

TOWN OF BARNSTABLE, MASSACHUSETTS

Comprehensive Annual Financial Report



For the fiscal year ended June 30, 2010



Prepared By:
Finance Department

On the cover, an aerial view of Sandy Neck Beach Park. Six-mile-long Sandy Neck Beach is located in both Sandwich and Barnstable and is the areas longest beach. Sandy Neck Beach is a beautiful beach with high sand dunes facing Cape Cod Bay. The long beach also has walking trails along a salt marsh that offer glimpses of endangered toads, turtles, and other wildlife. This beach offers swimming, fishing, camping and hiking. Facilities include lifeguards, restrooms, outdoor showers, snack bar, wheelchair-accessible ramp, and special beach chairs.

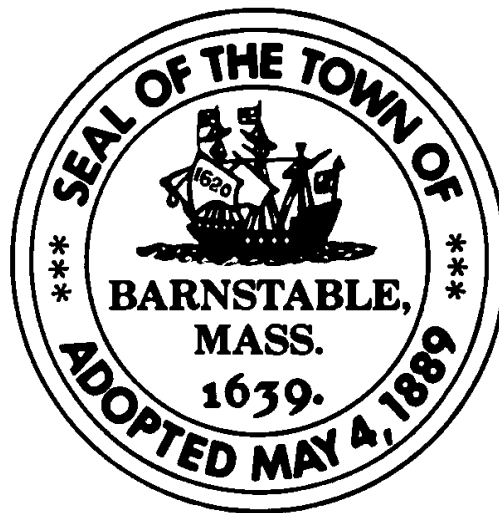


A crowd of boaters gather at a sandbar off Sandy Neck Beach Park on a beautiful summer day.

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COMPREHENSIVE ANNUAL FINANCIAL REPORT

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FISCAL YEAR ENDED JUNE 30, 2010

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Introductory Section



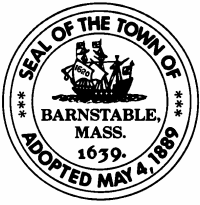
A view of the Bismore Park artist shanties in the early evening.



Hydrangea in full bloom at Bismore Park as an artist works on her craft.

Introductory Section

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Town of Barnstable

Finance Division

School Administration Building
230 South Street
Hyannis MA 02601

www.town.barnstable.ma.us



Letter of Transmittal

December 22, 2010

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 fiscal 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 fiscal year ending June 30, 2010 for your review. This report was prepared by the Town's Finance Division.

This report consists of management's representations concerning the finances of the Town. 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 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's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Town'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's financial statements have been audited by Powers & Sullivan, 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 for the fiscal year ended June 30, 2010, 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 unqualified opinion on the Town's financial statements for the fiscal year ended June 30, 2010, and that they are fairly presented in conformity with GAAP. The independent auditor's report is presented on page 17 of this report.

The independent audit of the financial statements of the Town 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'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 compliment the MD&A and should be read in conjunction with it. The Town'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 50,000 that grows to over 125,000 during the summer months. The Town spans the width of Cape Cod from the north to south and is bordered by the Towns of Mashpee and Sandwich to the west and Yarmouth to the east. The Town serves as the seat of County government and the Village of Hyannis serves as the seat of Town government.

Municipal Services

The Town provides general governmental services within its boundaries including public education in grades kindergarten through twelve, police protection, collection and treatment of sewage in certain sections, public works, streets, parks and recreation, public beaches and a municipal airport. The village of Hyannis' water supply is provided by the Town of Barnstable. The other villages' public water supply is provided by special districts (The Barnstable Fire District, the Cotuit Fire District, and the Centerville-Osterville-Marstons Mills Fire District). The districts are special purpose units of government and collectively, with the Town, service 96% of the residents while the remainder makes use of private on-site wells. Fire protection is provided by the above named districts and the West Barnstable Fire District and the Hyannis Fire District. The water and fire districts are special governmental units and are not part of the municipal structure. However, the Town does serve as collecting agent for taxes and transfers the funds directly to the districts. 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 Boards 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, 200 Barnstable students attended this school in 2010. The Sturgis High School is a Commonwealth Charter School and provides an alternative choice for public education for grades 9 to 12. Approximately, 100 Barnstable students attended this school in 2010. In addition, the Town operates two Horace Mann Charter Schools; the Grades 4 and 5 building located in Marstons Mills and the K to 3 elementary school located on Bearses Way in Hyannis. The Horace Mann Charter Schools are managed independently by an appointed Board of Trustees and not by the School Committee and Superintendent. Funding for the schools' operations are 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, a jail and house of correction 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 the Administrative Services and Growth Management. The Administrative Services Department is comprised of several 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, and purchasing for all departments including the School Department. Operational departments include the Department of Public Works, Community Services Department, Regulatory Services Department and 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 Town Manager's office with the support of the Finance Division and submitted to the Town Council for adoption. The Town Council annually establishes financial policies that guide the preparation of the capital and operating budget plan.

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

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

The annual operating budget submitted in the spring of each year, follows a program management format which details source and use recommendations for all funds, 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 strategic plan, financial management standards and policies. The budget funding 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 eight enterprise funds for the municipal airport, two golf courses, the water pollution control facility, the solid waste facility, water supply, town marinas, Sandy Neck Park and the Hyannis Youth and Community Center (HYCC). These enterprise funds are self-supporting through user-based charges except for the HYCC which will receive a general fund subsidy to assist in the repayment of bonds issued to construct the facility.

Principal Executive Officers

<u>Office</u>	<u>Name</u>	<u>Term</u>	<u>Term Exp.</u>
Town Manager	John C. Klimm	Appointed	2015
Superintendent of Schools	Patricia B. Grenier	Appointed	2011
Assistant Town Manager	Thomas K. Lynch	Appointed	Indefinite
Town Attorney	Ruth J. Weil	Appointed	Indefinite
Chief of Police	Paul B. MacDonald	Appointed	Indefinite
Director of Finance	Mark A. Milne	Appointed	2015
Director of Public Works	Mark S. Ells	Appointed	Indefinite
Director of Regulatory Services	Thomas F. Geiler	Appointed	Indefinite
Director of Community Services	Lynne M. Poyant	Appointed	Indefinite
Director of Human Resources	William E. Cole	Appointed	Indefinite
Director of Information Technology	Daniel J. Wood	Appointed	Indefinite
Director of Growth Management	JoAnne Miller-Buntich	Appointed	Indefinite
Tax Collector	Maureen E. Niemi	Elected/4 yrs.	Nov. 2015
Town Clerk	Linda E. Hutchenrider	Elected/4 yrs.	Nov. 2013
Airport Manager	Roland Breault	Appointed	Indefinite

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 second 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 50,000. The Town estimates that over one-half of homes are now occupied by year-round residents, compared with about one-third 25 years ago. As the number of second homes increases, the Town's economic future is becoming linked to the greater Boston, Connecticut, and New York economies from which the second homeowners derive their livelihood.

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 120,000 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.

Wealth levels are understated because they, as reported, only include income and do not take into account individual assets or the wealth of second homeowners or retirees. Effective buying income (EBI) levels for the Town are average to above average, with household EBI equal to 109% of the national level and per capita EBI equal to 124%.¹

Tax Base. Total assessed valuation for the Town has declined to \$13.4 billion in fiscal year 2010 reflecting a 8.1% decrease from the fiscal year 2009 value. However, this is still \$8.4 billion more than the fiscal year 2000 value of \$5 billion. Included in that amount is a substantial \$1.3 billion commercial base, highlighting the Town's position as one of the economic centers of southeastern Massachusetts. Per capita market value remains extremely strong at \$281,070 based on the year-round population, and is still very strong at \$106,888 based on the estimated peak summer population.² New building growth activity continues to under perform previous years with \$93 million in fiscal year 2010 and \$96 million in fiscal year 2011. The tax levy for fiscal year 2010 was \$91.8 million and the excess tax levy capacity was \$242 million. The excess capacity can only be accessed by a voter approved tax levy override. The tax rates for fiscal year 2010 were \$7.77 per thousand dollars of valuation on residential property and \$6.87 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 \$1.4 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 \$336 million in capital improvements needed over the next five years. More resources will need to be identified to address these items. \$13 million of this amount is for improvements at the Barnstable Municipal Airport. The majority of the capital program at the airport is federal and state funded. \$66 million is associated with the water quality improvements including sewer expansions, sewer plant facility upgrades, water line replacements and other water system improvements and \$6 million is associated with the Barnstable Harbor bulkhead replacement and new facilities at Sandy Neck Park. In addition, there is \$16 million for road improvements, \$10 million for improvements to school facilities, \$174 million for water quality improvements in the 3 Bay areas of town and \$51 million mainly connected to the Town's aging 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. The projects to be funded included those projects included in the Town's Wastewater Facilities Plan approved by the State Department of Environmental Protection. This plan included about \$170 million for sewer expansions and planning. Funding sources included 50% betterments assessed to property abutters of the sewer extensions, adoption of a local meals tax of 0.75%, increasing the local rooms tax rate from 4% to 6% and a property tax override of \$750,000. The override vote failed in November 2010. With this failure, the Town cannot go forward with the entire plan but the remaining three funding sources will allow some extensions to be implemented. A strategy for implementing these extensions is currently being developed and appropriation requests will be presented to the Town Council when ready.

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 decline in school enrollments.

¹ Standard and Poor's credit analysis, dated June 8, 2010.

² Standard and Poor's credit analysis, dated June 8, 2010.

As mentioned previously, new building growth projections are expected to be lower in the next few years as a result of the decline in developable lots and recent trends in the housing and financial markets. The Town will continue to expand efforts in the redevelopment of existing lots to achieve adequate levels of new building growth in order to maintain its current operation levels.

State aid decreased 4% in fiscal year 2011 and is projected to decrease another 10% in fiscal year 2012 before it begins to increase again. The single largest form of aid is Chapter 70 aid for education. The new formula passed in fiscal year 2006 states that no community will receive less than 17.5% of its foundation budget in the form of Chapter 70 aid. If a community currently receives less than 17.5%, the additional aid will be phased in over a 5 year period. Barnstable falls into this category and the Town's aid would increase by approximately \$2 million if this formula were fully funded. However, with the State's current fiscal condition, it is highly unlikely that they will be able to provide any increase in the Town's aid. General governmental aid is the second largest category which is also expected to decline as a result of the state's economy.

Health insurance cost increases continue to outpace the rate of inflation and this trend is projected to continue in the long-term. The Town has been participating in a joint purchase group (Cape Cod Municipal Health Group) for a number of years for its health insurance. Participating in a large pool allows for risks to be spread and helps control cost increases. The Town contributes 50% towards active and retired employees' health insurance premiums. This is the minimum amount it can contribute by state law. The Town's total health insurance expense for fiscal year 2010 was \$9.2 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 fiscal year 2010 was \$2.5 million. Additionally, a new 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 page 95. The Town will eventually need to begin accumulating assets to fund this liability. This will mean that there will be fewer resources available for capital and other operational needs.

In the areas of utilities and fuel the Town continues to implement and explore alternative options. New cogeneration technology was installed at the largest town facility, Barnstable High School (BHS), in 2008. A cogeneration facility is planned for the new youth center as well. This technology allows for the production of electrical power and saves over \$100,000 per year in electricity cost. Furthermore, the byproduct of the production of electricity is heat which is captured and used to heat water at the school, further enhancing our utility savings. This technology is also being explored for the Barnstable Intermediate School and Barnstable Police Station. The Town is also installing a large photovoltaic system and two wind turbines at the Water Pollution Control Plant (WPCP). 100% of the cost of these projects was paid for with a grant. These systems will become operational in fiscal year 2011 and should produce more than one-half of the plant's electricity needs. In addition, a grant paid for photovoltaic panels installed at the High School in fiscal year 2010 which should generate more than \$1,000 of savings per month. In the area of fuel, the Town's Highway Division and Police Department are the largest users of gasoline and diesel fuel. At the Highway Division the number of active vehicles has been reduced and usage patterns have changed to reduce the amount of fuel consumed. Hybrids have also been incorporated into their fleet. The Barnstable Police Department continues to work towards reducing its consumption levels as well with the purchase of hybrids and more fuel efficient vehicles.

Declining school enrollments and the aging population of the Town will require an on-going analysis of program services and resource allocation. The School Department closed three buildings for fiscal year 2010; the Osterville Elementary School, Cotuit Elementary and the Marstons Mills Elementary School. Service directed towards the senior population will likely increase as this segment continues to grow. It is estimated that public safety and public roads will become higher priorities over time.

The construction of sewer line extensions and additional treatment plants are also projected to have significant financial impacts on the community in the coming years. Studies are currently under way that will determine the Town's total maximum daily load (TMDL) of pollutants into our estuaries and the amounts that should be removed

to comply with Federal Clean Water regulations. Removal of the excess pollutants will require sewer expansions that are estimated to cost hundreds of millions of dollars over several years.

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; pay as you go financing strategies; long-term planning for all liabilities including pension and insurance reserves, and investing in technology to make our 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 to the users of certain services so that no tax support goes towards providing these services. This includes the airport, municipal golf course, solid waste transfer station and recycling center, the water pollution control operations, the Hyannis water operations, Town owned marinas and Sandy Neck Park. A new enterprise fund in fiscal year 2010 for the Hyannis Youth and Community Center has also been established. This fund covers a portion of the debt service issued to finance its construction but receives a subsidy from the general fund. The creation of these enterprise funds allow the Town to provide more tax dollars for other town services.

Fiscal Year 2010 Major Initiative and Highlights

Fund balance. During the fiscal year, the Town's general fund balance increased \$600,000 from \$16.7 million to \$17.3 million, on a budgetary basis. This was attributable to unexpended appropriations in the fiscal year 2010 operating budget. Enterprise fund balances increased from \$98.3 million to \$110.6 million as a result of operating revenues exceeding expenses.

Bond sale and bond rating. The Town conducted a \$4.959 million bond sale in fiscal year 2010 for 19 capital improvements. \$1.3 million was for the renovation of the exterior of the Town Hall which will be paid for with Community Preservation Funds; \$1.8 million covered nine municipal projects and \$1.9 million was for nine school projects. In addition, the Town issued \$1.25 million in bond anticipation notes for the replacement of the Barnstable Harbor bulkhead. A portion of the bond anticipation notes will be repaid from a state grant reimbursement with the balance converted to a long-term bond in June of 2011. The Town received an SP-1+ rating on this short-term bond issue and all of the Town's existing long-term debt was reaffirmed at AAA with Standard & Poor's.

Additionally, the Town borrowed \$19.1 million through the Massachusetts Water Pollution Abatement Trust's loan program to fund sewer, water and energy efficiency projects which have been classified as both long and short term debt at June 30, 2010. The Town will receive an 11.7% principal subsidy on its \$5,796,000 loan for sewer extensions; a 100% principal subsidy on its \$9,780,000 loan for wind turbines and photovoltaic system at the Water Pollution Control Facility, and a 20% subsidy on its \$3,494,000 loan for water pipe replacement program. The remaining principal balance to be repaid on all of these projects is eligible for 2% financing.

Investment income. The Town realized a significant increase in its investment earnings in fiscal year 2010. Total investment earnings were \$3.9 million compared to \$1.2 million in fiscal year 2009. The increase is due to improving investment rates earned on invested cash balances.

Cash and investments. The Town's ending cash balance declined from the previous year as cash reserves are being used to finance capital improvements as well as the normal spend down of bond proceeds for capital projects. Additionally, reserves have been used to finance a portion of general fund and enterprise fund operating budgets.

The following table illustrates the change in the overall cash balance for the past several years.

FY2002	\$90,277,514
FY2003	\$94,222,616
FY2004	\$94,887,682
FY2005	\$96,375,779
FY2006	\$108,792,141
FY2007	\$134,211,367
FY2008	\$135,143,563
FY2009	\$120,708,687
FY2010	\$114,273,195

Free cash and enterprise fund surplus. The Town's surplus funds in the general fund and enterprise funds are certified each year by the Massachusetts Department of Revenue. The following table compares the past two year's certifications.

	On July 1, 2010	On July 1, 2009	Change
General Fund Free Cash	\$10,746,572	\$8,411,317	\$2,335,255
Enterprise Funds:			
Airport Surplus	\$5,321,792	\$8,693,064	(\$3,371,272)
Golf Course Surplus	\$23,355	\$4,812	\$18,543
Solid Waste Surplus	\$2,390,996	\$2,243,244	\$147,752
Sewer Surplus	\$4,442,790	\$5,662,245	(\$1,219,455)
Water Surplus	\$598,879	\$684,261	(\$85,382)
Marina Surplus	\$297,445	\$202,553	\$94,892
Sandy Neck Surplus	\$377,556	\$280,890	\$96,666
HYCC Surplus	\$125,728	\$0	\$125,728

The general fund's surplus increased as a result of excess overlay reserved for abatements and exemptions being released by the Board of Assessors for the fiscal years 2005 to 2008. The airport's surplus decreased as \$3.6 million was appropriated for its capital program; principally the new terminal. The golf course and solid waste surplus increased mainly from positive operating results. The decrease in the sewer fund surplus results from amounts being appropriated for the capital program and to balance the fiscal year 2011 operating budget. The marina, Sandy Neck and HYCC surplus all increased as a result of positive operating results in fiscal year 2010.

Cash Management Policies and Practices

The Town of Barnstable switched to quarterly tax billing in fiscal year 2006 and derives approximately 70% of annual General Fund revenue from this source. The quarterly billings result in a cyclical buildup and then spend down of operational cash reserves. Every effort is made to put our reserves to work. The Town's investment policy remains conservative with particular attention to the constraints of safety and liquidity while attempting to secure the highest yield possible within those constraints.

On a daily basis, the Treasurer deposits funds into a local depository account currently held at TD Bank. Frequently, depending on the level of receipts and the rate of interest, this money is transferred into our accounts at several other financial institutions. Prior to this fiscal year, the Town's vendor, payroll and Commonwealth of Massachusetts depository accounts had been with BNY Mellon. In December 2009 municipalities throughout the state were informed that BNY Mellon was dissolving itself of the governmental division and would not support these accounts as of July 1, 2010. Rockland Trust was selected to replace BNY Mellon and in May 2010 Barnstable was fully converted to the new accounts. The Treasurer is responsible for having adequate cash

available to fund bills and payroll that are paid weekly. This requirement as well as the cyclical flow of money from quarterly property tax collections affects the type and terms of the Town's investment portfolios.

The Treasurer must continually evaluate cash flow data to determine the amount of money that can be invested for a longer term in an effort to yield a higher return. The Treasurer operates on an aggregate cash basis and invests in the same fashion. This means that the Treasurer does not make separate investments linked to fund balances maintained on the general ledger but, rather, invests on the basis of estimated aggregate cash surpluses and the predicted term of availability of those surpluses. These surplus funds are used to purchase various obligations of the U.S. Treasury, government agency and corporate bonds, equities and certificates of deposit. Currently, the maturities of the various investments range from 14 days to 6 years; approximately 85% with maturity dates within one year. The equity portion of the portfolio accounts for a small percentage of invested balances and is intended to provide a slight offset to fixed income investments.

While maintaining a highly diversified investment portfolio, the Treasurer also aims to maintain competitive investment relationships with numerous banks and other financial institutions. Since short-term rates fluctuate frequently among many of these institutions, the accounts and interest rates are continuously reviewed.

The Town's trust funds were managed in fiscal year 2010 by Rockland Trust with input from the Town's Trust Fund Advisory Committee. The Town awarded the management of these trust funds to Rockland Trust in the fall of 2007 as a result of a competitive proposal process. Each trust fund has a distinct purpose and, therefore, the mix of holdings in cash, fixed income securities, and equities varies by fund. The amount of annual income required and the timing of disbursements generally governs this mix.

Risk Management

The Town of Barnstable manages its risk primarily through premium based coverage with commercial insurance carriers. Unemployment activities are self-insured while exposures to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters and workers' compensation are covered through policies purchased from commercial carriers. Various control techniques including employee accident prevention training have been performed to minimize accident-related losses. In addition, the Town administers an insurance reserve fund to help offset the annual cost of its risk management program. Additional information on the Town of Barnstable's risk management activity can be found in the notes to the financial statements.

Pension and Other Postemployment Benefits

The Town of Barnstable contributes to the Barnstable County Retirement Association, a cost sharing, multiple-employer defined benefit pension plan administered by the Barnstable Contributory Retirement Board. Each year, an independent actuary engaged by the pension plan calculates the amount of the annual contribution that the Town must make to the pension plan to ensure that the plan will be able to fully meet its obligations to retired employees on a timely basis. As a requirement by law, the Town fully funds each year's annual required contribution to the pension plan as determined by the actuary. As of January 1, 2009, the county retirement association has succeeded in funding 54% of the present value of the projected benefits earned by employees. The remaining unfunded amount is being systematically funded over 30 years as part of the annual required contribution calculated by the actuary.

The Town of Barnstable also provides postemployment health care benefits for certain retirees and their dependents. As of June 30, 2010, there were 250 retired employees, not including teachers, receiving these benefits, which are financed on a pay-as-you-go basis. Governmental Accounting Standards (GAS) require that the Town calculate the unfunded portion of the liability associated with this benefit and report it on the Town's financial statements. Additionally, as this benefit is earned over the working lifetimes of the Town's employees the annual cost of the benefit earned should be recognized and reported in the Town's financial statements in

accordance with GAS. The Town's most recent actuarial valuation calculated the unfunded liability at approximately \$159 million.

Additional information on the Town of Barnstable's pension and other postemployment benefits can be found in the notes to the financial statements.

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 fiscal years ended June 30, 2002 through June 30, 2009. 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 fiscal years beginning July 1, 2001, through July 1, 2010. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

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

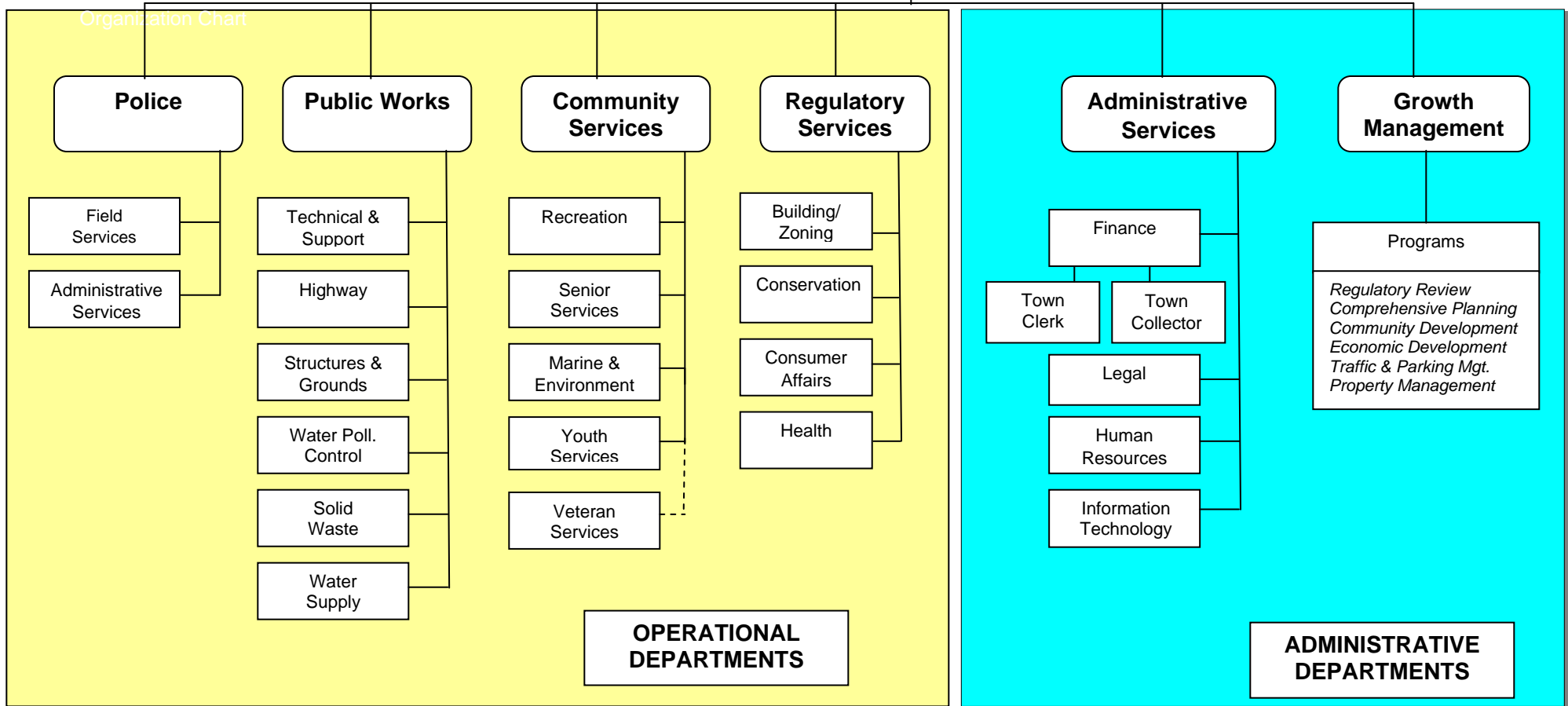
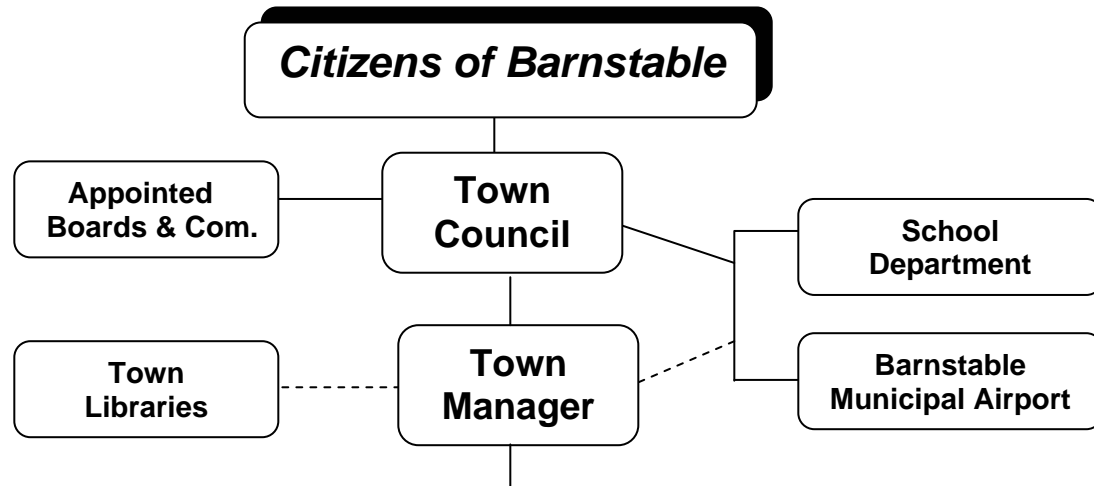
Respectfully submitted,



John C. Klimm
Town Manager



Mark A. Milne
Finance Director



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Barnstable
Massachusetts

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

Financial Section



Groundbreaking ceremony at the Barnstable Municipal Airport. The airport is constructing a new access road, a new terminal and a new air traffic control tower with a significant portion of the project costs supplied with federal and state grants.



Construction on the new bulkhead at the Barnstable Harbor Marina. Seventy-five percent of this \$5 million project is being paid for with a state grant. The anticipated completion date for the project is November 2010.

Financial Section

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Independent Auditors' Report

To the Honorable Town Council
Town of Barnstable, Massachusetts

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Barnstable, Massachusetts, as of and for the fiscal year ended June 30, 2010, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Barnstable, Massachusetts' management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Barnstable Horace Mann Charter School and the Barnstable Community Horace Mann Charter Public School, which represents 1% of the governmental activities assets, 1% of the governmental fund assets, 1% of the governmental activities net assets, 1% of the governmental funds balance, 2% of the governmental activities revenues, and 2% of the governmental fund revenues. We did not audit the financial statements of five of the Town of Barnstable, Massachusetts' library component units listed in Note 1, which reflect 94% of the total assets and 90% of the total revenues of the discretely presented component units. Those financial 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 Barnstable Horace Mann Charter School, the Barnstable Community Horace Mann Charter Public School, and 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, each major fund, and the aggregate remaining fund information of the Town of Barnstable, Massachusetts, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

As more fully described in Note 5, the Net Assets of the Governmental Activities as of June 30, 2009 have been restated.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2010, on our consideration of the Town of Barnstable, Massachusetts' internal control over financial reporting and 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* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The combining and individual fund statements, as listed in the table of contents, are presented for the purpose of supplementary analysis and are not a required part of the basic financial statements of the Town of Barnstable, Massachusetts. Such supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

Management's discussion and analysis, located on the following pages, retirement system schedule of funding progress, retirement system schedule of employer contributions, the other postemployment benefit schedule of funding progress and employer contributions and other postemployment benefit actuarial methods and assumptions, are not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in cursive script that reads "Powers + Sullivan".

December 22, 2010, except for the Barnstable Horace Mann Charter School, the Barnstable Community Horace Mann Charter Public School, and the library component units listed in Note 1, which were audited by other auditors and whose reports are dated on various dates through November 26, 2010.

Management's Discussion and Analysis

Management's Discussion and Analysis

As management of the Town of Barnstable, Massachusetts, we offer readers of the Town of Barnstable's financial statements this narrative overview and analysis of the financial activities of the Town of Barnstable for the fiscal year ended June 30, 2010. 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 of Barnstable'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. If the Town of Barnstable did not comply with GASB statement number 34 we would most likely receive a disclaimer of opinion. The Town of Barnstable has enjoyed an unqualified opinion on its financial statements since the fiscal year ended June 30, 1984.

Financial Highlights

- The assets of the Town of Barnstable exceeded its liabilities at the close of the most recent fiscal year by \$347.3 million. Of this amount, \$66.5 million (unrestricted net assets) may be used to meet the government's on-going obligations to citizens and creditors.
- The primary government's total net assets increased by \$8 million. The increase was the net result of a decrease in the Town's governmental activities of approximately \$5.3 million and an increase of approximately \$13.3 million attributable to the Town's business type activities. The governmental activities decrease is mainly attributable to the recognition of an additional \$6.4 million in the other postemployment benefit obligations, a capital transfer of \$8 million to the new Hyannis Youth and Community Center and a transfer of \$1.5 million from stabilization funds to the new Hyannis Youth and Community Center; offset by \$3.4 million in capital grants, \$6.7 million raised through the budget process for the Town's stabilization fund and because principal payments on long-term debt, which are raised through the budget process, are higher than the depreciation expense recognized on assets by approximately \$2.5 million. The \$13.3 million growth in business type activities is largely attributable to the \$8 million capital contribution from governmental activities for the Hyannis Youth and Community Center and capital grants received in relation to construction projects within the airport enterprise fund.
- At the close of the current fiscal year, the Town of Barnstable's governmental funds reported combined ending fund balances of \$80.4 million, a decrease of \$448,000 in comparison with the prior year. Approximately \$14.9 million of this total amount is available for appropriation at the government's discretion. Of this amount, \$955,000 was appropriated to balance the subsequent year's budget.
- At the end of the current fiscal year, fund balance for the general fund totaled \$17.7 million, or 14% of total general fund expenditures.
- Expenditures for the general fund totaled \$127 million or \$5 million less than the prior fiscal year. The area with the largest change was education which decreased \$4.7 million. The second largest area to change was pension which increased \$1.8 million.

- The Town of Barnstable's total long-term debt decreased by \$1.6 million during the current fiscal year. The Town issued \$11 million of long-term debt for school building improvements, road upgrade projects, public building improvements, Bismore park improvements, dredging, lake treatment project, and wastewater and water projects. A total of \$12.6 million in long-term debt principal was paid down.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town of Barnstable's basic financial statements. The Town of Barnstable'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 assets presents information on all of the Town of Barnstable's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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 fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both the government-wide financial statements include not only the Town of Barnstable itself (known as the primary government), but also the seven village libraries for which the Town of Barnstable 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 of Barnstable, 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 fiscal 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 of Barnstable maintains seven major governmental funds that are presented separately in the governmental fund financial statements. The remaining nine non-major funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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

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 of Barnstable.

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 of Barnstable's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

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 assets may serve over time as a useful indicator of a government's financial position. In the case of the Town of Barnstable, assets exceeded liabilities by \$347.3 million at the close of the most recent fiscal year.

By far the largest portion of the Town of Barnstable's net assets (\$258.6 million or 74%) 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 of Barnstable uses these assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Barnstable'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 of Barnstable's net assets (\$22.3 million, or 6%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$66.5 million, or 20%) may be used to meet the government's ongoing obligations to citizens and creditors.

The change in net assets 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 Assets

	Governmental Activities			Business-type Activities		
	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2008	June 30, 2009	June 30, 2010
Current and other assets	\$ 157,926,157	\$ 135,526,934	\$ 131,313,797	\$ 43,365,922	\$ 41,712,446	\$ 49,005,073
Capital assets	\$ 220,778,548	\$ 239,397,465	\$ 221,548,475	\$ 94,170,473	\$ 100,753,510	\$ 132,185,727
Total assets	\$ 378,704,705	\$ 374,924,399	\$ 352,862,272	\$ 137,536,395	\$ 142,465,956	\$ 181,190,800
Current liabilities	\$ 22,719,234	\$ 25,544,912	\$ 21,715,391	\$ 4,686,824	\$ 7,754,436	\$ 14,610,686
Long-term liabilities	\$ 112,464,841	\$ 108,343,958	\$ 95,395,930	\$ 37,900,715	\$ 36,415,508	\$ 55,024,752
Total liabilities	\$ 135,184,075	\$ 133,888,870	\$ 117,111,321	\$ 42,587,539	\$ 44,169,944	\$ 69,635,438
Net assets:						
Invested in capital assets, net of related debt	\$ 172,052,048	\$ 173,207,975	\$ 167,732,404	\$ 69,038,883	\$ 70,569,512	\$ 90,826,987
Restricted	\$ 21,761,627	\$ 23,653,035	\$ 22,256,610	\$ -	\$ -	\$ -
Unrestricted	\$ 49,706,955	\$ 44,174,519	\$ 45,761,937	\$ 25,909,975	\$ 27,726,500	\$ 20,728,375
Total net assets	\$ 243,520,630	\$ 241,035,529	\$ 235,750,951	\$ 94,948,858	\$ 98,296,012	\$ 111,555,362

The Town has realized a decrease in its **net assets** from 2008 to 2010 within its governmental activities and a growth in its business type activities. Total net assets have decreased \$7.8 million over this period for governmental activities and increased \$16.6 million for business-type activities. Most of the decrease in governmental activities is attributable to the recognition of other postemployment benefit obligations which has increased by \$11.8 million since fiscal year 2008. The amortization of this liability will continue to deteriorate the Town's overall financial position unless it is pre-funded. Increases are attributable to real estate and personal property taxes, operating grants received and annual principal payments on debt service exceeding depreciation amounts. In fiscal year 2010, capital grants have totaled \$3.4 million for governmental activities, \$4.3 million for the airport enterprise fund, \$100,000 for the solid waste enterprise fund, and \$1 million for wastewater enterprise fund. Principal payments on debt service for governmental and business-type activities totaled \$8.9 million and \$3.7 million respectively. Depreciation on capital assets totaled \$6.4 million and \$3 million, respectively.

The majority of the increases to the Town's capital assets during fiscal year 2010 were in the form of road and drainage improvements. Capital assets growth within the business-type activities for 2010 has consisted mainly of the construction for the new terminal at the airport, construction of the new Hyannis Youth and Community Center and various sewer upgrades.

Current assets and current liabilities have decreased in governmental activities and increased in business-type activities. In governmental activities, current and other assets decreased by \$26.6 million from fiscal year 2008. This is a direct result of several of the Town's capital projects nearing completion resulting in a decrease in their cash and cash equivalents. The governmental activities' current liabilities have remained at substantially consistent levels since the prior two fiscal years. For business-type activities, current and other assets increased by \$5.6 million due to the recognition of capital grants from the Massachusetts Water Pollution Abatement Trust. There was a \$9.9 million increase in current liabilities of which \$5.9 million was the result of short-term borrowing. This represents temporary financing for capital projects that have not yet been financed through the issuance of long-term bonds.

Long-term liabilities have decreased from the fiscal year 2009 levels for governmental and increased for business-type activities. For governmental activities, the decrease is largely the net difference of the decrease in bonds and notes payable of \$19.9 million and an increase in the other postemployment benefits obligation of \$6.4 million. The decrease in debt was partially the result of the creation of the Hyannis Youth and Community Center (HYCC) enterprise fund, for which all of the related assets and liabilities associated with the HYCC were transferred out of governmental activities into business-type activities. The HYCC's debt transferred through this transaction totaled \$16 million.

Investments in capital assets have decreased in governmental activities and have increased in business-type activities. This is mainly attributable to the transfer of \$24 million in capital assets associated with the HYCC project from governmental to business-type activities.

Restricted net assets have decreased \$1.4 million for governmental activities from 2009 to 2010 mainly due to the decrease resulting from the use of gift and grant funds. The **unrestricted net assets** amount has increased \$1.6 million in the current year which was the net result of the recognition of an additional \$6.4 million for other postemployment benefits obligation and the results of current operations.

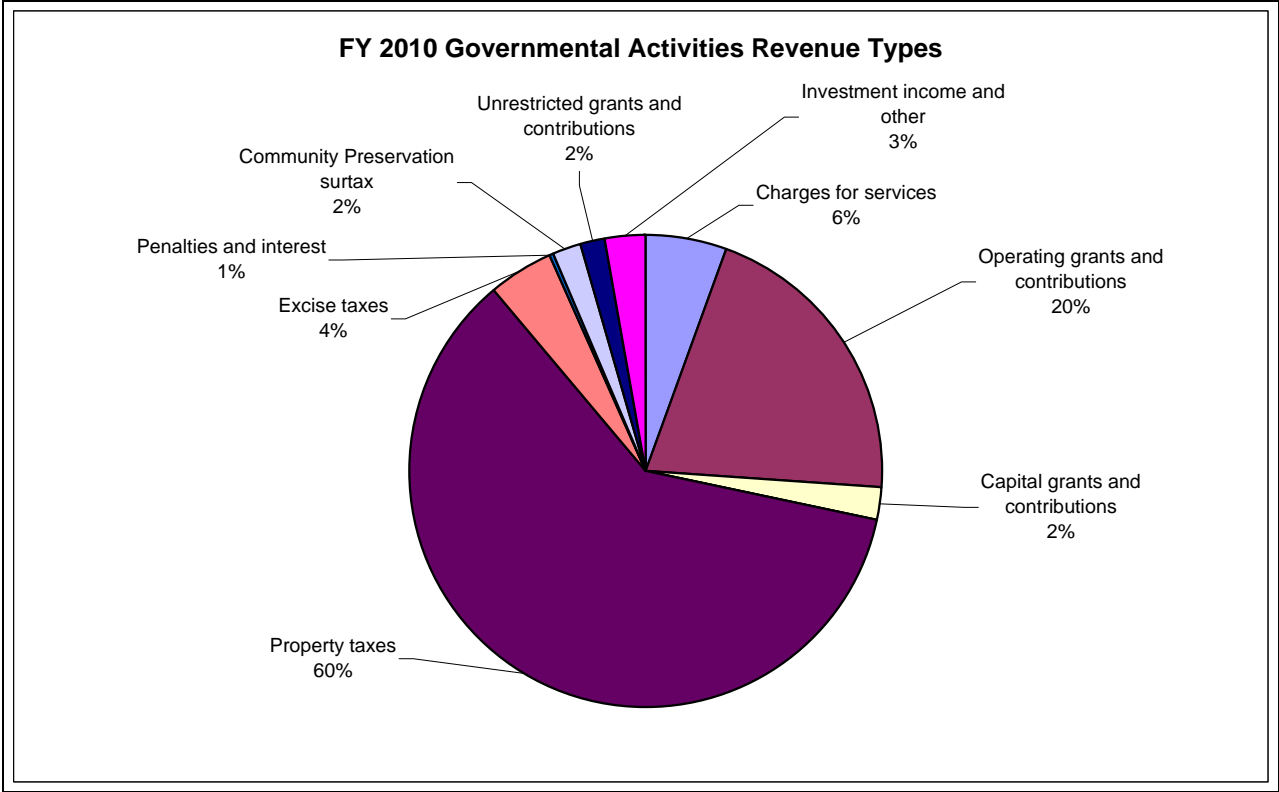
At the end of the current fiscal year, The Town of Barnstable is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

Governmental activities. Governmental activities decreased the Town of Barnstable's net assets by \$5.3 million. Key elements of this decrease are as follows:

- In fiscal year 2008, the Town implemented GASB Statement #45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. In fiscal year 2010, the Town recognized an additional \$6.4 million of postemployment benefits obligation which resulted in a decrease in net assets.
- The Town transferred \$8 million of capital contributions to the Hyannis Youth and Community Center enterprise fund.
- Education expenditures decreased by \$3.1 million which was attributable to a complete school reorganization which included the closure of three additional elementary schools.
- The Town received \$3.4 million in capital grants, which includes \$2.1 million from state funding of Chapter 90 highway projects.

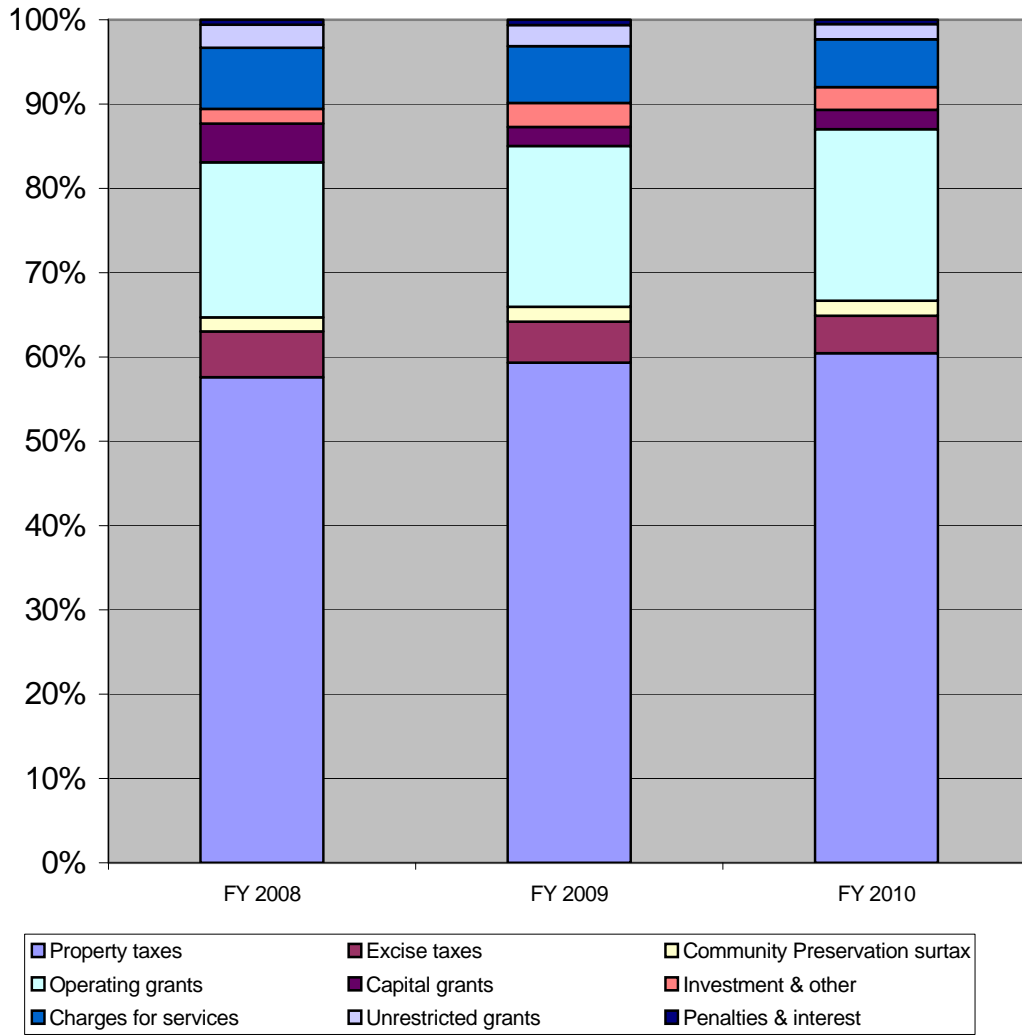
Changes in Net Assets

	Governmental Activities		Business-Type Activities	
	FY 2010	FY 2009	FY 2010	FY 2009
Revenues:				
Program Revenues:				
Charges for services.....	\$ 8,503,130	\$ 10,025,683	\$ 19,896,363	\$ 19,375,068
Operating grants and contributions.....	30,536,034	28,396,710	259,036	436,056
Capital grants and contributions.....	3,444,938	3,334,070	5,468,016	2,881,380
General revenues:				
Property taxes.....	90,663,777	88,253,725	-	-
Excise taxes.....	6,696,086	7,229,870	-	-
Penalties and interest.....	778,660	905,602	-	-
Community Preservation surtax.....	2,651,234	2,619,643	-	-
Unrestricted grants and contributions.....	2,698,754	3,742,347	-	-
Investment income and other.....	4,043,034	4,239,495	163,604	484,857
Total revenues.....	<u>150,015,647</u>	<u>148,747,145</u>	<u>25,787,019</u>	<u>23,177,361</u>
Expenses:				
Charter Commission.....	15,000	46,380	-	-
Town Council.....	390,345	356,983	-	-
Town Manager.....	752,700	675,969	-	-
Administrative services.....	10,318,986	9,691,557	-	-
Growth management.....	2,594,947	3,321,356	-	-
Public safety.....	15,951,164	15,190,576	-	-
Education.....	90,887,000	93,940,477	-	-
Public works.....	12,464,847	14,359,381	-	-
Community services.....	4,334,769	4,762,643	-	-
Regulatory services.....	4,205,724	2,964,772	-	-
Culture and recreation.....	1,689,753	1,727,069	-	-
Interest.....	3,623,266	4,707,186	-	-
Airport.....	-	-	6,034,854	7,062,613
Golf course.....	-	-	2,614,217	2,712,412
Solid waste.....	-	-	2,010,574	2,140,520
Waste water.....	-	-	4,604,835	4,211,888
Water supply.....	-	-	2,393,652	2,222,892
Marina.....	-	-	468,960	493,447
Sandy Neck.....	-	-	501,888	474,332
Hyannis Youth and Community Center.....	-	-	1,970,413	-
Total expenses.....	<u>147,228,501</u>	<u>151,744,349</u>	<u>20,599,393</u>	<u>19,318,104</u>
Change in net assets before transfers.....	2,787,146	(2,997,204)	5,187,626	3,859,257
Transfers, net.....	<u>(8,071,724)</u>	<u>512,103</u>	<u>8,071,724</u>	<u>(512,103)</u>
Change in net assets.....	(5,284,578)	(2,485,101)	13,259,350	3,347,154
Net assets - Beginning of Year (as restated)....	<u>241,035,529</u>	<u>243,520,630</u>	<u>98,296,012</u>	<u>94,948,858</u>
Net assets - End of Year.....	<u><u>\$ 235,750,951</u></u>	<u><u>\$ 241,035,529</u></u>	<u><u>\$ 111,555,362</u></u>	<u><u>\$ 98,296,012</u></u>



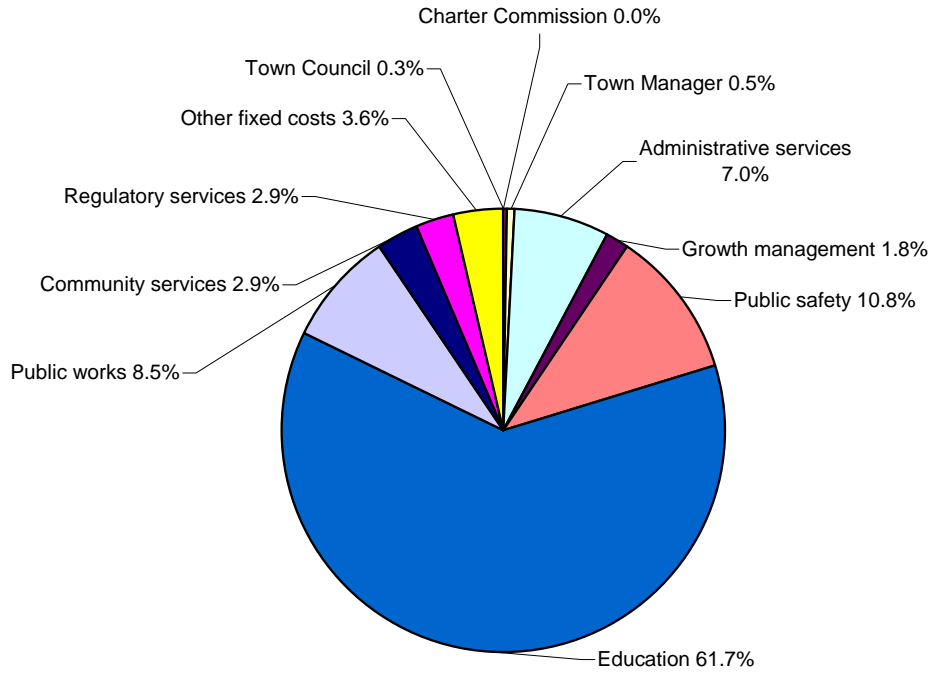
- Charges for services represent 6% of governmental activities resources. The Town can exercise more control over this category of revenue than any other. Fees charged for services rendered that are set by the Council and Manager are included in this category.
- Operating and capital grants and contributions account for 22% of the governmental activities resources. Most of these resources apply to education operations. These resources offset cost 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 60% of all resources.
- Other taxes and other revenues comprise a total of 12% of the governmental activity's resources.

Three Year Comparison of Governmental Activities Revenue Composition



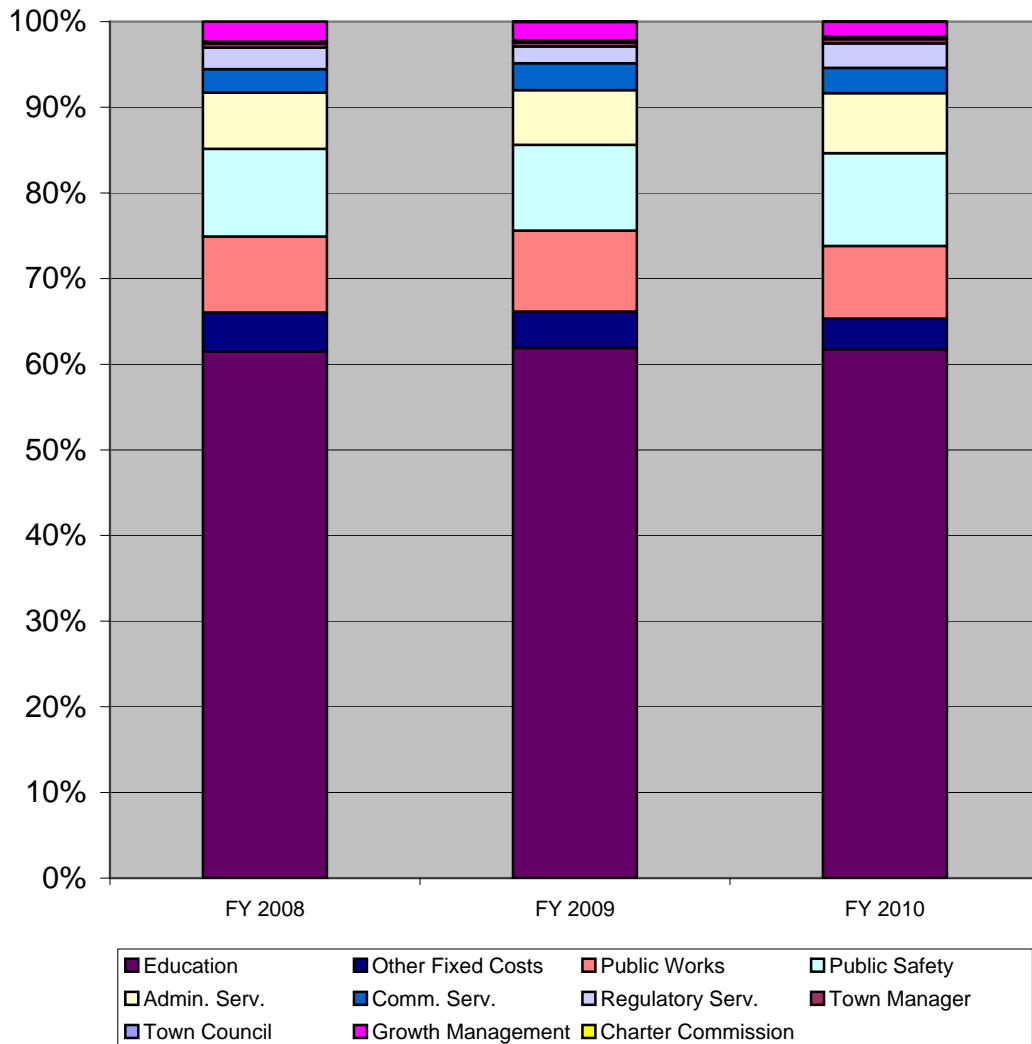
- Property taxes provide approximately 60% of all governmental activity revenue in fiscal year 2010. This represents a 1% increase from fiscal year 2009.
- Operating grants increased 1% or approximately \$2.1 million partly due to the Town receiving American Recovery and Reinvestment Act (ARRA) grant funding in fiscal year 2010.
- All other categories have remained fairly consistent.

FY 2010 Governmental Activity Expenses



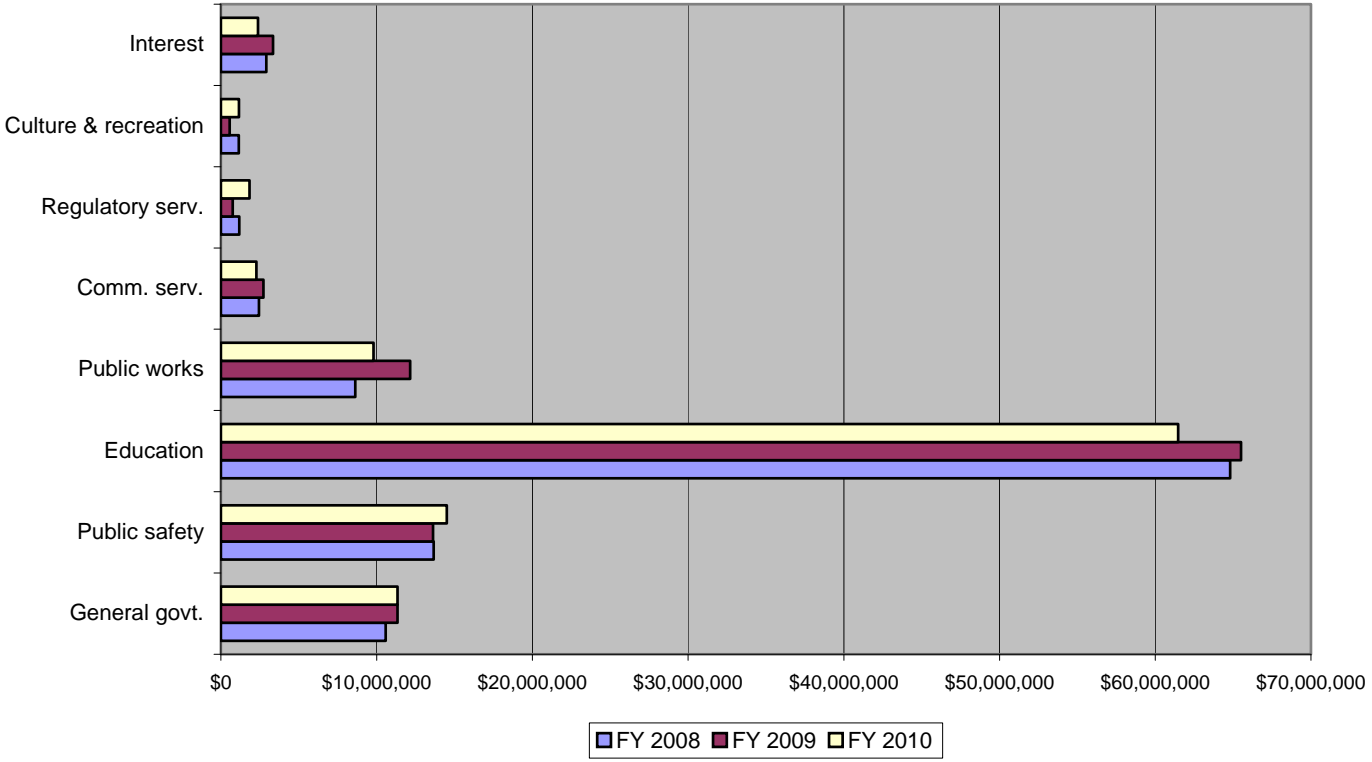
- Education is by far the largest governmental activity of the Town totaling \$90.9 million or 61.7% of all expenses.
- Public safety is the second largest activity consisting of \$16 million each or 10.8%.
- Administrative services is the third largest category at \$10.3 million or 7.0%.
- 84.6% of all governmental activity is associated with public safety, education, public works, and other fixed costs. The remaining activity, or 15.4%, is associated with community services, regulatory services, growth management, administrative services, town council, town manager and charter commission.

Three Year Comparison of Governmental Activities Expense Composition



- Education is by far the largest category of governmental activity expenses and has consistently been above 60% of all expenses.
- Public safety, public works and other fixed costs are the other three main expense categories, as these expenses along with education comprise 84.6% of the Town's governmental activity expenses.

Net Expense (Revenue) By Function

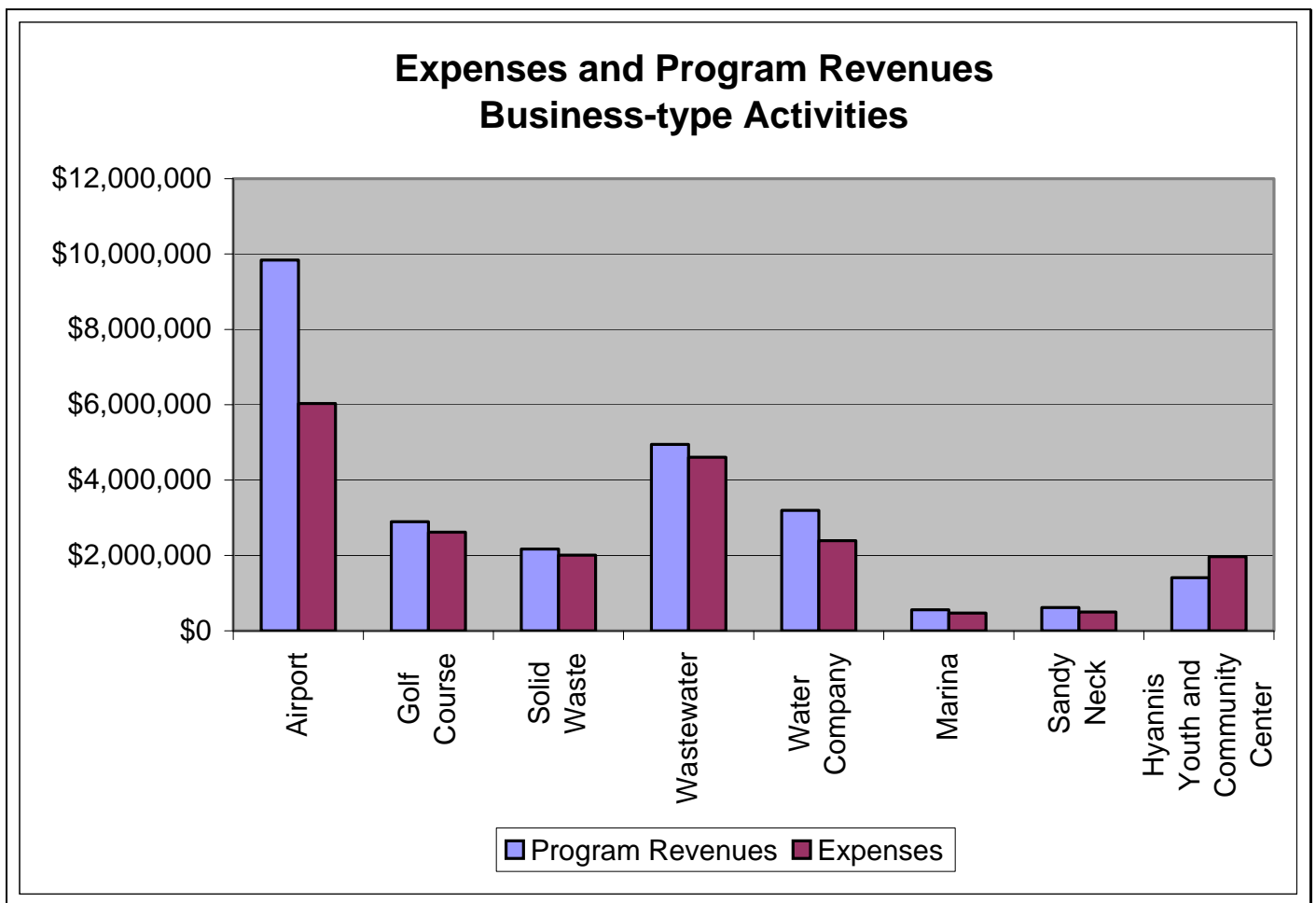


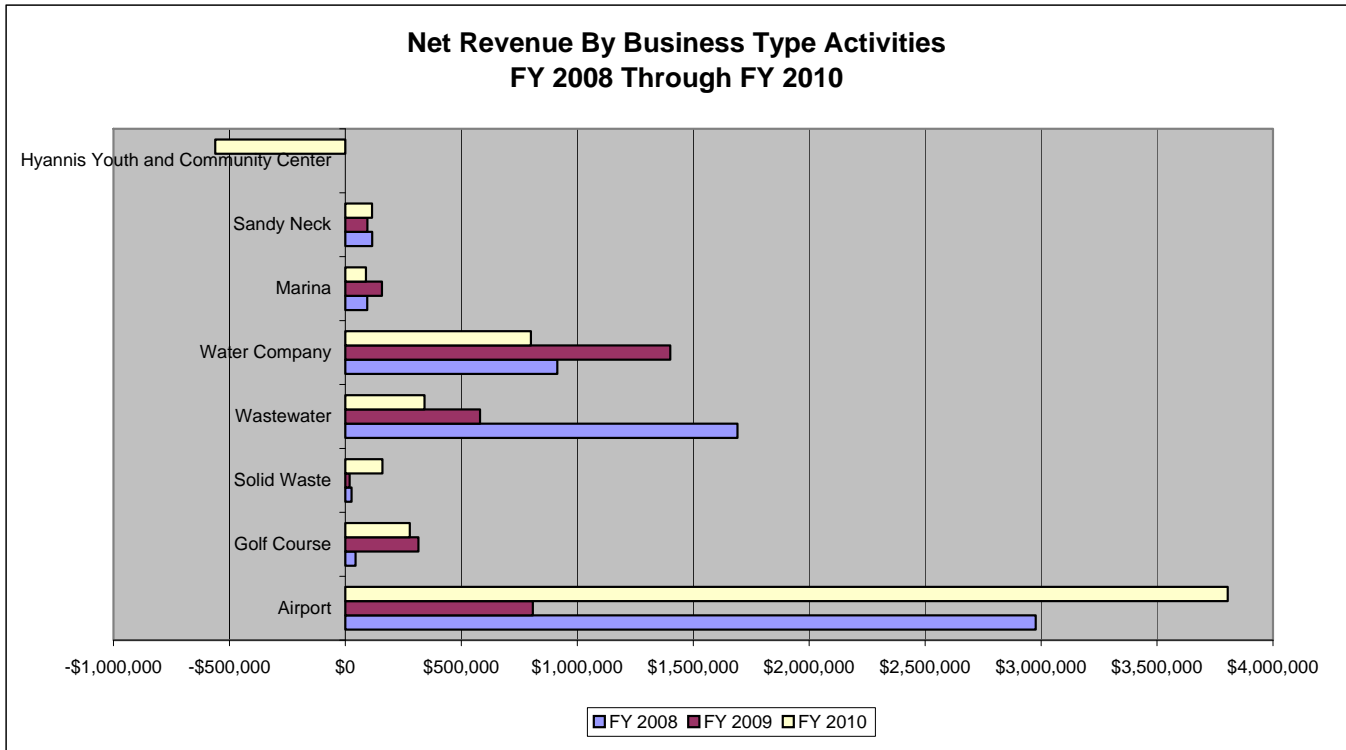
The change in the net expenses by function from year to year is useful to understand where tax dollars and other general revenues not restricted for particular purposes are being allocated.

- Education realized the largest decrease in net expenses from fiscal year 2009 to fiscal year 2010 (\$3.1 million). This was due to budget cuts and a school reorganization which included the closure of three schools.
- Public works realized the second largest decrease in net expenses from fiscal year 2009 to fiscal year 2010 due to expenditures in fiscal year 2009 that were not subject to capitalization.

Business-type activities. Business-type activities increased the Town of Barnstable’s net assets by \$13.3 million. Key elements of this increase are as follows:

- \$3.4 million was attributable to airport operations. This was up from the prior year increase of \$460,000 due to capital contributions received in fiscal year 2010 totaling \$4.3 million.
- \$54,000 was attributable to golf course operations.
- (\$141,000) was attributable to solid waste operations.
- (\$100,000) was attributable to wastewater operations.
- \$937,000 was attributable to water supply operations.
- \$45,000 was attributable to the marina enterprise fund.
- \$69,000 was attributable to the sandy neck recreation fund.
- \$9 million was attributable to the Hyannis Youth and Community Center of which \$8 million was due to a capital contribution from governmental activities.
- The business-type activities transferred \$1.7 million of its net operating income to governmental activities to pay for cost associated with running the business-type activities which are budgeted and paid for out of governmental activities.





- All business type activities have generated net revenue for the past three years except for the Hyannis Youth and Community Center. Fiscal year 2010 was the first year of operations for the Hyannis Youth and Community Center as an enterprise fund.
- The airport realized an increase in their net revenue generated from fiscal year 2009 to fiscal year 2010. This is principally due to \$4.3 million in capital grant revenue for the airport renovation project.

Financial Analysis of the Government’s Funds

As noted earlier, The Town of Barnstable 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, unreserved fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the Town of Barnstable’s governmental funds reported combined ending fund balances of \$80.6 million, a decrease of \$200,000 in comparison with the prior year.

The general fund is the chief operating fund of the Town of Barnstable. At the end of the current fiscal year, unreserved fund balance of the general fund totaled \$14.9 million, while total fund balance was \$17.7 million. As a measure of the general fund’s liquidity, it may be useful to compare both unreserved fund balance and the total fund balance to total fund expenditures.

Analysis of Fund Balance and General Fund Expenditures

	FY 2008	FY 2009	FY 2010
Unreserved fund balance	\$ 19,740,195	\$ 15,179,666	\$ 14,901,926
Total fund balance	\$ 21,629,194	\$ 16,421,305	\$ 17,718,451
Total General Fund expenditures	\$ 126,818,702	\$ 132,030,567	\$ 126,997,099
Unreserved fund balance as a % of total GF expenditures	15.57%	11.50%	11.73%
Total fund balance as a % of total GF expenditures	17.06%	12.44%	13.95%

Unreserved fund balance and total fund balance as a percentage of total general fund expenditures increased in fiscal year 2010 from the fiscal year 2009 levels, but have not reached fiscal year 2008 levels. The Town's general fund expenditures have grown from \$126.8 million in fiscal year 2008 to \$127 million in fiscal year 2010.

The Town has planned to use \$955,000 of unreserved fund balance to balance the fiscal year 2011 general fund budget, which is reported as designated for subsequent year's expenditures.

General Fund Comparison

	FY 2008	FY 2009	FY 2010	Increase (Decrease) FY08-FY10
Cash and investments	\$ 24,585,564	\$ 21,587,773	\$ 22,483,648	\$ (2,101,916)
Receivables and other assets	\$ 40,949,041	\$ 36,628,152	\$ 35,779,430	\$ (5,169,611)
Total liabilities	\$ 43,905,412	\$ 41,794,619	\$ 40,544,627	\$ (3,360,785)
Reserved fund balance	\$ 1,888,999	\$ 1,241,639	\$ 2,816,525	\$ 927,526
Unreserved fund balance	\$ 19,740,195	\$ 15,179,667	\$ 14,901,926	\$ (4,838,269)
Revenues	\$ 125,450,530	\$ 126,169,231	\$ 128,536,305	\$ 3,085,775
Expenditures	\$ 126,818,702	\$ 132,030,576	\$ 126,997,099	\$ 178,397

- Cash and investments have decreased mainly as a result of the planned use of reserves to balance the operating budget and to finance the municipal stabilization fund.
- Receivables have decreased by \$5.2 million from fiscal year 2008, mostly due to receipts coming in from state reimbursement programs.
- Reserved fund balance has increased mainly due to year-end encumbrances.
- The \$3.1 million increase in revenue is comprised mostly of the increase of \$4.7 million in property tax growth and \$2.1 million in intergovernmental revenue and the decrease of \$1.4 million in motor vehicle and other excise tax.
- The \$178,000 growth in expenditures was mainly concentrated in pension benefits as it increased \$3.1 million. Offset by a decrease in education of \$2.8 million.
- Unreserved fund balance has decreased by \$4.8 million over the past three years mainly as a result of the planned use of high reserves to maintain operations and to finance the Town's municipal stabilization fund.

	Fund Balance			Increase (Decrease)
	FY 2008	FY 2009	FY 2010	FY08-FY10
Municipal Stabilization Fund	\$ 12,379,306	\$ 13,530,478	\$ 11,638,017	\$ (741,289)
Pension Stabilization	\$ 3,557,803	\$ 2,851,534	\$ 2,783,603	\$ (774,200)
Insurance Stabilization	\$ 600,734	\$ 645,944	\$ 680,165	\$ 79,431
Capital Projects	\$ 34,643,214	\$ 15,845,729	\$ 15,837,839	\$ (18,805,375)
Chapter 90 Highway	\$ -	\$ -	\$ -	\$ -
Community Preservation Fund	\$ 9,584,725	\$ 9,028,520	\$ 10,082,856	\$ 498,131
Nonmajor Governmental Funds	\$ 21,103,921	\$ 22,526,078	\$ 21,908,895	\$ 804,974

The fund balance in the municipal purpose stabilization fund has decreased \$741,000 since fiscal year 2008. 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 (\$6.7 million in fiscal year 2010) 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 fiscal year.

The fund balance in the pension stabilization fund decreased \$774,000 since fiscal year 2008 which is mainly attributed to transfers and a negative return on investments.

The fund balance in the insurance fund increased \$79,000 since fiscal year 2008. This is attributable to return on investments which have been positive for the past year reducing the declines.

The capital projects fund has decreased by \$18.8 million since fiscal year 2008. This is due to the Town's ongoing capital construction and improvement projects. In fiscal year 2010, the Town's major project included \$5.4 million for the Hyannis Youth and Community Center.

The Chapter 90 highway projects fund reported expenditures of \$999,000 against \$999,000 of reimbursements on projects in fiscal year 2010 which are fully supported by state grants on a reimbursable basis.

The community preservation fund balance has increased by \$498,000 since fiscal year 2008. This is principally due to unexpended bond proceeds issued in fiscal year 2010.

The nonmajor funds increased in fund balance by approximately \$805,000 since fiscal year 2008. During fiscal year 2010, revenues exceeded expenditures by \$2.9 million and transfers netted to (\$3.6) 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 \$126,000 increase from the original budget to the final amended budget resulted from a supplemental appropriation to fund additional town elections.

General fund revenues came in less than budgeted by \$1.9 million. Several categories of revenues came in under budget and several exceeded the budget, including charges for services, fees and rentals, licenses and permits, and investment income. Investment income realized the largest positive variance at \$132,000.

General Fund expenditures came in approximately \$2.2 million less than budgeted. All departments realized budget savings except for the Department of Public Works (DPW). The DPW's budget was over expended as a result of excessive snow and ice removal costs. This is an area where municipalities are allowed to deficit spend under state law. The deficit is raised on the subsequent year's budget which amounted to \$710,000 for fiscal year 2010.

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, 2010 amount to \$353.7 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements to land and buildings, machinery and equipment, vehicles, roads, sidewalks, bridges, runways and sewer lines. The total increase in the Town of Barnstable's net investment in capital assets for the current fiscal year was \$16.1 million (a \$3.5 million increase for governmental activities and a \$12.6 million increase for business-type activities).

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

- The Town spent \$911,000 on land improvements.
- The Town spent \$1.4 million for various infrastructure improvements including roads, drainage and sidewalks.
- The Town spent \$7 million on various building improvements. Of this amount \$5.4 million was spent on the new Hyannis Youth and Community Center.
- The Town spent \$18.3 million on construction in progress. Of this amount \$4.5 million was spent on DPW projects, \$4.3 million was spent on wastewater projects, \$2.6 million was spent on the design of the new airport terminal, \$1.4 million was spent on water projects, \$3.3 million was spent on the Hyannis Youth and Community Center, and \$2.2 million was spent on miscellaneous projects.

Capital Assets

	Cost of Capital Assets at end of year	Accumulated Depreciation at end of year	Capital Assets, net
	<u> </u>	<u> </u>	<u> </u>
Governmental activities			
<u>Function:</u>			
General government.....	\$ 10,734,506	\$ (4,928,354)	\$ 5,806,152
Public safety.....	10,248,741	(6,355,825)	3,892,916
Education.....	128,831,479	(60,370,884)	68,460,595
Public works.....	101,954,346	(35,946,263)	66,008,083
Regulatory services.....	70,711,581	(875,767)	69,835,814
Community services.....	12,178,265	(4,633,350)	7,544,915
	<u>334,658,918</u>	<u>(113,110,443)</u>	<u>221,548,475</u>
Business-type activities			
<u>Function:</u>			
Airport.....	57,095,424	(16,935,432)	40,159,992
Golf.....	17,398,259	(3,244,735)	14,153,524
Solid Waste.....	4,497,445	(1,843,063)	2,654,382
Wastewater.....	47,520,877	(12,622,979)	34,897,898
Water Supply.....	12,912,167	(709,230)	12,202,937
Marina.....	4,931,358	(1,177,686)	3,753,672
Sandy Neck recreation.....	283,089	(137,506)	145,583
Hyannis Youth and Community Center.....	24,217,739	-	24,217,739
	<u>168,856,358</u>	<u>(36,670,631)</u>	<u>132,185,727</u>
Grand Total.....	\$ <u>503,515,276</u>	\$ <u>(149,781,074)</u>	\$ <u>353,734,202</u>

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 fiscal year, the Town of Barnstable had total bonded debt outstanding of \$139.7 million. The entire amount is classified as general obligation debt and is backed by the full faith and credit of the Town. The Town has no revenue bonds outstanding, which are bonds secured solely by specified revenue sources.

Governmental Activities:

Projects	Interest Rate (%)	Outstanding at June 30, 2009	Issued	Redeemed	Outstanding at June 30, 2010
Land Acquisitions.....	3.51 - 5.00	\$ 3,026,000	\$ -	\$ (239,000)	\$ 2,787,000
Community Preservation Fund					
Land Acquisitions.....	3.25 - 5.00	24,085,000	-	(1,790,000)	22,295,000
Schools.....	2.50 - 5.00	46,450,364	1,936,000	(4,481,859)	43,904,505
Roads.....	2.74 - 5.00	4,596,000	11,730	(981,000)	3,626,730
Title V Loan Program.....	0.00	784,571	-	(50,420)	734,151
Public Buildings.....	3.39 - 5.00	4,677,390	2,243,020	(522,590)	6,397,820
Improvements.....	3.5-4.75	1,901,000	74,000	(162,000)	1,813,000
Dredging.....	4.20	943,800	419,250	(241,800)	1,121,250
Drainage.....	3.39 - 6.00	611,300	-	(146,300)	465,000
Sewer Planning.....	4.07	1,517,642	-	(228,644)	1,288,998
Aerial Mapping.....	3.61	240,000	-	(65,000)	175,000
Lake Treatment.....	3.00	-	275,000	-	275,000
Total Bonds Payable.....		<u>\$ 88,833,067</u>	<u>\$ 4,959,000</u>	<u>\$ (8,908,613)</u>	<u>\$ 84,883,454</u>

Business-type Activities:

Projects	Interest Rate (%)	Outstanding at June 30, 2009	Issued	Redeemed	Outstanding at June 30, 2010
Golf Course.....	5.00	\$ 4,266,462	\$ -	\$ (426,462)	\$ 3,840,000
Wastewater.....	0.00 - 4.75	16,734,314	3,285,646	(1,545,149)	18,474,811
Water.....	4.00 - 5.00	9,325,000	2,788,911	(360,000)	11,753,911
Solid Waste Transfer Station.....	0.00 - 4.50	4,758,827	-	(420,100)	4,338,727
Sandy Neck.....	4.00	50,000	-	(20,000)	30,000
Marinas.....	3.00 - 5.00	1,350,000	-	(100,000)	1,250,000
Hyannis Youth and Community Center.....	3.375 - 5.00	15,961,000	-	(869,000)	15,092,000
Total Bonds Payable.....		<u>\$ 52,445,603</u>	<u>\$ 6,074,557</u>	<u>\$ (3,740,711)</u>	<u>\$ 54,779,449</u>

The Town of Barnstable's total long-term debt decreased by \$1.6 million during the current fiscal year. The decrease was the net result of the issuance of \$11 million in new long-term debt used to finance new capital projects and principal payments of approximately \$12.6 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 \$807 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 continues to languish as unemployment and housing inventory remain high. Property taxes from new building growth in fiscal year 2011 is estimated to be approximately \$690,000, well below the recent growth figure of \$1.2 million in fiscal year 2008, but better than fiscal year 2010 which was \$618,000. The Town is estimating only \$450,000 of property taxes from new building growth in fiscal year 2012; recovering to \$1 million by fiscal year 2017.
- Motor vehicle excise taxes are projected to decline \$100,000 in fiscal year 2011 due to the struggling job market and a reshaping of the auto industry. It is expected to recover by fiscal year 2013. Fewer new cars are being purchased and more of the new cars purchased tend to be less expensive fuel efficient models. This has a direct impact on the excise tax collected by the town as the tax bill is based on the MSRP of the vehicle.
- Hotel/Motel excise taxes are projected to increase \$100,000 due to a slight recovery in the tourism industry. The summer of 2010 resulted in more visits and increased occupancy rates. The Town's first excise tax payment in fiscal year 2011 was 4.5% higher than the previous year's. In addition, the Town Council approved an increase in the rate from 4% to 6% effective October 1, 2010. This should generate an additional \$750,000 of new revenue annually.
- The Town Council approved a local meals tax rate of 0.75% effective October 1, 2010. The estimated annual revenue from this new tax is \$1 million.
- Chapter 70 Aid for education and unrestricted general government aid are both expected to decline another 5% in fiscal year 2011, or \$450,000 as the state struggles with a \$2 billion structural budget gap. There could be as much as a 20% decline in these areas if Question 3 on the state ballot is passed by the voters.
- Interest rates on investments continue to be the lowest in years. The Town estimates that general fund investment income will be \$150,000 less in fiscal year 2011.
- Interest rates on bond issues are at historical lows and this trend is expected to continue in fiscal year 2011. The Town has several projects to be bonded in fiscal year 2011 and is expecting the net interest costs on the borrowing not to exceed 3.5%.
- Consumer price inflation is currently low which should have positive impact on the Town's utility and fuel costs in fiscal year 2011.
- The fiscal year 2011 General Fund operating budget is level funded with the fiscal year 2010 budget at \$127.6 million. Total budget reductions of just over \$400,000 were made in the development of the fiscal year 2011 approved budget.
- Fixed costs declined by \$300,000 in fiscal year 2011 mainly as a result of a reduction in the budget for unemployment. The Town eliminated over 90 positions in fiscal year 2010 requiring a much higher budget for unemployment costs.
- The largest fiscal year 2011 general fund operating budget of \$57.5 million was in the School Department which saw a \$337,000 reduction in its fiscal year 2011 budget. This is followed by \$11.4 million for the Police Department, \$8.3 million for the Department of Public Works, \$2.6 million the Community Services Department, \$5.3 million for the Administrative Services Department, \$973,000

for the Growth Management Department, \$916,000 for the Town Manager's and Town Council operations, and \$2.3 million for the Regulatory Services Department.

- Fiscal year 2011 workforce reductions included the elimination of one vacant full-time position in Growth Management and the transfer of 4.15 FTE's in the general fund to revolving and enterprise funds.
- Fiscal year 2011 is a non-revaluation year for the Town of Barnstable. There is no significant change expected to the town-wide property value of \$13.4 billion. Selling prices in the real estate market have appeared to level off.
- The estimated tax levy for fiscal year 2011 is \$94.4 million, or \$2.6 million higher than fiscal year 2010.
- The fiscal year 2011 single town tax rate is estimated to increase to \$7.07 per \$1,000 of valuation. This is \$0.20 higher than the fiscal year 2010 single tax rate. The median home value in town is approximately \$311,000. This equates to a \$62 increase in the median tax bill.
- The Town Council has not yet held the fiscal year 2011 tax classification hearing in which it may to decide to shift more of the tax levy to the commercial, industrial and personal property classes. In addition, the Council may decide to implement a residential exemption of up to 20% as it has done in years past. Both of these factors will impact the single tax rate if implemented.

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, 1st Floor, School Administration Building, 230 South Street, Hyannis, MA, 02601.

Basic Financial Statements

STATEMENT OF NET ASSETS

JUNE 30, 2010

	Primary Government			Component
	Governmental Activities	Business-type Activities	Total	Units
				Libraries
ASSETS				
CURRENT:				
Cash and cash equivalents.....	\$ 50,651,950	\$ 13,745,371	\$ 64,397,321	\$ 1,272,382
Investments.....	35,099,346	14,645,043	49,744,389	8,499,508
Receivables, net of allowance for uncollectibles:				
Real estate and personal property taxes.....	6,240,518	-	6,240,518	-
Tax liens.....	510,021	-	510,021	-
Wastewater liens.....	-	6,563	6,563	-
Motor vehicle and other excise taxes.....	1,149,913	-	1,149,913	-
User fees.....	-	2,529,980	2,529,980	-
Community Preservation Fund surtaxes.....	159,602	-	159,602	-
Departmental and other.....	309,933	-	309,933	116,609
Special assessments.....	9,003	229,620	238,623	-
Intergovernmental.....	12,836,475	13,669,641	26,506,116	250,872
Tax foreclosures.....	1,185,252	-	1,185,252	-
Inventory.....	-	175,045	175,045	2,664
Prepaid expenses.....	-	-	-	12,429
Total current assets.....	<u>108,152,013</u>	<u>45,001,263</u>	<u>153,153,276</u>	<u>10,154,464</u>
NONCURRENT:				
Receivables, net of allowance for uncollectibles:				
Special assessments.....	627,482	1,842,321	2,469,803	-
Intergovernmental.....	22,516,200	2,161,489	24,677,689	-
Other assets.....	18,102	-	18,102	-
Capital assets, net of accumulated depreciation:				
Depreciable.....	133,850,948	54,604,944	188,455,892	2,599,724
Nondepreciable.....	87,697,527	77,580,783	165,278,310	188,158
Total noncurrent assets.....	<u>244,710,259</u>	<u>136,189,537</u>	<u>380,899,796</u>	<u>2,787,882</u>
TOTAL ASSETS.....	<u>352,862,272</u>	<u>181,190,800</u>	<u>534,053,072</u>	<u>12,942,346</u>
LIABILITIES				
CURRENT:				
Warrants payable.....	1,500,334	3,545,013	5,045,347	40,553
Accrued liabilities.....	268,033	11,177	279,210	3,294
Accrued payroll.....	6,127,281	224,256	6,351,537	-
Tax refunds payable.....	235,000	-	235,000	-
Accrued interest.....	782,611	353,395	1,136,006	-
Other liabilities.....	208,691	51,993	260,684	21,958
Unearned membership revenue.....	-	583,012	583,012	-
Customer deposits payable.....	12,501	-	12,501	-
Landfill closure.....	-	70,000	70,000	-
Compensated absences.....	2,300,601	262,329	2,562,930	-
Workers' compensation.....	151,000	50,000	201,000	-
Bonds and notes payable.....	10,129,339	9,459,511	19,588,850	-
Total current liabilities.....	<u>21,715,391</u>	<u>14,610,686</u>	<u>36,326,077</u>	<u>65,805</u>
NONCURRENT:				
Landfill closure.....	-	1,120,000	1,120,000	-
Compensated absences.....	531,755	42,734	574,489	-
Workers' compensation.....	247,000	198,000	445,000	-
Other postemployment benefits obligation.....	19,138,060	2,471,000	21,609,060	-
Bonds and notes payable.....	75,479,115	51,193,018	126,672,133	-
Total noncurrent liabilities.....	<u>95,395,930</u>	<u>55,024,752</u>	<u>150,420,682</u>	<u>-</u>
TOTAL LIABILITIES.....	<u>117,111,321</u>	<u>69,635,438</u>	<u>186,746,759</u>	<u>65,805</u>
NET ASSETS				
Invested in capital assets, net of related debt.....	167,732,404	90,826,987	258,559,391	2,787,882
Restricted for:				
Capital projects.....	6,669,155	-	6,669,155	-
Permanent funds:				
Expendable.....	1,022,510	-	1,022,510	-
Nonexpendable.....	9,504,307	-	9,504,307	-
Grants and gifts.....	5,060,638	-	5,060,638	-
Unrestricted.....	45,761,937	20,728,375	66,490,312	10,088,659
TOTAL NET ASSETS.....	<u>\$ 235,750,951</u>	<u>\$ 111,555,362</u>	<u>\$ 347,306,313</u>	<u>\$ 12,876,541</u>

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED JUNE 30, 2010

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Primary Government:					
<i>Governmental Activities:</i>					
Charter Commission.....	\$ 15,000	\$ -	\$ -	\$ -	\$ (15,000)
Town Council.....	390,345	-	-	-	(390,345)
Town Manager.....	752,700	35,140	-	-	(717,560)
Administrative services.....	10,318,986	755,951	607,730	525,308	(8,429,997)
Growth management.....	2,594,947	18,955	-	795,358	(1,780,634)
Public safety.....	15,951,164	622,958	830,577	-	(14,497,629)
Education.....	90,887,000	2,599,327	26,816,908	-	(61,470,765)
Public works.....	12,464,847	71,924	504,180	2,091,445	(9,797,298)
Community services.....	4,334,769	1,569,081	460,226	27,000	(2,278,462)
Regulatory services.....	4,205,724	2,296,375	67,015	5,827	(1,836,507)
Culture and recreation.....	1,689,753	533,419	-	-	(1,156,334)
Interest.....	3,623,266	-	1,249,398	-	(2,373,868)
Total Governmental Activities.....	147,228,501	8,503,130	30,536,034	3,444,938	(104,744,399)
<i>Business-Type Activities:</i>					
Airport activities.....	6,034,854	5,490,285	-	4,349,634	3,805,065
Golf Course activities.....	2,614,217	2,891,917	-	-	277,700
Solid Waste activities.....	2,010,574	2,070,045	-	99,939	159,410
Wastewater activities.....	4,604,835	3,927,176	-	1,018,443	340,784
Water Supply activities.....	2,393,652	3,193,402	-	-	799,750
Marina activities.....	468,960	557,513	-	-	88,553
Sandy Neck activities.....	501,888	616,104	-	-	114,216
Hyannis Youth and Community Center activities.....	1,970,413	1,149,921	259,036	-	(561,456)
Total Business-Type Activities.....	20,599,393	19,896,363	259,036	5,468,016	5,024,022
Total Primary Government.....	\$ 167,827,894	\$ 28,399,493	\$ 30,795,070	\$ 8,912,954	\$ (99,720,377)
Component Units:					
Libraries.....	\$ 2,927,874	\$ 272,005	\$ 3,612,215	\$ -	\$ 956,346

(Continued)

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED JUNE 30, 2010

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	Libraries
Changes in net assets:				
Net (expense) revenue from previous page.....	\$ (104,744,399)	\$ 5,024,022	\$ (99,720,377)	\$ 956,346
<i>General revenues:</i>				
Real estate and personal property taxes, net of tax refunds payable.....	90,663,777	-	90,663,777	-
Motor vehicle and other excise taxes.....	5,206,615	-	5,206,615	-
Hotel/motel tax.....	1,489,471	-	1,489,471	-
Penalties and interest on taxes.....	778,660	-	778,660	-
Community Preservation Fund surtax.....	2,651,234	-	2,651,234	-
Grants and contributions not restricted to specific programs.....	2,698,754	-	2,698,754	-
Unrestricted investment income (loss).....	3,722,928	163,604	3,886,532	732,651
Gain on sale of capital assets.....	31,831	-	31,831	-
Miscellaneous.....	25,968	-	25,968	-
Legal settlements.....	262,307	-	262,307	-
<i>Transfers, net</i>	<u>(8,071,724)</u>	<u>8,071,724</u>	<u>-</u>	<u>-</u>
Total general revenues and transfers.....	<u>99,459,821</u>	<u>8,235,328</u>	<u>107,695,149</u>	<u>732,651</u>
Change in net assets.....	(5,284,578)	13,259,350	7,974,772	1,688,997
<i>Net Assets:</i>				
Beginning of year (as restated)	<u>241,035,529</u>	<u>98,296,012</u>	<u>339,331,541</u>	<u>11,187,544</u>
End of year.....	\$ <u><u>235,750,951</u></u>	\$ <u><u>111,555,362</u></u>	\$ <u><u>347,306,313</u></u>	\$ <u><u>12,876,541</u></u>

(Concluded)

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2010

ASSETS	General	Municipal Purpose Stabilization	Pension Stabilization	Insurance Stabilization	Capital Projects
Cash and cash equivalents.....	\$ 11,667,281	\$ 409,631	\$ 62,973	\$ 16,926	\$ 15,765,556
Investments.....	10,816,367	11,228,386	2,720,630	663,239	-
Receivables, net of uncollectibles:					
Real estate and personal property taxes.....	6,240,518	-	-	-	-
Tax liens.....	502,046	-	-	-	-
Motor vehicle and other excise taxes.....	1,149,913	-	-	-	-
Community Preservation Fund surtaxes.....	-	-	-	-	-
Departmental and other.....	307,784	-	-	-	-
Special assessments.....	-	-	-	-	-
Intergovernmental.....	26,375,815	-	-	-	1,060,584
Tax foreclosures.....	1,185,252	-	-	-	-
Due from other funds.....	-	-	-	-	78,221
Other assets.....	18,102	-	-	-	-
TOTAL ASSETS.....	\$ 58,263,078	\$ 11,638,017	\$ 2,783,603	\$ 680,165	\$ 16,904,361
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Warrants payable.....	\$ 643,122	\$ -	\$ -	\$ -	\$ 328,310
Accrued liabilities.....	268,033	-	-	-	-
Accrued payroll.....	5,662,840	-	-	-	13,212
Tax refunds payable.....	235,000	-	-	-	-
Liabilities due depositors.....	12,501	-	-	-	-
Other liabilities.....	48,494	-	-	-	-
Deferred revenues.....	33,674,637	-	-	-	-
Due to other funds.....	-	-	-	-	-
Notes payable.....	-	-	-	-	725,000
TOTAL LIABILITIES.....	40,544,627	-	-	-	1,066,522
FUND BALANCES:					
Reserved for:					
Encumbrances and continuing appropriations.....	2,816,525	-	-	-	-
Perpetual permanent funds.....	-	-	-	-	-
Unreserved:					
Designated for subsequent year's expenditures.....	954,758	-	-	-	-
Undesignated, reported in:					
General fund.....	13,947,168	-	-	-	-
Special revenue funds.....	-	11,638,017	2,783,603	680,165	-
Capital projects funds.....	-	-	-	-	15,837,839
Permanent funds.....	-	-	-	-	-
TOTAL FUND BALANCES (DEFICIT).....	17,718,451	11,638,017	2,783,603	680,165	15,837,839
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 58,263,078	\$ 11,638,017	\$ 2,783,603	\$ 680,165	\$ 16,904,361

See notes to basic financial statements.

Chapter 90 Highway Projects	Community Preservation Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 10,085,261	\$ 12,644,322	\$ 50,651,950
-	-	9,670,724	35,099,346
-	-	-	6,240,518
-	7,975	-	510,021
-	-	-	1,149,913
-	159,602	-	159,602
-	-	2,149	309,933
-	-	636,485	636,485
6,741,037	760,719	414,520	35,352,675
-	-	-	1,185,252
-	-	-	78,221
-	-	-	18,102
<u>\$ 6,741,037</u>	<u>\$ 11,013,557</u>	<u>\$ 23,368,200</u>	<u>\$ 131,392,018</u>
\$ 320,197	\$ 1,529	\$ 207,176	\$ 1,500,334
-	-	-	268,033
-	821	450,408	6,127,281
-	-	-	235,000
-	-	-	12,501
-	54	160,143	208,691
6,342,619	928,297	641,578	41,587,131
78,221	-	-	78,221
-	-	-	725,000
<u>6,741,037</u>	<u>930,701</u>	<u>1,459,305</u>	<u>50,742,192</u>
-	-	-	2,816,525
-	-	9,504,307	9,504,307
-	-	-	954,758
-	-	-	13,947,168
-	10,082,856	11,382,078	36,566,719
-	-	-	15,837,839
-	-	1,022,510	1,022,510
<u>-</u>	<u>10,082,856</u>	<u>21,908,895</u>	<u>80,649,826</u>
<u>\$ 6,741,037</u>	<u>\$ 11,013,557</u>	<u>\$ 23,368,200</u>	<u>\$ 131,392,018</u>

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

JUNE 30, 2010

Total governmental fund balances.....	\$	80,649,826
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....		221,548,475
Accounts receivable are not available to pay for current-period expenditures and, therefore, are deferred in the funds.....		41,587,131
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....		(782,611)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds		
Bonds and notes payable.....	(84,883,454)	
Workers' compensation.....	(398,000)	
Compensated absences.....	(2,832,356)	
Other postemployment benefits obligation.....	<u>(19,138,060)</u>	
Net effect of reporting long-term liabilities.....		<u>(107,251,870)</u>
Net assets of governmental activities.....	\$	<u>235,750,951</u>

See notes to basic financial statements.

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

FISCAL YEAR ENDED JUNE 30, 2010

	General	Municipal Purpose Stabilization	Pension Stabilization	Insurance Stabilization	Capital Projects
REVENUES:					
Real estate and personal property taxes, net of tax refunds.....	\$ 89,592,295	\$ -	\$ -	\$ -	\$ -
Motor vehicle and other excise taxes.....	5,249,626	-	-	-	-
Hotel/motel tax.....	1,481,471	-	-	-	-
Charges for services.....	1,528,746	-	-	-	-
Penalties and interest on taxes.....	1,070,307	-	-	-	-
Fees and rentals.....	929,313	-	-	-	-
Licenses and permits.....	1,606,421	-	-	-	-
Intergovernmental.....	24,491,472	-	-	-	174,075
Departmental and other.....	693,298	-	-	-	-
Special assessments.....	97,197	-	-	-	-
Community Preservation Fund surtax.....	-	-	-	-	-
Contributions.....	-	-	-	-	-
Investment income.....	1,796,159	623,736	309,166	35,867	-
Miscellaneous.....	-	-	-	-	262,658
Legal settlements.....	-	-	-	-	-
TOTAL REVENUES.....	128,536,305	623,736	309,166	35,867	436,733
EXPENDITURES:					
Current:					
Charter Commission.....	15,000	-	-	-	-
Town Council.....	321,346	-	-	-	-
Town Manager.....	600,291	-	-	-	-
Administrative services.....	5,186,289	29,217	7,097	1,646	41,156
Growth management.....	888,274	-	-	-	-
Public safety.....	11,421,975	-	-	-	311,818
Education.....	59,805,093	-	-	-	1,408,775
Public works.....	8,276,690	-	-	-	3,425,907
Community services.....	2,446,375	-	-	-	33,643
Regulatory services.....	2,233,361	-	-	-	29,810
Culture and recreation.....	1,689,753	-	-	-	-
Pension benefits.....	15,273,624	-	-	-	-
Property and liability insurance.....	1,205,171	-	-	-	-
Employee benefits.....	1,823,358	-	-	-	-
Other assessments.....	492,852	-	-	-	-
State and county charges.....	5,670,113	-	-	-	-
Debt service:					
Principal.....	7,033,193	-	-	-	10,000
Interest.....	2,614,341	-	-	-	4,000
TOTAL EXPENDITURES.....	126,997,099	29,217	7,097	1,646	5,265,109
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	1,539,206	594,519	302,069	34,221	(4,828,376)
OTHER FINANCING SOURCES (USES):					
Issuance of bonds and notes.....	-	-	-	-	3,626,480
Sale of capital assets.....	-	-	-	-	31,831
Transfers in.....	6,659,626	6,871,485	-	-	6,600,146
Transfers out.....	(6,901,687)	(9,358,465)	(370,000)	-	(5,437,971)
TOTAL OTHER FINANCING SOURCES (USES).....	(242,061)	(2,486,980)	(370,000)	-	4,820,486
NET CHANGE IN FUND BALANCES.....	1,297,145	(1,892,461)	(67,931)	34,221	(7,890)
FUND BALANCES AT BEGINNING OF YEAR.....	16,421,306	13,530,478	2,851,534	645,944	15,845,729
FUND BALANCES (DEFICITS) AT END OF YEAR.....	\$ 17,718,451	\$ 11,638,017	\$ 2,783,603	\$ 680,165	\$ 15,837,839

See notes to basic financial statements.

Chapter 90 Highway Projects	Community Preservation Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 89,592,295
-	-	-	5,249,626
-	-	-	1,481,471
-	-	3,279,625	4,808,371
-	-	-	1,070,307
-	-	270,175	1,199,488
-	-	524,965	2,131,386
998,815	1,102,052	9,856,544	36,622,958
-	-	544,798	1,238,096
-	-	123,072	220,269
-	2,651,234	-	2,651,234
-	-	123,891	123,891
-	108,140	850,151	3,723,219
-	-	-	262,658
-	-	262,307	262,307
<u>998,815</u>	<u>3,861,426</u>	<u>15,835,528</u>	<u>150,637,576</u>
-	-	-	15,000
-	-	-	321,346
-	-	-	600,291
-	-	1,019,816	6,285,221
-	1,251,611	115,921	2,255,806
-	-	712,781	12,446,574
-	-	9,638,495	70,852,363
998,815	-	111,522	12,812,934
-	-	880,708	3,360,726
-	-	369,016	2,632,187
-	-	-	1,689,753
-	-	-	15,273,624
-	-	-	1,205,171
-	-	-	1,823,358
-	-	-	492,852
-	-	-	5,670,113
-	1,815,000	50,420	8,908,613
-	1,073,000	-	3,691,341
<u>998,815</u>	<u>4,139,611</u>	<u>12,898,679</u>	<u>150,337,273</u>
-	(278,185)	2,936,849	300,303
-	1,332,520	-	4,959,000
-	-	-	31,831
-	-	343,387	20,474,644
-	-	(3,897,419)	(25,965,542)
-	1,332,520	(3,554,032)	(500,067)
-	1,054,335	(617,183)	(199,764)
-	9,028,521	22,526,078	80,849,590
<u>\$ -</u>	<u>\$ 10,082,856</u>	<u>\$ 21,908,895</u>	<u>\$ 80,649,826</u>

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

FISCAL YEAR ENDED JUNE 30, 2010

Net change in fund balances - total governmental funds.....	\$	(199,764)
<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.....		9,398,699
Depreciation expense.....		<u>(6,389,285)</u>
Net effect of reporting capital assets.....		3,009,414
<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 deferred revenue.....</p>		
		(653,760)
<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 assets. 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 and notes.....		(4,959,000)
Debt service principal payments.....		<u>8,908,613</u>
Net effect of reporting long-term debt.....		3,949,613
<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.....		(209,635)
Net change in accrued interest on long-term debt.....		68,075
Net change in workers' compensation accrual.....		(204,000)
Net change in other postemployment benefits obligation.....		(6,371,908)
Capital contribution to business-type activities.....		<u>(4,672,613)</u>
Net effect of recording long-term liabilities.....		<u>(11,390,081)</u>
Change in net assets of governmental activities.....	\$	<u>(5,284,578)</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

FISCAL YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
REVENUES:					
Real estate and personal property taxes, net of tax refunds.....	\$ 90,680,086	\$ 90,680,086	\$ 89,655,495	\$ -	(1,024,591)
Motor vehicle and other excise taxes.....	5,632,969	5,632,969	5,249,626	-	(383,343)
Hotel/motel tax.....	1,575,000	1,575,000	1,481,471	-	(93,529)
Charges for services.....	1,472,110	1,472,110	1,528,746	-	56,636
Penalties and interest on taxes.....	1,150,000	1,150,000	1,070,307	-	(79,693)
Fees and rentals.....	885,829	885,829	929,313	-	43,484
Licenses and permits.....	1,575,000	1,575,000	1,606,421	-	31,421
Intergovernmental.....	13,860,306	13,860,306	13,642,057	-	(218,249)
Special assessments.....	100,000	100,000	97,197	-	(2,803)
Departmental and other.....	1,065,415	1,065,415	700,121	-	(365,294)
Investment income.....	886,210	886,210	1,017,877	-	131,667
TOTAL REVENUES.....	118,882,925	118,882,925	116,978,631	-	(1,904,294)
EXPENDITURES:					
Current:					
Charter Commission.....	15,000	15,000	15,000	-	-
Town Council:					
Personnel.....	303,336	303,336	302,197	-	1,139
Operating Expenses.....	29,128	29,127	19,149	152	9,826
TOTAL.....	332,464	332,463	321,346	152	10,965
Town Manager:					
Personnel.....	419,623	419,623	410,074	-	9,549
Operating Expenses.....	195,656	195,589	190,217	4,801	571
TOTAL.....	615,279	615,212	600,291	4,801	10,120
Administrative Services:					
Personnel.....	4,096,993	4,190,694	4,119,720	-	70,974
Operating Expenses.....	1,271,207	1,303,508	1,036,460	204,480	62,568
Capital Outlay.....	55,000	55,000	30,109	-	24,891
TOTAL.....	5,423,200	5,549,202	5,186,289	204,480	158,433
Growth Management:					
Personnel.....	845,454	845,054	830,408	-	14,646
Operating Expenses.....	105,626	106,026	57,866	37,069	11,091
TOTAL.....	951,080	951,080	888,274	37,069	25,737
Police:					
Personnel.....	10,668,908	10,668,908	10,599,913	-	68,995
Operating Expenses.....	653,098	653,766	650,131	1,960	1,675
Capital Outlay.....	178,118	177,449	171,931	5,518	-
TOTAL.....	11,500,124	11,500,123	11,421,975	7,478	70,670
Regulatory Services:					
Personnel.....	2,080,948	2,080,949	1,995,352	-	85,597
Operating Expenses.....	289,403	289,403	238,009	30,371	21,023
TOTAL.....	2,370,351	2,370,352	2,233,361	30,371	106,620
Local School System.....	59,486,627	57,929,756	55,726,128	1,997,156	206,472
Regional School District.....	2,823,678	2,823,678	2,823,678	-	-

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

FISCAL YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
Public Works:					
Personnel.....	5,133,368	5,133,369	4,949,876	-	183,493
Operating Expenses.....	2,663,369	2,661,447	2,710,359	232,608	(281,520)
Capital Outlay.....	714,866	716,362	616,455	97,550	2,357
TOTAL.....	8,511,603	8,511,178	8,276,690	330,158	(95,670)
Community Services:					
Personnel.....	2,207,751	2,207,753	2,152,220	-	55,533
Operating Expenses.....	320,362	319,864	268,305	49,792	1,767
Capital Outlay.....	25,850	25,850	25,850	-	-
TOTAL.....	2,553,963	2,553,467	2,446,375	49,792	57,300
Culture and Recreation.....	1,807,041	1,807,041	1,689,753	-	117,288
Debt Service:					
Principal.....	6,952,748	7,033,193	7,033,193	-	-
Interest.....	2,693,805	2,614,341	2,614,341	-	-
TOTAL.....	9,646,553	9,647,534	9,647,534	-	-
Pension Benefits.....	5,735,550	5,735,550	5,730,624	-	4,926
Employee Benefits.....	3,240,000	3,089,142	1,823,358	4,114	1,261,670
Liability Insurance.....	1,386,888	1,341,888	1,205,171	242	136,475
State and County Assessments.....	4,395,785	5,775,451	5,670,113	-	105,338
Other Assessments.....	447,182	643,564	492,852	150,712	-
TOTAL EXPENDITURES.....	121,242,368	121,191,681	116,198,812	2,816,525	2,176,344
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(2,359,443)	(2,308,756)	779,819	(2,816,525)	272,050
OTHER FINANCING SOURCES (USES):					
Transfers in.....	6,663,180	6,663,180	6,659,626	-	(3,554)
Transfers out.....	(6,725,000)	(6,901,687)	(6,901,687)	-	-
TOTAL OTHER FINANCING SOURCES (USES).....	(61,820)	(238,507)	(242,061)	-	(3,554)
NET CHANGE IN FUND BALANCE.....	(2,421,263)	(2,547,263)	537,758	(2,816,525)	268,496
BUDGETARY FUND BALANCE, Beginning of year.....	16,721,108	16,721,108	16,721,108	-	-
BUDGETARY FUND BALANCE, End of year..... \$	14,299,845	14,173,845	17,258,866	(2,816,525)	268,496

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF NET ASSETS

JUNE 30, 2010

	Business-type Activities - Enterprise Funds				
	Airport	Golf Course	Solid Waste	Wastewater	Water Supply
ASSETS					
CURRENT:					
Cash and cash equivalents.....	\$ 5,168,818	\$ 209,763	\$ 3,217,873	\$ 3,379,912	\$ 1,065,500
Investments.....	5,366,950	321,379	3,463,610	3,606,039	1,133,779
Receivables, net of allowance for uncollectibles:					
User fees.....	134,472	-	-	1,487,875	907,633
Wastewater liens.....	-	-	-	6,563	-
Special assessments.....	-	-	-	229,620	-
Intergovernmental.....	-	-	102,504	10,778,226	2,788,911
Inventory.....	96,547	78,498	-	-	-
Total current assets.....	<u>10,766,787</u>	<u>609,640</u>	<u>6,783,987</u>	<u>19,488,235</u>	<u>5,895,823</u>
NONCURRENT:					
Receivables, net of allowance for uncollectibles:					
Special assessments.....	-	-	-	1,842,321	-
Intergovernmental.....	-	-	773,564	1,387,925	-
Capital assets, net of accumulated depreciation:					
Depreciable.....	19,267,884	2,254,928	857,257	28,701,303	2,165,917
Nondepreciable.....	20,892,108	11,898,596	1,797,125	6,196,595	10,037,020
Total noncurrent assets.....	<u>40,159,992</u>	<u>14,153,524</u>	<u>3,427,946</u>	<u>38,128,144</u>	<u>12,202,937</u>
TOTAL ASSETS.....	<u>50,926,779</u>	<u>14,763,164</u>	<u>10,211,933</u>	<u>57,616,379</u>	<u>18,098,760</u>
LIABILITIES					
CURRENT:					
Warrants payable.....	835,082	15,718	31,271	1,615,720	503,530
Accrued liabilities.....	-	-	-	-	-
Accrued payroll.....	52,031	48,695	33,718	30,263	4,380
Accrued interest.....	-	60,155	-	-	141,392
Other liabilities.....	6,431	6,608	-	22,165	15,789
Unearned membership revenue.....	-	583,012	-	-	-
Landfill closure.....	-	-	70,000	-	-
Compensated absences.....	97,702	49,522	35,550	48,063	8,175
Workers' compensation.....	-	-	-	50,000	-
Bonds and notes payable.....	-	220,000	430,827	6,924,684	375,000
Total current liabilities.....	<u>991,246</u>	<u>983,710</u>	<u>601,366</u>	<u>8,690,895</u>	<u>1,048,266</u>
NONCURRENT:					
Landfill closure.....	-	-	1,120,000	-	-
Compensated absences.....	9,707	3,899	12,995	12,758	-
Workers' compensation.....	-	-	-	198,000	-
Other postemployment benefits obligation.....	784,000	549,000	422,000	424,000	39,000
Bonds and notes payable.....	-	3,620,000	3,907,900	16,898,207	11,378,911
Total noncurrent liabilities.....	<u>793,707</u>	<u>4,172,899</u>	<u>5,462,895</u>	<u>17,532,965</u>	<u>11,417,911</u>
TOTAL LIABILITIES.....	<u>1,784,953</u>	<u>5,156,609</u>	<u>6,064,261</u>	<u>26,223,860</u>	<u>12,466,177</u>
NET ASSETS					
Invested in capital assets, net of related debt.....	40,159,992	10,313,524	2,654,382	23,241,158	3,237,937
Unrestricted.....	8,981,834	(706,969)	1,493,290	8,151,361	2,394,646
TOTAL NET ASSETS.....	<u>\$ 49,141,826</u>	<u>\$ 9,606,555</u>	<u>\$ 4,147,672</u>	<u>\$ 31,392,519</u>	<u>\$ 5,632,583</u>

See notes to basic financial statements.

	Marina Recreation	Sandy Neck Recreation	Hyannis Youth and Community Center	Total
\$	390,658	\$ 234,028	\$ 78,819	\$ 13,745,371
	420,507	247,938	84,841	14,645,043
	-	-	-	2,529,980
	-	-	-	6,563
	-	-	-	229,620
	-	-	-	13,669,641
	-	-	-	175,045
	<u>811,165</u>	<u>481,966</u>	<u>163,660</u>	<u>45,001,263</u>
	-	-	-	1,842,321
	-	-	-	2,161,489
	1,250,146	107,509	-	54,604,944
	<u>2,503,526</u>	<u>38,074</u>	<u>24,217,739</u>	<u>77,580,783</u>
	<u>3,753,672</u>	<u>145,583</u>	<u>24,217,739</u>	<u>136,189,537</u>
	<u>4,564,837</u>	<u>627,549</u>	<u>24,381,399</u>	<u>181,190,800</u>
	538,988	4,000	704	3,545,013
	-	11,177	-	11,177
	11,612	21,160	22,397	224,256
	-	-	151,848	353,395
	1,000	-	-	51,993
	-	-	-	583,012
	-	-	-	70,000
	-	-	23,317	262,329
	-	-	-	50,000
	<u>625,000</u>	<u>15,000</u>	<u>869,000</u>	<u>9,459,511</u>
	<u>1,176,600</u>	<u>51,337</u>	<u>1,067,266</u>	<u>14,610,686</u>
	-	-	-	1,120,000
	-	-	3,375	42,734
	-	-	-	198,000
	52,000	94,000	107,000	2,471,000
	<u>1,150,000</u>	<u>15,000</u>	<u>14,223,000</u>	<u>51,193,018</u>
	<u>1,202,000</u>	<u>109,000</u>	<u>14,333,375</u>	<u>55,024,752</u>
	<u>2,378,600</u>	<u>160,337</u>	<u>15,400,641</u>	<u>69,635,438</u>
	1,978,672	115,583	9,125,739	90,826,987
	<u>207,565</u>	<u>351,629</u>	<u>(144,981)</u>	<u>20,728,375</u>
\$	<u><u>2,186,237</u></u>	<u><u>467,212</u></u>	<u><u>8,980,758</u></u>	<u><u>111,555,362</u></u>

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
FISCAL YEAR ENDED JUNE 30, 2010

	Business-type Activities - Enterprise Funds				
	Airport	Golf Course	Solid Waste	Wastewater	Water Supply
OPERATING REVENUES:					
Charges for services	\$ 5,490,285	\$ 2,891,917	\$ 2,070,045	\$ 3,927,176	\$ 3,193,402
Intergovernmental	-	-	-	-	-
TOTAL OPERATING REVENUES	5,490,285	2,891,917	2,070,045	3,927,176	3,193,402
OPERATING EXPENSES:					
Salaries, wages and fringe benefits	1,843,490	1,363,300	1,047,051	1,285,961	109,868
Operations	3,023,459	894,337	586,821	1,452,998	1,751,951
Transfer station operations	-	-	96,028	-	-
Depreciation	1,151,225	188,920	82,896	1,266,817	145,787
TOTAL OPERATING EXPENSES	6,018,174	2,446,557	1,812,796	4,005,776	2,007,606
OPERATING INCOME (LOSS)	(527,889)	445,360	257,249	(78,600)	1,185,796
NONOPERATING REVENUES (EXPENSES):					
Investment income	67,646	1,639	42,295	51,887	-
Interest expense	(16,680)	(167,660)	(197,778)	(599,059)	(386,046)
Intergovernmental	4,349,634	-	99,939	1,018,443	-
TOTAL NONOPERATING REVENUES (EXPENSES), NET	4,400,600	(166,021)	(55,544)	471,271	(386,046)
INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	3,872,711	279,339	201,705	392,671	799,750
CAPITAL CONTRIBUTIONS	-	-	-	-	-
TRANSFERS:					
Transfers in	-	-	-	-	266,000
Transfers out	(457,649)	(225,000)	(343,165)	(492,815)	(128,441)
TOTAL TRANSFERS	(457,649)	(225,000)	(343,165)	(492,815)	137,559
CHANGE IN NET ASSETS	3,415,062	54,339	(141,460)	(100,144)	937,309
NET ASSETS AT BEGINNING OF YEAR	45,726,764	9,552,216	4,289,132	31,492,663	4,695,274
NET ASSETS AT END OF YEAR	\$ 49,141,826	\$ 9,606,555	\$ 4,147,672	\$ 31,392,519	\$ 5,632,583

See notes to basic financial statements.

	Marina Recreation	Sandy Neck Recreation	Hyannis Youth and Community Center	Total
\$	557,513	\$ 616,104	\$ 1,208,521	\$ 19,954,963
	-	-	200,436	200,436
	<u>557,513</u>	<u>616,104</u>	<u>1,408,957</u>	<u>20,155,399</u>
	220,285	382,614	683,430	6,935,999
	75,860	99,561	638,467	8,523,454
	-	-	-	96,028
	<u>114,274</u>	<u>17,713</u>	<u>-</u>	<u>2,967,632</u>
	<u>410,419</u>	<u>499,888</u>	<u>1,321,897</u>	<u>18,523,113</u>
	<u>147,094</u>	<u>116,216</u>	<u>87,060</u>	<u>1,632,286</u>
	-	-	137	163,604
	(58,541)	(2,000)	(648,516)	(2,076,280)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,468,016</u>
	<u>(58,541)</u>	<u>(2,000)</u>	<u>(648,379)</u>	<u>3,555,340</u>
	<u>88,553</u>	<u>114,216</u>	<u>(561,319)</u>	<u>5,187,626</u>
	<u>-</u>	<u>-</u>	<u>8,016,047</u>	<u>8,016,047</u>
	-	-	1,526,030	1,792,030
	<u>(43,857)</u>	<u>(45,426)</u>	<u>-</u>	<u>(1,736,353)</u>
	<u>(43,857)</u>	<u>(45,426)</u>	<u>1,526,030</u>	<u>55,677</u>
	44,696	68,790	8,980,758	13,259,350
	<u>2,141,541</u>	<u>398,422</u>	<u>-</u>	<u>98,296,012</u>
\$	<u><u>2,186,237</u></u>	<u><u>467,212</u></u>	<u><u>8,980,758</u></u>	<u><u>111,555,362</u></u>

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS

FISCAL YEAR ENDED JUNE 30, 2010

	Business-type Activities - Enterprise Funds				
	Airport	Golf Course	Solid Waste	Wastewater	Water Supply
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from customers and users.....	\$ 5,453,504	\$ 2,891,661	\$ 2,070,045	\$ 3,579,094	\$ 3,145,401
Receipts from other governments.....	-	-	-	-	-
Payments to vendors.....	(3,357,949)	(886,601)	(762,501)	(1,204,998)	(1,648,163)
Payments to employees.....	(1,163,670)	(909,542)	(686,921)	(665,167)	(72,325)
Payments for interfund services used.....	(390,920)	(258,367)	(214,431)	(484,711)	(14,517)
NET CASH FROM OPERATING ACTIVITIES.....	540,965	837,151	406,192	1,224,218	1,410,396
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers in.....	-	-	-	-	266,000
Transfers out.....	(457,649)	(225,000)	(343,165)	(492,815)	(128,441)
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES.....	(457,649)	(225,000)	(343,165)	(492,815)	137,559
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Proceeds from the issuance of bonds and notes.....	-	-	-	-	-
Capital assessments.....	-	-	-	18,416	-
Intergovernmental grants.....	4,349,634	-	99,939	1,869,634	-
Acquisition and construction of capital assets.....	(1,987,841)	-	(733,484)	(3,430,249)	(1,035,539)
Principal payments on bonds and notes.....	(2,704,862)	(426,462)	(313,825)	(1,316,236)	(360,000)
Interest expense.....	(16,680)	(173,506)	(197,778)	(599,059)	(391,446)
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES...	(359,749)	(599,968)	(1,145,148)	(3,457,494)	(1,786,985)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchase of investments.....	(1,584,659)	(102,405)	(720,751)	(222,794)	(277,193)
Investment income.....	67,646	1,639	42,295	51,887	-
NET CASH FROM INVESTING ACTIVITIES.....	(1,517,013)	(100,766)	(678,456)	(170,907)	(277,193)
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	(1,793,446)	(88,583)	(1,760,577)	(2,896,998)	(516,223)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	6,962,264	298,346	4,978,450	6,276,910	1,581,723
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	\$ 5,168,818	\$ 209,763	\$ 3,217,873	\$ 3,379,912	\$ 1,065,500
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:					
Operating income (loss).....	\$ (527,889)	\$ 445,360	\$ 257,249	\$ (78,600)	\$ 1,185,796
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Depreciation.....	1,151,225	188,920	82,896	1,266,817	145,787
Changes in assets and liabilities:					
Wastewater liens.....	-	-	-	(6,563)	-
User fees.....	(36,781)	-	-	(341,519)	(48,001)
Inventory.....	(12,712)	12,368	-	-	-
Warrants payable.....	(28,209)	7,200	(9,652)	-	105,075
Accrued liabilities.....	-	-	-	-	(1,375)
Accrued payroll.....	6,944	7,505	8,080	1,169	1,851
Other liabilities.....	(293,569)	(11,832)	-	-	88
Unearned membership revenue.....	-	(256)	-	-	-
Accrued compensated absences.....	19,956	2,886	(2,381)	(6,086)	8,175
Workers' compensation.....	-	-	-	248,000	-
Landfill closure liability.....	-	-	(70,000)	-	-
Other postemployment benefits obligation.....	262,000	185,000	140,000	141,000	13,000
Total adjustments.....	1,068,854	391,791	148,943	1,302,818	224,600
NET CASH FROM OPERATING ACTIVITIES.....	\$ 540,965	\$ 837,151	\$ 406,192	\$ 1,224,218	\$ 1,410,396
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:					
Intergovernmental subsidy of principal expense.....	\$ -	\$ -	\$ 106,275	\$ 228,913	\$ -
Capital contributions.....	-	-	-	-	-

See notes to basic financial statements.

Business-type Activities - Enterprise Funds

	Marina Recreation	Sandy Neck Recreation	Hyannis Youth and Community Center	Total
\$	557,513	\$ 616,104	\$ 1,208,521	\$ 19,521,843
	-	-	200,436	200,436
	(82,534)	(84,413)	(637,763)	(8,664,922)
	(176,569)	(292,569)	(512,635)	(4,479,398)
	<u>(24,255)</u>	<u>(55,933)</u>	<u>(79,135)</u>	<u>(1,522,269)</u>
	<u>274,155</u>	<u>183,189</u>	<u>179,424</u>	<u>5,055,690</u>
	-	-	1,526,030	1,792,030
	<u>(43,857)</u>	<u>(45,426)</u>	-	<u>(1,736,353)</u>
	<u>(43,857)</u>	<u>(45,426)</u>	<u>1,526,030</u>	<u>55,677</u>
	525,000	-	-	525,000
	-	-	-	18,416
	-	-	-	6,319,207
	(48,503)	(38,075)	(15,901)	(7,289,592)
	(100,000)	(20,000)	(869,000)	(6,110,385)
	<u>(58,541)</u>	<u>(2,000)</u>	<u>(657,030)</u>	<u>(2,096,040)</u>
	<u>317,956</u>	<u>(60,075)</u>	<u>(1,541,931)</u>	<u>(8,633,394)</u>
	(329,143)	(103,609)	(84,841)	(3,425,395)
	-	-	137	163,604
	<u>(329,143)</u>	<u>(103,609)</u>	<u>(84,704)</u>	<u>(3,261,791)</u>
	219,111	(25,921)	78,819	(6,783,818)
	<u>171,547</u>	<u>259,949</u>	-	<u>20,529,189</u>
\$	<u><u>390,658</u></u>	<u><u>234,028</u></u>	<u><u>78,819</u></u>	<u><u>13,745,371</u></u>
\$	<u>147,094</u>	<u>116,216</u>	<u>87,060</u>	<u>1,632,286</u>
	114,274	17,713	-	2,967,632
	-	-	-	(6,563)
	-	-	-	(426,301)
	-	-	-	(344)
	(6,674)	3,971	704	72,415
	-	11,177	-	9,802
	2,461	3,112	22,397	53,519
	-	-	-	(305,313)
	-	-	-	(256)
	-	-	14,263	36,813
	-	-	-	248,000
	-	-	-	(70,000)
	<u>17,000</u>	<u>31,000</u>	<u>55,000</u>	<u>844,000</u>
	<u>127,061</u>	<u>66,973</u>	<u>92,364</u>	<u>3,423,404</u>
\$	<u><u>274,155</u></u>	<u><u>183,189</u></u>	<u><u>179,424</u></u>	<u><u>5,055,690</u></u>
\$	-	-	-	335,188
	-	-	8,016,047	8,016,047

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS

JUNE 30, 2010

	Private Purpose Trust Funds	Agency Fund
ASSETS		
Cash and cash equivalents.....	\$ 386,556	\$ 509,156
Investments.....	1,657,443	-
Receivables, net of allowance for uncollectibles:		
Departmental and other.....	28,411	268,164
Intergovernmental.....	175,000	-
TOTAL ASSETS.....	2,247,410	777,320
LIABILITIES		
Warrants payable.....	-	228
Accrued liabilities.....	-	61,104
Liabilities due depositors.....	-	715,988
TOTAL LIABILITIES.....	-	777,320
NET ASSETS		
Held in trust for other purposes.....	\$ <u>2,247,410</u>	\$ <u>-</u>

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

FISCAL YEAR ENDED JUNE 30, 2010

	Private Purpose Trust Funds
<u>ADDITIONS:</u>	
Contributions:	
Rental income.....	\$ 149,286
Private donations.....	23,538
Total contributions.....	172,824
Net investment income (loss):	
Interest income.....	313,860
Intergovernmental.....	175,000
TOTAL ADDITIONS.....	661,684
<u>DEDUCTIONS:</u>	
Community services.....	84,838
Educational scholarships.....	159,336
TOTAL DEDUCTIONS.....	244,174
CHANGE IN NET ASSETS.....	417,510
NET ASSETS AT BEGINNING OF YEAR.....	1,829,900
NET ASSETS AT END OF YEAR.....	\$ 2,247,410

See notes to basic financial statements.

COMPONENT UNITS
COMBINING STATEMENT OF NET ASSETS

JUNE 30, 2010

	Hyannis Public Library	Osterville Free Library	Centerville Public Library
ASSETS			
CURRENT:			
Cash and cash equivalents.....	\$ 131,602	\$ 392,110	\$ 433,507
Investments.....	611,029	3,586,244	811,334
Receivables, net of allowance for uncollectibles:			
Departmental and other.....	103,927	12,092	-
Intergovernmental.....	-	-	-
Inventory.....	-	-	-
Prepaid expenses.....	9,955	-	-
Total current assets.....	856,513	3,990,446	1,244,841
NONCURRENT:			
Capital assets, net of accumulated depreciation:			
Depreciable.....	186,354	968,051	586,211
Nondepreciable.....	69,600	80,815	900
Total noncurrent assets.....	255,954	1,048,866	587,111
TOTAL ASSETS.....	1,112,467	5,039,312	1,831,952
LIABILITIES			
CURRENT:			
Warrants payable.....	7,924	4,874	18,560
Accrued liabilities.....	3,294	-	-
Other liabilities.....	-	5,250	-
TOTAL LIABILITIES.....	11,218	10,124	18,560
NET ASSETS			
Invested in capital assets, net of related debt.....	255,954	1,048,866	587,111
Unrestricted.....	845,295	3,980,322	1,226,281
TOTAL NET ASSETS.....	\$ 1,101,249	\$ 5,029,188	\$ 1,813,392

See notes to basic financial statements.

<u>Sturgis Library</u>	<u>Cotuit Library</u>	<u>Marstons Mills Public Library</u>	<u>Whelden Memorial Library</u>	<u>Total Component Units</u>
\$ 38,484	\$ 133,964	\$ 120,457	\$ 22,258	\$ 1,272,382
2,403,334	837,078	-	250,489	8,499,508
-	-	590	-	116,609
250,872	-	-	-	250,872
2,664	-	-	-	2,664
1,724	750	-	-	12,429
<u>2,697,078</u>	<u>971,792</u>	<u>121,047</u>	<u>272,747</u>	<u>10,154,464</u>
395,701	43,311	297,087	123,009	2,599,724
15,293	16,550	5,000	-	188,158
<u>410,994</u>	<u>59,861</u>	<u>302,087</u>	<u>123,009</u>	<u>2,787,882</u>
<u>3,108,072</u>	<u>1,031,653</u>	<u>423,134</u>	<u>395,756</u>	<u>12,942,346</u>
3,369	4,688	1,138	-	40,553
-	-	-	-	3,294
16,708	-	-	-	21,958
<u>20,077</u>	<u>4,688</u>	<u>1,138</u>	<u>-</u>	<u>65,805</u>
410,994	59,861	302,087	123,009	2,787,882
2,677,001	967,104	119,909	272,747	10,088,659
<u>\$ 3,087,995</u>	<u>\$ 1,026,965</u>	<u>\$ 421,996</u>	<u>\$ 395,756</u>	<u>\$ 12,876,541</u>

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

FISCAL YEAR ENDED JUNE 30, 2010

	Hyannis Public Library	Osterville Free Library	Centerville Public Library
OPERATING REVENUES:			
Charges for services.....	\$ 39,089	\$ 31,066	\$ 82,111
OPERATING EXPENSES:			
Program and administrative.....	485,675	477,214	448,224
Depreciation.....	36,589	26,053	24,122
Management and general.....	23,447	66,165	-
Fundraising.....	2,888	42,102	23,175
TOTAL OPERATING EXPENSES.....	548,599	611,534	495,521
OPERATING INCOME (LOSS).....	(509,510)	(580,468)	(413,410)
NONOPERATING REVENUES/(EXPENSES):			
Investment income (loss).....	68,075	188,953	75,516
Intergovernmental.....	438,666	230,608	287,871
Contributions.....	29,256	949,814	602,455
TOTAL NONOPERATING REVENUES/(EXPENSES)...	535,997	1,369,375	965,842
CHANGE IN NET ASSETS.....	26,487	788,907	552,432
NET ASSETS AT BEGINNING OF YEAR.....	1,074,762	4,240,281	1,260,960
NET ASSETS AT END OF YEAR.....	\$ 1,101,249	\$ 5,029,188	\$ 1,813,392

See notes to basic financial statements.

<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>61,071</u>	\$ <u>27,064</u>	\$ <u>20,255</u>	\$ <u>11,349</u>	\$ <u>272,005</u>
463,344	371,278	202,237	168,290	2,616,262
19,401	6,658	13,057	11,648	137,528
-	-	-	-	89,612
<u>11,101</u>	<u>-</u>	<u>5,206</u>	<u>-</u>	<u>84,472</u>
<u>493,846</u>	<u>377,936</u>	<u>220,500</u>	<u>179,938</u>	<u>2,927,874</u>
<u>(432,775)</u>	<u>(350,872)</u>	<u>(200,245)</u>	<u>(168,589)</u>	<u>(2,655,869)</u>
214,653	156,297	11	29,146	732,651
204,888	156,364	164,511	91,636	1,574,544
<u>193,732</u>	<u>118,014</u>	<u>96,689</u>	<u>47,711</u>	<u>2,037,671</u>
<u>613,273</u>	<u>430,675</u>	<u>261,211</u>	<u>168,493</u>	<u>4,344,866</u>
180,498	79,803	60,966	(96)	1,688,997
<u>2,907,497</u>	<u>947,162</u>	<u>361,030</u>	<u>395,852</u>	<u>11,187,544</u>
\$ <u><u>3,087,995</u></u>	\$ <u><u>1,026,965</u></u>	\$ <u><u>421,996</u></u>	\$ <u><u>395,756</u></u>	\$ <u><u>12,876,541</u></u>

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The Town was incorporated in 1639 under the Acts of the Commonwealth of Massachusetts (the 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 (the Council) and a Town Manager (the 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 (the 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, Massachusetts 02636

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

Whelden Memorial Library
Meetinghouse Way
West Barnstable, MA 02668

*Discretely presented Component Units audited by auditors other than Powers & Sullivan.

Availability of Financial Information for Town of Barnstable Horace Mann Charter Schools

The Town operates two Horace Mann Charter Schools; the Grades 4 and 5 building located in Marstons Mills and the K to 3 elementary school located in Barnstable. The Horace Mann Charter Schools are managed independently by an appointed Board of Trustees and not by the School Committee and Superintendent. Funding for the schools' operations are 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 activity is included within the Town's basic financial statements and is audited by auditors other than Powers & Sullivan. Complete financial statements of the individual Horace Mann Charter Schools can be obtained directly from their respective administrative offices.

Barnstable Horace Mann Charter School
730 Osterville/West Barnstable Road
Marstons Mills, MA 02648

Barnstable Community Horace Mann Charter Public School
165 Bearses Way
Hyannis, MA 02601

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 fiscal year 2010.

Joint venture and address	Purpose	Annual Assessment
Cape Cod Regional Technical High School District 351 Pleasant Lake Avenue Harwich, MA 02645	To provide educational services	\$ 2,823,678
Cape Cod Regional Transit Authority 215 Iyannough Road Hyannis, MA 02601	To provide public transportation	\$ 450,033

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The government-wide financial statements (i.e., statement of net assets and the statement of changes in net assets) 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, liabilities, revenues, or expenditures/expenses of an individual governmental or enterprise fund are at least 10% of the corresponding element (assets, liabilities, etc.) for all funds of that category or type (total governmental or total enterprise funds), *and*
- If the total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5% 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 fiscal 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 claims and judgments which are recognized when the obligations are expected to be liquidated with current expendable available resources.

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

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

The following major governmental funds are reported:

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

The *municipal purpose stabilization fund* is a special revenue fund used to account for the accumulation of resources to provide general and/or capital reserves (see Note 9).

The *pension stabilization fund* is a special revenue fund used to account for the accumulation of resources to fund the unfunded pension liability that accrues to the Town through the county retirement system (see Note 9).

The *insurance stabilization fund* is a special revenue fund used to account for the accumulation of resources to meet future insurance costs (see Note 9).

The *capital projects fund* is used to account for the proceeds of bonds sold, intergovernmental grants and transfers to finance major capital acquisitions and construction projects of the governmental funds.

The *chapter 90 highway projects fund* is used to account for 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 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 the proceeds of specific revenue sources (other than permanent funds or capital projects funds) that are restricted by law or administrative action to expenditures for specified purposes.

The *permanent fund* is used to account for 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* account for 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 the Barnstable Municipal Airport activities.

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

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

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

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

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

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

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

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

The following fiduciary fund types are reported:

The *private-purpose trust fund* is used to account for 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 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 funds consist of off-duty work details, performance bonds, student activity accounts and fees collected on behalf of other governments.

Government-Wide and Fund Financial Statements

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

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.

E. 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 1st 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 1st, November 1st, February 1st, and May 1st 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 fiscal 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 fiscal 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 of 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 fiscal 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 fiscal 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.

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 of 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 4% 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.

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 car rental parking fees assessed to car rental companies on a monthly basis, vehicle parking revenues collected by an independently contracted management company, rents and airplane hanger fees assessed to the Federal Aviation Administration.

The airport user fee receivables outstanding at June 30th consist primarily of June rents collected in July and intergovernmental receivables which are considered 100% collectible and therefore do not report an allowance for uncollectibles.

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 are added to the property owner's tax bill in the fiscal year after they are due. Charges and liens are recorded as receivables in the fiscal year of the levy.

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

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.

F. 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.

G. Capital Assets

Government-Wide and Proprietary Fund Financial Statements

Capital assets, which include land, land improvements, buildings, machinery and equipment, and infrastructure (e.g., roads, water mains, sewer mains, and similar items), are reported in the applicable governmental or business-type activity column of the government-wide financial statements. Capital assets are recorded at historical cost, or at estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at the estimated fair market value at the date of donation. Except for the capital assets of the governmental activities column in the government-wide financial statements, construction period interest is capitalized on constructed capital assets.

All purchases and construction costs in excess of \$5,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than one year. All major general infrastructure assets acquired or significantly reconstructed in fiscal years ending after June 30, 1980 have been recorded at estimated historical cost.

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 fiscal year of the purchase.

H. 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 assets. Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of net assets 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.

I. 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 assets. 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.

J. Deferred Revenue

Deferred revenue at the 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. Deferred revenue is recognized as revenue in the conversion to the government-wide (full accrual) financial statements.

K. Net Assets and Fund Equity

Government-Wide Financial Statements (Net Assets)

Net assets reported as “invested in capital assets, net of related debt” 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 Water Pollution Abatement Trust’s loan subsidy program is not considered to be capital related debt.

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

Net assets have been “restricted for” the following:

“Capital projects” represents amounts restricted for capital purposes.

“Permanent funds - expendable” 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” 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.

Fund Financial Statements (Fund Balances)

Fund balances are reserved for amounts that are not available for appropriation or are legally restricted by outside parties for a specific future use. Designations of fund balance represent tentative management plans that are subject to change.

Fund balances have been “reserved for” the following:

“Encumbrances and continuing appropriations” represents amounts obligated under purchase orders, contracts and other commitments for expenditures that are being carried over to the ensuing fiscal year.

“Perpetual permanent funds” represents the permanently restricted portion of amounts held in trust which stipulate that only earnings may be used for purposes that support governmental programs.

Fund balances have been “designated for” the following:

“Subsequent year’s expenditures” represents amounts appropriated for the fiscal year 2011 operating budget.

L. 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 assets. 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.

M. 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).

N. 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.

O. 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 fiscal year. Actual results could vary from estimates that were used.

P. 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 Manager.

Supplemental appropriations are made upon recommendation of the Manager and require two-thirds majority approval of the Council.

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

Generally, expenditures may not exceed the legal level of spending (personnel, operating expenses and capital) authorized for an appropriation account. However, the payment of debt service is statutorily required, regardless of whether such amounts are appropriated. Additionally, expenditures for disasters, natural or otherwise, and final 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 fiscal year 2010 approved budget authorized approximately \$126,767,000 in current year appropriations and other amounts to be raised and approximately \$1,201,000 in encumbrances and appropriations carried over from previous fiscal years. During fiscal year 2010, the Council also approved supplemental appropriations totaling approximately \$126,000.

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 fiscal year ended June 30, 2010, is presented as follows:

Net change in fund balance, budgetary basis.....	\$	537,758
<u>Perspective difference:</u>		
Activity of the Horace Mann Charter Schools recorded in the general fund for GAAP.....		(87,121)
<u>Basis of accounting differences:</u>		
Net change in recording tax refunds payable.....		(63,200)
Net change in recording revenues.....		736,856
Net change in recording expenditures.....		172,852
Recognition of revenue for on-behalf payments.....		9,543,000
Recognition of expenditures for on-behalf payments.....		<u>(9,543,000)</u>
Net change in fund balance, GAAP basis.....	\$	<u>1,297,145</u>

C. Appropriation Deficits

Expenditures exceeded appropriations in public works for snow and ice removal. This deficit will be funded in fiscal 2011 via the tax levy.

D. Individual Fund Deficits

Several individual fund deficits exist at June 30, 2010, within the nonmajor governmental funds. These deficits will be funded through available fund balance, long-term financing and grants.

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 (the Pool). The Treasurer may also invest trust funds in securities, other than mortgages or collateral loans, which are legal for the investment of funds of savings banks under the laws of the Commonwealth.

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

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 fiscal year-end, the carrying amount of deposits totaled \$61,245,516 and the bank balance totaled \$64,258,928. Of the bank balance, \$4,464,423 was covered by Federal Depository Insurance, \$15,491,815 was covered by the Depositors Insurance Fund, \$34,228,161 was collateralized, and \$10,074,529 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Investments

As of June 30, 2010, the Town of Barnstable had the following investments:

Investment Type	Fair Value	Maturity			
		Under 1 Year	1-5 Years	6-10 Years	Over 10 Years
<u>Debt Securities:</u>					
U.S. Government Treasuries.....	\$ 5,126,042	\$ 865,724	\$ 1,863,066	\$ 2,397,252	\$ -
Corporate Bonds.....	9,971,281	3,064,367	5,448,260	945,776	512,878
Government Sponsored Enterprises.....	25,032,976	5,727,917	11,819,548	5,770,648	1,714,864
Total Debt Securities.....	40,130,299	\$ 9,658,008	\$ 19,130,874	\$ 9,113,676	\$ 2,227,742
<u>Other Investments:</u>					
Equity Securities.....	5,631,562				
Money Market Mutual Funds.....	3,709,341				
Equity Mutual Funds.....	5,263,225				
Preferred Securities.....	376,746				
MMDT.....	338,176				
Total Investments.....	\$ 55,449,349				

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. Credit ratings associated with the Town's investment in MMDT ranged from A1/P1 to unrated; with approximately 98% rated A1/P1 and approximately 2% rated A2/P2.

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, \$40,130,299 in debt securities, \$5,631,562 in equity securities and \$376,746 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 United States Treasury and United States 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.

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, 2010 the Town’s investments were rated as follows:

Quality Ratings	Corporate Bonds	Government Sponsored Enterprises	Preferred Securities	Totals
AAA.....	\$ 191,000	\$ 24,514,224	\$ -	\$ 24,705,224
AA+.....	1,100,875	-	-	1,100,875
AA.....	716,340	518,752	-	1,235,092
AA-.....	589,966	-	-	589,966
A.....	4,884,588	-	-	4,884,588
A+.....	995,895	-	-	995,895
BBB+.....	531,438	-	-	531,438
B.....	79,440	-	-	79,440
BAA.....	881,739	-	-	881,739
Unrated.....	-	-	376,746	376,746
Fair Value.....	\$ <u>9,971,281</u>	\$ <u>25,032,976</u>	\$ <u>376,746</u>	\$ <u>35,381,003</u>

Additionally, the Town holds \$3,709,341 in money market mutual funds and \$338,176 in MMDT which are unrated.

Concentration of Credit Risk

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

Issuer	Percentage Of Total Investments
Federal Home Loan Bank.....	15%
Federal Home Loan Mortgage Company.....	12%
Federal National Mortgage Association.....	19%

NOTE 4 – RECEIVABLES

At June 30, 2010, receivables for the individual major governmental funds and nonmajor governmental funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Gross Amount</u>	<u>Allowance for Uncollectibles</u>	<u>Net Amount</u>
<u>Receivables:</u>			
Real estate and personal property taxes.....	\$ 6,261,919	\$ (21,401)	\$ 6,240,518
Tax liens.....	565,804	(55,783)	510,021
Motor vehicle and other excise taxes.....	1,277,681	(127,768)	1,149,913
Community Preservation surtaxes.....	159,602	-	159,602
Departmental and other.....	309,933	-	309,933
Special assessments.....	636,485	-	636,485
Intergovernmental.....	<u>35,352,675</u>	<u>-</u>	<u>35,352,675</u>
 Total.....	 <u>\$ 44,564,099</u>	 <u>\$ (204,952)</u>	 <u>\$ 44,359,147</u>

At June 30, 2010 receivables for fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Gross Amount</u>	<u>Allowance for Uncollectibles</u>	<u>Net Amount</u>
<u>Receivables:</u>			
Departmental and other.....	\$ 296,575	\$ -	\$ 296,575
Intergovernmental.....	<u>175,000</u>	<u>-</u>	<u>175,000</u>
	<u>\$ 471,575</u>	<u>\$ -</u>	<u>\$ 471,575</u>

At June 30, 2010 receivables for the component units, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Gross Amount</u>	<u>Allowance for Uncollectibles</u>	<u>Net Amount</u>
<u>Receivables:</u>			
Departmental and other.....	\$ 116,609	\$ -	\$ 116,609
Intergovernmental.....	<u>250,872</u>	<u>-</u>	<u>250,872</u>
	<u>\$ 367,481</u>	<u>\$ -</u>	<u>\$ 367,481</u>

At June 30, 2010, receivables for the enterprise funds consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Airport user fees.....	\$ 134,472	\$ -	\$ 134,472
Wastewater user fees.....	1,487,875	-	1,487,875
Wastewater liens.....	6,563	-	6,563
Water user fees.....	998,452	(90,819)	907,633
Special assessments.....	2,071,941	-	2,071,941
Intergovernmental.....	15,831,130	-	15,831,130
Total.....	<u>\$ 20,530,433</u>	<u>\$ (90,819)</u>	<u>\$ 20,439,614</u>

Governmental funds report *deferred 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 fiscal year, the various components of *deferred revenue* reported in the governmental funds were as follows:

	General Fund	Chapter 90 Highway Projects	Community Preservation Fund	Nonmajor Governmental Funds	Total
<u>Receivable and other asset type:</u>					
Real estate and personal property taxes.....	\$ 4,617,265	\$ -	\$ -	\$ -	\$ 4,617,265
Tax liens.....	502,046	-	7,975	-	510,021
Tax foreclosures.....	1,185,252	-	-	-	1,185,252
Motor vehicle and other excise taxes.....	1,149,913	-	-	-	1,149,913
Community Preservation surtaxes.....	-	-	159,602	-	159,602
Departmental and other.....	887	-	-	5,093	5,980
Special assessments.....	-	-	-	636,485	636,485
Intergovernmental.....	26,219,274	6,342,619	760,720	-	33,322,613
Total.....	<u>\$ 33,674,637</u>	<u>\$ 6,342,619</u>	<u>\$ 928,297</u>	<u>\$ 641,578</u>	<u>\$ 41,587,131</u>

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2010, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 80,147,192	\$ 200,000	\$ -	\$ 80,347,192
Construction in progress.....	<u>22,763,681</u>	<u>5,445,058</u>	<u>(20,858,404)</u>	<u>7,350,335</u>
Total capital assets not being depreciated.....	<u>102,910,873</u>	<u>5,645,058</u>	<u>(20,858,404)</u>	<u>87,697,527</u>
<u>Capital assets being depreciated:</u>				
Land improvements.....	2,923,356	911,427	-	3,834,783
Buildings and building improvements.....	159,498,565	1,007,989	-	160,506,554
Machinery and equipment.....	7,467,494	525,342	(232,334)	7,760,502
Vehicles.....	5,856,565	378,509	-	6,235,074
Infrastructure.....	<u>67,694,104</u>	<u>930,374</u>	<u>-</u>	<u>68,624,478</u>
Total capital assets being depreciated.....	<u>243,440,084</u>	<u>3,753,641</u>	<u>(232,334)</u>	<u>246,961,391</u>
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(722,785)	(133,233)	-	(856,018)
Buildings and building improvements.....	(81,169,936)	(3,177,414)	-	(84,347,350)
Machinery and equipment.....	(4,423,079)	(642,255)	232,334	(4,833,000)
Vehicles.....	(4,894,500)	(447,924)	-	(5,342,424)
Infrastructure.....	<u>(15,743,192)</u>	<u>(1,988,459)</u>	<u>-</u>	<u>(17,731,651)</u>
Total accumulated depreciation.....	<u>(106,953,492)</u>	<u>(6,389,285)</u>	<u>232,334</u>	<u>(113,110,443)</u>
Total capital assets being depreciated, net.....	<u>136,486,592</u>	<u>(2,635,644)</u>	<u>-</u>	<u>133,850,948</u>
Total governmental activities capital assets, net.....	<u>\$ 239,397,465</u>	<u>\$ 3,009,414</u>	<u>\$ (20,858,404)</u>	<u>\$ 221,548,475</u>

(a)

(a) The Town has transferred \$20,858,404 in capital assets previously reported as governmental assets to the newly created Hyannis Youth and Community Center Enterprise Fund as part of a capital contribution.

The understatement of capital assets of \$2,550,926, 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, 2009 from \$238,484,603 to \$241,035,529.

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 39,506,557	\$ 95,096	\$ -	\$ 39,601,653
Construction in progress.....	4,220,763	33,758,367	-	37,979,130
Total capital assets not being depreciated.....	<u>43,727,320</u>	<u>33,853,463</u>	<u>-</u>	<u>77,580,783</u>
<u>Capital assets being depreciated:</u>				
Land improvements.....	6,851,265	-	-	6,851,265
Buildings and building improvements.....	30,551,996	546,386	-	31,098,382
Machinery and equipment.....	6,857,856	-	-	6,857,856
Vehicles.....	1,205,418	-	-	1,205,418
Infrastructure.....	<u>45,262,654</u>	<u>-</u>	<u>-</u>	<u>45,262,654</u>
Total capital assets being depreciated.....	<u>90,729,189</u>	<u>546,386</u>	<u>-</u>	<u>91,275,575</u>
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(3,389,994)	(309,294)	-	(3,699,288)
Buildings and building improvements.....	(12,457,550)	(995,376)	-	(13,452,926)
Machinery and equipment.....	(4,797,335)	(340,449)	-	(5,137,784)
Vehicles.....	(889,671)	(86,793)	-	(976,464)
Infrastructure.....	<u>(12,168,449)</u>	<u>(1,235,720)</u>	<u>-</u>	<u>(13,404,169)</u>
Total accumulated depreciation.....	<u>(33,702,999)</u>	<u>(2,967,632)</u>	<u>-</u>	<u>(36,670,631)</u>
Total capital assets being depreciated, net.....	<u>57,026,190</u>	<u>(2,421,246)</u>	<u>-</u>	<u>54,604,944</u>
Total business-type activities capital assets, net.....	<u>\$ 100,753,510</u>	<u>\$ 31,432,217</u>	<u>\$ -</u>	<u>\$ 132,185,727</u>

	Beginning Balance	Increases	Decreases	Ending Balance
Discretely Presented Component Units:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 178,365	\$ 9,793	\$ -	\$ 188,158
<u>Capital assets being depreciated:</u>				
Improvements.....	1,046,150	78,764	-	1,124,914
Buildings.....	2,715,055	435,283	-	3,150,338
Machinery and equipment.....	627,858	15,640	-	643,498
Fine arts.....	6,000	-	-	6,000
Furniture and fixtures.....	593,797	8,848	-	602,645
Books and periodicals.....	98,265	-	-	98,265
Technology.....	59,132	-	-	59,132
Total capital assets being depreciated.....	<u>5,146,257</u>	<u>538,535</u>	<u>-</u>	<u>5,684,792</u>
<u>Less accumulated depreciation:</u>	<u>(2,947,540)</u>	<u>(137,528)</u>	<u>-</u>	<u>(3,085,068)</u>
Total capital assets being depreciated, net.....	<u>2,198,717</u>	<u>401,007</u>	<u>-</u>	<u>2,599,724</u>
Total discretely presented component units capital assets, net.....	<u>\$ 2,377,082</u>	<u>\$ 410,800</u>	<u>\$ -</u>	<u>\$ 2,787,882</u>

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

Governmental Activities:

General government.....	\$ 152,034
Public safety.....	481,429
Education.....	2,766,457
Public works.....	2,547,043
Regulatory services.....	140,275
Community services.....	<u>302,047</u>
Total depreciation expense - governmental activities.....	<u>\$ 6,389,285</u>

Business-Type Activities:

Airport.....	\$ 1,151,225
Golf course.....	188,920
Solid waste.....	82,896
Wastewater.....	1,266,817
Water supply.....	145,787
Marina.....	114,274
Sandy neck.....	<u>17,713</u>
Total depreciation expense - business-type activities.....	<u>\$ 2,967,632</u>

NOTE 6 – INTERFUND BALANCES/TRANSFERS

An interfund receivable/payable of \$78,221 exists between the capital project fund and the chapter 90 highway fund. Its purpose is to cover short-term cash needs that will be funded by future grant proceeds.

Interfund transfers for the fiscal year ended June 30, 2010, are summarized as follows:

Transfers Out:	Transfers In:						Total
	General Fund	Municipal Purpose Stabilization Fund	Capital Projects	Nonmajor Governmental Funds	Water Enterprise Fund	HYCC Enterprise Fund	
General Fund.....	\$ -	\$ 6,725,000	\$ -	\$ 176,687	\$ -	\$ -	\$ 6,901,687 (1)
Municipal Purpose Stabilization Fund.....	4,123,435	-	3,709,000	-	-	1,526,030	9,358,465 (2)
Pension Stabilization Fund.....	370,000	-	-	-	-	-	370,000 (3)
Capital Projects.....	2,750	-	-	-	-	5,435,221	5,437,971 (4)
Nonmajor Governmental Funds.....	427,088	146,485	2,891,146	166,700	266,000	-	3,897,419 (5)
Airport Enterprise Fund.....	457,649	-	-	-	-	-	457,649 (6)
Golf Course Enterprise Fund.....	225,000	-	-	-	-	-	225,000 (6)
Solid Waste Enterprise Fund.....	343,165	-	-	-	-	-	343,165 (6)
Wastewater Enterprise Fund.....	492,815	-	-	-	-	-	492,815 (6)
Water Supply Enterprise Fund.....	128,441	-	-	-	-	-	128,441 (6)
Marina Enterprise Fund.....	43,857	-	-	-	-	-	43,857 (6)
Sandy Neck Enterprise Fund.....	45,426	-	-	-	-	-	45,426 (6)
Total.....	\$ 6,659,626	\$ 6,871,485	\$ 6,600,146	\$ 343,387	\$ 266,000	\$ 6,961,251	\$ 27,701,895

- (1) Represents an annual general fund appropriation to the municipal purpose stabilization fund and a transfer for an additional appropriation to fund school lunch operations.
- (2) Represents a budgeted transfer from the municipal purpose stabilization fund to the general fund for debt service, transfers from the municipal purpose stabilization fund to fund various capital projects and to fund the Hyannis Youth and Community Center.
- (3) Represents budgeted transfers from the pension stabilization fund to the general fund.
- (4) Represents the transfer of closed capital projects funds to the general fund. Also represents a capital contribution from the general fund for construction costs associated with the Hyannis Youth and Community Center. This has been treated as a capital contribution by the Hyannis Youth and Community Center enterprise fund.
- (5) Represents budgeted transfers from the Town special revenue fund to the general fund, transfer from the town special revenue fund and road betterment revolving fund to the municipal purpose stabilization fund, an appropriation for the continuation of the lighting of the walkway through Aselton Memorial Park, a transfer from the Town special revenue fund to help fund capital projects, a transfer out of cemetery funding to help fund DPW projects and a transfer out of non-major to help fund the Water Supply projects.
- (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 fiscal year 2010:

Governmental Funds				Balance at	Renewed/	Retired/	Balance at
Type	Purpose	Rate (%)	Due Date	June 30, 2009	Issued	Redeemed	June 30, 2010
BAN	School Remodeling.....	1.50%	6/17/2010	\$ 1,000,000	\$ -	\$ (1,000,000)	\$ -
BAN	Dredging.....	1.50%	6/17/2010	419,250	-	(419,250)	-
BAN	Town Building Remodeling.....	1.50%	6/17/2010	402,500	-	(402,500)	-
BAN	Park Improvements-Bismore Park.....	1.50%	6/17/2010	74,000	-	(74,000)	-
BAN	Land Acquisition.....	1.50%	6/17/2010	11,994	-	(11,994)	-
BAN	Bulkhead.....	1.25%	6/14/2011	-	725,000	-	725,000
Total.....				<u>\$ 1,907,744</u>	<u>\$ 725,000</u>	<u>\$ (1,907,744)</u>	<u>\$ 725,000</u>
Enterprise Funds				Balance at	Renewed/	Retired/	Balance at
Type	Purpose	Rate (%)	Due Date	June 30, 2009	Issued	Redeemed	June 30, 2010
BAN	Airport Land Acquisition.....	1.00%	1/29/2010	\$ 2,704,862	\$ -	\$ (2,704,862)	\$ -
BAN	Bulkhead.....	1.25%	6/14/2011	-	525,000	-	525,000
BAN	MWPAT Interim Loan - Drinking Water.....	0.25%	12/31/2011	-	2,788,911	(2,788,911)	- (1)
BAN	MWPAT Interim Loan - Water Mains and Pump Station....	0.25%	12/31/2011	-	8,633,726	(3,285,646)	5,348,080 (1)
Total.....				<u>\$ 2,704,862</u>	<u>\$ 11,947,637</u>	<u>\$ (8,779,419)</u>	<u>\$ 5,873,080</u>

- (1) During fiscal year 2010, the Town issued three interim loans totaling \$19,070,137 through the Massachusetts Water Pollution Abatement Trust (MWPAT). Of this amount, \$7,647,500 was issued as part of the MWPAT loan forgiveness program which will be recognized as federal grant revenue by the Town as expenditures are incurred. The remaining \$11,422,637 has been recorded as short-term debt. Subsequent to year end, the Town issued \$2,788,911 in the water enterprise fund and \$3,285,646 in the wastewater enterprise fund as long term bonds. The long-term bonds have been recorded as long-term debt as of June 30, 2010. The remaining \$5,348,080 remains as a short term interim loan payable at year end.

NOTE 8 – LONG-TERM DEBT

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

Details related to the outstanding indebtedness at June 30, 2010, and the debt service requirements are as follows:

Bonds and Notes Payable Schedule – Governmental Funds

Projects	Interest Rate (%)	Outstanding at June 30, 2009	Issued	Redeemed	Outstanding at June 30, 2010
Land Acquisitions.....	3.51 - 5.00	\$ 3,026,000	\$ -	\$ (239,000)	\$ 2,787,000
Community Preservation Fund					
Land Acquisitions.....	3.25 - 5.00	24,085,000	-	(1,790,000)	22,295,000
Schools.....	2.50 - 5.00	46,450,364	1,936,000	(4,481,859)	43,904,505
Roads.....	2.74 - 5.00	4,596,000	11,730	(981,000)	3,626,730
Title V Loan Program.....	0.00	784,571	-	(50,420)	734,151
Public Buildings.....	3.39 - 5.00	4,677,390	2,243,020	(522,590)	6,397,820
Improvements.....	3.5-4.75	1,901,000	74,000	(162,000)	1,813,000
Dredging.....	4.20	943,800	419,250	(241,800)	1,121,250
Drainage.....	3.39 - 6.00	611,300	-	(146,300)	465,000
Sewer Planning.....	4.07	1,517,642	-	(228,644)	1,288,998
Aerial Mapping.....	3.61	240,000	-	(65,000)	175,000
Lake Treatment.....	3.00	-	275,000	-	275,000
Total Bonds Payable.....		\$ 88,833,067	\$ 4,959,000	\$ (8,908,613)	\$ 84,883,454

(a)

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

Fiscal Year	Principal	Interest	Total
2011.....	\$ 9,404,339	\$ 3,470,056	\$ 12,874,395
2012.....	9,105,247	3,116,641	12,221,888
2013.....	8,429,704	2,762,794	11,192,498
2014.....	8,155,774	2,430,081	10,585,855
2015.....	7,366,019	2,123,277	9,489,296
2016.....	7,123,093	1,835,811	8,958,904
2017.....	7,165,209	1,543,018	8,708,227
2018.....	7,147,367	1,249,180	8,396,547
2019.....	7,185,569	913,431	8,099,000
2020.....	3,777,815	572,988	4,350,803
2021.....	2,809,910	415,168	3,225,078
2022.....	2,584,204	298,339	2,882,543
2023.....	1,949,204	186,367	2,135,571
2024.....	780,000	103,742	883,742
2025.....	745,000	73,795	818,795
2026.....	420,000	44,934	464,934
2027.....	285,000	29,208	314,208
2028.....	175,000	17,828	192,828
2029.....	140,000	11,000	151,000
2030.....	135,000	5,400	140,400
Total.....	\$ 84,883,454	\$ 21,203,058	\$ 106,086,512

(a) The Town has transferred \$15,961,000 in general obligation bonds previously reported as governmental bonds to the newly created Hyannis Youth and Community Center Enterprise Fund as part of a capital contribution in both the schedule above and on the following page.

Bonds and Notes Payable Schedule – Enterprise Funds

Projects	Interest Rate (%)	Outstanding at June 30, 2009	Issued	Redeemed	Outstanding at June 30, 2010
Golf Course.....	5.00	\$ 4,266,462	\$ -	\$ (426,462)	\$ 3,840,000
Wastewater.....	0.00 - 4.75	16,734,314	3,285,646	(1,545,149)	18,474,811
Water.....	4.00 - 5.00	9,325,000	2,788,911	(360,000)	11,753,911
Solid Waste Transfer Station.....	0.00 - 4.50	4,758,827	-	(420,100)	4,338,727
Sandy Neck.....	4.00	50,000	-	(20,000)	30,000
Marinas.....	3.00 - 5.00	1,350,000	-	(100,000)	1,250,000
Hyannis Youth and Community Center.....	3.375 - 5.00	15,961,000	-	(869,000)	15,092,000
Total Bonds Payable.....		\$ 52,445,603	\$ 6,074,557	\$ (3,740,711)	\$ 54,779,449

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

Fiscal Year	Principal	Interest	Total
2011.....	\$ 3,586,431	\$ 1,955,529	\$ 5,541,960
2012.....	3,766,018	1,858,522	5,624,540
2013.....	3,290,609	1,930,640	5,221,249
2014.....	3,494,592	1,616,861	5,111,453
2015.....	3,511,098	1,485,117	4,996,215
2016.....	3,386,528	1,349,832	4,736,360
2017.....	3,442,153	1,213,595	4,655,748
2018.....	3,186,500	1,070,159	4,256,659
2019.....	3,251,900	942,765	4,194,665
2020.....	2,866,775	815,401	3,682,176
2021.....	2,755,823	714,516	3,470,339
2022.....	2,800,264	616,731	3,416,995
2023.....	2,854,996	513,954	3,368,950
2024.....	2,764,026	408,713	3,172,739
2025.....	2,659,360	314,496	2,973,856
2026.....	2,405,004	218,736	2,623,740
2027.....	2,450,963	133,684	2,584,647
2028.....	1,187,246	47,031	1,234,277
2029.....	350,547	18,416	368,963
2030.....	357,629	10,874	368,503
2031.....	410,987	3,651	414,638
Total.....	\$ 54,779,449	\$ 17,239,223	\$ 72,018,672

The Town has entered into several loan agreements with the Massachusetts Water Pollution Abatement Trust (MWPAT) for which the Town has recorded the total amount of debt outstanding. However, as of June 30, 2010, the Town has not incurred \$16,236,122 of the eligible construction costs related to the projects and as a result has not yet received the corresponding loan proceeds from MWPAT. Accordingly, the Town has recorded \$16,236,122 as an intergovernmental receivable in the accompanying basic financial statements, as of June 30, 2010.

The Town is scheduled to be subsidized by the MWPAT on a periodic basis for principal in the amount of \$2,505,883 and interest costs for \$1,901,607. Thus, net MWPAT loan repayments, including interest, are scheduled to be \$6,910,814. The principal subsidies are guaranteed and therefore a \$2,505,883 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 fiscal year 2010 principal and interest subsidies totaled \$335,188 and \$362,161, 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 Middle School and the renovation and addition to the High School. During fiscal year 2010, approximately \$3,509,000 of such assistance was received. Approximately \$30,480,000 will be received in future years. Of this amount, \$4,455,000 represents reimbursement of future long-term interest costs and \$26,025,000 represents reimbursement of approved construction cost and interest costs previously paid. Accordingly, an intergovernmental receivable and corresponding deferred revenue have been reported in these basic financial statements for \$26,025,000 which represents the Commonwealth's share of construction and interest costs paid for the Middle 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, 2010, the Town had the following authorized and unissued debt:

Purpose	Amount
Sewer projects.....	\$ 19,811,813
Water projects.....	14,471,000
WPCF wind generator.....	1,850,000
Highway complex feasibility and design.....	900
Dredging projects.....	329,000
Road projects.....	6,827
Airport projects.....	32,933,989
Effluent mitigation.....	1,393,950
Security fencing.....	160,000
Improvements for Bismore Park.....	426,000
Land acquisitions.....	655,000
Energy improvements.....	7,650,000
Facilities improvements.....	4,246,375
Total.....	\$ 83,934,854

Changes in Long-term Liabilities

During the fiscal year ended June 30, 2010, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Governmental Activities:					
Bonds Payable.....	\$ 88,833,067	\$ 4,959,000	\$ (8,908,613)	\$ 84,883,454	\$ 9,404,339
Compensated Absences.....	2,635,150	2,343,004	(2,145,798)	2,832,356	2,300,601
Workers' Compensation.....	194,000	378,000	(174,000)	398,000	151,000
Other Postemployment Benefits.....	12,818,152	10,935,286	(4,615,378)	19,138,060	-
Total Governmental Funds.....	<u>104,480,369</u>	<u>18,615,290</u>	<u>(15,843,789)</u>	<u>107,251,870</u>	<u>11,855,940</u>
Business Type Activities:					
Bonds Payable.....	52,445,603	6,074,557	(3,740,711)	54,779,449	3,586,431
Compensated Absences.....	255,821	267,447	(218,205)	305,063	262,329
Workers' Compensation.....	-	248,000	-	248,000	50,000
Landfill Closure.....	1,260,000	-	(70,000)	1,190,000	70,000
Other Postemployment Benefits.....	1,575,000	1,466,000	(570,000)	2,471,000	-
Total Business Type Activities.....	<u>55,536,424</u>	<u>8,056,004</u>	<u>(4,598,916)</u>	<u>58,993,512</u>	<u>3,968,760</u>
Total.....	<u>\$ 160,016,793</u>	<u>\$ 26,671,294</u>	<u>\$ (20,442,705)</u>	<u>\$ 166,245,382</u>	<u>\$ 15,824,700</u>

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 – STABILIZATION FUNDS*Municipal Purpose Stabilization Fund*

At June 30, 2010, \$11,638,017 has been set aside in a municipal purpose stabilization fund, which is classified as a major fund in the governmental funds financial statements. The municipal purpose stabilization fund balance can be used for general and/or capital purposes upon approval of the Council.

Insurance Stabilization and Reserve Fund

At June 30, 2010, \$680,165 has been set aside in an insurance stabilization and reserve fund, which is classified as a major fund in the governmental funds financial statements. The insurance stabilization and reserve fund balance may only be appropriated to meet the Town's future insurance costs upon approval of the Council.

Pension Stabilization Fund

At June 30, 2010, \$2,783,603 has been set aside in a pension stabilization fund, which is classified as a major fund in the governmental funds financial statements. 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, although it is not required by MGL or Town ordinance.

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 fiscal year 1991 and performed a final capping of the landfill site in fiscal year 1997. At June 30, 2010, the Town has accrued \$1,190,000 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, 2010. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

NOTE 11 – SOLID WASTE DISPOSAL

In January, 1985, the Town entered into a twenty-seven year contract for the disposal of solid waste services, beginning in 1990, with SEMASS Partnership (SEMASS), a resource recovery facility located in Rochester, Massachusetts. The agreement requires the Town to deliver a minimum of 42,516 tons of solid waste on an annual basis. Anything above that, the Town can direct to other facilities if more cost effective. Tip fees for commercial hauling range from \$65 to \$80 per ton.

In order to deliver the solid waste to the facility, the waste needs to be consolidated at a transfer station. In March 1989, the Town signed an inter-municipal agreement with the Town of Yarmouth to participate in the design and construction of a transfer station located at the Yarmouth landfill. User fees will cover the Town's share of the construction cost over the life of the contract with SEMASS. The Town is obligated to the Town of Yarmouth for its share of the cost for design and construction of the Yarmouth transfer station. The Town is assessed 65% of the operating costs of the transfer station and the cost of related debt service. Additionally, the agreement includes a host fee of \$1.00 per ton based on the usage of the Town to cover administrative costs of operating the transfer station. The Town is committed to using the transfer station until such time as a new agreement is negotiated with the Town of Yarmouth.

NOTE 12 – 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 employees. The amount of claim settlements has not exceeded insurance coverage in any of the previous three fiscal years.

The Town provides health insurance through the Cape Cod Municipal Health Group (the 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 is self-insured for its workers' compensation activities incurred prior to fiscal year 2005 when the Town purchased commercial insurance. 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 Assets.

At June 30, 2010, the amount of the liability for self-insured workers' compensation claims was \$398,000 and \$248,000 for governmental and business-type activities, respectively.

Changes in the reported liability since July 1, 2008, are as follows:

	Balance at Beginning of Fiscal Year	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Fiscal Year-End	Current Portion at Year-End
Governmental Activities:					
Fiscal Year 2009.....	\$ 362,000	\$ 544,432	\$ (712,432)	\$ 194,000	\$ 174,000
Fiscal Year 2010.....	194,000	872,180	(668,180)	398,000	151,000
Business-Type Activities:					
Fiscal Year 2010.....	\$ -	\$ 916,180	\$ (668,180)	\$ 248,000	\$ 50,000

NOTE 13 – PENSION PLAN

Plan Description – The Town contributes to the Barnstable County Retirement Association (the Association), a cost-sharing multiple-employer defined benefit pension plan administered by the Barnstable County Retirement Board. Substantially all employees are members of the Association, except for public school teachers and certain administrators who are members of the Massachusetts Teachers Retirement System, to which the Town does not contribute. Pension benefits and administrative expenses paid by the Teachers Retirement Board are the legal responsibility of the Commonwealth. The amount of these on-behalf payments totaled \$9,543,000 for the fiscal year ended June 30, 2010, and, accordingly, are reported in the general fund as intergovernmental revenues and pension expenditures.

The Association provides retirement, disability and death benefits to plan members and beneficiaries. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. Cost-of-living adjustments granted between 1981 and 1997 and any increase in other benefits imposed by the Commonwealth's state law during those years are borne by the Commonwealth and are deposited into the pension fund. Cost-of-living adjustments granted after 1997 must be approved by the Association and are borne by the Association. The Association issues a publicly available unaudited financial report in accordance with guidelines established by the Commonwealth's Public Employee Retirement Administration Commission (PERAC). That report may be obtained by contacting the Association located at 99 Willow Street, Yarmouthport, Massachusetts 02675.

Funding Policy – Plan members are required to contribute to the Association at rates ranging from 5% to 11% of annual covered compensation. The Town is required to pay into the Association its share of the system-wide actuarial determined contribution that is apportioned among the employers based on active current payroll. Administrative expenses are funded through investment earnings. Chapter 32 of the MGL governs the contributions of plan members and the Town. The Town's contributions to the Association for the fiscal years ended June 30, 2010, 2009, and 2008 were \$5,718,412, \$5,302,912, and \$4,888,198, respectively, which equaled its required contribution for each fiscal year.

At June 30, 2010, the Town has \$2,783,603 in a pension reserve fund classified as a major fund in the governmental fund financial statements. The Town transferred \$370,000 from the pension reserve fund to the general fund in fiscal year 2010. The pension reserve fund may only be used to provide funding for annual

contributions to the Association upon approval of the Council.

NOTE 14 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description – The Town of Barnstable 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. 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 Retiree Health 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% of the total premium as well as full payment for catastrophic illness coverage. The Town’s assessment from the Commonwealth, for retired teachers, for fiscal year 2010, totaled \$2,457,661.

Funding Policy – Contribution requirements are also negotiated between the Town and union representatives. The required contribution is based on a pay-as-you-go financing requirement. The Town contributes 50% of the cost of current-year premiums for eligible retired plan members and their spouses. Plan members receiving benefits contribute the remaining 50% of their premium costs. For fiscal year 2010, the Town’s age-weighted contribution to the plan totaled \$2,199,661 and member cash contributions totaled approximately \$983,000.

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

Annual required contribution.....	\$ 11,672,884
Interest on net OPEB obligation.....	746,060
Adjustment for timing.....	(545,714)
Annual OPEB cost (expense).....	<u>11,873,230</u>
Contributions made (including retired teachers).....	<u>(4,657,322)</u>
Increase in net OPEB obligation.....	7,215,908
Net OPEB obligation - beginning of year.....	<u>14,393,152</u>
Net OPEB obligation - end of year.....	<u>\$ 21,609,060</u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2010 was as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2010	\$ 11,873,230	40%	\$ 21,609,060
6/30/2009	11,201,703	46%	14,393,152
6/30/2008	11,377,236	27%	8,251,620

Funded Status and Funding Progress

As of June 30, 2008, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$159 million, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$44,795,126, and the ratio of the UAAL to the covered payroll was 355.67%.

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 multiyear 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, 2008, actuarial valuation, actuarial liabilities were determined using the entry age normal cost method. The actuarial assumptions included a 5.0% 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, and an annual medical/drug cost trend rate of 10% initially, decreasing .75% for six years and by .50% for one year to an ultimate level of 5% per year. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized over a 30 year open period using a level percentage of projected payroll with amortization payments increasing at 4.5% per year. The remaining amortization period at June 30, 2010 is 27 years.

NOTE 15 – COMMITMENTS

The Town has entered into, or is planning to enter into, contracts totaling \$14.3 million in relation to various capital projects including improvements to the wastewater pollution control facility, water supply pipe replacement and storage tank construction, a new bathhouse, garage and sidewalk at Sandy Neck Park, public roads, herring run rehabilitation, coastal discharge mitigation, boat ramp renovation, various school and municipal building repairs, sidewalks and West Bay Bridge repairs.

A total of \$269,000 of sewer enterprise fund surplus is being used to replace a chlorine storage tank and system alarms. A total of \$142,000 of water enterprise fund surplus is being used for plant and tank upgrades. Water enterprise fund borrowing authorizations total \$1,671,000 for pipe replacements and a new storage tank. In addition, \$3,461,000 of lawsuit proceeds and gifts are being used for building the new water storage tank.

The Town is currently developing a long-term finance plan to construct several sewer extensions in the central, eastern and south eastern sections of town. The Town's Wastewater Facilities Plan, which has been approved by DEP; estimates the total cost of these projects to be approximately \$170 million. Currently there are three projects underway which were approved as part of the fiscal year 2010 capital improvement program. The cost of these three projects is approximately \$10 million. These include the residential areas around Stewart's Creek; both the East and West sides, and a new pump station located on West Main Street in Hyannis. These three projects have been approved to receive an MWPAT loan subsidy of 11% in principal forgiveness and a 2% interest rate. In addition, the Town Council has adopted a local meals tax of 0.75% and an increase in the local rooms tax of 2%; dedicating these new revenues to pay down any bond issues associated with this sewer expansion program. Other projects include drinking water improvements totaling \$2.8 million and energy efficiency initiatives at the wastewater facility totaling about \$7 million. The water projects are eligible for a 20% principal subsidy and a 2% loan through the MWPAT. The energy efficiency project is eligible for a 100% principal subsidy.

A borrowing authorization of approximately \$1.3 million was approved so that a new bathhouse at Sandy Neck Park can be constructed. In addition to the bathhouse are a new garage for storage and a sidewalk that will run from the gatehouse to the main parking area. \$100,000 of surplus funds in this enterprise account will be used for the improvements.

Capital Trust Funds reserve of \$3.4 million will be used for public road improvements as well as matching funds for grants. \$500,000 of grants were awarded for rehabilitating herring runs and mitigating coastal road runoff. \$940,000 of unexpended capital funds from other completed projects are being used for sidewalk and bridge repairs and \$2.3 million of new borrowing authorizations were issued for various school and municipal building repairs.

The Barnstable Harbor Marina bulkhead collapsed in the fall of 2009 which caused it to lose a section of the slips leased to boat owners. The reconstruction project is currently underway and was slated to be completed in November 2010. The project cost is \$5 million of which the Town received a State grant for up to 75%, or \$3.75 million, and the Town is responsible for the remaining 25% and any costs exceeding \$5 million.

The Town is in the process of starting two major Airport projects. The first is a new terminal, access road and parking improvements. Cost estimates are \$20 million, of which \$13 million is from the State, \$5 million from federal funds (FAA) and \$2 million from Airport reserves. The federal portion can only be used for the access road; it cannot be used for terminal. The Town plans on issuing short term notes to help fund the start up costs of these projects. The State's portion of \$13 million is expected to be received over the course of 3 years. The Town will issue short term debt and then pay it off with the state funding as it is reimbursed. Airport revenues will be used to pay for all borrowing costs associated with this project. The second project is the construction of a new air traffic control tower. This project is estimated at \$6 million and will be funded with ARRA money.

NOTE 16 – CONTINGENCIES

The Town participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of the Single Audit Act Amendments of 1996 through June 30, 2010, 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, 2010, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2010.

NOTE 17 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

Future Implementation of GASB Pronouncements:

- The GASB issued Statement #54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which is required to be implemented in fiscal year 2011. The implementation of this GASB will impact the Town's financial statements, as it changes fund balance components into Nonspendable, Restricted; Committed; Assigned; and Unassigned.
- The GASB issued Statement #59, *Financial Instruments Omnibus*, which is required to be implemented in fiscal year 2011. Management is in the process of determining the impact this pronouncement will have on the basic financial statements.

Required Supplementary Information

Retirement System Schedules of Funding Progress and Employer Contributions

The Retirement System Schedule of Funding Progress presents multiyear trend information, relating to the cost-sharing plan as a whole, of which the Town is one participating employer, about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The Retirement System Schedule of Employer Contributions presents multiyear trend information for required and actual contributions relating to the cost-sharing plan as a whole, of which the Town is one participating employer, as well as the Town's proportionate share of the plan's annual contributions.

BARNSTABLE COUNTY RETIREMENT ASSOCIATION
SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Entry Age (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
1/1/2009	\$ 520,089,855	\$ 966,564,614	\$ 446,474,759	53.8%	\$ 255,533,761	174.7%
1/1/2007	517,396,087	825,863,068	308,466,981	62.6%	226,391,633	136.3%
1/2/2006	465,637,984	765,747,723	300,109,739	60.8%	215,474,180	139.3%
1/1/2004	378,317,300	647,655,411	269,338,111	58.4%	190,614,004	141.3%
1/1/2002	362,911,896	553,531,966	190,620,070	65.6%	173,610,557	109.8%
1/1/2000	300,396,700	462,462,500	162,065,800	65.0%	152,293,100	106.4%
1/1/1998	235,247,660	404,215,695	168,968,035	58.2%	121,161,677	139.5%
1/1/1996	157,044,089	276,107,221	119,063,132	56.9%	108,456,079	109.8%
1/1/1993	97,194,645	226,430,792	129,236,147	42.9%	97,074,725	133.1%

The Town's share of the UAAL, as of January 1, 2009, is approximately 14.33%.

See notes to required supplementary information.

**BARNSTABLE COUNTY RETIREMENT ASSOCIATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Fiscal Year Ended June 30	System Wide			Town of Barnstable	
	Annual Required Contributions	(A) Actual Contributions	Percentage Contributed	(B) Actual Contributions	(B/A) Town's Percentage of System Wide Actual Contributions
2010	\$ 39,899,322	\$ 39,899,322	100%	\$ 5,718,412	14.33%
2009	36,943,817	36,943,817	100%	5,302,912	14.35%
2008	34,360,912	34,360,912	100%	4,888,198	14.23%
2007	32,038,146	32,038,146	100%	4,387,691	13.70%
2006	31,044,132	31,044,132	100%	4,143,691	13.35%
2005	27,846,430	27,846,430	100%	3,836,723	13.78%

The Town's Actual Contributions equaled 100% of its Required Contributions for each year presented.

See notes to required supplementary information.

Other Postemployment Benefit Plan Schedules

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

The Schedule of Employer Contributions presents 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.

OTHER POSTEMPLOYMENT BENEFIT PLAN
SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Projected Unit Credit (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
6/30/2008	\$ -	\$ 159,321,644	\$ 159,321,644	0%	\$ 44,795,126	355.67%
6/30/2006	-	150,545,412	150,545,412	0%	48,120,192	312.85%

Schedule of Employer Contributions

Year Ended	Annual Required Contribution	Actual Contributions Made	Percentage Contributed
6/30/2010	\$ 11,672,884	\$ 4,657,322	40%
6/30/2009	11,090,909	5,060,171	46%
6/30/2008	11,377,236	3,125,616	27%

See notes to required supplementary information.

OTHER POSTEMPLOYMENT BENEFIT PLAN
ACTUARIAL METHODS AND ASSUMPTIONS

Actuarial Methods:

Valuation date.....	June 30, 2008
Actuarial cost method.....	Entry Age Normal
Amortization method.....	Amortization payments increasing at 4.5% using a level percentage of payroll.
Remaining amortization period.....	30 years, open at June 30, 2008
Asset valuation method.....	Market value

Actuarial Assumptions:

Investment rate of return.....	5.0%, pay-as-you-go scenario
Medical/drug cost trend rate.....	10.0% decreasing by 0.75% for 6 years and by 0.50% for 1 year to an ultimate level of 5.00% per year.

Plan Membership:

Current retirees, beneficiaries, and dependents.....	723
Current active members.....	<u>915</u>
Total.....	<u><u>1,638</u></u>

See notes to required supplementary information.

NOTE A – PENSION PLAN

The Town contributes to the Barnstable County Retirement Association ("The Association"), a cost-sharing, multiple-employer defined benefit pension plan ("Plan") administered by the County of Barnstable Retirement Board. The Association provides retirement, disability, and death benefits to members and beneficiaries. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the Plan. Plan members are required to contribute to the Association at rates ranging from 5% to 11% of annual covered compensation. The Town is required to pay into the Association its share of the systemwide actuarially determined contribution which is apportioned among the employers based on active covered payroll.

The schedule of funding progress, presented as required supplementary information, presents multiyear trend information relating to the cost-sharing plan as a whole, of which the Town is one participating employer, about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Additionally, the schedule of employer contributions, presented as required supplementary information, presents multiyear trend information for required and actual contributions relating to the cost-sharing plan as a whole, of which the Town is one participating employer, as well as the Town's proportionate share of the plan's annual contributions. This information is designed to be helpful for understanding the scale of the information presented relative to the Town.

The following actuarial methods and assumptions were used in the Association's most recent actuarial valuation:

Valuation Date.....	January 1, 2009
Actuarial Cost Method.....	Entry Age Normal Cost Method
Amortization Method.....	Increasing at 4.50% per year
Remaining Amortization Period.....	19 years from July 1, 2009 for 2002 and 2003 Early Retirement Incentives and remaining unfunded liability.
Asset Valuation Method.....	5-year smoothing of investment returns greater (less) than expected.
Actuarial Assumptions:	
Investment rate of return.....	8.25%
Projected salary increases.....	5.00%
Cost of living adjustments.....	3.0% for the first \$12,000 of retirement income
Plan Membership:	
Retired participants and beneficiaries receiving benefits.....	2,368
Terminated participants entitled to a return of their employee contributions.....	635
Terminated participants with a vested right to a deferred or immediate benefit.....	113
Active participants.....	<u>5,290</u>
Total.....	<u><u>8,406</u></u>

NOTE B – OTHER POSTEMPLOYMENT BENEFITS

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

The Town currently finances its other postemployment benefits (OPEB) on a 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 0%. In accordance with Governmental Accounting Standards, the Town has recorded its OPEB cost equal to the actuarial determined annual required contribution (ARC) which includes the normal cost of providing benefits for the year and a component for the amortization of the total unfunded actuarial accrued liability of the plan.

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

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

The Schedule of Employer Contributions presents 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.

Combining Statements

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 Grant Funds – accounts for other non-school related funds designated for specific programs, this fund consists primarily of state and federal grants.

School Grant Funds – accounts for the school department's grant 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 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, 2010

	<i>Special Revenue Funds</i>				
	Town Revolving Funds	School Revolving Funds	Town Grant Funds	School Grant Funds	Subtotal
ASSETS					
Cash and cash equivalents.....	\$ 4,318,051	\$ 2,535,782	\$ 2,815,890	\$ 1,959,387	\$ 11,629,110
Investments.....	-	-	-	-	-
Receivables, net of uncollectibles:					
Departmental and other.....	-	2,149	-	-	2,149
Special assessments.....	245,055	-	391,430	-	636,485
Intergovernmental.....	-	-	-	414,520	414,520
TOTAL ASSETS.....	\$ 4,563,106	\$ 2,537,931	\$ 3,207,320	\$ 2,373,907	\$ 12,682,264
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Warrants payable.....	\$ 7,294	\$ 150,280	\$ 8,860	\$ 38,435	\$ 204,869
Accrued payroll.....	23,931	71,247	9,354	342,690	447,222
Other liabilities.....	-	17	-	6,500	6,517
Deferred revenues.....	245,055	-	391,432	5,091	641,578
TOTAL LIABILITIES.....	276,280	221,544	409,646	392,716	1,300,186
FUND BALANCES:					
Reserved for:					
Perpetual permanent funds.....	-	-	-	-	-
Unreserved:					
Undesignated, reported in:					
Special revenue funds.....	4,286,826	2,316,387	2,797,674	1,981,191	11,382,078
Permanent funds.....	-	-	-	-	-
TOTAL FUND BALANCES.....	4,286,826	2,316,387	2,797,674	1,981,191	11,382,078
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 4,563,106	\$ 2,537,931	\$ 3,207,320	\$ 2,373,907	\$ 12,682,264

Permanent Funds					Total Nonmajor Governmental Funds
Cemeteries and Libraries	Conservation	Education	Other	Subtotal	
\$ 466,622	\$ 7,734	\$ 377,185	\$ 163,671	\$ 1,015,212	\$ 12,644,322
5,271,127	87,368	4,260,816	51,413	9,670,724	9,670,724
-	-	-	-	-	2,149
-	-	-	-	-	636,485
-	-	-	-	-	414,520
<u>\$ 5,737,749</u>	<u>\$ 95,102</u>	<u>\$ 4,638,001</u>	<u>\$ 215,084</u>	<u>\$ 10,685,936</u>	<u>\$ 23,368,200</u>
\$ -	\$ -	\$ -	\$ 2,307	\$ 2,307	\$ 207,176
-	-	-	3,186	3,186	450,408
-	-	-	153,626	153,626	160,143
-	-	-	-	-	641,578
-	-	-	159,119	159,119	1,459,305
5,147,317	43,611	4,301,031	12,348	9,504,307	9,504,307
-	-	-	-	-	11,382,078
590,432	51,491	336,970	43,617	1,022,510	1,022,510
5,737,749	95,102	4,638,001	55,965	10,526,817	21,908,895
<u>\$ 5,737,749</u>	<u>\$ 95,102</u>	<u>\$ 4,638,001</u>	<u>\$ 215,084</u>	<u>\$ 10,685,936</u>	<u>\$ 23,368,200</u>

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

FISCAL YEAR ENDED JUNE 30, 2010

	Special Revenue Funds				Sub-total
	Town Revolving Funds	School Revolving Funds	Town Grant Funds	School Grant Funds	
REVENUES:					
Charges for services.....	\$ 887,799	\$ 2,296,180	\$ -	\$ 95,646	\$ 3,279,625
Fees and rentals.....	-	38,646	231,529	-	270,175
Licenses and permits.....	524,965	-	-	-	524,965
Intergovernmental.....	3,844	759,598	1,699,231	7,393,871	9,856,544
Departmental and other.....	-	175,678	244,888	11,304	431,870
Special assessments.....	123,072	-	-	-	123,072
Contributions.....	17,646	-	39,512	26,361	83,519
Investment income.....	-	-	334	-	334
Legal settlements.....	-	-	262,307	-	262,307
TOTAL REVENUES.....	1,557,326	3,270,102	2,477,801	7,527,182	14,832,411
EXPENDITURES:					
Current:					
Administrative services.....	482,521	-	536,575	-	1,019,096
Growth management.....	-	-	115,921	-	115,921
Public safety.....	-	-	650,333	-	650,333
Education.....	-	2,542,742	-	7,095,753	9,638,495
Public works.....	-	-	55,868	-	55,868
Community services.....	524,966	-	225,480	-	750,446
Regulatory services.....	237,804	-	131,212	-	369,016
Debt service:					
Principal.....	-	-	50,420	-	50,420
TOTAL EXPENDITURES.....	1,245,291	2,542,742	1,765,809	7,095,753	12,649,595
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	312,035	727,360	711,992	431,429	2,182,816
OTHER FINANCING SOURCES (USES):					
Transfers in.....	-	176,687	166,700	-	343,387
Transfers out.....	(123,072)	-	(3,607,647)	-	(3,730,719)
TOTAL OTHER FINANCING SOURCES (USES).....	(123,072)	176,687	(3,440,947)	-	(3,387,332)
NET CHANGE IN FUND BALANCES.....	188,963	904,047	(2,728,955)	431,429	(1,204,516)
FUND BALANCES AT BEGINNING OF YEAR.....	4,097,863	1,412,340	5,526,629	1,549,762	12,586,594
FUND BALANCES AT END OF YEAR.....	\$ 4,286,826	\$ 2,316,387	\$ 2,797,674	\$ 1,981,191	\$ 11,382,078

<i>Permanent Funds</i>					Total Nonmajor Governmental Funds
Cemeteries and Libraries	Conservation	Education	Other	Sub-total	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,279,625
-	-	-	-	-	270,175
-	-	-	-	-	524,965
-	-	-	-	-	9,856,544
63,250	-	-	49,678	112,928	544,798
-	-	-	-	-	123,072
-	-	-	40,372	40,372	123,891
761,637	10,633	61,835	15,712	849,817	850,151
-	-	-	-	-	262,307
<u>824,887</u>	<u>10,633</u>	<u>61,835</u>	<u>105,762</u>	<u>1,003,117</u>	<u>15,835,528</u>
-	235	-	485	720	1,019,816
-	-	-	-	-	115,921
-	-	-	62,448	62,448	712,781
-	-	-	-	-	9,638,495
55,654	-	-	-	55,654	111,522
100,498	-	-	29,764	130,262	880,708
-	-	-	-	-	369,016
-	-	-	-	-	50,420
<u>156,152</u>	<u>235</u>	<u>-</u>	<u>92,697</u>	<u>249,084</u>	<u>12,898,679</u>
<u>668,735</u>	<u>10,398</u>	<u>61,835</u>	<u>13,065</u>	<u>754,033</u>	<u>2,936,849</u>
-	-	-	-	-	343,387
<u>(166,700)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(166,700)</u>	<u>(3,897,419)</u>
<u>(166,700)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(166,700)</u>	<u>(3,554,032)</u>
502,035	10,398	61,835	13,065	587,333	(617,183)
<u>5,235,714</u>	<u>84,704</u>	<u>4,576,166</u>	<u>42,900</u>	<u>9,939,484</u>	<u>22,526,078</u>
<u>\$ 5,737,749</u>	<u>\$ 95,102</u>	<u>\$ 4,638,001</u>	<u>\$ 55,965</u>	<u>\$ 10,526,817</u>	<u>\$ 21,908,895</u>

Agency Fund

Fund Description

Agency Funds are used to account for the collection and payment of charges for police extra duty, student activities, performance bonds and other funds.

AGENCY FUND
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FISCAL YEAR ENDED JUNE 30, 2010

	<u>July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2010</u>
ASSETS				
CURRENT:				
Cash and cash equivalents.....	\$ 550,609	\$ 1,733,898	\$ (1,775,351)	\$ 509,156
Receivables, net of allowance for uncollectibles:				
Departmental and other.....	<u>239,386</u>	<u>825,683</u>	<u>(796,905)</u>	<u>268,164</u>
TOTAL ASSETS.....	<u>\$ 789,995</u>	<u>\$ 2,559,581</u>	<u>\$ (2,572,256)</u>	<u>\$ 777,320</u>
LIABILITIES				
Police Details.....	\$ 198,517	\$ 266,458	\$ (235,707)	\$ 229,268
Student Activity Accounts.....	189,432	1,007,537	(1,023,819)	173,150
Performance Bonds.....	377,192	352,645	(371,859)	357,978
Other.....	<u>24,854</u>	<u>52,981</u>	<u>(60,911)</u>	<u>16,924</u>
TOTAL LIABILITIES.....	<u>\$ 789,995</u>	<u>\$ 1,679,621</u>	<u>\$ (1,692,296)</u>	<u>\$ 777,320</u>

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Statistical Section



Ever wonder what a barge full of fireworks looked like? A lot of time and effort goes into making for a safe and fun Fourth of July celebration every year in the Town of Barnstable. The fireworks display is set off in Lewis Bay. The best viewing areas include the JFK Memorial Park and Veterans and Kalmus beaches.



The flag is raised as a crowd gathers at Aselton Park in anticipation of the Town's 4th of July concert and fireworks.

Statistical Section

Statistical tables differ from financial statements since they usually cover more than one fiscal 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. The Town implemented GASB Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year.

Net Assets By Component

Last Nine Fiscal Years

Fiscal Year

	2002	2003	2004	2005	2006	2007	2008	2009	2010
Governmental activities									
Invested in capital assets, net of related debt.....	\$ 136,917,832	\$ 130,084,213	\$ 138,116,458	\$ 146,813,704	\$ 149,076,904	\$ 164,369,948	\$ 172,052,048	\$ 170,657,049	\$ 167,732,404
Restricted.....	15,078,497	9,414,023	26,251,387	23,956,664	25,429,456	21,546,963	21,761,627	23,653,035	22,256,610
Unrestricted.....	44,598,004	45,917,006	42,632,593	43,820,157	54,582,327	59,319,794	49,706,955	44,174,519	45,761,937
Total governmental activities net assets.....	\$ 196,594,333	\$ 185,415,242	\$ 207,000,438	\$ 214,590,525	\$ 229,088,687	\$ 245,236,705	\$ 243,520,630	\$ 238,484,603	\$ 235,750,951
Business-type activities									
Invested in capital assets, net of related debt.....	43,340,351	48,539,226	50,232,948	57,745,786	62,727,486	63,605,089	69,038,883	70,569,512	90,826,987
Unrestricted.....	20,699,395	17,075,725	19,253,803	20,457,573	23,483,865	25,524,078	25,909,975	27,726,500	20,728,375
Total business-type activities net assets.....	\$ 64,039,746	\$ 65,614,951	\$ 69,486,751	\$ 78,203,359	\$ 86,211,351	\$ 89,129,167	\$ 94,948,858	\$ 98,296,012	\$ 111,555,362
Primary government									
Invested in capital assets, net of related debt.....	180,258,183	178,623,439	188,349,406	204,559,490	211,804,390	227,975,037	241,090,931	241,226,561	258,559,391
Restricted.....	15,078,497	9,414,023	26,251,387	23,956,664	25,429,456	21,546,963	21,761,627	23,653,035	22,256,610
Unrestricted.....	65,297,399	62,992,731	61,886,396	64,277,730	78,066,192	84,843,872	75,616,930	71,901,019	66,490,312
Total primary government net assets.....	\$ 260,634,079	\$ 251,030,193	\$ 276,487,189	\$ 292,793,884	\$ 315,300,038	\$ 334,365,872	\$ 338,469,488	\$ 336,780,615	\$ 347,306,313

Changes in Net Assets

Last Nine Fiscal Years

	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
Expenses									
Governmental activities:									
Charter commission.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,065	\$ 46,380	\$ 15,000
Town council.....	244,639	227,642	262,361	285,172	301,790	256,468	346,498	356,983	390,345
Town manager.....	509,575	762,063	512,055	583,608	580,947	579,318	719,449	675,969	752,700
Administrative services.....	7,774,610	7,852,434	7,838,976	8,779,638	8,518,874	8,378,688	9,862,293	9,691,557	10,318,986
Growth management.....	-	-	-	-	937,785	2,049,147	3,507,729	3,321,356	2,594,947
Public safety.....	9,862,049	10,462,665	10,263,728	11,621,456	12,660,482	13,406,737	15,378,587	15,190,576	15,951,164
Education.....	66,797,457	74,546,270	72,837,749	74,647,049	81,384,483	87,534,482	92,444,424	93,940,477	90,887,000
Public works.....	10,147,754	10,417,699	12,743,329	11,306,904	9,942,512	9,871,846	13,806,146	16,910,307	12,464,847
Community services.....	3,247,913	4,168,394	4,141,597	4,078,291	3,549,968	3,755,054	4,152,881	4,762,643	4,334,769
Regulatory services.....	2,014,171	2,790,428	2,803,627	3,541,727	3,124,650	3,112,902	3,753,307	2,964,772	4,205,724
Culture and recreation.....	2,417,470	1,454,454	1,412,413	1,451,247	1,771,570	1,664,769	1,817,859	1,727,069	1,689,753
Interest.....	4,500,532	4,850,567	4,902,192	4,870,383	4,585,580	4,803,026	4,595,119	4,707,186	3,623,266
Total government activities expenses.....	107,516,170	117,532,616	117,718,027	121,165,475	127,358,641	135,412,437	150,386,357	154,295,275	147,228,501
Business-type activities:									
Airport activities.....	3,995,787	4,088,653	4,844,264	5,416,775	6,195,889	6,501,195	7,563,704	7,062,613	6,034,854
Golf course activities.....	1,629,009	1,552,786	1,580,918	1,496,534	1,549,796	2,245,796	2,949,522	2,712,412	2,614,217
Solid waste activities.....	1,290,194	1,323,504	1,431,546	1,367,651	2,015,005	1,940,896	2,263,740	2,140,520	2,010,574
Wastewater activities.....	3,338,062	3,043,778	3,468,037	3,715,192	2,931,331	3,559,805	3,439,444	4,211,888	4,604,835
Water company activities.....	-	-	-	241,701	2,320,786	2,392,945	2,322,892	2,222,892	2,393,652
Marina activities.....	-	-	-	-	433,577	523,997	559,857	493,447	468,960
Sandy Neck recreation activities.....	-	-	-	-	358,068	395,516	467,692	474,332	501,888
Hyannis youth and community center.....	-	-	-	-	-	-	-	-	1,970,413
Total business-type activities expenses.....	10,253,052	10,008,721	11,324,765	12,237,853	15,804,452	17,560,150	19,565,984	19,318,104	20,599,393
Total primary government expenses.....	\$ 117,769,222	\$ 127,541,337	\$ 129,042,792	\$ 133,403,328	\$ 143,163,093	\$ 152,972,587	\$ 169,952,341	\$ 173,613,379	\$ 167,827,894
Program Revenues									
Governmental activities:									
Administrative services charges for services.....	\$ 1,085,211	\$ 810,171	\$ 876,128	\$ 1,154,593	\$ 807,012	\$ 576,201	\$ 804,576	\$ 730,873	\$ 755,951
Education charges for services.....	2,920,351	3,708,643	3,573,560	3,629,238	2,919,006	3,166,525	4,241,309	3,240,712	2,599,327
Community services charges for services.....	1,871,895	2,129,746	2,497,006	2,503,371	1,539,633	1,618,139	1,599,885	1,717,789	1,569,081
Regulatory services charges for services.....	1,675,887	1,697,816	1,740,014	2,221,754	2,451,852	2,244,531	2,312,451	2,116,776	2,296,375
Other charges for services.....	1,298,547	1,240,800	1,133,394	1,221,860	1,502,313	1,401,151	1,732,923	2,219,533	1,282,396
Operating grants and contributions.....	20,789,021	20,359,125	20,587,459	23,299,779	24,670,911	28,058,414	27,133,578	28,396,710	30,536,034
Capital grant and contributions.....	700,739	2,457,096	4,703,314	4,008,692	7,578,724	8,209,397	6,778,249	3,334,070	3,444,938
Total government activities program revenues.....	30,341,651	32,403,397	35,110,875	38,039,287	41,469,451	45,274,358	44,602,971	41,756,463	42,484,102
Business-type activities:									
Charges for services - Airport.....	4,626,213	4,500,057	4,286,121	4,935,184	5,945,718	6,434,413	7,160,730	6,810,056	5,490,285
Charges for services - Golf Course.....	1,908,245	1,792,439	1,816,543	1,798,858	1,761,676	2,516,328	2,993,201	3,027,102	2,891,917
Charges for services - Solid Waste.....	1,925,492	1,321,800	1,523,245	1,633,455	1,842,879	2,045,585	2,151,196	2,006,111	2,070,045
Charges for services - Wastewater.....	3,683,146	3,255,153	3,827,039	3,858,633	3,865,308	3,437,641	3,650,336	3,187,621	3,927,176
Charges for services - Water Supply.....	-	-	-	-	2,648,165	2,816,039	3,235,835	3,123,598	3,193,402
Charges for services - Marina.....	-	-	-	-	706,138	666,312	653,480	651,019	557,513
Charges for services - Sandy Neck recreation.....	-	-	-	-	489,144	512,590	583,545	569,561	616,104
Charges for services - Hyannis youth and community center.....	-	-	-	-	-	-	-	-	1,149,921
Operating grants and contributions.....	1,445,505	737,440	1,330,865	1,017,413	476,700	555,116	500,061	436,056	259,036
Capital grants and contributions.....	-	1,047,301	3,414,401	2,294,113	3,732,082	1,280,816	4,498,513	2,881,380	5,468,016
Total business-type activities program revenues.....	13,588,601	12,654,190	16,198,214	15,537,656	21,467,810	20,264,840	25,426,897	22,692,504	25,623,415
Total primary government program revenues.....	\$ 43,930,252	\$ 45,057,587	\$ 51,309,089	\$ 53,576,943	\$ 62,937,261	\$ 65,539,198	\$ 70,029,868	\$ 64,448,967	\$ 68,107,517

(Continued)

Changes in Net Assets

Last Nine Fiscal Years

	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
Net (Expense)/Revenue									
Governmental activities.....	\$ (77,174,519)	\$ (85,129,219)	\$ (82,607,152)	\$ (83,126,188)	\$ (85,889,190)	\$ (90,138,079)	\$ (105,783,386)	\$ (112,538,812)	\$ (104,744,399)
Business-type activities.....	<u>3,335,549</u>	<u>2,645,469</u>	<u>4,873,449</u>	<u>3,299,803</u>	<u>5,663,358</u>	<u>2,704,690</u>	<u>5,860,913</u>	<u>3,374,400</u>	<u>5,024,022</u>
Total primary government net expense.....	<u>\$ (73,838,970)</u>	<u>\$ (82,483,750)</u>	<u>\$ (77,733,703)</u>	<u>\$ (79,826,385)</u>	<u>\$ (80,225,832)</u>	<u>\$ (87,433,389)</u>	<u>\$ (99,922,473)</u>	<u>\$ (109,164,412)</u>	<u>\$ (99,720,377)</u>
General Revenues and other Changes in Net Assets									
Governmental activities:									
Real estate and personal property taxes, net of tax refunds payable.....	\$ 67,552,018	\$ 69,697,450	\$ 73,674,105	\$ 77,051,302	\$ 80,072,721	\$ 82,597,461	\$ 84,936,744	\$ 88,253,725	\$ 90,663,777
Motor vehicle and other excise taxes.....	5,669,491	6,203,157	6,165,945	7,037,163	6,286,515	6,756,143	6,350,453	5,625,147	5,206,615
Hotel/motel tax.....	1,592,857	1,639,620	1,613,228	1,688,423	1,649,084	1,612,004	1,665,130	1,604,723	1,489,471
Penalties and interest on taxes.....	794,795	723,473	752,812	799,569	741,586	795,696	852,148	905,602	778,660
Community preservation surtax.....	2,009,795	2,052,512	2,195,096	2,277,056	2,335,045	2,453,874	2,474,265	2,619,643	2,651,234
Grants and contributions not restricted to specific programs.....	4,105,815	4,772,070	2,769,094	3,974,443	6,225,836	4,203,225	4,055,268	3,742,347	2,698,754
Unrestricted investment income.....	1,381,133	2,082,442	1,027,266	1,927,041	2,526,549	6,461,005	2,555,986	746,614	3,722,928
Gain on sale of capital assets.....	-	-	-	283,500	1,722,672	25,000	-	-	31,831
Miscellaneous.....	351,686	2,176	249,434	535,151	-	110,367	-	-	25,968
Legal settlements.....	-	-	-	-	-	-	-	3,492,881	262,307
Transfers.....	<u>933,085</u>	<u>1,347,745</u>	<u>1,174,851</u>	<u>(4,857,372)</u>	<u>(1,172,656)</u>	<u>1,271,322</u>	<u>1,177,317</u>	<u>512,103</u>	<u>(8,071,724)</u>
Total governmental activities.....	<u>84,390,675</u>	<u>88,520,645</u>	<u>89,621,831</u>	<u>90,716,276</u>	<u>100,387,352</u>	<u>106,286,097</u>	<u>104,067,311</u>	<u>107,502,785</u>	<u>99,459,821</u>
Business-type activities:									
Unrestricted investment income.....	-	277,481	173,202	559,433	1,119,622	1,480,924	1,136,095	484,857	163,604
Gain on sale of capital assets.....	-	-	-	-	52,356	3,524	-	-	-
Transfers.....	<u>(933,085)</u>	<u>(1,347,745)</u>	<u>(1,174,851)</u>	<u>4,857,372</u>	<u>1,172,656</u>	<u>(1,271,322)</u>	<u>(1,177,317)</u>	<u>(512,103)</u>	<u>8,071,724</u>
Total business-type activities.....	<u>(933,085)</u>	<u>(1,070,264)</u>	<u>(1,001,649)</u>	<u>5,416,805</u>	<u>2,344,634</u>	<u>213,126</u>	<u>(41,222)</u>	<u>(27,246)</u>	<u>8,235,328</u>
Total primary government.....	<u>\$ 83,457,590</u>	<u>\$ 87,450,381</u>	<u>\$ 88,620,182</u>	<u>\$ 96,133,081</u>	<u>\$ 102,731,986</u>	<u>\$ 106,499,223</u>	<u>\$ 104,026,089</u>	<u>\$ 107,475,539</u>	<u>\$ 107,695,149</u>
Changes in Net Assets									
Governmental activities.....	\$ 7,216,156	\$ 3,391,426	\$ 7,014,679	\$ 7,590,088	\$ 14,498,162	\$ 16,148,018	\$ (1,716,075)	\$ (5,036,027)	\$ (5,284,578)
Business-type activities.....	<u>2,402,464</u>	<u>1,575,205</u>	<u>3,871,800</u>	<u>8,716,608</u>	<u>8,007,992</u>	<u>2,917,816</u>	<u>5,819,691</u>	<u>3,347,154</u>	<u>13,259,350</u>
Total primary government.....	<u>\$ 9,618,620</u>	<u>\$ 4,966,631</u>	<u>\$ 10,886,479</u>	<u>\$ 16,306,696</u>	<u>\$ 22,506,154</u>	<u>\$ 19,065,834</u>	<u>\$ 4,103,616</u>	<u>\$ (1,688,873)</u>	<u>\$ 7,974,772</u>

(Concluded)

Fund Balances, Governmental Funds

Last Ten Fiscal Years

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Fund										
Reserved.....	\$ 5,269,086	\$ 5,715,417	\$ 4,474,557	\$ 5,001,609	\$ 1,726,344	\$ 2,009,316	\$ 1,512,248	\$ 1,888,999	\$ 1,241,639	\$ 2,816,525
Unreserved.....	<u>12,211,036</u>	<u>11,526,019</u>	<u>12,450,524</u>	<u>12,496,127</u>	<u>21,963,775</u>	<u>26,988,088</u>	<u>28,200,523</u>	<u>19,740,194</u>	<u>15,179,667</u>	<u>14,901,926</u>
Total general fund.....	<u>\$ 17,480,122</u>	<u>\$ 17,241,436</u>	<u>\$ 16,925,081</u>	<u>\$ 17,497,736</u>	<u>\$ 23,690,119</u>	<u>\$ 28,997,404</u>	<u>\$ 29,712,771</u>	<u>\$ 21,629,193</u>	<u>\$ 16,421,306</u>	<u>\$ 17,718,451</u>
All Other Governmental Funds										
Reserved.....	\$ -	\$ 9,164,048	\$ 9,325,101	\$ 9,480,537	\$ 9,634,502	\$ 9,625,989	\$ 10,228,805	\$ 10,287,552	\$ 8,847,452	\$ 9,504,307
Unreserved, reported in:										
Special revenue funds.....	1,851,774	23,888,131	24,611,675	24,939,370	24,320,865	28,427,537	30,311,236	36,842,393	38,643,071	36,566,719
Capital projects funds.....	4,240,384	10,568,338	10,598,513	9,971,416	9,158,632	8,724,569	28,615,260	34,643,214	15,845,729	15,837,839
Permanent funds.....	-	869,015	859,776	866,039	441,646	565,998	903,589	96,544	1,092,032	1,022,510
Total all other governmental funds.....	<u>\$ 6,092,158</u>	<u>\$ 44,489,532</u>	<u>\$ 45,395,065</u>	<u>\$ 45,257,362</u>	<u>\$ 43,555,645</u>	<u>\$ 47,344,093</u>	<u>\$ 70,058,890</u>	<u>\$ 81,869,703</u>	<u>\$ 64,428,284</u>	<u>\$ 62,931,375</u>

Fiscal year 2001 excludes Expendable and Nonexpendable Trust Funds which were reported under the pre-GASB 34 format.

Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues:										
Real estate and personal property taxes, net of tax refunds.....	\$ 65,592,708	\$ 67,692,985	\$ 69,727,770	\$ 73,526,645	\$ 77,391,784	\$ 79,020,367	\$ 82,783,866	\$ 84,855,790	\$ 88,165,857	\$ 89,592,295
Motor vehicle and other excise taxes.....	5,702,940	5,544,329	5,944,110	6,297,172	6,537,273	6,316,691	6,704,665	6,617,601	5,646,089	5,249,626
Hotel/motel tax.....	1,446,487	1,640,225	1,667,205	1,613,228	1,667,469	1,644,352	1,612,004	1,670,130	1,624,723	1,481,471
Charges for services.....	4,043,790	4,799,520	5,631,162	5,721,290	5,984,915	6,093,501	5,296,145	6,710,275	6,792,198	4,808,371
Penalties and interest on taxes.....	798,298	794,795	723,473	752,812	799,569	741,661	1,335,052	1,210,709	1,206,383	1,070,307
Fees and rentals.....	1,108,567	1,344,752	1,597,200	1,712,699	1,622,252	898,311	1,003,400	1,210,892	1,107,126	1,199,488
Licenses and permits.....	1,612,864	1,753,550	1,735,932	1,746,132	2,047,639	2,139,204	2,088,864	2,170,128	2,092,985	2,131,386
Intergovernmental.....	30,271,123	27,047,730	29,562,367	28,922,799	34,186,154	37,930,900	36,751,218	35,426,249	35,349,630	36,622,958
Departmental and other.....	938,848	758,886	794,716	1,099,676	1,832,449	1,410,779	1,956,268	1,603,490	1,929,525	1,238,096
Special assessments.....	329,110	222,480	208,658	171,815	132,650	98,262	191,884	151,983	143,209	220,269
Community preservation surtax.....	1,933,455	2,009,795	2,052,512	2,195,096	2,277,056	2,335,045	2,453,874	2,474,265	2,619,643	2,651,234
Contributions.....	234,210	545,410	125,257	145,980	93,250	100,871	196,313	99,882	153,455	123,891
Investment income.....	1,324,992	1,381,133	2,084,846	1,027,613	1,928,006	2,528,861	6,464,023	2,558,229	747,670	3,723,219
Miscellaneous.....	-	38,263	-	1,855	184,065	-	-	-	-	262,658
Legal settlements.....	-	-	-	-	-	-	-	-	3,492,881	262,307
Total Revenues.....	115,337,392	115,573,853	121,855,208	124,934,812	136,684,531	141,258,805	148,837,576	146,759,623	151,071,374	150,637,576
Expenditures:										
Charter commission.....	-	-	-	-	-	-	-	2,065	46,380	15,000
Town council.....	-	-	220,882	246,071	267,243	278,559	231,825	289,995	296,316	321,346
Town manager.....	-	-	730,239	464,983	531,329	521,535	518,618	574,215	541,963	600,291
Administrative services.....	7,598,880	5,948,987	5,437,536	5,553,635	5,826,143	5,566,097	5,223,523	5,816,199	5,721,376	6,022,630
Growth management.....	-	-	-	-	-	864,871	1,908,052	3,162,311	3,023,167	2,255,806
Public safety.....	9,039,316	9,495,188	10,136,517	10,148,280	10,385,370	10,974,924	11,372,831	11,423,726	11,562,679	11,877,172
Education.....	56,217,227	58,041,221	60,751,278	62,561,166	63,111,637	68,092,203	71,994,705	73,768,453	74,154,718	69,418,073
Public works.....	6,747,953	6,627,647	7,894,484	7,374,652	9,043,063	8,071,026	7,067,157	8,766,085	12,507,268	5,801,985
Community services.....	2,910,873	2,374,838	3,285,347	3,219,318	3,352,642	3,012,255	3,026,874	3,031,730	3,731,611	3,269,069
Regulatory services.....	1,950,971	1,754,478	2,170,109	2,121,573	2,170,733	2,844,921	2,354,396	2,537,742	1,498,642	2,602,377
Culture and recreation.....	1,514,149	1,348,073	1,454,454	1,412,413	1,451,247	1,687,360	1,621,122	1,715,718	1,727,069	1,689,753
Pension and employee benefits.....	8,285,579	7,993,094	8,449,434	9,501,689	10,534,400	11,202,820	12,363,057	13,793,046	15,287,773	17,096,982
Property and liability insurance.....	609,576	726,945	827,975	866,088	1,133,249	1,066,222	1,175,345	1,202,223	1,151,284	1,205,171
Claims and judgments.....	-	-	-	-	-	-	-	450,972	-	-
Other assessments.....	-	187,651	77,211	246,942	218,638	271,886	270,401	325,747	424,848	492,852
State and county charges.....	2,280,022	2,446,868	2,662,802	2,789,438	2,981,154	4,619,631	5,179,582	5,283,974	5,500,040	5,670,113
Capital outlay.....	9,433,270	18,104,172	11,852,515	19,903,863	9,631,980	6,363,859	9,828,269	12,063,864	22,486,003	9,398,699
Debt service										
Principal.....	8,781,293	8,575,643	8,932,552	8,322,609	8,438,821	7,978,726	8,074,177	9,007,988	9,841,839	8,908,613
Interest.....	4,975,431	4,304,855	4,744,440	4,778,832	4,828,154	4,643,055	4,689,917	4,619,652	4,729,807	3,691,341
Total Expenditures.....	120,344,540	127,929,660	129,627,775	139,511,552	133,905,803	138,059,950	146,899,851	157,835,705	174,232,783	150,337,273
Excess of revenues over (under) expenditures.....	(5,007,148)	(12,355,807)	(7,772,567)	(14,576,740)	2,778,728	3,198,855	1,937,725	(11,076,082)	(23,161,409)	300,303
Other Financing Sources (Uses)										
Issuance of bonds and notes.....	9,967,360	24,822,769	7,014,000	13,633,000	6,280,000	2,550,000	19,893,000	13,626,000	-	4,959,000
Issuance of refunding bonds.....	-	-	-	-	-	-	38,101,000	-	-	-
Premium from issuance of bonds.....	255,428	351,686	-	203,841	5,810	-	240,059	-	-	-
Premium from issuance of refunding bonds.....	-	-	-	-	-	-	1,076,268	-	-	-
Sale of capital assets.....	-	-	-	-	283,500	3,000,000	25,000	-	-	31,831
Payment to bond escrow agent.....	(10,013,598)	-	-	-	-	-	(39,114,210)	-	-	-
Transfers in.....	8,493,623	16,236,094	14,208,776	13,813,434	14,063,605	15,971,349	18,461,664	23,252,992	21,271,536	20,474,644
Transfers out.....	(6,189,658)	(15,303,009)	(12,861,031)	(12,638,583)	(18,920,977)	(15,624,471)	(17,190,342)	(22,075,675)	(20,759,433)	(25,965,542)
Total other financing sources (uses).....	2,513,155	26,107,540	8,361,745	15,011,692	1,711,938	5,896,878	21,492,439	14,803,317	512,103	(500,067)
Net change in fund balance.....	\$ (2,493,993)	\$ 13,751,733	\$ 589,178	\$ 434,952	\$ 4,490,666	\$ 9,095,733	\$ 23,430,164	\$ 3,727,235	\$ (22,649,306)	\$ (199,764)
Debt service as a percentage of noncapital expenditures.....	12.40%	11.73%	11.61%	10.95%	10.68%	9.58%	9.31%	9.35%	9.60%	8.94%

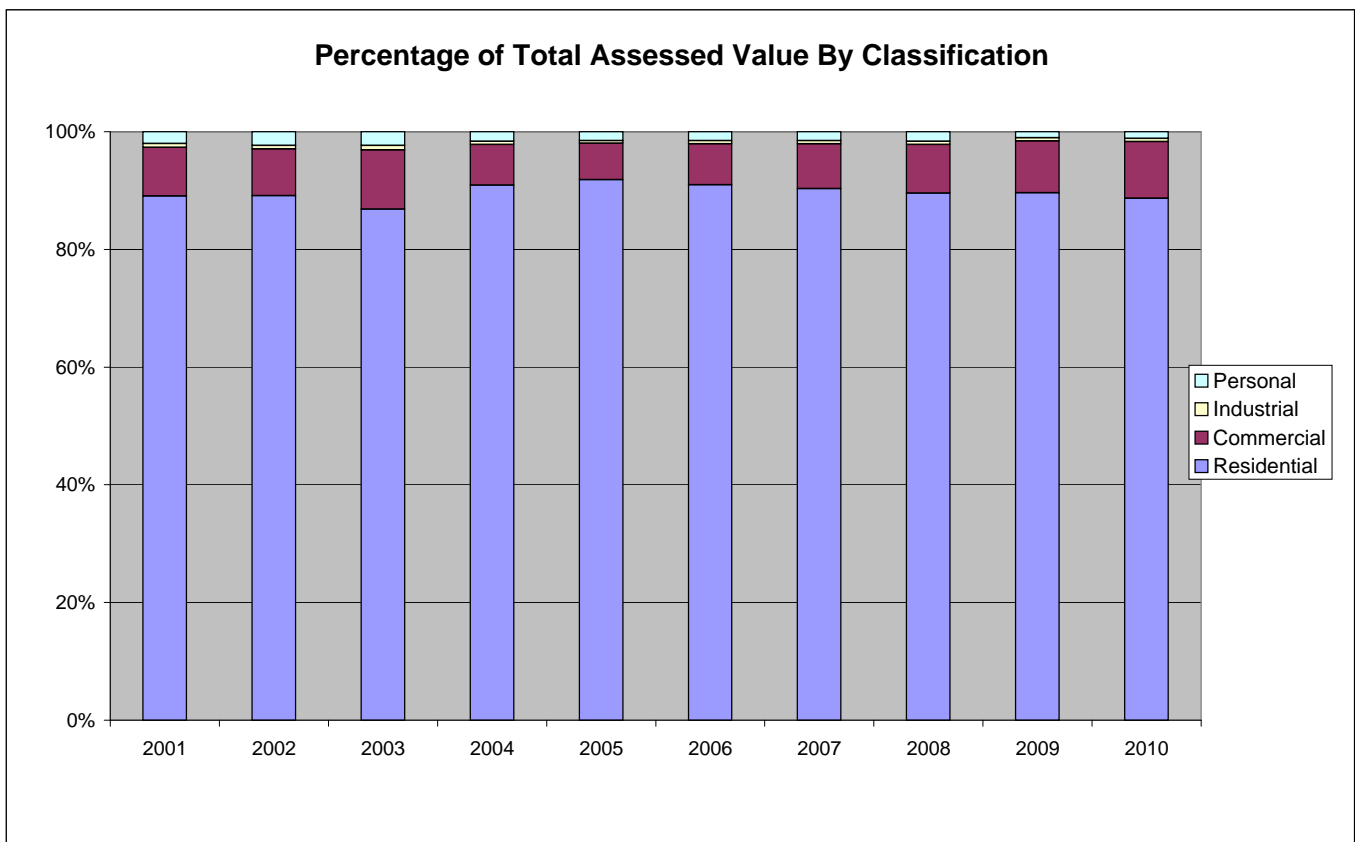
Notes:

Fiscal year 2001 excludes Expendable and Nonexpendable Trust Funds which were reported under the pre-GASB 34 format. Some functional expenses are reported in different lines in older years.

Assessed Value of Taxable Property by Classification and Tax Rates

Last Ten Fiscal Years

Fiscal 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	Total Town Value	
2001	(1)	\$6,415,713,652	\$8.99	\$750,723,478	\$57,410,970	\$808,134,448	\$8.99	\$174,792,970	\$8.99	\$8.99	\$7,398,641,070
2002		\$6,485,785,487	\$9.26	\$765,752,143	\$59,963,170	\$825,715,313	\$9.26	\$177,638,825	\$9.26	\$9.26	\$7,489,139,625
2003		\$6,496,915,232	\$9.40	\$767,960,498	\$56,678,770	\$824,639,268	\$9.40	\$188,114,795	\$9.40	\$9.40	\$7,509,669,295
2004	(1)	\$10,023,257,151	\$6.61	\$967,131,329	\$75,686,020	\$1,042,817,349	\$6.61	\$214,717,352	\$6.61	\$6.61	\$11,280,791,852
2005		\$11,381,231,761	\$6.05	\$1,129,516,623	\$80,250,820	\$1,209,767,443	\$6.05	\$228,014,240	\$6.05	\$6.05	\$12,819,013,444
2006	(2)	\$12,710,161,443	\$6.31	\$1,230,557,567	\$77,084,090	\$1,307,641,657	\$6.54	\$245,409,010	\$6.49	\$6.31	\$14,263,212,110
2007	(1),(3)	\$13,443,704,362	\$6.32	\$1,275,048,264	\$77,011,100	\$1,352,059,364	\$5.57	\$149,981,380	\$5.57	\$6.32	\$14,945,745,106
2008	(3)	\$13,323,872,172	\$6.58	\$1,286,489,328	\$73,265,400	\$1,359,754,728	\$5.80	\$151,079,850	\$5.80	\$6.58	\$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	\$6.90	\$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	\$7.77	\$13,360,218,025



(1) Revaluation year.

(2) In FY2006 the Town adopted a split tax rate (factor of 1.15), a residential exemption (20%), and a small business exemption (10%) resulting in different tax rates between classes.

(3) In FY2007 and FY2008 the Town adopted a 20% residential exemption and no split tax rate factor resulting in a higher residential rate

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 fiscal 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.

Town of Barnstable, Massachusetts

Principal Taxpayers

Current Year and Nine Years Ago

Name	Nature of Business	2010			2001		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
Mayflower Cape Cod, LLC	Cape Cod Mall	\$ 112,150,700	1	0.84%	\$ 72,435,900	1	1.46%
NSTAR/Commonwealth Electric	Public Utility	53,111,500	2	0.40%	-	-	-
Individual	Residential Properties	51,318,170	3	0.38%	42,417,700	2	0.85%
Verizon/Bell Atlantic	Public Utility	34,625,800	4	0.26%	19,631,700	8	0.40%
National Grid	Public Utility	33,977,870	5	0.25%	-	-	-
Oyster Harbors Inc.	Social Club & Residential Properties	31,503,010	6	0.24%	21,200,200	5	0.43%
Wianno Club	Recreation	28,554,700	7	0.21%	20,672,490	7	0.42%
Individual	Residential Properties	27,960,380	8	0.21%	-	-	-
Festival of Hyannis	Shopping Mall	26,256,900	9	0.20%	-	-	-
OCW Retail Associates	Retail	25,028,900	10	0.19%	-	-	-
Commonwealth Electric Co.	Public Utility and Real Estate	-	-	-	32,349,210	3	0.65%
Individual	Residential Land	-	-	-	26,898,290	4	0.54%
Individual	Residential Properties	-	-	-	21,041,600	6	0.42%
Campbell/Mass. Trust	Shopping Center	-	-	-	19,195,200	9	0.39%
Cape Harbor Association	Shopping Center	-	-	-	17,708,500	10	0.36%
Totals		\$ 424,487,930		3.18%	\$ 293,550,790		5.91%

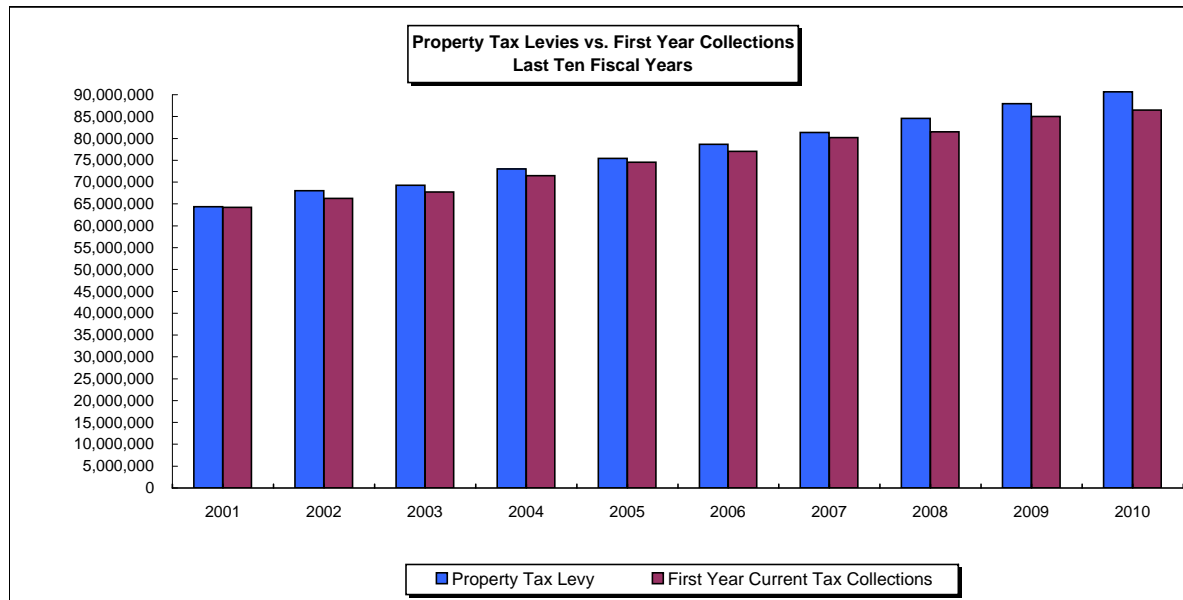
Source: Assessor's Department, Town of Barnstable

Town of Barnstable, Massachusetts

Property Tax Levies and Collections

Last Ten Fiscal Years

Fiscal 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
2001	(1)	\$66,513,784	\$2,142,464	\$64,371,320	96.78%	\$64,220,277	99.77%	\$550,667	\$64,770,944	100.62%
2002		\$69,349,433	\$1,344,204	\$68,005,229	98.06%	\$66,300,923	97.49%	\$1,751,165	\$68,052,088	100.07%
2003		\$70,590,891	\$1,308,255	\$69,282,636	98.15%	\$67,755,698	97.80%	\$1,922,369	\$69,678,067	100.57%
2004	(1)	\$74,566,035	\$1,581,758	\$72,984,277	97.88%	\$71,457,482	97.91%	\$1,835,327	\$73,292,809	100.42%
2005		\$77,555,031	\$2,126,902	\$75,428,129	97.26%	\$74,559,345	98.85%	\$2,010,911	\$76,570,256	101.51%
2006		\$80,475,762	\$1,830,406	\$78,645,356	97.73%	\$77,045,176	97.97%	\$2,072,295	\$79,117,471	100.60%
2007	(1)	\$83,218,734	\$1,872,849	\$81,345,885	97.75%	\$80,162,980	98.55%	\$1,861,844	\$82,024,824	100.83%
2008		\$86,040,891	\$1,428,590	\$84,612,301	98.34%	\$81,481,702	96.30%	\$3,230,279	\$84,711,981	100.12%
2009		\$89,064,457	\$1,139,801	\$87,924,656	98.72%	\$85,039,042	96.72%	\$1,943,834	\$86,982,876	98.93%
2010	(1)	\$91,769,862	\$1,089,775	\$90,680,087	98.81%	\$86,505,210	95.40%	\$0	\$86,505,210	95.40%



(1) Revaluation year.

Source: Official Statements, Town of Barnstable

Town of Barnstable, Massachusetts
Ratios of Outstanding Debt and General Bonded Debt
Last Ten Fiscal Years

Fiscal Year	U. S. Census Population	Personal Income	Assessed Value	Governmental Activities Debt				
				General Obligation Bonds	Capital Leases	Per Capita	Percentage of Personal Income	Percentage of Assessed Value
2001	48,300	\$1,258,939,500	\$7,398,641,070	\$87,179,294	\$0	\$1,805	6.92%	1.18%
2002	48,701	\$1,294,764,786	\$7,489,139,625	\$103,818,770	\$0	\$2,132	8.02%	1.39%
2003	48,907	\$1,326,260,026	\$7,509,669,295	\$101,918,971	\$0	\$2,084	7.68%	1.36%
2004	48,535	\$1,342,478,100	\$11,280,791,852	\$107,548,113	\$0	\$2,216	8.01%	0.95%
2005	47,826	\$1,349,314,938	\$12,819,013,444	\$105,426,797	\$0	\$2,204	7.81%	0.82%
2006	47,800	\$1,375,540,600	\$14,263,212,110	\$97,283,071	\$3,875	\$2,035	7.07%	0.68%
2007	47,500	\$1,380,576,575	\$14,945,745,106	\$110,017,892	\$3,053	\$2,316	7.97%	0.74%
2008	47,000	\$1,379,704,632	\$14,834,706,750	\$114,635,906	\$793	\$2,439	8.31%	0.77%
2009	49,858	\$1,478,238,440	\$14,544,783,185	\$104,794,067	\$0	\$2,102	7.09%	0.72%
2010	46,274	\$1,573,362,274	\$13,360,218,025	\$84,883,454	\$0	\$1,834	5.40%	0.64%

Fiscal Year	Business-type Activities (1)		Total Primary Government			
	General Obligation Bonds	Capital Leases	Total Debt Outstanding	Per Capita	Percentage of Personal Income	Percentage of Assessed Value
2001	\$22,846,196	\$0	\$110,025,490	\$2,278	8.74%	1.49%
2002	\$20,004,226	\$0	\$123,822,996	\$2,543	9.56%	1.65%
2003	\$19,144,445	\$0	\$121,063,416	\$2,475	9.13%	1.61%
2004	\$20,568,453	\$0	\$128,116,566	\$2,640	9.54%	1.14%
2005	\$18,963,224	\$0	\$124,390,021	\$2,601	9.22%	0.97%
2006	\$19,170,509	\$0	\$116,457,455	\$2,436	8.47%	0.82%
2007	\$33,214,444	\$0	\$143,235,389	\$3,015	10.38%	0.96%
2008	\$38,527,427	\$0	\$153,164,126	\$3,259	11.10%	1.03%
2009	\$36,484,603	\$0	\$141,278,670	\$2,834	9.56%	0.97%
2010	\$54,779,449	\$0	\$139,662,903	\$3,018	8.88%	1.05%

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

Town of Barnstable, Massachusetts

Computation of Legal Debt Margin

Last Ten Fiscal Years

Fiscal Year

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Equalized Valuation.....	\$ 6,118,649,700	\$ 9,187,485,800	\$ 9,187,485,800	\$ 11,747,239,700	\$ 11,747,239,700	\$ 14,974,792,700	\$ 14,974,792,700	\$ 16,142,285,200	\$ 16,142,285,200	\$ 16,142,285,200
Debt Limit -5% of Equalized Valuation.....	\$ 305,932,485	\$ 459,374,290	\$ 459,374,290	\$ 587,361,985	\$ 587,361,985	\$ 748,739,635	\$ 748,739,635	\$ 807,114,260	\$ 807,114,260	\$ 807,114,260
Less:										
Outstanding debt applicable to limit.....	\$ 38,095,239	\$ 36,670,638	\$ 36,444,704	\$ 39,061,056	\$ 36,675,159	\$ 54,947,745	\$ 75,630,971	\$ 82,388,673	\$ 76,565,997	\$ 74,641,706
Authorized and unissued debt.....	\$ 42,080,715	\$ 45,241,555	\$ 48,929,455	\$ 61,504,455	\$ 83,635,855	\$ 62,055,743	\$ 67,601,365	\$ 57,540,513	\$ 57,540,513	\$ 83,934,854
Legal debt margin.....	\$ 225,756,531	\$ 377,462,097	\$ 374,000,131	\$ 486,796,474	\$ 467,050,971	\$ 631,736,147	\$ 605,507,299	\$ 667,185,074	\$ 673,007,750	\$ 648,537,700
Total debt applicable to the limit as a percentage of debt limit	26.21%	17.83%	18.58%	17.12%	20.48%	15.63%	19.13%	17.34%	16.62%	19.65%

Source: Official Statements, Town of Barnstable

Town of Barnstable, Massachusetts
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population Estimates	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2001	48,300	\$1,258,939,500	\$26,065	42	6,946	3.3%
2002	48,701	\$1,294,764,786	\$26,586	42	7,042	4.1%
2003	48,907	\$1,326,260,026	\$27,118	42	6,886	4.8%
2004	48,535	\$1,342,478,100	\$27,660	42	6,609	4.3%
2005	47,826	\$1,349,314,938	\$28,213	42	6,333	4.1%
2006	47,800	\$1,375,540,600	\$28,777	42	6,247	4.0%
2007	47,500	\$1,380,576,575	\$29,065	42	6,135	3.7%
2008	47,000	\$1,379,704,632	\$29,355	42	5,851	4.6%
2009	49,858	\$1,478,238,440	\$29,649	42	5,799	5.1%
2010	46,274	\$1,573,362,274	\$34,001	46	5,461	8.1%

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

Town of Barnstable, Massachusetts

Principal Employers

Current Year and Nine Years Ago

Employer	Nature of Business	2010			2001		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Cape Cod Health Care, Inc.	Hospital	2,400	1	9.57%	2,545	1	11.10%
Town of Barnstable	Municipal Government	1,397	2	5.57%	1,361	2	5.94%
Cape Air/Nantucket Airlines	Airline	350	3	1.40%	-	-	-
Barnstable County	County Government	350	4	1.40%	470	3	2.05%
Cape Cod Times	Newspaper	313	5	1.25%	280	4	1.22%
Cape Codder Resort	Hotel	300	6	1.20%	200	7	0.87%
Macy's (2 stores)	Retail Sales - General	242	7	0.97%	190	8	0.83%
Sears Roebuck & Company	Retail Store	191	8	0.76%	240	5	1.05%
Super Stop and Shop	Grocers - Retail	165	9	0.66%	188	9	0.82%
Star Market (2 stores)	Grocers - Retail	110	10	0.44%	212	6	0.92%
Infinium Software, Inc.	Marketing & Training	-	-	-	176	10	0.77%

Source: Massachusetts Department of Labor and Workforce Development

Town of Barnstable, Massachusetts

Full-time Equivalent Town Employees by Function

Last Ten Fiscal Years

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Function:										
Town council.....	1	2	2	2	2	2	2	2	2	2
Town manager.....	6	5	6	6	5	5	5	5	5	5
Growth management.....	-	-	-	-	-	14	16	14	14	13
Administrative services.....	77	77	71	83	79	65	65	65	63	61
Public safety.....	129	129	134	134	134	139	139	139	137	126
Education.....	814	821	831	944	912	912	911	904	891	812
Public works.....	126	127	123	119	117	116	120	120	120	116
Community services.....	53	53	53	44	43	43	50	51	53	57
Regulatory services.....	32	34	31	31	30	32	32	32	35	33
Airport.....	24	25	25	26	26	26	26	26	26	26
Total	<u>1,262</u>	<u>1,273</u>	<u>1,276</u>	<u>1,389</u>	<u>1,348</u>	<u>1,354</u>	<u>1,366</u>	<u>1,358</u>	<u>1,346</u>	<u>1,251</u>

Source: Annual town reports

Note: A reorganization in 2006 created the growth management department; transferring personnel from other departments.

Operating Indicators by Function/Program

Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Administrative services										
Legal matters.....	1,562	1,765	1,805	1,729	1,740	1,392	1,633	1,258	1,392	1,529
Registered voters.....	32,331	32,905	32,270	33,738	32,918	31,325	30,999	30,885	32,381	30,872
Employment applications processed.....	1,136	1,441	1,368	1,234	1,255	1,658	1,191	2,050	1,600	1,575
Work related injuries processed.....	132	141	169	173	129	152	125	157	160	80
Unemployment claims.....	81	108	122	n/a	n/a	58	56	100	85	165
Tax bills processed.....	130,418	114,004	128,755	143,281	144,369	179,267	222,049	194,796	195,182	201,322
Police										
Call for service.....	40,977	40,699	49,890	42,779	41,026	41,015	45,009	45,347	42,758	42,870
Physical arrests.....	3,006	2,407	1,912	n/a	n/a	1,670	3,315	3,126	n/a	1,925
Education										
Cobb Trust Fund awards.....	\$181,650	\$121,750	\$104,815	n/a	\$144,550	\$114,000	\$109,390	\$158,500	\$65,078	\$39,841
Zoning										
Zoning Board appeals filed.....	138	121	144	n/a	113	81	126	142	107	81
Building Inspections										
New dwellings constructed.....	207	128	125	125	98	73	67	50	40	58
Health										
Routine health inspections.....	2,427	2,231	2,503	2,836	2,669	2,780	2,948	3,909	5,988	7,113
Complaint investigations.....	861	561	661	655	607	683	784	615	541	424
Consumer Affairs										
Parking violations.....	2,090	4,193	2,659	4,839	5,294	5,990	5,249	4,307	4,534	4,192
Weights and measure devices tested.....	1,437	4,409	2,748	3,161	5,017	5,879	4,807	3,572	3,593	4,535
Ordinance citations.....	153	1,202	707	1,076	1,657	1,603	972	816	1,034	1,426
Community Services										
Mooring permits issued.....	2,413	2,437	2,401	n/a	2,383	2,393	2,416	2,483	2,429	2,468
Shellfish permits issued.....	2,081	2,068	1,859	n/a	1,528	1,715	1,990	2,234	2,363	2,608
Animal control service calls.....	4,426	3,482	3,641	n/a	5,327	3,436	2,956	2,244	3,080	2,854
Veterans served.....	n/a	n/a	4,504	n/a	4,256	6,336	7,201	492 (1)	7,661	8,326
Roads										
Catch basins cleaned.....	n/a	4,700	3,800	4,500	4,500	4,100	3,246	3,456	3,142	1,618
Miles of crack seal applied.....	n/a	11.7	17.0	17.0	18.0	n/a	10.5	10	15	7
Miles of roadside mowed.....	n/a	143	n/a	n/a	n/a	150	186	290	580	448
Miles of road swept.....	n/a	405	390	390	405	405	430	314	335	531
Sewer										
Gallons of septage treated.....	9,010,400	9,050,000	9,957,400	9,795,700	9,933,600	11,695,000	10,716,500	10,852,200	11,523,000	11,011,300
Daily average collection.....	1,830,468	1,835,616	1,681,710	1,793,795	1,689,965	1,730,730	1,711,100	1,347,400 (2)	1,495,300 (2)	1,540,500
Solid Waste										
Tons shipped to SEMASS.....	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	9,532
Tons received at Flint Street station.....	8,707	8,349	8,715	8,190	n/a	9,539	9,505	9,985	9,437	9,016
Tons of construction and demolition material received.....	2,718	4,205	3,982	3,742	n/a	4,399	3,730	3,658	2,771	3,193
Libraries										
Total volumes borrowed.....	n/a	n/a	534,515	534,515	n/a	617,182	567,731	546,556	570,947	632,137
Library holdings.....	n/a	n/a	266,406	266,406	n/a	n/a	n/a	n/a	n/a	164,309

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 experience a flow meter malfunction in 2008 and 2009, the flow is actually higher than reported.

Town of Barnstable, Massachusetts
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Administrative services										
Number of Buildings.....	142	144	144	144	148	148	148	148	149	150
Police										
Number of Stations.....	1	1	2	2	2	2	2	2	2	2
Police personnel and officers.....	129	129	134	134	134	139	139	139	139	126
Education										
Number of elementary schools.....	9	9	9	10	10	10	10	10	9	6
Number of middle schools.....	2	2	2	1	1	1	1	1	1	1
Number of high schools.....	1	1	1	1	1	1	1	1	1	1
Number of teachers.....	535	467	463	539	553	527	774	763	751	686
Number of students.....	6,946	7,049	6,827	6,742	6,501	6,310	5,980	5,814	5,714	5,461
Public Works										
Number of town roads.....	-	571	571	633	633	633	633	633	633	633
Number of private roads.....	-	1,200	1,150	1,088	1,088	1,088	1,088	1,088	1,088	1,088
Number of state roads.....	-	6	6	6	6	6	6	6	6	6
Center lane miles of roads.....	-	497	490	490	490	490	490	490	490	490
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.....	13	13	13	18	17	17	17	17	17	17
Parks and playgrounds.....	70	70	70	70	71	71	71	71	71	71
Park and playground (acreage).....	218	218	218	218	222	222	222	222	222	222
Golf courses.....	1	1	1	1	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



Sea turtles emerging from their shells at Sandy Neck Beach Park.



A new born sea turtle.