term expected nominal rate of return by weighting the expected future real rates of return net of investment expenses 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 class are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic equity	22.00%	6.11%
Core fixed income	15.00%	0.38%
Private equity	15.00%	9.93%
International developed markets equity	11.50%	6.49%
Real estate	10.00%	3.72%
Hedge fund, GTAA, risk parity	10.00%	2.63%
High-yield fixed income	8.00%	2.48%
International emerging markets equity	4.50%	8.12%
Timberland	4.00%	3.44%
Total	<u>100.00%</u>	

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 the plan member contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments to 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 Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the County’s proportionate share of the net pension liability calculated using the discount rate of 6.90%, as well as what the County’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (5.90%) or one percentage-point higher (7.90%) than the current rate:

1% Decrease <u>(5.90%)</u>	Current Discount Rate <u>(6.90%)</u>	1% Increase <u>(7.90%)</u>
\$ 59,507,767	\$ 40,465,522	\$ 24,447,912

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the Association’s separately issued financial report.

13. Other Post-Employment Benefits

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)*, replaces the requirements of GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This applies if a trust fund has been established to fund future OPEB costs. In fiscal year 2019, the County established a single-employer defined benefit OPEB Trust Fund to provide funding for future employee health care costs. The OPEB Trust Fund does not issue a stand-alone financial report.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. This statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

All the following OPEB disclosures are based on a measurement date of June 30, 2022.

General Information about the OPEB Plan

Plan Description

The County provides post-employment healthcare and life insurance benefits for retired employees through the County's single employer defined benefit plan. The plan provides lifetime healthcare and life insurance for eligible retirees and their dependents through the County's group health insurance plan, which covers both active and retired members. The benefits, benefit levels, employee contributions, and employer contributions are governed by Chapter 32 of Massachusetts General Laws.

Benefits Provided

The County provides medical and prescription drug insurance to retirees and their covered dependents. All active employees who retire from the County and meet the eligibility criteria will receive these benefits.

Funding Policy

The County's funding policy includes financing the implicit subsidy on a pay-as-you-go basis, as required by statute. The County contributes 75% of the cost of current-year health, dental, and life insurance premiums, respectively, for eligible retired plan members and their dependents. Plan members receiving benefits contribute the remaining 25% of their premium costs.

Plan Membership

At June 30, 2022, the following employees were covered by the benefit terms:

Retired members or beneficiaries	
currently receiving benefit payments	182
Active employees	<u>131</u>
Total	<u>313</u>

Investments

The OPEB trust fund assets consist of equity and fixed income mutual funds as of June 30, 2022.

Rate of Return

For the year ended June 30, 2022, the annual money-weighted rate of returns on investments, net of investment expense, was not available.

Actuarial Assumptions and Other Inputs

The net OPEB liability was determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry age normal
Wage Inflation	3.25%
Salary increases:	
Group 1 (excluding teachers) and Group 2	6.00% decreasing over 11 years to an ultimate level of 4.00%
Group 4	7.00% decreasing over 8 years to an ultimate level of 4.50%
Teachers	7.50% decreasing over 20 years to an ultimate level of 4.00%
Investment rate of return	6.50%
Discount rate	3.54% (previously 2.16%)
Healthcare cost trend rates:	
CCMHG:	
Non-Medicare	2.50% for year 1, then 6.75% decreasing by 0.25% each year to an ultimate level of 4.50% per year
Medicare	2.50% for year 1, then 6.75% decreasing by 0.25% each year to an ultimate level of 4.50% per year
GIC:	
Non-Medicare	6.60%, 6.50%, 6.40%, 6.20%, then 6.00% decreasing by 0.25% each year to an ultimate level of 4.50% per year
Medicare	4.80%, 4.70%, 4.60%, 4.70%, then 6.00% decreasing by 0.25% each year to an ultimate level of 4.50% per year
Dental	3.00%

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 Teacher Healthy Retiree Headcount-Weighted Mortality Table projected generationally with Scale MP-2020
Disabled non-teachers	RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year projected generationally with Scale MP-2017
Disabled teachers	Pub-2010 Teacher Healthy Retiree Headcount-Weighted Mortality Table projected generationally with Scale MP-2020

Target Allocations

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class as of June 30, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Long-term Expected Real Rate of Return</u>
Private equity	9.93%
International emerging markets equity	8.12%
International developed markets equity	6.49%
Domestic equity	6.11%
Real estate	3.72%
Commodities	3.44%
Hedge fund, GTAA, risk parity	2.63%
High-yield fixed income	2.48%
Core fixed income	0.38%

Contributions

In addition to the implicit subsidy contribution, the County's policy is to contribute the actuarially determined contribution or amounts provided annually by the budget.

Discount Rate

Based on those assumptions, the OPEB plan fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members. As a

result, the discount rate is a blend of the long-term expected rate of return on OPEB Trust assets and a yield or index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher (3.54% as of June 30, 2022).

Net OPEB Liability

The components of the net OPEB liability, measured as of June 30, 2022, were as follows:

Total OPEB liability	\$ 37,189,723
Plan fiduciary net position	<u>(1,060,853)</u>
Net OPEB liability	<u>\$ 36,128,870</u>
Plan fiduciary net position as a percentage of the total OPEB liability	2.85%

The fiduciary net position has been determined on the same basis used by the OPEB plan. For this purpose, the plan recognizes benefit payments when due and payable.

Changes in the Net OPEB Liability

The following summarizes the changes in the net OPEB liability for the past year:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances, beginning of year	\$ 44,574,525	\$ 1,063,660	\$ 43,510,865
Changes for the year:			
Service cost	1,524,632	-	1,524,632
Interest	981,618	-	981,618
Differences between expected and actual experience	-	-	-
Changes of assumptions	(8,576,242)	-	(8,576,242)
Contributions - employer	-	1,414,810	(1,414,810)
Net investment income	-	(102,807)	102,807
Benefit payments	<u>(1,314,810)</u>	<u>(1,314,810)</u>	<u>-</u>
Net Changes	<u>(7,384,802)</u>	<u>(2,807)</u>	<u>(7,381,995)</u>
Balances, end of year	<u>\$ 37,189,723</u>	<u>\$ 1,060,853</u>	<u>\$ 36,128,870</u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
\$ 42,071,848	\$ 36,128,870	\$ 31,344,818

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	Current Healthcare Cost Trend Rates	<u>1% Increase</u>
	\$ 30,476,566	\$ 36,128,870	\$ 43,351,901

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

For the year ended June 30, 2022, the County recognized an OPEB expense of \$2,573,846. At June 30, 2022, the County reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	\$ 455,925	\$ -
Net difference between projected and actual investment earnings on OPEB plan investments	90,597	-
Changes of assumptions	<u>3,553,685</u>	<u>(9,295,939)</u>
Total	<u>\$ 4,100,207</u>	<u>\$ (9,295,939)</u>

Amounts reported as deferred outflows and (inflows) of resources related to OPEB will be recognized as (decreases) in OPEB expense as follows:

<u>Year Ended June 30:</u>	
2023	\$ (378,654)
2024	(773,787)
2025	(2,363,082)
2026	<u>(1,680,209)</u>
Total	<u>\$ (5,195,732)</u>

14. Long-Term Legal Settlement

The County and the Town of Barnstable, Massachusetts (the Town) entered into a Settlement Agreement and Agreement for Judgment, both dated June 28, 2017, that was entered into the Court Docket on June 29, 2017, that brought the litigation to conclusion. The agreements relate to the costs associated with the cleanup of contamination of the Town's water supply from chemicals used in fire training activities at the Barnstable County Fire and Rescue Training Academy.

The Agreement for Judgment requires the County to pay \$2,950,000 in damages to the Town in accordance with a Net Debt Service Schedule and to reimburse the Town for its actual future operations and maintenance costs as defined in the agreement, and reimburse the Town for the cost of filters purchased in the future. The annual operations and maintenance reimbursement will not exceed \$125,000, beginning in FY2018, increased by 3.00% compounded every other year. The County will appropriate \$70,000 each year for filter replacements and carryforward any unspent appropriation. The maximum liability for the County is limited to the \$70,000 appropriation each year. Accordingly, the County has recorded a \$2,184,117 liability as of June 30, 2022. All other required reimbursements will be recorded as an expense when due.

In order to facilitate the payment of \$2,950,000 in damages, the Town agreed to borrow \$2,950,000 from the Massachusetts Clean Water Trust (MCWT) for 20 years at a 2.00% interest rate. The Net Debt Service Schedule includes all principal (\$2,950,000), interest (\$658,246), MCWT administration fees (\$49,369, averaging \$2,500 per year) and MCWT origination fees. The County will reimburse the Town for all costs associated with this debt. The future debt service reimbursement payments are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 134,049	\$ 46,363	\$ 180,412
2024	136,730	43,682	180,412
2025	139,465	40,947	180,412
2026	142,254	38,158	180,412
2027	145,099	35,313	180,412
2028-2032	770,203	131,857	902,060
2033-2037	<u>850,366</u>	<u>51,700</u>	<u>902,066</u>
Total	<u>\$ 2,318,166</u>	<u>\$ 388,020</u>	<u>\$ 2,706,186</u>

15. Governmental Funds - Balances

Following is a breakdown of the County's fund balances at June 30, 2022:

	General Fund	Cape Cod Commission Fund	Septic Loan Program Fund	ARPA Fund	Nonmajor Governmental Funds	Total Governmental Funds
Restricted						
Cape Cod Commission	\$ -	\$ 7,300,794	\$ -	\$ -	\$ -	\$ 7,300,794
Septic loan program	-	-	7,849,682	-	-	7,849,682
ARPA fund	-	-	-	3,145	-	3,145
Mitigation funds	-	-	-	-	2,731,293	2,731,293
Registry technology fund	-	-	-	-	1,580,139	1,580,139
COVAC Fund	-	-	-	-	689,971	689,971
Revenue stabilization fund	-	-	-	-	588,853	588,853
Innovation alt. septic system fund	-	-	-	-	450,265	450,265
License plate fund	-	-	-	-	429,152	429,152
Unemployment reserve fund	-	-	-	-	353,025	353,025
Housing and urban development	-	-	-	-	345,269	345,269
Workers compensation fund	-	-	-	-	297,876	297,876
Retirement fund	-	-	-	-	280,630	280,630
Alternative septic test center	-	-	-	-	226,047	226,047
Housing and community development fund	-	-	-	-	217,984	217,984
Other	-	-	-	-	2,161,251	2,161,251
Total Restricted	-	7,300,794	7,849,682	3,145	10,351,755	25,505,376
Committed						
Capital stabilization	966,539	-	-	-	-	966,539
Emergency stabilization	439,765	-	-	-	-	439,765
Assessment fund	-	-	-	-	973,848	973,848
Vaccine fund	-	-	-	-	823,046	823,046
Fire training clean up fund	-	-	-	-	497,760	497,760
Emergency management fund	-	-	-	-	394,700	394,700
Police academy fund	-	-	-	-	274,279	274,279
Other	-	-	-	-	77,440	77,440
Total Committed	1,406,304	-	-	-	3,041,073	4,447,377
Assigned						
Encumbrances:						
General government	84,690	-	-	-	-	84,690
County services	82,807	-	-	-	-	82,807
Health and human services	18,167	-	-	-	-	18,167
Public safety	25,013	-	-	-	-	25,013
Shared costs	48,259	-	-	-	-	48,259
Total Assigned	258,936	-	-	-	-	258,936
Unassigned						
Operating fund	27,994,350	-	-	-	-	27,994,350
General stabilization	514,603	-	-	-	-	514,603
Deficits	-	-	-	-	(3,222,785)	(3,222,785)
Total Unassigned	28,508,953	-	-	-	(3,222,785)	25,286,168
Total Fund Balances	\$ 30,174,193	\$ 7,300,794	\$ 7,849,682	\$ 3,145	\$ 10,170,043	\$ 55,497,857

16. Restricted Net Position

The County's restricted net position at June 30, 2022 are comprised of the following:

<u>Purpose</u>	<u>Governmental Activities</u>
Septic loan program	\$ 20,369,565
Cape cod commission	7,300,794
Housing and urban development	2,187,874
Registry technology	1,580,139
COVAC fund	689,971
Revenue stabilization fund	591,972
Other grants and statutory restrictions	<u>9,348,877</u>
Total	<u>\$ 42,069,192</u>

17. Change in Accounting Principle

During fiscal year 2022, the County adopted Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. This statement redefines a lease as the right to use another entity's non-financial assets over a definitive period of time. The County has entered into various lessor/lessee arrangements that meet the criteria for leases under GASB Statement No. 87 and management has concluded that related effects are immaterial to the financial statements.

The County monitors changes in circumstances that would require remeasurement of its lease arrangements and will remeasure lease assets and liabilities should circumstances arise in order to identify any impact to the financial statements.

18. Commitments and Contingencies

Outstanding Legal Issues

On an ongoing basis, there are typically pending legal matters in which the County is involved. The County's management is of the opinion that the potential future settlement of these matters would not materially affect its financial statements taken as a whole.

Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time, although the County expects such amounts, if any, to be immaterial.

Encumbrances

At year-end, the County's General Fund had \$258,936 in encumbrances that will be honored in the next fiscal year.

COUNTY OF BARNSTABLE, MASSACHUSETTS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER FINANCING SOURCES (USES)
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022
(Unaudited)

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	
Revenues				
County tax assessments	\$ 3,533,429	\$ 3,533,429	\$ 3,533,429	\$ -
Registry of deeds excise	2,450,000	2,450,000	2,424,595	(25,405)
County excise	10,500,000	10,500,000	19,220,540	8,720,540
Court house rental	1,817,380	1,817,380	1,744,059	(73,321)
Departmental	1,040,000	1,040,000	1,305,065	265,065
Investment income	125,000	125,000	51,861	(73,139)
Other	5,000	5,000	106,175	101,175
Total Revenues	19,470,809	19,470,809	28,385,724	8,914,915
Expenditures				
Current:				
General government:				
County commissioners	1,205,139	1,305,892	1,132,426	173,466
Human rights commission	40,065	40,106	37,637	2,469
Information technology	1,310,296	1,412,789	1,269,806	142,983
Resource development	380,527	419,136	388,849	30,287
Assembly of delegates	378,873	379,161	296,423	82,738
Finance	929,925	956,719	947,436	9,283
Total general government	4,244,825	4,513,803	4,072,577	441,226
County services:				
Department of facilities	2,624,963	2,644,235	2,101,908	542,327
Cooperative extension	2,176,403	2,265,128	2,081,832	183,296
Registry of deeds	2,555,055	2,555,111	2,446,020	109,091
Total county services	7,356,421	7,464,474	6,629,760	834,714
Health and human services:				
Health and environment	3,293,490	3,456,770	3,069,051	387,719
Human services	802,205	853,956	659,439	194,517
Children's cove	500,297	503,473	460,193	43,280
Total health and human services	4,595,992	4,814,199	4,188,683	625,516
Public safety:				
Americorps match	254,143	391,921	295,427	96,494
Fire training academy	514,166	485,786	333,225	152,561
Total public safety	768,309	877,707	628,652	249,055
Water quality	30,000	30,000	-	30,000
Shared costs:				
Fringe benefits	1,198,199	1,198,199	1,091,777	106,422
Miscellaneous and contingency	1,194,186	1,288,736	1,229,462	59,274
Total shared costs	2,392,385	2,486,935	2,321,239	165,696
Debt service:				
Principal	365,000	365,000	365,000	-
Interest	71,969	71,969	57,965	14,004
Total debt service	436,969	436,969	422,965	14,004
Total Expenditures	19,824,901	20,624,087	18,263,876	2,360,211
Excess (Deficiency) of Revenues Over (Under) Expenditures	(354,092)	(1,153,278)	10,121,848	11,275,126
Other Financing Sources (Uses)				
Transfers in	406,727	406,727	444,564	37,837
Transfers out	(200,000)	(1,104,259)	(1,279,635)	(175,376)
Use of unassigned fund balance:				
For PFAS cleanup at former fire training site	-	622,785	-	(622,785)
For police academy operation	-	274,279	-	(274,279)
For operating budget support	147,365	688,761	-	(688,761)
Use of prior year carryforwards (encumbrances)	-	264,985	264,985	-
Total Other Financing Sources (Uses)	354,092	1,153,278	(570,086)	(1,723,364)
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	\$ -	\$ -	\$ 9,551,762	\$ 9,551,762

See Independent Auditor's Report.

**Notes to Required Supplementary Information
for General Fund Budget**

Budgetary Basis

The budgets for all departments and operations of the County are prepared under the direction of the County Commissioners. Original and supplemental appropriations are acted upon by a separate vote of the County Commissioners. All General Fund functions are budgeted. Budgets for various special revenue funds utilized to account for specific grant programs are established in accordance with the requirements of the Commonwealth of Massachusetts or other grantor agencies.

The General Fund final appropriation appearing on the preceding page represents the final amended budget after all transfers and supplemental appropriations.

Budget/GAAP Reconciliation

The budgetary data for the General Fund is based upon accounting principles that differ from GAAP. Therefore, in addition to the GAAP basis financial statements, the results of operations of the General Fund are presented in accordance with budgetary accounting principles to provide a meaningful comparison to budgetary data.

The following is a summary of adjustments made to actual revenues, expenditures, and other financing sources/uses to conform to the budgetary basis of accounting:

<u>General Fund</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Financing Sources/Uses</u>
GAAP Basis	\$ 30,234,332	\$ 19,365,494	\$ (2,349,978)
To add end-of-year appropriation carryforwards to expenditures	-	258,936	-
To record use of prior year encumbrances as a funding source	-	-	264,985
To reclassify transfers budgeted as expenditures	-	192,601	192,601
To reclassify BAN paydown to expenditures	-	293,911	293,911
To record stabilization activity	(62,576)	-	1,120,000
To record sheriff retirement activity	(1,786,032)	(1,755,461)	-
To reclassify OPEB trust fund contributions budgeted as transfers	-	(100,000)	(100,000)
To reclassify dredge indirect costs budgeted as transfers	-	8,395	8,395
Budgetary Basis	<u>\$ 28,385,724</u>	<u>\$ 18,263,876</u>	<u>\$ (570,086)</u>

See Independent Auditor's Report.

COUNTY OF BARNSTABLE, MASSACHUSETTS

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

(Unaudited)

BARNSTABLE COUNTY RETIREMENT ASSOCIATION

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Proportion of the Net Pension Liability</u>	<u>Proportionate Share of the Net Pension Liability</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position Percentage of the Total Pension Liability</u>
June 30, 2022	December 31, 2021	7.360%	\$ 40,465,522	\$ 12,126,526	333.69%	75.07%
June 30, 2021	December 31, 2020	6.724%	46,452,165	11,306,270	410.85%	66.82%
June 30, 2020	December 31, 2019	7.012%	52,676,399	11,602,984	453.99%	62.34%
June 30, 2019	December 31, 2018	7.324%	57,892,433	11,853,629	488.39%	57.63%
June 30, 2018	December 31, 2017	7.368%	50,129,237	11,637,484	430.76%	61.86%
June 30, 2017	December 31, 2016	7.957%	53,383,346	12,100,397	441.17%	57.28%
June 30, 2016	December 31, 2015	7.623%	47,998,984	11,263,730	426.14%	58.10%
June 30, 2015	December 31, 2014	7.650%	43,187,586	11,524,598	374.74%	60.43%

Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

See notes to financial statements for summary of significant actuarial methods and assumptions.

See Independent Auditor's Report.

COUNTY OF BARNSTABLE, MASSACHUSETTS

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF PENSION CONTRIBUTIONS

(Unaudited)

BARNSTABLE COUNTY RETIREMENT ASSOCIATION

Fiscal Year	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
June 30, 2022	\$ 4,976,056	\$ (4,976,056)	\$ -	\$ 12,490,322	39.84%
June 30, 2021	4,272,031	(4,272,031)	-	11,645,458	36.68%
June 30, 2020	4,616,366	(4,283,865)	332,501	10,798,877	39.67%
June 30, 2019	4,193,054	(4,193,054)	-	11,972,165	35.02%
June 30, 2018	3,949,166	(3,949,166)	-	11,753,859	33.60%
June 30, 2017	3,871,642	(3,871,642)	-	12,127,401	31.92%
June 30, 2016	3,773,174	(3,773,174)	-	11,289,974	33.42%
June 30, 2015	3,618,501	(3,618,501)	-	11,549,709	31.33%

Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

See notes to financial statements for summary of significant actuarial methods and assumptions.

See Independent Auditor's Report.

COUNTY OF BARNSTABLE, MASSACHUSETTS

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY

(Unaudited)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total OPEB liability				
Service cost	\$ 1,524,632	\$ 1,798,433	\$ 1,144,771	\$ 1,079,053
Interest on unfunded liability - time value of money	981,618	1,048,628	1,317,558	1,180,645
Differences between expected and actual experience	-	759,877	-	(122,264)
Changes of assumptions	(8,576,242)	(4,058,244)	7,901,272	4,562,083
Benefit payments, including refunds of member contributions	<u>(1,314,810)</u>	<u>(1,243,123)</u>	<u>(1,188,797)</u>	<u>(1,065,361)</u>
Net change in total OPEB liability	(7,384,802)	(1,694,429)	9,174,804	5,634,156
Total OPEB liability - beginning	<u>44,574,525</u>	<u>46,268,954</u>	<u>37,094,150</u>	<u>31,459,994</u>
Total OPEB liability - ending (a)	37,189,723	44,574,525	46,268,954	37,094,150
Plan fiduciary net position				
Contributions - employer	1,414,810	1,243,123	1,188,797	850,000
Net investment income	(102,807)	177,994	15,692	19,974
Benefit payments, including refunds of member contributions	<u>(1,314,810)</u>	<u>(1,243,123)</u>	<u>(1,188,797)</u>	<u>-</u>
Net change in plan fiduciary net position	(2,807)	177,994	15,692	869,974
Plan fiduciary net position - beginning	<u>1,063,660</u>	<u>885,666</u>	<u>869,974</u>	<u>-</u>
Plan fiduciary net position - ending (b)	<u>1,060,853</u>	<u>1,063,660</u>	<u>885,666</u>	<u>869,974</u>
Net OPEB liability - ending (a-b)	\$ <u>36,128,870</u>	\$ <u>43,510,865</u>	\$ <u>45,383,288</u>	\$ <u>36,224,176</u>

Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

See notes to financial statements for summary of significant actuarial methods and assumptions.

See Independent Auditor's Report.

COUNTY OF BARNSTABLE, MASSACHUSETTS

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULES OF THE NET OPEB LIABILITY, CONTRIBUTIONS, AND INVESTMENT RETURNS

(Unaudited)

Schedule of Net OPEB Liability

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB liability	\$ 37,189,723	\$ 44,574,525	\$ 46,268,954	\$ 37,094,150	\$ 32,443,007	\$ 26,954,995
Plan fiduciary net position	<u>(1,060,853)</u>	<u>(1,063,660)</u>	<u>(885,666)</u>	<u>(869,974)</u>	-	-
Net OPEB liability	\$ <u>36,128,870</u>	\$ <u>43,510,865</u>	\$ <u>45,383,288</u>	\$ <u>36,224,176</u>	\$ <u>32,443,007</u>	\$ <u>26,954,995</u>
Plan fiduciary net position as a percentage of the total OPEB liability	2.85%	2.39%	1.91%	2.35%	0.00%	0.00%
Covered payroll	Not Available	Not Available	Not Available	\$ 10,354,986	\$ 10,151,947	\$ 9,952,889
Participating employer net OPEB liability as a percentage of covered payroll	Not Available	Not Available	Not Available	349.82%	319.57%	270.83%

Schedule of Contributions

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined contribution	\$ 1,887,855	\$ 1,827,648	\$ 1,895,957	\$ 1,836,278	\$ 1,011,262
Contributions in relation to the actuarially determined contribution	<u>(1,414,810)</u>	<u>(1,243,123)</u>	<u>(1,188,797)</u>	<u>(1,960,329)</u>	<u>(1,011,262)</u>
Contribution deficiency (excess)	\$ <u>473,045</u>	\$ <u>584,525</u>	\$ <u>707,160</u>	\$ <u>(124,051)</u>	\$ <u>-</u>
Covered payroll	Not Available	Not Available	Not Available	\$ 10,354,986	\$ 10,151,947
Contributions as a percentage of covered payroll	Not Available	Not Available	Not Available	18.93%	9.96%

Schedule of Investment Returns

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual money weighted rate of return, net of investment expense	Not Available	Not Available	Not Available	Not Available	Not Applicable	Not Applicable

Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

See notes to financial statements for summary of significant actuarial methods and assumptions.

See Independent Auditor's Report.

COUNTY OF BARNSTABLE, MASSACHUSETTS

OTHER INFORMATION

CAPE COD COMMISSION

SCHEDULE OF FRINGE AND INDIRECT COST RATE - SINGLE RATE

FOR THE YEAR ENDED JUNE 30, 2022

	Indirect Costs <u>Incurred</u>	Indirect Costs <u>Disallowed</u>	Indirect Costs <u>Allowed</u>
Administrative salaries	\$ 589,096	\$ -	\$ 589,096
Administrative fringe benefits	1,084,891	-	1,084,891
Indirect personnel costs	472,224	-	472,224
Other indirect costs	<u>338,267</u>	<u>(10,299)</u>	<u>327,968</u>
Total	\$ <u>2,484,478</u>	\$ <u>(10,299)</u>	\$ <u>2,474,179</u>
Indirect costs allowed			\$ 2,474,179
Total direct salaries			\$ 1,809,748
Total indirect costs allowed as a percentage of total direct salaries			136.71%

See Independent Auditor's Report.

COUNTY OF BARNSTABLE, MASSACHUSETTS

OTHER INFORMATION

CAPE COD COMMISSION

SCHEDULE OF FRINGE AND INDIRECT COST RATE - TWO RATE

FOR THE YEAR ENDED JUNE 30, 2022

	Indirect Costs <u>Incurred</u>	Indirect Costs <u>Disallowed</u>	Indirect Costs <u>Allowed</u>	
Fringe Rate				
Administrative fringe benefits	\$ 1,084,891	\$ -	\$ 1,084,891	
Indirect personnel costs	<u>472,224</u>	<u>-</u>	<u>472,224</u>	
Total fringe pool	<u>\$ 1,557,115</u>	<u>\$ -</u>	1,557,115	
Indirect costs allowed (fringe pool)			<u>\$ 1,557,115</u>	
Total direct and indirect salaries			\$ 2,398,843	
Total indirect costs allowed (fringe pool) as a percentage of total direct and indirect salaries				64.91% (A)
Indirect Costs Rate				
Administrative salaries	\$ 589,096	\$ -	\$ 589,096	
Indirect salaries allocated to indirect labor (indirect salaries x fringe rate)	382,389	-	382,389	
Other indirect costs	<u>338,267</u>	<u>(10,299)</u>	<u>327,968</u>	
Total indirect costs	<u>\$ 1,309,752</u>	<u>\$ (10,299)</u>	1,299,453	
Indirect costs allowed			<u>\$ 1,299,453</u>	
Total direct salaries			\$ 1,809,748	
Total indirect costs allowed as a percentage of total direct salaries				71.80% (B)
Total indirect cost rate (A + B)				136.71%

See Independent Auditor's Report.

COUNTY OF BARNSTABLE, MASSACHUSETTS

OTHER INFORMATION

CAPE COD COMMISSION

COMBINING SCHEDULE OF REVENUES AND EXPENDITURES

FOR THE YEAR ENDED JUNE 30, 2022

	MADOT Bike Racks <u>2286 3040</u>	DHCD DLTA <u>2801 1221</u>	DHCD DLTA <u>2801 1222</u>	US EPA SNP/RAS <u>2817 3003</u>	EOEEA/Towns MVP <u>2825 3043</u>	Town of Wellfleet MHM <u>2825 3046</u>	MADOT Trans Planning <u>2817 3003</u>	USEPA SNP/U ME TAN <u>2853 3033</u>
Revenues								
Federal, state and local grants	\$ 10,579	\$ -	\$ 192,999	\$ 26,314	\$ 18,000	\$ -	\$ 389,777	\$ 42,879
Local assessments*	<u>-</u>	<u>168,498</u>	<u>2,652</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,623</u>	<u>12,958</u>
Total Revenues	10,579	168,498	195,651	26,314	18,000	-	395,400	55,837
Expenditures								
Direct salaries	-	22,705	409	-	-	7,604	92,890	16,242
Indirect costs	-	31,041	560	-	-	10,396	126,990	22,204
Direct costs	<u>10,579</u>	<u>133,397</u>	<u>4,950</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>42,612</u>	<u>-</u>
Total Expenditures	<u>10,579</u>	<u>187,143</u>	<u>5,919</u>	<u>-</u>	<u>-</u>	<u>18,000</u>	<u>262,492</u>	<u>38,446</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ (18,645)</u>	<u>\$ 189,732</u>	<u>\$ 26,314</u>	<u>\$ 18,000</u>	<u>\$ (18,000)</u>	<u>\$ 132,908</u>	<u>\$ 17,391</u>

*Local assessments reflect CCC funds expended on the project (actual cost less amount invoiced)

(Continued)

See Independent Auditor's Report.

COUNTY OF BARNSTABLE, MASSACHUSETTS

OTHER INFORMATION

CAPE COD COMMISSION

COMBINING SCHEDULE OF REVENUES AND EXPENDITURES (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2022

	EOEEA Model Resiliency <u>2854 3034</u>	US EDA CC Resiliency <u>2865</u>	US EDA CARES Act <u>2876</u>	Seaport Council <u>2879</u>	US EDA Partnership Planning <u>2889</u>	MVP Low Lying Roads Wellfleet <u>2891</u>	MADOT Trans Planning <u>2895</u>	MA Dept of Early Ed/Childcare <u>2897</u>
Revenues								
Federal, state and local grants	\$ 97,266	\$ 376,570	\$ 200,033	\$ 204,045	\$ 70,000	\$ -	\$ 444,599	\$ 200,000
Local assessments*	-	397,839	(1,025)	-	68,821	18,461	(4,886)	(332)
Total Revenues	97,266	774,409	199,008	204,045	138,821	18,461	439,713	199,668
Expenditures								
Direct salaries	-	32,890	50,980	-	29,323	20,105	243,097	16,497
Indirect costs	-	44,963	69,695	-	40,088	27,485	332,338	22,553
Direct costs	-	453,394	14,957	204,045	-	62,937	14,941	125,625
Total Expenditures	-	531,247	135,632	204,045	69,411	110,527	590,376	164,675
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ <u>97,266</u>	\$ <u>243,162</u>	\$ <u>63,376</u>	\$ <u>-</u>	\$ <u>69,410</u>	\$ <u>(92,066)</u>	\$ <u>(150,663)</u>	\$ <u>34,993</u>

*Local assessments reflect CCC funds expended on the project (actual cost less amount invoiced)

(Continued)

See Independent Auditor's Report.

COUNTY OF BARNSTABLE, MASSACHUSETTS

OTHER INFORMATION

CAPE COD COMMISSION

COMBINING SCHEDULE OF REVENUES AND EXPENDITURES (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2022

	EOEEA Land Use Plan <u>2899</u>	Capital Planimetrics <u>3021</u>	CCC Forums <u>8017</u>	CCC Mitigation <u>8023</u>	CCC Strategic Information <u>8085</u>	MADOT Complete Streets <u>8105</u>	CC & I Water Protection Fund <u>8112</u>	DHCD Housing <u>8117</u>	Totals
Revenues									
Federal, state and local grants	\$ 144,043	\$ 35,421	\$ 3,140	\$ 54,389	\$ -	\$ 44,992	\$ 29,250	\$ -	\$ 2,584,296
Local assessments*	<u>5,107</u>	<u>43,686</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>209</u>	<u>-</u>	<u>(17)</u>	<u>717,594</u>
Total Revenues	149,150	79,107	3,140	54,389	-	45,201	29,250	(17)	3,301,890
Expenditures									
Direct salaries	3,278	-	-	-	-	5,128	8,191	850	550,189
Indirect costs	4,482	-	-	-	-	7,011	11,197	1,161	752,164
Direct costs	<u>18,043</u>	<u>136,662</u>	<u>-</u>	<u>16,823</u>	<u>52,088</u>	<u>-</u>	<u>29,880</u>	<u>-</u>	<u>1,320,933</u>
Total Expenditures	<u>25,803</u>	<u>136,662</u>	<u>-</u>	<u>16,823</u>	<u>52,088</u>	<u>12,139</u>	<u>49,268</u>	<u>2,011</u>	<u>2,623,286</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ <u>123,347</u>	\$ <u>(57,555)</u>	\$ <u>3,140</u>	\$ <u>37,566</u>	\$ <u>(52,088)</u>	\$ <u>33,062</u>	\$ <u>(20,018)</u>	\$ <u>(2,028)</u>	\$ <u>678,604</u>

*Local assessments reflect CCC funds expended on the project (actual cost less amount invoiced)

(Concluded)

See Independent Auditor's Report.