

OFFICIAL STATEMENT DATED FEBRUARY 13, 2018

Rating: See "Rating" herein.  
S&P Global Ratings: 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, as amended (the "Code"). Interest on the Bonds will not be included in computing the alternative minimum taxable income of individuals or, except as described herein, corporations. 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. See "Tax Exemption" herein. The Bonds will not be designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

TOWN OF BARNSTABLE, MASSACHUSETTS  
\$9,875,000 GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2018 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 any integral multiple thereof. (See "Book-Entry Transfer System" herein.)

Principal of the Bonds will be payable February 15 of the years in which the Bonds mature. Interest on the Bonds will be payable February 15 and August 15, commencing August 15, 2018. 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 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 described 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, Massachusetts, and that the principal of and interest on the Bonds are payable from taxes that may be levied upon all the property within the territorial limits of the Town, subject to the limit imposed by Chapter 59, Section 21C of the General Laws.

MATURITIES, AMOUNTS, RATES, YIELDS AND CUSIPS

Due February 15	Principal Amount	Interest Rate	Yield	Cusip 068167	Due February 15	Principal Amount	Interest Rate	Yield	Cusip 068167
2019	\$660,000	3.00 %	1.30 %	F26	2029	\$440,000	4.00 %	2.59 %	G41
2020	645,000	4.00	1.50	F34	2030	440,000	4.00	2.65	G58
2021	635,000	5.00	1.63	F42	2031	435,000	3.00	2.90	G66
2022	635,000	5.00	1.76	F59	2032	420,000	3.00	3.00	G74
2023	630,000	3.00	1.92	F67	2033	420,000	3.00	3.05	G82
2024	565,000	5.00	2.04	F75	2034	340,000	3.00	3.10	G90
2025	565,000	5.00	2.14	F83	2035	340,000	3.00	3.15	H24
2026	565,000	5.00	2.27	F91	2036	340,000	3.125	3.20	H32
2027	560,000	5.00	2.36	G25	2037	340,000	3.25	3.25	H40
2028	560,000	5.00	2.45	G33	2038	340,000	3.25	3.30	H57

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. Hilltop Securities Inc., Boston, Massachusetts has acted as Financial Advisor to the Town of Barnstable, Massachusetts, with respect to the Bonds. The Bonds in definitive form will be delivered to DTC, or its custodial agent, on or about February 27, 2018 against payment to the Town in federal funds.

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The information and expressions of opinion in this Official Statement are subject to change without notice. Neither the delivery of this 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 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 of Sale: Tuesday, February 13, 2018, 11:00 a.m. (Eastern Time).

Location of Sale: Hilltop Securities Inc., 54 Canal Street, 3rd Floor, Boston, Massachusetts 02114.

Issuer: Town of Barnstable, Massachusetts.

Issue: \$9,875,000 General Obligation Municipal Purpose Loan of 2018 Bonds, see "THE BONDS Book-Entry Transfer System" herein.

Official Statement Dated: February 13, 2018.

Dated Date of the Bonds: As of their date of delivery.

Principal Due: Serially February 15, 2019 through February 15, 2038 as detailed herein.

Purpose and Authority: Bond proceeds will be used to finance various capital projects, as detailed herein. See "Authorization of the Bonds and Use of Proceeds."

Redemption: The Bonds are subject to redemption prior to their stated maturity dates as described herein.

Security: The Bonds are valid general obligations of the Town of Barnstable, and, to the extent not paid from other sources, the Bonds are payable from taxes which may be levied upon all the property within the territorial limits of the Town, subject to the limit imposed by Chapter 59, Section 21C of the General Laws.

Credit Rating: S&P Global Ratings has assigned a rating of AAA to the Bonds.

Bond Insurance: The Town has not contracted for the issuance of any policy of municipal bond insurance or any other credit enhancement facility.

Basis of Award: Lowest True Interest Cost (TIC), as of the dated date. **BIDS MUST INCLUDE A PREMIUM OF AT LEAST \$90,000.**

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.

Legal Opinion: Locke Lord LLP, Boston, Massachusetts.

Financial Advisor: Hilltop Securities Inc., 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 27, 2018, 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, Hilltop Securities Inc., Boston, Massachusetts - telephone (617) 619-4408.

**NOTICE OF SALE**

**TOWN OF BARNSTABLE, MASSACHUSETTS**

**\$10,600,000\* GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2018 BONDS**

The Town of Barnstable, Massachusetts (the "Town") will receive sealed and electronic (as described herein) proposals until 11:00 a.m., Eastern Time, Tuesday, February 13, 2018, for the purchase of the following described General Obligation Municipal Purpose Loan of 2018 Bonds of the Town (the "Bonds"):

\$10,600,000\* General Obligation Municipal Purpose Loan of 2018 Bonds payable February 15 of the years and in the 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>
2019	\$ 700,000	2029	**	\$ 465,000
2020	685,000	2030	**	460,000
2021	680,000	2031	**	460,000
2022	680,000	2032	**	460,000
2023	680,000	2033	**	460,000
2024	610,000	2034	**	370,000
2025	610,000	2035	**	370,000
2026	605,000	2036	**	370,000
2027	600,000	2037	**	370,000
2028	600,000	2038	**	365,000

\*Preliminary, subject to change.

\*\*May be combined into one, two or three Term Bonds.

The Bonds will be dated their date of delivery. Principal of the Bonds will be payable on February 15 of the years in which the Bonds mature. Interest will be payable on February 15 and August 15, commencing August 15, 2018.

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, 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 Bonds maturing in the years 2019 through 2028 will not be subject to redemption prior to maturity. The Bonds maturing on and after February 15, 2029 shall be subject to redemption prior to maturity, at the option of the Town, on or after February 15, 2028, either in whole or in part at any time, and if in part, by lot within a maturity, at the par amount of the Bonds to be redeemed.

For Bonds maturing on February 15, 2029, and thereafter, bidders may specify that all of the principal amount of such Bonds in any two or more consecutive years may, in lieu of maturing in each such year, be combined to comprise one maturity of Term Bonds scheduled to mature in the latest of the combined years, and shall be subject to mandatory redemption prior to maturity at par as described above, in each of the years and in the principal amounts specified in the foregoing maturity schedule. Each mandatory redemption shall be allocated to the payment of the term bond maturing in the nearest subsequent year. Bidders may specify no more than three Term Bonds.

Term Bonds, if any, shall be subject to mandatory redemption on February 15 of the year or years immediately prior to the stated maturity of such Term Bond (the particular Bonds of such maturity to be redeemed to be selected by lot) as indicated in the foregoing maturity schedule at the principal amount thereof, without premium.

The original Bonds to be immobilized at DTC will be prepared under the supervision of Hilltop Securities Inc. 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 Bond owner, such payments will be made directly to DTC. 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 the Indirect Participants, as more fully described herein.

**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 in excess of 5.0%. No bid of less than par plus a premium of \$90,000 will be accepted.**

**The current Bond structure does not reflect any premium.** The Town reserves the right to change the aggregate principal amount of the Bonds and the maturity schedule after the determination of the winning bid by decreasing the aggregate principal amount and the principal amount of each maturity by such amounts as may be necessary to change the maturity schedule of the Bonds after the determination of the winning bid by decreasing the par amount of each component of the Bonds by its pro-rata share of the premium received (net of issuance costs), and increasing or decreasing the amount of each maturity by such amounts as may be necessary to achieve equal or declining principal payments by purpose. The dollar amount bid for the Bonds by the winning bidder will be adjusted, if applicable, to reflect changes in the dollar amount of the amortization schedule. Any price that is adjusted will reflect changes in the dollar amount of the underwriter's discount and original issue premium, if any, but will not change the per bond underwriter's discount (net of insurance premium, if any) provided in such bid. Nor will it change the interest rate specified for each maturity. Any such adjustments will be communicated to the winning bidder for the Bonds by 4 p.m. on the day of the sale.

#### **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.

Bids 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 Hilltop Securities Inc., 54 Canal Street, Boston, Massachusetts 02114. Signed blank bid forms may be faxed to (617) 619-4411 prior to submitting bids, and actual bids may be telephoned to Hilltop Securities Inc., telephone (617) 619-4400, at least one-half hour prior to the 11:00 a.m. sale and after receipt of the faxed bid form by Hilltop Securities Inc. Hilltop Securities Inc. will act as agent for the bidder, but neither the Town nor Hilltop Securities Inc. shall be responsible for any errors in connection with bids submitted in this manner.
- (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 I-deal at 40 West 23rd Street, 5th Floor, New York, NY 10010 (212) 404-8102. 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.

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 all bids and to reject any bid not complying with this Notice of Sale and, so far as permitted by law, to waive any irregularity with respect to any proposal.

The Town of Barnstable 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 therefor, 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 its contractual obligations arising from the acceptance of its 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 S&P Global Ratings for a rating on the Bonds. Any such fee paid to S&P Global Ratings would be borne by the Town.

It shall be a condition to the obligation of the successful bidder to accept delivery of and pay for the Bonds that it shall be furnished, without cost, with (a) the approving opinion of the firm of Locke Lord LLP, Boston, Massachusetts, substantially in the form appearing as Appendix B of the Preliminary Official Statement dated February 6, 2018, (b) a certificate in the form satisfactory to Bond Counsel dated as of the date of delivery of the Bonds and receipt of payment therefor to the effect that there is no litigation pending or, to the knowledge of the signers thereof, threatened which affects 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, as of its date and as of the date of sale the Preliminary Official Statement did not, and as of its date and the date of the delivery of the Bonds, the Final Official Statement did not and does not, contain any untrue statement of a material fact and did not and does not omit to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading, and (d) a Continuing Disclosure Certificate in the form described in the Preliminary Official Statement.

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 dated February 6, 2018.

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.

Additional information concerning the Town of Barnstable and the Bonds is contained in the Preliminary Official Statement dated February 6, 2018, 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. Said Preliminary Official Statement is deemed final by the Town except for the omission of the reoffering price(s), interest rate(s), delivery date, the identity of the underwriter(s), and any other pertinent terms of the Bonds depending on such matters, but is subject to change without notice to completion or amendment in a Final Official Statement. Copies of the Preliminary Official Statement may be obtained from Hilltop Securities Inc., 54 Canal Street, Boston, Massachusetts 02114 (Telephone: 617-619-4400). Within seven (7) business days following the award of the Bonds in accordance herewith, 10 copies of the Final Official Statement will be available from the Hilltop Securities Inc. to the successful bidder for use in reoffering the Bonds. Upon request, additional copies will be provided at the expense of the requester.

The successful bidder shall assist the Town in establishing the issue price of the Bonds and shall execute and deliver to the Town on the Closing Date an “issue price” or similar certificate, in the applicable form set forth in Exhibit 1 to this Notice of Sale, setting forth the reasonably expected initial offering prices to the public or the sales price of the Bonds together with the supporting pricing wires or equivalent communications, or, if applicable, the amount bid, with such modifications as may be appropriate or necessary, in the reasonable judgment of the successful bidder, the Town and Bond Counsel. All actions to be taken by the Town under this Notice of Sale to establish the issue price of the Bonds may be taken on behalf of the Town by Hilltop Securities Inc. (the “Financial Advisor”) and any notice or report to be provided to the Town may be provided to the Financial Advisor.

Competitive Sale Requirements. If the competitive sale requirements (“competitive sale requirements”) set forth in Treasury Regulation § 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Bonds) have been satisfied, the Town will furnish to the successful bidder on the Closing Date a certificate of the Financial Advisor, which will certify each of the following conditions to be true:

1. the Town has disseminated this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
2. all bidders had an equal opportunity to bid;
3. the Town received bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and

4. the Town awarded the sale of the Bonds to the bidder who submitted a firm offer to purchase the Bonds at the highest price (or lowest interest cost), as set forth in this Notice of Sale.

**Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid. Unless a bidder notifies the Town prior to submitting its bid by facsimile or email to the Financial Advisor 617.619.4411, and affirming in writing in writing via email or facsimile, or in its bid submitted via Parity, that it will NOT be an “underwriter” (as defined below) of the Bonds, by submitting its bid, each bidder shall be deemed to confirm that it has an established industry reputation for underwriting new issuances of municipal bonds. Unless the bidder has notified the Town that it will not be an “underwriter” (as defined below) of the Bonds, in submitting a bid, each bidder is deemed to acknowledge that it is an “underwriter” that intends to reoffer the Bonds to the public.**

In the event that the competitive sale requirements are not satisfied, the Town shall so advise the successful bidder.

Failure to Meet the Competitive Sale Requirements – Option A – The Successful Bidder Intends to Reoffer the Bonds to the Public. If the competitive sale requirements are not satisfied and the successful bidder intends to reoffer the Bonds to the public, the Town will use the first price at which 10% of a maturity of the Bonds (the “10% test”) is sold to the public as the issue price of that maturity, applied on a maturity-by-maturity basis, of the Bonds. The successful bidder shall advise the Financial Advisor if any maturity of the Bonds satisfies the 10% test as of the date and time of the award of the Bonds. The Town will not require bidders to comply with the “hold-the-offering-price rule” set forth in the applicable Treasury Regulations and therefore does not intend to use the initial offering price to the public as of the Sale Date of any maturity of the Bonds as the issue price of that maturity, if the competitive sale requirements are not met.

If the competitive sale requirements are not satisfied, then until the 10% test has been satisfied as to each maturity of the Bonds or all of the Bonds are sold to the public, the successful bidder agrees to promptly report to the Financial Advisor the prices at which the unsold Bonds of each maturity have been sold to the public, which reporting obligation shall continue, whether or not the Closing Date has occurred, until the 10% test has been satisfied for each maturity of the Bonds or until all the Bonds of a maturity have been sold. The successful bidder shall be obligated to report each sale of Bonds to the Financial Advisor until notified in writing by the Town or the Financial Advisor that it no longer needs to do so.

By submitting a bid and if the competitive sale requirements are not met, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the successful bidder that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public, if and for so long as directed by the successful bidder and as set forth in the related pricing wires and (ii) any agreement among underwriters relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the successful bidder or such underwriter that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public if and for so long as directed by the successful bidder or such underwriter and as set forth in the related pricing wires.

Sales of any Bonds to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

1. “public” means any person other than an underwriter or a related party,
2. “underwriter” means (A) any person that agrees pursuant to a written contract with the Town (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the public), and
3. a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct

ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

Failure to Meet the Competitive Sale Requirements — Option B — The Successful Bidder Intends to Reoffer the Bonds to the Public and Agrees to Hold the Price of Maturities of Bonds for Which the 10% Test in Option A Is Not Met as of the Sale Date. The successful bidder may, at its option, notify the Financial Advisor in writing, which may be by email (the "Hold the Price Notice"), not later than 4:00 p.m., Eastern Time, on the Sale Date, that it has not sold 10% of the maturities of the Bonds listed in the Hold the Price Notice (the "Unsold Maturities") and that the successful bidder will not offer the Unsold Maturities to any person at a price that is higher than the initial offering price to the public during the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date or (ii) the date on which the successful bidder has sold at least 10% of the applicable Unsold Maturity to the public at a price that is no higher than the initial offering price to the public. If the successful bidder delivers a Hold the Price Notice to the Financial Advisor, the successful bidder must provide to the Issuer on or before the Closing Date, in addition to the certification described in Option A above, evidence that each underwriter of the Bonds, including underwriters in an underwriting syndicate or selling group, has agreed in writing to hold the price of the Unsold Maturities in the manner described in the preceding sentence.

Failure to Meet the Competitive Sale Requirements and/or the Successful Bidder Does Not Intend to Reoffer the Bonds to the Public – Option C. If the successful bidder has purchased the Bonds for its own account and will not distribute or resell the Bonds to the public, then, whether or not the competitive sale requirements were met, the reoffering price certificate will recite such facts and identify the price or prices at which the purchase of the Bonds was made.

It is anticipated that CUSIP identification numbers will be printed on the Bonds. The Town assumes no responsibility for any CUSIP Service Bureau or other charge that may be imposed for the assignment of such numbers.

The Bonds in definitive form will be delivered to The Depository Trust Company or its custodial agent on or about February 27, 2018 for settlement in federal funds.

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

February 6, 2018



**[Issue Price Certificate for Use If the Competitive Sale Requirements Are Met]**

**Town of Barnstable, Massachusetts**  
**\$10,600,000\* General Obligation Municipal Purpose Loan of 2018 Bonds dated February 27, 2018**

**ISSUE PRICE CERTIFICATE AND RECEIPT**

The undersigned, on behalf of \_\_\_\_\_ (the "Successful Bidder"), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the "Bonds") of the Town of Barnstable, Massachusetts (the "Issuer").

**1. Reasonably Expected Initial Offering Prices.**

(a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by the Successful Bidder are the prices listed in Schedule A (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities of the Bonds used by the Successful Bidder in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by the Successful Bidder to purchase the Bonds.

(b) The Successful Bidder was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by the Successful Bidder constituted a firm offer to purchase the Bonds.

**2. Defined Terms.**

(a) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is February 13, 2018.

(d) *Underwriter* means (i) any person, including the Successful Bidder, that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

**3. Receipt.** The Successful Bidder hereby acknowledges receipt of the Bonds and further acknowledges receipt of all certificates, opinions, and other documents required to be delivered to the Successful Bidder, before or simultaneously with the Bonds, which certificates, opinions, and other documents are satisfactory to the Successful Bidder.

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Successful Bidders interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Locke Lord LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

Dated: \_\_\_\_\_, 20\_\_

[NAME OF SUCCESSFUL BIDDER]

By: \_\_\_\_\_

Name:

Title:

\_\_\_\_\_  
 \*Preliminary, subject to change.

**SCHEDULE A**  
**EXPECTED OFFERING PRICES**  
**(To Be Attached)**

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**SCHEDULE B**  
**COPY OF SUCCESSFUL BIDDER'S BID**  
**(To Be Attached)**

**[Issue Price Certificate for Use If the Competitive Sale Requirements Are Not Met and the Hold the Price Rule Is Not Used]**

**Town of Barnstable, Massachusetts  
\$10,600,000\* General Obligation Municipal Purpose Loan of 2018 Bonds dated February 27, 2018**

**ISSUE PRICE CERTIFICATE AND RECEIPT**

The undersigned, on behalf of \_\_\_\_\_, (the “[Successful Bidder][Representative]”), on behalf of itself [and [NAMES OF OTHER UNDERWRITERS]] hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”) of the Town of Barnstable, Massachusetts (the “Issuer”).

**1. Sale of the Bonds.** As of the date of this certificate, [except as set forth in following paragraph,] for each Maturity of the Bonds, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule A.

[Only use the next paragraph if the 10% test has not been met or all of the Bonds have not been sold for one or more Maturities of Bonds as of the Closing Date.]

For each Maturity of the Bonds as to which no price is listed in Schedule A, as set forth in the Notice of Sale for the Bonds, until at least 10% of each such Maturity of the Bonds is sold to the Public (the “10% test”) or all of the Bonds are sold to the Public, the [Successful Bidder][Representative] agrees to promptly report to the Issuer’s financial advisor, Hilltop Securities Inc. (the “Financial Advisor”) the prices at which the unsold Bonds of each Maturity have been sold to the Public, which reporting obligation shall continue after the date hereof until the 10% test has been satisfied for each Maturity of the Bonds or until all the Bonds of a Maturity have been sold. The [Successful Bidder][Representative] shall continue to report each sale of Bonds to the Financial Advisor until notified by email or in writing by the State or the Financial Advisor that it no longer needs to do so.

**2. Defined Terms.**

(a) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) *Underwriter* means (i) any person, including the [Successful Bidder][Representative], that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

**3. Receipt.** The [Successful Bidder][Representative] hereby acknowledges receipt of the Bonds and further acknowledges receipt of all certificates, opinions, and other documents required to be delivered to the [Successful Bidder][Representative], before or simultaneously with the Bonds, which certificates, opinions, and other documents are satisfactory to the [Successful Bidder][Representative].

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the [Successful Bidder][Representative]’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Locke Lord LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

Dated: \_\_\_\_\_, 20\_\_

[SUCCESSFUL BIDDER][REPRESENTATIVE]

By: \_\_\_\_\_

Name:

Title:

\_\_\_\_\_  
\*Preliminary, subject to change.

**SALE PRICES**  
**(To be Attached)**

**[Issue Price Certificate for Use If the Competitive Sale Requirements Are Not Met and the Hold the Price Rule Is Used]**

**Town of Barnstable, Massachusetts  
\$10,600,000\* General Obligation Municipal Purpose Loan of 2018 Bonds dated February 27, 2018**

**ISSUE PRICE CERTIFICATE AND RECEIPT**

The undersigned, on behalf of \_\_\_\_\_ (the (“[Successful Bidder][Representative]”), on behalf of itself [and [NAMES OF OTHER UNDERWRITERS] ]hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”) of the Town of Barnstable, Massachusetts (the “Issuer”).

**1. Sale of the Bonds.** As of the date of this certificate, [except as set forth in following paragraph,] for each Maturity of the Bonds, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule A.

[Only use the next paragraph if the 10% test has not been met as of the Sale Date.]

For each Maturity of the Bonds as to which no price is listed in Schedule A (the “Unsold Maturities”), as set forth in the Notice of Sale for the Bonds, the [Successful Bidder][Representative] and any other Underwriter did not [and will not] reoffer the Unsold Maturities until the earlier of (i) \_\_\_\_\_, 20\_\_ or (ii) the date on which the [Successful Bidder][Representative] or any other Underwriter sold at least 10% of each Unsold Maturity at a price that is no higher than the initial offering price to the Public.

**2. Defined Terms.**

(a) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) *Underwriter* means (i) any person, including the [Successful Bidder][Representative], that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

**3. Receipt.** The [Successful Bidder][Representative] hereby acknowledges receipt of the Bonds and further acknowledges receipt of all certificates, opinion and other documents required to be delivered to the [Successful Bidder][Representative], before or simultaneously with the delivery of the Bonds, which certificates, opinions and other documents are satisfactory to the [Successful Bidder][Representative].

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the [Successful Bidder’s][Representative’s] interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Locke Lord LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

Dated: \_\_\_\_\_, 20\_\_

[SUCCESSFUL BIDDER][REPRESENTATIVE]

By: \_\_\_\_\_  
Name:  
Title:

\*Preliminary, subject to change.

**SCHEDULE A**  
**SALE PRICES**  
**(To be Attached)**

**OFFICIAL STATEMENT  
TOWN OF BARNSTABLE, MASSACHUSETTS  
\$9,875,000 GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2018 BONDS**

This Preliminary 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 \$9,875,000 stated principal amount of its General Obligation Municipal Purpose Loan of 2018 Bonds (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**

**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, 2018, each at the rate or rates of interest determined upon their sale in accordance with the Notice of Sale of the Town dated February 6, 2018. The Bonds shall mature on February 15 of the years and in the principal amounts as set forth on the cover page of this Preliminary 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. 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 as described below.

**Optional Redemption**

The Bonds maturing in the years 2019 through 2028 will not be subject to redemption prior to maturity. The Bonds maturing on and after February 15, 2029 shall be subject to redemption prior to maturity, at the option of the Town, on or after February 15, 2028, either in whole or in part at any time, and if in part, by lot within a maturity, at the par amount of the Bonds to be redeemed, plus accrued interest to the date set for redemption.

**Record Date**

The record date for each payment of interest on the Bonds (the "Record Date") is the last business day of the month preceding the interest payment date, provided that, under certain circumstances, 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 Transfer System**

DTC (defined above), 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 AA+ rating from S&P Global Ratings. 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](http://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.

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.

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.

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.

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 DTC.

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.

#### Authorization of the Bonds and Use of Proceeds

The following sets forth the principal amounts, purposes, dates of Town approval and statutory authorizations for the current offering of Bonds:

This Issue	Purpose	Original Authorization	Statutory Reference (G.L., Ch. 44 as amended)	Date of Authorization	Order Number
\$ 2,350,000	Horace Mann Roof	\$ 4,236,000	7(1)	4/7/2016	2016-081
225,000	BPS Unit Ventilator	250,000	7(1)	4/6/2017	2017-062
2,968,500	BHS Learning Center	3,158,000	7(1)	4/6/2017	2017-063
270,000	BPS Asbestos Abatement	300,000	7(1)	4/6/2017	2017-066
966,000	BHS Stadium Bleachers	1,055,000	7(1)	4/6/2017	2017-067
400,000	BHS Cafeteria Window & W. Barnstable Roof	425,000	7(1)	4/6/2017	2017-068
287,000	Guardrail/Sidewalk	314,000	7(1)	4/6/2017	2017-073
314,000	W. Barnstable Shooting Range	350,000	7(1)	4/6/2017	2017-074
310,000	Hyannis Golf Turf Maintenance	325,000	7(1)	4/6/2017	2017-085
276,000	Well Reactivation	295,000	8(5)	4/6/2017	2017-080
468,000	Pipe Replacement	500,000	8(5)	4/6/2017	2017-081
600,500	Mary Dunn Storage Tank Site work	638,000	8(4)	4/6/2017	2017-083
440,000	Carbon Filter Units	491,000	8(7A)	4/6/2017	2017-079
<u>\$ 9,875,000</u>					

## Principal Maturities by Purpose

Year	School	General	Golf	Water (1)	Total
2019	\$ 414,500	\$ 61,000	\$ 65,000	\$ 119,500	\$ 660,000
2020	410,000	55,000	65,000	115,000	645,000
2021	410,000	50,000	60,000	115,000	635,000
2022	410,000	50,000	60,000	115,000	635,000
2023	405,000	50,000	60,000	115,000	630,000
2024	400,000	50,000		115,000	565,000
2025	400,000	50,000		115,000	565,000
2026	400,000	50,000		115,000	565,000
2027	400,000	50,000		110,000	560,000
2028	400,000	50,000		110,000	560,000
2029	350,000	20,000		70,000	440,000
2030	350,000	20,000		70,000	440,000
2031	350,000	15,000		70,000	435,000
2032	340,000	15,000		65,000	420,000
2033	340,000	15,000		65,000	420,000
2034	280,000			60,000	340,000
2035	280,000			60,000	340,000
2036	280,000			60,000	340,000
2037	280,000			60,000	340,000
2038	280,000			60,000	340,000
<b>Totals</b>	<b>\$ 7,179,500</b>	<b>\$ 601,000</b>	<b>\$ 310,000</b>	<b>\$ 1,784,500</b>	<b>\$ 9,875,000</b>

(1) Self-supporting.

## 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, as amended (the “Code”). Bond Counsel is of the further opinion that interest on the Bonds will not be included in computing the alternative minimum taxable income of Bondholders who are individuals or, except as described herein, corporations. 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.

For taxable years that began before January 1, 2018, interest on the Bonds owned by a corporation (other than an S corporation, a qualified mutual fund, a real estate investment trust, a real estate mortgage investment conduit, or a financial asset securitization investment trust) will be included in such corporation’s adjusted current earnings for purposes of computing the alternative minimum taxable income of such corporation. The alternative minimum tax on corporations has been repealed for taxable years beginning on or after January 1, 2018.

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 either the reasonably expected initial offering price to the public or the first price at which a substantial amount of such maturity of the Bonds is sold to the public, as applicable. 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 reasonably expected initial offering price or, if applicable, 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.

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.

### **Risk of Future Legislative Changes and/or Court Decisions**

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the Massachusetts legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Bonds will not have an adverse effect on the tax status of interest on the Bonds or the market value or marketability of the Bonds. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Bonds from gross income for federal or state income tax purposes for all or certain taxpayers.

For example, H.R. 1, signed into law on December 22, 2017, reduces the corporate tax rate, modifies individual tax rates, eliminates many deductions, and raises the income threshold above which the individual alternative minimum tax is invoked, among other things. These changes may increase, reduce or otherwise change the financial benefits of owning state and local government bonds. Additionally, Bondholders should be aware that future legislative actions (including federal income tax reform) may retroactively change the treatment of all or a portion of the interest on the Bonds for federal income tax purposes for all or certain taxpayers. In all such events, the market value of the Bonds may be affected and the ability of Bondholders to sell their Bonds in the secondary market may be reduced. The Bonds are not subject to special mandatory redemption, and the interest rates on the Bonds are not subject to adjustment, in the event of any such change in the tax treatment of interest on the Bonds.

Investors should consult their own financial and tax advisors to analyze the importance of these risks.

## 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 “*Serial Bonds and Notes*” under “INDEBTEDNESS – TYPES OF OBLIGATIONS”) and setoffs of state distributions as described below (see “*State Distributions*” 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 payments 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.

**No Lien.** 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 or any other funds 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 or other moneys to pay judgments, subject to the General Debt Limit. (See “INDEBTEDNESS” 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 fee, 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 community preservation and affordable housing and related 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” (See “*Serial Bonds and Notes*” under “INDEBTEDNESS - TYPES OF OBLIGATIONS” 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 any debt service due on obligations issued to the Massachusetts School Building Authority, for costs of the Massachusetts Water Resources Authority if the city or town is within the territory served by the Authority, or for charges necessary to meet obligations under the Commonwealth's Clean Water 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.

### **Opinion of Bond Counsel**

The unqualified approving opinion as to the validity of the Bonds will be rendered by Locke Lord LLP, Boston, Massachusetts, Bond Counsel. The opinion will be dated the date of the original delivery of the Bonds and will speak only as of such date.

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 Preliminary Official Statement and make no representation that they have independently verified the same.

### **Rating**

S&P Global Ratings has assigned a rating of AAA to the Bonds. Said rating reflects only the rating agency's views and is subject to revision and withdrawal, which could affect the market price of the Bonds.

### **Bank Eligibility**

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

**Financial Advisory Services of Hilltop Securities Inc.**

Hilltop Securities Inc., Boston, Massachusetts serves as financial advisor to the Town.

**Continuing Disclosure**

In order to assist the original purchasers of the Bonds 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 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. 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 incorporated by reference in the Bonds.

**In the past five years, the Town believes that 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 of Barnstable, Massachusetts (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	Mark Ells	Appointed	6/30/2019
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 2021
Town Attorney	Ruth J. Weil	Appointed	Indefinite
Assessors	William T. Garreffo	Appointed	6/30/2018
	Melvin Pauze	Appointed	6/30/2020
	Andrew Machado	Appointed	6/30/2019
Airport Manager	Roland Breault	Appointed	2/28/2018

### 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 2018.

<u>Fixed Assets</u>	2018 <u>Assessed Valuation</u>
General:	
Schools	\$ 163,870,600
Town Landings	13,297,800
Beaches	49,048,300
Cemeteries	6,974,400
Conservation	77,061,400
Parks and Recreation	34,465,000
Airport Facilities	154,344,100
Municipal (1)	99,650,100
Barnstable Water Supply Division (2)	8,472,300
TOTAL	<u>\$ 607,184,000</u>

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

(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 fiscal year 2017.

Acres	683
Miles of Runway	2 (5,425 and 5,252 feet, respectively)
Passenger Terminals	1
Commuter Carriers	2 (1)
Passengers per Year	31,442
Deplanements	31,175
Airport Traffic Record	97,063
Valuation	\$135,893,100

(1) 2 regional air carriers (Cape Air/Nantucket Airlines and Rectrix Shuttle) and 1 seasonal airline (JetBlue).

## Employment and Payrolls

Industry	Calendar Year Average				
	2012	2013	2014	2015	2016
Construction	1,042	1,083	1,117	1,190	1,233
Manufacturing	621	641	698	735	777
Trade, Transportation and Utilities	6,705	6,531	6,607	6,687	6,657
Information	589	581	557	501	461
Financial Activities	963	997	1,054	1,096	1,110
Professional and Business Services	1,633	1,711	1,675	1,684	1,788
Education and Health Services	8,257	8,587	8,718	8,602	8,715
Leisure and Hospitality	4,173	4,300	4,189	4,287	4,351
<b>Total Employment</b>	<b>23,983</b>	<b>24,431</b>	<b>24,615</b>	<b>24,782</b>	<b>25,092</b>
Number of Establishments	2,178	2,203	2,258	2,279	2,326
Average Weekly Wages	\$ 830	\$ 838	\$ 860	\$ 904	\$ 920
<b>Total Wages</b>	<b>\$ 1,158,701,714</b>	<b>\$ 1,184,861,372</b>	<b>\$ 1,224,368,682</b>	<b>\$ 1,295,797,674</b>	<b>\$ 1,332,997,091</b>

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, 2018.

### 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

SOURCE: Town of Barnstable.

(1) Full and part-time employees.

## Labor Force, Employment and Unemployment Rates

According to the Massachusetts Department of Employment and Training preliminary data, in September 2017, the Town had a labor force of 24,505 of which 23,693 were employed and 812 or 3.3% were unemployed as compared with 3.5% 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			Barnstable County	Massachusetts
	Labor Force	Employment	Unemployment Rate	Unemployment Rate	Unemployment Rate
2016	23,448	22,431	4.3 %	4.7 %	3.7 %
2015	23,531	22,217	5.6	6.3	4.9
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

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
2017	2,971	\$ 93,030,339	930	\$ 87,933,917	3,901	\$ 180,964,256
2016	3,692	174,703,004	330	39,049,739	4,022	213,752,743
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

Source: Town of Barnstable, Building Division.

## School Facilities

The Town presently maintains eight school buildings with a combined capacity of 6,585 students. Enrollment as of October 2017 was 4,578, which represents approximately 69% capacity.

<u>School</u>	<u>Grades</u>	<u>Date Built</u>	<u>Remodeled</u>	<u>Capacity</u>	<u>Enrollment (1)</u>
Enoch Cobb	Pre-K				135
Barnstable & West Barnstable	K-3	1957	1984	310	260
Centerville	K-3	1953		570	259
BCHMCPS	K-3	1951		525	307
Hyannis West	K-3	1963		480	334
West Villages	K-3	1989		500	431
Barnstable United Elementary	4 & 5	1994		900	858
Middle School	6 & 7	1976	2000	900	737
High School	8-12	1957	1960, 1976, 1998	2,400	1,257
<b>TOTAL</b>				<b>6,585</b>	<b>4,578 (2)</b>

(1) As of October 2017.

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

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

	<u>Actual</u>				
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Enoch Cobb (Pre-K)				126	135
Elementary (K-3)	1,653	1,653	1,660	1,640	1,591
Barnstable United Elementary School (4-5)	768	751	785	852	858
Middle School (6-7)	763	734	730	754	737
High School (8-12)	1,908	1,847	1,942	1,866	1,857
	<u>5,092</u>	<u>4,985</u>	<u>5,117</u>	<u>5,238</u>	<u>5,178</u>
Sturgis Charter School	153	159	172	162	163
Cape Cod Regional Technical High School	168	177	170	183	179
<b>TOTALS</b>	<b>5,413</b>	<b>5,321</b>	<b>5,459</b>	<b>5,583</b>	<b>5,520</b>

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>
<b>Median Age</b>			
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
<b>Median Family Income</b>			
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
<b>Per Capita Income</b>			
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				
	2014	2015	2016	2017	2018
Gross Amount to be raised:					
Appropriations (1)	\$ 166,901,387	\$ 169,265,362	\$ 174,250,968	\$ 181,274,106	\$ 187,489,206
Other Local Expenditures	2,182,907	2,842,082	3,298,386	2,198,864	2,249,163
State & County Charges	7,200,080	7,705,193	8,324,622	8,417,449	8,852,879
Overlay Reserve	1,526,093	1,869,334	1,724,851	1,705,310	1,005,652
Total	<u>\$ 177,810,467</u>	<u>\$ 181,681,971</u>	<u>\$ 187,598,827</u>	<u>\$ 193,595,729</u>	<u>\$ 199,596,900</u>
Less:					
Estimated State Aid (2)	\$ 15,199,026	\$ 15,815,238	\$ 15,450,255	\$ 16,583,180	\$ 16,857,231
Local	43,084,590	47,928,468	49,873,743	48,424,372	54,477,305
Available Funds (3)					
Free Cash	9,806,836	4,392,493	5,142,615	6,691,878	2,982,316
Other	6,197,997	6,869,287	6,585,146	7,647,314	6,748,383
Total	<u>\$ 74,288,449</u>	<u>\$ 75,005,486</u>	<u>\$ 77,051,759</u>	<u>\$ 79,346,744</u>	<u>\$ 81,065,235</u>
Tax Levy (4)	<u>\$ 103,522,018</u>	<u>\$ 106,676,485</u>	<u>\$ 110,547,068</u>	<u>\$ 114,248,985</u>	<u>\$ 118,531,665</u>
Property Valuation	<u>\$ 12,594,100,005</u>	<u>\$ 12,702,783,525</u>	<u>\$ 13,142,891,630</u>	<u>\$ 13,230,393,830</u>	<u>\$ 13,612,314,750</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	
2018	\$ 13,349,121,500	\$ 263,193,250	\$ 13,612,314,750	\$ 9.61	\$ 8.71	\$ 8.71	\$ 118,531,664
2017	12,981,393,180	249,000,650	13,230,393,830	9.54	8.64	8.64	114,248,985
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

(1) Revaluation year.

#### Classification of Real and Personal Property

Type	Fiscal 2018		Fiscal 2017		Fiscal 2016 (1)	
	Assessed Valuation	% of Total	Assessed Valuation	% of Total	Assessed Valuation	% of Total
Residential	\$ 11,966,381,614	87.9 %	\$ 11,609,385,779	87.7 %	\$ 11,559,979,680	88.0 %
Commercial	1,304,032,686	9.6	1,291,731,901	9.8	1,266,853,600	9.6
Industrial	78,707,200	0.6	80,275,500	0.6	79,821,600	0.6
Personal	263,193,250	1.9	249,000,650	1.9	236,236,480	1.8
Total	<u>\$ 13,612,314,750</u>	<u>100.0 %</u>	<u>\$ 13,230,393,830</u>	<u>100.0 %</u>	<u>\$ 13,142,891,360</u>	<u>100.0 %</u>

(1) Revaluation year.

## Largest Taxpayers

The following is a list of the largest taxpayers in the Town based upon assessed valuations for fiscal 2018, all of which are current with tax payments.

Name	Nature of Business	Fiscal 2018 Assessed Valuation	% of Total Assessed Valuation
Eversource	Utility	\$ 125,020,770	0.92 %
Mayflower Cape Cod LLC	Shopping Center	110,579,700	0.81
National Grid	Utility	34,374,760	0.25
Oyster Harbors Club Inc.	Country Club/Land	26,501,900	0.19
Festival of Hyannis LLC	Shopping Center	25,767,200	0.19
Kmart Plaza	Shopping Center	25,737,100	0.19
OCW Retail Hyannis LLC	Shopping Center	24,821,700	0.18
Indian Point Family Partnership LP	Various Residential	24,604,500	0.18
Wianno Club	Country Club/Land	20,504,200	0.15
Verizon	Utility	20,553,750	0.15
		<u>\$ 438,465,580</u>	<u>3.22 %</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.

January 1,	State Equalized Valuations
2016	\$ 13,665,091,900
2014	13,476,184,100
2012	13,864,305,700
2010	14,945,861,000
2008	16,142,285,200

## 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, 2017.

Fiscal Year	Gross Tax Levy (1)	Overlay Reserve		Abatements Granted During Fiscal Year of Levy	Abatements Granted Through June 30, 2017
		Dollar Amount	As a % of Net Levy		
2017	\$ 114,248,985	\$ 1,705,310	1.5 %	\$ 645,765	\$ 645,765
2016	110,547,068	1,724,851	1.6	665,936	665,936
2015	106,676,485	1,869,334	1.8	704,362	712,619
2014	103,522,018	1,526,093	1.5	722,908	745,491
2013	100,386,021	1,528,524	1.5	770,430	879,936



## 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, 2017 (1)	
				Dollar Amount	% of Net Levy	Dollar Amount	% of Net Levy
2017	\$ 114,248,985	\$ 1,705,310	\$ 112,543,675	\$ 109,589,260	97.4 %	\$ 109,589,260	97.4 %
2016	110,547,068	1,724,851	108,822,217	105,829,480	97.2	108,109,235	99.3
2015	106,676,485	1,869,334	104,807,151	103,011,541	98.3	105,805,926	101.0
2014	103,522,018	1,526,093	101,995,925	99,637,053	97.7	100,293,630	98.3
2013	100,386,021	1,528,524	98,857,497	96,403,147	97.5	98,410,463	99.5

(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)
2017	\$ 3,351,450	\$ 1,460,388
2016	3,121,391	1,460,388
2015	3,595,027	1,460,388
2014	3,341,156	1,460,388
2013	1,929,089	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				
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Primary Levy Limit (2)	\$ 314,852,500	\$ 317,569,588	\$ 328,572,284	\$ 330,759,846	\$ 340,307,869
Prior Fiscal Year Levy Limit	97,982,651	101,225,604	104,892,708	108,645,163	112,771,807
2.5% Levy Growth	2,449,566	2,530,640	2,622,318	2,716,129	2,819,295
Current Fiscal Year New Growth (3)	793,387	1,136,464	1,130,137	1,410,515	1,309,069
Current Fiscal Year Override	-	-	-	-	-
Growth Levy Limit	101,225,604	104,892,708	108,645,163	112,771,807	116,900,171
Debt Exclusions	1,871,791	1,295,452	1,446,241	1,402,097	1,348,903
Other Adjustments	540,854	554,375	566,133	580,286	576,361
Tax Levy Limit	103,638,249	106,742,535	110,657,537	114,754,190	118,825,435
Tax Levy	103,522,018	106,676,485	110,547,068	114,248,985	118,531,664
Unused Levy Capacity (4)	<u>\$ 116,231</u>	<u>\$ 66,050</u>	<u>\$ 110,469</u>	<u>\$ 505,205</u>	<u>\$ 293,771</u>
Unused Primary Levy Capacity (5)	<u>\$ 213,626,896</u>	<u>\$ 212,676,880</u>	<u>\$ 219,927,121</u>	<u>\$ 217,988,039</u>	<u>\$ 223,407,698</u>

(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 2018 assessed valuation of the facility is \$5,096,100. 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 Community Preservation Fund for the last five fiscal years.

Fiscal Year	CPF Excise Tax Receipts
2017	\$ 3,348,602
2016	3,208,688
2015	3,099,570
2014	3,036,667
2013	2,959,276

Since fiscal 2000, the Town has received state matching funds aggregating \$49,263,603. As of June 30, 2017, the successor to the Land Bank Fund, the Community Preservation Fund, had a fund balance of approximately \$9.2 million, \$6.8 million of which is undesignated and \$2.4 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 2014 through 2018. 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.

	2014	2015	2016	2017	2018
General Government	\$ 7,199,930	\$ 7,211,127	\$ 7,490,856	\$ 7,791,421	\$ 7,659,631
Police	11,601,168	12,441,808	13,299,119	13,392,590	13,835,845
Regulatory Services	2,585,679	2,536,326	2,632,848	2,805,050	2,037,938
Building Services (1)	-	-	-	-	1,033,467
Community Services/Recreation	2,670,058	2,745,204	2,857,738	3,262,086	3,555,185
Department of Public Works (2)	9,514,348	10,575,029	11,384,164	10,627,159	10,937,141
Schools	57,255,360	59,588,360	61,429,646	63,119,885	64,985,778
Libraries (3)	1,630,979	1,671,753	1,714,000	1,773,990	1,827,210
Debt Service	8,778,309	8,678,407	8,647,981	9,172,108	9,500,634
Capital Outlay	7,224,528	7,405,141	7,470,334	3,540,468	4,504,004
Employee Benefits/Insurance	21,141,235	22,486,506	23,019,410	23,982,912	25,791,654
Overlay	1,472,000	1,869,334	1,724,851	1,700,000	915,000
Other	337,369	299,924	328,280	299,000	304,000
<b>TOTAL LOCAL</b>	<b>\$ 131,410,963</b>	<b>\$ 137,508,919</b>	<b>\$ 141,999,227</b>	<b>\$ 141,466,669</b>	<b>\$ 146,887,487</b>
<b>ASSESSMENTS:</b>					
Regional School Assessment	\$ 2,810,364	2,830,850	3,195,407	3,302,096	3,535,665
Commonwealth Charter School Assessment	2,884,080	3,111,438	3,830,492	4,046,076	4,022,020
State & County Assessments	2,429,252	2,499,357	2,521,092	2,602,504	2,608,855
<b>TOTAL ASSESSMENTS</b>	<b>\$ 8,123,696</b>	<b>\$ 8,441,645</b>	<b>\$ 9,546,991</b>	<b>\$ 9,950,676</b>	<b>\$ 10,166,540</b>
<b>TOTAL EXPENDITURES</b>	<b>\$ 139,534,659</b>	<b>\$ 145,950,564</b>	<b>\$ 151,546,218</b>	<b>\$ 151,417,345</b>	<b>\$ 157,054,027</b>

- (1) The Building Division was separated from the Regulatory Services Department in fiscal 2018.
- (2) The fiscal 2017 budget includes a \$1.5 million snow and ice deficit from fiscal 2016. 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.
- (3) 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.

### 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 2015, 2016 and 2017 totaled \$2,687,495, \$2,801,924 and \$2,926,605, respectively. Room occupancy tax collections for fiscal 2018 are estimated to total \$3 million.

**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 2015, 2016 and 2017 totaled \$1,369,762, \$1,465,624 and \$1,485,589, respectively. Local option meals tax collections for fiscal 2018 are estimated to total \$1,500,000.

**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 increase in fiscal 2013 was attributable to the inclusion of \$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>
2018 (est.)	\$ 7,550,000
2017	8,383,125
2016	9,575,040
2015	8,393,211
2014	9,491,421
2013	10,351,753

### 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 and estimates for the current fiscal year.

<u>Fiscal Year</u>	<u>School Construction Aid</u>	<u>School Operating Aid</u>	<u>Other State Aid</u>	<u>Total State Aid</u>
2018 (est.)	\$ 3,018,706	\$ 13,000,000	\$ 5,000,000	\$ 21,018,706
2017	3,018,706	12,915,913	4,468,630	20,403,249
2016	3,018,706	13,899,411	5,380,258	22,298,375
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

### 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, 2017, 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 2017, 2016 and 2015 and Statements of Revenues, Expenditures and Changes in Fund Balances for fiscal years 2017 through 2013. Said financials were extracted from annual audited financial statements.



**TOWN OF BARNSTABLE, MASSACHUSETTS**  
**GOVERNMENTAL FUNDS**  
**BALANCE SHEET**  
**JUNE 30, 2017 (1)**

	General	Construction and Maintenance	Capital Projects	Highway Projects	Community Preservation Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>							
Cash and cash equivalents	\$ 23,101,853	\$ 14,000,808	\$ 13,861,245	\$ 500,940	\$ 9,177,322	\$ 13,090,272	\$ 73,732,440
Investments	25,640,294	-	-	-	-	18,063,101	43,703,395
Receivables, net of uncollectibles							
Real estate and personal property taxes	7,122,331	-	-	-	-	-	7,122,331
Tax liens	2,563,657	-	-	-	51,984	3,570	2,619,211
Motor vehicle and other excise taxes	2,145,861	-	-	-	-	-	2,145,861
Community preservation fund surtaxes	-	-	-	-	189,991	-	189,991
Departmental and other	73,777	1,117,551	-	-	-	-	1,191,328
Special assessments	-	-	-	-	-	916,119	916,119
Intergovernmental	6,790,047	295,175	-	12,408,454	601,662	417,956	20,513,294
Tax foreclosures	1,185,252	-	-	-	-	-	1,185,252
<b>Total Assets</b>	<b>\$ 68,623,072</b>	<b>\$ 15,413,534</b>	<b>\$ 13,861,245</b>	<b>\$ 12,909,394</b>	<b>\$ 10,020,959</b>	<b>\$ 32,491,018</b>	<b>\$ 153,319,222</b>
<b>LIABILITIES</b>							
Warrants payable	\$ 3,278,061	\$ -	\$ 2,223,526	\$ -	\$ -	\$ 208,161	\$ 5,709,748
Accrued liabilities	16,934	-	-	-	-	-	16,934
Accrued payroll	5,505,844	-	9,669	-	537	217,803	5,733,853
Tax refunds payable	125,450	-	-	-	-	-	125,450
Liabilities due depositors	5,400	-	-	-	-	-	5,400
Notes Payable	45,060	-	-	-	-	5,586	50,646
<b>Total Liabilities</b>	<b>8,976,749</b>	<b>-</b>	<b>2,233,195</b>	<b>-</b>	<b>537</b>	<b>431,550</b>	<b>11,642,031</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>							
Unavailable Revenue	18,689,406	1,117,551	-	12,350,269	843,637	919,689	33,920,552
<b>FUND BALANCES:</b>							
Nonspendable	-	-	-	-	-	16,988,191	16,988,191
Restricted	2,206,073	14,295,983	11,628,050	559,125	9,176,785	14,151,588	52,017,604
Assigned	5,505,301	-	-	-	-	-	5,505,301
Unassigned	33,245,543	-	-	-	-	-	33,245,543
<b>Total Fund Balances</b>	<b>40,956,917</b>	<b>14,295,983</b>	<b>11,628,050</b>	<b>559,125</b>	<b>9,176,785</b>	<b>31,139,779</b>	<b>107,756,639</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 68,623,072</b>	<b>\$ 15,413,534</b>	<b>\$ 13,861,245</b>	<b>\$ 12,909,394</b>	<b>\$ 10,020,959</b>	<b>\$ 32,491,018</b>	<b>\$ 153,319,222</b>

(1) Extracted from annual audit.

**TOWN OF BARNSTABLE, MASSACHUSETTS**  
**GOVERNMENTAL FUNDS**  
**BALANCE SHEET**  
**JUNE 30, 2016 (1)**

	General	Construction and Maintenance	Capital Projects	Highway Projects	Community Preservation Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>							
Cash and cash equivalents	\$ 21,737,593	\$ 12,204,569	\$ 11,929,618	\$ 569,391	\$ 9,842,158	\$ 12,133,655	\$ 68,416,984
Investments	22,039,467	-	-	-	-	17,526,706	39,566,173
Receivables, net of uncollectibles							
Real estate and personal property taxes	6,802,554	-	-	-	-	-	6,802,554
Tax liens	2,357,541	-	-	-	48,518	5,401	2,411,460
Motor vehicle and other excise taxes	1,669,430	-	-	-	-	-	1,669,430
Community preservation fund surtaxes	-	-	-	-	186,556	-	186,556
Departmental and other	65,838	1,205,488	-	-	-	-	1,271,326
Special assessments	-	-	-	-	-	1,023,604	1,023,604
Intergovernmental	9,628,557	288,113	-	10,734,386	696,547	722,702	22,070,305
Tax foreclosures	1,185,252	-	-	-	-	-	1,185,252
<b>Total Assets</b>	<b>\$ 65,486,232</b>	<b>\$ 13,698,170</b>	<b>\$ 11,929,618</b>	<b>\$ 11,303,777</b>	<b>\$ 10,773,779</b>	<b>\$ 31,412,068</b>	<b>\$ 144,603,644</b>
<b>LIABILITIES</b>							
Warrants payable	\$ 1,677,846	\$ -	\$ 1,032,451	\$ -	\$ 124,446	\$ 234,643	\$ 3,069,386
Accrued liabilities	146,473	-	-	-	-	-	146,473
Accrued payroll	5,187,811	-	15,465	-	1,012	174,410	5,378,698
Tax refunds payable	213,300	-	-	-	-	-	213,300
Liabilities due depositors	5,365	-	-	-	-	-	5,365
Other liabilities	2,551	-	-	-	-	5,586	8,137
Notes Payable	255,941	-	-	-	-	-	255,941
<b>Total Liabilities</b>	<b>7,489,287</b>	<b>-</b>	<b>1,047,916</b>	<b>-</b>	<b>125,458</b>	<b>414,639</b>	<b>9,077,300</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>							
Unavailable Revenue	20,647,093	1,205,488	-	10,725,832	931,621	1,029,005	34,539,039
<b>FUND BALANCES:</b>							
Nonspendable	-	-	-	-	-	16,933,978	16,933,978
Restricted	2,373,473	12,492,682	10,881,702	577,945	9,716,700	13,034,446	49,076,948
Assigned	4,956,930	-	-	-	-	-	4,956,930
Unassigned	30,019,449	-	-	-	-	-	30,019,449
<b>Total Fund Balances</b>	<b>37,349,852</b>	<b>12,492,682</b>	<b>10,881,702</b>	<b>577,945</b>	<b>9,716,700</b>	<b>29,968,424</b>	<b>100,987,305</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 65,486,232</b>	<b>\$ 13,698,170</b>	<b>\$ 11,929,618</b>	<b>\$ 11,303,777</b>	<b>\$ 10,773,779</b>	<b>\$ 31,412,068</b>	<b>\$ 144,603,644</b>

(1) Extracted from annual audit.

**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
<b>ASSETS</b>						
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
<b>Total Assets</b>	<b>\$ 78,359,263</b>	<b>\$ 11,322,730</b>	<b>\$ 9,267,101</b>	<b>\$ 11,063,165</b>	<b>\$ 29,084,091</b>	<b>\$ 139,096,350</b>
<b>LIABILITIES</b>						
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
<b>Total Liabilities</b>	<b>10,892,838</b>	<b>2,266,688</b>	<b>163,578</b>	<b>72,619</b>	<b>626,374</b>	<b>14,022,097</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>						
Unavailable Revenue	22,246,617	-	8,435,263	1,172,359	956,301	32,810,540
<b>FUND BALANCES:</b>						
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
<b>Total Fund Balances</b>	<b>45,219,808</b>	<b>9,056,042</b>	<b>668,260</b>	<b>9,818,187</b>	<b>27,501,416</b>	<b>92,263,713</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 78,359,263</b>	<b>\$ 11,322,730</b>	<b>\$ 9,267,101</b>	<b>\$ 11,063,165</b>	<b>\$ 29,084,091</b>	<b>\$ 139,096,350</b>

(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, 2017 (1)**

	General Fund	Construction and Maintenance	Capital Projects	Highway Projects	Community Preservation Fund	Nonmajor Governmental Fund	Total Governmental Funds
<b>Revenues:</b>							
Real estate and personal property taxes, net of tax refunds	\$ 113,664,164	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 113,664,164
Motor Vehicle and other excise taxes	7,405,793	-	-	-	-	-	7,405,793
Hotel/Motel tax	1,951,070	973,561	-	-	-	-	2,924,631
Meals tax	-	1,494,626	-	-	-	-	1,494,626
Charges for services	2,200,791	-	-	-	-	3,737,763	5,938,554
Penalties and interest on taxes	1,724,212	77,172	-	-	-	900	1,802,284
Fees and rentals	1,066,077	-	-	-	-	763,082	1,829,159
Licenses and permits	2,258,778	-	-	-	-	1,146,567	3,405,345
Intergovernmental	31,112,779	-	255,000	324,137	835,356	7,251,106	39,778,378
Special assessments	245,423	144,696	-	-	-	277,789	667,908
Department and other	843,878	-	-	-	-	207,260	1,051,138
Community preservation fund surtax	-	-	-	-	3,336,839	-	3,336,839
Contributions	2,041	-	-	-	-	292,752	294,793
Investment income	543,115	111,003	-	-	104,556	780,239	1,538,913
Miscellaneous	-	-	-	-	-	143,166	143,166
<b>Total Revenues</b>	<b><u>163,018,121</u></b>	<b><u>2,801,058</u></b>	<b><u>255,000</u></b>	<b><u>324,137</u></b>	<b><u>4,276,751</u></b>	<b><u>14,600,624</u></b>	<b><u>185,275,691</u></b>
<b>Expenditures:</b>							
<b>Current:</b>							
Town Council	257,070	-	-	-	-	-	257,070
Town Manager	419,492	-	-	-	-	-	419,492
Administrative Services	5,926,922	-	164,640	-	-	878,182	6,969,744
Growth Management	828,516	-	266,133	-	1,757,567	224,238	3,076,454
Public safety	13,354,484	-	62,642	-	-	619,254	14,036,380
Education	66,061,873	-	1,803,312	-	-	9,417,006	77,282,191
Public works	9,956,612	683,474	6,106,029	342,957	-	203,862	17,292,934
Community services	3,011,942	-	1,050,911	-	-	452,680	4,515,533
Regulatory services	2,651,635	-	169,255	-	-	618,226.00	3,439,116
Culture and recreation	2,095,944	-	-	-	-	493,952	2,589,896
Pension benefits	22,436,807	-	-	-	-	-	22,436,807
Property and liability insurance	1,619,749	-	-	-	-	-	1,619,749
Employee benefits	10,576,421	-	-	-	-	-	10,576,421
Other assessments	342,770	-	-	-	-	-	342,770
State and county charges	8,372,349	-	-	-	-	-	8,372,349
<b>Debt service:</b>							
Principal	7,483,803	-	-	-	1,840,000	50,372	9,374,175
Interest	1,689,929	-	-	-	445,118	-	2,135,047
<b>Total Expenditures</b>	<b><u>157,086,318</u></b>	<b><u>683,474</u></b>	<b><u>9,622,922</u></b>	<b><u>342,957</u></b>	<b><u>4,042,685</u></b>	<b><u>12,957,772</u></b>	<b><u>184,736,128</u></b>
<b>Excess (deficiency) of revenues over/ under expenditures</b>	<b><u>5,931,803</u></b>	<b><u>2,117,584</u></b>	<b><u>(9,367,922)</u></b>	<b><u>(18,820)</u></b>	<b><u>234,066</u></b>	<b><u>1,642,852</u></b>	<b><u>539,563</u></b>
<b>Other Financing Sources (Uses):</b>							
Issuance of Bonds	-	-	5,361,641	-	-	-	5,361,641
Premium from issuance of bonds	-	-	316,300	-	-	-	316,300
Sale of capital assets	-	-	-	-	-	725,000	725,000
Transfers in	3,593,625	186,290	4,648,780	-	6,019	321,353	8,756,067
Transfers out	(5,918,363)	(500,573)	(212,451)	-	(780,000)	(1,517,850)	(8,929,237)
<b>Total Other Financing Sources (Uses)</b>	<b><u>(2,324,738)</u></b>	<b><u>(314,283)</u></b>	<b><u>10,114,270</u></b>	<b><u>-</u></b>	<b><u>(773,981)</u></b>	<b><u>(471,497)</u></b>	<b><u>6,229,771</u></b>
<b>Net change in fund balance</b>	<b>3,607,065</b>	<b>1,803,301</b>	<b>746,348</b>	<b>(18,820)</b>	<b>(539,915)</b>	<b>1,171,355</b>	<b>6,769,334</b>
<b>Fund Balance Beginning of Year, As Revised</b>	<b><u>37,349,852</u></b>	<b><u>12,492,682</u></b>	<b><u>10,881,702</u></b>	<b><u>577,945</u></b>	<b><u>9,716,700</u></b>	<b><u>29,968,424</u></b>	<b><u>100,987,305</u></b>
<b>Fund Balance end of Year</b>	<b><u>\$ 40,956,917</u></b>	<b><u>\$ 14,295,983</u></b>	<b><u>\$ 11,628,050</u></b>	<b><u>\$ 559,125</u></b>	<b><u>\$ 9,176,785</u></b>	<b><u>\$ 31,139,779</u></b>	<b><u>\$ 107,756,639</u></b>

(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, 2016 (1)**

	General Fund	Construction and Maintenance	Capital Projects	Highway Projects	Community Preservation Fund	Nonmajor Governmental Fund	Total Governmental Funds
<b>Revenues:</b>							
Real estate and personal property taxes, net of tax refunds	\$ 108,835,835	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 108,835,835
Motor Vehicle and other excise taxes	7,506,290	-	-	-	-	-	7,506,290
Hotel/Motel tax	1,867,950	932,627	-	-	-	-	2,800,577
Meals tax	-	1,474,084	-	-	-	-	1,474,084
Charges for services	2,067,551	149,860	-	-	-	3,704,669	5,922,080
Penalties and interest on taxes	1,293,796	-	-	-	-	2,780	1,296,576
Fees and rentals	1,027,261	-	-	-	-	737,232	1,764,493
Licenses and permits	2,322,347	-	-	-	-	1,136,617	3,458,964
Intergovernmental	25,730,426	-	283,195	45,405	968,008	10,070,842	37,097,876
Special assessments	229,240	-	-	-	-	255,006	484,246
Department and other	996,061	-	-	-	-	295,629	1,291,690
Community preservation fund surtax	-	-	-	-	3,208,815	-	3,208,815
Contributions	32,347	-	-	-	-	266,865	299,212
Investment income	973,023	109,884	-	-	116,360	966,932	2,166,199
Miscellaneous	-	-	-	-	-	73,132	73,132
Legal settlements	-	-	-	-	-	37,506	37,506
<b>Total Revenues</b>	<b>152,882,127</b>	<b>2,666,455</b>	<b>283,195</b>	<b>45,405</b>	<b>4,293,183</b>	<b>17,547,210</b>	<b>177,717,575</b>
<b>Expenditures:</b>							
<b>Current:</b>							
Town Council	233,693	-	-	-	-	-	233,693
Town Manager	550,017	-	-	-	-	-	550,017
Administrative Services	5,647,380	-	351,996	-	-	1,244,273	7,243,649
Growth Management	830,260	-	9,858	-	1,984,342	269,938	3,094,398
Public safety	13,119,283	-	35,617	-	-	581,100	13,736,000
Education	63,908,134	-	8,320,014	-	-	9,449,537	81,677,685
Public works	9,834,851	-	5,690,681	135,720	-	381,786	16,043,038
Community services	2,763,938	-	706,304	-	-	655,005	4,125,247
Regulatory services	2,510,206	-	170,020	-	-	602,687	3,282,913
Culture and recreation	2,015,533	-	-	-	-	511,888	2,527,421
Pension benefits	17,993,837	-	-	-	-	-	17,993,837
Property and liability insurance	1,573,817	-	-	-	-	-	1,573,817
Employee benefits	10,467,714	-	-	-	-	-	10,467,714
Other assessments	357,141	-	-	-	-	-	357,141
State and county charges	8,174,877	-	-	-	-	-	8,174,877
<b>Debt service:</b>							
Principal	7,041,229	-	-	-	1,877,100	50,372	8,968,701
Interest	1,474,154	-	-	-	503,228	-	1,977,382
<b>Total Expenditures</b>	<b>148,496,064</b>	<b>-</b>	<b>15,284,490</b>	<b>135,720</b>	<b>4,364,670</b>	<b>13,746,586</b>	<b>182,027,530</b>
Excess (deficiency) of revenues over/under expenditures	4,386,063	2,666,455	(15,001,295)	(90,315)	(71,487)	3,800,624	(4,309,955)
<b>Other Financing Sources (Uses):</b>							
Issuance of Bonds	-	-	12,113,000	-	-	-	12,113,000
Issuance of refunding bonds	1,674,000	-	-	-	-	-	1,674,000
Premium from issuance of bonds	1,000,312	-	-	-	-	-	1,000,312
Premium from issuance of refunding bonds	218,218	-	-	-	-	-	218,218
Payments to refunded bonds escrow agent	(1,860,611)	-	-	-	-	-	(1,860,611)
Transfers in	3,424,244	-	4,713,955	-	-	267,537	8,405,736
Transfers out	(6,372,882)	(513,073)	-	-	(30,000)	(1,601,153)	(8,517,108)
<b>Total Other Financing Sources (Uses)</b>	<b>(1,916,719)</b>	<b>(513,073)</b>	<b>16,826,955</b>	<b>-</b>	<b>(30,000)</b>	<b>(1,333,616)</b>	<b>13,033,547</b>
Net change in fund balance	2,469,344	2,153,382	1,825,660	(90,315)	(101,487)	2,467,008	8,723,592
Fund Balance Beginning of Year, As Revised	34,880,508	10,339,300	9,056,042	668,260	9,818,187	27,501,416	92,263,713
Fund Balance end of Year	\$ 37,349,852	\$ 12,492,682	\$ 10,881,702	\$ 577,945	\$ 9,716,700	\$ 29,968,424	\$ 100,987,305

(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
<b>Revenues:</b>						
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	-	-	500,454	894,598
Investment income	562,445	-	-	180,605	532,032	1,275,082
Miscellaneous	-	-	-	-	39,120	39,120
<b>Total Revenues</b>	<b>146,529,301</b>	<b>969,903</b>	<b>1,325,104</b>	<b>4,339,527</b>	<b>14,335,388</b>	<b>167,499,223</b>
<b>Expenditures:</b>						
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	1,851,482	-	-	526,142	-	2,377,624
<b>Total Expenditures</b>	<b>141,869,273</b>	<b>13,709,348</b>	<b>1,197,068</b>	<b>3,511,637</b>	<b>13,897,490</b>	<b>174,184,816</b>
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	11,174,648	4,688,510	-	-	339,010	16,202,168
Transfers out	(6,567,791)	(21,892)	-	(141,000)	(1,505,374)	(8,236,057)
<b>Total Other Financing Sources (Uses)</b>	<b>5,003,149</b>	<b>8,596,618</b>	<b>-</b>	<b>(141,000)</b>	<b>(1,166,364)</b>	<b>12,292,403</b>
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	28,229,882	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
<b>Revenues:</b>						
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	1,656,310	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
<b>Total Revenues</b>	<u>148,328,477</u>	<u>299,246</u>	<u>1,258,381</u>	<u>4,905,038</u>	<u>15,437,984</u>	<u>170,229,126</u>
<b>Expenditures:</b>						
Current:						
Town Council	270,452	-	-	-	-	270,452
Town Manager	555,587	-	-	-	-	555,587
Administrative Services	5,231,324	-	-	-	768,964	6,000,288
Growth Management	956,941	107,459	-	1,860,179	159,342	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	2,569,888	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 service:						
Principal	7,029,410	-	-	1,922,000	50,372	9,001,782
Interest	1,829,754	-	-	654,097	-	2,483,851
<b>Total Expenditures</b>	<u>142,960,033</u>	<u>10,421,386</u>	<u>1,674,196</u>	<u>4,436,276</u>	<u>14,333,811</u>	<u>173,825,702</u>
 Excess (deficiency) of revenues over/ under expenditures	 <u>5,368,444</u>	 <u>(10,122,140)</u>	 <u>(415,815)</u>	 <u>468,762</u>	 <u>1,104,173</u>	 <u>(3,596,576)</u>
 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)
<b>Total Other Financing Sources (Uses)</b>	<u>(2,841,694)</u>	<u>11,676,583</u>	<u>-</u>	<u>(105,000)</u>	<u>1,608,176</u>	<u>10,338,065</u>
 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	 <u>33,029,881</u>	 <u>11,644,426</u>	 <u>956,039</u>	 <u>8,767,535</u>	 <u>25,517,533</u>	 <u>79,915,414</u>
<b>Fund Balance end of Year</b>	 <u>\$ 35,556,631</u>	 <u>\$ 13,198,869</u>	 <u>\$ 540,224</u>	 <u>\$ 9,131,297</u>	 <u>\$ 28,229,882</u>	 <u>\$ 86,656,903</u>

(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
<b>Revenues:</b>						
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	11,693,866	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	-	-	-	-	242,909	242,909
Investment income	1,162,006	-	-	164,953	1,227,986	2,554,945
Miscellaneous	-	49	-	-	24,142	24,191
<b>Total Revenues</b>	<b>143,185,798</b>	<b>1,203,005</b>	<b>1,502,773</b>	<b>3,906,600</b>	<b>18,755,431</b>	<b>168,553,607</b>
<b>Expenditures:</b>						
<b>Current:</b>						
Town Council	252,750	-	-	-	-	252,750
Town Manager	605,498	-	-	-	-	605,498
Administrative Services	4,980,823	-	-	-	2,539,354	7,520,177
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
<b>Debt service:</b>						
Principal	7,289,469	-	-	1,959,300	50,124	9,298,893
Interest	2,008,537	-	-	705,483	-	2,714,020
<b>Total Expenditures</b>	<b>138,136,986</b>	<b>6,918,869</b>	<b>951,585</b>	<b>3,825,448</b>	<b>18,033,495</b>	<b>167,866,383</b>
<b>Excess (deficiency) of revenues over/under expenditures</b>	<b>5,048,812</b>	<b>(5,715,864)</b>	<b>551,188</b>	<b>81,152</b>	<b>721,936</b>	<b>687,224</b>
<b>Other Financing Sources (Uses):</b>						
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)	-	-	(1,196,869)	(9,110,149)
<b>Total Other Financing Sources (Uses)</b>	<b>(5,421,230)</b>	<b>3,223,600</b>	<b>-</b>	<b>100,000</b>	<b>(480,974)</b>	<b>(2,578,604)</b>
<b>Net change in fund balance</b>	<b>(372,418)</b>	<b>(2,492,264)</b>	<b>551,188</b>	<b>181,152</b>	<b>240,962</b>	<b>(1,891,380)</b>
Fund Balance Beginning of Year, As Revised	33,402,299	14,136,690	404,851	8,586,383	25,276,571	81,806,794
<b>Fund Balance end of Year</b>	<b>\$ 33,029,881</b>	<b>\$ 11,644,426</b>	<b>\$ 956,039</b>	<b>\$ 8,767,535</b>	<b>\$ 25,517,533</b>	<b>\$ 79,915,414</b>

(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 Fund Balance (June 30) (1)	Free Cash (July 1)
2017	\$ 33,245,543	\$ 16,197,155
2016	30,019,449	13,131,098
2015	36,629,184	13,949,203
2014	28,085,852	13,370,039
2013	26,137,881	11,095,664

(1) 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
2017	\$ 2,386,672	\$ 2,179,508	\$ 8,797,951	\$ 723,798	\$ 1,249,454	\$ 809,462	\$ 943,846	\$ 496,529
2016	2,793,657	2,409,841	11,129,822	1,023,207	3,257,325	1,795,001	714,332	502,380
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

## 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>
2017	\$ 15,170,377
2016	13,033,464
2015	10,439,823
2014	11,815,836
2013	12,185,903

## Other Reserves

In addition, at June 30, 2017, the Town had a \$3,287,096 OPEB fund reserve (see "Other Post-Employment Benefits" herein), a \$2,206,073 pension fund stabilization reserve (see "Retirement System" herein), and \$6,612,725 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, water bonds, bonds for electric, gas and telecommunication systems, solid waste disposal facility bonds and economic development bonds supported by tax increment financing; and subject to special debt limits, bonds for housing, urban renewal, and economic development. 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 ten 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, 2017**

**General Obligation Bonds:**

Sewer (1)	\$	3,603,000
Water (2)		8,688,200
School (3)		16,255,500
MCWT (4)		22,388,305
General (5)		44,393,200
Golf Course		4,885,000
Airport (6)		2,263,700
Sandy Neck		955,000
Solid Waste		284,900
Marina		1,781,500

Total Long-Term Outstanding		\$ 105,498,305
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This Issue of Bonds to be Dated February 27, 2018		9,875,000
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**Temporary Loans:**

Pending New Money Bond Anticipation Notes (7)		2,575,770
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<b>Total Direct Debt</b>		<b>\$ 117,949,075</b>
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- (1) \$2,958,000 is outside of the Town's debt limit.
- (2) \$8,198,200 is outside of the Town's debt limit.
- (3) \$8,818,300 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.
- (4) Does not reflect subsidy from the Massachusetts Clean Water Trust. \$12,470,980 is outside of the Town's debt limit and \$381,696 is exempt from the limits of Proposition 2 ½.
- (5) \$320,500 is outside of the Town's debt limit.
- (6) \$1,629,200 is outside of the Town's debt limit.
- (7) Payable February 22, 2019 (pending issue of bond anticipation notes to be dated February 27, 2018).

## Outstanding Debt - Principal Payments by Purpose – Excludes the Bonds

The following table sets forth, as of June 30, 2017, the principal payments by purpose on the outstanding general obligation bonds of the Town of Barnstable.

Fiscal Year	Sewer (1)(2)	Water (1)(3)	School (4)	MCWT (1)(5)	General (6)	Golf Course (1)	Airport (1)(7)	Sandy Neck (1)	Solid Waste (1)	Marina (1)	Total
2018	\$ 277,000	\$ 793,200	\$ 4,809,500	\$ 2,103,991	\$ 5,549,700	\$ 561,500	\$ 88,700	\$ 55,000	\$ 28,900	\$ 141,500	\$ 14,408,991
2019	275,000	813,000	4,951,100	2,148,874	5,360,900	571,000	95,000	60,000	29,000	140,000	14,443,874
2020	269,000	829,000	1,556,700	1,742,525	5,143,300	578,000	100,000	60,000	29,000	140,000	10,447,525
2021	270,000	853,000	749,900	1,521,392	4,758,100	550,000	100,000	60,000	29,000	140,000	9,031,392
2022	180,000	677,000	688,000	1,452,108	4,432,000	559,000	100,000	65,000	29,000	115,000	8,297,108
2023	177,000	700,000	619,800	1,482,764	3,746,200	569,000	115,000	65,000	28,000	110,000	7,612,764
2024	185,000	723,000	578,000	1,468,750	2,589,000	582,000	120,000	65,000	28,000	110,000	6,448,750
2025	180,000	745,000	426,500	1,340,488	2,181,000	589,500	120,000	70,000	28,000	110,000	5,790,488
2026	180,000	773,000	426,000	1,367,784	2,118,000	65,000	120,000	75,000	28,000	110,000	5,262,784
2027	175,000	792,000	325,000	1,375,647	1,805,000	25,000	130,000	70,000	28,000	90,000	4,815,647
2028	175,000	120,000	215,000	1,394,091	1,210,000	25,000	130,000	75,000	-	90,000	3,434,091
2029	150,000	115,000	185,000	984,902	895,000	25,000	140,000	75,000	-	90,000	2,659,902
2030	145,000	105,000	185,000	963,649	875,000	25,000	145,000	80,000	-	95,000	2,618,649
2031	145,000	105,000	140,000	984,045	720,000	25,000	150,000	80,000	-	50,000	2,399,045
2032	145,000	105,000	100,000	632,649	625,000	25,000	100,000	-	-	50,000	1,782,649
2033	145,000	105,000	100,000	646,399	570,000	25,000	105,000	-	-	45,000	1,741,399
2034	145,000	105,000	100,000	224,729	570,000	25,000	105,000	-	-	45,000	1,319,729
2035	145,000	105,000	100,000	229,612	570,000	20,000	110,000	-	-	45,000	1,324,612
2036	145,000	85,000	-	234,602	555,000	20,000	115,000	-	-	45,000	1,199,602
2037	95,000	40,000	-	89,305	120,000	20,000	75,000	-	-	20,000	459,305
	<u>\$ 3,603,000</u>	<u>\$ 8,688,200</u>	<u>\$ 16,255,500</u>	<u>\$ 22,388,305</u>	<u>\$ 44,393,200</u>	<u>\$ 4,885,000</u>	<u>\$ 2,263,700</u>	<u>\$ 955,000</u>	<u>\$ 284,900</u>	<u>\$ 1,781,500</u>	<u>\$ 105,498,305</u>

- (1) Self-supporting.
- (2) \$2,958,000 is outside of the Town's debt limit.
- (3) \$8,198,200 is outside of the Town's debt limit.
- (4) \$8,818,300 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.
- (5) Does not reflect subsidy from the Massachusetts Clean Water Trust. \$12,470,980 is outside of the Town's debt limit and \$381,696 is exempt from the limits of Proposition 2 ½.
- (6) \$320,500 is outside of the Town's debt limit.
- (7) \$1,629,200 is outside of the Town's debt limit.

**Debt Service Requirements  
General Obligation Bonds  
As of June 30, 2017**

Fiscal Year	Outstanding Debt (1)		Less	Less	Total
	Principal	Interest	MSBA School Grants	MCWT Subsidies	
2018	\$ 14,408,991	\$ 3,582,306	\$ (3,018,706)	\$ (286,073)	\$ 14,686,518
2019	14,443,874	3,018,799	(3,018,706)	(267,302)	14,176,665
2020	10,447,525	2,440,643	-	(127,359)	12,760,809
2021	9,031,392	2,069,002	-	(69,798)	11,030,596
2022	8,297,108	1,747,171	-	(65,822)	9,978,457
2023	7,612,764	1,446,988	-	(61,107)	8,998,644
2024	6,448,750	1,194,992	-	(46,526)	7,597,216
2025	5,790,488	986,585	-	-	6,777,073
2026	5,262,784	792,484	-	-	6,055,268
2027	4,815,647	634,469	-	-	5,450,116
2028	3,434,091	505,355	-	-	3,939,446
2029	2,659,902	420,375	-	-	3,080,277
2030	2,618,649	348,726	-	-	2,967,375
2031	2,399,045	275,862	-	-	2,674,906
2032	1,782,649	215,396	-	-	1,998,045
2033	1,741,399	168,171	-	-	1,909,569
2034	1,319,729	125,790	-	-	1,445,519
2035	1,324,612	87,420	-	-	1,412,032
2036	1,199,602	48,953	-	-	1,248,555
2037	459,305	14,274	-	-	473,579
Total	<u>\$ 105,498,305</u>	<u>\$ 20,123,760</u>	<u>\$ (6,037,412)</u>	<u>\$ (923,986)</u>	<u>\$ 118,660,667</u>

(1) Principal totaling \$9,199,996 and interest totaling \$713,824 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
2017	\$ 105,498,305	45,193	\$ 13,655,091,900	\$ 2,334	0.77 %
2016	107,039,672	45,193	13,476,184,100	2,369	0.79
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

(1) Based on 2010 Federal Census.

(2) 2016 Equalized Valuation is used for fiscal year 2017; 2014 Equalized Valuation is used for fiscal years 2015 and 2016; 2012 Equalized Valuation is used for fiscal years 2013 and 2014.

## Authorized Unissued Debt and Prospective Financing

Following delivery of the Bonds, the Town will have approximately \$53.48 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 dollar assessment for each for the most recent fiscal year.

	Debt Outstanding as of June 30, 2017	Barnstable's Estimated Share	Share of Assessments for Operations & Debt Service (1)
Barnstable County (2)	\$ 22,114,734	17.40 %	\$ 1,071,451
Cape Cod Regional Transit Authority (3)	-	33.64	522,169
Cape Cod Regional Technical High School District (4)	-	30.00 (5)	3,620,080
Barnstable Fire District	873,888	N.A. (6)	N.A. (6)
Centerville-Osterville- Marstons Mills Fire District	1,765,757	N.A. (6)	N.A. (6)
Cotuit Fire District	1,300,000	N.A. (6)	N.A. (6)
Hyannis Fire District	2,576,000.00	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 Clean Water Trust. Includes Environmental Protection Fund Tax. (See Town of Barnstable Municipal Services above for information on abolishment of counties.) Dollar assessment for fiscal 2017.

(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. Dollar assessment for fiscal 2017.

(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. Dollar assessment for fiscal 2018.

(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).

<b>Fiscal Year</b>	<b>Barnstable Fire District</b>	<b>Centerville-Osterville Marstons Mills Fire District</b>	<b>Cotuit Fire District</b>	<b>Hyannis Fire District</b>	<b>West Barnstable Fire District</b>
<b>Assessed Valuation:</b>					
2018	\$ 1,251,322,410	\$ 7,112,270,980	\$ 1,403,855,760	\$ 3,262,640,330	\$ 578,433,570
2017	1,217,131,020	6,934,944,980	1,356,123,930	3,151,769,570	566,652,930
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
<b>Tax Levies:</b>					
2018	\$ 3,716,428	\$ 11,450,756	\$ 3,186,753	\$ 10,374,566	\$ 1,608,045
2017	3,602,708	8,460,633	3,064,840	9,193,629	1,529,963
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
<b>Full Value Tax Rate:</b>					
2018	\$ 2.97	\$ 1.61	\$ 2.27	\$ 4.29	\$ 2.78
2017	2.96	1.22	2.26	3.94	2.70
2016	3.02	1.59	2.20	3.87	2.68

### 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.

On January 1, 2015 the Town signed a 10-year agreement with NB Waste Services for the incineration of solid waste. The contract includes two optional 5-year renewals. In order to deliver the solid waste to the incinerator the waste needs to be consolidated first at a transfer station.



## 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
2018 (budgeted)	\$ 8,998,259	\$ 5,200
2017	8,380,594	18,117
2016	8,024,464	10,763
2015	7,854,870	2,946 (1)
2014	7,542,493	14,558
2013	6,956,781	13,495

(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, 2016, the total pension liability of the Barnstable County Retirement System was calculated to be \$1,563,442,019 and the actuarial value of the assets was \$910,455,464, leaving an estimated unfunded actuarial accrued liability (UAAL) of \$652,986,555. Based on the current data, the System is 58.23% funded with an assumed rate of return of 7.625%. Approximately 15.44% 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, 2017, the value of this fund was \$2,205,648.

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

#### Current Barnstable County Retirement System Funding Schedule (As of January 1, 2016)

Fiscal Year Ending	(2) 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 Country Sheriff Liability (2)+(3)+(4)+(5)+(6)	(8) Amortization of Retired County Sheriff Liability	(9) Total Amortization (7)+(8)	(10) Total UAL at Beginning of Fiscal Year	(11) Increase Over Prior Appropriation
2017	\$ 14,756,545	\$ 426,336	\$ 200,586	\$ 262,965	\$ 40,295,785	\$ 55,942,217	\$ 1,359,250	\$ 57,301,467	\$ 677,424,379	-
2018	15,335,551	443,389	208,610	262,965	42,645,451	58,895,966	1,431,018	60,326,984	692,774,127	5.28 %
2019	15,937,107	461,125	216,954	262,965	45,127,522	62,005,673	1,506,576	63,512,249	705,746,451	5.28
2020	16,562,087	479,570	225,632	262,965	47,749,319	65,279,573	1,586,123	66,865,696	716,157,762	5.28
2021	17,211,398	498,752	234,658	262,965	50,518,561	68,726,334	1,669,871	70,396,205	723,783,325	5.28
2022	17,885,979	518,702	244,044	262,966	53,443,393	72,355,084	1,758,040	74,113,124	728,355,634	5.28
2023	18,586,810	539,451	253,806	-	56,795,366	76,175,433	1,850,864	78,026,297	729,563,344	5.28
2024	19,314,903	561,029	263,958	-	60,057,606	80,197,496	1,948,590	82,146,086	729,049,896	5.28
2025	20,071,316	583,470	274,516	-	63,502,621	84,431,923	2,051,476	86,483,399	720,410,872	5.28
2026	20,857,141	606,808	285,497	-	67,146,321	88,895,767	2,153,956	91,049,723	709,191,347	5.28
2027	21,673,515	631,081	296,917	-	71,015,521	93,617,034	2,240,114	95,857,148	692,883,087	5.28
2028	22,521,621	656,324	308,793	-	75,101,948	98,588,686	2,329,719	100,918,405	642,677,399	5.28
2029	23,402,682	682,577	321,145	-	79,417,586	103,823,990	2,422,907	106,246,897	608,842,879	5.28
2030	24,317,973	709,880	333,991	-	83,975,065	109,336,909	2,519,824	111,856,733	567,729,059	5.28
2031	25,268,815	738,275	347,351	-	88,787,712	115,142,153	2,620,616	117,762,769	518,519,777	5.28
2032	26,256,582	767,806	361,245	-	93,869,569	121,255,202	2,725,411	123,980,613	460,322,337	5.28
2033	27,282,698	798,519	375,694	-	99,235,451	127,692,362	2,834,459	130,526,821	392,160,903	5.28
2034	28,348,645	830,459	390,722	-	104,900,974	134,470,800	2,947,837	137,418,637	312,969,335	5.28
2035	29,455,959	863,678	406,351	-	110,882,603	141,608,591	3,065,750	144,674,341	221,583,453	5.28
2036	30,606,236	898,228	422,604	-	114,387,712	146,314,780	3,188,380	149,503,160	116,732,645	3.34
2037	31,801,135	-	-	-	-	31,801,135	-	31,801,135	-	(78.73)
2038	33,042,376	-	-	-	-	33,042,376	-	33,042,376	-	3.90

SOURCE: January 1, 2016 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>
2017	\$ 5,559,064
2016	5,104,909
2015	4,971,187
2014	5,322,423
2013	4,916,640

(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 the Town's unfunded accrued actuarial liability (UAAL) as of June 30, 2016 was \$184,141,646 assuming an actuarial accrued liability of \$186,818,568, an actuarial value of assets of \$2,676,922, and a 3.58% discount rate amortized over 30 years with payments increasing at 3.50% per year. The Town's annual required contribution (ARC) for the fiscal year ended June 30, 2017 was \$12,728,113.

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. Transfers into, and the balances of, the fund in recent years have been as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Appropriations During Fiscal Year</u>	<u>OPEB Liability Trust Fund Balance</u>
2017	\$ 478,000	\$ 3,287,096
2016	350,000	2,676,922
2015	478,000	2,146,108
2014	250,000	1,373,922
2013	200,000	1,024,420

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, 1,243 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	726	6/30/2020
BMEA	Municipal (white collar)	178	6/30/2020
AFSCME	DPW Workers & Golf Course	92	6/30/2020
Mass Cop	Police Patrolmen	88	6/30/2020
AFSCME	School Custodians/Maintenance	51	6/30/2020
Teamsters	Airport	18	6/30/2017
BMEA	Department Head Unit	32	6/30/2017
Mass Cop	Police Superior Officers	25	6/30/2020
BAO	School Administrators	33	6/30/2020
<b>TOTAL</b>		<u><u>1,243</u></u>	

(1) Contracts are currently in negotiations for renewal through June 30, 2020.

**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

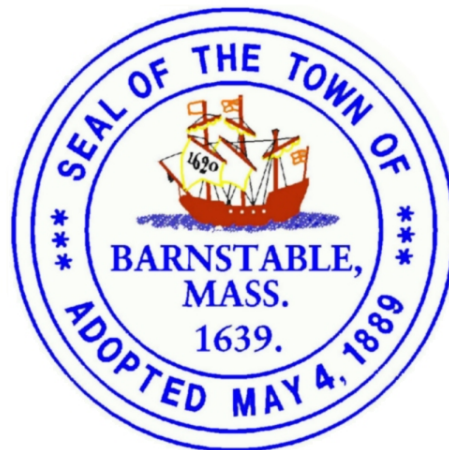
February 13, 2018

# TOWN OF BARNSTABLE, MASSACHUSETTS

## Comprehensive Annual Financial Report



For the year ended June 30, 2017



Prepared By:  
Finance Department

On the cover: View of Hyannis Inner Harbor from the Town Hall.

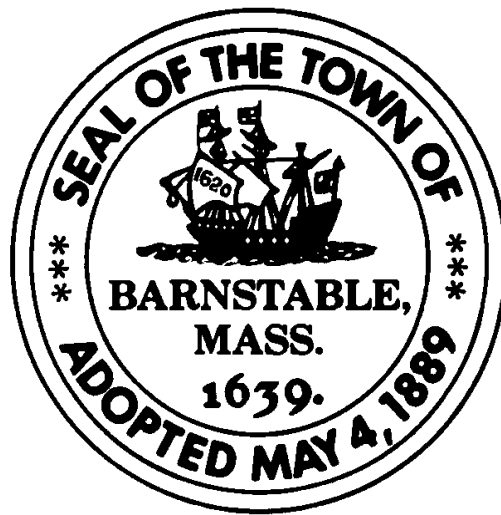


A view of Lewis Bay from Veteran's Beach as boats sail into the Hyannis Yacht Club.

# TOWN OF BARNSTABLE, MASSACHUSETTS

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the year ended  
June 30, 2017



Prepared by:  
Finance Department

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TOWN OF BARNSTABLE, MASSACHUSETTS  
COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2017

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## ***Introductory Section***

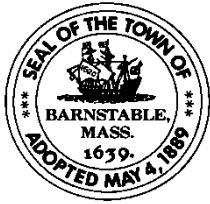


**Fishing in Barnstable Harbor off Sandy Neck Lighthouse.**

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# ***Introductory Section***

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# The Town of Barnstable

## Office of Town Manager

367 Main Street, Hyannis, MA 02601  
Office: 508.862.4610  
Fax: 508.790.6226  
[www.town.barnstable.ma.us](http://www.town.barnstable.ma.us)  
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**Mark S. Ells, Town Manager**  
[mark.ells@town.barnstable.ma.us](mailto:mark.ells@town.barnstable.ma.us)

**M. Andrew Clyburn, Assistant Town Manager**  
[andy.clyburn@town.barnstable.ma.us](mailto:andy.clyburn@town.barnstable.ma.us)

### Letter of Transmittal

December 27, 2017

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

State law requires the Town of Barnstable to publish at the close of each year a complete set of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) that are audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report (CAFR) of the Town of Barnstable, Massachusetts, for the year ending June 30, 2017, for your review. This report was prepared by the Town of Barnstable's Finance Division.

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

The Town of Barnstable's financial statements have been audited by Powers & Sullivan, LLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Barnstable for the year ended June 30, 2017, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion on the Town of Barnstable's financial statements for the year ended June 30, 2017, and that they are fairly presented in conformity with GAAP. An unmodified opinion or a "clean" opinion is the highest one that can be received. It essentially means there are no reservations concerning the financial statements and that no deficiencies in the financial statements were found. The independent auditor's report is presented on page 17 of this report.

The independent audit of the financial statements of the Town of Barnstable was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the Town of Barnstable's separately issued Single Audit Report.

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

## **Profile of the Government**

The Town of Barnstable was incorporated in 1639 and is located in the center of Cape Cod. The land area covers over 62 square miles including 100 miles of shoreline and 55 freshwater ponds. The Town is composed of the seven villages of Barnstable, Centerville, Cotuit, Hyannis, Marstons Mills, Osterville, and West Barnstable with a year round population of close to 45,000 that nearly triples during the summer months. The Town spans the width of Cape Cod from the north to south and is bordered by the Towns of Mashpee and Sandwich to the west and Yarmouth to the east. The Town serves as the seat of County government and the Village of Hyannis serves as the seat of Town government.

## **Municipal Services**

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

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

The Cape Cod Regional Technical High School District provides education in grades nine through twelve. Approximately 130 Barnstable students attended this school in 2017. The Sturgis Charter Public School is a Commonwealth Charter School and provides an alternative choice for public education for grades 9 to 12. Approximately 225 Barnstable students attended this school in 2017. In addition, the Town operates a Horace Mann Charter School; a K to 3 elementary school located on Bearses Way in Hyannis. The Horace Mann Charter School is managed independently by an appointed board of trustees and not by the School Committee and Superintendent. Funding for the school's operation is provided by the Town based upon a negotiated amount between the School Committee and Board of Trustees within the guidelines established by the authorizing legislation of the Commonwealth of Massachusetts. The funding is treated as an assessment and is included in the Town's education expenses.

The Cape Cod Regional Transit Authority provides limited bus service within the Town which receives an annual assessment from the state for this service. The Barnstable Housing Authority provides housing for eligible low



income families and elderly and handicapped persons. These entities are not considered component units. The principal services provided by Barnstable County are space for courts, regional planning and development through the Cape Cod Commission, and a registry of deeds. The county is not a component unit.

### **Governing Bodies and Officers**

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

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

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

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

### **Organization**

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

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

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

### **Financial and Management Systems**

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

The ten-year forecast, submitted to the Town Council each year, is a comprehensive review of economic trends on a local, regional and national basis; which projects and analyzes major municipal fund projections based upon

service program assumptions. Based upon these projections and analyses, the forecast establishes a focal point each year for the Town Council to establish a series of revenue and expenditure policies which guide in the formation of the capital and operating budget.

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

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

### Principal Executive Officers

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

### Factors Affecting Financial Condition

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

**Local economy.** While tourism will always remain an important component of the Town's economy, improved transportation networks, a heightened popularity among retirees, and the Town's own growing service economy are helping to diversify the economy from its former heavy reliance on the summer tourism trade. Even the nature of tourism has changed. Expansion of the summer season is evident, including the "shoulder seasons" in the spring and the fall. Contributing to the extension of the season is the large increase in the conversion of former summer homes to year-round homes, as well as the construction of many expensive second homes. Over the

years, Barnstable has evolved from a seasonal to a more year-round community, with a current year-round population of approximately 45,000. More than one-half of homes are now occupied by year-round residents, compared with about one-third 35 years ago.

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

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

Standard & Poor's Rating Services rates the Town's economy as "very strong" in its February 2017 published ratings summary. The Town has a projected per capita effective buying income of 120% of the national level and per capita market value of \$296,453. Overall, the Town's market value grew by 0.7% over the past year to \$13.2 billion in 2017. The Town's assessed value was revalued in fiscal 2016, resulting in a 3.5% year-over-year increase to \$13.14 billion. The property tax base is primarily residential, with 88% of assessed value classified as such. Building permit value in calendar year 2016 was at a five-year high with an estimated value of \$213.7 million.<sup>1</sup>

**Tax base.** Barnstable's tax base is still among the largest in the Commonwealth. Total assessed valuation for the Town is estimated to increase to \$13.6 billion in 2018 reflecting a 3% increase from the 2017 value of \$13.2 billion. Property values continue to recover from the declines experienced after the 2008 recession. The Town's current property value is over \$8 billion more than the 2000 value of \$5 billion. The tax base includes a substantial \$1.3 billion commercial base due to the Town's position as one of the economic centers of southeastern Massachusetts. New building growth activity continues to perform better having grown from \$93 million in 2014 to \$157 million in 2017. The tax levy for 2017 was \$114.2 million which is \$216.6 million less than the levy ceiling. The excess capacity between the tax levy and levy ceiling can only be accessed by a voter approved override. The tax rates for 2017 were \$9.54 per thousand dollars of valuation on residential property and \$8.64 per thousand dollars of value on commercial, industrial and personal property (CIP). The residential rate was higher than the CIP rate as a result of the Town Council adopting a 20% residential exemption. This effectively removed \$1.1 billion of property value from the residential class driving the tax rate upwards for this class of property as the residential tax levy remains the same.

**Long-term financial planning.** The Town of Barnstable's capital program has identified approximately \$184 million in needed capital improvements over the next several years. \$62 million of this amount is for enterprise fund type operations and \$122 million are general fund improvements. \$23 million is for airport improvements with a majority of the capital program anticipated to be financed with federal and state funding. \$25 million is associated with the water quality improvements including sewer plant facility upgrades, water line replacements

<sup>1</sup> Standard and Poor's credit analysis, dated February 2017.

and other water system improvements. In addition, there is approximately \$64 million for road, bridge, parking lot and sidewalk improvements, \$26 million for school facilities and \$32 million for improvements to various Town facilities.

In July of 2010, the Town Council adopted a funding plan for financing a portion of the water quality projects listed in the 5 year capital plan and a new fund was created to accumulate the resources. Funding sources included 50% betterments assessed to property abutters on sewer extensions, adoption of a local meals tax of 0.75% and increasing the local rooms tax rate from 4% to 6%. The fund has a balance of just over \$14 million as of June 30, 2017. In 2015 special legislation was adopted to expand the use of this trust fund to include the repairs and maintenance to private roads.

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

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

State aid increased 11% in FY 2017 and is projected to increase 2% in FY 2018 when the budget was developed. The single largest form of aid is Chapter 70 Aid for education. Under the formula no community will receive less than 17.5% of its foundation budget in the form of Chapter 70 Aid. Barnstable is scheduled to receive \$10 million in FY 2018 or 17.3% of its foundation budget. This is \$164,250 more than the FY 2017 amount. Going forward, the Town's Chapter 70 aid will change on a percentage basis that is nearly equal to the percentage change in the foundation budget.

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

The Town currently participates in a joint purchase group (Cape Cod Municipal Health Group) for its health insurance program. Under the new law, the joint purchase group has voted to make plan design changes that will go into effect for the 2018 fiscal year. Co-pays and deductibles will mirror those that are offered by the plans under the Group Insurance Commission. The plan design changes are expected to mitigate premium rate increases for FY 2018 by about 2%. Rate increase for FY 2018 averaged 11%. The health group also introduced a high deductible Health Savings Account option effective for FY 2018 in an attempt to allow member entities to control cost increases. The Affordable Care Act will significantly impact this area of the budget in the near future. It is anticipated that most of the Cape Cod Municipal Health Group's plans will become subject to the "Cadillac Tax" under the Affordable Care Act. This tax becomes effective January 1, 2020.

The Town contributes 50% towards active and retired employees' health insurance premiums. This is the minimum amount it can contribute by state law and no increase in the contribution rate is expected. The Town's total health insurance expense on a pay-as-you-go basis for 2017 was \$10 million. This includes active and retired employees including retired teachers. Retired teachers join the Group Insurance Commission (GIC) upon retirement and the Town receives an assessment from the GIC every year. The assessment for 2017 was \$2.3 million. Additionally, a Government Accounting Standards Board (GASB) pronouncement was issued that

requires the Town to perform an actuarial calculation of its unfunded health insurance liability for all active and retired employees. This liability is disclosed in these financial statements on pages 104 to 110. The Town created a trust fund in 2011 to begin accumulating assets to fund this liability. This fund has a balance of approximately \$3.3 million as of June 30, 2017. A contribution to this fund of \$478,000 was paid in 2017. A plan to increase the base contribution by \$50,000 per year has been incorporated into the Town's long-term financial planning.

In the areas of utilities and fuel the Town continues to implement and explore alternative options. Fields of photovoltaic panels were installed at the Solid Waste Transfer Station and Airport in 2015 which netted the Town a financial benefit of \$882,000 in FY 2017. Smaller systems have been installed at the Town's Senior Center as well as roof mounted systems at various school facilities. The Town is exploring the feasibility of solar canopies in parking lots to expand this revenue source.

Changes in school enrollments and the aging population of the Town will require an on-going analysis of program services and resource allocation. The School Department has closed five buildings over the past several years as enrollment has declined from 7,000 to 5,400 students. School enrollment has leveled off and a slight increase has occurred for the 2017-2018 school year. The median age of our community is increasing and the demand for services directed towards the senior population will likely increase. A recent study estimated that outreach efforts and the transportation needs for this population will become higher priorities and demand higher levels of service.

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

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

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

## **2017 Major Financial Highlights**

**Fund balance.** During the year, the Town's general fund balance increased \$1.4 million to \$23.3 million, on a budgetary basis. Actual revenue collected exceeded budget estimates by \$4.2 million and returned appropriations totaled nearly \$1.2 million. An additional \$4 million transfer was made to the Capital Trust Fund resulting in the net fund balance increase of \$1.4 million. Motor vehicle and other excise taxes performed very well exceeding the budget estimate of \$6,574,547 by \$831,246; penalties and interest on the late payment of taxes exceeded budget estimates by nearly \$574,000, Medicaid reimbursements totaled \$861,285 and investment income exceeded budget estimates by \$250,000. Stabilization fund balances increased a collective \$3.8 million due to transfers from the general fund and revenue exceeding expenditures. This includes the Capital Trust Fund, Pension Reserve Fund and Sewer Construction and Private Way Maintenance Fund.

**Operating budgets.** All appropriated budgets including the general fund and enterprise funds had favorable budget variances. Even though the Airport, Solid Waste and Hyannis Youth and Community Center Enterprise Funds did not meet their revenue estimates all three funds had unexpended appropriation balances that exceeded the revenue shortfalls resulting in a net favorable budget variance.

**Property taxes receivable.** Outstanding property taxes receivable at the end of 2017 were approximately \$276,000 more than the previous year end. 97.4 percent of the 2017 tax levy had been collected as of June 30, 2017.

**Tax liens receivable.** Tax liens are \$207,000 more than they were at the previous year end as \$874,000 of unpaid taxes for the fiscal year 2014 were liened during the year.

**Intergovernmental receivables.** Receivables increased by \$4.5 million as the Town entered into a new loan agreement with the Massachusetts Clean Water Trust to finance several water capital projects and it settled a lawsuit with Barnstable County which will repay the Town over a 20 year period.

**Bonds payable.** Bonds payable, including unamortized premiums, decreased by \$1.8 million as new principal payments on outstanding bonds exceeded new issues.

**Bond sale and bond rating.** The Town issued \$11.258 million of new general obligation bonds in 2017. The bonds were used to finance the 2017 capital improvement program. The bonds were competitively bid and awarded at a net interest cost of 2.75%. A premium of \$568,000 was earned on the bond which was applied to the principal amount issued. The Town's bond rating remains at AAA with Standard & Poor's.

**Cash and investments.** Total cash in the Town's treasury at the end of 2017 increased \$6.4 million from \$145.4 million to \$151.8 million. This was mainly attributable to the 2017 bond issue and favorable budgetary operations. The following table illustrates the change in the overall cash and investments balance for the past ten years.

FY2008	\$135,143,563
FY2009	\$120,708,687
FY2010	\$114,273,195
FY2011	\$112,028,205
FY2012	\$120,019,687
FY2013	\$117,812,432
FY2014	\$130,175,115
FY2015	\$133,128,951
FY2016	\$145,351,632
FY2017	\$151,750,335

**Free cash.** Free cash is the balance of cash in the Town's treasury that is free and clear of any and all encumbrances that exist at the close of each year. The Town must submit a set of financial statements at the end of each year to the state from which this number is calculated. Free cash is certified for the general fund and each enterprise fund. Once certified, appropriations can be made from the free cash amounts during the year. The balances as of July 1, 2017, compared to the previous year are disclosed on the next page.

Free Cash (Surplus)	On July 1, 2016	On July 1, 2017	Change
General Fund	\$13,131,098	\$16,197,155	\$3,066,057
<b>Enterprise Funds:</b>			
Airport	\$2,793,657	\$2,386,672	(\$406,985)
Golf Course	\$1,023,207	\$723,798	(\$299,409)
Solid Waste	\$2,409,841	\$2,179,508	(\$230,333)
Sewer	\$11,129,822	\$8,797,951	(\$2,331,871)
Water	\$3,257,325	\$1,249,454	(\$2,007,871)
Marina	\$1,795,001	\$809,462	(\$985,539)
Sandy Neck	\$714,332	\$943,846	\$229,514
HYCC	\$502,380	\$496,529	(\$5,851)
Totals	\$36,756,663	\$33,784,375	(\$2,972,288)

The increase in general fund free cash is principally due to favorable operating budget results. The decreases in all of the enterprise funds with the exception of Sandy Neck are a result of surplus being used for the capital program and the operating budgets. The increase in the Sandy Neck is principally due to a continued growth in revenue.

### Awards and Acknowledgements

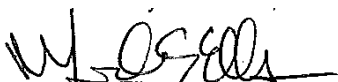
The Government Finance Officer Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Barnstable for its comprehensive annual financial report (CAFR) for the years ended June 30, 2002, through June 30, 2016. In order to be awarded a Certificate of Achievement, the Town published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

In addition, the GFOA also awarded the Town of Barnstable the Distinguished Budget Presentation Award for its annual budget document for the years beginning July 1, 2001, through July 1, 2017. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

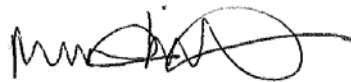
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

Respectfully submitted,

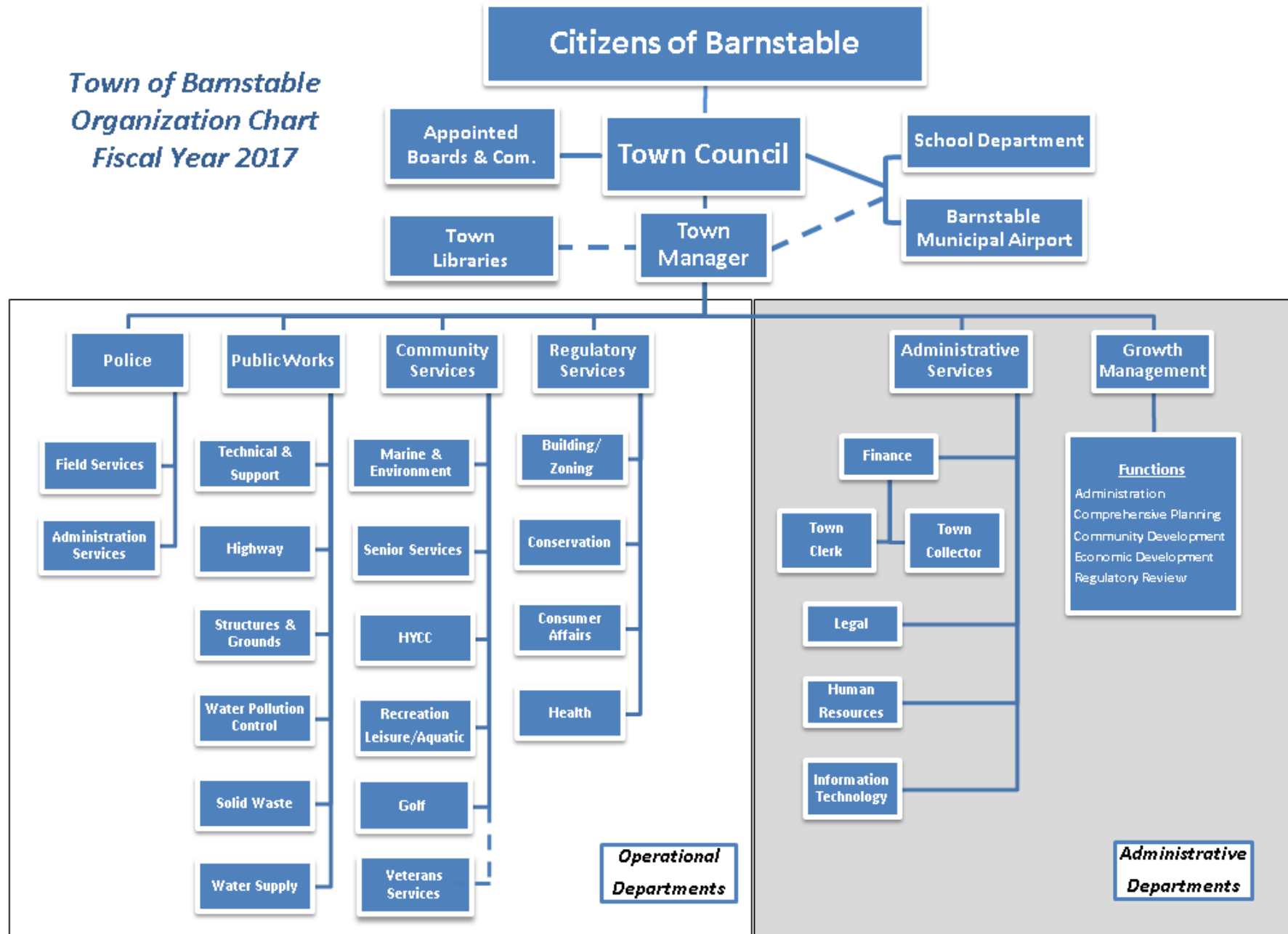


Mark S. Ells  
Town Manager



Mark A. Milne  
Finance Director

*Town of Barnstable  
Organization Chart  
Fiscal Year 2017*







Government Finance Officers Association

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**June 30, 2016**

Executive Director/CEO



GOVERNMENT FINANCE OFFICERS ASSOCIATION

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**Town of Barnstable  
Massachusetts**

For the Fiscal Year Beginning

**July 1, 2016**

Executive Director

# ***Financial Section***



**A view of Hyannisport with the Hyannis Breakwater in the background.**

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# ***Financial Section***

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## Independent Auditor's Report

To the Honorable Town Council  
Town of Barnstable, Massachusetts

## Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Barnstable, Massachusetts, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town of Barnstable, Massachusetts' basic financial statements as listed in the table of contents.

## Management's Responsibility for the Financial Statements

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

## Auditor's Responsibility

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

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

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

## Opinions

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

business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Barnstable, Massachusetts, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

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

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

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

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



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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2017, on our consideration of the Town of Barnstable, Massachusetts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Barnstable, Massachusetts' internal control over financial reporting and compliance.

*Powers & Sullivan LLC*

December 27, 2017, except for the library component units listed in Note 1, which were audited by other auditors and whose reports are dated on various dates through November 6, 2017.

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

## Management's Discussion and Analysis

As management of the Town of Barnstable, Massachusetts (Town), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the year ended June 30, 2017. The Town complies with financial reporting requirements issued by the Governmental Accounting Standards Board (GASB). Management's discussion and analysis are part of these requirements.

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

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

### Financial Highlights

- The assets and deferred outflows of resources of the Town of Barnstable exceeded its liabilities and deferred inflows of resources at the close of the most recent year by \$357.7 million.
- The primary government's total net position increased by \$2.2 million. The increase was the net result of an increase in the Town's governmental activities of \$920,000 and an increase of \$1.3 million attributable to the Town's business-type activities. The governmental activities increase is mainly attributable to \$3.9 million in capital grants and favorable budgetary results; offset by the recognition of an additional \$6.8 million in the other postemployment benefit obligations. The change in governmental activities net position is more fully explained on page 25. The \$1.3 million increase in business-type activities represents the combined operations of the Town's eight enterprise funds.
- GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pensions Plans*, was implemented this year. This standard added Note disclosures and Required Supplemental Information for the Town's OPEB Trust fund. Its sister standard, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment benefits Other Than Pensions*, is required to be implemented in FY2018. This standard will affect the financial statements themselves by requiring the Town to record its OPEB assets, liabilities, and deferred financial statement elements for the first time.
- At the close of the current year, the Town of Barnstable's governmental funds reported combined ending fund balances of \$107.8 million, an increase of \$6.8 million in comparison with the prior year. Approximately \$33.2 million of this total amount is available for appropriation at the government's discretion.
- At the end of the current year, fund balance for the general fund totaled \$41 million, or 26.1% of total general fund expenditures.
- Expenditures for the general fund totaled \$157.1 million or \$8.6 million more than the prior year. The area with the largest change was pension benefits which increased \$4.4 million due to recording the Massachusetts Teachers Retirement System's GASB #68 expense which increased expense by \$4.1 million. The second largest area to change was education which increased \$2.2 million due to budgetary increases.

- The Town of Barnstable's total long-term debt decreased by \$1.8 million during the current year. The Town issued \$12.5 million of long-term debt, of which \$5.4 million was for governmental activities and \$7.1 million was for business-type activities. A total of \$14.2 million in long-term debt principal was retired.

## **Overview of the Financial Statements**

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

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

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

The statement of activities presents information showing how the government's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g., uncollected taxes and earned but unused vacation leave).

Both the government-wide financial statements include not only the Town itself (known as the primary government), but also the seven village libraries for which the Town contributes a majority of funding for their annual operations. Although they are legally separate, the libraries receive a significant portion of their annual operating budget from the Town of Barnstable and, therefore, the financial information for these component units is reported separately from the financial information presented for the primary government itself.

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

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

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

The Town maintains four major governmental funds that are presented separately in the governmental fund financial statements. The remaining eight nonmajor funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

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

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

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

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

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

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

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

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

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Barnstable, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$357.7 million at the close of the most recent year.

By far the largest portion of the Town's net position, \$358 million, reflects its investment in capital assets (e.g., land, buildings, vehicles, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The Town uses these assets to provide services to citizens; consequently, these assets are not

available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net position, \$62.3 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is a deficit of \$62.6 million. The deficit is the result of the implementation of accounting standards which have required the Town to record its net pension liability of \$103.9 million along with the other postemployment benefits liability of \$56.2 million. These are long term unfunded liabilities that will not require significant short term resources.

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

### Comparative Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	(As Restated)			
	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Current and other assets	\$ 155,653,882	\$ 146,573,406	\$ 38,846,698	\$ 37,231,363
Capital assets	257,808,187	253,859,600	188,888,743	182,803,547
Total assets	<u>413,462,069</u>	<u>400,433,006</u>	<u>227,735,441</u>	<u>220,034,910</u>
Deferred outflows of resources	<u>9,743,139</u>	<u>5,975,476</u>	<u>3,529,997</u>	<u>2,778,445</u>
Current liabilities	25,114,370	22,116,098	13,615,983	11,214,850
Long-term liabilities	182,615,117	172,156,116	72,892,024	68,410,372
Total liabilities	<u>207,729,487</u>	<u>194,272,214</u>	<u>86,508,007</u>	<u>79,625,222</u>
Deferred inflows of resources	<u>2,024,500</u>	<u>839,620</u>	<u>505,779</u>	<u>211,437</u>
Net position:				
Net investment in capital assets	218,426,338	212,363,641	139,551,898	133,965,038
Restricted	62,317,088	58,921,589	-	-
Unrestricted	<u>(67,292,205)</u>	<u>(58,753,543)</u>	<u>4,699,754</u>	<u>9,011,658</u>
Total net position	<u>\$ 213,451,221</u>	<u>\$ 212,531,687</u>	<u>\$ 144,251,652</u>	<u>\$ 142,976,696</u>

The Town has realized an increase in its net position from 2016 to 2017 within both its governmental and business type activities. Total net position has increased \$920,000 over this period for governmental activities and \$1.3 million for business-type activities. The 2017 increases are mainly attributable to additions to the construction and maintenance fund of \$1.7 million, favorable budgetary results; capital grants, and the community preservation fund which allows the Town to assess additional taxes and to receive state matching funds to be used toward open space, historical preservation and affordable housing. These sources were partially offset by the recognition of other postemployment benefit obligations which increased by \$7.2 million. The amortization of this liability will continue to deteriorate the Town's overall financial position when the full liability is recorded with the implementation of future accounting standards or the liability gets pre-funded. In 2017, capital grants totaled \$3.9 million for governmental activities, \$2.6 million for the airport enterprise fund and \$201,000 for the wastewater enterprise fund. Principal payments on debt service for governmental and business-type activities totaled \$10 million and \$4.9 million, respectively, including the retirement of bonds through a debt refunding transaction. Depreciation on capital assets totaled \$8.8 million and \$7.5 million, respectively.

The majority of the increases to the Town's capital assets during 2017 were in the form of road and drainage improvements and buildings and building improvements. Capital asset growth within the business-type activities for 2017 consisted mainly of airfield improvements (\$4.7 million), water building upgrades (\$1.2 million) and various water system improvements, including pipe replacement projects and water treatment upgrades.

**Current and other assets** have increased in both governmental and business-type activities. In governmental activities, current and other assets increased by approximately \$9.1 million from 2016. This is mainly due to the capital project bond proceeds that have not been spent at year end increasing cash and cash equivalents and a build-up of capital reserves. For business-type activities, current and other assets have increased \$1.6 million. Cash and cash equivalents have increased while capital assessments and other receivables have decreased.

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

**Long-term liabilities** have increased in both governmental and business-type activities from the 2016 levels. For both governmental and business-type activities, long-term liabilities have increased related to the issuance of long-term bonds, an increase in net pension liabilities, and increases in the liability for other postemployment benefits.

**Net investments in capital assets** have increased in both governmental and business-type activities. This is mainly attributable to capital asset acquisitions and payments on bond principal exceeding depreciation on capital assets and of capital grants used to acquire capital assets.

**Restricted net position** has increased by \$3.4 million for governmental activities from 2016 to 2017 mainly due to an increase in the construction and maintenance fund for revenue received from hotel/motel and meals taxes and an increase in the state highway projects revenue. The **unrestricted net position** amount has decreased \$8.5 million for governmental activities in the current year which was mainly the net result of increases in stabilization and capital reserves, offset with the recognition of an additional \$6.8 million for other postemployment benefit obligations and \$8.4 million for pension liabilities. Unrestricted net position of business-type activities decreased by \$4.3 million which was the net result of operations of the Town's enterprise funds along with increases in the net pension liability and net other postemployment liability totaling \$1.9 million and \$399,000, respectively.

**Governmental activities.** In 2017, governmental activities increased the Town of Barnstable's net position by \$920,000. Key elements of the changes in governmental activities are as follows:

- The Town adopted special legislation to establish the construction and maintenance trust fund. In accordance with the legislation, the Town reports 100% of the meals tax and 33% of the hotel/motel tax collected directly to this trust fund. This fund had an ending balance of \$14.3 million, an increase of \$1.8 million.
- The Town appropriated funds to increase the Capital Stabilization fund by a net of \$2.1 million, bringing the balance to \$15.2 million.
- The Town recognized an additional \$6.8 million of other postemployment benefits obligation which resulted in a decrease in net position. The total liability reported in governmental activities for OPEB is \$53.1 million as of June 30, 2017.
- The Town received \$3.9 million in capital grants, which includes \$2.4 million from state funding of Chapter 90 highway projects.

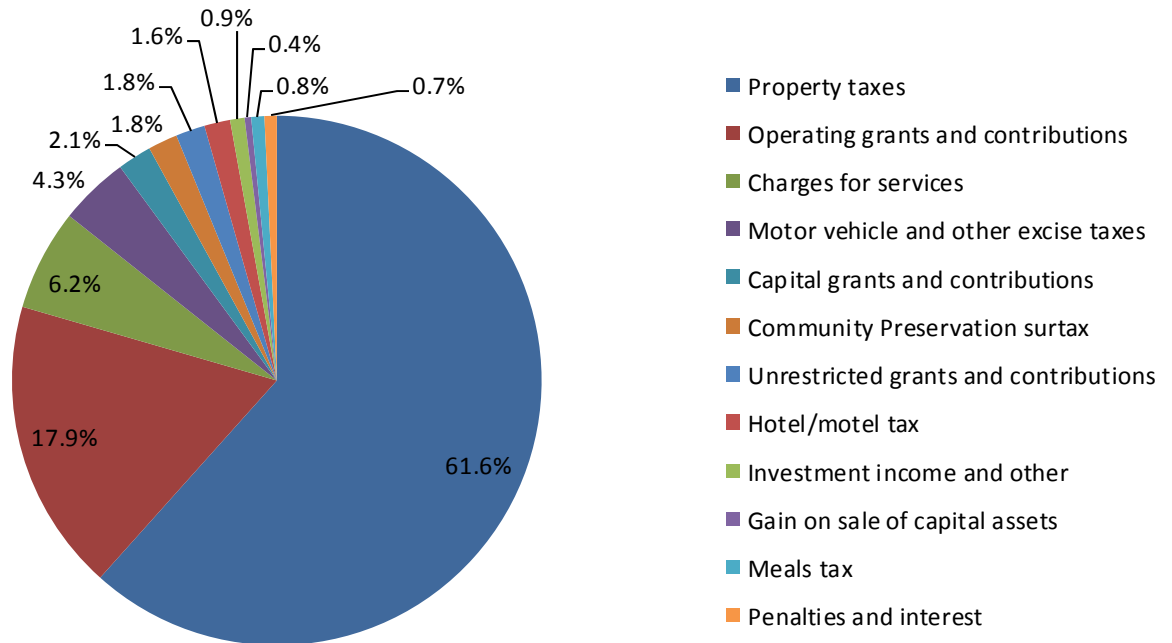
- The Town raised approximately \$1.1 million more to retire outstanding governmental debt than was recorded as depreciation on governmental capital assets; this has a positive impact on the Town's net position.

### Changes in Net Position

	Governmental Activities		Business-Type Activities	
	2017	(As Restated) 2016	2017	2016
Revenues:				
Program revenues:				
Charges for services.....	\$ 11,454,067	\$ 11,907,843	\$ 24,545,246	\$ 23,625,211
Operating grants and contributions.....	33,127,780	30,244,001	288,967	301,449
Capital grants and contributions.....	3,863,636	5,884,073	2,835,392	4,128,274
General revenues:				
Property taxes.....	114,256,542	110,049,748	-	-
Motor vehicle and other excise taxes.....	7,882,124	7,568,790	-	-
Hotel/motel tax.....	2,920,683	2,798,882	-	-
Meals tax.....	1,494,626	1,474,084	-	-
Penalties and interest.....	1,381,382	914,983	-	-
Community Preservation surtax.....	3,336,838	3,208,815	-	-
Unrestricted grants and contributions.....	3,303,717	3,198,731	-	-
Sale of capital assets.....	725,000	-	-	-
Legal settlements.....	-	-	3,120,000	-
Investment income and other.....	1,655,101	2,213,482	242,029	262,226
Total revenues.....	<u>185,401,496</u>	<u>179,463,432</u>	<u>31,031,634</u>	<u>28,317,160</u>
Expenses:				
Town Council.....	448,462	363,717	-	-
Town Manager.....	686,439	834,954	-	-
Administrative services.....	12,230,091	11,155,705	-	-
Growth management.....	3,065,285	2,867,287	-	-
Public safety.....	24,222,854	21,211,475	-	-
Education.....	107,637,587	100,687,385	-	-
Public works.....	18,579,883	16,517,135	-	-
Community services.....	6,675,916	5,996,361	-	-
Regulatory services.....	6,673,384	5,848,644	-	-
Culture and recreation.....	2,589,896	2,527,421	-	-
Interest.....	1,498,995	1,543,603	-	-
Airport.....	-	-	8,401,360	8,829,671
Golf course.....	-	-	3,130,996	3,051,784
Solid waste.....	-	-	3,157,411	2,647,918
Waste water.....	-	-	5,500,946	4,959,029
Water supply.....	-	-	5,518,521	4,040,710
Marina.....	-	-	657,896	933,055
Sandy Neck.....	-	-	920,591	994,150
Hyannis Youth and Community Center.....	-	-	2,642,127	2,639,139
Total expenses.....	<u>184,308,792</u>	<u>169,553,687</u>	<u>29,929,848</u>	<u>28,095,456</u>
Excess before transfers.....	1,092,704	9,909,745	1,101,786	221,704
Transfers, net.....	<u>(173,170)</u>	<u>(111,372)</u>	<u>173,170</u>	<u>111,372</u>
Change in net position.....	919,534	9,798,373	1,274,956	333,076
Net position - Beginning of Year, as restated....	<u>212,531,687</u>	<u>202,733,314</u>	<u>142,976,696</u>	<u>142,643,620</u>
Net position - End of Year.....	<u>\$ 213,451,221</u>	<u>\$ 212,531,687</u>	<u>\$ 144,251,652</u>	<u>\$ 142,976,696</u>

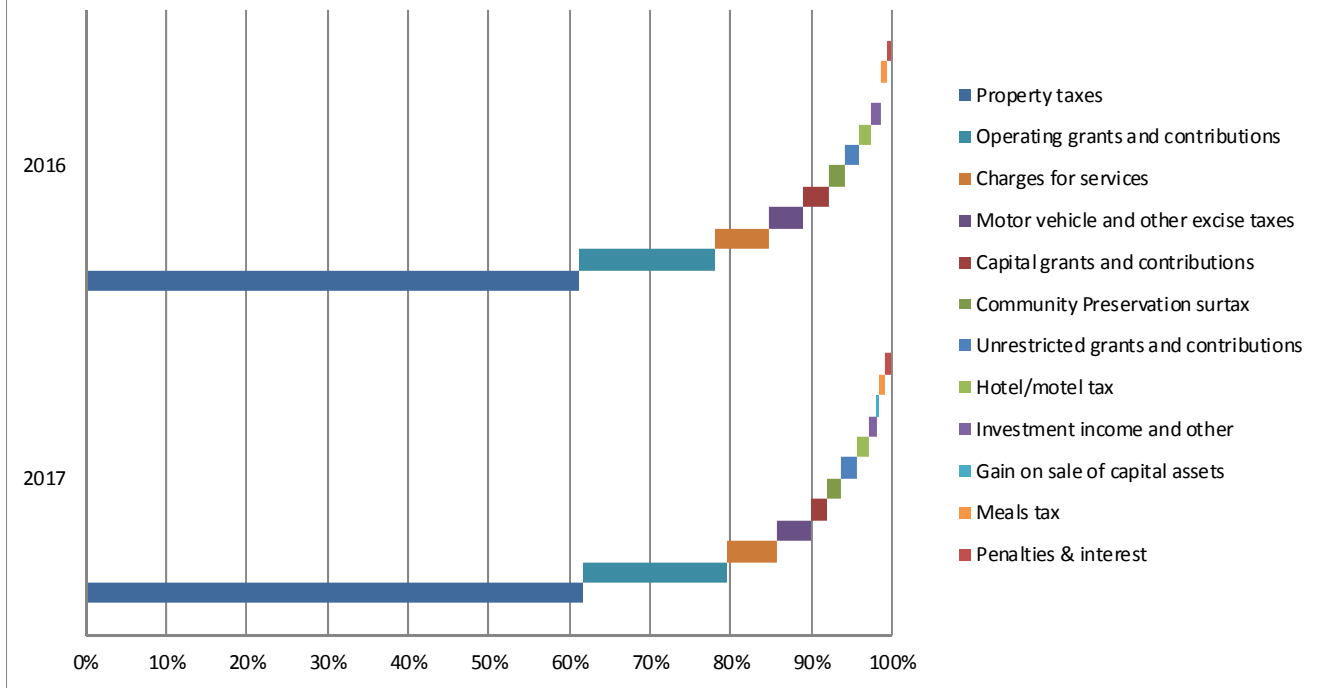


## FY 2017 Governmental Activities Revenue Type



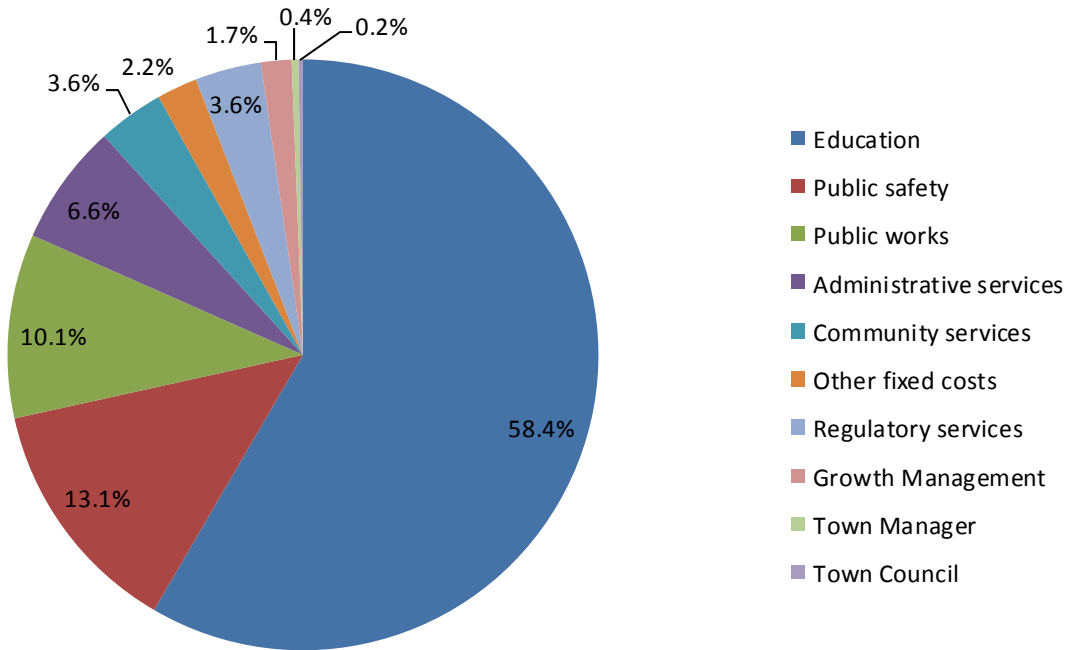
- Charges for services represent 6.2% of governmental activities resources. The Town can exercise more control over this category of revenue than any other. Fees charged for services rendered that are set by the Council and Manager are included in this category.
- Operating and capital grants and contributions account for 20% of the governmental activities resources. Most of these resources apply to education operations. These resources offset costs within the school department in addition to their general fund operating budget.
- Property taxes are by far the most significant revenue source for the Town's governmental activities. They comprise 61.9% of all resources.
- Other taxes and other revenues comprise a total of 11.9% of the governmental activity's resources.

## Two Year Comparison of Governmental Activities Revenue Composition



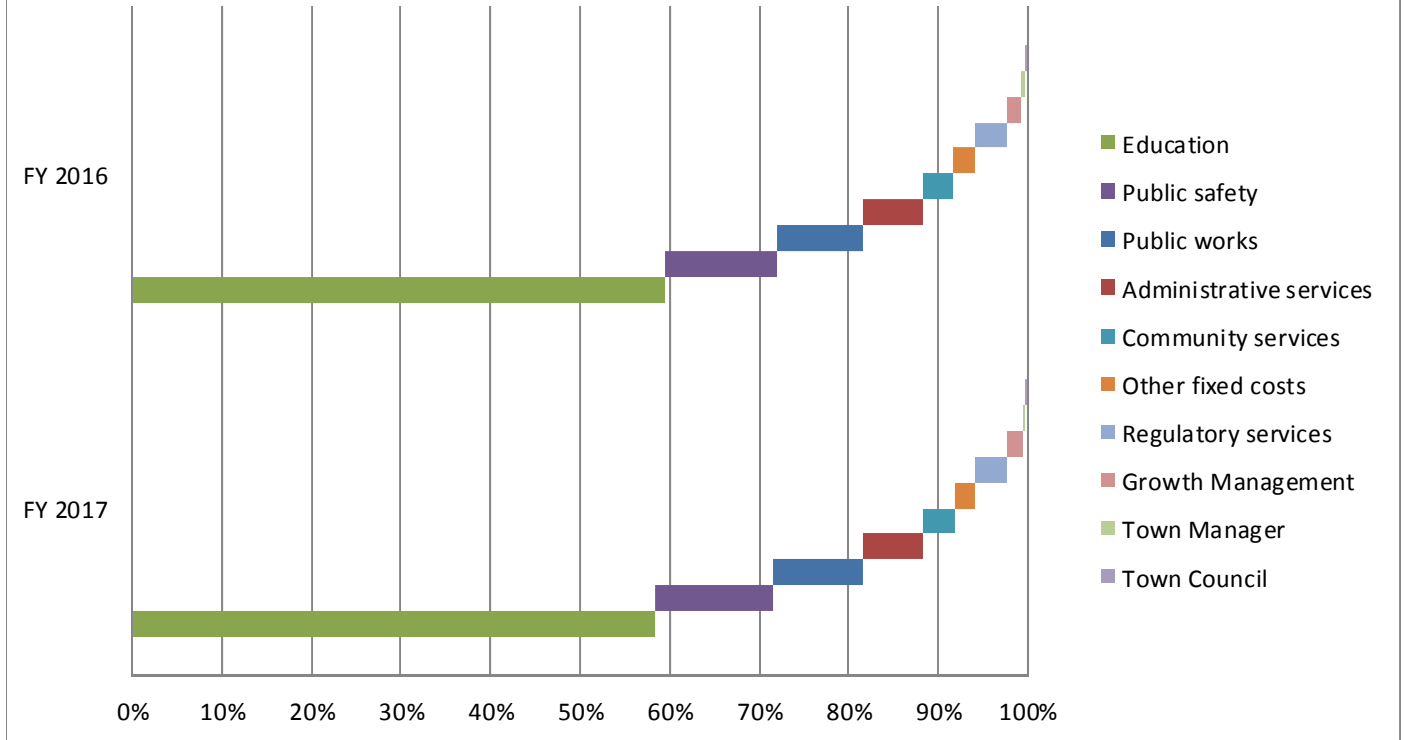
- Property taxes increased from 61.3% to 61.9% of total governmental activities revenue in 2017.
- All other categories of governmental activities revenue remained relatively the same.
- Collectively, property taxes, excise taxes and community preservation surtax account for 67.9% of all governmental activities revenue in 2017. This is 0.6% higher than the 2016 amount.
- The Cobb Trust sold a building which resulted in a \$725,000 gain on sale of capital assets.

## FY 2017 Governmental Activities Expenses



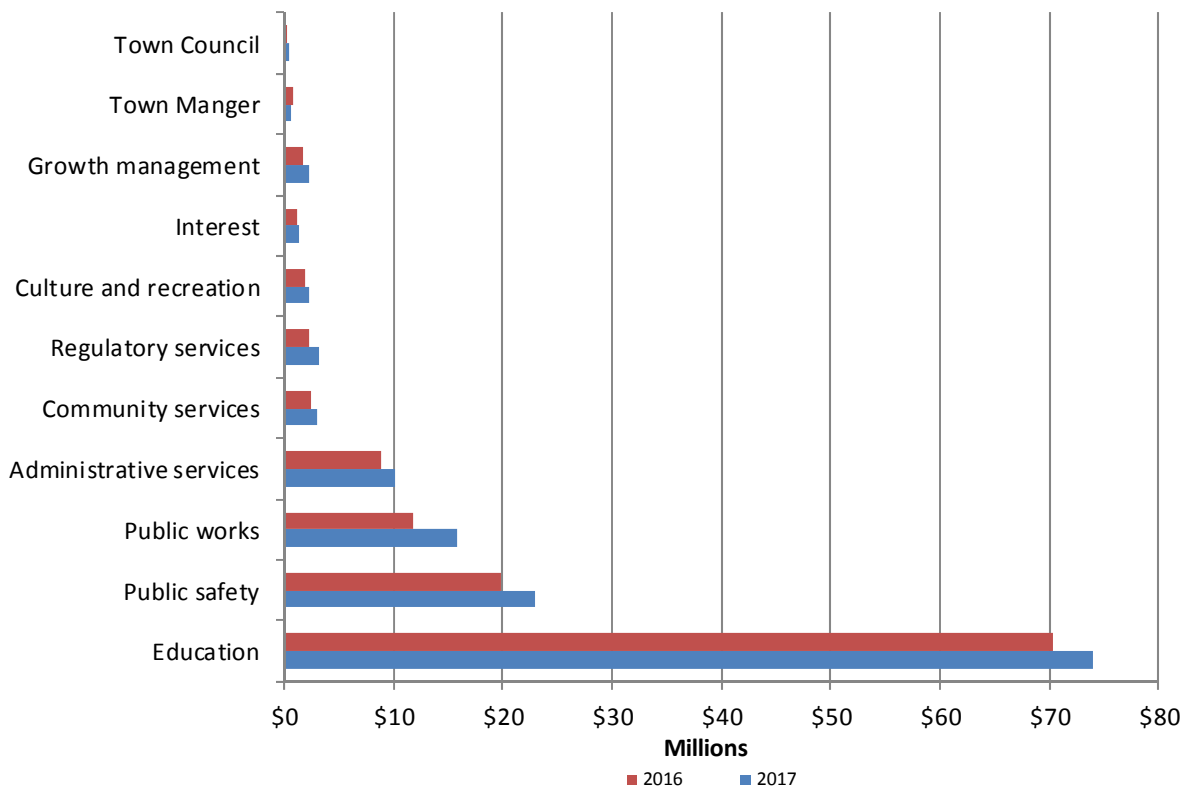
- Education is by far the largest governmental activity of the Town totaling \$107.6 million or 58.4% of all expenses.
- Public safety is the second largest activity consisting of \$24.2 million or 13.1%.
- Public works is the third largest category at \$18.6 million or 10.1%.
- 83.8% of all governmental activity is associated with public safety, education, public works, and other fixed costs. The remaining activity, or 16.2%, is associated with community services, regulatory services, growth management, administrative services, town council, and town manager.

## Two Year Comparison of Governmental Activities Expenses



- Education is the largest area of expenditures for governmental activities accounting for 58.4% of all expenses.
- Education, public safety and public works and other fixed costs collectively account for 83.8% of all expenses in the governmental activities.

## Net Expense By Function For Governmental Activities

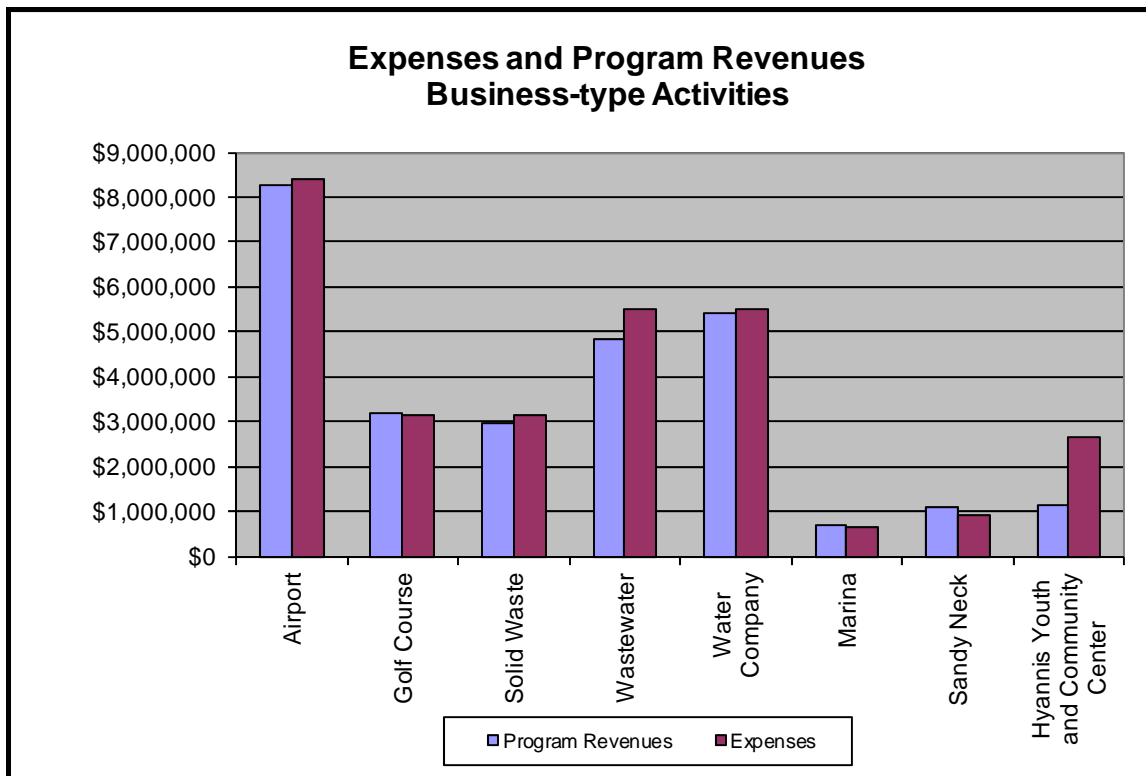


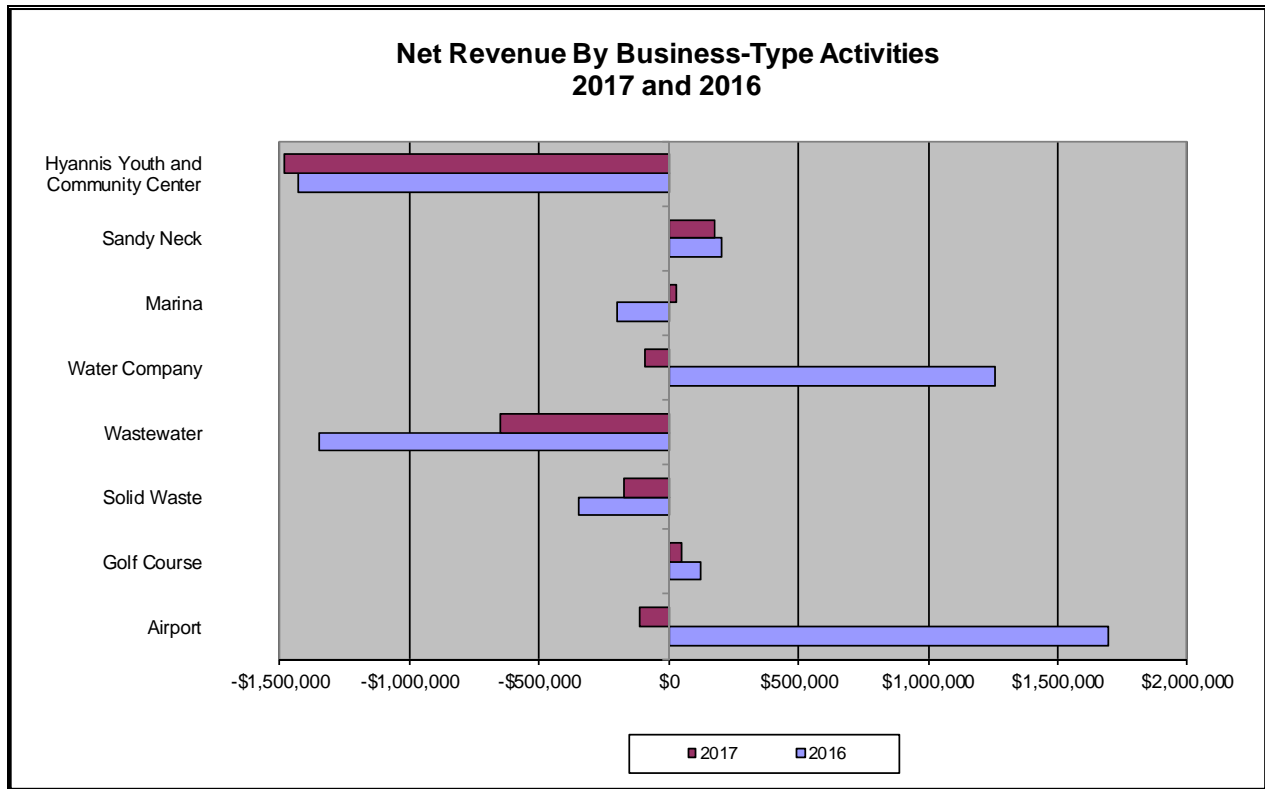
The change in the net expenses by function from year to year is useful to understand where tax dollars and other general revenues not restricted for particular purposes are being allocated.

- Public works realized the largest increase in net expenses from 2016 to 2017 of \$3.9 million. This was due to an increase in snow and ice expenditures offset with a reduction in capital grant revenue.
- Education realized the second increase in net expenses from 2016 to 2017 of \$3.6 million.
- Public safety realized the third largest increase in net expenses of \$3.1 million.

**Business-type activities.** Business-type activities increased the Town's net position by \$1.3 million. Key elements of this increase are as follows:

- \$856,000 decrease was attributable to airport operations.
- \$206,000 decrease was attributable to golf course operations.
- \$448,000 decrease was attributable to solid waste operations.
- \$494,000 decrease was attributable to wastewater operations.
- \$2.9 million increase was attributable to water supply operations.
- \$70,000 increase was attributable to the marina enterprise fund.
- \$96,000 increase was attributable to the Sandy Neck recreation fund.
- \$176,000 increase was attributable to the Hyannis Youth and Community Center.
- The business-type activities transferred \$2.5 million of its net operating income to governmental activities to pay for costs associated with running the business-type activities which are paid for out of governmental activities.





- Golf course and Sandy Neck business-type activities have generated net revenue (program revenue less expenses) for the past two years.
- The airport realized a decrease in net revenue generated from 2016 to 2017. This is due to a decrease in capital grant funding as the airport’s major construction projects occurred in prior years, a decrease in operating revenue as jet fuel revenue decreased due to a major customer filing for bankruptcy.
- Net revenue does not include investment income and transfers, which have been necessary to allow some of the enterprise funds to meet their debt service obligations.

**Financial Analysis of the Government’s Funds**

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

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

At the end of the current year, the Town’s governmental funds reported combined ending fund balances of \$107.8 million, an increase of \$6.8 million in comparison with the prior year.

The general fund is the chief operating fund of the Town. At the end of the current year, unassigned fund balance of the general fund totaled \$33.2 million, restricted fund balance was \$2.2 million, assigned fund balance was \$5.5 million while total fund balance was \$41 million. As a measure of the general fund’s liquidity, it may be useful to compare both unassigned fund balance and the total fund balance to total fund expenditures.

## Analysis of Fund Balance and General Fund Expenditures

	<u>2017</u>	<u>2016</u>	<u>Increase (Decrease)</u>
Unassigned fund balance	\$ 33,245,543	\$ 30,019,449	\$ 3,226,094
Total fund balance	\$ 40,956,917	\$ 37,349,852	\$ 3,607,065
Total General Fund expenditures	\$ 157,086,318	\$ 148,496,064	\$ 8,590,254
Unassigned fund balance as a % of total GF expenditures	21.16%	20.22%	0.95%
Total fund balance as a % of total GF expenditures	26.07%	25.15%	0.92%

Unassigned fund balance and total fund balance as a percentage of total general fund expenditures increased in 2017 from the 2016 levels. The Town's general fund expenditures for 2017 are \$8.6 million more than 2016.

Unassigned fund balance has increased by \$3.2 million mainly due to favorable budgetary results.

As of June 30, 2017, the Town has planned to use \$2.9 million of fund balance to balance the 2017 general fund budget, which is reported within assigned fund balance.

### General Fund Comparison

	<u>2017</u>	<u>2016</u>	<u>Increase (Decrease)</u>
Cash and investments	\$ 48,742,147	\$ 43,777,060	\$ 4,965,087
Receivables and other assets	\$ 19,880,925	\$ 21,709,172	\$ (1,828,247)
Total liabilities and deferred inflows	\$ 27,666,155	\$ 28,136,380	\$ (470,225)
Total fund balance	\$ 40,956,917	\$ 37,349,852	\$ 3,607,065
Revenues	\$ 163,018,121	\$ 152,882,127	\$ 10,135,994
Expenditures	\$ 157,086,318	\$ 148,496,064	\$ 8,590,254

- Cash and investments have decreased mainly as a result of funds being spent that were received in prior years.
- Receivables have decreased by \$1.8 million from 2016, mostly due to receipts coming in from State reimbursement programs.
- Liabilities have decreased by \$470,000 mainly due to the timing of year end warrants and accruals.
- Total fund balance has increased mainly due to positive budgetary results.
- The \$10.1 million increase in revenue is comprised mostly of the increase of \$4.1 million in Massachusetts Teachers Retirement System's (MTRB) on-behalf payments and an increase of \$4.8 million in property tax growth.
- The \$8.6 million increase in expenditures was mainly due to an increase in pension benefits of \$4.4 million mainly for the MTRB on-behalf payment and \$2.2 million for education due to budgetary increases.

In accordance with GASB #54, the Town has included the Municipal Purpose Stabilization fund within the unassigned fund balance of the general fund. The fund balance in the municipal purpose stabilization fund has increased \$2.1 million since 2016. This fund is more commonly referred to in Town as the "Capital Trust Fund". Resources are accumulated in this fund to provide for future capital improvements on a pay-as-you-go basis and to pay debt service on borrowing authorizations issued to finance capital improvements. This fund receives an annual transfer from the General Fund (\$7 million in 2017) and transfers out a sum of money that equals the annual debt service payments on projects authorized as well as cash appropriations for capital improvements. The difference between the transfer in and out contributes to the increase or decrease in this fund balance at the end of any year.



In accordance with GASB #54, the Town has classified the fund balance in the pension stabilization fund within the category of restricted fund balance within the general fund. The balance of the pension stabilization fund has remained consistent with a decrease of \$167,000 from the prior year.

Changes to other governmental fund balances include the following:

	<b>Fund Balance</b>		<b>Increase (Decrease)</b>
	<b>2017</b>	<b>2016</b>	
Construction and Maintenance	\$ 14,295,983	\$ 12,492,682	\$ 1,803,301
Capital Projects	\$ 11,628,050	\$ 10,881,702	\$ 746,348
Highway Projects	\$ 559,125	\$ 577,945	\$ (18,820)
Community Preservation Fund	\$ 9,176,785	\$ 9,716,700	\$ (539,915)
Nonmajor Governmental Funds	\$ 31,139,779	\$ 29,968,424	\$ 1,171,355

The Town adopted special legislation to establish a construction and maintenance trust fund. The Town reports 100% of the meals tax and 33% of the hotel/motel tax collected directly into the trust fund. At June 30, 2017, the balance of the Town’s construction and maintenance fund is \$14.3 million.

The capital projects fund increased by \$746,000 in 2017. This is due to the Town’s ongoing capital construction and improvement projects. The Town’s major projects included \$6.1 million in public works expenditures mainly for infrastructure related projects, \$1.8 million in education expenditures mainly related to building improvements and equipment, and \$1.1 million for improvements to Joshua’s Pond, beach facilities and Lombard field.

The highway projects fund reported expenditures of \$343,000 against \$324,000 of reimbursements on projects in 2017 which are fully supported by State grants on a reimbursable basis.

The community preservation fund balance decreased \$540,000 in 2017. This is mainly due to a transfer of \$750,000 from the community preservation fund to the capital projects fund for the Lombard field improvements.

The nonmajor funds increased by \$1.2 million in 2017. Revenues decreased by \$2.9 million from the prior year and expenditures decreased by \$789,000 due to the completion of various projects. The Town had revenue from a property sale of \$725,000. Transfers netted to a decrease of \$1.2 million.

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

**General Fund Budgetary Highlights**

The \$3.1 million increase from the original budget to the final amended budget resulted from the appropriation of available funds (free cash) for the Police Department totaling \$15,300, temporary easement for land purchase totaling \$1,700, and for transfers to capital projects totaling \$3.5 million; these appropriation increases were offset by \$377,000 in budget reductions for prior year encumbrances that were not expended.

General fund revenues came in over budget by \$4.2 million. All categories of revenues exceeded the budget. Real estate and personal property tax revenue realized the largest positive variance at \$1 million. Motor vehicle and other excise taxes realized the second positive variance at \$831,000.

General fund expenditures plus encumbrances came in \$1.2 million less than budgeted. All departments realized budget savings except for public works due to snow and ice expenses. This is an area where municipalities are allowed to deficit spend under state law.

## Capital Assets and Debt Management

**Capital assets.** The Town of Barnstable's investment in capital assets for its governmental and business-type activities as of June 30, 2017 amount to \$446.7 million (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, improvements to land and buildings, machinery and equipment, vehicles, roads, sidewalks, bridges, runways and sewer lines. The total net increase in the Town's investment in capital assets for the current year was \$10 million (a \$3.9 million increase for governmental activities and a \$6.1 million increase for business-type activities).

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

- The Town spent \$8.2 million for various infrastructure improvements including roads, drainage and sidewalks.
- The Town spent \$10.3 million on construction in progress. Of this amount, \$5.1 million was for airport projects, \$1.1 million was for water projects, \$923,000 was for marina projects, \$1.2 million was for building improvements, and \$1.3 million was for road projects.
- The Town spent \$1.6 million on equipment and vehicles.
- The Town spent \$5.3 million on various building improvements. Of this amount \$1.4 million was spent on school projects, \$404,000 was spent on community preservation building restoration, \$539,000 on public works buildings, \$1.2 million on water buildings, and \$955,000 on sewer buildings.

### Capital Assets

	<u>Cost of Capital Assets at end of year</u>	<u>Accumulated Depreciation at end of year</u>	<u>Capital Assets, net</u>
<b>Governmental activities</b>			
<u>Function:</u>			
General government.....	\$ 15,629,638	\$ (5,953,219)	\$ 9,676,419
Administrative services.....	488,300	(37,660)	450,640
Growth management.....	4,198,179	(190,671)	4,007,508
Public safety.....	12,764,492	(9,516,354)	3,248,138
Education.....	148,370,872	(82,987,284)	65,383,588
Public works.....	154,558,734	(57,449,334)	97,109,400
Regulatory services.....	71,846,312	(1,668,583)	70,177,729
Community services.....	13,783,942	(6,029,177)	7,754,765
Total by function.....	<u>421,640,469</u>	<u>(163,832,282)</u>	<u>257,808,187</u>
<b>Business-type activities</b>			
<u>Function:</u>			
Airport.....	110,102,809	(32,509,664)	77,593,145
Golf.....	18,698,563	(4,508,470)	14,190,093
Solid Waste.....	5,640,003	(2,959,511)	2,680,492
Wastewater.....	62,821,292	(25,687,430)	37,133,862
Water Supply.....	32,930,988	(3,559,494)	29,371,494
Marina.....	9,131,817	(2,536,713)	6,595,104
Sandy Neck recreation.....	1,925,933	(697,198)	1,228,735
Hyannis Youth and Community Center.....	24,218,920	(4,123,102)	20,095,818
Total by function.....	<u>265,470,325</u>	<u>(76,581,582)</u>	<u>188,888,743</u>
<b>Grand Total.....</b>	<b><u>\$ 687,110,794</u></b>	<b><u>\$ (240,413,864)</u></b>	<b><u>\$ 446,696,930</u></b>

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

**Long-term debt.** At the end of the current year, the Town of Barnstable had total bonded debt outstanding of \$106.9 million. The entire amount is classified as general obligation debt and is backed by the full faith and credit of the Town. The Town has no revenue bonds outstanding, which are bonds secured solely by specified revenue sources.

**Governmental Activities:**

Projects	Maturities Through	Original Loan Amount	Coupon Rate (%)	Outstanding at June 30, 2016	Issued	Redeemed	Outstanding at June 30, 2017
MCWT Title V Bond of 1997.....	2021	\$ 200,000	0.00	\$ 51,800	\$ -	\$ (10,400)	\$ 41,400
MCWT Title V Bond of 2002.....	2023	200,000	0.00	70,268	-	(9,972)	60,296
MCWT Title V Bonds of 2006.....	2026	400,000	0.00	200,000	-	(20,000)	180,000
MCWT Title V Bond of 2007.....	2027	200,000	0.00	110,000	-	(10,000)	100,000
Municipal Purpose Bonds of 2007.....	2027	43,910,388	3.38 - 4.75	13,235,000	-	(4,335,000)	8,900,000
MCWT Bond of 2008 (CW-04-31).....	2021	389,216	2.00	161,778	-	(31,075)	130,703
Municipal Purpose Bonds of 2008.....	2028	5,928,700	3.75 - 4.50	726,000	-	(363,000)	363,000
MCWT Bond of 2009.....	2021	887,454	2.00	243,678	-	(46,728)	196,950
Municipal Purpose Bonds of 2010.....	2030	3,873,270	2.00 - 5.00	2,350,000	-	(195,000)	2,155,000
Municipal Purpose Bonds of 2011.....	2031	13,584,000	2.00 - 4.00	7,595,000	-	(1,325,000)	6,270,000
Municipal Purpose Refunding of 2012.....	2023	10,037,900	2.00 - 4.00	5,969,500	-	(900,000)	5,069,500
Municipal Purpose Bonds of 2014.....	2024	6,248,000	2.00 - 3.00	4,705,000	-	(725,000)	3,980,000
Municipal Purpose Refunding of 2015.....	2027	5,265,500	2.00 - 4.50	4,966,400	-	(290,000)	4,676,400
Municipal Purpose Bonds of 2015.....	2035	3,930,000	2.00 - 4.50	3,575,000	-	(345,000)	3,230,000
Municipal Purpose Bonds of 2016.....	2036	12,113,000	2.00 - 4.00	12,113,000	-	(768,000)	11,345,000
Municipal Purpose Refunding of 2016.....	2028	1,674,000	2.00 - 4.00	1,674,000	-	-	1,674,000
Municipal Purpose Bonds of 2017.....	2037	5,105,700	3.00 - 4.00	-	5,105,700	-	5,105,700
MCWT Bond of 2017.....	2020	255,941	2.00	-	255,941	-	255,941
Total Bonds Payable.....				57,746,424	5,361,641	(9,374,175)	53,733,890
Add: unamortized premium.....				1,704,559	316,300	(579,598)	1,441,261
Total Bonds Payable, net.....				\$ 59,450,983	\$ 5,677,941	\$ (9,953,773)	\$ 55,175,151

## Business-type Activities:

Projects	Maturities Through	Original Loan Amount	Coupon Rate (%)	Outstanding at June 30, 2016	Issued	Redeemed	Outstanding at June 30, 2017
Golf Course.....	2026	\$ 7,453,200	2.00 - 5.00	\$ 2,705,000	\$ 537,700	\$ (344,000)	\$ 2,898,700
Add: unamortized premium.....				260,547	-	(50,074)	210,473
Total Golf Course Bonds Payable, net.....				2,965,547	537,700	(394,074)	3,109,173
Wastewater.....	2036	30,614,319	0.00 - 4.75	16,069,591	2,008,000	(1,471,010)	16,606,581
Water.....	2037	28,092,611	2.00 - 5.00	14,952,654	2,325,739	(1,065,962)	16,212,431
Add: unamortized premium.....				850,553	-	(127,001)	723,552
Total Water Bonds Payable, net.....				15,803,207	2,325,739	(1,192,963)	16,935,983
Solid Waste Transfer Station.....	2027	8,145,600	0.00 - 4.50	1,805,100	-	(483,500)	1,321,600
Sandy Neck.....	2031	1,265,000	4.00	1,010,000	-	(55,000)	955,000
Marinas.....	2036	3,598,500	3.00 - 5.00	2,607,000	476,500	(263,000)	2,820,500
Add: unamortized premium.....				90,143	-	(12,550)	77,593
Total Marinas Bonds Payable, net.....				2,697,143	476,500	(275,550)	2,898,093
Hyannis Youth and Community Center.....	2028	25,713,300	3.375 - 5.00	9,553,900	-	(868,000)	8,685,900
Add: unamortized premium.....				952,666	-	(102,726)	849,940
Total Hyannis Youth and Community Center Bonds Payable, net.....				10,506,566	-	(970,726)	9,535,840
Airport.....	2031	2,433,700	2.00 - 4.12	590,000	1,703,700	(30,000)	2,263,700
Total Bonds Payable, net.....				\$ 51,447,154	\$ 7,051,639	\$ (4,872,823)	\$ 53,625,970

The Town of Barnstable's total long-term debt decreased by \$1.8 million during the current year. The decrease was the net result of the issuance of \$12.5 million in new long-term debt of which \$1.7 million was Massachusetts Clean Water Trust debt and the remaining \$10.8 million used to finance new capital projects; and principal payments of approximately \$14.2 million.

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

State statutes limit the amount of general obligation debt a governmental entity may issue to 5% of its total equalized property valuation. This limit could go to 10% with the State's Municipal Finance Oversight Board's approval. Additionally, certain general obligation debt is exempt from this limit such as debt associated with school construction and many water improvement projects. The current debt limitation for the Town of Barnstable is \$683.3 million, which is significantly in excess of the Town of Barnstable's outstanding general obligation debt that is subject to this limitation.

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

## Economic Factors and Next Year's Budget and Rates

- New building growth is improving but is still below the Town's pre-recession levels of \$190-\$200 million. New construction totaled \$157 million for FY17 and declined to \$142 million in FY18. This included 60 new single family homes in FY17 and new property taxes of \$1.4 million. The Town used a conservative estimate of \$950,000 of property taxes from new building growth for the FY18 budget which ended up totaling closer to \$1.3 million.

- Motor vehicle excise taxes are conservatively projected in 2018 at \$7 million even though the actual collections in 2017 were nearly \$7.3 million. Revenue in this area has grown significantly as the economy has improved; particularly the automobile industry. Another downturn in the economy like the last recession can have a devastating impact on this category of revenue which fell \$1.5 million during the last recession. A conservative projection will provide the Town with some flexibility in budgeting for the next couple of years.
- Hotel/Motel excise taxes for 2018 are projected slightly below (\$1.9 million) the 2017 actual amount collected (\$1.95 million). This category of revenue has improved the past couple of years. The tourism industry across the Cape has been strong, even during the recession, as the Cape draws visitors regionally, nationally and internationally. This category won't grow much beyond its current level unless additional rooms are added to the Town's stock or major price changes occur in room rates; neither of which are projected in the near horizon.
- Chapter 70 Aid for education is estimated to be \$164,000 more in 2018 than the 2017 amount. The town is very close to its target share aid amount under Chapter 70 and it is not expected to receive any significant increase in this category of aid going forward.
- Penalties and interest on the late payment of taxes are expected to decrease in 2018 by \$209,000 from the 2017 actual amount collected. It is expected that an improving economy will result in more timely tax payments.
- Investment income for 2018 is projected to be \$350,000; \$50,000 more than what was budgeted in 2017. Investment rates earned on excess cash deposits are improving.
- The interest rate on bond issues are beginning to rise with the improving economy. The town's last bond issue in 2017 sold at a 2.72% interest rate. The town intends to issue \$13 million in General Obligation Bonds (GOB) in 2018 and \$6 million in bonds through the Massachusetts Clean Water Trust which should qualify for a 2% borrowing rate. The expected interest rate on the GOB is estimated to be around 3%.
- The 2018 General Fund operating budget of \$154,533,951 (net of transfers) is \$5,411,659 more than the 2017 budget.
- The 2018 budget for school operations is up \$1,834,706 and municipal operations are up \$1,165,601.
- The 2018 employee benefits budget is up \$1,668,742.
- The 2018 debt service budget is up \$328,526; school assessments are up \$209,313 and other fixed costs are up \$204,571.
- The Town incurred deficit spending for snow and ice removal of \$1,456,214 in 2017. This deficit is included in the 2018 budget.
- The Police Department realized the largest dollar increase in the municipal operations budget for 2018 at \$427,955. This includes 9 new civilian dispatch positions.
- The Town Manager budget is down \$137,616 from the previous year due to staff turnover, the elimination of one full-time position and reductions to operating expenses.
- The Building Services Division was separated from the Regulatory Services Department in FY2018 and is now its own operating department with a budget of \$1,033,467 for 2018.
- A new enterprise fund was adopted for FY2018; the Public, Education & Government (PEG) television access channels. This operation is funded from a cable licensing agreement and has a budget of \$811,627 for FY2018. This was previously accounted for as a special revenue fund operation.
- The Town used \$2,555,307 of free cash to balance the 2018 budget. \$1,456,214 was used to cover the prior year snow removal deficit, \$868,787 for employee benefits and \$230,306 for the school operating budget.
- The tax levy for 2018 is estimated to be \$118.5 million, or \$4.2 million higher than 2017. This includes the state allowed 2.5% increase and new growth of \$950,000.

- The 2018 single town tax rate is estimated to be \$8.71; increasing \$0.07 from \$8.64 per \$1,000 of valuation in FY17. The median home value in town is approximately \$328,000. This equates to a \$23 increase in the annual median tax bill before any tax levy shifting options that may be voted by the Town Council such as the residential exemption.
- The Town Council supported a residential exemption of 20% in 2017. The exemption value for 2017 was \$90,532. It is expected that the residential exemption will be adopted at 20% again in FY18. Qualifying residential property owners receive a deduction off their taxable values before the tax rate is applied. This equates to an approximate savings of \$600 for the median home value of a qualifying resident.
- The residential tax rate for 2018 with a 20% residential exemption is estimated to be \$9.61 per \$1,000 of valuation.
- The Town Council did not adopt a split tax rate or a small business exemption for 2017 consistent with the previous year and this is expected to be repeated in 2018.
- General Fund and enterprise fund surplus certified by the State Division of Local Services as of July 1, 2017 is \$33.8 million. The general fund share is \$16.2 million and the eight enterprise funds total \$17.6 million collectively.
- Other reserves at the end of 2017 include:
  - \$31.4 million in stabilization funds
  - \$3 million in municipal revolving funds
  - \$3.6 million in school revolving funds
  - \$1.8 million in school circuit breaker funds
  - \$9.2 million in community preservation funds

### **Requests for Information**

This financial report is designed to provide a general overview of the Town of Barnstable's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Office of the Finance Director, 3<sup>rd</sup> Floor, School Administration Building, 230 South Street, Hyannis, MA, 02601.

# ***Basic Financial Statements***

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## STATEMENT OF NET POSITION

JUNE 30, 2017

	Primary Government			Component
	Governmental	Business-type	Total	Units
	Activities	Activities		Libraries
<b>ASSETS</b>				
<b>CURRENT:</b>				
Cash and cash equivalents.....	\$ 76,067,100	\$ 15,305,738	\$ 91,372,838	\$ 2,218,515
Restricted cash.....	-	-	-	96,909
Investments.....	43,703,395	12,039,733	55,743,128	6,426,496
Receivables, net of allowance for uncollectibles:				
Real estate and personal property taxes.....	7,122,331	-	7,122,331	-
Tax liens.....	2,619,211	-	2,619,211	-
Wastewater liens.....	-	34,780	34,780	-
Motor vehicle and other excise taxes.....	2,145,861	-	2,145,861	-
User fees.....	-	3,074,915	3,074,915	-
Community Preservation Fund surtaxes.....	189,991	-	189,991	-
Departmental and other.....	1,191,328	-	1,191,328	21,925
Special assessments.....	25,486	218,592	244,078	-
Intergovernmental.....	16,779,963	3,960,842	20,740,805	22
Inventory.....	-	159,700	159,700	8,223
Prepaid expenses.....	-	-	-	10,536
<b>Total current assets.....</b>	<b>149,844,666</b>	<b>34,794,300</b>	<b>184,638,966</b>	<b>8,782,626</b>
<b>NONCURRENT:</b>				
Receivables, net of allowance for uncollectibles:				
Special assessments.....	890,633	726,786	1,617,419	-
Intergovernmental.....	3,733,331	3,325,612	7,058,943	-
Tax foreclosures.....	1,185,252	-	1,185,252	-
Capital assets, net of accumulated depreciation:				
Nondepreciable.....	85,700,699	48,733,513	134,434,212	341,264
Depreciable.....	172,107,488	140,155,230	312,262,718	10,212,101
<b>Total noncurrent assets.....</b>	<b>263,617,403</b>	<b>192,941,141</b>	<b>456,558,544</b>	<b>10,553,365</b>
<b>TOTAL ASSETS.....</b>	<b>413,462,069</b>	<b>227,735,441</b>	<b>641,197,510</b>	<b>19,335,991</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charge on refunding.....	-	1,095,879	1,095,879	-
Deferred outflows of resources related to pensions.....	9,743,139	2,434,118	12,177,257	-
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES.....</b>	<b>9,743,139</b>	<b>3,529,997</b>	<b>13,273,136</b>	<b>-</b>
<b>LIABILITIES</b>				
<b>CURRENT:</b>				
Warrants payable.....	5,709,748	4,642,127	10,351,875	131,854
Accrued liabilities.....	16,934	6,110	23,044	8,139
Accrued payroll.....	5,734,203	193,724	5,927,927	-
Tax refunds payable.....	125,450	-	125,450	-
Accrued interest.....	592,437	347,167	939,604	-
Other liabilities.....	50,646	80,071	130,717	-
Unearned revenue.....	-	110,788	110,788	-
Customer deposits payable.....	5,400	-	5,400	-
Landfill closure.....	-	25,000	25,000	-
Compensated absences.....	2,773,864	361,274	3,135,138	38,106
Workers' compensation.....	57,500	-	57,500	-
Notes payable.....	-	2,980,000	2,980,000	-
Bonds payable.....	10,048,188	4,869,722	14,917,910	-
<b>Total current liabilities.....</b>	<b>25,114,370</b>	<b>13,615,983</b>	<b>38,730,353</b>	<b>178,099</b>
<b>NONCURRENT:</b>				
Landfill closure.....	-	225,000	225,000	-
Compensated absences.....	688,384	47,631	736,015	-
Workers' compensation.....	553,500	-	553,500	-
Net pension liability.....	83,112,890	20,764,005	103,876,895	-
Other postemployment benefits obligation.....	53,133,380	3,099,140	56,232,520	-
Bonds payable.....	45,126,963	48,756,248	93,883,211	-
<b>Total noncurrent liabilities.....</b>	<b>182,615,117</b>	<b>72,892,024</b>	<b>255,507,141</b>	<b>-</b>
<b>TOTAL LIABILITIES.....</b>	<b>207,729,487</b>	<b>86,508,007</b>	<b>294,237,494</b>	<b>178,099</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows of resources related to pensions.....	2,024,500	505,779	2,530,279	-
<b>NET POSITION</b>				
Net investment in capital assets.....	218,426,338	139,551,898	357,978,236	10,553,365
Restricted for:				
Construction and maintenance.....	15,413,534	-	15,413,534	-
Highway projects.....	12,350,269	-	12,350,269	-
Community Preservation.....	10,020,422	-	10,020,422	-
Permanent funds:				
Expendable trust funds.....	2,442,822	-	2,442,822	-
Nonexpendable trust funds.....	16,988,191	-	16,988,191	-
Grants and gifts.....	5,101,850	-	5,101,850	-
Unrestricted.....	(67,292,205)	4,699,754	(62,592,451)	8,604,527
<b>TOTAL NET POSITION.....</b>	<b>\$ 213,451,221</b>	<b>\$ 144,251,652</b>	<b>\$ 357,702,873</b>	<b>\$ 19,157,892</b>

See notes to basic financial statements.

**STATEMENT OF ACTIVITIES**

YEAR ENDED JUNE 30, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary Government:</b>					
<i>Governmental Activities:</i>					
Town Council.....	\$ 448,462	\$ -	\$ -	\$ -	\$ (448,462)
Town Manager.....	686,439	18,104	-	-	(668,335)
Administrative services.....	12,230,091	839,568	423,964	851,980	(10,114,579)
Growth management.....	3,065,285	65,019	193,766	605,098	(2,201,402)
Public safety.....	24,222,854	804,608	471,637	-	(22,946,609)
Education.....	107,637,587	2,849,677	30,885,034	-	(73,902,876)
Public works.....	18,579,883	120,843	332,165	2,391,558	(15,735,317)
Community services.....	6,675,916	2,991,473	632,985	15,000	(3,036,458)
Regulatory services.....	6,673,384	3,490,165	4,561	-	(3,178,658)
Culture and recreation.....	2,589,896	274,610	428	-	(2,314,858)
Interest.....	1,498,995	-	183,240	-	(1,315,755)
<b>Total Governmental Activities.....</b>	<b>184,308,792</b>	<b>11,454,067</b>	<b>33,127,780</b>	<b>3,863,636</b>	<b>(135,863,309)</b>
<i>Business-Type Activities:</i>					
Airport activities.....	8,401,360	5,568,140	83,640	2,634,272	(115,308)
Golf Course activities.....	3,130,996	3,182,636	-	-	51,640
Solid Waste activities.....	3,157,411	2,925,374	57,409	-	(174,628)
Wastewater activities.....	5,500,946	4,528,101	122,918	201,120	(648,807)
Water Supply activities.....	5,518,521	5,424,751	-	-	(93,770)
Marina activities.....	657,896	685,771	-	-	27,875
Sandy Neck activities.....	920,591	1,096,042	-	-	175,451
Hyannis Youth and Community Center activities.....	2,642,127	1,134,431	25,000	-	(1,482,696)
<b>Total Business-Type Activities.....</b>	<b>29,929,848</b>	<b>24,545,246</b>	<b>288,967</b>	<b>2,835,392</b>	<b>(2,260,243)</b>
<b>Total Primary Government.....</b>	<b>\$ 214,238,640</b>	<b>\$ 35,999,313</b>	<b>\$ 33,416,747</b>	<b>\$ 6,699,028</b>	<b>\$ (138,123,552)</b>
<b>Component Units:</b>					
Hyannis Public Library.....	\$ 553,621	\$ 17,125	\$ 515,297	\$ -	\$ (21,199)
Osterville Free Library.....	937,133	67,936	670,878	-	(198,319)
Centerville Public Library.....	711,516	91,387	391,970	-	(228,159)
Sturgis Library.....	575,445	44,694	325,545	-	(205,206)
Cotuit Library.....	376,680	11,341	356,552	-	(8,787)
Marston Mills Public Library.....	279,970	32,721	331,577	-	84,328
Wheldon Memorial Library.....	193,147	19,485	142,268	-	(31,394)
<b>Total Component Units.....</b>	<b>\$ 3,627,512</b>	<b>\$ 284,689</b>	<b>\$ 2,734,087</b>	<b>\$ -</b>	<b>\$ (608,736)</b>

(Continued)

**STATEMENT OF ACTIVITIES**

YEAR ENDED JUNE 30, 2017

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	Libraries
<b>Changes in net position:</b>				
Net (expense) revenue from previous page.....	\$ (135,863,309)	\$ (2,260,243)	\$ (138,123,552)	\$ (608,736)
<i>General revenues:</i>				
Real estate and personal property taxes, net of tax refunds payable.....	114,256,542	-	114,256,542	-
Motor vehicle and other excise taxes.....	7,882,124	-	7,882,124	-
Hotel/motel tax.....	2,920,683	-	2,920,683	-
Meals tax.....	1,494,626	-	1,494,626	-
Penalties and interest on taxes.....	1,381,382	-	1,381,382	-
Community Preservation Fund surtax.....	3,336,838	-	3,336,838	-
Grants and contributions not restricted to specific programs.....	3,303,717	-	3,303,717	-
Unrestricted investment income.....	1,558,205	242,029	1,800,234	674,504
Gain on sale of capital assets.....	725,000	-	725,000	-
Miscellaneous.....	96,896	-	96,896	-
Legal settlements.....	-	3,120,000	3,120,000	-
<i>Transfers, net</i> .....	(173,170)	173,170	-	-
Total general revenues and transfers.....	<u>136,782,843</u>	<u>3,535,199</u>	<u>140,318,042</u>	<u>674,504</u>
Change in net position.....	919,534	1,274,956	2,194,490	65,768
<i>Net Position:</i>				
Beginning of year, as restated.....	<u>212,531,687</u>	<u>142,976,696</u>	<u>355,508,383</u>	<u>19,092,124</u>
End of year.....	<u>\$ 213,451,221</u>	<u>\$ 144,251,652</u>	<u>\$ 357,702,873</u>	<u>\$ 19,157,892</u>

See notes to basic financial statements.

(Concluded)

**GOVERNMENTAL FUNDS  
BALANCE SHEET**

JUNE 30, 2017

	General	Construction and Maintenance	Capital Projects	Highway Projects	Community Preservation Fund
<b>ASSETS</b>					
Cash and cash equivalents.....	\$ 23,101,853	\$ 14,000,808	\$ 13,861,245	\$ 500,940	\$ 9,177,322
Investments.....	25,640,294	-	-	-	-
Receivables, net of uncollectibles:					
Real estate and personal property taxes.....	7,122,331	-	-	-	-
Tax liens.....	2,563,657	-	-	-	51,984
Motor vehicle and other excise taxes.....	2,145,861	-	-	-	-
Community Preservation Fund surtaxes.....	-	-	-	-	189,991
Departmental and other.....	73,777	1,117,551	-	-	-
Special assessments.....	-	-	-	-	-
Intergovernmental.....	6,790,047	295,175	-	12,408,454	601,662
Tax foreclosures.....	1,185,252	-	-	-	-
<b>TOTAL ASSETS.....</b>	<b><u>\$ 68,623,072</u></b>	<b><u>\$ 15,413,534</u></b>	<b><u>\$ 13,861,245</u></b>	<b><u>\$ 12,909,394</u></b>	<b><u>\$ 10,020,959</u></b>
<b>LIABILITIES</b>					
Warrants payable.....	\$ 3,278,061	\$ -	\$ 2,223,526	\$ -	\$ -
Accrued liabilities.....	16,934	-	-	-	-
Accrued payroll.....	5,505,844	-	9,669	-	537
Tax refunds payable.....	125,450	-	-	-	-
Liabilities due depositors.....	5,400	-	-	-	-
Other liabilities.....	45,060	-	-	-	-
<b>TOTAL LIABILITIES.....</b>	<b><u>8,976,749</u></b>	<b><u>-</u></b>	<b><u>2,233,195</u></b>	<b><u>-</u></b>	<b><u>537</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue.....	18,689,406	1,117,551	-	12,350,269	843,637
<b>FUND BALANCES</b>					
Nonspendable.....	-	-	-	-	-
Restricted.....	2,206,073	14,295,983	11,628,050	559,125	9,176,785
Assigned.....	5,505,301	-	-	-	-
Unassigned.....	33,245,543	-	-	-	-
<b>TOTAL FUND BALANCES.....</b>	<b><u>40,956,917</u></b>	<b><u>14,295,983</u></b>	<b><u>11,628,050</u></b>	<b><u>559,125</u></b>	<b><u>9,176,785</u></b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES.....</b>	<b><u>\$ 68,623,072</u></b>	<b><u>\$ 15,413,534</u></b>	<b><u>\$ 13,861,245</u></b>	<b><u>\$ 12,909,394</u></b>	<b><u>\$ 10,020,959</u></b>

See notes to basic financial statements.

	Nonmajor Governmental Funds		Total Governmental Funds
\$	13,090,272	\$	73,732,440
	18,063,101		43,703,395
	-		7,122,331
	3,570		2,619,211
	-		2,145,861
	-		189,991
	-		1,191,328
	916,119		916,119
	417,956		20,513,294
	-		1,185,252
	<u>32,491,018</u>		<u>153,319,222</u>
\$	208,161	\$	5,709,748
	-		16,934
	217,803		5,733,853
	-		125,450
	-		5,400
	<u>5,586</u>		<u>50,646</u>
	<u>431,550</u>		<u>11,642,031</u>
	<u>919,689</u>		<u>33,920,552</u>
	16,988,191		16,988,191
	14,151,588		52,017,604
	-		5,505,301
	-		33,245,543
	<u>31,139,779</u>		<u>107,756,639</u>
\$	<u>32,491,018</u>	\$	<u>153,319,222</u>

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

JUNE 30, 2017

Total governmental fund balances.....		\$ 107,756,639
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....		257,808,187
Accounts receivable are not available to pay for current-period expenditures and, therefore, are deferred in the funds.....		33,920,552
Certain changes in the net pension liability are required to be included in pension expense over future periods. These changes are reported as deferred outflows of resources or (deferred inflows of resources) related to pensions.....		7,718,639
Internal service funds are used by management to account for workers' compensation activities.		
The assets and liabilities of the internal service fund are included in the governmental activities in the statement of net position.....		1,723,310
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....		(592,437)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Bonds payable.....	(55,175,151)	
Net pension liability.....	(83,112,890)	
Compensated absences.....	(3,462,248)	
Other postemployment benefits obligation.....	<u>(53,133,380)</u>	
Net effect of reporting long-term liabilities.....		<u>(194,883,669)</u>
Net position of governmental activities.....		<u>\$ 213,451,221</u>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2017

	General	Construction and Maintenance	Capital Projects	Highway Projects	Community Preservation Fund
<b>REVENUES:</b>					
Real estate and personal property taxes, net of tax refunds.....	\$ 113,664,164	\$ -	\$ -	\$ -	-
Motor vehicle and other excise taxes.....	7,405,793	-	-	-	-
Hotel/motel tax.....	1,951,070	973,561	-	-	-
Meals tax.....	-	1,494,626	-	-	-
Charges for services.....	2,200,791	-	-	-	-
Penalties and interest on taxes.....	1,724,212	77,172	-	-	-
Fees and rentals.....	1,066,077	-	-	-	-
Licenses and permits.....	2,258,778	-	-	-	-
Intergovernmental.....	31,112,779	-	255,000	324,137	835,356
Special assessments.....	245,423	144,696	-	-	-
Departmental and other.....	843,878	-	-	-	-
Community Preservation Fund surtax.....	-	-	-	-	3,336,839
Contributions.....	2,041	-	-	-	-
Investment income.....	543,115	111,003	-	-	104,556
Miscellaneous.....	-	-	-	-	-
<b>TOTAL REVENUES.....</b>	<b>163,018,121</b>	<b>2,801,058</b>	<b>255,000</b>	<b>324,137</b>	<b>4,276,751</b>
<b>EXPENDITURES:</b>					
Current:					
Town Council.....	257,070	-	-	-	-
Town Manager.....	419,492	-	-	-	-
Administrative services.....	5,926,922	-	164,640	-	-
Growth management.....	828,516	-	266,133	-	1,757,567
Public safety.....	13,354,484	-	62,642	-	-
Education.....	66,061,873	-	1,803,312	-	-
Public works.....	9,956,612	683,474	6,106,029	342,957	-
Community services.....	3,011,942	-	1,050,911	-	-
Regulatory services.....	2,651,635	-	169,255	-	-
Culture and recreation.....	2,095,944	-	-	-	-
Pension benefits.....	22,436,807	-	-	-	-
Property and liability insurance.....	1,619,749	-	-	-	-
Employee benefits.....	10,576,421	-	-	-	-
Other assessments.....	342,770	-	-	-	-
State and county charges.....	8,372,349	-	-	-	-
Debt service:					
Principal.....	7,483,803	-	-	-	1,840,000
Interest.....	1,689,929	-	-	-	445,118
<b>TOTAL EXPENDITURES.....</b>	<b>157,086,318</b>	<b>683,474</b>	<b>9,622,922</b>	<b>342,957</b>	<b>4,042,685</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>	<b>5,931,803</b>	<b>2,117,584</b>	<b>(9,367,922)</b>	<b>(18,820)</b>	<b>234,066</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Issuance of bonds.....	-	-	5,361,641	-	-
Premium from issuance of bonds.....	-	-	316,300	-	-
Sale of capital assets.....	-	-	-	-	-
Transfers in.....	3,593,625	186,290	4,648,780	-	6,019
Transfers out.....	(5,918,363)	(500,573)	(212,451)	-	(780,000)
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>(2,324,738)</b>	<b>(314,283)</b>	<b>10,114,270</b>	<b>-</b>	<b>(773,981)</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>3,607,065</b>	<b>1,803,301</b>	<b>746,348</b>	<b>(18,820)</b>	<b>(539,915)</b>
<b>FUND BALANCES AT BEGINNING OF YEAR.....</b>	<b>37,349,852</b>	<b>12,492,682</b>	<b>10,881,702</b>	<b>577,945</b>	<b>9,716,700</b>
<b>FUND BALANCES AT END OF YEAR.....</b>	<b>\$ 40,956,917</b>	<b>\$ 14,295,983</b>	<b>\$ 11,628,050</b>	<b>\$ 559,125</b>	<b>\$ 9,176,785</b>

See notes to basic financial statements.



Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 113,664,164
-	7,405,793
-	2,924,631
-	1,494,626
3,737,763	5,938,554
900	1,802,284
763,082	1,829,159
1,146,567	3,405,345
7,251,106	39,778,378
277,789	667,908
207,260	1,051,138
-	3,336,839
292,752	294,793
780,239	1,538,913
143,166	143,166
<u>14,600,624</u>	<u>185,275,691</u>
-	257,070
-	419,492
878,182	6,969,744
224,238	3,076,454
619,254	14,036,380
9,417,006	77,282,191
203,862	17,292,934
452,680	4,515,533
618,226	3,439,116
493,952	2,589,896
-	22,436,807
-	1,619,749
-	10,576,421
-	342,770
-	8,372,349
50,372	9,374,175
-	2,135,047
<u>12,957,772</u>	<u>184,736,128</u>
<u>1,642,852</u>	<u>539,563</u>
-	5,361,641
-	316,300
725,000	725,000
321,353	8,756,067
<u>(1,517,850)</u>	<u>(8,929,237)</u>
<u>(471,497)</u>	<u>6,229,771</u>
1,171,355	6,769,334
<u>29,968,424</u>	<u>100,987,305</u>
\$ <u>31,139,779</u>	\$ <u>107,756,639</u>

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

YEAR ENDED JUNE 30, 2017

Net change in fund balances - total governmental funds.....	\$	6,769,334
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay.....		11,546,620
Depreciation expense.....		<u>(8,833,072)</u>
Net effect of reporting capital assets.....		2,713,548
<p>Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in unavailable revenue.....</p>		
		(618,487)
<p>The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.</p>		
Issuance of bonds.....		(5,361,641)
Premium from issuance of bonds.....		(316,300)
Debt service principal payments.....		9,374,175
Amortization of premium from refunding bonds.....		<u>579,598</u>
Net effect of reporting long-term debt.....		4,275,832
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
Net change in compensated absences accrual.....		(26,880)
Net change in accrued interest on long-term debt.....		56,454
Net change in deferred outflow/(inflow) of resources related to pensions.....		2,582,783
Net change in net pension liability.....		(8,373,025)
Net change in other postemployment benefits obligation.....		<u>(6,843,090)</u>
Net effect of recording long-term liabilities.....		(12,603,758)
<p>Internal service fund is used by management to account for workers' compensation activities.</p>		
The net activity of internal service fund is reported with governmental activities.....		<u>383,065</u>
Change in net position of governmental activities.....	\$	<u><u>919,534</u></u>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
<b>REVENUES:</b>					
Real estate and personal property taxes, net of tax refunds.....	\$ 112,571,675	\$ 112,571,675	\$ 113,576,314	\$ -	\$ 1,004,639
Motor vehicle and other excise taxes.....	6,574,547	6,574,547	7,405,793	-	831,246
Hotel/motel tax.....	1,790,000	1,790,000	1,951,070	-	161,070
Charges for services.....	1,849,000	1,849,000	2,200,791	-	351,791
Penalties and interest on taxes.....	1,150,000	1,150,000	1,724,212	-	574,212
Fees and rentals.....	958,500	958,500	1,066,077	-	107,577
Licenses and permits.....	2,056,600	2,056,600	2,258,778	-	202,178
Intergovernmental.....	16,284,365	16,284,365	16,884,256	-	599,891
Special assessments.....	200,000	200,000	245,423	-	45,423
Departmental and other.....	630,000	630,000	691,610	-	61,610
Investment income.....	250,000	250,000	500,047	-	250,047
<b>TOTAL REVENUES.....</b>	<b>144,314,687</b>	<b>144,314,687</b>	<b>148,504,371</b>	<b>-</b>	<b>4,189,684</b>
<b>EXPENDITURES:</b>					
Current:					
Town Council:					
Personnel.....	233,392	233,392	233,176	-	216
Operating Expenditures.....	32,931	32,060	23,894	1,651	6,515
<b>TOTAL.....</b>	<b>266,323</b>	<b>265,452</b>	<b>257,070</b>	<b>1,651</b>	<b>6,731</b>
Town Manager:					
Personnel.....	506,321	506,321	325,229	-	181,092
Operating Expenditures.....	146,098	145,948	94,263	37,684	14,001
<b>TOTAL.....</b>	<b>652,419</b>	<b>652,269</b>	<b>419,492</b>	<b>37,684</b>	<b>195,093</b>
Administrative Services:					
Personnel.....	4,611,433	4,611,433	4,556,252	-	55,181
Operating Expenditures.....	1,436,176	1,416,768	1,254,004	134,406	28,358
Capital Outlay.....	183,161	183,161	79,245	103,916	-
<b>TOTAL.....</b>	<b>6,230,770</b>	<b>6,211,362</b>	<b>5,889,501</b>	<b>238,322</b>	<b>83,539</b>
Growth Management:					
Personnel.....	795,737	795,737	742,423	-	53,314
Operating Expenditures.....	137,619	119,903	86,093	19,150	14,660
<b>TOTAL.....</b>	<b>933,356</b>	<b>915,640</b>	<b>828,516</b>	<b>19,150</b>	<b>67,974</b>
Police:					
Personnel.....	12,144,520	12,144,520	12,144,520	-	-
Operating Expenditures.....	960,427	958,386	889,671	61,365	7,350
Capital Outlay.....	341,435	336,436	320,293	16,074	69
<b>TOTAL.....</b>	<b>13,446,382</b>	<b>13,439,342</b>	<b>13,354,484</b>	<b>77,439</b>	<b>7,419</b>
Regulatory Services:					
Personnel.....	2,528,238	2,528,238	2,373,977	-	154,261
Operating Expenditures.....	337,039	327,030	277,658	32,327	17,045
<b>TOTAL.....</b>	<b>2,865,277</b>	<b>2,855,268</b>	<b>2,651,635</b>	<b>32,327</b>	<b>171,306</b>

(Continued)

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

YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
Local School System.....	64,511,340	64,278,965	62,544,841	1,530,971	203,153
Regional School District.....	3,302,096	3,302,096	3,302,096	-	-
Public Works:					
Personnel.....	5,724,504	5,659,004	5,388,202	-	270,802
Operating Expenditures.....	3,049,806	3,036,684	3,963,135	323,778	(1,250,229)
Capital Outlay.....	700,358	748,980	605,275	131,790	11,915
TOTAL.....	9,474,668	9,444,668	9,956,612	455,568	(967,512)
Community Services:					
Personnel.....	2,817,321	2,781,821	2,631,524	-	150,297
Operating Expenditures.....	460,738	424,670	335,548	71,128	17,994
Capital Outlay.....	84,558	119,358	44,870	61,857	12,631
TOTAL.....	3,362,617	3,325,849	3,011,942	132,985	180,922
Culture and Recreation.....	2,166,446	2,166,446	2,095,944	70,419	83
Debt Service:					
Principal.....	7,483,803	7,483,803	7,483,803	-	-
Interest.....	1,711,055	1,711,055	1,689,929	-	21,126
TOTAL.....	9,194,858	9,194,858	9,173,732	-	21,126
Pension Benefits.....	8,406,711	8,406,711	8,398,711	-	8,000
Employee Benefits.....	10,398,130	10,398,130	9,341,421	-	1,056,709
Liability Insurance.....	1,630,763	1,623,228	1,619,749	3,479	-
State and County Assessments.....	8,417,449	8,417,449	8,372,349	-	45,100
Other Assessments.....	436,278	436,278	342,770	-	93,508
TOTAL EXPENDITURES.....	145,695,883	145,334,011	141,560,865	2,599,995	1,173,151
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(1,381,196)	(1,019,324)	6,943,506	(2,599,995)	5,362,835
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in.....	3,568,860	3,568,860	3,585,836	-	16,976
Transfers out.....	(5,644,544)	(9,124,697)	(9,124,697)	-	-
TOTAL OTHER FINANCING SOURCES (USES).....	(2,075,684)	(5,555,837)	(5,538,861)	-	16,976
NET CHANGE IN FUND BALANCE.....	(3,456,880)	(6,575,161)	1,404,645	(2,599,995)	5,379,811
BUDGETARY FUND BALANCE, Beginning of year....	21,849,813	21,849,813	21,849,813	-	-
BUDGETARY FUND BALANCE, End of year..... \$	<u>18,392,933</u>	<u>15,274,652</u>	<u>23,254,458</u>	<u>(2,599,995)</u>	<u>5,379,811</u>

See notes to basic financial statements.

(Concluded)

**PROPRIETARY FUNDS**  
**STATEMENT OF NET POSITION**

JUNE 30, 2017

	Business-type Activities - Enterprise Funds					
	Airport	Golf Course	Solid Waste	Wastewater	Water Supply	Marina Recreation
<b>ASSETS</b>						
<b>CURRENT:</b>						
Cash and cash equivalents.....	\$ 3,126,596	\$ 1,006,351	\$ 2,686,290	\$ 4,876,660	\$ 1,333,985	\$ 1,006,281
Investments.....	1,286,355	406,657	1,105,202	7,766,631	548,833	414,008
Receivables, net of allowance for uncollectibles:						
User fees.....	105,259	30,202	-	1,799,634	1,139,820	-
Wastewater liens.....	-	-	-	34,780	-	-
Special assessments.....	-	-	-	218,592	-	-
Intergovernmental.....	-	-	117,268	84,562	3,759,012	-
Inventory.....	89,369	70,331	-	-	-	-
Total current assets.....	<u>4,607,579</u>	<u>1,513,541</u>	<u>3,908,760</u>	<u>14,780,859</u>	<u>6,781,650</u>	<u>1,420,289</u>
<b>NONCURRENT:</b>						
Receivables, net of allowance for uncollectibles:						
Special assessments.....	-	-	-	726,786	-	-
Intergovernmental.....	-	-	117,998	377,614	2,830,000	-
Capital assets, net of accumulated depreciation:						
Depreciable.....	57,232,883	2,211,896	1,539,720	35,551,020	19,580,892	3,943,597
Nondepreciable.....	20,360,262	11,978,197	1,140,772	1,582,842	9,790,602	2,651,507
Total noncurrent assets.....	<u>77,593,145</u>	<u>14,190,093</u>	<u>2,798,490</u>	<u>38,238,262</u>	<u>32,201,494</u>	<u>6,595,104</u>
<b>TOTAL ASSETS.....</b>	<u>82,200,724</u>	<u>15,703,634</u>	<u>6,707,250</u>	<u>53,019,121</u>	<u>38,983,144</u>	<u>8,015,393</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred charge on refunding.....	-	117,864	-	-	374,009	-
Deferred outflows of resources related to pensions.....	573,365	471,248	382,062	387,439	93,892	84,787
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES.....</b>	<u>573,365</u>	<u>589,112</u>	<u>382,062</u>	<u>387,439</u>	<u>467,901</u>	<u>84,787</u>
<b>LIABILITIES</b>						
<b>CURRENT:</b>						
Warrants payable.....	3,140,674	250,000	101,184	391,737	489,504	222,703
Accrued liabilities.....	-	-	-	-	-	-
Accrued payroll.....	39,232	38,661	28,850	29,247	8,778	7,903
Accrued interest.....	-	77,409	-	-	185,065	-
Other liabilities.....	11,806	23,233	-	22,165	16,058	1,000
Unearned revenue.....	-	110,788	-	-	-	-
Landfill closure.....	-	-	25,000	-	-	-
Compensated absences.....	98,297	79,590	58,376	55,132	18,205	7,915
Workers' compensation.....	-	-	-	-	-	-
Notes payable.....	-	-	-	-	2,980,000	-
Bonds payable.....	88,700	360,425	495,100	1,349,641	1,287,885	288,038
Total current liabilities.....	<u>3,378,709</u>	<u>940,106</u>	<u>708,510</u>	<u>1,847,922</u>	<u>4,985,495</u>	<u>527,559</u>
<b>NONCURRENT:</b>						
Landfill closure.....	-	-	225,000	-	-	-
Compensated absences.....	14,406	12,802	7,078	9,764	227	1,119
Workers' compensation.....	-	-	-	-	-	-
Net pension liability.....	4,891,031	4,019,937	3,259,144	3,305,013	800,937	723,266
Other postemployment benefits obligation.....	1,017,481	696,380	563,870	371,309	48,555	135,481
Bonds payable.....	2,175,000	2,748,748	826,500	15,256,940	15,648,098	2,610,055
Total noncurrent liabilities.....	<u>8,097,918</u>	<u>7,477,867</u>	<u>4,881,592</u>	<u>18,943,026</u>	<u>16,497,817</u>	<u>3,469,921</u>
<b>TOTAL LIABILITIES.....</b>	<u>11,476,627</u>	<u>8,417,973</u>	<u>5,590,102</u>	<u>20,790,948</u>	<u>21,483,312</u>	<u>3,997,480</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred inflows of resources related to pensions.....	119,138	97,919	79,388	80,505	19,510	17,618
<b>NET POSITION</b>						
Net investment in capital assets.....	75,336,860	11,391,531	2,680,492	23,224,365	11,247,870	4,233,061
Unrestricted.....	(4,158,536)	(3,614,677)	(1,260,670)	9,310,742	6,700,353	(147,979)
<b>TOTAL NET POSITION.....</b>	<u>\$ 71,178,324</u>	<u>\$ 7,776,854</u>	<u>\$ 1,419,822</u>	<u>\$ 32,535,107</u>	<u>\$ 17,948,223</u>	<u>\$ 4,085,082</u>

See notes to basic financial statements.

(Continued)

Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
Sandy Neck Recreation	Hyannis Youth and Community Center	Total	
\$ 768,524	\$ 501,051	\$ 15,305,738	\$ 2,334,660
316,189	195,858	12,039,733	-
-	-	3,074,915	-
-	-	34,780	-
-	-	218,592	-
-	-	3,960,842	-
-	-	159,700	-
<u>1,084,713</u>	<u>696,909</u>	<u>34,794,300</u>	<u>2,334,660</u>
-	-	726,786	-
-	-	3,325,612	-
1,228,735	18,866,487	140,155,230	-
-	1,229,331	48,733,513	-
<u>1,228,735</u>	<u>20,095,818</u>	<u>192,941,141</u>	<u>-</u>
<u>2,313,448</u>	<u>20,792,727</u>	<u>227,735,441</u>	<u>2,334,660</u>
-	604,006	1,095,879	-
155,824	285,501	2,434,118	-
<u>155,824</u>	<u>889,507</u>	<u>3,529,997</u>	<u>-</u>
7,061	39,264	4,642,127	-
6,110	-	6,110	-
21,527	19,526	193,724	350
-	84,693	347,167	-
5,809	-	80,071	-
-	-	110,788	-
-	-	25,000	-
8,550	35,209	361,274	-
-	-	-	57,500
-	-	2,980,000	-
55,000	944,933	4,869,722	-
<u>104,057</u>	<u>1,123,625</u>	<u>13,615,983</u>	<u>57,850</u>
-	-	225,000	-
-	2,235	47,631	-
-	-	-	553,500
1,329,239	2,435,438	20,764,005	-
72,073	193,991	3,099,140	-
900,000	8,590,907	48,756,248	-
<u>2,301,312</u>	<u>11,222,571</u>	<u>72,892,024</u>	<u>553,500</u>
<u>2,405,369</u>	<u>12,346,196</u>	<u>86,508,007</u>	<u>611,350</u>
<u>32,378</u>	<u>59,323</u>	<u>505,779</u>	<u>-</u>
273,735	11,163,984	139,551,898	-
(242,210)	(1,887,269)	4,699,754	1,723,310
<u>\$ 31,525</u>	<u>\$ 9,276,715</u>	<u>\$ 144,251,652</u>	<u>\$ 1,723,310</u>

(Concluded)

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

YEAR ENDED JUNE 30, 2017

	Business-type Activities - Enterprise Funds					
	Airport	Golf Course	Solid Waste	Wastewater	Water Supply	Marina Recreation
<b>OPERATING REVENUES:</b>						
Employer contributions.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services.....	5,568,140	3,182,636	2,925,374	4,528,101	5,424,751	685,771
Intergovernmental.....	83,640	-	-	45,271	-	-
Contributions.....	-	-	-	-	-	-
<b>TOTAL OPERATING REVENUES.....</b>	<b>5,651,780</b>	<b>3,182,636</b>	<b>2,925,374</b>	<b>4,573,372</b>	<b>5,424,751</b>	<b>685,771</b>
<b>OPERATING EXPENSES:</b>						
Salaries, wages and fringe benefits.....	1,988,062	1,899,833	1,623,302	1,587,575	383,100	301,756
Operations.....	3,069,572	983,897	1,195,016	1,473,341	4,150,225	94,772
Depreciation.....	3,369,006	184,457	269,093	2,119,694	705,985	204,084
<b>TOTAL OPERATING EXPENSES.....</b>	<b>8,426,640</b>	<b>3,068,187</b>	<b>3,087,411</b>	<b>5,180,610</b>	<b>5,239,310</b>	<b>600,612</b>
<b>OPERATING INCOME (LOSS).....</b>	<b>(2,774,860)</b>	<b>114,449</b>	<b>(162,037)</b>	<b>(607,238)</b>	<b>185,441</b>	<b>85,159</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>						
Investment income.....	40,974	11,318	30,022	99,410	35,033	13,089
Interest expense.....	25,280	(62,809)	(70,000)	(320,336)	(279,211)	(57,284)
Intergovernmental.....	-	-	57,409	77,647	-	-
Legal settlements.....	-	-	-	-	3,120,000	-
<b>TOTAL NONOPERATING REVENUES (EXPENSES), NET.....</b>	<b>66,254</b>	<b>(51,491)</b>	<b>17,431</b>	<b>(143,279)</b>	<b>2,875,822</b>	<b>(44,195)</b>
<b>INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS.....</b>	<b>(2,708,606)</b>	<b>62,958</b>	<b>(144,606)</b>	<b>(750,517)</b>	<b>3,061,263</b>	<b>40,964</b>
<b>CAPITAL CONTRIBUTIONS.....</b>	<b>2,634,272</b>	<b>-</b>	<b>-</b>	<b>201,120</b>	<b>-</b>	<b>-</b>
<b>TRANSFERS:</b>						
Transfers in.....	-	149,140	-	500,573	-	90,031
Transfers out.....	(781,344)	(418,119)	(303,625)	(444,872)	(124,632)	(61,044)
<b>TOTAL TRANSFERS.....</b>	<b>(781,344)</b>	<b>(268,979)</b>	<b>(303,625)</b>	<b>55,701</b>	<b>(124,632)</b>	<b>28,987</b>
<b>CHANGE IN NET POSITION.....</b>	<b>(855,678)</b>	<b>(206,021)</b>	<b>(448,231)</b>	<b>(493,696)</b>	<b>2,936,631</b>	<b>69,951</b>
<b>NET POSITION AT BEGINNING OF YEAR.....</b>	<b>72,034,002</b>	<b>7,982,875</b>	<b>1,868,053</b>	<b>33,028,803</b>	<b>15,011,592</b>	<b>4,015,131</b>
<b>NET POSITION AT END OF YEAR.....</b>	<b>\$ 71,178,324</b>	<b>\$ 7,776,854</b>	<b>\$ 1,419,822</b>	<b>\$ 32,535,107</b>	<b>\$ 17,948,223</b>	<b>\$ 4,085,082</b>

See notes to basic financial statements.

(Continued)



Business-type Activities - Enterprise Funds			Governmental
Sandy Neck Recreation	Hyannis Youth and Community Center	Total	Activities - Internal Service Fund
\$ -	\$ -	\$ -	\$ 1,250,945
1,096,042	1,134,431	24,545,246	-
-	-	128,911	-
-	25,000	25,000	-
<u>1,096,042</u>	<u>1,159,431</u>	<u>24,699,157</u>	<u>1,250,945</u>
596,057	1,126,438	9,506,123	887,172
201,284	690,719	11,858,826	-
84,419	606,527	7,543,265	-
<u>881,760</u>	<u>2,423,684</u>	<u>28,908,214</u>	<u>887,172</u>
<u>214,282</u>	<u>(1,264,253)</u>	<u>(4,209,057)</u>	<u>363,773</u>
7,191	4,992	242,029	19,292
(38,831)	(218,443)	(1,021,634)	-
-	-	135,056	-
-	-	3,120,000	-
<u>(31,640)</u>	<u>(213,451)</u>	<u>2,475,451</u>	<u>19,292</u>
<u>182,642</u>	<u>(1,477,704)</u>	<u>(1,733,606)</u>	<u>383,065</u>
-	-	2,835,392	-
-	1,976,412	2,716,156	-
(86,520)	(322,830)	(2,542,986)	-
<u>(86,520)</u>	<u>1,653,582</u>	<u>173,170</u>	<u>-</u>
96,122	175,878	1,274,956	383,065
<u>(64,597)</u>	<u>9,100,837</u>	<u>142,976,696</u>	<u>1,340,245</u>
<u>\$ 31,525</u>	<u>\$ 9,276,715</u>	<u>\$ 144,251,652</u>	<u>\$ 1,723,310</u>

(Concluded)

**PROPRIETARY FUNDS**  
STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2017

Business-type Activities - Enterprise Funds						
	Airport	Golf Course	Solid Waste	Wastewater	Water Supply	Marina Recreation
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>						
Receipts from customers and users.....	\$ 5,574,078	\$ 3,194,448	\$ 2,925,374	\$ 4,478,700	\$ 5,430,918	\$ 685,771
Receipts from interfund services provided.....	-	-	-	-	-	-
Receipts from other governments.....	83,640	-	-	45,271	(5,173,104)	-
Receipts from contributions.....	-	-	-	-	-	-
Payments to vendors.....	(3,016,721)	(672,042)	(893,629)	(1,177,044)	(4,024,312)	(70,568)
Payments to employees.....	(1,666,347)	(1,367,688)	(1,108,358)	(1,123,179)	(271,683)	(246,171)
Payments for interfund services used.....	(189,051)	(432,968)	(433,128)	(421,189)	(99,136)	(42,225)
<b>NET CASH FROM OPERATING ACTIVITIES.....</b>	<b>785,599</b>	<b>721,750</b>	<b>490,259</b>	<b>1,802,559</b>	<b>(4,137,317)</b>	<b>326,807</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>						
Transfers in.....	-	149,140	-	500,573	-	90,031
Transfers out.....	(781,344)	(418,119)	(303,625)	(444,872)	(124,632)	(61,044)
Intergovernmental grants.....	-	-	118,547	-	-	-
<b>NET CASH FROM NONCAPITAL FINANCING ACTIVITIES.....</b>	<b>(781,344)</b>	<b>(268,979)</b>	<b>(185,078)</b>	<b>55,701</b>	<b>(124,632)</b>	<b>28,987</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>						
Proceeds from the issuance of bonds and notes.....	1,703,700	537,700	-	2,008,000	6,049,739	476,500
Capital contributions.....	2,634,272	-	-	201,119	-	-
Legal settlements.....	-	-	-	-	3,120,000	-
Special assessments.....	-	-	-	173,874	-	-
Acquisition and construction of capital assets.....	(2,856,442)	(467,530)	(230,946)	(1,574,342)	(3,910,892)	(959,733)
Principal payments on bonds and notes.....	(1,947,209)	(344,000)	(483,500)	(1,334,671)	(4,021,301)	(263,000)
Interest expense.....	25,280	(82,311)	(23,590)	(220,780)	(430,613)	(69,834)
<b>NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....</b>	<b>(440,399)</b>	<b>(356,141)</b>	<b>(738,036)</b>	<b>(746,800)</b>	<b>806,933</b>	<b>(816,067)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>						
Purchase of investments.....	-	(3,967)	-	(62,672)	-	219,858
Sale of investments.....	280,747	-	261,846	-	1,179,499	-
Investment income.....	40,974	11,318	30,022	99,410	35,033	13,089
<b>NET CASH FROM INVESTING ACTIVITIES.....</b>	<b>321,721</b>	<b>7,351</b>	<b>291,868</b>	<b>36,738</b>	<b>1,214,532</b>	<b>232,947</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS.....</b>	<b>(114,423)</b>	<b>103,981</b>	<b>(140,987)</b>	<b>1,148,198</b>	<b>(2,240,484)</b>	<b>(227,326)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....</b>	<b>3,241,019</b>	<b>902,370</b>	<b>2,827,277</b>	<b>3,728,462</b>	<b>3,574,469</b>	<b>1,233,607</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR.....</b>	<b>\$ 3,126,596</b>	<b>\$ 1,006,351</b>	<b>\$ 2,686,290</b>	<b>\$ 4,876,660</b>	<b>\$ 1,333,985</b>	<b>\$ 1,006,281</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:</b>						
Operating income (loss).....	\$ (2,774,860)	\$ 114,449	\$ (162,037)	\$ (607,238)	\$ 185,441	\$ 85,159
Adjustments to reconcile operating income (loss) to net cash from operating activities:						
Depreciation.....	3,369,006	184,457	269,093	2,119,694	705,985	204,084
Deferred (outflows)/inflows related to pensions.....	(127,413)	(127,235)	(107,607)	(106,366)	(26,759)	(20,373)
Changes in assets and liabilities:						
Wastewater liens.....	-	-	-	(7,056)	-	-
User fees.....	5,938	5,262	-	(42,345)	6,167	-
Intergovernmental.....	-	-	-	-	(5,173,104)	-
Inventory.....	16,919	(7,185)	-	-	-	-
Warrants payable.....	35,570	2,556	13,569	16,419	44,720	2,303
Accrued liabilities.....	-	-	-	-	-	-
Accrued payroll.....	4,661	5,713	5,120	5,970	1,955	931
Other liabilities.....	(7,283)	5,079	-	-	48	-
Unearned revenue.....	-	6,550	-	-	-	-
Accrued compensated absences.....	(3,039)	3,776	4,075	(10,584)	4,072	(5,020)
Workers' compensation.....	-	-	-	-	-	-
Landfill closure liability.....	-	-	(25,000)	-	-	-
Net pension liability.....	135,058	438,640	420,425	386,244	107,904	42,274
Other postemployment benefits obligation.....	131,042	89,688	72,621	47,821	6,254	17,449
<b>Total adjustments.....</b>	<b>3,560,459</b>	<b>607,301</b>	<b>652,296</b>	<b>2,409,797</b>	<b>(4,322,758)</b>	<b>241,648</b>
<b>NET CASH FROM OPERATING ACTIVITIES.....</b>	<b>\$ 785,599</b>	<b>\$ 721,750</b>	<b>\$ 490,259</b>	<b>\$ 1,802,559</b>	<b>\$ (4,137,317)</b>	<b>\$ 326,807</b>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</b>						
Intergovernmental subsidy of debt service - principal.....	\$ -	\$ -	\$ -	\$ 136,339	\$ -	\$ -
Intergovernmental subsidy of debt service - interest.....	-	-	46,410	77,647	-	-
Deferred charge on refunding.....	-	117,864	-	-	374,009	-

See notes to basic financial statements.

(Continued)

Business-type Activities - Enterprise Funds			Governmental
Sandy Neck Recreation	Hyannis Youth and Community Center	Total	Activities - Internal Service Fund
\$ 1,096,042	\$ 1,134,431	\$ 24,519,762	\$ -
-	-	-	1,250,945
-	-	(5,044,193)	-
-	25,000	25,000	-
(107,696)	(489,710)	(10,451,722)	-
(450,533)	(828,927)	(7,062,886)	-
<u>(129,861)</u>	<u>(277,256)</u>	<u>(2,024,814)</u>	<u>(905,339)</u>
<u>407,952</u>	<u>(436,462)</u>	<u>(38,853)</u>	<u>345,606</u>
-	1,976,412	2,716,156	-
(86,520)	(322,830)	(2,542,986)	-
<u>148,500</u>	<u>-</u>	<u>267,047</u>	<u>-</u>
<u>61,980</u>	<u>1,653,582</u>	<u>440,217</u>	<u>-</u>
-	-	10,775,639	-
-	-	2,835,391	-
-	-	3,120,000	-
-	-	173,874	-
(53,334)	-	(10,053,219)	-
(55,000)	(868,000)	(9,316,681)	-
<u>(38,831)</u>	<u>(351,527)</u>	<u>(1,192,206)</u>	<u>-</u>
<u>(147,165)</u>	<u>(1,219,527)</u>	<u>(3,657,202)</u>	<u>-</u>
-	30,442	183,661	-
(70,193)	-	1,651,899	-
<u>7,191</u>	<u>4,992</u>	<u>242,029</u>	<u>19,292</u>
<u>(63,002)</u>	<u>35,434</u>	<u>2,077,589</u>	<u>19,292</u>
259,765	33,027	(1,178,249)	364,898
<u>508,759</u>	<u>468,024</u>	<u>16,483,987</u>	<u>1,969,762</u>
\$ <u>768,524</u>	\$ <u>501,051</u>	\$ <u>15,305,738</u>	\$ <u>2,334,660</u>
\$ <u>214,282</u>	\$ <u>(1,264,253)</u>	\$ <u>(4,209,057)</u>	\$ <u>363,773</u>
84,419	606,527	7,543,265	-
(41,273)	(77,976)	(635,002)	-
-	-	(7,056)	-
-	-	(24,978)	-
-	-	(5,173,104)	-
-	-	9,734	-
(4,959)	279	110,457	(3,365)
598	-	598	-
3,598	3,134	31,082	(2)
5,809	-	3,653	-
-	-	6,550	-
2,783	(7,864)	(11,801)	-
-	-	-	(14,800)
-	-	(25,000)	-
133,413	278,706	1,942,664	-
<u>9,282</u>	<u>24,985</u>	<u>399,142</u>	<u>-</u>
<u>193,670</u>	<u>827,791</u>	<u>4,170,204</u>	<u>(18,167)</u>
\$ <u>407,952</u>	\$ <u>(436,462)</u>	\$ <u>(38,853)</u>	\$ <u>345,606</u>
\$ -	\$ -	\$ 136,339	\$ -
-	-	124,057	-
-	604,006	1,095,879	-

(Concluded)

**FIDUCIARY FUNDS**  
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2017

	Other Postemployment Benefits Trust Fund	Private Purpose Trust Funds	Agency Fund
<b>ASSETS</b>			
Cash and cash equivalents.....	\$ 86,601	\$ 32,776	\$ 529,622
Investments.....	-	2,116,414	-
Mutual funds.....	1,260,322	-	-
U.S. government securities.....	432,528	-	-
Government sponsored enterprises.....	302,287	-	-
Equity securities.....	995,693	-	-
Corporate bonds.....	209,665	-	-
Receivables, net of allowance for uncollectibles:			
Departmental and other.....	-	12,590	297,270
Intergovernmental.....	-	50,000	-
<b>TOTAL ASSETS.....</b>	<b>3,287,096</b>	<b>2,211,780</b>	<b>826,892</b>
<b>LIABILITIES</b>			
Warrants payable.....	-	-	16
Liabilities due depositors.....	-	-	826,876
Other liabilities.....	-	17,590	-
<b>TOTAL LIABILITIES.....</b>	<b>-</b>	<b>17,590</b>	<b>826,892</b>
<b>NET POSITION</b>			
Restricted for other postemployment benefits.....	3,287,096	-	-
Held in trust for other purposes.....	-	2,194,190	-
<b>TOTAL NET POSITION.....</b>	<b>\$ 3,287,096</b>	<b>\$ 2,194,190</b>	<b>\$ -</b>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2017

	Other Postemployment Benefits Trust Fund	Private Purpose Trust Funds
<b>ADDITIONS:</b>		
Contributions:		
Employer contributions to the trust.....\$	478,000	\$ -
Employer contributions to pay benefit payments.....	5,081,064	-
Rental income.....	-	142,967
Private donations.....	-	13,894
Other revenue.....	-	25,886
<b>Total contributions.....</b>	<b>5,559,064</b>	<b>182,747</b>
Net investment income (loss):		
Net increase (decrease) in fair value of investments.....	78,530	23,170
Investment income.....	60,245	35,046
<b>Total investment income (loss).....</b>	<b>138,775</b>	<b>58,216</b>
Less: investment expense.....	(6,601)	-
Net investment income (loss).....	132,174	58,216
<b>TOTAL ADDITIONS.....</b>	<b>5,691,238</b>	<b>240,963</b>
<b>DEDUCTIONS:</b>		
Benefit payments.....	5,081,064	-
Community services.....	-	183,745
Educational scholarships.....	-	60,730
<b>TOTAL DEDUCTIONS.....</b>	<b>5,081,064</b>	<b>244,475</b>
<b>CHANGE IN NET POSITION.....</b>	<b>610,174</b>	<b>(3,512)</b>
NET POSITION AT BEGINNING OF YEAR.....	2,676,922	2,197,702
NET POSITION AT END OF YEAR..... \$	<u>3,287,096</u>	<u>\$ 2,194,190</u>

See notes to basic financial statements.

**COMPONENT UNITS**  
COMBINING STATEMENT OF NET POSITION

JUNE 30, 2017

	Hyannis Public Library	Osterville Free Library	Centerville Public Library
<b>ASSETS</b>			
<b>CURRENT:</b>			
Cash and cash equivalents.....	\$ 395,496	\$ 244,395	\$ 309,281
Restricted cash and cash equivalents.....	75,069	-	-
Investments.....	801,345	738,008	687,081
Receivables, net of allowance for uncollectibles:			
Departmental and other.....	-	-	21,925
Intergovernmental.....	-	-	-
Inventory.....	-	-	-
Prepaid expenses.....	8,454	1,562	-
<b>Total current assets.....</b>	<b>1,280,364</b>	<b>983,965</b>	<b>1,018,287</b>
<b>NONCURRENT:</b>			
Capital assets, net of accumulated depreciation:			
Depreciable.....	192,380	4,778,665	2,988,537
Nondepreciable.....	69,600	80,815	7,049
<b>Total noncurrent assets.....</b>	<b>261,980</b>	<b>4,859,480</b>	<b>2,995,586</b>
<b>TOTAL ASSETS.....</b>	<b>1,542,344</b>	<b>5,843,445</b>	<b>4,013,873</b>
<b>LIABILITIES</b>			
<b>CURRENT:</b>			
Warrants payable.....	6,852	15,752	1,645
Accrued liabilities.....	-	-	-
Compensated absences.....	38,106	-	-
<b>TOTAL LIABILITIES.....</b>	<b>44,958</b>	<b>15,752</b>	<b>1,645</b>
<b>NET POSITION</b>			
Net investment in capital assets.....	261,980	4,859,480	2,995,586
Unrestricted.....	1,235,406	968,213	1,016,642
<b>TOTAL NET POSITION.....</b>	<b>\$ 1,497,386</b>	<b>\$ 5,827,693</b>	<b>\$ 4,012,228</b>

See notes to basic financial statements.

(Continued)

<u>Sturgis Library</u>	<u>Cotuit Library</u>	<u>Marstons Mills Public Library</u>	<u>Whelden Memorial Library</u>	<u>Total Component Units</u>
\$ 933,823	\$ 59,527	\$ 175,173	\$ 100,820	\$ 2,218,515
21,840	-	-	-	96,909
2,232,821	1,311,048	261,224	394,969	6,426,496
-	-	-	-	21,925
22	-	-	-	22
8,223	-	-	-	8,223
520	-	-	-	10,536
<u>3,197,249</u>	<u>1,370,575</u>	<u>436,397</u>	<u>495,789</u>	<u>8,782,626</u>
1,485,347	450,127	219,960	97,085	10,212,101
162,250	16,550	5,000	-	341,264
<u>1,647,597</u>	<u>466,677</u>	<u>224,960</u>	<u>97,085</u>	<u>10,553,365</u>
<u>4,844,846</u>	<u>1,837,252</u>	<u>661,357</u>	<u>592,874</u>	<u>19,335,991</u>
18,529	88,560	-	516	131,854
4,139	-	-	4,000	8,139
-	-	-	-	38,106
<u>22,668</u>	<u>88,560</u>	<u>-</u>	<u>4,516</u>	<u>178,099</u>
1,647,597	466,677	224,960	97,085	10,553,365
<u>3,174,581</u>	<u>1,282,015</u>	<u>436,397</u>	<u>491,273</u>	<u>8,604,527</u>
\$ <u><u>4,822,178</u></u>	\$ <u><u>1,748,692</u></u>	\$ <u><u>661,357</u></u>	\$ <u><u>588,358</u></u>	\$ <u><u>19,157,892</u></u>

(Concluded)

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

YEAR ENDED JUNE 30, 2017

	Hyannis Public Library	Osterville Free Library	Centerville Public Library
<b>OPERATING REVENUES:</b>			
Charges for services.....	\$ 17,125	\$ 67,936	\$ 91,387
<b>OPERATING EXPENSES:</b>			
Program and administrative.....	507,998	576,574	590,262
Depreciation.....	30,368	180,188	103,625
Management and general.....	13,926	101,429	-
Fundraising.....	1,329	78,942	17,629
<b>TOTAL OPERATING EXPENSES.....</b>	<b>553,621</b>	<b>937,133</b>	<b>711,516</b>
<b>OPERATING INCOME (LOSS).....</b>	<b>(536,496)</b>	<b>(869,197)</b>	<b>(620,129)</b>
<b>NONOPERATING REVENUES/(EXPENSES):</b>			
Investment income (loss).....	107,348	67,962	66,831
Intergovernmental.....	490,878	257,477	340,022
Contributions.....	24,419	413,401	51,948
<b>TOTAL NONOPERATING REVENUES/(EXPENSES).....</b>	<b>622,645</b>	<b>738,840</b>	<b>458,801</b>
<b>CHANGE IN NET POSITION.....</b>	<b>86,149</b>	<b>(130,357)</b>	<b>(161,328)</b>
<b>NET POSITION AT BEGINNING OF YEAR, AS RESTATED..</b>	<b>1,411,237</b>	<b>5,958,050</b>	<b>4,173,556</b>
<b>NET POSITION AT END OF YEAR.....</b>	<b>\$ 1,497,386</b>	<b>\$ 5,827,693</b>	<b>\$ 4,012,228</b>

See notes to basic financial statements.

(Continued)



<u>Sturgis Library</u>	<u>Cotuit Library</u>	<u>Marstons Mills Public Library</u>	<u>Whelden Memorial Library</u>	<u>Total Component Units</u>
\$ <u>44,694</u>	\$ <u>11,341</u>	\$ <u>32,721</u>	\$ <u>19,485</u>	\$ <u>284,689</u>
469,842	361,790	238,796	185,698	2,930,960
43,919	14,890	14,902	7,449	395,341
-	-	-	-	115,355
<u>61,684</u>	<u>-</u>	<u>26,272</u>	<u>-</u>	<u>185,856</u>
<u>575,445</u>	<u>376,680</u>	<u>279,970</u>	<u>193,147</u>	<u>3,627,512</u>
<u>(530,751)</u>	<u>(365,339)</u>	<u>(247,249)</u>	<u>(173,662)</u>	<u>(3,342,823)</u>
315,330	49,892	25,688	41,453	674,504
243,277	276,921	204,351	112,533	1,925,459
<u>82,268</u>	<u>79,631</u>	<u>127,226</u>	<u>29,735</u>	<u>808,628</u>
<u>640,875</u>	<u>406,444</u>	<u>357,265</u>	<u>183,721</u>	<u>3,408,591</u>
110,124	41,105	110,016	10,059	65,768
<u>4,712,054</u>	<u>1,707,587</u>	<u>551,341</u>	<u>578,299</u>	<u>19,092,124</u>
\$ <u><u>4,822,178</u></u>	\$ <u><u>1,748,692</u></u>	\$ <u><u>661,357</u></u>	\$ <u><u>588,358</u></u>	\$ <u><u>19,157,892</u></u>

(Concluded)

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

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

**A. Reporting Entity**

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

For financial reporting purposes, the Town has included all funds, organizations, agencies, boards, commissions and institutions. The Town has also considered all potential component units for which it is financially accountable as well as other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the basic financial statements to be misleading or incomplete. As required by GAAP, these basic financial statements present the Town (primary government) and its component units. Seven entities have been included as component units in the reporting entity, because of the significance of their operational and/or financial relationships with the Town.

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

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

**Availability of Financial Information for Component Units**

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

Hyannis Public Library Association  
401 Main Street  
Hyannis, MA 02601

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

Osterville Free Library Corporation  
43 Wianno Avenue  
Osterville, MA 02655

Cotuit Library Association  
Main Street  
Cotuit, MA 02635

The Centerville Public Library Association  
Centerville, MA 02636

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

Whelden Memorial Library  
Meetinghouse Way  
West Barnstable, MA 02668

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

**Availability of Financial Information for Joint Ventures**

The Town has entered into joint ventures with other municipalities to pool resources and share the costs, risk and rewards of providing goods or services to venture participants directly, or for the benefit of the general public or specified recipients. The Town has no equity interest in the joint ventures. The following identifies where the joint venture financial statements are available, their purpose, and the annual assessment paid by the Town during 2017.

Joint venture and address	Purpose	Net Annual Assessment
Cape Cod Regional Technical High School District 351 Pleasant Lake Avenue Harwich, MA 02645	To provide educational services	\$ 3,302,096
Sturgis Charter Public School 427 Main Street Hyannis, MA 02601	To provide educational services	\$ 2,620,359
Cape Cod Regional Transit Authority 215 Iyannough Road Hyannis, MA 02601	To provide public transportation	\$ 551,118

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

*Government-Wide Financial Statements*

The government-wide financial statements (i.e., statement of net position and the statement of changes in net position) report information on all of the non-fiduciary activities of the primary government and its component

units. *Governmental activities*, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which are supported primarily by user fees and charges.

### *Fund Financial Statements*

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

### *Major Fund Criteria*

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

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

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

## C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

### *Government-Wide Financial Statements*

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the liabilities are incurred. Real estate and personal property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

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

#### *Fund Financial Statements*

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

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

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

The following major governmental funds are reported:

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

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

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

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

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

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

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

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

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

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

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

The following major proprietary funds are reported:

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

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

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

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

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

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

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

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

Additionally, the following proprietary fund type is reported:

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

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

The following fiduciary fund types are reported:

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

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

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

#### D. Cash and Investments

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

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

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

#### E. Fair Value Measurements

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

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

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

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

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

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

Market price is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument. Instruments with readily available active quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. It is reasonably possible that change in values of these instruments will occur in the near term and that such changes could materially affect amounts reported in these financial statements. For more information on the fair value of the Town's financial instruments, see Note 3 – Cash and Cash Equivalents.

#### F. Accounts Receivable

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

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

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

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

Real estate tax liens are processed approximately three months after the due date on delinquent properties and are recorded as receivables in the year they are processed.

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

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

##### ***Motor Vehicle and Other Excise Taxes***

Motor vehicle excise taxes are assessed annually for each vehicle registered and are recorded as receivables in the year of the levy. The Commonwealth is responsible for reporting the number of vehicles registered and the fair values of those vehicles. The tax calculation is the fair value of the vehicle multiplied by \$25 per \$1,000 of value. Boat excise taxes are assessed annually for each boat registered and are recorded as receivables in the year of the levy. The Commonwealth is responsible for reporting the number of boats registered and the fair value of those boats. The tax calculation is the fair value of the boat multiplied by \$10 per \$1,000 of value; with a maximum taxable value of \$50,000.

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



***Departmental and Other***

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

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

***Room Occupancy Tax***

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

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

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

***Meals Tax***

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

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

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

***Intergovernmental***

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

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

***Community Preservation Fund Surtaxes***

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

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

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

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

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

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

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

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

### ***Special Assessments***

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

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

## **G. Inventories**

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

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

Inventories of the Sturgis Library are carried at cost.

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

## **H. Capital Assets**

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

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

similar assets; and capital assets received in service concession arrangements are recorded at acquisition value. Except for the capital assets of the governmental activities column in the government-wide financial statements, construction period interest is capitalized on constructed capital assets.

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

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

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

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

*Governmental Fund Financial Statements*

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

I. Deferred Outflows/Inflows of Resources

*Government-Wide Financial Statements (Net Position)*

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

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

*Governmental Fund Financial Statements*

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

### J. Interfund Receivables and Payables

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

#### *Government-Wide Financial Statements*

Transactions of a buyer/seller nature between and within governmental funds and internal service funds are eliminated from the governmental activities in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of net position as "internal balances".

#### *Fund Financial Statements*

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

### K. Interfund Transfers

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

#### *Government-Wide Financial Statements*

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

#### *Fund Financial Statements*

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

### L. Unavailable Revenue

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

### M. Net Position and Fund Equity

#### *Government-Wide Financial Statements (Net Position)*

Net position reported as "net investment in capital assets" includes capital assets, net of accumulated depreciation, less the principal balance of outstanding debt used to acquire capital assets. Unspent proceeds of capital related debt are not considered to be capital assets. Outstanding debt related to future reimbursements from the state's school building program and the Massachusetts Clean Water Trust's loan subsidy program are not considered to be capital related debt.

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

Net position has been “restricted for” the following:

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

“Highway projects” represents amounts restricted for highway improvements.

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

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

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

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

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

#### *Fund Financial Statements (Fund Balances)*

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

The governmental fund balance classifications are as follows:

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

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

“Committed” fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority. Town Council is the highest level of decision making authority that can, by Town Council vote, commit funds for a specific purpose. Once voted, the limitation imposed by the vote remains in place until the funds are used for their intended purpose or a vote is taken to rescind the commitment.

“Assigned” fund balance includes amounts that are constrained by the Town’s intent to be used for specific purposes, but are neither restricted nor committed. The Town’s ordinances authorize the Finance Director to assign fund balance. Assignments generally only exist temporarily. Additional action does not have to be taken for the removal of an assignment.

“Unassigned” fund balance includes the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount.

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

#### N. Pensions

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

#### O. Long-term debt

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

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

##### *Governmental Fund Financial Statements*

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

#### P. Investment Income

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

#### Q. Compensated Absences

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

*Government-Wide and Proprietary Fund Financial Statements*

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

*Governmental Fund Financial Statements*

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

R. Use of Estimates*Government-Wide and Fund Financial Statements*

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

S. Restatement

The understatement of capital assets of \$1,235,039, in the governmental activities, was discovered by management during the current year. Accordingly, an adjustment has been made in this report to restate the net assets of the governmental activities as of June 30, 2016 from \$211,296,648 to \$212,531,687. Additionally, the beginning net position for the library component units was restated as of June 30, 2016 from \$19,094,000 to \$19,092,124.

T. Total Column*Government-Wide Financial Statements*

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

*Fund Financial Statements*

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

**NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**A. Budgetary Information

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

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

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

Generally, expenditures may not exceed the legal level of spending (personnel, operating expenditures and capital) authorized for an appropriation account. However, the payment of debt service is statutorily required, regardless of whether such amounts are appropriated. Additionally, expenditures for disasters, natural or otherwise, and final claims and judgments may exceed the level of spending authorized by majority vote of the Council.

An annual budget is adopted for the general fund in conformity with the guidelines described above. The original 2017 approved budget authorized approximately \$149 million in current year appropriations and other amounts to be raised and approximately \$2.4 million in encumbrances and appropriations carried over from previous years. During 2017, the Council also approved increases to appropriations totaling approximately \$3.1 million. The Finance Director has the responsibility to ensure that budgetary control is maintained. Budgetary control is exercised through the Town's accounting system.

**B. Budgetary – GAAP Reconciliation**

For budgetary financial reporting purposes, the Uniform Municipal Accounting System basis of accounting (established by the Commonwealth) is followed, which differs from the GAAP basis of accounting. A reconciliation of budgetary-basis to GAAP-basis results for the general fund for the year ended June 30, 2017, is presented on the following table:

Net change in fund balance, budgetary basis.....	\$ 1,404,645
<u>Perspective difference:</u>	
Activity of the Horace Mann Charter School recorded in the general fund for GAAP.....	145,058
Activity of the stabilization funds recorded in the general fund for GAAP.....	1,969,512
<u>Basis of accounting differences:</u>	
Net change in recording tax refunds payable.....	87,850
Recognition of revenue for on-behalf payments.....	14,038,096
Recognition of expenditures for on-behalf payments.....	<u>(14,038,096)</u>
Net change in fund balance, GAAP basis.....	<u>\$ 3,607,065</u>

**C. Appropriation Deficits**

Expenditures exceeded appropriations by \$1,456,214 for public works for snow and ice removal. The snow and ice removal over expenditure will be raised and was included in the fiscal year 2018.

**NOTE 3 – CASH AND INVESTMENTS**

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



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

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

#### Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Town of Barnstable's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. At year-end, the carrying amount of deposits totaled \$82,512,965 and the bank balance totaled \$84,870,448. Of the bank balance, \$7,015,636 was covered by Federal Depository Insurance, \$12,619,765 was covered by the Depositors Insurance Fund, \$22,055,564 was covered by the Share Insurance Fund, \$17,505,874 was collateralized, and \$25,673,609 was exposed to custodial credit risk because it was uninsured and uncollateralized.

#### Investments

As of June 30, 2017, the Town of Barnstable had the following investments:

Investment Type	Fair Value	Maturity			Over 10 Years
		Under 1 Year	1-5 Years	6-10 Years	
<u>Debt Securities:</u>					
U.S. Government Treasuries.....	\$ 11,940,528	\$ 2,273,891	\$ 6,078,675	\$ 3,587,962	\$ -
Corporate Bonds.....	7,100,194	955,646	5,058,548	1,062,086	23,914
Government Sponsored Enterprises.....	15,275,704	635,630	9,185,985	3,077,769	2,376,320
Total Debt Securities.....	34,316,426	\$ 3,865,167	\$ 20,323,208	\$ 7,727,817	\$ 2,400,234
<u>Other Investments:</u>					
Equity Securities.....	14,751,629				
Repurchase Agreements.....	6,122,006				
Money Market Mutual Funds.....	3,347,718				
Mutual Funds.....	11,472,391				
Preferred Securities.....	519,591				
MMDT - Cash Portfolio.....	39,148				
Total Investments.....	\$ 70,568,909				

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

#### Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of a failure by the counterparty, the Town will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. Of the Town's investments, \$34,316,426 in debt securities, \$14,751,629 in equity securities and \$519,591 in preferred securities are exposed to custodial credit risk because the related securities are uninsured, unregistered and held

by the counterparty. The Town’s investment policy places no limit on the amount of U.S. Treasury and U.S. Government Agency obligations. In regards to other investments, the Town will only purchase investment grade securities with a high concentration in securities rated “A” or better.

As of June 30, 2017, the Town had an investment with a fair value of \$6,122,006 in an overnight Repurchase Agreement (REPO). Under the terms of the REPO, the bank agrees to sell and buy back a portion of the Bank’s securities portfolio at the purchase price plus interest. The REPO is held by the bank, acting as the Town’s agent. In the event of default, the Town has the right to direct the bank to sell the securities and apply the proceeds in satisfaction of the Repurchase Agreement. The REPO is fully collateralized with Collateralized Mortgage Obligation fixed rate securities issued through the Federal National Mortgage Association. The REPO is not rated, and the collateral has a Moody’s rating of AAA.

Interest Rate Risk

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

Credit Risk

The Town has not adopted a formal policy related to Credit Risk. At June 30, 2017, the Town’s investments were rated as follows:

Quality Ratings	Corporate Bonds	Government Sponsored Enterprises	Preferred Securities	Totals
AAA.....	\$ 250,610	\$ 15,275,704	\$ -	\$ 15,526,314
AA.....	862,260	-	-	862,260
A.....	3,577,294	-	-	3,577,294
A-.....	204,358	-	-	204,358
BAA.....	1,882,792	-	-	1,882,792
BBB+.....	101,692	-	-	101,692
BB+.....	197,274	-	-	197,274
Unrated.....	23,914	-	519,591	543,505
Fair Value.....	\$ <u>7,100,194</u>	\$ <u>15,275,704</u>	\$ <u>519,591</u>	\$ <u>22,895,489</u>

Additionally, the Town holds \$3,347,718 in money market mutual funds and \$39,148 in MMDT which are unrated.

Concentration of Credit Risk

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

Issuer	Percentage Of Total Investments
Federal Home Loan Mortgage Company.....	11%
Federal National Mortgage Association.....	8%

Fair Value of Investments

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

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

The Town has the following recurring fair value measurements as of June 30, 2017:

Investment Type	June 30, 2017	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments measured at fair value:</b>				
<u>Debt Securities:</u>				
U.S. Government Treasuries.....	\$ 11,940,528	\$ 11,940,528	\$ -	\$ -
Corporate bonds.....	7,100,194	-	7,100,194	-
Government Sponsored Enterprises.....	15,275,704	15,275,704	-	-
Total debt securities.....	34,316,426	27,216,232	7,100,194	-
<u>Other Investments:</u>				
Equity securities.....	14,751,629	14,751,629	-	-
Repurchase agreements.....	6,122,006	6,122,006	-	-
Money market mutual funds.....	3,347,718	3,347,718	-	-
Mutual funds.....	11,472,391	11,472,391	-	-
Preferred securities.....	519,591	519,591	-	-
Total investments measured at fair value....	70,529,761	\$ 63,429,567	\$ 7,100,194	\$ -
<b>Investments measured at amortized cost:</b>				
MMDT - Cash Portfolio.....	39,148			
Total investments.....	\$ 70,568,909			

Investments classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Corporate bonds classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Investments classified in Level 3 are valued using significant unobservable inputs. The Town does not have any investments in this category.

MMDT cash portfolio investments are valued at amortized cost. Under the amortized cost method, an investment is valued initially at its cost and adjusted for the amount of interest income accrued each day over the term of the investment to account for any difference between the initial cost and the amount payable at its maturity. If amortized cost is determined not to approximate fair value, the value of the portfolio securities will be determined under procedures established by the Advisor.

**NOTE 4 – RECEIVABLES**

At June 30, 2017, receivables for the individual major governmental funds and nonmajor governmental funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Real estate and personal property taxes.....	\$ 7,142,862	\$ (20,531)	\$ 7,122,331
Tax liens.....	2,904,062	(284,851)	2,619,211
Motor vehicle and other excise taxes.....	2,384,290	(238,429)	2,145,861
Community Preservation Fund surtaxes.....	189,991	-	189,991
Departmental and other.....	1,191,328	-	1,191,328
Special assessments.....	916,119	-	916,119
Intergovernmental.....	20,513,294	-	20,513,294
Total.....	<u>\$ 35,241,946</u>	<u>\$ (543,811)</u>	<u>\$ 34,698,135</u>

At June 30, 2017, receivables for fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Departmental and other.....	\$ 309,860	\$ -	\$ 309,860
Intergovernmental.....	50,000	-	50,000
	<u>\$ 359,860</u>	<u>\$ -</u>	<u>\$ 359,860</u>

At June 30, 2017, receivables for the component units, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Departmental and other.....	\$ 21,925	\$ -	\$ 21,925
Intergovernmental.....	22	-	22
	<u>\$ 21,947</u>	<u>\$ -</u>	<u>\$ 21,947</u>

At June 30, 2017, receivables for the enterprise funds consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Airport user fees.....	\$ 129,997	\$ (24,738)	\$ 105,259
Golf course user fees.....	30,202	-	30,202
Wastewater user fees.....	1,799,634	-	1,799,634
Water user fees.....	1,212,902	(73,082)	1,139,820
Wastewater liens.....	34,780	-	34,780
Wastewater special assessments.....	945,378	-	945,378
Intergovernmental.....	7,286,454	-	7,286,454
Total.....	<u>\$ 11,439,347</u>	<u>\$ (97,820)</u>	<u>\$ 11,341,527</u>

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

	General Fund	Construction and Maintenance	Highway Projects	Community Preservation Fund	Nonmajor Governmental Funds	Total
<u>Receivables and other asset types:</u>						
Real estate and personal property taxes.....	\$ 6,056,856	\$ -	\$ -	\$ -	\$ -	\$ 6,056,856
Tax liens.....	2,563,657	-	-	51,984	3,570	2,619,211
Tax foreclosures.....	1,185,252	-	-	-	-	1,185,252
Motor vehicle and other excise taxes.....	2,145,861	-	-	-	-	2,145,861
Community Preservation Fund surtaxes.....	-	-	-	189,991	-	189,991
Departmental and other.....	-	1,117,551	-	-	-	1,117,551
Special assessments.....	-	-	-	-	916,119	916,119
Intergovernmental.....	6,737,780	-	12,350,269	601,662	-	19,689,711
Total.....	<u>\$ 18,689,406</u>	<u>\$ 1,117,551</u>	<u>\$ 12,350,269</u>	<u>\$ 843,637</u>	<u>\$ 919,689</u>	<u>\$ 33,920,552</u>

**NOTE 5 – CAPITAL ASSETS**

Capital asset activity of the governmental activities for the year ended June 30, 2017, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 81,713,336	\$ 1,060,900	\$ -	\$ 82,774,236
Construction in progress.....	1,192,127	2,502,513	(768,177)	2,926,463
Total capital assets not being depreciated.....	<u>82,905,463</u>	<u>3,563,413</u>	<u>(768,177)</u>	<u>85,700,699</u>
<u>Capital assets being depreciated:</u>				
Land improvements.....	4,046,438	-	-	4,046,438
Buildings and building improvements.....	180,524,014	2,544,666	-	183,068,680
Machinery and equipment.....	14,513,688	213,181	-	14,726,869
Vehicles.....	8,817,438	733,359	-	9,550,797
Infrastructure.....	120,277,487	5,260,178	(990,679)	124,546,986
Total capital assets being depreciated.....	<u>328,179,065</u>	<u>8,751,384</u>	<u>(990,679)</u>	<u>335,939,770</u>
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(1,815,735)	(174,053)	-	(1,989,788)
Buildings and building improvements.....	(103,775,685)	(4,283,254)	-	(108,058,939)
Machinery and equipment.....	(9,567,056)	(808,625)	-	(10,375,681)
Vehicles.....	(8,186,051)	(447,100)	-	(8,633,151)
Infrastructure.....	(32,645,362)	(3,120,040)	990,679	(34,774,723)
Total accumulated depreciation.....	<u>(155,989,889)</u>	<u>(8,833,072)</u>	<u>990,679</u>	<u>(163,832,282)</u>
Total capital assets being depreciated, net.....	<u>172,189,176</u>	<u>(81,688)</u>	<u>-</u>	<u>172,107,488</u>
Total governmental activities capital assets, net.....	<u>\$ 255,094,639</u>	<u>\$ 3,481,725</u>	<u>\$ (768,177)</u>	<u>\$ 257,808,187</u>

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

<b>Governmental Activities:</b>	
General government.....	\$ 182,637
Growth management.....	77,516
Public safety.....	469,056
Education.....	3,887,835
Public works.....	3,760,684
Regulatory services.....	121,762
Community services.....	<u>333,582</u>
Total depreciation expense - governmental activities.....	<u>\$ 8,833,072</u>

Capital asset activity of the business-type activities for the year ended June 30, 2017, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-Type Activities:</b>				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 40,830,984	\$ -	\$ -	\$ 40,830,984
Construction in progress.....	594,053	7,800,029	(491,553)	7,902,529
Total capital assets not being depreciated.....	<u>41,425,037</u>	<u>7,800,029</u>	<u>(491,553)</u>	<u>48,733,513</u>
<u>Capital assets being depreciated:</u>				
Land improvements.....	6,752,486	-	-	6,752,486
Buildings and building improvements.....	86,804,022	2,707,551	-	89,511,573
Machinery and equipment.....	14,548,897	693,913	-	15,242,810
Vehicles.....	2,413,907	-	-	2,413,907
Infrastructure.....	101,827,060	2,918,521	(1,929,545)	102,816,036
Total capital assets being depreciated.....	<u>212,346,372</u>	<u>6,319,985</u>	<u>(1,929,545)</u>	<u>216,736,812</u>
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(5,229,424)	(250,443)	-	(5,479,867)
Buildings and building improvements.....	(29,517,599)	(3,443,424)	-	(32,961,023)
Machinery and equipment.....	(10,080,719)	(968,472)	-	(11,049,191)
Vehicles.....	(1,563,960)	(218,773)	-	(1,782,733)
Infrastructure.....	(24,576,160)	(2,662,153)	1,929,545	(25,308,768)
Total accumulated depreciation.....	<u>(70,967,862)</u>	<u>(7,543,265)</u>	<u>1,929,545</u>	<u>(76,581,582)</u>
Total capital assets being depreciated, net.....	<u>141,378,510</u>	<u>(1,223,280)</u>	<u>-</u>	<u>140,155,230</u>
Total business-type activities capital assets, net.....	<u>\$ 182,803,547</u>	<u>\$ 6,576,749</u>	<u>\$ (491,553)</u>	<u>\$ 188,888,743</u>

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

<b>Business-Type Activities:</b>	
Airport.....	\$ 3,369,006
Golf course.....	184,457
Solid waste.....	269,093
Wastewater.....	2,119,694
Water supply.....	705,985
Marina.....	204,084
Sandy Neck.....	84,419
Hyannis youth and community center.....	<u>606,527</u>
Total depreciation expense - business-type activities.....	<u>\$ 7,543,265</u>

Capital asset activity of the discretely presented component units for the year ended June 30, 2017, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Discretely Presented Component Units:</b>				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 341,264	\$ -	\$ -	\$ 341,264
<u>Capital assets being depreciated:</u>				
Improvements.....	334,665	1,995	-	336,660
Buildings and building improvements.....	12,194,636	248,838	-	12,443,474
Machinery and equipment.....	842,293	3,345	-	845,638
Fine arts.....	61,000	-	-	61,000
Furniture and fixtures.....	891,048	13,940	-	904,988
Books and periodicals.....	98,265	-	-	98,265
Technology.....	102,560	-	-	102,560
Total capital assets being depreciated.....	<u>14,524,467</u>	<u>268,118</u>	<u>-</u>	<u>14,792,585</u>
<u>Less accumulated depreciation:</u>	<u>(4,185,143)</u>	<u>(395,341)</u>	<u>-</u>	<u>(4,580,484)</u>
Total capital assets being depreciated, net.....	<u>10,339,324</u>	<u>(127,223)</u>	<u>-</u>	<u>10,212,101</u>
Total discretely presented component units capital assets, net.....	<u>\$ 10,680,588</u>	<u>\$ (127,223)</u>	<u>\$ -</u>	<u>\$ 10,553,365</u>

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

<b>Discretely Presented Component Units:</b>	
Hyannis Public Library.....	\$ 30,368
Osterville Free Library.....	180,188
Centerville Public Library.....	103,625
Sturgis Library.....	43,919
Cotuit Library.....	14,890
Marstons Mills Public Library.....	14,902
Whelden Memorial Library.....	<u>7,449</u>
Total depreciation expense - discretely presented component units.....	<u>\$ 395,341</u>



**NOTE 6 – INTERFUND TRANSFERS**

Interfund transfers for the year ended June 30, 2017, are summarized as follows:

Transfers Out:	Transfers In:									Total
	General Fund	Construction and Maintenance	Capital Projects	Community Preservation Fund	Nonmajor Governmental Funds	Golf Course Enterprise Fund	Wastewater Enterprise Fund	Marina Enterprise Fund	HYCC Enterprise Fund	
General Fund.....	\$ -	\$ -	\$ 3,732,780	\$ -	\$ -	\$ 149,140	\$ -	\$ 60,031	\$ 1,976,412	\$ 5,918,363 (1)
Construction and Maintenance.....	-	-	-	-	-	-	500,573	-	-	500,573 (2)
Capital Projects.....	20,142	186,290	-	6,019	-	-	-	-	-	212,451 (3)
Community Preservation Fund.....	30,000	-	750,000	-	-	-	-	-	-	780,000 (4)
Nonmajor Governmental Funds.....	1,000,497	-	166,000	-	321,353	-	-	30,000	-	1,517,850 (5)
Airport Enterprise Fund.....	781,344	-	-	-	-	-	-	-	-	781,344 (6)
Golf Course Enterprise Fund.....	418,119	-	-	-	-	-	-	-	-	418,119 (6)
Solid Waste Enterprise Fund.....	303,625	-	-	-	-	-	-	-	-	303,625 (6)
Wastewater Enterprise Fund.....	444,872	-	-	-	-	-	-	-	-	444,872 (6)
Water Supply Enterprise Fund.....	124,632	-	-	-	-	-	-	-	-	124,632 (6)
Marina Enterprise Fund.....	61,044	-	-	-	-	-	-	-	-	61,044 (6)
Sandy Neck Enterprise Fund.....	86,520	-	-	-	-	-	-	-	-	86,520 (6)
HYCC Enterprise Fund.....	322,830	-	-	-	-	-	-	-	-	322,830 (6)
Total.....	\$ 3,593,625	\$ 186,290	\$ 4,648,780	\$ 6,019	\$ 321,353	\$ 149,140	\$ 500,573	\$ 90,031	\$ 1,976,412	\$ 11,472,223

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

**NOTE 7 – SHORT-TERM FINANCING**

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

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

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

The Town had the following short-term debt activity during 2017:

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2016	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2017
<b>Governmental Funds:</b>							
BAN	Bond Anticipation Note.....	0.90%	4/13/2017	\$ 255,941	\$ -	\$ (255,941)	\$ -
<b>Enterprise Funds:</b>							
Airport							
BAN	Bond Anticipation Note.....	1.20%	2/24/2017	\$ 1,917,209	\$ -	\$ (1,917,209)	\$ -
Water Supply							
BAN	MCWT Drinking Water Interim Loan.....	0.09%	4/13/2017	1,467,339	-	(1,467,339)	-
BAN	Bond Anticipation Note.....	0.70%	2/24/2017	744,000	-	(744,000)	-
BAN	Bond Anticipation Note.....	1.20%	6/9/2017	-	744,000	(744,000)	-
BAN	MCWT Drinking Water Interim Loan.....	0.00%	12/31/2017	-	2,980,000	-	2,980,000
	Total Water Supply.....			2,211,339	3,724,000	(2,955,339)	2,980,000
	Total Enterprise Funds.....			\$ 4,128,548	\$ 3,724,000	\$ (4,872,548)	\$ 2,980,000

The MCWT drinking water interim loan is given to the Town by the MCWT at a 0% interest rate. Once the loan is issued long term, the Town will be paying a 2% interest rate for the life of the loan. The cost on a yearly basis is deemed immaterial. No adjustments have been made to recognize the imputed interest.

**NOTE 8 – LONG-TERM DEBT**

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

Details related to the Town's outstanding governmental obligation indebtedness at June 30, 2017, and the debt service requirements are as follows:

**Bonds Payable Schedule – Governmental Funds**

Projects	Maturities Through	Original Loan Amount	Coupon Rate (%)	Outstanding at June 30, 2016	Issued	Redeemed	Outstanding at June 30, 2017
MCWT Title V Bond of 1997.....	2021	\$ 200,000	0.00	\$ 51,800	\$ -	\$ (10,400)	\$ 41,400
MCWT Title V Bond of 2002.....	2023	200,000	0.00	70,268	-	(9,972)	60,296
MCWT Title V Bonds of 2006.....	2026	400,000	0.00	200,000	-	(20,000)	180,000
MCWT Title V Bond of 2007.....	2027	200,000	0.00	110,000	-	(10,000)	100,000
Municipal Purpose Bonds of 2007.....	2027	43,910,388	3.38 - 4.75	13,235,000	-	(4,335,000)	8,900,000
MCWT Bond of 2008 (CW-04-31).....	2021	389,216	2.00	161,778	-	(31,075)	130,703
Municipal Purpose Bonds of 2008.....	2028	5,928,700	3.75 - 4.50	726,000	-	(363,000)	363,000
MCWT Bond of 2009.....	2021	887,454	2.00	243,678	-	(46,728)	196,950
Municipal Purpose Bonds of 2010.....	2030	3,873,270	2.00 - 5.00	2,350,000	-	(195,000)	2,155,000
Municipal Purpose Bonds of 2011.....	2031	13,584,000	2.00 - 4.00	7,595,000	-	(1,325,000)	6,270,000
Municipal Purpose Refunding of 2012.....	2023	10,037,900	2.00 - 4.00	5,969,500	-	(900,000)	5,069,500
Municipal Purpose Bonds of 2014.....	2024	6,248,000	2.00 - 3.00	4,705,000	-	(725,000)	3,980,000
Municipal Purpose Refunding of 2015.....	2027	5,265,500	2.00 - 4.50	4,966,400	-	(290,000)	4,676,400
Municipal Purpose Bonds of 2015.....	2035	3,930,000	2.00 - 4.50	3,575,000	-	(345,000)	3,230,000
Municipal Purpose Bonds of 2016.....	2036	12,113,000	2.00 - 4.00	12,113,000	-	(768,000)	11,345,000
Municipal Purpose Refunding of 2016.....	2028	1,674,000	2.00 - 4.00	1,674,000	-	-	1,674,000
Municipal Purpose Bonds of 2017.....	2037	5,105,700	3.00 - 4.00	-	5,105,700	-	5,105,700
MCWT Bond of 2017.....	2020	255,941	2.00	-	255,941	-	255,941
Total Bonds Payable.....				57,746,424	5,361,641	(9,374,175)	53,733,890
Add: unamortized premium.....				1,704,559	316,300	(579,598)	1,441,261
Total Bonds Payable, net.....				\$ 59,450,983	\$ 5,677,941	\$ (9,953,773)	\$ 55,175,151

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

Year	Principal	Interest	Total
2018.....	\$ 9,808,370	\$ 2,090,205	\$ 11,898,575
2019.....	9,764,731	1,679,394	11,444,125
2020.....	6,164,263	1,252,125	7,416,388
2021.....	4,893,618	1,011,358	5,904,976
2022.....	4,413,204	816,544	5,229,748
2023.....	3,667,704	634,732	4,302,436
2024.....	2,573,000	499,356	3,072,356
2025.....	2,015,000	410,093	2,425,093
2026.....	1,718,000	329,951	2,047,951
2027.....	1,296,000	264,664	1,560,664
2028.....	1,080,000	225,666	1,305,666
2029.....	1,045,000	192,216	1,237,216
2030.....	1,025,000	162,438	1,187,438
2031.....	860,000	129,944	989,944
2032.....	725,000	103,688	828,688
2033.....	670,000	81,938	751,938
2034.....	670,000	61,838	731,838
2035.....	670,000	41,426	711,426
2036.....	555,000	21,012	576,012
2037.....	120,000	4,050	124,050
Total.....	\$ 53,733,890	\$ 10,012,638	\$ 63,746,528

**Bonds Payable Schedule – Enterprise Funds**

Projects	Maturities Through	Original Loan Amount	Coupon Rate (%)	Outstanding at June 30, 2016	Issued	Redeemed	Outstanding at June 30, 2017
Golf Course.....	2026	\$ 7,453,200	2.00 - 5.00	\$ 2,705,000	\$ 537,700	\$ (344,000)	\$ 2,898,700
Add: unamortized premium.....				260,547	-	(50,074)	210,473
Total Golf Course Bonds Payable, net.....				2,965,547	537,700	(394,074)	3,109,173
Wastewater.....	2036	30,614,319	0.00 - 4.75	16,069,591	2,008,000	(1,471,010)	16,606,581
Water.....	2037	28,092,611	2.00 - 5.00	14,952,654	2,325,739	(1,065,962)	16,212,431
Add: unamortized premium.....				850,553	-	(127,001)	723,552
Total Water Bonds Payable, net.....				15,803,207	2,325,739	(1,192,963)	16,935,983
Solid Waste Transfer Station.....	2027	8,145,600	0.00 - 4.50	1,805,100	-	(483,500)	1,321,600
Sandy Neck.....	2031	1,265,000	4.00	1,010,000	-	(55,000)	955,000
Marinas.....	2036	3,598,500	3.00 - 5.00	2,607,000	476,500	(263,000)	2,820,500
Add: unamortized premium.....				90,143	-	(12,550)	77,593
Total Marinas Bonds Payable, net.....				2,697,143	476,500	(275,550)	2,898,093
Hyannis Youth and Community Center.....	2028	25,713,300	3.375 - 5.00	9,553,900	-	(868,000)	8,685,900
Add: unamortized premium.....				952,666	-	(102,726)	849,940
Total Hyannis Youth and Community Center Bonds Payable, net.....				10,506,566	-	(970,726)	9,535,840
Airport.....	2031	2,433,700	2.00 - 4.12	590,000	1,703,700	(30,000)	2,263,700
Total Bonds Payable, net.....				\$ 51,447,154	\$ 7,051,639	\$ (4,872,823)	\$ 53,625,970

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

Year	Principal	Interest	Total
2018.....	\$ 4,600,619	\$ 1,770,301	\$ 6,370,920
2019.....	4,679,143	1,528,618	6,207,761
2020.....	4,283,261	1,351,798	5,635,059
2021.....	4,137,773	1,195,718	5,333,491
2022.....	3,883,905	1,044,482	4,928,387
2023.....	3,945,059	902,265	4,847,324
2024.....	3,875,750	760,989	4,636,739
2025.....	3,775,488	628,031	4,403,519
2026.....	3,544,784	501,551	4,046,335
2027.....	3,519,648	395,937	3,915,585
2028.....	2,354,090	294,542	2,648,632
2029.....	1,614,901	228,156	1,843,057
2030.....	1,593,650	186,292	1,779,942
2031.....	1,539,045	145,930	1,684,975
2032.....	1,057,648	111,707	1,169,355
2033.....	1,071,400	86,233	1,157,633
2034.....	649,729	63,954	713,683
2035.....	654,612	45,998	700,610
2036.....	644,602	27,940	672,542
2037.....	339,305	10,224	349,529
Total.....	\$ 51,764,412	\$ 11,280,664	\$ 63,045,076

The Town has entered into several loan agreements with the Massachusetts Clean Water Trust (MCWT) for which the Town has recorded the total amount of debt outstanding. However, as of June 30, 2017, the Town has not incurred \$3,469,012 of the eligible construction costs related to the projects and as a result has not yet received the corresponding loan proceeds from MCWT. Accordingly, the Town has recorded \$3,469,012 as an intergovernmental receivable in the accompanying basic financial statements, as of June 30, 2017.

The Town is scheduled to be subsidized by the MCWT on a periodic basis for principal in the amount of \$697,443 and interest costs for \$213,043. The principal subsidies are guaranteed and therefore a \$697,443 intergovernmental receivable has been reported in the business-type financial statements. Since the Town is legally obligated for the total amount of the debt, such amounts have been reported in the accompanying basic financial statements. The 2017 principal and interest subsidies totaled \$243,884 and \$124,057, respectively.

The Commonwealth of Massachusetts has approved school construction assistance to the Town. The assistance program, which is administered by the Massachusetts School Building Authority, provides resources for construction costs and debt service interest of general obligation bonds outstanding. The Town is currently receiving annual payments for 64% of eligible costs in relation to the construction of the new Barnstable Intermediate School and the renovation and addition to the High School. During 2017, approximately \$3,019,000 of such assistance was received. Approximately \$6,897,000 will be received in future years. Of this amount, \$403,000 represents reimbursement of future long-term interest costs and \$6,494,000 represents reimbursement of approved construction cost and interest costs previously paid. Accordingly, an intergovernmental receivable and corresponding unavailable revenue have been reported in these basic financial statements for \$6,494,000 which represents the Commonwealth’s share of construction and interest costs paid for the Barnstable Intermediate School and High School projects.

The Town is subject to various debt limits by statute and may issue additional general obligation debt under the normal debt limit. At June 30, 2017, the Town had the following authorized and unissued debt:

Purpose	Amount
Sewer projects.....	\$ 9,088,246
Water projects.....	9,638,483
Airport projects.....	26,529,006
Fish run reconstruction.....	500
School improvements.....	4,236,000
Parking lot improvements.....	25,000
Landfill projects.....	<u>2,000,000</u>
Total.....	<u>\$ 51,517,235</u>

Changes in Long-term Liabilities

During the year ended June 30, 2017, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
<b>Governmental Activities:</b>					
Bonds Payable.....	\$ 57,746,424	\$ 5,361,641	\$ (9,374,175)	\$ 53,733,890	\$ 9,808,370
Add: Unamortized Premium.....	1,704,559	316,300	(579,598)	1,441,261	239,818
Total Bonds Payable.....	59,450,983	5,677,941	(9,953,773)	55,175,151	10,048,188
Compensated Absences.....	3,435,368	2,718,094	(2,691,214)	3,462,248	2,773,864
Workers' Compensation.....	625,800	42,700	(57,500)	611,000	57,500
Net Pension Liability.....	74,739,865	15,092,914	(6,719,889)	83,112,890	-
Other Postemployment Benefits.....	46,290,290	12,256,060	(5,412,970)	53,133,380	-
Total Governmental Funds.....	184,542,306	35,787,709	(24,835,346)	195,494,669	12,879,552
<b>Business-Type Activities:</b>					
Bonds Payable.....	49,293,245	7,051,639	(4,580,472)	51,764,412	4,600,619
Add: Unamortized Premium.....	2,153,909	-	(292,351)	1,861,558	269,103
Total Bonds Payable.....	51,447,154	7,051,639	(4,872,823)	53,625,970	4,869,722
Compensated Absences.....	420,706	344,203	(356,004)	408,905	361,274
Landfill Closure.....	275,000	-	(25,000)	250,000	25,000
Net Pension Liability.....	18,821,341	3,621,486	(1,678,822)	20,764,005	-
Other Postemployment Benefits.....	2,699,998	545,236	(146,094)	3,099,140	-
Total Business-Type Activities.....	73,664,199	11,562,564	(7,078,743)	78,148,020	5,255,996
Total.....	\$ 258,206,505	\$ 47,350,273	\$ (31,914,089)	\$ 273,642,689	\$ 18,135,548

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

**NOTE 9 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS**

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

There are two major types of fund balances, which are nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund. The Town has reported principal portions of endowment funds as nonspendable.

In addition to the nonspendable fund balance, spendable fund balances are classified based on a hierarchy of spending constraints.

- **Restricted:** fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.
- **Committed:** fund balances that contain self-imposed constraints of the government from its highest level of decision making authority. The Town’s highest level of decision making authority is Town Council.

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

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

	General	Construction and Maintenance	Capital Projects	Highway Projects	Community Preservation Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>FUND BALANCES</b>							
Nonspendable:							
Permanent fund principal..... \$	-	-	-	-	-	16,988,191	16,988,191
Restricted for:							
Pension reserve.....	2,206,073	-	-	-	-	-	2,206,073
Construction and maintenance.....	-	14,295,983	-	-	-	-	14,295,983
Town capital projects.....	-	-	10,661,688	-	-	-	10,661,688
Highway projects.....	-	-	-	559,125	-	-	559,125
School capital projects.....	-	-	966,362	-	-	-	966,362
Community preservation.....	-	-	-	-	9,176,785	-	9,176,785
Town revolving.....	-	-	-	-	-	2,999,221	2,999,221
School revolving.....	-	-	-	-	-	3,613,504	3,613,504
Town gift and grant funds.....	-	-	-	-	-	2,944,784	2,944,784
School gift and grant funds.....	-	-	-	-	-	2,151,257	2,151,257
Cemetery and library trust funds.....	-	-	-	-	-	888,489	888,489
Conservation trust funds.....	-	-	-	-	-	74,010	74,010
Education trust funds.....	-	-	-	-	-	1,061,359	1,061,359
Other permanent trust funds.....	-	-	-	-	-	418,964	418,964
Assigned to:							
Town Council.....	1,651	-	-	-	-	-	1,651
Town Manager.....	37,684	-	-	-	-	-	37,684
Administrative services.....	238,322	-	-	-	-	-	238,322
Growth management.....	19,150	-	-	-	-	-	19,150
Public safety.....	77,439	-	-	-	-	-	77,439
Community services.....	132,985	-	-	-	-	-	132,985
Regulatory services.....	32,327	-	-	-	-	-	32,327
Education.....	1,530,971	-	-	-	-	-	1,530,971
Public works.....	455,568	-	-	-	-	-	455,568
Culture and recreation.....	70,419	-	-	-	-	-	70,419
Property and liability insurance.....	3,479	-	-	-	-	-	3,479
Free cash voted for the 2018 budget.....	2,905,306	-	-	-	-	-	2,905,306
Unassigned.....	33,245,543	-	-	-	-	-	33,245,543
<b>TOTAL FUND BALANCES..... \$</b>	<b>40,956,917</b>	<b>14,295,983</b>	<b>11,628,050</b>	<b>559,125</b>	<b>9,176,785</b>	<b>31,139,779</b>	<b>107,756,639</b>

Massachusetts General Law Ch.40 §5B allows for the establishment of stabilization funds for one or more different purposes. The creation of a fund requires a two-thirds vote of the legislative body and must clearly define the purpose of the fund. Any change to the purpose of the fund along with any additions to or appropriations from the fund requires a two-thirds vote of the legislative body.

At June 30, 2017, the balance of the Town's municipal purpose stabilization fund (capital trust fund) is \$15,170,376 and is reported as unassigned fund balance within the general fund. The municipal purpose stabilization fund balance can be used for general and/or capital purposes upon approval of the Council.

At June 30, 2017, the balance of the Town's pension stabilization fund is \$2,206,073 and is reported as restricted fund balance within the general fund. The pension stabilization fund balance may only be appropriated to fund the unfunded pension liability that accrues to the Town through the county retirement system. The amount appropriated from the pension stabilization fund is subject to Council approval and the approval of the Public Employee Retirement Administration Commission (PERAC).

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

State and federal laws and regulations require the Town to construct a final capping system on its Flint Street Sanitary landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site after closure. The Town stopped accepting waste in 1991 and performed a final capping of the landfill site in 1997. At June 30, 2017, the Town has accrued \$250,000 as the estimated cost of the landfill’s postclosure care in the Solid Waste enterprise fund. This liability is based on estimates of what it would cost to perform all future postclosure care as of June 30, 2017. Actual costs may be higher due to inflation, deflation, changes in technology, or changes in regulations.

**NOTE 11 – RISK FINANCING**

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

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

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

The Town was self-insured for its workers’ compensation activities prior to 2005 when the Town purchased commercial insurance. Beginning in 2012, the Town discontinued the premium based plan and has reinstated the self-insured workers’ compensation plan as an internal service fund. The self-insured program is administered by a third party administrator and funded on a pay-as-you-go basis from annual appropriations paid from the General Fund. The Town estimates its future workers’ compensation liability for occurrences under the self-insured program based on history and injury type and accounts for this liability on the full accrual basis of accounting on the statement of net position. The estimated claims liability also includes amounts for incremental claim adjustment expenses regardless of whether allocated to specific claims. At June 30, 2017, the amount of the liability for self-insured workers’ compensation claims totaled \$611,000 for governmental activities.

Changes in the reported liability since July 1, 2015, are as follows:

	Balance at Beginning of Year	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Year-End	Current Portion at Year-End
<b>Governmental Activities:</b>					
2016.....	\$ 640,000	\$ 805,881	\$ (820,081)	\$ 625,800	\$ 57,500
2017.....	625,800	872,372	(887,172)	611,000	57,500



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

The Town is a member of the Barnstable County Retirement Association (BCRA), a cost-sharing multiple-employer defined benefit pension plan covering eligible employees of the 51 member units. The BCRA is administered by five board members (Board) on behalf of all current employees and retirees except for current teachers and retired teachers. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. The audited financial report may be obtained by visiting <http://www.barnstablecounty.org/retirement-association/>.

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

*Special Funding Situation*

The Commonwealth is a nonemployer contributor and is required by statute to make 100% of all actuarially determined employer contributions on behalf of the Town to the MTRS. Therefore, the Town is considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributor in MTRS. Since the Town does not contribute directly to MTRS, there is no net pension liability to recognize. The total of the Commonwealth provided contributions have been allocated based on each employer's covered payroll to the total covered payroll of employers in MTRS as of the measurement date of June 30, 2016. The Town's portion of the collective pension expense, contributed by the Commonwealth, of \$14,038,096 is reported in the general fund as intergovernmental revenue and pension expense in the current fiscal year. The portion of the Commonwealth's collective net pension liability associated with the Town is \$137,619,552 as of the measurement date.

*Benefits Provided*

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

Employees who resign from service and who are not eligible to receive a retirement allowance or are under the age of 55 are entitled to request a refund of their accumulated total deductions. Survivor benefits are extended to eligible beneficiaries of members whose death occurs prior to or following retirement.

Cost-of-living adjustments granted between 1981 and 1997 and any increase in other benefits imposed by the Commonwealth's law during those years are borne by the Commonwealth and are deposited into the pension fund. Cost-of-living adjustments granted after 1997 must be approved by the Board and are borne by the System.

*Contributions*

Chapter 32 of the MGL governs the contributions of plan members and member units. Active plan members are required to contribute to the System at rates ranging from 5% to 9% of gross regular compensation with an additional 2% contribution required for compensation exceeding \$30,000. The percentage rate is keyed to the date upon which an employee's membership commences. The member units are required to pay into the BCRA a legislatively mandated actuarial determined contribution that is apportioned among the employers based on active current payroll. The Town's proportionate share of the required contribution equaled its actual contribution for the year ended June 30, 2017, was \$8,398,711, 21% of covered payroll, actuarially determined as an amount that, when combined with plan member contributions, is expected to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability.

*Pension Liabilities*

At June 30, 2017, the Town reported a liability of \$103,876,895 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2016. Accordingly, update procedures were used to roll forward the total pension liability to the measurement date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At December 31, 2016, the Town's proportion was 14.785%, which is 0.074% less than its proportion measured at December 31, 2015.

*Pension Expense*

For the year ended June 30, 2017, the Town recognized pension expense of \$15,496,615. At June 30, 2017, the Town reported deferred outflows/(inflows) of resources related to pensions of \$9,646,978.

The balances of deferred outflows and inflows related to pensions at June 30, 2017 consist of the following:

Deferred category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ -	\$ (1,330,977)	\$ (1,330,977)
Difference between projected and actual earnings.....	5,904,684	-	5,904,684
Changes of assumptions.....	6,162,045	-	6,162,045
Changes in proportion.....	<u>110,528</u>	<u>(1,199,302)</u>	<u>(1,088,774)</u>
Total Deferred Outflows/(Inflows) of Resources.....	<u>\$ 12,177,257</u>	<u>\$ (2,530,279)</u>	<u>\$ 9,646,978</u>

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

Year ended June 30:	
2018.....	\$ 2,657,701
2019.....	2,657,701
2020.....	2,621,963
2021.....	801,885
2022.....	<u>907,728</u>
Total.....	\$ <u><u>9,646,978</u></u>

*Actuarial Assumptions*

The total pension liability in the January 1, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement that was updated to December 31, 2016:

Valuation date.....	January 1, 2016
Actuarial cost method.....	Entry Age Normal Cost Method.
Amortization method.....	Appropriations increase at 5.28% per year
Remaining amortization period.....	20 years from July 1, 2016 for 2002 and 2003 Early Retirement Incentives, retiree sheriffs liability and remaining unfunded liability, and 6 years from July 1, 2016 for 2010 Early Retirement Incentive.
Asset valuation method.....	A preliminary actuarial value is first determined by taking the actuarial value of assets at the beginning of the year and adding assumed investment earnings (at the assumed actuarial rate of return) and the net new money during the year (contributions less benefit payments and administrative expenses). Twenty percent of the difference between the market value of assets as reported in the Association's Annual Statement and the preliminary actuarial value of assets is added to the preliminary actuarial value. In order for the actuarial value to not differ too significantly from the market value of assets, the final actuarial value of assets must be within 20% of the market value of assets.
Inflation rate.....	3.50%
Projected salary increases.....	Varies by length of service with ultimate rates of 4.25% for Group 1, 4.50% for Group 2 and 4.75% for Group 4.
Cost of living adjustments.....	3.0% of first \$16,000 of retirement income as of July 1, 2015, \$17,000 as of July 1, 2016, and \$18,000 as of July 1, 2017.
Rates of retirement.....	Varies based upon age for general employees, police and fire employees.

Rates of disability..... For general employees, it was assumed that 45% of all disabilities are ordinary (55% are service connected). For police and fire employees, 10% of all disabilities are assumed to be ordinary (90% are service connected).

Mortality Rates:

Pre-Retirement..... The RP-2000 Employee Mortality Table projected generationally with Scale BB2D from 2009.

Healthy Retiree..... The RP-2000 Healthy Annuitant Mortality Table projected generationally with Scale BB2D from 2009.

Disabled Retiree..... The RP-2000 Healthy Annuitant Mortality Table projected generationally with Scale BB2D from 2015.

Investment rate of return/Discount rate..... 7.625%, formerly 7.75%, net of pension plan investment expense, including inflation.

*Investment Policy*

The pension plan’s policy in regard to the allocation of invested assets is established and may be amended by the Board and pursuant to Massachusetts General Laws and Public Employee Retirement Administration guidelines. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension plan.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The System’s expected future real rate of return of 4.125% is added to the expected inflation of 3.5% to produce the long-term nominal expected rate of return of 7.625%. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of January 1, 2016 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity.....	18.00%	2.94%
International developed markets equity.....	16.00%	3.90%
International emerging markets equity.....	6.00%	5.92%
Core fixed income.....	13.00%	2.02%
High-yield fixed income.....	10.00%	0.93%
Real estate.....	10.00%	1.50%
Commodities.....	4.00%	0.93%
Hedge fund, GTAA, Risk parity.....	13.00%	0.25%
Private equity.....	10.00%	6.97%
	<u>100.00%</u>	

*Rate of Return*

For the year ended December 31, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 7.40%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

*Discount Rate*

The discount rate used to measure the total pension liability was 7.625%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the actuarially determined contribution rate. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the net pension liability to changes in the discount rate* – The following presents the net pension liability, calculated using the discount rate of 7.625%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.625%) or 1-percentage-point higher (8.625%) than the current rate:

	<u>1% Decrease (6.625%)</u>	<u>Current Discount (7.625%)</u>	<u>1% Increase (8.625%)</u>
The Town's proportionate share of the net pension liability.....	\$ <u>132,184,478</u>	\$ <u>103,876,895</u>	\$ <u>80,000,851</u>

At June 30, 2017, the Town has \$2,206,073 in a pension reserve fund which is classified as part of the general fund in the governmental fund financial statements. The Town transferred \$270,000 from the pension reserve fund to the general fund in 2017. The pension reserve fund may only be used to provide funding for annual contributions to the Association upon approval of the Council and the approval of the Public Employee Retirement Administration Commission (PERAC).

*Changes in Assumptions and Plan Provisions*

The following assumption changes were reflected in the January 1, 2016 actuarial valuation:

- The investment return assumption was decreased from 7.75% to 7.625%.
- The pre-retirement mortality assumption was changed from the RP-2000 Employee Mortality Table projected generationally using Scale AA from 2010 to the RP-2000 Employee Mortality Table projected generationally using Scale BB2D from 2009.
- The post-retirement mortality assumption for non-disabled participants was changed from the RP-2000 Healthy Annuitant Mortality Table projected generationally using Scale AA from 2010 to the RP-2000 Healthy Annuitant Mortality Table projected generationally using Scale BB2D from 2009.
- The mortality assumption for disabled participants was changed from the RP-2000 Healthy Annuitant Mortality Table set forward three years for males only projected generationally using Scale AA from 2010 to the RP-2000 Healthy Annuitant Mortality Table projected generationally with Scale BB2D from 2015.

- The administrative expense assumption was increased from \$1,150,000 to \$1,500,000 based on the fiscal 2017 expense budget.

The following plan provision change was reflected in the January 1, 2016 actuarial valuation:

- The Cost of Living Adjustment base was increased from \$15,000 to \$16,000 as of July 1, 2015, to \$17,000 as of July 1, 2016 and to \$18,000 as of July 1, 2017.

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

*Plan Description* – The Town of Barnstable administers a single-employer defined benefit healthcare plan (Plan). The plan provides lifetime healthcare insurance for eligible retirees and their spouses through a single-employer defined Other Postemployment Benefit (OPEB) plan. Chapter 32B of the MGL assigns authority to establish and amend benefit provisions of the plan. Benefit provisions are negotiated between the Town and the unions representing Town employees and are renegotiated each bargaining period. The Plan does not issue a publicly available financial report. Additionally, retired teachers and their spouses receive health insurance through the Group Insurance Commission of the Commonwealth of Massachusetts (GIC). Each participating municipality is assessed for the governmental share of health and life insurance premiums paid on-behalf of its teacher retirees by the state. The state pays 85 – 90% of the total premium; the retiree's co-payment is 10 – 15% of the total premium as well as full payment for catastrophic illness coverage.

*Funding Policy* – The contribution requirements of plan members and the Town are also negotiated between the Town and union representatives. The required contribution is based on a pay-as-you-go financing requirement. The Town contributes 50% of the cost of current-year premiums for eligible retired plan members and their spouses. Plan members receiving benefits contribute the remaining 50% of their premium costs. For 2017, the Town’s age-weighted contribution to the plan totaled approximately \$5.6 million. For the year ended June 30, 2017, the Town’s average contribution rate was 10.73% of covered-employee payroll.

The Commonwealth of Massachusetts passed special legislation that has allowed the Town to establish a postemployment benefit trust fund and to enable the Town to raise taxes necessary to begin pre-funding its OPEB liabilities.

During 2017, the Town pre-funded future OPEB liabilities totaling approximately \$478,000 by contributing funds to the Other Postemployment Benefit Fund in excess of the pay-as-you-go required contribution. These funds are reported within the Fiduciary Funds financial statements. As of June 30, 2017, the balance of this fund totaled \$3.3 million.

The annual money-weighted rate of return on OPEB plan investments was 5.71%. The money-weighted rate of return expresses investment performance, net of OPEB plan investment expense, adjusted for the changing amounts actually invested.

*Plan Membership* – The following table represents the Plan’s membership at June 30, 2016:

Active members.....	771
Inactive employees or beneficiaries currently receiving benefits.....	<u>905</u>
Total.....	<u><u>1,676</u></u>

*Components of OPEB Liability* – The following table represents the components of the Plan’s OPEB liability as of June 30, 2017:

Total OPEB liability.....	\$	194,342,279
Less: OPEB plan's fiduciary net position.....		<u>(3,287,096)</u>
Net OPEB liability.....	\$	<u><u>191,055,183</u></u>

The OPEB plan's fiduciary net position  
as a percentage of the total OPEB liability..... 1.69%

*Significant Actuarial Methods and Assumptions* – The total OPEB liability in the June 30, 2016 actuarial valuation was determined by using the following actuarial assumptions, applied to all periods including the measurement date that was updated to June 30, 2017 to be in accordance with GASB #74:

Valuation date.....	Actuarially determined contribution for fiscal year ending June 30, 2017 was determined with the June 30, 2016 actuarial valuation.
Actuarial cost method.....	Individual Entry Age Normal - Level Percentage of Payroll
Asset valuation method.....	Market Value of Assets as of the Reporting Date, June 30, 2017.
Discount rate.....	3.58% as of June 30, 2017 and 2.85% as of June 30, 2016.
Investment rate of return.....	7.25% for assets invested in the State Retiree Benefits Trust Fund, 7.0% for all others.
Inflation.....	3.50%.
Salary increases.....	Service-related increases for Group 1 (excluding Teachers) and Group 2 employees: 6.00% decreasing over 9 years to an ultimate 4.25%. Service-related increases for Group 4 members: 7.00% decreasing over 5 years to an ultimate level of 4.75%. Service-related increases for Teachers: 7.50% decreasing over 20 years to an ultimate level of 4.00%.
Healthcare trend rates:	
Cape Cod Municipal Health Group....	Under 65: 10.5% for 1 year, then 7.0% decreasing by 0.5% each year to an ultimate level of 4.5% per year. Over 65: 1.9% for 1 year, then 7.0% decreasing by 0.5% each year to an ultimate level of 4.5% per year. Dental: 2.1% for 1 year, then 4.5% per year.
Group Insurance Commission of the Commonwealth of Massachusetts.....	Under 65: 6.8% for 1 year, then 8.5% decreasing by 0.5% each year to an ultimate level of 5.0% per year. Over 65: 1.6% for 1 year, then 8.5% decreasing by 0.5% each year to an ultimate level of 5.0% per year.
Part B contributions.....	Retiree contributions are expected to increase with the respective trend shown above.

Pre-Retirement mortality:	
Healthy non-teachers.....	RP-2000 Employee Mortality Table projected generationally with scale BB2D from 2009.
Healthy teachers.....	RP-2014 White Collar Employee Mortality Table projected generationally with Scale MP-2016.
Post-Retirement mortality:	
Healthy non-teachers.....	RP-2000 Healthy Annuitant Mortality Table projected generationally with scale BB2D from 2009.
Healthy teachers.....	RP-2014 White Collar Healthy Annuitant Mortality Table projected generationally with Scale MP-2016.
Disabled non-teachers.....	RP-2000 Healthy Annuitant Mortality Table projected generationally with scale BB2D from 2015.
Disabled teachers.....	RP-2014 Healthy Annuitant Mortality Table set forward 4 years and projected generationally with Scale BB2B from 2014.

*Investment Policy*

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

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best estimate ranges of expected future rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and subtracting expected investment expenses and a risk margin. The arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expense, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity.....	18.00%	6.44%
International developed markets equity.....	16.00%	7.40%
International emerging markets equity.....	6.00%	9.42%
Core fixed income.....	13.00%	2.02%
High-yield fixed income.....	10.00%	4.43%
Real estate.....	10.00%	5.00%
Commodities.....	4.00%	4.43%
Hedge fund, GTAA, risk parity.....	13.00%	3.75%
Private equity.....	10.00%	10.47%
Total Asset Allocation.....	<u>100.00%</u>	

*Discount Rate* – The Town’s rate used to measure the total OPEB liability was 3.58%. The Town began funding the OPEB trust fund at year-end and as a result, the OPEB plan’s fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members. Therefore, the Town’s discount



rate is determined based on the assets in the OPEB trust fund, the Town’s funding policy, the June 30, 2017 Bond Buyer’s 20 bond index of 3.58% and the expected return on assets.

*Sensitivity of the net position liability to changes in the discount rate* – The following table presents the net other postemployment benefit liability, calculated using the discount rate of 3.58%, as well as what the net other postemployment benefit liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.58%) or 1-percentage-point higher (4.58%) than the current rate.

	<u>1% Decrease (2.58%)</u>	<u>Current Discount Rate (3.58%)</u>	<u>1% Increase (4.58%)</u>
Net OPEB liability.....	\$ 224,023,426	\$ 191,055,183	\$ 164,714,130

*Sensitivity of the net position liability to changes in the healthcare trend* – The following table presents the net other postemployment benefit liability, calculated using the current healthcare trend rate, as well as what the net other postemployment benefit liability would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher.

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Net OPEB liability.....	\$ 162,311,674	\$ 191,055,183	\$ 227,678,274

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

Annual required contribution.....	\$ 12,728,113
Interest on net OPEB obligation.....	1,753,853
Adjustment for timing.....	<u>(1,680,670)</u>
Annual OPEB cost (expense).....	12,801,296
Contributions made (including retired teachers).....	<u>(5,559,064)</u>
Increase in net OPEB obligation.....	7,242,232
Net OPEB obligation - beginning of year.....	<u>48,990,288</u>
Net OPEB obligation - end of year.....	<u>\$ 56,232,520</u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 was as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2017	\$ 12,801,296	43%	\$ 56,232,520
6/30/2016	9,655,950	53%	48,990,288
6/30/2015	9,187,355	54%	44,439,247

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

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Entry Age Normal (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
6/30/2016	\$ 2,676,922	\$ 186,818,568	\$ 184,141,646	1.4%	\$ 51,830,000	355.28%
6/30/2014	1,373,922	131,854,468	130,480,546	1.0%	50,814,000	256.78%
6/30/2012	782,352	131,158,217	130,375,865	0.6%	49,818,000	261.70%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the June 30, 2016, actuarial valuation, actuarial liabilities were determined using the entry age normal cost method. The actuarial assumptions included a 3.58% investment return assumption, which is based on the expected yield on the assets of the Town, calculated based on the funded level of the plan at the valuation date, an annual medical/prescription drug cost trend rate of: 10.5% initially, then 7% decreasing 0.5% for six years to an ultimate level of 4.5% per year for members under age 65 and 1.9% initially, then 7.0% decreasing by 0.5% for ten years to an ultimate level of 4.5% per year for members over age 65, a GIC medical/prescription drug cost trend rate of 6.8% then 8.5% decreasing by 0.5% for eight years to an ultimate level of 5.0% per year for members under age 65 and 1.6% then 8.5% decreasing 0.5% for eight years to an ultimate rate of 5.0% per year for members over age 65, and included a 3.5% inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments

over a five-year period. The UAAL is being amortized over a 30 year open period using a level percentage of projected payroll with amortization payments increasing at 3.5% per year. The asset valuation method being used is market value. The remaining amortization period at June 30, 2016 is 30 years.

#### *Changes in Assumptions and Plan Provisions*

The following assumption changes were reflected in the January 1, 2016 actuarial valuation:

- The per capital health costs for the Cape Cod Municipal Health Group retirees were updated to reflect current experience.
- The medical/prescription drug trend assumptions for Cape Cod Municipal Health Group retirees were revised to reflect current experience and future expectations.
- Per capita health costs and trends for Group Insurance Commission retirees were updated based on the Commonwealth of Massachusetts postemployment benefits other than pension actuarial valuation as of January 1, 2016.
- The discount rates were updated to comply with the requirements of GASB Statement No. 74.
- The funding method was changed to comply with the requirements of GASB Statement No. 74.
- The blending rate decreased from a full funding discount rate of 7.50% and a pay as you go discount rate of 4.50% to a 3.58% blended rate.
- The expected return on assets was updated to 7.25% for entities with assets invested in the State Retiree Benefits trust fund and 7.0% for all other entities.
- The excise tax on high cost health plans beginning in 2020 was recalculated with this valuation.
- The mortality assumptions were updated to reflect past experience and future expectations.
- The pre-retirement mortality assumption for healthy non-teacher was changed from the RP-2000 Employee Mortality Table projected generationally using Scale AA from 2010 to the RP-2000 Employee Mortality Table projected generationally using Scale BB2D from 2009.
- The pre-retirement mortality assumption for healthy teachers was changed from the RP-2000 Combined Healthy White Collar Mortality Table projected 22 years using Scale AA to the RP-2014 White Collar Employee Mortality Table projected generationally using Scale MP-2016.
- The post-retirement mortality assumption for healthy non-teachers was changed from the RP-2000 Healthy Annuitant Mortality Table projected generationally using Scale AA from 2010 to the RP-2000 Healthy Annuitant Mortality Table projected generationally using Scale BB2D from 2009.
- The post-retirement mortality assumption for healthy teachers was changed from the RP-2000 Healthy Annuitant Large Benefit Amount Mortality Table projected 17 years using Scale AA to the RP-2014 White Collar Healthy Annuitant Mortality Table projected generationally using Scale MP-2016.
- The post-retirement mortality assumption for disabled non-teachers was changed from the RP-2000 Healthy Annuitant Mortality Table projected generationally using Scale AA from 2010 set forward 3 years

for males to the RP-2000 Healthy Annuitant Mortality Table projected generationally using Scale BB2D from 2015.

- The post-retirement mortality assumption for disabled teachers was changed from the RP-2000 Healthy Annuitant Large Benefit Amount Mortality Table projected 7 years using Scale AA set forward 3 years for males to the RP-2014 Healthy Annuitant Mortality Table set forward 4 years and projected generationally using Scale BB2D from 2014.

There were no plan provision changes in the January 1, 2016 actuarial valuation.

#### **NOTE 14 – COMMITMENTS**

The Town has entered into, or is planning to enter into, contracts totaling \$18 million in relation to various capital projects including road and sidewalk improvements, school and town facility improvements, water quality improvements to lakes and ponds, equipment purchases, water line pipe replacements and water supply system improvements, sewer plant improvements and several improvement projects at the Barnstable Municipal Airport.

In addition, the regional vocational school, Cape Cod Technical Regional High School, received permission to construct a new high school on its existing campus in Harwich, Massachusetts as approved in a district wide vote passed on October 24, 2017. The estimated cost of the project is \$127 million and the Massachusetts School Building Authority (MSBA) is estimated to reimburse 51% of the project up to a maximum of \$46,292,000. The regional school district will issue general obligations bonds of approximately \$81 million to finance the unreimbursed project costs.

The cost of the annual debt service to repay the bonds will be allocated to the member communities based on their respective student enrollments each year. Barnstable represents about 30% of the student enrollment in the regional school. The estimated annual budget impact to the Town is \$1.5 million for 25 years. The Town held an election on September 19, 2017 to exempt this annual debt service assessment from the tax levy limitations of Proposition 2½ which successfully passed. Based on the Town's current assessed valuation of all property this equates to approximately \$0.12 on the tax rate.

#### **NOTE 15 – CONTINGENCIES**

The Town participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* through June 30, 2017, these programs are still subject to financial and compliance audits. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although it is expected such amounts, if any, to be immaterial.

Various legal actions and claims are pending. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any, at June 30, 2017, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2017.

**NOTE 16 – LEGAL SETTLEMENT**

In fiscal year 2017, the Town reached a legal settlement with Barnstable County for the reimbursement of costs associated with the cleanup of contamination of the Hyannis water supply from chemicals used in firefighting at the Barnstable County Fire and Rescue Training Academy. Under the terms of the agreement, the County will pay the Town approximately \$3.1 million over a 20 year period. Accordingly, the Town has recorded a \$3.1 million receivable in the water supply enterprise fund as of June 30, 2017.

**NOTE 17 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through December 27, 2017, which is the date the financial statements were available to be issued.

**NOTE 18 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS**

During 2017, the following GASB pronouncements were implemented:

- GASB Statement #74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The basic financial statements, related notes and required supplementary information were updated to be in compliance with this pronouncement.
- GASB Statement #77, *Tax Abatement Disclosures*. This pronouncement did not impact the basic financial statements.
- GASB Statement #78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. This pronouncement did not impact the basic financial statements.
- GASB Statement #80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement #14*. This pronouncement did not impact the basic financial statements.
- GASB Statement #82, *Pension Issues – an amendment of GASB Statements #67, #68, and #73*. The basic financial statements and related notes were updated to be in compliance with this pronouncement.

The following GASB pronouncements will be implemented in the future:

- The GASB issued Statement #75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which is required to be implemented in 2018.
- The GASB issued Statement #81, *Irrevocable Split-Interest Agreements*, which is required to be implemented in 2018.
- The GASB issued Statement #83, *Certain Asset Retirement Obligations*, which is required to be implemented in 2019.
- The GASB issued Statement #84, *Fiduciary Activities*, which is required to be implemented in 2020.
- The GASB issued Statement #85, *Omnibus 2017*, which is required to be implemented in 2018.

- The GASB issued Statement #86, *Certain Debt Extinguishment Issues*, which is required to be implemented in 2018.
- The GASB issued Statement #87, *Leases*, which is required to be implemented in 2021.

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

# ***Required Supplementary Information***

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# ***Pension Plan Schedules***

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

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

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

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

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

	December 31, 2014	December 31, 2015	December 31, 2016
Town's proportion of the net pension liability (asset).....	15.083%	14.859%	14.785%
Town's proportionate share of the net pension liability (asset)..... \$	85,153,333	\$ 93,561,206	\$ 103,876,895
Town's covered employee payroll..... \$	39,562,464	\$ 40,166,098	\$ 40,801,496
Net pension liability as a percentage of covered-employee payroll.....	215.24%	232.94%	254.59%
Plan fiduciary net position as a percentage of the total pension liability.....	60.43%	58.10%	57.28%

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

See notes to required supplementary information.

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

	June 30, 2015	June 30, 2016	June 30, 2017
Actuarially determined contribution.....	\$ 7,858,269	\$ 8,035,227	\$ 8,398,711
Contributions in relation to the actuarially determined contribution.....	<u>(7,858,269)</u>	<u>(8,035,227)</u>	<u>(8,398,711)</u>
Contribution deficiency (excess).....	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll.....	\$ 39,562,464	\$ 40,166,098	\$ 40,801,496
Contributions as a percentage of covered- employee payroll.....	19.86%	20.00%	20.58%

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

See notes to required supplementary information.

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

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The Commonwealth of Massachusetts is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers which creates a special funding situation. Since the Town does not contribute directly to MTRS, there is no net pension liability to recognize. This schedule discloses the Commonwealth's 100% share of the collective net pension liability that is associated with the Town; the portion of the collective pension expense as both a revenue and pension expense recognized by the Town; and the Plan's fiduciary net position as a percentage of the total liability.

<u>Fiscal Year</u>	<u>Commonwealth's 100% Share of the Net Pension Liability Associated with the Town</u>	<u>Town's Expense and Revenue Recognized for the Commonwealth's Support</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Liability</u>
2017.....	\$ 137,619,552	\$ 14,038,096	52.73%
2016.....	122,780,726	9,958,610	55.38%
2015.....	96,736,302	6,720,735	61.64%

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

See notes to required supplementary information.

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

## GASB #74

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

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

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

## GASB #45

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

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

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

**SCHEDULE OF CHANGES IN THE TOWN'S  
NET OPEB LIABILITY AND RELATED RATIOS  
OTHER POSTEMPLOYMENT BENEFIT PLAN**

	June 30, 2017
<b>Total OPEB Liability</b>	
Service Cost.....	\$ 7,209,347
Interest.....	6,105,844
Changes of benefit terms.....	-
Differences between expected and actual experience.....	-
Changes of assumptions.....	(23,445,340)
Benefit payments.....	<u>(5,081,064)</u>
Net change in total OPEB liability.....	(15,211,213)
Total OPEB liability - beginning.....	<u>209,553,492</u>
Total OPEB liability - ending (a).....	<u><u>\$ 194,342,279</u></u>
<b>Plan fiduciary net position</b>	
Contributions- employer .....	\$ 5,559,064
Net investment income.....	132,174
Benefit payments.....	<u>(5,081,064)</u>
Net change in plan fiduciary net position.....	610,174
Plan fiduciary net position - beginning.....	<u>2,676,922</u>
Plan fiduciary net position - ending (b).....	<u><u>\$ 3,287,096</u></u>
<b>Town's net OPEB liability - ending (a)-(b).....</b>	<u><u>\$ 191,055,183</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability.....	1.69%
Covered-employee payroll.....	\$ 51,830,000
Town's net OPEB liability as a percentage of covered-employee payroll.....	368.62%

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

See notes to required supplementary information.

**SCHEDULE OF THE TOWN'S CONTRIBUTIONS  
OTHER POSTEMPLOYMENT BENEFIT PLAN**

	June 30, 2017
Actuarially determined contribution.....	\$ 12,728,113
Contributions in relation to the actuarially determined contribution.....	(5,559,064)
Contribution deficiency (excess).....	\$ 7,169,049
Covered-employee payroll.....	\$ 51,830,000
Contributions as a percentage of covered- employee payroll.....	10.73%

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

See notes to required supplementary information.

**SCHEDULE OF INVESTMENT RETURNS**  
**OTHER POSTEMPLOYMENT BENEFIT PLAN**

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June 30, 2017

Annual money-weighted rate of return, net of investment expense.....	5.71%
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Note: This schedule is intended to present information for 10 years.  
Until a 10-year trend is compiled, information is presented for those  
years for which information is available.

See notes to required supplementary information.



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

**Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Entry Age Normal (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
6/30/2016	\$ 2,676,922	\$ 186,818,568	\$ 184,141,646	1.4%	\$ 51,830,000	355.28%
6/30/2014	1,373,922	131,854,468	130,480,546	1.0%	50,814,000	256.78%
6/30/2012	782,352	131,158,217	130,375,865	0.6%	49,818,000	261.70%

**Schedule of Employer Contributions**

Year Ended	Annual Required Contribution	Actual Contributions Made	Percentage Contributed
6/30/2017	\$ 12,728,113	\$ 5,559,064	44%
6/30/2016	9,070,101	5,104,909	56%
6/30/2015	8,657,089	4,971,187	57%
6/30/2014	8,722,038	5,322,423	61%
6/30/2013	8,389,868	4,916,640	59%
6/30/2012	11,059,214	5,657,922	51%

See notes to required supplementary information.

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

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Actuarial Methods:

Valuation date.....	June 30, 2016
Actuarial cost method.....	Entry Age Normal - Level percentage of payroll
Amortization method.....	Amortization payments increasing at 3.5%
Remaining amortization period.....	30 years open
Asset valuation method.....	Market value

Actuarial Assumptions:

Investment rate of return.....	7.00%
Discount rate.....	3.58%
Inflation rate.....	3.5%
Projected salary increases.....	Service-related for Group 1 (excluding Teachers) and Group 2 employees: 6.00% decreasing over 9 years to an ultimate level of 4.25%. Service related increases for Group 4 members: 7.00% decreasing over 5 years to an ultimate level of 4.75%. Service related increases for Teachers: 7.50% decreasing over 20 years to an ultimate level of 4.00%
Medical/Prescription drug cost trend rate.....	Under 65: 10.5%, then 7.0% decreasing by 0.5% for 6 years to an ultimate rate of 4.5% per year Over 65: 1.9% then 7.0% decreasing by 0.5% for 10 years to an ultimate level of 4.5% per year
GIC Medical/Prescription drug cost trend rate.....	Under 65: 6.8% then 8.5% decreasing by 0.5% for 8 years to an ultimate rate of 5.0% per year Over 65: 1.6% then 8.5% decreasing by 0.5% for 8 years to an ultimate level of 5.5% per year
Dental.....	None
Part B reimbursement and/or penalties.....	4.5%

Plan Membership, including teachers:

Current retirees, beneficiaries, and dependents.....	905
Current active members.....	<u>771</u>
Total.....	<u><u>1,676</u></u>

See notes to required supplementary information.

**NOTE A – PENSION PLAN*****Pension Plan Schedules*****A. Schedule of the Town's Proportionate Share of the Net Pension Liability**

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

**B. Schedule of Town's Contributions**

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

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

The Commonwealth of Massachusetts is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers which creates a special funding situation. Since the Town does not contribute directly to MTRS, there is no net pension liability to recognize. This schedule discloses the Commonwealth's 100% share of the collective net pension liability that is associated with the Town; the portion of the collective pension expense as both a revenue and pension expense recognized by the Town; and the Plan's fiduciary net position as a percentage of the total liability.

**D. Changes in Assumptions**

The following assumption changes were reflected in the January 1, 2016 actuarial valuation:

- The investment return assumption was decreased from 7.75% to 7.625%.
- The pre-retirement mortality assumption was changed from the RP-2000 Employee Mortality Table projected generationally using Scale AA from 2010 to the RP-2000 Employee Mortality Table projected generationally using Scale BB2D from 2009.
- The post-retirement mortality assumption for non-disabled participants was changed from the RP-2000 Healthy Annuitant Mortality Table projected generationally using Scale AA from 2010 to the RP-2000 Healthy Annuitant Mortality Table projected generationally using Scale BB2D from 2009.
- The mortality assumption for disabled participants was changed from the RP-2000 Healthy Annuitant Mortality Table set forward three years for males only projected generationally using Scale AA from 2010 to the RP-2000 Healthy Annuitant Mortality Table projected generationally with Scale BB2D from 2015.
- The administrative expense assumption was increased from \$1,150,000 to \$1,500,000 based on the fiscal 2017 expense budget.

### E. Changes in Plan Provisions

The following plan provision change was reflected in the January 1, 2016 actuarial valuation:

- The Cost of Living Adjustment base was increased from \$15,000 to \$16,000 as of July 1, 2015, to \$17,000 as of July 1, 2016 and to \$18,000 as of July 1, 2017.

### **NOTE B – OTHER POSTEMPLOYMENT BENEFITS**

The Town administers a single-employer defined benefit healthcare plan (“The Retiree Health Plan”). The plan provides lifetime healthcare insurance for eligible retirees and their spouses through the Town’s group health insurance plan, which covers both active and retired members. Additionally, retired teachers and their spouses receive health insurance through the Group Insurance Commission of the Commonwealth of Massachusetts (GIC). Each participating municipality is assessed for the governmental share of health and life insurance premiums paid on behalf of its teacher retirees by the state.

#### **The Other Postemployment Benefit Plan**

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

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

##### B. Schedule of the Town’s Contributions

The Schedule of the Town’s Contributions includes the Town’s annual required contribution to the Plan, along with the contribution made in relation to the actuarially determined contribution and the covered employee payroll. The Town is not required to fully fund this contribution. It also demonstrates the contributions as a percentage of covered payroll.

##### C. Schedule of Investment Return

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

#### **The Town**

The Town currently finances its other postemployment benefits (OPEB) on a combined pre-funded and pay-as-you-go basis. As a result, the funded ratio (actuarial value of assets expressed as a percentage of the actuarial accrued liability) is 1.4%. In accordance with Governmental Accounting Standards, the Town has recorded its OPEB cost equal to the actuarial determined annual required contribution (ARC) which includes the normal cost of providing benefits for the year and a component for the amortization of the total unfunded actuarial accrued liability of the plan.

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that

are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

#### A. Schedule of Funding Progress

The Schedule of Funding Progress presents multiyear trend information which compares, over time, the Town's actuarial accrued liability for benefits with the actuarial value of accumulated plan assets.

#### B. Schedule of Employer Contributions

The Schedule of Employer Contributions presents multiyear trend information for the Town's required and actual contributions relating to the plan.

#### C. Schedule of Actuarial Methods and Assumptions

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

#### D. Changes in Assumptions

The following assumption changes were reflected in the January 1, 2016 actuarial valuation:

- The per capital health costs for the Cape Cod Municipal Health Group retirees were updated to reflect current experience.
- The medical/prescription drug trend assumptions for Cape Cod Municipal Health Group retirees were revised to reflect current experience and future expectations.
- Per capita health costs and trends for Group Insurance Commission retirees were updated based on the Commonwealth of Massachusetts postemployment benefits other than pension actuarial valuation as of January 1, 2016.
- The discount rates were updated to comply with the requirements of GASB Statement No. 74.
- The funding method was changed to comply with the requirements of GASB Statement No. 74.
- The blending rate decreased from a full funding discount rate of 7.50% and a pay as you go discount rate of 4.50% to a 3.58% blended rate.
- The expected return on assets was updated to 7.25% for entities with assets invested in the State Retiree Benefits trust fund and 7.0% for all other entities.
- The excise tax on high cost health plans beginning in 2020 was recalculated with this valuation.
- The mortality assumptions were updated to reflect past experience and future expectations.
- The pre-retirement mortality assumption for healthy non-teacher was changed from the RP-2000 Employee Mortality Table projected generationally using Scale AA from 2010 to the RP-2000 Employee Mortality Table projected generationally using Scale BB2D from 2009.

- The pre-retirement mortality assumption for healthy teachers was changed from the RP-2000 Combined Healthy White Collar Mortality Table projected 22 years using Scale AA to the RP-2014 White Collar Employee Mortality Table projected generationally using Scale MP-2016.
- The post-retirement mortality assumption for healthy non-teachers was changed from the RP-2000 Healthy Annuitant Mortality Table projected generationally using Scale AA from 2010 to the RP-2000 Healthy Annuitant Mortality Table projected generationally using Scale BB2D from 2009.
- The post-retirement mortality assumption for healthy teachers was changed from the RP-2000 Healthy Annuitant Large Benefit Amount Mortality Table projected 17 years using Scale AA to the RP-2014 White Collar Healthy Annuitant Mortality Table projected generationally using Scale MP-2016.
- The post-retirement mortality assumption for disabled non-teachers was changed from the RP-2000 Healthy Annuitant Mortality Table projected generationally using Scale AA from 2010 set forward 3 years for males to the RP-2000 Healthy Annuitant Mortality Table projected generationally using Scale BB2D from 2015.
- The post-retirement mortality assumption for disabled teachers was changed from the RP-2000 Healthy Annuitant Large Benefit Amount Mortality Table projected 7 years using Scale AA set forward 3 years for males to the RP-2014 Healthy Annuitant Mortality Table set forward 4 years and projected generationally using Scale BB2D from 2014.

#### E. Changes in Plan Provisions

There were no plan provision changes in the January 1, 2016 actuarial valuation.

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

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# ***Nonmajor Governmental Funds***

## ***Special Revenue Funds***

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

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

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

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

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

## ***Permanent Funds***

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

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

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

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

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

**NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET**

JUNE 30, 2017

	<i>Special Revenue Funds</i>				
	Town Revolving Funds	School Revolving Funds	Town Gift, Grant, and Other Funds	School Gift and Grant Funds	Subtotal
<b>ASSETS</b>					
Cash and cash equivalents.....	\$ 3,066,814	\$ 3,508,417	\$ 2,893,608	\$ 2,248,902	\$ 11,717,741
Investments.....	-	-	-	-	-
Receivables, net of uncollectibles:					
Tax liens.....	-	-	3,570	-	3,570
Special assessments.....	780,252	-	135,867	-	916,119
Intergovernmental.....	-	112,548	99,990	205,418	417,956
<b>TOTAL ASSETS.....</b>	<b>\$ 3,847,066</b>	<b>\$ 3,620,965</b>	<b>\$ 3,133,035</b>	<b>\$ 2,454,320</b>	<b>\$ 13,055,386</b>
<b>LIABILITIES</b>					
Warrants payable.....	\$ 25,210	\$ 7,461	\$ 37,851	\$ 134,604	\$ 205,126
Accrued payroll.....	42,383	-	5,377	168,459	216,219
Other liabilities.....	-	-	5,586	-	5,586
<b>TOTAL LIABILITIES.....</b>	<b>67,593</b>	<b>7,461</b>	<b>48,814</b>	<b>303,063</b>	<b>426,931</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenues.....	780,252	-	139,437	-	919,689
<b>FUND BALANCES</b>					
Nonspendable.....	-	-	-	-	-
Restricted.....	2,999,221	3,613,504	2,944,784	2,151,257	11,708,766
<b>TOTAL FUND BALANCES.....</b>	<b>2,999,221</b>	<b>3,613,504</b>	<b>2,944,784</b>	<b>2,151,257</b>	<b>11,708,766</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES.....</b>	<b>\$ 3,847,066</b>	<b>\$ 3,620,965</b>	<b>\$ 3,133,035</b>	<b>\$ 2,454,320</b>	<b>\$ 13,055,386</b>

(Continued)

<i>Permanent Funds</i>					Total Nonmajor Governmental Funds
Cemeteries and Libraries	Conservation	Education	Other	Subtotal	
\$ 89,807	\$ 1,820	\$ 1,271,510	\$ 9,394	\$ 1,372,531	\$ 13,090,272
8,460,422	171,412	8,981,390	449,877	18,063,101	18,063,101
-	-	-	-	-	3,570
-	-	-	-	-	916,119
-	-	-	-	-	417,956
<u>\$ 8,550,229</u>	<u>\$ 173,232</u>	<u>\$ 10,252,900</u>	<u>\$ 459,271</u>	<u>\$ 19,435,632</u>	<u>\$ 32,491,018</u>
\$ -	\$ -	\$ -	\$ 3,035	\$ 3,035	\$ 208,161
-	-	-	1,584	1,584	217,803
-	-	-	-	-	5,586
-	-	-	4,619	4,619	431,550
-	-	-	-	-	919,689
7,661,740	99,222	9,191,541	35,688	16,988,191	16,988,191
888,489	74,010	1,061,359	418,964	2,442,822	14,151,588
<u>8,550,229</u>	<u>173,232</u>	<u>10,252,900</u>	<u>454,652</u>	<u>19,431,013</u>	<u>31,139,779</u>
<u>\$ 8,550,229</u>	<u>\$ 173,232</u>	<u>\$ 10,252,900</u>	<u>\$ 459,271</u>	<u>\$ 19,435,632</u>	<u>\$ 32,491,018</u>

(Concluded)

**NONMAJOR GOVERNMENTAL FUNDS**  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 YEAR ENDED JUNE 30, 2017

	<i>Special Revenue Funds</i>				Subtotal
	Town Revolving Funds	School Revolving Funds	Town Gift, Grant, and Other Funds	School Gift and Grant Funds	
<b>REVENUES:</b>					
Charges for services.....	\$ 1,018,659	\$ 2,719,104	\$ -	\$ -	\$ 3,737,763
Penalties and interest on taxes.....	-	-	900	-	900
Fees and rentals.....	30,499	165,861	566,722	-	763,082
Licenses and permits.....	841,270	-	305,297	-	1,146,567
Intergovernmental.....	1,701	1,414,403	1,057,480	4,777,522	7,251,106
Departmental and other.....	-	-	55,757	-	55,757
Special assessments.....	277,789	-	-	-	277,789
Contributions.....	43,185	-	72,888	114,934	231,007
Investment income.....	-	-	802	-	802
Miscellaneous.....	-	-	143,166	-	143,166
<b>TOTAL REVENUES.....</b>	<b>2,213,103</b>	<b>4,299,368</b>	<b>2,203,012</b>	<b>4,892,456</b>	<b>13,607,939</b>
<b>EXPENDITURES:</b>					
Current:					
Administrative services.....	415,716	-	452,554	-	868,270
Growth management.....	-	-	224,238	-	224,238
Public safety.....	-	-	495,150	-	495,150
Education.....	-	3,667,928	-	5,541,933	9,209,861
Public works.....	-	-	156,238	-	156,238
Community services.....	217,436	-	204,187	-	421,623
Regulatory services.....	565,191	-	53,035	-	618,226
Culture and recreation.....	493,952	-	-	-	493,952
Debt service:					
Principal.....	-	-	50,372	-	50,372
<b>TOTAL EXPENDITURES.....</b>	<b>1,692,295</b>	<b>3,667,928</b>	<b>1,635,774</b>	<b>5,541,933</b>	<b>12,537,930</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>	<b>520,808</b>	<b>631,440</b>	<b>567,238</b>	<b>(649,477)</b>	<b>1,070,009</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Sale of capital assets.....	-	-	-	-	-
Transfers in.....	-	-	100,000	215,835	315,835
Transfers out.....	(493,624)	(162,784)	(758,226)	(3,216)	(1,417,850)
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>(493,624)</b>	<b>(162,784)</b>	<b>(658,226)</b>	<b>212,619</b>	<b>(1,102,015)</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>27,184</b>	<b>468,656</b>	<b>(90,988)</b>	<b>(436,858)</b>	<b>(32,006)</b>
<b>FUND BALANCES AT BEGINNING OF YEAR.....</b>	<b>2,972,037</b>	<b>3,144,848</b>	<b>3,035,772</b>	<b>2,588,115</b>	<b>11,740,772</b>
<b>FUND BALANCES AT END OF YEAR.....</b>	<b>\$ 2,999,221</b>	<b>\$ 3,613,504</b>	<b>\$ 2,944,784</b>	<b>\$ 2,151,257</b>	<b>\$ 11,708,766</b>

(Continued)

<i>Permanent Funds</i>					Total Nonmajor Governmental Funds
Cemeteries and Libraries	Conservation	Education	Other	Subtotal	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,737,763
-	-	-	-	-	900
-	-	-	-	-	763,082
-	-	-	-	-	1,146,567
-	-	-	-	-	7,251,106
54,213	-	37,184	60,106	151,503	207,260
-	-	-	-	-	277,789
-	980	-	60,765	61,745	292,752
456,753	7,511	295,694	19,479	779,437	780,239
-	-	-	-	-	143,166
<u>510,966</u>	<u>8,491</u>	<u>332,878</u>	<u>140,350</u>	<u>992,685</u>	<u>14,600,624</u>
-	9,410	-	502	9,912	878,182
-	-	-	-	-	224,238
-	-	-	124,104	124,104	619,254
-	-	207,145	-	207,145	9,417,006
47,624	-	-	-	47,624	203,862
13,599	-	-	17,458	31,057	452,680
-	-	-	-	-	618,226
-	-	-	-	-	493,952
-	-	-	-	-	50,372
<u>61,223</u>	<u>9,410</u>	<u>207,145</u>	<u>142,064</u>	<u>419,842</u>	<u>12,957,772</u>
<u>449,743</u>	<u>(919)</u>	<u>125,733</u>	<u>(1,714)</u>	<u>572,843</u>	<u>1,642,852</u>
-	-	725,000	-	725,000	725,000
5,518	-	-	-	5,518	321,353
(100,000)	-	-	-	(100,000)	(1,517,850)
<u>(94,482)</u>	<u>-</u>	<u>725,000</u>	<u>-</u>	<u>630,518</u>	<u>(471,497)</u>
355,261	(919)	850,733	(1,714)	1,203,361	1,171,355
<u>8,194,968</u>	<u>174,151</u>	<u>9,402,167</u>	<u>456,366</u>	<u>18,227,652</u>	<u>29,968,424</u>
\$ <u>8,550,229</u>	\$ <u>173,232</u>	\$ <u>10,252,900</u>	\$ <u>454,652</u>	\$ <u>19,431,013</u>	\$ <u>31,139,779</u>

(Concluded)

# ***Agency Fund***

## Fund Description

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

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

YEAR ENDED JUNE 30, 2017

	<u>July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2017</u>
<b>ASSETS</b>				
CURRENT:				
Cash and cash equivalents.....	\$ 733,950	\$ 2,671,717	\$ (2,876,045)	\$ 529,622
Receivables, net of allowance for uncollectibles:				
Departmental and other.....	<u>361,669</u>	<u>1,518,344</u>	<u>(1,582,743)</u>	<u>297,270</u>
<b>TOTAL ASSETS.....</b>	<b><u>\$ 1,095,619</u></b>	<b><u>\$ 4,190,061</u></b>	<b><u>\$ (4,458,788)</u></b>	<b><u>\$ 826,892</u></b>
<b>LIABILITIES</b>				
Warrants payable.....	\$ -	\$ (541,437)	\$ 541,453	\$ 16
Liabilities due depositors.....	<u>1,095,619</u>	<u>(4,127,783)</u>	<u>3,859,040</u>	<u>826,876</u>
<b>TOTAL LIABILITIES.....</b>	<b><u>\$ 1,095,619</u></b>	<b><u>\$ (4,669,220)</u></b>	<b><u>\$ 4,400,493</u></b>	<b><u>\$ 826,892</u></b>

# ***Additional Information***



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

QUARTERS ENDED SEPTEMBER 30, 2016, DECEMBER 31, 2016, MARCH 31, 2017, AND JUNE 30, 2017

	Quarters Ended				Annual Total
	September 30, 2016	December 31, 2016	March 31, 2017	June 30, 2017	
Passenger facility charges collected.....	\$ 18,353	\$ 8,677	\$ 9,702	\$ 16,863	\$ 53,595
Interest credited.....	470	482	479	885	2,316
Total revenue.....	<u>18,823</u>	<u>9,159</u>	<u>10,181</u>	<u>17,748</u>	<u>55,911</u>
Unexpended (over expended) passenger facility charges at beginning of period.....	<u>(1,789,386)</u>	<u>(1,770,563)</u>	<u>(1,761,404)</u>	<u>(1,751,223)</u>	<u>(1,789,386)</u>
Excess (deficiency) of passenger facility charges collected over passenger facility charges expended at end of quarter.....	<u>\$ (1,770,563)</u>	<u>\$ (1,761,404)</u>	<u>\$ (1,751,223)</u>	<u>\$ (1,733,475)</u>	<u>\$ (1,733,475)</u>
Passenger facility charges:					
New terminal building.....	\$ 2,549,600				
Application assistance.....	<u>24,000</u>				
Total passenger facility charge.....	<u>\$ 2,573,600</u>				

See notes to additional information.

**NOTE A – BASIS OF ACCOUNTING**

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

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

**NOTE B – INTEREST CREDITED**

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

**NOTE C – APPLICATION**

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

# ***Statistical Section***



**The Walkway to the Sea in Aselton Park with the Hyannis Inner Harbor in the background.**

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# ***Statistical Section***

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

## ***Financial Trends***

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

## ***Revenue Capacity***

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

## ***Debt Capacity***

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

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

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

## ***Operating Information***

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

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

**Net Position By Component**

**Last Ten Years**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014 (1)</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>Governmental activities</b>										
Net investment in capital assets.....	\$ 172,052,048	\$ 170,657,049	\$ 167,732,404	\$ 178,881,293	\$ 184,421,601	\$ 191,206,448	\$ 196,719,117	\$ 205,927,509	\$ 212,363,641	\$ 218,426,338
Restricted.....	21,761,627	23,653,035	22,256,610	23,188,546	22,899,121	26,282,984	30,686,880	51,556,623	58,921,589	62,317,088
Unrestricted.....	<u>49,706,955</u>	<u>44,174,519</u>	<u>45,761,937</u>	<u>37,416,415</u>	<u>36,590,078</u>	<u>29,771,094</u>	<u>(38,878,968)</u>	<u>(55,985,855)</u>	<u>(58,753,543)</u>	<u>(67,292,205)</u>
Total governmental activities net position...	<u>\$ 243,520,630</u>	<u>\$ 238,484,603</u>	<u>\$ 235,750,951</u>	<u>\$ 239,486,254</u>	<u>\$ 243,910,800</u>	<u>\$ 247,260,526</u>	<u>\$ 188,527,029</u>	<u>\$ 201,498,277</u>	<u>\$ 212,531,687</u>	<u>\$ 213,451,221</u>
<b>Business-type activities</b>										
Net investment in capital assets.....	\$ 69,038,883	\$ 70,569,512	\$ 88,038,076	\$ 111,054,493	\$ 123,154,596	\$ 124,918,522	\$ 130,038,669	\$ 129,853,741	\$ 133,965,038	\$ 139,551,898
Unrestricted.....	<u>25,909,975</u>	<u>27,726,500</u>	<u>23,517,286</u>	<u>27,136,568</u>	<u>25,267,346</u>	<u>28,724,877</u>	<u>16,954,440</u>	<u>12,789,879</u>	<u>9,011,658</u>	<u>4,699,754</u>
Total business-type activities net position...	<u>\$ 94,948,858</u>	<u>\$ 98,296,012</u>	<u>\$ 111,555,362</u>	<u>\$ 138,191,061</u>	<u>\$ 148,421,942</u>	<u>\$ 153,643,399</u>	<u>\$ 146,993,109</u>	<u>\$ 142,643,620</u>	<u>\$ 142,976,696</u>	<u>\$ 144,251,652</u>
<b>Primary government</b>										
Net investment in capital assets.....	\$ 241,090,931	\$ 241,226,561	\$ 258,559,391	\$ 289,935,786	\$ 307,576,197	\$ 316,124,970	\$ 326,757,786	\$ 335,781,250	\$ 346,328,679	\$ 357,978,236
Restricted.....	21,761,627	23,653,035	22,256,610	23,188,546	22,899,121	26,282,984	30,686,880	51,556,623	58,921,589	62,317,088
Unrestricted.....	<u>75,616,930</u>	<u>71,901,019</u>	<u>66,490,312</u>	<u>64,552,983</u>	<u>61,857,424</u>	<u>58,495,971</u>	<u>(21,924,528)</u>	<u>(43,195,976)</u>	<u>(49,741,885)</u>	<u>(62,592,451)</u>
Total primary government net position.....	<u>\$ 338,469,488</u>	<u>\$ 336,780,615</u>	<u>\$ 347,306,313</u>	<u>\$ 377,677,315</u>	<u>\$ 392,332,742</u>	<u>\$ 400,903,925</u>	<u>\$ 335,520,138</u>	<u>\$ 344,141,897</u>	<u>\$ 355,508,383</u>	<u>\$ 357,702,873</u>

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

Changes in Net Position

Last Ten Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Expenses</b>										
<b>Governmental activities:</b>										
Charter commission.....	\$ 2,065	\$ 46,380	\$ 15,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town council.....	346,498	356,983	390,345	380,018	382,055	384,365	399,567	368,421	363,717	448,462
Town manager.....	719,449	675,969	752,700	683,316	745,955	893,507	794,403	800,746	834,954	686,439
Administrative services.....	9,862,293	9,691,557	10,318,986	10,601,542	10,330,594	12,590,742	10,987,865	10,049,953	11,155,705	12,230,091
Growth management.....	3,507,729	3,321,356	2,594,947	2,197,204	2,164,979	2,536,984	2,534,216	2,282,963	2,867,287	3,065,285
Public safety.....	15,378,587	15,190,576	15,951,164	15,656,195	16,445,394	21,156,100	18,654,946	19,790,295	21,211,475	24,222,854
Education.....	92,444,424	93,940,477	90,887,000	93,652,265	96,294,013	96,015,560	98,552,670	94,177,947	100,687,385	107,637,587
Public works.....	13,806,146	16,910,307	12,464,847	13,669,363	12,804,945	14,501,828	17,832,428	16,942,211	16,517,135	18,579,883
Community services.....	4,152,881	4,762,643	4,334,769	4,395,115	4,591,089	4,962,038	4,899,743	5,450,110	5,996,361	6,675,916
Regulatory services.....	3,753,307	2,964,772	4,205,724	4,204,140	4,480,702	4,611,395	5,005,639	5,796,212	5,848,644	6,673,384
Culture and recreation.....	1,817,859	1,727,069	1,689,753	1,673,945	2,047,950	2,167,069	2,285,422	2,426,386	2,527,421	2,589,896
Interest.....	4,595,119	4,707,186	3,623,266	3,227,684	3,199,774	2,597,202	2,367,893	2,283,830	1,543,603	1,498,995
<b>Total government activities expenses.....</b>	<b>150,386,357</b>	<b>154,295,275</b>	<b>147,228,501</b>	<b>150,340,787</b>	<b>153,487,450</b>	<b>162,416,790</b>	<b>164,314,792</b>	<b>160,369,074</b>	<b>169,553,687</b>	<b>184,308,792</b>
<b>Business-type activities:</b>										
Airport activities.....	7,563,704	7,062,613	6,034,854	6,908,268	7,468,840	8,065,196	9,859,032	9,905,470	8,829,671	8,401,360
Golf course activities.....	2,949,522	2,712,412	2,614,217	2,507,382	2,634,335	2,148,742	2,615,366	2,550,324	3,051,784	3,130,996
Solid waste activities.....	2,263,740	2,140,520	2,010,574	1,887,556	2,011,718	1,855,871	1,613,661	2,420,243	2,647,918	3,157,411
Wastewater activities.....	3,439,444	4,211,888	4,604,835	4,307,355	4,924,221	4,693,467	5,222,181	4,870,584	4,959,029	5,500,946
Water supply activities.....	2,322,025	2,222,892	2,393,652	2,309,337	2,695,528	3,120,198	3,369,176	3,646,730	4,040,710	5,518,521
Marina activities.....	559,857	493,447	468,960	521,888	572,555	627,750	636,978	561,098	933,055	657,896
Sandy Neck recreation activities.....	467,692	474,332	501,888	537,561	617,232	580,846	661,179	863,593	994,150	920,591
Hyannis youth and community center.....	-	-	1,970,413	2,286,860	2,285,247	2,360,247	2,463,416	2,499,740	2,639,139	2,642,127
<b>Total business-type activities expenses.....</b>	<b>19,565,984</b>	<b>19,318,104</b>	<b>20,599,393</b>	<b>21,266,207</b>	<b>23,209,676</b>	<b>23,452,317</b>	<b>26,440,989</b>	<b>27,317,782</b>	<b>28,095,456</b>	<b>29,929,848</b>
<b>Total primary government expenses.....</b>	<b>\$ 169,952,341</b>	<b>\$ 173,613,379</b>	<b>\$ 167,827,894</b>	<b>\$ 171,606,994</b>	<b>\$ 176,697,126</b>	<b>\$ 185,869,107</b>	<b>\$ 190,755,781</b>	<b>\$ 187,686,856</b>	<b>\$ 197,649,143</b>	<b>\$ 214,238,640</b>
<b>Program Revenues</b>										
<b>Governmental activities:</b>										
Administrative services charges for services.....	\$ 804,576	\$ 730,873	\$ 755,951	\$ 709,164	\$ 845,002	\$ 759,649	\$ 731,934	\$ 811,100	\$ 835,259	\$ 839,568
Education charges for services.....	4,241,309	3,240,712	2,599,327	2,597,573	2,552,873	2,831,275	2,609,888	2,468,780	2,766,669	2,849,677
Community services charges for services.....	1,599,885	1,717,789	1,569,081	1,752,891	1,973,424	1,916,796	2,107,340	2,258,031	3,125,465	2,991,473
Regulatory services charges for services.....	2,312,451	2,116,776	2,296,375	2,694,281	2,826,890	2,904,766	3,357,794	3,247,298	3,568,406	3,490,165
Other charges for services.....	1,732,923	2,219,533	1,282,396	1,901,709	1,564,983	1,620,970	1,646,135	1,618,296	1,612,044	1,283,184
Operating grants and contributions.....	27,133,578	28,396,710	30,536,034	30,178,585	31,552,139	32,799,639	30,872,078	24,791,463	30,244,001	33,127,780
Capital grant and contributions.....	6,778,249	3,334,070	3,444,938	4,058,312	2,938,336	6,709,206	5,520,965	4,320,128	5,884,073	3,863,636
<b>Total government activities program revenues.....</b>	<b>44,602,971</b>	<b>41,756,463</b>	<b>42,484,102</b>	<b>43,892,515</b>	<b>44,253,647</b>	<b>49,542,301</b>	<b>46,846,134</b>	<b>39,515,526</b>	<b>48,035,917</b>	<b>48,445,483</b>
<b>Business-type activities:</b>										
Charges for services - Airport.....	7,160,730	6,810,056	5,490,285	6,506,669	6,585,493	6,969,301	7,152,972	7,595,233	6,390,216	5,568,140
Charges for services - Golf Course.....	2,993,201	3,027,102	2,891,917	3,395,629	2,774,195	2,882,023	2,945,649	3,038,223	3,173,012	3,182,636
Charges for services - Solid Waste.....	2,151,196	2,006,111	2,070,045	2,094,528	2,189,147	2,171,301	2,291,223	2,630,509	2,231,944	2,925,374
Charges for services - Wastewater.....	3,650,336	3,187,621	3,927,176	3,569,586	4,048,083	4,194,565	6,214,125	4,339,654	3,388,870	4,528,101
Charges for services - Water Supply.....	3,235,835	3,123,598	3,193,402	3,551,796	3,848,765	4,195,886	4,441,137	4,907,019	5,301,446	5,424,751
Charges for services - Marina.....	653,480	651,019	557,513	627,670	680,419	657,281	690,881	637,769	736,283	685,771
Charges for services - Sandy Neck recreation.....	583,545	569,561	616,104	693,869	839,323	714,585	829,552	872,298	1,199,321	1,096,042
Charges for services - Hyannis youth and community center.....	-	-	1,149,921	1,332,574	1,361,171	1,196,908	1,234,064	1,212,993	1,204,119	1,134,431
Operating grants and contributions.....	500,061	436,056	259,036	383,432	357,529	525,089	333,149	473,201	301,449	288,967
Capital grants and contributions.....	4,498,513	2,881,380	5,468,016	23,235,870	9,483,491	1,843,059	7,356,270	4,815,157	4,128,274	2,835,392
<b>Total business-type activities program revenues.....</b>	<b>25,426,897</b>	<b>22,692,504</b>	<b>25,623,415</b>	<b>45,391,623</b>	<b>32,167,616</b>	<b>25,349,998</b>	<b>33,489,022</b>	<b>30,522,056</b>	<b>28,054,934</b>	<b>27,669,605</b>
<b>Total primary government program revenues.....</b>	<b>\$ 70,029,868</b>	<b>\$ 64,448,967</b>	<b>\$ 68,107,517</b>	<b>\$ 89,284,138</b>	<b>\$ 76,421,263</b>	<b>\$ 74,892,299</b>	<b>\$ 80,335,156</b>	<b>\$ 70,037,582</b>	<b>\$ 76,090,851</b>	<b>\$ 76,115,088</b>

(Continued)

**Changes in Net Position**

**Last Ten Years**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Net (Expense)/Revenue</b>										
Governmental activities.....	\$ (105,783,386)	\$ (112,538,812)	\$ (104,744,399)	\$ (106,448,272)	\$ (109,233,803)	\$ (112,874,489)	\$ (117,468,658)	\$ (120,853,548)	\$ (121,517,770)	\$ (135,863,309)
Business-type activities.....	5,860,913	3,374,400	5,024,022	24,125,416	8,957,940	1,897,681	7,048,033	3,204,274	(40,522)	(2,260,243)
Total primary government net expense.....	\$ (99,922,473)	\$ (109,164,412)	\$ (99,720,377)	\$ (82,322,856)	\$ (100,275,863)	\$ (110,976,808)	\$ (110,420,625)	\$ (117,649,274)	\$ (121,558,292)	\$ (138,123,552)
<b>General Revenues and other Changes in Net Position</b>										
Governmental activities:										
Real estate and personal property taxes, net of tax refunds payable.....	\$ 84,936,744	\$ 88,253,725	\$ 90,663,777	\$ 93,673,200	\$ 97,222,576	\$ 99,665,171	\$ 103,150,266	\$ 106,530,407	\$ 110,049,748	\$ 114,256,542
Motor vehicle and other excise taxes.....	6,350,453	5,625,147	5,206,615	6,051,330	5,416,330	6,251,595	7,014,709	7,032,295	7,568,790	7,882,124
Hotel/motel tax.....	1,665,130	1,604,723	1,489,471	1,866,536	2,470,674	2,563,046	2,728,769	2,699,495	2,798,882	2,920,683
Meals tax.....	-	-	-	619,193	1,206,380	1,261,113	1,455,329	1,372,762	1,474,084	1,494,626
Penalties and interest on taxes.....	852,148	905,602	778,660	897,236	1,019,421	1,006,469	1,056,947	928,707	914,983	1,381,382
Community preservation surtax.....	2,474,265	2,619,643	2,651,234	2,734,079	2,863,995	2,942,493	3,036,667	3,099,572	3,208,815	3,336,838
Grants and contributions not restricted to specific programs.....	4,055,268	3,742,347	2,698,754	2,665,950	2,645,768	2,462,643	3,037,252	2,888,316	3,198,731	3,303,717
Unrestricted investment income.....	2,555,986	746,614	3,722,928	3,421,534	1,866,929	2,573,660	3,092,436	1,298,586	2,183,557	1,558,205
Gain on sale of capital assets.....	-	-	31,831	-	-	185,500	3,782,939	-	-	725,000
Miscellaneous.....	-	-	25,968	448,500	30,765	86,629	258,933	8,545	29,925	96,896
Legal settlements.....	-	3,492,881	262,307	-	-	-	-	-	-	-
Transfers.....	1,177,317	512,103	(8,071,724)	(2,193,983)	(1,084,489)	(2,774,104)	(2,303,170)	7,966,111	(111,372)	(173,170)
Total governmental activities.....	104,067,311	107,502,785	99,459,821	110,183,575	113,658,349	116,224,215	126,311,077	133,824,796	131,316,143	136,782,843
Business-type activities:										
Unrestricted investment income.....	1,136,095	484,857	163,604	316,300	188,452	549,672	942,020	412,348	262,226	242,029
Legal settlements.....	-	-	-	-	-	-	-	-	-	3,120,000
Transfers.....	(1,177,317)	(512,103)	8,071,724	2,193,983	1,084,489	2,774,104	2,303,170	(7,966,111)	111,372	173,170
Total business-type activities.....	(41,222)	(27,246)	8,235,328	2,510,283	1,272,941	3,323,776	3,245,190	(7,553,763)	373,598	3,535,199
Total primary government.....	\$ 104,026,089	\$ 107,475,539	\$ 107,695,149	\$ 112,693,858	\$ 114,931,290	\$ 119,547,991	\$ 129,556,267	\$ 126,271,033	\$ 131,689,741	\$ 140,318,042
<b>Changes in Net Position</b>										
Governmental activities.....	\$ (1,716,075)	\$ (5,036,027)	\$ (5,284,578)	\$ 3,735,303	\$ 4,424,546	\$ 3,349,726	\$ 8,842,419	\$ 12,971,248	\$ 9,798,373	\$ 919,534
Business-type activities.....	5,819,691	3,347,154	13,259,350	26,635,699	10,230,881	5,221,457	10,293,223	(4,349,489)	333,076	1,274,956
Total primary government.....	\$ 4,103,616	\$ (1,688,873)	\$ 7,974,772	\$ 30,371,002	\$ 14,655,427	\$ 8,571,183	\$ 19,135,642	\$ 8,621,759	\$ 10,131,449	\$ 2,194,490

(Concluded)



**Fund Balances, Governmental Funds**

**Last Ten Years**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>General Fund</b>										
Reserved.....	\$ 1,888,999	\$ 1,241,639	\$ 2,816,525	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved.....	19,740,194	15,179,667	14,901,926	-	-	-	-	-	-	-
Restricted.....	-	-	-	2,863,023	2,660,805	2,660,174	2,650,600	2,453,717	2,373,473	2,206,073
Assigned.....	-	-	-	6,122,506	2,007,306	4,231,826	4,820,179	6,136,907	4,956,930	5,505,301
Unassigned.....	-	-	-	21,612,742	28,734,188	26,137,881	28,085,852	26,289,884	30,019,449	33,245,543
<b>Total general fund.....</b>	<b>\$ 21,629,193</b>	<b>\$ 16,421,306</b>	<b>\$ 17,718,451</b>	<b>\$ 30,598,271</b>	<b>\$ 33,402,299</b>	<b>\$ 33,029,881</b>	<b>\$ 35,556,631</b>	<b>\$ 34,880,508</b>	<b>\$ 37,349,852</b>	<b>\$ 40,956,917</b>
<b>All Other Governmental Funds</b>										
Reserved.....	\$ 10,287,552	\$ 8,847,452	\$ 9,504,307	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds.....	36,842,393	38,643,071	36,566,719	-	-	-	-	-	-	-
Capital projects funds.....	34,643,214	15,845,729	15,837,839	-	-	-	-	-	-	-
Permanent funds.....	96,544	1,092,032	1,022,510	-	-	-	-	-	-	-
Nonspendable.....	-	-	-	10,326,319	10,467,992	11,093,750	15,690,018	15,737,943	16,933,978	16,988,191
Restricted.....	-	-	-	41,212,995	37,936,503	35,791,783	35,410,254	41,645,262	46,703,475	49,811,531
<b>Total all other governmental funds.....</b>	<b>\$ 81,869,703</b>	<b>\$ 64,428,284</b>	<b>\$ 62,931,375</b>	<b>\$ 51,539,314</b>	<b>\$ 48,404,495</b>	<b>\$ 46,885,533</b>	<b>\$ 51,100,272</b>	<b>\$ 57,383,205</b>	<b>\$ 63,637,453</b>	<b>\$ 66,799,722</b>

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

**Changes in Fund Balances, Governmental Funds**

**Last Ten Years**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Revenues:</b>										
Real estate and personal property taxes, net of tax refunds.....	\$ 84,855,790	\$ 88,165,857	\$ 89,592,295	\$ 92,202,438	\$ 97,818,235	\$ 99,399,272	\$ 102,905,909	\$ 105,260,464	\$ 108,835,835	\$ 113,664,164
Motor vehicle and other excise taxes.....	6,617,601	5,646,089	5,249,626	5,938,937	5,510,517	6,209,316	6,616,970	7,033,401	7,506,290	7,405,793
Hotel/motel tax.....	1,670,130	1,624,723	1,481,471	1,739,536	2,468,674	2,537,046	1,810,513	2,691,495	2,800,577	2,924,631
Meals tax.....	-	-	-	490,193	1,197,380	1,255,113	-	1,372,762	1,474,084	1,494,626
Charges for services.....	6,710,275	6,792,198	4,808,371	5,068,114	4,976,473	5,380,029	5,303,748	5,414,436	5,922,080	5,938,554
Penalties and interest on taxes.....	1,210,709	1,206,383	1,070,307	1,199,934	1,359,907	1,429,142	1,502,443	1,350,562	1,296,576	1,802,284
Fees and rentals.....	1,210,892	1,107,126	1,199,488	1,452,502	1,492,829	1,622,674	1,592,714	1,660,085	1,764,493	1,829,159
Licenses and permits.....	2,170,128	2,092,985	2,131,386	2,855,284	3,010,391	2,931,858	3,367,133	3,206,880	3,458,964	3,405,345
Intergovernmental.....	35,426,249	35,349,630	36,622,958	37,544,400	39,349,380	40,999,777	39,468,814	33,074,571	37,097,876	39,778,378
Departmental and other.....	1,603,490	1,929,525	1,238,096	1,093,917	982,707	671,549	502,499	530,010	484,246	667,908
Special assessments.....	151,983	143,209	220,269	305,021	345,820	353,293	575,224	596,185	1,291,690	1,051,138
Community preservation fund surtax.....	2,474,265	2,619,643	2,651,234	2,734,079	2,863,995	2,942,493	3,036,667	3,099,572	3,208,815	3,336,839
Contributions.....	99,882	153,455	123,891	297,281	296,185	242,909	460,652	894,598	291,212	294,793
Investment income.....	2,558,229	747,670	3,723,219	3,422,381	1,863,501	2,554,945	3,066,820	1,275,082	2,166,199	1,538,913
Miscellaneous.....	-	-	262,658	460,016	6,885	24,191	19,020	39,120	73,132	143,166
Legal settlements.....	-	3,492,881	262,307	-	-	-	-	-	37,506	-
<b>Total Revenues.....</b>	<b>146,759,623</b>	<b>151,071,374</b>	<b>150,637,576</b>	<b>156,804,033</b>	<b>163,542,879</b>	<b>168,553,607</b>	<b>170,229,126</b>	<b>167,499,223</b>	<b>177,717,575</b>	<b>185,275,691</b>
<b>Expenditures:</b>										
Charter commission.....	2,065	46,380	15,000	-	-	-	-	-	-	-
Town council.....	289,995	296,316	321,346	315,151	309,303	252,750	270,452	242,765	233,693	257,070
Town manager.....	574,215	541,963	600,291	540,036	596,044	605,498	555,587	540,367	550,017	419,492
Administrative services.....	5,816,199	5,721,376	6,022,630	6,390,572	6,265,047	7,524,126	5,895,146	6,004,633	6,755,349	6,687,937
Growth management.....	3,162,311	3,023,167	2,255,806	1,876,994	1,837,388	2,091,175	2,079,052	1,298,226	1,810,185	1,817,624
Public safety.....	11,423,726	11,562,679	11,877,172	11,945,147	12,583,679	14,812,467	12,423,830	12,882,134	13,433,285	13,653,146
Education.....	73,768,453	74,154,718	69,418,073	71,603,329	72,947,953	69,573,482	71,266,325	71,844,729	73,348,203	75,530,065
Public works.....	8,766,085	12,507,268	5,801,985	8,697,677	7,999,323	8,809,756	11,991,138	11,326,596	9,536,429	10,433,373
Community services.....	3,031,730	3,731,611	3,269,069	3,323,697	3,542,911	3,099,734	3,193,473	3,332,724	3,520,353	3,504,471
Regulatory services.....	2,537,742	1,498,642	2,602,377	2,690,984	2,951,035	2,852,514	3,080,042	3,167,935	3,144,581	3,439,116
Culture and recreation.....	1,715,718	1,727,069	1,689,753	1,673,945	2,047,950	2,167,069	2,285,422	2,426,386	2,527,421	2,589,896
Pension and employee benefits.....	13,793,046	15,287,773	17,096,982	18,953,642	19,880,251	27,424,995	29,400,723	24,763,873	28,461,551	33,013,228
Property and liability insurance.....	1,202,223	1,151,284	1,205,171	1,281,890	1,312,879	1,310,179	1,439,324	1,510,581	1,573,817	1,619,749
Claims and judgments.....	450,972	-	-	-	-	-	-	-	-	-
Other assessments.....	325,747	424,848	492,852	423,836	375,478	398,239	397,056	389,520	357,141	342,770
State and county charges.....	5,283,974	5,500,040	5,670,113	5,864,464	6,443,074	6,578,322	7,081,833	7,870,164	8,174,877	8,372,349
Capital outlay.....	12,063,864	22,486,003	9,398,699	12,727,196	10,637,388	8,353,164	10,980,666	14,983,478	17,654,545	11,546,620
Debt service:										
Principal.....	9,007,988	9,841,839	8,908,613	9,404,339	9,931,989	9,298,893	9,001,782	9,223,081	8,968,701	9,374,175
Interest.....	4,619,652	4,729,807	3,691,341	3,305,081	3,290,957	2,714,020	2,483,851	2,377,624	1,977,382	2,135,047
<b>Total Expenditures.....</b>	<b>157,835,705</b>	<b>174,232,783</b>	<b>150,337,273</b>	<b>161,017,980</b>	<b>162,952,649</b>	<b>167,866,383</b>	<b>173,825,702</b>	<b>174,184,816</b>	<b>182,027,530</b>	<b>184,736,128</b>
Excess of revenues over (under) expenditures.....	(11,076,082)	(23,161,409)	300,303	(4,213,947)	590,230	687,224	(3,596,576)	(6,685,593)	(4,309,955)	539,563
<b>Other Financing Sources (Uses):</b>										
Issuance of bonds and notes.....	13,626,000	-	4,959,000	7,535,000	-	-	6,248,000	3,930,000	12,113,000	5,361,641
Issuance of refunding bonds.....	-	-	-	8,641,000	10,037,900	-	-	5,265,500	1,674,000	-
Premium from issuance of bonds.....	-	-	-	360,689	30,765	-	245,377	347,856	1,000,312	316,300
Premium from issuance of refunding bonds.....	-	-	-	641,187	966,394	-	-	728,615	218,218	-
Sale of capital assets.....	-	-	31,831	-	-	195,500	3,782,939	-	-	725,000
Payment to bond escrow agent.....	-	-	-	(9,282,187)	(10,871,591)	-	-	(5,945,679)	(1,860,611)	-
Transfers in.....	23,252,992	21,271,536	20,474,644	6,854,634	7,015,052	6,336,045	8,651,348	16,202,168	8,405,736	8,756,067
Transfers out.....	(22,075,675)	(20,759,433)	(25,965,542)	(9,048,617)	(8,099,541)	(9,110,149)	(8,589,599)	(8,236,057)	(8,517,108)	(8,929,237)
<b>Total other financing sources (uses).....</b>	<b>14,803,317</b>	<b>512,103</b>	<b>(500,067)</b>	<b>5,701,706</b>	<b>(921,021)</b>	<b>(2,578,604)</b>	<b>10,338,065</b>	<b>12,292,403</b>	<b>13,033,547</b>	<b>6,229,771</b>
Net change in fund balance.....	\$ 3,727,235	\$ (22,649,306)	\$ (199,764)	\$ 1,487,759	\$ (330,791)	\$ (1,891,380)	\$ 6,741,489	\$ 5,606,810	\$ 8,723,592	\$ 6,769,334
Debt service as a percentage of noncapital expenditures.....	9.35%	9.60%	8.94%	8.57%	8.68%	7.53%	7.05%	7.29%	6.66%	6.65%

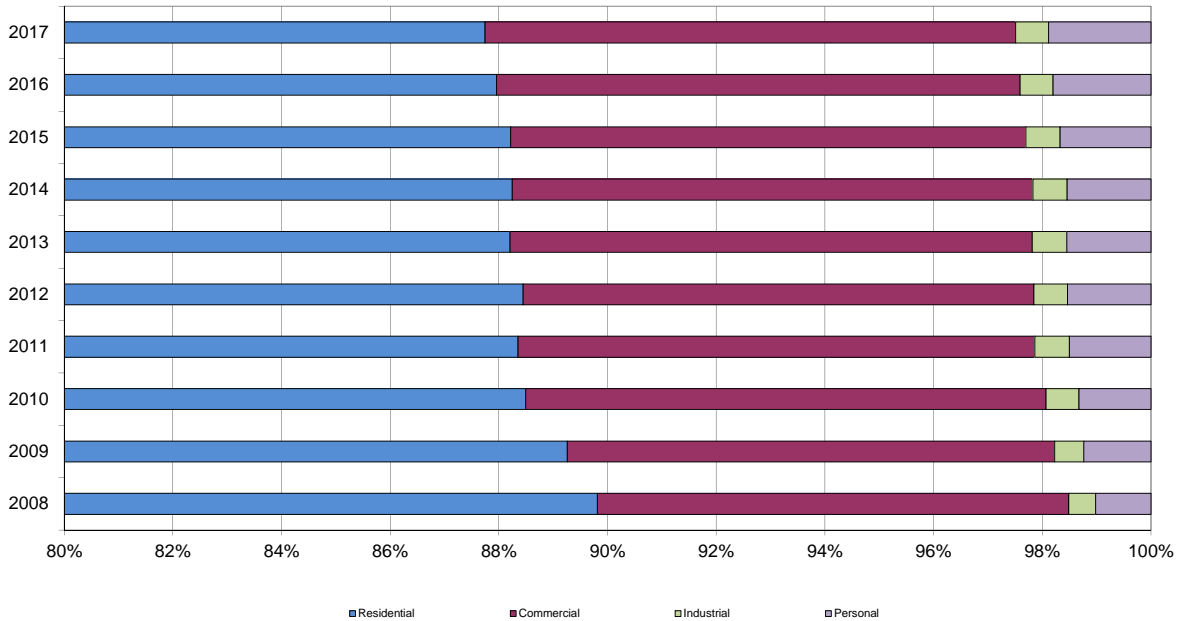
*Notes:*  
Some functional expenses are reported in different lines in older years.

Assessed Value of Taxable Property by Classification and Tax Rates

Last Ten Years

Year	Assessed and Actual Values and Tax Rates											
	Residential Value	Residential Tax Rate	Commercial Value	Industrial Value	Total Commercial Value	Commercial Tax Rate	Personal Property	Personal Property Tax Rate	Total Direct Rate (2)	Overlapping Rate (3)	Total Direct and Overlapping Rate	Total Town Value
2008	\$ 13,323,872,172	\$ 6.58	\$ 1,286,489,328	\$ 73,265,400	\$ 1,359,754,728	\$ 5.80	\$ 151,079,850	\$ 5.80	\$ 6.50	\$ 1.60	\$ 8.10	\$ 14,834,706,750
2009	12,983,016,619	6.90	1,303,893,716	78,598,400	1,382,492,116	6.12	179,274,450	6.12	6.82	1.75	8.57	14,544,783,185
2010	(1) 11,822,832,710	7.77	1,279,251,935	81,780,400	1,361,032,335	6.87	176,352,980	6.87	7.67	1.87	9.54	13,360,218,025
2011	11,474,497,625	8.05	1,235,696,120	82,267,300	1,317,963,420	7.28	194,882,820	7.28	7.96	2.00	9.96	12,987,343,865
2012	11,343,180,287	8.42	1,205,426,293	79,571,600	1,284,997,893	7.59	196,937,290	7.59	8.32	2.22	10.54	12,825,115,470
2013	(1) 11,220,887,767	8.76	1,223,179,078	80,290,800	1,303,469,878	7.89	197,055,870	7.59	8.66	2.13	10.79	12,721,413,515
2014	11,114,256,735	9.12	1,206,529,030	79,328,500	1,285,857,530	8.22	193,985,740	8.22	9.01	2.29	11.30	12,594,100,005
2015	11,207,187,750	9.30	1,204,713,235	79,592,100	1,284,305,335	8.40	212,290,440	8.40	9.19	2.57	11.76	12,703,783,525
2016	(1) 11,559,979,680	9.31	1,266,853,600	79,821,600	1,346,675,200	8.41	236,236,480	8.41	9.20	2.67	11.87	13,142,891,360
2017	11,609,385,779	9.54	1,291,731,901	80,275,500	1,372,007,401	8.64	249,000,650	8.64	9.43	2.62	12.05	13,230,393,830

Percentage of Total Assessed Value By Classification



(1) Revaluation year.

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

(3) Overlapping rates for the five fire districts. Four fire districts adopted a single tax rate and one adopted the residential exemption. In 2017, rates ranged from \$1.22 per \$1,000 of valuation to \$2.94 per \$1,000 of valuation for an average rate of \$2.62 per \$1,000 of valuation.

Source: Assessor's Department, Town of Barnstable

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

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

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

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

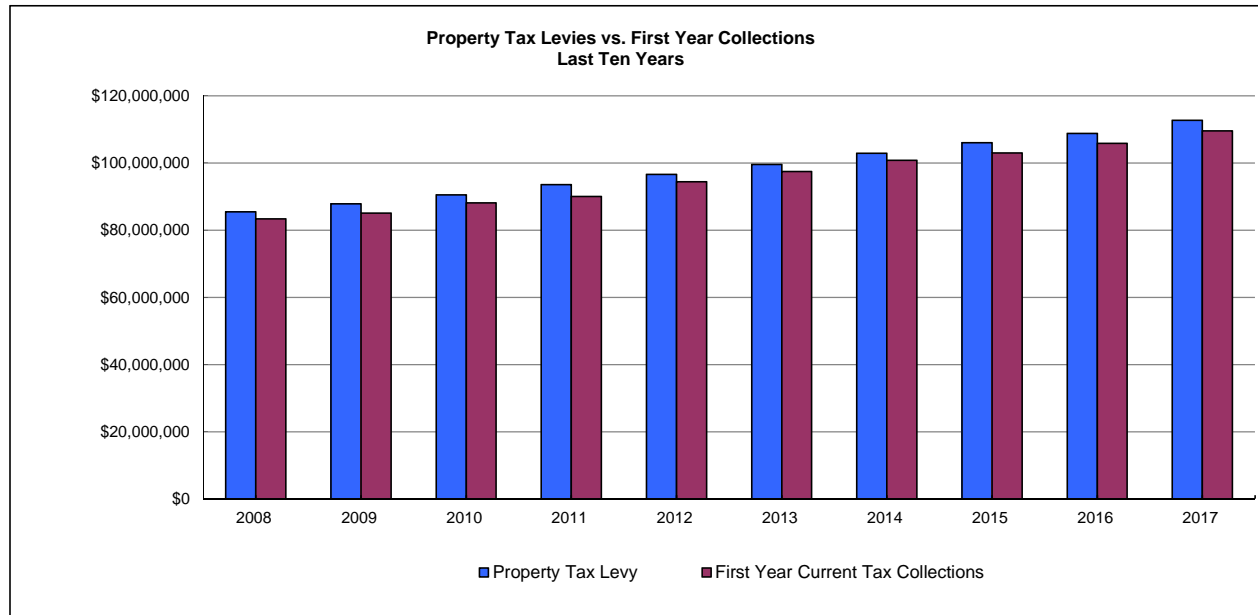
Name	Nature of Business	2017			2008		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
Eversource	Public Utility	\$ 115,023,550	1	0.87%	\$ -	-	-
Mayflower Cape Cod, LLC	Cape Cod Mall	110,732,200	2	0.84%	113,523,700	1	0.77%
National Grid	Public Utility	33,555,810	3	0.25%	-	-	-
Oyster Harbors Club, Inc.	Social Club & Residential Properties	26,747,800	4	0.20%	-	-	-
Festival of Hyannis, LLC	Shopping Center	25,767,200	5	0.19%	32,463,400	4	0.22%
Cape Harbor Associates	Shopping Center	25,737,100	6	0.19%	26,418,100	6	0.18%
OCW Retail Hyannis, LLC	Shopping Center	24,821,700	7	0.19%	-	-	-
Indian Point Family Partnership LP	Various Residential	24,489,800	8	0.19%	-	-	-
Wianno Club	Golf Club	19,733,100	9	0.15%	-	-	-
Verizon	Public Utility	17,888,900	10	0.14%	19,603,900	8	0.13%
Individual	Residential Properties	-	-	-	51,666,410	2	0.35%
Nstar	Utility	-	-	-	40,710,390	3	0.27%
Individual	Residential Properties	-	-	-	29,215,010	5	0.20%
Thomas Flatley	Shopping Mall	-	-	-	22,978,300	7	0.15%
Individual	Residential Properties	-	-	-	17,124,990	9	0.12%
Colonial Gas	Utility	-	-	-	16,301,940	10	0.11%
<b>Totals</b>		<b>\$ 424,497,160</b>		<b>3.21%</b>	<b>\$ 370,006,140</b>		<b>2.49%</b>

Source: Assessor's Department, Town of Barnstable

**Property Tax Levies and Collections**

**Last Ten Years**

Year	Total Tax Levy	Less Abatements & Exemptions	Net Tax Levy	Net as % of Total	First Year Current Tax Collections	Percent of Net Levy Collected	Subsequent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Net Tax Levy
2008	\$ 86,040,891	\$ 612,559	\$ 85,428,332	99.29%	\$ 83,342,200	97.56%	\$ 2,086,132	\$ 85,428,332	100.00%
2009	89,064,457	1,211,254	87,853,203	98.64%	85,039,043	96.80%	1,334,371	86,373,414	98.32%
2010	(1) 91,769,862	1,220,910	90,548,952	98.67%	88,128,463	97.33%	1,780,686	89,909,149	99.29%
2011	94,579,103	1,073,942	93,505,161	98.86%	89,989,123	96.24%	2,953,030	92,942,153	99.40%
2012	97,325,379	757,468	96,567,911	99.22%	94,416,772	97.77%	1,405,907	95,822,679	99.23%
2013	(1) 100,386,021	786,537	99,599,484	99.22%	97,485,153	97.88%	1,360,701	98,845,854	99.24%
2014	103,522,018	673,327	102,848,691	99.35%	100,779,510	97.99%	1,362,562	102,142,072	99.31%
2015	106,676,485	674,924	106,001,561	99.37%	103,011,541	97.18%	2,309,932	105,321,473	99.36%
2016	(1) 110,547,068	1,724,851	108,822,217	98.44%	105,826,314	97.25%	2,279,754	108,106,068	99.34%
2017	114,428,985	1,705,310	112,723,675	98.51%	109,589,260	97.22%	-	109,589,260	97.22%



(1) Revaluation year.

Source: Official Statements, Town of Barnstable

**Ratios of Outstanding Debt by Type**

**Last Ten Years**

Year	Governmental Activities		Business-type Activities (1)		Total Debt Outstanding	Percentage of Personal Income (3)	U. S. Census Population	Debt Per Capita
	General Obligation Bonds (2)	Capital Leases	General Obligation Bonds (2)	Capital Leases				
2008	\$ 114,635,906	\$ 793	\$ 38,527,427	\$ -	153,164,126	11.37%	46,184	\$ 3,316
2009	104,794,067	-	36,484,603	-	141,278,670	11.14%	46,297	3,052
2010	84,883,454	-	54,779,449	-	139,662,903	8.76%	45,193	3,090
2011	83,385,804	-	54,016,356	-	137,402,160	8.59%	44,932	3,058
2012	73,345,104	-	56,250,217	-	129,595,321	8.07%	44,824	2,891
2013	63,610,778	-	54,722,327	-	118,333,105	7.31%	44,824	2,640
2014	60,806,840	-	50,764,691	-	111,571,531	6.86%	44,824	2,489
2015	55,778,571	-	47,942,365	-	103,720,936	6.34%	45,170	2,296
2016	59,450,983	-	51,447,154	-	110,898,137	6.75%	45,193	2,454
2017	55,175,148	-	53,625,970	-	108,801,118	6.70%	44,487	2,446

(1) Airport, Golf Course, Solid Waste, Wastewater, Water, Marinas, Sandy Neck Park and Hyannis Youth and Community Center.

(2) Presented net of original issuance discounts and premiums.

(3) Personal income is disclosed on the Schedule of Demographic and Economic Statistics.

Source: Audited Financial Statements, U. S. Census

**Ratios of General Bonded Debt Outstanding**

**Last Ten Years**

<b>Year</b>	<b>General Obligation Bonds</b>	<b>Percentage of Estimated Actual Taxable Value of Property (1)</b>	<b>Per Capita (2)</b>
2008	\$ 153,163,333	1.03%	\$ 3,316
2009	141,278,670	0.97%	3,052
2010	139,662,903	1.05%	3,090
2011	137,402,160	1.06%	3,058
2012	129,595,321	1.01%	2,891
2013	118,333,105	0.93%	2,640
2014	111,571,531	0.89%	2,489
2015	103,720,936	0.82%	2,296
2016	110,898,137	0.84%	2,454
2017	108,801,118	0.82%	2,446

(1) Property value data is disclosed on the Schedule of Assessed Value of Taxal and Tax Rates.

(2) Population data is disclosed on the Schedule of Demographic and Economic

Source: Audited Financial Statements, U. S. Census

**Direct and Overlapping Governmental Activities Debt**

**As of June 30, 2017**

<u>Town of Barnstable, Massachusetts</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable (1), (2)</u>	<u>Share of Overlapping Debt</u>
Debt repaid with property taxes and user charges:			
Barnstable County.....	\$ 22,114,734	17.40%	\$ 3,847,964
Barnstable Fire District.....	873,888	100.00%	873,888
Centerville-Osterville-Marston Mills Fire District.....	1,765,757	100.00%	1,765,757
Cotuit Fire District.....	1,300,000	100.00%	1,300,000
Hyannis Fire District.....	2,576,000	100.00%	<u>2,576,000</u>
Subtotal, overlapping debt.....			10,363,609
Town direct debt.....			<u>55,175,148</u>
Total direct and overlapping debt.....			<u>\$ 65,538,757</u>

Source: Official Statements

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

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

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

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



Computation of Legal Debt Margin

Last Ten Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Equalized Valuation.....	\$ 16,142,285,200	\$ 16,142,285,200	\$ 14,945,861,000	\$ 14,945,861,000	\$ 13,864,305,700	\$ 13,864,305,700	\$ 13,476,184,100	\$ 13,476,184,100	\$ 13,665,091,900	\$ 13,665,091,900
Debt Limit -5% of Equalized Valuation.....	\$ 807,114,260	\$ 807,114,260	\$ 747,293,050	\$ 747,293,050	\$ 693,215,285	\$ 693,215,285	\$ 673,809,205	\$ 673,809,205	\$ 683,254,595	\$ 683,254,595
Less:										
Outstanding debt applicable to limit.....	\$ 82,388,673	\$ 76,565,997	\$ 74,641,706	\$ 81,933,812	\$ 79,039,510	\$ 71,718,246	\$ 70,548,688	\$ 65,723,674	\$ 72,346,608	\$ 71,103,125
Authorized and unissued debt.....	\$ 57,540,513	\$ 57,540,513	\$ 83,934,854	\$ 73,597,717	\$ 71,016,010	\$ 77,977,510	\$ 83,028,269	\$ 51,117,351	\$ 33,058,354	\$ 46,073,235
Legal debt margin.....	\$ 667,185,074	\$ 673,007,750	\$ 588,716,490	\$ 591,761,521	\$ 543,159,765	\$ 543,519,529	\$ 520,232,248	\$ 556,968,180	\$ 577,849,633	\$ 566,078,235
Total debt applicable to the limit as a percentage of debt limit.....	17.34%	16.62%	21.22%	20.81%	21.65%	21.59%	22.79%	17.34%	15.43%	17.15%

Source: Official Statements, Town of Barnstable

## Demographic and Economic Statistics

### Last Ten Years

Year	Population Estimates	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2008	46,184	\$ 1,347,449,000	\$ 29,176	42	5,851	4.6%
2009	46,297	1,268,027,000	27,389	42	5,799	5.1%
2010	45,193	1,593,731,000	35,265	47	5,461	8.6%
2011	44,932	1,600,012,972	35,610	48	5,165	7.0%
2012	44,824 *	1,605,012,968 *	35,807 *	49 *	5,267	7.4%
2013	44,824 *	1,619,087,704 *	36,121 *	49 *	5,118	6.6%
2014	44,824 *	1,627,183,143 *	36,302 *	49 *	5,194	4.4%
2015	45,170 *	1,635,319,058 *	36,204 *	50 *	5,230	4.3%
2016	45,193 *	1,643,495,654 *	36,366 *	49 *	5,459	3.1%
2017	44,487 *	1,622,772,000 *	36,477 *	49 *	5,238	4.0%

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

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

Employer	Nature of Business	2017			2008		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Cape Cod Health Care, Inc.	Hospital	2,548	1	11.47%	2,459	1	9.81%
Town of Barnstable	Municipal Government	1,331	2	5.99%	1,414	2	5.64%
Cape Cod Community College	Education	514	3	2.31%	-	-	-
Cape Air/Nantucket Airlines	Airline	306	4	1.38%	-	-	-
Barnstable County	County Government	250	5	1.13%	675	3	2.69%
Macy's (2 stores)	Retail Sales - General	230	6	1.04%	227	6	0.91%
Cape Codder Resort & Spa	Hotel	200	7	0.90%	250	5	1.00%
Super Stop and Shop - Hyannis	Grocers - Retail	185	8	0.83%	-	-	-
Sears Roebuck & Company	Retail Store	173	9	0.78%	210	7	0.84%
Stop and Shop - Marston Mills	Grocers - Retail	161	10	0.72%	-	-	-
Cape Cod Times	Newspaper	-	-	-	320	4	1.28%
Star Market (2 stores)	Grocers - Retail	-	-	-	204	8	0.81%
SSA Global	Marketing & Training	-	-	-	176	9	0.70%
The Greenert at Hyannis	Health Services	-	-	-	160	10	0.64%

Source: Official Statements

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

**Last Ten Years**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Function:										
Town council.....	2	2	2	2	2	2	2	2	1	1
Town manager.....	5	5	5	5	5	5	5	5	5	5
Growth management.....	14	14	13	12	12	12	12	10	11	11
Administrative services...	65	63	61	61	61	61	62	61	65	60
Public safety.....	139	137	126	126	124	126	126	131	133	133
Education.....	904	891	812	813	813	816	809	809	834	840
Public works.....	120	120	116	116	116	116	116	116	117	121
Community services.....	51	53	57	55	53	54	54	56	58	69
Regulatory services.....	32	35	33	31	32	33	35	34	33	34
Airport.....	26	26	26	25	25	25	26	26	25	23
Total .....	<u>1,358</u>	<u>1,346</u>	<u>1,251</u>	<u>1,246</u>	<u>1,243</u>	<u>1,250</u>	<u>1,247</u>	<u>1,250</u>	<u>1,281</u>	<u>1,297</u>

Source: Annual town reports

**Operating Indicators by Function/Program**

**Last Ten Years**

<b>Function/Program</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Administrative services</b>										
Legal matters.....	1,258	1,392	1,529	1,728	1,531	1,642	1,791	1,547	1,684	1,634
Registered voters.....	30,885	32,381	30,872	31,259	32,959	32,494	32,995	31,958	33,945	33,527
Employment applications processed.....	2,050	1,600	1,575	2,060	2,078	4,415	1,136	2,400	2,200	2,508
Work related injuries processed.....	157	160	80	159	127	144	130	148	147	145
Unemployment claims.....	100	85	165	210	114	99	81	124	148	91
Tax bills processed.....	194,796	195,182	201,322	201,275	197,106	197,662	198,120	193,488	192,892	201,591
<b>Police</b>										
Call for service.....	45,347	42,758	42,870	47,183	52,392	56,341	65,916	60,208	61,485	65,748
Physical arrests.....	3,126	n/a	1,925	1,655	1,910	1,938	1,977	1,650	1,660	1,686
<b>Education</b>										
Cobb Trust Fund awards.....	\$158,500	\$65,078	\$39,841	\$109,283	\$124,848	\$166,546	\$165,279	\$112,000	\$182,656	\$193,876
<b>Zoning</b>										
Zoning Board appeals filed.....	142	107	81	40	82	67	88	57	51	54
<b>Building Inspections</b>										
New dwellings constructed.....	50	40	58	27	50	50	83	94	58	60
<b>Health</b>										
Routine health inspections.....	3,909	5,988	7,113	7,059	6,178	6,125	6,310	6,584	6,650	7,046
Complaint investigations.....	615	541	424	434	268	385	343	529	711	314
<b>Consumer Affairs</b>										
Parking violations.....	4,307	4,534	4,192	4,341	6,707	7,110	8,727	7,605	8,651	6,968
Weights and measure devices tested.....	3,572	3,593	4,535	5,244	4,982	4,850	4,792	4,827	4,514	4,362
Ordinance citations.....	816	1,034	1,426	1,425	1,441	1,144	1,097	276	268	308
<b>Community Services</b>										
Mooring permits issued.....	2,483	2,429	2,468	2,552	2,535	2,494	2,421	2,362	2,299	2,309
Shellfish permits issued.....	2,234	2,363	2,608	2,670	2,818	2,741	2,798	2,822	2,799	2,822
Animal control service calls.....	2,244	3,080	2,854	4,261	3,113	3,492	3,177	3,191	3,290	3,303
Veterans served.....	492 (1)	7,661	8,326	14,439	15,126	24,949	21,670	24,157	27,331	25,744
<b>Roads</b>										
Catch basins cleaned.....	3,456	3,142	1,618	2,120	2,181	1,346	1,159	1,813	1,743	1,451
Miles of crack seal applied.....	10	15	7	5	10	5	7	10	10	36
Miles of roadside mowed.....	290	580	448	405	314	194	247	336	240	196
Miles of road swept.....	314	335	531	487	552	635	573	443	582	220
<b>Sewer</b>										
Gallons of septage treated.....	10,852,200	11,523,000	11,011,300	10,597,900	12,557,500	12,456,100	12,537,100	11,517,475	12,675,000	9,906,800
Daily average collection.....	1,347,400 (2)	1,495,300 (2)	1,540,500	1,453,600	1,421,800	1,532,275	1,498,849	1,515,302	1,568,018	1,545,100
<b>Solid Waste</b>										
Tons shipped to SEMASS.....	n/a	n/a	9,532	9,465	8,975	n/a	n/a	n/a	n/a	n/a
Tons received at Flint Street station.....	9,985	9,437	9,016	8,972	9,474	9,278	9,245	9,018	8,968	8,300
Tons of construction and demolition material received.....	3,658	2,771	3,193	2,789	2,776	2,764	2,610	2,616	2,900	2,549
<b>Libraries</b>										
Total volumes borrowed.....	546,556	570,947	632,137	612,700	600,143	612,527	618,650	586,859	575,057	561,892
Library holdings.....	n/a	n/a	164,309	n/a	373,752	382,802	388,765	716,037	555,542	693,491
Program attendance.....	n/a	n/a	n/a	28,893	34,583	37,999	38,555	38,594	40,643	53,169

Source: Various Town Departments

n/a: Information not available

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

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

**Capital Asset Statistics by Function/Program**

**Last Ten Years**

<b><u>Function/Program</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>
Administrative services										
Number of Buildings.....	148	149	150	150	150	150	150	150	150	150
Police										
Number of Stations.....	2	2	2	2	2	2	2	3	3	3
Police personnel and officers.....	139	139	126	126	126	131	131	133	133	133
Education										
Number of elementary schools.....	10	9	6	6	6	6	6	6	6	6
Number of middle schools.....	1	1	1	1	1	1	1	1	1	1
Number of high schools.....	1	1	1	1	1	1	1	1	1	1
Number of teachers.....	763	751	686	686	686	639	635	655	681	681
Number of students.....	5,814	5,714	5,461	5,304	5,267	5,118	5,194	5,230	5,204	5,238
Public Works										
Number of town roads.....	633	633	633	633	633	633	633	633	700	700
Number of private roads.....	1,088	1,088	1,088	1,088	1,091	1,091	1,091	1,091	1,100	1,100
Number of state roads.....	6	6	6	6	6	6	6	6	4	4
Center lane miles of roads.....	490	490	490	490	490	490	490	490	504	504
Cemeteries.....	16	16	16	16	16	16	16	16	16	16
Culture and Recreation										
Libraries.....	7	7	7	7	7	7	7	7	7	7
Boat launches.....	17	17	17	17	16	16	16	16	16	16
Parks and playgrounds.....	71	71	71	71	71	71	71	72	72	72
Park and playground (acreage).....	222	222	222	222	222	222	222	222	218	218
Golf courses.....	2	2	2	2	2	2	2	2	2	2
Public beaches.....	18	18	18	18	18	18	18	18	18	18
Ball fields.....	6	6	6	6	6	6	6	6	6	6
Tennis courts.....	5	5	5	5	5	5	5	5	5	5

Source: Various Town Departments



**An aerial view of the Barnstable Harbor Marina.**

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Fax: 617-227-4420  
www.lockelord.com

(Date of Delivery)

Debra M. Blanchette, Treasurer  
Town of Barnstable  
Barnstable, Massachusetts

\$9,875,000  
Town of Barnstable, Massachusetts  
General Obligation Municipal Purpose Loan of 2018 Bonds  
Dated February 27, 2018

We have acted as bond counsel to the Town of Barnstable, Massachusetts (the "Town") in connection with the issuance by the Town of the above-referenced bonds (the "Bonds"). In such capacity, we have examined the law and such certified proceedings and other papers as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion we have relied upon representations and covenants of the Town contained in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based on our examination, we are of the opinion, under existing law, as follows:

1. The Bonds are valid and binding general obligations of the Town and, except to the extent they are 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.

2. Interest on the Bonds is excluded from the gross income of the owners of the Bonds for federal income tax purposes. In addition, interest on the Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Interest on the Bonds is included in computing a corporation's adjusted current earnings for taxable years beginning before January 1, 2018. In rendering the opinions set forth in this paragraph, we have assumed compliance by the Town with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, and continue to be, excluded from gross income for federal income tax purposes. The Town has covenanted to comply with all such requirements. Failure by the Town to comply with certain of such requirements may cause interest on the Bonds to become included in gross

income for federal income tax purposes retroactive to the date of issuance of the Bonds. We express no opinion regarding any other federal tax consequences arising with respect to the Bonds.

3. Interest on the Bonds is exempt from Massachusetts personal income taxes and the Bonds are exempt from Massachusetts personal property taxes. We express no opinion regarding any other Massachusetts tax consequences arising with respect to the Bonds or any tax consequences arising with respect to the Bonds under the laws of any state other than Massachusetts.

This opinion is expressed as of the date hereof, and we neither assume nor undertake any obligation to update, revise, supplement or restate this opinion to reflect any action taken or omitted, or any facts or circumstances or changes in law or in the interpretation thereof, that may hereafter arise or occur, or for any other reason.

The rights of the holders of the Bonds and the enforceability of the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

LOCKE LORD LLP

**PROPOSED FORM OF  
CONTINUING DISCLOSURE CERTIFICATE**

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the Town of Barnstable, Massachusetts (the “Issuer”) in connection with the issuance of its \$9,875,000 General Obligation Municipal Purpose Loan of 2018 Bonds dated February 27, 2018 (the “Bonds”). The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Owners of the Bonds and in order to assist the Participating Underwriters in complying with the Rule.

SECTION 2. Definitions. For purposes of this Disclosure Certificate the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board as established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Disclosure Certificate. Filing information relating to the MSRB is set forth in Exhibit A attached hereto.

“Obligated Person” shall mean the Issuer.

“Owners of the Bonds” shall mean the registered owners, including beneficial owners, of the Bonds.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Rule” shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, not later than 270 days after the end of each fiscal year, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted when available separately from the balance of the Annual Report.

(b) If the Issuer is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall send a notice to the MSRB, in a timely manner, in substantially the form attached as Exhibit B.

SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall contain or incorporate by reference the following:

(a) quantitative information for the preceding fiscal year of the type presented in the Issuer's Official Statement dated February 13, 2018 relating to the Bonds regarding (i) the revenues and expenditures of the Issuer relating to its operating budget, (ii) capital expenditures, (iii) fund balances, (iv) property tax information, (v) outstanding indebtedness and overlapping debt of the Issuer, (vi) pension obligations of the Issuer, and (vii) other post-employment benefits liability of the Issuer, and

(b) the most recently available audited financial statements of the Issuer, prepared in accordance with generally accepted accounting principles, with certain exceptions permitted by the Massachusetts Uniform Municipal Accounting System promulgated by the Department of Revenue of the Commonwealth. If audited financial statements for the preceding fiscal year are not available when the Annual Report is submitted, the Annual Report will include unaudited financial statements for the preceding fiscal year and audited financial statements for such fiscal year shall be submitted when available.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which (i) are available to the public on the MSRB internet website or (ii) have been filed with the Securities and Exchange Commission. The Issuer shall clearly identify each such other document so incorporated by reference.

SECTION 5. Reporting of Significant Events.

(a) The Issuer shall give notice, in accordance with the provisions of this Section 5, of the occurrence of any of the following events with respect to the Bonds:

1. Principal and interest payment delinquencies.
2. Non-payment related defaults, if material.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.

7. Modifications to rights of the Owners of the Bonds, if material.
  8. Bond calls, if material, and tender offers.
  9. Defeasances.
  10. Release, substitution or sale of property securing repayment of the Bonds, if material.
  11. Rating changes.
  12. Bankruptcy, insolvency, receivership or similar event of the Obligated Person.\*
  13. The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
  14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (b) Upon the occurrence of a Listed Event, the Issuer shall, in a timely manner not in excess of ten (10) business days after the occurrence of the event, file a notice of such occurrence with the MSRB.

SECTION 6. Transmission of Information and Notices. Unless otherwise required by law, all notices, documents and information provided to the MSRB shall be provided in electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 7. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(b).

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate and any provision of this Disclosure Certificate may be waived if such amendment or waiver is permitted by the Rule, as

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\* As noted in the Rule, this event is considered to occur when any of the following occur: (i) the appointment of a receiver, fiscal agent or similar officer for the Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or (ii) the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

evidenced by an opinion of counsel expert in federal securities law (which may include bond counsel to the Issuer), to the effect that such amendment or waiver would not cause the Disclosure Certificate to violate the Rule. The first Annual Report filed after enactment of any amendment to or waiver of this Disclosure Certificate shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of information being provided in the Annual Report.

If the amendment provides for a change in the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information in order to provide information to investors to enable them to evaluate the ability of the Issuer to meet its obligations. To the extent reasonably feasible, the comparison shall also be quantitative. A notice of the change in the accounting principles shall be sent to the MSRB.

SECTION 9. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any Owner of the Bonds may seek a court order for specific performance by the Issuer of its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not constitute a default with respect to the Bonds, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action for specific performance of the Issuer's obligations hereunder and not for money damages in any amount.

SECTION 10. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Owners of the Bonds from time to time, and shall create no rights in any other person or entity.

Date: February 27, 2018

TOWN OF BARNSTABLE,  
MASSACHUSETTS

By: \_\_\_\_\_  
Treasurer

\_\_\_\_\_

[EXHIBIT A: Filing Information for the MSRB]  
[EXHIBIT B: Form of Notice of Failure to File Annual Report]

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## BARNSTABLE FIRE DISTRICT

**Nature and Powers of District**

The Barnstable Fire District, established in 1927, is located in the Town of Barnstable, Massachusetts. The District serves residents of the village of Barnstable. The function of the District is to provide fire protection, street lights, and a water supply and distribution system.

The principal executive body of the District is the Prudential Committee, a three-member elected body. Management of the fire department rests with the Fire Chief and that of the Water Department with an elected Board of Water Commissioners.

The District's legislative body is the District meeting, consisting of the registered voters of the Town of Barnstable residing within the District's territory. The District is empowered, subject to authorization by a vote of the District meeting, to provide its inhabitants with street lights, a fire department and a public water system, and to raise funds by taxation and other lawful means and to establish water rates and charges to provide water service and to defray the operating expenses of same. Bonds are authorized by a two-thirds vote of the District meeting.

Taxes levied by the District are assessed and collected by the Town of Barnstable upon the property located within the territorial limits of the District in the same manner as Town taxes. Such tax collections by the Town are paid to the District.

The District employs 23 full time fire personnel, which includes the Chief and 5 water personnel.

**Revenues**

Property Taxes: The District has the power to levy ad valorem taxes upon all the property within its territorial limits that is or could be served by it for the payment of capital and operating expenses, including debt service.

Water Rates: All users (commercial and residential) are charged for water used at the rate of \$3.35 per 1,000 gallons for the first 45,000 gallons, \$4.57 per 1,000 gallons for 46,000-200,000 gallons, and \$7.41 for each 1,000 gallons thereafter. Bills are mailed by the District semiannually in January and July with overage for the previous year being charged on the first bill of the year. Unpaid water bills become a lien on the property served. In addition to water rates, the District receives income from sales of water and hydrant services and one time systems improvement charges.

**Property Taxation**

The District has the power to levy ad valorem taxes upon all taxable property within its boundaries to pay debt service and operating expenses, except to the extent such expenses are met from use charges. The following table illustrates the manner in which the tax levy was determined in recent years.

	Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018
Gross Amount to be Raised:					
Appropriations	\$ 4,512,265	\$ 4,592,409	\$ 5,030,487	\$ 5,288,112	\$ 5,668,421
Overlay for Current Year (1)	28,931	27,301	31,100	33,365	35,411
Other Local Expenditures	-	-	2,425	-	-
Total	<u>4,541,196</u>	<u>4,619,710</u>	<u>5,064,012</u>	<u>5,321,477</u>	<u>5,703,833</u>
Offsets:					
Local Estimated Receipts (water)	846,300	858,400	917,800	1,097,800	1,090,000
Local Estimated Receipts (other)	-	-	-	-	-
Other Available Funds (2)	589,605	488,161	497,286	620,970	897,405
Total	<u>1,435,905</u>	<u>1,346,561</u>	<u>1,415,086</u>	<u>1,718,770</u>	<u>1,987,405</u>
Tax Levy	\$ 3,105,291	\$ 3,273,149	\$ 3,648,926	\$ 3,602,708	\$ 3,716,428

(1) Allowance for abatements.

(2) Includes appropriations from "free cash".

**Assessed Valuations and Tax Levies**

The responsibility for assessing the value of property within the District rests with the Board of Assessors of the Town of Barnstable. The property within the District is assessed on the same basis as the rest of the Town. The following table sets forth the recent trend in the assessed value of taxable real and personal property within the District, and tax rates and tax levies.

Fiscal Year	Assessed Valuations			Tax Rate
	Real Property	Personal Property	Total	
2018	\$ 1,223,886,800	\$ 27,435,610	\$ 1,251,322,410	\$ 2.97
2017	1,190,969,500	26,161,520	1,217,131,020	2.96
2016	1,182,911,400	25,342,250	1,208,253,650	3.02
2015	1,141,342,100	23,479,540	1,164,821,640	2.81
2014	1,128,148,600	21,959,200	1,150,107,800	2.70

**Classification of Real Property**

Type	Fiscal 2018		Fiscal 2017		Fiscal 2016	
	Assessed Valuation	% of Total	Assessed Valuation	% of Total	Assessed Valuation	% of Total
Residential	\$ 1,024,457,840	81.87 %	\$ 992,674,750	81.56 %	\$ 988,715,425	81.83 %
Commercial	143,141,360	11.44	141,641,150	11.64	137,964,775	11.42
Industrial	56,287,600	4.50	56,653,600	4.65	56,231,200	4.65
Personal	27,435,610	2.19	26,161,520	2.15	25,342,250	2.10
Total	\$ 1,251,322,410	100.00 %	\$ 1,217,131,020	100.00 %	\$ 1,208,253,650	100.00 %

**Free Cash**

Year	July 1 Free Cash
2017	\$ 525,222
2016	627,311
2015	598,717
2014	480,936
2013	423,533

**District Five Years' Outstanding Debt**

Fiscal Year End	General Obligation Bonds & Serial Notes Outstanding
2017	\$ 873,888
2016	895,000
2015	1,070,000
2014	1,245,000
2013	1,420,000

## CENTERVILLE-OSTERVILLE-MARSTONS MILLS FIRE DISTRICT

### Nature and Powers of District

The Centerville-Osterville-Marstons Mills Fire District, established in 1926, is located in the Town of Barnstable, Massachusetts. The District serves residents of Centerville, Marstons Mills, and Osterville, all villages in Barnstable. The function of the District is to provide fire protection and water.

The principal governing body of the District is the Prudential Committee, an elected body. Management of the fire department rests with an elected Board of Engineers and that of the Water Department with an elected Board of Water Commissioners.

The District is empowered, subject to authorization by a vote of the District meeting, to raise money by taxation for water and fire protection services, and for repair and related expenses. Bonds are authorized by a two-thirds vote of the District meeting.

Taxes for the District are assessed and collected by the Town of Barnstable in the same manner as Town taxes. Such tax collections by the Town are paid to the District.

The District employs 78 full-time and 1 part-time persons, including fire personnel, the Chief and Deputy Chief, dispatchers, custodian, mechanic, secretaries and water personnel.

### Revenues

Property Taxes: The District has the power to levy ad valorem taxes upon all the property within its territorial limits that is or could be served by it for the payment of capital and operating expenses, including debt service.

Water Rates: District customers are charged a flat fee of \$30.00 plus \$1.00 per gallon up to 20,000 gallons. Excess is charged at \$2.90 per 1,000 gallons from 21,000 to 200,000 gallons and \$3.95 per 1,000 gallons from 201,000 and over. Bills are mailed by the District semi-annually with overage being billed semi-annually. Unpaid water bills become a lien on the property served.

Water Betterments: In addition to water rates and property taxes, the District levies betterment assessments for all related improvement costs to the District's water system. Assessments are levied on a property frontage basis. District users are given options of repayment varying from 30 days to over twenty years. Interest accrues on outstanding assessments currently at the rate of 2% above the respective bond issue interest rate for the improvements. Bills are paid to the District.

### Property Taxation

The District has the power to levy ad valorem taxes upon all taxable property within its boundaries to pay debt service and operating expenses, except to the extent such expenses are met from user charges. The following table illustrates the manner in which the tax levy was determined in recent years.

	Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018
Gross Amount to be Raised:					
Appropriations	\$ 14,798,141	\$ 15,291,919	\$ 16,656,265	\$ 13,644,522	\$ 17,946,844
Overlay for Current Year	96,975	74,994	54,982	59,130	126,435
Other Local Expenditures	7	5,115	107	-	-
Total	<u>\$ 14,895,123</u>	<u>\$ 15,372,027</u>	<u>\$ 16,711,355</u>	<u>\$ 13,703,653</u>	<u>\$ 18,073,280</u>
Offsets:					
Local Estimated Receipts	\$ 2,722,091	\$ 2,789,888	\$ 2,950,658	\$ 2,951,017	\$ 3,117,760
Other Available Funds	2,236,650	2,285,161	2,801,925	2,292,003	4,754,763
Free Cash Used to Reduce Taxes	-	-	-	-	-
Total	<u>\$ 4,958,741</u>	<u>\$ 5,075,049</u>	<u>\$ 5,752,583</u>	<u>\$ 5,243,020</u>	<u>\$ 7,872,523</u>
Tax Levy	\$ 9,936,382	\$ 10,296,979	\$ 10,958,772	\$ 8,460,633	\$ 11,450,756

**Assessed Valuations and Tax Levies**

The responsibility of assessing the value of property within the District rests with the Board of Assessors of the Town of Barnstable. The property within the District is assessed on the same basis as the rest of the Town. The following table sets forth the recent trend in the assessed value of taxable real and personal property within the District and tax rates and tax levies.

Fiscal Year	Assessed Valuations			Tax Rate
	Real Property	Personal Property	Total	
2018	\$ 7,009,191,100	\$ 103,079,880	\$ 7,112,270,980	\$ 1.61
2017	6,838,084,300	96,860,680	6,934,944,980	1.22
2016	6,800,581,900	91,727,350	6,892,309,250	1.59
2015	6,561,793,000	81,419,140	6,643,212,140	1.55
2014	6,507,071,400	73,314,270	6,580,385,670	1.51

**Classification of Real Property**

Type	Fiscal 2018		Fiscal 2017		Fiscal 2016	
	Assessed Valuation	% of Total	Assessed Valuation	% of Total	Assessed Valuation	% of Total
Residential	\$ 6,753,013,184	94.95 %	\$ 6,585,037,920	94.95 %	\$ 6,550,895,083	95.05 %
Commercial	250,748,116	3.53	247,595,180	3.57	244,235,617	3.54
Industrial	5,429,800	0.08	5,451,200	0.08	5,451,200	0.08
Personal	103,079,880	1.45	96,860,680	1.40	91,727,350	1.33
Total	<u>\$ 7,112,270,980</u>	<u>100.00 %</u>	<u>\$ 6,934,944,980</u>	<u>100.00 %</u>	<u>\$ 6,892,309,250</u>	<u>100.00 %</u>

**Free Cash**

Year	July 1 Free Cash
2017	\$ (1,554,484)
2016	960,877
2015	170,647
2014	470,238
2013	502,624

**District Five Years' Outstanding Debt**

Fiscal Year End	General Obligation Bonds & Serial Notes Outstanding
2017	\$ 1,765,757
2016	2,074,089
2015	2,965,293
2014	3,854,409
2013	4,906,479

## COTUIT FIRE DISTRICT

### Nature and Powers of District

The Cotuit Fire District, established in 1926, is located in the Town of Barnstable, Massachusetts. The function of the District is to provide the village of Cotuit with water and fire protection.

The principal governing body of the District is the Prudential Committee, an elected body. Management of the fire department rests with an elected Board of Engineers and that of the Water Department with an elected Board of Water Commissioners.

The District is empowered, subject to authorization by a vote of the District meeting, to raise money by taxation for water and fire protection services, and for repair and related expenses. Bonds are authorized by a two-thirds vote of the District meeting.

Taxes for the District are assessed and collected by the Town of Barnstable in the same manner as Town taxes. Such tax collections by the Town are paid to the District.

The District employs 45 personnel including full and part time fire personnel and “call fire fighters” to staff the fire station.

### Revenues

Property Taxes: The District has the power to levy ad valorem taxes upon all the property within its territorial limits that is or could be served by it for the payment of capital and operating expenses, including debt service.

Water Rates: All users (commercial and residential) are charged for water used at a flat rate of \$72.00 when their annual use is between 1,000 gallons and 40,000 gallons. Between 41,000 gallons and 80,000 gallons, the rate is \$2.45 per 1,000 gallons and a rate of \$2.70 per 1,000 gallons will be charged for all quantities above 80,000 gallons used in a billing year. Bills are mailed by the District annually on March 1 with overage being charged on October 1 served. In addition to water rates the District receives income from sales of water services.

### Property Taxation

The District has the power to levy ad valorem taxes upon all taxable property within its boundaries to pay debt service and operating expenses, except to the extent such expenses are met from user charges. The following table illustrates the manner in which the tax levy was determined in recent years.

	Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018
Gross Amount to be Raised:					
Appropriations	\$ 3,925,552	\$ 4,338,159	\$ 4,549,823	\$ 4,404,885	\$ 4,554,177
Overlay for Current Year (1)	20,049	22,074	30,473	24,371	36,150
Other Local Expenditures	5,606	658	-	-	725
Total	<u>\$ 3,951,207</u>	<u>\$ 4,360,891</u>	<u>\$ 4,580,296</u>	<u>\$ 4,429,256</u>	<u>\$ 4,591,053</u>
Offsets:					
Local Estimated Receipts	\$ 700,000	\$ 715,000	\$ 750,000	\$ 835,000	\$ 777,500
Other Available Funds (2)	660,000	759,152	874,675	529,416	626,800
Free Cash Used to Reduce Taxes	-	-	-	-	-
Total	<u>\$ 1,360,000</u>	<u>\$ 1,474,152</u>	<u>\$ 1,624,675</u>	<u>\$ 1,364,416</u>	<u>\$ 1,404,300</u>
Tax Levy	\$ 2,591,217	\$ 2,886,739	\$ 2,955,621	\$ 3,064,840	\$ 3,186,753

(1) Allowance for abatements.

(2) Includes appropriations from “free cash”.

**Assessed Valuations and Tax Levies**

The responsibility of assessing the value of property within the District rests with the Board of Assessors of the Town of Barnstable. The property within the District is assessed on the same basis as the rest of the Town. The following table sets forth the recent trend in the assessed value of taxable real and personal property within the District, and tax rates and tax levies.

Fiscal Year	Assessed Valuations			Tax Rate
	Real Property	Personal Property	Total	
2018	\$ 1,387,154,500	\$ 16,701,260	\$ 1,403,855,760	\$ 2.27
2017	1,340,621,600	15,502,330	1,356,123,930	2.26
2016	1,328,654,700	14,809,430	1,343,464,130	2.20
2015	1,287,241,800	13,090,890	1,300,332,690	2.22
2014	1,271,269,500	11,511,360	1,282,780,860	2.02

**Classification of Real Property**

Type	Fiscal 2016		Fiscal 2017		Fiscal 2018	
	Assessed Valuation	% of Total	Assessed Valuation	% of Total	Assessed Valuation	% of Total
Residential	\$ 1,313,303,179	96.84 %	\$ 1,324,295,285	97.65 %	\$ 1,370,226,029	97.60 %
Commercial	15,248,121	1.12	16,222,915	1.20	16,825,071	1.20
Industrial	103,400	0.01	103,400	0.01	103,400	0.01
Personal	14,809,430	1.09	15,502,330	1.14	16,701,260	1.19
Total	<u>\$ 1,343,464,130</u>	<u>99.07 %</u>	<u>\$ 1,356,123,930</u>	<u>100.00 %</u>	<u>\$ 1,403,855,760</u>	<u>100.00 %</u>

**Free Cash**

Year	July 1 Free Cash
2017	N.A.
2016	\$ 728,957
2015	682,626
2014	416,120
2013	841,975
2012	1,110,854

**District Five Years' Outstanding Debt**

Fiscal Year End	General Obligation Bonds & Serial Notes Outstanding
2017	\$1,300,000
2016	1,405,000
2015	1,510,000
2014	1,615,000
2013	1,720,000

## HYANNIS FIRE DISTRICT

### Nature and Powers of the District

The Hyannis Fire District, established in 1896, is located in the Town of Barnstable, Massachusetts. The function of the District is to provide the village of Hyannis with fire protection.

The principal governing body of the District is the Board of Commissioners, an elected body. Management of the fire department rests with the elected Board of Commissioners.

The District is empowered, subject to authorization by a vote of the District meeting, to raise money by taxation for fire protection services, and for repair and related expenses. Bonds are authorized by a two-thirds vote of the District meeting.

Taxes for the District are assessed and collected by the Town of Barnstable in the same manner as Town taxes. Such tax collections by the Town are paid to the District.

The District employs 54 full time fire personnel, which includes the Chief, and 5 full time personnel.

### Revenues

Property Taxes: The District has the power to levy ad valorem taxes upon all the property within its territorial limits that is or could be served by it for the payment of capital and operating expenses, including debt service.

### Property Taxation

The District has the power to levy ad valorem taxes upon all taxable property within its boundaries to pay debt service and operating expenses, except to the extent such expenses are met from user charges. The following table illustrates the manner in which the tax levy was determined in recent years.

	Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018
Gross Amount to be Raised:					
Appropriations	\$ 10,206,434	\$ 10,599,412	\$ 11,403,775	\$ 11,670,887	\$ 12,420,382
Overlay for Current Year	99,468	75,240	116,190	82,065	43,669
Other Local Expenditures	-	-	-	-	276,128
Total	<u>\$ 10,305,902</u>	<u>\$ 10,674,652</u>	<u>\$ 11,519,965</u>	<u>\$ 11,752,952</u>	<u>\$ 12,740,179</u>
Offsets:					
Local Estimated Receipts	\$ 87,913	\$ 94,863	\$ 70,963	\$ 84,323	\$ 90,613
Other Available Funds	1,670,000	1,670,000	2,170,000	1,775,000	1,375,000
Free Cash Used to Reduce Taxes	600,000	800,000	300,000	700,000	900,000
Total	<u>\$ 2,357,913</u>	<u>\$ 2,564,863</u>	<u>\$ 2,540,963</u>	<u>\$ 2,559,323</u>	<u>\$ 2,365,613</u>
Tax Levy	\$ 7,947,989	\$ 8,109,789	\$ 8,979,002	\$ 9,193,629	\$ 10,374,566

**Assessed Valuations and Tax Levies**

The responsibility for assessing the value of property within the District rests with the Board of Assessors of the Town of Barnstable. The property within the District is assessed on the same basis as the rest of the Town. The following table sets forth the recent trend in the assessed value of taxable real and personal property within the District, and tax rates and tax levies.

Fiscal Year	Assessed Valuations			Tax Rates	
	Real Property	Personal Property	Total	Residential	Commercial
2018	\$ 3,153,846,500	\$ 108,793,830	\$ 3,262,640,330	\$ 2.69	\$ 4.29
2017	3,048,196,480	103,573,090	3,151,769,570	2.45	3.94
2016	3,034,123,180	97,753,510	3,131,876,690	2.42	3.87
2015	2,950,108,285	88,280,880	3,038,389,165	2.27	3.60
2014	2,947,558,365	81,731,670	3,029,290,035	2.23	3.54

**Classification of Real Property**

Type	Fiscal 2018		Fiscal 2017		Fiscal 2016	
	Assessed Valuation	% of Total	Assessed Valuation	% of Total	Assessed Valuation	% of Total
Residential	\$ 2,263,850,867	69.39 %	\$ 2,163,988,724	68.66 %	\$ 2,166,455,427	69.17 %
Commercial	875,139,233	26.82	868,148,656	27.54	851,640,153	27.19
Industrial	14,856,400	0.46	16,059,100	0.51	16,027,600	0.51
Personal	108,793,830	3.33	103,573,090	3.29	97,753,510	3.12
Total	\$ 3,262,640,330	100.00 %	\$ 3,151,769,570	100.00 %	\$ 3,131,876,690	100.00 %

**Free Cash**

Year	July 1 Free Cash
2017	\$ 671,557
2016	1,242,665
2015	1,039,889
2014	631,837
2013	1,281,897

**District Five Years' Outstanding Debt**

Fiscal Year End	General Obligation Bonds & Serial Notes Outstanding
2017	\$2,576,000
2016	2,486,700
2015	-
2014	-
2013	-



## WEST BARNSTABLE FIRE DISTRICT

### Nature and Powers of District

The West Barnstable Fire District, established in 1949, is located in the Town of Barnstable, Massachusetts. The function of the District is to provide the village of West Barnstable with fire and rescue protection as well as street lights.

The principal governing body of the District is the prudential Committee, an elected body. Management of the fire department rests with the appointed fire chief.

The District is empowered, subject to authorization by a vote of the District meeting, to raise money by taxation for fire protection services, and for repair and related expenses. Bonds are authorized by two-thirds vote of the District meeting.

Taxes for the District are assessed and collected by the Town of Barnstable in the same manner as Town taxes. Such tax collections by the Town are paid to the District.

The District presently employs 8 full-time and 4 part-time personnel which includes full and part time fire personnel and “call fire fighters” to staff the fire station.

### Revenues

Property Taxes: The District has the power to levy ad valorem taxes upon all the property within its territorial limits that is or could be served by it for the payment of capital and operating expenses, including debt service.

### Property Taxation

The District has the power to levy ad valorem taxes upon all taxable property within its boundaries to pay debt service and operating expenses, except to the extent such expenses are met from user charges. The following table illustrates the manner in which the tax levy was determined in recent years.

	Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018
Gross Amount to be Raised:					
Appropriations	\$ 1,690,305	\$ 1,726,872	\$ 1,853,460	\$ 2,059,796	\$ 2,208,293
Overlay for Current Year	18,234	21,537	17,778	20,669	18,981
Other Local Expenditures	-	288	249	-	-
Total	<u>\$ 1,708,539</u>	<u>\$ 1,748,697</u>	<u>\$ 1,871,487</u>	<u>\$ 2,080,465</u>	<u>\$ 2,227,274</u>
Offsets:					
Local Estimated Receipts	\$ 185,000	\$ 195,000	\$ 200,000	\$ 225,000	\$ 225,000
Other Available Funds (3)	99,468	84,917	162,118	325,502	394,229
Free Cash Used to Reduce Taxes	-	-	-	-	-
Total	<u>\$ 284,468</u>	<u>\$ 279,917</u>	<u>\$ 362,118</u>	<u>\$ 550,502</u>	<u>\$ 619,229</u>
Tax Levy	\$ 1,424,071	\$ 1,468,780	\$ 1,509,369	\$ 1,529,963	\$ 1,608,045

**Assessed Valuations and Tax Levies**

The responsibility for assessing the value of property within the District rests with the Board of Assessors of the Town of Barnstable. The property within the District is assessed on the same basis as the rest of the Town. The following table sets forth the recent trend in the assessed value of taxable real and personal property within the District, and tax rates and tax levies.

Fiscal Year	Real Property	Personal Property	Total	Tax Rate
2018	\$ 571,250,800	\$ 7,182,770	\$ 578,433,570	\$2.78
2017	559,749,900	6,903,030	566,652,930	2.70
2016	556,593,500	6,603,940	563,197,440	2.68
2015	546,152,800	6,019,990	552,172,790	2.66
2014	544,365,100	5,469,240	549,834,340	2.59

**Classification of Real Property**

Type	Fiscal 2018		Fiscal 2017		Fiscal 2016	
	Assessed Valuation	% of Total	Assessed Valuation	% of Total	Assessed Valuation	% of Total
Residential	\$ 551,041,894	95.26 %	\$ 539,617,700	95.23 %	\$ 536,820,366	95.32 %
Commercial	18,178,906	3.14	18,124,000	3.20	17,764,934	3.15
Industrial	2,030,000	0.35	2,008,200	0.35	2,008,200	0.36
Personal	7,182,770	1.24	6,903,030	1.22	6,603,940	1.17
Total	\$ 578,433,570	100.00 %	\$ 566,652,930	100.00 %	\$ 563,197,440	100.00 %

**Free Cash**

Year	July 1 Free Cash
2017	\$ 174,350
2016	227,577
2015	225,789
2014	191,519
2013	165,140

**District Five Years' Outstanding Debt**

Fiscal Year End	General Obligation Bonds & Serial Notes Outstanding
2017	\$ -
2016	-
2015	-
2014	-
2013	36,000