

Massachusetts Municipal  
Auditors and Accountants Association  
Annual School

March 17, 2015

**Financial Statements and  
Your Bond Rating**

Actual Case Study

Roselli, Clark and Associates

Tony Roselli, CPA, CGMA Partner

# CREDIT FACTORS

Institutional Framework	10%
Economy	30%
Management	20%
Budgetary Flexibility	10%
Budgetary Performance	10%
Liquidity	10%
Debt and Contingent Liabilities	10%

## **INSTITUTIONAL FRAMEWORK - FACTOR ONE (10%)**

1. Predictability
2. Revenue and expenditure balance
3. Transparency and accountability
4. Systemic support

All Massachusetts communities receive a 2 on a scale of 5 for this factor.

## ECONOMIC SCORE - FACTOR TWO (30%)

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**A** Market Value 3,592,510,500 Per Tax Recap Page 1  
**B** Population 5,881 Per "At A Glance Report"

**A/B** Ratio 610,867.28

**C** Per Capita income Orleans 38,139 Per "At A Glance Report"  
**D** Per Capita income US 28,567 US Department of Commerce

**C/D** Ratio 133.51%

Table factor (see below) 1.5

Broad and diversified economy plus 1 Barnstable considered strong and diversified

Longstanding role as major employer No Not a strong commercial employer

Adjusted table factor 1.0

Projected Per Capita EBI as % of US Projected Per Capita EBI	Total Market Value Per Capita				
	>195,000	100,000 - 195,000	80,000 - 100,000	55,000 - 80,000	<55,000
>150	1.0	1.5	2.0	2.5	3.0
110 - 150	1.5	2.0	2.5	3.0	3.5
85 - 110	2.0	2.5	3.0	3.5	4.0
70 - 85	2.5	3.0	3.5	4.0	4.5
<70	3.0	3.5	4.0	4.5	5.0

THE COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF REVENUE  
TAX RATE RECAPITULATION

FISCAL 2014

OF  
ORLEANS  
City / Town / District

I. TAX RATE SUMMARY

la. Total amount to be raised (from IIe)	\$	<u>31,593,938.45</u>
lb. Total estimated receipts and other revenue sources (from IIIe)		<u>9,420,373.35</u>
lc. Tax levy (la minus lb)	\$	<u>22,273,565.10</u>

Id. Distribution of Tax Rates and levies

CLASS	(b) Levy percentage (from LA - 5)	(c) IC above times each percent in col (b)	(d) Valuation by class (from LA - 5)	(e) Tax Rates (c) / (d) x 1000	(f) Levy by class (d) x (e) / 1000
Residential	92.0747%	20,508,318.25	3,307,794,903	6.20	20,508,328.40
Net of Exempt					0.00
Open Space	0.0000%	0.00	0		0.00
Commercial	6.4924%	1,446,088.94	233,239,957	6.20	1,446,087.73
Net of Exempt					0.00
Industrial	0.2293%	51,073.28	8,236,700	6.20	51,067.54
SUBTOTAL	98.7964%		3,549,271,560		22,005,483.67
Personal	1.2036%	268,084.63	43,238,940	6.20	268,081.43
TOTAL	100.0000%		<b>3,592,510,500</b>		22,273,565.10

Board of Assessors of ORLEANS  
City / Town / District

MUST EQUAL IC

NOTE : The information was Approved on 09/19/2013.

<u>Robert Cole, Assessor, Orleans, 508-240-3700</u>	<u>9/19/2013 8:30 PM</u>
<u>Nicholas Biron, Assessor, Orleans, 508-240-3700</u>	<u>9/19/2013 8:00 PM</u>
<u>Timothy J. Brady, Assessor, Orleans, 508-240-3700</u>	<u>9/19/2013 4:30 PM</u>
Assessor	Date

Do Not Write Below This Line -- For Department of Revenue Use Only

Reviewed By: Jared Curtis  
Date: 19-SEP-13  
Approved: Anthony Rassias  
Director of Accounts

  
(Gerard D. Perry)

## At A Glance Report for Orleans

Socioeconomic	
County	BARNSTABLE
School Structure	K-05
Form of Government	OPEN TOWN MEETING
2012 Population	5,881
2012 Labor Force	2,920
2012 Unemployment Rate	6.50
2011 DOR Income Per Capita	38,139
2009 Housing Units per Sq Mile	358.01
2011 Road Miles	94.03
EQV Per Capita (2012 EQV/2012 Population)	670,735
Number of Registered Vehicles (2012)	8,182
2012 Number of Registered Voters	5,429

Bond Ratings	
Moody's Bond Ratings	NA
Standard and Poor's Bond Ratings	AAA

\*Blank indicates the community has not been rated by the bond agency

Fiscal Year 2014 Esimated Cherry Sheet Aid	
Education Aid	251,435
General Government	222,145
Total Receipts	520,052
Total Assessments	498,529
Net State Aid	21,523

Fiscal Year 2014 Tax Classification			
Tax Classification	Assessed Values	Tax Levy	Tax Rate
Residential	3,307,794,903	20,508,328	6.2
Open Space	0	0	0
Commerical	233,239,957	1,446,088	6.2
Industrial	8,236,700	51,068	6.2
Personal Property	43,238,940	268,081	6.2
<b>Total</b>	<b>3,592,510,500</b>	<b>22,273,565</b>	

## **MANAGEMENT SCORE - FACTOR THREE (20%)**

Subjective but should have:

Revenue and expenditure assumptions

Budget amendments and updates

Long term financial planning

Long term capital planning

Investment management policies

Debt management policies

Reserve and liquidity policies

# BUDGETARY FLEXIBILITY - FACTOR FOUR (10%)

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Unassigned 3,286,865 Financials page 12 of 46  
 Assigned 1,225,133 Financials page 12 of 46

**A** Total 4,511,998

General Fund Expenditures 27,854,870 Financials page 14 of 46  
 General Fund Transfers Out 382,700 Financials page 14 of 46

**B** Adjusted General Fund Expenditures 28,237,570

**A/B** Ratio 16.0%

Table Factor (see below) 1.0

	Available Fund Balance As a Percentage of Expenditures				
	> 15	8 - 15	4 - 8	1 - 4	< 1
percentage					
score	1.0	2.0	3.0	4.0	5.0



TOWN OF ORLEANS, MASSACHUSETTS

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2013

	General Fund	Community Preservation Act Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets:</b>					
Cash and cash equivalents	\$ 6,223,225	\$ 976,883	\$ 277,829	\$ 3,061,636	\$ 10,539,573
Receivables, net of allowance for uncollectibles:					
Property taxes	561,370	12,114	-	-	573,484
Departmental and other	134,493	-	-	202,454	336,947
Intergovernmental	24,272	-	-	267,774	292,046
<b>Total Assets</b>	<u>\$ 6,943,360</u>	<u>\$ 988,997</u>	<u>\$ 277,829</u>	<u>\$ 3,531,864</u>	<u>\$ 11,742,050</u>
<b>Liabilities and Fund Balances:</b>					
Liabilities:					
Warrants and accounts payable	\$ 781,408	\$ 5,395	\$ 1,502	\$ 42,235	\$ 830,540
Accrued payroll	423,331	-	-	-	423,331
Bond anticipation notes payable	-	120,000	719,227	-	839,227
Deferred revenues	456,462	12,114	-	470,228	938,804
<b>Total Liabilities</b>	<u>1,661,201</u>	<u>137,509</u>	<u>720,729</u>	<u>512,463</u>	<u>3,031,902</u>
Fund Balances:					
Restricted	70,047	851,488	9,190	3,019,401	3,950,126
Committed	700,114	-	262,832	-	962,946
Assigned	1,225,133	-	-	-	1,225,133
Unassigned	3,286,865	-	(714,922)	-	2,571,943
<b>Total Fund Balances</b>	<u>5,282,159</u>	<u>851,488</u>	<u>(442,900)</u>	<u>3,019,401</u>	<u>8,710,148</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 6,943,360</u>	<u>\$ 988,997</u>	<u>\$ 277,829</u>	<u>\$ 3,531,864</u>	<u>\$ 11,742,050</u>

See accompanying notes to basic financial statements.

TOWN OF ORLEANS, MASSACHUSETTS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
JUNE 30, 2013

	General Fund	Community Preservation Act Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Property taxes	\$ 21,769,309	\$ 655,033	\$ -	\$ -	\$ 22,424,342
Intergovernmental	1,347,167	213,164	-	582,516	2,142,847
Motor vehicle and other excises	1,665,896	-	-	-	1,665,896
Licenses and permits	869,194	-	-	-	869,194
Departmental and other revenue	1,650,646	-	-	940,375	2,591,021
Penalties and interest on taxes	195,037	-	-	-	195,037
Investment income	18,517	2,341	-	6,040	26,898
Contributions and donations	-	-	-	187,860	187,860
<b>Total Revenues</b>	<u>27,515,766</u>	<u>870,538</u>	<u>-</u>	<u>1,716,791</u>	<u>30,103,095</u>
<b>Expenditures:</b>					
Current:					
General government	2,507,683	-	101,753	334,937	2,944,373
Public safety	5,602,573	-	50,387	35,665	5,688,625
Education	7,294,253	-	215,000	67,496	7,576,749
Public works	1,703,304	-	16,398	224,728	1,944,430
Health and human services	894,072	-	-	68,025	962,097
Culture and recreation	1,987,046	1,309,383	-	69,457	3,365,886
Fringe and pension benefits	4,845,743	-	-	-	4,845,743
State and county tax assessments	529,041	-	-	-	529,041
Debt service:					
Principal	1,850,000	340,000	-	-	2,190,000
Interest	641,155	142,523	-	-	783,678
<b>Total Expenditures</b>	<u>27,854,870</u>	<u>1,791,906</u>	<u>383,538</u>	<u>800,308</u>	<u>30,830,622</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(339,104)</u>	<u>(921,368)</u>	<u>(383,538)</u>	<u>916,483</u>	<u>(727,527)</u>
<b>Other Financing Sources (Uses):</b>					
Transfers in	1,463,267	-	382,700	40,000	1,885,967
Transfers out	(382,700)	(40,000)	(16,008)	(1,099,339)	(1,538,047)
<b>Total Other Financing Sources (Uses)</b>	<u>1,080,567</u>	<u>(40,000)</u>	<u>366,692</u>	<u>(1,059,339)</u>	<u>347,920</u>
<b>Net Change in Fund Balances</b>	<u>741,463</u>	<u>(961,368)</u>	<u>(16,846)</u>	<u>(142,856)</u>	<u>(379,607)</u>
Fund Balances (deficit)- Beginning	<u>4,540,696</u>	<u>1,812,856</u>	<u>(426,054)</u>	<u>3,162,257</u>	<u>9,089,755</u>
Fund Balances (deficit) - Ending	<u>\$ 5,282,159</u>	<u>\$ 851,488</u>	<u>\$ (442,900)</u>	<u>\$ 3,019,401</u>	<u>\$ 8,710,148</u>

See accompanying notes to basic financial statements.

## BUDGETARY PERFORMANCE - FACTOR FIVE (10%)

All Governmental Funds Revenue	30,103,095	Financials page 14 of 46
Adjustments:		
MSBA Grants (deduct)	-	
Indirect charges (add)	347,920	Financials page 17 of 46
Adjusted revenues	30,451,015	
All Governmental Funds Expenditures	30,830,622	Financials page 14 of 46
Adjustments:		
Capital spent from bond or BAN proceeds	(231,398)	From internal records
MSBA expenditures	-	
Adjusted expenditures	30,599,224	A
Adjusted budgetary result - all governmental funds	(148,209)	B
Total Governmental Funds Net Result	-0.5%	B/A
General Fund Revenues	27,515,766	Financials page 14 of 46
Adjustments:		
Transfers in	1,463,267	Financials page 14 of 46
Unique items	-	
Adjusted General Fund Revenues	28,979,033	
General Fund Expenditures	27,854,870	Financials page 14 of 46
Adjustments:		
Transfers out	382,700	Financials page 14 of 46
Unique items	-	
Adjusted General Fund Expenditures	28,237,570	C
Adjusted budgetary result - all general funds	741,463	D
General Fund Net Result	2.6%	D/C
Table Factor (see below)	2.0	

General Fund Net Result (%)	Total Governmental Funds Net Result (%)				
	> -1	-1 to -5	-5 to -10	-10 to -15	< -15
> 5	1.0	2.0	3.0	3.0	4.0
(-1 to 5)	2.0	3.0	3.0	4.0	5.0
< -1	3.0	4.0	4.0	5.0	5.0

TOWN OF ORLEANS, MASSACHUSETTS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
JUNE 30, 2013

	General Fund	Community Preservation Act Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Property taxes	\$ 21,769,309	\$ 655,033	\$ -	\$ -	\$ 22,424,342
Intergovernmental	1,347,167	213,164	-	582,516	2,142,847
Motor vehicle and other excises	1,665,896	-	-	-	1,665,896
Licenses and permits	869,194	-	-	-	869,194
Departmental and other revenue	1,650,646	-	-	940,375	2,591,021
Penalties and interest on taxes	195,037	-	-	-	195,037
Investment income	18,517	2,341	-	6,040	26,898
Contributions and donations	-	-	-	187,860	187,860
<b>Total Revenues</b>	<b>27,515,766</b>	<b>870,538</b>	<b>-</b>	<b>1,716,791</b>	<b>30,103,095</b>
<b>Expenditures:</b>					
Current:					
General government	2,507,683	-	101,753	334,937	2,944,373
Public safety	5,602,573	-	50,387	35,665	5,688,625
Education	7,294,253	-	215,000	67,496	7,576,749
Public works	1,703,304	-	16,398	224,728	1,944,430
Health and human services	894,072	-	-	68,025	962,097
Culture and recreation	1,987,046	1,309,383	-	69,457	3,365,886
Fringe and pension benefits	4,845,743	-	-	-	4,845,743
State and county tax assessments	529,041	-	-	-	529,041
Debt service:					
Principal	1,850,000	340,000	-	-	2,190,000
Interest	641,155	142,523	-	-	783,678
<b>Total Expenditures</b>	<b>27,854,870</b>	<b>1,791,906</b>	<b>383,538</b>	<b>800,308</b>	<b>30,830,622</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(339,104)</b>	<b>(921,368)</b>	<b>(383,538)</b>	<b>916,483</b>	<b>(727,527)</b>
<b>Other Financing Sources (Uses):</b>					
Transfers in	1,463,267	-	382,700	40,000	1,885,967
Transfers out	(382,700)	(40,000)	(16,008)	(1,099,339)	(1,538,047)
<b>Total Other Financing Sources (Uses)</b>	<b>1,080,567</b>	<b>(40,000)</b>	<b>366,692</b>	<b>(1,059,339)</b>	<b>347,920</b>
<b>Net Change in Fund Balances</b>	<b>741,463</b>	<b>(961,368)</b>	<b>(16,846)</b>	<b>(142,856)</b>	<b>(379,607)</b>
Fund Balances (deficit)- Beginning	4,540,696	1,812,856	(426,054)	3,162,257	9,089,755
Fund Balances (deficit) - Ending	\$ 5,282,159	\$ 851,488	\$ (442,900)	\$ 3,019,401	\$ 8,710,148

See accompanying notes to basic financial statements.

**TOWN OF ORLEANS, MASSACHUSETTS**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2013**

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	Business-Type Enterprise Fund Water
<b>Operating Revenues:</b>	
Charges for services	\$ 1,957,858
Other	73,792
Total Operating Revenues	2,031,650
<b>Operating Expenses:</b>	
Operating costs	1,006,637
Depreciation	386,744
Total Operating Expenses	1,393,381
<b>Operating Income (Loss)</b>	<b>638,269</b>
<b>Nonoperating Revenues (Expenses):</b>	
Interest expense	(95,100)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(95,100)</b>
<b>Income (Loss) Before Transfers</b>	<b>543,169</b>
Transfers out	(347,920)
<b>Change in Net Position</b>	<b>195,249</b>
Total Net Position - Beginning	11,772,047
Total Net Position - Ending	\$ 11,967,296

See accompanying notes to basic financial statements.

## LIQUIDITY - FACTOR SIX (10%)

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Statement of Net Position - Cash	12,917,367	Financials Page 10 of 46
Adjustments:		
Restricted cash	-	
Cash reserved - non major funds	(3,061,636)	Financials page 12 of 46
Cash reserved - CPA funds	(976,883)	Financials page 12 of 46
Cash reserved - capital projects	(277,829)	Financials page 12 of 46
 <b>A</b> Adjusted Cash	 8,601,019	
Governmental Funds Debt Service - Principal	2,190,000	Financials page 14 of 46
Governmental Funds Debt Service - Interest	783,678	Financials page 14 of 46
 <b>B</b> Adjusted debt	 2,973,678	
 <b>A/B</b> Ratio	 289.2%	
 <b>C</b> Total Governmental Fund expenditures	 30,599,224	Calculated on slide 7
 <b>A/C</b> Ratio	 28.1%	
 Table Factor	 1.0	

Total Government available cash as a % of total Governmental expenditures	Total Governmental Available Cash As a % Of Total Governmental Funds Debt Service				
	> 120	100 to 120	80 - 100	40 - 80	< 40
> 15	1.0	2.0	3.0	4.0	5.0
8 to 15	2.0	2.0	3.0	4.0	5.0
4 to 8	3.0	3.0	3.0	4.0	5.0
1 to 4	4.0	4.0	4.0	4.0	5.0
< 1	5.0	5.0	5.0	5.0	5.0

**TOWN OF ORLEANS, MASSACHUSETTS**

**STATEMENT OF NET POSITION  
JUNE 30, 2013**

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 10,539,573	\$ 2,377,794	\$ 12,917,367
Receivables (net):			
Property taxes	451,683	-	451,683
User fees	-	963,340	963,340
Departmental and other	458,748	-	458,748
Intergovernmental	292,046	-	292,046
Capital assets, not being depreciated	40,750,153	2,103,733	42,853,886
Capital assets, net of accumulated depreciation	30,045,239	11,133,497	41,178,736
<b>Total Assets</b>	<b>82,537,442</b>	<b>16,578,364</b>	<b>99,115,806</b>
<b>Liabilities</b>			
Warrants and accounts payable	830,540	72,582	903,122
Accrued payroll and withholdings	423,331	-	423,331
Bond anticipation notes payable	839,227	1,289,692	2,128,919
Noncurrent liabilities:			
Due within one year	2,551,658	329,009	2,880,667
Due in more than one year	24,273,281	2,919,785	27,193,066
<b>Total Liabilities</b>	<b>28,918,037</b>	<b>4,611,068</b>	<b>33,529,105</b>
<b>Net Position</b>			
Invested in capital assets, net of related debt	51,310,392	7,980,296	59,290,688
Restricted:			
Federal and State grants	423,312	-	423,312
Community preservation	851,488	-	851,488
Other purposes	3,359,217	-	3,359,217
Unrestricted	(2,325,004)	3,987,000	1,661,996
<b>Total Net Position</b>	<b>\$ 53,619,405</b>	<b>\$ 11,967,296</b>	<b>\$ 65,586,701</b>

See accompanying notes to basic financial statements.

TOWN OF ORLEANS, MASSACHUSETTS

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2013

	General Fund	Community Preservation Act Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets:</b>					
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<b>Liabilities:</b>					
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Accrued payroll	423,331	-	-	-	423,331
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Deferred revenues	456,462	12,114	-	470,228	938,804
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Assigned	1,225,133	-	-	-	1,225,133
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<b>Total Liabilities and Fund Balances</b>	<u>\$ 6,943,360</u>	<u>\$ 988,997</u>	<u>\$ 277,829</u>	<u>\$ 3,531,864</u>	<u>\$ 11,742,050</u>

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TOWN OF ORLEANS, MASSACHUSETTS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
JUNE 30, 2013

	General Fund	Community Preservation Act Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
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Intergovernmental	1,347,167	213,164	-	582,516	2,142,847
Motor vehicle and other excises	1,665,896	-	-	-	1,665,896
Licenses and permits	869,194	-	-	-	869,194
Departmental and other revenue	1,650,646	-	-	940,375	2,591,021
Penalties and interest on taxes	195,037	-	-	-	195,037
Investment income	18,517	2,341	-	6,040	26,898
Contributions and donations	-	-	-	187,860	187,860
<b>Total Revenues</b>	<u>27,515,766</u>	<u>870,538</u>	<u>-</u>	<u>1,716,791</u>	<u>30,103,095</u>
<b>Expenditures:</b>					
Current:					
General government	2,507,683	-	101,753	334,937	2,944,373
Public safety	5,602,573	-	50,387	35,665	5,688,625
Education	7,294,253	-	215,000	67,496	7,576,749
Public works	1,703,304	-	16,398	224,728	1,944,430
Health and human services	894,072	-	-	68,025	962,097
Culture and recreation	1,987,046	1,309,383	-	69,457	3,365,886
Fringe and pension benefits	4,845,743	-	-	-	4,845,743
State and county tax assessments	529,041	-	-	-	529,041
Debt service:					
Principal	1,850,000	340,000	-	-	2,190,000
Interest	641,155	142,523	-	-	783,678
<b>Total Expenditures</b>	<u>27,854,870</u>	<u>1,791,906</u>	<u>383,538</u>	<u>800,308</u>	<u>30,830,622</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(339,104)</u>	<u>(921,368)</u>	<u>(383,538)</u>	<u>916,483</u>	<u>(727,527)</u>
<b>Other Financing Sources (Uses):</b>					
Transfers in	1,463,267	-	382,700	40,000	1,885,967
Transfers out	<u>(382,700)</u>	<u>(40,000)</u>	<u>(16,008)</u>	<u>(1,099,339)</u>	<u>(1,538,047)</u>
<b>Total Other Financing Sources (Uses)</b>	<u>1,080,567</u>	<u>(40,000)</u>	<u>366,692</u>	<u>(1,059,339)</u>	<u>347,920</u>
<b>Net Change in Fund Balances</b>	741,463	(961,368)	(16,846)	(142,856)	(379,607)
Fund Balances (deficit)- Beginning	<u>4,540,696</u>	<u>1,812,856</u>	<u>(426,054)</u>	<u>3,162,257</u>	<u>9,089,755</u>
Fund Balances (deficit) - Ending	<u>\$ 5,282,159</u>	<u>\$ 851,488</u>	<u>\$ (442,900)</u>	<u>\$ 3,019,401</u>	<u>\$ 8,710,148</u>

See accompanying notes to basic financial statements.

## DEBT AND CONTINGENT LIABILITIES FACTOR SEVEN (10%)

Outstanding debt - Governmental Activities	19,485,000	Financials Page 34 of 46
Outstanding BANs - Governmental Activities	839,227	Financials Page 33 of 46
Outstanding debt - Business-Type Activities	2,890,000	Financials Page 34 of 46
Outstanding BANs - Business-Type Activities	1,289,692	Financials Page 33 of 46
Overlapping Debt Barnstable County	1,211,343	Per official statement
Overlapping Debt Nauset School District	267,143	Per official statement
2014 debt paydowns	(2,385,000)	Financials Page 34 of 46
Total Gross Direct Debt	23,597,405	
Adjustments:		
Debt eligible for support	(2,575,000)	Financials Page 16 of 46
MSBA subsidy	-	
<b>A</b> Net Direct debt	21,022,405	
<b>B</b> All Governmental Fund Revenues Adjusted	30,451,015	Calculated on slide 10
<b>A/B</b> Ratio	69.0%	
<b>C</b> Debt service	2,973,678	
<b>D</b> All Governmental Fund Expenditures Adjusted	30,599,224	Calculated on slide 10
<b>C/D</b> Ratio	9.7%	
Table factor	4.0	
Net debt divided by market value under 3%	plus 1	
Amortization over 65% in 10 years or less	plus 1	
Adjusted table factor	2.0	

Total Governmental Funds Debt Service As A % of Total Governmental Funds Expenditures	Net Direct Debt As a % Of Total Governmental Funds Revenue				
	< 30	30 to 60	60 - 120	120 - 180	> 180
< 8	1.0	2.0	3.0	4.0	5.0
8 to 15	2.0	3.0	4.0	4.0	5.0
15 to 25	3.0	4.0	5.0	5.0	5.0
25 to 35	4.0	4.0	5.0	5.0	5.0
> 35	4.0	5.0	5.0	5.0	5.0

The following is a summary of outstanding long-term debt obligations for the year ended June 30, 2013:

Description of Issue	Maturing Year	Interest Rate	Beginning Balance	Additions	Maturities	Ending Balance
<i>Governmental Activities -</i>						
General Obligation Bonds	2041	1.5% - 5.5%	\$ 18,390,000	\$ -	\$ (2,035,000)	\$ 16,355,000
General Obligation Bonds (refunding)	2022	2.0% - 3.0%	2,675,000	-	(90,000)	2,585,000
Bond Anticipation Notes	2013	0.70%	540,000	-	(60,000)	480,000
MWPAT Note	2025	0.00%	70,000	-	(5,000)	65,000
Total Governmental Activities			<u>21,675,000</u>	<u>-</u>	<u>(2,190,000)</u>	<u>19,485,000</u>
<i>Business-type Activities: Water -</i>						
General Obligation Bonds	2025	1.50% - 4.4%	680,000	-	(300,000)	380,000
General Obligation Bonds (refunding)	2022	2.0% - 3.0%	2,510,000	-	-	2,510,000
Total Water Activities			<u>3,190,000</u>	<u>-</u>	<u>(300,000)</u>	<u>2,890,000</u>
Total Long-Term Bond and Note Indebtedness - All			<u>\$ 24,865,000</u>	<u>\$ -</u>	<u>\$ (2,490,000)</u>	<u>\$ 22,375,000</u>

During the year ended June 30, 2013, the following reflects the activity in the long-term liability accounts:

	Beginning Balance	Additions	Deletions	Ending Balance	Due within one year
<i>Governmental Activities -</i>					
Bond and note indebtedness	\$ 21,675,000	\$ -	\$(2,190,000)	\$19,485,000	\$ 2,385,000
Post-closure landfill monitoring	816,000	-	(34,000)	782,000	34,000
Compensated absences, net	1,343,284	117,624	(134,328)	1,326,580	132,658
Other post employment benefits, net	4,144,716	1,745,204	(658,561)	5,231,359	-
Total Governmental Activities	<u>\$ 27,979,000</u>	<u>\$ 1,862,828</u>	<u>\$(3,016,889)</u>	<u>\$26,824,939</u>	<u>\$ 2,551,658</u>
<i>Business-type Activities: Water -</i>					
Bond and note indebtedness	\$ 3,190,000	\$ -	\$ (300,000)	\$ 2,890,000	\$ 315,000
Compensated absences, net	126,185	26,525	(12,619)	140,091	14,009
Other post employment benefits, net	178,022	65,336	(24,655)	218,703	-
Total Business-type Activities - Water	<u>\$ 3,494,207</u>	<u>\$ 91,861</u>	<u>\$ (337,274)</u>	<u>\$ 3,248,794</u>	<u>\$ 329,009</u>

## E. Temporary Debt

The Town is authorized to borrow on a temporary basis to fund the following:

Type	Interest Rate	Maturity Date	July 1, 2012	Additions	Retirements	June 30, 2013
BAN	0.70%	Matured	\$ 465,000	\$ -	\$ (465,000)	\$ -
BAN	0.40%	2/14/14	-	839,227	-	839,227
Total Governmental Notes			465,000	839,227	(465,000)	839,227
BAN	0.70%	Matured	50,000	-	(50,000)	-
BAN	0.50%	Matured	506,000	-	(506,000)	-
BAN	0.40%	2/14/14	-	549,828	-	549,828
BAN	0.45%	2/14/14	-	739,864	-	739,864
Total Business-Type Notes			556,000	1,289,692	(556,000)	1,289,692
Total Notes Payable			<u>\$ 1,021,000</u>	<u>\$ 2,128,919</u>	<u>\$ (1,021,000)</u>	<u>\$ 2,128,919</u>

Current Operating Costs – Prior to the collection of revenues, expenditures may be financed through the issuance of revenue (RANS) or tax anticipation notes (TANS).

Capital Projects and Other Approved Costs – Projects may be temporarily funded through the issuance of bond anticipation notes (BANS) or grant anticipation notes (GANS). In certain cases, prior to the issuance of these temporary notes, the governing body must take the necessary legal steps to authorize the issuance of the general obligation bonds. Temporary notes may not exceed the aggregate amount of bonds authorized or the grant award amount.

Temporary notes are general obligations of the Town and carry maturity dates that are limited by state law. Interest expenditures and expenses for temporary debt are accounted for in the general fund and enterprise funds, respectively. Temporary notes outstanding at June 30, 2013 were issued for governmental capital projects relating to a public wharf (\$504,227), playground (\$215,000) and land acquisition (\$120,000) and for enterprise fund capital projects for well development (\$549,828) and water tank rehabilitation (\$739,864).

## F. Long-Term Obligations

Bond and Note Indebtedness – The Town issues general obligation bonds and notes to provide funds for the acquisition and construction of major capital facilities. General obligation bonds and notes have been issued for both governmental and business-type activities. Additionally, the Town incurs various other long-term obligations relative to associated personnel costs.

State law permits the Town, under the provisions of Chapter 44, Section 10, to authorize indebtedness up to a limit of 5.0 percent of its equalized valuation. Debt issued in accordance with this section of the law is designated as being “inside the debt limit.” In addition, the Town may authorize debt in excess of that limit for specific purposes. Such debt, when issued, is designated as being “outside the debt limit”.

### Overlapping Debt

The Town is in Barnstable County and is a member of the Cape Cod Regional Transit Authority, the Nauset Regional School District and the Cape Cod Regional Technical High School District. The following table sets forth the outstanding bonded debt, exclusive of temporary loans in anticipation of bonds or current revenue of Barnstable County, the Cape Cod Regional Transit Authority, the Nauset Regional School District and the Cape Cod Regional Technical High School District as of June 30, 2013 and the Town's gross share of such debt and the fiscal dollar assessment for each.

<u>Overlapping Entity</u>	<u>Outstanding Debt</u>	<u>Orleans Estimated Share</u>	<u>Dollar Assessment<sup>(1)</sup></u>
Barnstable County <sup>(2)</sup> .....	\$ 24,471,578	4.95% 1,211,343	\$147,008
Cape Cod Regional Transit Authority <sup>(3)</sup> .....	-0-	4.98	75,363 <sup>(4)</sup>
Nauset Regional School District <sup>(5)</sup> .....	1,395,000 <sup>(6)</sup>	19.15 <sup>(7)</sup> 267,143	3,773,614 <sup>(8)</sup>
Cape Cod Regional Technical High School District <sup>(9)</sup> .....	-0-	2.14 <sup>(7)</sup>	234,197 <sup>(8)</sup>
Cape Cod Commission <sup>(9)</sup> .....	-0-	0.00	153,769

- <sup>(1)</sup> Estimated dollar assessment based upon total net operating expenses, inclusive (where applicable) of debt service.
- <sup>(2)</sup> SOURCE: Barnstable County Treasurer's Office. County expenses including debt service on county bonds are assessed upon the cities and towns within the county in proportion to their taxable valuation as last equalized by the State Commissioner of Revenue. Estimated share and dollar assessment shown here are based on 2012 equalized valuation. Includes Environmental Protection Fund Tax. Assessment is for fiscal 2014.
- <sup>(3)</sup> SOURCE: Cape Cod Regional Transit Authority. The municipal share is based on a percentage furnished by the Cape Cod Regional Transit Authority as that used in the most recent assessment of aggregate net cost of service of the Transit Authority, including debt service and net operating expenses, although assessments for various categories of service are separately calculated by different formulas. Shares vary from year to year. It has been state practice in recent years to absorb up to approximately 50 percent of the net cost of service of the Authority, including debt service on the Authority's bonds. The remainder of the net cost of service is assessed on the member municipalities within the territory of the Cape Cod Regional Transit Authority.
- <sup>(4)</sup> Fiscal 2013 assessment.
- <sup>(5)</sup> SOURCE: Nauset Regional School District and Cape Cod Regional Technical High School District. Towns may organize regional school districts to carry out general or specialized educational functions. Pursuant to special laws, a number of cities may also participate in regional school districts, primarily for vocational education. The operating expenses and debt service of regional school districts are apportioned among the member municipalities in accordance with the agreements establishing the districts.
- <sup>(6)</sup> The unpaid balance of state school construction grants payable over the life of outstanding bonds of the Nauset High School District is \$1,309,182. Said grants are applicable to both principal and interest payments and are subject to annual appropriation by the state legislature.
- <sup>(7)</sup> The municipal share is based on the ratio of that member's pupil enrollment to the total pupil enrollment from all the member municipalities in the regional school district as of December 1 of the year preceding the year for which the apportionment is being determined. Assessment is for fiscal 2014.
- <sup>(8)</sup> SOURCE: Barnstable County Treasurer. Environmental Protection Fund. Assessment is for fiscal 2014.

TOWN OF ORLEANS, MASSACHUSETTS

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS

JUNE 30, 2013

	Business-Type Enterprise Fund
	Water
<b>Assets:</b>	
Current assets:	
Cash and cash equivalents	\$ 2,377,794
Receivables, net:	
User charges	963,340
Total current assets	3,341,134
Noncurrent assets:	
Capital assets, not being depreciated	2,103,733
Capital assets, net of depreciation	11,133,497
Total noncurrent assets	13,237,230
<b>Total Assets</b>	<b>16,578,364</b>
<b>Liabilities:</b>	
Current liabilities:	
Warrants and accounts payable	72,582
Accrued payroll and withholdings	-
Bond anticipation note payable	1,289,692
Bonds and notes payable	315,000
Compensated absences	14,009
Total current liabilities	1,691,283
Noncurrent liabilities:	
Bonds and notes payable	2,575,000
Compensated absences	126,082
Other post employment benefits	218,703
Total noncurrent liabilities	2,919,785
<b>Total Liabilities</b>	<b>4,611,068</b>
<b>Net Position:</b>	
Invested in capital assets, net of related debt	7,980,296
Unrestricted	3,987,000
<b>Total Net Position</b>	<b>\$ 11,967,296</b>

See accompanying notes to basic financial statements.

## DEBT ELIGIBLE FOR SUPPORT CALCULATION

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	Business - Type Fund Operating Income	638,269	Financials Page 17 of 46
	Depreciation adjustment	386,744	Financials Page 17 of 46
<b>A</b>	Cash flows from operations	1,025,013	
	Business - Type Activities Debt Service:		
	Principal Payments	300,000	Financials Page 18 of 46
	Interest expense	95,100	Financials Page 18 of 46
<b>B</b>	Total Debt Service	395,100	
<b>A/B</b>	Ratio	2.59	
	If the above is greater than 1 then it is eligible as supported debt	Yes	

**TOWN OF ORLEANS, MASSACHUSETTS**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2013**

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	Business-Type Enterprise Fund Water
<b>Operating Revenues:</b>	
Charges for services	\$ 1,957,858
Other	73,792
Total Operating Revenues	2,031,650
<b>Operating Expenses:</b>	
Operating costs	1,006,637
Depreciation	386,744
Total Operating Expenses	1,393,381
<b>Operating Income (Loss)</b>	<b>638,269</b>
<b>Nonoperating Revenues (Expenses):</b>	
Interest expense	(95,100)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(95,100)</b>
<b>Income (Loss) Before Transfers</b>	543,169
Transfers out	(347,920)
<b>Change in Net Position</b>	195,249
Total Net Position - Beginning	11,772,047
Total Net Position - Ending	\$ 11,967,296

See accompanying notes to basic financial statements.



TOWN OF ORLEANS, MASSACHUSETTS

PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2013

	Business-Type Enterprise Fund Water
<b>Cash Flows from Operating Activities:</b>	
Receipts from users	\$ 2,087,046
Payments to vendors and employees	(980,945)
Net Cash Provided by (Used for) Operating Activities	<u>1,106,101</u>
<b>Cash Flows from Noncapital Related Financing Activities:</b>	
Transfers out	(347,920)
Net Cash (Used for) Provided by Noncapital Financing Activities	<u>(347,920)</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>	
Issuance of bonds and notes	733,692
Acquisition and construction of capital assets	(801,649)
Principal payments on bonds and notes	(300,000)
Interest expense	(95,100)
Net Cash Used for Capital and Related Financing Activities	<u>(463,057)</u>
<b>Net Change in Cash and Cash Equivalents</b>	295,124
<b>Cash and Cash Equivalents:</b>	
Beginning of year	<u>2,082,670</u>
End of year	<u>\$ 2,377,794</u>
<b>Reconciliation of Operating Income to Net Cash Provided By (Used For) Operating Activities:</b>	
Operating income (loss)	\$ 638,269
Depreciation expense	386,744
Changes in assets and liabilities:	
Receivables	55,396
Accounts payable and accrued expenses	25,692
Net Cash Provided by (Used for) Operating Activities	<u>\$ 1,106,101</u>

See accompanying notes to basic financial statements.

# DEBT AND CONTINGENT LIABILITY ADJUSTMENTS

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## Positive impact factors

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Total debt less than 3% of Market Value add 1 notch

Market Value (EQV)	3,592,510,500	Calculated on slide 3
Total direct debt	21,022,405	Calculated on slide 17
Ratio	0.6%	

Overall rapid annual amortization more than 65% add 1 notch

75.26% Calculated on slide 24

## Negative impact factors

---

Total debt greater than 10% of Market Value -1 pass, no deduction

Significant medium term debt plans -1 pass, no deduction

Unaddressed exposure to large unfunded Pension and OPEB obligations:

Is there a plan	-1 discretion used
There is no plan	-2 doesn't apply

Contingent liabilities likely to be funded by the government on an ongoing basis

OPEB Pay/go	683,216	Financials Page 42 of 46
Pension ARC	1,434,615	Financials Page 42 of 46
Total	2,117,831	

All Governmental Funds Adjusted Revenues 30,451,015 Calculated on slide 10

Ratio 7.0% pass, no deduction

## AMORTIZATION OF DIRECT DEBT

Financials page 35 of 46

Year	Annual Payment	Cumulative	Percent Paid
2014	\$ 2,385,000	\$ 2,385,000	0.00%
2015	1,915,000	4,300,000	22.1%
2016	1,735,000	6,035,000	31.0%
2017	1,530,000	7,565,000	38.8%
2018	1,430,000	8,995,000	46.2%
2019 - 2023	5,670,000	14,665,000	75.3%
2024 - 2028	2,910,000	17,575,000	90.2%
2029 - 2033	790,000	18,365,000	94.3%
2034 - 2038	700,000	19,065,000	97.8%
2039 - 2043	420,000	19,485,000	100.0%

\$ 19,485,000

Payments on general long-term debt bonds and notes due in future years consist of the following:

*Governmental Activities*

Year Ending June 30	Principal	Interest	Total
2014	\$ 2,385,000	\$ 708,829	\$ 3,093,829
2015	1,915,000	651,752	2,566,752
2016	1,735,000	586,265	2,321,265
2017	1,530,000	524,760	2,054,760
2018	1,430,000	466,435	1,896,435
2019 - 2023	5,670,000	1,635,325	7,305,325
2024 - 2028	2,910,000	698,305	3,608,305
2029 - 2033	790,000	372,600	1,162,600
2034 - 2038	700,000	205,275	905,275
2039 - 2043	420,000	41,825	461,825
Total	<u>\$ 19,485,000</u>	<u>\$ 5,891,371</u>	<u>\$ 25,376,371</u>

*Business-type Activities: Water*

Year Ending June 30	Principal	Interest	Total
2014	\$ 315,000	\$ 78,480	\$ 393,480
2015	305,000	72,318	377,318
2016	300,000	64,693	364,693
2017	305,000	55,903	360,903
2018	295,000	46,978	341,978
2019 - 2023	1,350,000	104,680	1,454,680
2024 - 2026	20,000	1,125	21,125
Total	<u>\$ 2,890,000</u>	<u>\$ 424,177</u>	<u>\$ 3,314,177</u>

Authorized and Unissued Debt – At June 30, 2013, the Town had authorized and unissued debt as follows:

<u>Project</u>	<u>Amount</u>
Street Sweeper	\$ 217,166
Storm Water Management	500,000
Water Tank #1	700,000
School Security	300,000
Snack Shack	75,000
School Boiler	200,000
Piers, Docks and Ramps	28,073
Water Tank #2	10,136
Well #8	9,496
Water Filter Replacement	31,676
Total authorized and unissued	<u>\$ 2,071,547</u>

TOWN OF ORLEANS, MASSACHUSETTS

REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2013

SCHEDULES OF FUNDING PROGRESS

Pension System - Barnstable County Retirement System

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a/c)
1/1/2012	\$ 651,063,981	\$ 1,173,483,848	\$ 522,419,867	55.5%	\$ 239,437,303	218.2%
1/1/2010	554,876,554	1,030,210,321	475,333,767	53.9%	234,374,075	202.8%
1/1/2009	520,089,855	966,564,614	446,474,759	53.8%	249,971,296	178.6%

Other Post Employment Benefits

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a/c)
6/30/2012	\$ -	\$ 21,680,253	\$ 21,680,253	0.0%	N/A	N/A
6/30/2010	-	28,200,889	28,200,889	0.0%	N/A	N/A
6/30/2008	-	27,240,351	27,240,351	0.0%	N/A	N/A

SCHEDULES OF CONTRIBUTION FUNDING

Pension System

Fiscal Year Ended December 31,	Barnstable County Retirement System			Town (B / A)	
	Annual Required Contributions	(A) Actual Contributions	Percentage Contributed	(B) Actual Contribution	Town's Percentage of System Wide Actual Contributions
2012	\$ 46,702,087	\$ 46,702,087	100.0%	\$ 1,434,615	3.1%
2011	43,807,158	43,807,158	100.0%	1,395,640	3.2%
2010	43,893,051	43,893,051	100.0%	1,331,724	3.0%

Other Post Employment Benefits

Year Ended June 30,	Annual OPEB Cost	Actual Contributions	Percentage Contributed
2013	\$ 1,810,540	\$ 683,216	37.7%
2012	1,983,745	916,284	46.2%
2011	1,876,843	810,416	43.2%
2010	1,950,702	845,324	43.3%
2009	1,840,843	757,371	41.1%

See accompanying independent auditor's report.