

OFFICIAL STATEMENT DATED FEBRUARY 18, 2016

Rating: See "Rating" herein.
Standard & Poor's Ratings Services: AAA

New Issue

In the opinion of Locke Lord LLP, Bond Counsel, based upon an analysis of existing law and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986 (the "Code"). Interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Under existing law, interest on the Bonds is exempt from Massachusetts personal income taxes, and the Bonds are exempt from Massachusetts personal property taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. The Bonds will not be designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code. See "Tax Exemption" herein.

**TOWN OF BARNSTABLE, MASSACHUSETTS
\$16,648,000 GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2016 BONDS**

DATED
Date of Delivery

DUE
February 15
(as shown below)

The Bonds are issuable only in fully registered form without coupons and, when issued, will be registered in the name of Cede & Co., as Bondholder and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in denominations of \$5,000 or integral multiples thereof with the exception of three \$1,000 denominations maturing February 15, 2017. (See "Book-Entry Transfer System" herein.)

Principal of the Bonds will be paid on February 15 of the years in which the Bonds mature. Interest on the Bonds will be payable semiannually on February 15 and August 15 of each year, commencing August 15, 2016, until the principal amount is paid. Principal and semiannual interest on the Bonds will be paid by U.S. Bank National Association, Boston, Massachusetts, or its successor, as Paying Agent. So long as DTC or its nominee, Cede & Co., is the Bondowner, such payments will be made directly to such Bondowner. Disbursement of such payments to the DTC Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants and Indirect Participants, as more fully described herein.

The Bonds are subject to redemption prior to their stated maturity dates as detailed herein.

An opinion of Bond Counsel will be delivered with the Bonds to the effect that the Bonds are valid general obligations of the Town of Barnstable and, to the extent not paid from other sources, the principal of and interest on the Bonds are payable from taxes which may be levied upon all taxable property in the Town subject to the limit imposed by Chapter 59, Section 21C of the General Laws.

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS AND CUSIPS

<u>Due</u> <u>February 15</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Cusip</u> <u>068167</u>	<u>Due</u> <u>February 15</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Cusip</u> <u>068167</u>
2017	\$1,258,000	4.00 %	0.40 %	ZQ1	2027	\$655,000	2.00 %	2.00 %	A21
2018	1,225,000	4.00	0.52	ZR9	2028	645,000	2.50	2.15	A39
2019	1,225,000	4.00	0.63	ZS7	2029	645,000	2.125	2.30	A47
2020	1,215,000	4.00	0.74	ZT5	2030	640,000	3.00	2.42	A54
2021	1,205,000	4.00	0.87	ZU2	2031	635,000	3.00	2.56	A62
2022	925,000	4.00	1.05	ZV0	2032	550,000	3.00	2.70	A70
2023	915,000	4.00	1.25	ZW8	2033	550,000	3.00	2.80	A88
2024	910,000	4.00	1.43	ZX6	2034	550,000	3.00	2.90	A96
2025	900,000	4.00	1.58	ZY4	2035	550,000	3.00	3.00	B20
2026	900,000	4.00	1.71	<td>2036</td> <td>550,000</td> <td>3.00</td> <td>3.05</td> <td>B38</td>	2036	550,000	3.00	3.05	B38

The Bonds are offered subject to the final approving opinion of Locke Lord LLP, Boston, Massachusetts, Bond Counsel, as aforesaid, and to certain other conditions referred to herein and in the Notice of Sale. FirstSouthwest, a Division of Hilltop Securities Inc., Boston, Massachusetts has acted as Financial Advisor to the Town with respect to the Bonds. The Bonds in definitive form will be delivered to DTC, or its custodial agent, on or about February 25, 2016, against payment to the Town in federal reserve funds.

FIDELITY CAPITAL MARKETS

TABLE OF CONTENTS

	<u>Page</u>		<u>Page</u>
SUMMARY STATEMENT	3	TOWN FINANCES:	
NOTICE OF SALE	4	General Fund Budget Comparison	30
OFFICIAL STATEMENT	7	Revenues	30
INTRODUCTION	7	Property Taxes	30
THE BONDS	7	Room Occupancy Tax	30
Description of the Bonds	7	Local Options Meals Tax	30
Redemption Provisions	7	Federal Aid	30
Record Date	8	State Distributions	31
Book-Entry-Transfer System	8	State School Building Assistance Program	31
Rating	9	Motor Vehicle Excise	32
Authorization of the Bonds and Use of Proceeds	10	Enterprise Funds	32
Principal Payments by Purpose	11	Annual Audits	32
Opinion of Bond Counsel	11	Financial Statements	32
Tax Exemption	11	Combined Balance Sheet - Governmental Funds	
Security and Remedies	13	Ending June 30, 2015	33
Financial Advisory Services of FirstSouthwest,		Combined Balance Sheet - Governmental Funds	
a Division of Hilltop Securities Inc.	14	Ending June 30, 2014	34
Continuing Disclosure	14	Combined Balance Sheet - Governmental Funds	
TOWN OF BARNSTABLE, MASSACHUSETTS:		Ending June 30, 2013	35
General	15	Combined Statement of Revenues,	
Municipal Services	15	Expenditures and Changes in Fund	
Governing Bodies and Officers	15	Balance - General Fund	
Organization	16	June 30, 2011 - 2015	36
Financial and Management Systems	16	Investments	41
Principal Executive Officers	17	Unassigned Fund Balance and Free Cash	41
Principal Town Assets	17	Surplus Enterprise Funds	41
Barnstable Municipal Airport	18	Stabilization Fund	42
Employment and Payrolls	18	Other Reserves	42
Economic Development	18	INDEBTEDNESS:	
Largest Employers	18	Authorization Procedure and Limitations	43
Labor Force, Employment and Unemployment Rates	19	Types of Obligations	43
Building Permits	19	Direct Debt Summary	44
School Facilities	20	Outstanding Debt - Principal Payments by	
Public School Enrollments	20	Purpose – Excludes This Issue	45
Population, Income and Wealth Levels	21	Debt Service Requirements	46
Income Levels and Population	21	Debt Ratios	46
Population Trends	21	Authorized Unissued Debt and	
PROPERTY TAXATION:		Prospective Financing	47
Tax Levy Computation	22	Overlapping Debt	47
Assessed Valuations and Tax Levies	22	Contractual Obligations	48
Classification of Property	23	RETIREMENT PLAN	49
Largest Taxpayers	24	Current Barnstable County Funding Schedule	50
State Equalized Valuation	24	Other Post-Employment Benefits	51
Abatements and Overlay	24	EMPLOYEE RELATIONS	52
Tax Collections	25	LITIGATION	52
Sale of Tax Receivables	25	APPENDIX A - Fiscal 2015 Audit	
Tax Titles and Possessions	25	APPENDIX B - Proposed Form of Legal Opinion	
Taxation to Meet Deficits	26	APPENDIX C - Proposed Form of	
Tax Limitations	26	Continuing Disclosure Certificate	
Unused Levy Capacity	27	APPENDIX D – Fire District Information	
Pledged Taxes	27		
Tax Increment Financing for Development Districts	27		
Cape Cod Open Space Land Acquisition Excise Tax	28		
Community Preservation Act	29		

The information and expressions of opinion in this Preliminary Official Statement are subject to change without notice. Neither the delivery of this Preliminary Official Statement nor any sale of the Bonds shall, under any circumstances, create any implication that there has been no material change in the affairs of the Town since the date of this Preliminary Official Statement.

SUMMARY STATEMENT

The information set forth below is qualified in its entirety by the information and financial statements appearing elsewhere in the Official Statement.

- Date and Time of Sale:** Thursday, February 18, 2016, at 12:00 Noon (Eastern Time).
- Location of Sale:** FirstSouthwest, a Division of Hilltop Securities Inc., 54 Canal Street, Suite 320, Boston, Massachusetts. (See "Financial Advisory Services of FirstSouthwest, a Division of Hilltop Securities Inc." herein).
- Issuer:** Town of Barnstable, Massachusetts.
- Issue:** \$16,648,000 General Obligation Municipal Purpose Loan of 2016 Bonds.
- Official Statement Dated:** February 18, 2016.
- Dated Date of Bonds:** Date of Delivery.
- Principal Due:** February 15, 2017 through February 15, 2036, as detailed herein.
- Interest Payable:** Semiannually on February 15 and August 15 of each year, commencing August 15, 2016.
- Redemption:** The Bonds are subject to redemption prior to their stated maturity dates as detailed herein.
- Security for the Bonds:** The Bonds are valid general obligations of the Town of Barnstable and, to the extent not paid from other sources, the principal of and interest on the Bonds are payable from taxes which may be levied upon all taxable property in the Town subject to the limit imposed by Chapter 59, Section 21C of the General Laws.
- Credit Rating:** Standard & Poor's Ratings Services has assigned a rating of AAA to the Bonds.
- Basis of Award:** Lowest true interest cost (TIC) as of the dated date. **BIDS MUST INCLUDE A PREMIUM OF AT LEAST \$100,000.**
- Tax Exemption:** Refer to "THE BONDS - Tax Exemption," herein and Appendix B, "Proposed Form of Legal Opinion."
- Continuing Disclosure:** Refer to "THE BONDS - Continuing Disclosure" herein and Appendix C, "Proposed Form of Continuing Disclosure Certificate."
- Bank Qualification:** The Bonds will NOT be designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.
- Paying Agent:** U.S. Bank National Association, Boston, Massachusetts.
- Bond Counsel:** Locke Lord LLP, Boston, Massachusetts.
- Financial Advisor:** FirstSouthwest, a Division of Hilltop Securities Inc. ("FirstSouthwest"), Boston, Massachusetts.
- Delivery and Payment:** It is expected that delivery of the Bonds in book-entry only form will be made to The Depository Trust Company, or to its custodial agent, on or about February 25, 2016 against payment in Federal Funds.
- Issuer Official:** Questions concerning the Official Statement should be addressed to: Ms. Debra M. Blanchette, Treasurer, Town of Barnstable, Massachusetts - telephone (508) 862-4661 or Cynthia F. McNerney, Managing Director, FirstSouthwest, Boston, Massachusetts - telephone (617) 619-4408.

NOTICE OF SALE

TOWN OF BARNSTABLE, MASSACHUSETTS

\$16,648,000 GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2016 BONDS

The Town of Barnstable, Massachusetts, (the "Town") will receive sealed or electronic (as described herein) proposals until 12:00 Noon (Eastern Time) on Thursday, February 18, 2016, for the purchase of the following described Bonds of the Town:

\$16,648,000 General Obligation Municipal Purpose Loan of 2016 Bonds, payable on February 15 in the years and amounts as follows:

<u>Due</u> <u>February 15</u>	<u>Principal</u> <u>Amount*</u>	<u>Due</u> <u>February 15</u>		<u>Principal</u> <u>Amount*</u>
2017	\$ 1,263,000	2027	**	\$ 655,000
2018	1,225,000	2028	**	645,000
2019	1,225,000	2029	**	645,000
2020	1,215,000	2030	**	640,000
2021	1,205,000	2031	**	635,000
2022	920,000	2032	**	550,000
2023	915,000	2033	**	550,000
2024	910,000	2034	**	550,000
2025	900,000	2035	**	550,000
2026	900,000	2036	**	550,000

*Preliminary, subject to change.

**Callable maturities. May be combined into one, two or three Term Bonds as set forth below.

The Bonds will be dated as of their delivery date. Principal of the Bonds will be payable on the date shown above of the years in which the Bonds mature. Interest on the Bonds will be payable semiannually on February 15 and August 15 of each year, commencing August 15, 2016, until the principal amount is paid.

The Bonds will be issued by means of a book-entry system with no physical distribution of the Bonds made to the public. One certificate for each maturity of the Bonds will be issued to The Depository Trust Company, New York, New York ("DTC"), and immobilized in its custody. Ownership of the Bonds in principal amounts of \$5,000 or integral multiples thereof, with the exception of three \$1,000 denominations maturing February 15, 2017, will be evidenced by a book-entry system with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures established by DTC and its participants. The winning bidder, as a condition to delivery of the Bonds, shall be required to deposit the Bonds with DTC, registered in the name of Cede & Co. Interest and principal on the Bonds will be payable to DTC or its nominee as Registered Owner of the Bonds. Transfer of principal and interest payments to DTC participants will be the responsibility of DTC. Transfer of principal and interest payments to Beneficial Owners will be the responsibility of such participants and other nominees of Beneficial Owners. The Town will not be responsible or liable for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

The original Bonds to be immobilized at DTC will be prepared under the supervision of FirstSouthwest, a Division of Hilltop Securities Inc. ("FirstSouthwest") and their legality will be approved by Locke Lord LLP, Boston, Massachusetts, whose opinion will be furnished to the purchaser without charge.

Principal and semiannual interest on the Bonds will be paid by U.S. Bank National Association, Boston, Massachusetts as Paying Agent. So long as DTC or its nominee, Cede & Co., is the Bondowner, such payments will be made directly to DTC. Disbursement of such payments to the DTC Participants is the responsibility of DTC and disbursements of such payments to the Beneficial Owners is the responsibility of the DTC Participants and the Indirect Participants, as more fully described herein.

The Bonds are subject to redemption prior to their stated maturity dates, as detailed herein.

Bidding Parameters

As between proposals which comply with this Notice of Sale, the award will be to the bidder who offers to purchase all the Bonds at the lowest net effective interest rate to the Town. Such interest rate shall be determined on a true interest cost (TIC) basis, which shall mean that rate which, as of the delivery date, discounts semiannually all future payments on account of principal and interest to the price bid. In the event there is more than one proposal specifying

the lowest such rate, the Bonds will be awarded to the bidder whose proposal is selected by the Town Treasurer by lot among all such proposals.

Bidders shall state the rate or rates of interest per annum which the Bonds are to bear in a multiple of 1/20 or 1/8 of one percent, but shall not state (a) more than one interest rate for any Bonds having a like maturity, (b) any interest rate which exceeds the interest rate stated for any other Bonds by more than 3 percent or (c) any interest rate which exceeds 4.0% for any maturity of the Bonds. BIDS MUST INCLUDE A PREMIUM OF AT LEAST \$100,000.

The Town reserves the right to adjust the annual principal amounts in the amount of \$5,000 or an integral multiple thereof as necessary to structure the debt service on the Golf Enterprise components of the Bonds to be as close to equal on an annual basis as practicable through the final maturity. THE SUCCESSFUL BIDDER MAY NOT WITHDRAW ITS BID OR CHANGE THE INTEREST RATES BID OR THE INITIAL REOFFERING PRICES AS A RESULT OF ANY CHANGES MADE TO THE ANNUAL PRINCIPAL AMOUNTS WITHIN THIS LIMIT. The dollar amount bid for principal by the successful bidder will be adjusted proportionally to reflect any reduction or increase in the annual principal amounts of the Bonds to be issued. The final annual principal amounts will be communicated to the successful bidder as soon as possible, but not later than 4:00 P.M. on the date of the sale of the Bonds.

Bids for the Bonds must be submitted either:

- (a) In a sealed envelope marked "Proposal for Bonds" and addressed to Ms. Debra M. Blanchette, Treasurer, Town of Barnstable, Massachusetts c/o FirstSouthwest, a Division of Hilltop Securities Inc. ("FirstSouthwest"), 54 Canal Street, 3rd Floor, Boston, Massachusetts 02114. Proposals by telegram delivered as specified above will be accepted. Signed blank bid forms may be faxed to (617) 619-4411 prior to submitting bids, and actual bids may be telephoned to FirstSouthwest, telephone (617) 619-4400 at least one-half hour prior to the 12:00 Noon sale and after receipt of the faxed bid form by FirstSouthwest. Any bidder who submits a winning bid by telephone in accordance with this Notice of Sale shall be required to provide written confirmation of the terms of the bid by faxing or e-mailing a completed, signed bid form to FirstSouthwest, by not later than 12:00 Noon on the date of sale. FirstSouthwest, will act as agent for the bidder, but neither the Town nor FirstSouthwest shall be responsible for any errors in connection with bids submitted in this manner; or,
- (b) Electronically via PARITY in accordance with this Notice of Sale. To the extent any instructions or directions set forth in *Parity* conflict with this Notice of Sale, the terms of this Notice of Sale shall control. For further information about *Parity*, potential bidders may contact the Financial Advisor to the Town or Ideal at 40 West 23rd Street, 5th Floor, New York, New York 10010, telephone (212) 404-8102.

The award of the Bonds to the winning bidder will not be effective until the bid has been approved by the Treasurer and the Town Manager.

The right is reserved to reject any or all proposals and to reject any proposal not complying with this Notice of Sale and, so far as permitted by law, to waive any irregularity with respect to any proposal.

An electronic bid made in accordance with this Notice of Sale shall be deemed an offer to purchase the Bonds in accordance with the terms provided in this Notice of Sale and shall be binding upon the bidder as if made by a signed and sealed written bid delivered to the Town.

It shall be a condition of the successful bidder's obligation to accept delivery of and pay for the Bonds that, contemporaneously with or before accepting the Bonds and paying therefore, it shall be furnished, without cost, with (a) the approving opinion of the firm of Locke Lord LLP, Boston, Massachusetts, substantially in the form presented in Appendix B to the Preliminary Official Statement dated February 10, 2016, (b) a certificate in form satisfactory to said firm, dated as of the date of delivery of the Bonds and receipt of payment therefore, to the effect that there is no litigation pending, or to the knowledge of the signer or signers thereof, threatened affecting the validity of the Bonds or the power of the Town to levy and collect taxes to pay them, (c) a certificate of the Town Treasurer to the effect that, to the best of her knowledge and belief, both the Preliminary Official Statement as of the date of sale and the Final Official Statement as of the date of delivery of the Bonds, do not contain any untrue statement of a material fact and do not omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading, and (d) a Continuing Disclosure Certificate substantially in the form presented in Appendix C of the Preliminary Official Statement.

On or prior to the date of delivery of the Bonds, the successful bidder shall furnish to the Town a certificate acceptable to Bond Counsel generally to the effect that (i) as of February 18, 2016 (the "Sale Date"), the Purchaser had offered or reasonably expected to offer all of the Bonds to the general public (excluding bond houses, brokers, or similar persons acting in the capacity of underwriters or wholesalers) in a bona fide public offering at the prices set forth in such

certificate, plus accrued interest, if any, (ii) such prices represent fair market prices of the Bonds as of the Sale Date, and (iii) as of the date of such certificate, all of the Bonds have been offered to the general public in a bona fide offering at the prices set forth in such certificate, and at least 10% of each maturity of the Bonds actually has been sold to the general public at such prices. To the extent the certifications described in the preceding sentence are not factually accurate with respect to the reoffering of the Bonds, Bond Counsel should be consulted by the bidder as to alternative certifications that will be suitable to establish the "issue price" of the Bonds for federal tax law purposes. If a municipal bond insurance policy or similar credit enhancement is obtained with respect to the Bonds by the successful bidder, such bidder will also be required to certify as to the net present value savings on the Bonds resulting from payment of insurance premiums or other credit enhancement fees.

The Town has not contracted for the issuance of any policy of municipal bond insurance for the Bonds. If the Bonds qualify for issuance of any such policy or commitment therefore, any purchase of such insurance or commitment shall be at the sole option and expense of the bidder. Proposals shall not be conditioned upon the issuance of any such policy or commitment. Any failure of the Bonds to be so insured or of any such policy or commitment to be issued shall not in any way relieve the purchaser of his contractual obligations arising from the acceptance of his proposal for the purchase of the Bonds. Should the bidder purchase municipal bond insurance, all expenses associated with such policy or commitment will be borne by the bidder, except for the fee paid to Standard & Poor's Ratings Services for the rating on the Bonds. Any such fee paid to Standard & Poor's Ratings Services would be borne by the Town.

Additional information concerning the Town and the Bonds is contained in the Preliminary Official Statement dated February 10, 2016, to which prospective bidders are directed. The Preliminary Official Statement is provided for informational purposes only and is not a part of this Notice of Sale. The Preliminary Official Statement is deemed final by the Town as of its date for purposes of SEC Rule 15c2-12(b)(1) except for the omission of the reoffering price(s), interest rate(s), delivery date, any other terms of the Bonds depending on such matters, and the identity of the underwriter(s), but is subject to change without notice and to completion or amendment in a Final Official Statement.

Copies of the Preliminary Official Statement and a suggested form of proposal of the Bonds may be obtained from FirstSouthwest, a Division of Hilltop Securities Inc., 54 Canal Street, Suite 320, Boston, Massachusetts 02114 (telephone: (617) 619-4400). Within 7 business days following award of the Bonds and receipt of the necessary information from the successful bidder, 25 copies of the Final Official Statement will be available to the successful bidder for use in reoffering the Bonds. Upon request, additional copies will be provided to the successful bidder to a maximum of one per \$100,000 of par amount purchased.

It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such number on any Bond, nor any error with respect thereto, shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the Bonds. The Town assumes no responsibility for any CUSIP Service Bureau or other charges that may be imposed for the assignment of such numbers.

The Bonds will not be designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986 as amended.

In order to assist bidders in complying with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the Town will undertake to provide annual reports and notices of certain significant events. A description of this undertaking is set forth in the Preliminary Official Statement.

The Bonds, in definitive form, will be delivered to DTC on or about February 25, 2016 against payment to the Town in federal reserve funds.

TOWN OF BARNSTABLE, MASSACHUSETTS
/s/ Debra M. Blanchette, Treasurer

February 10, 2016

OFFICIAL STATEMENT
TOWN OF BARNSTABLE, MASSACHUSETTS
\$16,648,000 GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2016 BONDS

INTRODUCTION

This Official Statement is provided for the purpose of presenting certain information relating to the Town of Barnstable, Massachusetts (the "Town") in connection with the sale of its \$16,648,000 General Obligation Municipal Purpose Loan of 2016 Bonds, referred to herein as the "Bonds". The information contained herein has been furnished by the Town, except information attributed to another governmental agency or official as the source.

The Bonds are being offered for sale at public bidding on Thursday, February 18, 2016, and a Notice of Sale dated February 10, 2016 has been furnished to prospective bidders. Reference is hereby made to the Notice of Sale for the terms and conditions of bidding.

The Bonds will be general obligations of the Town of Barnstable, Massachusetts for which its full faith and credit are pledged. Their payment is not limited to a particular fund or revenue source. For details, see "THE BONDS - Security and Remedies," below.

THE BONDS

Description of the Bonds

The Bonds will be dated as of their delivery date and will bear interest payable semiannually on February 15 and August 15 of each year until maturity, commencing August 15, 2016, each at the rate or rates of interest determined upon their sale in accordance with the Notice of Sale of the Town dated February 10, 2016. The Bonds shall mature on February 15 of the years and in the principal amounts as set forth on the cover page of this Official Statement.

The Bonds are issuable only in fully registered form, without coupons, and, when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the denomination of \$5,000, or any integral multiple thereof with the exception of three \$1,000 denominations maturing February 15, 2017. Purchasers will not receive certificates representing their interests in Bonds purchased. So long as Cede & Co. is the Bondowner, as nominee of DTC, references herein to the Bondowners or registered owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Bonds. (See "Book-Entry Transfer System" herein.)

Principal of and interest on the Bonds will be paid by U.S. Bank National Association, Boston, Massachusetts, or its successor, as Paying Agent. So long as DTC or its nominee, Cede & Co., is the Bondowner, such payments will be made directly to such Bondowner. Disbursement of such payments to the DTC Participants is the responsibility of DTC and disbursements of such payments to the Beneficial Owners is the responsibility of the DTC Participants and the indirect Participants, as more fully described herein.

Redemption Provisions

The Bonds are subject to redemption prior to their stated maturity dates, as described below.

Optional Redemption

Bonds maturing on and before February 15, 2026 are not subject to redemption prior to their stated maturity dates.

Bonds maturing on and after February 15, 2027 are subject to redemption prior to their stated maturity dates, at the option of the Town, on or after February 15, 2026, either in whole or in part at any time, and if in part, by a lot within a maturity, **at the par amount of the Bonds to be redeemed**, plus accrued interest to the date set for redemption.

Notice of Redemption

So long as DTC is the registered owner of the Bonds, notice of any redemption of the Bonds prior to their stated maturities, specifying the Bonds (or the portions thereof) to be redeemed, shall be mailed to DTC not more than 60 days nor less than 30 days prior to the redemption date. Any failure on the part of DTC to notify the DTC Participants of the redemption or failure on the part of the DTC Participants, Indirect Participants or of a nominee of a Beneficial Owner (having received notice from DTC Participant or otherwise) to notify the Beneficial Owner shall not affect the validity of the redemption.

Record Date

The record date for each payment of interest is the last business day of the month preceding the interest payment date (the "Record Date"), provided that with respect to overdue interest or interest on any overdue amount, the Paying Agent may establish a special record date. The special record date may not be more than twenty (20) days before the date set for payment. The Paying Agent will mail notice of a special record date to the bondholders at least ten (10) days before the special record date.

Book-Entry Only System

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued in fully-registered form registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered certificate will be issued for each maturity of each series of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of the Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, FICC and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of securities deposited with DTC must be made by or through Direct Participants, which will receive a credit for such securities on DTC's records. The ownership interest of each actual purchaser of each security deposited with DTC ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in securities deposited with DTC are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in securities deposited with DTC, except in the event that use of the book-entry system for such securities is discontinued.

To facilitate subsequent transfers, all securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of securities with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the securities deposited with it, DTC's records reflect only the identity of the Direct Participants to whose accounts such securities

are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Redemption notices shall be sent to DTC. If less than all of a maturity is being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to securities deposited with it unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer of such securities or its paying agent as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts such securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on securities deposited with DTC will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the issuer of such securities or its paying agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the issuer of such securities or its paying agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the issuer of such securities or its paying agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to securities held by it at any time by giving reasonable notice to the issuer of such securities or its paying agent. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered to Beneficial Owners.

The Town may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, physical certificates will be printed and delivered to Beneficial Owners.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Town believes to be reliable, but the Town takes no responsibility for the accuracy thereof.

Rating

Standard & Poor's Ratings Services has assigned a rating of 'AAA' to the Bonds. The rating only reflects the rating agency's views and is subject to revision or withdrawal, which could affect the market price of the Bonds.

Authorization of the Bonds and Use of Proceeds

The following table sets forth the principal amounts, purposes, amounts authorized, notes outstanding, statutory references and dates of approval, for the current offering of Bonds.

This Issue	Purpose	Original Authorization	Bond Anticipation Notes Outstanding (1)	Statutory Reference, Ch. 44, s. (G.L., as amended)	Date of Authorization	Order Number
\$ 318,000	Sewer Pump Station & Sewer Main Construction	\$ 9,960,000	\$ 318,340	7(1) and/or 8(15)	6/25/2009	2009-132
380,000	Water Main Replacement & Upgrades	1,050,000	380,279	8	4/15/2010	2010-097
900,000	Water	900,000	-	8(5)	4/16/2015	2015-085
615,000	Water Tank	615,000	-	8(7C)	4/16/2015	2015-087
170,000	Guard Rail	170,000	-	7(9)	4/16/2015	2015-098
230,000	Sidewalk	230,000	-	7(6)	4/16/2015	2015-098
142,000	Paving	142,000	-	7(6)	4/16/2015	2015-099
355,000	Building Remodeling (Police Station)	355,000	-	7(3A)	4/16/2015	2015-100
939,000	Building Remodeling (Town Hall)	939,000	-	7(3A)	4/16/2015	2015-101
518,000	Road Repairs	518,000	-	7(6) & Ch. 174 of the Acts of 1994	5/7/2015	2015-102
282,000	Outdoor Recreational Facility (Joshua's Pond)	282,000	-	7(25)	5/7/2015	2015-111
300,000	Outdoor Recreational Facility (Hamblin Pond)	300,000	-	7(25)	5/7/2015	2015-112
3,720,000	Departmental Equipment (Modular Classrooms)	3,720,000	-	7(9)	5/7/2015	2015-115
3,353,000	School Remodeling (Intermediate School Roof)	3,353,000	-	7(3A)	5/7/2015	2015-116
260,000	School Planning (CHMCP School Roof)	260,000	-	7(21)	5/7/2015	2015-117
350,000	Building Remodeling (School Boilers)	350,000	-	7(3A)	5/7/2015	2015-119
250,000	Departmental Equipment (School A/C)	250,000	-	7(9)	5/7/2015	2015-120
450,000	Bathhouse Repairs & Renovations (Craigville Beach)	450,000	-	7(3A)	10/1/2015	2016-031
304,000	Road Repairs (Governor's Way)	304,000	-	7(6)	10/15/2015	2016-037
490,000	Channel Dredging (Barnstable Harbor)	490,000	-	7(17A)	10/15/2015	2016-035
1,000,000	Water Pollution Control Enterprise Sewer	1,000,000	-	8(15)	4/16/2015	2015-091
174,000	Golf Enterprise Building Remodeling	174,000	-	7(3A)	5/7/2015	2015-105
140,000	Golf Enterprise Hyannis Golf Facility Remodeling	140,000	-	7(3A)	5/7/2015	2015-106
280,000	Marina Enterprise Dredging	280,000	-	7(17A)	5/7/2015	2015-108
570,000	Marina Enterprise Bulkhead 1	570,000	-	7(33)	5/7/2015	2015-109
158,000	Marina Enterprise Bulkhead 2	158,000	-	7(21) & 7(22)	5/7/2015	2015-110
\$ 16,648,000		Total:	\$ 698,619			

(1) To be retired with a like amount of Bond proceeds at maturity.

Principal Payments by Purpose

Maturity Year	General	School	Water Enterprise	Sewer Enterprise	Golf Enterprise	Marina Enterprise	Total
2017	\$ 315,000	\$ 453,000	\$ 250,000	\$ 118,000	\$ 24,000	\$ 98,000	\$ 1,258,000
2018	300,000	450,000	245,000	115,000	25,000	90,000	1,225,000
2019	300,000	445,000	245,000	115,000	30,000	90,000	1,225,000
2020	300,000	445,000	240,000	110,000	30,000	90,000	1,215,000
2021	295,000	440,000	240,000	110,000	30,000	90,000	1,205,000
2022	295,000	440,000	45,000	50,000	35,000	60,000	925,000
2023	290,000	440,000	45,000	50,000	35,000	55,000	915,000
2024	285,000	440,000	45,000	50,000	35,000	55,000	910,000
2025	275,000	440,000	45,000	50,000	35,000	55,000	900,000
2026	275,000	440,000	45,000	50,000	35,000	55,000	900,000
2027	180,000	350,000	45,000	50,000	-	30,000	655,000
2028	170,000	350,000	45,000	50,000	-	30,000	645,000
2029	170,000	350,000	45,000	50,000	-	30,000	645,000
2030	165,000	350,000	45,000	50,000	-	30,000	640,000
2031	165,000	350,000	45,000	50,000	-	25,000	635,000
2032	80,000	350,000	45,000	50,000	-	25,000	550,000
2033	80,000	350,000	45,000	50,000	-	25,000	550,000
2034	80,000	350,000	45,000	50,000	-	25,000	550,000
2035	80,000	350,000	45,000	50,000	-	25,000	550,000
2036	80,000	350,000	45,000	50,000	-	25,000	550,000
Totals	\$ 4,180,000	\$ 7,933,000	\$ 1,895,000	\$ 1,318,000	\$ 314,000	\$ 1,008,000	\$ 16,648,000

Opinion of Bond Counsel

The purchaser of the Bonds will be furnished, without cost, the legal opinion of the firm of Locke Lord LLP, of Boston, Massachusetts. The opinion will be dated and given on and will speak only as of the date of original delivery of the Bonds to the successful bidder. The proposed form of legal opinion is included herein as Appendix B.

Other than as to matters expressly set forth herein as the opinion of Bond Counsel, Bond Counsel are not passing upon and do not assume any responsibility for the accuracy or adequacy of the statements made in this Official Statement and make no representation that they have independently verified the same.

Tax Exemption

In the opinion of Locke Lord LLP, Bond Counsel to the Town ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"). Bond Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel expresses no opinion regarding any other federal tax consequences arising with respect to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. The Bonds will not be designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

The Code imposes various requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. Failure to comply with these requirements may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The Town has covenanted to comply with such requirements to ensure that interest on the Bonds will not be included in federal gross income. The opinion of Bond Counsel assumes compliance with these requirements.

Bond Counsel is also of the opinion that, under existing law, interest on the Bonds is exempt from Massachusetts personal income taxes, and the Bonds are exempt from Massachusetts personal property taxes. Bond Counsel has

not opined as to other Massachusetts tax consequences arising with respect to the Bonds. Prospective Bondholders should be aware, however, that the Bonds are included in the measure of Massachusetts estate and inheritance taxes, and the Bonds and the interest thereon are included in the measure of certain Massachusetts corporate excise and franchise taxes. Bond Counsel expresses no opinion as to the taxability of the Bonds or the income therefrom or any other tax consequences arising with respect to the Bonds under the laws of any state other than Massachusetts. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix B hereto.

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each owner thereof, is treated as interest on the Bonds which is excluded from gross income for federal income tax purposes and is exempt from Massachusetts personal income taxes. For this purpose, the issue price of a particular maturity of the Bonds is the first price at which a substantial amount of such maturity of the Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Bondholders should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

Bonds purchased, whether at original issuance or otherwise, for an amount greater than the stated principal amount to be paid at maturity of such Bonds, or, in some cases, at the earlier redemption date of such Bonds ("Premium Bonds"), will be treated as having amortizable bond premium for federal income tax purposes and Massachusetts personal income tax purposes. No deduction is allowable for the amortizable bond premium in the case of obligations, such as the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, a Bondholder's basis in a Premium Bond will be reduced by the amount of amortizable bond premium properly allocable to such Bondholder. Holders of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds.

Prospective Bondholders should be aware that from time to time legislation is or may be proposed which, if enacted into law, could result in interest on the Bonds being subject directly or indirectly to federal income taxation, or otherwise prevent Bondholders from realizing the full benefit provided under current federal tax law of the exclusion of interest on the Bonds from gross income. To date, no such legislation has been enacted into law. However, it is not possible to predict whether any such legislation will be enacted into law. Further, no assurance can be given that any pending or future legislation, including amendments to the Code, if enacted into law, or any proposed legislation, including amendments to the Code, or any future judicial, regulatory or administrative interpretation or development with respect to existing law, will not adversely affect the market value and marketability of, or the tax status of interest on, the Bonds. Prospective Bondholders are urged to consult their own tax advisors with respect to any such legislation, interpretation or development.

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes and is exempt from Massachusetts personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect the federal or state tax liability of a Bondholder. Among other possible consequences of ownership or disposition of, or the accrual or receipt of interest on, the Bonds, the Code requires recipients of certain social security and certain railroad retirement benefits to take into account receipts or accruals of interest on the Bonds in determining the portion of such benefits that are included in gross income. The nature and extent of all such other tax consequences will depend upon the particular tax status of the Bondholder or the Bondholder's other items of income, deduction or exclusion. Bond Counsel expresses no opinion regarding any such other tax consequences, and Bondholders should consult with their own tax advisors with respect to such consequences.

Security and Remedies

Full Faith and Credit. General obligation bonds and notes of a Massachusetts city or town constitute a pledge of its full faith and credit. Payment is not limited to a particular fund or revenue source. Except for "qualified bonds" as described below (see "Types of Obligations- Serial Bonds and Notes" under "INDEBTEDNESS") and setoffs of state distributions as described below (see "Use of State Distributions to Pay Debt Service" below), no provision is made by the Massachusetts statutes for priorities among bonds and notes and other general obligations, although the use of certain moneys may be restricted.

Tax Levy. The Massachusetts statutes direct the municipal assessors to include annually in the tax levy for the next fiscal year "all debt and interest charges matured and maturing during the next fiscal year and not otherwise provided for and all amounts necessary to satisfy final judgments." Specific provision is also made for including in the next tax levy payment of rebate amounts not otherwise provided for and payment of notes in anticipation of federal or state aid if the aid is no longer forthcoming.

The total amount of a tax levy is limited by statute. However, the voters in each municipality may vote to exclude from the limitation any amounts required to pay debt service on indebtedness incurred before November 4, 1980. Local voters may also vote to exempt specific subsequent bond issues from the limitation. (See "Tax Limitations" under "PROPERTY TAXATION" below.) In addition, obligations incurred before November 4, 1980 may be constitutionally entitled to payment from taxes in excess of the statutory limit.

Except for taxes on the increased value of certain property in designated development districts which may be pledged for the payment of debt service on bonds issued to finance economic development projects within such districts, no provision is made for a lien on any portion of the tax levy to secure particular bonds or notes or bonds and notes generally (or judgments on bonds or notes) in priority to other claims. Provision is made, however, for borrowing to pay judgments, subject to the General Debt Limit. (See "Debt Limits" below.) Subject to the approval of the State Director of Accounts for judgments above \$10,000, judgments may also be paid from available funds without appropriation and included in the next tax levy unless other provision is made.

Court Proceedings. Massachusetts cities and towns are subject to suit on their general obligation bonds and notes and courts of competent jurisdiction have power in appropriate proceedings to order payment of a judgment on the bonds or notes from lawfully available funds or, if necessary, to order the city or town to take lawful action to obtain the required money, including the raising of it in the next annual tax levy, within the limits prescribed by law. (See "Tax Limitations" under "PROPERTY TAXATION" below.) In exercising their discretion as to whether to enter such an order, the courts could take into account all relevant factors including the current operating needs of the city or town and the availability and adequacy of other remedies. The Massachusetts Supreme Judicial Court has stated in the past that a judgment against a municipality can be enforced by the taking and sale of the property of any inhabitant. However, there has been no judicial determination as to whether this remedy is constitutional under current due process and equal protection standards.

Restricted Funds Massachusetts statutes also provide that certain water, gas and electric, community antenna television system, telecommunications, sewer, parking meter and passenger ferry, community preservation and affordable housing receipts may be used only for water, gas and electric, community antenna television system, telecommunications, sewer, parking, mitigation of ferry service impacts, and community preservation and affordable housing purposes, respectively; accordingly, moneys derived from these sources may be unavailable to pay general obligation bonds and notes issued for other purposes. A city or town that accepts certain other statutory provisions may establish an enterprise fund for a utility, health care, solid waste, recreational or transportation facility and for police or fire services; under those provisions any surplus in the fund is restricted to use for capital expenditures or reduction of user charges. In addition, subject to certain limits, a city or town may annually authorize the establishment of one or more revolving funds in connection with use of certain revenues for programs that produce those revenues; interest earned on a revolving fund is treated as general fund revenue. A city or town may also establish an energy revolving loan fund to provide loans to owners of privately-held property in the city or town for certain energy conservation and renewable energy projects, and may borrow to establish such a fund. The loan repayments and interest earned on the investment of amounts in the fund shall be credited to the fund. Also, the annual allowance for depreciation of a gas and electric plant or a community antenna television and telecommunications system is restricted to use for plant or system renewals and improvements, for nuclear decommissioning costs, and costs of contractual commitments, or, with the approval of the State Department of Telecommunications and Energy, to pay debt incurred for plant or system reconstruction or renewals. Revenue bonds and notes issued in anticipation of them may be secured by a prior lien on specific revenues. Receipts from industrial users in connection with industrial revenue financings are also not available for general municipal purposes.

State Distributions State grants and distributions may in some circumstances be unavailable to pay general obligation bonds and notes of a city or town in that the State Treasurer is empowered to deduct from such grants and distributions the amount of any debt service paid on "qualified bonds" under (See "Types of Obligation - *Serial Bonds and Notes*" below) and any other sums due and payable by the city or town to the Commonwealth or certain other public entities, including any unpaid assessments for costs of any public transportation authority (such as the Massachusetts Bay Transportation Authority or a regional transit authority) of which it is a member, for costs of the Massachusetts Water Resources Authority if the city or town is within the territory served by the Authority, for any debt service due on obligations issued to the Massachusetts School Building Authority, or for charges necessary to meet obligations under the Commonwealth's Water Pollution Abatement or Drinking Water Revolving Loan Programs, including such charges imposed by another local governmental unit that provides wastewater collection or treatment services or drinking water services to the city or town. If a city or town is (or is likely to be) unable to pay principal or interest on its bonds or notes when due, it is required to notify the State Commissioner of Revenue. The Commissioner shall in turn, after verifying the inability, certify the inability to the State Treasurer. The State Treasurer shall pay the due or overdue amount to the paying agent for the bonds or notes, in trust, within three days after the certification or one business day prior to the due date (whichever is later). This payment is limited, however, to the estimated amount otherwise distributable by the Commonwealth to the city or town during the remainder of the fiscal year (after the deductions mentioned in the foregoing paragraph). If for any reason any portion of the certified sum has not been paid at the end of the fiscal year, the State Treasurer shall pay it as soon as practicable in the next fiscal year to the extent of the estimated distributions for that fiscal year. The sums so paid shall be charged (with interest and administrative costs) against the distributions to the city or town.

The foregoing does not constitute a pledge of the faith and credit of the Commonwealth. The Commonwealth has not agreed to maintain existing levels of state distributions, and the direction to use estimated distributions to pay debt service may be subject to repeal by future legislation. Moreover, adoption of the annual appropriation act has sometimes been delayed beyond the beginning of the fiscal year and estimated distributions which are subject to appropriation may be unavailable to pay local debt service until they are appropriated.

Bankruptcy. Enforcement of a claim for payment of principal or interest on general obligation bonds or notes would be subject to the applicable provisions of Federal bankruptcy laws and to the provisions of other statutes, if any, hereafter enacted by the Congress or the State legislature extending the time for payment or imposing other constraints upon enforcement insofar as the same may be constitutionally applied. Massachusetts municipalities are not generally authorized by the Massachusetts General Laws to file a petition for bankruptcy under Federal bankruptcy laws. In cases involving significant financial difficulties faced by a single city, town or regional school district, the Commonwealth has enacted special legislation to permit the appointment of a fiscal overseer, finance control board or, in the most extreme cases, a state receiver. In a limited number of these situations, such special legislation has also authorized the filing of federal bankruptcy proceedings, with the prior approval of the Commonwealth. In each case where such authority was granted, it expired at the termination of the Commonwealth's oversight of the financially distressed city, town or regional school district. To date, no such filings have been approved or made.

Financial Advisory Services of FirstSouthwest, a Division of Hilltop Securities Inc.

FirstSouthwest, a Division of Hilltop Securities Inc., Boston, Massachusetts serves as financial advisor to the Town.

First Southwest Company, LLC ("FirstSouthwest") merged with its common control affiliate, Hilltop Securities Inc. ("HilltopSecurities"). The merger was completed at the close of business on January 22, 2016, at which time HilltopSecurities, as the surviving entity, automatically assumed all rights and obligations of FirstSouthwest. The firm's municipal advisory business will continue to operate as FirstSouthwest, a division of Hilltop Securities Inc.

Continuing Disclosure

In order to assist underwriters in complying with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission (the "Rule"), the Town will covenant for the benefit of the owners of the Bonds to provide certain financial information and operating data relating to the Town by not later than 270 days after the end of each fiscal year (the "Annual Report"), and to provide notices of the occurrence of certain significant events. Other than the Town, there are no other obligated persons with respect to the Bonds within the meaning of the Rule. The covenants will be contained in a Continuing Disclosure Certificate, the proposed form of which is provided in Appendix C. The Certificate will be executed by the signers of the Bonds, and is incorporated by reference in the Bonds.

In the past five years, the Town believes it has complied in all material respects with its previous undertakings to provide annual reports or notices of significant events in accordance with the Rule.

TOWN OF BARNSTABLE, MASSACHUSETTS

General

The Town was incorporated in 1639 and is located in the center of Cape Cod. The land area covers 62.05 square miles including 100 miles of shoreline and 55 freshwater ponds. The Town is comprised of seven villages: Hyannis, Osterville, Centerville, Cotuit, Barnstable, Marstons Mills, and West Barnstable. 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 Barnstable 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 public water supply is provided by special districts (the Barnstable Fire District, the Cotuit Fire District, the Centerville-Osterville-Marstons Mills Fire District and the Village of Hyannis is serviced by the Town). The districts are special purpose units of government and collectively, service 96% of the residents while the remainder makes use of private onsite wells. Fire protection is provided by the above named districts and the West Barnstable Fire District and the Hyannis Fire District. The districts are special governmental units and are not part of the municipal structure. However, the Town does serve as collecting agent for taxes levied by these entities and transfers the funds directly to the districts.

The Cape Cod Regional Technical High School District provides education in grades nine through twelve. The Cape Cod Regional Transit Authority provides limited bus service within the Town. The Barnstable Housing Authority provides housing for eligible low income families and elderly and handicapped persons.

The principal services provided by Barnstable County are space for courts, a jail and house of correction and a registry of deeds. Legislation enacted in 1997 abolished the county governments of Franklin and Middlesex counties as of July 1, 1997, with their assets, functions, debts and other obligations being assumed by the Commonwealth. The abolishment of the Middlesex County government was in part in response to a default by the county in the payment of general obligation notes of the county. The legislation also abolished the county governments of Hampden and Worcester counties as of July 1, 1998. Legislation enacted in 1998 abolished the county governments of Hampshire, Essex and Berkshire counties as of January 1, 1999, July 1, 1999, and July 1, 2000, respectively. The legislation requires the state secretary for administration and finance to establish a plan to recover the Commonwealth's expenditures for the liabilities and other debts assumed and paid by the Commonwealth on behalf of an abolished county. Unless these provisions are changed by further legislation, the State Treasurer shall assess upon each city and town within the jurisdiction of an abolished county an amount not exceeding or equal to the county tax paid by each such city and town for the fiscal year immediately prior to the abolishment of the county (or two years prior in the case of Essex County) until such expenditures by the Commonwealth are recovered. It is possible that similar legislation will be sought to provide for the abolishment of county government in all the remaining counties.

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 for two and 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 Barnstable Airport.

Local school affairs are administered by an elected school committee of five persons.

The municipal airport is governed by an eight member Airport Commission appointed by the Town Council with staggered three year terms. Administrative duties of the airport are executed by an airport manager.

Local taxes are assessed by a council appointed Board of Assessors who serves 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. Staff departments include: Growth Management and Administrative Services. The elective offices of Town Clerk and Town Collector liaison with the Administrative Services department. Operational departments include: Department of Public Works, Regulatory Services Department, Police, and Department of Community Services. The Administrative Services department incorporates consolidated financial management of accounting, assessing and treasury, including school finance and personnel management.

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 Town Manager and submitted to the Town Council for adoption. The Town Council annually establishes financial policies which guide the preparation of the capital and operating budget plan.

The ten year forecast, submitted in the fall of each year, is a comprehensive review of economic trends on a local, regional and national basis; and it analyzes major municipal fund projections based upon service program assumptions. Based upon these projections and analyses, the forecast establishes a focal point each fall 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 and voters the opportunity to regularly analyze and decide upon priority project funding.

The annual operating budget submitted in the spring of each year, follows a program management format which details source and use recommendations for all funds, details departmental missions, goals, objectives and annual work plans and details performance measurement and financial management criteria for each budget cycle. The budget maintains consistency with the Town Council's financial management standards, policies and strategic plan. The budget fund sources include the general fund, comprised of revenues from the property tax, auto, boat and hotel tax, user fee receipts, grants in aid, trust income and miscellaneous program income; and seven enterprise funds for the municipal airport, the golf course, the water pollution control facility, the solid waste program, the water supply division, town marinas, and Sandy Neck recreational area. These funds are entirely self supporting through user based charges.

The Town annually conducts a comprehensive cost of service analysis, the product of which describes all the services provided by the Town and their total direct and indirect cost. The Town utilizes the information produced from this analysis to annually update its legislative policy of user fee recovery percentage and concomitant fee assessments for a variety of licenses, permits and recreational programs issued or delivered by the Town's staff and operating agencies. The analysis also is utilized to provide data for use in the performance management system.

The Town has fully implemented a performance management system consistent with the Governmental Accounting Service Bureau standards for Service Effort and Accomplishment Reporting. This process enables measurement of service effectiveness in use of financial resources and focuses upon results oriented management processes. The Town has implemented a continuous quality improvement program to complement the performance management system. The Town consolidated town wide financial management, including the school department, in an effort to provide accountability, trust and transparency of all of its operations to the public.

These management system improvements complement the Town's customer driven principles of service delivery and are expected to provide the Town with additional ability to continue its aggressive approach toward effective service delivery to its residents and constituents.

Principal Executive Officers

<u>Office</u>	<u>Name</u>	<u>Term</u>	<u>Term Expiration</u>
Town Manager	Thomas Lynch	Appointed	6/30/2016
Finance Director/ Town Accountant	Mark A. Milne	Appointed	7/1/2018
Treasurer	Debra M. Blanchette	Appointed	Indefinite
Tax Collector	Maureen E. Niemi	Elected	November 2019
Town Clerk	Ann Quirk	Elected	November 2017
Town Attorney	Ruth J. Weil	Appointed	Indefinite
Assessors	William T. Garreffi	Appointed	6/30/2018
	John S. Wargin	Appointed	6/30/2017
	Andrew Machado	Appointed	6/30/2016
Airport Manager	Roland Breault	Appointed	2/28/2016

Principal Town Assets

The maintenance and renovation of the Town's inventory of buildings and facilities and the construction of new ones are all covered by a facilities plan that is funded and updated on an annual basis. General Town assets include schools and associated land and many acres of land for recreational purposes, including a six mile long barrier beach known as Sandy Neck which is operated at no net cost to the Town.

The following table lists the current inventory of municipal assets along with their assessed valuations for fiscal 2016.

<u>Fixed Assets</u>	2016 <u>Assessed Valuation</u>
General:	
Schools	\$ 135,141,200
Town Landings	13,561,100
Beaches	50,174,400
Cemeteries	6,916,300
Conservation	102,457,700
Parks and Recreation	34,355,900
Airport Facilities	132,568,600
Municipal (1)	104,612,100
Barnstable Water Supply Division (2)	8,440,700
TOTAL	<u>\$ 588,228,000</u>

(1) Includes Police Facilities, Sewer Treatment Facility, Department of Public Works, Golf Course, Land Bank and Community Preservation Act.

(2) The Barnstable Water Supply Division serves the Village of Hyannis and was acquired by the Town in May 2005 from a private company.

Barnstable Municipal Airport

Listed below are some statistical facts about Barnstable Airport for calendar year 2015.

Acres	683
Miles of Runway	2 (5,425 and 5,252 feet, respectively)
Passenger Terminals	1
Commuter Carriers	2 (1)
Passengers per Year	71,314
Deplanements	72,401
Airport Traffic Record	89,968
Valuation	\$132,568,600

(1) 2 regional air carriers (Cape Air/Nantucket Airlines and Island Air) and 1 seasonal airline (jetBlue).

Employment and Payrolls

Industry	Calendar Year Average				
	2010	2011	2012	2013	2014
Construction	985	1,019	1,042	1,083	1,117
Manufacturing	586	620	621	641	698
Trade, Transportation and Utilities	6,442	6,495	6,705	6,531	6,607
Information	642	608	589	581	557
Financial Activities	982	973	963	997	1,054
Professional and Business Services	1,620	1,595	1,633	1,711	1,675
Education and Health Services	8,017	7,921	8,257	8,587	8,718
Leisure and Hospitality	4,055	4,021	4,173	4,300	4,189
Total Employment	<u>23,329</u>	<u>23,252</u>	<u>23,983</u>	<u>24,431</u>	<u>24,615</u>
Number of Establishments	2,256	2,241	2,178	2,203	2,258
Average Weekly Wages	\$ 794	\$ 819	\$ 830	\$ 838	\$ 860
Total Wages	<u>\$ 1,077,896,440</u>	<u>\$ 1,108,219,491</u>	<u>\$ 1,158,701,714</u>	<u>\$ 1,184,861,372</u>	<u>\$ 1,224,368,682</u>

Source: Massachusetts Department of Education and Training. Data based upon place of employment, not place of residence. Due to the reclassification the U.S. Department of Labor recently began using the North American Industry Classification System (NAICS) as the basis for the assignment and tabulation of economic data by industry.

Economic Development

The following table sets forth the largest employers in the Town of Barnstable as of January, 2016.

Largest Employers

Name	Product/Function	Approximate Number of Employees
Cape Cod Health Care, Inc.	Hospital	2,548
Town of Barnstable	Municipal Government	1,331 (1)
Cape Cod Community College	Education	514
Cape Air/Nantucket Airline	Airline	306
Barnstable County	County Government	250
Macy's (2 stores)	Retail Sales-General	230
Cape Codder Resort & Spa	Hotel	200
Super Stop and Shop - Hyannis	Grocers-Retail	185
Sears	Retail Store	173
Stop & Shop - Marstons Mills	Grocers - Retail	161
Cape Cod Times (Dow Jones Local Media Group)	Newspaper	135
Pavillion	Nursing Home	134
Sencorp, Inc.	Manufacturing	125
Cape Cod Potato Chips	Food Processor	107
Star Market West Main	Grocers-Retail	105
Star Market (Rt. 132)	Grocers-Retail	102
Sheraton Hyannis Resort	Hotel	65

(1) Full and part-time employees.
SOURCE: Town of Barnstable.

Labor Force, Employment and Unemployment Rates

According to the Massachusetts Department of Employment and Training preliminary data, in October 2015, the Town had a labor force of 23,195 of which 22,122 were employed and 1,073 or 4.6% were unemployed as compared with 4.5% for the Commonwealth. The following table sets forth the trend in the Town's average labor force and unemployment rates and the unemployment rates for Barnstable County and the Commonwealth as a whole for the same period.

Unemployment Rates

Calendar Year	Town of Barnstable		Unemployment Rate	Barnstable County	Massachusetts
	Labor Force	Employment		Unemployment Rate	Unemployment Rate
2014	23,619	22,183	6.1 %	7.0 %	5.8 %
2013	25,985	24,223	6.8	7.6	7.1
2012	26,327	24,579	6.6	7.4	6.7
2011	26,110	24,195	7.3	8.2	7.4
2010	26,647	24,443	8.3	9.2	8.5

Source: Massachusetts Department of Employment and Training. Data based upon place of residence, not place of employment. Monthly data is unadjusted.

Building Permits

The following table sets forth the trend in the number of building permits issued and the estimated dollar values for residential and non-residential construction.

Calendar Year	Residential		Non-Residential		Totals	
	Number	Estimated Value	Number	Estimated Value	Number	Estimated Value
2015	3,198	\$ 117,400,272	371	\$ 67,914,360	3,569	\$ 185,314,632
2014	3,050	94,524,822	311	24,241,847	3,361	118,766,669
2013	2,887	94,864,323	304	61,306,100	3,191	156,170,423
2012	2,582	70,190,876	365	22,332,725	2,947	92,523,601
2011	2,298	70,697,604	422	59,353,634	2,720	130,051,238

Source: Town of Barnstable, Building Division.

School Facilities

The Town presently maintains eight school buildings with a combined capacity of 5,117 students. Enrollment as of October 2015 was 5,117, which represents approximately 78% capacity.

<u>School</u>	<u>Grades</u>	<u>Date Built</u>	<u>Remodeled</u>	<u>Capacity</u>	<u>Enrollment (1)</u>
Barnstable & West Barnstable	K-3	1957	1984	310	256
Centerville	K-3	1953		570	318
BCHMCPS	K-3	1951		525	290
Hyannis West	K-3	1963		480	341
West Villages	K-3	1989		500	455
BHMCS	4 & 5	1994		900	785
Middle School	6 & 7	1976	2000	900	730
High School	8-12	1957	1960, 1976, 1998	2,400	1,942
TOTAL				6,585	5,117 (2)

(1) As of October 2015.

(2) Excludes Cape Cod Regional Technical High School District.

Public School Enrollments – October 1, (Barnstable Students Only)

	Actual				
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Elementary (K-3)	1,675	1,603	1,653	1,653	1,660
Horace Mann Charter School (4-5)	812	798	768	751	785
Middle School (6-7)	773	775	763	734	730
High School (8-12)	2,082	1,944	1,908	1,847	1,942
	<u>5,342</u>	<u>5,120</u>	<u>5,092</u>	<u>4,985</u>	<u>5,117</u>
Sturgis Charter School	116	143	153	159	172
Cape Cod Regional Technical High School	156	176	168	177	170
TOTALS	<u>5,614</u>	<u>5,439</u>	<u>5,413</u>	<u>5,321</u>	<u>5,459</u>

SOURCE: Superintendent of Schools – Barnstable Public School, Cape Cod Regional Technical High School District and Sturgis School.

Population, Income and Wealth Levels

The following table compares the Federal Bureau of the Census figures to prior years' averages for Barnstable, Barnstable County, and the Commonwealth.

Income and Population

	<u>Barnstable</u>	<u>Barnstable County</u>	<u>Massachusetts</u>
Median Age			
2013 5-year estimates	48.4	50.4	39.2
2000	42.3	44.6	36.5
1990	38.1	39.5	33.6
1980	36.4	37.7	31.2
Median Family Income			
2013 5-year estimates	\$73,349	\$76,311	\$84,900
2000	54,026	54,728	61,664
1990	40,299	38,117	44,367
1980	19,208	18,314	21,166
Per Capita Income			
2013 5-year estimates	\$35,723	\$36,142	\$35,763
2000	25,554	25,318	25,952
1990	17,376	16,402	17,224
1980	7,539	7,428	7,459

SOURCE: Federal Bureau of the Census.

On the basis of 2010 federal census, the Town has a population density of 752 persons per square mile. The following table sets forth the trend in the year-round population of the Town of Barnstable. The Town's summer population is estimated to average approximately 120,000.

Population Trends

<u>2010</u>	<u>2000</u>	<u>1990</u>	<u>1980</u>
45,193	47,821	40,949	30,898

SOURCE: Federal Bureau of the Census.

PROPERTY TAX

Tax Levy Computation

The principal general fund revenue source of the Town is the tax on real and personal property. The amount to be levied in each year is the amount appropriated or required by law to be raised for municipal expenditures less estimated receipts from other sources and less appropriations voted from funds on hand. The total amount levied is subject to certain limits prescribed by law; for a description of those limits, see "Tax Limitations" below. The estimated receipts for a fiscal year from sources other than the property tax may not exceed the actual receipts during the preceding fiscal year from the same sources unless approved by the State Commissioner of Revenue. Excepting special funds the use of which is otherwise provided for by law, the deduction for appropriations voted from funds on hand for a fiscal year cannot exceed the "free cash" as of the beginning of the prior fiscal year as certified by the State Director of Accounts plus up to nine months' collections and receipts on account of earlier years' taxes after that date. Subject to certain adjustments, free cash is surplus revenue less uncollected overdue property taxes from earlier years. Although an allowance is made in the tax levy for abatements (see "Overlay" below) no reserve is generally provided for uncollectible real property taxes. Since some of the levy is inevitably not collected, this creates a cash deficiency which may or may not be offset by other items (See "Taxation to Meet Deficits").

The following table illustrates the manner in which the tax levy was determined for the current and last four fiscal years.

Tax Levy Computation

	Fiscal Year				
	2012	2013	2014	2015	2016
Gross Amount to be raised:					
Appropriations (1)	\$ 163,298,418	\$ 160,655,649	\$ 166,901,387	\$ 169,265,362	\$ 174,250,968
Other Local Expenditures	1,523,511	551,519	2,182,907	2,842,082	3,298,386
State & County Charges	6,310,234	6,672,617	7,200,080	7,705,193	8,324,622
Overlay Reserve	1,494,713	1,528,524	1,526,093	1,869,334	1,724,851
Total	<u>\$ 172,626,876</u>	<u>\$ 169,408,309</u>	<u>\$ 177,810,467</u>	<u>\$ 181,681,971</u>	<u>\$ 187,598,827</u>
Less:					
Estimated State Aid (2)	\$ 14,081,183	\$ 14,471,546	\$ 15,199,026	\$ 15,815,238	\$ 15,450,255
Local	47,769,360	46,028,004	43,084,590	47,928,468	49,873,743
Available Funds (3)					
Free Cash	3,195,000	687,330	9,806,836	4,392,493	5,142,615
Other	10,255,954	7,835,408	6,197,997	6,869,287	6,585,146
Total	<u>\$ 75,301,497</u>	<u>\$ 69,022,288</u>	<u>\$ 74,288,449</u>	<u>\$ 75,005,486</u>	<u>\$ 77,051,759</u>
Tax Levy (4)	<u>\$ 97,325,379</u>	<u>\$ 100,386,021</u>	<u>\$ 103,522,018</u>	<u>\$ 106,676,485</u>	<u>\$ 110,547,068</u>
Property Valuation	<u>\$ 12,825,115,470</u>	<u>\$ 12,721,413,515</u>	<u>\$ 12,594,100,005</u>	<u>\$ 12,702,783,525</u>	<u>\$ 13,142,891,630</u>
Tax Rate per \$1,000	<u>\$ 8.42</u>	<u>\$ 8.76</u>	<u>\$ 9.12</u>	<u>\$ 8.40</u>	<u>\$ 8.41</u>

- (1) Includes additional appropriations from taxation voted subsequent to adoption of the annual budget but prior to setting of the tax rate.
- (2) Estimated by the State Department of Revenue and required by law to be used in setting of the tax rate. Actual state aid payments may vary upward or downward from said estimates, and the State may withhold (generally quarterly) payments pending receipt of State and County assessments. See "TOWN FINANCES- Revenues-State Aid".
- (3) Transfers from other available funds, including "Free Cash", are generally made as an offset to a particular appropriation item.
- (4) Excludes Land Bank surtax. See "PROPERTY TAXATION – Cape Cod Open Space Land Acquisition Excise Tax" below.

Assessed Valuation and Tax Levies

Property is classified for the purpose of taxation according to its use. The legislature has in substance created three classes of taxable property: (1) residential real property, (2) open space land, and (3) all other (commercial, industrial and personal property). Within limits, cities and towns are given the option of determining the share of the annual levy to be borne by each of the three categories. The share required to be borne by residential real property is at least 50 per cent of its share of the total taxable valuation; the effective rate for open space must be at least 75 per cent of the effective rate for residential real property; and the share of commercial, industrial and personal property must not exceed 175 percent of their share of the total valuation. A city or town may also exempt up to 20 percent of the valuation of residential real property (where used as the taxpayer's principal residence) and up to 10 percent of the valuation of commercial real property (where occupied by certain small businesses). Property may not be classified in a city or town until the State

Commissioner of Revenue certifies that all property in the city or town has been assessed at its fair cash value. Such certification must take place every three years.

Related statutes provide that certain forest land, agricultural or horticultural land (assessed at the value it has for these purposes) and recreational land (assessed on the basis of its use at a maximum of 25 percent of its fair cash value) are all to be taxed at the rate applicable to commercial property. Land classified as forest land is valued for this purpose at five percent of fair cash value but not less than ten dollars per acre.

The Town underwent a professional revaluation in accordance with State law for use in setting its tax rate and levy for fiscal 2013 and most recently for fiscal 2016.

The following table sets forth the trend in the Town's assessed valuations (as of January 1 prior to the fiscal year indicated), tax rates and tax levies.

Fiscal Year	Real Estate Valuation	Personal Property Valuation	Total Assessed Valuation	Average Tax Rate Per \$1,000 Property Valuation			Tax Levy
				Real Estate	Comm./Ind. Property	Personal Property	
2016 (1)	\$ 12,906,654,880	\$ 236,236,480	\$ 13,142,891,360	\$ 9.31	\$ 8.41	\$ 8.41	\$ 110,547,069
2015	12,490,493,085	212,290,440	12,702,783,525	9.30	8.40	8.40	106,676,485
2014	12,400,114,265	193,985,740	12,594,100,005	9.12	8.22	8.22	103,522,018
2013 (1)	12,524,357,645	197,055,870	12,721,413,515	8.76	7.89	7.89	100,386,021
2012	12,628,178,180	196,937,290	12,825,115,470	8.42	7.59	7.59	97,325,379

(1) Revaluation years.

Classification of Real and Personal Property

Type	Fiscal 2016 (1)		Fiscal 2015		Fiscal 2014	
	Assessed Valuation	% of Total	Assessed Valuation	% of Total	Assessed Valuation	% of Total
Residential	\$ 11,559,979,680	88.0 %	\$ 11,207,187,750	88.2 %	\$ 11,114,256,735	88.2 %
Commercial	1,266,853,600	9.6	1,204,713,235	9.5	1,206,529,030	9.6
Industrial	79,821,600	0.6	78,592,100	0.6	79,328,500	0.6
Personal	236,236,480	1.8	212,290,440	1.7	193,985,740	1.5
Total	\$ 13,142,891,360	100.0 %	\$ 12,702,783,525	100.0 %	\$ 12,594,100,005	100.0 %

(1) Revaluation year.

Largest Taxpayers

The following is a list of the largest taxpayers in the Town based upon assessed valuations for fiscal 2016, all of which are current with tax payments.

<u>Name</u>	<u>Nature of Business</u>	<u>Fiscal 2016 Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>
Eversource	Utility	\$ 111,089,210	0.85 %
Mayflower Cape Cod LLC	Shopping Center	109,003,100	0.83
National Grid	Utility	38,764,170	0.29
Festival of Hyannis LLC	Shopping Center	25,775,700	0.20
Oyster Harbors Club Inc.	Country Club/Land	25,629,070	0.20
Cape Harbor Associates	Shopping Center	25,534,900	0.19
Indian Point Family Partnership LP	Various Residential	24,548,400	0.19
Wianno Club	Country Club/Land	22,888,030	0.17
OCW Retail Hyannis LLC	Shopping Center	21,946,500	0.17
Verizon	Utility	20,422,300	0.16
		<u>\$ 425,601,380</u>	<u>2.24 %</u>

State Equalized Valuation

In order to determine appropriate relative values for the purposes of certain distributions to and assessments upon cities and towns, the Commissioner of Revenue biennially makes a redetermination of the fair cash value of the taxable property in each municipality as of January 1 of even numbered years. This is known as the "equalized value." The following table sets forth the trend in equalized valuations of the Town.

<u>January 1,</u>	<u>State Equalized Valuations</u>
2014	\$ 13,476,184,100
2012	13,864,305,700
2010	14,945,861,000
2008	16,142,285,200
2006	14,974,792,700

Abatements and Overlay

The Town is authorized to set aside from each tax levy an amount approved by the State Commissioner of Revenue as an "overlay" to provide for tax abatements. If abatements are granted in excess of the applicable overlay, the resultant "overlay deficit" is required to be added to the next tax levy. Abatements are granted where exempt real or personal property has been assessed or where taxable real or personal property has been overvalued or disproportionately valued. The assessors may also abate uncollectible personal property taxes. They may abate real and personal property taxes on broad grounds (including inability to pay) with the approval of the State Commissioner of Revenue. But uncollected real property taxes are ordinarily not written off until they become municipal "tax titles" by purchase at the public sale or by taking, at which time the tax is written off in full by reserving the amount of the tax and charging surplus.

The following table sets forth the amount of the overlay reserve for each of the last five fiscal years and actual abatements granted during the fiscal year against each levy and through June 30, 2015.

<u>Fiscal Year</u>	<u>Gross Tax Levy (1)</u>	<u>Overlay Reserve</u>		<u>Abatements Granted During Fiscal Year of Levy</u>	<u>Abatements Granted Through June 30, 2015</u>
		<u>Dollar Amount</u>	<u>As a % of Net Levy</u>		
2015	\$ 106,676,485	\$ 1,869,334	1.8 %	\$ 704,362	\$ 792,658
2014	103,522,018	1,526,093	1.5	722,908	722,908
2013	100,386,021	1,528,524	1.5	770,430	862,539
2012	97,325,379	1,494,713	1.5	745,946	837,075
2011	94,579,102	1,676,671	1.8	1,055,224	1,203,756

Tax Collections

The taxes for each fiscal year are due in four installments. Preliminary tax payments are due on February 15 and December 1 with payment of the actual tax bill (after credit is given for preliminary payments) in installments on February 1 and May 1 if actual tax bills are mailed by December 31. Interest accrues on delinquent taxes currently at the rate of 14 percent per annum. Real property (land and buildings) is subject to a lien for the taxes assessed upon it (subject to any paramount federal lien and subject to bankruptcy and insolvency laws). (In addition, real property is subject to a lien for certain unpaid municipal charges or fees.) If the property has been transferred, an unenforced lien expires on the fourth December 31 after the end of a fiscal year to which the tax relates. If the property has not been transferred by the fourth December 31, an unenforced lien expires upon a later transfer of the property. Provision is made, however, for continuation of the lien where it could not be enforced because of a legal impediment. The persons against whom real or personal property taxes are assessed are personally liable for the tax (subject to bankruptcy and insolvency laws). In the case of real property, this personal liability is effectively extinguished by sale or taking of the property as described below.

The following table compares the Town's net tax collections with its net (gross tax levy less overlay reserve for abatements) tax levies for each of the last five fiscal years.

Fiscal Year	Gross Tax Levy	Overlay Reserve for Abatements	Net Tax Levy	Collections During Fiscal Year Payable (1)		Collections as of June 30, 2015 (1)	
				Dollar Amount	% of Net Levy	Dollar Amount	% of Net Levy
2015	\$ 106,676,485	\$ 1,869,334	\$ 104,807,151	\$ 103,011,541	98.3 %	\$103,011,541	98.3 %
2014	103,522,018	1,526,093	101,995,925	99,637,053	97.7	99,637,053	97.7
2013	100,386,021	1,528,524	98,857,497	96,403,147	97.5	98,405,138	99.5
2012	97,325,379	1,494,713	95,830,666	92,898,355	96.9	95,909,022	100.1
2011	94,579,103	1,676,671	92,902,432	89,189,575	96.0	92,924,306	100.0

(1) Actual dollar collections net of refunds. Does not include abatements, proceeds of tax titles or tax possessions attributable to each levy or other non-cash credits.

Sale of Tax Receivables

Cities and towns are authorized to sell delinquent property tax receivables by public sale or auction, either individually or in bulk.

Tax Titles and Possessions

Massachusetts law permits a municipality either to sell by public sale (at which the municipality may become the purchaser) or to take real property for non-payment of taxes thereon. In either case the property owner can redeem the property by paying the unpaid taxes, with interest and other charges but if the right of redemption is not exercised within six months (which may be extended an additional year in the case of certain installment payments), it can be foreclosed by petition to the land court.

Upon foreclosure, a tax title purchased or taken by the municipality becomes a "tax possession" and may be held and disposed of like any land held for municipal purposes. Uncollectible real property taxes are ordinarily not written off until they become municipal tax titles (either by purchase at the public sale or by taking), at which time the tax is written off in full by reserving the amount of tax and charging surplus.

June 30	Tax Titles	Tax Possessions (1)
2015	\$ 3,595,027	\$ 1,460,388
2014	3,341,156	1,460,388
2013	1,929,089	1,460,388
2012	2,524,604	1,460,388
2011	1,348,203	1,460,388

(1) The Town has not seen any foreclosures in the past 5 fiscal years.

Taxation to Meet Deficits

As noted elsewhere (see “Abatements and Overlay,” above) overlay deficits, i.e., tax abatement in excess of the overlay included in the tax levy to cover abatements, are required to be added to the next tax levy. It is generally understood that revenue deficits, i.e., those resulting from non-property tax revenues being less than anticipated, are also required to be added to the tax levy (at least to the extent not covered by surplus revenue).

Amounts lawfully expended since the prior tax levy and not included therein are also required to be included in the annual tax levy. The circumstances under which this can arise are limited since municipal departments are generally prohibited from incurring liabilities in excess of appropriations except for major disasters, mandated items, contracts in aid of housing and renewal projects and other long-term contracts. In addition, utilities must be paid at established rates, and certain established salaries, e.g. civil service, must legally be paid for work actually performed, whether or not covered by appropriations.

Cities and towns are authorized to appropriate sums, and thus to levy taxes, to cover deficits arising from other causes, such as “free cash” deficits arising from a failure to collect taxes. This is not generally understood, however, and it has not been the practice to levy taxes to cover free cash deficits. Except to the extent that such deficits have been reduced or eliminated by subsequent collections of uncollected taxes (including sales of tax titles and tax possessions), lapsed appropriations, non-property tax revenues in excess of estimates, other miscellaneous items or funding loans authorized by special act, they remain in existence.

Tax Limitations

Tax Limitations. Chapter 59, Section 21C of the General Laws, also known as Proposition 2½, imposes two separate limits on the annual tax levy of a city or town.

The primary limitation is that the tax levy cannot exceed 2½ percent of the full and fair cash value. If a city or town exceeds the primary limitation, it must reduce its tax levy by at least 15 percent annually until it is in compliance, provided that the reduction can be reduced in any year to not less than 7½ percent by majority vote of the voters, or to less than 7½ percent by two-thirds vote of the voters.

For cities and towns at or below the primary limit, a secondary limitation is that the tax levy cannot exceed the maximum levy limit for the preceding fiscal year as determined by the State Commissioner of Revenue by more than 2½ percent, subject to exceptions for property added to the tax rolls or property which has had an increase, other than as part of a general revaluation, in its assessed valuation over the prior year’s valuation.

This “growth” limit on the tax levy may be exceeded in any year by a majority vote of the voters, but an increase in the secondary or growth limit under this procedure does not permit a tax levy in excess of the primary limitation, since the two limitations apply independently. In addition, if the voters vote to approve taxes in excess of the “growth” limit for the purpose of funding a stabilization fund, such increased amount may only be taken into account for purposes of calculating the maximum levy limit in each subsequent year if the board of selectmen of a town or the city council of a city votes by a two-thirds vote to appropriate such increased amount in such subsequent year to the stabilization fund.

The applicable tax limits may also be reduced in any year by a majority vote of the voters.

The State Commissioner of Revenue may adjust any tax limit “to counterbalance the effects of extraordinary, non-recurring events which occurred during the base year”.

The statute further provides that the voters may exclude from the taxes subject to the tax limits and from the calculation of the maximum tax levy (a) the amount required to pay debt service on bonds and notes issued before November 4, 1980, if the exclusion is approved by a majority vote of the voters, and (b) the amount required to pay debt service on any specific subsequent issue for which similar approval is obtained. Even with voter approval, the holders of the obligations for which unlimited taxes may be assessed do not have a statutory priority or security interest in the portion of the tax levy attributable to such obligations. It should be noted that Massachusetts General Laws Chapter 44, Section 20 requires that the taxes excluded from the levy limit to pay debt service on any such bonds and notes be calculated based on the true interest cost of the issue. Accordingly, the Department of Revenue limits the amount of taxes which may be levied in each year to pay debt service on any such bonds and notes to the amount of such debt service, less a pro rata portion of any original issue premium received by the city or town that was not applied to pay costs of issuance.

Voters may also exclude from the Proposition 2½ limits the amount required to pay specified capital outlay expenditures or for the city or town’s apportioned share for certain capital outlay expenditures by a regional governmental unit. In addition, the city council of a city, with the approval of the mayor if required, or the board of selectmen or the town council of a town may vote to exclude from the Proposition 2½ limits taxes raised in lieu of sewer or water charges to pay debt service on

bonds or notes issued by the municipality (or by an independent authority, commission or district) for water or sewer purposes, provided that the municipality's sewer or water charges are reduced accordingly.

In addition, Proposition 2½ limits the annual increase in the total assessments on cities and towns by any county, district, authority, the Commonwealth or any other governmental entity (except regional school districts, the MWRA and certain districts for which special legislation provides otherwise) to the sum of (a) 2½ percent of the prior year's assessments and (b) "any increases in costs, charges or fees for services customarily provided locally or for services subscribed to at local option". Regional water districts, regional sewerage districts and regional veterans districts may exceed these limitations under statutory procedures requiring a two-thirds vote of the district's governing body and either approval of the local appropriating authorities (by two-thirds vote in districts with more than two members or by majority vote in two-member districts) or approval of the registered voters in a local election (in the case of two-member districts). Under Proposition 2½ any State law to take effect on or after January 1, 1981 imposing a direct service or cost obligation on a city or town will become effective only if accepted or voluntarily funded by the city or town or if State funding is provided. Similarly, State rules or regulations imposing additional costs on a city or town or laws granting or increasing local tax exemptions are to take effect only if adequate State appropriations are provided. These statutory provisions do not apply to costs resulting from judicial decisions.

The following table sets forth the Town's tax levies and levy limits under Proposition 2 ½ for the current and last four fiscal years.

Unused Levy Capacity (1)

	For Fiscal Year				
	2012	2013	2014	2015	2016
Primary Levy Limit (2)	\$ 320,627,887	\$ 320,627,887	\$ 314,852,500	\$ 317,569,588	\$ 328,572,284
Prior Fiscal Year Levy Limit	91,966,048	94,853,893	97,982,651	101,225,604	104,892,708
2.5% Levy Growth	2,299,151	2,371,347	2,449,566	2,530,640	2,622,318
Current Fiscal Year New Growth (3)	588,694	757,411	793,387	1,136,464	1,130,137
Current Fiscal Year Override	-	-	-	-	-
Growth Levy Limit	94,853,893	97,982,651	101,225,604	104,892,708	108,645,163
Debt Exclusions	2,099,658	1,961,784	1,871,791	1,295,452	1,446,241
Other Adjustments	515,806	528,700	540,854	554,375	566,133
Tax Levy Limit	97,469,357	100,473,135	103,638,249	106,742,535	110,657,537
Tax Levy	97,325,379	100,386,021	103,522,018	106,676,485	110,547,068
Unused Levy Capacity (4)	\$ 143,978	\$ 87,114	\$ 116,231	\$ 66,050	\$ 110,469
Unused Primary Levy Capacity (5)	\$ 225,773,994	\$ 222,645,236	\$ 213,626,896	\$ 212,676,880	\$ 219,927,121

- (1) Source: Massachusetts Department of Revenue.
- (2) 2.5% of assessed valuation.
- (3) Allowed increase for new valuations – certified by the Department of Revenue.
- (4) Tax Levy Limit less Tax Levy.
- (5) Primary Levy Limit less Growth Levy Limit.

Pledged Taxes

Taxes on certain property in designated development districts may be pledged for the payment of costs of economic development projects within such districts and may therefore be unavailable for other municipal purposes.

Tax Increment Financing for Development Districts

Under recent legislation, cities and towns are authorized to establish development districts to encourage increased residential, industrial and commercial activity. All or a portion of the taxes on growth in assessed value in such districts may be pledged and used solely to finance economic development projects pursuant to the city or town's development program for the district. This includes pledging such "tax increments" for the payment of bonds issued to finance such projects. As a result of any such pledge, tax increments raised from new growth properties in development districts are not available for other municipal purposes. Tax increments are taken into account in determining the total taxes assessed for the purpose of calculating the maximum permitted tax levy under Proposition 2½ (see "Tax Limitations" above).

The Town currently has an agreement with F.W. Webb Company that was certified on March 25, 2009, whereby the project located at 108 Breed's Hill Road in Hyannis, Massachusetts, F.W. Webb Company Warehouse and Frank Webb's Bath Center, when completed and fully operational, will transfer approximately 25 permanent full-time jobs from the Company's existing facility in Barnstable and create at least 10 new jobs during the next 5 years. The fiscal 2016 assessed valuation of the facility is \$4,956,300. The term of the TIF Plan and TIF Zone is 20 years, which began in fiscal 2010.

Cape Cod Open Space Land Acquisition Excise Tax

An excise tax of 3% of the real estate tax levy against real property is levied by the towns on Cape Cod that have accepted the Cape Cod Open Space Land Acquisition Program authorized by Chapter 293 of the Acts of 1998, as amended (the "Land Bank Act"). This levy is not counted in the total taxes assessed for the purpose of determining the permitted levy amount under Proposition 2 ½ (see "Property Tax Limitations" under "PROPERTY TAXATION" above). The proceeds of the excise tax, together with any state matching funds, are deposited in the Land Bank Fund held by each town and may be appropriated, upon the recommendation of the designated open space committee, for the purposes of 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 Land Bank Act also authorized the issuance of bonds and notes for these purposes and the payment of debt service on such bonds and notes from amounts on deposit in the Land Bank Fund. Under the terms of the Land Bank Act, the excise tax expires on January 1, 2020.

The following table sets forth the Town's excise tax receipts under the Land Bank Act for the last five fiscal years.

<u>Fiscal Year</u>	<u>Land Bank Excise Tax Receipts</u>
2015	\$ 3,099,570
2014	3,036,667
2013	2,959,276
2012	2,863,892
2011	2,733,634

Since fiscal 2000, the Town has received state matching funds aggregating \$48,567,056. As of June 30, 2015, the successor to the Land Bank Fund, the Community Preservation Fund, had a fund balance of approximately \$9.8 million, \$6.4 million of which is undesignated and \$3.4 million of which is designated for specific projects (see discussion below regarding the Town's transition to the Community Preservation Act).

Pursuant to recent legislation, towns on Cape Cod that have adopted the Land Bank Act may, by vote of its legislative body and subsequent approval by the voters at a state or municipal election, replace its Cape Cod Open Space Land Acquisition Program with a Community Preservation Program. (See "COMMUNITY PRESERVATION ACT" below.) If any such town votes to adopt the Community Preservation Act (the "CPA") in place of the Land Bank Act, the 3% excise tax receipts previously deposited in the town's Land Bank Fund will be deposited in a Community Preservation Fund, together with state matching funds available under the CPA. The revenues in the Community Preservation Fund will be expended pursuant to recommendations of a community preservation committee not just for open space land acquisitions, but also for affordable housing, historic preservation and recreation purposes in accordance with the CPA. Notwithstanding the minimum spending requirements for each of such purposes imposed by the CPA described in "COMMUNITY PRESERVATION ACT" below, revenues deposited in the Community Preservation Fund under the CPA will be available to pay debt service on the portion of any bonds previously authorized by a town under the Land Bank Act. Although other municipalities may set the surcharge tax under the CPA at any rate up to 3% and may revoke its acceptance of the CPA at any time after 5 years from the date of such acceptance, towns on Cape Cod that adopt the CPA as a replacement for the Land Bank Act are required to maintain the surcharge rate at 3%, and may not revoke their acceptance of the CPA until fiscal year 2020.

The Town voted on November 2, 2004 to replace its Cape Cod Open Space Land Acquisition Program with a Community Preservation Program as described below. The Town's termination of the Cape Cod Open Space Land Acquisition Program and the commencement of the Community Preservation Program took effect on July 1, 2005.

Community Preservation Act

The Massachusetts Community Preservation Act (the "CPA") permits cities and towns that accept its provisions to levy a surcharge on its real property tax levy, dedicate revenue (other than state or federal funds), and to receive state matching funds for (i) the acquisition, creation, preservation, rehabilitation and restoration of land for recreational use, open space, and affordable housing and (ii) the acquisition, preservation, rehabilitation and restoration of historic resources. The provisions of the CPA must be accepted by the voters of the city or town at an election after such provisions have first been accepted by either a vote of the legislative body of the city or town or an initiative petition signed by 5% of its registered voters.

A city or town may approve a surcharge of up to 3% (but not less than 1% under certain circumstances) and may make an additional commitment of funds by dedicating revenue other than state or federal funds, provided that the total funds collected do not exceed 3% of the real property tax levy, less any exemptions adopted (such as an exemption for low-income individuals and families and for low and moderate-income senior citizens, an exemption for \$100,000 of the value of each taxable parcel of residential real property or \$100,000 of the value of each taxable parcel of class three, commercial property, and class four, industrial property as defined in Chapter 59, Section 2A of the General Laws, and an exemption for commercial and industrial properties in cities and towns with classified tax rates). In the event that the municipality shall no longer dedicate all or part of the additional funds to community preservation, the surcharge on the real property tax levy of not less than 1% shall remain in effect, provided that any such change must be approved pursuant to the same process as acceptance of the CPA. The surcharge is not counted in the total taxes assessed for the purpose of determining the permitted levy amount under Proposition 2½ (see "Tax Limitations" under "PROPERTY TAXATION" above). A city or town may revoke its acceptance of the provisions of the CPA at any time after 5 years from the date of such acceptance and may change the amount of the surcharge or the exemptions to the surcharge at any time, including reducing the surcharge to 1% and committing additional municipal funds as outlined above, provided that any such revocation or change must be approved pursuant to the same process as acceptance of the CPA.

Any city or town that accepts the provisions of the CPA will receive annual state matching grants to supplement amounts raised by its surcharge and dedication of revenue. The state matching funds are raised from certain recording and filing fees of the registers of deeds. Those amounts are deposited into a state trust fund and are distributed to cities and towns that have accepted the provisions of the CPA, which distributions are not subject to annual appropriation by the state legislature. The amount distributed to each city and town is based on a statutory formula and the total state distribution made to any city or town may not exceed 100% of the amount raised locally by the surcharge on the real property tax levy.

The amounts raised by the surcharge on taxes, the dedication of revenue and received in state matching funds are required to be deposited in a dedicated community preservation fund. Each city or town that accepts the provisions of the CPA is required to establish a community preservation committee to study the community preservation needs of the community and to make recommendations to the legislative body of the city or town regarding the community preservation projects that should be funded from the community preservation fund. Upon the recommendations of the committee, the legislative body of the city or town may appropriate amounts from the fund for permitted community preservation purposes or may reserve amounts for spending in future fiscal years, provided that at least 10% of the total annual revenues to the fund must be spent or set aside for open space purposes, 10% for historic resource purposes and 10% for affordable housing purposes.

The CPA authorizes cities and towns that accept its provisions to issue bonds and notes in anticipation of the receipt of surcharge and dedicated revenues to finance community preservation projects approved under the provisions of the CPA. Bonds and notes issued under the CPA are general obligations of the city or town and are payable from amounts on deposit in the community preservation fund. In the event that a city or town revokes its acceptance of the provisions of the CPA, the surcharge shall remain in effect until all contractual obligations incurred by the city or town prior to such revocation, including the payment of bonds or notes issued under the CPA, have been fully discharged.

The Town of Barnstable adopted the Community Preservation Act (CPA) in 2004. The CPA allows for a surcharge of 3% on the tax assessment for real property which began in fiscal 2005. See above discussion under "Cape Cod Open Space Land Acquisition Excise Tax" for a summary of revenues and the Community Preservation Fund.

TOWN FINANCE

General Fund Budget Comparison

The following sets forth the allocation by purpose of the Town's approved budgets for fiscal years 2012 through 2016. The Town's budgets are prepared in a manner consistent with the method required by the State's Bureau of Accounts and are used by the Town in the formulation of its appropriations and the calculation of its property tax levy.

	2012	2013	2014	2015	2016
General Government	\$ 7,227,563	\$ 6,988,566	\$ 7,199,930	\$ 7,211,127	\$ 7,490,856
Police	11,758,549	11,178,649	11,601,168	12,441,808	13,192,241
Regulatory Services	2,458,332	2,515,246	2,585,679	2,536,326	2,632,848
Community Services/Recreation	2,618,544	2,529,990	2,670,058	2,745,204	2,857,738
Department of Public Works (1)	9,298,119	7,863,952	9,514,348	10,575,029	11,493,377
Schools	58,746,878	55,900,835	57,255,360	59,588,360	61,794,646
Libraries (2)	1,489,184	1,525,444	1,630,979	1,671,753	1,714,000
Debt Service	10,390,994	9,366,875	8,778,309	8,678,407	8,647,981
Capital Outlay (3)	10,492,250	13,996,125	7,224,528	7,405,141	7,588,646
Employee Benefits/Insurance	12,723,165	19,589,846	21,141,235	22,486,506	23,019,410
Overlay	1,494,713	1,528,524	1,472,000	1,869,334	1,750,000
Other	267,489	335,158	337,369	299,924	328,250
TOTAL LOCAL	\$ 128,965,780	\$ 133,319,210	\$ 131,410,963	\$ 137,508,919	\$ 142,509,993
ASSESSMENTS:					
Regional School Assessment	\$ 2,707,304	\$ 2,657,683	\$ 2,810,364	2,830,850	3,195,407
Commonwealth Charter School Assessment	1,897,739	2,741,172	2,884,080	3,111,438	3,758,775
State & County Assessments	2,351,211	2,394,547	2,429,252	2,499,357	2,521,142
TOTAL ASSESSMENTS	\$ 6,956,254	\$ 7,793,402	\$ 8,123,696	\$ 8,441,645	\$ 9,475,324
TOTAL EXPENDITURES	\$ 135,922,034	\$ 141,112,612	\$ 139,534,659	\$ 145,950,564	\$ 151,985,317

- (1) The fiscal 2016 budget includes a \$2.6 million snow and ice deficit from fiscal 2015. The fiscal 2015 budget includes a \$2 million snow and ice deficit from fiscal 2014. The fiscal 2014 budget includes a \$1.4 million snow and ice deficit from fiscal 2013. The fiscal 2013 budget did not include a snow and ice deficit as there was no deficit from the fiscal 2012 operations.
- (2) The fiscal year 2014 budget for the libraries was increased 7% so that it can continue to participate in the "State Aid to Libraries" program without having to file for a waiver.
- (3) The fiscal 2013 budget included a one-time transfer of \$7 million from general fund reserves to the capital trust fund.

Revenues

Property Taxes. Property taxes are the major source of revenue for the Town. The total amount levied is subject to certain limits prescribed by law; for a description of those limits see "PROPERTY TAXATION-Property Tax Limitation" above.

Room Occupancy Tax. Under this tax, local governments may tax the provision of hotel, motel and lodging house, and bed and breakfast rooms at a rate not to exceed six percent (6%) of the cost of renting such rooms. 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 municipality in which the rooms are located in quarterly distributions. The Town increased its levy from 4% to 6% effective October 1, 2010. Room occupancy tax collections in fiscal 2013, 2014 and 2015 totaled \$2,537,046, \$2,715,769 and \$2,687,495, respectively. Room occupancy tax collections for fiscal 2016 are estimated to total \$2,740,000.

Local Options Meals Tax. On July 15, 2010, the Town adopted the local meals excise tax effective October 1, 2010. The local meals excise tax is a 0.75% tax on the gross receipts of a vendor from the sale of restaurant meals. The tax is paid by the vendor to the State Commissioner of Revenue, who in turn pays the tax to the municipality in which the meal was sold. Local option meals tax collections in fiscal 2013, 2014 and 2015 totaled \$1,255,113, \$1,302,329 and \$1,369,762, respectively. Local option meals tax collections for fiscal 2016 are estimated to total \$1,425,000.

Federal Aid. The Town annually receives aid from the United States Government. The following are federal aid payments received for the last five fiscal years. The increases in 2011 and 2012 are mainly attributable to the receipt of ARRA funds. Fiscal 2013 receipts included approximately \$346,000 of ARRA funds. Fiscal 2013 also included \$2.7 million for the replacement of county-wide communications equipment for public safety operations. Barnstable was the pass through agency for this grant. These were not ARRA funds.

The following are the federal aid payments received for the last five fiscal years and an estimate for the current fiscal year.

<u>Fiscal Year</u>	<u>Federal Aid</u>
2016 (est.)	8,000,000
2015	8,393,211
2014	9,491,421
2013	10,351,753
2012	10,472,166
2011	12,914,822

State Distributions

In addition to grants for specified capital purposes (some of which are payable over the life of the bonds issued for the projects), the Commonwealth provides financial assistance to cities and towns for current purposes. Payments to cities and towns are derived primarily from a percentage of the State's personal income, sales and use, and corporate excise tax receipts, together with the net receipts from the State Lottery. A municipality's state aid entitlement is based on a number of different formulas, of which the "schools" and "lottery" formulas are the most important. Both of the major formulas tend to provide more state aid to poorer communities. The formulas for determining a municipality's state aid entitlement are subject to amendment by the state legislature and, while a formula might indicate that a particular amount of state aid is owed, the amount of state aid actually paid is limited to the amount appropriated by the state legislature. The state annually estimates state aid, but the actual state aid payments may vary from the estimate.

In the fall of 1986, both the State Legislature (by statute, repealed as of July 1, 1999) and the voters (by initiative petition) placed limits on the growth of state tax revenues. Although somewhat different in detail, each measure essentially limited the annual growth in state tax revenues to an average rate of growth in wages and salaries in the Commonwealth over the three previous calendar years. If not amended, the remaining law could restrict the amount of state revenues available for state aid to local communities.

The following are the state aid payments received for the last five fiscal years.

<u>Fiscal Year</u>	<u>School Construction Aid</u>	<u>School Operating Aid</u>	<u>Other State Aid</u>	<u>Total State Aid</u>
2015	\$ 3,894,245	\$ 11,556,731	\$ 7,934,756	\$ 23,385,732
2014	3,509,074	11,681,804	9,094,940	24,285,818
2013	3,509,074	14,344,578	3,502,046	21,355,698
2012	3,509,074	11,842,243	17,180,192	32,531,509
2011	3,509,074	9,559,675	18,736,050	31,804,799

State School Building Assistance Program

Under its school building assistance program, the Commonwealth of Massachusetts provides grants to cities, towns and regional school districts for school construction projects. Until July 26, 2004, the State Board of Education was responsible for approving grants for school projects and otherwise administering the program. Grant amounts ranged from 50% to 90% of approved project costs. Municipalities generally issued bonds to finance the entire project cost, and the Commonwealth disbursed the grants in equal annual installments over the term of the related bonds.

Pursuant to legislation which became effective on July 26, 2004, the state legislature created the Massachusetts School Building Authority (the "Authority") to finance and administer the school building assistance program. The Authority has assumed all powers and obligations of the Board of Education with respect to the program. In addition to certain other amounts, the legislation dedicates a portion of Commonwealth sales tax receipts to the Authority to finance the program.

Projects previously approved for grants by the State Board of Education are entitled to receive grant payments from the Authority based on the approved project cost and reimbursement rate applicable under the prior law. The Authority has paid and is expected to continue to pay the remaining amounts of the grants for such projects either in annual installments to reimburse debt service on bonds issued by the municipalities to finance such projects, or as lump sum payments to contribute to the defeasance of such bonds.

Projects on the priority waiting list as of July 1, 2004 are also entitled to receive grant payments from the Authority based on the eligible project costs and reimbursement rates applicable under the prior law. With limited exceptions, the Authority is required to fund the grants for such projects in the order in which they appear on the waiting list. Grants for any such projects that have been completed or substantially completed have been paid and are expected to continue to be paid by the Authority in lump sum payments, thereby eliminating the need for the Authority to reimburse interest expenses that would otherwise be incurred by the municipalities to permanently finance the Authority's share of such project costs. Interest on debt issued by municipalities prior to July 1, 2004 to finance such project costs, and interest on temporary debt until receipt of the grant, is included in the approved costs of such projects. Grants for any such projects that have not yet commenced or that are underway have been and are expected to continue to be paid by the Authority as project costs are incurred by the municipality pursuant to a project funding agreement between the Authority and the municipality, eliminating the need for the municipality to borrow even on a temporary basis to finance the Authority's share of the project costs in most cases.

The maximum reimbursement rate for new project grant applications submitted to the Authority on or after July 1, 2007 is 80% of approved project costs. The Authority promulgated new regulations with respect to the application and approval process for projects submitted after July 1, 2007. The Authority expects to pay grants for such projects as project costs are incurred pursuant to project funding agreements between the Authority and the municipalities. None of the interest expense incurred on debt issued by municipalities to finance their portion of the costs of new projects will be included in the approved project costs eligible for reimbursement.

Motor Vehicle Excise

An excise is imposed on the registration of motor vehicles (subject to exemptions) at the rate of \$25 per \$1,000 of valuation. The excise is collected by and for the benefit of the municipality in which the motor vehicle is customarily kept. Valuations are determined by statutory formula based on manufacturers' list price and year of manufacture. Bills not paid when due bear interest at 12 percent per annum. Provision is also made, after notice to the owner, for suspension of the owner's operating license or registration by the registrar of motor vehicles.

Enterprise Funds

The Town maintains seven enterprise funds for the activities of the municipal airport, the golf course, the water pollution control facility, the solid waste program, the water supply division, town marinas, and Sandy Neck recreational area. See Appendix B for financial statements related to such funds.

Annual Audits

The Town's accounts were most recently audited for the fiscal year ended June 30, 2015, by Powers and Sullivan, Certified Public Accountants, a copy of which is attached as Appendix A.

The attached report speaks only as of its date, and only to the matters expressly set forth therein. The auditors have not been engaged to review this Official Statement or to perform audit procedures regarding the post-audit period, nor have the auditors been requested to give their consent to the inclusion of their report in Appendix A. Except as stated in their report, the auditors have not been engaged to verify the financial information set out in Appendix A and are not passing upon and do not assume responsibility for the sufficiency, accuracy or completeness of the financial information presented in that appendix.

Financial Statements

Set forth on the following pages are Governmental Funds Balance Sheets for fiscal years 2015, 2014 and 2013 and Statements of Revenues, Expenditures and Changes in Fund Balances for fiscal years 2015 through 2011. Said financials were extracted from annual audited financial statements.

**TOWN OF BARNSTABLE, MASSACHUSETTS
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2015 (1)**

	General	Capital Projects	Highway Projects	Community Preservation Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 31,781,178	\$ 11,322,730	\$ 497,250	\$ 9,828,806	\$ 11,674,386	\$ 65,104,350
Investments	22,955,116	-	-	-	16,160,268	39,115,384
Receivables, net of uncollectibles						
Real estate and personal property taxes	5,238,923	-	-	-	-	5,238,923
Tax liens	2,721,445	-	-	56,797	5,401	2,783,643
Motor vehicle and other excise taxes	1,607,160	-	-	-	-	1,607,160
Community preservation fund surtaxes	-	-	-	147,554	-	147,554
Departmental and other	5,675	-	-	-	-	5,675
Special assessments	-	-	-	-	950,900	950,900
Intergovernmental	12,861,419	-	8,769,851	1,030,008	293,136	22,954,414
Tax foreclosures	1,185,252	-	-	-	-	1,185,252
Other assets	3,095	-	-	-	-	3,095
Total Assets	\$ 78,359,263	\$ 11,322,730	\$ 9,267,101	\$ 11,063,165	\$ 29,084,091	\$ 139,096,350
LIABILITIES						
Warrants payable	\$ 1,850,616	\$ 2,246,940	\$ 163,578	\$ 71,831	\$ 314,917	\$ 4,647,882
Accrued liabilities	175,527	-	-	-	-	175,527
Accrued payroll	8,447,621	19,748	-	342	305,950	8,773,661
Tax refunds payable	59,700	-	-	-	-	59,700
Liabilities due depositors	5,225	-	-	-	-	5,225
Other liabilities	98,208	-	-	446	5,507	104,161
Notes Payable	255,941	-	-	-	-	255,941
Total Liabilities	10,892,838	2,266,688	163,578	72,619	626,374	14,022,097
DEFERRED INFLOWS OF RESOURCES:						
Unavailable Revenue	22,246,617	-	8,435,263	1,172,359	956,301	32,810,540
FUND BALANCES:						
Nonspendable	-	-	-	-	15,737,943	15,737,943
Restricted	2,453,717	9,056,042	668,260	9,818,187	11,763,473	33,759,679
Assigned	6,136,907	-	-	-	-	6,136,907
Unassigned	36,629,184	-	-	-	-	36,629,184
Total Fund Balances	45,219,808	9,056,042	668,260	9,818,187	27,501,416	92,263,713
Total Liabilities and Fund Balances	\$ 78,359,263	\$ 11,322,730	\$ 9,267,101	\$ 11,063,165	\$ 29,084,091	\$ 139,096,350

(1) Extracted from annual audit.

**TOWN OF BARNSTABLE, MASSACHUSETTS
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2014 (1)**

ASSETS	General	Capital Projects	Highway Projects	Community Preservation Fund	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$ 18,572,647	\$ 14,371,961	\$ 472,286	\$ 9,135,110	\$ 14,396,346	\$ 56,948,350
Investments	25,344,152	-	-	-	12,944,482	38,288,634
Receivables, net of uncollectibles	4,693,717	-	-	-	-	4,693,717
Real estate and personal property taxes	2,558,974	-	-	51,423	5,691	2,616,088
Tax liens	1,608,131	-	-	-	-	1,608,131
Motor vehicle and other excise taxes	-	-	-	127,331	-	127,331
Community preservation fund surtaxes	83,161	-	-	-	-	83,161
Departmental and other	-	-	-	-	1,022,237	1,022,237
Special assessments	15,404,736	329,111	8,558,730	997,350	1,268,618	26,558,545
Intergovernmental	1,185,252	-	-	-	-	1,185,252
Tax foreclosures	4,097	-	-	-	-	4,097
Other assets	69,454,867	14,701,072	9,031,016	10,311,214	29,637,374	133,135,543
Total Assets	\$ 69,454,867	\$ 14,701,072	\$ 9,031,016	\$ 10,311,214	\$ 29,637,374	\$ 133,135,543

**LIABILITIES, DEFERRED INFLOWS OF RESOURCES
AND FUND BALANCES**

LIABILITIES:						
Warrants payable	\$ 2,400,065	\$ 1,490,612	\$ -	\$ 2,973	\$ 103,899	\$ 3,997,549
Accrued liabilities	277,978	-	-	-	-	277,978
Accrued payroll	6,689,854	11,591	-	429	270,466	6,972,340
Tax refunds payable	221,100	-	-	-	-	221,100
Liabilities due depositors	5,225	-	-	-	-	5,225
Other liabilities	31,237	-	-	411	5,199	36,847
Total Liabilities	9,625,459	1,502,203	-	3,813	379,564	11,511,039
DEFERRED INFLOWS OF RESOURCES:						
Unavailable Revenue	24,272,777	-	8,490,792	1,176,104	1,027,928	34,967,601
FUND BALANCES:						
Nonspendable	-	-	-	-	15,690,018	15,690,018
Restricted	2,650,600	13,198,869	540,224	9,131,297	12,539,864	38,060,854
Assigned	4,820,179	-	-	-	-	4,820,179
Unassigned	28,085,852	-	-	-	-	28,085,852
Total Fund Balances	35,556,631	13,198,869	540,224	9,131,297	28,229,882	86,656,903
Total Liabilities and Fund Balances	\$ 69,454,867	\$ 14,701,072	\$ 9,031,016	\$ 10,311,214	\$ 29,637,374	\$ 133,135,543

(1) Extracted from annual audit.

**TOWN OF BARNSTABLE, MASSACHUSETTS
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2013 (1)**

	General	Capital Projects	Highway Projects	Community Preservation Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 15,229,231	\$ 10,655,907	\$ -	\$ 8,782,887	\$ 13,207,568	\$ 47,875,593
Investments	23,228,096	-	-	-	11,695,131	34,923,227
Receivables, net of uncollectibles						
Real estate and personal property taxes	5,610,111	-	-	-	-	5,610,111
Tax liens	1,476,547	-	-	28,571	3,636	1,508,754
Motor vehicle and other excise taxes	1,210,400	-	-	-	-	1,210,400
Community preservation fund surtaxes	-	-	-	148,934	-	148,934
Departmental and other	71,988	-	-	-	-	71,988
Special assessments	-	-	-	-	642,178	642,178
Intergovernmental	20,940,451	661,834	8,264,867	1,606,310	989,582	32,463,044
Tax foreclosures	1,185,252	-	-	-	-	1,185,252
Due from other funds	-	378,449	-	-	-	378,449
Other assets	6,717	-	-	-	-	6,717
Total Assets	\$ 68,958,793	\$ 11,696,190	\$ 8,264,867	\$ 10,566,702	\$ 26,538,095	\$ 126,024,647

LIABILITIES AND FUND BALANCES

LIABILITIES:						
Warrants payable	\$ 571,561	\$ 41,374	\$ -	\$ 11,465	\$ 91,488	\$ 715,888
Accrued liabilities	313,955	-	-	-	-	313,955
Accrued payroll	7,826,927	10,390	-	1,774	279,389	8,118,480
Tax refunds payable	209,300	-	-	-	-	209,300
Liabilities due depositors	5,190	-	-	-	-	5,190
Other liabilities	192,234	-	-	2,113	3,871	198,218
Deferred revenues	26,809,745	-	6,930,379	1,783,815	644,814	36,168,753
Due to other funds	-	-	378,449	-	-	378,449
Total Liabilities	35,928,912	51,764	7,308,828	1,799,167	1,019,562	46,108,233
FUND BALANCES:						
Nonspendable	-	-	-	-	11,093,750	11,093,750
Restricted	2,660,174	11,644,426	956,039	8,767,535	14,423,783	38,451,957
Assigned	4,231,826	-	-	-	-	4,231,826
Unassigned	26,137,881	-	-	-	-	26,137,881
Total Fund Balances	33,029,881	11,644,426	956,039	8,767,535	25,517,533	79,915,414
Total Liabilities and Fund Balances	\$ 68,958,793	\$ 11,696,190	\$ 8,264,867	\$ 10,566,702	\$ 26,537,095	\$ 126,023,647

(1) Extracted from annual audit.

TOWN OF BARNSTABLE, MASSACHUSETTS
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2015 (1)

	General Fund	Capital Projects	Highway Projects	Community Preservation Fund	Nonmajor Governmental Fund	Total Governmental Funds
Revenues:						
Real estate and personal property taxes, net of tax refunds	\$ 105,260,464	-	-	-	-	\$ 105,260,464
Motor Vehicle and other excise taxes	7,033,401	-	-	-	-	7,033,401
Hotel/Motel tax	2,691,495	-	-	-	-	2,691,495
Meals tax	1,372,762	-	-	-	-	1,372,762
Charges for services	1,959,298	-	-	-	3,455,138	5,414,436
Penalties and interest on taxes	1,345,842	-	-	-	4,720	1,350,562
Fees and rentals	1,073,959	-	-	-	586,126	1,660,085
Licenses and permits	2,097,283	-	-	-	1,109,597	3,206,880
Intergovernmental	22,408,881	620,620	1,325,104	1,059,350	7,660,616	33,074,571
Special assessments	269,756	-	-	-	260,254	530,010
Department and other	408,854	-	-	-	187,331	596,185
Community preservation fund surtax	-	-	-	3,099,572	-	3,099,572
Contributions	44,861	349,283	-	180,605	500,454	894,598
Investment income	562,445	-	-	-	532,032	1,275,082
Miscellaneous	-	-	-	-	39,120	39,120
Total Revenues	149,529,301	969,803	1,325,104	4,339,527	14,335,388	167,499,223
Expenditures:						
Current:						
Town Council	242,765	-	-	-	-	242,765
Town Manager	540,367	-	-	-	-	540,367
Administrative Services	5,248,736	89,626	-	-	760,629	6,098,991
Growth Management	798,482	154,636	-	1,076,495	670,617	2,700,230
Public safety	12,385,746	223,971	-	-	654,841	13,264,558
Education	61,818,558	4,639,590	-	-	9,346,968	75,805,116
Public works	10,497,494	7,663,781	1,197,068	-	535,554	19,893,897
Community services	2,573,871	218,216	-	-	842,282	3,634,369
Regulatory services	2,446,044	463,587	-	-	533,663	3,443,294
Culture and recreation	1,923,822	-	-	-	502,564	2,426,386
Pension benefits	14,578,550	-	-	-	-	14,578,550
Property and liability insurance	1,510,581	-	-	-	-	1,510,581
Employee benefits	10,185,323	-	-	-	-	10,185,323
Other assessments	389,520	-	-	-	-	389,520
State and county charges	7,870,164	-	-	-	-	7,870,164
Debt service:						
Principal	7,007,768	255,941	-	1,909,000	50,372	9,223,081
Interest	1,851,452	-	-	526,142	-	2,377,624
Total Expenditures	141,869,273	13,709,348	1,197,068	3,511,637	13,897,490	174,184,816
Excess (deficiency) of revenues over/under expenditures	4,660,028	(12,739,445)	128,036	827,890	437,898	(6,685,593)
Other Financing Sources (Uses):						
Issuance of Bonds	-	3,930,000	-	-	-	3,930,000
Issuance of refunding bonds	5,265,500	-	-	-	-	5,265,500
Premium from issuance of bonds	347,856	-	-	-	-	347,856
Premium from issuance of refunding bonds	728,615	-	-	-	-	728,615
Payments to refunded bonds escrow agent	(5,945,679)	-	-	-	-	(5,945,679)
Transfers in	11,174,848	4,688,510	-	-	339,010	16,202,168
Transfers out	(6,567,791)	(21,892)	-	(141,000)	(1,505,374)	(8,236,057)
Total Other Financing Sources (Uses)	5,003,149	8,595,618	-	(141,000)	(1,166,364)	12,292,403
Net change in fund balance	9,663,177	(4,142,827)	128,036	686,890	(728,466)	5,606,810
Fund Balance Beginning of Year, As Revised	35,556,631	13,198,869	540,224	9,131,297	28,229,892	86,656,903
Fund Balance end of Year	\$ 45,219,808	\$ 9,056,042	\$ 668,260	\$ 9,818,187	\$ 27,501,416	\$ 92,263,713

(1) Extracted from annual audit.

TOWN OF BARNSTABLE, MASSACHUSETTS
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2014 (1)

	General Fund	Capital Projects	Highway Projects	Community Preservation Fund	Nonmajor Governmental Fund	Total Governmental Funds
Revenues:						
Real estate and personal property taxes, net of tax refunds	\$ 102,905,909	-	-	-	-	\$ 102,905,909
Motor Vehicle and other excise taxes	6,616,970	-	-	-	-	6,616,970
Hotel/Motel tax	1,810,513	-	-	-	-	1,810,513
Charges for services	1,833,438	-	-	-	3,470,310	5,303,748
Penalties and interest on taxes	1,499,803	-	-	-	2,640	1,502,443
Fees and rentals	986,601	-	-	-	606,113	1,592,714
Licenses and permits	2,180,385	-	-	-	1,186,748	3,367,133
Intergovernmental	28,245,438	299,246	1,258,381	1,686,310	8,009,439	39,468,814
Department and other	218,483	-	-	-	284,016	502,499
Special assessments	261,234	-	-	-	313,990	575,224
Community preservation fund surtax	-	-	-	3,036,667	-	3,036,667
Contributions	134,214	-	-	-	326,438	460,652
Investment income	1,635,489	-	-	212,061	1,219,270	3,066,820
Miscellaneous	-	-	-	-	19,020	19,020
Total Revenues	148,328,477	299,246	1,258,381	4,905,038	15,437,984	170,229,126
Expenditures:						
Current:						
Town Council	270,452	-	-	-	-	270,452
Town Manager	555,587	-	-	-	-	555,587
Administrative Services	5,231,324	-	-	-	-	6,000,286
Growth Management	956,941	107,459	-	1,860,179	768,964	3,083,921
Public safety	11,645,813	-	-	-	946,726	12,592,539
Education	60,390,486	933,409	-	-	10,654,292	71,978,187
Public works	9,827,983	9,036,115	1,674,196	-	141,947	20,680,241
Community services	2,589,888	114,024	-	-	714,204	3,398,116
Regulatory services	2,404,286	230,379	-	-	541,715	3,176,380
Culture and recreation	1,929,173	-	-	-	356,249	2,285,422
Pension benefits	20,194,745	-	-	-	-	20,194,745
Property and liability insurance	1,439,324	-	-	-	-	1,439,324
Employee benefits	9,205,978	-	-	-	-	9,205,978
Other assessments	397,056	-	-	-	-	397,056
State and county charges	7,081,833	-	-	-	-	7,081,833
Debt services:						
Principal	7,029,410	-	-	1,922,000	50,372	9,001,782
Interest	1,829,754	-	-	654,097	-	2,483,851
Total Expenditures	142,960,033	10,421,386	1,674,196	4,436,276	14,333,811	173,825,702
Excess (deficiency) of revenues over/under expenditures	5,368,444	(10,122,140)	(415,815)	468,762	1,104,173	(3,596,576)
Other Financing Sources (Uses):						
Issuance of Bonds	-	6,248,000	-	-	-	6,248,000
Premium from issuance of bonds	245,377	-	-	-	-	245,377
Sale of capital assets	-	-	-	-	3,782,939	3,782,939
Transfers in	2,719,707	5,428,650	-	-	502,991	8,651,348
Transfers out	(5,806,778)	(67)	-	(105,000)	(2,677,754)	(8,589,599)
Total Other Financing Sources (Uses)	(2,841,694)	11,676,583	-	(105,000)	1,608,176	10,338,065
Net change in fund balance	2,526,750	1,554,443	(415,815)	363,762	2,712,349	6,741,489
Fund Balance Beginning of Year, As Revised	33,029,881	11,644,426	956,039	8,767,535	25,517,533	79,915,414
Fund Balance end of Year	\$ 35,556,631	\$ 13,198,869	\$ 540,224	\$ 9,131,297	\$ 28,229,882	\$ 86,656,903

(1) Extracted from annual audit.

TOWN OF BARNSTABLE, MASSACHUSETTS
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2013 (1)

	General Fund	Capital Projects	Highway Projects	Community Preservation Fund	Nonmajor Governmental Fund	Total Governmental Funds
Revenues:						
Real estate and personal property taxes, net of tax refunds	\$ 99,399,272	-	\$ -	-	-	\$ 99,399,272
Motor Vehicle and other excise taxes	6,209,316	-	-	-	-	6,209,316
Hotel/Motel tax	2,537,046	-	-	-	-	2,537,046
Meals tax	1,255,113	-	-	-	-	1,255,113
Charges for services	1,708,887	-	-	-	3,671,142	5,380,029
Penalties and interest on taxes	1,427,622	-	-	-	1,520	1,429,142
Fees and rentals	1,061,092	-	-	-	561,582	1,622,674
Licenses and permits	1,915,483	-	-	-	1,016,375	2,931,858
Intergovernmental	25,801,028	1,202,956	1,502,773	799,154	11,693,666	40,999,777
Department and other	453,222	-	-	-	218,327	671,549
Special assessments	255,711	-	-	-	97,582	353,293
Community preservation fund surtax	-	-	-	2,942,493	-	2,942,493
Contributions	-	-	-	164,963	242,909	242,909
Investment income	1,162,006	-	-	-	1,227,986	2,554,945
Miscellaneous	-	49	-	-	24,142	24,191
Total Revenues	143,185,798	1,203,005	1,502,773	3,906,600	18,755,431	168,553,607
Expenditures:						
Current:						
Town Council	252,750	-	-	-	-	252,750
Town Manager	605,498	-	-	-	-	605,498
Administrative Services	4,980,923	-	-	-	-	4,980,923
Growth Management	877,952	249	-	1,160,665	52,309	2,091,175
Public safety	11,229,350	19,554	-	-	3,637,264	14,886,168
Education	59,736,898	275,322	-	-	9,955,089	69,967,309
Public works	8,801,839	6,497,575	951,585	-	177,055	16,428,054
Community services	2,472,226	49,053	-	-	774,053	3,295,332
Regulatory services	2,369,076	77,116	-	-	482,011	2,928,203
Culture and recreation	1,800,833	-	-	-	366,236	2,167,069
Pension benefits	18,743,993	-	-	-	-	18,743,993
Property and liability insurance	1,310,179	-	-	-	-	1,310,179
Employee benefits	8,681,002	-	-	-	-	8,681,002
Other assessments	398,239	-	-	-	-	398,239
State and county charges	6,578,322	-	-	-	-	6,578,322
Debt service:						
Principal	7,289,469	-	-	1,959,300	50,124	9,298,893
Interest	2,008,537	-	-	705,483	-	2,714,020
Total Expenditures	138,135,986	6,918,869	951,585	3,825,448	18,033,495	167,866,383
Excess (deficiency) of revenues over/under expenditures	5,048,812	(5,715,864)	551,188	81,152	721,936	687,224
Other Financing Sources (Uses):						
Sale of capital assets	-	-	-	-	195,500	195,500
Transfers in	2,430,650	3,285,000	-	100,000	520,395	6,336,045
Transfers out	(7,851,880)	(61,400)	-	-	(1,198,869)	(9,110,149)
Total Other Financing Sources (Uses)	(5,421,230)	3,223,600	-	100,000	(480,974)	(2,578,604)
Net change in fund balance	(372,418)	(2,492,264)	551,188	181,152	240,962	(1,891,380)
Fund Balance Beginning of Year, As Revised	33,402,299	14,136,690	404,851	8,586,393	25,276,571	81,806,794
Fund Balance end of Year	\$ 33,029,881	\$ 11,644,426	\$ 956,039	\$ 8,767,535	\$ 25,517,533	\$ 79,915,414

(1) Extracted from annual audit.

TOWN OF BARNSTABLE, MASSACHUSETTS
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2012 (1)

	General Fund	Capital Projects	Highway Projects	Community Preservation Fund	Nonmajor Governmental Fund	Total Governmental Funds
Revenues:						
Real estate and personal property taxes, net of tax refunds	\$ 97,818,235	-	-	-	-	\$ 97,818,235
Motor Vehicle and other excise taxes	5,510,517	-	-	-	-	5,510,517
Hotel/Motel tax	2,468,674	-	-	-	-	2,468,674
Meals tax	1,197,380	-	-	-	-	1,197,380
Charges for services	1,743,423	-	-	-	3,233,050	4,976,473
Penalties and interest on taxes	1,359,907	-	-	-	-	1,359,907
Fees and rentals	965,313	-	-	-	527,516	1,492,829
Licenses and permits	1,966,244	-	-	-	1,044,147	3,010,391
Intergovernmental	27,415,062	1,559,477	849,462	765,460	8,759,919	39,349,380
Department and other	757,460	-	-	-	225,247	982,707
Special assessments	231,285	-	-	2,863,995	114,535	345,820
Community preservation fund surtax	-	-	-	-	-	296,185
Contributions	-	-	-	-	485,158	1,863,501
Investment income	1,236,432	-	-	141,911	6,885	6,885
Miscellaneous	-	-	-	-	-	-
Total Revenues	142,669,932	1,559,477	849,462	3,771,366	14,692,642	163,542,879
Expenditures:						
Current:						
Town Council	309,303	-	-	-	-	309,303
Town Manager	596,044	-	-	-	-	596,044
Administrative Services	5,468,000	-	-	-	1,083,177	6,551,177
Growth Management	853,046	37,218	-	839,750	163,674	1,893,688
Public safety	11,814,200	563,675	-	-	950,228	13,328,103
Education	63,717,437	1,594,661	-	-	9,223,892	74,535,990
Public works	8,091,381	6,071,827	1,022,697	-	356,931	15,542,836
Community services	2,571,635	475,244	-	-	606,523	3,653,402
Regulatory services	2,381,963	332,413	-	-	-	545,152
Culture and recreation	1,695,154	-	-	-	352,796	2,047,950
Pension benefits	17,683,703	-	-	-	-	17,683,703
Property and liability insurance	1,312,879	-	-	-	-	1,312,879
Employee benefits	2,196,548	-	-	-	-	2,196,548
Other assessments	375,478	-	-	-	-	375,478
State and county charges	6,443,074	-	-	-	-	6,443,074
Debt service:						
Principal	7,954,569	-	-	1,927,000	50,420	9,931,989
Interest	2,551,658	-	-	739,299	-	3,290,957
Total Expenditures	136,016,072	9,075,038	1,022,697	3,506,049	13,332,793	162,952,649
Excess (deficiency) of revenues over/under expenditures	6,653,860	(7,515,561)	(173,235)	265,317	1,359,849	590,230
Other Financing Sources (Uses):						
Issuance of refunding bonds	10,037,900	-	-	-	-	10,037,900
Premium from issuance of bonds and notes	30,765	-	-	-	-	30,765
Premium from issuance of refunding bonds	966,394	-	-	-	-	966,394
Payments to refunded bonds escrow agent	(10,871,591)	-	-	-	-	(10,871,591)
Transfers in	2,596,479	3,604,000	578,086	59,815	176,672	7,015,052
Transfers out	(6,609,779)	(592,215)	-	-	(897,547)	(8,099,541)
Total Other Financing Sources (Uses)	(3,849,832)	3,011,785	578,086	59,815	(720,875)	(921,021)
Net change in fund balance	2,804,028	(4,503,776)	404,851	325,132	638,974	(330,781)
Fund Balance Beginning of Year, As Revised	30,598,271	18,840,466	-	8,281,251	24,637,597	82,137,585
Fund Balance end of Year	\$ 33,402,299	\$ 14,136,690	\$ 404,851	\$ 8,586,383	\$ 25,276,571	\$ 81,806,794

(1) Extracted from annual audit.

TOWN OF BARNSTABLE, MASSACHUSETTS
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2011 (1)

	General Fund	Capital Projects	Chapter 90 Highway Projects	Community Preservation Fund	Nonmajor Governmental Fund	Total Governmental Funds
Revenues:						
Real estate and personal property taxes net of refunds	\$ 92,202,438	-	\$ -	-	-	\$ 92,202,438
Motor Vehicle and other excise taxes	5,938,937	-	-	-	-	5,938,937
Hotel/Motel tax	1,739,536	-	-	-	-	1,739,536
Meals tax	490,193	-	-	-	-	490,193
Charges for services	1,808,987	-	-	-	3,259,127	5,068,114
Penalties and interest on taxes	1,199,934	-	-	-	-	1,199,934
Fees and rentals	969,806	-	-	-	482,696	1,452,502
Licenses and permits	1,705,550	-	-	-	1,149,734	2,855,284
Intergovernmental	24,950,532	114,643	2,221,549	761,229	9,496,447	37,544,400
Department and other	619,887	-	-	-	474,030	1,093,917
Special assessments	107,722	-	-	-	197,299	305,021
Community preservation fund surtax	-	-	-	2,734,079	-	2,734,079
Contributions	-	-	-	500	296,781	297,281
Investment income	1,729,384	-	-	203,280	1,489,717	3,422,381
Miscellaneous	-	453,411	-	-	6,605	460,016
Total Revenues	133,462,906	568,054	2,221,549	3,699,088	16,852,436	156,804,033
Expenditures:						
Current:						
Town Council	315,151	-	-	-	-	315,151
Town Manager	540,036	-	-	-	-	540,036
Administrative Services	5,078,993	-	-	-	1,386,271	6,465,264
Growth Management	917,501	94,682	-	2,752,242	65,237	3,829,662
Public safety	11,423,950	134,187	-	-	682,877	12,241,014
Education	61,354,543	3,019,225	-	-	10,268,684	74,642,452
Public works	8,733,319	4,325,240	-	-	121,858	13,180,417
Community services	2,502,152	243,696	-	-	957,957	3,703,805
Regulatory services	2,217,216	284,688	2,221,549	-	469,529	5,192,982
Culture and recreation	1,673,945	-	-	-	-	1,673,945
Pension benefits	16,380,911	-	-	-	-	16,380,911
Property and liability insurance	1,281,890	-	-	-	-	1,281,890
Employee benefits	2,572,731	-	-	-	-	2,572,731
Other assessments	423,836	-	-	-	-	423,836
State and county charges	5,864,464	-	-	-	-	5,864,464
Debt service:						
Principal	7,461,399	10,000	-	1,862,520	50,420	9,404,339
Interest	2,415,106	4,044	-	885,931	-	3,305,081
Total Expenditures	131,157,143	8,115,762	2,221,549	5,520,693	14,002,633	161,017,960
Excess (deficiency) of revenues over/under expenditures	2,305,763	(7,547,708)	-	(1,821,605)	2,849,603	(4,213,947)
Other Financing Sources (Uses):						
Issuance of bonds and notes	-	7,535,000	-	-	-	7,535,000
Issuance of refunding bonds	8,641,000	-	-	-	-	8,641,000
Premium from issuance of bonds	360,689	-	-	-	-	360,689
Premium from issuance of refunding bonds	641,187	-	-	-	-	641,187
Payments to refunded bonds escrow agent	(9,282,187)	-	-	-	-	(9,282,187)
Transfers in	2,482,911	3,345,000	-	-	-	6,827,911
Transfers out	(7,371,328)	(529,665)	-	-	1,026,723	(6,874,270)
Total Other Financing Sources (Uses)	(4,527,728)	10,350,335	-	-	(120,901)	5,701,708
Net change in fund balance	(2,221,965)	2,802,627	-	(1,821,605)	2,728,702	1,487,759
Fund Balance Beginning of Year, As Revised	32,820,236	15,837,839	-	10,082,856	21,908,895	80,649,826
Fund Balance end of Year	\$ 30,598,271	\$ 18,640,466	\$ -	\$ 8,261,251	\$ 24,637,597	\$ 82,137,585

(1) Extracted from annual audit.

Investments

Investments of funds of cities and towns, except for trust funds, are generally restricted by Massachusetts General Laws Chapter 44, §55. That statute permits investments of available revenue funds and bond and note proceeds in term deposits and certificates of deposits of banks and trust companies, in obligations issued or unconditionally guaranteed by the federal government or an agency thereof with a maturity of not more than one year, in repurchase agreements with a maturity of not more than 90 days secured by federal or federal agency securities, in participation units in the Massachusetts Municipal Depository Trust ("MMDT"), or in shares in SEC-registered money market funds with the highest possible rating from at least one nationally recognized rating organization.

MMDT is an investment pool created by the Commonwealth. The State Treasurer is the sole trustee, and the funds are managed under contract by an investment firm under the supervision of the State Treasurer's office. According to the State Treasurer the Trust's investment policy is designed to maintain an average weighted maturity of 90 days or less and is limited to high-quality, readily marketable fixed income instruments, including U.S. Government obligations and highly-rated corporate securities with maturities of one year or less.

Trust funds, unless otherwise provided by the donor, may be invested in accordance with §54 of Chapter 44, which permits a broader range of investments than §55, including any bonds or notes that are legal investments for savings banks in the Commonwealth. The restrictions imposed by §54 and §55 do not apply to city and town retirement systems.

Unassigned Fund Balance and Free Cash

Under Massachusetts law an amount known as "free cash" is certified as of the beginning of each fiscal year by the State Bureau of Accounts and this, together with certain subsequent tax receipts, is used as the basis for subsequent appropriations from available funds, which are not required to be included in the annual tax levy. Subject to certain adjustments, free cash is undesignated fund balance less uncollected and overdue property taxes from prior years. The Town Accountant may certify as available appropriation an adjusted free cash figure by adding back those uncollected and overdue property taxes which are subsequently collected between July 1 and the following March 31 of any year.

Fiscal Year	Unassigned/ Undesignated Fund Balance (June 30) (1)	Free Cash (July 1)
2015	\$ 36,629,184	\$ 13,949,203
2014	28,085,852	13,370,039
2013	26,137,881	11,095,664
2012	28,734,188	17,272,393
2011	21,612,742	12,320,185

(1) Reflects Unassigned Fund Balance in accordance with the reporting requirements of GASB 54 beginning in fiscal 2011. This information is audited.

Surplus Enterprise Funds

The amounts of free cash certified by the Department of Revenue in each of the Town's Enterprise Funds are set forth below.

July 1,	Airport	Solid Waste	Sewer	Golf	Water	Marina Recreation Facilities	Sandy Neck Recreational Facility	HYCC
2015	\$ 977,186	\$ 3,489,420	\$ 7,611,524	\$ 638,274	\$ 3,336,150	\$ 661,356	\$ 478,853	\$ 318,809
2014	2,563,947	4,010,757	14,838,692	500,742	1,827,720	714,427	569,512	313,535
2013	4,614,776	3,428,857	12,070,154	384,601	2,347,932	570,096	623,677	264,623
2012	3,211,359	3,854,114	6,997,924	414,712	1,944,267	422,111	645,858	141,734
2011	6,520,729	3,460,970	2,749,077	70,879	312,442	327,309	500,177	130,526

Stabilization Fund

The Town maintains a stabilization fund which is accounted for in the Trust Funds. Funded by an annual appropriation, the stabilization fund plus interest income may be appropriated by a two-thirds vote of Town Council for any lawful Town purpose. The following table lists the Stabilization Fund balances as of the end of each of the last five fiscal years.

<u>June 30,</u>	<u>Stabilization Fund Balance</u>
2015	\$ 10,439,823
2014	11,815,836
2013	12,185,903
2012	7,034,144
2011	7,250,334

Other Reserves

In addition, at June 30, 2015, the Town had a \$2,140,642 OPEB fund reserve (see "Other Post-Employment Benefits" herein), a \$2,453,717 pension fund stabilization reserve (see "Retirement System" herein), and \$6,543,774 in revolving fund balances.

INDEBTEDNESS

Authorization Procedure and Limitations

Serial bonds and notes are authorized on behalf of the Town by vote of two-thirds of all the members of the Town Council. Provision is made for a referendum on the borrowing authorization if there is a timely filing of a petition bearing the requisite number of signatures. Borrowings for certain purposes require state administrative approval. Temporary loans in anticipation of the revenues of the fiscal year in which debt is incurred, or in anticipation of state and federal grants generally can be incurred without town meeting authorization.

The general debt limit of the Town of Barnstable consists of a normal debt limit and a double debt limit. The normal debt limit is 5 percent of the valuation of taxable property as last equalized by the State Department of Revenue. The Town can authorize debt up to this amount without State approval. It can authorize debt up to twice this amount (the double debt limit) with the approval of a state board consisting of the Attorney General, the State Treasurer, the State Auditor and the Director of Accounts.

There are many categories of general obligation debt which are exempt from and do not count against the general debt limit. Among others, these exempt categories include revenue anticipation notes and grant anticipation notes, emergency loans, loans exempted by special laws, certain school bonds, sewer bonds, solid waste disposal facility bonds and economic development bonds supported by tax increment financing; and subject to special debt limits, bonds for water (limited to 10 percent of equalized valuation), housing, urban renewal, and economic development (subject to various debt limits), and electric, gas, community antenna television systems and telecommunications systems (subject to separate limits). Revenue bonds are not subject to these debt limits. The general debt limit and the special debt limit for water bonds apply at the time debt is authorized. The other special debt limits generally apply at the time the debt is incurred.

Types of Obligations

General Obligations. Massachusetts cities and towns are authorized to issue general obligation indebtedness of these types:

Serial Bonds and Notes. These are generally required to be payable in annual principal amounts beginning no later than the end of the next fiscal year commencing after the date of issue and ending within the terms permitted by law. A level debt service schedule, or a schedule that provides for a more rapid amortization of principal than level debt service, is permitted. The principal amounts of certain economic development bonds supported by tax increment financing may be payable in equal, diminishing or increasing amounts beginning within 5 years after the date of issue. The maximum terms of serial bonds and notes vary from one year to 40 years, depending on the purpose of the issue. The maximum terms permitted are set forth in the statutes. In addition, for many projects, the maximum term may be determined in accordance with useful life guidelines promulgated by the State Department of Revenue ("DOR"). Serial bonds and notes may be issued for the purposes set forth in the statutes. In addition, serial bonds and notes may be issued for any other public work improvement or asset not specifically listed in the Statutes that has a useful life of at least 5 years. Bonds or notes may be made callable and redeemed prior to their maturity, and a redemption premium may be paid. Refunding bonds or notes may be issued subject to the maximum applicable term measured from the date of the original bonds or notes and must produce present value savings over the debt service of the refunded bonds. Generally, the first required annual payment of principal of the refunding bonds cannot be later than the first principal payment of any of the bonds or notes being refunded thereby, however, principal payments made before the first principal payment of any of the bonds or notes being refunded thereby may be in any amount.

Serial bonds may be issued as "qualified bonds" with the approval of the state Municipal Finance Oversight Board composed of the State Treasurer, the State Auditor, the Attorney General and the Director of Accounts, subject to such conditions and limitations (including restrictions on future indebtedness) as may be required by the Board. Qualified bonds may mature not less than 10 nor more than 30 years from their dates and are not subject to the amortization requirements described above. The State Treasurer is required to pay the debt service on qualified bonds and thereafter to withhold the amount of the debt service paid by the State from state aid or other state payments; administrative costs and any loss of interest income to the State are to be assessed upon the city or town.

Tax Credit Bonds or Notes. Subject to certain provisions and conditions, the officers authorized to issue bonds or notes may designate any duly authorized issue of bonds or notes as "tax credit bonds" to the extent such bonds and notes are otherwise permitted to be issued with federal tax credits or other similar subsidies for all or a portion of the borrowing costs. Tax credit bonds may be made payable without regard to the annual installments required by any other law, and a sinking

fund may be established for the payment of such bonds. Any investment that is part of such a sinking fund may mature not later than the date fixed for payment or redemption of the applicable bonds.

Bond Anticipation Notes. These generally must mature within two years of their original dates of issuance but may be refunded from time to time for a period not to exceed five years from their original dates of issuance, provided that for each year that the notes are refunded beyond the second year they must be paid in part from revenue funds in an amount at least equal to the minimum annual payment that would have been required if the bonds had been issued at the end of the second year. For certain school projects, however, notes may be refunded from time to time for a period not to exceed seven years without having to pay any portion of the principal of the notes from revenue funds. The maximum term of bonds issued to refund bond anticipation notes is measured (except for certain school projects) from the date of the original issue of the notes.

Revenue Anticipation Notes. These are issued to meet current expenses in anticipation of taxes and other revenues. They must mature within one year but, if payable in less than one year, may be refunded from time to time up to one year from the original date of issue. The Town of Barnstable has not issued revenue anticipation notes in the last five fiscal years.

Grant Anticipation Notes. These are issued for temporary financing in anticipation of federal grants and state and county reimbursements. Generally, they must mature within two years but may be refunded from time to time as long as the municipality remains entitled to the grant or reimbursement.

Revenue Bonds. Cities and towns may issue revenue bonds for solid waste disposal facilities, for projects financed under the Commonwealth's Clean Water Revolving Loan Programs and for certain economic development projects supported by tax increment financing. In addition, cities and towns having electric departments may issue electric revenue bonds, and notes in anticipation of such bonds, subject to the approval of the State Department of Telecommunications and Energy. This article is not intended to summarize laws relating to revenue bonds or to notes issued in anticipation of them. Industrial revenue bonds are also outside the scope of this article.

**TOWN OF BARNSTABLE
Direct Debt Summary
As of June 30, 2015**

General Obligation Bonds:		
Sewer	\$	647,000
Water (1)		7,174,800
School (2)		25,037,900
MCWT (3)		22,308,450
General (4)		38,157,600
Golf Course		5,197,800
Airport (1)		620,000
Sandy Neck		1,065,000
Solid Waste		344,900
Marina		445,000
Total Long-Term Outstanding		\$ 100,998,450
This Issue of Bonds to be Dated 2/25/16		16,648,000
Temporary Loans:		
Bond Anticipation Notes Outstanding (5):	1,442,619	
Less:		
To Be Retired with Bond Proceeds	(698,619)	
Total Short-Term Debt Outstanding After This Issue (6)		744,000
Total Direct Debt After This Issue		\$ 118,390,450

- (1) Outside of the Town's debt limit.
- (2) \$16,383,300 is outside of the Town's debt limit and exempt from the limits of Proposition 2 ½, subject to the provisions of Chapter 44, Section 20.
- (3) Does not reflect subsidy from the Massachusetts Clean Water Trust. \$10,628,176 is outside of the Town's debt limit and \$482,440 is exempt from the limits of Proposition 2 ½.
- (4) \$468,500 is outside of the Town's debt limit.
- (5) Payable February 26, 2016.
- (6) Payable February 26, 2016 (to be renewed with a like amount of pending bond anticipation notes dated February 26, 2016 and payable February 24, 2017).

Outstanding Debt - Principal Payments by Purpose – Excludes This Issue

The following table sets forth, as of June 30, 2015, the principal payments by purpose on the outstanding general obligation bonds of the Town of Barnstable.

Fiscal Year	Sewer	Water (1)	School (2)	MCWT (3)	General (4)	Golf Course	Airport (1)	Sandy Neck	Solid Waste	Marina	Total
2016	\$ 134,000	\$ 485,000	\$ 4,702,100	\$ 1,955,325	\$ 4,910,400	\$ 568,500	\$ 30,000	\$ 55,000	\$ 30,000	\$ 25,000	\$ 12,895,325
2017	114,000	505,000	4,741,000	2,008,814	4,518,000	572,000	30,000	55,000	30,000	25,000	12,598,814
2018	54,000	499,800	4,739,500	1,861,193	4,414,000	498,800	30,000	55,000	28,900	25,000	12,206,193
2019	53,000	523,000	4,881,100	1,900,797	4,257,900	511,000	30,000	60,000	29,000	25,000	12,270,797
2020	53,000	544,000	1,488,000	1,489,056	4,043,000	518,000	35,000	60,000	29,000	25,000	8,284,056
2021	53,000	568,000	682,900	1,351,463	3,677,100	490,000	35,000	60,000	29,000	25,000	6,971,463
2022	23,000	587,000	618,000	1,278,486	3,369,000	494,000	35,000	65,000	29,000	30,000	6,528,486
2023	23,000	610,000	549,800	1,305,368	2,815,200	504,000	40,000	65,000	28,000	30,000	5,970,368
2024	28,000	633,000	513,000	1,287,499	1,636,000	517,000	40,000	65,000	28,000	30,000	4,777,499
2025	28,000	655,000	366,500	1,155,298	1,243,000	524,500	40,000	70,000	28,000	30,000	4,140,298
2026	28,000	683,000	366,000	1,178,568	1,195,000	-	40,000	75,000	28,000	30,000	3,623,568
2027	28,000	702,000	265,000	1,182,319	1,072,000	-	45,000	70,000	28,000	35,000	3,427,319
2028	28,000	30,000	215,000	1,196,562	537,000	-	45,000	75,000	-	35,000	2,161,562
2029	-	30,000	185,000	783,079	195,000	-	45,000	75,000	-	35,000	1,348,079
2030	-	20,000	185,000	757,440	180,000	-	50,000	80,000	-	40,000	1,312,440
2031	-	20,000	140,000	773,355	25,000	-	50,000	80,000	-	-	1,088,355
2032	-	20,000	100,000	417,379	25,000	-	-	-	-	-	562,379
2033	-	20,000	100,000	426,450	15,000	-	-	-	-	-	561,450
2034	-	20,000	100,000	-	15,000	-	-	-	-	-	135,000
2035	-	20,000	100,000	-	15,000	-	-	-	-	-	135,000
	<u>\$ 647,000</u>	<u>\$ 7,174,800</u>	<u>\$ 25,037,900</u>	<u>\$ 22,308,450</u>	<u>\$ 38,157,800</u>	<u>\$ 5,197,800</u>	<u>\$ 620,000</u>	<u>\$ 1,065,000</u>	<u>\$ 344,900</u>	<u>\$ 445,000</u>	<u>\$ 100,998,450</u>

- (1) Outside of the Town's debt limit.
- (2) \$16,383,300 is outside of the Town's debt limit and exempt from the limits of Proposition 2 ½.
- (3) Does not reflect subsidy from the Massachusetts Clean Water Trust. \$10,628,176 is outside of the Town's debt limit and \$482,440 is exempt from the limits of Proposition 2 ½.
- (4) \$468,500 is outside of the Town's debt limit.

**Debt Service Requirements
General Obligation Bonds
As of June 30, 2015 – Excludes This Issue**

Fiscal Year	Outstanding Debt (1)		Less	Less	Total
	Principal	Interest	MSBA School Grants	MCWT Subsidies	
2016	\$ 12,895,325	\$ 3,552,837	\$ (3,018,706)	\$ (395,703)	\$ 13,033,752
2017	12,598,814	3,086,727	(3,018,706)	(373,749)	12,293,086
2018	12,206,193	2,625,423	(3,018,706)	(286,073)	11,526,837
2019	12,270,797	2,127,900	(3,018,706)	(287,302)	11,112,689
2020	8,284,056	1,631,705	-	(127,359)	9,788,403
2021	6,971,463	1,341,534	-	(69,798)	8,243,199
2022	6,528,486	1,098,701	-	(65,822)	7,561,366
2023	5,970,367	864,947	-	(61,107)	6,774,207
2024	4,777,499	673,411	-	(46,526)	5,404,384
2025	4,140,298	527,230	-	-	4,667,528
2026	3,623,568	386,532	-	-	4,010,100
2027	3,427,319	281,102	-	-	3,708,421
2028	2,161,562	181,455	-	-	2,343,017
2029	1,348,079	124,350	-	-	1,472,429
2030	1,312,440	89,044	-	-	1,401,484
2031	1,088,355	53,303	-	-	1,141,658
2032	562,379	30,052	-	-	592,430
2033	561,450	17,282	-	-	578,731
2034	135,000	8,100	-	-	143,100
2035	135,000	4,050	-	-	139,050
Total	\$ 100,998,450	\$ 18,705,685	\$ (12,074,824)	\$ (1,693,439)	\$ 105,935,872

(1) Principal totaling \$16,865,740 and interest totaling \$2,047,380 is exempt from the limits of Proposition 2 ½.

Debt Ratios

The following table sets forth the ratio of debt to equalized valuation and per capita debt ratios at the end of the five most recent fiscal years. The table considers the principal amount of general obligation bonds of the Town only. The table does not deduct anticipated state grant payments applicable to the principal amount of outstanding bonds or debt that may be supported in whole, or part, by non-tax revenues. (See "Direct Debt Summary.")

Fiscal Year End	General Obligation Bonds Outstanding	Population (1)	Equalized Valuation (2)	Per Capita Debt (1)	Ratio Debt To Equalized Valuation
2015	\$ 100,998,450	45,193	\$ 13,476,184,100	\$ 2,235	0.75 %
2014	111,384,192	45,193	13,864,305,700	2,465	0.80
2013	118,095,608	45,193	13,864,305,700	2,613	0.85
2012	129,300,493	45,193	14,945,861,000	2,861	0.87
2011	136,501,604	45,193	14,945,861,000	3,020	0.91

(1) Based on 2010 Federal Census.

(2) 2014 Equalized Valuation is used for fiscal year 2015; 2012 Equalized Valuation is used for fiscal years 2013 and 2014; 2010 Equalized Valuation is used for fiscal years 2011 and 2012.

Authorized Unissued Debt and Prospective Financing

Following delivery of the Bonds, the Town will have approximately \$33 million in authorized unissued debt for various public improvements. The Town has no definitive plans for the issuance of any of this debt, the majority of which is expected to be offset with grants and/or be self-supporting.

Overlapping Debt (1)

The following table sets forth the outstanding bonded debt and authorized unissued debt, exclusive of temporary loans in anticipation of bonds or current revenue, of the overlapping entities and the Town's gross share of such debt and the fiscal 2015 dollar assessment for each.

	<u>Debt Outstanding as of June 30, 2015</u>	<u>Barnstable's Estimated Share</u>	<u>Share of Assessments for Operations & Debt Service (1)</u>
Barnstable County (2)	\$ 25,043,156	17.40 %	\$ 1,071,451
Cape Cod Regional Transit Authority (3)	-	33.64	522,169
Cape Cod Regional Technical High School District (4)	-	25.07 (5)	2,830,850
Barnstable Fire District	1,070,000	N.A. (6)	N.A. (6)
Centerville-Osterville- Marstons Mills Fire District	2,965,293	N.A. (6)	N.A. (6)
Cotuit Fire District	1,510,000	N.A. (6)	N.A. (6)
Hyannis Fire District	-	N.A. (6)	N.A. (6)
West Barnstable Fire District	-	N.A. (6)	N.A. (6)

(1) Estimated dollar assessment based upon total net operating expenses, inclusive (where applicable) of debt service.

(2) SOURCE: Barnstable County Treasurer. County expenses including debt service on county bonds are assessed upon the cities and towns within the county in proportion to their taxable valuation as last equalized by the State Commissioner of Revenue. Outstanding debt comprised of community septic bonds issued through the Massachusetts Water Pollution Abatement Trust. Estimated share and 2015 dollar assessment shown here are based on the 2012 equalized valuation. Includes Environmental Protection Fund Tax. (See Town of Barnstable Municipal Services above for information on abolishment of counties.)

(3) SOURCE: Cape Cod Regional Transit Authority. The municipal share is based on a percentage furnished by the Cape Cod Regional Transit Authority as that used in the most recent assessment of aggregate net cost of service of the Transit Authority, including debt service and net operating expenses, although assessments for various categories of service are separately calculated by different formulae. Shares vary from year to year. It has been state practice in recent years to absorb up to approximately 50 percent of the net cost of service of the Authority, including debt service on the Authority's bonds. The remainder of the net cost of service is assessed on the member municipalities within the territory of the Cape Cod Regional Transit Authority.

(4) SOURCE: Cape Cod Regional Technical High School District. Towns may organize regional school districts to participate in regional school districts, primarily for vocational education. The operating expenses and debt service of regional school districts are apportioned among the member municipalities in accordance with the agreements establishing the districts. Fiscal 2015 assessment for operations and debt service.

(5) The municipal share is based on the ratio of that member's pupil enrollment to the total pupil enrollment from all the member municipalities in the regional school district as of October 1 of the year proceeding the year for which the apportionment is being determined.

(6) SOURCE: Respective Fire Districts. To meet expenses of operations and debt service each Fire District levies its own taxes based on the assessed valuation as established by the Town, of the property within each Fire District. The tax rates per \$1,000 of assessed valuation, the tax levies and the total assessed valuation of each Fire District for the last five fiscal years were as follows (for more information regarding each Fire District, see Appendix D).

Fiscal Year	Barnstable Fire District	Centerville-Osterville Marstons Mills Fire District	Cotuit Fire District	Hyannis Fire District	West Barnstable Fire District
Assessed Valuation:					
2016	\$ 1,208,253,650	\$ 6,892,309,250	\$ 1,343,464,130	\$ 3,131,876,690	\$ 563,197,440
2015	1,164,821,640	6,643,212,140	1,300,332,690	3,038,389,165	552,172,790
2014	1,150,107,800	6,580,385,670	1,282,780,860	3,029,290,035	549,834,340
2013	1,167,032,500	6,643,077,130	1,289,127,700	3,063,743,355	556,715,830
2012	1,156,416,040	6,739,529,240	1,318,874,260	3,040,402,330	567,902,100
Tax Levies:					
2016	\$ 3,648,926	\$ 10,958,712	\$ 2,955,621	\$ 8,979,002	\$ 1,509,369
2015	3,273,149	10,296,979	2,886,739	8,109,789	1,468,780
2014	3,105,291	9,936,382	2,591,217	7,947,989	1,424,071
2013	2,999,274	9,831,574	2,255,973	7,211,891	1,394,021
2012	2,914,168	9,637,527	2,901,523	7,992,181	1,344,741
Full Value Tax Rate:					
2016	\$ 3.02	\$ 1.59	\$ 2.20	\$ 3.87	\$ 2.68
2015	2.81	1.55	2.22	3.60	2.66
2014	2.70	1.51	2.02	2.23	2.59
2013	2.57	1.48	1.75	2.00	2.85
2012	2.52	1.43	2.20	2.24	2.70

Contractual Obligations

Municipal contracts are generally limited to currently available appropriations. A city or town generally has authority to enter into contracts for the exercise of its corporate powers for any period of time deemed to serve its best interest, but generally only when funds are available for the first fiscal year; obligations for succeeding fiscal years generally are expressly subject to availability and appropriation of funds. Municipalities have specific authority in relatively few cases to enter into long term contractual obligations that are not subject to annual appropriation, including contracts for refuse disposal and sewage treatment and disposal. Municipalities may also enter into long-term contracts in aid of housing and renewal projects. There may be implied authority to make other long-term contracts required to carry out authorized municipal functions, such as contracts to purchase water from private water companies.

Municipal contracts relating to solid waste disposal facilities may contain provisions requiring the delivery of minimum amounts of waste and payments based thereon and requiring payments in certain circumstances without regard to the operational status of the facilities.

Municipal electric departments have statutory power to enter into long-term contracts for joint ownership and operation of generating and transmission facilities and for the purchase or sale of capacity, including contracts requiring payments without regard to the operational status of the facilities.

Pursuant to the Home Rule Amendment to the Massachusetts Constitution, cities and towns may also be empowered to make other contracts and leases.

The Town has a limited number of long-term contractual obligations.

In January of 1985 the Town signed a 27-year agreement with the SEMASS partnership for the incineration of solid waste at the SEMASS waste-to-energy plant in Rochester, Massachusetts, starting in 1990. In order to deliver the solid waste to the incinerator the waste needs to be consolidated first at a transfer station. In March of 1989 the Town signed an inter-municipal agreement with the Town of Yarmouth to participate in the design and construction of such a facility to be located at the Yarmouth landfill. The Town's share of the construction cost is being covered by user fees over the life of the contract.

RETIREMENT SYSTEM

The Massachusetts General Laws provide for the establishment of contributory retirement systems for state employees, for teachers and for county, city and town employees other than teachers. Teachers are assigned to a separate statewide teachers' system and not to the city and town systems. For all employees other than teachers, this law is subject to acceptance in each city and town. Substantially all employees of an accepting city or town are covered. If a town has a population of less than 10,000 when it accepts the statute, its non-teacher employees participate through the county system and its share of the county cost is proportionate to the aggregate annual rate of regular compensation of its covered employees. In addition to the contributory systems, cities and towns provide non-contributory pensions to a limited number of employees, primarily persons who entered service prior to July 1, 1937 and their dependents. The Public Employee Retirement Administration Commission ("PERAC") provides oversight and guidance for and regulates all state and local retirement systems.

The obligations of a city or town, whether direct or through a county system, are contractual legal obligations and are required to be included in the annual tax levy. If a city or town, or the county system of which it is a member, has not established a retirement system funding schedule as described below, the city or town is required to provide for the payment of the portion of its current pension obligations which is not otherwise covered by employee contributions and investment income. "Excess earnings," or earnings on individual employees' retirement accounts in excess of a predetermined rate, are required to be set aside in a pension reserve fund for future, not current, pension liabilities. Cities and towns may voluntarily appropriate to their system's pension reserve fund in any given year up to five percent of the preceding year's tax levy. The aggregate amount in the fund may not exceed ten percent of the equalized valuation of the city or town.

If a city or town, or each member city and town of a county retirement system, has accepted the applicable law, it is required to annually appropriate an amount sufficient to pay not only its current pension obligations, but also a portion of its future pension liability. The portion of each such annual payment allocable to future pension obligations is required to be deposited in the pension reserve fund. The amount of the annual city or town appropriation for each such system is prescribed by a retirement system funding schedule which is periodically reviewed and approved by PERAC. Each system's retirement funding schedule is designed to reduce the unfunded actuarial pension liability of the system to zero by not later than June 30, 2030, with annual increases in the scheduled payment amounts of not more than 4.5 percent. The funding schedule must provide that payment in any year of the schedule is not less than 95 percent of the amount appropriated in the previous fiscal year. City, town and county systems which have an approved retirement funding schedule receive annual pension funding grants from the Commonwealth for the first 16 years of such funding schedule. Pursuant to recent legislation, a system (other than the state employees' retirement system and the teachers' retirement system) which conducts an actuarial valuation as of January 1, 2009, or later, may establish a revised schedule which reduces the unfunded actuarial liability to zero by not later than June 30, 2040, subject to certain conditions. If the schedule is so extended under such provisions and a later updated valuation allows for the development of a revised schedule with reduced payments, the revised schedule shall be adjusted to provide that the appropriation for each year shall not be less than that for such year under the prior schedule, thus providing for a shorter schedule rather than reduced payments.

City, town and county systems may choose to participate in the Pension Reserves Investment Trust Fund (the "PRIT Fund"), which receives additional state funds to offset future pension costs of participating state and local systems. If a local system participates in the PRIT Fund, it must transfer ownership and control of all assets of its system to the Pension Reserves Investment Management Board, which manages the investment and reinvestment of the PRIT Fund. Cities and towns with systems participating in the PRIT Fund continue to be obligated to fund their pension obligations in the manner described above. The additional state appropriations to offset future pension liabilities of state and local systems participating in the PRIT Fund are required to total at least 1.3 percent of state payroll. Such additional state appropriations are deposited in the PRIT Fund and shared by all participating systems in proportion to their interests in the assets of the PRIT Fund as of July 1 for each fiscal year.

The Town participates in the contributory retirement system of Barnstable County, a retirement system under the Massachusetts Contributory Retirement Law that is partially funded by employee contributions. The retirement system covers substantially all municipal employees except schoolteachers, whose pensions are paid by the Commonwealth.

The following table shows the trend in recent annual contributions of the Town to the Barnstable County Retirement System (the "Retirement System").

Year	Contributory	Non-Contributory
2016 (budgeted)	\$ 8,024,464	\$ 10,763
2015	7,854,870	2,946 (1)
2014	7,542,493	14,558
2013	6,956,781	13,495
2012	6,538,491	17,501
2011	5,978,699	15,000

(1) Decrease represents three individuals on workmen's compensation, reduced from four individuals in fiscal 2014.

The foregoing data does not include the retirement system costs or liabilities attributable to employees of the county or the Retirement System or liabilities of any other entity of which the Town is a constituent part.

As of January 1, 2014, the unfunded actuarial accrued liability (UAAL) of the Retirement System was approximately \$577 million assuming an actuarial accrued liability of \$1.35 billion, an actuarial value of assets of \$777 million and a 7.75% investment rate of return. Approximately 15.2%, or \$88 million, of the Retirement System's UAAL is allocated to the Town. At the 1984 town meeting, the Town established a pension fund stabilization reserve. At June 30, 2015, the value of this fund was \$2,146,108.

The Retirement System's current funding schedule amortizes its unfunded pension liability through fiscal 2038 as shown below.

Current Barnstable County Funding Schedule

Funding Schedule 1 – Fully Funded by 2036 with COLA base increased to \$16,000 effective July 1, 2015, \$17,000 effective July 1, 2016 and \$18,000 effective July 1, 2017

(1) Fiscal Year Ended June 30,	(2) Employer Normal Cost	(3) Amortization of ERI (2002) Liability	(4) Amortization of ERI (2003) Liability	(5) Amortization of ERI (2010) Liability	(6) Amortization of Remaining Liability	(7) Plan Cost Without Retired County Sheriff Liability: (2)+(3)+(4) +(5)+(6)	(8) Amortization of Retired County Sheriff Liability	(9) Total County Sheriff Appropriation: (7)+(8)	(10) Total UAL at Beginning of Fiscal Year	(11) Increase Over Prior Appropriation
2015	\$12,682,491	\$398,358	\$187,423	\$263,893	\$37,856,333	\$51,388,498	\$1,085,077	\$52,473,575	\$598,771,744	-
2016	13,414,430	414,292	194,920	263,893	38,981,509	53,269,044	1,306,971	54,576,015	606,693,833	4.01%
2017	14,179,273	430,864	202,717	263,893	40,865,470	55,942,217	1,359,250	57,301,467	614,829,148	4.99%
2018	14,978,560	448,098	210,825	263,893	42,905,626	58,807,002	1,413,620	60,220,622	622,475,592	5.09%
2019	15,643,228	466,022	219,258	263,893	44,490,138	61,082,539	1,470,165	62,552,704	621,119,141	3.87%
2020	16,337,205	484,663	228,029	263,893	46,171,011	63,484,801	1,528,972	65,013,773	618,385,726	3.93%
2021	17,061,778	504,050	237,150	263,893	47,950,122	66,016,993	1,590,130	67,607,123	614,004,893	3.99%
2022	17,818,288	524,212	246,636	263,893	49,830,003	68,683,032	1,653,736	70,336,768	607,691,388	4.04%
2023	18,608,135	545,180	256,501	-	51,823,203	71,233,019	1,719,885	72,952,904	599,245,011	3.72%
2024	19,432,781	566,987	266,761	-	53,896,131	74,162,660	1,788,681	75,951,341	588,212,594	4.11%
2025	20,293,751	589,667	277,432	-	56,051,977	77,212,827	1,860,228	79,073,055	574,026,208	4.11%
2026	21,192,637	613,253	288,529	-	58,294,056	80,388,475	1,934,637	82,323,112	556,349,462	4.11%
2027	22,131,099	637,784	300,070	-	60,625,818	83,694,771	2,012,022	85,706,793	534,816,218	4.11%
2028	23,110,872	663,295	312,073	-	63,050,851	87,137,091	2,092,503	89,229,594	509,028,134	4.11%
2029	24,133,765	689,827	324,556	-	65,572,885	90,721,033	2,176,203	92,897,236	478,552,020	4.11%
2030	25,201,664	717,420	337,538	-	68,195,800	94,452,422	2,263,252	96,715,674	442,916,975	4.11%
2031	26,316,542	746,117	351,040	-	70,923,632	98,337,331	2,353,782	100,691,113	401,611,302	4.11%
2032	27,480,454	775,961	365,081	-	73,760,577	102,382,073	2,447,933	104,830,006	354,079,169	4.11%
2033	28,695,546	807,000	379,684	-	76,711,001	106,593,231	2,545,850	109,139,081	299,717,016	4.11%
2034	29,964,058	839,280	394,872	-	79,779,441	110,977,651	2,647,684	113,625,335	237,869,665	4.11%
2035	31,288,326	872,851	410,667	-	82,970,618	115,542,462	2,753,592	118,296,054	167,826,126	4.11%
2036	32,670,789	907,733	427,094	-	86,289,444	120,295,060	2,863,734	123,158,794	88,815,076	4.11%
2037	34,113,991	-	-	-	-	34,113,991	-	34,113,991	-	-72.30%
2038	35,620,590	-	-	-	-	35,620,590	-	35,620,590	-	4.42%

Notes: Recommended contributions are assumed to be paid on July 1 and December 31.

Item (2) reflects 4.0% growth in payroll and 0.15% adjustment to total normal cost to reflect the effects of mortality improvement due to the generational mortality assumption.

Projected normal cost does not reflect the future impact of pension reform for future hires.

Amortization payments calculated to increase 4.0% per year, except for 2010 ERI amortization payments, which are level.

Reflects deferred investment gains.

The Retiree Sheriff 2002 ERI payment is included in item (8).

Fiscal 2016, 2017 and 2018 amounts are adjusted to reflect the increase in the COLA base effective that July 1.

SOURCE: January 1, 2014 Barnstable County Retirement System Actuarial Valuation, The Segal Group, Inc.

Other Post-Employment Benefits

In addition to pension benefits, cities and towns may provide retired employees with health care and life insurance benefits. The portion of the cost of such benefits paid by cities or towns is generally provided on a pay-as-you-go basis. The pay-as-you-go cost to the Town for such benefits in recent years has been as follows:

<u>Fiscal Year</u>		<u>Pay-As-You-Go Cost (1)</u>
2016	(budgeted) \$	5,104,909
2015		4,971,187
2014		5,322,423
2013		4,916,640
2012		5,657,922
2011		5,777,561

(1) Includes assessment by state for retired teachers' health insurance, which is included in state and county assessments on the Town's tax recapitulation sheet.

The Governmental Accounting Standards Board ("GASB") promulgated its Statement Nos. 43 and 45, which require public sector entities to report the future costs of these non-pension, post-employment benefits in their financial statements. These accounting standards do not require pre-funding such benefits, but the basis applied by the standards for measurement of costs and liabilities for these benefits is conservative if they continue to be funded on a pay-as-you-go basis and will result in larger yearly cost and liability accruals than if such benefits were pre-funded in a trust fund in the same manner as traditional pension benefits. Cities and towns that choose to self-insure all or a portion of the cost of the health care benefits they provide to employees and retirees may establish a trust fund for the purpose of paying claims. In addition, cities and towns may establish a trust fund for the purpose of pre-funding other post-employment benefits liability in the same manner as traditional pension benefits.

The Town implemented the new GASB reporting requirements for other post-employment benefits beginning in fiscal year 2008. The Town hired Segal Consulting to perform an actuarial valuation of its non-pension, post-employment benefit liability, and Town's unfunded accrued actuarial liability (UAAL) as of June 30, 2014 was \$130,480,546 assuming an actuarial accrued liability of \$131,158,217, an actuarial value of assets of \$782,352, and a 5.5% investment rate of return amortized over 30 years with payments increasing at 4.0% per year. The Town's annual required contribution (ARC) for the fiscal year ended June 30, 2015 was \$8,657,089.

In June 2011, the Town established an OPEB Liability Trust Fund and the value from the Town's Insurance Reserve Trust Fund was transferred into the OPEB Liability Trust Fund. The balance of this fund on June 30, 2013, June 30, 2014 and June 30, 2015 was \$1,024,420, \$1,373,922 and \$2,146,108, respectively. The Town appropriated \$200,000 to this fund in fiscal 2013, \$250,000 in fiscal 2014 and \$478,000 in fiscal 2015.

For further information relating to the Town's other post-employment benefits, please refer to Appendix A.

EMPLOYEE RELATIONS

City and town employees (other than managerial or confidential employees) are entitled to join unions and to bargain collectively on questions of wages, hours and other terms and conditions of employment. The Town has approximately 1,210 full-time, 121 part-time and an average of 496 seasonal employees. Of the full and part-time employees of the Town, 1,213 are represented by unions.

<u>Union</u>	<u>Department</u>	<u>No. of People</u>	<u>Contract Expires (1)</u>
Barnstable Teachers Assoc.	School Teachers, Nurses, Clerks & Paraprofessionals	710	6/30/2015
BMEA	Municipal (white collar)	165	6/30/2016
AFSCME	DPW Workers & Golf Course	88	6/30/2016
Mass Cop	Police Patrolmen	88	6/30/2016
AFSCME	School Custodians/Maintenance	55	6/30/2015
Teamsters	Airport	21	6/30/2017
BMEA	Department Head Unit	31	6/30/2016
Mass Cop	Police Superior Officers	22	6/30/2016
BAO	School Administrators	33	6/30/2015
TOTAL		<u><u>1,213</u></u>	

(1) Expired contracts are currently in negotiations.

LITIGATION

There are several cases pending in various courts throughout the Commonwealth where the Town is a defendant. In the opinion of the Town Attorney, none of the pending litigation is likely to result, either individually or in the aggregate, in final judgment against the Town that would materially affect its financial position.

TOWN OF BARNSTABLE, MASSACHUSETTS
/s/ Debra M. Blanchette, Treasurer

February 18, 2016