

# TOWN OF BARNSTABLE, MASSACHUSETTS

## Comprehensive Annual Financial Report



For the year ended June 30, 2016



Prepared By:  
Finance Department

**On the cover: Looking out at Veterans Beach and Lewis Bay from the JFK Memorial in Hyannis.**  
Photo By: Lynne Poyant.

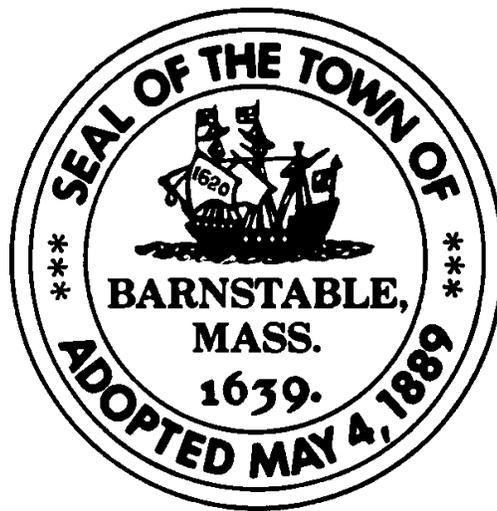


**Paddle boarders navigating up the Centerville River.**

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## COMPREHENSIVE ANNUAL FINANCIAL REPORT

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COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2016

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# ***Introductory Section***



Photo By: Sean Kortis.

**Diamondback Terrapin hatchling off the Great Marsh at Sandy Neck.**

# ***Introductory Section***

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**Mark S. Ells, Town Manager**  
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## Letter of Transmittal

December 23, 2016

To the Honorable Members of the Town Council and Citizens of the Town of Barnstable:

State law requires the Town of Barnstable to publish at the close of each year a complete set of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) that are audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report (CAFR) of the Town of Barnstable, Massachusetts, for the year ending June 30, 2016, for your review. This report was prepared by the Town of Barnstable's Finance Division.

This report consists of management's representations concerning the finances of the Town of Barnstable. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the Town of Barnstable has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Town of Barnstable's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Town of Barnstable's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Town of Barnstable's financial statements have been audited by Powers & Sullivan, LLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Barnstable for the year ended June 30, 2016, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion on the Town of Barnstable's financial statements for the year ended June 30, 2016, and that they are fairly presented in conformity with GAAP. An unmodified opinion or a "clean" opinion is the highest one that can be received. It essentially means there are no reservations concerning the financial statements and that no deficiencies in the financial statements were found. The independent auditor's report is presented on page 17 of this report.

The independent audit of the financial statements of the Town of Barnstable was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal

requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the Town of Barnstable's separately issued Single Audit Report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Town of Barnstable's MD&A can be found immediately following the report of the independent auditors.

## **Profile of the Government**

The Town of Barnstable was incorporated in 1639 and is located in the center of Cape Cod. The land area covers over 62 square miles including 100 miles of shoreline and 55 freshwater ponds. The Town is composed of the seven villages of Barnstable, Centerville, Cotuit, Hyannis, Marstons Mills, Osterville, and West Barnstable with a year round population of close to 46,000 that grows to over 130,000 during the summer months. The Town spans the width of Cape Cod from the north to south and is bordered by the Towns of Mashpee and Sandwich to the west and Yarmouth to the east. The Town serves as the seat of County government and the Village of Hyannis serves as the seat of Town government.

## **Municipal Services**

The Town provides general governmental services within its boundaries including public education in grades kindergarten through twelve, police protection, collection and treatment of sewage in certain sections, public works, streets, parks and recreation, public beaches and a municipal airport. The Village of Hyannis' water supply is provided by the Town of Barnstable. The other villages' public water supply is provided by special districts (The Barnstable Fire District, the Cotuit Fire District, and the Centerville-Osterville-Marstons Mills Fire District). The districts are special purpose units of government and collectively, with the Town, service 96% of the residents while the remainder makes use of private on-site wells. Fire protection is provided by the above named districts and the West Barnstable Fire District and the Hyannis Fire District. The water and fire districts are special governmental units and are not part of the municipal structure. However, the Town does serve as collecting agent for taxes and transfers the funds directly to the districts on a weekly basis. Their financial activity is not part of these financial statements.

Seven independent libraries provide library services for Town residents. The libraries include: Centerville Public Library, Cotuit Library, Hyannis Public Library, Marstons Mills Public Library, Osterville Free Library, Sturgis Library, and Whelden Memorial Library. The Town has traditionally provided funding to each library in the form of grants that average 2/3 of the libraries' total operating funds. The Town has no administrative or managerial authority over the libraries; rather, they are governed by independent Boards of Trustees. A Town Library Committee, appointed by the Town Council from members of each library's board of trustees, provides a coordinated effort of looking at town-wide library issues. The libraries are reported as component units as part of these financial statements.

The Cape Cod Regional Technical High School District provides education in grades nine through twelve. Approximately 177 Barnstable students attended this school in 2016. The Sturgis Charter Public School is a Commonwealth Charter School and provides an alternative choice for public education for grades 9 to 12. Approximately 230 Barnstable students attended this school in 2016. In addition, the Town operates a Horace Mann Charter School; a K to 3 elementary school located on Bearses Way in Hyannis. The Horace Mann Charter School is managed independently by an appointed Board of Trustees and not by the School Committee and Superintendent. Funding for the school's operation is provided by the Town based upon a negotiated amount between the School Committee and Board of Trustees within the guidelines established by the authorizing legislation of the Commonwealth of Massachusetts. The funding is treated as an assessment and is included in the Town's education expenses.

The Cape Cod Regional Transit Authority provides limited bus service within the Town which receives an annual assessment from the State for this service. The Barnstable Housing Authority provides housing for eligible low income families and elderly and handicapped persons. These entities are not considered component units. The principal services provided by Barnstable County are space for courts, regional planning and development through the Cape Cod Commission, and a registry of deeds. The County is not a component unit.

### **Governing Bodies and Officers**

The Town is governed by the Council-Manager form of government with an elected thirteen member Town Council and a council-appointed Town Manager. Council terms are staggered four-year terms from thirteen precincts on a nonpartisan basis. Subject to the legislative decisions made by the Town Council, administrative authority is vested in the Town Manager. The Town Manager supervises and directs the administration of all municipal departments except for the School Department and the Barnstable Municipal Airport.

The School Department is governed by the elected School Committee consisting of five persons, and a Superintendent appointed by the School Committee.

A seven member Airport Commission appointed by the Town Council with staggered three-year terms governs Barnstable's Municipal Airport. An Airport Manager, appointed by the Airport Commission, is responsible for administration and day-to-day operations.

Local taxes are assessed by a council appointed Board of Assessors who serve a three year staggered term.

### **Organization**

The Town is organized in accordance with its Home Rule Charter, which was adopted in the spring of 1989. The Charter outlines provisions for incorporation, the legislative branch, elected town offices, the Town Manager, administrative organization, financial procedures, nominations and elections and citizen relief mechanisms.

The Town is administratively organized through an administrative code ordinance into six departments reporting to the Town Manager and two elected officer departments. Administrative departments include Administrative Services and Growth Management. The Administrative Services Department is comprised of four divisions including Legal, Human Resources, Information Technology and Finance. The elective offices of Town Clerk and Town Collector liaison with the Finance Division. The Finance Division incorporates consolidated financial management of accounting, assessing, treasury, risk management and purchasing for all departments including the School Department. Operational departments include the Department of Public Works, the Department of Community Services, the Department of Regulatory Services and the Police Department.

The administrative code ordinance describes the responsibilities and relationships of all elective officers, all multiple member boards, and all administrative agencies. It further defines legislative policy on financial management, communications, ethics, fleet services, insurance, investment, information systems, personnel, procurement, trust fund management, volunteer services and property management. Administrative procedures are promulgated by the Town Manager to implement the legislative policy in each of these areas.

### **Financial and Management Systems**

The Town annually prepares and updates a ten-year financial forecast and five-year capital improvement plan. The Town annually prepares and presents an annual operating budget. These documents are prepared by the Finance Division under the direction of the Town Manager's Office and submitted to the Town Council for adoption. The Town Council annually establishes financial policies that guide the preparation of the capital and operating budget plan.

The ten-year forecast, submitted to the Town Council each year, is a comprehensive review of economic trends on a local, regional and national basis; which projects and analyzes major municipal fund projections based upon service program assumptions. Based upon these projections and analyses, the forecast establishes a focal point each year for the Town Council to establish a series of revenue and expenditure policies which guide in the formation of the capital and operating budget.

The five-year capital improvement plan, submitted in the spring of each year, comprehensively identifies municipal infrastructure and improvement needs by detailing on a project basis, project description, cost, potential source(s) of funding, priority need, impact upon the operating budget and ongoing capital maintenance costs. The plan is funded annually by the Town Council adopting a funding strategy for the first year of each plan. The annual update allows decision makers the opportunity to regularly analyze and decide upon the priorities for project funding.

The annual operating budget submitted in the spring of each year, follows a programmatic format which details the source and use of funds for all programs, program descriptions, departmental missions, goals, accomplishments, performance measures, workload indicators and financial management criteria for each budget cycle. The budget maintains consistency with the Town Council's strategic plan, financial management standards and policies. The budget funding sources include the general fund, comprised of revenues from the property tax, auto, boat, hotel excise tax, user fee receipts, grants in aid, trust income and miscellaneous program income; and eight enterprise funds for the municipal airport, two golf courses, the water pollution control facility, the solid waste facility, water supply, four town marinas, Sandy Neck Park and the Hyannis Youth and Community Center (HYCC). Most enterprise funds are self-supporting through user-based charges. Three receive a general fund subsidy including the golf course, marinas and HYCC.

### Principal Executive Officers

<u>Office</u>	<u>Name</u>	<u>Term</u>	<u>Term Exp.</u>
Town Manager	Mark S. Ells	Appointed	2019
Superintendent of Schools	Meg Mayo-Brown	Appointed	2019
Assistant Town Manager	Vacant	Appointed	Indefinite
Town Attorney	Ruth J. Weil, Esq.	Appointed	Indefinite
Chief of Police	Paul B. MacDonald	Appointed	2018
Director of Finance	Mark A. Milne, CPA	Appointed	2020
Director of Public Works	Daniel W. Santos	Appointed	Indefinite
Director of Regulatory Services	Richard V. Scali	Appointed	Indefinite
Director of Community Services	Lynne M. Poyant	Appointed	Indefinite
Director of Human Resources	William E. Cole	Appointed	Indefinite
Director of Information Technology	Daniel J. Wood	Appointed	Indefinite
Director of Growth Management	JoAnne Miller-Buntich	Appointed	Indefinite
Tax Collector	Maureen E. Niemi	Elected/4 yrs.	Nov. 2019
Town Clerk	Ann Quirk	Elected/4 yrs.	Nov. 2017
Airport Manager	Roland Breault	Appointed	Feb. 2018

### Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the Town of Barnstable operates.

**Local economy.** While tourism will always remain an important component of the Town's economy, improved transportation networks, a heightened popularity among retirees, and the Town's own growing service economy are helping to diversify the economy from its former heavy reliance on the summer tourism trade. Even the nature of tourism has changed. Expansion of the summer season is evident, including the "shoulder seasons" in the

spring and the fall. Contributing to the extension of the season is the large increase in the conversion of former summer homes to year-round homes, as well as the construction of many expensive second homes. Over the years, Barnstable has evolved from a seasonal to a more year-round community, with a current year-round population of approximately 46,000. More than one-half of homes are now occupied by year-round residents, compared with about one-third 35 years ago.

The Town also is a major transportation hub for the Cape Cod region and the islands of Nantucket and Martha's Vineyard. Over 200,000 passengers pass through and over 100,000 takeoffs and landings per year occur at the Barnstable Municipal Airport. Employment at the airport exceeds 1,000 people. The Cape Cod Regional Transportation Authority's main terminal is located in the Village of Hyannis and the Steamship Authority and Hyline Cruises provide ferry service to Nantucket and Martha's Vineyard. Over one million people pass through these ports every year. All this traffic creates the opportunity for the Town to sustain a healthy retail and service driven economy.

The healthcare industry continues to grow in Town with Cape Cod Healthcare (CCHC) a leading provider of healthcare services for residents and visitors of Cape Cod. With more than 450 physicians, 5,300 employees and 1,100 volunteers, CCHC has two acute care hospitals; one located in the Village of Hyannis. Major service areas include cardiovascular services, inpatient and outpatient surgery in 14 operating rooms including two cardiac surgery rooms, cancer services in medical oncology and radiation therapy and imaging services. The 38-acre Hyannis waterfront campus includes the 20-bed Cape Psych Center with inpatient and outpatient mental health and behavioral health services, 14 medical office buildings, the Breast Care Center for digital mammography and diagnostic testing, the Infectious Disease Clinical Services, and a hospital-supported community health center. The Town's older population is also attracting a health care support system from independent and assisted living residences to facilities specializing in Alzheimer's and other dementia, as well as palliative care.

Standard & Poor's Rating Services rates the Town's economy as "strong". The Town has a projected per capita effective buying income of 116% of the national level and per capita market value of \$292,246. Overall, the Town's market value grew by 3.5% over the past year to \$13.1 billion in 2016. The Town's assessed value was revalued in fiscal 2016, resulting in a 3.5% year-over-year increase to \$13.14 billion. The property tax base is primarily residential, with 88% of AV classified as such. Building permit value in calendar year 2015 was at a five-year high with an estimated value of \$185.3 million.<sup>1</sup>

**Tax base.** Barnstable's tax base is still among the largest in the Commonwealth. Total assessed valuation for the Town increased to \$13.2 billion in 2017 reflecting a 0.7% increase from the 2016 value of \$13.1 billion. Property values continue to recover from the declines experienced after the 2008 recession. The Town's current property value is over \$8 billion more than the 2000 value of \$5 billion. The tax base includes a substantial \$1.3 billion commercial base due to the Town's position as one of the economic centers of southeastern Massachusetts. New building growth activity continues to perform better having grown from \$93 million in 2014 to \$125 million in 2016. The tax levy for 2016 was \$110.5 million which is \$207 million less than the levy ceiling. The excess capacity between the tax levy and levy ceiling can only be accessed by a voter approved override. The tax rates for 2016 were \$9.31 per thousand dollars of valuation on residential property and \$8.41 per thousand dollars of value on commercial, industrial and personal property (CIP). The residential rate was higher than the CIP rate as a result of the Town Council adopting a 20% residential exemption. This effectively removed \$1.2 billion of property value from the residential class driving the tax rate upwards for this class of property as the residential tax levy remains the same.

**Long-term financial planning.** The Town of Barnstable's capital program has identified approximately \$195 million in needed capital improvements over the next several years. \$70 million of this amount is for enterprise fund type operations and \$125 million are general fund improvements. \$22 million is for airport improvements with a majority of the capital program anticipated to be financed with federal and state funding. \$37 million is

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<sup>1</sup> Standard and Poor's credit analysis, dated February 2016.

associated with the water quality improvements including sewer plant facility upgrades, water line replacements and other water system improvements. In addition, there is approximately \$48 million for road, bridge, parking lot and sidewalk improvements, \$26 million for school facilities and \$62 million for improvements to various Town facilities.

In July of 2010, the Town Council adopted a funding plan for financing a portion of the water quality projects listed in the 5 year capital plan and a new fund was created to accumulate the resources. Funding sources included 50% betterments assessed to property abutters on sewer extensions, adoption of a local meals tax of 0.75% and increasing the local rooms tax rate from 4% to 6%. The fund has a balance of just over \$12.4 million as of June 30, 2016. In 2015 special legislation was adopted to expand the use of this trust fund to include the repairs and maintenance to private roads.

On the operations side, the most significant factors affecting long-term financial planning included the level of new building growth, state aid levels, excise taxes, personnel costs including wages, salaries and benefits, utility and fuel costs, the aging of the Town's population and the change in school enrollments.

Revenue from new building growth has improved over the past couple of years but is still well below the \$190 - \$200 million level the Town was experiencing back in FY 2003 – FY 2006. A decline in developable lots and recent trends in the housing and financial markets have established a new norm for the Town in the form of lower projections over the next several years. The Town will continue to focus efforts on the redevelopment of existing lots in an attempt to create more new property tax growth beyond the development of vacant parcels.

State aid increased 3.5% in FY 2016 and is projected to increase another 11% in FY 2017 when the budget was developed. The single largest form of aid is Chapter 70 Aid for education. Under the formula no community will receive less than 17.5% of its foundation budget in the form of Chapter 70 Aid. Barnstable is scheduled to receive \$9.8 million in FY 2017 of 17.2% of its foundation budget. This is \$1.1 million more than the FY 2016 amount. Fully funded, the Town would receive slightly more, or \$10 million. Going forward, the Town's Chapter 70 aid will change on a percentage basis that is nearly equal to the percentage change in the foundation budget.

Health insurance cost increases continue to outpace the rate of inflation and this trend is projected to continue in the long-term. New legislation passed by the state will provide cities and towns more control over this expense. Communities now have the power to implement plan design changes without following the traditional collective bargaining process; however, any change in contribution rates are still subject to that process. Communities can also elect to join the state insurance program under the Group Insurance Commission as an alternative. In addition, all eligible retirees are required to join a Medicare plan which will reduce costs to cities and towns as well.

The Town currently participates in a joint purchase group (Cape Cod Municipal Health Group) for its health insurance program. Under the new law, the joint purchase group has voted to make plan design changes that will go into effect for the FY 2018 fiscal year. Co-pays and deductibles will mirror those that are offered by the plans under the Group Insurance Commission. The plan design changes are expected to mitigate premium rate increases for FY 2018. Rate increase for FY 2017 averaged 10%. The health group also introduced a high deductible Health Savings Account option effective for FY 2018 in an attempt to allow member entities to control cost increases. The Affordable Care Act will significantly impact this area of the budget in the near future. It is anticipated that most of the Cape Cod Municipal Health Group's plans will become subject to the "Cadillac Tax" under the Affordable Care Act. This tax becomes effective January 1, 2020.

The Town contributes 50% towards active and retired employees' health insurance premiums. This is the minimum amount it can contribute by state law and no increase in the contribution rate is expected. The Town's total health insurance expense on a pay-as-you-go basis for 2016 was \$10.5 million. This includes active and retired employees including retired teachers. Retired teachers join the Group Insurance Commission (GIC) upon retirement and the Town receives an assessment from the GIC every year. The assessment for 2016 was \$2.4

million. Additionally, a Government Accounting Standards Board (GASB) pronouncement was issued that requires the Town to perform an actuarial calculation of its unfunded health insurance liability for all active and retired employees. This liability is disclosed in these financial statements on pages 104 to 106. The Town created a trust fund in 2011 to begin accumulating assets to fund this liability. This fund has a balance of approximately \$2.7 million as of June 30, 2016. A contribution to this fund of \$478,000 was budgeted in 2017. A plan to increase the base contribution by \$50,000 per year has been incorporated into the Town's long-term financial planning.

In the areas of utilities and fuel the Town continues to implement and explore alternative options. Fields of photovoltaic panels were installed at the Solid Waste Transfer Station and Airport in 2015 which netted the Town a financial benefit of close to \$1 million in FY 2016. Smaller systems have been installed at the Town's Senior Center as well as roof mounted systems at various school facilities. The Town is exploring the feasibility of solar canopies in parking lots to expand this revenue source.

Changes in school enrollments and the aging population of the Town will require an on-going analysis of program services and resource allocation. The School Department has closed five buildings over the past several years as enrollment has declined from 7,000 to 5,400 students. School enrollment has leveled off and a slight increase has occurred for the 2016-2017 school year. The median age of our community is increasing and the demand for services directed towards the senior population will likely increase. A current study to assess the needs of this population has been completed. It is estimated that outreach efforts and the transportation needs for this population will become higher priorities and demand higher levels of service.

The construction of sewer line extensions and additional treatment plants are also projected to have significant financial impacts on the community in the coming years. Studies are currently under way that will determine the Town's total maximum daily load (TMDL) of pollutants into our estuaries and the amounts that should be removed to comply with Federal Clean Water regulations. Removal of the excess pollutants will require sewer expansions that are estimated to cost hundreds of millions of dollars over several decades. Alternative treatment technologies and aquaculture treatments are being assessed to alleviate traditional "big-pipe" solutions.

The Town continues to manage its financial affairs in a prudent manner. It has been able to do so by incorporating long range planning tools such as a ten-year forecast, a five-year Capital Improvement Program; establishing rainy day accounts and budgeting stabilization reserves; prioritizing spending plans and identifying discretionary spending; long-term planning for all liabilities including pension and other post-employment benefits, and investing in technology to make its operations more efficient.

The Town of Barnstable has also enhanced its revenue flexibility by establishing enterprise funds for certain operations. This has allowed the Town to shift 100% of the operating cost and capital improvements for most of the operations to the users of certain services with no tax support being provided. This includes the airport, the solid waste transfer station, the water pollution control operations, the Hyannis water operations and Sandy Neck Park. The general fund provides tax support for the HYCC operations, debt service on the Barnstable Marina Bulkhead as well as some indirect operating support for the golf courses. The creation of these enterprise funds allows the Town to provide more tax dollars for other Town services.

## **2017 Major Initiatives and Highlights**

**Fund balance.** During the year, the Town's general fund balance increased \$152,000 to \$21.8 million, on a budgetary basis. While actual revenue collected exceeded budget estimates and several departments returned unexpended appropriations a \$4 million transfer to the Capital Trust Fund was made. Motor vehicles excise taxes performed very well exceeding the budget estimate of \$6.2 million by \$1.3 million; the Town earned a bond premium of \$1 million on its FY 2016 bond issue and revenue for the solar installations exceeded budget estimates by over \$600,000. Enterprise fund balances increased from \$142.6 million to \$143 million as a result of operating revenue exceeding expenses. Stabilization fund balances increased a collective \$2.5 million due to

transfers from the general fund and revenue exceeding expenditures. This includes the Capital Trust Fund and the Pension Reserve Fund.

**Operating budgets.** All appropriated budgets including the general fund and enterprise funds had favorable budget variances with the exception of the Solid Waste Enterprise Fund. The renewal period for the residential transfer station stickers changed from January 1 to July 1 resulting in a number of renewals taking place after the close of the fiscal year. This timing event will only impact the 2016 fiscal year. The Airport Enterprise Fund had an unfavorable revenue variance due to a major customer filing for bankruptcy. The revenue shortfall was covered by returned appropriations resulting in an overall favorable budget variance.

**Property taxes receivable.** Outstanding property taxes receivable at the end of 2016 were approximately \$1.56 million more than the previous year end. 97.25 percent of the 2016 tax levy had been collected as of June 30, 2016.

**Tax liens receivable.** Tax liens are \$372,000 less than they were at the previous year end as several accounts were paid off during the year.

**Intergovernmental receivables.** Receivables decreased as the Town drew down funds awarded through the Massachusetts Clean Water Trust to finance several water capital projects.

**Bonds payable.** Bonds payable, including unamortized premiums, increased by \$6.9 million as new bond issues exceeded the principal payments on outstanding bonds payable.

**Bond sale and bond rating.** The Town issued \$16.648 million of new general obligation bonds in 2016. The bonds were used to finance the 2016 capital improvement program. The bonds were competitively bid and awarded at a net interest cost of 2.12%. The Town's bond rating remains at AAA with Standard & Poor's. The Town also refunded \$5.25 million of its 2008 series bonds resulting in a budgetary savings of \$589,000.

**Cash and investments.** Total cash in the Town's treasury at the end of 2016 increased \$12.3 million from \$133.1 million to \$145.4 million. This was mainly attributable to the 2016 bond issue and favorable budgetary operations. The following table illustrates the change in the overall cash and investments balance for the past ten years.

FY2007	\$134,211,367
FY2008	\$135,143,563
FY2009	\$120,708,687
FY2010	\$114,273,195
FY2011	\$112,028,205
FY2012	\$120,019,687
FY2013	\$117,812,432
FY2014	\$130,175,115
FY2015	\$133,128,951
FY2016	\$145,351,632

**Free cash.** Free cash is the balance of cash in the Town's treasury that is free and clear of any and all encumbrances that exist at the close of each year. The Town must submit a set of financial statements at the end of each year to the state from which this number is calculated. Free cash is certified for the general fund and each enterprise fund. Once certified, appropriations can be made from the free cash amounts during the year. The balances as of July 1, 2016, compared to the previous year are disclosed on the next page.

Free Cash (Surplus)	On July 1, 2015	On July 1, 2016	Change
General Fund	\$13,949,203	\$13,131,098	(\$818,105)
<b>Enterprise Funds:</b>			
Airport	\$977,186	\$2,793,657	1,816,471
Golf Course	\$638,274	\$1,023,207	384,933
Solid Waste	\$3,489,420	\$2,409,841	(1,079,579)
Sewer	\$7,611,524	\$11,129,822	3,518,298
Water	\$3,336,150	\$3,257,325	(78,825)
Marina	\$661,356	\$1,795,001	1,133,645
Sandy Neck	\$478,853	\$714,332	235,479
HYCC	\$318,809	\$502,380	183,571
Totals	\$31,460,775	\$36,756,663	\$5,295,888

The decrease in general fund free cash is a result of a \$4 million transfer to the Capital Trust Fund. Most of this was offset by favorable budgetary results resulting in only an \$818,105 decrease. The increases in the airport, golf, sewer and marina funds are a result of borrowings conducted to finance their capital programs as well as favorable budget results. The reductions in the solid waste and water funds are due to surplus being used for their respective capital programs. The increases in the Sandy Neck and HYCC Enterprise Funds are principally due to favorable budgetary operations.

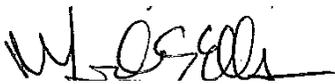
### Awards and Acknowledgements

The Government Finance Officer Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Barnstable for its comprehensive annual financial report (CAFR) for the years ended June 30, 2002, through June 30, 2015. In order to be awarded a Certificate of Achievement, the Town published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

In addition, the GFOA also awarded the Town of Barnstable the Distinguished Budget Presentation Award for its annual budget document for the years beginning July 1, 2001, through July 1, 2016. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Town Manager and Finance Division. We would like to express our appreciation to all the members of the departments who assisted and contributed to the preparation of this report. Credit must also be given to the Town Council for their unfailing support for maintaining the highest standards of professionalism in the management of the Town of Barnstable's finances.

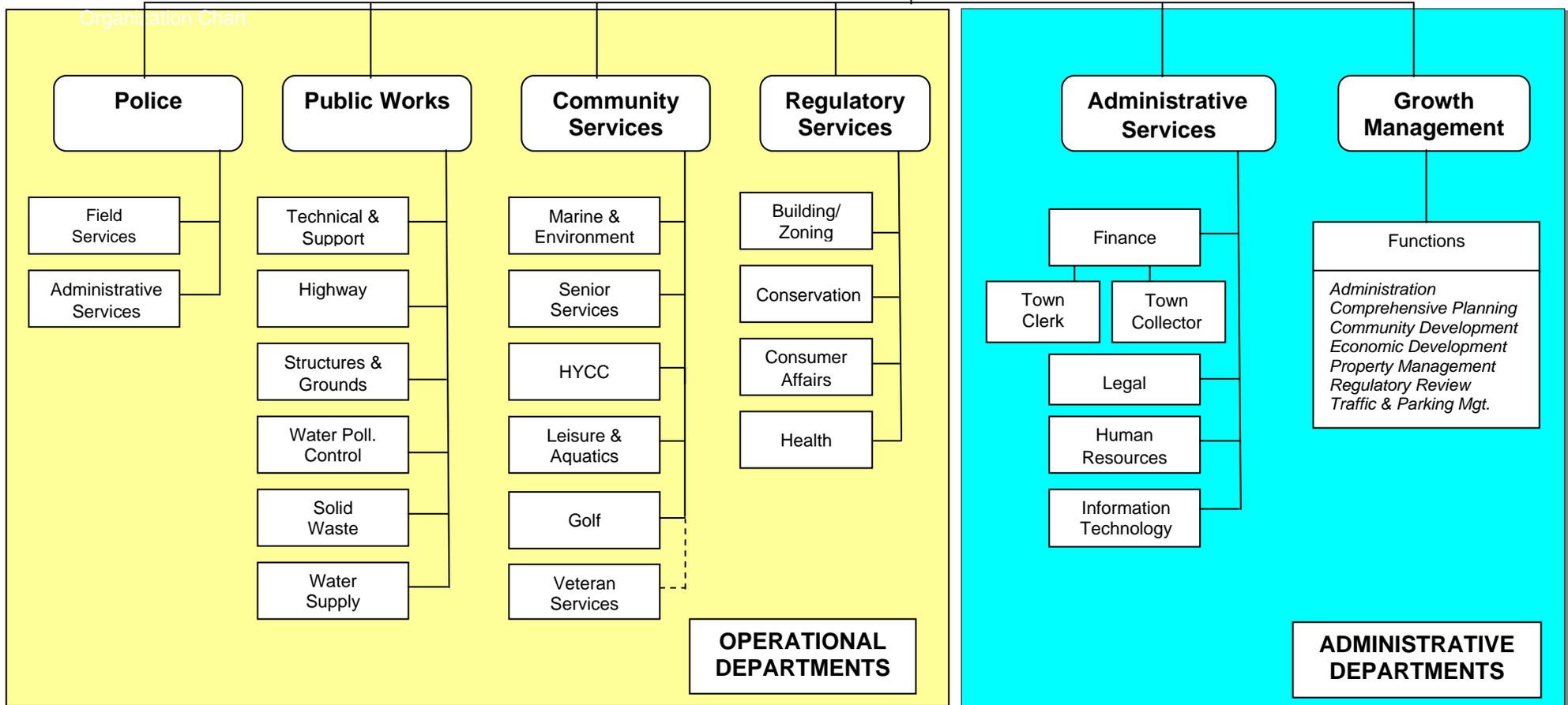
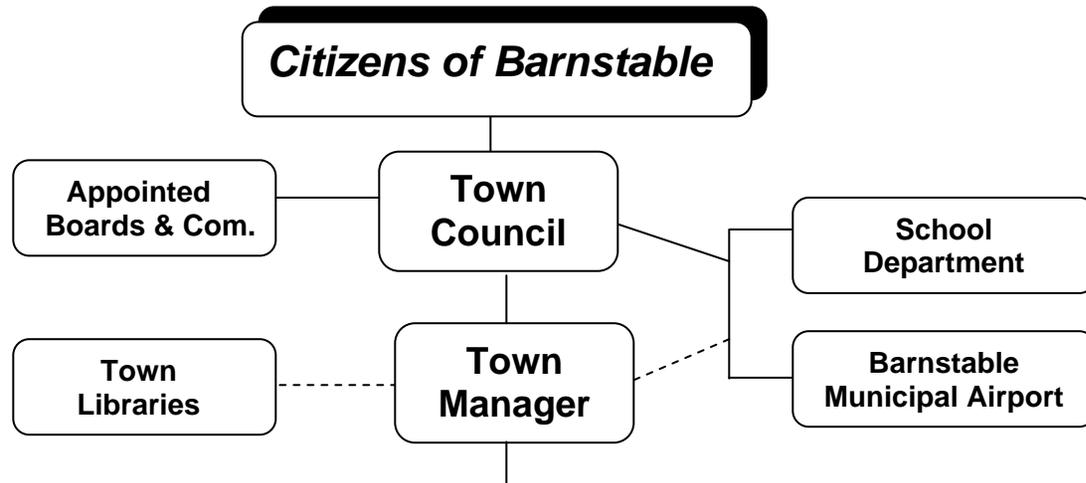
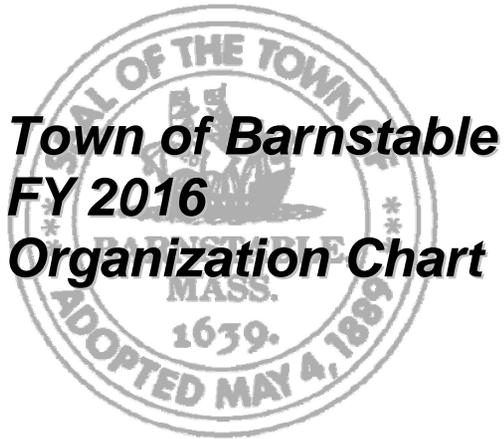
Respectfully submitted,



Mark S. Ells  
Town Manager



Mark A. Milne  
Finance Director





Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Town of Barnstable  
Massachusetts**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2015**

Executive Director/CEO



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished  
Budget Presentation  
Award*

PRESENTED TO

**Town of Barnstable  
Massachusetts**

For the Fiscal Year Beginning

**July 1, 2015**

Executive Director

## ***Financial Section***



Photo By: Donna Bragg.

**Snowy Owl take-off from the North Finger on Sandy Neck.**

# ***Financial Section***

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## Independent Auditor's Report

To the Honorable Town Council  
Town of Barnstable, Massachusetts

## Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Barnstable, Massachusetts, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Town of Barnstable, Massachusetts' basic financial statements as listed in the table of contents.

## Management's Responsibility for the Financial Statements

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

## Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Town of Barnstable, Massachusetts' discretely presented library component units listed in Note 1. Those statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component units referred to above, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the

business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Barnstable, Massachusetts, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Barnstable, Massachusetts' basic financial statements. The introductory section, combining and individual fund financial statements, schedule of passenger facility charges collected and expended and interest credited, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The accompanying schedule of expenditures of passenger facility charges collected and expended and interest credited, as listed in the table of contents, is presented for purposes of additional analysis as specified in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2016, on our consideration of the Town of Barnstable, Massachusetts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Barnstable, Massachusetts' internal control over financial reporting and compliance.

*Powers & Sullivan LLC*

December 23, 2016, except for the library component units listed in Note 1, which were audited by other auditors and whose reports are dated on various dates through November 29, 2016.

# ***Management's Discussion and Analysis***

## Management's Discussion and Analysis

As management of the Town of Barnstable, Massachusetts (Town), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the year ended June 30, 2016. The Town complies with financial reporting requirements issued by the Governmental Accounting Standards Board (GASB). Management's discussion and analysis are part of these requirements.

GASB is the authoritative standard setting body that provides guidance on how to prepare financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). Users of these financial statements (such as investors and rating agencies) rely on the GASB to establish consistent reporting standards for all governments in the United States. This consistent application is the only way users (including citizens, the media, legislators and others) can assess the financial condition of one government compared to others.

Governments must adhere to GASB pronouncements in order to issue their financial statements in conformity with GAAP. The users of financial statements also rely on the independent auditor's opinion. If the Town's financial statements have significant departures from GAAP the independent auditors may issue a qualified opinion or a disclaimer (where no opinion is given). These types of opinions may have an adverse effect on the Town's bond rating and our ability to borrow money at favorable interest rates as well as obtaining grants. The Town has achieved an unmodified opinion on its financial statements since the year ended June 30, 1984.

### Financial Highlights

- The assets and deferred outflows of resources of the Town of Barnstable exceeded its liabilities and deferred inflows of resources at the close of the most recent year by \$354.3 million.
- The primary government's total net position increased by \$10.1 million. The increase was the net result of an increase in the Town's governmental activities of \$9.8 million and an increase of \$333,000 attributable to the Town's business-type activities. The governmental activities increase is mainly attributable to \$5.9 million in capital grants and favorable budgetary results; offset by the recognition of an additional \$4.3 million in the other postemployment benefit obligations. The change in governmental activities net position is more fully explained on page 25. The \$333,000 increase in business-type activities represents the combined operations of the Town's eight enterprise funds.
- At the close of the current year, the Town of Barnstable's governmental funds reported combined ending fund balances of \$101 million, an increase of \$8.7 million in comparison with the prior year. Approximately \$30 million of this total amount is available for appropriation at the government's discretion.
- At the end of the current year, fund balance for the general fund totaled \$37.3 million, or 25.2% of total general fund expenditures.
- Expenditures for the general fund totaled \$148.5 million or \$6.8 million more than the prior year. The area with the largest change was pension benefits which increased \$3.4 million due to recording the Massachusetts Teachers Retirement System's GASB #68 expense which increased expense by \$3.2 million. The second largest area to change was education which increased \$2.1 million due to budgetary increases.
- The Town of Barnstable's total long-term debt increased by \$6.9 million during the current year. The Town issued \$25.3 million of long-term debt, of which \$14.8 million was for governmental activities and \$10.5 million was for business-type activities. A total of \$18.4 million in long-term debt principal was retired.

## Overview of the Financial Statements

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

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the Town of Barnstable's finances, in a manner similar to private-sector business.

The statement of net position presents information on all of the Town's non-fiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, 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 of the Town of Barnstable 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 the 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 the government-wide financial statements include not only the Town itself (known as the primary government), but also the seven village libraries for which the Town contributes a majority of funding for their annual operations. Although they are legally separate, the libraries receive a significant portion of their annual operating budget from the Town of Barnstable and, therefore, the financial information for these component units is reported separately from the financial information presented for the primary government itself.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town of Barnstable can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the 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 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 maintains four major governmental funds that are presented separately in the governmental fund financial statements. The remaining eight nonmajor funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The Town adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

**Proprietary funds.** The Town maintains two types of proprietary funds.

The Town maintains eight different enterprise funds within the proprietary fund type. Enterprise funds are used to report the same functions as business-type activities in the government-wide financial statements. The Town of Barnstable uses enterprise funds to account for its airport, municipal golf course, solid waste disposal and recycling center, wastewater, water supply, marina, Sandy Neck recreation area and the Hyannis Youth and Community Center activities.

The Town maintains an internal service fund within the proprietary fund type which is reported in governmental activities in the government-wide financial statements. This fund is used to account for the financing of services provided by one department to other departments or governmental units. This fund is used to account for risk financing activities related to workers' compensation.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for airport, golf, solid waste, wastewater operations, water supply, marina, Sandy Neck recreation and Hyannis Youth and Community Center all of which are considered major funds of the Town.

**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 other postemployment benefits fund is used to account for assets accumulated to provide funding for future other postemployment benefits (OPEB) liabilities. Private-purpose trust funds and agency funds are reported and combined into a single, aggregate presentation in the fiduciary funds financial statements under the captions "private purpose trust funds" and "agency funds", respectively.

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

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the basic financial statements.

### **Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Barnstable, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$354.3 million at the close of the most recent year.

By far the largest portion of the Town's net position, \$341.3 million, reflects its investment in capital assets (e.g., land, buildings, vehicles, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The Town uses these assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net position, \$58.9 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is a deficit of \$45.9 million. The deficit is the result of the implementation of GASB #68 which has required the Town to record its net pension liability of \$93.6 million along with the other postemployment benefits liability of \$49 million. These are long term unfunded liabilities that will not require significant short term resources.

The change in net position by activity (governmental and business-type) is also a useful measure to assess the financial position of the Town. By understanding the underlying reasons for these changes, communities may be better prepared to make decisions in regards to the allocation of resources from year to year.

### Comparative Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Current and other assets	\$ 146,573,406	\$ 140,596,354	\$ 37,231,363	\$ 37,311,688
Capital assets	253,859,600	245,004,316	182,803,547	180,288,781
Total assets	<u>400,433,006</u>	<u>385,600,670</u>	<u>220,034,910</u>	<u>217,600,469</u>
Deferred outflows of resources	<u>5,975,476</u>	<u>116,597</u>	<u>2,778,445</u>	<u>1,159,670</u>
Current liabilities	22,116,098	26,335,068	11,214,850	12,507,994
Long-term liabilities	172,156,116	157,883,922	68,410,372	63,608,525
Total liabilities	<u>194,272,214</u>	<u>184,218,990</u>	<u>79,625,222</u>	<u>76,116,519</u>
Deferred inflows of resources	<u>839,620</u>	<u>-</u>	<u>211,437</u>	<u>-</u>
Net position:				
Net investment in capital assets	211,631,729	205,927,509	129,631,459	129,853,741
Restricted	58,921,589	51,556,623	-	-
Unrestricted	(59,256,670)	(55,985,855)	13,345,237	12,789,879
Total net position	<u>\$ 211,296,648</u>	<u>\$ 201,498,277</u>	<u>\$ 142,976,696</u>	<u>\$ 142,643,620</u>

The Town has realized an increase in its net position from 2015 to 2016 within both its governmental and business type activities. Total net position has increased \$9.8 million over this period for governmental activities and \$333,000 for business-type activities. The 2016 increases are mainly attributable to additions to the construction and maintenance fund of \$2.2 million and favorable budgetary results; capital grants, and the community preservation fund which allows the Town to assess additional taxes and to receive state matching funds to be used toward open space, historical preservation and affordable housing. These sources were partially offset by the recognition of other postemployment benefit obligations which increased by \$4.3 million. The amortization of this liability will continue to deteriorate the Town's overall financial position when the full liability is recorded with the implementation of future accounting standards or the liability gets pre-funded. In 2016, capital grants totaled \$5.9 million for governmental activities, \$4.1 million for the airport enterprise fund and \$66,000 for the wastewater enterprise fund. Principal payments on debt service for governmental and business-type activities totaled \$10.8 million and \$7.6 million, respectively, including the retirement of bonds through a debt refunding transaction. Depreciation on capital assets totaled \$8.8 million and \$7.3 million, respectively.

The majority of the increase to the Town's capital assets during 2016 were in the form of road and drainage improvements and buildings and building improvements. Capital asset growth within the business-type activities for 2016 consisted mainly of airport improvements for the reconstruction of runways and design of a new fuel farm

(over \$6 million) and various water system improvements, including pipe replacement projects and water treatment upgrades.

**Current and other assets** have increased in governmental activities and decreased slightly in business-type activities. In governmental activities, current and other assets increased by approximately \$6 million from 2015. This is mainly due to the capital project bond proceeds that have not been spent at year end increasing cash and cash equivalents and a build-up of capital reserves. For business-type activities, current and other assets have remained relatively consistent from the prior year. Cash and cash equivalents have increased while capital assessments and other receivables have decreased.

**Current liabilities** have decreased in both governmental and business-type activities mainly due to the timing of payables at year end.

**Long-term liabilities** have increased in both governmental and business-type activities from the 2015 levels. For both governmental and business-type activities, long-term liabilities have increased related to the issuance of long-term bonds, an increase in net pension liabilities, and increases in the liability for other postemployment benefits.

**Net investments in capital assets** have increased in governmental activities and slightly decreased in business-type activities. For governmental activities, this is mainly attributable to capital asset acquisitions and payments on bond principal exceeding depreciation on capital assets and of capital grants used to acquire capital assets. For business-type activities, this is mainly attributable to the timing of reimbursements for projects funded through the Massachusetts Clean Water Trust.

**Restricted net position** has increased by \$7.4 million for governmental activities from 2015 to 2016 mainly due to the timing of gifts and grants, including increased receivables for state highway projects; along with an increase in the construction and maintenance fund for revenue received from hotel/motel and meals taxes. The **unrestricted net position** amount has decreased \$3.3 million for governmental activities in the current year which was mainly the net result of increases in stabilization and capital reserves, offset with the recognition of an additional \$4.3 million for other postemployment benefit obligations. Unrestricted net position of business-type activities increased by \$555,000 which was the result of operations of the Town's enterprise funds.

**Governmental activities.** In 2016, governmental activities increased the Town of Barnstable's net position by \$9.8 million. Key elements of the changes in governmental activities are as follows:

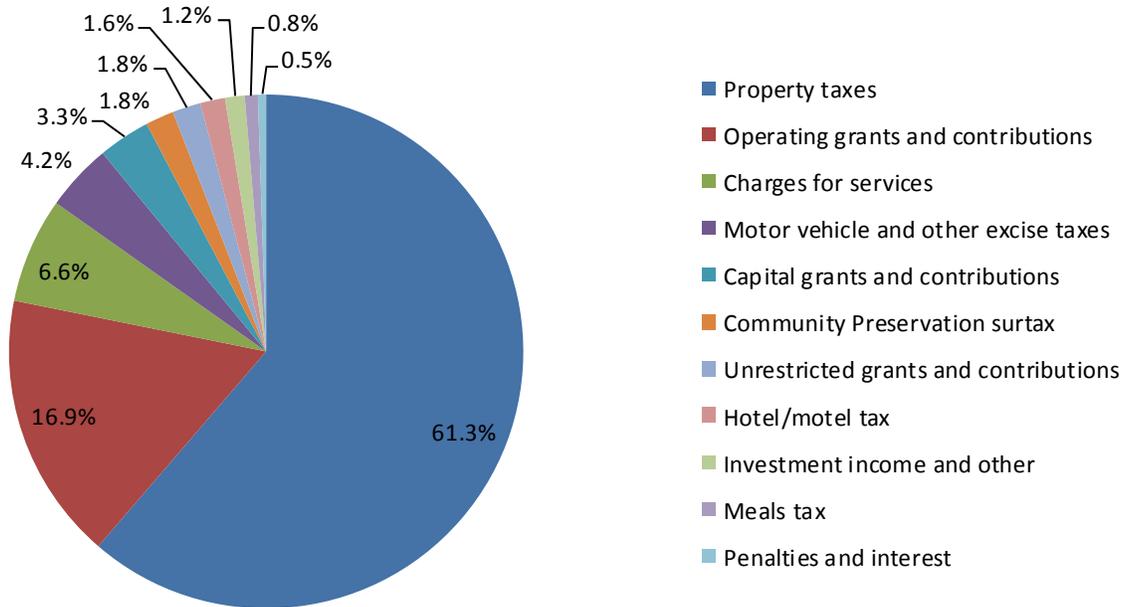
- The Town adopted special legislation to establish the construction and maintenance trust fund. In accordance with the legislation, the Town reports 100% of the meals tax and 33% of the hotel/motel tax collected directly to this trust fund. This fund had an ending balance of \$12.5 million, an increase of \$2.2 million.
- The Town appropriated funds to increase the Capital Stabilization fund by a net of \$2.6 million, bringing the balance to \$13 million.
- The Town recognized an additional \$4.3 million of other postemployment benefits obligation which resulted in a decrease in net position. The total liability reported in governmental activities for OPEB is \$46.3 million as of June 30, 2016.
- The Town received \$5.9 million in capital grants, which includes \$4.3 million from state funding of Chapter 90 highway projects.

- The Town raised approximately \$2.1 million more to retire outstanding governmental debt than was recorded as depreciation on governmental capital assets; this has a positive impact on the Town's net position.

### Changes in Net Position

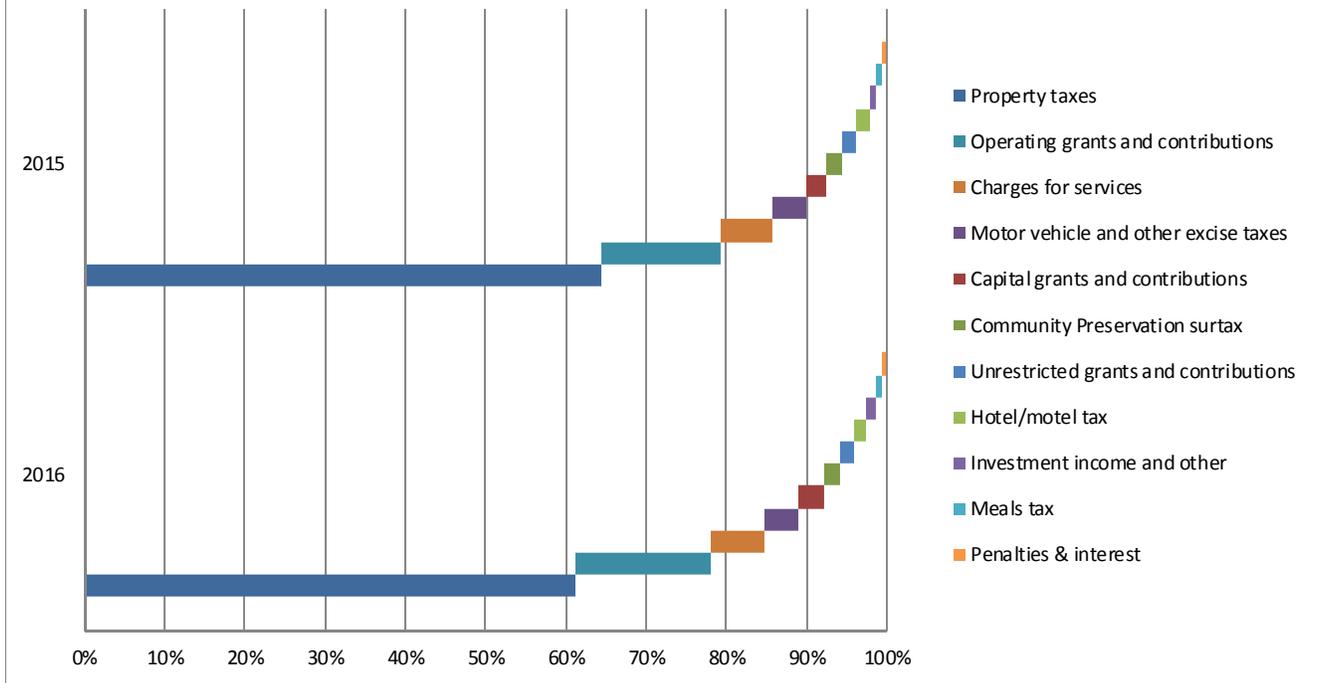
	Governmental Activities		Business-Type Activities	
	2016	2015	2016	2015
Revenues:				
Program revenues:				
Charges for services.....	\$ 11,907,843	\$ 10,403,935	\$ 23,625,211	\$ 25,233,698
Operating grants and contributions.....	30,244,001	24,791,463	301,449	473,201
Capital grants and contributions.....	5,884,073	4,320,128	4,128,274	4,815,157
General revenues:				
Property taxes.....	110,049,748	106,530,407	-	-
Motor vehicle and other excise taxes.....	7,568,790	7,032,295	-	-
Hotel/motel tax.....	2,798,882	2,699,495	-	-
Meals tax.....	1,474,084	1,372,762	-	-
Penalties and interest.....	914,983	928,707	-	-
Community Preservation surtax.....	3,208,815	3,099,572	-	-
Unrestricted grants and contributions.....	3,198,731	2,888,316	-	-
Investment income and other.....	2,213,482	1,307,131	262,226	412,348
Total revenues.....	<u>179,463,432</u>	<u>165,374,211</u>	<u>28,317,160</u>	<u>30,934,404</u>
Expenses:				
Town Council.....	363,717	368,421	-	-
Town Manager.....	834,954	800,746	-	-
Administrative services.....	11,155,705	10,049,953	-	-
Growth management.....	2,867,287	2,282,963	-	-
Public safety.....	21,211,475	19,790,295	-	-
Education.....	100,687,385	94,177,947	-	-
Public works.....	16,517,135	16,942,211	-	-
Community services.....	5,996,361	5,450,110	-	-
Regulatory services.....	5,848,644	5,796,212	-	-
Culture and recreation.....	2,527,421	2,426,386	-	-
Interest.....	1,543,603	2,283,830	-	-
Airport.....	-	-	8,829,671	9,905,470
Golf course.....	-	-	3,051,784	2,550,324
Solid waste.....	-	-	2,647,918	2,420,243
Waste water.....	-	-	4,959,029	4,870,584
Water supply.....	-	-	4,040,710	3,646,730
Marina.....	-	-	933,055	561,098
Sandy Neck.....	-	-	994,150	863,593
Hyannis Youth and Community Center.....	-	-	2,639,139	2,499,740
Total expenses.....	<u>169,553,687</u>	<u>160,369,074</u>	<u>28,095,456</u>	<u>27,317,782</u>
Excess before transfers.....	9,909,745	5,005,137	221,704	3,616,622
Transfers, net.....	<u>(111,372)</u>	<u>7,966,111</u>	<u>111,372</u>	<u>(7,966,111)</u>
Change in net position.....	9,798,373	12,971,248	333,076	(4,349,489)
Net position - Beginning of Year.....	<u>201,498,277</u>	<u>188,527,029</u>	<u>142,643,620</u>	<u>146,993,109</u>
Net position - End of Year.....	<u>\$ 211,296,650</u>	<u>\$ 201,498,277</u>	<u>\$ 142,976,696</u>	<u>\$ 142,643,620</u>

## FY 2016 Governmental Activities Revenue Type



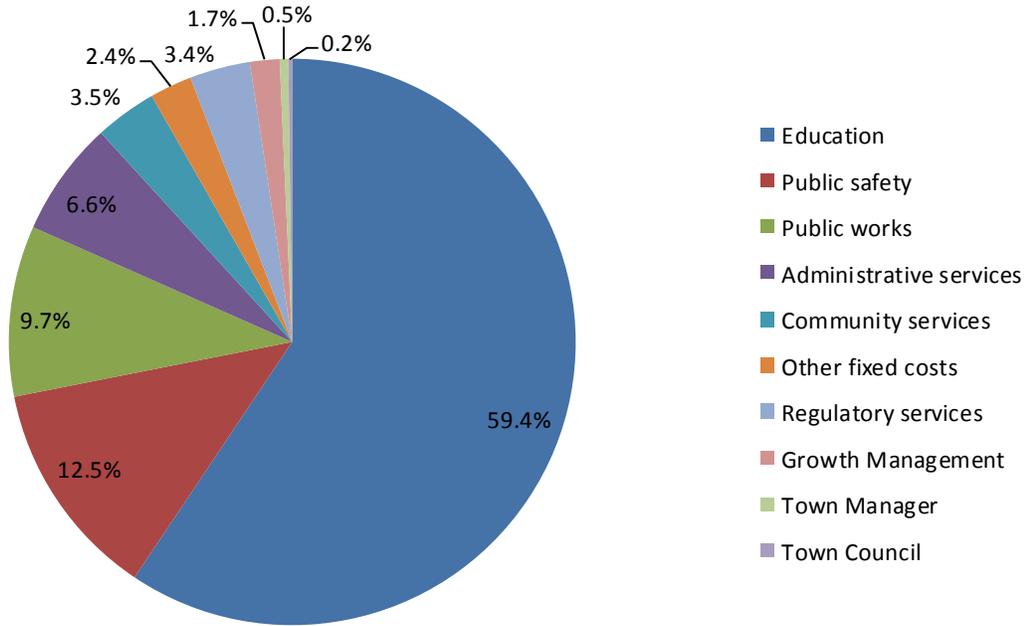
- Charges for services represent 6.6% of governmental activities resources. The Town can exercise more control over this category of revenue than any other. Fees charged for services rendered that are set by the Council and Manager are included in this category.
- Operating and capital grants and contributions account for 20.2% of the governmental activities resources. Most of these resources apply to education operations. These resources offset costs within the school department in addition to their general fund operating budget.
- Property taxes are by far the most significant revenue source for the Town's governmental activities. They comprise 61.3% of all resources.
- Other taxes and other revenues comprise a total of 11.9% of the governmental activity's resources.

## Two Year Comparison of Governmental Activities Revenue Composition



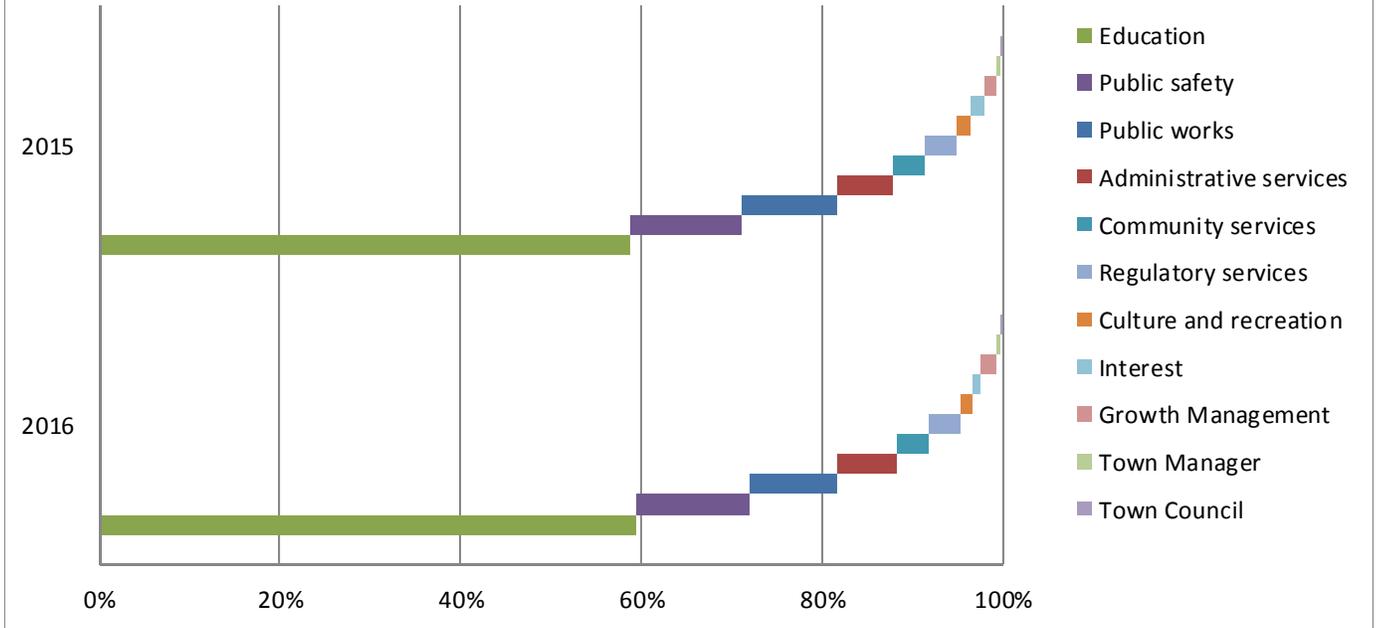
- Property taxes decreased from 64.4% to 61.3% of total governmental activities revenue in 2016. This was due to an increase in operating grants and contributions.
- All other categories of governmental activities revenue remained relatively the same.
- Collectively, property taxes, excise taxes and community preservation surtax account for 67.3% of all governmental activities revenue in 2016. This is 3.2% lower than the 2015 amount.

## FY 2016 Governmental Activities Expenses



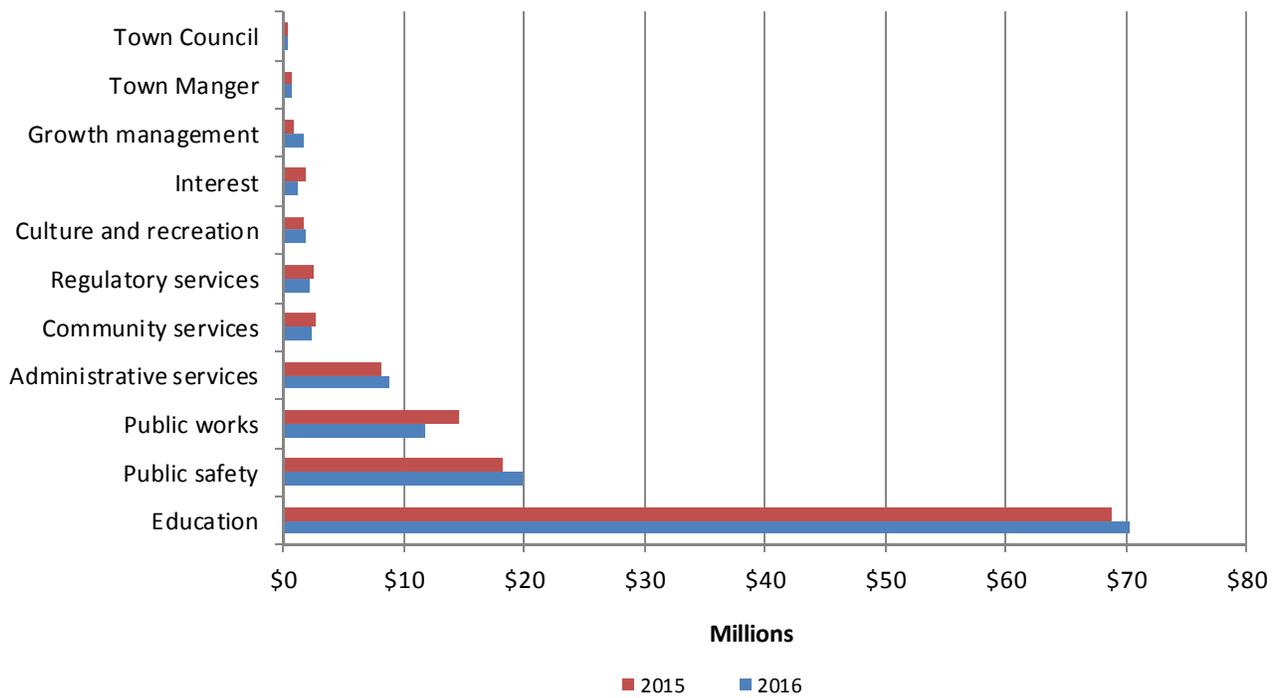
- Education is by far the largest governmental activity of the Town totaling \$100.7 million or 59.4% of all expenses.
- Public safety is the second largest activity consisting of \$21.2 million or 12.5%.
- Public works is the third largest category at \$16.5 million or 9.7%.
- 84% of all governmental activity is associated with public safety, education, public works, and other fixed costs. The remaining activity, or 16%, is associated with community services, regulatory services, growth management, administrative services, town council, and town manager.

## Two Year Comparison of Governmental Activities Expenses



- Education is the largest area of expenditures for governmental activities accounting for 59.4% of all expenses.
- Education, public safety and public works and other fixed costs collectively account for 84% of all expenses in the governmental activities.

## Net Expense By Function For Governmental Activities

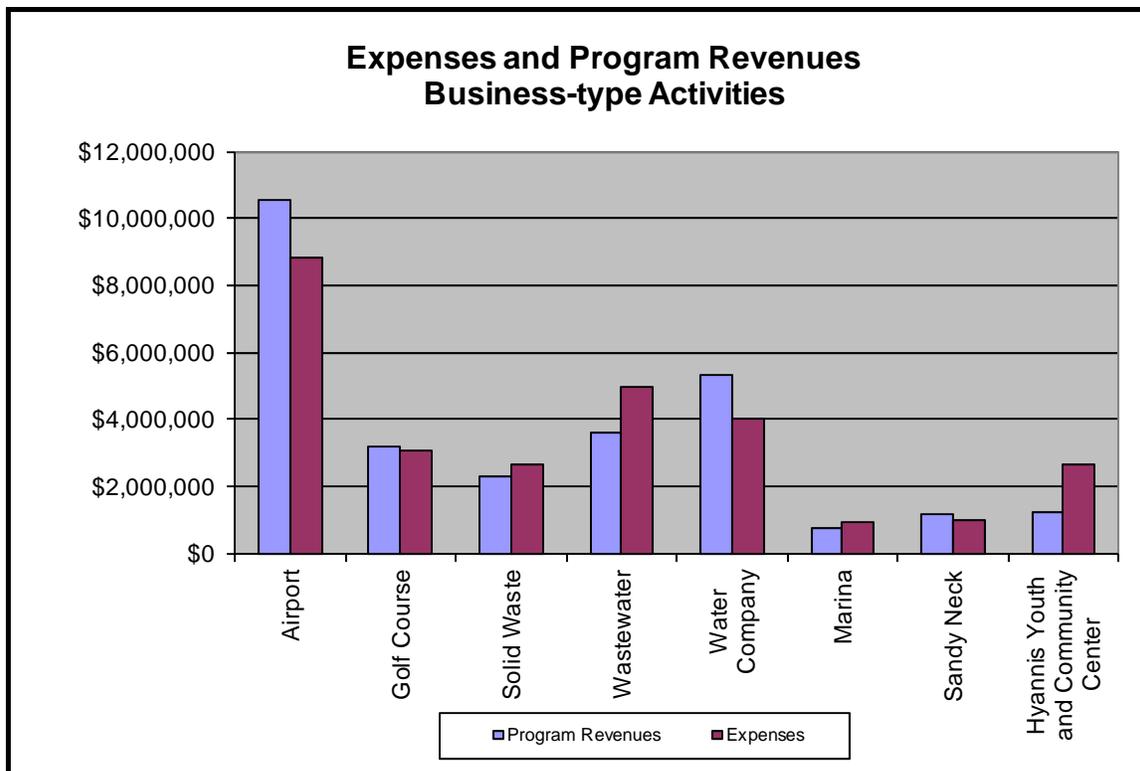


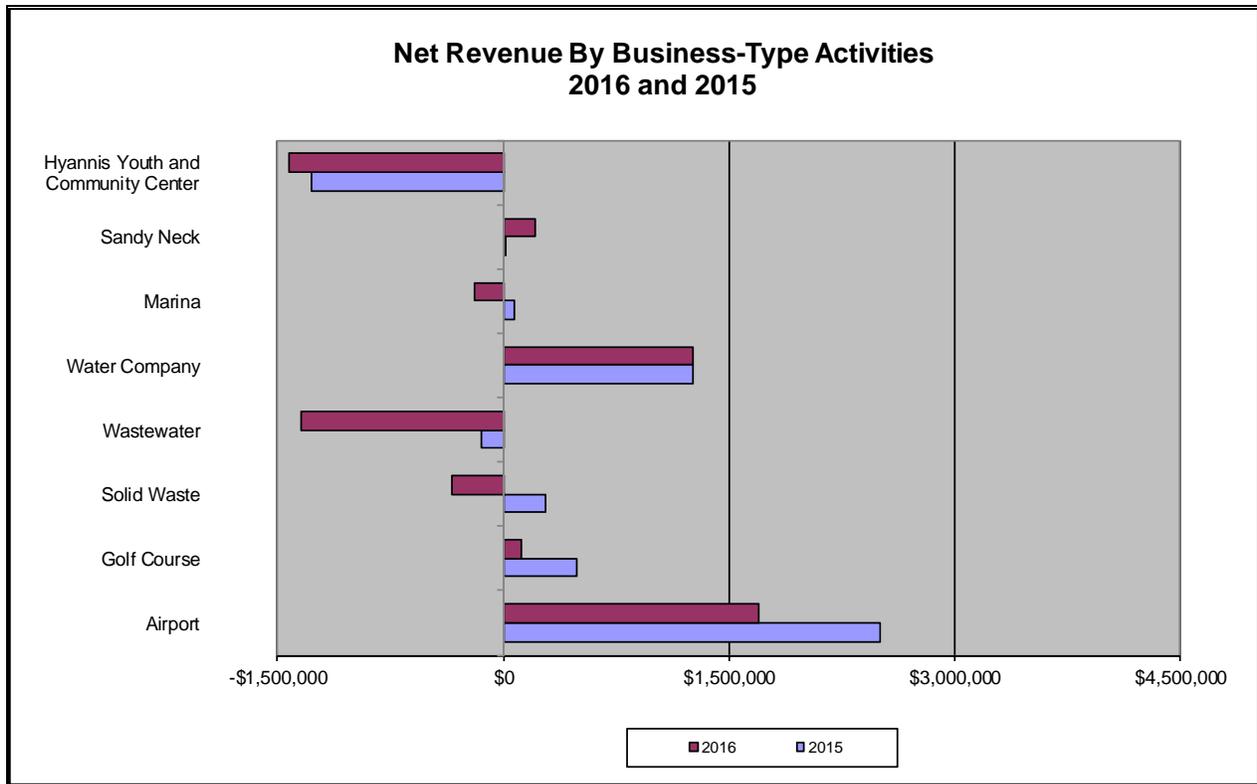
The change in the net expenses by function from year to year is useful to understand where tax dollars and other general revenues not restricted for particular purposes are being allocated.

- Public safety realized the largest increase in net expenses from 2015 to 2016 of \$1.7 million.
- Education realized the second largest increase in net expenses from 2015 to 2016 of \$1.4 million.
- Public works decreased \$2.8 million due to a reduction in capital grant revenue and an increase in snow and ice removal costs.

**Business-type activities.** Business-type activities increased the Town's net position by \$333,000. Key elements of this increase are as follows:

- \$970,000 increase was attributable to airport operations.
- \$36,000 decrease was attributable to golf course operations.
- \$601,000 decrease was attributable to solid waste operations.
- \$1.2 million decrease was attributable to wastewater operations.
- \$1.2 million increase was attributable to water supply operations.
- \$333,000 decrease was attributable to the marina enterprise fund.
- \$137,000 increase was attributable to the Sandy Neck recreation fund.
- \$189,000 increase was attributable to the Hyannis Youth and Community Center.
- The business-type activities transferred \$2.5 million of its net operating income to governmental activities to pay for costs associated with running the business-type activities which are paid for out of governmental activities.





- Airport, golf course, water, and Sandy Neck business-type activities have generated net revenue (program revenue less expenses) for the past two years.
- The airport realized a decrease in net revenue generated from 2015 to 2016. This is due to a decrease in capital grant funding as the airport’s major construction projects occurred in prior years, a decrease in operating revenue as jet fuel revenue decreased due to a major customer filing for bankruptcy.
- Net revenue does not include investment income and transfers, which have been necessary to allow some of the enterprise funds to meet their debt service obligations.

**Financial Analysis of the Government’s 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 of Barnstable’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 of Barnstable’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.

At the end of the current year, the Town’s governmental funds reported combined ending fund balances of \$101 million, an increase of \$8.7 million in comparison with the prior year.

The general fund is the chief operating fund of the Town. At the end of the current year, unassigned fund balance of the general fund totaled \$30 million, while total fund balance was \$37.3 million. As a measure of the general fund’s liquidity, it may be useful to compare both unassigned fund balance and the total fund balance to total fund expenditures.

## Analysis of Fund Balance and General Fund Expenditures

	<u>2016</u>	<u>2015</u>	<u>Increase (Decrease)</u>
Unassigned fund balance	\$ 30,019,449	\$ 26,289,884	\$ 3,729,565
Total fund balance	\$ 37,349,852	\$ 34,880,508	\$ 2,469,344
Total General Fund expenditures	\$ 148,496,064	\$ 141,701,098	\$ 6,794,966
Unassigned fund balance as a % of total GF expenditures	20.22%	18.55%	1.66%
Total fund balance as a % of total GF expenditures	25.15%	24.62%	0.54%

Unassigned fund balance and total fund balance as a percentage of total general fund expenditures increased in 2016 from the 2015 levels. The Town's general fund expenditures for 2016 are \$6.8 million more than 2015.

Unassigned fund balance has increased by \$3.7 million mainly due to favorable budgetary results and a \$1.5 million decrease in reservations of fund balance for the subsequent year's general fund budget.

As of June 30, 2016, the Town has planned to use \$2.6 million of fund balance to balance the 2017 general fund budget, which is reported within assigned fund balance.

## General Fund Comparison

	<u>2016</u>	<u>2015</u>	<u>Increase (Decrease)</u>
Cash and investments	\$ 43,777,060	\$ 44,691,754	\$ (914,694)
Receivables and other assets	\$ 21,709,172	\$ 23,328,041	\$ (1,618,869)
Total liabilities and deferred inflows	\$ 28,136,380	\$ 33,139,287	\$ (5,002,907)
Total fund balance	\$ 37,349,852	\$ 34,880,508	\$ 2,469,344
Revenues	\$ 152,882,127	\$ 144,002,753	\$ 8,879,374
Expenditures	\$ 148,496,064	\$ 141,701,098	\$ 6,794,966

- Cash and investments have decreased mainly as a result of funds being spent that were received in prior years.
- Receivables have decreased by \$1.6 million from 2015, mostly due to receipts coming in from State reimbursement programs.
- Liabilities have decreased by \$5 million mainly due to the timing of year end warrants and accruals.
- Total fund balance has increased mainly due to positive budgetary results.
- The \$8.9 million increase in revenue is comprised mostly of the increase of \$3.2 million in Massachusetts Teachers Retirement System's (MTRB) on-behalf payments and an increase of \$3.6 million in property tax growth.
- The \$6.8 million increase in expenditures was mainly due to an increase in pension benefits of \$3.4 million mainly for the MTRB on-behalf payment and \$2.1 million for education due to budgetary increases.

In accordance with GASB #54, the Town has included the Municipal Purpose Stabilization fund within the unassigned fund balance of the general fund. The fund balance in the municipal purpose stabilization fund has increased \$2.6 million since 2015. This fund is more commonly referred to in Town as the "Capital Trust Fund". Resources are accumulated in this fund to provide for future capital improvements on a pay-as-you-go basis and to pay debt service on borrowing authorizations issued to finance capital improvements. This fund receives an annual transfer from the General Fund (\$7.4 million in 2016) and transfers out a sum of money that equals the annual debt service payments on projects authorized as well as cash appropriations for capital improvements. The difference between the transfer in and out contributes to the increase or decrease in this fund balance at the end of any year.

In accordance with GASB #54, the Town has classified the fund balance in the pension stabilization fund within the category of restricted fund balance within the general fund. The balance of the pension stabilization fund has remained consistent with a decrease of \$80,000 from the prior year.

Changes to other governmental fund balances include the following:

	<b>Fund Balance</b>		<b>Increase</b>
	<b>2016</b>	<b>2015</b>	<b>(Decrease)</b>
Construction and Maintenance	\$ 12,492,682	\$ 10,339,300	\$ 2,153,382
Capital Projects	\$ 10,881,702	\$ 9,056,042	\$ 1,825,660
Highway Projects	\$ 577,945	\$ 668,260	\$ (90,315)
Community Preservation Fund	\$ 9,716,700	\$ 9,818,187	\$ (101,487)
Nonmajor Governmental Funds	\$ 29,968,424	\$ 27,501,416	\$ 2,467,008

In 2010, the Town adopted special legislation to create a sewer construction trust fund. In accordance with the legislation, the Town reports 100% of the meals tax and 33% of the hotel/motel tax collected directly to a sewer construction trust fund. Beginning in 2015, the Town adopted special legislation to establish a construction and maintenance trust fund. All funds collected since the original 2010 shall be credited to the new trust fund. At June 30, 2016, the balance of the Town’s construction and maintenance fund is \$12,492,682.

The capital projects fund increased by \$1.8 million in 2016. This is due to the Town’s ongoing capital construction and improvement projects. The Town’s major projects included \$8.3 million in education mainly related to the construction of the Early Learning Center and building improvements and \$5.7 million in public works expenditures mainly for infrastructure related projects.

The highway projects fund reported expenditures of \$136,000 against \$45,000 of reimbursements on projects in 2016 which are fully supported by State grants on a reimbursable basis.

The community preservation fund balance decreased \$101,000 in 2016. This is due to a decrease of \$46,000 in revenue, offset by an increase of \$853,000 in expenditures compared to the prior year due to additional projects.

The nonmajor funds increased by \$2.5 million in 2016. Revenues increased by \$3.2 million from the prior year and expenditures decreased by \$151,000 due to the completion of various projects. Transfers netted to a decrease of \$1.3 million.

**Proprietary funds.** The Town of Barnstable’s proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Factors concerning the finances of these funds have already been addressed in the discussion of the Town of Barnstable’s business-type activities.

**General Fund Budgetary Highlights**

The \$3.8 million increase from the original budget to the final amended budget resulted from the appropriation of available funds (free cash) for the Police Department totaling \$107,000, for the Town Manager search totaling \$35,000, and for transfers to capital projects totaling \$4 million; these appropriation increases were offset by \$170,000 in budget reductions for prior year encumbrances that were not expended.

General fund revenues came in over budget by \$3.3 million. All categories of revenues exceeded the budget with the exception of penalties and interest on taxes and special assessments. Motor vehicle and other excise taxes realized the largest positive variance at \$1.3 million.

General fund expenditures plus encumbrances came in \$1 million less than budgeted. All departments realized

budget savings except for public works due to snow and ice expenses. This is an area where municipalities are allowed to deficit spend under state law.

**Capital Assets and Debt Management**

**Capital assets.** The Town of Barnstable’s investment in capital assets for its governmental and business-type activities as of June 30, 2016 amount to \$436.7 million (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, improvements to land and buildings, machinery and equipment, vehicles, roads, sidewalks, bridges, runways and sewer lines. The total net increase in the Town’s investment in capital assets for the current year was \$11.4 million (an \$8.9 million increase for governmental activities and a \$2.5 million increase for business-type activities).

Major capital asset events during the current year included the following:

- The Town spent \$15.3 million for various infrastructure improvements including roads, drainage and sidewalks.
- The Town spent \$1.8 million on construction in progress. Of this amount, \$492,000 was for airport projects, \$462,000 was for dredging projects, \$183,000 was for building improvements, and \$547,000 was for road projects.
- The Town spent \$2.6 million on equipment and vehicles.
- The Town spent \$9.6 million on various building improvements. Of this amount \$7.9 million was spent on school projects, \$173,000 was spent on community preservation building restoration, \$713,000 on general government buildings, \$693,000 on public works buildings, and \$101,000 on sewer buildings.

**Capital Assets**

	<b>Cost of Capital Assets at end of year</b>	<b>Accumulated Depreciation at end of year</b>	<b>Capital Assets, net</b>
<b>Governmental activities</b>			
<u>Function:</u>			
General government.....\$	13,976,914	\$ (5,653,534)	\$ 8,323,380
Administrative services.....	488,300	(18,830)	469,470
Growth management.....	2,939,351	(113,154)	2,826,197
Public safety.....	12,381,257	(9,047,298)	3,333,959
Education.....	146,618,745	(79,099,450)	67,519,295
Public works.....	148,689,852	(54,679,329)	94,010,523
Regulatory services.....	71,699,057	(1,546,821)	70,152,236
Community services.....	12,920,136	(5,695,595)	7,224,541
Total by function.....	<u>409,713,612</u>	<u>(155,854,011)</u>	<u>253,859,601</u>
<b>Business-type activities</b>			
<u>Function:</u>			
Airport.....	106,761,745	(31,070,203)	75,691,542
Golf.....	18,008,595	(4,324,013)	13,684,582
Solid Waste.....	5,409,057	(2,690,418)	2,718,639
Wastewater.....	60,942,605	(23,567,736)	37,374,869
Water Supply.....	28,596,695	(2,853,509)	25,743,186
Marina.....	7,961,193	(2,332,629)	5,628,564
Sandy Neck recreation.....	1,872,599	(612,779)	1,259,820
Hyannis Youth and Community Center.....	24,218,920	(3,516,575)	20,702,345
Total by function.....	<u>253,771,409</u>	<u>(70,967,862)</u>	<u>182,803,547</u>
<b>Grand Total.....</b>	<b><u>\$ 663,485,021</u></b>	<b><u>\$ (226,821,873)</u></b>	<b><u>\$ 436,663,148</u></b>

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

**Long-term debt.** At the end of the current year, the Town of Barnstable had total bonded debt outstanding of \$108.7 million. The entire amount is classified as general obligation debt and is backed by the full faith and credit of the Town. The Town has no revenue bonds outstanding, which are bonds secured solely by specified revenue sources.

**Governmental Activities:**

Projects	Maturities Through	Original Loan Amount	Coupon Rate (%)	Outstanding at June 30, 2015	Issued	Redeemed	Outstanding at June 30, 2016
MCWT Title V Bond of 1997.....	2021	\$ 200,000	0.00	\$ 62,203	\$ -	\$ (10,403)	\$ 51,800
MCWT Title V Bond of 2002.....	2023	200,000	0.00	80,240	-	(9,972)	70,268
MCWT Title V Bonds of 2006.....	2026	400,000	0.00	220,000	-	(20,000)	200,000
MCWT Title V Bond of 2007.....	2027	200,000	0.00	120,000	-	(10,000)	110,000
Municipal Purpose Bonds of 2007.....	2027	43,910,388	3.38 - 4.75	17,480,000	-	(4,245,000)	13,235,000
MCWT Bond of 2008 (CW-04-31).....	2021	389,216	2.00	192,238	-	(30,460)	161,778
Municipal Purpose Bonds of 2008.....	2028	5,928,700	3.75 - 4.50	2,839,000	-	(2,113,000)	726,000
MCWT Bond of 2009.....	2021	887,454	2.00	289,444	-	(45,766)	243,678
Municipal Purpose Bonds of 2010.....	2030	3,873,270	2.00 - 5.00	2,550,000	-	(200,000)	2,350,000
Municipal Purpose Bonds of 2011.....	2031	15,451,000	2.00 - 4.00	9,310,000	-	(1,715,000)	7,595,000
Municipal Purpose Refunding of 2012.....	2023	10,037,900	2.00 - 4.00	6,879,500	-	(910,000)	5,969,500
Municipal Purpose Bonds of 2014.....	2024	6,248,000	2.00 - 3.00	5,455,000	-	(750,000)	4,705,000
Municipal Purpose Refunding of 2015.....	2027	5,265,500	2.00 - 4.50	5,265,500	-	(299,100)	4,966,400
Municipal Purpose Bonds of 2015.....	2035	3,930,000	2.00 - 4.50	3,930,000	-	(355,000)	3,575,000
Municipal Purpose Bonds of 2016.....	2036	12,113,000	2.00 - 4.00	-	12,113,000	-	12,113,000
Municipal Purpose Refunding of 2016.....	2028	1,674,000	2.00 - 4.00	-	1,674,000	-	1,674,000
Total Bonds Payable.....				54,673,125	13,787,000	(10,713,701)	57,746,424
Add: unamortized premium.....				871,649	1,000,312	(167,402)	1,704,559
Total Bonds Payable, net.....				\$ 55,544,774	\$ 14,787,312	\$ (10,881,103)	\$ 59,450,983

**Business-type Activities:**

Projects	Maturities Through	Original Loan Amount	Coupon Rate (%)	Outstanding at June 30, 2015	Issued	Redeemed	Outstanding at June 30, 2016
Golf Course.....	2026	\$ 6,915,500	2.00 - 5.00	\$ 2,701,500	\$ 314,000	\$ (310,500)	\$ 2,705,000
Add: unamortized premium.....				314,768	-	(54,221)	260,547
Total Golf Course Bonds Payable, net.....				3,016,268	314,000	(364,721)	2,965,547
Wastewater.....	2036	28,606,319	0.00 - 4.75	16,093,639	1,569,000	(1,593,048)	16,069,591
Water.....	2036	25,766,872	2.00 - 5.00	11,332,888	4,313,547	(693,781)	14,952,654
Add: unamortized premium.....				810,683	148,308	(108,438)	850,553
Total Water Bonds Payable, net.....				12,143,571	4,461,855	(802,219)	15,803,207
Solid Waste Transfer Station.....	2027	8,145,600	0.00 - 4.50	2,276,000	-	(470,900)	1,805,100
Sandy Neck.....	2031	1,265,000	4.00	1,065,000	-	(55,000)	1,010,000
Marinas.....	2036	3,122,000	3.00 - 5.00	1,764,000	1,008,000	(165,000)	2,607,000
Add: unamortized premium.....				-	90,143	-	90,143
Total Marinas Bonds Payable, net.....				1,764,000	1,098,143	(165,000)	2,697,143
Hyannis Youth and Community Center.....	2028	25,713,300	3.375 - 5.00	10,477,300	3,320,000	(4,243,400)	9,553,900
Add: unamortized premium.....				720,384	343,699	(111,417)	952,666
Total Hyannis Youth and Community Center Bonds Payable, net.....				11,197,684	3,663,699	(4,354,817)	10,506,566
Airport.....	2031	730,000	2.00 - 4.12	620,000	-	(30,000)	590,000
Total Bonds Payable, net.....				\$ 48,176,162	\$ 11,106,697	\$ (7,835,705)	\$ 51,447,154

The Town of Barnstable’s total long-term debt increased by \$6.9 million during the current year. The increase was the net result of the issuance of \$24.3 million in new long-term debt of which \$5.2 million was refunding debt, \$2.4 million was Massachusetts Clean Water Trust debt, and the remaining \$16.6 million used to finance new capital projects; and principal payments of approximately \$18.3 million of which \$5.4 million was used to refund debt.

The Town of Barnstable has maintained its bond rating from Standard & Poor’s of AAA which was upgraded in June of 2007.

State statutes limit the amount of general obligation debt a governmental entity may issue to 5% of its total equalized property valuation. This limit could go to 10% with the State’s Municipal Finance Oversight Board’s approval. Additionally, certain general obligation debt is exempt from this limit such as debt associated with school construction and many water improvement projects. The current debt limitation for the Town of Barnstable is \$673.8 million, which is significantly in excess of the Town of Barnstable’s outstanding general obligation debt that is subject to this limitation.

Additional information on the Town of Barnstable’s long-term debt can be found in Note 8 of this report.

**Economic Factors and Next Year’s Budget and Rates**

- New building growth is improving but is still below the Town’s pre-recession levels of \$190-\$200 million. New construction totaled \$125 million for FY16 and increased to \$157 million in FY17. This included 60 new single family homes in FY17 and new property taxes of \$1.4 million. The Town is estimating \$950,000 of property taxes from new building growth in 2018 as the economy is improving but developable vacant lots are limited.

- Motor vehicle excise taxes are conservatively projected in 2017 at \$6.5 million even though the actual collections in 2016 were \$7.5 million. Revenue in this area has grown significantly as the economy has improved; particularly the automobile industry. Another downturn in the economy like the last recession can have a devastating impact on this category of revenue which fell \$1.5 million during the last recession. A conservative projection will provide the Town with some flexibility in budgeting for the next couple of years.
- Hotel/Motel excise taxes for 2017 are projected slightly below (\$1.79 million) the 2016 actual amount collected (\$1.86 million). This category of revenue has improved the past couple of years. The tourism industry across the Cape has been strong, even during the recession, as the Cape draws visitors regionally, nationally and internationally. This category won't grow much beyond its current level unless additional rooms are added to the Town's stock or major price changes occur in room rates; neither of which are projected in the near horizon.
- Chapter 70 Aid for education is estimated to be \$1.1 million more in 2017 than the 2016 amount. The Massachusetts economy is improving and appropriations for local aid have increased.
- Charter school reimbursement aid from the state in 2017 is down \$50,000 from the 2016 amount. This is due to the formula which reduces the reimbursement rates each year.
- Penalties and interest on the late payment of taxes are expected to decrease in 2017 by \$100,000 from the 2016 budgeted amount. The improving economy has resulted in more timely tax payments.
- Investment income for 2017 is projected to be \$250,000; \$50,000 less than what was budgeted in 2016. Investment rates earned on excess cash deposits are at the lowest rates in decades due to low interest rates.
- Interest rates on bond issues are at historical lows and this trend is expected to continue in 2017. The Town intends to issue \$12 million in General Obligation Bonds in 2017 and \$3 million in bonds through the Massachusetts Clean Water Trust which should qualify for a 2% borrowing rate.
- The 2017 General Fund operating budget of \$147,606,992 (net of transfers) is \$5,037,392 more than the 2016 budget.
- The 2017 budget for school operations is up \$2,122,273 and municipal operations are up \$213,581.
- The 2017 employee benefits budget is up \$923,502.
- The 2017 debt service budget is up \$524,127; school assessments are up \$322,273 and other fixed costs are up \$152,122.
- The Town incurred deficit spending for snow and ice removal of \$1,500,049 in 2016. This deficit is included in the 2017 budget.
- The Community Services Department realized the largest dollar increase in the municipal operations for 2017 at \$404,348.
- The Public Works budget is down \$757,000 from the previous year as its deficit for snow removal was much less than the amount from a year ago.
- The Town used \$2,585,000 of free cash to balance the 2017 budget. \$1,500,000 was used to cover the prior year snow removal deficit and \$1,085,000 for employee benefits.
- The tax levy for 2017 has been approved at \$114.2 million, or \$3.7 million higher than 2016. This includes the state allowed 2.5% increase and new growth of \$1.4 million.
- The 2017 single Town tax rate is increasing from \$8.41 to \$8.64 per \$1,000 of valuation. The median home value in Town is approximately \$319,000. This equates to a \$73 increase in the annual median tax bill before any tax levy shifting options that may be voted by the Town Council such as the residential exemption.
- The Town Council supported a residential exemption of 20% in 2017. The exemption value for 2017 is \$90,532. Qualifying residential property owners will receive this deduction off their taxable values before the tax rate is applied. This equates to an approximate savings of \$572 for the median home value of a qualifying resident.

- The residential tax rate for 2017 with a 20% residential exemption is \$9.54 per \$1,000 of valuation.
- The Town Council did not adopt a split tax rate or a small business exemption for 2017 consistent with the previous year.
- General Fund and enterprise fund surplus certified by the State Division of Local Services as of July 1, 2016 is \$36.8 million. The general fund share is \$13.1 million and the eight enterprise funds total \$23.7 million collectively.
- Other reserves at the end of 2016 include:
  - \$27.6 million in stabilization funds
  - \$2.9 million in municipal revolving funds
  - \$3.1 million in school revolving funds
  - \$2.2 million in school circuit breaker funds
  - \$9.8 million in community preservation funds

### **Requests for Information**

This financial report is designed to provide a general overview of the Town of Barnstable's 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 information should be addressed to the Office of the Finance Director, 3<sup>rd</sup> Floor, School Administration Building, 230 South Street, Hyannis, MA, 02601.

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# ***Basic Financial Statements***

**STATEMENT OF NET POSITION**

JUNE 30, 2016

	Primary Government			Component
	Governmental	Business-type	Total	Units
	Activities	Activities		Libraries
<b>ASSETS</b>				
<b>CURRENT:</b>				
Cash and cash equivalents.....	\$ 70,386,746	\$ 16,483,987	\$ 86,870,733	\$ 2,317,217
Restricted cash.....	-	-	-	37,836
Investments.....	39,566,173	13,875,293	53,441,466	5,993,493
Receivables, net of allowance for uncollectibles:				
Real estate and personal property taxes.....	6,802,554	-	6,802,554	-
Tax liens.....	2,411,460	-	2,411,460	-
Wastewater liens.....	-	27,724	27,724	-
Motor vehicle and other excise taxes.....	1,669,430	-	1,669,430	-
User fees.....	-	3,049,937	3,049,937	-
Community Preservation Fund surtaxes.....	186,556	-	186,556	-
Departmental and other.....	1,271,326	-	1,271,326	145,752
Special assessments.....	8,843	248,941	257,784	-
Intergovernmental.....	15,575,882	1,808,293	17,384,175	25,096
Tax foreclosures.....	1,185,252	-	1,185,252	-
Inventory.....	-	169,434	169,434	10,845
Prepaid expenses.....	-	-	-	15,888
Total current assets.....	<u>139,064,222</u>	<u>35,663,609</u>	<u>174,727,831</u>	<u>8,546,127</u>
<b>NONCURRENT:</b>				
Receivables, net of allowance for uncollectibles:				
Special assessments.....	1,014,761	870,311	1,885,072	-
Intergovernmental.....	6,494,423	697,443	7,191,866	-
Capital assets, net of accumulated depreciation:				
Nondepreciable.....	82,905,463	41,425,037	124,330,500	341,264
Depreciable.....	<u>170,954,137</u>	<u>141,378,510</u>	<u>312,332,647</u>	<u>10,339,324</u>
Total noncurrent assets.....	<u>261,368,784</u>	<u>184,371,301</u>	<u>445,740,085</u>	<u>10,680,588</u>
<b>TOTAL ASSETS.....</b>	<u>400,433,006</u>	<u>220,034,910</u>	<u>620,467,916</u>	<u>19,226,715</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charge on refunding.....	-	1,273,671	1,273,671	-
Deferred outflows of resources related to pensions.....	5,975,476	1,504,774	7,480,250	-
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES.....</b>	<u>5,975,476</u>	<u>2,778,445</u>	<u>8,753,921</u>	<u>-</u>
<b>LIABILITIES</b>				
<b>CURRENT:</b>				
Warrants payable.....	3,072,751	956,428	4,029,179	60,160
Accrued liabilities.....	146,473	5,512	151,985	25,219
Accrued payroll.....	5,379,050	162,642	5,541,692	-
Tax refunds payable.....	213,300	-	213,300	-
Accrued interest.....	648,891	527,237	1,176,128	-
Other liabilities.....	8,137	76,418	84,555	-
Unearned revenue.....	-	104,238	104,238	-
Customer deposits payable.....	5,365	-	5,365	-
Landfill closure.....	-	25,000	25,000	-
Compensated absences.....	2,691,214	356,004	3,047,218	47,336
Workers' compensation.....	57,500	-	57,500	-
Notes payable.....	255,941	4,128,548	4,384,489	-
Bonds payable.....	<u>9,637,476</u>	<u>4,872,823</u>	<u>14,510,299</u>	<u>-</u>
Total current liabilities.....	<u>22,116,098</u>	<u>11,214,850</u>	<u>33,330,948</u>	<u>132,715</u>
<b>NONCURRENT:</b>				
Landfill closure.....	-	250,000	250,000	-
Compensated absences.....	744,154	64,702	808,856	-
Workers' compensation.....	568,300	-	568,300	-
Net pension liability.....	74,739,865	18,821,341	93,561,206	-
Other postemployment benefits obligation.....	46,290,290	2,699,998	48,990,288	-
Bonds payable.....	<u>49,813,507</u>	<u>46,574,331</u>	<u>96,387,838</u>	<u>-</u>
Total noncurrent liabilities.....	<u>172,156,116</u>	<u>68,410,372</u>	<u>240,566,488</u>	<u>-</u>
<b>TOTAL LIABILITIES.....</b>	<u>194,272,214</u>	<u>79,625,222</u>	<u>273,897,436</u>	<u>132,715</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows of resources related to pensions.....	839,620	211,437	1,051,057	-
<b>NET POSITION</b>				
Net investment in capital assets.....	211,631,729	129,631,459	341,263,188	10,680,588
Restricted for:				
Construction and maintenance.....	13,698,170	-	13,698,170	-
Highway projects.....	10,725,832	-	10,725,832	-
Community Preservation.....	10,648,321	-	10,648,321	-
Permanent funds:				
Expendable trust funds.....	1,293,674	-	1,293,674	-
Nonexpendable trust funds.....	16,933,978	-	16,933,978	-
Grants and gifts.....	5,621,614	-	5,621,614	-
Unrestricted.....	<u>(59,256,670)</u>	<u>13,345,237</u>	<u>(45,911,433)</u>	<u>8,413,412</u>
<b>TOTAL NET POSITION.....</b>	<u>\$ 211,296,648</u>	<u>\$ 142,976,696</u>	<u>\$ 354,273,344</u>	<u>\$ 19,094,000</u>

See notes to basic financial statements.

**STATEMENT OF ACTIVITIES**

YEAR ENDED JUNE 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary Government:</b>					
<i>Governmental Activities:</i>					
Town Council.....	\$ 363,717	\$ -	\$ -	\$ -	\$ (363,717)
Town Manager.....	834,954	17,897	-	-	(817,057)
Administrative services.....	11,155,705	835,259	698,582	791,822	(8,830,042)
Growth management.....	2,867,287	42,492	427,054	735,549	(1,662,192)
Public safety.....	21,211,475	810,688	529,251	-	(19,871,536)
Education.....	100,687,385	2,766,669	27,581,697	27,991	(70,311,028)
Public works.....	16,517,135	97,299	277,294	4,257,461	(11,885,081)
Community services.....	5,996,361	3,125,465	403,615	71,250	(2,396,031)
Regulatory services.....	5,848,644	3,568,406	21,704	-	(2,258,534)
Culture and recreation.....	2,527,421	643,668	666	-	(1,883,087)
Interest.....	1,543,603	-	304,138	-	(1,239,465)
<b>Total Governmental Activities.....</b>	<b>169,553,689</b>	<b>11,907,843</b>	<b>30,244,001</b>	<b>5,884,073</b>	<b>(121,517,772)</b>
<i>Business-Type Activities:</i>					
Airport activities.....	8,829,671	6,390,216	70,880	4,062,072	1,693,497
Golf Course activities.....	3,051,784	3,173,012	-	-	121,228
Solid Waste activities.....	2,647,918	2,231,944	70,184	-	(345,790)
Wastewater activities.....	4,959,029	3,388,870	154,060	66,202	(1,349,897)
Water Supply activities.....	4,040,710	5,301,446	-	-	1,260,736
Marina activities.....	933,055	736,283	-	-	(196,772)
Sandy Neck activities.....	994,150	1,199,321	-	-	205,171
Hyannis Youth and Community Center activities.....	2,639,139	1,204,119	6,325	-	(1,428,695)
<b>Total Business-Type Activities.....</b>	<b>28,095,456</b>	<b>23,625,211</b>	<b>301,449</b>	<b>4,128,274</b>	<b>(40,522)</b>
<b>Total Primary Government.....</b>	<b>\$ 197,649,145</b>	<b>\$ 35,533,054</b>	<b>\$ 30,545,450</b>	<b>\$ 10,012,347</b>	<b>\$ (121,558,294)</b>
<b>Component Units:</b>					
Hyannis Public Library.....	\$ 555,449	\$ 25,361	\$ 501,812	\$ -	\$ (28,276)
Osterville Free Library.....	912,382	75,753	773,986	-	(62,643)
Centerville Public Library.....	662,830	82,704	424,934	-	(155,192)
Sturgis Library.....	596,842	60,162	753,571	-	216,891
Cotuit Library.....	411,052	11,842	345,680	-	(53,530)
Marston Mills Public Library.....	300,471	35,206	301,148	-	35,883
Wheldon Memorial Library.....	175,155	23,109	142,062	-	(9,984)
<b>Total Component Units.....</b>	<b>\$ 3,614,181</b>	<b>\$ 314,137</b>	<b>\$ 3,243,193</b>	<b>\$ -</b>	<b>\$ (56,851)</b>

(Continued)

**STATEMENT OF ACTIVITIES**

YEAR ENDED JUNE 30, 2016

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	Libraries
<b>Changes in net position:</b>				
Net (expense) revenue from previous page.....	\$ (121,517,772)	\$ (40,522)	\$ (121,558,294)	\$ (56,851)
<i>General revenues:</i>				
Real estate and personal property taxes, net of tax refunds payable.....	110,049,748	-	110,049,748	-
Motor vehicle and other excise taxes.....	7,568,790	-	7,568,790	-
Hotel/motel tax.....	2,798,882	-	2,798,882	-
Meals tax.....	1,474,084	-	1,474,084	-
Penalties and interest on taxes.....	914,983	-	914,983	-
Community Preservation Fund surtax.....	3,208,815	-	3,208,815	-
Grants and contributions not restricted to specific programs.....	3,198,731	-	3,198,731	-
Unrestricted investment income.....	2,183,557	262,226	2,445,783	406,182
Miscellaneous.....	29,925	-	29,925	-
<i>Transfers, net</i> .....	(111,372)	111,372	-	-
Total general revenues and transfers.....	131,316,143	373,598	131,689,741	406,182
Change in net position.....	9,798,371	333,076	10,131,447	349,331
<i>Net Position:</i>				
Beginning of year.....	201,498,277	142,643,620	344,141,897	18,744,669
End of year.....	\$ 211,296,648	\$ 142,976,696	\$ 354,273,344	\$ 19,094,000

See notes to basic financial statements.

(Concluded)

**GOVERNMENTAL FUNDS  
BALANCE SHEET**

JUNE 30, 2016

	General	Construction and Maintenance	Capital Projects	Highway Projects	Community Preservation Fund
<b>ASSETS</b>					
Cash and cash equivalents.....	\$ 21,737,593	\$ 12,204,569	\$ 11,929,618	\$ 569,391	\$ 9,842,158
Investments.....	22,039,467	-	-	-	-
Receivables, net of uncollectibles:					
Real estate and personal property taxes.....	6,802,554	-	-	-	-
Tax liens.....	2,357,541	-	-	-	48,518
Motor vehicle and other excise taxes.....	1,669,430	-	-	-	-
Community Preservation Fund surtaxes.....	-	-	-	-	186,556
Departmental and other.....	65,838	1,205,488	-	-	-
Special assessments.....	-	-	-	-	-
Intergovernmental.....	9,628,557	288,113	-	10,734,386	696,547
Tax foreclosures.....	1,185,252	-	-	-	-
<b>TOTAL ASSETS.....</b>	<b>\$ 65,486,232</b>	<b>\$ 13,698,170</b>	<b>\$ 11,929,618</b>	<b>\$ 11,303,777</b>	<b>\$ 10,773,779</b>
<b>LIABILITIES</b>					
Warrants payable.....	\$ 1,677,846	\$ -	\$ 1,032,451	\$ -	\$ 124,446
Accrued liabilities.....	146,473	-	-	-	-
Accrued payroll.....	5,187,811	-	15,465	-	1,012
Tax refunds payable.....	213,300	-	-	-	-
Liabilities due depositors.....	5,365	-	-	-	-
Other liabilities.....	2,551	-	-	-	-
Notes payable.....	255,941	-	-	-	-
<b>TOTAL LIABILITIES.....</b>	<b>7,489,287</b>	<b>-</b>	<b>1,047,916</b>	<b>-</b>	<b>125,458</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue.....	20,647,093	1,205,488	-	10,725,832	931,621
<b>FUND BALANCES</b>					
Nonspendable.....	-	-	-	-	-
Restricted.....	2,373,473	12,492,682	10,881,702	577,945	9,716,700
Assigned.....	4,956,930	-	-	-	-
Unassigned.....	30,019,449	-	-	-	-
<b>TOTAL FUND BALANCES.....</b>	<b>37,349,852</b>	<b>12,492,682</b>	<b>10,881,702</b>	<b>577,945</b>	<b>9,716,700</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES.....</b>	<b>\$ 65,486,232</b>	<b>\$ 13,698,170</b>	<b>\$ 11,929,618</b>	<b>\$ 11,303,777</b>	<b>\$ 10,773,779</b>

See notes to basic financial statements.

	Nonmajor Governmental Funds		Total Governmental Funds
\$	12,133,655	\$	68,416,984
	17,526,706		39,566,173
	-		6,802,554
	5,401		2,411,460
	-		1,669,430
	-		186,556
	-		1,271,326
	1,023,604		1,023,604
	722,702		22,070,305
	-		1,185,252
\$	<u>31,412,068</u>	\$	<u>144,603,644</u>
\$	234,643	\$	3,069,386
	-		146,473
	174,410		5,378,698
	-		213,300
	-		5,365
	5,586		8,137
	-		255,941
	<u>414,639</u>		<u>9,077,300</u>
	1,029,005		34,539,039
	16,933,978		16,933,978
	13,034,446		49,076,948
	-		4,956,930
	-		30,019,449
	<u>29,968,424</u>		<u>100,987,305</u>
\$	<u>31,412,068</u>	\$	<u>144,603,644</u>

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TOTAL FUND BALANCES TO THE STATEMENT OF NET POSITION**

JUNE 30, 2016

Total governmental fund balances.....	\$	100,987,305
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....		253,859,600
Accounts receivable are not available to pay for current-period expenditures and, therefore, are deferred in the funds.....		34,539,039
Certain changes in the net pension liability are required to be included in pension expense over future periods. These changes are reported as deferred outflows of resources or (deferred inflows of resources) related to pensions.....		5,135,856
Internal service funds are used by management to account for workers' compensation activities.		
The assets and liabilities of the internal service fund are included in the governmental activities in the statement of net position.....		1,340,245
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....		(648,891)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Bonds payable.....	(59,450,983)	
Net pension liability.....	(74,739,865)	
Compensated absences.....	(3,435,368)	
Other postemployment benefits obligation.....	<u>(46,290,290)</u>	
Net effect of reporting long-term liabilities.....		<u>(183,916,506)</u>
Net position of governmental activities.....	\$	<u><u>211,296,648</u></u>

See notes to basic financial statements.

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**GOVERNMENTAL FUNDS**  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2016

	General	Construction and Maintenance	Capital Projects	Highway Projects	Community Preservation Fund
<b>REVENUES:</b>					
Real estate and personal property taxes, net of tax refunds.....	\$ 108,835,835	\$ -	\$ -	\$ -	-
Motor vehicle and other excise taxes.....	7,506,290	-	-	-	-
Hotel/motel tax.....	1,867,950	932,627	-	-	-
Meals tax.....	-	1,474,084	-	-	-
Charges for services.....	2,067,551	149,860	-	-	-
Penalties and interest on taxes.....	1,293,796	-	-	-	-
Fees and rentals.....	1,027,261	-	-	-	-
Licenses and permits.....	2,322,347	-	-	-	-
Intergovernmental.....	25,730,426	-	283,195	45,405	968,008
Special assessments.....	229,240	-	-	-	-
Departmental and other.....	996,061	-	-	-	-
Community Preservation Fund surtax.....	-	-	-	-	3,208,815
Contributions.....	32,347	-	-	-	-
Investment income.....	973,023	109,884	-	-	116,360
Miscellaneous.....	-	-	-	-	-
Legal settlements.....	-	-	-	-	-
<b>TOTAL REVENUES.....</b>	<b>152,882,127</b>	<b>2,666,455</b>	<b>283,195</b>	<b>45,405</b>	<b>4,293,183</b>
<b>EXPENDITURES:</b>					
Current:					
Town Council.....	233,693	-	-	-	-
Town Manager.....	550,017	-	-	-	-
Administrative services.....	5,647,380	-	351,996	-	-
Growth management.....	830,260	-	9,858	-	1,984,342
Public safety.....	13,119,283	-	35,617	-	-
Education.....	63,908,134	-	8,320,014	-	-
Public works.....	9,834,851	-	5,690,681	135,720	-
Community services.....	2,763,938	-	706,304	-	-
Regulatory services.....	2,510,206	-	170,020	-	-
Culture and recreation.....	2,015,533	-	-	-	-
Pension benefits.....	17,993,837	-	-	-	-
Property and liability insurance.....	1,573,817	-	-	-	-
Employee benefits.....	10,467,714	-	-	-	-
Other assessments.....	357,141	-	-	-	-
State and county charges.....	8,174,877	-	-	-	-
Debt service:					
Principal.....	7,041,229	-	-	-	1,877,100
Interest.....	1,474,154	-	-	-	503,228
<b>TOTAL EXPENDITURES.....</b>	<b>148,496,064</b>	<b>-</b>	<b>15,284,490</b>	<b>135,720</b>	<b>4,364,670</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>	<b>4,386,063</b>	<b>2,666,455</b>	<b>(15,001,295)</b>	<b>(90,315)</b>	<b>(71,487)</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Issuance of bonds.....	-	-	12,113,000	-	-
Issuance of refunding bonds.....	1,674,000	-	-	-	-
Premium from issuance of bonds.....	1,000,312	-	-	-	-
Premium from issuance of refunding bonds.....	218,218	-	-	-	-
Payments to refunded bonds escrow agent.....	(1,860,611)	-	-	-	-
Transfers in.....	3,424,244	-	4,713,955	-	-
Transfers out.....	(6,372,882)	(513,073)	-	-	(30,000)
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>(1,916,719)</b>	<b>(513,073)</b>	<b>16,826,955</b>	<b>-</b>	<b>(30,000)</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>2,469,344</b>	<b>2,153,382</b>	<b>1,825,660</b>	<b>(90,315)</b>	<b>(101,487)</b>
<b>FUND BALANCES AT BEGINNING OF YEAR.....</b>	<b>34,880,508</b>	<b>10,339,300</b>	<b>9,056,042</b>	<b>668,260</b>	<b>9,818,187</b>
<b>FUND BALANCES AT END OF YEAR.....</b>	<b>\$ 37,349,852</b>	<b>\$ 12,492,682</b>	<b>\$ 10,881,702</b>	<b>\$ 577,945</b>	<b>\$ 9,716,700</b>

See notes to basic financial statements.

Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 108,835,835
-	7,506,290
-	2,800,577
-	1,474,084
3,704,669	5,922,080
2,780	1,296,576
737,232	1,764,493
1,136,617	3,458,964
10,070,842	37,097,876
255,006	484,246
295,629	1,291,690
-	3,208,815
266,865	299,212
966,932	2,166,199
73,132	73,132
<u>37,506</u>	<u>37,506</u>
<u>17,547,210</u>	<u>177,717,575</u>
-	233,693
-	550,017
1,244,273	7,243,649
269,938	3,094,398
581,100	13,736,000
9,449,537	81,677,685
381,786	16,043,038
655,005	4,125,247
602,687	3,282,913
511,888	2,527,421
-	17,993,837
-	1,573,817
-	10,467,714
-	357,141
-	8,174,877
50,372	8,968,701
-	<u>1,977,382</u>
<u>13,746,586</u>	<u>182,027,530</u>
<u>3,800,624</u>	<u>(4,309,955)</u>
-	12,113,000
-	1,674,000
-	1,000,312
-	218,218
-	(1,860,611)
267,537	8,405,736
<u>(1,601,153)</u>	<u>(8,517,108)</u>
<u>(1,333,616)</u>	<u>13,033,547</u>
2,467,008	8,723,592
<u>27,501,416</u>	<u>92,263,713</u>
\$ <u>29,968,424</u>	\$ <u>100,987,305</u>

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES**

YEAR ENDED JUNE 30, 2016

Net change in fund balances - total governmental funds.....	\$	8,723,592
<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.....		17,654,545
Depreciation expense.....		<u>(8,799,261)</u>
Net effect of reporting capital assets.....		8,855,284
<p>Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in unavailable revenue.....</p>		
		1,728,499
<p>The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.</p>		
Issuance of bonds.....		(12,113,000)
Issuance of refunding bonds.....		(1,674,000)
Premium from issuance of bonds.....		(1,000,312)
Payment to refunded bond escrow agent.....		1,860,611
Other changes from long-term debt.....		118,186
Debt service principal payments.....		8,968,701
Amortization of premium from refunding bonds.....		<u>167,402</u>
Net effect of reporting long-term debt.....		(3,672,412)
<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.....		(310,757)
Net change in accrued interest on long-term debt.....		(70,027)
Net change in deferred outflow/(inflow) of resources related to pensions.....		5,019,259
Net change in net pension liability.....		(6,657,124)
Net change in other postemployment benefits obligation.....		<u>(4,300,220)</u>
Net effect of recording long-term liabilities.....		(6,318,869)
<p>Internal service fund is used by management to account for workers' compensation activities.</p>		
The net activity of internal service fund is reported with governmental activities.....		<u>482,277</u>
Change in net position of governmental activities.....	\$	<u><u>9,798,371</u></u>

See notes to basic financial statements.

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**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGETARY BASIS - BUDGET AND ACTUAL**

YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		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.....	\$ 108,850,217	\$ 108,850,217	\$ 108,989,435	\$ -	\$ 139,218
Motor vehicle and other excise taxes.....	6,212,642	6,212,642	7,506,290	-	1,293,648
Hotel/motel tax.....	1,790,000	1,790,000	1,867,950	-	77,950
Charges for services.....	1,720,000	1,720,000	2,067,551	-	347,551
Penalties and interest on taxes.....	1,300,000	1,300,000	1,293,796	-	(6,204)
Fees and rentals.....	950,000	950,000	1,027,261	-	77,261
Licenses and permits.....	2,030,000	2,030,000	2,322,347	-	292,347
Intergovernmental.....	15,285,686	15,285,686	15,563,920	-	278,234
Special assessments.....	251,000	251,000	229,240	-	(21,760)
Departmental and other.....	130,800	130,800	888,029	-	757,229
Investment income.....	300,000	300,000	375,939	-	75,939
<b>TOTAL REVENUES.....</b>	<b>138,820,345</b>	<b>138,820,345</b>	<b>142,131,758</b>	<b>-</b>	<b>3,311,413</b>
<b>EXPENDITURES:</b>					
Current:					
Town Council:					
Personnel.....	223,959	223,959	212,714	-	11,245
Operating Expenditures.....	28,727	28,005	20,979	2,481	4,545
<b>TOTAL.....</b>	<b>252,686</b>	<b>251,964</b>	<b>233,693</b>	<b>2,481</b>	<b>15,790</b>
Town Manager:					
Personnel.....	469,284	469,284	466,143	-	3,141
Operating Expenditures.....	137,773	134,538	83,874	19,266	31,398
<b>TOTAL.....</b>	<b>607,057</b>	<b>603,822</b>	<b>550,017</b>	<b>19,266</b>	<b>34,539</b>
Administrative Services:					
Personnel.....	4,473,640	4,473,640	4,369,757	-	103,883
Operating Expenditures.....	1,335,970	1,308,519	1,080,333	196,320	31,866
Capital Outlay.....	181,318	180,937	136,306	44,161	470
<b>TOTAL.....</b>	<b>5,990,928</b>	<b>5,963,096</b>	<b>5,586,396</b>	<b>240,481</b>	<b>136,219</b>
Growth Management:					
Personnel.....	796,185	796,185	723,193	-	72,992
Operating Expenditures.....	144,686	136,413	107,067	29,219	127
<b>TOTAL.....</b>	<b>940,871</b>	<b>932,598</b>	<b>830,260</b>	<b>29,219</b>	<b>73,119</b>
Police:					
Personnel.....	12,013,453	12,013,453	11,791,903	-	221,550
Operating Expenditures.....	881,239	980,774	944,799	35,157	818
Capital Outlay.....	401,216	401,216	382,581	18,635	-
<b>TOTAL.....</b>	<b>13,295,908</b>	<b>13,395,443</b>	<b>13,119,283</b>	<b>53,792</b>	<b>222,368</b>
Regulatory Services:					
Personnel.....	2,362,486	2,362,486	2,263,441	-	99,045
Operating Expenditures.....	326,277	314,860	246,765	60,227	7,868
<b>TOTAL.....</b>	<b>2,688,763</b>	<b>2,677,346</b>	<b>2,510,206</b>	<b>60,227</b>	<b>106,913</b>

(Continued)

**GENERAL FUND**  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGETARY BASIS - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
Local School System.....	62,367,011	62,198,962	60,308,056	1,391,455	499,451
Regional School District.....	3,195,407	3,195,407	3,192,748	-	2,659
Public Works:					
Personnel.....	5,476,722	5,383,222	5,199,980	-	183,242
Operating Expenditures.....	2,987,211	3,031,205	4,001,868	283,151	(1,253,814)
Capital Outlay.....	704,928	703,487	633,003	64,358	6,126
TOTAL.....	9,168,861	9,117,914	9,834,851	347,509	(1,064,446)
Community Services:					
Personnel.....	2,452,723	2,452,723	2,388,896	-	63,827
Operating Expenditures.....	449,875	413,486	315,428	93,473	4,585
Capital Outlay.....	73,850	73,850	59,614	7,058	7,178
TOTAL.....	2,976,448	2,940,059	2,763,938	100,531	75,590
Culture and Recreation.....	2,139,189	2,134,190	2,015,533	113,456	5,201
Debt Service:					
Principal.....	7,084,000	7,084,000	7,041,229	-	42,771
Interest.....	1,583,981	1,583,981	1,471,205	2,750	110,026
TOTAL.....	8,667,981	8,667,981	8,512,434	2,750	152,797
Pension Benefits.....	8,035,227	8,035,227	8,035,227	-	-
Employee Benefits.....	9,799,857	9,799,857	9,267,714	-	532,143
Liability Insurance.....	1,599,075	1,585,277	1,573,817	10,763	697
State and County Assessments.....	8,324,622	8,324,622	8,174,877	-	149,745
Other Assessments.....	449,194	444,320	357,141	-	87,179
TOTAL EXPENDITURES.....	140,499,085	140,268,085	136,866,191	2,371,930	1,029,964
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(1,678,740)	(1,447,740)	5,265,567	(2,371,930)	4,341,377
<b>OTHER FINANCING SOURCES (USES):</b>					
Premium from issuance of bonds.....	-	-	1,000,312	-	1,000,312
Transfers in.....	3,403,802	3,403,802	3,449,445	-	45,643
Transfers out.....	(5,528,153)	(9,563,154)	(9,563,154)	-	-
TOTAL OTHER FINANCING SOURCES (USES).....	(2,124,351)	(6,159,352)	(5,113,397)	-	1,045,955
NET CHANGE IN FUND BALANCE.....	(3,803,091)	(7,607,092)	152,170	(2,371,930)	5,387,332
BUDGETARY FUND BALANCE, Beginning of year....	21,697,643	21,697,643	21,697,643	-	-
BUDGETARY FUND BALANCE, End of year..... \$	\$ 17,894,552	\$ 14,090,551	\$ 21,849,813	\$ (2,371,930)	\$ 5,387,332

See notes to basic financial statements.

(Concluded)

**PROPRIETARY FUNDS**  
STATEMENT OF NET POSITION

JUNE 30, 2016

	Business-type Activities - Enterprise Funds					
	Airport	Golf Course	Solid Waste	Wastewater	Water Supply	Marina Recreation
<b>ASSETS</b>						
<b>CURRENT:</b>						
Cash and cash equivalents.....	\$ 3,241,019	\$ 902,370	\$ 2,827,277	\$ 3,728,462	\$ 3,574,469	\$ 1,233,607
Investments.....	1,567,102	402,690	1,367,048	7,703,959	1,728,332	633,866
Receivables, net of allowance for uncollectibles:						
User fees.....	111,197	35,464	-	1,757,289	1,145,987	-
Wastewater liens.....	-	-	-	27,724	-	-
Special assessments.....	-	-	-	248,941	-	-
Intergovernmental.....	-	-	107,547	136,338	1,415,908	-
Inventory.....	106,288	63,146	-	-	-	-
Total current assets.....	<u>5,025,606</u>	<u>1,403,670</u>	<u>4,301,872</u>	<u>13,602,713</u>	<u>7,864,696</u>	<u>1,867,473</u>
<b>NONCURRENT:</b>						
Receivables, net of allowance for uncollectibles:						
Special assessments.....	-	-	-	870,311	-	-
Intergovernmental.....	-	-	235,267	462,176	-	-
Capital assets, net of accumulated depreciation:						
Depreciable.....	59,893,815	1,791,275	1,636,439	36,322,564	17,101,044	3,900,539
Nondepreciable.....	15,797,727	11,893,307	1,082,200	1,052,305	8,642,142	1,728,025
Total noncurrent assets.....	<u>75,691,542</u>	<u>13,684,582</u>	<u>2,953,906</u>	<u>38,707,356</u>	<u>25,743,186</u>	<u>5,628,564</u>
<b>TOTAL ASSETS.....</b>	<u>80,717,148</u>	<u>15,088,252</u>	<u>7,255,778</u>	<u>52,310,069</u>	<u>33,607,882</u>	<u>7,496,037</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred charge on refunding.....	-	145,905	-	21,909	437,869	-
Deferred outflows of resources related to pensions.....	380,242	286,326	226,957	233,357	55,408	54,446
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES.....</b>	<u>380,242</u>	<u>432,231</u>	<u>226,957</u>	<u>255,266</u>	<u>493,277</u>	<u>54,446</u>
<b>LIABILITIES</b>						
<b>CURRENT:</b>						
Warrants payable.....	690,937	25,006	87,615	70,973	21,383	9,509
Accrued liabilities.....	-	-	-	-	-	-
Accrued payroll.....	34,571	32,948	23,730	23,277	6,823	6,972
Accrued interest.....	-	74,878	-	-	273,326	-
Other liabilities.....	19,089	18,154	-	22,165	16,010	1,000
Unearned revenue.....	-	104,238	-	-	-	-
Landfill closure.....	-	-	25,000	-	-	-
Compensated absences.....	98,501	76,219	51,856	61,295	14,200	9,592
Workers' compensation.....	-	-	-	-	-	-
Notes payable.....	1,917,209	-	-	-	2,211,339	-
Bonds payable.....	30,000	394,074	483,500	1,471,010	1,192,963	275,550
Total current liabilities.....	<u>2,790,307</u>	<u>725,517</u>	<u>671,701</u>	<u>1,648,720</u>	<u>3,736,044</u>	<u>302,623</u>
<b>NONCURRENT:</b>						
Landfill closure.....	-	-	250,000	-	-	-
Compensated absences.....	17,241	12,397	9,523	14,185	160	4,462
Workers' compensation.....	-	-	-	-	-	-
Net pension liability.....	4,755,973	3,581,297	2,838,719	2,918,769	693,033	680,992
Other postemployment benefits obligation.....	886,439	606,692	491,249	323,488	42,301	118,032
Bonds payable.....	560,000	2,571,473	1,321,600	14,598,581	14,610,244	2,421,593
Total noncurrent liabilities.....	<u>6,219,653</u>	<u>6,771,859</u>	<u>4,911,091</u>	<u>17,855,023</u>	<u>15,345,738</u>	<u>3,225,079</u>
<b>TOTAL LIABILITIES.....</b>	<u>9,009,960</u>	<u>7,497,376</u>	<u>5,582,792</u>	<u>19,503,743</u>	<u>19,081,782</u>	<u>3,527,702</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred inflows of resources related to pensions.....	53,428	40,232	31,890	32,789	7,785	7,650
<b>NET POSITION</b>						
Net investment in capital assets.....	73,184,333	10,719,035	2,718,639	21,903,792	7,728,640	2,931,421
Unrestricted.....	(1,150,331)	(2,736,160)	(850,586)	11,125,011	7,282,952	1,083,710
<b>TOTAL NET POSITION.....</b>	<u>\$ 72,034,002</u>	<u>\$ 7,982,875</u>	<u>\$ 1,868,053</u>	<u>\$ 33,028,803</u>	<u>\$ 15,011,592</u>	<u>\$ 4,015,131</u>

See notes to basic financial statements.

(Continued)

Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
Sandy Neck Recreation	Hyannis Youth and Community Center	Total	
\$ 508,759	\$ 468,024	\$ 16,483,987	\$ 1,969,762
245,996	226,300	13,875,293	-
-	-	3,049,937	-
-	-	27,724	-
-	-	248,941	-
148,500	-	1,808,293	-
-	-	169,434	-
<u>903,255</u>	<u>694,324</u>	<u>35,663,609</u>	<u>1,969,762</u>
-	-	870,311	-
-	-	697,443	-
1,259,820	19,473,014	141,378,510	-
-	1,229,331	41,425,037	-
<u>1,259,820</u>	<u>20,702,345</u>	<u>184,371,301</u>	<u>-</u>
<u>2,163,075</u>	<u>21,396,669</u>	<u>220,034,910</u>	<u>1,969,762</u>
-	667,988	1,273,671	-
95,607	172,431	1,504,774	-
<u>95,607</u>	<u>840,419</u>	<u>2,778,445</u>	<u>-</u>
12,020	38,985	956,428	3,365
5,512	-	5,512	-
17,929	16,392	162,642	352
-	179,033	527,237	-
-	-	76,418	-
-	-	104,238	-
-	-	25,000	-
5,767	38,574	356,004	-
-	-	-	57,500
-	-	4,128,548	-
55,000	970,726	4,872,823	-
<u>96,228</u>	<u>1,243,710</u>	<u>11,214,850</u>	<u>61,217</u>
-	-	250,000	-
-	6,734	64,702	-
-	-	-	568,300
1,195,826	2,156,732	18,821,341	-
62,791	169,006	2,699,998	-
955,000	9,535,840	46,574,331	-
<u>2,213,617</u>	<u>11,868,312</u>	<u>68,410,372</u>	<u>568,300</u>
<u>2,309,845</u>	<u>13,112,022</u>	<u>79,625,222</u>	<u>629,517</u>
<u>13,434</u>	<u>24,229</u>	<u>211,437</u>	<u>-</u>
249,820	10,195,779	129,631,459	-
(314,417)	(1,094,942)	13,345,237	1,340,245
<u>\$ (64,597)</u>	<u>\$ 9,100,837</u>	<u>\$ 142,976,696</u>	<u>\$ 1,340,245</u>

(Concluded)

**PROPRIETARY FUNDS**  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEAR ENDED JUNE 30, 2016

	Business-type Activities - Enterprise Funds					
	Airport	Golf Course	Solid Waste	Wastewater	Water Supply	Marina Recreation
<b>OPERATING REVENUES:</b>						
Employer contributions.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services.....	6,390,216	3,173,012	2,231,944	3,388,870	5,301,446	736,283
Intergovernmental.....	70,880	-	-	58,851	-	-
Contributions.....	-	-	-	-	-	-
<b>TOTAL OPERATING REVENUES.....</b>	<b>6,461,096</b>	<b>3,173,012</b>	<b>2,231,944</b>	<b>3,447,721</b>	<b>5,301,446</b>	<b>736,283</b>
<b>OPERATING EXPENSES:</b>						
Salaries, wages and fringe benefits.....	2,014,782	1,741,857	1,133,413	1,318,399	280,604	291,202
Operations.....	3,499,664	1,058,786	1,181,111	1,315,305	2,788,278	92,256
Depreciation.....	3,291,625	208,192	253,088	2,034,457	589,262	200,905
<b>TOTAL OPERATING EXPENSES.....</b>	<b>8,806,071</b>	<b>3,008,835</b>	<b>2,567,612</b>	<b>4,668,161</b>	<b>3,658,144</b>	<b>584,363</b>
<b>OPERATING INCOME (LOSS).....</b>	<b>(2,344,975)</b>	<b>164,177</b>	<b>(335,668)</b>	<b>(1,220,440)</b>	<b>1,643,302</b>	<b>151,920</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>						
Investment income.....	40,566	10,360	39,006	100,253	40,933	9,396
Interest expense.....	(23,600)	(42,949)	(80,306)	(290,868)	(382,566)	(348,692)
Intergovernmental.....	-	-	70,184	95,209	-	-
<b>TOTAL NONOPERATING REVENUES (EXPENSES), NET.....</b>	<b>16,966</b>	<b>(32,589)</b>	<b>28,884</b>	<b>(95,406)</b>	<b>(341,633)</b>	<b>(339,296)</b>
<b>INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS.....</b>	<b>(2,328,009)</b>	<b>131,588</b>	<b>(306,784)</b>	<b>(1,315,846)</b>	<b>1,301,669</b>	<b>(187,376)</b>
<b>CAPITAL CONTRIBUTIONS.....</b>	<b>4,062,072</b>	<b>-</b>	<b>-</b>	<b>66,202</b>	<b>-</b>	<b>-</b>
<b>TRANSFERS:</b>						
Transfers in.....	-	82,000	-	513,073	-	85,231
Transfers out.....	(764,483)	(250,000)	(293,877)	(431,879)	(125,383)	(231,346)
<b>TOTAL TRANSFERS.....</b>	<b>(764,483)</b>	<b>(168,000)</b>	<b>(293,877)</b>	<b>81,194</b>	<b>(125,383)</b>	<b>(146,115)</b>
<b>CHANGE IN NET POSITION.....</b>	<b>969,580</b>	<b>(36,412)</b>	<b>(600,661)</b>	<b>(1,168,450)</b>	<b>1,176,286</b>	<b>(333,491)</b>
<b>NET POSITION AT BEGINNING OF YEAR.....</b>	<b>71,064,422</b>	<b>8,019,287</b>	<b>2,468,714</b>	<b>34,197,253</b>	<b>13,835,306</b>	<b>4,348,622</b>
<b>NET POSITION AT END OF YEAR.....</b>	<b>\$ 72,034,002</b>	<b>\$ 7,982,875</b>	<b>\$ 1,868,053</b>	<b>\$ 33,028,803</b>	<b>\$ 15,011,592</b>	<b>\$ 4,015,131</b>

See notes to basic financial statements.

(Continued)

Business-type Activities - Enterprise Funds			
Sandy Neck Recreation	Hyannis Youth and Community Center	Total	Governmental Activities - Internal Service Fund
\$ -	\$ -	\$ -	\$ 1,285,000
1,199,321	1,204,119	23,625,211	-
-	-	129,731	-
-	6,325	6,325	-
<u>1,199,321</u>	<u>1,210,444</u>	<u>23,761,267</u>	<u>1,285,000</u>
555,570	1,050,101	8,385,928	820,081
315,014	604,190	10,854,604	-
83,085	606,527	7,267,141	-
<u>953,669</u>	<u>2,260,818</u>	<u>26,507,673</u>	<u>820,081</u>
<u>245,652</u>	<u>(1,050,374)</u>	<u>(2,746,406)</u>	<u>464,919</u>
6,110	15,602	262,226	17,358
(40,481)	(378,321)	(1,587,783)	-
-	-	165,393	-
<u>(34,371)</u>	<u>(362,719)</u>	<u>(1,160,164)</u>	<u>17,358</u>
<u>211,281</u>	<u>(1,413,093)</u>	<u>(3,906,570)</u>	<u>482,277</u>
-	-	4,128,274	-
-	1,884,820	2,565,124	-
(74,112)	(282,672)	(2,453,752)	-
<u>(74,112)</u>	<u>1,602,148</u>	<u>111,372</u>	<u>-</u>
137,169	189,055	333,076	482,277
<u>(201,766)</u>	<u>8,911,782</u>	<u>142,643,620</u>	<u>857,968</u>
<u>\$ (64,597)</u>	<u>\$ 9,100,837</u>	<u>\$ 142,976,696</u>	<u>\$ 1,340,245</u>

(Concluded)

**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**

YEAR ENDED JUNE 30, 2016

	Business-type Activities - Enterprise Funds					
	Airport	Golf Course	Solid Waste	Wastewater	Water Supply	Marina Recreation
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>						
Receipts from customers and users.....	\$ 6,673,322	\$ 3,179,583	\$ 2,231,944	\$ 3,305,729	\$ 5,429,252	\$ 736,283
Receipts from interfund services provided.....	-	-	-	-	-	-
Receipts from other governments.....	70,880	-	-	58,851	-	-
Receipts from contributions.....	-	-	-	-	-	-
Payments to vendors.....	(3,730,818)	(799,380)	(1,328,662)	(1,347,213)	(2,794,115)	(76,299)
Payments to employees.....	(1,783,095)	(1,330,541)	(1,054,235)	(1,084,535)	(257,891)	(253,883)
Payments for interfund services used.....	(181,520)	(352,159)	(56,985)	(215,522)	(23,030)	(34,187)
<b>NET CASH FROM OPERATING ACTIVITIES.....</b>	<b>1,048,769</b>	<b>697,503</b>	<b>(207,938)</b>	<b>717,310</b>	<b>2,354,216</b>	<b>371,914</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>						
Transfers in.....	-	82,000	-	513,073	-	85,231
Transfers out.....	(764,483)	(250,000)	(293,877)	(431,879)	(125,383)	(231,346)
Intergovernmental grants.....	-	-	106,916	-	1,033,144	-
<b>NET CASH FROM NONCAPITAL FINANCING ACTIVITIES.....</b>	<b>(764,483)</b>	<b>(168,000)</b>	<b>(186,961)</b>	<b>81,194</b>	<b>907,761</b>	<b>(146,115)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>						
Proceeds from the issuance of bonds and notes.....	1,917,209	314,000	-	1,318,000	6,524,886	1,008,000
Proceeds from the issuance of refunding bonds.....	-	-	-	251,000	-	-
Capital contributions.....	4,062,072	-	-	91,046	-	-
Special assessments.....	-	-	-	1,499,001	-	-
Acquisition and construction of capital assets.....	(5,993,241)	(202,872)	(311,929)	(266,854)	(3,107,928)	(74,152)
Principal payments on bonds and notes.....	(30,000)	(310,500)	(470,900)	(1,780,625)	(5,898,236)	(165,000)
Interest expense.....	(23,600)	(66,349)	(11,781)	(217,569)	(241,426)	(24,752)
<b>NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....</b>	<b>(67,560)</b>	<b>(265,721)</b>	<b>(794,610)</b>	<b>893,999</b>	<b>(2,722,704)</b>	<b>744,096</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>						
Purchase of investments.....	-	(53,508)	-	(1,012,450)	-	(349,610)
Sale of investments.....	(20,079)	-	449,889	-	(122,919)	-
Investment income.....	40,566	10,360	39,006	100,253	40,933	9,396
<b>NET CASH FROM INVESTING ACTIVITIES.....</b>	<b>20,487</b>	<b>(43,148)</b>	<b>488,895</b>	<b>(912,197)</b>	<b>(81,986)</b>	<b>(340,214)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS.....</b>	<b>237,213</b>	<b>220,634</b>	<b>(700,614)</b>	<b>780,306</b>	<b>457,287</b>	<b>629,681</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....</b>	<b>3,003,806</b>	<b>681,736</b>	<b>3,527,891</b>	<b>2,948,156</b>	<b>3,117,182</b>	<b>603,926</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR.....</b>	<b>\$ 3,241,019</b>	<b>\$ 902,370</b>	<b>\$ 2,827,277</b>	<b>\$ 3,728,462</b>	<b>\$ 3,574,469</b>	<b>\$ 1,233,607</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:</b>						
Operating income (loss).....	\$ (2,344,975)	\$ 164,177	\$ (335,668)	\$ (1,220,440)	\$ 1,643,302	\$ 151,920
Adjustments to reconcile operating income (loss) to net cash from operating activities:						
Depreciation.....	3,291,625	208,192	253,088	2,034,457	589,262	200,905
Deferred (outflows)/inflows related to pensions.....	(319,205)	(240,793)	(190,398)	(196,009)	(46,523)	(45,742)
Changes in assets and liabilities:						
Wastewater liens.....	-	-	-	2,544	-	-
User fees.....	283,106	5,810	-	(85,685)	127,806	-
Inventory.....	(56,123)	34,362	-	-	-	-
Warrants payable.....	(173,799)	(23,871)	(44,411)	(92,619)	(10,069)	(3,805)
Accrued liabilities.....	-	-	-	-	-	-
Accrued payroll.....	(38,512)	(16,852)	(12,938)	(13,874)	(3,673)	(4,082)
Other liabilities.....	5,127	3,560	-	(264)	39	-
Unearned revenue.....	-	761	-	-	-	-
Accrued compensated absences.....	6,331	19,650	(10,504)	2,165	(573)	(3,750)
Workers' compensation.....	-	-	-	-	-	-
Landfill closure liability.....	-	-	(25,000)	-	-	-
Net pension liability.....	312,846	486,148	112,258	256,984	50,716	65,504
Other postemployment benefits obligation.....	82,348	56,359	45,635	30,051	3,929	10,964
<b>Total adjustments.....</b>	<b>3,393,744</b>	<b>533,326</b>	<b>127,730</b>	<b>1,937,750</b>	<b>710,914</b>	<b>219,994</b>
<b>NET CASH FROM OPERATING ACTIVITIES.....</b>	<b>\$ 1,048,769</b>	<b>\$ 697,503</b>	<b>\$ (207,938)</b>	<b>\$ 717,310</b>	<b>\$ 2,354,216</b>	<b>\$ 371,914</b>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</b>						
Intergovernmental subsidy of debt service - principal.....	\$ -	\$ -	\$ -	\$ 130,762	\$ -	\$ -
Intergovernmental subsidy of debt service - interest.....	-	-	68,525	95,208	-	-
Deferred charge on refunding.....	-	145,905	-	21,909	437,869	-

See notes to basic financial statements.

(Continued)

Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
Sandy Neck Recreation	Hyannis Youth and Community Center	Total	
\$ 1,199,321	\$ 1,204,119	\$ 23,959,553	\$ -
-	-	-	1,285,000
-	-	129,731	-
-	6,325	6,325	-
(234,628)	(451,850)	(10,762,965)	-
(444,817)	(798,522)	(7,007,519)	-
<u>(109,882)</u>	<u>(240,813)</u>	<u>(1,214,098)</u>	<u>(832,600)</u>
<u>409,994</u>	<u>(280,741)</u>	<u>5,111,027</u>	<u>452,400</u>
-	1,884,820	2,565,124	-
(74,112)	(282,672)	(2,453,752)	-
<u>(148,500)</u>	<u>-</u>	<u>991,560</u>	<u>-</u>
<u>(222,612)</u>	<u>1,602,148</u>	<u>1,102,932</u>	<u>-</u>
-	-	11,082,095	-
-	3,320,000	3,571,000	-
-	-	4,153,118	-
-	-	1,499,001	-
-	-	(9,956,976)	-
(55,000)	(4,243,400)	(12,953,661)	-
<u>(40,481)</u>	<u>(368,801)</u>	<u>(994,759)</u>	<u>-</u>
<u>(95,481)</u>	<u>(1,292,201)</u>	<u>(3,600,182)</u>	<u>-</u>
-	(5,502)	(1,421,070)	-
(22,740)	-	284,151	-
<u>6,110</u>	<u>15,602</u>	<u>262,226</u>	<u>17,358</u>
<u>(16,630)</u>	<u>10,100</u>	<u>(874,693)</u>	<u>17,358</u>
75,271	39,306	1,739,084	469,758
<u>433,488</u>	<u>428,718</u>	<u>14,744,903</u>	<u>1,500,004</u>
<u>\$ 508,759</u>	<u>\$ 468,024</u>	<u>\$ 16,483,987</u>	<u>\$ 1,969,762</u>
<u>\$ 245,652</u>	<u>\$ (1,050,374)</u>	<u>\$ (2,746,406)</u>	<u>\$ 464,919</u>
83,085	606,527	7,267,141	-
(80,393)	(145,039)	(1,264,102)	-
-	-	2,544	-
-	-	331,037	-
-	-	(21,761)	-
2,425	(12,219)	(358,368)	1,676
1,659	-	1,659	-
(6,165)	(7,391)	(103,487)	5
-	-	8,462	-
-	-	761	-
1,202	2,457	16,978	-
-	-	-	(14,200)
-	-	(25,000)	-
156,695	309,598	1,750,749	-
<u>5,834</u>	<u>15,700</u>	<u>250,820</u>	<u>-</u>
<u>164,342</u>	<u>769,633</u>	<u>7,857,433</u>	<u>(12,519)</u>
<u>\$ 409,994</u>	<u>\$ (280,741)</u>	<u>\$ 5,111,027</u>	<u>\$ 452,400</u>
\$ -	\$ -	\$ 130,762	\$ -
-	-	163,733	-
-	667,988	1,273,671	-

(Concluded)

**FIDUCIARY FUNDS**  
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2016

	Other Postemployment Benefits Trust Fund	Private Purpose Trust Funds	Agency Fund
<b>ASSETS</b>			
Cash and cash equivalents.....	\$ 105,880	\$ 83,817	\$ 733,950
Investments.....	-	2,118,885	-
Equity mutual funds.....	2,571,042	-	-
Receivables, net of allowance for uncollectibles:			
Departmental and other.....	-	12,590	361,669
<b>TOTAL ASSETS.....</b>	<b>2,676,922</b>	<b>2,215,292</b>	<b>1,095,619</b>
<b>LIABILITIES</b>			
Liabilities due depositors.....	-	-	1,095,619
Other liabilities.....	-	17,590	-
<b>TOTAL LIABILITIES.....</b>	<b>-</b>	<b>17,590</b>	<b>1,095,619</b>
<b>NET POSITION</b>			
Held in trust for:			
Other postemployment benefits.....	2,676,922	-	-
Other purposes.....	-	2,197,702	-
<b>TOTAL NET POSITION.....</b>	<b>\$ 2,676,922</b>	<b>\$ 2,197,702</b>	<b>\$ -</b>

See notes to basic financial statements.

**FIDUCIARY FUNDS**  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2016

	Other Postemployment Benefits Trust Fund	Private Purpose Trust Funds
<b>ADDITIONS:</b>		
Contributions:		
Employer..... \$	428,000 \$	-
Rental income.....	-	144,854
Private donations.....	-	12,891
<b>Total contributions.....</b>	<b>428,000</b>	<b>157,745</b>
Net investment income (loss):		
Net increase (decrease) in fair value of investments.....	38,879	83,840
Interest income.....	69,401	64,541
<b>Net investment income (loss).....</b>	<b>108,280</b>	<b>148,381</b>
<b>TOTAL ADDITIONS.....</b>	<b>536,280</b>	<b>306,126</b>
<b>DEDUCTIONS:</b>		
Community services.....	-	155,489
Educational scholarships.....	-	60,830
<b>TOTAL DEDUCTIONS.....</b>	<b>-</b>	<b>216,319</b>
<b>CHANGE IN NET POSITION.....</b>	<b>536,280</b>	<b>89,807</b>
<b>NET POSITION AT BEGINNING OF YEAR.....</b>	<b>2,140,642</b>	<b>2,107,895</b>
<b>NET POSITION AT END OF YEAR..... \$</b>	<b>\$ 2,676,922</b>	<b>\$ 2,197,702</b>

See notes to basic financial statements.

**COMPONENT UNITS**  
COMBINING STATEMENT OF NET POSITION

JUNE 30, 2016

	Hyannis Public Library	Osterville Free Library	Centerville Public Library
<b>ASSETS</b>			
<b>CURRENT:</b>			
Cash and cash equivalents.....	\$ 493,646	\$ 265,913	\$ 216,679
Restricted cash and cash equivalents.....	-	-	-
Investments.....	679,084	692,659	742,915
Receivables, net of allowance for uncollectibles:			
Departmental and other.....	-	1,040	144,712
Intergovernmental.....	-	-	-
Inventory.....	-	-	-
Prepaid expenses.....	4,045	4,350	-
<b>Total current assets.....</b>	<b><u>1,176,775</u></b>	<b><u>963,962</u></b>	<b><u>1,104,306</u></b>
<b>NONCURRENT:</b>			
Capital assets, net of accumulated depreciation:			
Depreciable.....	217,997	4,928,171	3,070,602
Nondepreciable.....	69,600	80,815	7,049
<b>Total noncurrent assets.....</b>	<b><u>287,597</u></b>	<b><u>5,008,986</u></b>	<b><u>3,077,651</u></b>
<b>TOTAL ASSETS.....</b>	<b><u>1,464,372</u></b>	<b><u>5,972,948</u></b>	<b><u>4,181,957</u></b>
<b>LIABILITIES</b>			
<b>CURRENT:</b>			
Warrants payable.....	5,799	14,898	8,401
Accrued liabilities.....	-	-	-
Compensated absences.....	47,336	-	-
<b>TOTAL LIABILITIES.....</b>	<b><u>53,135</u></b>	<b><u>14,898</u></b>	<b><u>8,401</u></b>
<b>NET POSITION</b>			
Net investment in capital assets.....	287,597	5,008,986	3,077,651
Unrestricted.....	1,123,640	949,064	1,095,905
<b>TOTAL NET POSITION.....</b>	<b><u>\$ 1,411,237</u></b>	<b><u>\$ 5,958,050</u></b>	<b><u>\$ 4,173,556</u></b>

See notes to basic financial statements.

(Continued)

<u>Sturgis Library</u>	<u>Cotuit Library</u>	<u>Marstons Mills Public Library</u>	<u>Whelden Memorial Library</u>	<u>Total Component Units</u>
\$ 912,538	\$ 105,550	\$ 139,016	\$ 183,875	\$ 2,317,217
37,836	-	-	-	37,836
2,098,780	1,304,457	178,540	297,058	5,993,493
-	-	-	-	145,752
25,096	-	-	-	25,096
10,845	-	-	-	10,845
445	5,436	1,612	-	15,888
<u>3,085,540</u>	<u>1,415,443</u>	<u>319,168</u>	<u>480,933</u>	<u>8,546,127</u>
1,500,903	285,600	234,862	101,189	10,339,324
162,250	16,550	5,000	-	341,264
<u>1,663,153</u>	<u>302,150</u>	<u>239,862</u>	<u>101,189</u>	<u>10,680,588</u>
<u>4,748,693</u>	<u>1,717,593</u>	<u>559,030</u>	<u>582,122</u>	<u>19,226,715</u>
15,420	10,006	3,891	1,745	60,160
21,219	-	-	4,000	25,219
-	-	-	-	47,336
<u>36,639</u>	<u>10,006</u>	<u>3,891</u>	<u>5,745</u>	<u>132,715</u>
1,663,153	302,150	239,862	101,189	10,680,588
3,048,901	1,405,437	315,277	475,188	8,413,412
<u>\$ 4,712,054</u>	<u>\$ 1,707,587</u>	<u>\$ 555,139</u>	<u>\$ 576,377</u>	<u>\$ 19,094,000</u>

(Concluded)

**COMPONENT UNITS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

YEAR ENDED JUNE 30, 2016

	Hyannis Public Library	Osterville Free Library	Centerville Public Library
<b>OPERATING REVENUES:</b>			
Charges for services.....	\$ 25,361	\$ 75,753	\$ 82,704
<b>OPERATING EXPENSES:</b>			
Program and administrative.....	507,739	543,625	543,264
Depreciation.....	30,375	180,773	103,678
Management and general.....	13,414	94,690	-
Fundraising.....	3,921	93,294	15,888
<b>TOTAL OPERATING EXPENSES.....</b>	<b>555,449</b>	<b>912,382</b>	<b>662,830</b>
<b>OPERATING INCOME (LOSS).....</b>	<b>(530,088)</b>	<b>(836,629)</b>	<b>(580,126)</b>
<b>NONOPERATING REVENUES/(EXPENSES):</b>			
Investment income (loss).....	15,406	59,002	52,433
Intergovernmental.....	478,460	248,714	337,615
Contributions.....	23,352	525,272	87,319
<b>TOTAL NONOPERATING REVENUES/(EXPENSES)...</b>	<b>517,218</b>	<b>832,988</b>	<b>477,367</b>
<b>CHANGE IN NET POSITION.....</b>	<b>(12,870)</b>	<b>(3,641)</b>	<b>(102,759)</b>
<b>NET POSITION AT BEGINNING OF YEAR.....</b>	<b>1,424,107</b>	<b>5,961,691</b>	<b>4,276,315</b>
<b>NET POSITION AT END OF YEAR.....</b>	<b>\$ 1,411,237</b>	<b>\$ 5,958,050</b>	<b>\$ 4,173,556</b>

See notes to basic financial statements.

(Continued)

<u>Sturgis Library</u>	<u>Cotuit Library</u>	<u>Marstons Mills Public Library</u>	<u>Whelden Memorial Library</u>	<u>Total Component Units</u>
\$ <u>60,162</u>	\$ <u>11,842</u>	\$ <u>35,206</u>	\$ <u>23,109</u>	\$ <u>314,137</u>
476,175	399,627	236,396	168,287	2,875,113
31,816	11,425	15,175	6,868	380,110
-	-	-	-	108,104
<u>88,851</u>	<u>-</u>	<u>48,900</u>	<u>-</u>	<u>250,854</u>
<u>596,842</u>	<u>411,052</u>	<u>300,471</u>	<u>175,155</u>	<u>3,614,181</u>
<u>(536,680)</u>	<u>(399,210)</u>	<u>(265,265)</u>	<u>(152,046)</u>	<u>(3,300,044)</u>
107,000	156,204	8,277	7,860	406,182
236,258	235,539	195,605	108,632	1,840,823
<u>517,313</u>	<u>110,141</u>	<u>105,543</u>	<u>33,430</u>	<u>1,402,370</u>
<u>860,571</u>	<u>501,884</u>	<u>309,425</u>	<u>149,922</u>	<u>3,649,375</u>
323,891	102,674	44,160	(2,124)	349,331
<u>4,388,163</u>	<u>1,604,913</u>	<u>510,979</u>	<u>578,501</u>	<u>18,744,669</u>
\$ <u><u>4,712,054</u></u>	\$ <u><u>1,707,587</u></u>	\$ <u><u>555,139</u></u>	\$ <u><u>576,377</u></u>	\$ <u><u>19,094,000</u></u>

(Concluded)

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

The accompanying basic financial statements of the Town of Barnstable, Massachusetts (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 was incorporated in 1639 under the Acts of the Commonwealth of Massachusetts (Commonwealth). The Town is composed of the seven villages of Hyannis, Osterville, Centerville, Cotuit, Barnstable, Marstons Mills, and West Barnstable. The Town is organized in accordance with its Home Rule Charter that was adopted in May 1989 under the Council-Manager form of government, which consists of an elected eleven-member Town Council (Council) and a Town Manager (Manager) who is appointed by the Council. The Manager supervises and directs the administration of all municipal departments, except the School Department and the Barnstable Municipal Airport, which are supervised and directed by the School Committee and the Airport Commissioners, respectively.

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 (primary government) and its component units. Seven entities have been included as component units in the reporting entity, because of the significance of their operational and/or financial relationships with the Town.

*Discretely Presented Component Units* – Discretely presented component units are entities that are legally separate from the Town, but are financially accountable to the Town, or whose relationships with the Town are such that exclusion would cause the Town's financial statements to be misleading or incomplete. The Town has included seven libraries as Discretely Presented Component Units because they are fiscally dependent on the Town and because the nature and significance of their relationship with the Town is such that exclusion would cause the Town's financial statements to be misleading or incomplete. Accordingly, the Component Units column of the combined financial statements includes the financial data of the following entities:

- The Hyannis Public Library Association, Centerville Public Library Association, Osterville Free Library Corporation, Marstons Mills Public Library, Inc., Whelden Memorial Library, Cotuit Library Association and the Sturgis Library were established to provide suitable library facilities to Town residents and visitors. The libraries are governed by separately elected Boards of Trustees.

**Availability of Financial Information for Component Units**

Complete financial statements of the individual component units can be obtained directly from their respective administrative offices.

Hyannis Public Library Association  
 401 Main Street  
 Hyannis, MA 02601

The Sturgis Library  
 P.O. Box 606  
 Barnstable, MA 02630

Osterville Free Library Corporation  
 43 Wianno Avenue  
 Osterville, MA 02655

Cotuit Library Association  
 Main Street  
 Cotuit, MA 02635

The Centerville Public Library Association  
 Centerville, MA 02636

Marstons Mills Public Library, Inc.  
 Main Street  
 Marstons Mills, MA 02648

Whelden Memorial Library  
 Meetinghouse Way  
 West Barnstable, MA 02668

All of the discretely presented Component Units were audited by auditors other than Powers & Sullivan, LLC.

**Availability of Financial Information for Joint Ventures**

The Town has entered into joint ventures with other municipalities to pool resources and share the costs, risk and rewards of providing goods or services to venture participants directly, or for the benefit of the general public or specified recipients. The Town has no equity interest in the joint ventures. The following identifies where the joint venture financial statements are available, their purpose, and the annual assessment paid by the Town during 2016.

<u>Joint venture and address</u>	<u>Purpose</u>	<u>Net Annual Assessment</u>
Cape Cod Regional Technical High School District 351 Pleasant Lake Avenue Harwich, MA 02645	To provide educational services	\$ 3,192,748
Sturgis Charter Public School 427 Main Street Hyannis, MA 02601	To provide educational services	\$ 2,469,036
Cape Cod Regional Transit Authority 215 Iyannough Road Hyannis, MA 02601	To provide public transportation	\$ 509,433

**B. Government-Wide and Fund Financial Statements**

*Government-Wide Financial Statements*

The government-wide financial statements (i.e., statement of net position and the statement of changes in net position) 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.

### *Major Fund Criteria*

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

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

## 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.

#### *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, and legal settlements 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 and report all financial resources, except those that are required to be accounted for in another fund.

The *construction and maintenance fund* is used to account for financial resources that are specifically for sewer construction and private way maintenance and improvements. The Town adopted special legislation to create the trust fund. In accordance with the legislation, the Town reports 100% of the meals tax and 33% of the hotel/motel tax collected directly into the trust fund.

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 *highway projects fund* is used to account for and report costs incurred with the construction and reconstruction of Town owned roadways. Costs charged to the fund are subject to reimbursement by the Commonwealth of Massachusetts.

The *community preservation fund* is a special revenue fund used to account for and report funds collected in accordance with the Cape Cod Open Space Land Acquisition Program. The funds may be used for acquiring land and interests in land for the protection of public drinking water supplies, open space and conservation and the creation of walking trails, bicycling trails and recreational areas.

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:

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.

The *component units* are used to account for and report the activity of the entities that are separate from the primary government but are financially accountable to the Town. The component units are reported using the flow of economic resources measurement focus and the accrual basis of accounting and are discretely presented in the basic financial statements.

**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 *airport enterprise fund* is used to account for and report the Barnstable Municipal Airport activities.

The *golf course enterprise fund* is used to account for and report the Olde Barnstable Fairgrounds Golf Course and the Hyannis Golf Course activities.

The *solid waste enterprise fund* is used to account for and report the Town's solid waste transfer station and recycling activities.

The *wastewater enterprise fund* is used to account for and report the Town's sewer activities.

The *water supply enterprise fund* is used to account for and report the Town's water activities.

The *marina recreation enterprise fund* is used to account for and report the Town's marina activities.

The *Sandy Neck recreation enterprise fund* is used to account for and report the Town's Sandy Neck recreation activities.

The *Hyannis Youth and Community Center enterprise fund* is used to account for and report the Town's youth and community center activities.

Additionally, the following proprietary fund type is reported:

The *internal service fund* is used to account for the financing of services provided by one department to other departments or governmental units. This fund was established in 2012 to account for risk financing activities related to workers' compensation.

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

The *private-purpose trust fund* is used to account for and report trust arrangements that exclusively benefit individuals, private organizations, or other governments. Some of these trusts have donor restrictions and trustee policies that do not allow the endowment portion and any unrealized appreciation to be spent. The restrictions and trustee policies only allows the trustees to approve spending of the realized investment earnings. The Town's educational scholarships and assistance to benefit the needy activities are accounted for in this fund.

The *agency fund* is used to account for and report assets held in a purely custodial capacity. Agency funds apply the accrual basis of accounting but do not have a measurement focus. The Town's agency fund consists of off-duty work details, performance bonds, student activity accounts and fees collected on behalf of other governments.

#### D. Cash and Investments

##### *Government-Wide and Fund Financial Statements*

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

Investments are carried at fair value. The fair values were determined by the closing price for those securities traded on national stock exchanges and at the average bid-and-asked quotation for those securities traded in the over-the-counter market.

#### 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, U.S. government obligations, 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, 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 3 – Cash and Cash Equivalents.

#### 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 the proprietary funds 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 is 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 Assessor's for 100% of the estimated fair market value. Taxes are due on August 1<sup>st</sup>, November 1<sup>st</sup>, February 1<sup>st</sup>, and May 1<sup>st</sup> and are subject to penalties and interest if they are not paid by the respective due date. Real estate and personal property taxes levied are recorded as receivables in the year of the levy.

Real estate tax liens are processed approximately three months after the due date on delinquent properties 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 and Other 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. Boat excise taxes are assessed annually for each boat registered and are recorded as receivables in the year of the levy. The Commonwealth is responsible for reporting the number of boats registered and the fair value of those boats. The tax calculation is the fair value of the boat multiplied by \$10 per \$1,000 of value; with a maximum taxable value of \$50,000.

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

***Departmental and Other***

Departmental and other receivables of the primary government consist primarily of refunds paid by the Town on behalf of the local Fire Districts. The Town collects taxes on behalf of the Fire Districts and pays refunds to customers. The Fire Districts are billed for refunds paid on their behalf and a receivable is recorded at the time the payment is made. The allowance for uncollectibles is estimated based on historical trends and specific account analysis.

Departmental and other receivables of the component units consist of the present value of future bequests that are anticipated to be received under the terms of charitable trusts.

***Room Occupancy Tax***

The Town levies 6% of the cost of renting hotel, motel, lodging house and bed and breakfast rooms in accordance with Massachusetts General Law, Chapter 64G, Section 3A. The tax is paid by the operator of each establishment to the State Commissioner of Revenue, who in turn pays the tax back to the Town in quarterly distributions. The room occupancy tax receivable is categorized as an intergovernmental receivable.

Through special legislation, the Town approved an increase to the room occupancy tax to be directed into the construction and maintenance trust fund. This trust fund, which is reported as a major fund, recorded 33% of the room occupancy tax receivable as an intergovernmental receivable.

This receivable is considered 100% collectible and therefore does not report an allowance for uncollectibles.

***Meals Tax***

The Town levies 0.75% for the sale of restaurant meals in accordance with Massachusetts General Law, Chapter 64L, Section 2. The tax is paid by the operator of each establishment to the State Commissioner of Revenue, who in turn pays the tax back to the Town in quarterly distributions. The meals tax receivable is categorized as an intergovernmental receivable.

Through special legislation, the Town records 100% of the meals tax revenue into the construction and maintenance trust fund. This trust fund, which is reported as a major fund, recorded the meals tax receivable as an intergovernmental receivable.

This receivable is considered 100% collectible and therefore does not report an allowance for uncollectibles.

***Intergovernmental***

Various federal and state grants for operating and capital purposes are applied for and received annually. For non-expenditure driven grants, revenue is recognized as soon as all eligibility requirements imposed by the provider have been met. For expenditure driven grants, revenue is recognized when the qualifying expenditures are incurred and all other grant requirements are met.

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

***Community Preservation Fund Surtaxes***

Community Preservation Fund Surtaxes, formerly known as Land Bank Surtaxes, consist of an excise tax of 3% of the real estate tax levy against real property which is levied by the Town as part of the Cape Cod Open Space Land Acquisition Program.

Since the receivables are secured via the lien process, these accounts are considered 100% collectible and therefore do not report an allowance for uncollectibles.

### ***Airport User Fees***

Airport user fees consist of the sale of jet fuel, car rental concessions, vehicle parking revenue and landing fees, and various lease arrangements for land and buildings.

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

### ***Wastewater and Water User Fees***

Wastewater and water user fees are levied quarterly based on individual meter readings and are subject to penalties and interest if they are not paid by the respective due date. Delinquent charges on wastewater are added to the property owner's tax bill in the year after they are due. Charges and liens are recorded as receivables in the year of the levy.

Since the wastewater receivables are secured via the lien process, these accounts are considered 100% collectible and therefore do not report an allowance for uncollectibles. The allowance for uncollectibles for water user fees is estimated based on historical trends and specific account analysis.

### ***Special Assessments***

Special assessments in the wastewater fund consist of apportioned and unapportioned sewer betterments assessed to homeowners whose properties were improved through Town-run sewer construction projects.

Since the receivables are secured via the lien process, these accounts are considered 100% collectible and therefore do not report an allowance for uncollectibles.

## **G. Inventories**

### ***Government-Wide and Fund Financial Statements***

Inventories of the Airport and Golf Courses are priced at the lower of cost or market, with cost being determined on the first-in, first-out method basis. Expendable supplies and small tools are not inventoried but rather expensed when purchased.

Inventories of the Sturgis Library are carried at cost.

All other inventories are recorded as expenditures at the time of purchase. Such inventories are not material in total to the government-wide and fund financial statements, and therefore are not reported.

## **H. Capital Assets**

### ***Government-Wide and Proprietary Fund Financial Statements***

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

value at the date of donation. Except for the capital assets of the governmental activities column in the government-wide financial statements, construction period interest is capitalized on constructed capital assets.

All purchases and construction costs in excess of \$25,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than one year.

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

<u>Capital Asset Type</u>	<u>Estimated Useful Life (in years)</u>
Land improvements.....	20
Buildings.....	40
Building improvements.....	20
Machinery and equipment.....	5-10
Vehicles.....	5
Infrastructure.....	50

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

*Governmental 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 (Net Position)*

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 net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The Town has reported a deferred charge on refunding and deferred outflows of resources related to pensions 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 net position 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 in this category.

*Governmental Fund Financial Statements*

In addition to liabilities, the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents amounts 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 recorded unavailable revenue as deferred inflows of resources in the governmental funds balance sheet.

### J. Interfund Receivables and Payables

During the course of its 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 and internal service funds are eliminated from the governmental activities in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of net position as "internal balances".

#### *Fund Financial Statements*

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

### K. Interfund Transfers

During the course of its 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 and internal service 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. Unavailable Revenue

Unavailable revenue at the governmental fund financial statement level represents billed receivables that do not meet the available criterion in accordance with the current financial resources measurement focus and the modified accrual basis of accounting, i.e. receivables that are not considered to be available to liquidate liabilities of the current period. Unavailable revenue is recognized as revenue in the conversion to the government-wide (full accrual) financial statements.

### M. Net Position and Fund Equity

#### *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. Outstanding debt related to future reimbursements from the state's school building program and the Massachusetts Clean Water Trust's loan subsidy program are not considered to be capital related debt.

Net position is reported as restricted when amounts 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:

“Construction and maintenance” represents amounts restricted for sewer construction and private way maintenance and improvements.

“Highway projects” represents amounts restricted for highway improvements.

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

“Permanent funds – expendable trust funds” represents the amount of realized and unrealized investment earnings of donor restricted trusts. The donor restrictions and trustee policies only allows the trustees to approve spending of the realized investment earnings that support governmental programs.

“Permanent funds – nonexpendable trust funds” represents the endowment portion of donor restricted trusts that support governmental programs.

“Grants and gifts” represents restrictions placed on assets from outside parties and consists primarily of gifts and federal and state grants.

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) 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 policy to consider restricted net position to have been depleted before unrestricted net position is applied.

#### *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. Town Council is the highest level of decision making authority that can, by Town Council vote, commit funds for a specific purpose. Once voted, the limitation imposed by the vote remains in place until the funds are used for their intended purpose or a vote is taken to rescind the commitment.

“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. The Town’s ordinances authorize the Finance Director to assign fund balance. Assignments generally only exist temporarily. Additional action does not have to be taken for the removal of an assignment.

“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.

Sometimes the Town will fund outlays for a particular purpose from different components of fund balance. In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. When different components of fund balance can be used for the same purpose, it is the Town’s policy to consider restricted fund balance to have been depleted first, followed by committed fund balance, and assigned fund balance. Unassigned fund balance is applied last.

#### N. 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 both the Barnstable County Retirement Association (BCRA) and the Massachusetts Teachers Retirement System and additions to/deductions from the Systems fiduciary net position have been determined on the same basis as they are reported by the Systems. 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.

#### O. Long-term debt

##### *Government-Wide and Proprietary Fund Financial Statements*

Long-term debt is reported as liabilities in the government-wide and proprietary fund 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.

#### P. Investment Income

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

#### Q. Compensated Absences

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

*Government-Wide and Proprietary Fund Financial Statements*

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

*Governmental 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.

**R. 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.

**S. 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 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY****A. Budgetary Information**

In accordance with the Town Charter, the Town Manager presents an annual budget to the Council, which includes estimates of revenues and other financing sources and recommendations of expenditures and other financing uses. Expenditures are budgeted by categories that are broken down by personnel, operating expenses, debt service and capital outlay and are mandated by Municipal Law. The Council may authorize appropriations for the recommended purposes and may reduce or reject any appropriation by majority vote. The Council may not increase an appropriation without the recommendation of the Town Manager.

Supplemental appropriations are made upon recommendation of the Town Manager and require a majority approval of the Council.

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 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 (personnel, operating expenditures 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 claims and judgments may exceed the level of spending authorized by majority vote of the Council.

An annual budget is adopted for the general fund in conformity with the guidelines described above. The original 2016 approved budget authorized approximately \$144.1 million in current year appropriations and other amounts to be raised and approximately \$2.1 million in encumbrances and appropriations carried over from previous years. During 2016, the Council also approved increases to appropriations totaling approximately \$3.8 million. The Finance Director has the responsibility to ensure that budgetary control is maintained. Budgetary control is exercised through the Town’s accounting system.

**B. 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, 2016, is presented on the following table:

Net change in fund balance, budgetary basis.....	\$ 152,170
<u>Perspective difference:</u>	
Activity of the Horace Mann Charter School recorded in the general fund for GAAP.....	(42,623)
Activity of the stabilization funds recorded in the general fund for GAAP.....	2,513,397
<u>Basis of accounting differences:</u>	
Net change in recording tax refunds payable.....	(153,600)
Recognition of revenue for on-behalf payments.....	9,958,610
Recognition of expenditures for on-behalf payments.....	<u>(9,958,610)</u>
Net change in fund balance, GAAP basis.....	<u>\$ 2,469,344</u>

**C. Appropriation Deficits**

Expenditures exceeded appropriations for public works for snow and ice removal. The snow and ice removal over expenditure will be funded with available funds during fiscal year 2017.

**NOTE 3 – 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 (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.

#### Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Town of Barnstable's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. At year-end, the carrying amount of deposits totaled \$76,836,399 and the bank balance totaled \$78,572,445. Of the bank balance, \$5,150,751 was covered by Federal Depository Insurance, \$17,969,650 was covered by the Depositors Insurance Fund, \$12,532,529 was covered by the Share Insurance Fund, \$13,394,696 was collateralized, and \$29,524,819 was exposed to custodial credit risk because it was uninsured and uncollateralized.

#### Investments

As of June 30, 2016, the Town of Barnstable had the following investments:

Investment Type	Fair Value	Maturity			
		Under 1 Year	1-5 Years	6-10 Years	Over 10 Years
<u>Debt Securities:</u>					
U.S. Government Treasuries.....	\$ 9,139,099	\$ 560,635	\$ 5,192,262	\$ 3,386,202	\$ -
Corporate Bonds.....	7,015,125	3,037,784	3,702,583	121,855	152,903
Government Sponsored Enterprises.....	17,547,233	5,031,160	8,391,055	2,327,016	1,798,002
Total Debt Securities.....	33,701,457	\$ 8,629,579	\$ 17,285,900	\$ 5,835,073	\$ 1,950,905
<u>Other Investments:</u>					
Equity Securities.....	14,580,986				
Repurchase Agreements.....	6,010,000				
Money Market Mutual Funds.....	4,909,187				
Equity Mutual Funds.....	9,314,638				
Preferred Securities.....	534,312				
MMDT - Cash Portfolio.....	38,794				
Total Investments.....	\$ 69,089,374				

The Town participates in the MMDT cash portfolio. MMDT maintains a cash portfolio and a short-term bond fund with combined average maturities of approximately 3 months.

#### 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. Of the Town's investments, \$33,701,457 in debt securities, \$14,580,986 in equity securities and \$534,312 in preferred securities are exposed to custodial credit risk because the related securities are uninsured, unregistered and held by the counterparty. The Town's investment policy places no limit on the amount of U.S. Treasury and U.S. Government Agency obligations. In regards to other investments, the Town will only purchase investment grade securities with a high concentration in securities rated "A" or better.

As of June 30, 2016, the Town had an investment with a fair value of \$6,010,000 in an overnight Repurchase Agreement (REPO). Under the terms of the REPO, the bank agrees to sell and buy back a portion of the Bank's securities portfolio at the purchase price plus interest. The REPO is held by the bank, acting as the Town's agent. In the event of default, the Town has the right to direct the bank to sell the securities and apply the proceeds in satisfaction of the Repurchase Agreement. The REPO is fully collateralized with Collateralized Mortgage Obligation fixed rate securities issued through the Federal National Mortgage Association. The REPO is not rated, and the collateral has a Moody's rating of AAA.

Interest Rate Risk

The Town's policy is to concentrate its investment portfolio in shorter-term securities in order to limit principal risk caused by changes in interest rates. For general Town funds, the weighted average days to maturity for the overall Town portfolio should be less than 365 days.

Credit Risk

The Town has not adopted a formal policy related to Credit Risk. At June 30, 2016, the Town's investments were rated as follows:

Quality Ratings	Corporate Bonds	Government Sponsored Enterprises	Preferred Securities	Totals
AAA.....	\$ -	\$ 17,522,259	\$ -	\$ 17,522,259
AA+.....	266,147	-	-	266,147
AA-.....	451,327	-	-	451,327
A.....	1,128,531	-	-	1,128,531
A-.....	1,005,837	-	-	1,005,837
BAA.....	100,383	-	-	100,383
BBB+.....	301,060	-	-	301,060
BBB.....	131,006	-	-	131,006
BBB-.....	99,040	-	-	99,040
BB+.....	327,719	-	-	327,719
Unrated.....	3,204,075	24,974	534,312	3,763,361
Fair Value.....	\$ 7,015,125	\$ 17,547,233	\$ 534,312	\$ 25,096,670

Additionally, the Town holds \$4,909,187 in money market mutual funds and \$38,794 in MMDT which are unrated.

Concentration of Credit Risk

The Town places no limit on the amount the government may invest in any one issuer. More than 5% of the Town's investments are in the following securities:

Issuer	Percentage Of Total Investments
Federal Home Loan Bank.....	5%
Federal Home Loan Mortgage Company.....	13%
Federal National Mortgage Association.....	8%

Fair Market Value of Investments

The Town holds investments that are measured at fair value on a recurring basis. Because investing is not a core part of the Town's mission, the Town determines that the disclosures related to these investments only need to be disaggregated by major type. The Town has chosen a tabular format for disclosing the levels within the fair value hierarchy.

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Town has the following recurring fair value measurements as of June 30, 2016:

Investment Type	June 30, 2016	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. Government Treasuries.....	\$ 9,139,099	\$ 9,139,099	\$ -	\$ -
Corporate bonds.....	7,015,125	-	7,015,125	-
Government Sponsored Enterprises.....	17,547,233	17,547,233	-	-
Total debt securities.....	33,701,457	26,686,332	7,015,125	-
<u>Other Investments:</u>				
Equity securities.....	14,580,986	14,580,986	-	-
Repurchase agreements.....	6,010,000	6,010,000	-	-
Money market mutual funds.....	4,909,187	4,909,187	-	-
Equity mutual funds.....	9,314,638	9,314,638	-	-
Preferred securities.....	534,312	534,312	-	-
Total investments measured at fair value....	69,050,580	\$ 62,035,455	\$ 7,015,125	\$ -
<b>Investments measured at amortized cost:</b>				
MMDT - Cash Portfolio.....	38,794			
Total investments.....	\$ 69,089,374			

Investments classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Corporate bonds classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted

prices. Investments classified in Level 3 are valued using significant unobservable inputs. The Town does not have any investments in this category.

MMDT cash portfolio investments are valued at amortized cost. Under the amortized cost method, an investment is valued initially at its cost and 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 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 the Advisor.

**NOTE 4 – RECEIVABLES**

At June 30, 2016, receivables for the individual major governmental funds and nonmajor governmental funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Real estate and personal property taxes.....	\$ 6,818,897	\$ (16,343)	\$ 6,802,554
Tax liens.....	2,673,409	(261,949)	2,411,460
Motor vehicle and other excise taxes.....	1,854,922	(185,492)	1,669,430
Community Preservation Fund surtaxes.....	186,556	-	186,556
Departmental and other.....	1,271,326	-	1,271,326
Special assessments.....	1,023,604	-	1,023,604
Intergovernmental.....	22,070,305	-	22,070,305
Total.....	<u>\$ 35,899,019</u>	<u>\$ (463,784)</u>	<u>\$ 35,435,235</u>

At June 30, 2016, receivables for fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Departmental and other.....	\$ 374,259	\$ -	\$ 374,259
	<u>\$ 374,259</u>	<u>\$ -</u>	<u>\$ 374,259</u>

At June 30, 2016, receivables for the component units, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Departmental and other.....	\$ 145,752	\$ -	\$ 145,752
Intergovernmental.....	25,096	-	25,096
	<u>\$ 170,848</u>	<u>\$ -</u>	<u>\$ 170,848</u>

At June 30, 2016, receivables for the enterprise funds consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Airport user fees.....	\$ 135,817	\$ (24,620)	\$ 111,197
Golf course user fees.....	35,464	-	35,464
Wastewater user fees.....	1,757,289	-	1,757,289
Water user fees.....	1,233,492	(87,505)	1,145,987
Wastewater liens.....	27,724	-	27,724
Wastewater special assessments.....	1,119,252	-	1,119,252
Intergovernmental.....	2,505,736	-	2,505,736
Total.....	<u>\$ 6,814,774</u>	<u>\$ (112,125)</u>	<u>\$ 6,702,649</u>

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:

	General Fund	Construction and Maintenance	Highway Projects	Community Preservation Fund	Nonmajor Governmental Funds	Total
<u>Receivables and other asset types:</u>						
Real estate and personal property taxes.....	\$ 5,857,676	\$ -	\$ -	\$ -	\$ -	\$ 5,857,676
Tax liens.....	2,357,541	-	-	48,518	5,401	2,411,460
Tax foreclosures.....	1,185,252	-	-	-	-	1,185,252
Motor vehicle and other excise taxes.....	1,669,430	-	-	-	-	1,669,430
Community Preservation Fund surtaxes.....	-	-	-	186,556	-	186,556
Departmental and other.....	-	1,205,488	-	-	-	1,205,488
Special assessments.....	-	-	-	-	1,023,604	1,023,604
Intergovernmental.....	9,577,194	-	10,725,832	696,547	-	20,999,573
Total.....	<u>\$ 20,647,093</u>	<u>\$ 1,205,488</u>	<u>\$ 10,725,832</u>	<u>\$ 931,621</u>	<u>\$ 1,029,005</u>	<u>\$ 34,539,039</u>

**NOTE 5 – CAPITAL ASSETS**

Capital asset activity of the governmental activities for the year ended June 30, 2016, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 80,616,361	\$ 1,096,975	\$ -	\$ 81,713,336
Construction in progress.....	2,381,121	1,192,126	(2,381,120)	1,192,127
Total capital assets not being depreciated.....	<u>82,997,482</u>	<u>2,289,101</u>	<u>(2,381,120)</u>	<u>82,905,463</u>
<u>Capital assets being depreciated:</u>				
Land improvements.....	4,046,438	-	-	4,046,438
Buildings and building improvements.....	170,996,229	9,527,785	-	180,524,014
Machinery and equipment.....	12,783,341	1,730,347	-	14,513,688
Vehicles.....	8,519,881	297,557	-	8,817,438
Infrastructure.....	112,715,696	6,190,875	-	118,906,571
Total capital assets being depreciated.....	<u>309,061,585</u>	<u>17,746,564</u>	<u>-</u>	<u>326,808,149</u>
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(1,641,682)	(174,053)	-	(1,815,735)
Buildings and building improvements.....	(99,605,022)	(4,170,663)	-	(103,775,685)
Machinery and equipment.....	(8,674,272)	(892,784)	-	(9,567,056)
Vehicles.....	(7,547,846)	(638,205)	-	(8,186,051)
Infrastructure.....	(29,585,929)	(2,923,556)	-	(32,509,485)
Total accumulated depreciation.....	<u>(147,054,751)</u>	<u>(8,799,261)</u>	<u>-</u>	<u>(155,854,012)</u>
Total capital assets being depreciated, net.....	<u>162,006,834</u>	<u>8,947,303</u>	<u>-</u>	<u>170,954,137</u>
Total governmental activities capital assets, net.....	<u>\$ 245,004,316</u>	<u>\$ 11,236,404</u>	<u>\$ (2,381,120)</u>	<u>\$ 253,859,600</u>

Depreciation expense was charged to functions/programs of the governmental activities as follows:

<b>Governmental Activities:</b>	
General government.....	\$ 155,465
Growth management.....	67,954
Public safety.....	518,312
Education.....	3,824,001
Public works.....	3,775,830
Regulatory services.....	121,762
Community services.....	<u>335,937</u>
Total depreciation expense - governmental activities.....	<u>\$ 8,799,261</u>

Capital asset activity of the business-type activities for the year ended June 30, 2016, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-Type Activities:</b>				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 40,830,984	\$ -	\$ -	\$ 40,830,984
Construction in progress.....	576,363	575,053	(557,363)	594,053
Total capital assets not being depreciated.....	<u>41,407,347</u>	<u>575,053</u>	<u>(557,363)</u>	<u>41,425,037</u>
<u>Capital assets being depreciated:</u>				
Land improvements.....	6,752,486	-	-	6,752,486
Buildings and building improvements.....	86,703,493	100,529	-	86,804,022
Machinery and equipment.....	14,192,770	356,127	-	14,548,897
Vehicles.....	2,231,613	182,294	-	2,413,907
Infrastructure.....	92,701,793	9,125,267	-	101,827,060
Total capital assets being depreciated.....	<u>202,582,155</u>	<u>9,764,217</u>	<u>-</u>	<u>212,346,372</u>
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(4,974,974)	(254,450)	-	(5,229,424)
Buildings and building improvements.....	(26,278,004)	(3,239,595)	-	(29,517,599)
Machinery and equipment.....	(9,118,585)	(962,134)	-	(10,080,719)
Vehicles.....	(1,345,187)	(218,773)	-	(1,563,960)
Infrastructure.....	(21,983,971)	(2,592,189)	-	(24,576,160)
Total accumulated depreciation.....	<u>(63,700,721)</u>	<u>(7,267,141)</u>	<u>-</u>	<u>(70,967,862)</u>
Total capital assets being depreciated, net.....	<u>138,881,434</u>	<u>2,497,076</u>	<u>-</u>	<u>141,378,510</u>
Total business-type activities capital assets, net.....	<u>\$ 180,288,781</u>	<u>\$ 3,072,129</u>	<u>\$ (557,363)</u>	<u>\$ 182,803,547</u>

Depreciation expense was charged to functions/programs of the business-type activities as follows:

<b>Business-Type Activities:</b>	
Airport.....	\$ 3,291,625
Golf course.....	208,192
Solid waste.....	253,088
Wastewater.....	2,034,457
Water supply.....	589,262
Marina.....	200,905
Sandy Neck.....	83,085
Hyannis youth and community center.....	<u>606,527</u>
Total depreciation expense - business-type activities.....	<u>\$ 7,267,141</u>

Capital asset activity of the discretely presented component units for the year ended June 30, 2016, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Discretely Presented Component Units:</b>				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 341,264	\$ -	\$ -	\$ 341,264
<u>Capital assets being depreciated:</u>				
Improvements.....	334,665	-	-	334,665
Buildings and building improvements.....	11,554,996	639,640	-	12,194,636
Machinery and equipment.....	775,992	66,301	-	842,293
Fine arts.....	61,000	-	-	61,000
Furniture and fixtures.....	884,452	6,596	-	891,048
Books and periodicals.....	98,265	-	-	98,265
Technology.....	102,560	-	-	102,560
Total capital assets being depreciated.....	13,811,930	712,537	-	14,524,467
<u>Less accumulated depreciation:</u>	(3,805,033)	(380,110)	-	(4,185,143)
Total capital assets being depreciated, net.....	10,006,897	332,427	-	10,339,324
Total discretely presented component units capital assets, net.....	\$ 10,348,161	\$ 332,427	\$ -	\$ 10,680,588

Depreciation expense was charged to functions/programs of the discretely presented component units as follows:

<b>Discretely Presented Component Units:</b>	
Hyannis Public Library.....	\$ 30,375
Osterville Free Library.....	180,773
Centerville Public Library.....	103,678
Sturgis Library.....	31,816
Cotuit Library.....	11,425
Marstons Mills Public Library.....	15,175
Whelden Memorial Library.....	6,868
Total depreciation expense - discretely presented component units.....	\$ 380,110

**NOTE 6 – INTERFUND TRANSFERS**

Interfund transfers for the year ended June 30, 2016, are summarized as follows:

Transfers Out:	Transfers In:							Total
	General Fund	Capital Projects	Nonmajor Governmental Funds	Golf Course Enterprise Fund	Wastewater Enterprise Fund	Marina Enterprise Fund	HYCC Enterprise Fund	
General Fund.....	\$ -	\$ 4,309,832	\$ 34,999	\$ 82,000	\$ -	\$ 61,231	\$ 1,884,820	\$ 6,372,882 (1)
Construction and Maintenance.....	-	-	-	-	513,073	-	-	513,073 (2)
Community Preservation Fund.....	30,000	-	-	-	-	-	-	30,000 (3)
Nonmajor Governmental Funds.....	940,492	404,123	232,538	-	-	24,000	-	1,601,153 (4)
Airport Enterprise Fund.....	764,483	-	-	-	-	-	-	764,483 (5)
Golf Course Enterprise Fund.....	250,000	-	-	-	-	-	-	250,000 (5)
Solid Waste Enterprise Fund.....	293,877	-	-	-	-	-	-	293,877 (5)
Wastewater Enterprise Fund.....	431,879	-	-	-	-	-	-	431,879 (5)
Water Supply Enterprise Fund.....	125,383	-	-	-	-	-	-	125,383 (5)
Marina Enterprise Fund.....	231,346	-	-	-	-	-	-	231,346 (5)
Sandy Neck Enterprise Fund.....	74,112	-	-	-	-	-	-	74,112 (5)
HYCC Enterprise Fund.....	282,672	-	-	-	-	-	-	282,672 (5)
<b>Total.....</b>	<b>\$ 3,424,244</b>	<b>\$ 4,713,955</b>	<b>\$ 267,537</b>	<b>\$ 82,000</b>	<b>\$ 513,073</b>	<b>\$ 85,231</b>	<b>\$ 1,884,820</b>	<b>\$ 10,970,860</b>

- (1) Represents budgeted transfers from the general fund and stabilization fund to fund various capital projects, golf course and marina enterprise funds; and subsidies to the Hyannis Youth and Community Center enterprise fund.
- (2) Represents a transfer from the construction and maintenance fund to the wastewater enterprise fund for debt service.
- (3) Represents budgeted transfers from the community preservation fund for support of administration.
- (4) Represents budgeted transfers from special revenue funds to support the general fund operating budget; transfers from the school revolving fund to provide funding for school capital related projects; from town permanent fund to fund DPW related projects; from the media one revolving fund to school gifts and grants.
- (5) Represents the transfer of enterprise fund costs budgeted in the general fund.

**NOTE 7 – SHORT-TERM FINANCING**

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

- Current operating costs prior to the collection of revenues through issuance of revenue 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 and enterprise funds, respectively.

The Town had the following short-term debt activity during 2016:

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2015	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2016
<b>Governmental Funds:</b>							
BAN	Bond Anticipation Note.....	0.90%	12/31/2016	\$ 255,941	\$ -	\$ -	\$ 255,941
<b>Enterprise Funds:</b>							
Airport							
BAN	Bond Anticipation Note.....	1.20%	2/24/2017	\$ -	\$ 1,917,209	\$ -	\$ 1,917,209
Wastewater							
BAN	Bond Anticipation Note.....	1.50%	2/26/2016	318,340	-	(318,340)	-
Water Supply							
BAN	MCWT Drinking Water Interim Loan.....	0.10%	12/31/2015	2,523,837	-	(2,523,837)	-
BAN	MCWT Drinking Water Interim Loan.....	0.09%	12/31/2016	1,556,339	-	(89,000)	1,467,339
BAN	Bond Anticipation Note.....	1.50%	2/26/2016	1,124,279	-	(1,124,279)	-
BAN	Bond Anticipation Note.....	0.70%	2/24/2017	-	744,000	-	744,000
	Total Water Supply.....			5,204,455	744,000	(3,737,116)	2,211,339
	Total Enterprise Funds.....			\$ 5,522,795	\$ 2,661,209	\$ (4,055,456)	\$ 4,128,548

**NOTE 8 – LONG-TERM DEBT**

Under the provisions of Chapter 44, Section 10, Municipal 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 the outstanding indebtedness at June 30, 2016, and the debt service requirements are as follows:

### Bonds Payable Schedule – Governmental Funds

Projects	Maturities Through	Original Loan Amount	Coupon Rate (%)	Outstanding at June 30, 2015	Issued	Redeemed	Outstanding at June 30, 2016
MCWT Title V Bond of 1997.....	2021	\$ 200,000	0.00	\$ 62,203	\$ -	\$ (10,403)	\$ 51,800
MCWT Title V Bond of 2002.....	2023	200,000	0.00	80,240	-	(9,972)	70,268
MCWT Title V Bonds of 2006.....	2026	400,000	0.00	220,000	-	(20,000)	200,000
MCWT Title V Bond of 2007.....	2027	200,000	0.00	120,000	-	(10,000)	110,000
Municipal Purpose Bonds of 2007.....	2027	43,910,388	3.38 - 4.75	17,480,000	-	(4,245,000)	13,235,000
MCWT Bond of 2008 (CW-04-31).....	2021	389,216	2.00	192,238	-	(30,460)	161,778
Municipal Purpose Bonds of 2008.....	2028	5,928,700	3.75 - 4.50	2,839,000	-	(2,113,000)	726,000
MCWT Bond of 2009.....	2021	887,454	2.00	289,444	-	(45,766)	243,678
Municipal Purpose Bonds of 2010.....	2030	3,873,270	2.00 - 5.00	2,550,000	-	(200,000)	2,350,000
Municipal Purpose Bonds of 2011.....	2031	15,451,000	2.00 - 4.00	9,310,000	-	(1,715,000)	7,595,000
Municipal Purpose Refunding of 2012.....	2023	10,037,900	2.00 - 4.00	6,879,500	-	(910,000)	5,969,500
Municipal Purpose Bonds of 2014.....	2024	6,248,000	2.00 - 3.00	5,455,000	-	(750,000)	4,705,000
Municipal Purpose Refunding of 2015.....	2027	5,265,500	2.00 - 4.50	5,265,500	-	(299,100)	4,966,400
Municipal Purpose Bonds of 2015.....	2035	3,930,000	2.00 - 4.50	3,930,000	-	(355,000)	3,575,000
Municipal Purpose Bonds of 2016.....	2036	12,113,000	2.00 - 4.00	-	12,113,000	-	12,113,000
Municipal Purpose Refunding of 2016.....	2028	1,674,000	2.00 - 4.00	-	1,674,000	-	1,674,000
Total Bonds Payable.....				54,673,125	13,787,000	(10,713,701)	57,746,424
Add: unamortized premium.....				871,649	1,000,312	(167,402)	1,704,559
Total Bonds Payable, net.....				\$ 55,544,774	\$ 14,787,312	\$ (10,881,103)	\$ 59,450,983

Debt service requirements for principal and interest for governmental bonds payable in future years are as follows:

Year	Principal	Interest	Total
2017.....	\$ 9,374,178	\$ 2,317,042	\$ 11,691,220
2018.....	9,269,185	1,896,535	11,165,720
2019.....	9,249,430	1,500,056	10,749,486
2020.....	5,647,108	1,091,694	6,738,802
2021.....	4,468,615	869,870	5,338,485
2022.....	3,998,204	692,056	4,690,260
2023.....	3,367,704	526,844	3,894,548
2024.....	2,278,000	403,468	2,681,468
2025.....	1,730,000	326,005	2,056,005
2026.....	1,438,000	257,263	1,695,263
2027.....	1,016,000	203,176	1,219,176
2028.....	900,000	175,378	1,075,378
2029.....	865,000	149,128	1,014,128
2030.....	845,000	126,550	971,550
2031.....	680,000	99,456	779,456
2032.....	555,000	78,600	633,600
2033.....	545,000	61,950	606,950
2034.....	545,000	45,600	590,600
2035.....	545,000	29,250	574,250
2036.....	430,000	12,900	442,900
Total.....	\$ 57,746,424	\$ 10,862,821	\$ 68,609,245

**Bonds Payable Schedule – Enterprise Funds**

Projects	Maturities Through	Original Loan Amount	Coupon Rate (%)	Outstanding at June 30, 2015	Issued	Redeemed	Outstanding at June 30, 2016
Golf Course.....	2026	\$ 6,915,500	2.00 - 5.00	\$ 2,701,500	\$ 314,000	\$ (310,500)	\$ 2,705,000
Add: unamortized premium.....				314,768	-	(54,221)	260,547
Total Golf Course Bonds Payable, net.....				3,016,268	314,000	(364,721)	2,965,547
Wastewater.....	2036	28,606,319	0.00 - 4.75	16,093,639	1,569,000	(1,593,048)	16,069,591
Water.....	2036	25,766,872	2.00 - 5.00	11,332,888	4,313,547	(693,781)	14,952,654
Add: unamortized premium.....				810,683	148,308	(108,438)	850,553
Total Water Bonds Payable, net.....				12,143,571	4,461,855	(802,219)	15,803,207
Solid Waste Transfer Station.....	2027	8,145,600	0.00 - 4.50	2,276,000	-	(470,900)	1,805,100
Sandy Neck.....	2031	1,265,000	4.00	1,065,000	-	(55,000)	1,010,000
Marinas.....	2036	3,122,000	3.00 - 5.00	1,764,000	1,008,000	(165,000)	2,607,000
Add: unamortized premium.....				-	90,143	-	90,143
Total Marinas Bonds Payable, net.....				1,764,000	1,098,143	(165,000)	2,697,143
Hyannis Youth and Community Center.....	2028	25,713,300	3.375 - 5.00	10,477,300	3,320,000	(4,243,400)	9,553,900
Add: unamortized premium.....				720,384	343,699	(111,417)	952,666
Total Hyannis Youth and Community Center Bonds Payable, net.....				11,197,684	3,663,699	(4,354,817)	10,506,566
Airport.....	2031	730,000	2.00 - 4.12	620,000	-	(30,000)	590,000
Total Bonds Payable, net.....				\$ 48,176,162	\$ 11,106,697	\$ (7,835,705)	\$ 51,447,154

Debt service requirements for principal and interest for enterprise fund bonds and notes payable in future years are as follows:

Year	Principal	Interest	Total
2017.....	\$ 4,580,472	\$ 2,212,820	\$ 6,793,292
2018.....	4,261,965	1,548,650	5,810,615
2019.....	4,348,498	1,307,620	5,656,118
2020.....	3,951,298	1,142,814	5,094,112
2021.....	3,804,463	998,772	4,803,235
2022.....	3,549,219	859,602	4,408,821
2023.....	3,598,967	729,479	4,328,446
2024.....	3,523,222	600,725	4,123,947
2025.....	3,421,492	480,517	3,902,009
2026.....	3,189,288	366,817	3,556,105
2027.....	3,167,620	274,013	3,441,633
2028.....	2,000,497	185,260	2,185,757
2029.....	1,254,708	131,546	1,386,254
2030.....	1,236,823	102,584	1,339,407
2031.....	1,175,549	72,160	1,247,709
2032.....	692,445	48,057	740,502
2033.....	704,454	32,737	737,191
2034.....	281,002	20,646	301,648
2035.....	284,066	13,625	297,691
2036.....	267,197	6,544	273,741
Total.....	\$ 49,293,245	\$ 11,134,986	\$ 60,428,231

The Town issued \$5,245,000 in General Obligation Refunding Bonds on June 21, 2016, for an advance debt refunding of \$5,375,000 in outstanding General Obligation Bonds originally issued in 2008. The \$5,375,000 of General Obligation Bonds was refunded by placing the proceeds of the refunding bonds plus a net bond premium for a total of \$5,740,080 in an irrevocable trust to refund the outstanding debt when they are callable on June 15, 2018. As a result, the refunded bonds are considered defeased and the liability has been removed from the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$2,454,045. This refunding was undertaken to reduce total debt service payments by \$536,776 and resulted in an economic gain of \$588,662. The difference between the reacquisition price and the carrying amount of the old debt did not reach a materiality level to record the deferred outflow/inflow of resources and the difference was recognized as a component of interest expense in the year the refunding occurred.

The Town has entered into several loan agreements with the Massachusetts Clean Water Trust (MCWT) for which the Town has recorded the total amount of debt outstanding. However, as of June 30, 2016, the Town has not incurred \$1,415,908 of the eligible construction costs related to the projects and as a result has not yet received the corresponding loan proceeds from MCWT. Accordingly, the Town has recorded \$1,415,908 as an intergovernmental receivable in the accompanying basic financial statements, as of June 30, 2016.

The Town is scheduled to be subsidized by the MCWT on a periodic basis for principal in the amount of \$941,328 and interest costs for \$337,100. The principal subsidies are guaranteed and therefore a \$941,328 intergovernmental receivable has been reported in the business-type financial statements. Since the Town is legally obligated for the total amount of the debt, such amounts have been reported in the accompanying basic financial statements. The 2016 principal and interest subsidies totaled \$236,019 and \$152,792, respectively.

The Commonwealth of Massachusetts has approved school construction assistance to the Town. The assistance program, which is administered by the Massachusetts School Building Authority, provides resources for construction costs and debt service interest of general obligation bonds outstanding. The Town is currently receiving annual payments for 64% of eligible costs in relation to the construction of the new Barnstable Intermediate School and the renovation and addition to the High School. During 2016, approximately \$3,019,000 of such assistance was received. Approximately \$9,916,000 will be received in future years. Of this amount, \$586,000 represents reimbursement of future long-term interest costs and \$9,330,000 represents reimbursement of approved construction cost and interest costs previously paid. Accordingly, an intergovernmental receivable and corresponding unavailable revenue have been reported in these basic financial statements for \$9,330,000 which represents the Commonwealth's share of construction and interest costs paid for the Barnstable Intermediate School and High School projects.

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, 2016, the Town had the following authorized and unissued debt:

Purpose	Amount
Sewer projects.....	\$ 9,088,246
Water projects.....	2,541,483
Airport projects.....	20,618,125
Fuel farm.....	810,000
Fish run reconstruction.....	500
Total.....	<u>\$ 33,058,354</u>

Changes in Long-term Liabilities

During the year ended June 30, 2016, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
<b>Governmental Activities:</b>					
Bonds Payable.....	\$ 54,673,125	\$ 13,787,000	\$ (10,713,701)	\$ 57,746,424	\$ 9,374,178
Add: Unamortized Premium.....	871,649	1,000,312	(167,402)	1,704,559	263,298
Total Bonds Payable.....	55,544,774	14,787,312	(10,881,103)	59,450,983	9,637,476
Compensated Absences.....	3,124,611	2,837,177	(2,526,420)	3,435,368	2,691,214
Workers' Compensation.....	640,000	43,800	(58,000)	625,800	57,500
Net Pension Liability.....	68,082,741	13,075,935	(6,418,811)	74,739,865	-
Other Postemployment Benefits.....	41,990,070	9,270,970	(4,970,750)	46,290,290	-
Total Governmental Funds.....	169,382,196	40,015,194	(24,855,084)	184,542,306	12,386,190
<b>Business-Type Activities:</b>					
Bonds Payable.....	46,330,327	10,614,690	(7,561,629)	49,383,388	4,580,472
Add: Unamortized Premium.....	1,845,835	492,007	(274,076)	2,063,766	292,351
Total Bonds Payable.....	48,176,162	11,106,697	(7,835,705)	51,447,154	4,872,823
Compensated Absences.....	403,728	360,163	(343,185)	420,706	356,004
Landfill Closure.....	300,000	-	(25,000)	275,000	25,000
Net Pension Liability.....	17,070,592	3,367,165	(1,616,416)	18,821,341	-
Other Postemployment Benefits.....	2,449,178	384,979	(134,159)	2,699,998	-
Total Business-Type Activities.....	68,399,660	15,219,004	(9,954,465)	73,664,199	5,253,827
Total.....	\$ 237,781,856	\$ 55,234,198	\$ (34,809,549)	\$ 258,206,505	\$ 17,640,017

Long-term liabilities related to both governmental and business-type activities are normally paid from the General Fund and the Enterprise Funds, respectively.

**NOTE 9 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS**

The Town classifies fund balance according to the constraints imposed on the use of the resources.

There are 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. The Town has reported principal portions of endowment funds as nonspendable.

In addition to the nonspendable fund balance, spendable fund balances are classified 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. The Town’s highest level of decision making authority is Town Council.

- **Assigned:** fund balances that contain self-imposed constraints of the government to be used for a particular purpose. The Town's by-laws authorize the Finance Director to assign fund balance.
- **Unassigned:** fund balance of the general fund that is not constrained for any particular purpose.

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

	General	Construction and Maintenance	Capital Projects	Highway Projects	Community Preservation Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>FUND BALANCES</b>							
<b>Nonspendable:</b>							
Permanent fund principal.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,933,978	\$ 16,933,978
<b>Restricted for:</b>							
Pension reserve.....	2,373,473	-	-	-	-	-	2,373,473
Construction and maintenance.....	-	12,492,682	-	-	-	-	12,492,682
Town capital projects.....	-	-	9,143,028	-	-	-	9,143,028
Highway projects.....	-	-	-	577,945	-	-	577,945
School capital projects.....	-	-	1,738,674	-	-	-	1,738,674
Community preservation.....	-	-	-	-	9,716,700	-	9,716,700
Town revolving.....	-	-	-	-	-	2,972,037	2,972,037
School revolving.....	-	-	-	-	-	3,144,848	3,144,848
Town gift and grant funds.....	-	-	-	-	-	3,035,772	3,035,772
School gift and grant funds.....	-	-	-	-	-	2,588,115	2,588,115
Cemetery and library trust funds.....	-	-	-	-	-	587,441	587,441
Conservation trust funds.....	-	-	-	-	-	74,929	74,929
Education trust funds.....	-	-	-	-	-	210,626	210,626
Other permanent trust funds.....	-	-	-	-	-	420,678	420,678
<b>Assigned to:</b>							
Town Council.....	2,481	-	-	-	-	-	2,481
Town Manager.....	19,266	-	-	-	-	-	19,266
Administrative services.....	240,481	-	-	-	-	-	240,481
Growth management.....	29,219	-	-	-	-	-	29,219
Public safety.....	53,792	-	-	-	-	-	53,792
Community services.....	100,531	-	-	-	-	-	100,531
Regulatory services.....	60,227	-	-	-	-	-	60,227
Education.....	1,391,455	-	-	-	-	-	1,391,455
Public works.....	347,509	-	-	-	-	-	347,509
Culture and recreation.....	113,456	-	-	-	-	-	113,456
Property and liability insurance.....	10,763	-	-	-	-	-	10,763
Debt service principal.....	2,750	-	-	-	-	-	2,750
Free cash voted for the 2017 budget.....	2,585,000	-	-	-	-	-	2,585,000
Unassigned.....	30,019,449	-	-	-	-	-	30,019,449
<b>TOTAL FUND BALANCES.....</b>	<b>\$ 37,349,852</b>	<b>\$ 12,492,682</b>	<b>\$ 10,881,702</b>	<b>\$ 577,945</b>	<b>\$ 9,716,700</b>	<b>\$ 29,968,424</b>	<b>\$ 100,987,305</b>

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 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 June 30, 2016, the balance of the Town's municipal purpose stabilization fund (capital trust fund) is \$13,033,464 and is reported as unassigned fund balance within the general fund. The municipal purpose stabilization fund balance can be used for general and/or capital purposes upon approval of the Council.

At June 30, 2016, the balance of the Town's pension stabilization fund is \$2,373,473 and is reported as restricted fund balance within the general fund. The pension stabilization fund balance may only be appropriated to fund the unfunded pension liability that accrues to the Town through the county retirement system. The amount appropriated from the pension stabilization fund is subject to Council approval and the approval of the Public Employee Retirement Administration Commission (PERAC).

**NOTE 10 – LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS**

State and federal laws and regulations require the Town to construct a final capping system on its Flint Street Sanitary landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site after closure. The Town stopped accepting waste in 1991 and performed a final capping of the landfill site in 1997. At June 30, 2016, the Town has accrued \$275,000 as the estimated cost of the landfill’s postclosure care in the Solid Waste enterprise fund. This liability is based on estimates of what it would cost to perform all future postclosure care as of June 30, 2016. Actual costs may be higher due to inflation, deflation, changes in technology, or changes in regulations.

**NOTE 11 – RISK FINANCING**

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

The Town provides health insurance through the Cape Cod Municipal Health Group (Group), a nonprofit shared risk health group comprised of 51 governmental units. The Town and its employees contribute to the Group based upon a 50% (Town) and 50% (employee) primary care premium formula. In the event the Group is terminated, the Town is obligated to pay its prorata share of a deficit, should one exist.

The Town is self-insured for unemployment claims which are funded on a pay-as-you-go basis from annual appropriations paid from the general fund. The Incurred But Not Reported is immaterial to the financial statements and therefore is not reported.

The Town was self-insured for its workers’ compensation activities prior to 2005 when the Town purchased commercial insurance. Beginning in 2012, the Town discontinued the premium based plan and has reinstated the self-insured workers’ compensation plan as an internal service fund. The self-insured program is administered by a third party administrator and funded on a pay-as-you-go basis from annual appropriations paid from the General Fund. The Town estimates its future workers’ compensation liability for occurrences under the self-insured program based on history and injury type and accounts for this liability on the full accrual basis of accounting on the statement of net position. The estimated claims liability also includes amounts for incremental claim adjustment expenses regardless of whether allocated to specific claims. At June 30, 2016, the amount of the liability for self-insured workers’ compensation claims totaled \$625,800 for governmental activities.

Changes in the reported liability since July 1, 2014, are as follows:

	Balance at Beginning of Year	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Year-End	Current Portion at Year-End
<b>Governmental Activities:</b>					
2015.....	\$ 654,000	\$ 767,188	\$ (781,188)	\$ 640,000	\$ 58,000
2016.....	640,000	805,881	(820,081)	625,800	57,500

**NOTE 12 – PENSION PLAN***Plan Descriptions*

The Town is a member of the Barnstable County Retirement Association (BCRA), a cost-sharing multiple-employer defined benefit pension plan covering eligible employees of the 59 member units. The BCRA is administered by five board members (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 <http://www.barnstablecounty.org/retirement-association/>.

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 <http://www.mass.gov/osc/publications-and-reports/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, 2015. The Town's portion of the collective pension expense, contributed by the Commonwealth, of \$9,958,610 is reported in the general fund as intergovernmental revenue and pension expense in the current fiscal year. The portion of the Commonwealth's collective net pension liability associated with the Town is \$122,780,726 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.

Employees who resign from service and who are not eligible to receive a retirement allowance or 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 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.

There were no changes of benefit terms that affected the total pension liability at December 31, 2015.

*Contributions*

Chapter 32 of the MGL governs the contributions of plan members and member units. Active plan members 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 BCRA a legislatively mandated actuarial determined contribution that is apportioned among the employers based on active current payroll. The Town's proportionate share of the required contribution equaled its actual contribution for the year ended December 31, 2015, was \$8,035,227, 20% of covered payroll, 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, 2016, the Town reported a liability of \$93,561,206 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2014. 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, actuarially determined. At December 31, 2015, the Town's proportion was 14.859%, which is 0.224% less than its proportion measured at December 31, 2014.

*Pension Expense*

For the year ended June 30, 2016, the Town recognized pension expense of \$10,159,739. At June 30, 2016, the Town reported deferred outflows/ (inflows) of resources related to pensions of \$6,429,193, from the net difference between projected and actual investment earnings on pension plan investments and changes in proportion and differences between employer contributions and proportionate share of contributions. Since the System performs an actuarial valuation biennially, there are no reported differences between expected and actual experience.

The balances of deferred outflows and inflows related to pensions at June 30, 2016 consist of the following:

Deferred category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Difference between projected and actual earnings.....	\$ 7,480,250	\$ -	\$ 7,480,250
Changes in proportion.....	-	(1,051,057)	(1,051,057)
Total Deferred Outflows/(Inflows) of Resources.....	\$ 7,480,250	\$ (1,051,057)	\$ 6,429,193

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

Year ended June 30:	
2017.....	\$ 1,666,047
2018.....	1,666,047
2019.....	1,666,047
2020.....	1,630,134
2021.....	<u>(199,082)</u>
Total.....	\$ <u>6,429,193</u>

*Actuarial Assumptions*

The total pension liability in the January 1, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date.....	January 1, 2014
Actuarial cost method.....	Entry Age Normal Cost Method.
Amortization method.....	Payments increased at 4.0%, except for 2010 Early Retirement Incentive, which is a level payment.
Remaining amortization period.....	22 years from July 1, 2014 for 2002 and 2003 Early Retirement Incentives, retiree sheriffs liability and remaining unfunded liability, and 8 years from July 1, 2014 for 2010 Early Retirement Incentive.
Asset valuation method.....	Sum of actuarial value at beginning of the year, contributions and investment earnings based on the actuarial interest assumption less benefit payments and operating expenses plus 20% of the market value at the end of the year in excess of that sum, plus additional adjustment toward market value as necessary so that the final actuarial value is within 20% of market value.
Inflation rate.....	4.00%
Projected salary increases.....	Varies by length of service with ultimate rates of 4.25% for Group 1, 4.50% for Group 2 and 4.75% for Group 4.
Cost of living adjustments.....	3.0% of the first \$15,000 of retirement income.
Rates of retirement.....	Varies based upon age for general employees, police and fire employees.
Rates of disability.....	For general employees, it was assumed that 45% of all disabilities are ordinary (55% are service connected). For police and fire employees, 10% of all disabilities are assumed to be ordinary (90% are service connected).

Mortality Rates:

Pre-Retirement.....	The RP-2000 Employee Mortality Table projected generationally with a Scale from 2010.
Healthy Retiree.....	The RP-2000 Healthy Annuitant Mortality Table projected generationally with a Scale AA from 2010.
Disabled Retiree.....	The RP-2000 Healthy Annuitant Mortality Table set forward three years for males only projected generationally with Scale AA from 2010.
Investment rate of return/Discount rate.....	7.75%, net of pension plan investment expense, including inflation previously 7.875%

*Investment policy*

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Board and pursuant to Massachusetts General Laws and Public Employee Retirement Administration guidelines. Plan 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 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 January 1, 2015 are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Long-Term Expected Asset Allocation
Domestic equity.....	6.60%	20.00%
International developed markets equity.....	7.10%	16.00%
International emerging markets equity.....	9.40%	7.00%
Core fixed income.....	2.20%	13.00%
High-yield fixed income.....	4.70%	10.00%
Real estate.....	4.40%	10.00%
Commodities.....	4.40%	4.00%
Hedge fund, GTAA, Risk parity.....	3.90%	10.00%
Private equity.....	11.70%	10.00%

*Rate of return*

For the year ended December 31, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 0.57%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

*Discount rate*

The discount rate used to measure the total pension liability was 7.75%. 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 presents the net pension liability, calculated using the discount rate of 7.75%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	<u>1% Decrease (6.75%)</u>	<u>Current Discount (7.75%)</u>	<u>1% Increase (8.75%)</u>
The Town's proportionate share of the net pension liability.....	\$ 118,649,526	\$ 93,561,206	\$ 72,269,038

At June 30, 2016, the Town has \$2,373,473 in a pension reserve fund which is classified as part of the general fund in the governmental fund financial statements. The Town transferred \$280,000 from the pension reserve fund to the general fund in 2016. The pension reserve fund may only be used to provide funding for annual contributions to the Association upon approval of the Council and the approval of the Public Employee Retirement Administration Commission (PERAC).

**NOTE 13 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

*Plan Description* – The Town of Barnstable 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. 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. Additionally, retired teachers and their spouses receive health insurance through the Group Insurance Commission of the Commonwealth of Massachusetts (GIC). Each participating municipality is assessed for the governmental share of health and life insurance premiums paid on-behalf of its teacher retirees by the state. The state pays 85 – 90% of the total premium; the retiree’s co-payment is 10 – 15% of the total premium as well as full payment for catastrophic illness coverage. The Town’s assessment from the Commonwealth for retired teachers in 2016 totaled \$9,958,610.

*Funding Policy* – Contribution requirements are also negotiated between the Town and union representatives. The required contribution is based on a pay-as-you-go financing requirement. The Town contributes 50% of the cost of current-year premiums for eligible retired plan members and their spouses. Plan members receiving benefits contribute the remaining 50% of their premium costs. For 2016, the Town’s age-weighted contribution to the plan totaled approximately \$5.1 million.

The Commonwealth of Massachusetts passed special legislation that has allowed the Town to establish the postemployment benefit trust fund and to enable the Town to dedicate resources necessary to begin pre-funding

its OPEB liabilities. During 2016, the Town pre-funded future other postemployment benefit (OPEB) liabilities in the amount of \$428,000.

*Annual OPEB Cost and Net OPEB Obligation* – The Town’s annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement #45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The components of the Town’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town’s net OPEB obligation are summarized in the following table:

Annual required contribution.....	\$	9,070,101
Interest on net OPEB obligation.....		2,444,159
Adjustment for timing.....		(1,858,310)
Annual OPEB cost (expense).....		<u>9,655,950</u>
Contributions made (including retired teachers).....		<u>(5,104,909)</u>
Increase in net OPEB obligation.....		4,551,041
Net OPEB obligation - beginning of year.....		<u>44,439,247</u>
Net OPEB obligation - end of year.....	\$	<u><u>48,990,288</u></u>

The Town’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 was as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2016	\$ 9,655,950	53%	\$ 48,990,288
6/30/2015	9,187,355	54%	44,439,247
6/30/2014	9,160,516	58%	40,223,079

*Funded Status and Funding Progress.* The funded status of the Plan as of the most recent actuarial valuation dates is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Entry Age Normal (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
6/30/2014	\$ 1,373,922	\$ 131,854,468	\$ 130,480,546	1%	\$ 50,814,000	256.78%
6/30/2012	782,352	131,158,217	130,375,865	1%	49,818,000	261.70%
6/30/2010	-	162,010,280	162,010,280	0%	48,841,000	331.71%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are

compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

*Actuarial Methods and Assumptions.* Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2014, actuarial valuation, actuarial liabilities were determined using the entry age normal cost method. The actuarial assumptions included a 5.5% investment return assumption, which is based on the expected yield on the assets of the Town, calculated based on the funded level of the plan at the valuation date, an annual medical/prescription drug cost trend rate of: 10% initially, decreasing 2.0% for one year and 0.5% for six years to an ultimate level of 5% per year for members under age 65 and 10% initially, decreasing by 0.5% for ten years to an ultimate level of 5.0% per year for members over age 65, a GIC medical/prescription drug cost trend rate of 6.5% for one year, 6.0% for eight years, 5.5% for one year to an ultimate level of 5.0% per year, and included a 4.0% inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized over a 30 year open period using a level percentage of projected payroll with amortization payments increasing at 4.0% per year. The asset valuation method being used is market value. The remaining amortization period at June 30, 2014 is 30 years.

#### **NOTE 14 – COMMITMENTS**

The Town has entered into, or is planning to enter into, contracts totaling \$33 million in relation to various capital projects including road and sidewalk improvements, school modular facility construction and building improvements, water quality improvements to lakes and ponds, dredging, equipment purchases, boat ramp improvements, municipal and beach facility improvements, water line pipe replacements, sewer plant improvements and several improvement projects at the Barnstable Municipal Airport.

#### **NOTE 15 – CONTINGENCIES**

The Town participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* through June 30, 2016, these programs are still subject to financial and compliance audits. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although it is expected such amounts, if any, to be immaterial.

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, 2016, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2016.

**NOTE 16 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through December 23, 2016, which is the date the financial statements were available to be issued.

**NOTE 17 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS**

During 2016, the following GASB pronouncements were implemented:

- GASB Statement #72, *Fair Value Measurement and Application*. Notes to the basic financial statements were changed to provide additional disclosure on fair value measurement.
- GASB Statement #73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This pronouncement did not impact the basic financial statements.
- GASB Statement #76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This pronouncement did not impact the basic financial statements.
- GASB Statement #79, *Certain External Investment Pools and Pool Participants*. The basic financial statements and related notes were updated to be in compliance with this pronouncement.

The following GASB pronouncements will be implemented in the future:

- The GASB issued Statement #74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which is required to be implemented in 2017.
- The GASB issued Statement #75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which is required to be implemented in 2018.
- The GASB issued Statement #77, *Tax Abatement Disclosures*, which is required to be implemented in 2017.
- The GASB issued Statement #78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, which is required to be implemented in 2017.
- The GASB issued Statement #80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement #14*, which is required to be implemented in 2017.
- The GASB issued Statement #81, *Irrevocable Split-Interest Agreements*, which is required to be implemented in 2018.
- The GASB issued Statement #82, *Pension Issues – an amendment of GASB Statements #67, #68, and #73*, which is required to be implemented in 2018.
- The GASB issued Statement #83, *Certain Asset Retirement Obligations*, which is required to be implemented in 2019.

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***

# ***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 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.

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.

**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY  
BARNSTABLE COUNTY RETIREMENT ASSOCIATION**

	December 31, 2014	December 31, 2015
Town's proportion of the net pension liability (asset).....	15.083%	14.859%
Town's proportionate share of the net pension liability (asset)..... \$	85,153,333	\$ 93,561,206
Town's covered employee payroll..... \$	39,562,464	\$ 40,166,098
Net pension liability as a percentage of covered-employee payroll.....	215.24%	232.94%
Plan fiduciary net position as a percentage of the total pension liability.....	60.43%	58.10%

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.

**SCHEDULE OF TOWN'S CONTRIBUTIONS**  
**BARNSTABLE COUNTY RETIREMENT ASSOCIATION**

	December 31, 2014	December 31, 2015
Actuarially determined contribution.....	\$ 7,858,269	\$ 8,035,227
Contributions in relation to the actuarially determined contribution.....	<u>(7,858,269)</u>	<u>(8,035,227)</u>
Contribution deficiency (excess).....	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll.....	\$ 39,562,464	\$ 40,166,098
Contributions as a percentage of covered- employee payroll.....	19.86%	20.00%

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.

**SCHEDULE OF THE SPECIAL FUNDING AMOUNTS  
OF THE NET PENSION LIABILITY  
MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM**

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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. Since the Town does not contribute directly to MTRS, there is no net pension liability to recognize. This schedule discloses the Commonwealth's 100% share of the collective net pension liability that is associated with the Town; the portion of the collective pension expense as both a revenue and pension expense recognized by the Town; and the Plan's fiduciary net position as a percentage of the total liability.

<u>Fiscal Year</u>	<u>Commonwealth's 100% Share of the Net Pension Liability Associated with the Town</u>	<u>Town's Expense and Revenue Recognized for the Commonwealth's Support</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Liability</u>
2016.....	\$ 122,780,726	\$ 9,958,610	55.38%
2015.....	96,736,302	6,720,735	61.64%

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.

# ***Other Postemployment Benefit Plan Schedules***

The Schedule of Funding Progress compares, over time, the actuarial accrued liability for benefits with the actuarial value of accumulated plan assets.

The Schedule of Employer Contributions presents multi-year trend information for required and actual contributions relating to the plan.

The Schedule of Actuarial Methods and Assumptions presents factors that significantly affect the identification of trends in the amounts reported.

**OTHER POSTEMPLOYMENT BENEFIT PLAN**  
**SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS**

**Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Entry Age Normal (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
6/30/2014	\$ 1,373,922	\$ 131,854,468	\$ 130,480,546	1%	\$ 50,814,000	256.78%
6/30/2012	782,352	131,158,217	130,375,865	1%	49,818,000	261.70%
6/30/2010	-	162,010,280	162,010,280	0%	48,841,000	331.71%

**Schedule of Employer Contributions**

Year Ended	Annual Required Contribution	Actual Contributions Made	Percentage Contributed
6/30/2016	\$ 9,070,101	\$ 5,104,909	56%
6/30/2015	8,657,089	4,971,187	57%
6/30/2014	8,722,038	5,322,423	61%
6/30/2013	8,389,868	4,916,640	59%
6/30/2012	11,059,214	5,657,922	51%
6/30/2011	10,558,506	5,777,561	55%

See notes to required supplementary information.

**OTHER POSTEMPLOYMENT BENEFIT PLAN**  
**ACTUARIAL METHODS AND ASSUMPTIONS**

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Actuarial Methods:

Valuation date.....	June 30, 2014
Actuarial cost method.....	Entry Age Normal
Amortization method.....	Amortization payments increasing at 4.0%
Remaining amortization period.....	30 years, open at June 30, 2014
Asset valuation method.....	Market value

Actuarial Assumptions:

Investment rate of return.....	5.50%, partially funded scenario
Inflation rate.....	4.0%
Medical/Prescription drug cost trend rate.....	Under 65: 10% decreasing by 2.0% for 1 year and 0.5% for 6 years to an ultimate rate of 5.0% per year Over 65:10% decreasing by 0.5% for 10 years to an ultimate level of 5.0% per year
GIC Medical/Prescription drug cost trend rate.....	6.5% for 1 year, 6.0% for 8 years, 5.5% for 1 year and finally an ultimate level of 5.0% per year
Dental.....	None
Part B reimbursement and/or penalties.....	5.0%

Plan Membership, including teachers:

Current retirees, beneficiaries, and dependents.....	852
Current active members.....	<u>824</u>
Total.....	<u><u>1,676</u></u>

See notes to required supplementary information.

**NOTE A – PENSION PLAN*****Pension Plan Schedules*****A. 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 (asset), 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.

**B. Schedule of 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.

**C. Schedule of the Special Funding Amounts of the Net Pension Liabilities**

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. Since the Town does not contribute directly to MTRS, there is no net pension liability to recognize. This schedule discloses the Commonwealth's 100% share of the collective net pension liability that is associated with the Town; the portion of the collective pension expense as both a revenue and pension expense recognized by the Town; and the Plan's fiduciary net position as a percentage of the total liability.

**D. Changes in Assumptions – None****E. Changes in Plan Provisions – None****NOTE B – OTHER POSTEMPLOYMENT BENEFITS**

The Town administers a single-employer defined benefit healthcare plan ("The Retiree Health 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. Additionally, retired teachers and their spouses receive health insurance through the Group Insurance Commission of the Commonwealth of Massachusetts (GIC). Each participating municipality is assessed for the governmental share of health and life insurance premiums paid on behalf of its teacher retirees by the state.

The Town currently finances its other postemployment benefits (OPEB) on a combined pre-funded and pay-as-you-go basis. As a result, the funded ratio (actuarial value of assets expressed as a percentage of the actuarial accrued liability) is 1%. In accordance with Governmental Accounting Standards, the Town has recorded its OPEB cost equal to the actuarial determined annual required contribution (ARC) which includes the normal cost of providing benefits for the year and a component for the amortization of the total unfunded actuarial accrued liability of the plan.

The Schedule of Funding Progress presents multi-year trend information which compares, over time, the actuarial accrued liability for benefits with the actuarial value of accumulated plan assets.

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The Schedule of Employer Contributions presents multi-year trend information for required and actual contributions relating to the plan.

The Schedule of Actuarial Methods and Assumptions presents factors that significantly affect the identification of trends in the amounts reported.

# ***Combining Statements and Individual Fund Statement***

# ***Nonmajor Governmental Funds***

## ***Special Revenue Funds***

Special revenue funds are used to account for the proceeds of specific revenue sources (other than permanent funds or capital project funds) that are restricted by law or administrative action to expenditures for specified purposes. The Town's special revenue funds are grouped into the following categories:

*Town Revolving Funds* – accounts for the non-school related activity of revolving funds established in accordance with MGL Chapter 44, Section 53E ½.

*School Revolving Funds* – accounts for the school department's revolving funds established in accordance with MGL Chapter 44, Section 53E ½ and Chapter 71.

*Town Gift, Grant, and Other Funds* – accounts for other non-school related funds designated for specific programs, this fund consists primarily of state and federal grants and gifts and other special revenue funds.

*School Gift and Grant Funds* – accounts for the school department's grant and gift funds received from state and federal governments which are designated for specific programs.

## ***Permanent Funds***

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support governmental programs.

*Cemeteries and Libraries* – accounts for cemetery contributions and bequests for which only earnings may be expended to benefit the Town's cemeteries and libraries. The Kirkman fund is used for both cemetery and library.

*Conservation* – accounts for gifts, bequests and contributions held for which only earnings may be expended for purposes specified by the donor in relation to the Town's conservation activities.

*Education* – accounts for gifts, bequests and contributions held for which only earnings may be expended for purposes specified by the donor in relation to the Town's public education system.

*Other* – accounts for various gifts, bequests and contributions held for which only earnings may be expended for purposes specified by the donor in relation to other Town activities.

**NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET**

JUNE 30, 2016

	<i>Special Revenue Funds</i>				
	Town Revolving Funds	School Revolving Funds	Town Gift, Grant, and Other Funds	School Gift and Grant Funds	Subtotal
<b>ASSETS</b>					
Cash and cash equivalents.....	\$ 3,046,146	\$ 3,165,253	\$ 2,846,600	\$ 2,370,438	\$ 11,428,437
Investments.....	-	-	-	-	-
Receivables, net of uncollectibles:					
Tax liens.....	-	-	5,401	-	5,401
Special assessments.....	861,331	-	162,273	-	1,023,604
Intergovernmental.....	-	-	390,990	331,712	722,702
<b>TOTAL ASSETS.....</b>	<b>\$ 3,907,477</b>	<b>\$ 3,165,253</b>	<b>\$ 3,405,264</b>	<b>\$ 2,702,150</b>	<b>\$ 13,180,144</b>
<b>LIABILITIES</b>					
Warrants payable.....	\$ 32,003	\$ 14,474	\$ 191,588	\$ (6,428)	\$ 231,637
Accrued payroll.....	42,106	5,931	4,644	120,463	173,144
Other liabilities.....	-	-	5,586	-	5,586
<b>TOTAL LIABILITIES.....</b>	<b>74,109</b>	<b>20,405</b>	<b>201,818</b>	<b>114,035</b>	<b>410,367</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenues.....	861,331	-	167,674	-	1,029,005
<b>FUND BALANCES</b>					
Nonspendable.....	-	-	-	-	-
Restricted.....	2,972,037	3,144,848	3,035,772	2,588,115	11,740,772
<b>TOTAL FUND BALANCES.....</b>	<b>2,972,037</b>	<b>3,144,848</b>	<b>3,035,772</b>	<b>2,588,115</b>	<b>11,740,772</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES.....</b>	<b>\$ 3,907,477</b>	<b>\$ 3,165,253</b>	<b>\$ 3,405,264</b>	<b>\$ 2,702,150</b>	<b>\$ 13,180,144</b>

(Continued)

<i>Permanent Funds</i>					Total Nonmajor Governmental Funds
Cemeteries and Libraries	Conservation	Education	Other	Subtotal	
\$ 166,250	\$ 3,533	\$ 521,905	\$ 13,530	\$ 705,218	\$ 12,133,655
8,028,718	170,618	8,880,262	447,108	17,526,706	17,526,706
-	-	-	-	-	5,401
-	-	-	-	-	1,023,604
-	-	-	-	-	722,702
<u>\$ 8,194,968</u>	<u>\$ 174,151</u>	<u>\$ 9,402,167</u>	<u>\$ 460,638</u>	<u>\$ 18,231,924</u>	<u>\$ 31,412,068</u>
\$ -	\$ -	\$ -	\$ 3,006	\$ 3,006	\$ 234,643
-	-	-	1,266	1,266	174,410
-	-	-	-	-	5,586
-	-	-	4,272	4,272	414,639
-	-	-	-	-	1,029,005
7,607,527	99,222	9,191,541	35,688	16,933,978	16,933,978
587,441	74,929	210,626	420,678	1,293,674	13,034,446
8,194,968	174,151	9,402,167	456,366	18,227,652	29,968,424
<u>\$ 8,194,968</u>	<u>\$ 174,151</u>	<u>\$ 9,402,167</u>	<u>\$ 460,638</u>	<u>\$ 18,231,924</u>	<u>\$ 31,412,068</u>

(Concluded)

**NONMAJOR GOVERNMENTAL FUNDS**  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 YEAR ENDED JUNE 30, 2016

	<i>Special Revenue Funds</i>				Subtotal
	Town Revolving Funds	School Revolving Funds	Town Gift, Grant, and Other Funds	School Gift and Grant Funds	
<b>REVENUES:</b>					
Charges for services.....	\$ 1,127,202	\$ 2,577,467	\$ -	\$ -	\$ 3,704,669
Penalties and interest on taxes.....	-	-	2,780	-	2,780
Fees and rentals.....	28,645	153,782	554,805	-	737,232
Licenses and permits.....	839,909	-	296,708	-	1,136,617
Intergovernmental.....	3,341	1,463,028	1,932,837	6,671,636	10,070,842
Departmental and other.....	-	-	29,384	-	29,384
Special assessments.....	255,006	-	-	-	255,006
Contributions.....	12,732	-	141,796	59,522	214,050
Investment income.....	-	-	643	-	643
Miscellaneous.....	-	-	73,132	-	73,132
Legal settlements.....	-	-	37,506	-	37,506
<b>TOTAL REVENUES.....</b>	<b>2,266,835</b>	<b>4,194,277</b>	<b>3,069,591</b>	<b>6,731,158</b>	<b>16,261,861</b>
<b>EXPENDITURES:</b>					
Current:					
Administrative services.....	407,881	-	807,375	-	1,215,256
Growth management.....	-	-	269,938	-	269,938
Public safety.....	-	-	493,387	-	493,387
Education.....	-	3,400,885	-	5,844,085	9,244,970
Public works.....	-	-	325,904	-	325,904
Community services.....	334,693	-	191,154	-	525,847
Regulatory services.....	536,015	-	66,672	-	602,687
Culture and recreation.....	511,888	-	-	-	511,888
Debt service:					
Principal.....	-	-	50,372	-	50,372
<b>TOTAL EXPENDITURES.....</b>	<b>1,790,477</b>	<b>3,400,885</b>	<b>2,204,802</b>	<b>5,844,085</b>	<b>13,240,249</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>	<b>476,358</b>	<b>793,392</b>	<b>864,789</b>	<b>887,073</b>	<b>3,021,612</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in.....	3,500	-	109,999	154,038	267,537
Transfers out.....	(408,837)	(389,123)	(679,053)	(45,640)	(1,522,653)
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>(405,337)</b>	<b>(389,123)</b>	<b>(569,054)</b>	<b>108,398</b>	<b>(1,255,116)</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>71,021</b>	<b>404,269</b>	<b>295,735</b>	<b>995,471</b>	<b>1,766,496</b>
<b>FUND BALANCES AT BEGINNING OF YEAR.....</b>	<b>2,901,016</b>	<b>2,740,579</b>	<b>2,740,037</b>	<b>1,592,644</b>	<b>9,974,276</b>
<b>FUND BALANCES AT END OF YEAR.....</b>	<b>\$ 2,972,037</b>	<b>\$ 3,144,848</b>	<b>\$ 3,035,772</b>	<b>\$ 2,588,115</b>	<b>\$ 11,740,772</b>

(Continued)

<i>Permanent Funds</i>					Total Nonmajor Governmental Funds
Cemeteries and Libraries	Conservation	Education	Other	Subtotal	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,704,669
-	-	-	-	-	2,780
-	-	-	-	-	737,232
-	-	-	-	-	1,136,617
-	-	-	-	-	10,070,842
78,188	-	27,168	160,889	266,245	295,629
-	-	-	-	-	255,006
-	-	-	52,815	52,815	266,865
614,843	14,447	314,213	22,786	966,289	966,932
-	-	-	-	-	73,132
-	-	-	-	-	37,506
<u>693,031</u>	<u>14,447</u>	<u>341,381</u>	<u>236,490</u>	<u>1,285,349</u>	<u>17,547,210</u>
-	28,008	-	1,009	29,017	1,244,273
-	-	-	-	-	269,938
-	-	-	87,713	87,713	581,100
-	-	204,567	-	204,567	9,449,537
55,882	-	-	-	55,882	381,786
84,960	-	-	44,198	129,158	655,005
-	-	-	-	-	602,687
-	-	-	-	-	511,888
-	-	-	-	-	50,372
<u>140,842</u>	<u>28,008</u>	<u>204,567</u>	<u>132,920</u>	<u>506,337</u>	<u>13,746,586</u>
<u>552,189</u>	<u>(13,561)</u>	<u>136,814</u>	<u>103,570</u>	<u>779,012</u>	<u>3,800,624</u>
-	-	-	-	-	267,537
<u>(75,000)</u>	<u>-</u>	<u>-</u>	<u>(3,500)</u>	<u>(78,500)</u>	<u>(1,601,153)</u>
<u>(75,000)</u>	<u>-</u>	<u>-</u>	<u>(3,500)</u>	<u>(78,500)</u>	<u>(1,333,616)</u>
477,189	(13,561)	136,814	100,070	700,512	2,467,008
<u>7,717,779</u>	<u>187,712</u>	<u>9,265,353</u>	<u>356,296</u>	<u>17,527,140</u>	<u>27,501,416</u>
<u>\$ 8,194,968</u>	<u>\$ 174,151</u>	<u>\$ 9,402,167</u>	<u>\$ 456,366</u>	<u>\$ 18,227,652</u>	<u>\$ 29,968,424</u>

(Concluded)

# ***Agency Fund***

## Fund Description

The Agency Fund is used to account for the collection and payment of charges for off-duty work details, performance bonds, student activity accounts and fees collected on behalf of other governments.

**AGENCY FUND**  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

YEAR ENDED JUNE 30, 2016

	<u>July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2016</u>
<b>ASSETS</b>				
CURRENT:				
Cash and cash equivalents.....	\$ 776,385	\$ 2,304,584	\$ (2,347,019)	\$ 733,950
Receivables, net of allowance for uncollectibles:				
Departmental and other.....	<u>487,111</u>	<u>1,145,967</u>	<u>(1,271,409)</u>	<u>361,669</u>
<b>TOTAL ASSETS.....</b>	<b><u>\$ 1,263,496</u></b>	<b><u>\$ 3,450,551</u></b>	<b><u>\$ (3,618,428)</u></b>	<b><u>\$ 1,095,619</u></b>
<b>LIABILITIES</b>				
Warrants payable.....	\$ 6,106	\$ (6,106)	\$ -	\$ -
Liabilities due depositors.....	<u>1,257,388</u>	<u>(3,590,353)</u>	<u>3,428,584</u>	<u>1,095,619</u>
<b>TOTAL LIABILITIES.....</b>	<b><u>\$ 1,263,494</u></b>	<b><u>\$ (3,596,459)</u></b>	<b><u>\$ 3,428,584</u></b>	<b><u>\$ 1,095,619</u></b>

## ***Additional Information***

**SCHEDULE OF PASSENGER FACILITY CHARGES COLLECTED AND EXPENDED AND INTEREST CREDITED**  
APPLICATION 11-01-00-HYA

QUARTERS ENDED SEPTEMBER 30, 2015, DECEMBER 31, 2015, MARCH 31, 2016, AND JUNE 30, 2016

	Quarters Ended				Annual Total
	September 30, 2015	December 31, 2015	March 31, 2016	June 30, 2016	
Passenger facility charges collected.....	\$ 33,661	\$ 8,818	\$ 10,508	\$ 19,232	\$ 72,219
Interest credited.....	382	447	449	457	1,735
Total revenue.....	<u>34,043</u>	<u>9,265</u>	<u>10,957</u>	<u>19,689</u>	<u>73,954</u>
Unexpended (over expended) passenger facility charges at beginning of period.....	<u>(1,863,340)</u>	<u>(1,829,297)</u>	<u>(1,820,032)</u>	<u>(1,809,075)</u>	<u>(1,863,340)</u>
Excess (deficiency) of passenger facility charges collected over passenger facility charges expended at end of quarter.....	<u>\$ (1,829,297)</u>	<u>\$ (1,820,032)</u>	<u>\$ (1,809,075)</u>	<u>\$ (1,789,386)</u>	<u>\$ (1,789,386)</u>
Passenger facility charges:					
New terminal building.....	\$ 2,549,600				
Application assistance.....	<u>24,000</u>				
Total passenger facility charge.....	<u>\$ 2,573,600</u>				

See notes to additional information.

**NOTE A – BASIS OF ACCOUNTING**

The schedule of passenger facility charges collected and expended and interest credited are prepared on the basis of cash receipts and disbursements, as prescribed by Sections 9110 and 9111 of the Aviation Safety and Capacity Expansion Act of 1990, issued by the Federal Aviation Administration of the U.S. Department of Transportation, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

Passenger facility charges collected include amounts collected by the airlines and transferred to the Town's airport. Expenditures for passenger facility charge approved projects are presented on a cash basis and include only the expenditures for approved passenger facility charge projects.

**NOTE B – INTEREST CREDITED**

Interest credited represents interest income allocated to the passenger facility charge program based on the ratio of the passenger facility charge program's unexpended passenger facility charges cash balance to the airport's total cash and investments balance included in the pooled cash funds of the Town.

**NOTE C – APPLICATION**

On January 20, 2011, the Federal Aviation Administration approved the airport's application allowing them to charge a \$2 passenger facility charge effective March 1, 2011. The airport was approved to charge \$2,573,600 in passenger facility charges of which \$2,549,600 is for a new terminal building and \$24,000 is assistance for the application fee.

## ***Statistical Section***



Photo By: Donna Bragg.

**Juvenile Seal hauled out and resting on the front beach at Sandy Neck.**

# ***Statistical Section***

Statistical tables differ from financial statements since they usually cover more than one year and may present nonaccounting data. The following tables reflect social and economic data, financial trends, and fiscal capacity.

## ***Financial Trends***

- These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.

## ***Revenue Capacity***

- These schedules contain information to help the reader assess the Town's most significant local revenue source, the property tax.

## ***Debt Capacity***

- These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.

## ***Demographic and Economic Information***

- These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.

## ***Operating Information***

- These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.

SOURCES: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

**Net Position By Component**

**Last Ten Years**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014 (1)</u>	<u>2015</u>	<u>2016</u>
<b>Governmental activities</b>										
Net investment in capital assets.....	\$ 164,369,948	\$ 172,052,048	\$ 170,657,049	\$ 167,732,404	\$ 178,881,293	\$ 184,421,601	\$ 191,206,448	\$ 196,719,117	\$ 205,927,509	\$ 211,631,729
Restricted.....	21,546,963	21,761,627	23,653,035	22,256,610	23,188,546	22,899,121	26,282,984	30,686,880	51,556,623	58,921,589
Unrestricted.....	<u>59,319,794</u>	<u>49,706,955</u>	<u>44,174,519</u>	<u>45,761,937</u>	<u>37,416,415</u>	<u>36,590,078</u>	<u>29,771,094</u>	<u>(38,878,968)</u>	<u>(55,985,855)</u>	<u>(59,256,670)</u>
Total governmental activities net position....	<u>\$ 245,236,705</u>	<u>\$ 243,520,630</u>	<u>\$ 238,484,603</u>	<u>\$ 235,750,951</u>	<u>\$ 239,486,254</u>	<u>\$ 243,910,800</u>	<u>\$ 247,260,526</u>	<u>\$ 188,527,029</u>	<u>\$ 201,498,277</u>	<u>\$ 211,296,648</u>
<b>Business-type activities</b>										
Net investment in capital assets.....	\$ 63,605,089	\$ 69,038,883	\$ 70,569,512	\$ 88,038,076	\$ 111,054,493	\$ 123,154,596	\$ 124,918,522	\$ 130,038,669	\$ 129,853,741	\$ 129,631,459
Unrestricted.....	<u>25,524,078</u>	<u>25,909,975</u>	<u>27,726,500</u>	<u>23,517,286</u>	<u>27,136,568</u>	<u>25,267,346</u>	<u>28,724,877</u>	<u>16,954,440</u>	<u>12,789,879</u>	<u>13,345,237</u>
Total business-type activities net position....	<u>\$ 89,129,167</u>	<u>\$ 94,948,858</u>	<u>\$ 98,296,012</u>	<u>\$ 111,555,362</u>	<u>\$ 138,191,061</u>	<u>\$ 148,421,942</u>	<u>\$ 153,643,399</u>	<u>\$ 146,993,109</u>	<u>\$ 142,643,620</u>	<u>\$ 142,976,696</u>
<b>Primary government</b>										
Net investment in capital assets.....	\$ 227,975,037	\$ 241,090,931	\$ 241,226,561	\$ 258,559,391	\$ 289,935,786	\$ 307,576,197	\$ 316,124,970	\$ 326,757,786	\$ 335,781,250	\$ 341,263,188
Restricted.....	21,546,963	21,761,627	23,653,035	22,256,610	23,188,546	22,899,121	26,282,984	30,686,880	51,556,623	58,921,589
Unrestricted.....	<u>84,843,872</u>	<u>75,616,930</u>	<u>71,901,019</u>	<u>66,490,312</u>	<u>64,552,983</u>	<u>61,857,424</u>	<u>58,495,971</u>	<u>(21,924,528)</u>	<u>(43,195,976)</u>	<u>(45,911,433)</u>
Total primary government net position.....	<u>\$ 334,365,872</u>	<u>\$ 338,469,488</u>	<u>\$ 336,780,615</u>	<u>\$ 347,306,313</u>	<u>\$ 377,677,315</u>	<u>\$ 392,332,742</u>	<u>\$ 400,903,925</u>	<u>\$ 335,520,138</u>	<u>\$ 344,141,897</u>	<u>\$ 354,273,344</u>

(1) = Unrestricted net position has been revised to reflect the implementation of GASB Statement #68.

Changes in Net Position

Last Ten Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Expenses</b>										
<b>Governmental activities:</b>										
Charter commission.....	\$ -	\$ 2,065	\$ 46,380	\$ 15,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town council.....	256,468	346,498	356,983	390,345	380,018	382,055	384,365	399,567	368,421	363,717
Town manager.....	579,318	719,449	675,969	752,700	683,316	745,955	893,507	794,403	800,746	834,954
Administrative services.....	8,378,688	9,862,293	9,691,557	10,318,986	10,601,542	10,330,594	12,590,742	10,987,865	10,049,953	11,155,705
Growth management.....	2,049,147	3,507,729	3,321,356	2,594,947	2,197,204	2,164,979	2,536,984	2,534,216	2,282,963	2,867,287
Public safety.....	13,406,737	15,378,587	15,190,576	15,951,164	15,656,195	16,445,394	21,156,100	18,654,946	19,790,295	21,211,475
Education.....	87,534,482	92,444,424	93,940,477	90,887,000	93,652,265	96,294,013	96,015,560	98,552,670	94,177,947	100,687,385
Public works.....	9,871,846	13,806,146	16,910,307	12,464,847	13,669,363	12,804,945	14,501,828	17,832,428	16,942,211	16,517,135
Community services.....	3,755,054	4,152,881	4,762,643	4,334,769	4,395,115	4,591,089	4,962,038	4,899,743	5,450,110	5,996,361
Regulatory services.....	3,112,902	3,753,307	2,964,772	4,205,724	4,204,140	4,480,702	4,611,395	5,005,639	5,796,212	5,848,644
Culture and recreation.....	1,664,769	1,817,859	1,727,069	1,689,753	1,673,945	2,047,950	2,167,069	2,285,422	2,426,386	2,527,421
Interest.....	4,803,026	4,595,119	4,707,186	3,623,266	3,227,684	3,199,774	2,597,202	2,367,893	2,283,830	1,543,603
<b>Total government activities expenses.....</b>	<b>135,412,437</b>	<b>150,386,357</b>	<b>154,295,275</b>	<b>147,228,501</b>	<b>150,340,787</b>	<b>153,487,450</b>	<b>162,416,790</b>	<b>164,314,792</b>	<b>160,369,074</b>	<b>169,553,687</b>
<b>Business-type activities:</b>										
Airport activities.....	6,501,195	7,563,704	7,062,613	6,034,854	6,908,268	7,468,840	8,065,196	9,859,032	9,905,470	8,829,671
Golf course activities.....	2,245,796	2,949,522	2,712,412	2,614,217	2,507,382	2,634,335	2,148,742	2,615,366	2,550,324	3,051,784
Solid waste activities.....	1,940,896	2,263,740	2,140,520	2,010,574	1,887,556	2,011,718	1,855,871	1,613,661	2,420,243	2,647,918
Wastewater activities.....	3,559,805	3,439,444	4,211,888	4,604,835	4,307,355	4,924,221	4,693,467	5,222,181	4,870,584	4,959,029
Water supply activities.....	2,392,945	2,322,025	2,222,892	2,393,652	2,309,337	2,695,528	3,120,198	3,369,176	3,646,730	4,040,710
Marina activities.....	523,997	559,857	493,447	468,960	521,888	572,555	627,750	561,978	561,098	933,055
Sandy Neck recreation activities.....	395,516	467,692	474,332	501,888	537,561	617,232	580,846	661,179	863,593	994,150
Hyannis youth and community center.....	-	-	-	1,970,413	2,286,860	2,285,247	2,360,247	2,463,416	2,499,740	2,639,139
<b>Total business-type activities expenses.....</b>	<b>17,560,150</b>	<b>19,565,984</b>	<b>19,318,104</b>	<b>20,599,393</b>	<b>21,266,207</b>	<b>23,209,676</b>	<b>23,452,317</b>	<b>26,440,989</b>	<b>27,317,782</b>	<b>28,095,456</b>
<b>Total primary government expenses.....</b>	<b>\$ 152,972,587</b>	<b>\$ 169,952,341</b>	<b>\$ 173,613,379</b>	<b>\$ 167,827,894</b>	<b>\$ 171,606,994</b>	<b>\$ 176,697,126</b>	<b>\$ 185,869,107</b>	<b>\$ 190,755,781</b>	<b>\$ 187,686,856</b>	<b>\$ 197,649,143</b>
<b>Program Revenues</b>										
<b>Governmental activities:</b>										
Administrative services charges for services.....	\$ 576,201	\$ 804,576	\$ 730,873	\$ 755,951	\$ 709,164	\$ 845,002	\$ 759,649	\$ 731,934	\$ 811,100	\$ 835,259
Education charges for services.....	3,166,525	4,241,309	3,240,712	2,599,327	2,597,573	2,552,873	2,831,275	2,609,888	2,468,780	2,766,669
Community services charges for services.....	1,618,139	1,599,885	1,717,789	1,569,081	1,752,891	1,973,424	1,916,796	2,107,340	2,258,031	3,125,465
Regulatory services charges for services.....	2,244,531	2,312,451	2,116,776	2,296,375	2,694,281	2,826,890	2,904,766	3,357,794	3,247,298	3,568,406
Other charges for services.....	1,401,151	1,732,923	2,219,533	1,282,396	1,901,709	1,564,983	1,620,970	1,646,135	1,618,726	1,612,044
Operating grants and contributions.....	28,058,414	27,133,578	28,396,710	30,536,034	30,178,585	31,552,139	32,799,639	30,872,078	24,791,463	30,244,001
Capital grant and contributions.....	8,209,397	6,778,249	3,334,070	3,444,938	4,058,312	2,938,336	6,709,206	5,520,965	4,320,128	5,884,073
<b>Total government activities program revenues.....</b>	<b>45,274,358</b>	<b>44,602,971</b>	<b>41,756,463</b>	<b>42,484,102</b>	<b>43,892,515</b>	<b>44,253,647</b>	<b>49,542,301</b>	<b>46,846,134</b>	<b>39,515,526</b>	<b>48,035,917</b>
<b>Business-type activities:</b>										
Charges for services - Airport.....	6,434,413	7,160,730	6,810,056	5,490,285	6,506,669	6,585,493	6,969,301	7,152,972	7,595,233	6,390,216
Charges for services - Golf Course.....	2,516,328	2,993,201	3,027,102	2,891,917	3,395,629	2,774,195	2,882,023	2,945,649	3,038,223	3,173,012
Charges for services - Solid Waste.....	2,045,585	2,151,196	2,006,111	2,070,045	2,094,528	2,189,147	2,171,301	2,291,223	2,630,509	2,231,944
Charges for services - Wastewater.....	3,437,641	3,650,336	3,187,621	3,927,176	3,569,586	4,048,083	4,194,565	6,214,125	4,339,654	3,388,870
Charges for services - Water Supply.....	2,816,039	3,235,835	3,123,598	3,193,402	3,551,796	3,848,765	4,195,886	4,441,137	4,907,019	5,301,446
Charges for services - Marina.....	666,312	653,480	651,019	557,513	627,670	680,419	657,281	690,881	637,769	736,283
Charges for services - Sandy Neck recreation.....	512,590	583,545	569,561	616,104	693,869	839,323	714,585	829,552	872,298	1,199,321
Charges for services - Hyannis youth and community center.....	-	-	-	1,149,921	1,332,574	1,361,171	1,196,908	1,234,064	1,212,993	1,204,119
Operating grants and contributions.....	555,116	500,061	436,056	259,036	383,432	357,529	525,089	333,149	473,201	301,449
Capital grants and contributions.....	1,280,816	4,498,513	2,881,380	5,468,016	23,235,870	9,483,491	1,843,059	7,356,270	4,815,157	4,128,274
<b>Total business-type activities program revenues.....</b>	<b>20,264,840</b>	<b>25,426,897</b>	<b>22,692,504</b>	<b>25,623,415</b>	<b>45,391,623</b>	<b>32,167,616</b>	<b>25,349,998</b>	<b>33,489,022</b>	<b>30,522,056</b>	<b>28,054,934</b>
<b>Total primary government program revenues.....</b>	<b>\$ 65,539,198</b>	<b>\$ 70,029,868</b>	<b>\$ 64,448,967</b>	<b>\$ 68,107,517</b>	<b>\$ 89,284,138</b>	<b>\$ 76,421,263</b>	<b>\$ 74,892,299</b>	<b>\$ 80,335,156</b>	<b>\$ 70,037,582</b>	<b>\$ 76,090,851</b>

(Continued)

**Changes in Net Position**

**Last Ten Years**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>Net (Expense)/Revenue</b>										
Governmental activities.....	\$ (90,138,079)	\$ (105,783,386)	\$ (112,538,812)	\$ (104,744,399)	\$ (106,448,272)	\$ (109,233,803)	\$ (112,874,489)	\$ (117,468,658)	\$ (120,853,548)	\$ (121,517,770)
Business-type activities.....	<u>2,704,690</u>	<u>5,860,913</u>	<u>3,374,400</u>	<u>5,024,022</u>	<u>24,125,416</u>	<u>8,957,940</u>	<u>1,897,681</u>	<u>7,048,033</u>	<u>3,204,274</u>	<u>(40,522)</u>
Total primary government net expense.....	<u>\$ (87,433,389)</u>	<u>\$ (99,922,473)</u>	<u>\$ (109,164,412)</u>	<u>\$ (99,720,377)</u>	<u>\$ (82,322,856)</u>	<u>\$ (100,275,863)</u>	<u>\$ (110,976,808)</u>	<u>\$ (110,420,625)</u>	<u>\$ (117,649,274)</u>	<u>\$ (121,558,292)</u>
<b>General Revenues and other Changes in Net Position</b>										
Governmental activities:										
Real estate and personal property taxes, net of tax refunds payable.....	\$ 82,597,461	\$ 84,936,744	\$ 88,253,725	\$ 90,663,777	\$ 93,673,200	\$ 97,222,576	\$ 99,665,171	\$ 103,150,266	\$ 106,530,407	\$ 110,049,748
Motor vehicle and other excise taxes.....	6,756,143	6,350,453	5,625,147	5,206,615	6,051,330	5,416,330	6,251,595	7,014,709	7,032,295	7,568,790
Hotel/motel tax.....	1,612,004	1,665,130	1,604,723	1,489,471	1,866,536	2,470,674	2,563,046	2,728,769	2,699,495	2,798,882
Meals tax.....	-	-	-	-	619,193	1,206,380	1,261,113	1,455,329	1,372,762	1,474,084
Penalties and interest on taxes.....	795,696	852,148	905,602	778,660	897,236	1,019,421	1,006,469	1,056,947	928,707	914,983
Community preservation surtax.....	2,453,874	2,474,265	2,619,643	2,651,234	2,734,079	2,863,995	2,942,493	3,036,667	3,099,572	3,208,815
Grants and contributions not restricted to specific programs.....	4,203,225	4,055,268	3,742,347	2,698,754	2,665,950	2,645,768	2,462,643	3,037,252	2,888,316	3,198,731
Unrestricted investment income.....	6,461,005	2,555,986	746,614	3,722,928	3,421,534	1,866,929	2,573,660	3,092,436	1,298,586	2,183,557
Gain on sale of capital assets.....	25,000	-	-	31,831	-	-	185,500	3,782,939	-	-
Miscellaneous.....	110,367	-	-	25,968	448,500	30,765	86,629	258,933	8,545	29,925
Legal settlements.....	-	-	3,492,881	262,307	-	-	-	-	-	-
Transfers.....	1,271,322	1,177,317	512,103	(8,071,724)	(2,193,983)	(1,084,489)	(2,774,104)	(2,303,170)	7,966,111	(111,372)
Total governmental activities.....	<u>106,286,097</u>	<u>104,067,311</u>	<u>107,502,785</u>	<u>99,459,821</u>	<u>110,183,575</u>	<u>113,658,349</u>	<u>116,224,215</u>	<u>126,311,077</u>	<u>133,824,796</u>	<u>131,316,143</u>
Business-type activities:										
Unrestricted investment income.....	1,480,924	1,136,095	484,857	163,604	316,300	188,452	549,672	942,020	412,348	262,226
Gain on sale of capital assets.....	3,524	-	-	-	-	-	-	-	-	-
Transfers.....	(1,271,322)	(1,177,317)	(512,103)	8,071,724	2,193,983	1,084,489	2,774,104	2,303,170	(7,966,111)	111,372
Total business-type activities.....	<u>213,126</u>	<u>(41,222)</u>	<u>(27,246)</u>	<u>8,235,328</u>	<u>2,510,283</u>	<u>1,272,941</u>	<u>3,323,776</u>	<u>3,245,190</u>	<u>(7,553,763)</u>	<u>373,598</u>
Total primary government.....	<u>\$ 106,499,223</u>	<u>\$ 104,026,089</u>	<u>\$ 107,475,539</u>	<u>\$ 107,695,149</u>	<u>\$ 112,693,858</u>	<u>\$ 114,931,290</u>	<u>\$ 119,547,991</u>	<u>\$ 129,556,267</u>	<u>\$ 126,271,033</u>	<u>\$ 131,689,741</u>
<b>Changes in Net Position</b>										
Governmental activities.....	\$ 16,148,018	\$ (1,716,075)	\$ (5,036,027)	\$ (5,284,578)	\$ 3,735,303	\$ 4,424,546	\$ 3,349,726	\$ 8,842,419	\$ 12,971,248	\$ 9,798,373
Business-type activities.....	<u>2,917,816</u>	<u>5,819,691</u>	<u>3,347,154</u>	<u>13,259,350</u>	<u>26,635,699</u>	<u>10,230,881</u>	<u>5,221,457</u>	<u>10,293,223</u>	<u>(4,349,489)</u>	<u>333,076</u>
Total primary government.....	<u>\$ 19,065,834</u>	<u>\$ 4,103,616</u>	<u>\$ (1,688,873)</u>	<u>\$ 7,974,772</u>	<u>\$ 30,371,002</u>	<u>\$ 14,655,427</u>	<u>\$ 8,571,183</u>	<u>\$ 19,135,642</u>	<u>\$ 8,621,759</u>	<u>\$ 10,131,449</u>

(Concluded)

**Fund Balances, Governmental Funds**

**Last Ten Years**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>General Fund</b>										
Reserved.....	\$ 1,512,248	\$ 1,888,999	\$ 1,241,639	\$ 2,816,525	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved.....	28,200,523	19,740,194	15,179,667	14,901,926	-	-	-	-	-	-
Restricted.....	-	-	-	-	2,863,023	2,660,805	2,660,174	2,650,600	2,453,717	2,373,473
Assigned.....	-	-	-	-	6,122,506	2,007,306	4,231,826	4,820,179	6,136,907	4,956,930
Unassigned.....	-	-	-	-	21,612,742	28,734,188	26,137,881	28,085,852	26,289,884	30,019,449
<b>Total general fund.....</b>	<b>\$ 29,712,771</b>	<b>\$ 21,629,193</b>	<b>\$ 16,421,306</b>	<b>\$ 17,718,451</b>	<b>\$ 30,598,271</b>	<b>\$ 33,402,299</b>	<b>\$ 33,029,881</b>	<b>\$ 35,556,631</b>	<b>\$ 34,880,508</b>	<b>\$ 37,349,852</b>
<b>All Other Governmental Funds</b>										
Reserved.....	\$ 10,228,805	\$ 10,287,552	\$ 8,847,452	\$ 9,504,307	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds.....	30,311,236	36,842,393	38,643,071	36,566,719	-	-	-	-	-	-
Capital projects funds.....	28,615,260	34,643,214	15,845,729	15,837,839	-	-	-	-	-	-
Permanent funds.....	903,589	96,544	1,092,032	1,022,510	-	-	-	-	-	-
Nonspendable.....	-	-	-	-	10,326,319	10,467,992	11,093,750	15,690,018	15,737,943	16,933,978
Restricted.....	-	-	-	-	41,212,995	37,936,503	35,791,783	35,410,254	41,645,262	46,703,475
<b>Total all other governmental funds.....</b>	<b>\$ 70,058,890</b>	<b>\$ 81,869,703</b>	<b>\$ 64,428,284</b>	<b>\$ 62,931,375</b>	<b>\$ 51,539,314</b>	<b>\$ 48,404,495</b>	<b>\$ 46,885,533</b>	<b>\$ 51,100,272</b>	<b>\$ 57,383,205</b>	<b>\$ 63,637,453</b>

The Town implemented GASB 54 in 2011, fund balances prior to 2011 have been reported in the pre-GASB 54 format.

**Changes in Fund Balances, Governmental Funds**

**Last Ten Years**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Revenues:</b>										
Real estate and personal property taxes, net of tax refunds.....	\$ 82,783,866	\$ 84,855,790	\$ 88,165,857	\$ 89,592,295	\$ 92,202,438	\$ 97,818,235	\$ 99,399,272	\$ 102,905,909	\$ 105,260,464	\$ 108,835,835
Motor vehicle and other excise taxes.....	6,704,665	6,617,601	5,646,089	5,249,626	5,938,937	5,510,517	6,209,316	6,619,470	7,033,401	7,506,290
Hotel/motel tax.....	1,612,004	1,670,130	1,624,723	1,481,471	1,739,536	2,468,674	2,537,046	1,810,513	2,691,495	2,800,577
Meals tax.....	-	-	-	-	490,193	1,197,380	1,255,113	-	1,372,762	1,474,084
Charges for services.....	5,296,145	6,710,275	6,792,198	4,808,371	5,068,114	4,976,473	5,380,029	5,303,748	5,414,436	5,922,080
Penalties and interest on taxes.....	1,335,052	1,210,709	1,206,383	1,070,307	1,199,934	1,359,907	1,429,142	1,502,443	1,350,562	1,296,576
Fees and rentals.....	1,003,400	1,210,892	1,107,126	1,199,488	1,452,502	1,492,829	1,622,674	1,592,714	1,660,085	1,764,493
Licenses and permits.....	2,088,864	2,170,128	2,092,985	2,131,386	2,855,284	3,010,391	2,931,858	3,367,133	3,206,880	3,458,964
Intergovernmental.....	36,751,218	35,426,249	35,349,630	36,622,958	37,544,400	39,349,380	40,999,777	39,468,814	33,074,571	37,097,876
Departmental and other.....	1,956,268	1,603,490	1,929,525	1,238,096	1,093,917	982,707	671,549	502,499	530,010	484,246
Special assessments.....	191,884	151,983	143,209	220,269	305,021	345,820	353,293	575,224	596,185	1,291,690
Community preservation fund surtax.....	2,453,874	2,474,265	2,619,643	2,651,234	2,734,079	2,863,995	2,942,493	3,036,667	3,099,572	3,208,815
Contributions.....	196,313	99,882	153,455	123,891	297,281	296,185	242,909	460,652	894,598	299,212
Investment income.....	6,464,023	2,558,229	747,670	3,723,219	3,422,381	1,863,501	2,554,945	3,066,820	1,275,082	2,166,199
Miscellaneous.....	-	-	-	262,658	460,016	6,885	24,191	19,020	39,120	73,132
Legal settlements.....	-	-	3,492,881	262,307	-	-	-	-	-	37,506
<b>Total Revenues.....</b>	<b>148,837,576</b>	<b>146,759,623</b>	<b>151,071,374</b>	<b>150,637,576</b>	<b>156,804,033</b>	<b>163,542,879</b>	<b>168,553,607</b>	<b>170,229,126</b>	<b>167,499,223</b>	<b>177,717,575</b>
<b>Expenditures:</b>										
Charter commission.....	-	2,065	46,380	15,000	-	-	-	-	-	-
Town council.....	231,825	289,995	296,316	321,346	315,151	309,303	252,750	270,452	242,765	233,693
Town manager.....	518,618	574,215	541,963	600,291	540,036	596,044	605,498	555,587	540,367	550,017
Administrative services.....	5,223,523	5,816,199	5,721,376	6,022,630	6,390,572	6,265,047	7,524,126	5,895,146	6,004,633	6,755,349
Growth management.....	1,908,052	3,162,311	3,023,167	2,255,806	1,876,994	1,837,388	2,091,175	2,079,052	1,298,226	1,810,185
Public safety.....	11,372,831	11,423,726	11,562,679	11,877,172	11,945,147	12,583,679	14,812,467	12,423,830	12,882,134	13,433,285
Education.....	71,994,705	73,768,453	74,154,718	69,418,073	71,603,329	72,947,953	69,573,482	71,266,325	71,844,729	73,348,203
Public works.....	7,067,157	8,766,085	12,507,268	5,801,985	8,697,677	7,999,323	8,809,756	11,991,138	11,326,596	9,536,429
Community services.....	3,026,874	3,031,730	3,731,611	3,269,069	3,323,697	3,542,911	3,099,734	3,193,473	3,332,724	3,520,353
Regulatory services.....	2,354,396	2,537,742	1,498,642	2,602,377	2,690,984	2,951,035	2,852,514	3,080,042	3,167,935	3,144,581
Culture and recreation.....	1,621,122	1,715,718	1,727,069	1,689,753	1,673,945	2,047,950	2,167,069	2,285,422	2,426,386	2,527,421
Pension and employee benefits.....	12,363,057	13,793,046	15,287,773	17,096,982	18,953,642	19,880,251	27,424,995	29,400,723	24,763,873	28,461,551
Property and liability insurance.....	1,175,345	1,202,223	1,151,284	1,205,171	1,281,890	1,312,879	1,310,179	1,439,324	1,510,581	1,573,817
Claims and judgments.....	-	450,972	-	-	-	-	-	-	-	-
Other assessments.....	270,401	325,747	424,848	492,852	423,836	375,478	398,239	397,056	389,520	357,141
State and county charges.....	5,179,582	5,283,974	5,500,040	5,670,113	5,864,464	6,443,074	6,578,322	7,081,833	7,870,164	8,174,877
Capital outlay.....	9,828,269	12,063,864	22,486,003	9,398,699	12,727,196	10,637,388	8,353,164	10,980,666	14,983,478	17,654,545
Debt service:										
Principal.....	8,074,177	9,007,988	9,841,839	8,908,613	9,404,339	9,931,989	9,298,893	9,001,782	9,223,081	8,968,701
Interest.....	4,689,917	4,619,652	4,729,807	3,691,341	3,305,081	3,290,957	2,714,020	2,483,851	2,377,624	1,977,382
<b>Total Expenditures.....</b>	<b>146,899,851</b>	<b>157,835,705</b>	<b>174,232,783</b>	<b>150,337,273</b>	<b>161,017,980</b>	<b>162,952,649</b>	<b>167,866,383</b>	<b>173,825,702</b>	<b>174,184,816</b>	<b>182,027,530</b>
Excess of revenues over (under) expenditures.....	1,937,725	(11,076,082)	(23,161,409)	300,303	(4,213,947)	590,230	687,224	(3,596,576)	(6,685,593)	(4,309,955)
<b>Other Financing Sources (Uses):</b>										
Issuance of bonds and notes.....	19,893,000	13,626,000	-	4,959,000	7,535,000	-	-	6,248,000	3,930,000	12,113,000
Issuance of refunding bonds.....	38,101,000	-	-	-	8,641,000	10,037,900	-	-	5,265,500	1,674,000
Premium from issuance of bonds.....	240,059	-	-	-	360,689	30,765	-	245,377	347,856	1,000,312
Premium from issuance of refunding bonds.....	1,076,268	-	-	-	641,187	966,394	-	-	728,615	218,218
Sale of capital assets.....	25,000	-	-	31,831	-	-	195,500	3,782,939	-	-
Payment to bond escrow agent.....	(39,114,210)	-	-	-	(9,282,187)	(10,871,591)	-	-	(5,945,679)	(1,860,611)
Transfers in.....	18,461,664	23,252,992	21,271,536	20,474,644	6,854,634	7,015,052	6,336,045	8,651,348	16,202,168	8,405,736
Transfers out.....	(17,190,342)	(22,075,675)	(20,759,433)	(25,965,542)	(9,048,617)	(8,099,541)	(9,110,149)	(8,589,599)	(8,236,057)	(8,517,108)
<b>Total other financing sources (uses).....</b>	<b>21,492,439</b>	<b>14,803,317</b>	<b>512,103</b>	<b>(500,067)</b>	<b>5,701,706</b>	<b>(921,021)</b>	<b>(2,578,604)</b>	<b>10,338,065</b>	<b>12,292,403</b>	<b>13,033,547</b>
Net change in fund balance.....	\$ 23,430,164	\$ 3,727,235	\$ (22,649,306)	\$ (199,764)	\$ 1,487,759	\$ (330,791)	\$ (1,891,380)	\$ 6,741,489	\$ 5,606,810	\$ 8,723,592
Debt service as a percentage of noncapital expenditures.....	9.31%	9.35%	9.60%	8.94%	8.57%	8.68%	7.53%	7.05%	7.29%	6.66%

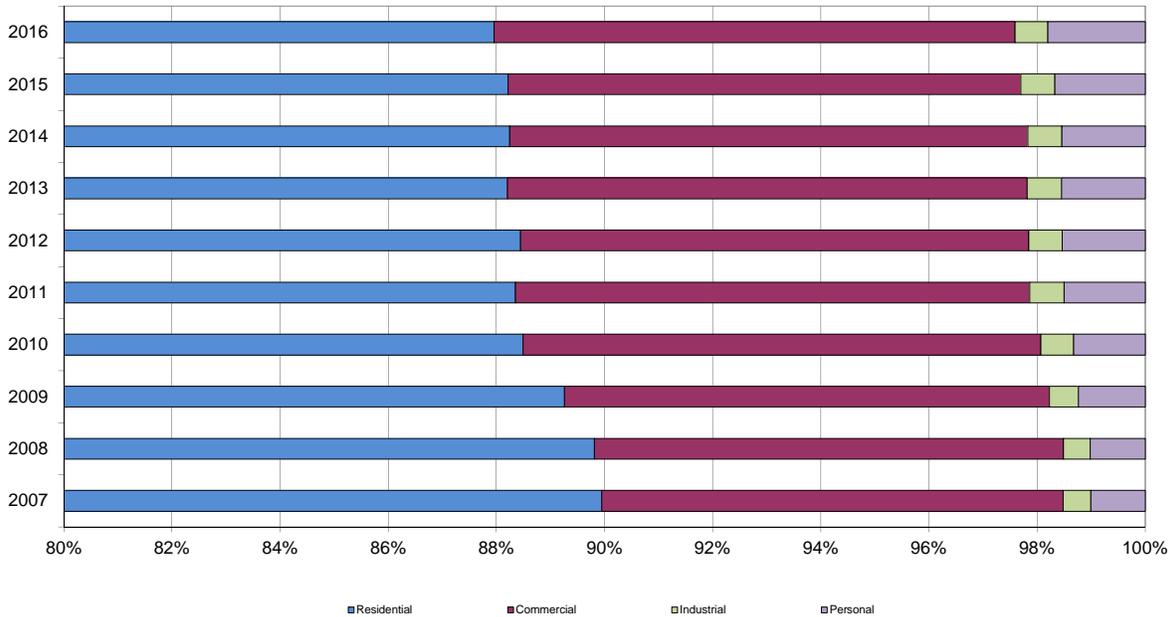
*Notes:*  
Some functional expenses are reported in different lines in older years.

Assessed Value of Taxable Property by Classification and Tax Rates

Last Ten Years

Year	Assessed and Actual Values and Tax Rates											
	Residential Value	Residential Tax Rate	Commercial Value	Industrial Value	Total Commercial Value	Commercial Tax Rate	Personal Property	Personal Property Tax Rate	Total Direct Rate (2)	Overlapping Rate (3)	Total Direct and Overlapping Rate	Total Town Value
2007	(1) \$ 13,443,704,362	\$ 6.32	\$ 1,275,048,264	\$ 77,011,100	\$ 1,352,059,364	\$ 5.57	\$ 149,981,380	\$ 5.57	\$ 6.24	\$ 1.58	\$ 7.82	\$ 14,945,745,106
2008	13,323,872,172	6.58	1,286,489,328	73,265,400	1,359,754,728	5.80	151,079,850	5.80	6.50	1.60	8.10	14,834,706,750
2009	12,983,016,619	6.90	1,303,893,716	78,598,400	1,382,492,116	6.12	179,274,450	6.12	6.82	1.75	8.57	14,544,783,185
2010	(1) 11,822,832,710	7.77	1,279,251,935	81,780,400	1,361,032,335	6.87	176,352,980	6.87	7.67	1.87	9.54	13,360,218,025
2011	11,474,497,625	8.05	1,235,696,120	82,267,300	1,317,963,420	7.28	194,882,820	7.28	7.96	2.00	9.96	12,987,343,865
2012	11,343,180,287	8.42	1,205,426,293	79,571,600	1,284,997,893	7.59	196,937,290	7.59	8.32	2.22	10.54	12,825,115,470
2013	(1) 11,220,887,767	8.76	1,223,179,078	80,290,800	1,303,469,878	7.89	197,055,870	7.89	8.66	2.13	10.79	12,721,413,515
2014	11,114,256,735	9.12	1,206,529,030	79,328,500	1,285,857,530	8.22	193,985,740	8.22	9.01	2.29	11.30	12,594,100,005
2015	11,207,187,750	9.30	1,204,713,235	79,592,100	1,284,305,335	8.40	212,290,440	8.40	9.19	2.57	11.76	12,703,783,525
2016	(1) 11,559,979,680	9.31	1,266,853,600	79,821,600	1,346,675,200	8.41	236,236,480	8.41	9.20	2.67	11.87	13,142,891,360

Percentage of Total Assessed Value By Classification



(1) Revaluation year.

(2) Weighted average direct tax rate, calculated as weighted average of residential, commercial and personal property tax rates.

(3) Overlapping rates for the five fire districts. Four fire districts adopted a single tax rate and one adopted the residential exemption. In 2014, rates ranged from \$1.51 per \$1,000 of valuation to \$2.70 per \$1,000 of valuation for an average rate of \$2.29 per \$1,000 of valuation.

Source: Assessor's Department, Town of Barnstable

All property in the Commonwealth of Massachusetts is assessed at 100% of fair cash value.

Note: Chapter 59, Section 21C of the Massachusetts General Laws, known as "Proposition 2 1/2", imposes 2 separate limits on the annual tax levy of the Town. The primary limitation is that the tax levy cannot exceed 2 1/2 percent of the full and fair cash value.

The secondary limitation is that the tax levy cannot exceed the maximum levy limit for the preceding year as determined by the State Commissioner of Revenue by more than 2 1/2 percent, subject to an exception for property added to the tax rolls and for certain substantial valuation increases other than as part of a general revaluation. The secondary limit may be exceeded in any year by a majority vote of the voters, however it cannot exceed the primary limitation.

**Principal Taxpayers**  
**Current Year and Nine Years Ago**

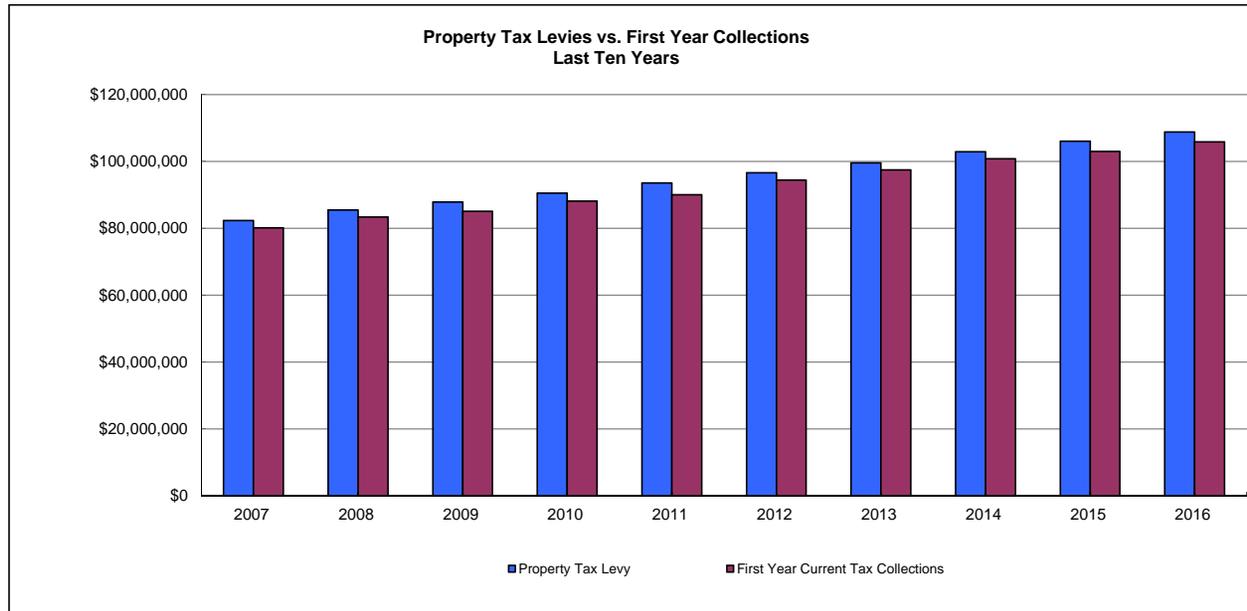
Name	Nature of Business	2016			2007		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
Eversource	Public Utility	\$ 111,089,210	1	0.85%	\$ -	-	-
Mayflower Cape Cod, LLC	Cape Cod Mall	109,003,100	2	0.83%	113,523,700	1	0.76%
National Grid	Public Utility	38,764,170	3	0.29%	-	-	-
Festival of Hyannis, LLC	Shopping Center	25,775,700	4	0.20%	32,463,400	4	0.22%
Oyster Harbors Club, Inc.	Social Club & Residential Properties	25,629,070	5	0.20%	-	-	-
Cape Harbor Associates	Shopping Center	25,534,900	6	0.19%	26,418,100	6	0.18%
Indian Point Family Partnership LP	Various Residential	24,548,400	7	0.19%	-	-	-
Wianno Club	Golf Club	22,888,030	8	0.17%	-	-	-
OCW Retail Hyannis, LLC	Shopping Center	21,946,500	9	0.17%	-	-	-
Verizon	Public Utility	20,422,300	10	0.16%	19,603,900	8	0.13%
Individual	Residential Properties	-	-	-	51,666,410	2	0.35%
Nstar	Utility	-	-	-	40,710,390	3	0.27%
Individual	Residential Properties	-	-	-	29,215,010	5	0.20%
Thomas Flatley	Shopping Mall	-	-	-	22,978,300	7	0.15%
Individual	Residential Properties	-	-	-	17,124,990	9	0.11%
Colonial Gas	Utility	-	-	-	16,301,940	10	0.11%
<b>Totals</b>		<b>\$ 425,601,380</b>		<b>3.24%</b>	<b>\$ 370,006,140</b>		<b>2.48%</b>

Source: Assessor's Department, Town of Barnstable

**Property Tax Levies and Collections**

**Last Ten Years**

Year		Total Tax Levy	Less Abatements & Exemptions	Net Tax Levy	Net as % of Total	First Year Current Tax Collections	Percent of Net Levy Collected	Subsequent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Net Tax Levy
2007	(1)	83,218,734	867,391	82,351,343	98.96%	80,162,980	97.34%	1,998,829	82,161,809	99.77%
2008		86,040,891	612,559	85,428,332	99.29%	83,342,200	97.56%	2,086,132	85,428,332	100.00%
2009		89,064,457	1,211,254	87,853,203	98.64%	85,039,043	96.80%	1,334,371	86,373,414	98.32%
2010	(1)	91,769,862	1,220,910	90,548,952	98.67%	88,128,463	97.33%	1,780,686	89,909,149	99.29%
2011		94,579,103	1,073,942	93,505,161	98.86%	89,989,123	96.24%	2,953,030	92,942,153	99.40%
2012		97,325,379	757,468	96,567,911	99.22%	94,416,772	97.77%	1,405,907	95,822,679	99.23%
2013	(1)	100,386,021	786,537	99,599,484	99.22%	97,485,153	97.88%	1,360,701	98,845,854	99.24%
2014		103,522,018	673,327	102,848,691	99.35%	100,779,510	97.99%	1,362,562	102,142,072	99.31%
2015		106,676,485	674,924	106,001,561	99.37%	103,011,541	97.18%	2,309,932	105,321,473	99.36%
2016	(1)	110,547,068	1,724,851	108,822,217	98.44%	105,826,314	97.25%	-	105,826,314	97.25%



(1) Revaluation year.

Source: Official Statements, Town of Barnstable

**Ratios of Outstanding Debt and General Bonded Debt**

**Last Ten Years**

Year	U. S. Census Population	Personal Income	Assessed Value	Governmental Activities Debt				
				General Obligation Bonds	Capital Leases	Per Capita	Percentage of Personal Income	Percentage of Assessed Value
2007	46,738	\$ 1,462,886,000	\$ 14,945,745,106	\$ 110,017,892	\$ 3,053	\$ 2,354	7.52%	0.74%
2008	46,184	1,347,449,000	14,834,706,750	114,635,906	793	2,482	8.51%	0.77%
2009	46,297	1,268,027,000	14,544,783,185	104,794,067	-	2,264	8.26%	0.72%
2010	45,193	1,593,731,000	13,360,218,025	84,883,454	-	1,878	5.33%	0.64%
2011	44,932	1,600,012,972	12,987,343,865	83,385,804	-	1,856	5.21%	0.64%
2012	44,824	1,605,012,968	12,825,115,470	73,345,104	-	1,636	4.57%	0.57%
2013	44,824	1,619,087,704	12,721,413,515	63,610,778	-	1,419	3.93%	0.50%
2014	44,824	1,627,183,143	12,594,100,005	60,806,840	-	1,357	3.74%	0.48%
2015	45,170	1,635,319,058	12,703,783,525	55,778,571	-	1,235	3.41%	0.44%
2016	45,193	1,643,495,654	13,142,891,360	59,450,983	-	1,315	3.62%	0.45%

Year	Business-type Activities (1)		Total Primary Government			
	General Obligation Bonds	Capital Leases	Total Debt Outstanding	Per Capita	Percentage of Personal Income	Percentage of Assessed Value
2007	\$ 33,214,444	\$ -	\$ 143,235,389	\$ 3,065	9.79%	0.96%
2008	38,527,427	-	153,164,126	3,316	11.37%	1.03%
2009	36,484,603	-	141,278,670	3,052	11.14%	0.97%
2010	54,779,449	-	139,662,903	3,090	8.76%	1.05%
2011	54,016,356	-	137,402,160	3,058	8.59%	1.06%
2012	56,250,217	-	129,595,321	2,891	8.07%	1.01%
2013	54,722,327	-	118,333,105	2,640	7.31%	0.93%
2014	50,764,691	-	111,571,531	2,489	6.86%	0.89%
2015	47,942,365	-	103,720,936	2,296	6.34%	0.82%
2016	51,447,154	-	110,898,137	2,454	6.75%	0.84%

(1) Airport, Golf Course, Solid Waste, Wastewater, Water, Marinas, Sandy Neck Park and Hyannis Youth and Community Center  
 Source: Audited Financial Statements, U. S. Census

**Direct and Overlapping Governmental Activities Debt**

**As of June 30, 2016**

<u>Town of Barnstable, Massachusetts</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable (1), (2)</u>	<u>Share of Overlapping Debt</u>
Debt repaid with property taxes and user charges:			
Barnstable County.....	\$ 25,043,156	17.40%	\$ 4,357,509
Barnstable Fire District.....	1,070,000	100.00%	1,070,000
Centerville-Osterville-Marston Mills Fire District.....	2,965,293	100.00%	2,965,293
Cotuit Fire District.....	1,510,000	100.00%	<u>1,510,000</u>
Subtotal, overlapping debt.....			9,902,802
Town direct debt.....			<u>59,450,983</u>
Total direct and overlapping debt.....			<u>\$ 69,353,785</u>

Source: Official Statements

Note: The Town obtains the debt outstanding and percentages directly from the entities.

Note: Overlapping governments are those that coincide, at least in part, with geographic boundaries of the Town. This schedule calculates the portion of the outstanding debt of those overlapping governments that is borne by the taxpayers of Town. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the property taxpayers should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

(1) County expenses, including debt service, are assessed upon the towns within the county in proportion to their taxable valuation.

(2) The fire districts are special governmental units. The Town serves as a collecting agent for taxes and transfers funds directly to the fire districts on a weekly basis.

Computation of Legal Debt Margin

Last Ten Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Equalized Valuation.....	\$ 14,974,792,700	\$ 16,142,285,200	\$ 16,142,285,200	\$ 14,945,861,000	\$ 14,945,861,000	\$ 13,864,305,700	\$ 13,864,305,700	\$ 13,476,184,100	\$ 13,476,184,100	\$ 13,476,184,100
Debt Limit -5% of Equalized Valuation.....	\$ 748,739,635	\$ 807,114,260	\$ 807,114,260	\$ 747,293,050	\$ 747,293,050	\$ 693,215,285	\$ 693,215,285	\$ 673,809,205	\$ 673,809,205	\$ 673,809,205
Less:										
Outstanding debt applicable to limit.....	\$ 75,630,971	\$ 82,388,673	\$ 76,565,997	\$ 74,641,706	\$ 81,933,812	\$ 79,039,510	\$ 71,718,246	\$ 70,548,688	\$ 65,723,674	\$ 72,346,608
Authorized and unissued debt.....	\$ 67,601,365	\$ 57,540,513	\$ 57,540,513	\$ 83,934,854	\$ 73,597,717	\$ 71,016,010	\$ 77,977,510	\$ 83,028,269	\$ 51,117,351	\$ 33,058,354
Legal debt margin.....	\$ 605,507,299	\$ 667,185,074	\$ 673,007,750	\$ 588,716,490	\$ 591,761,521	\$ 543,159,765	\$ 543,519,529	\$ 520,232,248	\$ 556,968,180	\$ 568,404,243
Total debt applicable to the limit as a percentage of debt limit.....	19.13%	17.34%	16.62%	21.22%	20.81%	21.65%	21.59%	22.79%	17.34%	15.64%

Source: Official Statements, Town of Barnstable

## Demographic and Economic Statistics

### Last Ten Years

Year	Population Estimates	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2007	46,738	\$1,462,886,000	\$31,300	42	6,135	3.7%
2008	46,184	\$1,347,449,000	\$29,176	42	5,851	4.6%
2009	46,297	\$1,268,027,000	\$27,389	42	5,799	5.1%
2010	45,193	\$1,593,731,000	\$35,265	47	5,461	8.6%
2011	44,932	\$1,600,012,972	\$35,610	48	5,165	7.0%
2012	44,824 *	\$1,605,012,968 *	\$35,807 *	49 *	5,267	7.4%
2013	44,824 *	\$1,619,087,704 *	\$36,121 *	49 *	5,118	6.6%
2014	44,824 *	\$1,627,183,143 *	\$36,302 *	49 *	5,194	4.4%
2015	45,170 *	\$1,635,319,058 *	\$36,204 *	50 *	5,230	4.3%
2016	45,193 *	\$1,643,495,654 *	\$36,366 *	49 *	5,459	3.1%

Source: U. S. Census, Division of Local Services  
 Median age is based on most recent census data  
 \* estimated

**Principal Employers**

**Current Year and Nine Years Ago**

Employer	Nature of Business	2016			2007		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Cape Cod Health Care, Inc.	Hospital	2,548	1	11.47%	2,459	1	9.71%
Town of Barnstable	Municipal Government	1,331	2	5.99%	1,414	2	5.58%
Cape Cod Community College	Education	514	3	2.31%	-	-	-
Cape Air/Nantucket Airlines	Airline	306	4	1.38%	-	-	-
Barnstable County	County Government	250	5	1.13%	675	3	2.67%
Macy's (2 stores)	Retail Sales - General	230	6	1.04%	227	6	0.90%
Cape Codder Resort & Spa	Hotel	200	7	0.90%	250	5	0.99%
Super Stop and Shop - Hyannis	Grocers - Retail	185	8	0.83%	-	-	-
Sears Roebuck & Company	Retail Store	173	9	0.78%	210	7	0.83%
Stop and Shop - Marston Mills	Grocers - Retail	161	10	0.72%	-	-	-
Cape Cod Times	Newspaper	-	-	-	320	4	1.26%
Star Market (2 stores)	Grocers - Retail	-	-	-	204	8	0.81%
SSA Global	Marketing & Training	-	-	-	176	9	0.70%
The Greenert at Hyannis	Health Services	-	-	-	160	10	0.63%

Source: Official Statements

**Full-time Equivalent Town Employees by Function**

**Last Ten Years**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Function:										
Town council.....	2	2	2	2	2	2	2	2	2	1
Town manager.....	5	5	5	5	5	5	5	5	5	5
Growth management.....	16	14	14	13	12	12	12	12	10	11
Administrative services...	65	65	63	61	61	61	61	62	61	65
Public safety.....	139	139	137	126	126	124	126	126	131	133
Education.....	911	904	891	812	813	813	816	809	809	834
Public works.....	120	120	120	116	116	116	116	116	116	117
Community services.....	50	51	53	57	55	53	54	54	56	58
Regulatory services.....	32	32	35	33	31	32	33	35	34	33
Airport.....	26	26	26	26	25	25	25	26	26	25
Total .....	<u>1,366</u>	<u>1,358</u>	<u>1,346</u>	<u>1,251</u>	<u>1,246</u>	<u>1,243</u>	<u>1,250</u>	<u>1,247</u>	<u>1,250</u>	<u>1,281</u>

Source: Annual town reports

**Operating Indicators by Function/Program**

**Last Ten Years**

<b>Function/Program</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>Administrative services</b>										
Legal matters.....	1,633	1,258	1,392	1,529	1,728	1,531	1,642	1,791	1,547	1,684
Registered voters.....	30,999	30,885	32,381	30,872	31,259	32,959	32,494	32,995	31,958	33,945
Employment applications processed.....	1,191	2,050	1,600	1,575	2,060	2,078	4,415	1,136	2,400	2,200
Work related injuries processed.....	125	157	160	80	159	127	144	130	148	147
Unemployment claims.....	56	100	85	165	210	114	99	81	124	148
Tax bills processed.....	222,049	194,796	195,182	201,322	201,275	197,106	197,662	198,120	193,488	192,892
<b>Police</b>										
Call for service.....	45,009	45,347	42,758	42,870	47,183	52,392	56,341	65,916	60,208	61,485
Physical arrests.....	3,315	3,126	n/a	1,925	1,655	1,910	1,938	1,977	1,650	1,660
<b>Education</b>										
Cobb Trust Fund awards.....	\$109,390	\$158,500	\$65,078	\$39,841	\$109,283	\$124,848	\$166,546	\$165,279	\$112,000	\$182,656
<b>Zoning</b>										
Zoning Board appeals filed.....	126	142	107	81	40	82	67	88	57	51
<b>Building Inspections</b>										
New dwellings constructed.....	67	50	40	58	27	50	50	83	94	58
<b>Health</b>										
Routine health inspections.....	2,948	3,909	5,988	7,113	7,059	6,178	6,125	6,310	6,584	6,650
Complaint investigations.....	784	615	541	424	434	268	385	343	529	711
<b>Consumer Affairs</b>										
Parking violations.....	5,249	4,307	4,534	4,192	4,341	6,707	7,110	8,727	7,605	8,651
Weights and measure devices tested.....	4,807	3,572	3,593	4,535	5,244	4,982	4,850	4,792	4,827	4,514
Ordinance citations.....	972	816	1,034	1,426	1,425	1,441	1,144	1,097	276	268
<b>Community Services</b>										
Mooring permits issued.....	2,416	2,483	2,429	2,468	2,552	2,535	2,494	2,421	2,362	2,299
Shellfish permits issued.....	1,990	2,234	2,363	2,608	2,670	2,818	2,741	2,798	2,822	2,799
Animal control service calls.....	2,956	2,244	3,080	2,854	4,261	3,113	3,492	3,177	3,191	3,290
Veterans served.....	7,201	492 (1)	7,661	8,326	14,439	15,126	24,949	21,670	24,157	27,331
<b>Roads</b>										
Catch basins cleaned.....	3,246	3,456	3,142	1,618	2,120	2,181	1,346	1,159	1,813	1,743
Miles of crack seal applied.....	10.5	10	15	7	5	10	5	7	10	10
Miles of roadside mowed.....	186	290	580	448	405	314	194	247	336	240
Miles of road swept.....	430	314	335	531	487	552	635	573	443	582
<b>Sewer</b>										
Gallons of septage treated.....	10,716,500	10,852,200	11,523,000	11,011,300	10,597,900	12,557,500	12,456,100	12,537,100	11,517,475	12,675,000
Daily average collection.....	1,711,100	1,347,400 (2)	1,495,300 (2)	1,540,500	1,453,600	1,421,800	1,532,275	1,498,849	1,515,302	1,568,018
<b>Solid Waste</b>										
Tons shipped to SEMASS.....	n/a	n/a	n/a	9,532	9,465	8,975	n/a	n/a	n/a	n/a
Tons received at Flint Street station.....	9,505	9,985	9,437	9,016	8,972	9,474	9,278	9,245	9,018	8,968
Tons of construction and demolition material received.....	3,730	3,658	2,771	3,193	2,789	2,776	2,764	2,610	2,616	2,900
<b>Libraries</b>										
Total volumes borrowed.....	567,731	546,556	570,947	632,137	612,700	600,143	612,527	618,650	586,859	575,057
Library holdings.....	n/a	n/a	n/a	164,309	n/a	373,752	382,802	388,765	716,037	555,542
Program attendance.....	n/a	n/a	n/a	n/a	28,893	34,583	37,999	38,555	38,594	40,643

Source: Various Town Departments

n/a: Information not available

(1) 2008 represents the number of cases managed, all other years reflect all inquiries.

(2) The Town experienced a flow meter malfunction in 2008 and 2009, the flow is actually higher than reported.

**Capital Asset Statistics by Function/Program**

**Last Ten Years**

<b><u>Function/Program</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>
Administrative services										
Number of Buildings.....	148	148	149	150	150	150	150	150	150	150
Police										
Number of Stations.....	2	2	2	2	2	2	2	2	3	3
Police personnel and officers.....	139	139	139	126	126	126	131	131	133	133
Education										
Number of elementary schools.....	10	10	9	6	6	6	6	6	6	6
Number of middle schools.....	1	1	1	1	1	1	1	1	1	1
Number of high schools.....	1	1	1	1	1	1	1	1	1	1
Number of teachers.....	774	763	751	686	686	686	639	635	655	681
Number of students.....	5,980	5,814	5,714	5,461	5,304	5,267	5,118	5,194	5,230	5,204
Public Works										
Number of town roads.....	633	633	633	633	633	633	633	633	633	700
Number of private roads.....	1,088	1,088	1,088	1,088	1,088	1,091	1,091	1,091	1,091	1,100
Number of state roads.....	6	6	6	6	6	6	6	6	6	4
Center lane miles of roads.....	490	490	490	490	490	490	490	490	490	504
Cemeteries.....	16	16	16	16	16	16	16	16	16	16
Culture and Recreation										
Libraries.....	7	7	7	7	7	7	7	7	7	7
Boat launches.....	17	17	17	17	17	16	16	16	16	16
Parks and playgrounds.....	71	71	71	71	71	71	71	71	72	72
Park and playground (acreage).....	222	222	222	222	222	222	222	222	222	218
Golf courses.....	2	2	2	2	2	2	2	2	2	2
Public beaches.....	18	18	18	18	18	18	18	18	18	18
Ball fields.....	6	6	6	6	6	6	6	6	6	6
Tennis courts.....	5	5	5	5	5	5	5	5	5	5

Source: Various Town Departments



Photo By: Donna Bragg.

**Snowy Owl out at the Point at Sandy Neck.**



Photo By: Donna Bragg.

**Summer of 2016 sunrise from Sandy Neck parking lot**