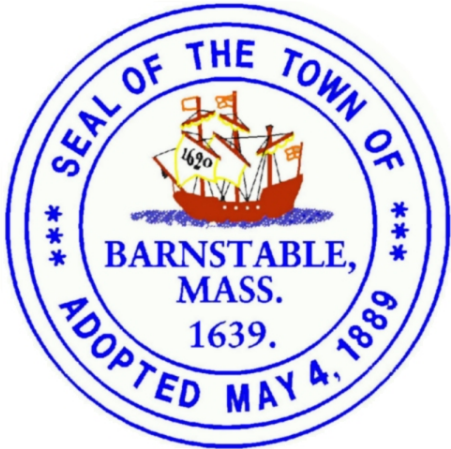


TOWN OF BARNSTABLE, MASSACHUSETTS

Comprehensive Annual Financial Report



For the year ended June 30, 2017



Prepared By:
Finance Department

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

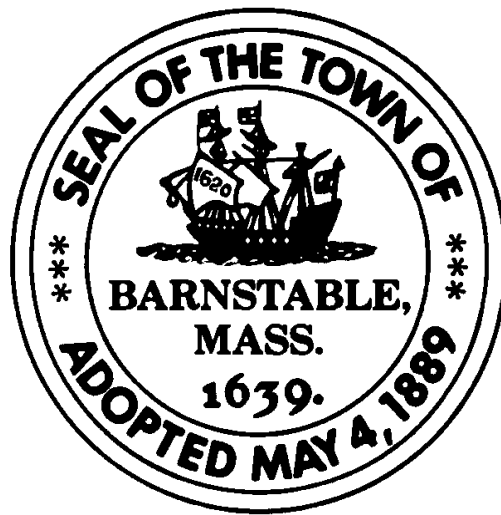


A view of Lewis Bay from Veteran's Beach as boats sail into the Hyannis Yacht Club.

TOWN OF BARNSTABLE, MASSACHUSETTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the year ended
June 30, 2017



Prepared by:
Finance Department

TOWN OF BARNSTABLE, MASSACHUSETTS
COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2017

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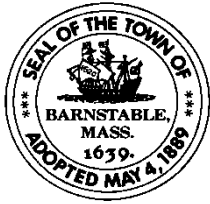
Introductory Section



Fishing in Barnstable Harbor off Sandy Neck Lighthouse.

Introductory Section

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The Town of Barnstable

Office of Town Manager

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Letter of Transmittal

December 27, 2017

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

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

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

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

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

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

Profile of the Government

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

Municipal Services

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

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

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

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

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

Governing Bodies and Officers

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

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

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

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

Organization

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

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

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

Financial and Management Systems

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

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

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

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

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

Principal Executive Officers

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

Factors Affecting Financial Condition

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

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

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

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

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

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

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

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

¹ Standard and Poor's credit analysis, dated February 2017.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2017 Major Financial Highlights

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

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

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

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

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

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

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

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

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

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

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

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

Awards and Acknowledgements

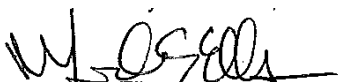
The Government Finance Officer Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Barnstable for its comprehensive annual financial report (CAFR) for the years ended June 30, 2002, through June 30, 2016. In order to be awarded a Certificate of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

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

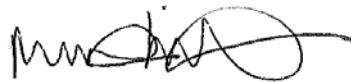
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

Respectfully submitted,

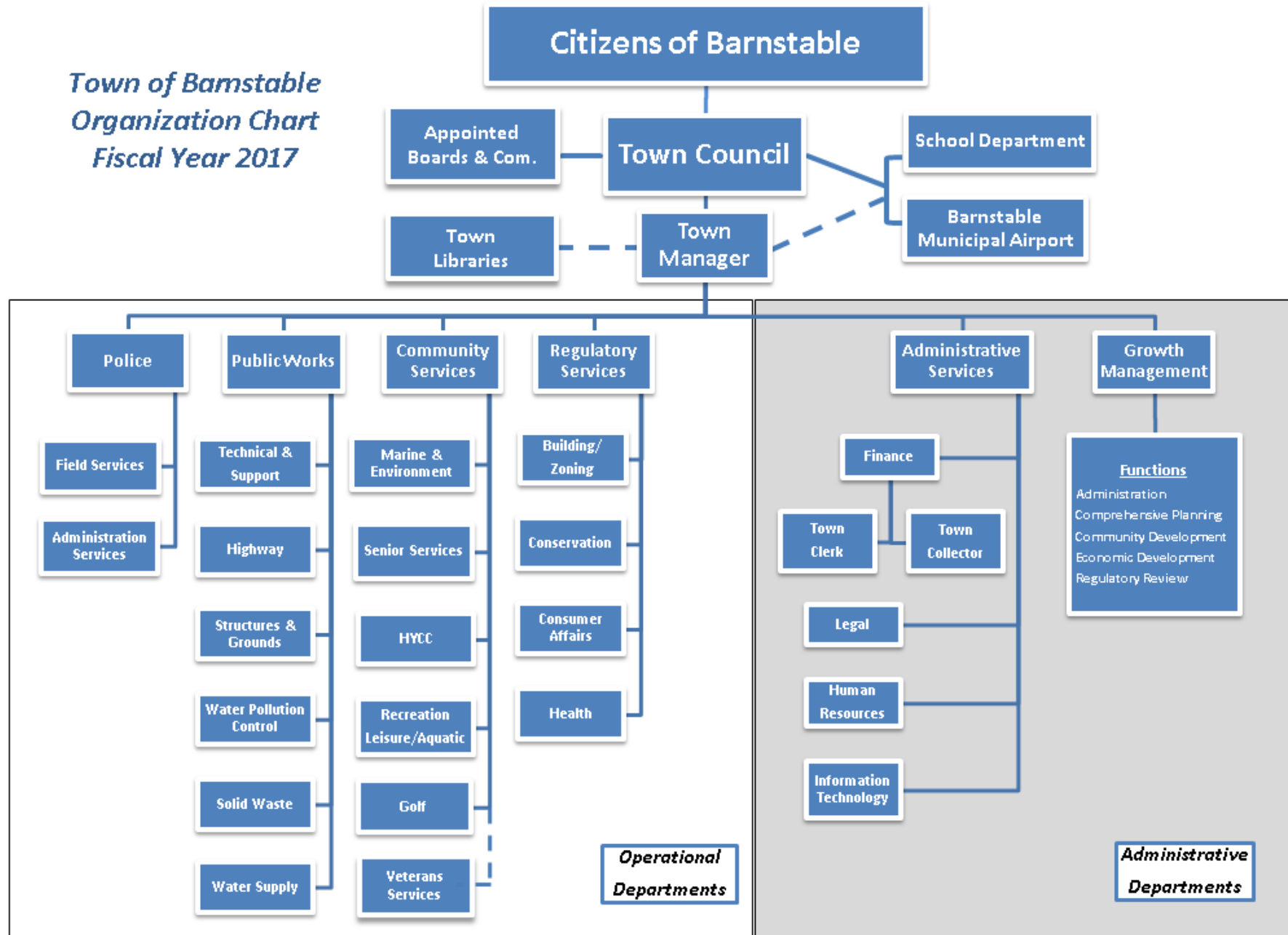


Mark S. Ells
Town Manager



Mark A. Milne
Finance Director

*Town of Barnstable
Organization Chart
Fiscal Year 2017*





Government Finance Officers Association

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Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO



GOVERNMENT FINANCE OFFICERS ASSOCIATION

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**Town of Barnstable
Massachusetts**

For the Fiscal Year Beginning

July 1, 2016

Executive Director

Financial Section



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

Financial Section

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Independent Auditor's Report

To the Honorable Town Council
Town of Barnstable, Massachusetts

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

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

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

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

Other Reporting Required by Government Auditing Standards

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

Powers & Sullivan LLC

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

Management's Discussion and Analysis

Management's Discussion and Analysis

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

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

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

Financial Highlights

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

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

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Government-wide Financial Analysis

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

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

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

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

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

Comparative Net Position

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

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

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

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

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

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

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

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

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

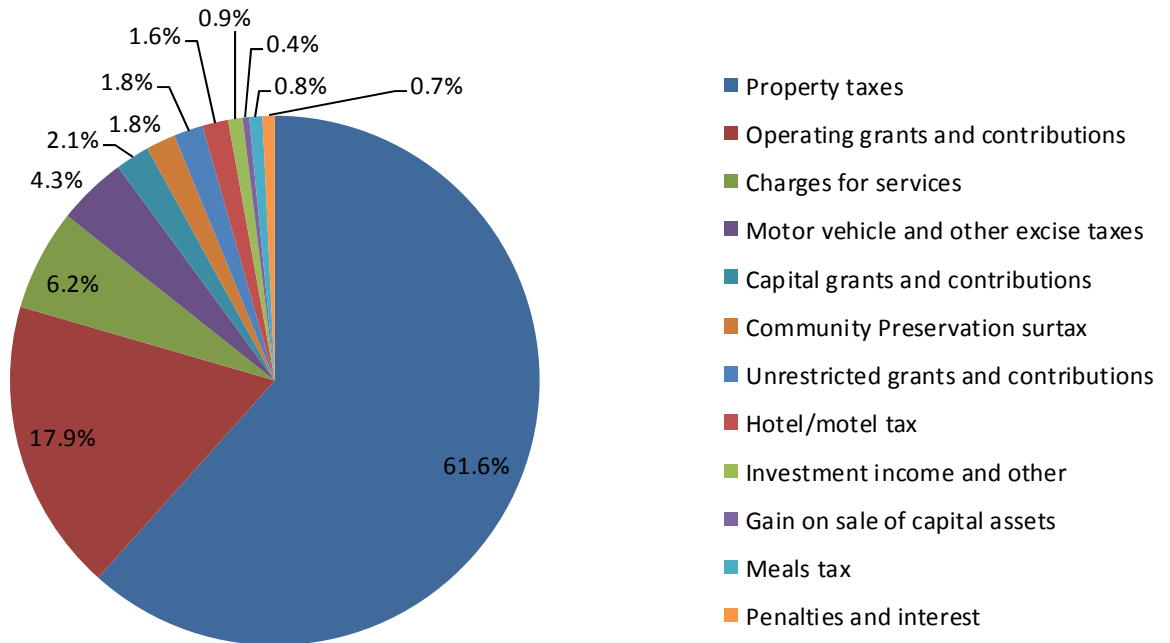
- The Town adopted special legislation to establish the construction and maintenance trust fund. In accordance with the legislation, the Town reports 100% of the meals tax and 33% of the hotel/motel tax collected directly to this trust fund. This fund had an ending balance of \$14.3 million, an increase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

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

Changes in Net Position

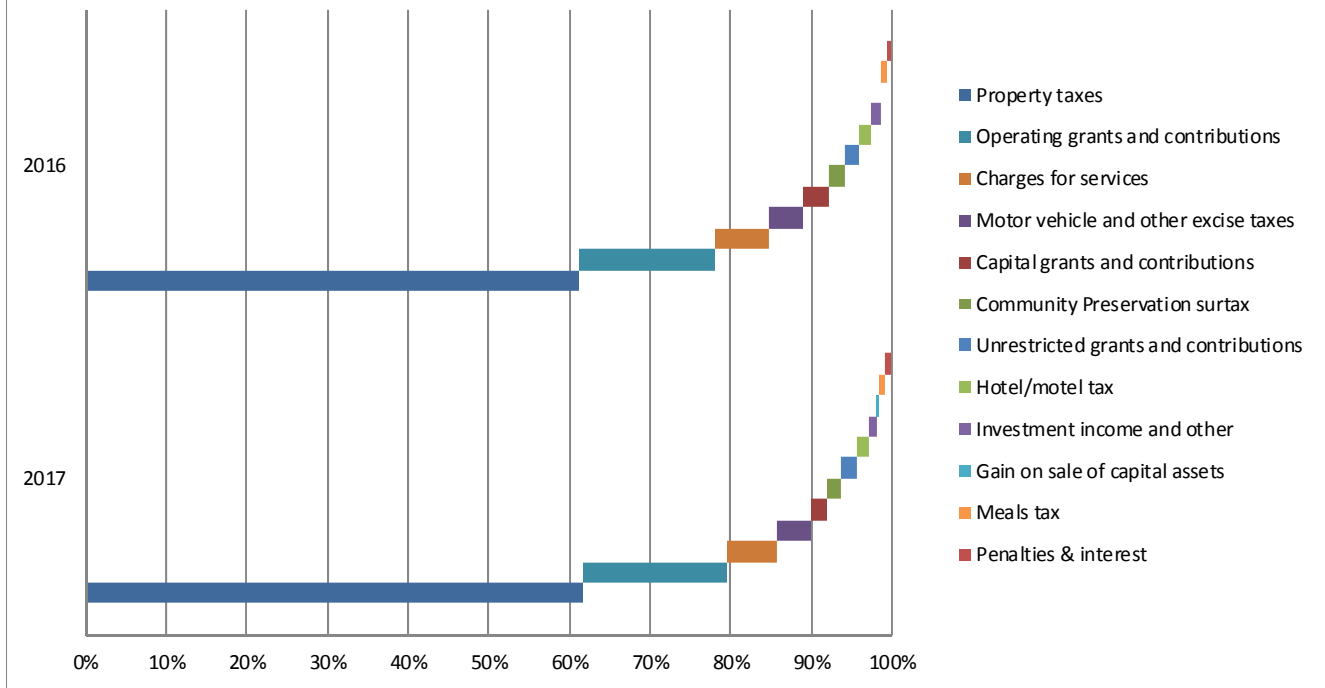
	Governmental Activities		Business-Type Activities	
	2017	(As Restated) 2016	2017	2016
Revenues:				
Program revenues:				
Charges for services.....	\$ 11,454,067	\$ 11,907,843	\$ 24,545,246	\$ 23,625,211
Operating grants and contributions.....	33,127,780	30,244,001	288,967	301,449
Capital grants and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

FY 2017 Governmental Activities Revenue Type



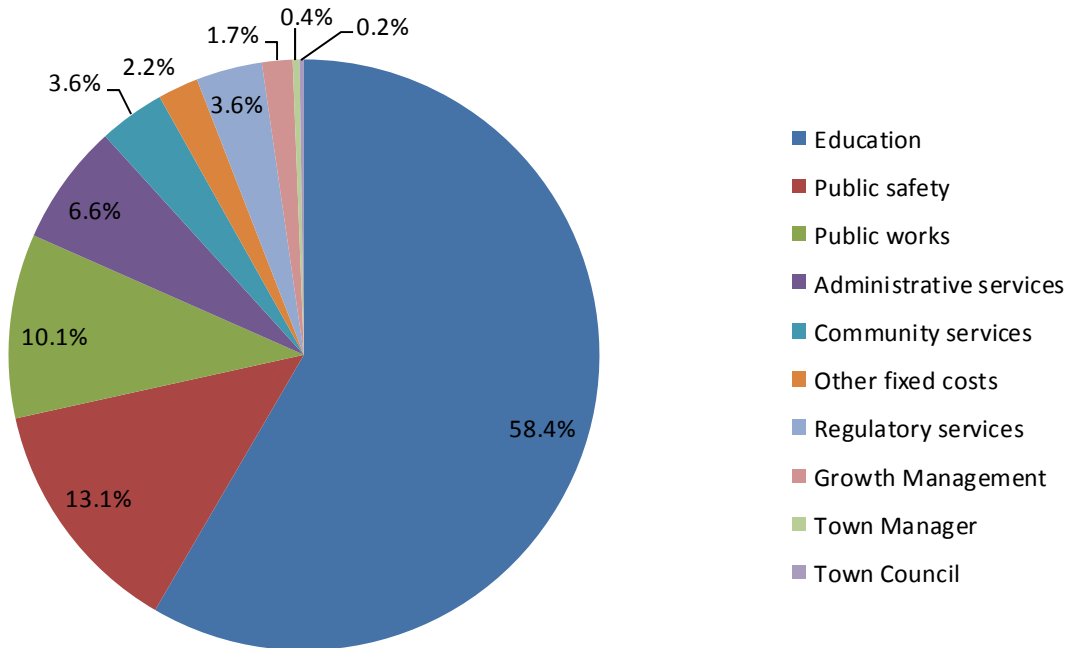
- Charges for services represent 6.2% of governmental activities resources. The Town can exercise more control over this category of revenue than any other. Fees charged for services rendered that are set by the Council and Manager are included in this category.
- Operating and capital grants and contributions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

Two Year Comparison of Governmental Activities Revenue Composition



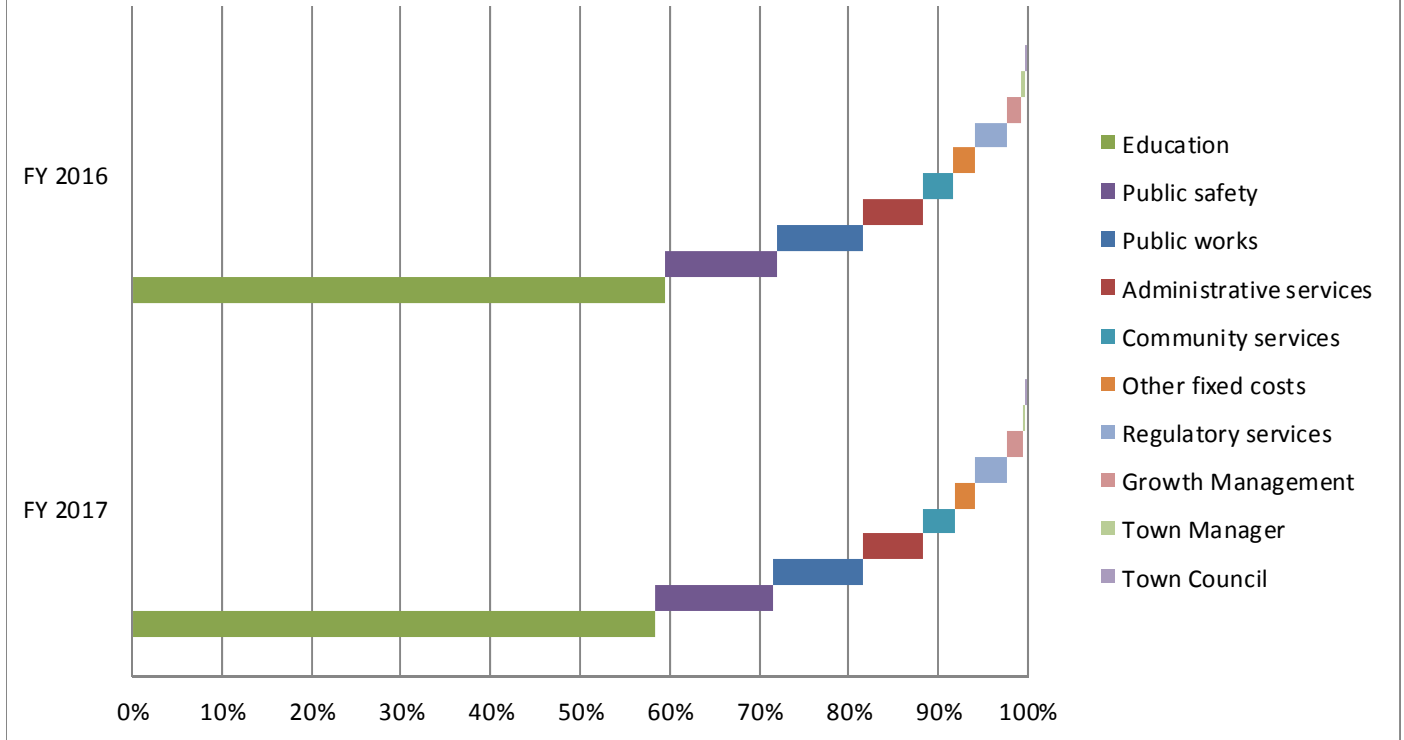
- Property taxes increased from 61.3% to 61.9% of total governmental activities revenue in 2017.
- All other categories of governmental activities revenue remained relatively the same.
- Collectively, property taxes, excise taxes and community preservation surtax account for 67.9% of all governmental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

FY 2017 Governmental Activities Expenses



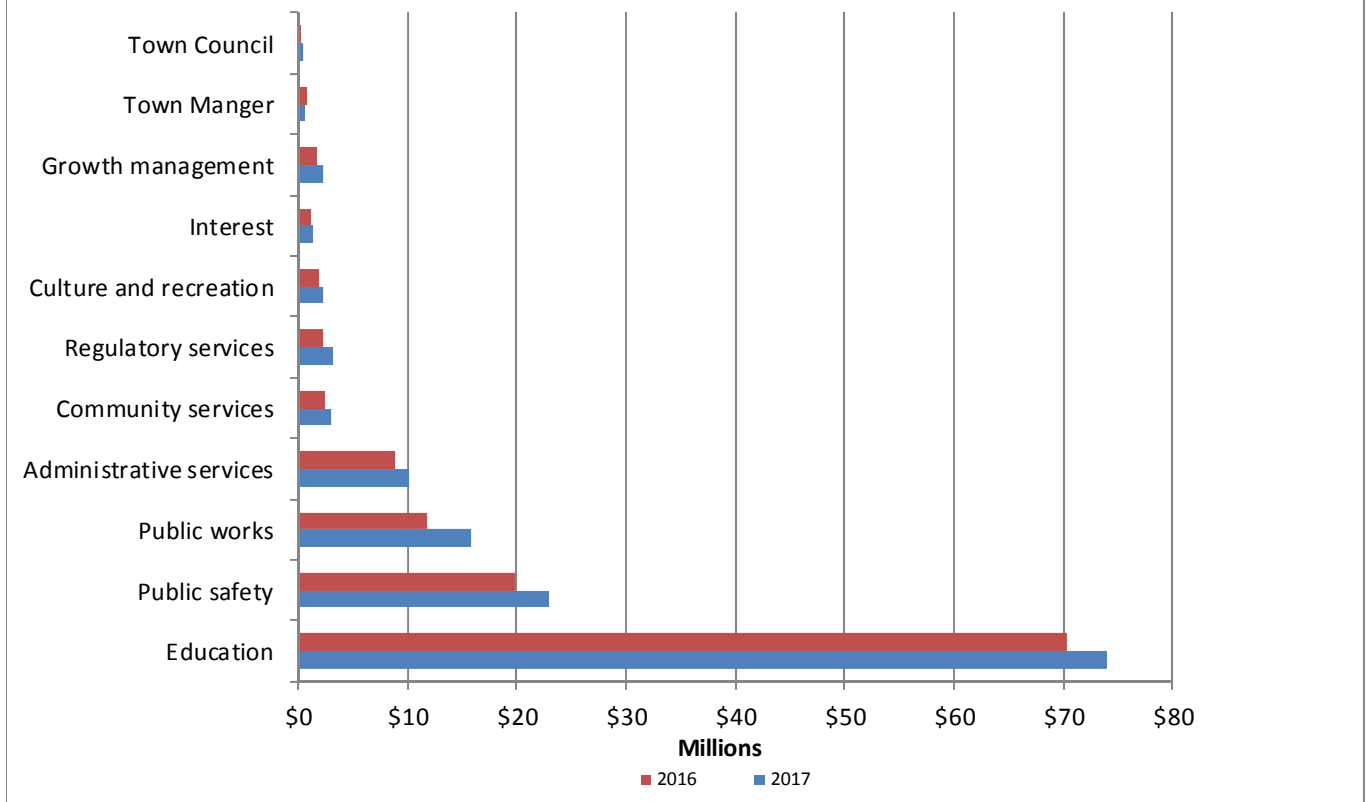
- Education is by far the largest governmental activity of the Town totaling \$107.6 million or 58.4% of all expenses.
- Public safety is the second largest activity consisting of \$24.2 million or 13.1%.
- Public works is the third largest category at \$18.6 million or 10.1%.
- 83.8% of all governmental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

Two Year Comparison of Governmental Activities Expenses



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

Net Expense By Function For Governmental Activities

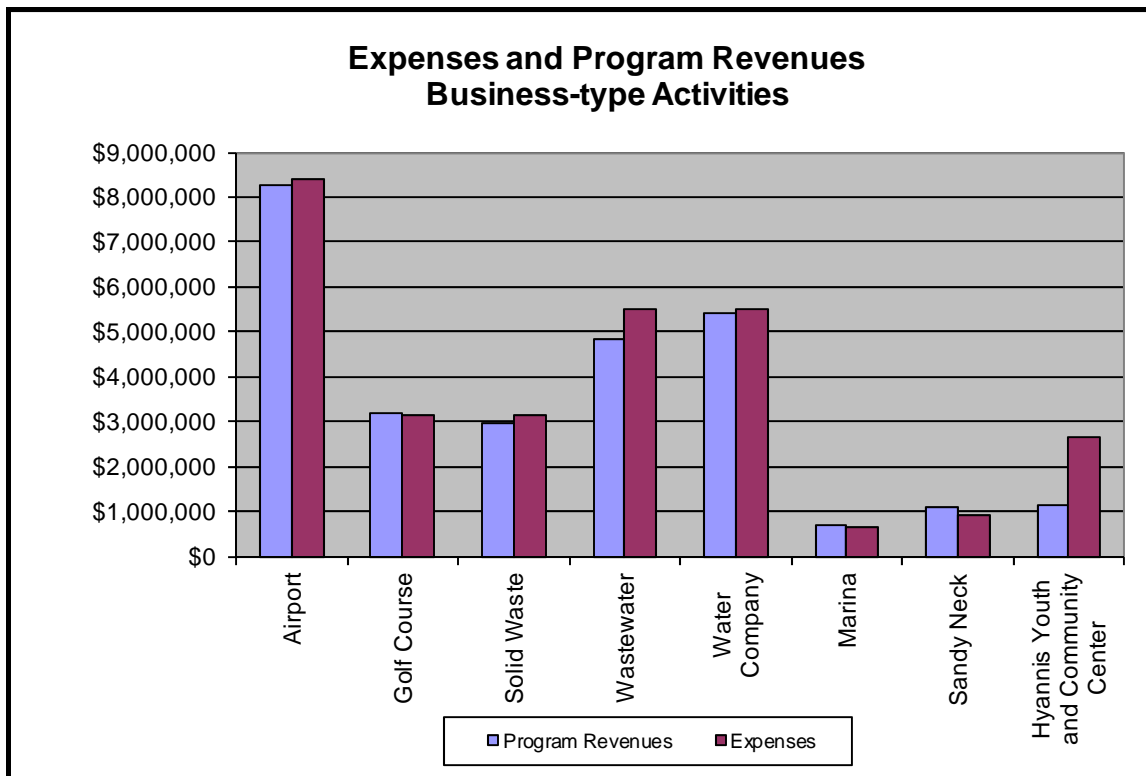


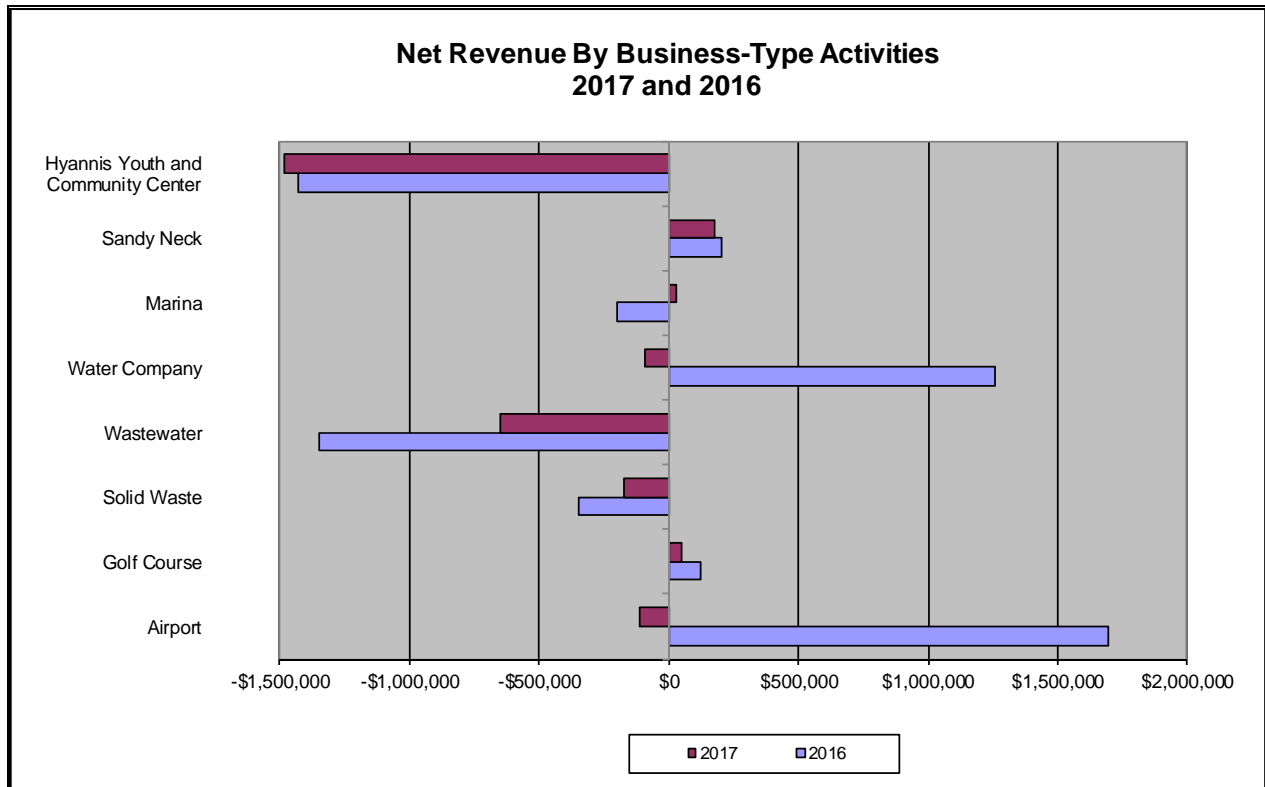
The change in the net expenses by function from year to year is useful to understand where tax dollars and other general revenues not restricted for particular purposes are being allocated.

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

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

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





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

Financial Analysis of the Government’s Funds

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

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

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

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

Analysis of Fund Balance and General Fund Expenditures

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

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

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

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

General Fund Comparison

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

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

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

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

Changes to other governmental fund balances include the following:

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

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

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

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

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

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

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

General Fund Budgetary Highlights

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

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

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

Capital Assets and Debt Management

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

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

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

Capital Assets

	<u>Cost of Capital Assets at end of year</u>	<u>Accumulated Depreciation at end of year</u>	<u>Capital Assets, net</u>
Governmental activities			
<u>Function:</u>			
General government.....	\$ 15,629,638	\$ (5,953,219)	\$ 9,676,419
Administrative services.....	488,300	(37,660)	450,640
Growth management.....	4,198,179	(190,671)	4,007,508
Public safety.....	12,764,492	(9,516,354)	3,248,138
Education.....	148,370,872	(82,987,284)	65,383,588
Public works.....	154,558,734	(57,449,334)	97,109,400
Regulatory services.....	71,846,312	(1,668,583)	70,177,729
Community services.....	13,783,942	(6,029,177)	7,754,765
Total by function.....	<u>421,640,469</u>	<u>(163,832,282)</u>	<u>257,808,187</u>
Business-type activities			
<u>Function:</u>			
Airport.....	110,102,809	(32,509,664)	77,593,145
Golf.....	18,698,563	(4,508,470)	14,190,093
Solid Waste.....	5,640,003	(2,959,511)	2,680,492
Wastewater.....	62,821,292	(25,687,430)	37,133,862
Water Supply.....	32,930,988	(3,559,494)	29,371,494
Marina.....	9,131,817	(2,536,713)	6,595,104
Sandy Neck recreation.....	1,925,933	(697,198)	1,228,735
Hyannis Youth and Community Center.....	24,218,920	(4,123,102)	20,095,818
Total by function.....	<u>265,470,325</u>	<u>(76,581,582)</u>	<u>188,888,743</u>
Grand Total.....	<u>\$ 687,110,794</u>	<u>\$ (240,413,864)</u>	<u>\$ 446,696,930</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 year, the Town of Barnstable had total bonded debt outstanding of \$106.9 million. The entire amount is classified as general obligation debt and is backed by the full faith and credit of the Town. The Town has no revenue bonds outstanding, which are bonds secured solely by specified revenue sources.

Governmental Activities:

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

Business-type Activities:

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

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

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

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

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

Economic Factors and Next Year's Budget and Rates

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

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

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

Requests for Information

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

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Basic Financial Statements

STATEMENT OF NET POSITION

JUNE 30, 2017

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

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2017

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

(Continued)

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2017

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

See notes to basic financial statements.

(Concluded)

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2017

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

See notes to basic financial statements.

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

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

JUNE 30, 2017

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

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2017

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

See notes to basic financial statements.

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

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

YEAR ENDED JUNE 30, 2017

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

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2017

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

(Continued)

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

YEAR ENDED JUNE 30, 2017

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

See notes to basic financial statements.

(Concluded)

PROPRIETARY FUNDS
STATEMENT OF NET POSITION

JUNE 30, 2017

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

See notes to basic financial statements.

(Continued)

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

(Concluded)

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

YEAR ENDED JUNE 30, 2017

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

See notes to basic financial statements.

(Continued)

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

(Concluded)

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2017

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

See notes to basic financial statements.

(Continued)

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

(Concluded)

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2017

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

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2017

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

See notes to basic financial statements.

COMPONENT UNITS
COMBINING STATEMENT OF NET POSITION

JUNE 30, 2017

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

See notes to basic financial statements.

(Continued)

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

(Concluded)

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

YEAR ENDED JUNE 30, 2017

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

See notes to basic financial statements.

(Continued)

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

(Concluded)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

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

Availability of Financial Information for Component Units

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

Hyannis Public Library Association
 401 Main Street
 Hyannis, MA 02601

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

Osterville Free Library Corporation
 43 Wianno Avenue
 Osterville, MA 02655

Cotuit Library Association
 Main Street
 Cotuit, MA 02635

The Centerville Public Library Association
 Centerville, MA 02636

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

Whelden Memorial Library
 Meetinghouse Way
 West Barnstable, MA 02668

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

Availability of Financial Information for Joint Ventures

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

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

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

Major Fund Criteria

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

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

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

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

Government-Wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

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

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

The following major governmental funds are reported:

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

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

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

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

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

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

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

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

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

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

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

The following major proprietary funds are reported:

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

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

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

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

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

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

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

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

Additionally, the following proprietary fund type is reported:

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

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

The following fiduciary fund types are reported:

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

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

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

D. Cash and Investments

Government-Wide and Fund Financial Statements

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

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

E. Fair Value Measurements

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

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

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

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

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

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

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

F. Accounts Receivable

Government-Wide and Fund Financial Statements

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

Real Estate, Personal Property Taxes and Tax Liens

Real estate and personal property taxes are levied and based on values assessed on January 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 year of the levy.

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

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

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

Motor Vehicle and Other Excise Taxes

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

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

Departmental and Other

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

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

Room Occupancy Tax

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

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

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

Meals Tax

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

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

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

Intergovernmental

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

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

Community Preservation Fund Surtaxes

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

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

Airport User Fees

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

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

Wastewater and Water User Fees

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

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

Special Assessments

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

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

G. Inventories

Government-Wide and Fund Financial Statements

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

Inventories of the Sturgis Library are carried at cost.

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

H. Capital Assets

Government-Wide and Proprietary Fund Financial Statements

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

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

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

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

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

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

Governmental Fund Financial Statements

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

I. Deferred Outflows/Inflows of Resources

Government-Wide Financial Statements (Net Position)

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

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

Governmental Fund Financial Statements

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

J. Interfund Receivables and Payables

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

K. Interfund Transfers

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

L. Unavailable Revenue

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

M. Net Position and Fund Equity

Government-Wide Financial Statements (Net Position)

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

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

Net position has been “restricted for” the following:

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

“Highway projects” represents amounts restricted for highway improvements.

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

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

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

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

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

Fund Financial Statements (Fund Balances)

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

The governmental fund balance classifications are as follows:

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

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

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

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

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

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

N. Pensions

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

O. Long-term debt

Government-Wide and Proprietary Fund Financial Statements

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

Governmental Fund Financial Statements

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

P. Investment Income

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

Q. Compensated Absences

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

Government-Wide and Proprietary Fund Financial Statements

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

Governmental Fund Financial Statements

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

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

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

S. Restatement

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

T. Total Column*Government-Wide Financial Statements*

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

Fund Financial Statements

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

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITYA. Budgetary Information

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

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

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

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

B. Budgetary – GAAP Reconciliation

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

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

C. Appropriation Deficits

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

NOTE 3 – CASH AND INVESTMENTS

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

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

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

Custodial Credit Risk – Deposits

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

Investments

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

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

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

Custodial Credit Risk – Investments

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

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

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

Interest Rate Risk

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

Credit Risk

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

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

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

Concentration of Credit Risk

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

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

Fair Value of Investments

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

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

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

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

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

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

NOTE 4 – RECEIVABLES

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

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

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

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

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

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

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

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

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

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

NOTE 5 – CAPITAL ASSETS

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

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

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

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

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

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

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

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

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

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

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

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

NOTE 6 – INTERFUND TRANSFERS

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

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

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

NOTE 7 – SHORT-TERM FINANCING

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

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

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

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

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

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

NOTE 8 – LONG-TERM DEBT

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

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

Bonds Payable Schedule – Governmental Funds

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

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

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

Bonds Payable Schedule – Enterprise Funds

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

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

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

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

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

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

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

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

Changes in Long-term Liabilities

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

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

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

NOTE 9 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

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

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

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

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

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

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

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

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

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

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

NOTE 10 – LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

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

NOTE 11 – RISK FINANCING

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

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

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

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

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

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

NOTE 12 – PENSION PLAN*Plan Descriptions*

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

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

Special Funding Situation

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

Benefits Provided

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

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

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

Contributions

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

Pension Liabilities

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

Pension Expense

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

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

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

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

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

Actuarial Assumptions

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

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

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

Mortality Rates:

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

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

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

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

Investment Policy

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

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

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

Rate of Return

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

Discount Rate

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

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

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

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

Changes in Assumptions and Plan Provisions

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

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

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

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

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

NOTE 13 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

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

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

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

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

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

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

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

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

Total OPEB liability.....	\$ 194,342,279
Less: OPEB plan's fiduciary net position.....	<u>(3,287,096)</u>
Net OPEB liability.....	<u>\$ 191,055,183</u>
The OPEB plan's fiduciary net position	
as a percentage of the total OPEB liability.....	1.69%

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

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

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

Investment Policy

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Changes in Assumptions and Plan Provisions

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

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

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

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

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

NOTE 14 – COMMITMENTS

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

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

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

NOTE 15 – CONTINGENCIES

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

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

NOTE 16 – LEGAL SETTLEMENT

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

NOTE 17 – SUBSEQUENT EVENTS

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

NOTE 18 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During 2017, the following GASB pronouncements were implemented:

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

The following GASB pronouncements will be implemented in the future:

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

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

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

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Required Supplementary Information

Pension Plan Schedules

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

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

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

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

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

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

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

See notes to required supplementary information.

SCHEDULE OF THE TOWN'S CONTRIBUTIONS
BARNSTABLE COUNTY RETIREMENT ASSOCIATION

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

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

See notes to required supplementary information.

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

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

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

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

See notes to required supplementary information.

Other Postemployment Benefit Plan Schedules

GASB #74

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

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

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

GASB #45

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

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

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

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

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

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

See notes to required supplementary information.

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

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

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

See notes to required supplementary information.

SCHEDULE OF INVESTMENT RETURNS
OTHER POSTEMPLOYMENT BENEFIT PLAN

June 30, 2017

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

See notes to required supplementary information.

SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS
OTHER POSTEMPLOYMENT BENEFIT PLAN

Schedule of Funding Progress

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

Schedule of Employer Contributions

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

See notes to required supplementary information.

ACTUARIAL METHODS AND ASSUMPTIONS
OTHER POSTEMPLOYMENT BENEFIT PLAN

Actuarial Methods:

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

Actuarial Assumptions:

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

Plan Membership, including teachers:

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

See notes to required supplementary information.

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

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

B. Schedule of Town's Contributions

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

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

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

D. Changes in Assumptions

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

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

E. Changes in Plan Provisions

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

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

NOTE B – OTHER POSTEMPLOYMENT BENEFITS

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

The Other Postemployment Benefit Plan

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

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

B. Schedule of the Town’s Contributions

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

C. Schedule of Investment Return

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

The Town

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

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

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

A. Schedule of Funding Progress

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

B. Schedule of Employer Contributions

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

C. Schedule of Actuarial Methods and Assumptions

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

D. Changes in Assumptions

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

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

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

E. Changes in Plan Provisions

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

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Combining Statements and Individual Fund Statement

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

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

Permanent Funds

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

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

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

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

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

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET**

JUNE 30, 2017

	<i>Special Revenue Funds</i>				
	Town Revolving Funds	School Revolving Funds	Town Gift, Grant, and Other Funds	School Gift and Grant Funds	Subtotal
ASSETS					
Cash and cash equivalents.....	\$ 3,066,814	\$ 3,508,417	\$ 2,893,608	\$ 2,248,902	\$ 11,717,741
Investments.....	-	-	-	-	-
Receivables, net of uncollectibles:					
Tax liens.....	-	-	3,570	-	3,570
Special assessments.....	780,252	-	135,867	-	916,119
Intergovernmental.....	-	112,548	99,990	205,418	417,956
TOTAL ASSETS.....	\$ 3,847,066	\$ 3,620,965	\$ 3,133,035	\$ 2,454,320	\$ 13,055,386
LIABILITIES					
Warrants payable.....	\$ 25,210	\$ 7,461	\$ 37,851	\$ 134,604	\$ 205,126
Accrued payroll.....	42,383	-	5,377	168,459	216,219
Other liabilities.....	-	-	5,586	-	5,586
TOTAL LIABILITIES.....	67,593	7,461	48,814	303,063	426,931
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues.....	780,252	-	139,437	-	919,689
FUND BALANCES					
Nonspendable.....	-	-	-	-	-
Restricted.....	2,999,221	3,613,504	2,944,784	2,151,257	11,708,766
TOTAL FUND BALANCES.....	2,999,221	3,613,504	2,944,784	2,151,257	11,708,766
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES.....	\$ 3,847,066	\$ 3,620,965	\$ 3,133,035	\$ 2,454,320	\$ 13,055,386

(Continued)

Permanent Funds						Total
Cemeteries and Libraries	Conservation	Education	Other	Subtotal		Nonmajor Governmental Funds
\$ 89,807	\$ 1,820	\$ 1,271,510	\$ 9,394	\$ 1,372,531	\$	13,090,272
8,460,422	171,412	8,981,390	449,877	18,063,101		18,063,101
-	-	-	-	-		3,570
-	-	-	-	-		916,119
-	-	-	-	-		417,956
<u>\$ 8,550,229</u>	<u>\$ 173,232</u>	<u>\$ 10,252,900</u>	<u>\$ 459,271</u>	<u>\$ 19,435,632</u>	<u>\$</u>	<u>32,491,018</u>
\$ -	\$ -	\$ -	\$ 3,035	\$ 3,035	\$	208,161
-	-	-	1,584	1,584		217,803
-	-	-	-	-		5,586
-	-	-	4,619	4,619		431,550
-	-	-	-	-		919,689
7,661,740	99,222	9,191,541	35,688	16,988,191		16,988,191
888,489	74,010	1,061,359	418,964	2,442,822		14,151,588
<u>8,550,229</u>	<u>173,232</u>	<u>10,252,900</u>	<u>454,652</u>	<u>19,431,013</u>		<u>31,139,779</u>
<u>\$ 8,550,229</u>	<u>\$ 173,232</u>	<u>\$ 10,252,900</u>	<u>\$ 459,271</u>	<u>\$ 19,435,632</u>	<u>\$</u>	<u>32,491,018</u>

(Concluded)

NONMAJOR GOVERNMENTAL FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 YEAR ENDED JUNE 30, 2017

	<i>Special Revenue Funds</i>				
	Town Revolving Funds	School Revolving Funds	Town Gift, Grant, and Other Funds	School Gift and Grant Funds	Subtotal
REVENUES:					
Charges for services.....	\$ 1,018,659	\$ 2,719,104	\$ -	\$ -	\$ 3,737,763
Penalties and interest on taxes.....	-	-	900	-	900
Fees and rentals.....	30,499	165,861	566,722	-	763,082
Licenses and permits.....	841,270	-	305,297	-	1,146,567
Intergovernmental.....	1,701	1,414,403	1,057,480	4,777,522	7,251,106
Departmental and other.....	-	-	55,757	-	55,757
Special assessments.....	277,789	-	-	-	277,789
Contributions.....	43,185	-	72,888	114,934	231,007
Investment income.....	-	-	802	-	802
Miscellaneous.....	-	-	143,166	-	143,166
TOTAL REVENUES.....	2,213,103	4,299,368	2,203,012	4,892,456	13,607,939
EXPENDITURES:					
Current:					
Administrative services.....	415,716	-	452,554	-	868,270
Growth management.....	-	-	224,238	-	224,238
Public safety.....	-	-	495,150	-	495,150
Education.....	-	3,667,928	-	5,541,933	9,209,861
Public works.....	-	-	156,238	-	156,238
Community services.....	217,436	-	204,187	-	421,623
Regulatory services.....	565,191	-	53,035	-	618,226
Culture and recreation.....	493,952	-	-	-	493,952
Debt service:					
Principal.....	-	-	50,372	-	50,372
TOTAL EXPENDITURES.....	1,692,295	3,667,928	1,635,774	5,541,933	12,537,930
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	520,808	631,440	567,238	(649,477)	1,070,009
OTHER FINANCING SOURCES (USES):					
Sale of capital assets.....	-	-	-	-	-
Transfers in.....	-	-	100,000	215,835	315,835
Transfers out.....	(493,624)	(162,784)	(758,226)	(3,216)	(1,417,850)
TOTAL OTHER FINANCING SOURCES (USES).....	(493,624)	(162,784)	(658,226)	212,619	(1,102,015)
NET CHANGE IN FUND BALANCES.....	27,184	468,656	(90,988)	(436,858)	(32,006)
FUND BALANCES AT BEGINNING OF YEAR.....	2,972,037	3,144,848	3,035,772	2,588,115	11,740,772
FUND BALANCES AT END OF YEAR.....	\$ 2,999,221	\$ 3,613,504	\$ 2,944,784	\$ 2,151,257	\$ 11,708,766

(Continued)

<i>Permanent Funds</i>					Total Nonmajor Governmental Funds
Cemeteries and Libraries	Conservation	Education	Other	Subtotal	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,737,763
-	-	-	-	-	900
-	-	-	-	-	763,082
-	-	-	-	-	1,146,567
-	-	-	-	-	7,251,106
54,213	-	37,184	60,106	151,503	207,260
-	-	-	-	-	277,789
-	980	-	60,765	61,745	292,752
456,753	7,511	295,694	19,479	779,437	780,239
-	-	-	-	-	143,166
<u>510,966</u>	<u>8,491</u>	<u>332,878</u>	<u>140,350</u>	<u>992,685</u>	<u>14,600,624</u>
-	9,410	-	502	9,912	878,182
-	-	-	-	-	224,238
-	-	-	124,104	124,104	619,254
-	-	207,145	-	207,145	9,417,006
47,624	-	-	-	47,624	203,862
13,599	-	-	17,458	31,057	452,680
-	-	-	-	-	618,226
-	-	-	-	-	493,952
-	-	-	-	-	50,372
<u>61,223</u>	<u>9,410</u>	<u>207,145</u>	<u>142,064</u>	<u>419,842</u>	<u>12,957,772</u>
<u>449,743</u>	<u>(919)</u>	<u>125,733</u>	<u>(1,714)</u>	<u>572,843</u>	<u>1,642,852</u>
-	-	725,000	-	725,000	725,000
5,518	-	-	-	5,518	321,353
(100,000)	-	-	-	(100,000)	(1,517,850)
<u>(94,482)</u>	<u>-</u>	<u>725,000</u>	<u>-</u>	<u>630,518</u>	<u>(471,497)</u>
355,261	(919)	850,733	(1,714)	1,203,361	1,171,355
<u>8,194,968</u>	<u>174,151</u>	<u>9,402,167</u>	<u>456,366</u>	<u>18,227,652</u>	<u>29,968,424</u>
\$ <u>8,550,229</u>	\$ <u>173,232</u>	\$ <u>10,252,900</u>	\$ <u>454,652</u>	\$ <u>19,431,013</u>	\$ <u>31,139,779</u>

(Concluded)

Agency Fund

Fund Description

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

AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
YEAR ENDED JUNE 30, 2017

	July 1, 2016	Additions	Deletions	June 30, 2017
ASSETS				
CURRENT:				
Cash and cash equivalents.....	\$ 733,950	\$ 2,671,717	\$ (2,876,045)	\$ 529,622
Receivables, net of allowance for uncollectibles:				
Departmental and other.....	361,669	1,518,344	(1,582,743)	297,270
TOTAL ASSETS.....	\$ 1,095,619	\$ 4,190,061	\$ (4,458,788)	\$ 826,892
LIABILITIES				
Warrants payable.....	\$ -	\$ (541,437)	\$ 541,453	\$ 16
Liabilities due depositors.....	1,095,619	(4,127,783)	3,859,040	826,876
TOTAL LIABILITIES.....	\$ 1,095,619	\$ (4,669,220)	\$ 4,400,493	\$ 826,892

Additional Information

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

QUARTERS ENDED SEPTEMBER 30, 2016, DECEMBER 31, 2016, MARCH 31, 2017, AND JUNE 30, 2017

	Quarters Ended				Annual Total
	September 30, 2016	December 31, 2016	March 31, 2017	June 30, 2017	
Passenger facility charges collected.....	\$ 18,353	\$ 8,677	\$ 9,702	\$ 16,863	\$ 53,595
Interest credited.....	470	482	479	885	2,316
Total revenue.....	<u>18,823</u>	<u>9,159</u>	<u>10,181</u>	<u>17,748</u>	<u>55,911</u>
Unexpended (over expended) passenger facility charges at beginning of period.....	<u>(1,789,386)</u>	<u>(1,770,563)</u>	<u>(1,761,404)</u>	<u>(1,751,223)</u>	<u>(1,789,386)</u>
Excess (deficiency) of passenger facility charges collected over passenger facility charges expended at end of quarter.....	\$ <u>(1,770,563)</u>	\$ <u>(1,761,404)</u>	\$ <u>(1,751,223)</u>	\$ <u>(1,733,475)</u>	\$ <u>(1,733,475)</u>
Passenger facility charges:					
New terminal building.....	\$ 2,549,600				
Application assistance.....	<u>24,000</u>				
Total passenger facility charge.....	\$ <u>2,573,600</u>				

See notes to additional information.

NOTE A – BASIS OF ACCOUNTING

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

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

NOTE B – INTEREST CREDITED

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

NOTE C – APPLICATION

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

Statistical Section



The Walkway to the Sea in Aselton Park with the Hyannis Inner Harbor in the background.

Statistical Section

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

Net Position By Component

Last Ten Years

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014 (1)</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Governmental activities										
Net investment in capital assets.....	\$ 172,052,048	\$ 170,657,049	\$ 167,732,404	\$ 178,881,293	\$ 184,421,601	\$ 191,206,448	\$ 196,719,117	\$ 205,927,509	\$ 212,363,641	\$ 218,426,338
Restricted.....	21,761,627	23,653,035	22,256,610	23,188,546	22,899,121	26,282,984	30,686,880	51,556,623	58,921,589	62,317,088
Unrestricted.....	<u>49,706,955</u>	<u>44,174,519</u>	<u>45,761,937</u>	<u>37,416,415</u>	<u>36,590,078</u>	<u>29,771,094</u>	<u>(38,878,968)</u>	<u>(55,985,855)</u>	<u>(58,753,543)</u>	<u>(67,292,205)</u>
Total governmental activities net position...	<u>\$ 243,520,630</u>	<u>\$ 238,484,603</u>	<u>\$ 235,750,951</u>	<u>\$ 239,486,254</u>	<u>\$ 243,910,800</u>	<u>\$ 247,260,526</u>	<u>\$ 188,527,029</u>	<u>\$ 201,498,277</u>	<u>\$ 212,531,687</u>	<u>\$ 213,451,221</u>
Business-type activities										
Net investment in capital assets.....	\$ 69,038,883	\$ 70,569,512	\$ 88,038,076	\$ 111,054,493	\$ 123,154,596	\$ 124,918,522	\$ 130,038,669	\$ 129,853,741	\$ 133,965,038	\$ 139,551,898
Unrestricted.....	<u>25,909,975</u>	<u>27,726,500</u>	<u>23,517,286</u>	<u>27,136,568</u>	<u>25,267,346</u>	<u>28,724,877</u>	<u>16,954,440</u>	<u>12,789,879</u>	<u>9,011,658</u>	<u>4,699,754</u>
Total business-type activities net position...	<u>\$ 94,948,858</u>	<u>\$ 98,296,012</u>	<u>\$ 111,555,362</u>	<u>\$ 138,191,061</u>	<u>\$ 148,421,942</u>	<u>\$ 153,643,399</u>	<u>\$ 146,993,109</u>	<u>\$ 142,643,620</u>	<u>\$ 142,976,696</u>	<u>\$ 144,251,652</u>
Primary government										
Net investment in capital assets.....	\$ 241,090,931	\$ 241,226,561	\$ 258,559,391	\$ 289,935,786	\$ 307,576,197	\$ 316,124,970	\$ 326,757,786	\$ 335,781,250	\$ 346,328,679	\$ 357,978,236
Restricted.....	21,761,627	23,653,035	22,256,610	23,188,546	22,899,121	26,282,984	30,686,880	51,556,623	58,921,589	62,317,088
Unrestricted.....	<u>75,616,930</u>	<u>71,901,019</u>	<u>66,490,312</u>	<u>64,552,983</u>	<u>61,857,424</u>	<u>58,495,971</u>	<u>(21,924,528)</u>	<u>(43,195,976)</u>	<u>(49,741,885)</u>	<u>(62,592,451)</u>
Total primary government net position.....	<u>\$ 338,469,488</u>	<u>\$ 336,780,615</u>	<u>\$ 347,306,313</u>	<u>\$ 377,677,315</u>	<u>\$ 392,332,742</u>	<u>\$ 400,903,925</u>	<u>\$ 335,520,138</u>	<u>\$ 344,141,897</u>	<u>\$ 355,508,383</u>	<u>\$ 357,702,873</u>

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

Changes in Net Position

Last Ten Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental activities:										
Charter commission.....	\$ 2,065	\$ 46,380	\$ 15,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town council.....	346,498	356,983	390,345	380,018	382,055	384,365	399,567	368,421	363,717	448,462
Town manager.....	719,449	675,969	752,700	683,316	745,955	893,507	794,403	800,746	834,954	686,439
Administrative services.....	9,862,293	9,691,557	10,318,986	10,601,542	10,330,594	12,590,742	10,987,865	10,049,953	11,155,705	12,230,091
Growth management.....	3,507,729	3,321,356	2,594,947	2,197,204	2,164,979	2,536,984	2,534,216	2,282,963	2,867,287	3,065,285
Public safety.....	15,378,587	15,190,576	15,951,164	15,656,195	16,445,394	21,156,100	18,654,946	19,790,295	21,211,475	24,222,854
Education.....	92,444,424	93,940,477	90,887,000	93,652,265	96,294,013	96,015,560	98,552,670	94,177,947	100,687,385	107,637,587
Public works.....	13,806,146	16,910,307	12,464,847	13,669,363	12,804,945	14,501,828	17,832,428	16,942,211	16,517,135	18,579,883
Community services.....	4,152,881	4,762,643	4,334,769	4,395,115	4,591,089	4,962,038	4,899,743	5,450,110	5,996,361	6,675,916
Regulatory services.....	3,753,307	2,964,772	4,205,724	4,204,140	4,480,702	4,611,395	5,005,639	5,796,212	5,848,644	6,673,384
Culture and recreation.....	1,817,859	1,727,069	1,689,753	1,673,945	2,047,950	2,167,069	2,285,422	2,426,386	2,527,421	2,589,896
Interest.....	4,595,119	4,707,186	3,623,266	3,227,684	3,199,774	2,597,202	2,367,893	2,283,830	1,543,603	1,498,995
Total government activities expenses.....	150,386,357	154,295,275	147,228,501	150,340,787	153,487,450	162,416,790	164,314,792	160,369,074	169,553,687	184,308,792
Business-type activities:										
Airport activities.....	7,563,704	7,062,613	6,034,854	6,908,268	7,468,840	8,065,196	9,859,032	9,905,470	8,829,671	8,401,360
Golf course activities.....	2,949,522	2,712,412	2,614,217	2,507,382	2,634,335	2,148,742	2,615,366	2,550,324	3,051,784	3,130,996
Solid waste activities.....	2,263,740	2,140,520	2,010,574	1,887,556	2,011,718	1,855,871	1,613,661	2,420,243	2,647,918	3,157,411
Wastewater activities.....	3,439,444	4,211,888	4,604,835	4,307,355	4,924,221	4,693,467	5,222,181	4,870,584	4,959,029	5,500,946
Water supply activities.....	2,322,025	2,222,892	2,393,652	2,309,337	2,695,528	3,120,198	3,369,176	3,646,730	4,040,710	5,518,521
Marina activities.....	559,857	493,447	468,960	521,888	572,555	627,750	636,978	561,098	933,055	657,896
Sandy Neck recreation activities.....	467,692	474,332	501,888	537,561	617,232	580,846	661,179	863,593	994,150	920,591
Hyannis youth and community center.....	-	-	1,970,413	2,286,860	2,285,247	2,360,247	2,463,416	2,499,740	2,639,139	2,642,127
Total business-type activities expenses.....	19,565,984	19,318,104	20,599,393	21,266,207	23,209,676	23,452,317	26,440,989	27,317,782	28,095,456	29,929,848
Total primary government expenses.....	\$ 169,952,341	\$ 173,613,379	\$ 167,827,894	\$ 171,606,994	\$ 176,697,126	\$ 185,869,107	\$ 190,755,781	\$ 187,686,856	\$ 197,649,143	\$ 214,238,640
Program Revenues										
Governmental activities:										
Administrative services charges for services.....	\$ 804,576	\$ 730,873	\$ 755,951	\$ 709,164	\$ 845,002	\$ 759,649	\$ 731,934	\$ 811,100	\$ 835,259	\$ 839,568
Education charges for services.....	4,241,309	3,240,712	2,599,327	2,597,573	2,552,873	2,831,275	2,609,888	2,468,780	2,766,669	2,849,677
Community services charges for services.....	1,599,885	1,717,789	1,569,081	1,752,891	1,973,424	1,916,796	2,107,340	2,258,031	3,125,465	2,991,473
Regulatory services charges for services.....	2,312,451	2,116,776	2,296,375	2,694,281	2,826,890	2,904,766	3,357,794	3,247,298	3,568,406	3,490,165
Other charges for services.....	1,732,923	2,219,533	1,282,396	1,901,709	1,564,983	1,620,970	1,646,135	1,618,296	1,612,044	1,283,184
Operating grants and contributions.....	27,133,578	28,396,710	30,536,034	30,178,585	31,552,139	32,799,639	30,872,078	24,791,463	30,244,001	33,127,780
Capital grant and contributions.....	6,778,249	3,334,070	3,444,938	4,058,312	2,938,336	6,709,206	5,520,965	4,320,128	5,884,073	3,863,636
Total government activities program revenues.....	44,602,971	41,756,463	42,484,102	43,892,515	44,253,647	49,542,301	46,846,134	39,515,526	48,035,917	48,445,483
Business-type activities:										
Charges for services - Airport.....	7,160,730	6,810,056	5,490,285	6,506,669	6,585,493	6,969,301	7,152,972	7,595,233	6,390,216	5,568,140
Charges for services - Golf Course.....	2,993,201	3,027,102	2,891,917	3,395,629	2,774,195	2,882,023	2,945,649	3,038,223	3,173,012	3,182,636
Charges for services - Solid Waste.....	2,151,196	2,006,111	2,070,045	2,094,528	2,189,147	2,171,301	2,291,223	2,630,509	2,231,944	2,925,374
Charges for services - Wastewater.....	3,650,336	3,187,621	3,927,176	3,569,586	4,048,083	4,194,565	6,214,125	4,339,654	3,388,870	4,528,101
Charges for services - Water Supply.....	3,235,835	3,123,598	3,193,402	3,551,796	3,848,765	4,195,886	4,441,137	4,907,019	5,301,446	5,424,751
Charges for services - Marina.....	653,480	651,019	557,513	627,670	680,419	657,281	690,881	637,769	736,283	685,771
Charges for services - Sandy Neck recreation.....	583,545	569,561	616,104	693,869	839,323	714,585	829,552	872,298	1,199,321	1,096,042
Charges for services - Hyannis youth and community center.....	-	-	1,149,921	1,332,574	1,361,171	1,196,908	1,234,064	1,212,993	1,204,119	1,134,431
Operating grants and contributions.....	500,061	436,056	259,036	383,432	357,529	525,089	333,149	473,201	301,449	288,967
Capital grants and contributions.....	4,498,513	2,881,380	5,468,016	23,235,870	9,483,491	1,843,059	7,356,270	4,815,157	4,128,274	2,835,392
Total business-type activities program revenues.....	25,426,897	22,692,504	25,623,415	45,391,623	32,167,616	25,349,998	33,489,022	30,522,056	28,054,934	27,669,605
Total primary government program revenues.....	\$ 70,029,868	\$ 64,448,967	\$ 68,107,517	\$ 89,284,138	\$ 76,421,263	\$ 74,892,299	\$ 80,335,156	\$ 70,037,582	\$ 76,090,851	\$ 76,115,088

(Continued)

Changes in Net Position

Last Ten Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Net (Expense)/Revenue										
Governmental activities.....	\$ (105,783,386)	\$ (112,538,812)	\$ (104,744,399)	\$ (106,448,272)	\$ (109,233,803)	\$ (112,874,489)	\$ (117,468,658)	\$ (120,853,548)	\$ (121,517,770)	\$ (135,863,309)
Business-type activities.....	5,860,913	3,374,400	5,024,022	24,125,416	8,957,940	1,897,681	7,048,033	3,204,274	(40,522)	(2,260,243)
Total primary government net expense.....	\$ (99,922,473)	\$ (109,164,412)	\$ (99,720,377)	\$ (82,322,856)	\$ (100,275,863)	\$ (110,976,808)	\$ (110,420,625)	\$ (117,649,274)	\$ (121,558,292)	\$ (138,123,552)
General Revenues and other Changes in Net Position										
Governmental activities:										
Real estate and personal property taxes, net of tax refunds payable.....	\$ 84,936,744	\$ 88,253,725	\$ 90,663,777	\$ 93,673,200	\$ 97,222,576	\$ 99,665,171	\$ 103,150,266	\$ 106,530,407	\$ 110,049,748	\$ 114,256,542
Motor vehicle and other excise taxes.....	6,350,453	5,625,147	5,206,615	6,051,330	5,416,330	6,251,595	7,014,709	7,032,295	7,568,790	7,882,124
Hotel/motel tax.....	1,665,130	1,604,723	1,489,471	1,866,536	2,470,674	2,563,046	2,728,769	2,699,495	2,798,882	2,920,683
Meals tax.....	-	-	-	619,193	1,206,380	1,261,113	1,455,329	1,372,762	1,474,084	1,494,626
Penalties and interest on taxes.....	852,148	905,602	778,660	897,236	1,019,421	1,006,469	1,056,947	928,707	914,983	1,381,382
Community preservation surtax.....	2,474,265	2,619,643	2,651,234	2,734,079	2,863,995	2,942,493	3,036,667	3,099,572	3,208,815	3,336,838
Grants and contributions not restricted to specific programs.....	4,055,268	3,742,347	2,698,754	2,665,950	2,645,768	2,462,643	3,037,252	2,888,316	3,198,731	3,303,717
Unrestricted investment income.....	2,555,986	746,614	3,722,928	3,421,534	1,866,929	2,573,660	3,092,436	1,298,586	2,183,557	1,558,205
Gain on sale of capital assets.....	-	-	31,831	-	-	185,500	3,782,939	-	-	725,000
Miscellaneous.....	-	-	25,968	448,500	30,765	86,629	258,933	8,545	29,925	96,896
Legal settlements.....	-	3,492,881	262,307	-	-	-	-	-	-	-
Transfers.....	1,177,317	512,103	(8,071,724)	(2,193,983)	(1,084,489)	(2,774,104)	(2,303,170)	7,966,111	(111,372)	(173,170)
Total governmental activities.....	104,067,311	107,502,785	99,459,821	110,183,575	113,658,349	116,224,215	126,311,077	133,824,796	131,316,143	136,782,843
Business-type activities:										
Unrestricted investment income.....	1,136,095	484,857	163,604	316,300	188,452	549,672	942,020	412,348	262,226	242,029
Legal settlements.....	-	-	-	-	-	-	-	-	-	3,120,000
Transfers.....	(1,177,317)	(512,103)	8,071,724	2,193,983	1,084,489	2,774,104	2,303,170	(7,966,111)	111,372	173,170
Total business-type activities.....	(41,222)	(27,246)	8,235,328	2,510,283	1,272,941	3,323,776	3,245,190	(7,553,763)	373,598	3,535,199
Total primary government.....	\$ 104,026,089	\$ 107,475,539	\$ 107,695,149	\$ 112,693,858	\$ 114,931,290	\$ 119,547,991	\$ 129,556,267	\$ 126,271,033	\$ 131,689,741	\$ 140,318,042
Changes in Net Position										
Governmental activities.....	\$ (1,716,075)	\$ (5,036,027)	\$ (5,284,578)	\$ 3,735,303	\$ 4,424,546	\$ 3,349,726	\$ 8,842,419	\$ 12,971,248	\$ 9,798,373	\$ 919,534
Business-type activities.....	5,819,691	3,347,154	13,259,350	26,635,699	10,230,881	5,221,457	10,293,223	(4,349,489)	333,076	1,274,956
Total primary government.....	\$ 4,103,616	\$ (1,688,873)	\$ 7,974,772	\$ 30,371,002	\$ 14,655,427	\$ 8,571,183	\$ 19,135,642	\$ 8,621,759	\$ 10,131,449	\$ 2,194,490

(Concluded)

Fund Balances, Governmental Funds

Last Ten Years

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General Fund										
Reserved.....	\$ 1,888,999	\$ 1,241,639	\$ 2,816,525	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved.....	19,740,194	15,179,667	14,901,926	-	-	-	-	-	-	-
Restricted.....	-	-	-	2,863,023	2,660,805	2,660,174	2,650,600	2,453,717	2,373,473	2,206,073
Assigned.....	-	-	-	6,122,506	2,007,306	4,231,826	4,820,179	6,136,907	4,956,930	5,505,301
Unassigned.....	-	-	-	21,612,742	28,734,188	26,137,881	28,085,852	26,289,884	30,019,449	33,245,543
Total general fund.....	\$ 21,629,193	\$ 16,421,306	\$ 17,718,451	\$ 30,598,271	\$ 33,402,299	\$ 33,029,881	\$ 35,556,631	\$ 34,880,508	\$ 37,349,852	\$ 40,956,917
All Other Governmental Funds										
Reserved.....	\$ 10,287,552	\$ 8,847,452	\$ 9,504,307	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds.....	36,842,393	38,643,071	36,566,719	-	-	-	-	-	-	-
Capital projects funds.....	34,643,214	15,845,729	15,837,839	-	-	-	-	-	-	-
Permanent funds.....	96,544	1,092,032	1,022,510	-	-	-	-	-	-	-
Nonspendable.....	-	-	-	10,326,319	10,467,992	11,093,750	15,690,018	15,737,943	16,933,978	16,988,191
Restricted.....	-	-	-	41,212,995	37,936,503	35,791,783	35,410,254	41,645,262	46,703,475	49,811,531
Total all other governmental funds.....	\$ 81,869,703	\$ 64,428,284	\$ 62,931,375	\$ 51,539,314	\$ 48,404,495	\$ 46,885,533	\$ 51,100,272	\$ 57,383,205	\$ 63,637,453	\$ 66,799,722

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

Changes in Fund Balances, Governmental Funds

Last Ten Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues:										
Real estate and personal property taxes, net of tax refunds.....	\$ 84,855,790	\$ 88,165,857	\$ 89,592,295	\$ 92,202,438	\$ 97,818,235	\$ 99,399,272	\$ 102,905,909	\$ 105,260,464	\$ 108,835,835	\$ 113,664,164
Motor vehicle and other excise taxes.....	6,617,601	5,646,089	5,249,626	5,938,937	5,510,517	6,209,316	6,616,970	7,033,401	7,506,290	7,405,793
Hotel/motel tax.....	1,670,130	1,624,723	1,481,471	1,739,536	2,468,674	2,537,046	1,810,513	2,691,495	2,800,577	2,924,631
Meals tax.....	-	-	-	490,193	1,197,380	1,255,113	-	1,372,762	1,474,084	1,494,626
Charges for services.....	6,710,275	6,792,198	4,808,371	5,068,114	4,976,473	5,380,029	5,303,748	5,414,436	5,922,080	5,938,554
Penalties and interest on taxes.....	1,210,709	1,206,383	1,070,307	1,199,934	1,359,907	1,429,142	1,502,443	1,350,562	1,296,576	1,802,284
Fees and rentals.....	1,210,892	1,107,126	1,199,488	1,452,502	1,492,829	1,622,674	1,592,714	1,660,085	1,764,493	1,829,159
Licenses and permits.....	2,170,128	2,092,985	2,131,386	2,855,284	3,010,391	2,931,858	3,367,133	3,206,880	3,458,964	3,405,345
Intergovernmental.....	35,426,249	35,349,630	36,622,958	37,544,400	39,349,380	40,999,777	39,468,814	33,074,571	37,097,876	39,778,378
Departmental and other.....	1,603,490	1,929,525	1,238,096	1,093,917	982,707	671,549	502,499	530,010	484,246	667,908
Special assessments.....	151,983	143,209	220,269	305,021	345,820	353,293	575,224	596,185	1,291,690	1,051,138
Community preservation fund surtax.....	2,474,265	2,619,643	2,651,234	2,734,079	2,863,995	2,942,493	3,036,667	3,099,572	3,208,815	3,336,839
Contributions.....	99,882	153,455	123,891	297,281	296,185	242,909	460,652	894,598	291,212	294,793
Investment income.....	2,558,229	747,670	3,723,219	3,422,381	1,863,501	2,554,945	3,066,820	1,275,082	2,166,199	1,538,913
Miscellaneous.....	-	-	262,658	460,016	6,885	24,191	19,020	39,120	73,132	143,166
Legal settlements.....	-	3,492,881	262,307	-	-	-	-	-	37,506	-
Total Revenues.....	146,759,623	151,071,374	150,637,576	156,804,033	163,542,879	168,553,607	170,229,126	167,499,223	177,717,575	185,275,691
Expenditures:										
Charter commission.....	2,065	46,380	15,000	-	-	-	-	-	-	-
Town council.....	289,995	296,316	321,346	315,151	309,303	252,750	270,452	242,765	233,693	257,070
Town manager.....	574,215	541,963	600,291	540,036	596,044	605,498	555,587	540,367	550,017	419,492
Administrative services.....	5,816,199	5,721,376	6,022,630	6,390,572	6,265,047	7,524,126	5,895,146	6,004,633	6,755,349	6,687,937
Growth management.....	3,162,311	3,023,167	2,255,806	1,876,994	1,837,388	2,091,175	2,079,052	1,298,226	1,810,185	1,817,624
Public safety.....	11,423,726	11,562,679	11,877,172	11,945,147	12,583,679	14,812,467	12,423,830	12,882,134	13,433,285	13,653,146
Education.....	73,768,453	74,154,718	69,418,073	71,603,329	72,947,953	69,573,482	71,266,325	71,844,729	73,348,203	75,530,065
Public works.....	8,766,085	12,507,268	5,801,985	8,697,677	7,999,323	8,809,756	11,991,138	11,326,596	9,536,429	10,433,373
Community services.....	3,031,730	3,731,611	3,269,069	3,323,697	3,542,911	3,099,734	3,193,473	3,332,724	3,520,353	3,504,471
Regulatory services.....	2,537,742	1,498,642	2,602,377	2,690,984	2,951,035	2,852,514	3,080,042	3,167,935	3,144,581	3,439,116
Culture and recreation.....	1,715,718	1,727,069	1,689,753	1,673,945	2,047,950	2,167,069	2,285,422	2,426,386	2,527,421	2,589,896
Pension and employee benefits.....	13,793,046	15,287,773	17,096,982	18,953,642	19,880,251	27,424,995	29,400,723	24,763,873	28,461,551	33,013,228
Property and liability insurance.....	1,202,223	1,151,284	1,205,171	1,281,890	1,312,879	1,310,179	1,439,324	1,510,581	1,573,817	1,619,749
Claims and judgments.....	450,972	-	-	-	-	-	-	-	-	-
Other assessments.....	325,747	424,848	492,852	423,836	375,478	398,239	397,056	389,520	357,141	342,770
State and county charges.....	5,283,974	5,500,040	5,670,113	5,864,464	6,443,074	6,578,322	7,081,833	7,870,164	8,174,877	8,372,349
Capital outlay.....	12,063,864	22,486,003	9,398,699	12,727,196	10,637,388	8,353,164	10,980,666	14,983,478	17,654,545	11,546,620
Debt service:										
Principal.....	9,007,988	9,841,839	8,908,613	9,404,339	9,931,989	9,298,893	9,001,782	9,223,081	8,968,701	9,374,175
Interest.....	4,619,652	4,729,807	3,691,341	3,305,081	3,290,957	2,714,020	2,483,851	2,377,624	1,977,382	2,135,047
Total Expenditures.....	157,835,705	174,232,783	150,337,273	161,017,980	162,952,649	167,866,383	173,825,702	174,184,816	182,027,530	184,736,128
Excess of revenues over (under) expenditures.....	(11,076,082)	(23,161,409)	300,303	(4,213,947)	590,230	687,224	(3,596,576)	(6,685,593)	(4,309,955)	539,563
Other Financing Sources (Uses):										
Issuance of bonds and notes.....	13,626,000	-	4,959,000	7,535,000	-	-	6,248,000	3,930,000	12,113,000	5,361,641
Issuance of refunding bonds.....	-	-	-	8,641,000	10,037,900	-	-	5,265,500	1,674,000	-
Premium from issuance of bonds.....	-	-	-	360,689	30,765	-	245,377	347,856	1,000,312	316,300
Premium from issuance of refunding bonds.....	-	-	-	641,187	966,394	-	-	728,615	218,218	-
Sale of capital assets.....	-	-	31,831	-	-	195,500	3,782,939	-	-	725,000
Payment to bond escrow agent.....	-	-	-	(9,282,187)	(10,871,591)	-	-	(5,945,679)	(1,860,611)	-
Transfers in.....	23,252,992	21,271,536	20,474,644	6,854,634	7,015,052	6,336,045	8,651,348	16,202,168	8,405,736	8,756,067
Transfers out.....	(22,075,675)	(20,759,433)	(25,965,542)	(9,048,617)	(8,099,541)	(9,110,149)	(8,589,599)	(8,236,057)	(8,517,108)	(8,929,237)
Total other financing sources (uses).....	14,803,317	512,103	(500,067)	5,701,706	(921,021)	(2,578,604)	10,338,065	12,292,403	13,033,547	6,229,771
Net change in fund balance.....	\$ 3,727,235	\$ (22,649,306)	\$ (199,764)	\$ 1,487,759	\$ (330,791)	\$ (1,891,380)	\$ 6,741,489	\$ 5,606,810	\$ 8,723,592	\$ 6,769,334
Debt service as a percentage of noncapital expenditures.....	9.35%	9.60%	8.94%	8.57%	8.68%	7.53%	7.05%	7.29%	6.66%	6.65%

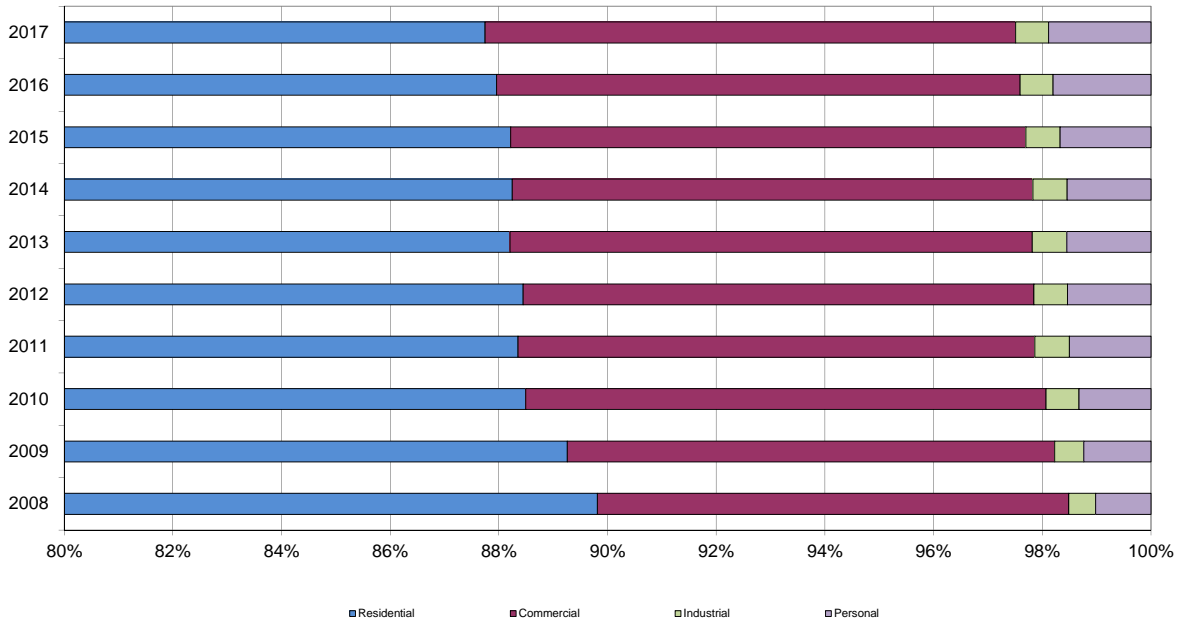
Notes:
Some functional expenses are reported in different lines in older years.

Assessed Value of Taxable Property by Classification and Tax Rates

Last Ten Years

Year	Assessed and Actual Values and Tax Rates											Total Town Value
	Residential Value	Residential Tax Rate	Commercial Value	Industrial Value	Total Commercial Value	Commercial Tax Rate	Personal Property	Personal Property Tax Rate	Total Direct Rate (2)	Overlapping Rate (3)	Total Direct and Overlapping Rate	
2008	\$ 13,323,872,172	\$ 6.58	\$ 1,286,489,328	\$ 73,265,400	\$ 1,359,754,728	\$ 5.80	\$ 151,079,850	\$ 5.80	\$ 6.50	\$ 1.60	\$ 8.10	\$ 14,834,706,750
2009	12,983,016,619	6.90	1,303,893,716	78,598,400	1,382,492,116	6.12	179,274,450	6.12	6.82	1.75	8.57	14,544,783,185
2010	(1) 11,822,832,710	7.77	1,279,251,935	81,780,400	1,361,032,335	6.87	176,352,980	6.87	7.67	1.87	9.54	13,360,218,025
2011	11,474,497,625	8.05	1,235,696,120	82,267,300	1,317,963,420	7.28	194,882,820	7.28	7.96	2.00	9.96	12,987,343,865
2012	11,343,180,287	8.42	1,205,426,293	79,571,600	1,284,997,893	7.59	196,937,290	7.59	8.32	2.22	10.54	12,825,115,470
2013	(1) 11,220,887,767	8.76	1,223,179,078	80,290,800	1,303,469,878	7.89	197,055,870	7.59	8.66	2.13	10.79	12,721,413,515
2014	11,114,256,735	9.12	1,206,529,030	79,328,500	1,285,857,530	8.22	193,985,740	8.22	9.01	2.29	11.30	12,594,100,005
2015	11,207,187,750	9.30	1,204,713,235	79,592,100	1,284,305,335	8.40	212,290,440	8.40	9.19	2.57	11.76	12,703,783,525
2016	(1) 11,559,979,680	9.31	1,266,853,600	79,821,600	1,346,675,200	8.41	236,236,480	8.41	9.20	2.67	11.87	13,142,891,360
2017	11,609,385,779	9.54	1,291,731,901	80,275,500	1,372,007,401	8.64	249,000,650	8.64	9.43	2.62	12.05	13,230,393,830

Percentage of Total Assessed Value By Classification



(1) Revaluation year.

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

(3) Overlapping rates for the five fire districts. Four fire districts adopted a single tax rate and one adopted the residential exemption. In 2017, rates ranged from \$1.22 per \$1,000 of valuation to \$2.94 per \$1,000 of valuation for an average rate of \$2.62 per \$1,000 of valuation.

Source: Assessor's Department, Town of Barnstable

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

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

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

Principal Taxpayers
Current Year and Nine Years Ago

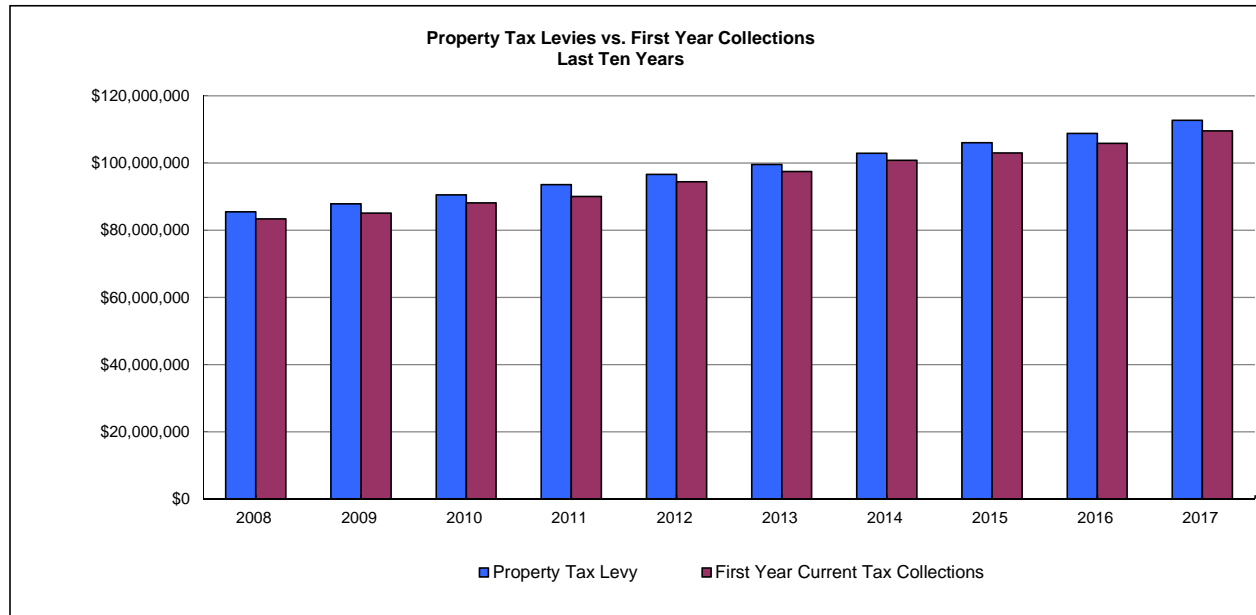
Name	Nature of Business	2017			2008		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
Eversource	Public Utility	\$ 115,023,550	1	0.87%	\$ -	-	-
Mayflower Cape Cod, LLC	Cape Cod Mall	110,732,200	2	0.84%	113,523,700	1	0.77%
National Grid	Public Utility	33,555,810	3	0.25%	-	-	-
Oyster Harbors Club, Inc.	Social Club & Residential Properties	26,747,800	4	0.20%	-	-	-
Festival of Hyannis, LLC	Shopping Center	25,767,200	5	0.19%	32,463,400	4	0.22%
Cape Harbor Associates	Shopping Center	25,737,100	6	0.19%	26,418,100	6	0.18%
OCW Retail Hyannis, LLC	Shopping Center	24,821,700	7	0.19%	-	-	-
Indian Point Family Partnership LP	Various Residential	24,489,800	8	0.19%	-	-	-
Wianno Club	Golf Club	19,733,100	9	0.15%	-	-	-
Verizon	Public Utility	17,888,900	10	0.14%	19,603,900	8	0.13%
Individual	Residential Properties	-	-	-	51,666,410	2	0.35%
Nstar	Utility	-	-	-	40,710,390	3	0.27%
Individual	Residential Properties	-	-	-	29,215,010	5	0.20%
Thomas Flatley	Shopping Mall	-	-	-	22,978,300	7	0.15%
Individual	Residential Properties	-	-	-	17,124,990	9	0.12%
Colonial Gas	Utility	-	-	-	16,301,940	10	0.11%
Totals		\$ 424,497,160		3.21%	\$ 370,006,140		2.49%

Source: Assessor's Department, Town of Barnstable

Property Tax Levies and Collections

Last Ten Years

Year	Total Tax Levy	Less Abatements & Exemptions	Net Tax Levy	Net as % of Total	First Year Current Tax Collections	Percent of Net Levy Collected	Subsequent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Net Tax Levy
2008	\$ 86,040,891	\$ 612,559	\$ 85,428,332	99.29%	\$ 83,342,200	97.56%	\$ 2,086,132	\$ 85,428,332	100.00%
2009	89,064,457	1,211,254	87,853,203	98.64%	85,039,043	96.80%	1,334,371	86,373,414	98.32%
2010	(1) 91,769,862	1,220,910	90,548,952	98.67%	88,128,463	97.33%	1,780,686	89,909,149	99.29%
2011	94,579,103	1,073,942	93,505,161	98.86%	89,989,123	96.24%	2,953,030	92,942,153	99.40%
2012	97,325,379	757,468	96,567,911	99.22%	94,416,772	97.77%	1,405,907	95,822,679	99.23%
2013	(1) 100,386,021	786,537	99,599,484	99.22%	97,485,153	97.88%	1,360,701	98,845,854	99.24%
2014	103,522,018	673,327	102,848,691	99.35%	100,779,510	97.99%	1,362,562	102,142,072	99.31%
2015	106,676,485	674,924	106,001,561	99.37%	103,011,541	97.18%	2,309,932	105,321,473	99.36%
2016	(1) 110,547,068	1,724,851	108,822,217	98.44%	105,826,314	97.25%	2,279,754	108,106,068	99.34%
2017	114,428,985	1,705,310	112,723,675	98.51%	109,589,260	97.22%	-	109,589,260	97.22%



(1) Revaluation year.

Source: Official Statements, Town of Barnstable

Ratios of Outstanding Debt by Type

Last Ten Years

Year	Governmental Activities		Business-type Activities (1)		Total Debt Outstanding	Percentage of Personal Income (3)	U. S. Census Population	Debt Per Capita
	General Obligation Bonds (2)	Capital Leases	General Obligation Bonds (2)	Capital Leases				
2008	\$ 114,635,906	\$ 793	\$ 38,527,427	\$ -	153,164,126	11.37%	46,184	\$ 3,316
2009	104,794,067	-	36,484,603	-	141,278,670	11.14%	46,297	3,052
2010	84,883,454	-	54,779,449	-	139,662,903	8.76%	45,193	3,090
2011	83,385,804	-	54,016,356	-	137,402,160	8.59%	44,932	3,058
2012	73,345,104	-	56,250,217	-	129,595,321	8.07%	44,824	2,891
2013	63,610,778	-	54,722,327	-	118,333,105	7.31%	44,824	2,640
2014	60,806,840	-	50,764,691	-	111,571,531	6.86%	44,824	2,489
2015	55,778,571	-	47,942,365	-	103,720,936	6.34%	45,170	2,296
2016	59,450,983	-	51,447,154	-	110,898,137	6.75%	45,193	2,454
2017	55,175,148	-	53,625,970	-	108,801,118	6.70%	44,487	2,446

(1) Airport, Golf Course, Solid Waste, Wastewater, Water, Marinas, Sandy Neck Park and Hyannis Youth and Community Center.

(2) Presented net of original issuance discounts and premiums.

(3) Personal income is disclosed on the Schedule of Demographic and Economic Statistics.

Source: Audited Financial Statements, U. S. Census

Ratios of General Bonded Debt Outstanding

Last Ten Years

Year	General Obligation Bonds	Percentage of Estimated Actual Taxable Value of Property (1)	Per Capita (2)
2008	\$ 153,163,333	1.03%	\$ 3,316
2009	141,278,670	0.97%	3,052
2010	139,662,903	1.05%	3,090
2011	137,402,160	1.06%	3,058
2012	129,595,321	1.01%	2,891
2013	118,333,105	0.93%	2,640
2014	111,571,531	0.89%	2,489
2015	103,720,936	0.82%	2,296
2016	110,898,137	0.84%	2,454
2017	108,801,118	0.82%	2,446

(1) Property value data is disclosed on the Schedule of Assessed Value of Taxal and Tax Rates.

(2) Population data is disclosed on the Schedule of Demographic and Economic

Source: Audited Financial Statements, U. S. Census

Direct and Overlapping Governmental Activities Debt

As of June 30, 2017

<u>Town of Barnstable, Massachusetts</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable (1), (2)</u>	<u>Share of Overlapping Debt</u>
Debt repaid with property taxes and user charges:			
Barnstable County.....	\$ 22,114,734	17.40%	\$ 3,847,964
Barnstable Fire District.....	873,888	100.00%	873,888
Centerville-Osterville-Marston Mills Fire District.....	1,765,757	100.00%	1,765,757
Cotuit Fire District.....	1,300,000	100.00%	1,300,000
Hyannis Fire District.....	2,576,000	100.00%	<u>2,576,000</u>
Subtotal, overlapping debt.....			10,363,609
Town direct debt.....			<u>55,175,148</u>
Total direct and overlapping debt.....			<u>\$ 65,538,757</u>

Source: Official Statements

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

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

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

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

Computation of Legal Debt Margin

Last Ten Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Equalized Valuation.....	\$ 16,142,285,200	\$ 16,142,285,200	\$ 14,945,861,000	\$ 14,945,861,000	\$ 13,864,305,700	\$ 13,864,305,700	\$ 13,476,184,100	\$ 13,476,184,100	\$ 13,665,091,900	\$ 13,665,091,900
Debt Limit -5% of Equalized Valuation.....	\$ 807,114,260	\$ 807,114,260	\$ 747,293,050	\$ 747,293,050	\$ 693,215,285	\$ 693,215,285	\$ 673,809,205	\$ 673,809,205	\$ 683,254,595	\$ 683,254,595
Less:										
Outstanding debt applicable to limit.....	\$ 82,388,673	\$ 76,565,997	\$ 74,641,706	\$ 81,933,812	\$ 79,039,510	\$ 71,718,246	\$ 70,548,688	\$ 65,723,674	\$ 72,346,608	\$ 71,103,125
Authorized and unissued debt.....	\$ 57,540,513	\$ 57,540,513	\$ 83,934,854	\$ 73,597,717	\$ 71,016,010	\$ 77,977,510	\$ 83,028,269	\$ 51,117,351	\$ 33,058,354	\$ 46,073,235
Legal debt margin.....	\$ 667,185,074	\$ 673,007,750	\$ 588,716,490	\$ 591,761,521	\$ 543,159,765	\$ 543,519,529	\$ 520,232,248	\$ 556,968,180	\$ 577,849,633	\$ 566,078,235
Total debt applicable to the limit as a percentage of debt limit.....	17.34%	16.62%	21.22%	20.81%	21.65%	21.59%	22.79%	17.34%	15.43%	17.15%

Source: Official Statements, Town of Barnstable

Demographic and Economic Statistics

Last Ten Years

Year	Population Estimates	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2008	46,184	\$ 1,347,449,000	\$ 29,176	42	5,851	4.6%
2009	46,297	1,268,027,000	27,389	42	5,799	5.1%
2010	45,193	1,593,731,000	35,265	47	5,461	8.6%
2011	44,932	1,600,012,972	35,610	48	5,165	7.0%
2012	44,824 *	1,605,012,968 *	35,807 *	49 *	5,267	7.4%
2013	44,824 *	1,619,087,704 *	36,121 *	49 *	5,118	6.6%
2014	44,824 *	1,627,183,143 *	36,302 *	49 *	5,194	4.4%
2015	45,170 *	1,635,319,058 *	36,204 *	50 *	5,230	4.3%
2016	45,193 *	1,643,495,654 *	36,366 *	49 *	5,459	3.1%
2017	44,487 *	1,622,772,000 *	36,477 *	49 *	5,238	4.0%

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

Principal Employers
Current Year and Nine Years Ago

Employer	Nature of Business	2017			2008		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Cape Cod Health Care, Inc.	Hospital	2,548	1	11.47%	2,459	1	9.81%
Town of Barnstable	Municipal Government	1,331	2	5.99%	1,414	2	5.64%
Cape Cod Community College	Education	514	3	2.31%	-	-	-
Cape Air/Nantucket Airlines	Airline	306	4	1.38%	-	-	-
Barnstable County	County Government	250	5	1.13%	675	3	2.69%
Macy's (2 stores)	Retail Sales - General	230	6	1.04%	227	6	0.91%
Cape Codder Resort & Spa	Hotel	200	7	0.90%	250	5	1.00%
Super Stop and Shop - Hyannis	Grocers - Retail	185	8	0.83%	-	-	-
Sears Roebuck & Company	Retail Store	173	9	0.78%	210	7	0.84%
Stop and Shop - Marston Mills	Grocers - Retail	161	10	0.72%	-	-	-
Cape Cod Times	Newspaper	-	-	-	320	4	1.28%
Star Market (2 stores)	Grocers - Retail	-	-	-	204	8	0.81%
SSA Global	Marketing & Training	-	-	-	176	9	0.70%
The Greenert at Hyannis	Health Services	-	-	-	160	10	0.64%

Source: Official Statements

Full-time Equivalent Town Employees by Function

Last Ten Years

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Function:										
Town council.....	2	2	2	2	2	2	2	2	1	1
Town manager.....	5	5	5	5	5	5	5	5	5	5
Growth management.....	14	14	13	12	12	12	12	10	11	11
Administrative services...	65	63	61	61	61	61	62	61	65	60
Public safety.....	139	137	126	126	124	126	126	131	133	133
Education.....	904	891	812	813	813	816	809	809	834	840
Public works.....	120	120	116	116	116	116	116	116	117	121
Community services.....	51	53	57	55	53	54	54	56	58	69
Regulatory services.....	32	35	33	31	32	33	35	34	33	34
Airport.....	26	26	26	25	25	25	26	26	25	23
Total	<u>1,358</u>	<u>1,346</u>	<u>1,251</u>	<u>1,246</u>	<u>1,243</u>	<u>1,250</u>	<u>1,247</u>	<u>1,250</u>	<u>1,281</u>	<u>1,297</u>

Source: Annual town reports

Operating Indicators by Function/Program

Last Ten Years

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Administrative services										
Legal matters.....	1,258	1,392	1,529	1,728	1,531	1,642	1,791	1,547	1,684	1,634
Registered voters.....	30,885	32,381	30,872	31,259	32,959	32,494	32,995	31,958	33,945	33,527
Employment applications processed.....	2,050	1,600	1,575	2,060	2,078	4,415	1,136	2,400	2,200	2,508
Work related injuries processed.....	157	160	80	159	127	144	130	148	147	145
Unemployment claims.....	100	85	165	210	114	99	81	124	148	91
Tax bills processed.....	194,796	195,182	201,322	201,275	197,106	197,662	198,120	193,488	192,892	201,591
Police										
Call for service.....	45,347	42,758	42,870	47,183	52,392	56,341	65,916	60,208	61,485	65,748
Physical arrests.....	3,126	n/a	1,925	1,655	1,910	1,938	1,977	1,650	1,660	1,686
Education										
Cobb Trust Fund awards.....	\$158,500	\$65,078	\$39,841	\$109,283	\$124,848	\$166,546	\$165,279	\$112,000	\$182,656	\$193,876
Zoning										
Zoning Board appeals filed.....	142	107	81	40	82	67	88	57	51	54
Building Inspections										
New dwellings constructed.....	50	40	58	27	50	50	83	94	58	60
Health										
Routine health inspections.....	3,909	5,988	7,113	7,059	6,178	6,125	6,310	6,584	6,650	7,046
Complaint investigations.....	615	541	424	434	268	385	343	529	711	314
Consumer Affairs										
Parking violations.....	4,307	4,534	4,192	4,341	6,707	7,110	8,727	7,605	8,651	6,968
Weights and measure devices tested.....	3,572	3,593	4,535	5,244	4,982	4,850	4,792	4,827	4,514	4,362
Ordinance citations.....	816	1,034	1,426	1,425	1,441	1,144	1,097	276	268	308
Community Services										
Mooring permits issued.....	2,483	2,429	2,468	2,552	2,535	2,494	2,421	2,362	2,299	2,309
Shellfish permits issued.....	2,234	2,363	2,608	2,670	2,818	2,741	2,798	2,822	2,799	2,822
Animal control service calls.....	2,244	3,080	2,854	4,261	3,113	3,492	3,177	3,191	3,290	3,303
Veterans served.....	492 (1)	7,661	8,326	14,439	15,126	24,949	21,670	24,157	27,331	25,744
Roads										
Catch basins cleaned.....	3,456	3,142	1,618	2,120	2,181	1,346	1,159	1,813	1,743	1,451
Miles of crack seal applied.....	10	15	7	5	10	5	7	10	10	36
Miles of roadside mowed.....	290	580	448	405	314	194	247	336	240	196
Miles of road swept.....	314	335	531	487	552	635	573	443	582	220
Sewer										
Gallons of septage treated.....	10,852,200	11,523,000	11,011,300	10,597,900	12,557,500	12,456,100	12,537,100	11,517,475	12,675,000	9,906,800
Daily average collection.....	1,347,400 (2)	1,495,300 (2)	1,540,500	1,453,600	1,421,800	1,532,275	1,498,849	1,515,302	1,568,018	1,545,100
Solid Waste										
Tons shipped to SEMASS.....	n/a	n/a	9,532	9,465	8,975	n/a	n/a	n/a	n/a	n/a
Tons received at Flint Street station.....	9,985	9,437	9,016	8,972	9,474	9,278	9,245	9,018	8,968	8,300
Tons of construction and demolition material received.....	3,658	2,771	3,193	2,789	2,776	2,764	2,610	2,616	2,900	2,549
Libraries										
Total volumes borrowed.....	546,556	570,947	632,137	612,700	600,143	612,527	618,650	586,859	575,057	561,892
Library holdings.....	n/a	n/a	164,309	n/a	373,752	382,802	388,765	716,037	555,542	693,491
Program attendance.....	n/a	n/a	n/a	28,893	34,583	37,999	38,555	38,594	40,643	53,169

Source: Various Town Departments

n/a: Information not available

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

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

Capital Asset Statistics by Function/Program

Last Ten Years

<u>Function/Program</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Administrative services										
Number of Buildings.....	148	149	150	150	150	150	150	150	150	150
Police										
Number of Stations.....	2	2	2	2	2	2	2	3	3	3
Police personnel and officers.....	139	139	126	126	126	131	131	133	133	133
Education										
Number of elementary schools.....	10	9	6	6	6	6	6	6	6	6
Number of middle schools.....	1	1	1	1	1	1	1	1	1	1
Number of high schools.....	1	1	1	1	1	1	1	1	1	1
Number of teachers.....	763	751	686	686	686	639	635	655	681	681
Number of students.....	5,814	5,714	5,461	5,304	5,267	5,118	5,194	5,230	5,204	5,238
Public Works										
Number of town roads.....	633	633	633	633	633	633	633	633	700	700
Number of private roads.....	1,088	1,088	1,088	1,088	1,091	1,091	1,091	1,091	1,100	1,100
Number of state roads.....	6	6	6	6	6	6	6	6	4	4
Center lane miles of roads.....	490	490	490	490	490	490	490	490	504	504
Cemeteries.....	16	16	16	16	16	16	16	16	16	16
Culture and Recreation										
Libraries.....	7	7	7	7	7	7	7	7	7	7
Boat launches.....	17	17	17	17	16	16	16	16	16	16
Parks and playgrounds.....	71	71	71	71	71	71	71	72	72	72
Park and playground (acreage).....	222	222	222	222	222	222	222	222	218	218
Golf courses.....	2	2	2	2	2	2	2	2	2	2
Public beaches.....	18	18	18	18	18	18	18	18	18	18
Ball fields.....	6	6	6	6	6	6	6	6	6	6
Tennis courts.....	5	5	5	5	5	5	5	5	5	5

Source: Various Town Departments



An aerial view of the Barnstable Harbor Marina.