



**TOWN OF ORLEANS, MASSACHUSETTS**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2024**

**(With Independent Auditors' Report Thereon)**



**TOWN OF ORLEANS, MASSACHUSETTS**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2024**

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## **Independent Auditors' Report**

To the Honorable Select Board  
**Town of Orleans, Massachusetts**

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Orleans, Massachusetts, (the "Town"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of June 30, 2024, 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 ("*Government Auditing Standards*"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town'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.

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

- Exercise professional judgement 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 auditing procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules, various pension plan schedules, and various other postemployment benefit plan 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2025, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town'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 Town's internal control over financial reporting and compliance.

*CBIZ CPAs P.C.*

Boston, MA  
March 24, 2025

# *Management's Discussion and Analysis*

## Town of Orleans, Massachusetts

### Management's Discussion and Analysis

#### Year Ended June 30, 2024

As management of the Town of Orleans, we offer readers of these financial statements this narrative overview and analysis of the financial activities for the year ended June 30, 2024. We encourage readers to consider the information presented in this report. All amounts, unless otherwise indicated, are expressed in whole dollars.

#### ***Overview of the Financial Statements***

This discussion and analysis is intended to serve as an introduction to the Town of Orleans' basic financial statements. These basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The government-wide financial statements provide both long-term and short-term information about the Town as a whole. The fund financial statements focus on the individual components of the Town government, reporting the Town's operations in more detail than the government-wide statements. Both presentations (government-wide and fund based) allow the user to address relevant questions, broaden the basis of comparison and enhance the Town's accountability. An additional part of the basic financial statements is the notes to the financial statements. The report also contains other required 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 finances, in a manner similar to private-sector business.

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

The *statement of activities* presents information showing how the government's net position changed during the most recent 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 periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities include general government, public safety, education, public works, community development, human services, water, culture and recreation, and interest. The business-type activities include the beaches, moorings, Rock Harbor boat basin, transfer station, and sewer activities.

**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. All of the funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

## Town of Orleans, Massachusetts

### Management's Discussion and Analysis

Year Ended June 30, 2024

**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 statements focus on *near-term inflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town of Orleans adopts an annual appropriated budget for its general fund and water special revenue fund. Budgetary comparison schedules have been provided for the general fund and the water fund to demonstrate compliance with these budgets.

The Town's general fund, community preservation fund, water fund, capital projects fund, and affordable housing trust fund are considered major funds for presentation purposes. These major funds are presented in separate columns in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances. The remaining governmental funds are aggregated and presented as nonmajor governmental funds.

**Proprietary funds.** The Town maintains one type of proprietary fund.

*Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses enterprise funds to account for its sewer, transfer station, beaches, Rock Harbor boat basin, and moorings activities, all of which are presented as major funds.

**Fiduciary funds.** *Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The Town uses the fiduciary funds to account for its Other Postemployment Benefit (OPEB) trust fund and private purpose trust fund.

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

**Town of Orleans, Massachusetts**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2024**

***Financial Highlights***

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Town's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$114.5 million at the close of the most recent year (net position).

The Town has reported a \$25.2 million net pension liability, as well as \$3.7 million of deferred outflows of resources related to pensions and \$663,000 of deferred inflows of resources related to pensions on the statement of net position.

The Town has reported a \$19.2 million net other postemployment benefits (OPEB) liability, as well as \$2.1 million of deferred outflows of resources related to OPEB and \$2.1 million of deferred inflows of resources related to OPEB on the statement of net position. The Town made a contribution to the OPEB trust fund in 2024 totaling \$450,000. The OPEB trust fund reported a net position of \$5.2 million at year-end.

At the close of the current year, the Town's general fund reported a fund balance of \$16.6 million, an increase of \$4.0 million from the prior year. Total fund balance represents 39.5% of general fund expenditures.

The Town voted to establish five enterprise funds as of July 1, 2021, whose activities were previously reported within governmental funds and governmental activities. All related assets, deferred outflows, liabilities, and deferred inflows (except for bond and note liabilities) were transferred from governmental activities to business-type activities as of July 1, 2021. The general fund currently remains responsible for the payment of debt service related to the five enterprise funds.

The Town has begun construction of a multi-phased Sewer Infrastructure Project. Phase I consists of constructing a wastewater treatment facility, effluent disposal system, wastewater collection system and pumping station for the Downtown Area. Construction costs are funded by a Cape and Islands Water Protection Fund grant (\$14.9 million) and a zero percent interest loan with the Massachusetts Clean Water Trust (\$44.5 million). Eighty percent of the debt costs of Phase I will be paid by property taxes. The remaining twenty percent will be assessed as betterments payable by those properties that benefit from the project. This phase is substantially complete and operational.

Phase II consists of the construction of the Meetinghouse Pond Area collection system and pumping station. Construction costs are anticipated to be funded by a zero percent interest loan with the Massachusetts Clean Water Trust totaling \$29.4 million. Of the initial loan amount, \$5.9 million of loan forgiveness has been awarded by the Massachusetts Clean Water Trust and \$2.9 million is expected to be subsidized by the Cape and Islands Water Protection Fund. A portion of the debt costs associated with Phase II of the project will be assessed as betterments payable by those properties that benefit from the project; the portion to be assessed as betterments payable has not yet been determined. Phase II construction began during fiscal 2024 and is estimated to be substantially complete by December 2025.

Details related to the Town's governmental and business-type activities follow.

**Town of Orleans, Massachusetts**

**Management’s Discussion and Analysis**

**Year Ended June 30, 2024**

**Governmental Activities.** Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources for governmental activities by \$14.1 million at the close of 2024.

	2024	2023
<b>Assets:</b>		
Current assets.....	\$ 39,835,977	\$ 41,924,888
Capital assets, non depreciable.....	42,137,823	41,824,676
Capital assets, net of accumulated depreciation....	82,413,407	81,532,433
<b>Total assets.....</b>	<b>164,387,207</b>	<b>165,281,997</b>
<b>Deferred outflows of resources.....</b>	<b>5,469,239</b>	<b>5,447,430</b>
<b>Liabilities:</b>		
Current liabilities (excluding debt).....	4,726,851	6,243,863
Noncurrent liabilities (excluding debt).....	42,675,455	41,249,500
Current debt.....	16,300,266	48,260,419
Noncurrent debt.....	89,465,075	55,068,184
<b>Total liabilities.....</b>	<b>153,167,647</b>	<b>150,821,966</b>
<b>Deferred inflows of resources.....</b>	<b>2,604,346</b>	<b>3,662,961</b>
<b>Net position:</b>		
Net investment in capital assets.....	18,872,617	23,947,891
Restricted.....	8,358,689	8,426,953
Unrestricted.....	(13,146,853)	(16,130,344)
<b>Total net position.....</b>	<b>\$ 14,084,453</b>	<b>\$ 16,244,500</b>

Net position of \$18.9 million reflects the investment in capital assets (e.g., land, infrastructure, buildings and improvements, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the investment in capital assets is reported net of its related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the governmental net position amounting to \$8.4 million represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position resulted in a deficit of \$13.1 million. The primary reason for this deficit balance is the recognition of the net pension and net OPEB liabilities of \$23.4 million and \$17.8 million, respectively. These are long-term unfunded liabilities that will not require significant short-term resources.

The governmental activities net position decreased by \$2.2 million during the current year, primarily due to the recognition of capital contributions to the business-type activities totaling \$15.3 million. This decrease was offset by the recognition of capital grant revenue totaling \$6.2 million and an increase resulting from positive operating results in the general fund.

**Town of Orleans, Massachusetts**

**Management's Discussion and Analysis**

**Year Ended June 30, 2024**

	2024	2023
<b>Program Revenues:</b>		
Charges for services..... \$	5,659,946	\$ 5,537,648
Operating grants and contributions.....	2,172,448	2,438,114
Capital grants and contributions.....	6,189,235	15,806,601
<b>General Revenues:</b>		
Real estate and personal property taxes, net of tax refunds payable.....	40,098,414	35,917,948
Tax and other liens.....	85,051	81,458
Motor vehicle and other excise taxes.....	1,551,324	1,433,001
Hotel/motel tax.....	1,726,520	1,709,262
Meals tax.....	430,864	410,714
Community preservation tax.....	1,186,245	1,066,637
Penalties and interest on taxes.....	201,773	220,653
Payments in lieu of taxes.....	4,639	4,623
Grants and contributions not restricted to specific programs.....	134,361	148,924
Unrestricted investment income.....	1,610,130	620,747
Miscellaneous.....	147,283	168,774
<b>Total revenues.....</b>	<b>61,198,233</b>	<b>65,565,104</b>
<b>Expenses:</b>		
General government.....	5,802,810	5,425,225
Public safety.....	12,590,600	11,251,996
Education.....	13,982,729	12,346,965
Public works.....	3,157,302	2,235,338
Community development.....	595,766	615,395
Human services.....	2,091,728	1,961,777
Water.....	3,010,731	2,068,314
Culture and recreation.....	3,198,832	2,898,836
Interest.....	1,678,774	1,392,526
<b>Total expenses.....</b>	<b>46,109,272</b>	<b>40,196,372</b>
<b>Excess (Deficiency) before transfers.....</b>	<b>15,088,961</b>	<b>25,368,732</b>
<b>Transfers.....</b>	<b>(17,249,008)</b>	<b>(47,761,809)</b>
<b>Change in net position.....</b>	<b>(2,160,047)</b>	<b>(22,393,077)</b>
<b>Net position, beginning of year.....</b>	<b>16,244,500</b>	<b>38,637,577</b>
<b>Net position, end of year..... \$</b>	<b>14,084,453</b>	<b>\$ 16,244,500</b>

Governmental expenses totaled \$46.1 million, of which \$14.0 million (30.4%) was directly supported by program revenues consisting of charges for services, operating and capital grants and contributions. General revenues totaled \$47.2 million, primarily coming from property taxes, hotel/motel taxes, and

**Town of Orleans, Massachusetts**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2024**

unrestricted investment income. General revenues increased over the prior year in virtually all categories.

Governmental activities capital grants and contributions decreased \$9.6 million compared to the prior year. This decrease resulted from the recognition of a \$14.9 million subsidy from the Cape and Islands Water Protection Fund in connection with Phase I of the Sewer Infrastructure Project in fiscal 2023, compared with the recognition of \$4.5 million of loan forgiveness received from the Massachusetts Clean Water Trust in connection with Phase II of the project in fiscal 2024. Governmental activities expenses increased \$5.9 million from the prior year, with the most significant increases relating to education, public safety and water. The increases are mainly attributable to an increase in budgeted operations and changes in the Town's long-term liabilities.

**Business-type Activities.** Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources for business-type activities by \$100.4 million at the close of 2024.

	2024	2023
<b>Assets:</b>		
Current assets.....	\$ 3,827,274	\$ 3,059,948
Capital assets, non depreciable.....	14,815,619	5,446,517
Capital assets, net of accumulated depreciation.....	84,761,894	80,787,953
<b>Total assets.....</b>	<b>103,404,787</b>	<b>89,294,418</b>
 <b>Deferred outflows of resources.....</b>	 <b>403,219</b>	 <b>450,290</b>
<b>Liabilities:</b>		
Current liabilities (excluding debt).....	128,785	167,918
Noncurrent liabilities (excluding debt).....	3,091,154	3,402,101
<b>Total liabilities.....</b>	<b>3,219,939</b>	<b>3,570,019</b>
 <b>Deferred inflows of resources.....</b>	 <b>195,098</b>	 <b>316,437</b>
<b>Net position:</b>		
Investment in capital assets.....	99,577,513	86,234,470
Unrestricted.....	815,456	(376,218)
 <b>Total net position.....</b>	<b>\$ 100,392,969</b>	<b>\$ 85,858,252</b>

Business-type net position of \$99.6 million represents the investment in capital assets and \$815,000 is unrestricted. Business-type net position increased by \$14.5 million in the current year, primarily due to the receipt of \$15.3 million of capital contributions from the governmental activities.

**Town of Orleans, Massachusetts**

**Management's Discussion and Analysis**

**Year Ended June 30, 2024**

	2024	2023
<b>Program Revenues:</b>		
Charges for services:		
Beaches.....	\$ 2,089,466	\$ 2,079,541
Moorings.....	189,924	193,885
Rock Harbor boat basin.....	92,543	126,918
Transfer Station.....	791,431	745,108
Sewer.....	674,737	161,720
Total charges for services.....	3,838,101	3,307,172
 <b>General Revenues:</b>		
Unrestricted investment income.....	25,997	15,134
<b>Total revenues.....</b>	<b>3,864,098</b>	<b>3,322,306</b>
 <b>Expenses:</b>		
Beaches.....	1,719,030	1,659,868
Moorings.....	169,530	161,151
Rock Harbor boat basin.....	214,078	190,429
Transfer Station.....	971,389	954,245
Sewer.....	3,504,362	1,672,513
<b>Total expenses.....</b>	<b>6,578,389</b>	<b>4,638,206</b>
<b>Excess (Deficiency) before transfers.....</b>	<b>(2,714,291)</b>	<b>(1,315,900)</b>
<b>Transfers.....</b>	<b>17,249,008</b>	<b>47,761,809</b>
<b>Change in net position.....</b>	<b>14,534,717</b>	<b>46,445,909</b>
<b>Net position, beginning of year.....</b>	<b>85,858,252</b>	<b>39,412,343</b>
<b>Net position, end of year.....</b>	<b>\$ 100,392,969</b>	<b>\$ 85,858,252</b>

The sewer enterprise fund net position increased by \$11.6 million during the current year. This increase was the result of \$13.0 million of capital contributions from governmental activities. Sewer expenses increased \$1.8 million over the prior year, mainly due to an increase of \$1.1 million in depreciation expense resulting from new sewer infrastructure assets.

The transfer station enterprise fund net position increased by \$285,000 during the current year. The increase is the result of \$791,000 of revenue, \$971,000 of operating expenses, and a \$461,000 subsidy transfer received from the general fund.

The beaches enterprise fund net position increased by \$471,000 during the current year. The increase is the result of operating revenues exceeding expenses, capital contributions of \$90,000, and a change in long-term accruals.

## Town of Orleans, Massachusetts

### Management's Discussion and Analysis

#### Year Ended June 30, 2024

The Rock Harbor boat basin enterprise fund net position increased by \$2.2 million during the current year, which was mainly due to the receipt of \$2.2 million of capital contributions from the governmental activities. Operating expenses exceeded revenues by \$121,000 and a subsidy transfer from the general fund totaled \$71,000.

The moorings enterprise fund net position increased by \$21,000 during the current year. Operating revenues were \$190,000 and operating expenses were \$170,000. Current rates support the expenses of the moorings operation.

Please refer to page 25 of this report for additional information.

#### *Financial Analysis of the Governmental Funds*

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

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

As of the end of the current year governmental funds reported a combined ending fund balance of \$21.5 million, of which \$16.6 million is for the general fund, \$1.9 million is for the community preservation fund, \$3.5 million is for the water fund, \$3.0 million is for the affordable housing trust fund, \$6.4 million is for the nonmajor governmental funds, and a deficit of \$10.0 million is for the capital projects fund. Cumulatively there was an increase of \$32.2 million in fund balances from the prior year.

The general fund is the chief operating fund. At the end of the current year, unassigned fund balance of the general fund totaled \$15.0 million. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 35.5% of total general fund expenditures, while total fund balance represents 39.5% of that same amount.

The general fund experienced an increase of \$4.0 million during the current year. The increase is mainly attributable to positive budgetary operating results, including revenues exceeding the budget by \$1.5 million and expenditure turn backs of \$5.0 million.

The community preservation fund balance decreased \$1.0 million during the year, which is due to timing differences between the receipt and expenditure of surcharge and state grant revenues and other financing sources. The Town collected \$1.2 million from property tax surcharges in 2024 while project expenditures totaled \$2.3 million and debt service expenditures totaled \$421,000. In 2024 the fund also recognized \$659,000 of bond proceeds, \$53,000 of associated bond premiums, and \$500,000 of transfers to the affordable housing trust fund.

## Town of Orleans, Massachusetts

### Management's Discussion and Analysis

#### Year Ended June 30, 2024

The water fund balance increased by \$5,000 during the current year, resulting from revenues of \$2.9 million, expenditures of \$1.5 million, and transfers out to the general fund and capital projects fund of \$1.3 million and \$115,000, respectively.

The capital projects fund balance increased by \$28.4 million during the year, which is due to expected timing differences between the receipt and expenditure of bond proceeds and other financing sources. During 2024 the fund recognized \$5.4 million of intergovernmental revenues, which primarily consisted of \$4.5 million of loan forgiveness received from the Massachusetts Clean Water Trust in connection with the sewer infrastructure project. The fund also recognized \$38.8 million of bond proceeds and \$656,000 of associated bond premiums, as well as \$3.5 million of interfund transfers. Project expenditures totaled \$20.0 million, primarily related to phases I and II of the sewer infrastructure project.

The affordable housing trust fund balance increased by \$1.1 million during the year, mainly due to transfers in from the general fund and the community preservation fund of \$500,000 each.

#### ***Budgetary Highlights***

##### *General Fund*

Actual general fund revenues exceeded budgeted amounts by \$1.5 million, mainly related to investment income, departmental revenue and motor vehicle and other excise taxes. Actual expenditures, including carryovers, were less than budgeted amounts by \$5.0 million due to budgetary savings across virtually all functions. The Town has carried over \$424,000 in appropriations to 2025.

##### *Water Fund*

Actual water fund revenues exceeded budgeted amounts by \$168,000 and actual expenditures, including carryovers, were less than budgeted amounts by \$120,000. After transferring \$1.3 million to the general fund for indirect costs and \$115,000 to the capital projects fund, the fund balance increased for the year by \$5,000.

#### ***Capital Assets and Debt Administration***

**Capital Assets.** The Town's investment in capital assets for governmental and business-type activities as of June 30, 2024, amounts to \$224.1 million (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, infrastructure, machinery and equipment, and vehicles. The Town invested approximately \$21.7 million for capital asset additions during 2024 with the most significant capital activity relating to the sewer infrastructure project.

**Town of Orleans, Massachusetts**

**Management's Discussion and Analysis**

**Year Ended June 30, 2024**

**Debt Administration.** The Town has a “AAA” bond rating from Standard and Poor’s Ratings Services and continues to maintain strong market access for both note and bond sales. Outstanding long-term governmental debt as of June 30, 2024, totaled \$95.1 million, an increase of \$34.6 million from the prior year. The increase is due to the issuance of \$39.5 million of general obligation bonds and direct borrowings and \$709,000 of associated premiums in 2024, offset by budgeted principal payments of \$4.9 million and the amortization of bond premiums.

The Town has \$10.7 million of bond anticipation notes (BANs) outstanding as of June 30, 2024. The BANs are primarily related to the Sewer Infrastructure Project.

Please refer to notes 4,6, and 7 to the basic financial statements for further discussion of the major capital and debt activity.

***Requests for Information***

This financial report is designed to provide a general overview of the Town of Orleans’ finances for all those with an interest in the government’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Interim Finance Director/Town Accountant, 19 School Road, Orleans, Massachusetts 02653.

# *Basic Financial Statements*

# Town of Orleans, Massachusetts

## Statement of Net Position

June 30, 2024

	<i>Primary Government</i>		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
<b>CURRENT:</b>			
Cash and cash equivalents.....	\$ 24,653,406	\$ 3,739,300	\$ 28,392,706
Investments.....	11,192,537	-	11,192,537
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes.....	448,579	-	448,579
Tax liens.....	105,309	-	105,309
Motor vehicle and other excise taxes.....	91,842	-	91,842
User charges.....	850,565	87,974	938,539
Departmental and other.....	831,240	-	831,240
Intergovernmental.....	1,551,364	-	1,551,364
Loans.....	78,551	-	78,551
Tax foreclosures.....	32,584	-	32,584
	39,835,977	3,827,274	43,663,251
<b>NONCURRENT:</b>			
Capital assets, nondepreciable.....	42,137,823	14,815,619	56,953,442
Capital assets, net of accumulated depreciation.....	82,413,407	84,761,894	167,175,301
	124,551,230	99,577,513	224,128,743
<b>TOTAL ASSETS.....</b>	<b>164,387,207</b>	<b>103,404,787</b>	<b>267,791,994</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows for refunding debt.....	86,728	-	86,728
Deferred outflows related to pensions.....	3,458,518	259,087	3,717,605
Deferred outflows related to other postemployment benefits.....	1,923,993	144,132	2,068,125
	5,469,239	403,219	5,872,458
<b>LIABILITIES</b>			
<b>CURRENT:</b>			
Warrants payable.....	1,994,894	69,617	2,064,511
Accrued payroll.....	775,624	59,168	834,792
Accrued interest.....	723,831	-	723,831
Other liabilities.....	627,680	-	627,680
Unearned revenue.....	30,822	-	30,822
Landfill closure.....	34,000	-	34,000
Compensated absences.....	540,000	-	540,000
Notes payable.....	10,689,478	-	10,689,478
Bonds payable.....	5,610,788	-	5,610,788
	21,027,117	128,785	21,155,902
<b>NONCURRENT:</b>			
Landfill closure.....	374,000	-	374,000
Compensated absences.....	1,038,000	-	1,038,000
Net pension liability.....	23,427,906	1,755,046	25,182,952
Other postemployment benefits liability.....	17,835,549	1,336,108	19,171,657
Bonds payable.....	89,465,075	-	89,465,075
	132,140,530	3,091,154	135,231,684
<b>TOTAL LIABILITIES.....</b>	<b>153,167,647</b>	<b>3,219,939</b>	<b>156,387,586</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions.....	617,055	46,225	663,280
Deferred inflows related to other postemployment benefits.....	1,987,291	148,873	2,136,164
	2,604,346	195,098	2,799,444
<b>NET POSITION</b>			
Net investment in capital assets.....	18,872,617	99,577,513	118,450,130
Restricted for:			
Permanent funds:			
Expendable.....	5,855,635	-	5,855,635
Nonexpendable.....	383,887	-	383,887
Community preservation.....	2,119,167	-	2,119,167
Unrestricted.....	(13,146,853)	815,456	(12,331,397)
<b>TOTAL NET POSITION.....</b>	<b>\$ 14,084,453</b>	<b>\$ 100,392,969</b>	<b>\$ 114,477,422</b>

*See notes to basic financial statements.*

**Town of Orleans, Massachusetts**

**Statement of Activities**

**Year Ended June 30, 2024**

<u>Functions/Programs</u>	Program Revenues				Net (Expense) Revenue
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary Government:</b>					
<i>Governmental Activities:</i>					
General government.....	\$ 5,802,810	\$ 536,564	\$ 411,908	\$ 4,216,111	\$ (638,227)
Public safety.....	12,590,600	1,724,192	211,533	808,497	(9,846,378)
Education.....	13,982,729	425	1,415,315	19,024	(12,547,965)
Public works.....	3,157,302	43,763	11,951	12,567	(3,089,021)
Community development.....	595,766	-	-	291,459	(304,307)
Human services.....	2,091,728	318,553	100,543	-	(1,672,632)
Water.....	3,010,731	2,879,163	-	841,577	710,009
Culture and recreation.....	3,198,832	157,286	21,198	-	(3,020,348)
Interest.....	1,678,774	-	-	-	(1,678,774)
Total Governmental Activities.....	46,109,272	5,659,946	2,172,448	6,189,235	<b>(32,087,643)</b>
<i>Business-Type Activities:</i>					
Beaches.....	1,719,030	2,089,466	-	-	370,436
Moorings.....	169,530	189,924	-	-	20,394
Rock Harbor boat basin.....	214,078	92,543	-	-	(121,535)
Transfer station.....	971,389	791,431	-	-	(179,958)
Sewer.....	3,504,362	674,737	-	-	(2,829,625)
Total Business-Type Activities.....	6,578,389	3,838,101	-	-	<b>(2,740,288)</b>
Total Primary Government.....	\$ 52,687,661	\$ 9,498,047	\$ 2,172,448	\$ 6,189,235	\$ <b>(34,827,931)</b>

*See notes to basic financial statements.*

**Town of Orleans, Massachusetts**  
**Statement of Activities (Continued)**  
**Year Ended June 30, 2024**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Changes in net position:</b>			
Net (expense) revenue from previous page..... \$	(32,087,643)	(2,740,288)	(34,827,931)
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds payable.....	40,098,414	-	40,098,414
Tax and other liens.....	85,051	-	85,051
Motor vehicle and other excise taxes.....	1,551,324	-	1,551,324
Hotel/motel tax.....	1,726,520	-	1,726,520
Meals tax.....	430,864	-	430,864
Community preservation tax.....	1,186,245	-	1,186,245
Penalties and interest on taxes.....	201,773	-	201,773
Payments in lieu of taxes.....	4,639	-	4,639
Grants and contributions not restricted to specific programs.....	134,361	-	134,361
Unrestricted investment income.....	1,610,130	25,997	1,636,127
Miscellaneous.....	147,283	-	147,283
<i>Transfers, net</i> .....	(17,249,008)	17,249,008	-
Total general revenues and transfers.....	29,927,596	17,275,005	47,202,601
Change in net position.....	(2,160,047)	14,534,717	12,374,670
<i>Net position:</i>			
Beginning of year.....	16,244,500	85,858,252	102,102,752
End of year..... \$	14,084,453	100,392,969	114,477,422

*See notes to basic financial statements.*

**Town of Orleans, Massachusetts**

**Governmental Funds  
Balance Sheet**

**June 30, 2024**

	General	Community Preservation Fund	Water Fund	Capital Projects Funds	Affordable Housing Trust Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>							
Cash and cash equivalents.....	\$ 9,333,018	\$ 2,933,371	\$ 3,601,430	\$ 1,067,486	\$ 1,799,166	\$ 5,918,935	\$ 24,653,406
Investments.....	9,321,604	-	-	-	1,207,953	662,980	11,192,537
Receivables, net of uncollectibles:							
Real estate and personal property taxes.....	448,579	-	-	-	-	-	448,579
Tax liens.....	105,309	-	-	-	-	-	105,309
Motor vehicle and other excise taxes.....	91,842	-	-	-	-	-	91,842
User charges.....	-	-	850,565	-	-	-	850,565
Departmental and other.....	20,714	188,069	-	-	-	622,457	831,240
Intergovernmental - other.....	-	-	-	1,530,518	-	20,846	1,551,364
Loans.....	-	-	-	-	78,551	-	78,551
Tax foreclosures.....	32,584	-	-	-	-	-	32,584
<b>TOTAL ASSETS.....</b>	<b>\$ 19,353,650</b>	<b>\$ 3,121,440</b>	<b>\$ 4,451,995</b>	<b>\$ 2,598,004</b>	<b>\$ 3,085,670</b>	<b>\$ 7,225,218</b>	<b>\$ 39,835,977</b>
<b>LIABILITIES</b>							
Warrants payable.....	\$ 596,395	\$ 2,232	\$ 51,624	\$ 1,340,653	\$ 2,040	\$ 1,950	\$ 1,994,894
Accrued payroll.....	752,460	41	15,620	-	-	7,503	775,624
Accrued interest on notes payable.....	347,107	-	-	-	-	-	347,107
Other liabilities.....	468,331	-	-	-	-	159,349	627,680
Unearned revenue.....	-	-	-	-	-	30,822	30,822
Notes payable.....	-	1,000,000	-	9,689,478	-	-	10,689,478
<b>TOTAL LIABILITIES.....</b>	<b>2,164,293</b>	<b>1,002,273</b>	<b>67,244</b>	<b>11,030,131</b>	<b>2,040</b>	<b>199,624</b>	<b>14,465,605</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable revenue.....	555,875	188,070	850,564	1,530,518	78,551	622,457	3,826,035
<b>FUND BALANCES</b>							
Nonspendable.....	-	-	-	-	-	383,887	383,887
Restricted.....	3,649	1,931,097	3,519,611	-	3,005,079	6,019,250	14,478,686
Committed.....	166,575	-	-	-	-	-	166,575
Assigned.....	1,511,034	-	14,576	-	-	-	1,525,610
Unassigned.....	14,952,224	-	-	(9,962,645)	-	-	4,989,579
<b>TOTAL FUND BALANCES.....</b>	<b>16,633,482</b>	<b>1,931,097</b>	<b>3,534,187</b>	<b>(9,962,645)</b>	<b>3,005,079</b>	<b>6,403,137</b>	<b>21,544,337</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....</b>	<b>\$ 19,353,650</b>	<b>\$ 3,121,440</b>	<b>\$ 4,451,995</b>	<b>\$ 2,598,004</b>	<b>\$ 3,085,670</b>	<b>\$ 7,225,218</b>	<b>\$ 39,835,977</b>

*See notes to basic financial statements.*

**Town of Orleans, Massachusetts**

**Reconciliation of the Governmental Funds Balance Sheet  
Total Fund Balances to the Statement of Net Position**

**June 30, 2024**

Total governmental fund balances.....	\$ 21,544,337
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....	124,551,230
Accounts receivable are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.....	3,826,035
The statement of net position includes certain deferred inflows of resources and deferred outflows of resources that will be amortized over future periods. In governmental funds, these amounts are not reported.....	2,864,893
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....	(376,724)
Long-term liabilities are not due and payable in the current period and, therefore are not reported in the governmental funds:	
Bonds payable.....	(95,075,863)
Net pension liability.....	(23,427,906)
Other postemployment benefits liability.....	(17,835,549)
Landfill closure.....	(408,000)
Compensated absences.....	<u>(1,578,000)</u>
Net effect of reporting long-term liabilities.....	<u>(138,325,318)</u>
Net position of governmental activities.....	\$ <u>14,084,453</u>

*See notes to basic financial statements.*

**Town of Orleans, Massachusetts**

**Governmental Funds  
Statement of Revenues, Expenditures and Changes in Fund Balances**

**Year Ended June 30, 2024**

	General	Community Preservation Fund	Water Fund	Capital Projects Funds	Affordable Housing Trust Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>							
Real estate and personal property taxes, net of tax refunds.....	\$ 40,040,713	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,040,713
Tax liens.....	119,618	-	-	-	-	-	119,618
Motor vehicle and other excise taxes.....	1,550,897	-	-	-	-	-	1,550,897
Hotel/motel tax.....	-	-	-	-	-	1,726,520	1,726,520
Meals tax.....	430,864	-	-	-	-	-	430,864
Charges for services.....	285,446	-	2,909,406	-	6,000	-	3,200,852
Penalties and interest on taxes.....	162,558	3,548	35,667	-	-	-	201,773
Payments in lieu of taxes.....	4,639	-	-	-	-	-	4,639
Intergovernmental.....	1,693,264	291,459	-	5,431,479	-	1,891,877	9,308,079
Departmental and other.....	893,983	-	-	-	-	1,355,437	2,249,420
Community preservation tax.....	-	1,184,242	-	-	-	-	1,184,242
Contributions and donations.....	-	6,132	-	-	10,506	140,236	156,874
Investment income.....	1,305,458	67,163	-	-	143,298	94,211	1,610,130
Miscellaneous.....	33,283	-	-	-	-	402	33,685
<b>TOTAL REVENUES.....</b>	<b>46,520,723</b>	<b>1,552,544</b>	<b>2,945,073</b>	<b>5,431,479</b>	<b>159,804</b>	<b>5,208,683</b>	<b>61,818,306</b>
<b>EXPENDITURES:</b>							
<b>Current:</b>							
General government.....	3,378,173	-	-	2,359,808	87,378	335,912	6,161,271
Public safety.....	8,010,409	-	-	4,738,469	-	237,892	12,986,770
Education.....	13,448,844	-	-	338,150	-	220,279	14,007,273
Public works.....	756,325	-	-	458,414	-	439,196	1,653,935
Community development.....	-	2,345,766	-	-	-	-	2,345,766
Human services.....	1,348,289	-	-	-	-	123,828	1,472,117
Water.....	-	-	1,496,240	11,802,289	-	-	13,298,529
Culture and recreation.....	2,015,540	-	-	267,361	-	80,349	2,363,250
Pension benefits.....	2,408,968	-	-	-	-	-	2,408,968
Employee benefits.....	3,287,653	-	-	-	-	-	3,287,653
State and county charges.....	665,060	-	-	-	-	-	665,060
Debt service:							
Principal.....	4,599,384	315,000	-	-	-	-	4,914,384
Interest.....	2,222,291	106,397	-	-	-	-	2,328,688
<b>TOTAL EXPENDITURES.....</b>	<b>42,140,936</b>	<b>2,767,163</b>	<b>1,496,240</b>	<b>19,964,491</b>	<b>87,378</b>	<b>1,437,456</b>	<b>67,893,664</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>	<b>4,379,787</b>	<b>(1,214,619)</b>	<b>1,448,833</b>	<b>(14,533,012)</b>	<b>72,426</b>	<b>3,771,227</b>	<b>(6,075,358)</b>
<b>OTHER FINANCING SOURCES (USES):</b>							
Issuance of bonds.....	-	659,000	-	38,800,183	-	-	39,459,183
Premium from issuance of bonds and notes.....	-	52,780	-	656,069	-	-	708,849
Transfers in.....	3,175,156	-	-	3,614,449	1,000,000	75,000	7,864,605
Transfers out.....	(3,511,282)	(500,000)	(1,443,915)	(149,314)	-	(4,162,963)	(9,767,474)
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>(336,126)</b>	<b>211,780</b>	<b>(1,443,915)</b>	<b>42,921,387</b>	<b>1,000,000</b>	<b>(4,087,963)</b>	<b>38,265,163</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>4,043,661</b>	<b>(1,002,839)</b>	<b>4,918</b>	<b>28,388,375</b>	<b>1,072,426</b>	<b>(316,736)</b>	<b>32,189,805</b>
<b>FUND BALANCES AT BEGINNING OF YEAR.....</b>	<b>12,589,821</b>	<b>2,933,936</b>	<b>3,529,269</b>	<b>(38,351,020)</b>	<b>1,932,653</b>	<b>6,719,873</b>	<b>(10,645,468)</b>
<b>FUND BALANCES AT END OF YEAR.....</b>	<b>\$ 16,633,482</b>	<b>\$ 1,931,097</b>	<b>\$ 3,534,187</b>	<b>\$ (9,962,645)</b>	<b>\$ 3,005,079</b>	<b>\$ 6,403,137</b>	<b>\$ 21,544,337</b>

*See notes to basic financial statements.*

## Town of Orleans, Massachusetts

### Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

**Year Ended June 30, 2024**

Net change in fund balances - total governmental funds.....		\$ 32,189,805
<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.....	21,687,120	
Transfers of capital assets to enterprise funds.....	(15,346,139)	
Depreciation expense.....	<u>(5,146,860)</u>	
Net effect of reporting capital assets.....		1,194,121
<p>Revenues in the Statement of Activities that do not provide current financial resources are unavailable in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable differ between the two statements. This amount represents the net change in unavailable revenue.....</p>		
		(620,073)
<p>The issuance of long-term debt 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 has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are unavailable and amortized in the Statement of Activities.</p>		
Issuance of bonds.....	(39,459,183)	
Premium from issuance of bonds and notes.....	(708,849)	
Net amortization of premium from issuance of bonds.....	666,076	
Net change in deferred charge on refunding.....	(43,365)	
Debt service principal payments.....	<u>4,914,384</u>	
Net effect of reporting long-term debt.....		(34,630,937)
<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>		
Net change in compensated absences accrual.....	(55,906)	
Net change in accrued interest on long-term debt.....	27,203	
Net change in deferred outflow/(inflow) of resources related to pensions.....	(546,422)	
Net change in net pension liability.....	308,552	
Net change in deferred outflow/(inflow) of resources related to other postemployment benefits...	1,670,211	
Net change in other postemployment benefits liability.....	(1,730,601)	
Net change in landfill closure.....	<u>34,000</u>	
Net effect of recording long-term liabilities.....		<u>(292,963)</u>
Change in net position of governmental activities.....		\$ <u><u>(2,160,047)</u></u>

*See notes to basic financial statements.*

**Town of Orleans, Massachusetts**

**Proprietary Funds  
Statement of Net Position**

**June 30, 2024**

Business-type Activities - Enterprise Funds

	Sewer	Transfer Station	Beaches	Rock Harbor Boat Basin	Moorings	Total
<b>ASSETS</b>						
<b>CURRENT:</b>						
Cash and cash equivalents.....	\$ 1,402,559	\$ 610,080	\$ 1,423,649	\$ 236,901	\$ 66,111	\$ 3,739,300
Receivables, net of allowance for uncollectibles:						
User charges.....	87,974	-	-	-	-	87,974
Total current assets.....	1,490,533	610,080	1,423,649	236,901	66,111	3,827,274
<b>NONCURRENT:</b>						
Capital assets, non depreciable.....	11,135,157	-	3,356,454	324,008	-	14,815,619
Capital assets, net of accumulated depreciation.....	74,034,053	694,262	5,275,627	4,757,952	-	84,761,894
Total noncurrent assets.....	85,169,210	694,262	8,632,081	5,081,960	-	99,577,513
<b>TOTAL ASSETS.....</b>	<b>86,659,743</b>	<b>1,304,342</b>	<b>10,055,730</b>	<b>5,318,861</b>	<b>66,111</b>	<b>103,404,787</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred outflows related to pensions.....	-	49,289	209,798	-	-	259,087
Deferred outflows related to other postemployment benefits.....	-	27,420	116,712	-	-	144,132
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES.....</b>	<b>-</b>	<b>76,709</b>	<b>326,510</b>	<b>-</b>	<b>-</b>	<b>403,219</b>
<b>LIABILITIES</b>						
<b>CURRENT:</b>						
Warrants payable.....	1,712	45,626	19,386	2,893	-	69,617
Accrued payroll.....	-	4,762	54,406	-	-	59,168
Total current liabilities.....	1,712	50,388	73,792	2,893	-	128,785
<b>NONCURRENT:</b>						
Net pension liability.....	-	333,882	1,421,164	-	-	1,755,046
Other postemployment benefits liability.....	-	254,183	1,081,925	-	-	1,336,108
Total noncurrent liabilities.....	-	588,065	2,503,089	-	-	3,091,154
<b>TOTAL LIABILITIES.....</b>	<b>1,712</b>	<b>638,453</b>	<b>2,576,881</b>	<b>2,893</b>	<b>-</b>	<b>3,219,939</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred inflows related to pensions.....	-	8,794	37,431	-	-	46,225
Deferred inflows related to other postemployment benefits.....	-	28,322	120,551	-	-	148,873
<b>TOTAL DEFERRED INFLOWS OF RESOURCES.....</b>	<b>-</b>	<b>37,116</b>	<b>157,982</b>	<b>-</b>	<b>-</b>	<b>195,098</b>
<b>NET POSITION</b>						
Investment in capital assets.....	85,169,210	694,262	8,632,081	5,081,960	-	99,577,513
Unrestricted.....	1,488,821	11,220	(984,704)	234,008	66,111	815,456
<b>TOTAL NET POSITION.....</b>	<b>\$ 86,658,031</b>	<b>\$ 705,482</b>	<b>\$ 7,647,377</b>	<b>\$ 5,315,968</b>	<b>\$ 66,111</b>	<b>\$ 100,392,969</b>

*See notes to basic financial statements.*

**Town of Orleans, Massachusetts**

**Proprietary Funds  
Statement of Revenues, Expenses and Changes in Net Position**

**Year Ended June 30, 2024**

	Business-type Activities - Enterprise Funds					
	Sewer	Transfer Station	Beaches	Rock Harbor Boat Basin	Moorings	Total
<b>OPERATING REVENUES:</b>						
Charges for services.....	\$ 674,737	\$ 791,431	\$ 2,089,466	\$ 92,543	\$ 189,924	\$ 3,838,101
<b>OPERATING EXPENSES:</b>						
Cost of services and administration.....	1,989,754	653,107	624,783	121,515	169,530	3,558,689
Salaries and wages.....	-	184,548	785,526	-	-	970,074
Depreciation.....	1,514,608	133,734	308,721	92,563	-	2,049,626
<b>TOTAL OPERATING EXPENSES.....</b>	<b>3,504,362</b>	<b>971,389</b>	<b>1,719,030</b>	<b>214,078</b>	<b>169,530</b>	<b>6,578,389</b>
<b>OPERATING INCOME (LOSS).....</b>	<b>(2,829,625)</b>	<b>(179,958)</b>	<b>370,436</b>	<b>(121,535)</b>	<b>20,394</b>	<b>(2,740,288)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>						
Investment income.....	8,521	3,771	11,441	1,698	566	25,997
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS.....</b>	<b>(2,821,104)</b>	<b>(176,187)</b>	<b>381,877</b>	<b>(119,837)</b>	<b>20,960</b>	<b>(2,714,291)</b>
<b>CAPITAL CONTRIBUTIONS.....</b>	<b>13,019,446</b>	<b>-</b>	<b>89,529</b>	<b>2,237,164</b>	<b>-</b>	<b>15,346,139</b>
<b>TRANSFERS:</b>						
Transfers in.....	1,370,533	461,117	-	71,219	-	1,902,869
<b>CHANGE IN NET POSITION.....</b>	<b>11,568,875</b>	<b>284,930</b>	<b>471,406</b>	<b>2,188,546</b>	<b>20,960</b>	<b>14,534,717</b>
<b>NET POSITION AT BEGINNING OF YEAR.....</b>	<b>75,089,156</b>	<b>420,552</b>	<b>7,175,971</b>	<b>3,127,422</b>	<b>45,151</b>	<b>85,858,252</b>
<b>NET POSITION AT END OF YEAR.....</b>	<b>\$ 86,658,031</b>	<b>\$ 705,482</b>	<b>\$ 7,647,377</b>	<b>\$ 5,315,968</b>	<b>\$ 66,111</b>	<b>\$ 100,392,969</b>

*See notes to basic financial statements.*

# Town of Orleans, Massachusetts

## Proprietary Funds Statement of Cash Flows

**Year Ended June 30, 2024**

Business-type Activities - Enterprise Funds

	Sewer	Transfer Station	Beaches	Rock Harbor Boat Basin	Moorings	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>						
Receipts from customers and users.....	\$ 656,401	\$ 791,431	\$ 2,089,466	\$ 92,543	\$ 189,924	\$ 3,819,765
Payments to vendors.....	(2,083,025)	(780,759)	(847,885)	(119,257)	(169,616)	(4,000,542)
Payments to employees.....	-	(182,869)	(769,700)	-	-	(952,569)
<b>NET CASH FROM OPERATING ACTIVITIES.....</b>	<b>(1,426,624)</b>	<b>(172,197)</b>	<b>471,881</b>	<b>(26,714)</b>	<b>20,308</b>	<b>(1,133,346)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>						
Transfers in.....	1,370,533	461,117	-	71,219	-	1,902,869
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>						
Capital contributions.....	13,019,446	-	89,529	2,237,164	-	15,346,139
Acquisition and construction of capital assets.....	(13,019,446)	(46,530)	(89,529)	(2,237,164)	-	(15,392,669)
<b>NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....</b>	<b>-</b>	<b>(46,530)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(46,530)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>						
Investment income.....	8,521	3,771	11,441	1,698	566	25,997
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS.....</b>	<b>(47,570)</b>	<b>246,161</b>	<b>483,322</b>	<b>46,203</b>	<b>20,874</b>	<b>748,990</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....</b>	<b>1,450,129</b>	<b>363,919</b>	<b>940,327</b>	<b>190,698</b>	<b>45,237</b>	<b>2,990,310</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR.....</b>	<b>\$ 1,402,559</b>	<b>\$ 610,080</b>	<b>\$ 1,423,649</b>	<b>\$ 236,901</b>	<b>\$ 66,111</b>	<b>\$ 3,739,300</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:</b>						
Operating income (loss).....	\$ (2,829,625)	\$ (179,958)	\$ 370,436	\$ (121,535)	\$ 20,394	\$ (2,740,288)
Adjustments to reconcile operating income to net cash from operating activities:						
Depreciation.....	1,514,608	133,734	308,721	92,563	-	2,049,626
Deferred (outflows)/inflows related to pensions.....	-	18,553	53,652	-	-	72,205
Deferred (outflows)/inflows related to other postemployment benefits.....	-	(32,784)	(113,689)	-	-	(146,473)
Changes in assets and liabilities:						
User charges.....	(18,336)	-	-	-	-	(18,336)
Warrants payable.....	(93,271)	25,184	9,277	2,258	(86)	(56,638)
Accrued payroll.....	-	1,679	15,826	-	-	17,505
Net pension liability.....	-	(79,826)	(162,388)	-	-	(242,214)
Net other postemployment benefits liability.....	-	(58,779)	(9,954)	-	-	(68,733)
Total adjustments.....	1,403,001	7,761	101,445	94,821	(86)	1,606,942
<b>NET CASH FROM OPERATING ACTIVITIES.....</b>	<b>\$ (1,426,624)</b>	<b>\$ (172,197)</b>	<b>\$ 471,881</b>	<b>\$ (26,714)</b>	<b>\$ 20,308</b>	<b>\$ (1,133,346)</b>

*See notes to basic financial statements.*

**Town of Orleans, Massachusetts**  
**Fiduciary Funds**  
**Statement of Fiduciary Net Position**

**June 30, 2024**

	<u>Other Postemployment Benefit Trust Fund</u>	<u>Private Purpose Trust Fund</u>
<b>ASSETS</b>		
Cash and cash equivalents.....	\$ -	\$ 13,555
Investments:		
Pension Reserve Investment Trust (PRIT).....	5,197,855	-
U.S. treasury notes.....	-	161,876
Government sponsored enterprises.....	-	17,135
Corporate bonds.....	-	216,546
Equity securities.....	-	113,885
Fixed income mutual funds.....	-	4,150
<b>TOTAL ASSETS.....</b>	<u>5,197,855</u>	<u>527,147</u>
<b>NET POSITION</b>		
Restricted for other postemployment benefits.....	5,197,855	-
Held in trust for other purposes.....	-	527,147
<b>TOTAL NET POSITION.....</b>	<u>\$ 5,197,855</u>	<u>\$ 527,147</u>

*See notes to basic financial statements.*

**Town of Orleans, Massachusetts**

**Fiduciary Funds  
Statement of Changes in Fiduciary Net Position**

**Year Ended June 30, 2024**

	<u>Other Postemployment Benefit Trust Fund</u>	<u>Private Purpose Trust Fund</u>
<u>ADDITIONS:</u>		
Contributions:		
Employer contributions.....	\$ 450,000	\$ -
Employer contributions for other postemployment benefit payments..	<u>1,253,651</u>	<u>-</u>
Total contributions.....	<u>1,703,651</u>	<u>-</u>
Investment income.....	<u>451,972</u>	<u>34,522</u>
TOTAL ADDITIONS.....	<u>2,155,623</u>	<u>34,522</u>
<u>DEDUCTIONS:</u>		
Other postemployment benefit payments.....	1,253,651	-
Human services.....	-	10,000
Educational scholarships.....	<u>-</u>	<u>7,000</u>
TOTAL DEDUCTIONS.....	<u>1,253,651</u>	<u>17,000</u>
NET INCREASE IN NET POSITION.....	901,972	17,522
NET POSITION AT BEGINNING OF YEAR.....	<u>4,295,883</u>	<u>509,625</u>
NET POSITION AT END OF YEAR.....	<u>\$ 5,197,855</u>	<u>\$ 527,147</u>

*See notes to basic financial statements.*

**Town of Orleans, Massachusetts**  
**Notes to Basic Financial Statements**

**Year Ended June 30, 2024**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying basic financial statements of the Town of Orleans, Massachusetts (the Town) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the recognized standard-setting body for establishing governmental accounting and financial reporting principles. The significant Town accounting policies are described herein.

A. Reporting Entity

The Town is a municipal corporation that is governed by an elected Select Board. For financial reporting purposes, the Town has included all funds, organizations, agencies, boards, commissions and institutions. The Town has also considered all potential component units for which it is financially accountable as well as other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the basic financial statements to be misleading or incomplete. As required by GAAP, these basic financial statements present the Town (the primary government) and its component units. The Town has determined that there are no component units to be included.

*Joint Ventures*

The Town is a member community of the Nauset Regional School District that provides educational services to four area communities. The members share in the operations of the District and each member is responsible for its proportionate share of the operational and capital cost of the District, which are paid in the form of assessments. The Town does not have an equity interest in the District and the 2024 operating and capital assessments were \$5,794,899 and \$124,547, respectively.

B. Government-Wide and Fund Financial Statements

*Government-Wide Financial Statements*

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

*Fund Financial Statements*

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

**Town of Orleans, Massachusetts**  
**Notes to Basic Financial Statements**  
**Year Ended June 30, 2024**

*Major Fund Criteria*

Major funds must be reported if the following criteria are met:

- If the total assets and deferred outflows, liabilities and deferred inflows, revenues, or expenditures/expenses of an individual governmental or enterprise fund are at least 10 percent of the corresponding element (assets, liabilities, etc.) for all funds of that category or type (total governmental or total enterprise funds), *and*
- If the total assets and deferred outflows, liabilities and deferred inflows, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding element for all governmental and enterprise funds combined.

Additionally, any other governmental or enterprise fund that management believes is particularly significant to the basic financial statements may be reported as a major fund.

Fiduciary funds are reported by fund type.

C. 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. Under this method, revenues are recorded when earned and expenses are recorded when the liabilities are incurred. Real estate and personal property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The statement of activities demonstrates the degree to which the direct expenses of a particular function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include the following:

- Charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment.
- Grants and contributions that are restricted to meeting the operational requirements of a particular function or segment.
- Grants and contributions that are restricted to meeting the capital requirements of a particular function or segment.

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

For the most part, the effect of interfund activity has been removed from the government-wide financial statements. However, the effect of interfund services provided and used between functions is not eliminated as the elimination of these charges would distort the direct costs and program revenues reported for the functions affected.

**Town of Orleans, Massachusetts**  
**Notes to Basic Financial Statements**  
**Year Ended June 30, 2024**

*Fund Financial Statements*

**Governmental** fund financial statements are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences, claims and judgments which are recognized when the obligations are expected to be liquidated with current expendable available resources.

Real estate and personal property tax revenues are considered available if they are collected within 60 days after year-end. Investment income is susceptible to accrual. Other receipts and tax revenues become measurable and available when the cash is received and are recognized as revenue at that time.

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

The following major governmental funds are reported:

The *general fund* is the primary operating fund. It is used to account for all financial resources, except those that are required to be accounted for in another fund.

The *community preservation fund* is used to account for funds held for uses restricted by law for community preservation purposes. These funds are attributable to the Town's acceptance of the Community Preservation Act, which allows the Town to impose up to a 3% surcharge on property taxes and to receive matching state grant funds for specified uses related to the acquisition, creation, preservation and support of open space, historic resources, land for recreational use and community housing.

The *water fund* is used to account for the Town's water activities. This fund was established under Chapter 40, Section 39A of the General Laws of Massachusetts.

The *capital projects fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets of the governmental funds.

The *affordable housing trust fund* is used to account for funds to support the preservation and production of affordable housing.

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

**Town of Orleans, Massachusetts**  
**Notes to Basic Financial Statements**  
**Year Ended June 30, 2024**

The *special revenue fund* is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than permanent funds or capital projects.

The *permanent fund* is used to account for and report financial resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the governmental programs.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The following major proprietary funds are reported:

The *sewer enterprise fund* is used to account for wastewater treatment activities.

The *transfer station enterprise fund* is used to account for operations of the waste transfer station.

The *beaches enterprise fund* is used to account for the operations of the Town's public beaches.

The *Rock Harbor boat basin enterprise fund* is used to account for Rock Harbor operations.

The *moorings enterprise fund* is used to account for moorings operation activities.

**Fiduciary** fund financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting. Fiduciary funds are used to account for assets held in a trustee capacity for others that cannot be used to support the governmental programs.

The following fiduciary fund types are reported:

The *other postemployment benefits trust fund* is used to accumulate resources to provide funding for future other postemployment benefit (OPEB) liabilities.

The *private-purpose trust fund* is used to account for trust arrangements under which principal and investment income exclusively benefit individuals, private organizations, or other governments. This fund is mainly used for educational scholarships and supporting in-need residents.

**Town of Orleans, Massachusetts**  
**Notes to Basic Financial Statements**  
**Year Ended June 30, 2024**

D. Cash and Cash Equivalents

*Government-Wide and Fund Financial Statements*

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with an original maturity of three months or less from the date of acquisition. Investments are carried at fair value.

E. Fair Value Measurements

The Town reports required types of financial instruments in accordance with the fair value standards. These standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or valuation techniques) to determine fair value. Fair value standards also require the government to classify these financial instruments into a three-level hierarchy, based on the priority of inputs to the valuation technique or in accordance with net asset value practical expedient rules, which allow for either Level 2 or Level 3 depending on lock up and notice periods associated with the underlying funds.

Instruments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 – Quoted prices are available in active markets for identical instruments as of the reporting date. Instruments, which are generally included in this category, include actively traded equity and debt securities, and mutual funds with quoted market prices in active markets.

Level 2 – Pricing inputs are other than quoted in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Certain fixed income securities, primarily corporate bonds, and U.S. government obligations are classified as Level 2 because fair values are estimated using pricing models, matrix pricing, or discounted cash flows.

Level 3 – Pricing inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgment or estimation.

In some instances, the inputs used to measure fair value may fall into different levels of the fair value hierarchy and is based on the lowest level of input that is significant to the fair value measurement.

Market price is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument. Instruments with readily available active quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. It is reasonably possible that change in values of these instruments will occur in the near term and that such changes could materially affect amounts reported in these financial statements. For more information on the fair value of the Town's financial instruments, see Note 2 – Cash and Investments.

**Town of Orleans, Massachusetts**  
**Notes to Basic Financial Statements**  
**Year Ended June 30, 2024**

F. Accounts Receivable

*Government-Wide and Fund Financial Statements*

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

***Real Estate, Personal Property Taxes and Tax Liens***

Real estate and personal property taxes are levied and based on values assessed on January 1<sup>st</sup> of every year. Assessed values are established by the Board of Assessors for 100% of the estimated fair market value. Taxes are billed quarterly during each year and are due by August 1st, November 1st, February 1st, and May 1<sup>st</sup> and are subject to penalties and interest if they are not paid by the respective due dates. Real estate and personal property taxes levied are recorded as receivables in the year of the levy.

Real estate tax liens are processed by the last day in September following the last billing cycle and are recorded as receivables in the year they are processed.

Real estate receivables are secured via the tax lien process and are considered 100% collectible. Accordingly, an allowance for uncollectibles is not reported.

Personal property taxes cannot be secured through the lien process. The allowance for uncollectibles is estimated based on historical trends and specific account analysis.

***Motor Vehicle Excise Taxes***

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

The allowance for uncollectibles is estimated based on historical trends and specific account analysis.

***Departmental and Other***

Departmental and other receivables are recorded as receivables in the year earned. The allowance for uncollectibles is estimated based on historical trends and specific account analysis.

***Intergovernmental***

Various federal and state grants for operating and capital purposes are applied for and received annually. For non-expenditure driven grants, receivables are recorded as soon as all eligibility requirements

**Town of Orleans, Massachusetts**  
**Notes to Basic Financial Statements**  
**Year Ended June 30, 2024**

imposed by the provider have been met. For expenditure driven grants, receivables are recorded when the qualifying expenditures are incurred and all other grant requirements are met.

These receivables are considered 100% collectible and therefore do not report an allowance for uncollectibles.

G. Inventories

*Government-Wide and Fund Financial Statements*

Inventories are recorded as expenditures at the time of purchase. Such inventories represent supplies in the government-wide and fund financial statements and therefore expensed as acquired.

H. Capital Assets

*Government-Wide and Proprietary Fund Financial Statements*

Capital assets, which include land, buildings and improvements, machinery and equipment, vehicles, and infrastructure (e.g., roads, water mains, and similar items), are reported in the applicable governmental or business-type activity column of the government-wide financial statements and in the proprietary fund financial statements. Capital assets are recorded at historical cost, or at estimated historical cost, if actual historical cost is not available. Donated capital assets are recorded at acquisition value at the date of donation.

All purchases and construction costs in excess of the capitalization thresholds per unit are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than one year.

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

<u>Capital Asset Type</u>	<u>Estimated Useful Life (in years)</u>	<u>Capitalization Threshold</u>
Land improvements.....	25-40	\$50,000
Buildings and improvements.....	25-40	\$150,000 - \$250,000
Machinery and equipment.....	5-20	\$50,000
Vehicles.....	5-15	\$50,000
Infrastructure.....	25-60	\$250,000

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized and are treated as expenses when incurred. Improvements are capitalized.

**Town of Orleans, Massachusetts**  
**Notes to Basic Financial Statements**

**Year Ended June 30, 2024**

*Governmental Fund Financial Statements*

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

I. Deferred Outflows/Inflows of Resources

*Government-Wide Financial Statements*

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The Town has reported deferred outflows of resources related to pensions, OPEB, and deferred loss on refunding in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has reported deferred inflows of resources related to pensions and OPEB in this category.

*Government Fund Financial Statements*

In addition to liabilities, the government funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents assets that have been recorded in the governmental fund financial statements, but the revenue is not available and so will not be recognized as an inflow of resources (revenue) until it becomes available. The Town has reported unavailable revenue as deferred inflows of resources in the governmental funds balance sheet.

J. Interfund Receivables and Payables

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

*Government-Wide Financial Statements*

Transactions of a buyer/seller nature between and within governmental funds are eliminated from the governmental activities in the statement of net position.

*Fund Financial Statements*

Transactions of a buyer/seller nature between and within funds are *not* eliminated from the individual fund statements. Receivables and payables resulting from these transactions are classified as “Due from other funds” or “Due to other funds” on the balance sheet.

**Town of Orleans, Massachusetts**  
**Notes to Basic Financial Statements**  
**Year Ended June 30, 2024**

K. Interfund Transfers

During the course of operations, resources are permanently reallocated between and within funds. These transactions are reported as transfers in and transfers out.

*Government-Wide Financial Statements*

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

*Fund Financial Statements*

Transfers between and within funds are *not* eliminated from the individual fund statements and are reported as transfers in and transfers out.

L. Net Position and Fund Balance

*Government-Wide Financial Statements (Net Position)*

Net position reported as “net investment in capital assets” includes capital assets, net of accumulated depreciation, less the principal balance of outstanding debt used to acquire capital assets. Unspent proceeds of capital related debt are not considered to be capital assets.

Net position is reported as restricted when amounts that are not available for appropriation or are legally restricted by outside parties for a specific future use.

Net position has been “restricted for” the following:

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

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

“Community preservation” represents amounts held for uses restricted by law for community preservation purposes.

Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town’s practice to consider restricted net position to have been depleted before unrestricted net position is applied.

**Town of Orleans, Massachusetts**  
**Notes to Basic Financial Statements**  
**Year Ended June 30, 2024**

*Fund Financial Statements (Fund Balances)*

Governmental fund balances are classified as nonspendable, restricted, committed, assigned, or unassigned based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

The governmental fund balance classifications are as follows:

“Nonspendable” fund balance includes amounts that cannot be spent because they are either not in spendable form or they are legally or contractually required to be maintained intact.

“Restricted” fund balance includes amounts subject to constraints placed on the use of resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or that are imposed by law through constitutional provisions or enabling legislation.

“Committed” fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority.

“Assigned” fund balance includes amounts that are constrained by the Town’s intent to be used for specific purposes but are neither restricted nor committed.

“Unassigned” fund balance includes the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

The Town’s spending practice is to spend restricted fund balance first, followed by committed, assigned and unassigned fund balance. Most governmental funds are designated for one purpose at the time of their creation. Therefore, any expenditure from the fund will be allocated to the applicable fund balance classifications in the order of the aforementioned spending policy. The general fund and certain other funds may have more than one purpose.

M. Pensions

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 Barnstable County Retirement Association (BCRA) and additions to/deductions from the BCRA’s fiduciary net position have been determined on the same basis as they are reported by the BCRA. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Town of Orleans, Massachusetts**  
**Notes to Basic Financial Statements**  
**Year Ended June 30, 2024**

N. Long-term debt

*Government-Wide Financial Statements*

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

*Governmental Fund Financial Statements*

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

O. Investment Income

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

P. Compensated Absences

Employees are granted vacation and sick leave in varying amounts based on collective bargaining agreements, state laws and executive policies.

*Government-Wide Financial Statements*

Vested or accumulated vacation and sick leave are reported as liabilities and expensed as incurred.

*Governmental Fund Financial Statements*

Vested or accumulated vacation and sick leave, which will be liquidated with expendable available financial resources, are reported as expenditures and fund liabilities upon maturity of the liability.

Q. Use of Estimates

*Government-Wide and Fund Financial Statements*

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

**Town of Orleans, Massachusetts**  
**Notes to Basic Financial Statements**  
**Year Ended June 30, 2024**

R. Total Column

*Government-Wide Financial Statements*

The total column presented on the government-wide financial statements represents consolidated financial information.

*Fund Financial Statements*

The total column on the fund financial statements is presented only to facilitate financial analysis. Data in this column is not the equivalent of consolidated financial information.

**NOTE 2 – CASH AND INVESTMENTS**

A cash and investment pool is maintained that is available for use by all funds. Each fund type's portion of this pool is displayed on the balance sheet as "Cash and Cash equivalents." The deposits and investments of the trust funds are held separately from those of other funds.

Statutes authorize the investment in obligations of the U.S. Treasury, agencies, and instrumentalities, certificates of deposit, repurchase agreements, money market accounts, bank deposits and the State Treasurer's Investment Pool (the Pool). The Treasurer may also invest trust funds in securities, other than mortgages or collateral loans, which are legal for the investment of funds of savings banks under the laws of the Commonwealth.

The Pool meets the criteria of an external investment pool. The Pool is administered by the Massachusetts Municipal Depository Trust (MMDT), which was established by the Treasurer of the Commonwealth who serves as Trustee. The fair value of the position in the Pool is the same as the value of the Pool shares.

The Other Postemployment Benefits (OPEB) trust participates as a Purchasing Member of the Pension Reserve Investment Trust (PRIT) through the State Retirees Benefits Trust (SRBTF). Government entities are allowed to invest their OPEB funds through the SRBTF. OPEB trust funds are allowed to invest in the PRIT fund and receive the economies of scale and diversification that an individual community with a relatively small fund could not obtain on its own.

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town follows Massachusetts General Laws for deposit policies relating to custodial credit risk. At year-end, the carrying amount of deposits totaled \$23,024,886 and the bank balance totaled \$24,801,599. Of the bank balance, \$2,250,000 was covered by Federal Depository Insurance, \$3,440,365 was covered by the Depositors Insurance Fund, \$17,895,690 was collateralized, and \$1,215,544 was exposed to custodial credit risk because it was uninsured and uncollateralized.

**Town of Orleans, Massachusetts**  
**Notes to Basic Financial Statements**

**Year Ended June 30, 2024**

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of a failure by the counterparty, the Town will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The Town’s investment policy for custodial credit risk is that the Town will review the financial institution’s financial statement and the background of the investment advisor. The intent of this qualification is to limit the Town’s exposure to only those institutions with a proven financial strength, capital adequacy of the firm, and overall affirmative reputation in the municipal industry. Further, all securities not held directly by the Town will be held in the Town’s name and tax identification number by a third-party custodian approved by the Treasurer and evidenced by safekeeping receipts showing individual CUSIP numbers for each security.

Investments

The Town and its fiduciary funds had the following investments, with their respective maturities, at June 30, 2024:

<u>Investment Type</u>	<u>Fair value</u>	<u>Maturities</u>	
		<u>Under 1 Year</u>	<u>1-5 Years</u>
<u>Debt securities:</u>			
U.S. treasury notes.....	\$ 3,689,579	\$ 1,269,966	\$ 2,419,613
Government sponsored enterprises.....	390,553	137,164	253,389
Corporate bonds.....	<u>4,935,659</u>	<u>606,443</u>	<u>4,329,216</u>
Total debt securities.....	9,015,791	\$ <u>2,013,573</u>	\$ <u>7,002,218</u>
<u>Other investments:</u>			
Equity securities.....	2,595,751		
Fixed income mutual funds.....	94,587		
Pension Reserve Investment Trust (PRIT).....	5,197,855		
MMDT - Cash portfolio.....	<u>5,381,375</u>		
Total investments.....	\$ <u>22,285,359</u>		

The Town participates in MMDT, which maintains a cash portfolio and a short-term bond fund with combined average maturities of approximately 43 days.

Interest Rate Risk

The Town’s investment policy states that the investments shall be undertaken through a profession advisor in a manner that seeks to preserve capital through the mitigation of credit and interest rate risk. These risks shall be further mitigated by the diversification and prudent selection of investment instruments, and choice of depositories and investment advisor. Diversification should occur in terms of maturity as well as instrument type and issuer. The diversification concept promotes guarding against over concentration of maturities, as well as concentration in a specific institution, except for U.S. Treasury obligations or investments fully collateralized by U.S. Treasuries or agencies.

**Town of Orleans, Massachusetts**  
**Notes to Basic Financial Statements**  
**Year Ended June 30, 2024**

Credit Risk

The Town's investment policy states that the Town will manage credit risk in several ways. In addition to “safe haven” investments in United States Treasury and United States Government Agency obligations, the Town will only purchase investment grade securities with a high concentration in securities rated ‘A’ or better. The Town may invest in the Massachusetts Municipal Depository Trust (MMDT) with no limit to the amount of funds placed in the fund, and the Town may place funds in banking institutions as stated in the Investment Policy. As of June 30, 2024, Standard and Poor’s Investors Service rated the Town’s investments of \$3,689,579 in U.S. treasury notes and \$390,553 in government sponsored enterprises as AA+, and the Town’s \$4,935,659 in corporate bonds as follows:

Quality Rating	Corporate Bonds
AAA.....	\$ 543,510
A+.....	550,936
A.....	1,648,890
A-.....	1,076,722
BBB+.....	556,824
BBB.....	558,777
 Total.....	 \$ 4,935,659

Concentration of Credit Risk

The Town manages the concentration of credit risk through diversification, which includes prohibition against overconcentration of maturities, as well as concentrations in specific institutions.

**Town of Orleans, Massachusetts**  
**Notes to Basic Financial Statements**  
**Year Ended June 30, 2024**

Fair Value of Investments

Investment Type	June 30, 2024	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments measured at fair value:</b>				
<u>Debt securities:</u>				
U.S. treasury notes.....	\$ 3,689,579	\$ -	\$ 3,689,579	\$ -
Government sponsored enterprises.....	390,553	-	390,553	-
Corporate bonds.....	4,935,659	-	4,935,659	-
Total debt securities.....	9,015,791	-	9,015,791	-
<u>Other investments:</u>				
Equity securities.....	2,595,751	2,595,751	-	-
Fixed income mutual funds.....	94,587	94,587	-	-
Total other investments.....	2,690,338	2,690,338	-	-
Total investments measured at fair value.....	\$ 11,706,129	\$ 2,690,338	\$ 9,015,791	\$ -
<b>Investments measured at amortized cost:</b>				
MMDT - Cash portfolio.....	5,381,375			
<b>Investments measured at net asset value:</b>				
Pension Reserve Investment Trust (PRIT).....	5,197,855			
Total investments.....	22,285,359			

The Town holds investments in the MMDT Cash Portfolio which are valued at amortized cost. The total value of the portfolio as of June 30, 2024 is \$5,381,375. Under the amortized cost valuation method, an investment is valued initially at its cost and thereafter adjusted for the amount of interest income accrued each day over the term of the investment to account for any difference between the initial cost of the investment and the amount payable at its maturity. If amortized cost is determined not to approximate fair value, the value of the portfolio securities will be determined under procedures established by MMDT’s adviser.

PRIT investments are valued using the net asset value method. The total value of the portfolio as of June 30, 2024 is \$5,197,855. This investment pool was established by the Treasurer of the Commonwealth of Massachusetts, who serves as Trustee. PRIT is administered by the Pension Reserve Investment Management Board (PRIM). The fair values of the positions in each investment Pool are the same as the value of each Pool’s shares. The Town does not have the ability to control any of the investment decisions relative to its funds in PRIT.

**Town of Orleans, Massachusetts**  
**Notes to Basic Financial Statements**  
**Year Ended June 30, 2024**

**NOTE 3 – RECEIVABLES**

At June 30, 2024, receivables for the individual major and nonmajor governmental funds, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Gross Amount</u>	Allowance for <u>Uncollectibles</u>	<u>Net Amount</u>
<u>Receivables:</u>			
Real estate and personal property taxes.....	\$ 448,579	\$ -	\$ 448,579
Tax liens.....	105,309	-	105,309
Motor vehicle and other excise taxes.....	98,438	(6,596)	91,842
User charges.....	850,565	-	850,565
Departmental and other.....	831,240	-	831,240
Intergovernmental.....	1,551,364	-	1,551,364
Loans.....	<u>78,551</u>	<u>-</u>	<u>78,551</u>
 Total.....	 \$ <u>3,964,046</u>	 \$ <u>(6,596)</u>	 \$ <u>3,957,450</u>

As of June 30, 2024, the sewer enterprise fund receivables consisted of \$87,974 in user charges.

Governmental funds report *unavailable revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current year, the various components of *unavailable revenue* reported in the governmental funds were as follows:

	<u>General Fund</u>	Other Governmental <u>Funds</u>	<u>Total</u>
<u>Receivables and other asset types:</u>			
Real estate and personal property taxes.....	\$ 338,010	\$ -	\$ 338,010
Tax liens.....	105,309	-	105,309
Motor vehicle and other excise taxes.....	91,842	-	91,842
User charges.....	-	850,565	850,565
Departmental and other.....	20,714	810,526	831,240
Intergovernmental.....	-	1,530,518	1,530,518
Loans.....	<u>-</u>	<u>78,551</u>	<u>78,551</u>
 Total.....	 \$ <u>555,875</u>	 \$ <u>3,270,160</u>	 \$ <u>3,826,035</u>

**Town of Orleans, Massachusetts**  
**Notes to Basic Financial Statements**

**Year Ended June 30, 2024**

**NOTE 4 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2024, was as follows:

	Beginning Balance	Increases	Transfers to Business-Type Activities (A)	Decreases	Ending Balance
<b>Governmental Activities:</b>					
<u>Capital assets not being depreciated:</u>					
Land.....	\$ 39,736,912	\$ 1,750,000	\$ -	\$ -	\$ 41,486,912
Construction in progress.....	2,087,764	11,786,068	(11,135,157)	(2,087,764)	650,911
Total capital assets not being depreciated.....	41,824,676	13,536,068	(11,135,157)	(2,087,764)	42,137,823
<u>Capital assets being depreciated:</u>					
Buildings.....	59,398,462	71,740	-	-	59,470,202
Improvements.....	3,955,535	2,407,027	-	-	6,362,562
Infrastructure.....	55,267,141	5,077,886	(4,210,982)	-	56,134,045
Machinery and equipment.....	5,865,380	2,172,310	-	-	8,037,690
Vehicles.....	5,541,804	509,853	-	-	6,051,657
Total capital assets being depreciated.....	130,028,322	10,238,816	(4,210,982)	-	136,056,156
<u>Less accumulated depreciation for:</u>					
Buildings.....	(20,587,876)	(1,569,508)	-	-	(22,157,384)
Improvements.....	(849,966)	(345,212)	-	-	(1,195,178)
Infrastructure.....	(21,821,317)	(1,939,081)	-	-	(23,760,398)
Machinery and equipment.....	(1,762,900)	(491,120)	-	-	(2,254,020)
Vehicles.....	(3,473,830)	(801,939)	-	-	(4,275,769)
Total accumulated depreciation.....	(48,495,889)	(5,146,860)	-	-	(53,642,749)
Total capital assets being depreciated, net.....	81,532,433	5,091,956	(4,210,982)	-	82,413,407
Total governmental activities capital assets, net.....	\$ 123,357,109	\$ 18,628,024	\$ (15,346,139)	\$ (2,087,764)	\$ 124,551,230
<b>Sewer Activities:</b>					
<u>Capital assets not being depreciated:</u>					
Construction in progress.....	\$ 1,962,919	\$ 11,135,157	\$ -	\$ (1,962,919)	\$ 11,135,157
<u>Capital assets being depreciated:</u>					
Infrastructure.....	72,154,218	1,884,289	1,941,419	-	75,979,926
Machinery and equipment.....	-	-	21,500	-	21,500
Total capital assets being depreciated.....	72,154,218	1,884,289	1,962,919	-	76,001,426
<u>Less accumulated depreciation for:</u>					
Infrastructure.....	(452,765)	-	(1,512,995)	-	(1,965,760)
Machinery and equipment.....	-	-	(1,613)	-	(1,613)
Total accumulated depreciation.....	(452,765)	-	(1,514,608)	-	(1,967,373)
Total capital assets being depreciated, net.....	71,701,453	1,884,289	448,311	-	74,034,053
Total sewer activities capital assets, net.....	\$ 73,664,372	\$ 13,019,446	\$ 448,311	\$ (1,962,919)	\$ 85,169,210

**Town of Orleans, Massachusetts**  
**Notes to Basic Financial Statements**

**Year Ended June 30, 2024**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Transfer Station Activities:</b>				
<u>Capital assets being depreciated:</u>				
Buildings.....	\$ 49,961	\$ -	\$ -	\$ 49,961
Improvements.....	5,510	-	-	5,510
Machinery and equipment.....	778,524	-	-	778,524
Vehicles.....	280,469	46,530	-	326,999
	1,114,464	46,530	-	1,160,994
 <u>Less accumulated depreciation for:</u>				
Buildings.....	(46,051)	(1,249)	-	(47,300)
Improvements.....	(5,078)	(432)	-	(5,510)
Machinery and equipment.....	(153,990)	(88,709)	-	(242,699)
Vehicles.....	(127,879)	(43,344)	-	(171,223)
	(332,998)	(133,734)	-	(466,732)
Total capital assets being depreciated, net.....	781,466	(87,204)	-	694,262
Total transfer station activities capital assets, net.....	\$ 781,466	\$ (87,204)	\$ -	\$ 694,262

	Beginning Balance	Transfers from Governmental Activities (A)	Increases	Decreases	Ending Balance
<b>Beach Activities:</b>					
<u>Capital assets not being depreciated:</u>					
Land.....	\$ 3,356,454	\$ -	\$ -	\$ -	\$ 3,356,454
 <u>Capital assets being depreciated:</u>					
Buildings.....	166,222	-	-	-	166,222
Improvements.....	4,183,600	-	-	-	4,183,600
Infrastructure.....	1,430,065	89,529	-	-	1,519,594
Vehicles.....	173,120	-	-	-	173,120
	5,953,007	89,529	-	-	6,042,536
 <u>Less accumulated depreciation for:</u>					
Buildings.....	(71,366)	-	(26,987)	-	(98,353)
Improvements.....	(22,977)	-	(192,903)	-	(215,880)
Infrastructure.....	(336,114)	-	(79,746)	-	(415,860)
Vehicles.....	(27,731)	-	(9,085)	-	(36,816)
	(458,188)	-	(308,721)	-	(766,909)
Total capital assets being depreciated, net.....	5,494,819	89,529	(308,721)	-	5,275,627
Total beach activities capital assets, net.....	\$ 8,851,273	\$ 89,529	\$ (308,721)	\$ -	\$ 8,632,081

**Town of Orleans, Massachusetts**  
**Notes to Basic Financial Statements**

**Year Ended June 30, 2024**

	Beginning Balance	Transfers from Governmental Activities (A)	Increases	Decreases	Ending Balance
<b>Rock Harbor Boat Basin Activities:</b>					
<u>Capital assets not being depreciated:</u>					
Construction in progress.....	\$ 127,144	\$ 324,008	\$ -	\$ (127,144)	\$ 324,008
<u>Capital assets being depreciated:</u>					
Improvements.....	264,728	-	-	-	264,728
Infrastructure.....	3,026,752	1,913,156	127,144	-	5,067,052
Total capital assets being depreciated.....	3,291,480	1,913,156	127,144	-	5,331,780
<u>Less accumulated depreciation for:</u>					
Improvements.....	(23,243)	-	(7,948)	-	(31,191)
Infrastructure.....	(458,022)	-	(84,615)	-	(542,637)
Total accumulated depreciation.....	(481,265)	-	(92,563)	-	(573,828)
Total capital assets being depreciated, net.....	2,810,215	1,913,156	34,581	-	4,757,952
Total boat activities capital assets, net.....	\$ 2,937,359	\$ 2,237,164	\$ 34,581	\$ (127,144)	\$ 5,081,960

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

<b>Governmental Activities:</b>	
General government.....	\$ 248,376
Public safety.....	1,051,984
Education.....	324,606
Public works.....	2,212,185
Water.....	1,100,354
Human services.....	98,995
Culture and recreation.....	110,360
Total depreciation expense - governmental activities.....	\$ 5,146,860
<b>Business-Type Activities:</b>	
Sewer.....	\$ 1,514,608
Transfer station.....	133,734
Beaches.....	308,721
Rock Harbor boat basin.....	92,563
Total depreciation expense - business-type activities.....	\$ 2,049,626

(A) The Town transferred capital assets from governmental activities to the enterprise funds through capital contributions of \$13,019,446 to the Sewer Enterprise Fund for the establishment of sewer infrastructure related to the multi-phase Sewer Infrastructure Project, and \$89,529 to the Beaches Enterprise Fund, and \$2,937,359 to the Rock Harbor Boat Basin Enterprise Fund.

**Town of Orleans, Massachusetts**  
**Notes to Basic Financial Statements**

**Year Ended June 30, 2024**

**NOTE 5 – INTERFUND TRANSFERS**

Interfund transfers for the year ended June 30, 2024, are summarized as follows:

Transfers Out:	Transfers In:							Total
	General Fund	Capital Projects Fund	Affordable Housing Trust Fund	Nonmajor Governmental Funds	Sewer Enterprise Fund	Transfer Station Enterprise Fund	Rock Harbor Boat Basin Enterprise Fund	
General fund.....	\$ -	\$ 2,403,946	\$ 500,000	\$ 75,000	\$ -	\$ 461,117	\$ 71,219	\$ 3,511,282 (1)
Community preservation fund.....	-	-	500,000	-	-	-	-	500,000 (2)
Water fund.....	1,328,915	115,000	-	-	-	-	-	1,443,915 (3)
Capital projects fund.....	149,314	-	-	-	-	-	-	149,314 (4)
Nonmajor governmental funds.....	1,696,927	1,095,503	-	-	1,370,533	-	-	4,162,963 (5)
Total.....	\$ <u>3,175,156</u>	\$ <u>3,614,449</u>	\$ <u>1,000,000</u>	\$ <u>75,000</u>	\$ <u>1,370,533</u>	\$ <u>461,117</u>	\$ <u>71,219</u>	\$ <u>9,767,474</u>

- (1) Represents budgeted transfers from the general fund to the capital projects fund, affordable housing trust fund and nonmajor governmental funds. Also represents budgeted transfers from the general fund to the transfer station enterprise fund and Rock Harbor boat basin enterprise funds to subsidize operations.
- (2) Represents budgeted transfers from community preservation to the affordable housing trust fund.
- (3) Represents budgeted transfers from the water fund to the general fund and capital projects fund for approved projects.
- (4) Represents budgeted transfers from the capital projects fund to the general fund to close out unused funds from completed projects.
- (5) Represents budgeted transfers from ambulance reserves and revolving funds to the general fund, and from receipts reserved for appropriation nonmajor governmental funds to the capital projects and sewer funds to support capital improvements.

The Town transferred capital assets from governmental activities to the enterprise funds through capital contributions of \$13,019,446 to the Sewer Enterprise Fund, \$89,529 to the Beaches Enterprise Fund, and \$2,937,359 to the Rock Harbor Boat Basin Enterprise Fund.

**Town of Orleans, Massachusetts**  
**Notes to Basic Financial Statements**

**Year Ended June 30, 2024**

**NOTE 6 – SHORT-TERM FINANCING**

Short-term debt may be authorized and issued to fund the following:

- Current operating costs prior to the collection of revenues through issuance of revenue or tax anticipation notes (RANs or TANs).
- Capital project costs and other approved expenditures incurred prior to obtaining permanent financing through issuance of bond anticipation notes (BANs) or grant anticipation notes (GANs).

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

Details related to short-term debt activity for the year ended June 30, 2024, are as follows:

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2023	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2024
<b>Governmental Funds:</b>							
BAN	Municipal Purpose.....	4.00%	1/26/2024	\$ 17,438,869	\$ -	\$ (17,438,869)	\$ -
BAN	Municipal Purpose.....	4.00%	1/24/2025	-	23,140,472	(12,450,994)	10,689,478 (1)
BAN	MCWT Interim Financing.....	0.00%	6/30/2024	25,401,443	2,155,240	(27,556,683)	-
Total Governmental Funds.....				\$ 42,840,312	\$ 25,295,712	\$ (57,446,546)	\$ 10,689,478

(1) On January 23, 2025, \$12,450,994 of outstanding BANs were retired with bond proceeds totaling \$11,902,500 and bond premiums totaling \$548,494. These bond proceeds and premiums have been recognized in the Town’s financial statements and are reported as long-term debt as of June 30, 2024. On January 24, 2025, the remaining BANs were retired with \$978,545 grant proceeds, \$507,349 Town revenue, and \$9,203,584 from the issuance of new BANs with an interest rate of 4.00% and maturity date of January 23, 2026.

**Town of Orleans, Massachusetts**  
**Notes to Basic Financial Statements**

**Year Ended June 30, 2024**

**NOTE 7 – LONG-TERM DEBT**

Under the provisions of Chapter 44, Section 10, Massachusetts General Law authorizes indebtedness up to a limit of 5% of the equalized valuation. Debt issued in accordance with this section of the law is designated as being "inside the debt limit". In addition, however, debt may be authorized in excess of that limit for specific purposes. Such debt, when issued, is designated as being "outside the debt limit".

Details related to outstanding indebtedness at June 30, 2024, and the debt service requirements are as follows:

Governmental Activities	Maturities	Interest	Original	Outstanding			Outstanding
Project	Through	Rate	Loan	at June 30,	Issued	Redeemed	at June 30,
		(%)	Amount	2023			2024
<u>General Obligations:</u>							
Municipal Purpose Bonds of 2010.....	2025	2.50	\$ 200,000	\$ 20,000	\$ -	\$ 10,000	\$ 10,000
Municipal Purpose Bonds of 2012.....	2024	2.00 - 3.00	2,675,000	105,000	-	105,000	-
Municipal Purpose Refunding Bonds of 2015.....	2026	2.00 - 5.00	8,000,000	1,755,000	-	650,000	1,105,000
Municipal Purpose Bonds of 2016.....	2025	2.00 - 4.00	2,539,843	210,000	-	140,000	70,000
Municipal Purpose Bonds of 2017.....	2042	3.00 - 4.00	6,151,375	4,295,000	-	315,000	3,980,000
Municipal Purpose Bonds of 2018.....	2038	2.25 - 5.00	27,062,100	18,795,000	-	1,535,000	17,260,000
Municipal Purpose Bonds of 2019.....	2029	4.00 - 5.00	4,035,000	1,460,000	-	635,000	825,000
Municipal Purpose Refunding Bonds of 2021.....	2041	2.00 - 5.00	2,797,000	2,480,000	-	160,000	2,320,000
Municipal Purpose Bonds of 2021.....	2050	2.00 - 5.00	6,803,000	2,585,000	-	110,000	2,475,000
Municipal Purpose Bonds of 2022.....	2042	2.00 - 5.00	11,480,000	10,795,000	-	765,000	10,030,000
Municipal Purpose Bonds of 2024.....	2050	4.00 - 5.00	11,902,500	-	11,902,500	-	11,902,500
Subtotal General Obligation Bonds Payable.....				42,500,000	11,902,500	4,425,000	49,977,500
<u>Direct Borrowings:</u>							
Massachusetts Clean Water Trust of 2005 .....	2026	0.00	\$ 100,000	15,000	-	5,000	10,000
Massachusetts Clean Water Trust of 2023 .....	2053	0.00	14,852,300	14,852,300	-	484,384	14,367,916
Massachusetts Clean Water Trust of 2023 .....	2054	0.00	27,556,683	-	27,556,683	-	27,556,683
Subtotal Direct Borrowings Payable.....				14,867,300	27,556,683	489,384	41,934,599
Total Bonds Payable.....				57,367,300	39,459,183	4,914,384	91,912,099
Add: Unamortized premium on bonds.....				3,120,991	708,849	666,076	3,163,764
Total Bonds Payable, net.....				\$ 60,488,291	\$ 40,168,032	\$ 5,580,460	\$ 95,075,863

**Town of Orleans, Massachusetts**

**Notes to Basic Financial Statements**

**Year Ended June 30, 2024**

Debt service requirements for principal and interest for Governmental general obligation bonds payable and direct borrowings payable in future years are as follows:

Year	General Obligations			Direct Borrowings		Total
	Principal	Interest	Subtotal	Principal		
2025.....	\$ 3,730,000	\$ 1,316,775	\$ 5,046,775	\$ 1,458,879	\$	6,505,654
2026.....	3,935,176	1,654,354	5,589,530	1,461,062		7,050,592
2027.....	3,316,268	1,486,350	4,802,618	1,458,248		6,260,866
2028.....	3,036,268	1,338,800	4,375,068	1,460,437		5,835,505
2029.....	2,931,268	1,206,575	4,137,843	1,462,629		5,600,472
2030.....	2,781,268	1,074,500	3,855,768	1,380,445		5,236,213
2031.....	2,801,268	955,650	3,756,918	1,382,518		5,139,436
2032.....	2,706,268	852,450	3,558,718	1,384,593		4,943,311
2033.....	2,731,268	754,400	3,485,668	1,386,672		4,872,340
2034.....	2,720,634	661,450	3,382,084	1,388,753		4,770,837
2035.....	2,722,814	574,925	3,297,739	1,390,838		4,688,577
2036.....	2,670,000	496,925	3,166,925	1,392,926		4,559,851
2037.....	2,680,000	419,400	3,099,400	1,395,016		4,494,416
2038.....	2,395,000	344,575	2,739,575	1,397,111		4,136,686
2039.....	1,290,000	289,150	1,579,150	1,399,208		2,978,358
2040.....	1,285,000	250,125	1,535,125	1,401,309		2,936,434
2041.....	1,295,000	211,250	1,506,250	1,403,412		2,909,662
2042.....	1,180,000	172,425	1,352,425	1,405,519		2,757,944
2043.....	595,000	138,975	733,975	1,407,628		2,141,603
2044.....	560,000	116,775	676,775	1,409,741		2,086,516
2045.....	560,000	95,975	655,975	1,411,858		2,067,833
2046.....	565,000	75,075	640,075	1,413,977		2,054,052
2047.....	565,000	53,975	618,975	1,416,100		2,035,075
2048.....	455,000	32,781	487,781	1,418,226		1,906,007
2049.....	290,000	15,988	305,988	1,420,354		1,726,342
2050.....	180,000	5,794	185,794	1,422,486		1,608,280
2051.....	-	-	-	1,424,622		1,424,622
2052.....	-	-	-	1,426,761		1,426,761
2053.....	-	-	-	1,428,902		1,428,902
2054.....	-	-	-	924,369		924,369
<b>Total.....</b>	<b>\$ 49,977,500</b>	<b>\$ 14,595,417</b>	<b>\$ 64,572,917</b>	<b>\$ 41,934,599</b>	<b>\$</b>	<b>106,507,516</b>

**Town of Orleans, Massachusetts**  
**Notes to Basic Financial Statements**

**Year Ended June 30, 2024**

The Town is subject to various debt limits by statute and may issue additional general obligation debt under the normal debt limit. At June 30, 2024, the Town had the following authorized, unissued and unrecorded debt:

<u>Purpose</u>	<u>Amount</u>
Water Resource Construction.....	\$ 91,600
Meetinghouse Pond Sewer.....	28,383,842
Technology Modernization.....	530,000
Meetinghouse Water Mains.....	575,000
Meetinghouse Water Services.....	500,000
Meetinghouse Drainage.....	500,000
Water Treatment Plant Lagoon.....	168,000
Water Resource Construction.....	275,000
Veterans Park Rehabilitation.....	110,000
Rock Harbor Commercial Wharf.....	9,000,000
Water Resource Planning/Design.....	960,000
<b>Total.....</b>	<b>\$ 41,093,442</b>

**Changes in Long-term Liabilities**

During the year ended June 30, 2024, the following changes occurred in long-term liabilities:

	<u>Beginning Balance</u>	<u>Bonds and Notes Issued</u>	<u>Bonds and Notes Redeemed</u>	<u>Other Increases</u>	<u>Other Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>							
General obligation bonds payable.....	\$ 42,500,000	\$ 11,902,500	\$ (4,425,000)	\$ -	\$ -	\$ 49,977,500	\$ 3,730,000
Direct borrowings payable.....	14,867,300	27,556,683	(489,384)	-	-	41,934,599	1,458,879
Add: Unamortized premium on bonds.....	3,120,991	-	-	708,849	(666,076)	3,163,764	421,909
Total bonds payable.....	60,488,291	39,459,183	(4,914,384)	708,849	(666,076)	95,075,863	5,610,788
Landfill closure.....	442,000	-	-	-	(34,000)	408,000	34,000
Compensated absences.....	1,522,094	-	-	577,906	(522,000)	1,578,000	540,000
Net pension liability.....	23,736,458	-	-	2,080,650	(2,389,202)	23,427,906	-
Other postemployment benefits.....	16,104,948	-	-	3,315,522	(1,584,921)	17,835,549	-
<b>Total governmental activity long-term liabilities.....</b>	<b>\$ 102,293,791</b>	<b>\$ 39,459,183</b>	<b>\$ (4,914,384)</b>	<b>\$ 6,682,927</b>	<b>\$ (5,196,199)</b>	<b>\$ 138,325,318</b>	<b>\$ 6,184,788</b>
<b>Business-Type Activities:</b>							
Net pension liability.....	\$ 1,997,260	\$ -	\$ -	\$ 111,505	\$ (353,719)	\$ 1,755,046	\$ -
Other postemployment benefits.....	1,404,841	-	-	49,997	(118,730)	1,336,108	-
<b>Total business-type activity long-term liabilities.....</b>	<b>\$ 3,402,101</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 161,502</b>	<b>\$ (472,449)</b>	<b>\$ 3,091,154</b>	<b>\$ -</b>

The governmental activities long-term liabilities are generally liquidated by the general fund, except for debt incurred and paid for by the community preservation fund. The business-type activities long-term liabilities are liquidated by the applicable enterprise fund.

**Town of Orleans, Massachusetts**  
**Notes to Basic Financial Statements**  
**Year Ended June 30, 2024**

**NOTE 8 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS**

The Town classifies fund balance according to the constraints imposed on the use of those resources. GASB 54 provides for two major types of fund balances, which are nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund.

In addition to the nonspendable fund balance, GASB 54 has provided a hierarchy of spendable fund balances, based on a hierarchy of spending constraints.

- Restricted: fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.
- Committed: fund balances that contain self-imposed constraints of the government from its highest level of decision-making authority.
- Assigned: fund balances that contain self-imposed constraints of the government to be used for a particular purpose.
- Unassigned: fund balance of the general fund that is not constrained for any particular purpose.

Massachusetts General Law Ch.40 §5B allows for the establishment of stabilization funds for one or more different purposes. The creation of a fund requires a two-thirds vote of the legislative body (Town Meeting) and must clearly define the purpose of the fund. 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.

At year end the balance of the general stabilization fund was \$6,871,222. The Town's general stabilization fund is reported as unassigned fund balance within the general fund.

**Town of Orleans, Massachusetts**  
**Notes to Basic Financial Statements**  
**Year Ended June 30, 2024**

The Town has classified its fund balances with the following hierarchy:

	General	Community Preservation Fund	Water Fund	Capital Projects	Affordable Housing Trust Funds	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances:							
Nonspendable:							
Permanent fund principal.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 383,887	\$ 383,887
Restricted for:							
Community preservation.....	-	1,931,097	-	-	-	-	1,931,097
Water fund.....	-	-	3,519,611	-	-	-	3,519,611
Affordable housing trust.....	-	-	-	-	3,005,079	-	3,005,079
School lunch.....	-	-	-	-	-	86,693	86,693
Other revolving.....	-	-	-	-	-	1,436,257	1,436,257
Ambulance.....	-	-	-	-	-	1,724,295	1,724,295
Expendable permanent.....	-	-	-	-	-	2,772,005	2,772,005
Debt service .....	3,649	-	-	-	-	-	3,649
Committed to:							
Articles and continuing appropriations:							
General government.....	102,700	-	-	-	-	-	102,700
Public safety.....	63,740	-	-	-	-	-	63,740
Public works.....	135	-	-	-	-	-	135
Assigned to:							
Encumbrances:							
General government.....	29,312	-	-	-	-	-	29,312
Public safety.....	79,833	-	-	-	-	-	79,833
Education.....	142,004	-	-	-	-	-	142,004
Public works.....	41	-	-	-	-	-	41
Health and human services.....	927	-	-	-	-	-	927
Culture and recreation.....	4,087	-	-	-	-	-	4,087
Employee benefits.....	1,267	-	-	-	-	-	1,267
Water.....	-	-	14,576	-	-	-	14,576
Release of overlay for subsequent year budget.....	150,000	-	-	-	-	-	150,000
Free cash used for subsequent year budget.....	1,103,563	-	-	-	-	-	1,103,563
Unassigned.....	14,952,224	-	-	(9,962,645)	-	-	4,989,579
<b>Total Fund Balances.....</b>	<b>\$ 16,633,482</b>	<b>\$ 1,931,097</b>	<b>\$ 3,534,187</b>	<b>\$ (9,962,645)</b>	<b>\$ 3,005,079</b>	<b>\$ 6,403,137</b>	<b>\$ 21,544,337</b>

**NOTE 9 – RISK FINANCING**

*Insurances*

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance. The Town participates in a premium based health care plan for its active and retired employees and a premium-based workers compensation plan for all active employees. The amount of claim settlements has not exceeded insurance coverage in any of the previous three years.

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

**Town of Orleans, Massachusetts**  
**Notes to Basic Financial Statements**

**Year Ended June 30, 2024**

**NOTE 10 – PENSION PLAN**

*Plan Description*

The Town is a member of the Barnstable County Retirement Association (Association), a cost-sharing multiple-employer defined benefit pension plan covering eligible employees of the member units. The Association is administered by a five-member board (Board) on behalf of all current employees and retirees except for current teachers and retired teachers. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. The audited financial report may be obtained by visiting their website at <https://www.barnstablecounty.org/documents>.

The Town is a member of the Massachusetts Teachers' Retirement System (MTRS), a cost-sharing multi-employer defined benefit plan. MTRS is managed by the Commonwealth of Massachusetts (Commonwealth) on behalf of municipal teachers and municipal teacher retirees. The Commonwealth is a nonemployer contributor and is responsible for 100% of the contributions and future benefit requirements of the MTRS. The MTRS covers certified teachers in cities (except Boston), towns, regional school districts, charter schools, educational collaboratives and Quincy College. The MTRS is part of the Commonwealth's reporting entity, and the audited financial report may be obtained by visiting <https://www.mtrs.state.ma.us/service/financial-reports/>.

*Special Funding Situation*

The Commonwealth is a nonemployer contributor and is required by statute to make 100% of all actuarially determined employer contributions on behalf of the Town to the MTRS. Therefore, the Town is considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributor in MTRS. Since the Town does not contribute directly to MTRS, there is no net pension liability to recognize. The total of the Commonwealth-provided contributions have been allocated based on each employer's covered payroll to the total covered payroll of employers in MTRS, as of the measurement date of June 30, 2023. The Town's portion of the collective pension expense, contributed by the Commonwealth, of \$775,253, is reported in the general fund as intergovernmental revenue and pension expense in the current year. The portion of the Commonwealth's collective net pension liability associated with the Town is \$8,303,009 as of the measurement date.

*Benefits Provided*

Both Systems provide retirement, disability, survivor and death benefits to plan members and beneficiaries. Massachusetts Contributory Retirement System benefits are, with certain minor exceptions, uniform from system to system. The System provides for retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. For persons who became members on or after April 2, 2012, average salary is the average annual rate of regular compensation received during the five consecutive years that produce the highest average, or, if greater, during the last five years (whether or not consecutive) preceding retirement. Benefit payments are based upon a member's age, length of creditable service, level of compensation, and group classification. Members become vested after ten years of creditable service.

**Town of Orleans, Massachusetts**  
**Notes to Basic Financial Statements**

**Year Ended June 30, 2024**

Employees who resign from service and who are not eligible to receive a retirement allowance or who are under the age of 55 are entitled to request a refund of their accumulated total deductions. Survivor benefits are extended to eligible beneficiaries of members whose death occurs prior to or following retirement. Cost-of-living adjustments granted between 1981 and 1997 and any increase in other benefits imposed by the Commonwealth's state law during those years are borne by the Commonwealth and are deposited into the pension fund. Cost-of-living adjustments granted after 1997 must be approved by the Board and are borne by the System.

*Contributions*

Chapter 32 of the MGL governs the contributions of plan members and member units. Active plan members of the Barnstable County Retirement Association are required to contribute to the System at rates ranging from 5% to 9% of gross regular compensation with an additional 2% contribution required for compensation exceeding \$30,000. The percentage rate is keyed to the date upon which an employee's membership commences. The member units are required to pay into the Association a legislatively mandated actuarially determined contribution that is apportioned among the employers based on active current payroll. The Town's actual contribution for the year ended December 31, 2023, was \$2,568,184, or 22.29% of covered payroll. The Town's actual contribution equaled its proportionate share of the required contribution, which is actuarially determined as an amount that, when combined with plan member contributions, is expected to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability.

*Pension Liabilities*

At June 30, 2024, the Town reported a liability of \$25,182,952 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2024.

Accordingly, rollback procedures were used to roll back the total pension liability to the measurement date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members. At December 31, 2023, the Town's proportion was 3.12%, which increased from its 3.10% proportion measured at December 31, 2022.

*Pension Expense*

For the year ended June 30, 2024, the Town recognized pension expense of \$2,636,045. At June 30, 2024, the Town reported deferred outflows and inflows of resources related to pensions of \$3,717,605 and \$663,280, respectively.

**Town of Orleans, Massachusetts**  
**Notes to Basic Financial Statements**  
**Year Ended June 30, 2024**

The balances of deferred outflows and inflows at June 30, 2024, consist of the following:

<u>Deferred Category</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Total</u>
Differences between expected and actual experience.....	\$ 738,096	\$ (56,730)	\$ 681,366
Difference between projected and actual earnings, net.....	1,577,205	-	1,577,205
Changes in assumptions.....	900,157	-	900,157
Changes in proportion and proportionate share of contributions.....	<u>502,147</u>	<u>(606,550)</u>	<u>(104,403)</u>
Total deferred outflows/(inflows) of resources.....	\$ <u>3,717,605</u>	\$ <u>(663,280)</u>	\$ <u>3,054,325</u>

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

<u>Year ended June 30:</u>	
2025.....	\$ 470,803
2026.....	886,082
2027.....	1,787,436
2028.....	(263,597)
2029.....	<u>173,601</u>
Total.....	\$ <u>3,054,325</u>

**Town of Orleans, Massachusetts**  
**Notes to Basic Financial Statements**  
**Year Ended June 30, 2024**

*Actuarial Assumptions*

The total pension liability was determined by an actuarial valuation as of January 1, 2024, using the following actuarial assumptions, applied to all periods included in the measurement date that was rolled back to December 31, 2023:

Valuation date.....	January 1, 2024
Actuarial cost method.....	Entry Age Actuarial Cost Method
Wage inflation.....	3.25%
Projected salary increases.....	Varies by length of service with ultimate rates of 4.00% for Group 1, 4.25% for Group 2, and 4.50% for Group 4.
Cost of living adjustments.....	5.00% of the first \$18,000 of retirement income.
Investment rate of return/Discount rate.....	6.90%
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.

*Investment Policy*

The pension plan’s policy in regard to the allocation of invested assets is established by PRIT. Plan assets are managed on a total return basis with a long-term objective of achieving a fully funded status for the benefits provided by the pension plan.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of December 31, 2023, are summarized in the table on the following page:

**Town of Orleans, Massachusetts**  
**Notes to Basic Financial Statements**

**Year Ended June 30, 2024**

<u>Asset Class</u>	<u>Long-Term Expected Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity.....	22.00%	6.29%
International developed markets equity.....	9.50%	6.39%
International emerging markets equity.....	4.50%	7.63%
Core fixed income.....	15.00%	1.72%
High-yield fixed income.....	9.00%	3.43%
Real estate.....	10.00%	3.24%
Commodities.....	4.00%	3.72%
Hedge fund, GTAA, Risk parity.....	10.00%	2.87%
Private equity.....	16.00%	9.43%
Total.....	<u>100.00%</u>	

*Rate of Return*

The Association’s annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 10.96% and -11.28% for the years ending December 31, 2023, and 2022, respectively.

*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 plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the actuarially determined contribution rate. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate*

The following table presents the net pension liability, calculated using the discount rate of 6.90% as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.90%) or 1 percentage-point higher (7.90%) than the current rate.

	<u>1% Decrease (5.90%)</u>	<u>Current Discount (6.90%)</u>	<u>1% Increase (7.90%)</u>
The Town's proportionate share of the net pension liability..... \$	<u>\$ 33,971,788</u>	<u>\$ 25,182,952</u>	<u>\$ 17,794,925</u>

**Town of Orleans, Massachusetts**  
**Notes to Basic Financial Statements**  
**Year Ended June 30, 2024**

*Changes of Assumptions*

None.

*Changes in Plan Provisions*

Pursuant to Chapter 296 of the Acts of 2022, there was a one-time increase in the COLA from 3% to 5% effective July 1, 2022.

**NOTE 11 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

*Plan Description*

The Town of Orleans administers a single-employer defined benefit healthcare plan (Plan). The Plan provides lifetime healthcare and life insurance for eligible retirees and their spouses through a single employer defined Other Postemployment Benefit (OPEB) plan. Chapter 32B of the MGL assigns authority to establish and amend benefit provisions of the plan. Benefit provisions are negotiated between the Town and the unions representing Town employees and are renegotiated each bargaining period. The Plan does not issue a publicly available financial report.

*Funding Policy*

The contribution requirements of plan members and the Town are established and may be amended by the Town. The required contribution is based on a pay-as-you-go financing requirement. The Town contributes 75% of the cost of current-year premiums for eligible retired plan members and their spouses. Plan members receiving benefits contribute the remaining 25% of their premium costs. For 2024, the Town's contribution to the plan totaled \$1.7 million.

The Commonwealth of Massachusetts passed special legislation that has allowed the Town to establish a postemployment benefit trust fund and enabled the Town to raise taxes necessary to begin pre-funding its OPEB liabilities. During 2024, the Town pre-funded future OPEB liabilities totaling \$450,000 by contributing funds to the Other Postemployment Benefit Funds in excess of the pay-as-you-go required contribution. These funds are reported within the Fiduciary Funds financial statements. As of June 30, 2024, the balance of this fund totaled \$5,197,855.

*Investment Policy*

The Town's Policy in regard to the allocation of invested assets is established and may be amended by the Select Board by a majority vote of its members. The OPEB plan's assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the OPEB plan. The long-term real rate of return on OPEB investments was determined using the Town's investment policy.

**Town of Orleans, Massachusetts**  
**Notes to Basic Financial Statements**  
**Year Ended June 30, 2024**

*Measurement Date*

The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022.

*Employees Covered by Benefit Terms*

The following table represents the Plan’s membership at June 30, 2022:

Active members.....	147
Inactive members currently receiving benefits.....	<u>187</u>
 Total.....	 <u>334</u>

*Components of OPEB Liability*

The following table represents the components of the Plan’s OPEB liability as of June 30, 2024:

Total OPEB liability.....	\$ 24,369,512
Less: OPEB plan's fiduciary net position.....	<u>(5,197,855)</u>
 Net OPEB liability.....	 <u>\$ 19,171,657</u>
 The OPEB plan's fiduciary net position as a percentage of the total OPEB liability.....	  21.33%

**Town of Orleans, Massachusetts**  
**Notes to Basic Financial Statements**  
**Year Ended June 30, 2024**

*Significant Actuarial Methods and Assumptions*

The total OPEB liability in the June 30, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified, that was updated to June 30, 2024:

Valuation date.....	Actuarially determined contribution for 2024 was determined with the June 30, 2022 actuarial valuation.
Actuarial cost method.....	Entry Age Normal - Level percentage of payroll.
Amortization method.....	Level percentage of payroll - payments increase 3.25% per year.
Remaining amortization period.....	23 years from July 1, 2023.
Asset valuation method.....	Fair Value
Investment rate of return/Discount rate.....	7.00% as of June 30, 2024 and June 30, 2023.
Inflation rate.....	3.25%
Health care trend cost rates.....	CCMHG: - Non-Medicare: 3.86% for 1 year, then 6.75% decreasing by 0.25% each year to an ultimate level of 4.50% per year. Medicare: 7.00%, 6.75%, 14.91%, then 6.25% decreasing by 0.25% each year to an ultimate level of 4.50% per year. Dental: 0.00% for 1 year, then 3.00% Part B: 5.15% for 1 year, then 4.50%. Contributions: Retiree contributions for medical and prescription drug coverage are expected to increase with medical trend.
Projected salary increases.....	Service-related increases for Group 1 (excluding Teachers) and Group 2 employees: 6.00% decreasing over 11 years to an ultimate level of 4.00%.  Service-related increase for Group 4 employees: 7.00% decreasing over 8 years to an ultimate level of 4.50%. Service-related increases for Teachers: 7.50% decreasing over 20 years to an ultimate level of 4.00%.
Mortality rates:	
Pre-retirement mortality rates.....	Healthy Non-Teachers: RP-2014 Blue Collar Employee Mortality Table projected generationally with Scale MP-2021. Healthy Teachers: Pub-2010 Teachers Employee Headcount-Weighted Mortality Table projected generationally with Scale MP-2021.
Post-retirement mortality rates.....	Healthy Non-Teachers: RP-2014 Blue Collar Healthy Annuitant Mortality Table projected generationally with Scale MP-2021. Healthy Teachers: Pub-2010 Teacher Healthy Retiree Headcount-Weighted Mortality Table projected generationally with Scale MP-2021. Disabled Non-Teachers: RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year projected generationally with Scale MP-2021.  Disabled Teachers: Pub-2010 Teacher Healthy Retiree Headcount-Weighted projected generationally with Scale MP-2021.

**Town of Orleans, Massachusetts**  
**Notes to Basic Financial Statements**  
**Year Ended June 30, 2024**

*Rate of Return*

For the year ended June 30, 2024, the annual money-weighted rate of return on investments, net of investment expense, was 9.60%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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 rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These returns 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 and subtracting investment expenses and a risk margin. The target allocation as of June 30, 2024, and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity.....	22.00%	6.29%
International developed markets equity.....	9.50%	6.39%
International emerging markets equity.....	4.50%	7.63%
Core fixed income.....	15.00%	1.72%
High-yield fixed income.....	9.00%	3.43%
Real estate.....	10.00%	3.24%
Timber.....	4.00%	3.72%
Hedge fund, GTAA, Risk parity.....	10.00%	2.87%
Private equity.....	16.00%	9.43%
Total.....	<u>100.00%</u>	

*Discount Rate*

The discount rate used to measure the total OPEB liability was 7.00% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed that contributions will be made in accordance with the Plan’s funding policy. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be sufficient to make all projected benefit payments to current plan members. Therefore, the long-term expected rate of return on the OPEB plan assets was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Town of Orleans, Massachusetts**  
**Notes to Basic Financial Statements**

**Year Ended June 30, 2024**

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

The following table presents the net other postemployment benefit liability and service cost, calculated using the discount rate of 7.00%, as well as what the net other postemployment benefit liability and service cost would be if it were calculated using a discount rate that is 1 percentage-point lower (6.00%) or 1 percentage-point higher (8.00%) than the current rate.

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Net OPEB liability.....	\$ <u>22,092,868</u>	\$ <u>19,171,657</u>	\$ <u>16,725,274</u>

*Sensitivity of the Net OPEB Liability to Changes in the Healthcare Trend*

For the year ended June 30, 2024, the trend rate is 3.86% for Non-Medicare and 7.00% for Medicare both grading down per year to an ultimate rate of 4.50%. The following table presents the net other postemployment benefit liability and service cost, calculated using the current healthcare trend rate, as well as what the net other postemployment benefit liability and service cost would be if it were calculated using a healthcare trend rate that is 1 percentage-point lower or 1 percentage-point higher.

	<u>1% Decrease</u>	<u>Current Trend</u>	<u>1% Increase</u>
Net OPEB liability.....	\$ <u>16,107,681</u>	\$ <u>19,171,657</u>	\$ <u>22,916,186</u>

*Changes in the Net OPEB Liability*

	<u>Increase (Decrease)</u>		
	<u>Total OPEB Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net OPEB Liability (a) - (b)</u>
Balances at June 30, 2023.....	\$ 21,805,672	\$ 4,295,883	\$ 17,509,789
Changes for the year:			
Service cost.....	674,977	-	674,977
Interest.....	1,530,510	-	1,530,510
Contributions - employer.....	-	1,703,651	(1,703,651)
Net investment income.....	-	451,972	(451,972)
Changes in assumptions and other inputs.....	1,612,004	-	1,612,004
Benefit payments.....	<u>(1,253,651)</u>	<u>(1,253,651)</u>	<u>-</u>
Net change.....	<u>2,563,840</u>	<u>901,972</u>	<u>1,661,868</u>
Balances at June 30, 2024.....	\$ <u>24,369,512</u>	\$ <u>5,197,855</u>	\$ <u>19,171,657</u>

**Town of Orleans, Massachusetts**  
**Notes to Basic Financial Statements**  
**Year Ended June 30, 2024**

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

For the year ended June 30, 2024 the Town recognized OPEB expense of \$1,548,835 and reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>Deferred Category</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Total</u>
Differences between expected and actual experience.....	\$ 724,790	\$ -	\$ 724,790
Difference between projected and actual earnings, net.....	-	(34,606)	(34,606)
Changes in assumptions.....	<u>1,343,335</u>	<u>(2,101,558)</u>	<u>(758,223)</u>
Total deferred outflows/(inflows) of resources.....	\$ <u>2,068,125</u>	\$ <u>(2,136,164)</u>	\$ <u>(68,039)</u>

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

<u>Year ended June 30:</u>	
2025.....	\$ (360,087)
2026.....	(128,653)
2027.....	139,369
2028.....	12,665
2029.....	<u>268,667</u>
Total.....	\$ <u>(68,039)</u>

*Changes of Assumptions*

The Medicare trend assumption was revised to reflect the estimated impact of the Inflation Reduction Act of 2022.

*Changes in Plan Provisions*

None.

**Town of Orleans, Massachusetts**  
**Notes to Basic Financial Statements**

**Year Ended June 30, 2024**

**NOTE 12 – LANDFILL**

The Town’s landfill is closed and a final cover has been installed in accordance with Federal and State laws and regulations. Those laws and regulations also require the Town to perform certain maintenance and monitoring functions (“post-closure care”) at the site for 30 years after the landfill cover is installed. In accordance with generally accepted accounting principles, the estimated remaining cost of monitoring, \$408,000, has been recorded as a governmental activities liability; actual costs may be higher due to inflation, changes in technology, or changes in regulations.

**NOTE 13 – CONTINGENCIES**

Various legal actions and claims are pending. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any, at June 30, 2024, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2024.

**NOTE 14 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS**

During 2024, the following GASB pronouncements were implemented:

- GASB Statement #100, *Accounting Changes and Error Corrections*. This pronouncement did not impact the basic financial statements.

The following GASB pronouncements will be implemented in the future:

- The GASB issued Statement #101, *Compensated Absences*, which is required to be implemented in 2025.
- The GASB issued Statement #102, *Certain Risk Disclosures*, which is required to be implemented in 2025.
- The GASB issued Statement #103, *Financial Reporting Model Improvements*, which is required to be implemented in 2026.
- The GASB issued Statement #104, *Disclosure of Certain Capital Assets*, which is required to be implemented in 2026.

Management is currently assessing the impact the implementation of these pronouncements will have on the basic financial statements.

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## *Required Supplementary Information*

# *Budgetary Comparison Schedules*

The general fund is the general operating fund of the Town. It is used to account for all financial resources, except those required to be accounted for in another fund.

The water special revenue fund is used to account for the Town's water activities. This fund was established under Chapter 40, Section 39A of the General Laws of Massachusetts.

**Town Of Orleans, Massachusetts**

**General Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance –  
Budget and Actual**

**Year Ended June 30, 2024**

	<u>Budgeted Amounts</u>		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
<b>REVENUES:</b>					
Real estate and personal property taxes, net of tax refunds.....	\$ 38,575,736	\$ 39,902,853	\$ 39,908,015	\$ -	\$ 5,162
Tax liens.....	-	-	119,618	-	119,618
Motor vehicle and other excise taxes.....	1,259,532	1,259,532	1,550,897	-	291,365
Meals tax.....	410,714	410,714	430,864	-	20,150
Charges for services.....	298,609	298,609	285,446	-	(13,163)
Penalties and interest on taxes.....	178,682	178,682	162,558	-	(16,124)
Payments in lieu of taxes.....	4,623	4,623	4,639	-	16
Intergovernmental.....	737,900	737,900	870,176	-	132,276
Departmental and other.....	587,459	587,459	893,983	-	306,524
Investment income.....	115,816	115,816	766,040	-	650,224
Miscellaneous.....	-	-	33,283	-	33,283
<b>TOTAL REVENUES.....</b>	<b>42,169,071</b>	<b>43,496,188</b>	<b>45,025,519</b>	<b>-</b>	<b>1,529,331</b>
<b>EXPENDITURES:</b>					
Current:					
General government.....	4,311,181	5,320,791	3,633,927	132,012	1,554,852
Public safety.....	8,089,602	9,867,832	8,010,409	143,573	1,713,850
Education.....	13,385,158	13,385,159	12,673,591	142,004	569,564
Public works.....	1,305,704	1,501,239	1,229,471	176	271,592
Human services.....	1,279,474	1,491,971	1,348,289	927	142,755
Culture and recreation.....	1,990,607	2,286,481	2,015,540	4,087	266,854
Pension benefits.....	2,408,729	2,408,968	2,408,968	-	-
Employee benefits.....	3,680,928	3,865,258	3,387,525	1,267	476,466
State and county charges.....	653,764	665,074	665,060	-	14
Debt service:					
Principal.....	4,623,581	4,623,581	4,623,581	-	-
Interest.....	2,112,571	2,112,570	2,112,570	-	-
<b>TOTAL EXPENDITURES.....</b>	<b>43,841,299</b>	<b>47,528,924</b>	<b>42,108,931</b>	<b>424,046</b>	<b>4,995,947</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>	<b>(1,672,228)</b>	<b>(4,032,736)</b>	<b>2,916,588</b>	<b>(424,046)</b>	<b>6,525,278</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in.....	3,575,013	4,945,274	4,945,274	-	-
Transfers out.....	(3,520,208)	(5,313,859)	(5,313,859)	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>54,805</b>	<b>(368,585)</b>	<b>(368,585)</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE.....</b>	<b>(1,617,423)</b>	<b>(4,401,321)</b>	<b>2,548,003</b>	<b>(424,046)</b>	<b>6,525,278</b>
<b>BUDGETARY FUND BALANCE, Beginning of year.....</b>	<b>7,325,021</b>	<b>7,325,021</b>	<b>7,325,021</b>	<b>-</b>	<b>-</b>
<b>BUDGETARY FUND BALANCE, End of year.....</b>	<b>\$ 5,707,598</b>	<b>\$ 2,923,700</b>	<b>\$ 9,873,024</b>	<b>\$ (424,046)</b>	<b>\$ 6,525,278</b>

*See notes to required supplementary information.*

**Town Of Orleans, Massachusetts**

**Water Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance –  
Budget and Actual**

**Year Ended June 30, 2024**

	<u>Budgeted Amounts</u>		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	<u>Original Budget</u>	<u>Final Budget</u>			
<u>REVENUES:</u>					
Charges for services.....	\$ 2,777,519	\$ 2,777,519	\$ 2,909,406	\$ -	\$ 131,887
Penalties and interest on taxes.....	-	-	35,667	-	35,667
<b>TOTAL REVENUES.....</b>	<u>2,777,519</u>	<u>2,777,519</u>	<u>2,945,073</u>	<u>-</u>	<u>167,554</u>
<u>EXPENDITURES:</u>					
Water.....	1,499,139	1,630,390	1,496,240	14,576	119,574
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>	<u>1,278,380</u>	<u>1,147,129</u>	<u>1,448,833</u>	<u>(14,576)</u>	<u>287,128</u>
<u>OTHER FINANCING SOURCES (USES):</u>					
Transfers out.....	-	(1,443,915)	(1,443,915)	-	-
<b>NET CHANGE IN FUND BALANCE.....</b>	1,278,380	(296,786)	4,918	(14,576)	287,128
<b>BUDGETARY FUND BALANCE, Beginning of year.....</b>	<u>3,529,269</u>	<u>3,529,269</u>	<u>3,529,269</u>	<u>-</u>	<u>-</u>
<b>BUDGETARY FUND BALANCE, End of year.....</b>	<u>\$ 4,807,649</u>	<u>\$ 3,232,483</u>	<u>\$ 3,534,187</u>	<u>\$ (14,576)</u>	<u>\$ 287,128</u>

*See notes to required supplementary information.*

# *Pension Plan Schedules*

The Schedule of the Town's Proportionate Share of the Net Pension Liability presents multi-year trend information on the Town's net pension liability and related ratios.

The Schedule of the Town's Contributions presents multi-year trend information on the Town's required and actual contributions to the pension plan and related ratios.

The Schedule of the Special Funding Amounts of the Net Pension Liability for the Massachusetts Teachers' Contributory Retirement System presents multi-year trend information on the liability and expense assumed by the Commonwealth of Massachusetts on behalf of the Town along with related ratios.

**Town of Orleans, Massachusetts**

**Schedule of the Town's Proportionate Share of the Net Pension Liability**

**Barnstable County Contributory Retirement System**

<u>Year</u>	<u>Proportion of the net pension liability (asset)</u>	<u>Proportionate share of the net pension liability (asset)</u>	<u>Covered- payroll</u>	<u>Net pension liability as a percentage of covered- payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
December 31, 2023.....	3.12%	\$ 25,182,952	\$ 11,293,530	222.99%	66.58%
December 31, 2022.....	3.10%	25,733,718	10,398,798	247.47%	63.77%
December 31, 2021.....	3.16%	17,397,089	10,218,291	170.25%	75.07%
December 31, 2020.....	3.18%	21,988,143	10,203,219	215.50%	66.82%
December 31, 2019.....	3.03%	22,747,021	9,311,762	244.28%	62.34%
December 31, 2018.....	3.26%	25,781,220	9,683,588	266.24%	57.63%
December 31, 2017.....	3.30%	22,457,666	9,394,258	239.06%	61.86%
December 31, 2016.....	3.15%	22,098,852	8,899,203	248.32%	57.28%
December 31, 2015.....	3.20%	20,147,000	8,873,000	227.06%	58.10%
December 31, 2014.....	3.15%	17,802,000	8,271,000	215.23%	60.43%

*See notes to required supplementary information.*

**Town of Orleans, Massachusetts**

**Schedule of the Town's Contributions**

**Barnstable County Contributory Retirement System**

<u>Year</u>	<u>Actuarially determined contribution</u>	<u>Contributions in relation to the actuarially determined contribution</u>	<u>Contribution deficiency (excess)</u>	<u>Covered- payroll</u>	<u>Contributions as a percentage of covered- employee payroll</u>
June 30, 2024.....	\$ 2,568,184	\$ (2,568,184)	\$ -	\$ 11,519,401	22.29%
June 30, 2023.....	2,416,140	(2,416,140)	-	10,606,774	22.78%
June 30, 2022.....	2,330,233	(2,330,233)	-	10,422,657	22.36%
June 30, 2021.....	2,214,059	(2,214,059)	-	10,407,283	21.27%
June 30, 2020.....	1,993,466	(2,001,774)	(8,308)	9,497,997	21.08%
June 30, 2019.....	2,050,395	(2,050,395)	-	9,877,260	20.76%
June 30, 2018.....	1,969,625	(1,969,625)	-	9,582,143	20.56%
June 30, 2017.....	1,782,984	(1,782,984)	-	9,077,187	19.64%
June 30, 2016.....	1,728,000	(1,728,000)	-	9,050,460	19.09%
June 30, 2015.....	1,642,000	(1,642,000)	-	8,436,420	19.46%

*See notes to required supplementary information.*

**Town of Orleans, Massachusetts**

**Schedule of the Special Funding Amounts of the Net Pension Liability**

**Massachusetts Teachers' Retirement System**

The Commonwealth of Massachusetts is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers which creates a special funding situation. Therefore, there is no net pension liability to recognize. This schedule discloses the Commonwealth's 100% share of the associated collective net pension liability; the portion of the collective pension expense as both a revenue and pension expense recognized; and the Plan's fiduciary net position as a percentage of the total liability.

<u>Year</u>	<u>Commonwealth's 100% Share of the Associated Net Pension Liability</u>	<u>Expense and Revenue Recognized for the Commonwealth's Support</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Liability</u>
2024.....	\$ 8,303,009	\$ 775,253	58.48%
2023.....	8,276,080	680,788	57.75%
2022.....	7,797,095	625,684	62.03%
2021.....	9,829,387	1,214,070	50.67%
2020.....	8,258,045	1,001,431	53.95%
2019.....	7,584,925	768,622	54.84%
2018.....	7,289,344	760,810	54.25%
2017.....	7,679,617	783,371	52.73%
2016.....	6,577,293	533,477	57.83%
2015.....	5,047,663	350,685	61.46%

*See notes to required supplementary information.*

# *Other Postemployment Benefits Plan Schedules*

The Schedule of Changes in the Town's Net Other Postemployment Benefit Liability and Related Ratios presents multi-year trend information on changes in the Plan's total OPEB liability, changes in the Plan's net position, and ending net OPEB liability. It also demonstrates the Plan's net position as a percentage of the total liability and the Plan's net other postemployment benefit liability as a percentage of covered-employee payroll.

The Schedule of the Town's Contributions presents multi-year trend information on the Town's actual contributions to the other postemployment benefit plan and related ratios.

The Schedule of Investment Returns presents multi-year trend information on the money-weighted investment return on the Plan's other postemployment assets, net of investment expense.

These schedules are intended to present information for ten years. Until a ten-year trend is compiled, information is presented for those years for which information is available.

**Town of Orleans, Massachusetts**

**Schedule of Changes in the Total Net OPEB Liability and Related Ratios**

**Other Postemployment Benefit Plan**

	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023	June 30, 2024
<b>Total OPEB Liability</b>								
Service Cost.....	\$ 1,177,954	\$ 1,041,148	\$ 684,949	\$ 613,489	\$ 604,258	\$ 628,374	\$ 685,113	\$ 674,977
Interest.....	764,269	886,416	1,148,275	1,512,081	1,547,427	1,433,780	1,554,762	1,530,510
Differences between expected and actual experience.....	-	3,441,002	-	-	95,987	699,009	514,932	-
Changes of assumptions.....	(2,054,103)	(6,839,149)	-	(703,785)	(2,176,115)	-	(1,888,333)	1,612,004
Benefit payments.....	(516,195)	(539,424)	(701,806)	(977,606)	(887,978)	(1,027,702)	(1,153,620)	(1,253,651)
Net change in total OPEB liability.....	(628,075)	(2,010,007)	1,131,418	444,179	(816,421)	1,733,461	(287,146)	2,563,840
Total OPEB liability - beginning.....	22,238,263	21,610,188	19,600,181	20,731,599	21,175,778	20,359,357	22,092,818	21,805,672
Total OPEB liability - ending (a).....	<u>\$ 21,610,188</u>	<u>\$ 19,600,181</u>	<u>\$ 20,731,599</u>	<u>\$ 21,175,778</u>	<u>\$ 20,359,357</u>	<u>\$ 22,092,818</u>	<u>\$ 21,805,672</u>	<u>\$ 24,369,512</u>
<b>Plan fiduciary net position</b>								
Employer contributions.....	\$ 150,000	\$ 173,343	\$ 450,000	\$ 450,000	\$ 450,000	\$ 450,000	\$ 450,000	\$ 450,000
Employer contributions for OPEB payments.....	516,195	539,424	701,806	977,606	887,978	1,027,702	1,153,620	1,253,651
Net investment income.....	90,472	88,653	80,882	36,081	741,471	(145,022)	218,648	451,972
Benefit payments.....	(516,195)	(539,424)	(701,806)	(977,606)	(887,978)	(1,027,702)	(1,153,620)	(1,253,651)
Net change in plan fiduciary net position.....	240,472	261,996	530,882	486,081	1,191,471	304,978	668,648	901,972
Plan fiduciary net position - beginning of year.....	611,355	851,827	1,113,823	1,644,705	2,130,786	3,322,257	3,627,235	4,295,883
Plan fiduciary net position - end of year (b).....	<u>\$ 851,827</u>	<u>\$ 1,113,823</u>	<u>\$ 1,644,705</u>	<u>\$ 2,130,786</u>	<u>\$ 3,322,257</u>	<u>\$ 3,627,235</u>	<u>\$ 4,295,883</u>	<u>\$ 5,197,855</u>
<b>Net OPEB liability - ending (a)-(b).....</b>	<u>\$ 20,758,361</u>	<u>\$ 18,486,358</u>	<u>\$ 19,086,894</u>	<u>\$ 19,044,992</u>	<u>\$ 17,037,100</u>	<u>\$ 18,465,583</u>	<u>\$ 17,509,789</u>	<u>\$ 19,171,657</u>
Plan fiduciary net position as a percentage of the total OPEB liability.....	3.94%	5.68%	7.93%	10.06%	16.32%	16.42%	19.70%	21.33%
Covered-employee payroll.....	\$ Unavailable	\$ Unavailable	\$ Unavailable	\$ Unavailable	\$ Unavailable	\$ Unavailable	\$ Unavailable	\$ Unavailable
Net OPEB liability as a percentage of covered-employee payroll.....	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Note: this schedule is intended to present information for 10 years.  
Until a 10-year trend is compiled, information is presented for those years for which information is available.

*See notes to required supplementary information.*

**Town of Orleans, Massachusetts**  
**Schedule of the Town's Contributions**  
**Other Postemployment Benefit Plan**

<u>Year</u>	<u>Actuarially determined contribution</u>	<u>Contributions in relation to the actuarially determined contribution</u>	<u>Contribution deficiency (excess)</u>	<u>Covered- employee payroll</u>	<u>Contributions as a percentage of covered- employee payroll</u>
June 30, 2024.....	\$ 1,818,356	\$ 1,703,651	\$ 114,705	N/A	N/A
June 30, 2023.....	1,760,107	1,603,620	156,487	N/A	N/A
June 30, 2022.....	1,780,932	1,477,702	303,230	N/A	N/A
June 30, 2021.....	1,723,879	1,337,978	385,901	N/A	N/A
June 30, 2020.....	1,760,851	1,427,606	333,245	N/A	N/A
June 30, 2019.....	1,705,424	1,151,806	553,618	N/A	N/A
June 30, 2018.....	1,281,208	712,767	568,441	N/A	N/A
June 30, 2017.....	1,237,882	666,195	571,687	N/A	N/A

Note: this schedule is intended to present information for 10 years.  
Until a 10-year trend is compiled, information is presented for those years for which information is available.

*See notes to required supplementary information.*

**Town of Orleans, Massachusetts**  
**Schedule of Investment Returns**  
**Other Postemployment Benefit Plan**

<u>Year</u>	<u>Annual money-weighted rate of return, net of investment expense</u>
June 30, 2024.....	9.60%
June 30, 2023.....	5.41%
June 30, 2022.....	-3.88%
June 30, 2021.....	29.21%
June 30, 2020.....	1.75%
June 30, 2019.....	5.30%
June 30, 2018.....	8.78%
June 30, 2017.....	12.09%

Note: this schedule is intended to present information for 10 years. Until a 10-year trend is compiled, information is presented for those years for which information is available.

*See notes to required supplementary information.*

## Town of Orleans, Massachusetts

### Notes to Required Supplementary Information

Year Ended June 30, 2024

#### NOTE A – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

##### Budgetary Information

Municipal Law (“MGL”) requires the adoption of a balanced budget that is approved by Town Meeting. The Select Board presents an annual budget to Town Meeting, which includes estimates of revenues and other financing sources and recommendations of expenditures and other financing uses. Town Meeting, which has full authority to amend and/or reject the budget or any line item, adopts the expenditure budget by majority vote. The appropriated budget is prepared by fund, function, and department. Except as allowed by MGL in May and June, transfers of appropriations among departments require the approval of Town Meeting. Transfers within departments, between certain categories of expenditures, can be made with Finance Director approval.

The majority of appropriations are non-continuing which lapse at the end of each year. Others are continuing appropriations for which the governing body has authorized that an unspent balance from a prior year can be carried forward and made available for spending in the current year. These carry forwards are included as part of the subsequent year’s original budget.

Generally, expenditures may not exceed the legal level of spending (salaries, expenses and capital) authorized for an appropriation account. However, the payment of debt service is statutorily required, regardless of whether such amounts are appropriated. Additionally, expenditures for disasters, natural or otherwise, and final judgments may exceed the level of spending authorized by two-thirds majority vote of the Select Board and written approval from the Massachusetts Department of Revenue.

An annual budget is adopted for the general fund in conformity with the guidelines described above. The original 2024 approved budget authorized approximately \$47.4 million, inclusive of \$1.2 million of carryover amounts from the prior year, in appropriations and other amounts to be raised. During fiscal year 2024, the original budget was increased by \$5.5 million for special articles voted outside of the general operating budget at the May 2024 Annual Town Meeting and October 2023 Special Town Meeting.

The Town adopts an annual budget for the water special revenue fund in conformity with the guidelines described above.

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

##### Budgetary – GAAP Reconciliation

For budgetary financial reporting purposes, the Uniform Municipal Accounting System basis of accounting (established by the Commonwealth) is followed, which differs from the GAAP basis of accounting. A reconciliation of budgetary-basis to GAAP-basis results for the general fund for the year ended June 30, 2024, is presented on the following page.

**Town of Orleans, Massachusetts**

**Notes to Required Supplementary Information**

**Year Ended June 30, 2024**

Net change in fund balance - budgetary basis.....	\$ 2,548,003
<u>Perspective differences:</u>	
Activity of the stabilization fund recorded in the general fund for GAAP.....	1,355,292
<u>Basis of accounting differences:</u>	
Net change in recording tax refunds payable.....	127,227
Net change in recording 60 day receipts.....	5,471
Net change in recording accrued expenditures.....	7,668
Recognition of revenue for on-behalf payments.....	775,253
Recognition of expenditures for on-behalf payments.....	<u>(775,253)</u>
Net change in fund balance - GAAP basis.....	\$ <u>4,043,661</u>

**NOTE B – PENSION PLAN**

Schedule of the Town’s Proportionate Share of the Net Pension Liability

The Schedule of the Town’s Proportionate Share of the Net Pension Liability details the allocated percentage of the net pension liability, the proportionate share of the net pension liability, and the covered employee payroll. It also demonstrates the net position as a percentage of the pension liability and the net pension liability as a percentage of covered payroll.

Schedule of the Town’s Contributions

Governmental employers are required to pay an annual appropriation as established by PERAC. The appropriation includes the amounts to pay the pension portion of each member’s retirement allowance, an amount to amortize the actuarially determined unfunded liability to zero in accordance with the system’s funding schedule, and additional appropriations in accordance with adopted early retirement incentive programs. The appropriations are payable on July 1 and January 1. The Town may choose to pay the entire appropriation in July at a discounted rate. Accordingly, actual contributions may be less than the “total appropriation”. The pension fund appropriation is allocated to the Town based on covered payroll.

Changes in Assumptions

None.

Changes in Plan Provisions

Pursuant to Chapter 296 of the Acts of 2022, there was a one-time increase in the COLA from 3% to 5% effective July 1, 2022.

**Town of Orleans, Massachusetts**

**Notes to Required Supplementary Information**

**Year Ended June 30, 2024**

**NOTE C – OTHER POSTEMPLOYMENT BENEFITS**

The Town administers a single-employer defined benefit healthcare plan (Plan). The Plan provides lifetime healthcare insurance for eligible retirees and their spouses through the Town’s group health insurance plan, which covers both active and retired members.

***The Other Postemployment Benefit Plan***

The Schedule of Changes in the Town’s Net Other Postemployment Benefit Liability and Related Ratios

The Schedule of Changes in the Town’s Net Other Postemployment Benefit Liability and Related Ratios presents multi-year trend information on changes in the Plan’s total OPEB liability, changes in the Plan’s net position, and ending net OPEB liability. It also demonstrates the Plans net position as a percentage of the total liability and the Plan’s net other postemployment benefit liability as a percentage of covered payroll.

Schedule of the Town’s Contributions

The Schedule of the Town’s Contributions includes the Town’s annual required contribution to the Plan, along with the contribution made in relation to the actuarially determined contribution and the covered employee payroll. The Town is not required to fully fund this contribution. It also demonstrates the contributions as a percentage of the covered payroll. Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported. Methods and assumptions used to determine contribution rates are as follows:

Valuation date.....	Actuarially determined contribution for 2024 was determined with the June 30, 2022 actuarial valuation.
Actuarial cost method.....	Entry Age Normal - Level percentage of payroll.
Amortization method.....	Level percentage of payroll - payments increase 3.25% per year.
Remaining amortization period.....	23 years from July 1, 2023.
Asset valuation method.....	Fair Value
Investment rate of return/Discount rate.....	7.00% as of June 30, 2024 and June 30, 2023.
Inflation rate.....	3.25%

**Town of Orleans, Massachusetts**

**Notes to Required Supplementary Information**

**Year Ended June 30, 2024**

Health care trend cost rates.....	CCMHG: - Non-Medicare: 3.86% for 1 year, then 6.75% decreasing by 0.25% each year to an ultimate level of 4.50% per year. Medicare: 7.00%, 6.75%, 14.91%, then 6.25% decreasing by 0.25% each year to an ultimate level of 4.50% per year. Dental: 0.00% for 1 year, then 3.00% Part B: 5.15% for 1 year, then 4.50%. Contributions: Retiree contributions for medical and prescription drug coverage are expected to increase with medical trend.
Projected salary increases.....	Service-related increases for Group 1 (excluding Teachers) and Group 2 employees: 6.00% decreasing over 11 years to an ultimate level of 4.00%.  Service-related increase for Group 4 employees: 7.00% decreasing over 8 years to an ultimate level of 4.50%. Service-related increases for Teachers: 7.50% decreasing over 20 years to an ultimate level of 4.00%.
Mortality rates:	
Pre-retirement mortality rates.....	Healthy Non-Teachers: RP-2014 Blue Collar Employee Mortality Table projected generationally with Scale MP-2021. Healthy Teachers: Pub-2010 Teachers Employee Headcount-Weighted Mortality Table projected generationally with Scale MP-2021.
Post-retirement mortality rates.....	Healthy Non-Teachers: RP-2014 Blue Collar Healthy Annuitant Mortality Table projected generationally with Scale MP-2021. Healthy Teachers: Pub-2010 Teacher Healthy Retiree Headcount-Weighted Mortality Table projected generationally with Scale MP-2021. Disabled Non-Teachers: RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year projected generationally with Scale MP-2021.  Disabled Teachers: Pub-2010 Teacher Healthy Retiree Headcount-Weighted projected generationally with Scale MP-2021.

Schedule of Investment Returns

The Schedule of Investment Returns includes the money-weighted investment return on the Plan’s other postemployment assets, net of investment expense.

Changes of Assumptions

The Medicare trend assumption was revised to reflect the estimated impact of the Inflation Reduction Act of 2022.

Changes in Provisions

None.

**Independent Auditors' Report on Internal Control over  
Financial Reporting and on Compliance and Other  
Matters Performed in Accordance with *Government  
Auditing Standards***

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**Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards**

To the Honorable Select Board  
**Town of Orleans, Massachusetts**

We have audited, in accordance with the 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 ("*Government Auditing Standards*"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Orleans, Massachusetts, (the "Town"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated March 24, 2025.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Town's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

### ***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### ***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*CBIZ CPAs P.C.*

Boston, MA  
March 24, 2025