

# TOWN OF BARNSTABLE, MASSACHUSETTS

## Comprehensive Annual Financial Report



For the fiscal year ended June 30, 2013



Prepared By:  
Finance Department

**On the cover, a view of the Hyannisport Club, Halls Creek and Nantucket Sound in the background from the top of the St. Andrews-By-The-Sea Chapel on the south side of the town.**

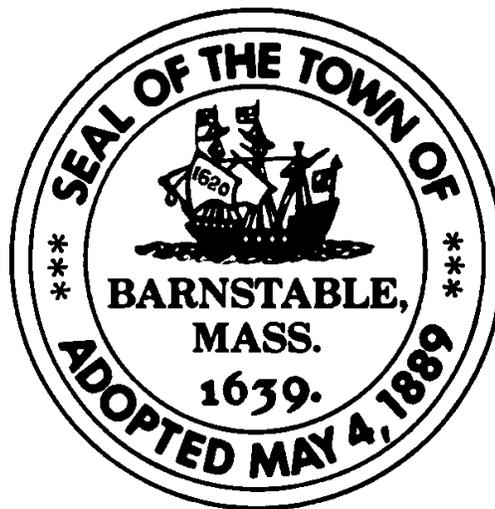


**A view of the Barnstable Great Marsh in West Barnstable on the north side of town. The marsh is a crucial part of the ecologically significant 3,800-acre Sandy Neck salt marsh and barrier beach system.**

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## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended  
June 30, 2013



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Finance Department

TOWN OF BARNSTABLE, MASSACHUSETTS  
COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2013

**TABLE OF CONTENTS**

<b>Introductory Section.....</b>	<b>1</b>
Letter of Transmittal .....	3
Organization Chart .....	12
Certificate of Achievement for Excellence in Financial Reporting .....	13
<b>Financial Section .....</b>	<b>15</b>
Independent Auditor's Report .....	17
Management's Discussion and Analysis .....	20
Basic Financial Statements.....	40
Statement of net position.....	41
Statement of activities .....	42
Governmental funds – balance sheet.....	44
Reconciliation of the governmental funds balance sheet total fund balances to the statement of net position....	45
Governmental funds – statement of revenues, expenditures and changes in fund balances .....	46
Reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities .....	47
General fund - statement of revenues, expenditures, and changes in fund balance – budgetary basis – budget and actual.....	48
Proprietary funds – statement of net position.....	50
Proprietary funds – statement of revenues, expenses and changes in net position.....	52
Proprietary funds – statement of cash flows .....	54
Fiduciary funds – statement of fiduciary net position .....	56
Fiduciary funds – statement of changes in fiduciary net position.....	57
Component units – combining statement of net position .....	58
Component units – combining statement of revenues, expenses, and changes in net position .....	60
Notes to basic financial statements.....	62
Required Supplementary Information .....	98
Retirement system schedules .....	99
Retirement system schedule of funding progress .....	100
Retirement system schedule of employer contributions.....	101
Other postemployment benefit plan schedules .....	102
Other postemployment benefit plan schedule of funding progress and employer contributions.....	103

Other postemployment benefit plan actuarial methods and assumptions.....	104
Notes to required supplementary information .....	105
Combining Statements.....	108
Nonmajor governmental funds .....	109
Nonmajor governmental funds – combining balance sheet.....	110
Nonmajor governmental funds – combining statement of revenues, expenditures, and changes in fund balances .....	112
Agency fund.....	114
Agency fund - statement of changes in assets and liabilities .....	115
Additional Information .....	116
Schedule of passenger facility charges collected and expended and interest credited.....	117
Notes to additional information.....	118
<b>Statistical Section.....</b>	<b>119</b>
Net position by component – last ten fiscal years.....	120
Changes in net position – last ten fiscal years.....	121
Fund balances, governmental funds – last ten fiscal years.....	123
Changes in fund balance, governmental funds – last ten fiscal years.....	124
Assessed value of taxable property by classification and tax rates – last ten fiscal years.....	125
Principal taxpayers – current year and nine years ago .....	126
Property tax levies and collections – last ten fiscal years.....	127
Ratios of outstanding debt and general bonded debt – last ten fiscal years .....	128
Direct and overlapping governmental activities debt .....	129
Computation of legal debt margin – last ten fiscal years .....	130
Demographic and economic statistics – last ten fiscal years .....	131
Principal employers – current year and nine years ago .....	132
Full-time equivalent town employees by function – last ten fiscal years .....	133
Operating indicators by function/program – last ten fiscal years .....	134
Capital asset statistics by function/program – last ten fiscal years.....	135

# ***Introductory Section***



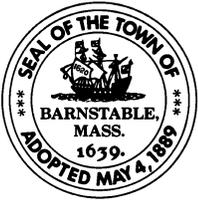
**Members of the Jeep Club and their beloved vehicles line up for a photo at Sandy Neck. Every year the club members volunteer for a cleanup day at Sandy Neck – a favorite beach for off-road vehicle owners.**



**A Leatherback Sea Turtle visiting Sandy Neck. The leatherback is the largest, deepest diving, and most migratory and wide ranging of all sea turtles. The adult leatherback can reach 4 to 8 feet in length and 500 to 2,000 pounds in weight**

# ***Introductory Section***

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# Town of Barnstable

## Finance Division

School Administration Building

230 South Street

Hyannis MA 02601

[www.town.barnstable.ma.us](http://www.town.barnstable.ma.us)



### Letter of Transmittal

December 16, 2013

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

State law requires the Town of Barnstable to publish at the close of each fiscal year a complete set of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) that are audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report (CAFR) of the Town of Barnstable, Massachusetts, for the fiscal year ending June 30, 2013 for your review. This report was prepared by the Town's Finance Division.

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

The Town's financial statements have been audited by Powers & Sullivan, 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 for the fiscal year ended June 30, 2013, 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's financial statements for the fiscal year ended June 30, 2013, 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 was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the Town's separately issued Single Audit Report.

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

## **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 48,000 that grows to over 125,000 during the summer months. The Town spans the width of Cape Cod from the north to south and is bordered by the Towns of Mashpee and Sandwich to the west and Yarmouth to the east. The Town serves as the seat of County government and the Village of Hyannis serves as the seat of Town government.

## **Municipal Services**

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

The Cape Cod Regional Technical High School District provides education in grades nine through twelve. Approximately 162 Barnstable students attended this school in 2013. The Sturgis Charter Public School is a Commonwealth Charter School and provides an alternative choice for public education for grades 9 to 12. Approximately 180 Barnstable students attended this school in 2013. In addition, the Town operates a Horace Mann Charter School; a K to 3 elementary school located on Bearses Way in Hyannis. The Horace Mann Charter School is managed independently by an appointed Board of Trustees and not by the School Committee and Superintendent. Funding for the school's operation is provided by the Town based upon a negotiated amount between the School Committee and Board of Trustees within the guidelines established by the authorizing legislation of the Commonwealth of Massachusetts. The funding is treated as an assessment and is included in the Town's education expenses.

The Cape Cod Regional Transit Authority provides limited bus service within the Town which receives an annual assessment from the state for this service. The Barnstable Housing Authority provides housing for eligible low income families and elderly and handicapped persons. These entities are not considered component units. The

principal services provided by Barnstable County are space for courts, regional planning and development through the Cape Cod Commission, and a registry of deeds. The County is not a component unit.

### **Governing Bodies and Officers**

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

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

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

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

### **Organization**

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

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

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

### **Financial and Management Systems**

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

The ten-year forecast, submitted to the Town Council each year, is a comprehensive review of economic trends on a local, regional and national basis; which projects and analyzes major municipal fund projections based upon service program assumptions. Based upon these projections and analyses, the forecast establishes a focal point

each year for the Town Council to establish a series of revenue and expenditure policies which guide in the formation of the capital and operating budget.

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

The annual operating budget submitted in the spring of each year, follows a programmatic format which details the source and use of funds for all programs, program descriptions, departmental missions, goals, accomplishments, performance measures, workload indicators and financial management criteria for each budget cycle. The budget maintains consistency with the Town Council's strategic plan, financial management standards and policies. The budget funding sources include the general fund, comprised of revenues from the property tax, auto, boat, meals and 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, 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	Thomas K. Lynch	Appointed	2016
Superintendent of Schools	Dr. Mary A. Czajkowski, Ed.D	Appointed	2014
Assistant Town Manager	Mark E. Ells	Appointed	Indefinite
Town Attorney	Ruth J. Weil, Esq.	Appointed	Indefinite
Chief of Police	Paul B. MacDonald	Appointed	2015
Director of Finance	Mark A. Milne, CPA	Appointed	2018
Director of Public Works	Daniel W. Santos	Appointed	Indefinite
Director of Regulatory Services	Richard V. Scali	Acting	Indefinite
Director of Community Services	Lynne M. Poyant	Appointed	Indefinite
Director of Human Resources	William E. Cole	Appointed	Indefinite
Director of Information Technology	Daniel J. Wood	Appointed	Indefinite
Director of Growth Management	JoAnne Miller-Buntich	Appointed	Indefinite
Tax Collector	Maureen E. Niemi	Elected/4 yrs.	Nov. 2015
Town Clerk	Ann Quirk	Elected/4 yrs.	Nov. 2017
Airport Manager	Roland Breault	Appointed	Feb. 2015

### Factors Affecting Financial Condition

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

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

population of approximately 45,000. The Town estimates that over one-half of homes are now occupied by year-round residents, compared with about one-third 30 years ago. As the number of second homes increases, the Town's economic future is becoming linked to the greater Boston, Connecticut, and New York economies from which the second homeowners derive their livelihood.

The Town also is a major transportation hub for the Cape Cod region and the islands of Nantucket and Martha's Vineyard. Over 200,000 passengers pass through and over 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.

Income levels are good to strong, with median household and per capita effective buying income levels equal to 109% and 122% of national levels, respectively. However, income levels do not reflect net worth or income-producing assets, which are important wealth measures in an area with a large number of retirees.<sup>1</sup>

**Tax Base.** Barnstable's tax base is still among the largest in the commonwealth. Total assessed valuation for the Town declined to \$12.7 billion in fiscal year 2013 reflecting a 0.8% decrease from the fiscal year 2012 value of \$12.8 billion. Declining property value as a result of the 2008 recession has subsided. The Town's current property value is nearly \$8 billion more than the fiscal year 2000 value of \$5 billion. Corresponding market value per capita is extremely strong at \$283,800 based on the year-round population, or about \$102,600 based on the estimated peak summer population.<sup>2</sup> The tax base includes a substantial \$1.2 billion commercial base due to the Town's position as one of the economic centers of southeastern Massachusetts.<sup>3</sup> New building growth activity has begun to increase slightly; growing from \$76 million in fiscal year 2012 to \$94 million in fiscal year 2013. The tax levy for fiscal year 2013 was \$100.4 million which was \$218 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 fiscal year 2013 were \$8.76 per thousand dollars of valuation on residential property and \$7.89 per thousand dollars of value on commercial, industrial and personal property (CIP). The residential rate was higher than the CIP rate as a result of the Town Council adopting a 20% residential exemption. This effectively removed \$1.2 billion of property value from the residential class driving the tax rate upwards for this class of property as the residential tax levy remains the same.

**Long-term financial planning.** The Town of Barnstable's capital program has identified approximately \$132 million in needed capital improvements over the next several years. \$37 million of this amount is for improvements at the Barnstable Municipal Airport. The majority of the capital program at the airport is federal and state funded. \$26 million is associated with the water quality improvements including sewer expansions, sewer plant facility upgrades, water line replacements and other water system improvements. In addition, there is approximately \$22 million for road, bridge and sidewalk improvements and \$47 million for improvements to various town facilities including the school buildings.

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. 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%. A total of \$4.6 million has been collected to date from these new taxes and a new Sewer Construction Trust Fund was created in fiscal year 2013 with special legislation passed by the State.

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<sup>1</sup> Standard and Poor's credit analysis, dated April 3, 2012.

<sup>2</sup> Standard and Poor's credit analysis, dated April 3, 2012.

<sup>3</sup> Standard and Poor's credit analysis, dated April 3, 2012.

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

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

State aid increased 3.7% in fiscal year 2013 and was projected to increase another 6.6% in fiscal year 2014 when the budget was developed. The single largest form of aid is Chapter 70 Aid for education. The new formula passed in fiscal year 2006 states that no community will receive less than 17.5% of its foundation budget in the form of Chapter 70 Aid. If a community currently receives less than 17.5%, the additional aid will be phased in over a 5 year period. Barnstable falls into this category and the Town's aid would increase by approximately \$1.5 million if this formula were fully funded. An improving state economy has provided more funding in Chapter 70 Aid in fiscal 2014. If the state's economy continues to improve the Town may realize similar state aid increases over the next couple of budget cycles.

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. Finally, 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 so that copays and deductibles mirror those that are offered by the plans under the Group Insurance Commission. The plan design changes resulted in reductions to premium rates for FY13 saving about \$1.6 million. The savings is shared equally between the Town and subscribers (employees). One-half of the Town's savings (\$400,000) was set aside in a mitigation fund to assist employees with their higher co-pays and deductibles under the new plan design. In addition, labor contracts for the next three years provide for the use of \$1.7 million in town reserves for one-time premium assistance for employees.

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 fiscal year 2013 was \$9.1 million. This includes active and retired employees including retired teachers. Retired teachers join the Group Insurance Commission (GIC) upon retirement and the Town receives an assessment from the GIC every year. The assessment for fiscal year 2013 was \$2 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 93 to 95. The Town created a trust fund in FY11 to begin accumulating assets to fund this liability. This fund has a balance of approximately \$1,024,000 as of June 30, 2013. A contribution to this fund of \$250,000 was budgeted in fiscal year 2014. A plan to increase this line item 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. Two wind turbines and a field of photovoltaic panels were installed at the Water Pollution Control Facility which generates more than 50% of the annual energy consumption at the facility. The entire cost of this project was paid for with a grant from the Massachusetts Water Pollution Abatement Trust. Additionally, the Town will begin the installation

of 5 acres of photovoltaic panels at the landfill site in the village of Marstons Mills at no cost to the Town. A private developer will be purchasing and installing the panels which will provide the Town with a guaranteed minimum payment of over \$250,000 per year.

Declining school enrollments and the aging population of the Town will require an on-going analysis of program services and resource allocation. The School Department has closed five buildings over the past several years as enrollment has declined from 7,000 to 5,400 students. The median age of our community is increasing and the demand for services directed towards the senior population will likely increase. It is estimated that public safety and public roads will become higher priorities over time.

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

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 construction bonds on the HYCC and 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.

### **Fiscal Year 2013 Major Initiatives and Highlights**

**Fund balance.** During the fiscal year, the Town's general fund balance decreased \$4.9 million to \$17.9 million, on a budgetary basis as nearly \$10.3 million was transferred out of the general fund to fund various capital projects and stabilization funds. Motor vehicles excise taxes performed very well exceeding the budget estimate of \$4.9 million by \$1.3 million. Enterprise fund balances increased from \$148.4 million to \$153.6 million as a result of operating revenue exceeding expenses. The capital projects fund balance decreased \$2.5 million with the spend down of bond proceeds as the Town worked towards completing various projects.

**Operating budgets.** All appropriated budgets including the general fund and enterprise funds had favorable budget variances. The airport and Hyannis Youth and Community Center operations both experienced unfavorable revenue variances but reductions to operating expenses were made to offset these.

**Property taxes receivable.** Outstanding property taxes receivable at the end of fiscal year 2013 were approximately \$283,000 more than the previous fiscal year end reflecting a slight decline in tax collections but well within normal historical levels. 98.5 percent of the fiscal year 2013 tax levy had been collected as of June 30, 2013.

**Tax Liens Receivable.** Tax liens are \$468,000 less than they were at the previous fiscal year end as several large accounts were paid off.

**Intergovernmental receivables.** Receivables increased \$763,000 as the Town increased its eligibility to receive payment on various state and grant funded capital projects.

**Bonds payable.** Bonds payable were \$11.2 million less at the end of fiscal year 2013 as the Town's principal payments on bonds exceeded new borrowings.

**Bond sale and bond rating.** The Town issued \$1.5 million of new bonds through the Mass Water Pollution Abatement Trust. These loans carry a 2 percent interest rate. The loans were used to finance water pipe replacements and a new water storage facility. Principal subsidies of \$132,000 were awarded on these loans. No other bond sales were conducted in fiscal year 2013. 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 fiscal year 2013 decreased \$3 million from \$120 to \$117 million. This was attributable to the spend down of capital project and non-major governmental funds. The following table illustrates the change in the overall cash and investments balance for the past ten years.

FY2004	\$94,887,682
FY2005	\$96,375,779
FY2006	\$108,792,141
FY2007	\$134,211,367
FY2008	\$135,143,563
FY2009	\$120,708,687
FY2010	\$114,273,195
FY2011	\$112,028,205
FY2012	\$120,019,687
FY2013	\$117,812,432

**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 fiscal year. The Town must submit a set of financial statements at the end of each fiscal 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 fiscal year. The balances as of July 1, 2013 compared to the previous year are as follows:

Free Cash (Surplus)	On July 1, 2013	On July 1, 2012	Change
General Fund	\$11,095,664	\$17,272,393	(\$6,176,729)
<b>Enterprise Funds:</b>			
Airport	\$2,996,203	\$3,211,359	(\$215,156)
Golf Course	\$387,901	\$414,712	(\$26,811)
Solid Waste	\$3,428,957	\$3,854,114	(\$425,157)
Sewer	\$12,070,153	\$6,997,924	\$5,072,229
Water	\$2,347,933	\$1,944,267	\$403,666
Marina	\$570,096	\$422,111	\$147,985
Sandy Neck	\$611,448	\$645,858	(\$34,410)
HYCC	\$222,277	\$141,734	\$80,543
Totals	\$33,730,632	\$34,904,472	(\$1,173,840)

The reduction in general fund free cash is a result of \$7 million being transferred to the Town's Capital Trust Fund to augment the Town's capital improvement program in future years as well as \$1.2 million of rooms and meals

taxes dedicated to a new Sewer Construction Trust Fund (SCTF). The new taxes started in fiscal year 2011 and were considered general fund revenue as the special legislation creating the SCTF did not pass until August 2012. The legislation required all taxes collected, retroactive to them being collected from fiscal year 2011, be transferred to the SCTF. The reduction in airport, golf, solid waste and Sandy Neck surplus is essentially due to a portion of the surplus being used to fund the fiscal year 2014 capital improvement program. The large increase in Sewer surplus is due to all meals and rooms taxes collected from fiscal 2011 through fiscal 2013 being credited to the fund as well as positive fiscal year 2013 operating results. The increase in water, marina and HYCC surplus are all due to positive fiscal year 2013 operating results.

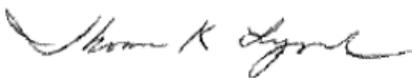
### **Awards and Acknowledgements**

The Government Finance Officer Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Barnstable for its comprehensive annual financial report (CAFR) for the fiscal years ended June 30, 2002 through June 30, 2012. In order to be awarded a Certificate of Achievement, the Town published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

In addition, the GFOA also awarded the Town of Barnstable the Distinguished Budget Presentation Award for its annual budget document for the fiscal years beginning July 1, 2001, through July 1, 2012. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

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

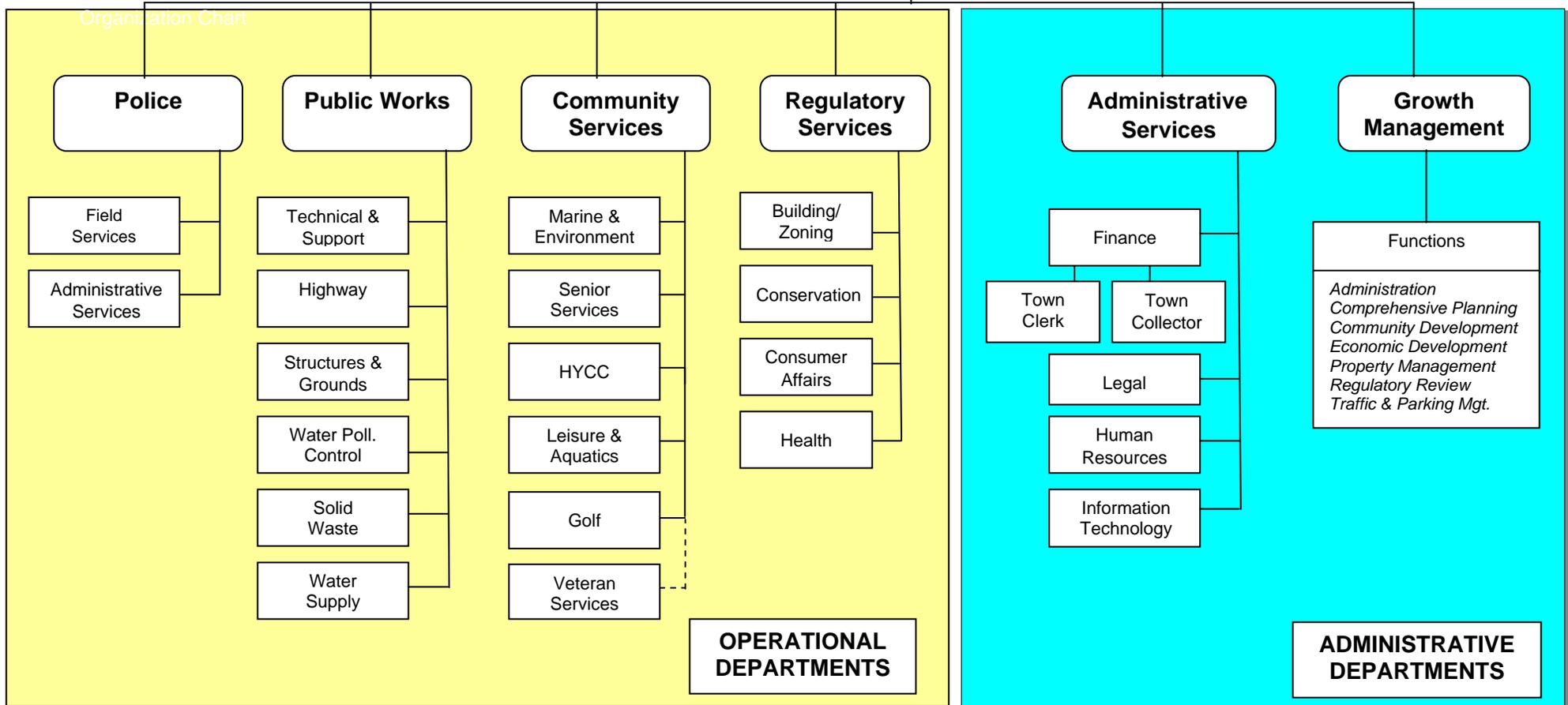
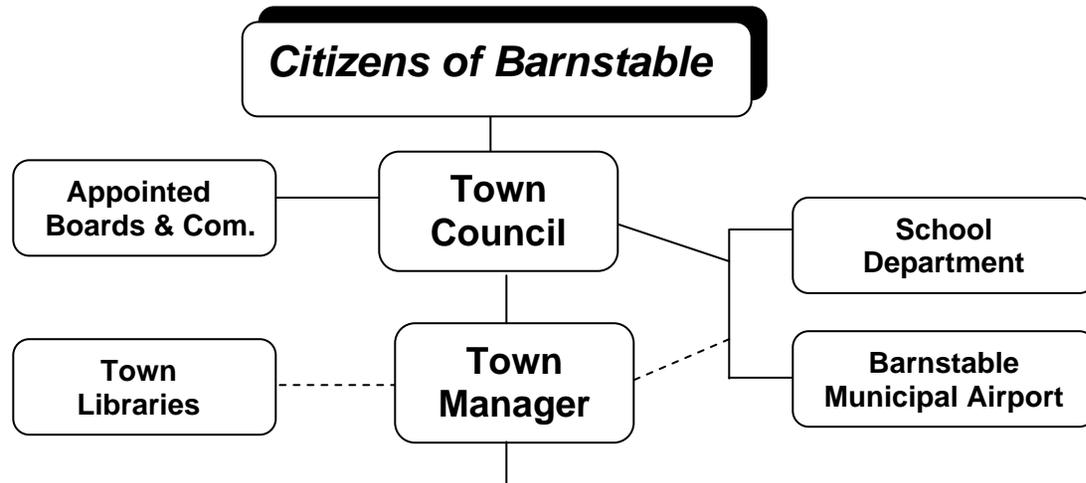
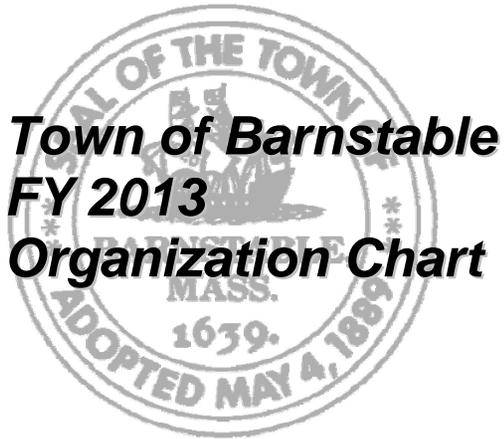
Respectfully submitted,



Thomas K. Lynch  
Town Manager



Mark A. Milne  
Finance Director





Government Finance Officers Association

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

Presented to

**Town of Barnstable  
Massachusetts**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2012**

Executive Director/CEO

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# ***Financial Section***



**A view of Sampson's Island from the Village of Cotuit. This is a popular swimming, sunbathing and picnic area in the summer.**



**A view of Cotuit Bay from Loop Beach in Cotuit. Sampson's Island is in the background to the right and the entrance to the Seapuit River in Osterville is to the left.**

# ***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, 2013, 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 Barnstable Community Horace Mann Charter Public School, which represents 0.2% of the governmental activities assets, 0.6% of the governmental fund assets, 0.2% of the governmental activities net position, 0.6% of the governmental fund balance, 0.2% of the governmental activities revenues, and 0.2% of the governmental fund revenues. 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 Barnstable Community Horace Mann Charter Public School, and the discretely presented component units referred to above, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, 2013, 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 16, 2013, 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.



December 16, 2013, except for the Barnstable Community Horace Mann Charter Public School, and the library component units listed in Note 1, which were audited by other auditors and whose reports are dated on various dates through November 29, 2013.

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

## Management's Discussion and Analysis

As management of the Town of Barnstable, Massachusetts (the "Town", we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2013. 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 auditor's 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 fiscal year ended June 30, 1984.

### Financial Highlights

- The assets of the Town of Barnstable exceeded its liabilities at the close of the most recent fiscal year by \$400.9 million. Of this amount, \$58.5 million (unrestricted net position) may be used to meet the government's on-going obligations to citizens and creditors.
- The primary government's total net position increased by \$8.6 million. The increase was the net result of increases in the Town's governmental activities of \$3.4 million and \$5.2 million attributable to the Town's business type activities. The governmental activities increase is mainly attributable to the \$6.7 million in capital grants, and because principal payments on long-term debt, which are raised through the budget process, are higher than the depreciation expense recognized on assets by approximately \$2.4 million; offset by the recognition of an additional \$5.3 million in the other postemployment benefit obligations. The \$5.2 million growth in business type activities is largely attributable to the \$1.8 million in capital grants received in relation to construction projects within the airport, wastewater, water, and Hyannis Youth and Community Center enterprise funds.
- At the close of the current fiscal year, the Town of Barnstable's governmental funds reported combined ending fund balances of \$79.9 million, a decrease of \$1.9 million in comparison with the prior year. Approximately \$26.1 million of this total amount is available for appropriation at the government's discretion.
- At the end of the current fiscal year, fund balance for the general fund totaled \$33 million, or 23.9% of total general fund expenditures.
- Expenditures for the general fund totaled \$138.1 million or \$2.1 million more than the prior fiscal year. The area with the largest change was pension benefits which increased \$1.1 million. The second largest area to change was public works which increased \$710,000.

- The Town of Barnstable's total long-term debt decreased by \$11.3 million during the current fiscal year. The Town issued \$1.5 million of long-term debt, all of which was for water projects. A total of \$12.8 million in long-term debt principal was either paid down or refunded.

## **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 assets and liabilities, with the difference between the two 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 fiscal 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 fiscal 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 fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

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

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

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

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

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

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

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

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

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

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

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

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Barnstable, assets exceeded liabilities by \$400.9 million at the close of the most recent fiscal year.

By far the largest portion of the Town's net position (\$316.1 million or 79%) 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 (\$26.3 million, or 7%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$58.5 million, or 14%) may be used to meet the government's ongoing obligations to citizens and creditors.

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

	Governmental Activities		Business-type Activities	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
Current and other assets	\$ 126,404,811	\$ 130,433,658	\$ 37,919,683	\$ 37,967,130
Capital assets	\$ 232,916,762	\$ 231,456,619	\$ 174,682,108	\$ 174,623,690
<b>Total assets</b>	<b>\$ 359,321,573</b>	<b>\$ 361,890,277</b>	<b>\$ 212,601,791</b>	<b>\$ 212,590,820</b>
Current liabilities	\$ 21,809,877	\$ 24,075,419	\$ 5,296,578	\$ 6,832,219
Long-term liabilities	\$ 90,251,170	\$ 93,904,058	\$ 53,661,814	\$ 57,336,659
<b>Total liabilities</b>	<b>\$ 112,061,047</b>	<b>\$ 117,979,477</b>	<b>\$ 58,958,392</b>	<b>\$ 64,168,878</b>
Net position:				
Net investment in capital assets	\$ 191,206,448	\$ 184,421,601	\$ 124,918,522	\$ 123,154,596
Restricted	\$ 26,282,984	\$ 22,899,121	\$ -	\$ -
Unrestricted	\$ 29,771,094	\$ 36,590,078	\$ 28,724,877	\$ 25,267,346
<b>Total net position</b>	<b>\$ 247,260,526</b>	<b>\$ 243,910,800</b>	<b>\$ 153,643,399</b>	<b>\$ 148,421,942</b>

The Town has realized an increase in its net position from 2012 to 2013 within its governmental activities and its business type activities. Total net position has increased \$3.4 million over this period for governmental activities and \$5.2 million for business-type activities. Fiscal year 2013 increases are mainly attributable to capital grants and annual principal payments on debt service exceeding depreciation. These increases were partially offset by the recognition of other postemployment benefit obligations which increased by \$5.3 million. The amortization of this liability will continue to deteriorate the Town's overall financial position unless it is pre-funded. In fiscal year 2013, capital grants totaled \$6.7 million for governmental activities, \$1.5 million for the airport enterprise fund, \$189,000 for wastewater enterprise fund, \$162,000 for the water supply enterprise fund, and \$5,000 for the Hyannis Youth and Community Center enterprise fund. Principal payments on debt service for governmental and business-type activities totaled \$9.3 million and \$3.4 million, respectively. Depreciation on capital assets totaled \$6.9 million and \$6 million, respectively.

The majority of the increase to the Town's capital assets during fiscal year 2013 were in the form of road and drainage improvements. Capital asset growth within the business-type activities for 2013 consisted mainly of the various sewer upgrades, machinery and equipment and building improvements.

**Current assets and current liabilities** have decreased in both governmental activities and business-type activities. In governmental activities, current and other assets decreased by \$4 million from fiscal year 2012. This is a direct result of several of the Town's capital projects nearing completion resulting in a decrease in their cash and cash equivalents. The governmental activities' current liabilities have decreased \$2.3 million from fiscal year 2012 due to a decrease in warrants payable. For business-type activities, current and other assets decreased by

\$47,000. There was a \$1.5 million decrease in current liabilities from the reduction in the other postemployment benefit liability.

**Long-term liabilities** have decreased from the fiscal year 2012 levels for both governmental and business-type activities. For governmental activities, the net decrease is largely due a \$9.3 million decrease in long-term bonds and notes payable, as bonds have been retired, offset by a \$5.3 million increase in the liability for other postemployment benefits.

**Investments in capital assets** have increased in governmental activities and business-type activities. This is mainly attributable to capital asset acquisitions and payments on bond principal exceeding depreciation on capital assets.

**Restricted net position** has increased \$3.4 million for governmental activities from 2012 to 2013 mainly due to the increase in capital projects. The **unrestricted net position** amount has decreased \$6.8 million in the current year which was the net result of the recognition of an additional \$5.3 million for other postemployment benefits obligation and the results of current operations.

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

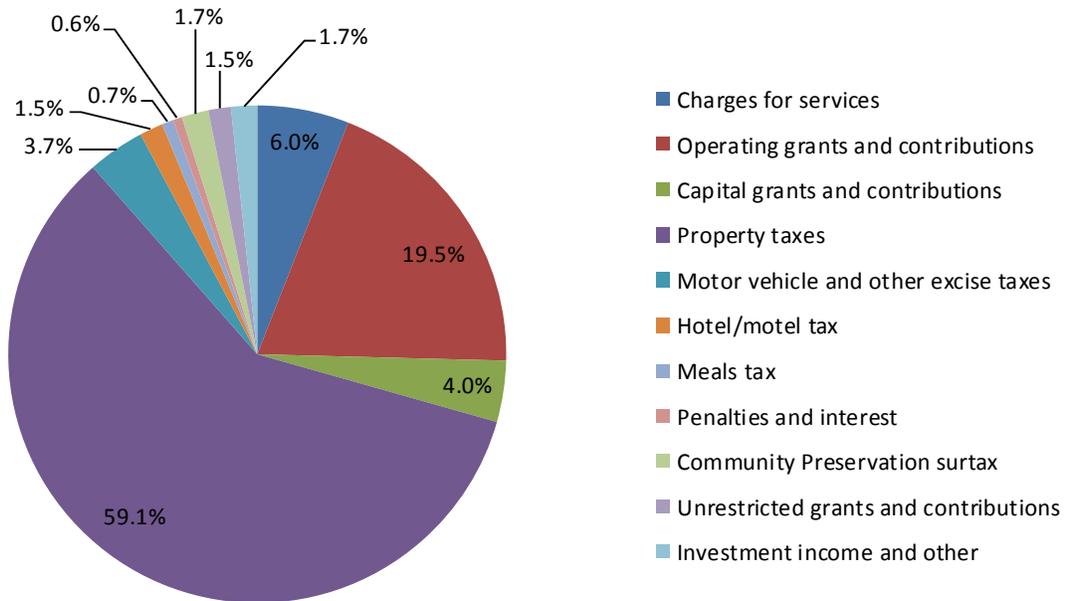
**Governmental activities.** In 2013, governmental activities increased the Town of Barnstable's net position by \$3.4 million. Key elements of this increase are as follows:

- The Town recognized an additional \$5.3 million of postemployment benefits obligation which resulted in a decrease in net position. The total liability reported in governmental activities for OPEB is \$34.1 million as of June 30, 2013.
- The Town received \$6.7 million in capital grants, which includes \$4.4 million from state funding of Chapter 90 highway projects.
- The Town raised approximately \$2.4 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

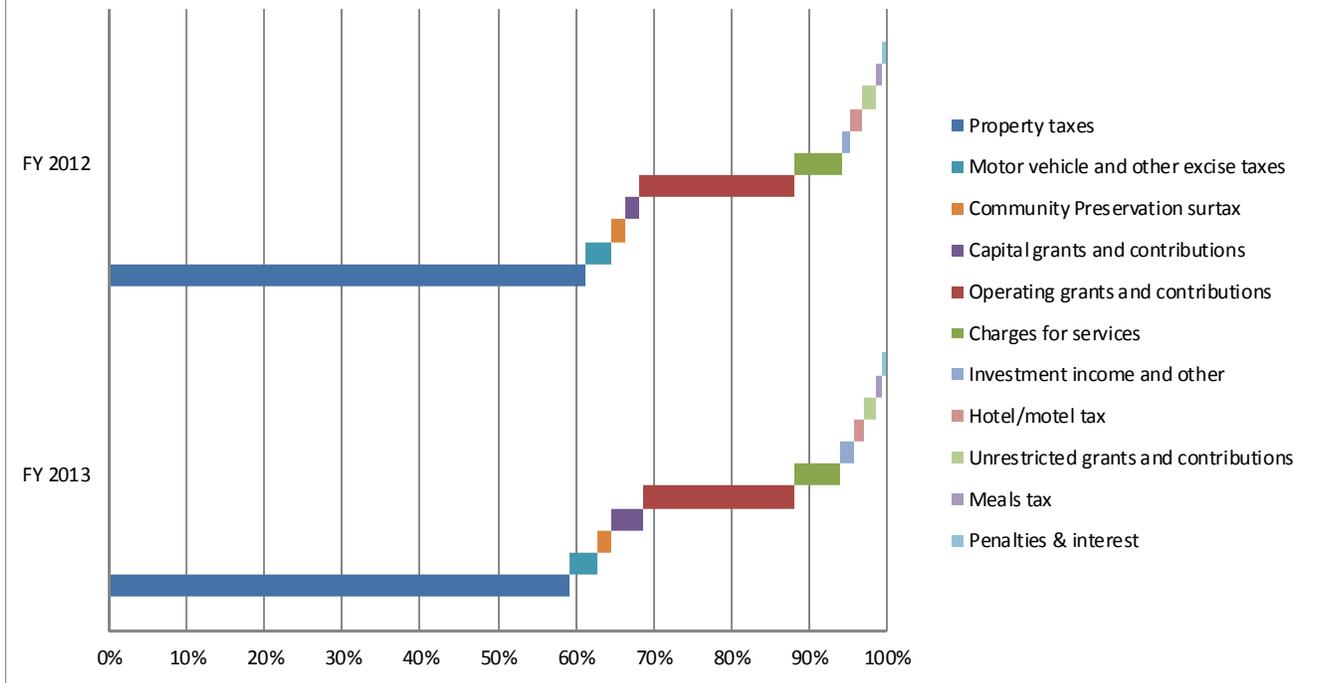
	Governmental Activities		Business-Type Activities	
	FY 2013	FY 2012	FY 2013	FY 2012
Revenues:				
Program Revenues:				
Charges for services.....	\$ 10,033,456	\$ 9,763,172	\$ 22,981,850	\$ 22,326,596
Operating grants and contributions.....	32,799,639	31,552,139	525,089	357,529
Capital grants and contributions.....	6,709,206	2,938,336	1,843,059	9,483,491
General revenues:				
Property taxes.....	99,665,171	97,222,576	-	-
Motor vehicle and other excise taxes.....	6,251,595	5,416,330	-	-
Hotel/motel tax.....	2,563,046	2,470,674	-	-
Meals tax.....	1,261,113	1,206,380	-	-
Penalties and interest.....	1,006,469	1,019,421	-	-
Community Preservation surtax.....	2,942,493	2,863,995	-	-
Unrestricted grants and contributions.....	2,462,643	2,645,768	-	-
Investment income and other.....	2,845,789	1,897,694	549,672	188,452
Total revenues.....	<u>168,540,620</u>	<u>158,996,485</u>	<u>25,899,670</u>	<u>32,356,068</u>
Expenses:				
Town Council.....	384,365	382,055	-	-
Town Manager.....	893,507	745,955	-	-
Administrative services.....	12,590,742	10,330,594	-	-
Growth management.....	2,536,984	2,164,979	-	-
Public safety.....	21,156,100	16,445,394	-	-
Education.....	96,015,560	96,294,013	-	-
Public works.....	14,501,828	12,804,945	-	-
Community services.....	4,962,038	4,591,089	-	-
Regulatory services.....	4,611,395	4,480,702	-	-
Culture and recreation.....	2,167,069	2,047,950	-	-
Interest.....	2,597,202	3,199,774	-	-
Airport.....	-	-	8,065,196	7,468,840
Golf course.....	-	-	2,148,742	2,634,335
Solid waste.....	-	-	1,855,871	2,011,718
Waste water.....	-	-	4,693,467	4,924,221
Water supply.....	-	-	3,120,198	2,695,528
Marina.....	-	-	627,750	572,555
Sandy Neck.....	-	-	580,846	617,232
Hyannis Youth and Community Center.....	-	-	2,360,247	2,285,247
Total expenses.....	<u>162,416,790</u>	<u>153,487,450</u>	<u>23,452,317</u>	<u>23,209,676</u>
Excess before transfers.....	6,123,830	5,509,035	2,447,353	9,146,392
Transfers, net.....	<u>(2,774,104)</u>	<u>(1,084,489)</u>	<u>2,774,104</u>	<u>1,084,489</u>
Change in net position.....	3,349,726	4,424,546	5,221,457	10,230,881
Net position - Beginning of Year.....	<u>243,910,800</u>	<u>239,486,254</u>	<u>148,421,942</u>	<u>138,191,061</u>
Net position - End of Year.....	<u><u>\$ 247,260,526</u></u>	<u><u>\$ 243,910,800</u></u>	<u><u>\$ 153,643,399</u></u>	<u><u>\$ 148,421,942</u></u>

## FY 2013 Governmental Activities Revenue Types



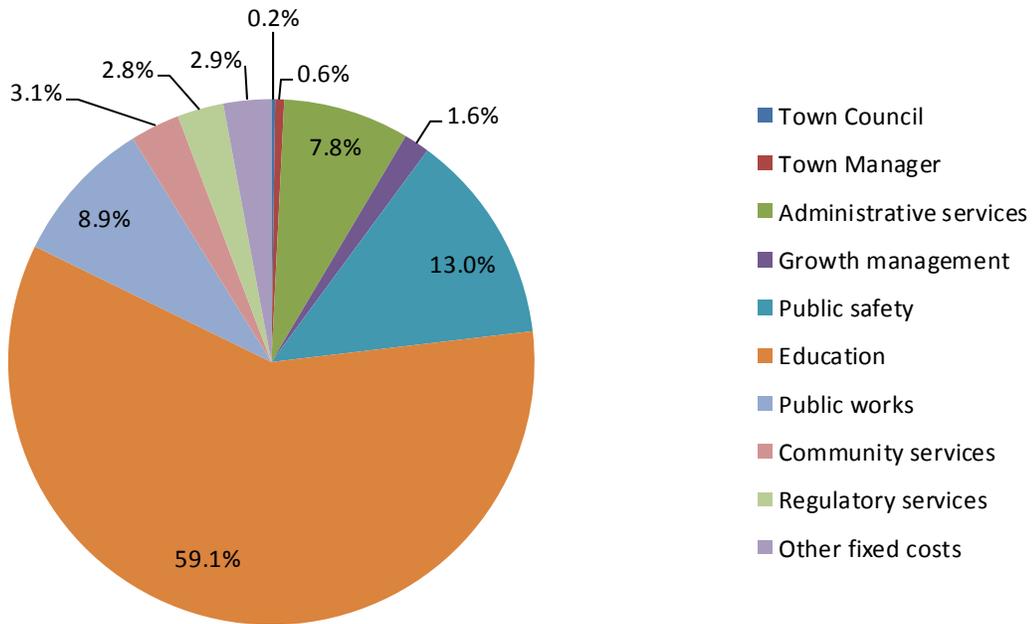
- Charges for services represent 6.0% of governmental activities resources. The Town can exercise more control over this category of revenue than any other. Fees charged for services rendered that are set by the Council and Manager are included in this category.
- Operating and capital grants and contributions account for 23.5% 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 59.1% of all resources.
- Other taxes and other revenues comprise a total of 11.4% of the governmental activity's resources.

## Two Year Comparison of Governmental Activities Revenue Composition



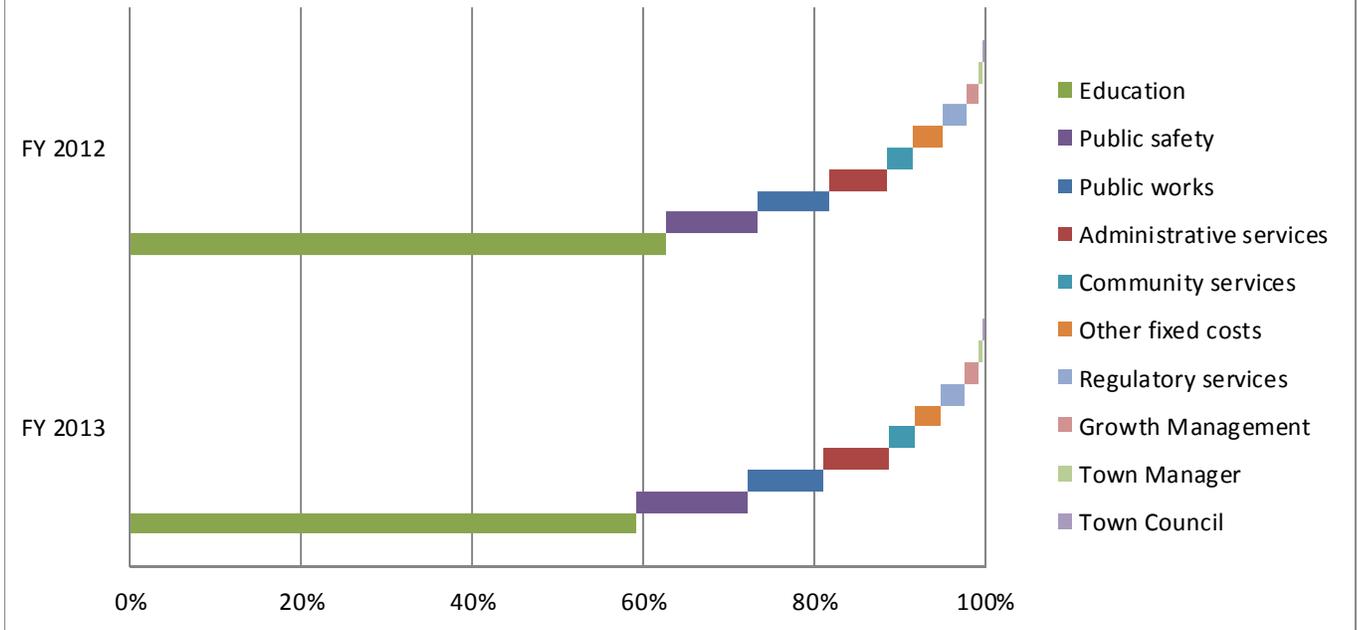
- Property taxes declined from 61% to 59% of total governmental activities revenue in fiscal year 2013.
- Capital grants increased from 1.8% to 4% in fiscal year 2013.
- All other categories of governmental activities revenue remained relatively the same.
- Collectively, property taxes, excise taxes and community preservation surtax account for 64.6% of all governmental activities revenue in fiscal year 2013. This is 1.8% less than the fiscal year 2012 amount.

## FY 2013 Governmental Activities Expenses



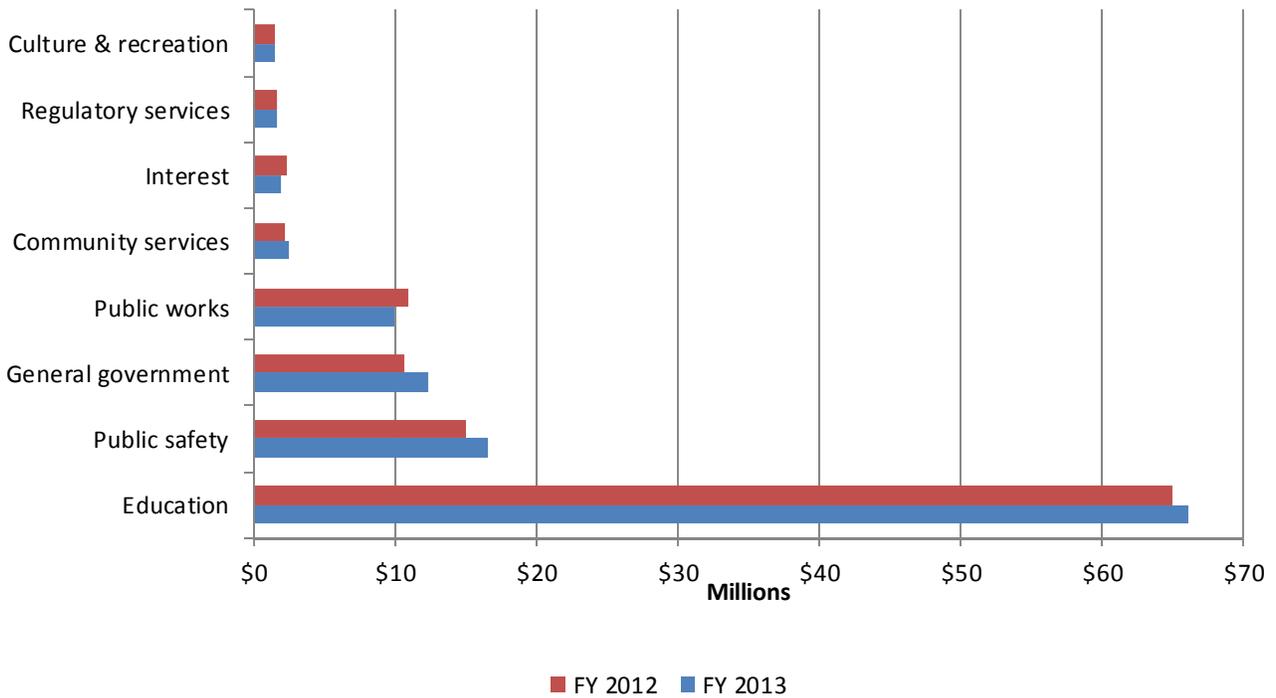
- Education is by far the largest governmental activity of the Town totaling \$96 million or 59.1% of all expenses.
- Public safety is the second largest activity consisting of \$21.2 million or 13%.
- Public works is the third largest category at \$14.5 million or 8.9%.
- 84% of all governmental activity is associated with public safety, education, public works, and other fixed costs. The remaining activity, or 16%, is associated with community services, regulatory services, growth management, administrative services, town council, and town manager.

## Two Year Comparison of Governmental Activities Expenses



- Education is the largest area of expenditures for governmental activities accounting for 59% of all expenses.
- Education, public safety and public works collectively account for over 80% of all expenses in the governmental activities.

## Net Expense By Function For Governmental Activities

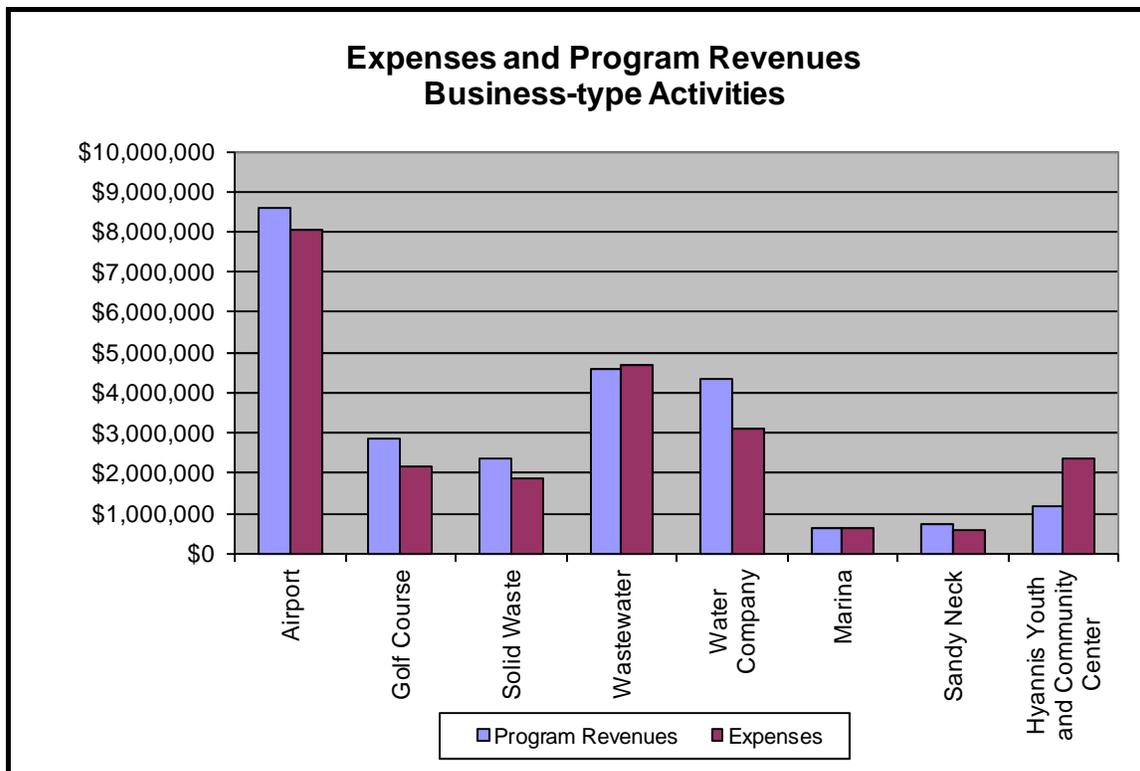


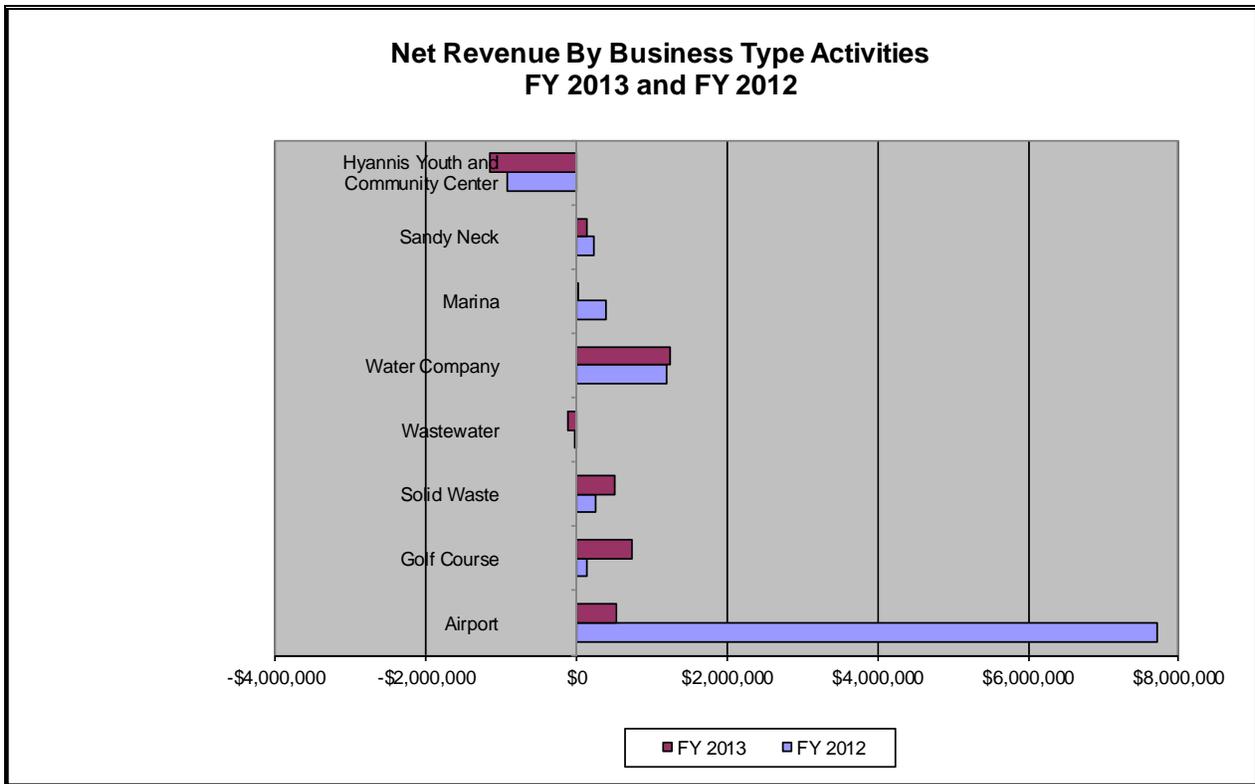
The change in the net expenses by function from year to year is useful to understand where tax dollars and other general revenues not restricted for particular purposes are being allocated.

- General government realized the largest increase in net expenses from fiscal year 2012 to fiscal year 2013 of \$1.8 million.
- Public safety realized the second largest increase in net expenses from fiscal year 2012 to fiscal year 2013 of \$1.6 million.

**Business-type activities.** Business-type activities increased the Town's net position by \$5.2 million. Key elements of this increase are as follows:

- \$25,000 increase was attributable to airport operations.
- \$491,000 increase was attributable to golf course operations.
- \$321,000 increase was attributable to solid waste operations.
- \$2.8 million increase was attributable to wastewater operations.
- \$1.1 million increase was attributable to water supply operations.
- \$2,000 decrease was attributable to the marina enterprise fund.
- \$65,000 increase was attributable to the Sandy Neck recreation fund.
- \$330,000 increase was attributable to the Hyannis Youth and Community Center.
- The business-type activities transferred \$1.7 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.





- All business type activities have generated net revenue (program revenue less expenses) for the past two years except for wastewater and the Hyannis Youth and Community Center.
- The airport realized a decrease in net revenue generated from fiscal year 2012 to fiscal year 2013. This is principally due to completion in fiscal year 2012 of the capital grant funded construction for the airport renovation project.
- 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 fiscal year.

At the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$79.9 million, a decrease of \$1.9 million in comparison with the prior year.

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the general fund totaled \$26.1 million, while total fund balance was \$33 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

	FY 2013	FY 2012	Increase (Decrease)
Unassigned fund balance	\$ 26,137,881	\$ 28,734,188	\$ (2,596,307)
Total fund balance	\$ 33,029,881	\$ 33,402,299	\$ (372,418)
Total General Fund expenditures	\$ 138,136,986	\$ 136,016,072	\$ 2,120,914
Unassigned fund balance as a % of total GF expenditures	18.92%	21.13%	-2.20%
Total fund balance as a % of total GF expenditures	23.91%	24.56%	-0.65%

Unassigned fund balance and total fund balance as a percentage of total general fund expenditures decreased in fiscal year 2013 from the fiscal year 2012 levels. The Town's general fund expenditures for fiscal year 2013 are \$2.1 million more than fiscal year 2012.

Unassigned fund balance has decreased by \$2.6 million over the past two years mainly as a result of the planned use of high reserves to fund the capital program.

The Town has planned to use \$2.6 million of fund balance to balance the fiscal year 2014 general fund budget, which is reported within assigned fund balance.

### General Fund Comparison

	FY 2013	FY 2012	Increase (Decrease)
Cash and investments	\$ 38,457,327	\$ 39,257,089	\$ (799,762)
Receivables and other assets	\$ 30,501,466	\$ 33,514,303	\$ (3,012,837)
Total liabilities	\$ 35,928,912	\$ 39,369,093	\$ (3,440,181)
Total fund balance	\$ 33,029,881	\$ 33,402,299	\$ (372,418)
Revenues	\$ 143,185,798	\$ 142,669,932	\$ 515,866
Expenditures	\$ 138,136,986	\$ 136,016,072	\$ 2,120,914

- Cash and investments have decreased mainly as a result of funds being spent that were received in prior fiscal years.
- Receivables have decreased by \$3 million from fiscal year 2012, mostly due to receipts coming in from state reimbursement programs.
- Total fund balance has decreased mainly due to increased expenditures.
- The \$516,000 increase in revenue is comprised mostly of the increase of \$1.6 million in property tax growth and \$699,000 in the motor vehicle and other excise offset by the decrease of \$1.6 million in intergovernmental.
- The \$2.1 million increase in expenditures was mainly due to an increase in pension benefits of \$1.1 million and public works of \$1.2 million for snow and ice.

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 \$5.5 million since fiscal year 2012. 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 fiscal year 2013) and transfers out a sum of money that equals the annual debt service payments on projects authorized as well as cash appropriations for

capital improvements. The difference between the transfer in and out contributes to the increase or decrease in this fund balance at the end of any fiscal year.

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 slight decrease of \$600 from the prior fiscal year.

	<b>Fund Balance</b>		<b>Increase</b>
	<b>FY 2013</b>	<b>FY 2012</b>	<b>(Decrease)</b>
Capital Projects	\$ 11,644,426	\$ 14,136,690	\$ (2,492,264)
Highway Projects	\$ 956,039	\$ 404,851	\$ 551,188
Community Preservation Fund	\$ 8,767,535	\$ 8,586,383	\$ 181,152
Nonmajor Governmental Funds	\$ 25,517,533	\$ 25,276,571	\$ 240,962

The capital projects fund decreased by \$2.5 million in fiscal year 2013. This is due to the Town’s ongoing capital construction and improvement projects. The Town’s major projects included \$6.5 million in public works expenditures mainly for infrastructure related projects.

The highway projects fund reported expenditures of \$952,000 against \$1.5 million of reimbursements on projects in fiscal year 2013 which are fully supported by state grants on a reimbursable basis.

The community preservation fund balance increased \$181,000 in fiscal year 2013. This is due to the Town’s community preservation project expenditures coming in slightly less than revenue along with a \$100,000 transfer in from the general fund.

The nonmajor funds increased by \$241,000 in fiscal year 2013. During the year revenues exceeded expenditures by \$722,000; the Town had proceeds from the sale of land of \$196,000, and transfers netted to (\$676,000).

**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 \$7.1 million increase from the original budget to the final amended budget resulted from supplemental free cash appropriations of \$7 million for transfers to the municipal purpose stabilization fund.

General fund revenues came in more than budgeted by \$3.3 million. All categories of revenues exceeded the budget except for intergovernmental and departmental and other. Motor vehicle and other excise taxes realized the largest positive variance at \$1.3 million.

General fund expenditures plus encumbrances came in \$312,000 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.

Actual transfers out exceeded the final budget by \$1.2 million. This was due to special legislation approving a sewer construction trust fund to be funded with certain meals and hotel tax receipts. The legislation mandated that certain receipts from fiscal years 2011 and 2012 be transferred to the new fund. Since the legislation was not passed until fiscal year 2013, these transfers were made retroactively.

## 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, 2013 amount to \$407.6 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 fiscal year was \$1.5 million (a \$1.5 million increase for governmental activities and a \$58,000 increase for business-type activities).

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

- The Town spent \$9.3 million for various infrastructure improvements including roads, drainage and sidewalks.
- The Town spent \$1.4 million on various building improvements. Of this amount \$793,000 was spent on the airport buildings and \$233,000 in school projects.
- The Town spent \$2.2 million on construction in progress which was mainly DPW projects.

### Capital Assets

	<b>Cost of Capital Assets at end of year</b>	<b>Accumulated Depreciation at end of year</b>	<b>Capital Assets, net</b>
<b>Governmental activities</b>			
<u>Function:</u>			
General government.....	\$ 10,965,178	\$ (5,299,627)	\$ 5,665,551
Growth management.....	2,008,968	(1,472)	2,007,496
Public safety.....	11,308,259	(7,644,122)	3,664,137
Education.....	133,842,738	(69,244,181)	64,598,557
Public works.....	123,610,200	(44,128,822)	79,481,378
Regulatory services.....	71,376,211	(1,225,346)	70,150,865
Community services.....	12,136,835	(4,788,057)	7,348,778
Total by function.....	<u>365,248,389</u>	<u>(132,331,627)</u>	<u>232,916,762</u>
<b>Business-type activities</b>			
<u>Function:</u>			
Airport.....	87,705,299	(22,216,461)	65,488,838
Golf.....	17,593,476	(3,775,774)	13,817,702
Solid Waste.....	4,556,664	(2,094,228)	2,462,436
Wastewater.....	61,118,034	(18,297,322)	42,820,712
Water Supply.....	22,128,947	(1,369,668)	20,759,279
Marina.....	7,211,200	(1,697,859)	5,513,341
Sandy Neck recreation.....	1,714,525	(368,471)	1,346,054
Hyannis Youth and Community Center.....	24,218,920	(1,745,174)	22,473,746
Total by function.....	<u>226,247,065</u>	<u>(51,564,957)</u>	<u>174,682,108</u>
<b>Grand Total.....</b>	<b>\$ <u>591,495,454</u></b>	<b>\$ <u>(183,896,584)</u></b>	<b>\$ <u>407,598,870</u></b>

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

**Long-term debt.** At the end of the current fiscal year, the Town of Barnstable had total bonded debt outstanding of \$118.3 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, 2012	Issued	Redeemed	Outstanding at June 30, 2013
MWPAT Title V Bond of 1997.....	2021	\$ 200,000	0.00	\$ 93,403	\$ -	\$ (10,400)	\$ 83,003
MWPAT Title V Bond of 2002.....	2023	200,000	0.00	109,908	-	(9,724)	100,184
Municipal Purpose Bonds of 2003.....	2013	7,014,000	2.00 - 4.00	355,000	-	(355,000)	-
Municipal Purpose Bonds of 2004.....	2014	11,783,000	3.00 - 5.00	1,240,000	-	(620,000)	620,000
Municipal Purpose Bonds of 2005.....	2025	6,280,000	3.25 - 5.00	4,075,000	-	(315,000)	3,760,000
MWPAT Title V Bonds of 2006.....	2026	400,000	0.00	280,000	-	(20,000)	260,000
MWPAT Title V Bond of 2007.....	2027	200,000	0.00	150,000	-	(10,000)	140,000
Municipal Purpose Bonds of 2007.....	2027	46,664,000	3.38 - 4.75	32,345,000	-	(4,020,000)	28,325,000
MWPAT Bond of 2008 (CW-04-31).....	2021	389,216	2.00	280,044	-	(28,685)	251,359
Municipal Purpose Bonds of 2008.....	2028	6,861,000	3.75 - 4.50	4,222,000	-	(637,000)	3,585,000
MWPAT Debt of 2009.....	2021	887,454	2.00	732,026	-	(19,684)	712,342
Municipal Purpose Bonds of 2010.....	2030	4,947,270	2.00 - 5.00	3,830,000	-	(540,000)	3,290,000
Municipal Purpose Bonds of 2011.....	2031	16,176,000	2.00 - 4.00	15,300,000	-	(1,845,000)	13,455,000
Municipal Purpose Refunding of 2012.....	2023	10,037,900	2.00 - 4.00	10,037,900	-	(868,400)	9,169,500
Total Bonds Payable.....				73,050,281	-	(9,298,893)	63,751,388
Add: unamortized premium.....				294,823	-	(57,330)	237,493
Total Bonds Payable, net.....				\$ 73,345,104	\$ -	\$ (9,356,223)	\$ 63,988,881

**Business-type Activities:**

Projects	Maturities Through	Original Loan Amount	Coupon Rate (%)	Outstanding at June 30, 2012	Issued	Redeemed	Outstanding at June 30, 2013
Golf Course.....	2025	\$ 4,450,000	5.00	\$ 3,390,000	\$ -	\$ (240,000)	\$ 3,150,000
Wastewater.....	2032	34,940,442	0.00 - 4.75	20,779,651	-	(1,323,134)	19,456,517
Water.....	2033	13,699,618	2.00 - 5.00	11,785,066	1,508,907	(521,866)	12,772,107
Solid Waste Transfer Station.....	2027	8,405,700	0.00 - 4.50	3,457,500	-	(260,900)	3,196,600
Sandy Neck.....	2031	1,365,000	4.00	1,215,000	-	(50,000)	1,165,000
Marinas.....	2030	3,774,000	3.00 - 5.00	1,564,000	-	(125,000)	1,439,000
Hyannis Youth and Community Center.....	2028	17,365,000	3.375 - 5.00	13,354,000	-	(869,000)	12,485,000
Airport.....	2031	730,000	2.00 - 4.12	705,000	-	(25,000)	680,000
Total Bonds Payable.....				\$ 56,250,217	\$ 1,508,907	\$ (3,414,900)	\$ 54,344,224

The Town of Barnstable's total long-term debt decreased by \$11.3 million during the current fiscal year. The decrease was the net result of the issuance of \$1.5 million in new long-term debt used to finance new capital projects and principal payments of approximately \$12.7 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 \$693.2 million, which is significantly in excess of the Town of Barnstable's outstanding general obligation debt that is subject to this limitation.

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

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

- New building growth continues to be much less than what the Town was experiencing in pre-recession times. New residential construction is restricted by available vacant land and a higher than normal for sale housing inventory. A higher percentage of new growth is being derived from commercial and redevelopment activity which is limited due to various economic factors. Property taxes from new building growth in fiscal year 2013 were \$767,000, well below the recent growth figure of \$1.2 million in fiscal year 2008. The Town is conservatively estimating \$550,000 of property taxes from new building growth in fiscal year 2014 as new commercial property construction and improvements to existing commercial properties has slowed compared to the previous 12 months.
- Motor vehicle excise taxes are conservatively projected in fiscal year 2014 at \$4.9 million even though the actual collections in fiscal year 2013 were \$6.2 million. This category of revenue has been volatile over the past few years. It is difficult to project consumer trends but it appears many residents held off replacing their vehicles after the 2008 recession until recently. A conservative projection will provide the town with some flexibility in budgeting for the next couple of years.
- Hotel/Motel excise taxes for fiscal year 2014 are projected to rise 5 percent. This category of revenue has consistently risen 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.
- Chapter 70 Aid for education and unrestricted general government aid are budgeted at \$547,000 more in fiscal year 2014. The state budget had a surplus of over \$1 billion in fiscal 2013. Massachusetts appears to be recovering better relative to other states from the 2008 recession and state aid has been increased.
- Charter school reimbursement aid from the state in fiscal year 2014 is slightly down from the fiscal 2013 amount. This is due to the formula which reduces the reimbursement rates each year. A more significant decline is projected in subsequent years as the reduction in the reimbursement rate accelerates.
- Penalties and interest on the late payment of taxes are expected to decrease in fiscal year 2014 as tax collections in fiscal year 2013 improved and outstanding receivable balances are declining.
- Investment income for fiscal 2014 is projected to be approximately \$200,000 less than the actual amount earned in fiscal 2014. This is a conservative projection. Financial events at the national level and the town's investment policy which includes safety as the number one priority, dictate that a conservative estimate be used.
- Interest rates on bond issues are at historical lows and this trend is expected to continue in fiscal year 2014. The town intends to issue \$6.2 million in G.O.B.'s in fiscal 2014 and \$4.5 million in bonds through the Mass Water Pollution Abatement Trust which should qualify for a 2% borrowing rate.
- The fiscal year 2014 General Fund operating budget of \$130,910,131 (net of transfers) is \$5,335,961 more than the fiscal year 2013 budget.
- School operations are up \$1,354,525 and municipal operations are up \$1,152,330.
- Employee benefits are up \$1,441,739.

- Debt service is down \$588,566; school assessments are up \$285,389 and other fixed costs are up \$292,101.
- The Town incurred deficit spending of \$1,419,742 in fiscal 2013. These deficits are included in the fiscal 2014 budget. \$1,149,614 was for snow and ice removal, \$196,069 for tree removal and \$74,059 for an overlay deficit.
- The Police Department saw the largest dollar increase in the municipal operations for fiscal 2014 at \$422,519. This is the result of an increase in personnel costs and additional funding for new vehicles.
- The Regulatory Services operations saw the largest percentage increase in the fiscal year 2014 municipal operating budget at 7.4 as a result of an increase in full-time equivalents.
- The Town Manager's budget is the only area to realize a reduction in the fiscal 2014 budget. This budget is going down \$86,984 as a result of one-time costs included in the fiscal 2013 budget.
- The town used \$2.6 million of free cash to balance the fiscal 2014 budget. \$1.4 million was used to cover the prior year deficits; \$1.085 million for a one-time premium holiday on health insurance for participating employees and unemployment insurance; \$25,000 for the Town's 375<sup>th</sup> celebration and \$55,000 for one-time operating costs within the municipal operations budget.
- The Town transferred \$7 million of excess general fund reserves to the Capital Trust Fund in fiscal 2013. This will provide for a more aggressive capital program over the next 5 years.
- The tax levy for fiscal year 2014 has been approved to be \$103.5 million, or \$3.1 million higher than fiscal year 2013. This includes the state allowed 2.5% increase in new growth of \$793,387.
- The fiscal year 2014 single town tax rate is increasing from \$7.89 to \$8.22 per \$1,000 of valuation. The median home value in town is approximately \$311,000. This equates to a \$103 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 fiscal year 2014. The estimated exemption value for fiscal 2014 is \$86,566. Qualifying residential property owners will receive this deduction off their taxable values before the tax rate is applied. This equates to an approximate savings of \$512 for the median home value.
- The residential tax rate for fiscal year 2014 with a 20% residential exemption is \$9.12 per \$1,000 of valuation.
- The Town Council did not adopt a split tax rate or a small business exemption for fiscal year 2014 consistent with the previous year.
- Estimated surplus to be certified by the State Division of Local Services as of July 1, 2013 is \$35.4 million. The general fund share is \$11.1 million and the eight enterprise funds total \$24.3 million collectively.
- Other reserves at the end of fiscal year 2013 include:
  - \$14.8 million in stabilization funds
  - \$2.9 million in municipal revolving funds
  - \$3.7 million in school revolving funds
  - \$1.5 million in school circuit breaker funds
  - \$8.8 million in community preservation funds

## **Requests for Information**

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

# ***Basic Financial Statements***

**STATEMENT OF NET POSITION**

JUNE 30, 2013

	<b>Primary Government</b>			<b>Component</b>
	Governmental Activities	Business-type Activities	Total	<b>Units</b>
				Libraries
<b>ASSETS</b>				
<b>CURRENT:</b>				
Cash and cash equivalents.....	\$ 48,635,206	\$ 13,953,333	\$ 62,588,539	\$ 2,740,339
Restricted cash.....	-	-	-	30,812
Investments.....	34,923,227	16,628,401	51,551,628	5,804,256
Receivables, net of allowance for uncollectibles:				
Real estate and personal property taxes.....	5,610,111	-	5,610,111	-
Tax liens.....	1,507,754	-	1,507,754	-
Wastewater liens.....	-	12,153	12,153	-
Motor vehicle and other excise taxes.....	1,210,400	-	1,210,400	-
User fees.....	-	3,273,122	3,273,122	-
Community Preservation Fund surtaxes.....	148,934	-	148,934	-
Departmental and other.....	71,988	-	71,988	222,673
Special assessments.....	8,065	175,211	183,276	-
Intergovernmental.....	17,873,377	1,005,701	18,879,078	136,465
Tax foreclosures.....	1,185,252	-	1,185,252	-
Inventory.....	-	144,971	144,971	12,946
Prepaid expenses.....	-	-	-	14,874
Total current assets.....	<u>111,174,314</u>	<u>35,192,892</u>	<u>146,367,206</u>	<u>8,962,365</u>
<b>NONCURRENT:</b>				
Receivables, net of allowance for uncollectibles:				
Special assessments.....	634,113	1,334,398	1,968,511	-
Intergovernmental.....	14,589,667	1,392,393	15,982,060	-
Other assets.....	6,717	-	6,717	-
Capital assets, net of accumulated depreciation:				
Nondepreciable.....	82,544,203	40,830,984	123,375,187	715,619
Depreciable.....	150,372,559	133,851,124	284,223,683	8,483,390
Total noncurrent assets.....	<u>248,147,259</u>	<u>177,408,899</u>	<u>425,556,158</u>	<u>9,199,009</u>
<b>TOTAL ASSETS.....</b>	<u><b>359,321,573</b></u>	<u><b>212,601,791</b></u>	<u><b>571,923,364</b></u>	<u><b>18,161,374</b></u>
<b>LIABILITIES</b>				
<b>CURRENT:</b>				
Warrants payable.....	715,888	278,662	994,550	109,331
Accrued liabilities.....	313,955	12,428	326,383	2,500
Accrued payroll.....	8,118,480	203,419	8,321,899	-
Tax refunds payable.....	209,300	-	209,300	-
Accrued interest.....	609,409	336,062	945,471	-
Other liabilities.....	198,218	73,654	271,872	7,289
Unearned revenue.....	-	73,020	73,020	-
Customer deposits payable.....	5,190	-	5,190	-
Landfill closure.....	-	70,000	70,000	-
Compensated absences.....	2,522,047	315,149	2,837,196	67,698
Workers' compensation.....	42,000	-	42,000	-
Bonds payable.....	9,075,390	3,934,184	13,009,574	-
Total current liabilities.....	<u>21,809,877</u>	<u>5,296,578</u>	<u>27,106,455</u>	<u>186,818</u>
<b>NONCURRENT:</b>				
Landfill closure.....	-	910,000	910,000	-
Compensated absences.....	624,489	50,978	675,467	-
Workers' compensation.....	619,000	-	619,000	-
Other postemployment benefits obligation.....	34,094,190	2,290,796	36,384,986	-
Bonds payable.....	54,913,491	50,410,040	105,323,531	-
Total noncurrent liabilities.....	<u>90,251,170</u>	<u>53,661,814</u>	<u>143,912,984</u>	<u>-</u>
<b>TOTAL LIABILITIES.....</b>	<u><b>112,061,047</b></u>	<u><b>58,958,392</b></u>	<u><b>171,019,439</b></u>	<u><b>186,818</b></u>
<b>NET POSITION</b>				
Net investment in capital assets.....	191,206,448	124,918,522	316,124,970	9,199,009
Restricted for:				
Highway projects.....	7,308,828	-	7,308,828	-
Permanent funds:				
Expendable.....	1,830,519	-	1,830,519	-
Nonexpendable.....	11,093,750	-	11,093,750	-
Grants and gifts.....	6,049,887	-	6,049,887	-
Unrestricted.....	29,771,094	28,724,877	58,495,971	8,775,547
<b>TOTAL NET POSITION.....</b>	<u><b>\$ 247,260,526</b></u>	<u><b>\$ 153,643,399</b></u>	<u><b>\$ 400,903,925</b></u>	<u><b>\$ 17,974,556</b></u>

See notes to basic financial statements.

**STATEMENT OF ACTIVITIES**

FISCAL YEAR ENDED JUNE 30, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary Government:</b>					
<i>Governmental Activities:</i>					
Town Council.....	\$ 384,365	\$ -	\$ -	\$ -	\$ (384,365)
Town Manager.....	893,507	42,619	-	-	(850,888)
Administrative services.....	12,590,742	759,649	720,937	671,647	(10,438,509)
Growth management.....	2,536,984	51,242	127,964	1,615,004	(742,774)
Public safety.....	21,156,100	850,836	3,724,109	-	(16,581,155)
Education.....	96,015,560	2,831,275	27,032,662	-	(66,151,623)
Public works.....	14,501,828	79,978	56,546	4,407,555	(9,957,749)
Community services.....	4,962,038	1,916,796	460,398	15,000	(2,569,844)
Regulatory services.....	4,611,395	2,904,766	2,500	-	(1,704,129)
Culture and recreation.....	2,167,069	596,295	871	-	(1,569,903)
Interest.....	2,597,202	-	673,652	-	(1,923,550)
<b>Total Governmental Activities.....</b>	<b>162,416,790</b>	<b>10,033,456</b>	<b>32,799,639</b>	<b>6,709,206</b>	<b>(112,874,489)</b>
<i>Business-Type Activities:</i>					
Airport activities.....	8,065,196	6,969,301	136,983	1,486,862	527,950
Golf Course activities.....	2,148,742	2,882,023	-	-	733,281
Solid Waste activities.....	1,855,871	2,171,301	189,277	-	504,707
Wastewater activities.....	4,693,467	4,194,565	198,829	189,104	(110,969)
Water Supply activities.....	3,120,198	4,195,886	-	162,093	1,237,781
Marina activities.....	627,750	657,281	-	-	29,531
Sandy Neck activities.....	580,846	714,585	-	-	133,739
Hyannis Youth and Community Center activities.....	2,360,247	1,196,908	-	5,000	(1,158,339)
<b>Total Business-Type Activities.....</b>	<b>23,452,317</b>	<b>22,981,850</b>	<b>525,089</b>	<b>1,843,059</b>	<b>1,897,681</b>
<b>Total Primary Government.....</b>	<b>\$ 185,869,107</b>	<b>\$ 33,015,306</b>	<b>\$ 33,324,728</b>	<b>\$ 8,552,265</b>	<b>\$ (110,976,808)</b>
<b>Component Units:</b>					
Hyannis Public Library.....	\$ 545,764	\$ 48,990	\$ 589,077	\$ -	\$ 92,303
Osterville Free Library.....	842,185	109,638	649,301	-	(83,246)
Centerville Public Library.....	552,052	45,214	791,143	-	284,305
Sturgis Library.....	550,296	67,928	297,090	-	(185,278)
Cotuit Library.....	311,470	15,729	278,548	-	(17,193)
Marston Mills Public Library.....	237,330	19,662	241,244	-	23,576
Wheldon Memorial Library.....	158,838	3,130	183,107	-	27,399
<b>Total Component Units.....</b>	<b>\$ 3,197,935</b>	<b>\$ 310,291</b>	<b>\$ 3,029,510</b>	<b>\$ -</b>	<b>\$ 141,866</b>

See notes to basic financial statements.

**STATEMENT OF ACTIVITIES**

FISCAL YEAR ENDED JUNE 30, 2013

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	Libraries
<b>Changes in net position:</b>				
Net (expense) revenue from previous page.....	\$ <b>(112,874,489)</b>	\$ <b>1,897,681</b>	\$ <b>(110,976,808)</b>	\$ <b>141,866</b>
<i>General revenues:</i>				
Real estate and personal property taxes, net of tax refunds payable.....	99,665,171	-	99,665,171	-
Motor vehicle and other excise taxes.....	6,251,595	-	6,251,595	-
Hotel/motel tax.....	2,563,046	-	2,563,046	-
Meals tax.....	1,261,113	-	1,261,113	-
Penalties and interest on taxes.....	1,006,469	-	1,006,469	-
Community Preservation Fund surtax.....	2,942,493	-	2,942,493	-
Grants and contributions not restricted to specific programs.....	2,462,643	-	2,462,643	-
Unrestricted investment income (loss).....	2,573,660	549,672	3,123,332	781,776
Gain (loss) on sale of capital assets.....	185,500	-	185,500	-
Miscellaneous.....	86,629	-	86,629	-
<i>Transfers, net</i> .....	<u>(2,774,104)</u>	<u>2,774,104</u>	<u>-</u>	<u>-</u>
Total general revenues and transfers.....	<u>116,224,215</u>	<u>3,323,776</u>	<u>119,547,991</u>	<u>781,776</u>
Change in net position.....	3,349,726	5,221,457	8,571,183	923,642
<i>Net Position:</i>				
Beginning of year.....	<u>243,910,800</u>	<u>148,421,942</u>	<u>392,332,742</u>	<u>17,050,914</u>
End of year.....	\$ <u><u>247,260,526</u></u>	\$ <u><u>153,643,399</u></u>	\$ <u><u>400,903,925</u></u>	\$ <u><u>17,974,556</u></u>

**GOVERNMENTAL FUNDS  
BALANCE SHEET**

JUNE 30, 2013

<b>ASSETS</b>	General	Capital Projects	Highway Projects	Community Preservation Fund	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents.....	\$ 15,229,231	\$ 10,655,907	\$ -	\$ 8,782,887	\$ 13,207,568	\$ 47,875,593
Investments.....	23,228,096	-	-	-	11,695,131	34,923,227
Receivables, net of uncollectibles:						
Real estate and personal property taxes.....	5,610,111	-	-	-	-	5,610,111
Tax liens.....	1,476,547	-	-	28,571	2,636	1,507,754
Motor vehicle and other excise taxes.....	1,210,400	-	-	-	-	1,210,400
Community Preservation Fund surtaxes.....	-	-	-	148,934	-	148,934
Departmental and other.....	71,988	-	-	-	-	71,988
Special assessments.....	-	-	-	-	642,178	642,178
Intergovernmental.....	20,940,451	661,834	8,264,867	1,606,310	989,582	32,463,044
Tax foreclosures.....	1,185,252	-	-	-	-	1,185,252
Due from other funds.....	-	378,449	-	-	-	378,449
Other assets.....	6,717	-	-	-	-	6,717
<b>TOTAL ASSETS.....</b>	<b>\$ 68,958,793</b>	<b>\$ 11,696,190</b>	<b>\$ 8,264,867</b>	<b>\$ 10,566,702</b>	<b>\$ 26,537,095</b>	<b>\$ 126,023,647</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>LIABILITIES:</b>						
Warrants payable.....	\$ 571,561	\$ 41,374	\$ -	\$ 11,465	\$ 91,488	\$ 715,888
Accrued liabilities.....	313,955	-	-	-	-	313,955
Accrued payroll.....	7,826,927	10,390	-	1,774	279,389	8,118,480
Tax refunds payable.....	209,300	-	-	-	-	209,300
Liabilities due depositors.....	5,190	-	-	-	-	5,190
Other liabilities.....	192,234	-	-	2,113	3,871	198,218
Deferred revenues.....	26,809,745	-	6,930,379	1,783,815	644,814	36,168,753
Due to other funds.....	-	-	378,449	-	-	378,449
<b>TOTAL LIABILITIES.....</b>	<b>35,928,912</b>	<b>51,764</b>	<b>7,308,828</b>	<b>1,799,167</b>	<b>1,019,562</b>	<b>46,108,233</b>
<b>FUND BALANCES:</b>						
Nonspendable.....	-	-	-	-	11,093,750	11,093,750
Restricted.....	2,660,174	11,644,426	956,039	8,767,535	14,423,783	38,451,957
Assigned.....	4,231,826	-	-	-	-	4,231,826
Unassigned.....	26,137,881	-	-	-	-	26,137,881
<b>TOTAL FUND BALANCES.....</b>	<b>33,029,881</b>	<b>11,644,426</b>	<b>956,039</b>	<b>8,767,535</b>	<b>25,517,533</b>	<b>79,915,414</b>
<b>TOTAL LIABILITIES AND FUND BALANCES.....</b>	<b>\$ 68,958,793</b>	<b>\$ 11,696,190</b>	<b>\$ 8,264,867</b>	<b>\$ 10,566,702</b>	<b>\$ 26,537,095</b>	<b>\$ 126,023,647</b>

See notes to basic financial statements.

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

JUNE 30, 2013

Total governmental fund balances.....	\$	79,915,414
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....		232,916,762
Accounts receivable are not available to pay for current-period expenditures and, therefore, are deferred in the funds.....		36,168,753
Internal service funds are used by management to account for employees and retirees' health insurance compensation activities.		
The assets and liabilities of the internal service fund are included in the governmental activities in the statement of net position.....		98,613
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....		(609,409)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Bonds payable.....	(63,988,881)	
Compensated absences.....	(3,146,536)	
Other postemployment benefits obligation.....	<u>(34,094,190)</u>	
Net effect of reporting long-term liabilities.....		<u>(101,229,607)</u>
Net position of governmental activities.....	\$	<u><u>247,260,526</u></u>

See notes to basic financial statements.

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

FISCAL YEAR ENDED JUNE 30, 2013

	General	Capital Projects	Highway Projects	Community Preservation Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>						
Real estate and personal property taxes, net of tax refunds.....	\$ 99,399,272	\$ -	\$ -	\$ -	\$ -	\$ 99,399,272
Motor vehicle and other excise taxes.....	6,209,316	-	-	-	-	6,209,316
Hotel/motel tax.....	2,537,046	-	-	-	-	2,537,046
Meals tax.....	1,255,113	-	-	-	-	1,255,113
Charges for services.....	1,708,887	-	-	-	3,671,142	5,380,029
Penalties and interest on taxes.....	1,427,622	-	-	-	1,520	1,429,142
Fees and rentals.....	1,061,092	-	-	-	561,582	1,622,674
Licenses and permits.....	1,915,483	-	-	-	1,016,375	2,931,858
Intergovernmental.....	25,801,028	1,202,956	1,502,773	799,154	11,693,866	40,999,777
Departmental and other.....	453,222	-	-	-	218,327	671,549
Special assessments.....	255,711	-	-	-	97,582	353,293
Community Preservation Fund surtax.....	-	-	-	2,942,493	-	2,942,493
Contributions.....	-	-	-	-	242,909	242,909
Investment income.....	1,162,006	-	-	164,953	1,227,986	2,554,945
Miscellaneous.....	-	49	-	-	24,142	24,191
<b>TOTAL REVENUES.....</b>	<b>143,185,798</b>	<b>1,203,005</b>	<b>1,502,773</b>	<b>3,906,600</b>	<b>18,755,431</b>	<b>168,553,607</b>
<b>EXPENDITURES:</b>						
Current:						
Town Council.....	252,750	-	-	-	-	252,750
Town Manager.....	605,498	-	-	-	-	605,498
Administrative services.....	4,980,823	-	-	-	2,539,354	7,520,177
Growth management.....	877,952	249	-	1,160,665	52,309	2,091,175
Public safety.....	11,229,350	19,554	-	-	3,637,264	14,886,168
Education.....	59,736,898	275,322	-	-	9,955,089	69,967,309
Public works.....	8,801,839	6,497,575	951,585	-	177,055	16,428,054
Community services.....	2,472,226	49,053	-	-	774,053	3,295,332
Regulatory services.....	2,369,076	77,116	-	-	482,011	2,928,203
Culture and recreation.....	1,800,833	-	-	-	366,236	2,167,069
Pension benefits.....	18,743,993	-	-	-	-	18,743,993
Property and liability insurance.....	1,310,179	-	-	-	-	1,310,179
Employee benefits.....	8,681,002	-	-	-	-	8,681,002
Other assessments.....	398,239	-	-	-	-	398,239
State and county charges.....	6,578,322	-	-	-	-	6,578,322
Debt service:						
Principal.....	7,289,469	-	-	1,959,300	50,124	9,298,893
Interest.....	2,008,537	-	-	705,483	-	2,714,020
<b>TOTAL EXPENDITURES.....</b>	<b>138,136,986</b>	<b>6,918,869</b>	<b>951,585</b>	<b>3,825,448</b>	<b>18,033,495</b>	<b>167,866,383</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>	<b>5,048,812</b>	<b>(5,715,864)</b>	<b>551,188</b>	<b>81,152</b>	<b>721,936</b>	<b>687,224</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Sale of capital assets.....	-	-	-	-	195,500	195,500
Transfers in.....	2,430,650	3,285,000	-	100,000	520,395	6,336,045
Transfers out.....	(7,851,880)	(61,400)	-	-	(1,196,869)	(9,110,149)
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>(5,421,230)</b>	<b>3,223,600</b>	<b>-</b>	<b>100,000</b>	<b>(480,974)</b>	<b>(2,578,604)</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>(372,418)</b>	<b>(2,492,264)</b>	<b>551,188</b>	<b>181,152</b>	<b>240,962</b>	<b>(1,891,380)</b>
<b>FUND BALANCES AT BEGINNING OF YEAR.....</b>	<b>33,402,299</b>	<b>14,136,690</b>	<b>404,851</b>	<b>8,586,383</b>	<b>25,276,571</b>	<b>81,806,794</b>
<b>FUND BALANCES AT END OF YEAR.....</b>	<b>\$ 33,029,881</b>	<b>\$ 11,644,426</b>	<b>\$ 956,039</b>	<b>\$ 8,767,535</b>	<b>\$ 25,517,533</b>	<b>\$ 79,915,414</b>

See notes to basic financial statements.

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

FISCAL YEAR ENDED JUNE 30, 2013

Net change in fund balances - total governmental funds.....		\$ (1,891,380)
<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.....	8,353,164	
Depreciation expense.....	<u>(6,893,021)</u>	
Net effect of reporting capital assets.....		1,460,143
<p>Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred revenue.....</p>		
		(303,831)
<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>		
Debt service principal payments.....		9,298,893
<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.....	(246,403)	
Net change in accrued interest on long-term debt.....	59,488	
Net change in other postemployment benefits obligation.....	(5,345,331)	
Amortization of premium from issuance of bonds.....	<u>57,330</u>	
Net effect of recording long-term liabilities.....		(5,474,916)
<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>260,817</u>
Change in net position of governmental activities.....		<u>\$ 3,349,726</u>

See notes to basic financial statements.

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

FISCAL YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
<b>REVENUES:</b>					
Real estate and personal property taxes, net of tax refunds.....	\$ 98,857,497	\$ 98,857,498	\$ 99,523,672	\$ -	\$ 666,174
Motor vehicle and other excise taxes.....	4,913,383	4,913,383	6,209,316	-	1,295,933
Hotel/motel tax.....	2,325,000	2,325,000	2,537,046	-	212,046
Meals tax.....	1,000,000	1,000,000	1,255,113	-	255,113
Charges for services.....	1,500,000	1,500,000	1,708,887	-	208,887
Penalties and interest on taxes.....	1,214,100	1,214,100	1,427,622	-	213,522
Fees and rentals.....	940,000	940,000	1,061,092	-	121,092
Licenses and permits.....	1,625,000	1,625,000	1,915,483	-	290,483
Intergovernmental.....	13,936,234	13,936,234	13,859,912	-	(76,322)
Special assessments.....	186,000	186,000	255,711	-	69,711
Departmental and other.....	444,881	444,881	362,930	-	(81,951)
Investment income.....	650,000	650,000	810,774	-	160,774
<b>TOTAL REVENUES.....</b>	<b>127,592,095</b>	<b>127,592,096</b>	<b>130,927,558</b>	<b>-</b>	<b>3,335,462</b>
<b>EXPENDITURES:</b>					
Current:					
Town Council:					
Personnel.....	247,843	247,843	233,247	-	14,596
Operating Expenditures.....	28,880	28,880	19,503	6,386	2,991
<b>TOTAL.....</b>	<b>276,723</b>	<b>276,723</b>	<b>252,750</b>	<b>6,386</b>	<b>17,587</b>
Town Manager:					
Personnel.....	520,474	520,474	510,407	-	10,067
Operating Expenditures.....	160,144	160,144	95,091	31,041	34,012
<b>TOTAL.....</b>	<b>680,618</b>	<b>680,618</b>	<b>605,498</b>	<b>31,041</b>	<b>44,079</b>
Administrative Services:					
Personnel.....	4,075,411	4,075,411	4,050,162	-	25,249
Operating Expenditures.....	1,082,507	1,082,507	872,339	202,661	7,507
Capital Outlay.....	107,972	107,972	35,576	72,347	49
<b>TOTAL.....</b>	<b>5,265,890</b>	<b>5,265,890</b>	<b>4,958,077</b>	<b>275,008</b>	<b>32,805</b>
Growth Management:					
Personnel.....	801,737	801,737	790,057	-	11,680
Operating Expenditures.....	134,045	134,045	87,895	45,329	821
<b>TOTAL.....</b>	<b>935,782</b>	<b>935,782</b>	<b>877,952</b>	<b>45,329</b>	<b>12,501</b>
Police:					
Personnel.....	10,434,449	10,451,449	10,428,276	-	23,173
Operating Expenditures.....	776,394	814,612	785,342	25,008	4,262
Capital Outlay.....	15,732	15,732	15,732	-	-
<b>TOTAL.....</b>	<b>11,226,575</b>	<b>11,281,793</b>	<b>11,229,350</b>	<b>25,008</b>	<b>27,435</b>
Regulatory Services:					
Personnel.....	2,204,276	2,204,276	2,077,377	-	126,899
Operating Expenditures.....	330,843	330,843	291,699	34,867	4,277
<b>TOTAL.....</b>	<b>2,535,119</b>	<b>2,535,119</b>	<b>2,369,076</b>	<b>34,867</b>	<b>131,176</b>

See notes to basic financial statements.

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

FISCAL YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
Local School System.....	56,665,450	56,633,417	55,964,743	582,733	85,941
Regional School District.....	2,657,683	2,657,683	2,657,683	-	-
Public Works:					
Personnel.....	4,844,402	4,789,183	4,732,481	-	56,702
Operating Expenditures.....	2,764,270	2,762,492	3,528,097	286,226	(1,051,831)
Capital Outlay.....	565,434	565,124	541,261	50,629	(26,766)
TOTAL.....	8,174,106	8,116,799	8,801,839	336,855	(1,021,895)
Community Services:					
Personnel.....	2,124,824	2,124,824	2,077,964	-	46,860
Operating Expenditures.....	382,035	382,034	343,065	25,120	13,849
Capital Outlay.....	58,800	58,800	51,197	7,507	96
TOTAL.....	2,565,659	2,565,658	2,472,226	32,627	60,805
Culture and Recreation.....	1,959,283	1,959,283	1,800,833	158,163	287
Debt Service:					
Principal.....	7,350,743	7,350,743	7,289,469	-	61,274
Interest.....	2,105,563	2,105,563	2,008,537	-	97,026
TOTAL.....	9,456,306	9,456,306	9,298,006	-	158,300
Pension Benefits.....	6,971,781	6,971,781	6,968,993	-	2,788
Employee Benefits.....	8,074,540	8,245,785	7,681,002	16,293	548,490
Liability Insurance.....	1,401,000	1,401,000	1,310,179	50,680	40,141
State and County Assessments.....	6,672,617	6,672,617	6,578,322	-	94,295
Other Assessments.....	475,567	475,567	398,239	-	77,328
TOTAL EXPENDITURES.....	125,994,699	126,131,821	124,224,768	1,594,990	312,063
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	1,597,396	1,460,275	6,702,790	(1,594,990)	3,647,525
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in.....	6,442,630	6,442,630	6,490,847	-	48,217
Transfers out.....	(10,031,125)	(16,961,125)	(18,137,017)	-	(1,175,892)
TOTAL OTHER FINANCING SOURCES (USES).....	(3,588,495)	(10,518,495)	(11,646,170)	-	(1,127,675)
NET CHANGE IN FUND BALANCE.....	(1,991,099)	(9,058,220)	(4,943,380)	(1,594,990)	2,519,850
BUDGETARY FUND BALANCE, Beginning of year.....	22,874,895	22,874,895	22,874,895	-	-
BUDGETARY FUND BALANCE, End of year..... \$	<u>20,883,796</u>	<u>13,816,675</u>	<u>17,931,515</u>	<u>(1,594,990)</u>	<u>2,519,850</u>

**PROPRIETARY FUNDS**  
STATEMENT OF NET POSITION

JUNE 30, 2013

	Business-type Activities - Enterprise Funds				
	Airport	Golf Course	Solid Waste	Wastewater	Water Supply
<b>ASSETS</b>					
<b>CURRENT:</b>					
Cash and cash equivalents.....	\$ 3,272,159	\$ 306,713	\$ 3,378,782	\$ 4,214,315	\$ 1,841,185
Investments.....	2,621,429	291,210	2,706,849	8,780,676	1,475,031
Receivables, net of allowance for uncollectibles:					
User fees.....	378,481	24,102	-	1,786,789	1,083,750
Wastewater liens.....	-	-	-	12,153	-
Special assessments.....	-	-	-	175,211	-
Intergovernmental.....	-	-	106,549	543,717	355,435
Inventory.....	67,175	77,796	-	-	-
Total current assets.....	<u>6,339,244</u>	<u>699,821</u>	<u>6,192,180</u>	<u>15,512,861</u>	<u>4,755,401</u>
<b>NONCURRENT:</b>					
Receivables, net of allowance for uncollectibles:					
Special assessments.....	-	-	-	1,334,398	-
Intergovernmental.....	-	-	552,072	840,321	-
Capital assets, net of accumulated depreciation:					
Depreciable.....	50,182,664	1,924,395	1,380,236	41,870,907	12,117,137
Nondepreciable.....	15,306,174	11,893,307	1,082,200	949,805	8,642,142
Total noncurrent assets.....	<u>65,488,838</u>	<u>13,817,702</u>	<u>3,014,508</u>	<u>44,995,431</u>	<u>20,759,279</u>
<b>TOTAL ASSETS.....</b>	<u><b>71,828,082</b></u>	<u><b>14,517,523</b></u>	<u><b>9,206,688</b></u>	<u><b>60,508,292</b></u>	<u><b>25,514,680</b></u>
<b>LIABILITIES</b>					
<b>CURRENT:</b>					
Warrants payable.....	30,787	22,588	18,402	52,568	146,122
Accrued liabilities.....	-	-	-	-	-
Accrued payroll.....	52,492	39,573	30,818	23,304	7,640
Accrued interest.....	-	49,805	-	-	159,707
Other liabilities.....	8,569	13,508	-	22,165	15,912
Unearned revenue.....	-	73,020	-	-	-
Landfill closure.....	-	-	70,000	-	-
Compensated absences.....	95,577	64,590	51,266	46,696	12,036
Workers' compensation.....	-	-	-	-	-
Bonds payable.....	30,000	250,000	446,800	1,532,282	637,102
Total current liabilities.....	<u>217,425</u>	<u>513,084</u>	<u>617,286</u>	<u>1,677,015</u>	<u>978,519</u>
<b>NONCURRENT:</b>					
Landfill closure.....	-	-	910,000	-	-
Compensated absences.....	14,060	9,025	11,892	9,750	-
Workers' compensation.....	-	-	-	-	-
Other postemployment benefits obligation.....	689,970	481,206	390,071	276,971	83,618
Bonds payable.....	650,000	2,900,000	2,749,800	17,924,235	12,135,005
Total noncurrent liabilities.....	<u>1,354,030</u>	<u>3,390,231</u>	<u>4,061,763</u>	<u>18,210,956</u>	<u>12,218,623</u>
<b>TOTAL LIABILITIES.....</b>	<u><b>1,571,455</b></u>	<u><b>3,903,315</b></u>	<u><b>4,679,049</b></u>	<u><b>19,887,971</b></u>	<u><b>13,197,142</b></u>
<b>NET POSITION</b>					
Net investment in capital assets.....	64,808,838	10,667,702	2,462,436	24,748,233	7,987,172
Unrestricted.....	5,447,789	(53,494)	2,065,203	15,872,088	4,330,366
<b>TOTAL NET POSITION.....</b>	<u><b>\$ 70,256,627</b></u>	<u><b>\$ 10,614,208</b></u>	<u><b>\$ 4,527,639</b></u>	<u><b>\$ 40,620,321</b></u>	<u><b>\$ 12,317,538</b></u>

See notes to basic financial statements.

	Marina Recreation	Sandy Neck Recreation	Hyannis Youth and Community Center	Total	Governmental Activities - Internal Service Fund
\$	389,897	\$ 380,590	\$ 169,692	\$ 13,953,333	\$ 759,613
	312,358	304,903	135,945	16,628,401	-
	-	-	-	3,273,122	-
	-	-	-	12,153	-
	-	-	-	175,211	-
	-	-	-	1,005,701	-
	-	-	-	144,971	-
	<u>702,255</u>	<u>685,493</u>	<u>305,637</u>	<u>35,192,892</u>	<u>759,613</u>
	-	-	-	1,334,398	-
	-	-	-	1,392,393	-
	3,785,316	1,346,054	21,244,415	133,851,124	-
	1,728,025	-	1,229,331	40,830,984	-
	<u>5,513,341</u>	<u>1,346,054</u>	<u>22,473,746</u>	<u>177,408,899</u>	<u>-</u>
	<u>6,215,596</u>	<u>2,031,547</u>	<u>22,779,383</u>	<u>212,601,791</u>	<u>759,613</u>
	4,299	3,161	735	278,662	-
	-	12,428	-	12,428	-
	8,563	22,486	18,543	203,419	-
	-	-	126,550	336,062	-
	1,000	-	12,500	73,654	-
	-	-	-	73,020	-
	-	-	-	70,000	-
	11,546	5,697	27,741	315,149	-
	-	-	-	-	42,000
	<u>120,000</u>	<u>50,000</u>	<u>868,000</u>	<u>3,934,184</u>	<u>-</u>
	<u>145,408</u>	<u>93,772</u>	<u>1,054,069</u>	<u>5,296,578</u>	<u>42,000</u>
	-	-	-	910,000	-
	3,000	-	3,251	50,978	-
	-	-	-	-	619,000
	162,812	37,639	168,509	2,290,796	-
	<u>1,319,000</u>	<u>1,115,000</u>	<u>11,617,000</u>	<u>50,410,040</u>	<u>-</u>
	<u>1,484,812</u>	<u>1,152,639</u>	<u>11,788,760</u>	<u>53,661,814</u>	<u>619,000</u>
	<u>1,630,220</u>	<u>1,246,411</u>	<u>12,842,829</u>	<u>58,958,392</u>	<u>661,000</u>
	4,074,341	181,054	9,988,746	124,918,522	-
	511,035	604,082	(52,192)	28,724,877	98,613
\$	<u>4,585,376</u>	<u>\$ 785,136</u>	<u>\$ 9,936,554</u>	<u>\$ 153,643,399</u>	<u>\$ 98,613</u>

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

FISCAL YEAR ENDED JUNE 30, 2013

	Business-type Activities - Enterprise Funds				
	Airport	Golf Course	Solid Waste	Wastewater	Water Supply
<b>OPERATING REVENUES:</b>					
Employer contributions .....	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services .....	6,969,301	2,882,023	2,171,301	4,194,565	4,195,886
Intergovernmental.....	136,983	-	-	44,662	-
Other.....	-	-	-	-	-
<b>TOTAL OPERATING REVENUES .....</b>	<b>7,106,284</b>	<b>2,882,023</b>	<b>2,171,301</b>	<b>4,239,227</b>	<b>4,195,886</b>
<b>OPERATING EXPENSES:</b>					
Salaries, wages and fringe benefits.....	1,178,356	859,310	804,899	619,579	252,042
Operations.....	4,509,158	977,486	615,265	1,321,247	2,116,373
Depreciation.....	2,351,832	173,135	100,367	2,175,484	323,248
<b>TOTAL OPERATING EXPENSES .....</b>	<b>8,039,346</b>	<b>2,009,931</b>	<b>1,520,531</b>	<b>4,116,310</b>	<b>2,691,663</b>
<b>OPERATING INCOME (LOSS).....</b>	<b>(933,062)</b>	<b>872,092</b>	<b>650,770</b>	<b>122,917</b>	<b>1,504,223</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>					
Investment income.....	55,637	7,943	86,728	396,628	-
Interest expense.....	(25,850)	(138,811)	(335,340)	(577,157)	(428,535)
Intergovernmental.....	-	-	189,277	154,167	-
<b>TOTAL NONOPERATING REVENUES (EXPENSES), NET.....</b>	<b>29,787</b>	<b>(130,868)</b>	<b>(59,335)</b>	<b>(26,362)</b>	<b>(428,535)</b>
<b>INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS.....</b>	<b>(903,275)</b>	<b>741,224</b>	<b>591,435</b>	<b>96,555</b>	<b>1,075,688</b>
<b>CAPITAL CONTRIBUTIONS.....</b>	<b>1,486,862</b>	<b>-</b>	<b>-</b>	<b>189,104</b>	<b>162,093</b>
<b>TRANSFERS:</b>					
Transfers in.....	-	-	-	2,950,892	-
Transfers out.....	(558,365)	(250,000)	(270,195)	(390,865)	(92,933)
<b>TOTAL TRANSFERS.....</b>	<b>(558,365)</b>	<b>(250,000)</b>	<b>(270,195)</b>	<b>2,560,027</b>	<b>(92,933)</b>
<b>CHANGE IN NET POSITION.....</b>	<b>25,222</b>	<b>491,224</b>	<b>321,240</b>	<b>2,845,686</b>	<b>1,144,848</b>
<b>NET POSITION AT BEGINNING OF YEAR.....</b>	<b>70,231,405</b>	<b>10,122,984</b>	<b>4,206,399</b>	<b>37,774,635</b>	<b>11,172,690</b>
<b>NET POSITION AT END OF YEAR.....</b>	<b>\$ 70,256,627</b>	<b>\$ 10,614,208</b>	<b>\$ 4,527,639</b>	<b>\$ 40,620,321</b>	<b>\$ 12,317,538</b>

See notes to basic financial statements.

	Marina Recreation	Sandy Neck Recreation	Hyannis Youth and Community Center	Total	Governmental Activities - Internal Service Fund
\$	-	\$ -	\$ -	\$ -	\$ 1,000,000
	657,281	714,585	1,196,908	22,981,850	-
	-	-	-	181,645	-
	-	-	-	-	86,629
	<u>657,281</u>	<u>714,585</u>	<u>1,196,908</u>	<u>23,163,495</u>	<u>1,086,629</u>
	313,918	308,693	715,878	5,052,675	844,527
	66,960	145,021	523,692	10,275,202	-
	<u>193,722</u>	<u>82,651</u>	<u>572,133</u>	<u>5,972,572</u>	<u>-</u>
	<u>574,600</u>	<u>536,365</u>	<u>1,811,703</u>	<u>21,300,449</u>	<u>844,527</u>
	<u>82,681</u>	<u>178,220</u>	<u>(614,795)</u>	<u>1,863,046</u>	<u>242,102</u>
	-	-	2,736	549,672	18,715
	(53,150)	(44,481)	(548,544)	(2,151,868)	-
	-	-	-	343,444	-
	<u>(53,150)</u>	<u>(44,481)</u>	<u>(545,808)</u>	<u>(1,258,752)</u>	<u>18,715</u>
	<u>29,531</u>	<u>133,739</u>	<u>(1,160,603)</u>	<u>604,294</u>	<u>260,817</u>
	-	-	5,000	1,843,059	-
	24,000	-	1,485,988	4,460,880	-
	<u>(55,674)</u>	<u>(68,744)</u>	<u>-</u>	<u>(1,686,776)</u>	<u>-</u>
	<u>(31,674)</u>	<u>(68,744)</u>	<u>1,485,988</u>	<u>2,774,104</u>	<u>-</u>
	(2,143)	64,995	330,385	5,221,457	260,817
	<u>4,587,519</u>	<u>720,141</u>	<u>9,606,169</u>	<u>148,421,942</u>	<u>(162,204)</u>
\$	<u><u>4,585,376</u></u>	<u><u>785,136</u></u>	<u><u>9,936,554</u></u>	<u><u>153,643,399</u></u>	<u><u>98,613</u></u>

**PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS**

FISCAL YEAR ENDED JUNE 30, 2013

	Business-type Activities - Enterprise Funds				
	Airport	Golf Course	Solid Waste	Wastewater	Water Supply
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Receipts from customers and users.....	\$ 6,846,958	\$ 2,873,104	\$ 2,171,301	\$ 3,975,839	\$ 4,139,894
Receipts from interfund services provided.....	-	-	-	-	-
Receipts from other governments.....	136,983	-	-	44,662	-
Payments to vendors.....	(4,512,336)	(991,780)	(703,513)	(1,291,104)	(2,091,758)
Payments to employees.....	(1,537,614)	(1,108,331)	(966,797)	(897,927)	(210,904)
Payments for interfund services used.....	(130,371)	(78,026)	(79,979)	(87,705)	(10,247)
<b>NET CASH FROM OPERATING ACTIVITIES.....</b>	<b>803,620</b>	<b>694,967</b>	<b>421,012</b>	<b>1,743,765</b>	<b>1,826,985</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>					
Transfers in.....	-	-	-	2,950,892	-
Transfers out.....	(558,365)	(250,000)	(270,195)	(390,865)	(92,933)
<b>NET CASH FROM NONCAPITAL FINANCING ACTIVITIES.....</b>	<b>(558,365)</b>	<b>(250,000)</b>	<b>(270,195)</b>	<b>2,560,027</b>	<b>(92,933)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Proceeds from the issuance of bonds and notes.....	-	-	-	-	1,775,442
Capital contributions.....	1,486,862	-	-	1,010,524	162,093
Acquisition and construction of capital assets.....	(2,920,750)	(89,863)	(32,348)	(708,490)	(2,349,669)
Principal payments on bonds and notes.....	(25,000)	(240,000)	(260,900)	(283,950)	(2,192,866)
Interest expense.....	(25,850)	(142,411)	(146,063)	(422,990)	(426,739)
<b>NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....</b>	<b>(1,484,738)</b>	<b>(472,274)</b>	<b>(439,311)</b>	<b>(404,906)</b>	<b>(3,031,739)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Purchase of investments.....	-	(12,536)	-	(5,035,179)	-
Sale of investments.....	425,709	-	145	-	511,452
Investment income.....	55,637	7,943	86,728	396,628	-
<b>NET CASH FROM INVESTING ACTIVITIES.....</b>	<b>481,346</b>	<b>(4,593)</b>	<b>86,873</b>	<b>(4,638,551)</b>	<b>511,452</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS.....</b>	<b>(758,137)</b>	<b>(31,900)</b>	<b>(201,621)</b>	<b>(739,665)</b>	<b>(786,235)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....</b>	<b>4,030,296</b>	<b>338,613</b>	<b>3,580,403</b>	<b>4,953,980</b>	<b>2,627,420</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR.....</b>	<b>\$ 3,272,159</b>	<b>\$ 306,713</b>	<b>\$ 3,378,782</b>	<b>\$ 4,214,315</b>	<b>\$ 1,841,185</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:</b>					
Operating income (loss).....	\$ (933,062)	\$ 872,092	\$ 650,770	\$ 122,917	\$ 1,504,223
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Depreciation.....	2,351,832	173,135	100,367	2,175,484	323,248
Changes in assets and liabilities:					
Wastewater liens.....	-	-	-	7,084	-
User fees.....	(122,343)	(9,187)	-	(225,810)	(55,992)
Inventory.....	(5,518)	7,167	-	-	-
Warrants payable.....	(4,847)	(21,336)	(18,248)	30,143	24,584
Accrued liabilities.....	-	-	-	-	-
Accrued payroll.....	16,110	1,911	5,054	1,970	2,612
Other liabilities.....	7,187	(125)	-	-	31
Unearned revenue.....	-	268	-	-	-
Accrued compensated absences.....	(7,709)	22,836	3,998	4,006	4,661
Workers' compensation.....	-	-	-	-	-
Landfill closure liability.....	-	-	(70,000)	-	-
Other postemployment benefits obligation.....	(498,030)	(351,794)	(250,929)	(372,029)	23,618
Total adjustments.....	1,736,682	(177,125)	(229,758)	1,620,848	322,762
<b>NET CASH FROM OPERATING ACTIVITIES.....</b>	<b>\$ 803,620</b>	<b>\$ 694,967</b>	<b>\$ 421,012</b>	<b>\$ 1,743,765</b>	<b>\$ 1,826,985</b>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</b>					
Intergovernmental subsidy of debt service - principal.....	\$ -	\$ -	\$ -	\$ 130,525	\$ -
Intergovernmental subsidy of debt service - interest.....	-	-	189,277	154,167	-

See notes to basic financial statements.

Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
Marina Recreation	Sandy Neck Recreation	Hyannis Youth and Community Center	Total	
\$ 657,281	\$ 714,585	\$ 1,196,908	\$ 22,575,870	\$ -
-	-	-	-	1,086,629
-	-	-	181,645	-
(67,005)	(147,513)	(545,213)	(10,350,222)	-
(208,996)	(378,085)	(658,772)	(5,967,426)	-
<u>(5,665)</u>	<u>(25,180)</u>	<u>(57,164)</u>	<u>(474,337)</u>	<u>(872,057)</u>
<u>375,615</u>	<u>163,807</u>	<u>(64,241)</u>	<u>5,965,530</u>	<u>214,572</u>
24,000	-	1,485,988	4,460,880	-
<u>(55,674)</u>	<u>(68,744)</u>	<u>-</u>	<u>(1,686,776)</u>	<u>-</u>
<u>(31,674)</u>	<u>(68,744)</u>	<u>1,485,988</u>	<u>2,774,104</u>	<u>-</u>
-	-	-	1,775,442	-
-	-	5,000	2,664,479	-
(86,445)	-	(1,181)	(6,188,746)	-
(125,000)	(50,000)	(869,000)	(4,046,716)	-
<u>(53,150)</u>	<u>(44,481)</u>	<u>(556,988)</u>	<u>(1,818,672)</u>	<u>-</u>
<u>(264,595)</u>	<u>(94,481)</u>	<u>(1,422,169)</u>	<u>(7,614,213)</u>	<u>-</u>
(44,169)	(10,019)	(5,351)	(5,107,254)	-
-	-	-	937,306	-
-	-	2,736	549,672	18,715
<u>(44,169)</u>	<u>(10,019)</u>	<u>(2,615)</u>	<u>(3,620,276)</u>	<u>18,715</u>
35,177	(9,437)	(3,037)	(2,494,855)	233,287
<u>354,720</u>	<u>390,027</u>	<u>172,729</u>	<u>16,448,188</u>	<u>526,326</u>
\$ <u>389,897</u>	\$ <u>380,590</u>	\$ <u>169,692</u>	\$ <u>13,953,333</u>	\$ <u>759,613</u>
\$ <u>82,681</u>	\$ <u>178,220</u>	\$ <u>(614,795)</u>	\$ <u>1,863,046</u>	\$ <u>242,102</u>
193,722	82,651	572,133	5,972,572	-
-	-	-	7,084	-
-	-	-	(413,332)	-
-	-	-	1,649	-
(45)	(3,070)	(1,831)	5,350	(9,530)
-	578	(27,190)	(26,612)	-
899	4,092	5,448	38,096	-
-	-	7,500	14,593	-
-	-	-	268	-
14,546	5,697	4,985	53,020	-
-	-	-	-	(18,000)
-	-	-	(70,000)	-
<u>83,812</u>	<u>(104,361)</u>	<u>(10,491)</u>	<u>(1,480,204)</u>	<u>-</u>
<u>292,934</u>	<u>(14,413)</u>	<u>550,554</u>	<u>4,102,484</u>	<u>(27,530)</u>
\$ <u>375,615</u>	\$ <u>163,807</u>	\$ <u>(64,241)</u>	\$ <u>5,965,530</u>	\$ <u>214,572</u>
\$ -	\$ -	\$ -	\$ 130,525	\$ -
-	-	-	343,444	-

**FIDUCIARY FUNDS**  
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2013

	Other Postemployment Benefit Trust Fund	Private Purpose Trust Funds	Agency Fund
<b>ASSETS</b>			
Cash and cash equivalents.....	\$ 20,700	\$ 273,143	\$ 591,735
Investments.....	1,003,720	1,766,624	-
Receivables, net of allowance for uncollectibles:			
Departmental and other.....	-	12,590	310,901
<b>TOTAL ASSETS.....</b>	<b>1,024,420</b>	<b>2,052,357</b>	<b>902,636</b>
<b>LIABILITIES</b>			
Warrants payable.....	-	-	13,224
Accrued liabilities.....	-	-	35,284
Liabilities due depositors.....	-	-	643,227
Other liabilities.....	-	5,000	-
Deferred revenue.....	-	12,590	210,901
<b>TOTAL LIABILITIES.....</b>	<b>-</b>	<b>17,590</b>	<b>902,636</b>
<b>NET POSITION</b>			
Held in trust for:			
Other postemployment benefits.....	1,024,420	-	-
Other purposes.....	-	2,034,767	-
<b>TOTAL NET POSITION.....</b>	<b>\$ 1,024,420</b>	<b>\$ 2,034,767</b>	<b>\$ -</b>

See notes to basic financial statements.

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

FISCAL YEAR ENDED JUNE 30, 2013

	Other Postemployment Benefit Trust Fund	Private Purpose Trust Funds
<b>ADDITIONS:</b>		
Contributions:		
Employer.....	\$ 200,000	\$ -
Rental income.....	-	137,194
Private donations.....	-	20,024
<b>Total contributions.....</b>	<b>200,000</b>	<b>157,218</b>
Net investment income (loss):		
Net increase (decrease) in fair value of investments.....	20,600	94,631
Interest income.....	21,468	46,268
<b>Net investment income (loss).....</b>	<b>42,068</b>	<b>140,899</b>
<b>TOTAL ADDITIONS.....</b>	<b>242,068</b>	<b>298,117</b>
<b>DEDUCTIONS:</b>		
Community services.....	-	164,330
Educational scholarships.....	-	12,180
<b>TOTAL DEDUCTIONS.....</b>	<b>-</b>	<b>176,510</b>
<b>CHANGE IN NET POSITION.....</b>	<b>242,068</b>	<b>121,607</b>
<b>NET POSITION AT BEGINNING OF YEAR.....</b>	<b>782,352</b>	<b>1,913,160</b>
<b>NET POSITION AT END OF YEAR.....</b>	<b>\$ 1,024,420</b>	<b>\$ 2,034,767</b>

See notes to basic financial statements.

**COMPONENT UNITS**  
COMBINING STATEMENT OF NET POSITION

JUNE 30, 2013

	Hyannis Public Library	Osterville Free Library	Centerville Public Library
<b>ASSETS</b>			
<b>CURRENT:</b>			
Cash and cash equivalents.....	\$ 439,482	\$ 418,961	\$ 421,315
Restricted cash and cash equivalents.....	-	-	-
Investments.....	652,058	448,969	1,175,436
Receivables, net of allowance for uncollectibles:			
Departmental and other.....	-	933	211,450
Intergovernmental.....	135,315	-	-
Inventory.....	-	-	-
Prepaid expenses.....	6,779	-	-
<b>Total current assets.....</b>	<b><u>1,233,634</u></b>	<b><u>868,863</u></b>	<b><u>1,808,201</u></b>
<b>NONCURRENT:</b>			
Capital assets, net of accumulated depreciation:			
Depreciable.....	114,867	5,352,482	1,509,981
Nondepreciable.....	69,600	80,815	381,404
<b>Total noncurrent assets.....</b>	<b><u>184,467</u></b>	<b><u>5,433,297</u></b>	<b><u>1,891,385</u></b>
<b>TOTAL ASSETS.....</b>	<b><u>1,418,101</u></b>	<b><u>6,302,160</u></b>	<b><u>3,699,586</u></b>
<b>LIABILITIES</b>			
<b>CURRENT:</b>			
Warrants payable.....	16,181	8,114	40,166
Accrued liabilities.....	-	-	-
Other liabilities.....	-	5,750	-
Compensated absences.....	41,578	-	-
<b>TOTAL LIABILITIES.....</b>	<b><u>57,759</u></b>	<b><u>13,864</u></b>	<b><u>40,166</u></b>
<b>NET POSITION</b>			
Net investment in capital assets.....	184,467	5,433,297	1,891,385
Unrestricted.....	1,175,875	854,999	1,768,035
<b>TOTAL NET POSITION.....</b>	<b><u>\$ 1,360,342</u></b>	<b><u>\$ 6,288,296</u></b>	<b><u>\$ 3,659,420</u></b>

See notes to basic financial statements.

<u>Sturgis Library</u>	<u>Cotuit Library</u>	<u>Marstons Mills Public Library</u>	<u>Whelden Memorial Library</u>	<u>Total Component Units</u>
\$ 1,070,187	\$ 95,381	\$ 191,529	\$ 103,484	\$ 2,740,339
30,812	-	-	-	30,812
2,129,539	1,122,324	-	275,930	5,804,256
-	-	10,290	-	222,673
1,150	-	-	-	136,465
12,946	-	-	-	12,946
5,049	-	3,046	-	14,874
<u>3,249,683</u>	<u>1,217,705</u>	<u>204,865</u>	<u>379,414</u>	<u>8,962,365</u>
913,320	222,149	258,890	111,701	8,483,390
162,250	16,550	5,000	-	715,619
<u>1,075,570</u>	<u>238,699</u>	<u>263,890</u>	<u>111,701</u>	<u>9,199,009</u>
<u>4,325,253</u>	<u>1,456,404</u>	<u>468,755</u>	<u>491,115</u>	<u>18,161,374</u>
32,009	8,889	3,478	494	109,331
-	-	-	2,500	2,500
-	1,539	-	-	7,289
20,000	-	-	6,120	67,698
<u>52,009</u>	<u>10,428</u>	<u>3,478</u>	<u>9,114</u>	<u>186,818</u>
1,075,570	238,699	263,890	111,701	9,199,009
3,197,674	1,207,277	201,387	370,300	8,775,547
<u>\$ 4,273,244</u>	<u>\$ 1,445,976</u>	<u>\$ 465,277</u>	<u>\$ 482,001</u>	<u>\$ 17,974,556</u>

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

FISCAL YEAR ENDED JUNE 30, 2013

	Hyannis Public Library	Osterville Free Library	Centerville Public Library
<b>OPERATING REVENUES:</b>			
Charges for services.....	\$ 48,990	\$ 109,638	\$ 45,214
<b>OPERATING EXPENSES:</b>			
Program and administrative.....	507,113	471,642	480,085
Depreciation.....	25,784	177,798	26,415
Management and general.....	12,867	94,075	-
Fundraising.....	-	98,670	45,552
<b>TOTAL OPERATING EXPENSES.....</b>	<b>545,764</b>	<b>842,185</b>	<b>552,052</b>
<b>OPERATING INCOME (LOSS).....</b>	<b>(496,774)</b>	<b>(732,547)</b>	<b>(506,838)</b>
<b>NONOPERATING REVENUES/(EXPENSES):</b>			
Investment income (loss).....	82,652	56,038	170,058
Intergovernmental.....	435,205	234,770	296,886
Contributions.....	153,872	414,531	494,257
<b>TOTAL NONOPERATING REVENUES/(EXPENSES)...</b>	<b>671,729</b>	<b>705,339</b>	<b>961,201</b>
<b>CHANGE IN NET POSITION.....</b>	<b>174,955</b>	<b>(27,208)</b>	<b>454,363</b>
<b>NET POSITION AT BEGINNING OF YEAR.....</b>	<b>1,185,387</b>	<b>6,315,504</b>	<b>3,205,057</b>
<b>NET POSITION AT END OF YEAR.....</b>	<b>\$ 1,360,342</b>	<b>\$ 6,288,296</b>	<b>\$ 3,659,420</b>

See notes to basic financial statements.

<u>Sturgis Library</u>	<u>Cotuit Library</u>	<u>Marstons Mills Public Library</u>	<u>Whelden Memorial Library</u>	<u>Total Component Units</u>
\$ <u>67,928</u>	\$ <u>15,729</u>	\$ <u>19,662</u>	\$ <u>3,130</u>	\$ <u>310,291</u>
498,918	299,701	217,177	153,194	2,627,830
30,238	11,769	15,290	5,644	292,938
-	-	-	-	106,942
<u>21,140</u>	<u>-</u>	<u>4,863</u>	<u>-</u>	<u>170,225</u>
<u>550,296</u>	<u>311,470</u>	<u>237,330</u>	<u>158,838</u>	<u>3,197,935</u>
<u>(482,368)</u>	<u>(295,741)</u>	<u>(217,668)</u>	<u>(155,708)</u>	<u>(2,887,644)</u>
305,789	128,923	933	37,383	781,776
207,442	165,240	179,644	94,917	1,614,104
<u>89,648</u>	<u>113,308</u>	<u>61,600</u>	<u>88,190</u>	<u>1,415,406</u>
<u>602,879</u>	<u>407,471</u>	<u>242,177</u>	<u>220,490</u>	<u>3,811,286</u>
120,511	111,730	24,509	64,782	923,642
<u>4,152,733</u>	<u>1,334,246</u>	<u>440,768</u>	<u>417,219</u>	<u>17,050,914</u>
\$ <u><u>4,273,244</u></u>	\$ <u><u>1,445,976</u></u>	\$ <u><u>465,277</u></u>	\$ <u><u>482,001</u></u>	\$ <u><u>17,974,556</u></u>

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

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

**A. Reporting Entity**

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

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

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

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

**Availability of Financial Information for Component Units**

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

Hyannis Public Library Association  
401 Main Street  
Hyannis, MA 02601

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

Osterville Free Library Corporation  
43 Wianno Avenue  
Osterville, MA 02655

Cotuit Library Association  
Main Street  
Cotuit, MA 02635

The Centerville Public Library Association  
Centerville, 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 Town of Barnstable Community Horace Mann Charter Public School**

The Town operates a K to 3 elementary Horace Mann Charter School which is managed independently by an appointed Board of Trustees and not by the School Committee and Superintendent. Funding for the school's operations are provided by the Town based upon a negotiated amount between the School Committee and Board of Trustees within the guidelines established by the authorizing legislation of the Commonwealth of Massachusetts. The activity is included within the Town's basic financial statements and is audited by auditors other than Powers & Sullivan, LLC. Complete financial statements may be obtained by contacting the Barnstable Community Horace Mann Charter Public School, 165 Bearses Way, Hyannis, MA 02601.

In fiscal year 2012, the Town had two Horace Mann Charter Schools. The Board of Trustees of the Barnstable Horace Mann Charter School voted to voluntarily surrender the school's charter to the Massachusetts Department of Elementary and Secondary Education, effective June 30, 2012.

**Availability of Financial Information for Joint Ventures**

The Town has entered into joint ventures with other municipalities to pool resources and share the costs, risk and rewards of providing goods or services to venture participants directly, or for the benefit of the general public or specified recipients. The Town has no equity interest in the joint ventures. The following identifies where the joint venture financial statements are available, their purpose, and the annual assessment paid by the Town during fiscal year 2013.

Joint venture and address	Purpose	Net Annual Assessment
Cape Cod Regional Technical High School District 351 Pleasant Lake Avenue Harwich, MA 02645	To provide educational services	\$ 2,657,683
Sturgis Charter Public School 427 Main Street Hyannis, MA 02601	To provide educational services	\$ 1,492,587
Cape Cod Regional Transit Authority 215 Iyannough Road Hyannis, MA 02601	To provide public transportation	\$ 473,061

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

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

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

#### *Government-Wide Financial Statements*

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

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

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

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

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

#### *Fund Financial Statements*

**Governmental** fund financial statements are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences, and 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 fiscal year-end. Investment income is susceptible to accrual. Other receipts and tax revenues become measurable and available when the cash is received and are recognized as revenue at that time.

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

The following major governmental funds are reported:

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

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

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

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

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

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

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

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

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

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

The following major proprietary funds are reported:

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

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

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

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

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

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

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

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

Additionally, the following proprietary fund type is reported:

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

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

The following fiduciary fund types are reported:

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

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

The *agency fund* is used to account for and report assets held in a purely custodial capacity. Agency funds apply the accrual basis of accounting but do not have a measurement focus. The Town's agency funds consist 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. Accounts Receivable

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

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

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

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

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

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

Personal property taxes cannot be secured through the lien process. The allowance 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 fiscal year of the levy. The Commonwealth is responsible for reporting the number of vehicles registered and the fair values of those vehicles. The tax calculation is the fair value of the vehicle multiplied by \$25 per \$1,000 of value. Boat excise taxes are assessed annually for each boat registered and are recorded as receivables in the fiscal year of the levy. The Commonwealth is responsible for reporting the number of boats registered and the fair value of those boats. The tax calculation is the fair value of the boat multiplied by \$10 per \$1,000 of value.

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

### ***Departmental and Other***

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

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.

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

**Wastewater and Water User Fees**

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

Since the 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.

### **F. Inventories**

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

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

Inventories of the Sturgis Library are carried at cost.

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

### **G. Capital Assets**

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

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

All purchases and construction costs in excess of \$5,000 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 fiscal year of the purchase.

H. 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 did not have any items that qualify for reporting 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 did not have any items that qualify for reporting in this category.

I. 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.

J. 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.

K. Deferred Revenue

Deferred revenue at the fund financial statement level represents billed receivables that do not meet the available criterion in accordance with the current financial resources measurement focus and the modified accrual basis of accounting. Deferred revenue is recognized as revenue in the conversion to the government-wide (full accrual) financial statements.

L. 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 Water Pollution Abatement 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:

“Highway projects” represents amounts restricted for highway improvements.

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

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

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

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 by-laws authorize the Finance Director to assign fund balance. Assignments generally only exist temporarily. Additional action does not have to be taken for the removal of an assignment.

“Unassigned” fund balance includes the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

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

### M. 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.

### N. 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).

### O. 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.

### P. Use of Estimates

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

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

### Q. Total Column

#### *Government-Wide Financial Statements*

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

*Fund Financial Statements*

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

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

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

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

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

Generally, expenditures may not exceed the legal level of spending (personnel, operating 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 fiscal year 2013 approved budget authorized approximately \$130,568,000 in current year appropriations and other amounts to be raised and approximately \$1,572,000 in encumbrances and appropriations carried over from previous fiscal years. During fiscal year 2013, the Council also approved increases to appropriations totaling approximately \$7.1 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 fiscal year ended June 30, 2013, is presented as follows:

Net change in fund balance, budgetary basis.....	\$ (4,943,380)
<u>Perspective difference:</u>	
Activity of the Horace Mann Charter School recorded in the general fund for GAAP.....	(786,766)
Activity of the stabilization funds recorded in the general fund for GAAP.....	5,482,128
<u>Basis of accounting differences:</u>	
Net change in recording tax refunds payable.....	(124,400)
Recognition of revenue for on-behalf payments.....	11,775,000
Recognition of expenditures for on-behalf payments.....	<u>(11,775,000)</u>
Net change in fund balance, GAAP basis.....	<u>\$ (372,418)</u>

**C. Appropriation Deficits**

Expenditures exceeded appropriations in public works snow and ice. This over expenditure will be funded by the tax levy during fiscal year 2014.

**NOTE 3 – CASH AND INVESTMENTS**

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

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

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

**Custodial Credit Risk – Deposits**

In the case of deposits, this is the risk that in the event of a bank failure, the Town of Barnstable's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. At fiscal year-end, the carrying amount of deposits totaled \$52,687,283 and the bank balance totaled \$63,637,801. Of the bank balance, \$3,597,472 was covered by Federal Depository Insurance, \$10,419,761 was covered by the Depositors Insurance Fund, \$6,000 was covered by the Securities Investors Protection Corporation, \$23,696,551 was

collateralized, and \$25,918,017 was exposed to custodial credit risk because it was uninsured and uncollateralized.

### Investments

As of June 30, 2013, the Town of Barnstable had the following investments:

Investment Type	Fair Value	Maturity			
		Under 1 Year	1-5 Years	6-10 Years	Over 10 Years
<u>Debt Securities:</u>					
U.S. Government Treasuries.....	\$ 5,593,298	\$ 1,079,801	\$ 3,432,215	\$ 1,081,282	\$ -
Corporate Bonds.....	8,467,793	3,426,900	2,913,397	1,523,019	604,477
Government Sponsored Enterprises.....	18,055,871	3,774,033	9,561,674	4,131,054	589,110
Total Debt Securities.....	32,116,962	\$ <u>8,280,734</u>	\$ <u>15,907,286</u>	\$ <u>6,735,355</u>	\$ <u>1,193,587</u>
<u>Other Investments:</u>					
Equity Securities.....	11,381,982				
Repurchase Agreements.....	5,970,000				
Money Market Mutual Funds.....	4,478,360				
Equity Mutual Funds.....	10,414,211				
Preferred Securities.....	425,161				
MMDT.....	338,474				
Total Investments.....	\$ <u>65,125,150</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, \$32,116,962 in debt securities, \$11,381,982 in equity securities and \$425,161 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, 2013, the Town had an investment with a fair value of \$5,970,000 in an overnight Repurchase Agreement (REPO). Under the terms of the REPO, the bank agrees to sell and buy back a portion of the Bank's securities portfolio at the purchase price plus interest. The REPO is held by the bank, acting as the Town's agent. In the event of default, the Town has the right to direct the bank to sell the securities and apply the proceeds in satisfaction of the Repurchase Agreement. The REPO is fully collateralized with Collateralized Mortgage Obligation fixed rate securities issued through the Federal National Mortgage Association. The REPO is not rated, and the collateral has a Moody's rating of AAA.

Interest Rate Risk

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

Credit Risk

The Town has not adopted a formal policy related to Credit Risk. At June 30, 2013, the Town's investments were rated as follows:

Quality Ratings	Corporate Bonds	Government Sponsored Enterprises	Preferred Securities	Totals
AAA.....	\$ 100,331	\$ 17,976,473	\$ -	\$ 18,076,804
AA+.....	453,883	-	-	453,883
AA.....	-	50,357	-	50,357
AA-.....	226,445	29,041	-	255,486
A+.....	163,247	-	-	163,247
A.....	3,771,116	-	-	3,771,116
A-.....	533,730	-	-	533,730
BAA.....	102,310	-	-	102,310
BBB+.....	465,052	-	-	465,052
BBB-.....	106,246	-	-	106,246
BB+.....	310,050	-	-	310,050
B+.....	970,042	-	-	970,042
Unrated.....	1,265,341	-	425,161	1,690,502
Fair Value.....	\$ <u>8,467,793</u>	\$ <u>18,055,871</u>	\$ <u>425,161</u>	\$ <u>26,948,825</u>

Additionally, the Town holds \$4,478,360 in money market mutual funds and \$338,474 in MMDT which are unrated.

Concentration of Credit Risk

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

Issuer	Percentage Of Total Investments
Federal Home Loan Bank.....	7%
Federal Home Loan Mortgage Company.....	13%
Federal National Mortgage Association.....	8%

**NOTE 4 – RECEIVABLES**

At June 30, 2013, 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.....	\$ 5,634,546	\$ (24,435)	\$ 5,610,111
Tax liens.....	1,671,815	(164,061)	1,507,754
Motor vehicle and other excise taxes.....	1,344,889	(134,489)	1,210,400
Community Preservation Fund surtaxes.....	148,934	-	148,934
Departmental and other.....	71,988	-	71,988
Special assessments.....	642,178	-	642,178
Intergovernmental.....	<u>32,463,044</u>	<u>-</u>	<u>32,463,044</u>
Total.....	<u>\$ 41,977,394</u>	<u>\$ (322,985)</u>	<u>\$ 41,654,409</u>

At June 30, 2013 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.....	<u>\$ 323,491</u>	<u>\$ -</u>	<u>\$ 323,491</u>

At June 30, 2013 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.....	\$ 222,673	\$ -	\$ 222,673
Intergovernmental.....	<u>136,465</u>	<u>-</u>	<u>136,465</u>
	<u>\$ 359,138</u>	<u>\$ -</u>	<u>\$ 359,138</u>

At June 30, 2013, receivables for the enterprise funds consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Airport user fees.....	\$ 378,481	\$ -	\$ 378,481
Golf course user fees.....	24,102	-	24,102
Wastewater user fees.....	1,786,789	-	1,786,789
Water user fees.....	1,174,747	(90,997)	1,083,750
Wastewater liens.....	12,153	-	12,153
Wastewater special assessments.....	1,509,609	-	1,509,609
Intergovernmental.....	2,398,094	-	2,398,094
 Total.....	 <u>\$ 7,283,975</u>	 <u>\$ (90,997)</u>	 <u>\$ 7,192,978</u>

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

	General Fund	Highway Projects	Community Preservation Fund	Nonmajor Governmental Funds	Total
<u>Receivables and other asset types:</u>					
Real estate and personal property taxes.....	\$ 4,345,805	\$ -	\$ -	\$ -	\$ 4,345,805
Tax liens.....	1,476,547	-	28,571	2,636	1,507,754
Tax foreclosures.....	1,185,252	-	-	-	1,185,252
Motor vehicle and other excise taxes.....	1,210,400	-	-	-	1,210,400
Community Preservation Fund surtaxes.....	-	-	148,934	-	148,934
Special assessments.....	-	-	-	642,178	642,178
Intergovernmental.....	18,591,741	6,930,379	1,606,310	-	27,128,430
 Total.....	 <u>\$ 26,809,745</u>	 <u>\$ 6,930,379</u>	 <u>\$ 1,783,815</u>	 <u>\$ 644,814</u>	 <u>\$ 36,168,753</u>

**NOTE 5 – CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2013, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 80,361,236	\$ -	\$ (10,000)	\$ 80,351,236
Construction in progress.....	10,101,445	2,192,967	(10,101,445)	2,192,967
Total capital assets not being depreciated.....	90,462,681	2,192,967	(10,111,445)	82,544,203
<u>Capital assets being depreciated:</u>				
Land improvements.....	3,908,856	-	-	3,908,856
Buildings and building improvements.....	163,211,521	1,650,322	-	164,861,843
Machinery and equipment.....	10,215,652	787,735	-	11,003,387
Vehicles.....	7,535,678	72,494	(33,685)	7,574,487
Infrastructure.....	81,594,522	13,761,091	-	95,355,613
Total capital assets being depreciated.....	266,466,229	16,271,642	(33,685)	282,704,186
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(1,167,667)	(156,232)	-	(1,323,899)
Buildings and building improvements.....	(89,421,934)	(3,311,747)	-	(92,733,681)
Machinery and equipment.....	(6,914,876)	(574,187)	-	(7,489,063)
Vehicles.....	(6,011,795)	(518,124)	33,685	(6,496,234)
Infrastructure.....	(21,956,019)	(2,332,731)	-	(24,288,750)
Total accumulated depreciation.....	(125,472,291)	(6,893,021)	33,685	(132,331,627)
Total capital assets being depreciated, net.....	140,993,938	9,378,621	-	150,372,559
Total governmental activities capital assets, net.....	\$ 231,456,619	\$ 11,571,588	\$ (10,111,445)	\$ 232,916,762

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-Type Activities:</b>				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 40,830,984	\$ -	\$ -	\$ 40,830,984
Construction in progress.....	7,862,800	-	(7,862,800)	-
Total capital assets not being depreciated.....	48,693,784	-	(7,862,800)	40,830,984
<u>Capital assets being depreciated:</u>				
Land improvements.....	6,891,869	-	-	6,891,869
Buildings and building improvements.....	85,212,378	927,463	-	86,139,841
Machinery and equipment.....	12,246,641	1,412,148	-	13,658,789
Vehicles.....	1,172,243	70,791	-	1,243,034
Infrastructure.....	65,982,160	11,483,388	-	77,465,548
Total capital assets being depreciated.....	171,505,291	13,893,790	-	185,399,081
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(4,899,511)	(274,777)	-	(5,174,288)
Buildings and building improvements.....	(16,668,999)	(2,704,550)	-	(19,373,549)
Machinery and equipment.....	(6,468,417)	(858,454)	-	(7,326,871)
Vehicles.....	(1,057,436)	(54,862)	-	(1,112,298)
Infrastructure.....	(16,481,022)	(2,079,929)	-	(18,560,951)
Total accumulated depreciation.....	(45,575,385)	(5,972,572)	-	(51,547,957)
Total capital assets being depreciated, net.....	125,929,906	7,921,218	-	133,851,124
Total business-type activities capital assets, net.....	\$ 174,623,690	\$ 7,921,218	\$ (7,862,800)	\$ 174,682,108

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Discretely Presented Component Units:</b>				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 341,264	\$ -	\$ -	\$ 341,264
Construction in progress.....	374,355	1,131,588	-	1,505,943
Total capital assets not being depreciated.....	<u>715,619</u>	<u>1,131,588</u>	<u>-</u>	<u>1,847,207</u>
<u>Capital assets being depreciated:</u>				
Improvements.....	1,921,455	11,430	-	1,932,885
Buildings.....	6,816,829	-	-	6,816,829
Machinery and equipment.....	702,438	4,349	-	706,787
Fine arts.....	6,000	30,000	-	36,000
Furniture and fixtures.....	798,633	5,075	-	803,708
Books and periodicals.....	98,265	-	-	98,265
Technology.....	96,804	-	-	96,804
Total capital assets being depreciated.....	<u>10,440,424</u>	<u>50,854</u>	<u>-</u>	<u>10,491,278</u>
<u>Less accumulated depreciation:</u>	<u>(2,846,395)</u>	<u>(293,081)</u>	<u>-</u>	<u>(3,139,476)</u>
Total capital assets being depreciated, net.....	<u>7,594,029</u>	<u>(242,227)</u>	<u>-</u>	<u>7,351,802</u>
Total discretely presented component units capital assets, net.....	<u>\$ 8,309,648</u>	<u>\$ 889,361</u>	<u>\$ -</u>	<u>\$ 9,199,009</u>

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

**Governmental Activities:**

General government.....	\$ 111,176
Public safety.....	439,658
Education.....	2,950,470
Public works.....	3,017,841
Regulatory services.....	99,516
Community services.....	<u>274,360</u>

Total depreciation expense - governmental activities..... \$ 6,893,021

**Business-Type Activities:**

Airport.....	\$ 2,351,832
Golf course.....	173,135
Solid waste.....	100,367
Wastewater.....	2,175,484
Water supply.....	323,248
Marina.....	193,722
Sandy Neck.....	82,651
Hyannis youth and community center.....	<u>572,133</u>

Total depreciation expense - business-type activities..... \$ 5,972,572

**NOTE 6 – INTERFUND BALANCES/TRANSFERS**

Due to/from other funds

As of June 30, 2013, the Town has an interfund receivable/payable of \$378,449 which exists between the General Fund and the Capital Projects Fund. The purpose of this balance is to cover short-term cash needs that will be funded by future grant proceeds.

Interfund transfers

Interfund transfers for the fiscal year ended June 30, 2013, are summarized as follows:

Transfers Out:	Transfers In:							Total
	General Fund	Capital Projects	Community Preservation Fund	Nonmajor Governmental Funds	Wastewater Enterprise Fund	Marina Enterprise Fund	HYCC Enterprise Fund	
General Fund.....	\$ -	\$ 3,285,000	\$ 100,000	\$ 30,000	\$ 2,950,892	\$ -	\$ 1,485,988	\$ 7,851,880 (1)
Capital Projects.....	48,216	-	-	13,184	-	-	-	61,400 (2)
Nonmajor Governmental Funds.....	695,658	-	-	477,211	-	24,000	-	1,196,869 (3)
Airport Enterprise Fund.....	558,365	-	-	-	-	-	-	558,365 (4)
Golf Course Enterprise Fund.....	250,000	-	-	-	-	-	-	250,000 (4)
Solid Waste Enterprise Fund.....	270,195	-	-	-	-	-	-	270,195 (4)
Wastewater Enterprise Fund.....	390,865	-	-	-	-	-	-	390,865 (4)
Water Supply Enterprise Fund.....	92,933	-	-	-	-	-	-	92,933 (4)
Marina Enterprise Fund.....	55,674	-	-	-	-	-	-	55,674 (4)
Sandy Neck Enterprise Fund.....	68,744	-	-	-	-	-	-	68,744 (4)
Total.....	\$ 2,430,650	\$ 3,285,000	\$ 100,000	\$ 520,395	\$ 2,950,892	\$ 24,000	\$ 1,485,988	\$ 10,796,925

- (1) Represents transfers from the general fund to fund various capital projects, the community preservation fund, the wastewater enterprise fund, and the Hyannis Youth and Community Center enterprise fund.
- (2) Represents transfers from the capital projects fund to the general fund and nonmajor governmental funds.
- (3) Represents budgeted transfers from the Town grant fund and the Town revolving fund to the general fund. Also represents a transfer from the Town grant fund to a transfer out of cemetery funding to help fund DPW projects, a transfer from Town revolving funds to school grant funds, and a transfer out of the Town special revenue fund to the marina enterprise fund for maintaining Bismore Park.
- (4) Represents the transfer of enterprise fund costs budgeted in the general fund.

**NOTE 7 – SHORT-TERM FINANCING**

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

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

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

The Town had the following short-term debt activity during fiscal year 2013:

Enterprise Funds				Balance at			Balance at
Type	Purpose	Rate (%)	Due Date	June 30, 2012	Renewed/ Issued	Retired/ Redeemed	June 30, 2013
BAN	MWPAT Wastewater Interim Loan.....	0.15%	2/15/2013	\$ 621,000	\$ -	\$ (621,000)	\$ -
BAN	MWPAT Wastewater Interim Loan.....	0.14%	3/15/2013	1,050,000	-	(1,050,000)	-
Total.....				\$ 1,671,000	\$ -	\$ (1,671,000)	\$ -

#### NOTE 8 – LONG-TERM DEBT

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

Details related to the outstanding indebtedness at June 30, 2013, 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, 2012	Issued	Redeemed	Outstanding at June 30, 2013
MWPAT Title V Bond of 1997.....	2021	\$ 200,000	0.00	\$ 93,403	\$ -	\$ (10,400)	\$ 83,003
MWPAT Title V Bond of 2002.....	2023	200,000	0.00	109,908	-	(9,724)	100,184
Municipal Purpose Bonds of 2003.....	2013	7,014,000	2.00 - 4.00	355,000	-	(355,000)	-
Municipal Purpose Bonds of 2004.....	2014	11,783,000	3.00 - 5.00	1,240,000	-	(620,000)	620,000
Municipal Purpose Bonds of 2005.....	2025	6,280,000	3.25 - 5.00	4,075,000	-	(315,000)	3,760,000
MWPAT Title V Bonds of 2006.....	2026	400,000	0.00	280,000	-	(20,000)	260,000
MWPAT Title V Bond of 2007.....	2027	200,000	0.00	150,000	-	(10,000)	140,000
Municipal Purpose Bonds of 2007.....	2027	46,664,000	3.38 - 4.75	32,345,000	-	(4,020,000)	28,325,000
MWPAT Bond of 2008 (CW-04-31).....	2021	389,216	2.00	280,044	-	(28,685)	251,359
Municipal Purpose Bonds of 2008.....	2028	6,861,000	3.75 - 4.50	4,222,000	-	(637,000)	3,585,000
MWPAT Debt of 2009.....	2021	887,454	2.00	732,026	-	(19,684)	712,342
Municipal Purpose Bonds of 2010.....	2030	4,947,270	2.00 - 5.00	3,830,000	-	(540,000)	3,290,000
Municipal Purpose Bonds of 2011.....	2031	16,176,000	2.00 - 4.00	15,300,000	-	(1,845,000)	13,455,000
Municipal Purpose Refunding of 2012.....	2023	10,037,900	2.00 - 4.00	10,037,900	-	(868,400)	9,169,500
Total Bonds Payable.....				73,050,281	-	(9,298,893)	63,751,388
Add: unamortized premium.....				294,823	-	(57,330)	237,493
Total Bonds Payable, net.....				\$ 73,345,104	\$ -	\$ (9,356,223)	\$ 63,988,881

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014..... \$	9,025,234 \$	2,701,093 \$	11,726,327
2015.....	8,197,588	2,124,371	10,321,959
2016.....	7,954,994	1,836,324	9,791,318
2017.....	7,642,450	1,541,326	9,183,776
2018.....	7,594,957	1,253,186	8,848,143
2019.....	7,613,519	915,164	8,528,683
2020.....	4,172,133	577,593	4,749,726
2021.....	3,188,605	425,148	3,613,753
2022.....	2,693,204	308,910	3,002,114
2023.....	2,073,704	203,045	2,276,749
2024.....	970,000	137,578	1,107,578
2025.....	935,000	101,223	1,036,223
2026.....	610,000	65,719	675,719
2027.....	365,000	42,856	407,856
2028.....	250,000	28,478	278,478
2029.....	215,000	18,650	233,650
2030.....	210,000	10,052	220,052
2031.....	40,000	1,656	41,656
<b>Total..... \$</b>	<b><u>63,751,388</u> \$</b>	<b><u>12,292,372</u> \$</b>	<b><u>76,043,760</u></b>

**Bonds Payable Schedule – Enterprise Funds**

<u>Projects</u>	<u>Maturities Through</u>	<u>Original Loan Amount</u>	<u>Coupon Rate (%)</u>	<u>Outstanding at June 30, 2012</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Outstanding at June 30, 2013</u>
Golf Course.....	2025	\$ 4,450,000	5.00	\$ 3,390,000	\$ -	\$ (240,000)	\$ 3,150,000
Wastewater.....	2032	34,940,442	0.00 - 4.75	20,779,651	-	(1,323,134)	19,456,517
Water.....	2033	13,699,618	2.00 - 5.00	11,785,066	1,508,907	(521,866)	12,772,107
Solid Waste Transfer Station.....	2027	8,405,700	0.00 - 4.50	3,457,500	-	(260,900)	3,196,600
Sandy Neck.....	2031	1,365,000	4.00	1,215,000	-	(50,000)	1,165,000
Marinas.....	2030	3,774,000	3.00 - 5.00	1,564,000	-	(125,000)	1,439,000
Hyannis Youth and Community Center.....	2028	17,365,000	3.375 - 5.00	13,354,000	-	(869,000)	12,485,000
Airport.....	2031	730,000	2.00 - 4.12	705,000	-	(25,000)	680,000
<b>Total Bonds Payable.....</b>				<b><u>\$ 56,250,217</u></b>	<b><u>\$ 1,508,907</u></b>	<b><u>\$ (3,414,900)</u></b>	<b><u>\$ 54,344,224</u></b>

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014..... \$	3,934,184	\$ 1,803,172	\$ 5,737,356
2015.....	3,955,593	1,636,181	5,591,774
2016.....	3,852,858	1,497,038	5,349,896
2017.....	3,915,467	1,355,313	5,270,780
2018.....	3,661,948	1,205,795	4,867,743
2019.....	3,739,637	1,071,554	4,811,191
2020.....	3,365,962	937,692	4,303,654
2021.....	3,258,620	830,111	4,088,731
2022.....	3,286,836	725,791	4,012,627
2023.....	3,354,010	617,388	3,971,398
2024.....	3,280,658	508,496	3,789,154
2025.....	3,189,287	407,886	3,597,173
2026.....	2,948,404	305,347	3,253,751
2027.....	3,008,022	212,911	3,220,933
2028.....	1,758,148	118,646	1,876,794
2029.....	980,568	78,543	1,059,111
2030.....	970,854	56,097	1,026,951
2031.....	947,712	33,137	980,849
2032.....	462,700	14,981	477,681
2033.....	472,756	5,646	478,402
Total..... \$	<u>54,344,224</u>	<u>\$ 13,421,725</u>	<u>\$ 67,765,949</u>

During fiscal year 2013, the Town issued \$1,671,000 of MWPAT loans, with principal forgiveness of \$162,093, for a net obligation of \$1,508,907.

The Town has entered into several loan agreements with the Massachusetts Water Pollution Abatement Trust (MWPAT) for which the Town has recorded the total amount of debt outstanding. However, as of June 30, 2013, the Town has not incurred \$1,098,322 of the eligible construction costs related to the projects and as a result has not yet received the corresponding loan proceeds from MWPAT. Accordingly, the Town has recorded \$1,098,322 as an intergovernmental receivable in the accompanying basic financial statements, as of June 30, 2013.

The Town is scheduled to be subsidized by the MWPAT on a periodic basis for principal in the amount of \$1,628,883 and interest costs for \$909,150. The principal subsidies are guaranteed and therefore a \$1,628,883 intergovernmental receivable has been reported in the business-type financial statements. Since the Town is legally obligated for the total amount of the debt, such amounts have been reported in the accompanying basic financial statements. The fiscal year 2013 principal and interest subsidies totaled \$130,525 and \$343,444, respectively.

The Commonwealth of Massachusetts has approved school construction assistance to the Town. The assistance program, which is administered by the Massachusetts School Building Authority, provides resources for construction costs and debt service interest of general obligation bonds outstanding. The Town is currently receiving annual payments for 64% of eligible costs in relation to the construction of the new Middle School and the renovation and addition to the High School. During fiscal year 2013, approximately \$3,509,000 of such assistance was received. Approximately \$19,953,000 will be received in future years. Of this amount, \$1,854,000 represents reimbursement of future long-term interest costs and \$18,099,000 represents

reimbursement of approved construction cost and interest costs previously paid. Accordingly, an intergovernmental receivable and corresponding deferred revenue have been reported in these basic financial statements for \$18,099,000 which represents the Commonwealth’s share of construction and interest costs paid for the Middle School and High School projects.

The Town is subject to various debt limits by statute and may issue additional general obligation debt under the normal debt limit. At June 30, 2013, the Town had the following authorized and unissued debt:

Purpose	Amount
Sewer projects.....	\$ 14,683,813
Water projects.....	9,326,656
Wind generator.....	1,850,000
Highway complex feasibility and design.....	66,900
Dredging projects.....	929,000
Road projects.....	1,284,827
Airport projects.....	40,563,989
Effluent mitigation.....	1,393,950
Security fencing.....	160,000
Improvements for Bismore Park.....	426,000
Land acquisitions.....	655,000
Energy improvements.....	1,822,000
Facilities improvements.....	2,065,775
School improvements.....	1,939,600
Fuel farm.....	810,000
<b>Total.....</b>	<b>\$ <u>77,977,510</u></b>

Changes in Long-term Liabilities

During the fiscal year ended June 30, 2013, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
<b>Governmental Activities:</b>					
Bonds Payable.....	\$ 73,050,281	\$ -	\$ (9,298,893)	\$ 63,751,388	\$ 9,025,234
Add: Unamortized Premium.....	294,823	-	(57,330)	237,493	50,156
Total Bonds Payable.....	73,345,104	-	(9,356,223)	63,988,881	9,075,390
Compensated Absences.....	2,900,133	2,617,218	(2,370,815)	3,146,536	2,522,047
Workers' Compensation.....	679,000	24,000	(42,000)	661,000	42,000
Other Postemployment Benefits.....	28,748,859	8,515,352	(3,170,021)	34,094,190	-
Total Governmental Funds.....	105,673,096	11,156,570	(14,939,059)	101,890,607	11,639,437
<b>Business Type Activities:</b>					
Bonds Payable.....	56,250,217	1,508,907	(3,414,900)	54,344,224	3,934,184
Compensated Absences.....	313,107	324,048	(271,028)	366,127	315,149
Landfill Closure.....	1,050,000	-	(70,000)	980,000	70,000
Other Postemployment Benefits.....	3,771,000	266,415	(1,746,619)	2,290,796	-
Total Business Type Activities.....	61,384,324	2,099,370	(5,502,547)	57,981,147	4,319,333
Total.....	\$ 167,057,420	\$ 13,255,940	\$ (20,441,606)	\$ 159,871,754	\$ 15,958,770

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.
- **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.

	<u>General</u>	<u>Capital Projects</u>	<u>Highway Projects</u>	<u>Community Preservation Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>FUND BALANCES</b>						
Nonspendable:						
Permanent fund principal.....	\$ -	\$ -	\$ -	\$ -	\$ 11,093,750	\$ 11,093,750
Restricted for:						
Pension reserve.....	2,660,174	-	-	-	-	2,660,174
Town capital projects.....	-	11,206,780	-	-	-	11,206,780
Highway projects.....	-	-	956,039	-	-	956,039
School capital projects.....	-	437,646	-	-	-	437,646
Community preservation.....	-	-	-	8,767,535	-	8,767,535
Town revolving.....	-	-	-	-	2,894,239	2,894,239
School revolving.....	-	-	-	-	3,659,633	3,659,633
Town gift and grant funds.....	-	-	-	-	4,035,532	4,035,532
School gift and grant funds.....	-	-	-	-	2,003,860	2,003,860
Cemeteries and libraries.....	-	-	-	-	998,119	998,119
Conservation.....	-	-	-	-	77,474	77,474
Education.....	-	-	-	-	430,379	430,379
Other permanent funds.....	-	-	-	-	324,547	324,547
Assigned to:						
Town Council.....	6,386	-	-	-	-	6,386
Town Manager.....	31,041	-	-	-	-	31,041
Administrative services.....	275,008	-	-	-	-	275,008
Growth management.....	45,329	-	-	-	-	45,329
Public safety.....	25,008	-	-	-	-	25,008
Community services.....	32,627	-	-	-	-	32,627
Regulatory services.....	34,867	-	-	-	-	34,867
Education.....	582,733	-	-	-	-	582,733
Public works.....	336,855	-	-	-	-	336,855
Culture and recreation.....	158,163	-	-	-	-	158,163
Property and liability insurance.....	50,680	-	-	-	-	50,680
Employee benefits.....	16,293	-	-	-	-	16,293
Free cash voted for the FY 2014 budget.....	2,636,836	-	-	-	-	2,636,836
Unassigned.....	<u>26,137,881</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,137,881</u>
<b>TOTAL FUND BALANCES.....</b>	<b>\$ <u>33,029,881</u></b>	<b>\$ <u>11,644,426</u></b>	<b>\$ <u>956,039</u></b>	<b>\$ <u>8,767,535</u></b>	<b>\$ <u>25,517,533</u></b>	<b>\$ <u>79,915,414</u></b>

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

At June 30, 2013, the balance of the Town’s municipal purpose stabilization fund is \$12,185,902 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, 2013, the balance of the Town’s pension stabilization fund is \$2,660,174 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 fiscal year 1991 and performed a final capping of the landfill site in fiscal year 1997. At June 30, 2013, the Town has accrued \$980,000 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, 2013. Actual costs may be higher due to inflation, deflation, changes in technology, or changes in regulations.

#### **NOTE 11 – SOLID WASTE DISPOSAL**

In January, 1985, the Town entered into a twenty-seven year contract for the disposal of solid waste services, beginning in 1990, with SEMASS Partnership (SEMASS), a resource recovery facility located in Rochester, Massachusetts. The agreement requires the Town to annually deliver solid waste collected at the Barnstable Solid Waste Facility in Marstons Mills to the SEMASS Facility. The cost to dispose solid waste at SEMASS is governed by the Agreement and comprises the utilization of consumer price indexing and capital infrastructure improvements necessary due to age of facility and change-in-law requirements. The present disposal charge from SEMASS is \$37.76/ton. The Agreement with SEMASS is in effect until December 31, 2014. The Town is actively engaged in procurement activities and contract deliberations with SEMASS and other disposal vendors for a successor long-term disposal agreement.

A separate, joint agreement between the Towns of Barnstable and Yarmouth and the SEMASS Partnership requires the Town's solid waste to be delivered to the Yarmouth Transfer Station, a facility designed and constructed by Barnstable and Yarmouth to receive solid waste from both towns as well as from private haulers. The solid waste is loaded on to specially modified railroad cars and is then railed directly to SEMASS. Pursuant to the joint agreement, SEMASS is responsible for all costs relating to the delivery of Barnstable and Yarmouth's solid waste from the Yarmouth Transfer Station to the SEMASS Rochester waste-to-energy facility. Additionally, this agreement requires Barnstable to annually pay Yarmouth a \$1.00 per ton host fee to accept Barnstable's solid waste. In FY13, the total host fee paid to Yarmouth was \$9,278. As with the SEMASS Agreement, this joint agreement also expires on December 31, 2014. Barnstable, Yarmouth and SEMASS are actively engaged in contract deliberations for a successor long-term agreement to continue the same terms and conditions of the existing agreement.

#### **NOTE 12 – RISK FINANCING**

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

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

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

The Town was self-insured for its workers' compensation activities prior to fiscal year 2005 when the Town purchased commercial insurance. Beginning in fiscal year 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, 2013, the amount of the liability for self-insured workers' compensation claims totaled \$679,000 for governmental activities.

Changes in the reported liability since July 1, 2011, are as follows:

	<u>Balance at Beginning of Fiscal Year</u>		<u>Current Year Claims and Changes in Estimate</u>		<u>Claims Payments</u>		<u>Balance at Fiscal Year-End</u>		<u>Current Portion at Year-End</u>
<b>Governmental Activities:</b>									
Fiscal Year 2012.....	\$ 652,000	\$	491,132	\$	(464,132)	\$	679,000	\$	42,000
Fiscal Year 2013.....	679,000		826,527		(844,527)		661,000		42,000

**NOTE 13 – PENSION PLAN**

*Plan Description* – The Town contributes to the Barnstable County Retirement Association (the Association), a cost-sharing multiple-employer defined benefit pension plan administered by the Barnstable County Retirement Board. Substantially all employees are members of the Association, except for public school teachers and certain administrators who are members of the Massachusetts Teachers Retirement System, to which the Town does not contribute. Pension benefits and administrative expenses paid by the Teachers Retirement Board are the legal responsibility of the Commonwealth. The amount of these on-behalf payments totaled \$11,775,000 for the fiscal year ended June 30, 2013, and, accordingly, are reported in the general fund as intergovernmental revenues and pension expenditures.

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

*Funding Policy* – Plan members are required to contribute to the Association at rates ranging from 5% to 11% of annual covered compensation. The Town is required to pay into the Association its share of the system-wide actuarial determined contribution that is apportioned among the employers based on active current payroll.

Administrative expenses are funded through investment earnings. Chapter 32 of the MGL governs the contributions of plan members and the Town. The Town's contributions to the Association for the fiscal years ended June 30, 2013, 2012, and 2011 were \$6,956,781, \$6,538,491, and \$5,978,699, respectively, which equaled its required contribution for each fiscal year.

At June 30, 2013, the Town has \$2,660,174 in a pension reserve fund which is classified as part of the general fund in the governmental fund financial statements. The Town transferred \$315,000 from the pension reserve fund to the general fund in fiscal year 2013. The pension reserve fund may only be used to provide funding for annual contributions to the Association upon approval of the Council and the approval of the Public Employee Retirement Administration Commission (PERAC).

#### **NOTE 14 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

*Plan Description* – The Town of Barnstable administers a single-employer defined benefit healthcare plan (“the Retiree Health Plan”). The plan provides lifetime healthcare insurance for eligible retirees and their spouses through the Town's group health insurance plan, which covers both active and retired members. Chapter 32b of the MGL assigns authority to establish and amend benefit provisions of the plan. Benefit provisions are negotiated between the Town and the unions representing Town employees and are renegotiated each bargaining period. The Retiree Health Plan does not issue a publicly available financial report. Additionally, retired teachers and their spouses receive health insurance through the Group Insurance Commission of the Commonwealth of Massachusetts (GIC). Each participating municipality is assessed for the governmental share of health and life insurance premiums paid on-behalf of its teacher retirees by the state. The state pays 85 – 90% of the total premium; the retiree's co-payment is 10 – 15% of the total premium as well as full payment for catastrophic illness coverage. The Town's assessment from the Commonwealth, for retired teachers, for fiscal year 2013, totaled \$1,999,215.

*Funding Policy* – Contribution requirements are also negotiated between the Town and union representatives. The required contribution is based on a pay-as-you-go financing requirement. The Town contributes 50% of the cost of current-year premiums for eligible retired plan members and their spouses. Plan members receiving benefits contribute the remaining 50% of their premium costs. For fiscal year 2013, the Town's age-weighted contribution to the plan totaled approximately \$4.9 million.

The Commonwealth of Massachusetts passed special legislation that has allowed the Town to establish the postemployment benefit trust fund and to enable the Town to dedicate resources necessary to begin pre-funding its OPEB liabilities. During fiscal year 2013, the Town pre-funded future other postemployment benefit (OPEB) liabilities in the amount of \$200,000.

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

Annual required contribution.....	\$	8,389,868
Interest on net OPEB obligation.....		1,707,293
Adjustment for timing.....		<u>(1,315,394)</u>
Annual OPEB cost (expense).....		8,781,767
Contributions made (including retired teachers).....		<u>(4,916,640)</u>
Increase in net OPEB obligation.....		3,865,127
Net OPEB obligation - beginning of year.....		<u>32,519,859</u>
Net OPEB obligation - end of year.....	\$	<u><u>36,384,986</u></u>

The Town’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2013 was as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2013	\$ 8,781,767	56%	\$ 36,384,986
6/30/2012	11,440,618	49%	32,519,859
6/30/2011	10,905,664	53%	26,737,163

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

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (A)</u>	<u>Actuarial Accrued Liability (AAL) Entry Age Normal (B)</u>	<u>Unfunded AAL (UAAL) (B-A)</u>	<u>Funded Ratio (A/B)</u>	<u>Covered Payroll (C)</u>	<u>UAAL as a Percentage of Covered Payroll ((B-A)/C)</u>
6/30/2012	\$ 782,352	\$ 131,158,217	\$ 130,375,865	1%	\$ 49,818,000	261.70%
6/30/2010	-	162,010,280	162,010,280	0%	48,841,000	331.71%
6/30/2008	-	159,321,644	159,321,644	0%	44,795,126	355.67%

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

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

In the June 30, 2012, actuarial valuation, actuarial liabilities were determined using the entry age normal cost method. The actuarial assumptions included a 5.25% investment return assumption, which is based on the expected yield on the assets of the Town, calculated based on the funded level of the plan at the valuation date, and an annual medical/drug cost trend rate of 8% initially, decreasing .5% for six years to an ultimate level of 5% per year and included a 4.0% inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized over a 30 year open period using a level percentage of projected payroll with amortization payments increasing at 4.0% per year. The remaining amortization period at June 30, 2012 is 30 years.

#### **NOTE 15 – COMMITMENTS**

The Town has entered into, or is planning to enter into, contracts totaling \$22.8 million in relation to various capital projects including road and parking lot improvements, water quality improvements to lakes and ponds, sidewalk improvements, dredging, equipment purchases, boat ramp improvements, facility improvements, water line pipe replacements, sewer plant improvements and several improvement projects at the Barnstable Municipal Airport.

A total of \$592,000 of the airport enterprise fund surplus will be used to finance the projects at the airport. \$415,000 of the solid waste enterprise fund reserves are being used for equipment replacement. \$200,000 of the water enterprise fund reserves will be used for pump replacements and treatment plant upgrades and \$370,000 of the sewer enterprise fund reserves will be used for various plant improvements.

Capital Trust Fund reserves of \$3,316,000 and \$414,000 of proceeds from the sale of real estate will be used for public road, water quality and facility improvements. In addition, the Town has authorized \$17.5 million of new general obligation bonds to finance the various improvements previously mention. \$5.6 million is for general fund projects and \$11.9 million is for the enterprise funds. Of the \$11.9 million for the enterprise funds, \$9.5 million is for airport projects for which federal and state grant applications will be filed. It is anticipated that the airport will receive 80% to 97.5% grant funding on these projects; reducing the general bond obligations needed to finance their construction.

#### **NOTE 16 – CONTINGENCIES**

The Town participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of the Single Audit Act Amendments of 1996 through June 30, 2013, 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, 2013, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2013.

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

During fiscal year 2013, the following GASB pronouncements were implemented:

- GASB Statement #60, *Accounting and Financial Reporting for Service Concession Arrangements*. The implementation of this pronouncement did not impact the basic financial statements.
- GASB Statement #61, *The Financial Reporting Entity: Omnibus*. The implementation of this pronouncement did not impact the basic financial statements.
- GASB Statement #63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Financial statement changes include net position changing to net position and invested in capital assets, net of related debt changing to net investment in capital assets. Notes to the basic financial statements were changed to provide additional disclosure on deferred outflows of resources and deferred inflows of resources.
- GASB Statement #66, *Technical Corrections – 2012, an amendment of GASB Statements No. 10 and No. 62*. The implementation of this pronouncement did not impact the basic financial statements.

Future implementation of GASB pronouncements:

- The GASB issued Statement #65, *Items Previously Reported as Assets and Liabilities*, which is required to be implemented in fiscal year 2014.
- The GASB issued Statement #67, *Financial Reporting for Pension Plans*, which is required to be implemented in fiscal year 2014.
- The GASB issued Statement #68, *Accounting and Financial Reporting for Pensions*, which is required to be implemented in fiscal year 2015.
- The GASB issued Statement #69, *Government Combinations and Disposals of Government Operations*, which is required to be implemented in fiscal year 2015.
- The GASB issued Statement #70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, which is required to be implemented in fiscal year 2014.

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***

# ***Retirement System Schedules of Funding Progress and Employer Contributions***

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

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

**BARNSTABLE COUNTY RETIREMENT ASSOCIATION**  
**SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Liability (AAL) Entry Age (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
1/1/2012	\$ 651,063,981	\$ 1,173,483,848	\$ 522,419,867	55.5%	\$ 239,437,303	218.2%
1/1/2010	554,876,554	1,030,210,321	475,333,767	53.9%	234,374,075	202.8%
1/1/2009	520,089,855	966,564,614	446,474,759	53.8%	255,533,761	174.7%
1/1/2007	517,396,087	825,863,068	308,466,981	62.6%	226,391,633	136.3%
1/2/2006	465,637,984	765,747,723	300,109,739	60.8%	215,474,180	139.3%
1/1/2004	378,317,300	647,655,411	269,338,111	58.4%	190,614,004	141.3%
1/1/2002	362,911,896	553,531,966	190,620,070	65.6%	173,610,557	109.8%
1/1/2000	300,396,700	462,462,500	162,065,800	65.0%	152,293,100	106.4%
1/1/1998	235,247,660	404,215,695	168,968,035	58.2%	121,161,677	139.5%
1/1/1996	157,044,089	276,107,221	119,063,132	56.9%	108,456,079	109.8%
1/1/1993	97,194,645	226,430,792	129,236,147	42.9%	97,074,725	133.1%

The Town's share of the UAAL, as of January 1, 2012, is approximately 14.93%.

See notes to required supplementary information.

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

Fiscal Year Ended June 30	System Wide			Town of Barnstable	
	Annual Required Contributions	(A) Actual Contributions	Percentage Contributed	(B) Actual Contributions	(B/A) Town's Percentage of System Wide Actual Contributions
2013	\$ 46,702,087	\$ 46,702,087	100%	\$ 6,956,781	14.90%
2012	43,807,158	43,807,158	100%	6,538,491	14.93%
2011	43,893,051	43,893,051	100%	5,978,699	13.62%
2010	39,899,322	39,899,322	100%	5,718,412	14.33%
2009	36,943,817	36,943,817	100%	5,302,912	14.35%
2008	34,360,912	34,360,912	100%	4,888,198	14.23%
2007	32,038,146	32,038,146	100%	4,387,691	13.70%
2006	31,044,132	31,044,132	100%	4,143,691	13.35%
2005	27,846,430	27,846,430	100%	3,836,723	13.78%

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

See notes to required supplementary information.

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

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

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

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

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

**Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) 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)
6/30/2012	\$ 782,352	\$ 131,158,217	\$ 130,375,865	1%	\$ 49,818,000	261.70%
6/30/2010	-	162,010,280	162,010,280	0%	48,841,000	331.71%
6/30/2008	-	159,321,644	159,321,644	0%	44,795,126	355.67%
6/30/2006	-	150,545,412	150,545,412	0%	48,120,192	312.85%

**Schedule of Employer Contributions**

Year Ended	Annual Required Contribution	Actual Contributions Made	Percentage Contributed
6/30/2013	\$ 8,389,868	\$ 4,916,640	59%
6/30/2012	11,059,214	5,657,922	51%
6/30/2011	10,558,506	5,777,561	55%
6/30/2010	11,672,884	4,657,322	40%
6/30/2009	11,090,909	5,060,171	46%

See notes to required supplementary information.

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

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Actuarial Methods:

Valuation date.....	June 30, 2012
Actuarial cost method.....	Entry Age Normal
Amortization method.....	Amortization payments increasing at 4.0%
Remaining amortization period.....	30 years, open at June 30, 2012
Asset valuation method.....	Market value

Actuarial Assumptions:

Investment rate of return.....	5.25%, partially funded scenario
Inflation rate.....	4.0%
Medical/drug cost trend rate.....	8.0% decreasing by 0.5% for 6 years to an ultimate level of 5.0% per year.
Dental.....	5.0%
Part B reimbursement and/or penalties.....	6.0%

Plan Membership, including teachers:

Current retirees, beneficiaries, and dependents.....	790
Current active members.....	<u>820</u>
Total.....	<u><u>1,610</u></u>

See notes to required supplementary information.

**NOTE A – PENSION PLAN**

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

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

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

Valuation Date.....	January 1, 2012
Actuarial Cost Method.....	Entry Age Normal Cost Method
Amortization Method.....	Increasing at 6.0% after fiscal year 2015. Thereafter payments increase at 4.0% except for 2010 early retirement incentive, which is a level payment.
Remaining Amortization Period.....	26 years from July 1, 2012 for 2002 and 2003 Early Retirement Incentives, retiree sheriffs liability and remaining unfunded liability.
Asset Valuation Method.....	Sum of actuarial value at beginning of year and increase in cost value during year excluding realized appreciation or losses plus 20% of market value at end of year in excess of that preliminary value, adjusted to be within 20% of their market value.
Actuarial Assumptions:	
Investment rate of return.....	7.875%
Projected salary increases.....	Varies by length of service with ultimate rates of 4.75% and 5.25% for Groups 1 and 4, respectively.
Cost of living adjustments.....	3.0% for the first \$13,000 in fiscal year 2012, \$14,000 in fiscal year 2013, and \$15,000 in fiscal year 2014.

## Plan Membership:

Retired participants and beneficiaries receiving benefits.....	2,556
Inactive participants entitled to a return of their employee contributions.....	526
Inactive participants with a vested right to a deferred or immediate benefit.....	111
Active participants.....	<u>4,670</u>
Total.....	<u><u>7,863</u></u>

**NOTE B – OTHER POSTEMPLOYMENT BENEFITS**

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

The Town currently finances its other postemployment benefits (OPEB) on a 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 0.6%. In accordance with Governmental Accounting Standards, the Town has recorded its OPEB cost equal to the actuarial determined annual required contribution (ARC) which includes the normal cost of providing benefits for the year and a component for the amortization of the total unfunded actuarial accrued liability of the plan.

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

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

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

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

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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, 2013

	<i>Special Revenue Funds</i>				
	Town Revolving Funds	School Revolving Funds	Town Gift, Grant, and Other Funds	School Gift and Grant Funds	Subtotal
<b>ASSETS</b>					
Cash and cash equivalents.....	\$ 2,950,490	\$ 3,502,628	\$ 3,883,296	\$ 1,641,713	\$ 11,978,127
Investments.....	-	-	-	-	-
Receivables, net of uncollectibles:					
Tax liens.....	-	-	2,636	-	2,636
Special assessments.....	382,501	-	259,677	-	642,178
Intergovernmental.....	-	183,476	208,518	597,588	989,582
<b>TOTAL ASSETS.....</b>	<b>\$ 3,332,991</b>	<b>\$ 3,686,104</b>	<b>\$ 4,354,127</b>	<b>\$ 2,239,301</b>	<b>\$ 13,612,523</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES:</b>					
Warrants payable.....	\$ 15,370	\$ -	\$ 35,794	\$ 40,324	\$ 91,488
Accrued payroll.....	40,881	26,471	16,801	194,933	279,086
Other liabilities.....	-	-	3,687	184	3,871
Deferred revenues.....	382,501	-	262,313	-	644,814
<b>TOTAL LIABILITIES.....</b>	<b>438,752</b>	<b>26,471</b>	<b>318,595</b>	<b>235,441</b>	<b>1,019,259</b>
<b>FUND BALANCES:</b>					
Nonspendable.....	-	-	-	-	-
Restricted.....	2,894,239	3,659,633	4,035,532	2,003,860	12,593,264
<b>TOTAL FUND BALANCES.....</b>	<b>2,894,239</b>	<b>3,659,633</b>	<b>4,035,532</b>	<b>2,003,860</b>	<b>12,593,264</b>
<b>TOTAL LIABILITIES AND FUND BALANCES.....</b>	<b>\$ 3,332,991</b>	<b>\$ 3,686,104</b>	<b>\$ 4,354,127</b>	<b>\$ 2,239,301</b>	<b>\$ 13,612,523</b>

<b>Permanent Funds</b>						Total Nonmajor Governmental Funds
Cemeteries and Libraries	Conservation	Education	Other	Subtotal		
\$ 634,576	\$ 11,525	\$ 552,841	\$ 30,499	\$ 1,229,441	\$	13,207,568
6,507,625	118,192	4,759,652	309,662	11,695,131	\$	11,695,131
-	-	-	-	-		2,636
-	-	-	-	-		642,178
-	-	-	-	-		989,582
<u>\$ 7,142,201</u>	<u>\$ 129,717</u>	<u>\$ 5,312,493</u>	<u>\$ 340,161</u>	<u>\$ 12,924,572</u>	<u>\$</u>	<u>26,537,095</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$	91,488
-	-	-	303	303		279,389
-	-	-	-	-		3,871
-	-	-	-	-		644,814
-	-	-	303	303		1,019,562
6,144,082	52,243	4,882,114	15,311	11,093,750		11,093,750
998,119	77,474	430,379	324,547	1,830,519		14,423,783
<u>7,142,201</u>	<u>129,717</u>	<u>5,312,493</u>	<u>339,858</u>	<u>12,924,269</u>		<u>25,517,533</u>
<u>\$ 7,142,201</u>	<u>\$ 129,717</u>	<u>\$ 5,312,493</u>	<u>\$ 340,161</u>	<u>\$ 12,924,572</u>	<u>\$</u>	<u>26,537,095</u>

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

FISCAL YEAR ENDED JUNE 30, 2013

	<i>Special Revenue Funds</i>				
	Town Revolving Funds	School Revolving Funds	Town Gift, Grant, and Other Funds	School Gift and Grant Funds	Sub-total
<b>REVENUES:</b>					
Charges for services.....	\$ 1,000,015	\$ 2,671,127	\$ -	\$ -	\$ 3,671,142
Penalties and interest on taxes.....	-	-	1,520	-	1,520
Fees and rentals.....	19,725	154,677	387,180	-	561,582
Licenses and permits.....	756,183	-	260,192	-	1,016,375
Intergovernmental.....	3,859	916,404	4,626,293	6,147,310	11,693,866
Departmental and other.....	-	-	82,327	-	82,327
Special assessments.....	97,582	-	-	-	97,582
Contributions.....	10,442	771	147,388	30,135	188,736
Investment income.....	-	-	756	-	756
Miscellaneous.....	-	-	24,142	-	24,142
<b>TOTAL REVENUES.....</b>	<b>1,887,806</b>	<b>3,742,979</b>	<b>5,529,798</b>	<b>6,177,445</b>	<b>17,338,028</b>
<b>EXPENDITURES:</b>					
Current:					
Administrative services.....	1,771,826	-	766,770	-	2,538,596
Growth management.....	-	-	52,309	-	52,309
Public safety.....	-	-	3,525,835	-	3,525,835
Education.....	-	3,739,412	-	6,049,131	9,788,543
Public works.....	-	-	130,496	-	130,496
Community services.....	299,026	-	335,257	-	634,283
Regulatory services.....	458,648	-	23,363	-	482,011
Culture and recreation.....	366,236	-	-	-	366,236
Debt service:					
Principal.....	-	-	50,124	-	50,124
<b>TOTAL EXPENDITURES.....</b>	<b>2,895,736</b>	<b>3,739,412</b>	<b>4,884,154</b>	<b>6,049,131</b>	<b>17,568,433</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>	<b>(1,007,930)</b>	<b>3,567</b>	<b>645,644</b>	<b>128,314</b>	<b>(230,405)</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Sale of capital assets.....	-	-	195,500	-	195,500
Transfers in.....	-	198,211	145,184	177,000	520,395
Transfers out.....	(274,582)	-	(579,421)	(240,866)	(1,094,869)
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>(274,582)</b>	<b>198,211</b>	<b>(238,737)</b>	<b>(63,866)</b>	<b>(378,974)</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>(1,282,512)</b>	<b>201,778</b>	<b>406,907</b>	<b>64,448</b>	<b>(609,379)</b>
<b>FUND BALANCES AT BEGINNING OF YEAR.....</b>	<b>4,176,751</b>	<b>3,457,855</b>	<b>3,628,625</b>	<b>1,939,412</b>	<b>13,202,643</b>
<b>FUND BALANCES AT END OF YEAR.....</b>	<b>\$ 2,894,239</b>	<b>\$ 3,659,633</b>	<b>\$ 4,035,532</b>	<b>\$ 2,003,860</b>	<b>\$ 12,593,264</b>

<i>Permanent Funds</i>					Total Nonmajor Governmental Funds
Cemeteries and Libraries	Conservation	Education	Other	Sub-total	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,671,142
-	-	-	-	-	1,520
-	-	-	-	-	561,582
-	-	-	-	-	1,016,375
-	-	-	-	-	11,693,866
44,675	-	11,044	80,281	136,000	218,327
-	-	-	-	-	97,582
-	1,890	-	52,283	54,173	242,909
835,190	13,019	355,402	23,619	1,227,230	1,227,986
-	-	-	-	-	24,142
<u>879,865</u>	<u>14,909</u>	<u>366,446</u>	<u>156,183</u>	<u>1,417,403</u>	<u>18,755,431</u>
-	300	-	458	758	2,539,354
-	-	-	-	-	52,309
-	-	-	111,429	111,429	3,637,264
-	-	166,546	-	166,546	9,955,089
46,559	-	-	-	46,559	177,055
112,308	-	-	27,462	139,770	774,053
-	-	-	-	-	482,011
-	-	-	-	-	366,236
-	-	-	-	-	50,124
<u>158,867</u>	<u>300</u>	<u>166,546</u>	<u>139,349</u>	<u>465,062</u>	<u>18,033,495</u>
<u>720,998</u>	<u>14,609</u>	<u>199,900</u>	<u>16,834</u>	<u>952,341</u>	<u>721,936</u>
-	-	-	-	-	195,500
-	-	-	-	-	520,395
<u>(102,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(102,000)</u>	<u>(1,196,869)</u>
<u>(102,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(102,000)</u>	<u>(480,974)</u>
618,998	14,609	199,900	16,834	850,341	240,962
<u>6,523,203</u>	<u>115,108</u>	<u>5,112,593</u>	<u>323,024</u>	<u>12,073,928</u>	<u>25,276,571</u>
\$ <u>7,142,201</u>	\$ <u>129,717</u>	\$ <u>5,312,493</u>	\$ <u>339,858</u>	\$ <u>12,924,269</u>	\$ <u>25,517,533</u>

# ***Agency Fund***

## Fund Description

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

**AGENCY FUND**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**FISCAL YEAR ENDED JUNE 30, 2013**

	<u>July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2013</u>
<b>ASSETS</b>				
<b>CURRENT:</b>				
Cash and cash equivalents.....	\$ 513,652	\$ 2,303,747	\$ (2,225,664)	\$ 591,735
Receivables, net of allowance for uncollectibles:				
Departmental and other.....	<u>348,562</u>	<u>1,209,505</u>	<u>(1,247,166)</u>	<u>310,901</u>
<b>TOTAL ASSETS.....</b>	<b><u>\$ 862,214</u></b>	<b><u>\$ 3,513,252</u></b>	<b><u>\$ (3,472,830)</u></b>	<b><u>\$ 902,636</u></b>
<b>LIABILITIES</b>				
Police Details.....	\$ 284,150	\$ 36,804	\$ (74,769)	\$ 246,185
Student Activity Accounts.....	219,937	1,052,746	(983,362)	289,321
Performance Bonds.....	339,677	17,207	(15,514)	341,370
Other.....	<u>18,450</u>	<u>506,783</u>	<u>(499,473)</u>	<u>25,760</u>
<b>TOTAL LIABILITIES.....</b>	<b><u>\$ 862,214</u></b>	<b><u>\$ 1,613,540</u></b>	<b><u>\$ (1,573,118)</u></b>	<b><u>\$ 902,636</u></b>

## ***Additional Information***

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

QUARTERS ENDED SEPTEMBER 30, 2012, DECEMBER 31, 2012, MARCH 31, 2013, AND JUNE 30, 2013

	Quarters Ended				Annual Total
	September 30, 2012	December 31, 2012	March 31, 2013	June 30, 2013	
Passenger facility charges collected.....	\$ 53,442	\$ 37,214	\$ 30,874	\$ 45,933	\$ 167,463
Interest credited.....	127	146	161	181	615
Total revenue.....	<u>53,569</u>	<u>37,360</u>	<u>31,035</u>	<u>46,114</u>	<u>168,078</u>
Unexpended (overexpended) passenger facility charges at beginning of period.....	<u>(2,325,309)</u>	<u>(2,271,740)</u>	<u>(2,234,380)</u>	<u>(2,203,345)</u>	<u>(2,325,309)</u>
Excess (deficiency) of passenger facility charges collected over passenger facility charges expended at end of quarter.....	<u>\$ (2,271,740)</u>	<u>\$ (2,234,380)</u>	<u>\$ (2,203,345)</u>	<u>\$ (2,157,231)</u>	<u>\$ (2,157,231)</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 Sandy Neck cottage colony and lighthouse as seen from the village of Barnstable on the town's north shore. Barnstable Harbor is in the foreground.**



**Boats tied up at the Prince Cove Marina in the village of Marstons Mills. The marina is one of four town-owned marinas.**

# ***Statistical Section***

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

## ***Financial Trends***

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

## ***Revenue Capacity***

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

## ***Debt Capacity***

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

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

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

## ***Operating Information***

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

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

**Net Position By Component**

**Last Ten Fiscal Years**

Fiscal Year

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Governmental activities</b>										
Net investment in capital assets.....	\$ 138,116,458	\$ 146,813,704	\$ 149,076,904	\$ 164,369,948	\$ 172,052,048	\$ 170,657,049	\$ 167,732,404	\$ 178,881,293	\$ 184,421,601	\$ 191,206,448
Restricted.....	26,251,387	23,956,664	25,429,456	21,546,963	21,761,627	23,653,035	22,256,610	23,188,546	22,899,121	26,282,984
Unrestricted.....	<u>42,632,593</u>	<u>43,820,157</u>	<u>54,582,327</u>	<u>59,319,794</u>	<u>49,706,955</u>	<u>44,174,519</u>	<u>45,761,937</u>	<u>37,416,415</u>	<u>36,590,078</u>	<u>29,771,094</u>
<b>Total governmental activities net assets.....</b>	<b><u>\$ 207,000,438</u></b>	<b><u>\$ 214,590,525</u></b>	<b><u>\$ 229,088,687</u></b>	<b><u>\$ 245,236,705</u></b>	<b><u>\$ 243,520,630</u></b>	<b><u>\$ 238,484,603</u></b>	<b><u>\$ 235,750,951</u></b>	<b><u>\$ 239,486,254</u></b>	<b><u>\$ 243,910,800</u></b>	<b><u>\$ 247,260,526</u></b>
<b>Business-type activities</b>										
Net investment in capital assets.....	\$ 50,232,948	\$ 57,745,786	\$ 62,727,486	\$ 63,605,089	\$ 69,038,883	\$ 70,569,512	\$ 88,038,076	\$ 111,054,493	\$ 123,154,596	\$ 124,918,522
Unrestricted.....	<u>19,253,803</u>	<u>20,457,573</u>	<u>23,483,865</u>	<u>25,524,078</u>	<u>25,909,975</u>	<u>27,726,500</u>	<u>23,517,286</u>	<u>27,136,568</u>	<u>25,267,346</u>	<u>28,724,877</u>
<b>Total business-type activities net assets.....</b>	<b><u>\$ 69,486,751</u></b>	<b><u>\$ 78,203,359</u></b>	<b><u>\$ 86,211,351</u></b>	<b><u>\$ 89,129,167</u></b>	<b><u>\$ 94,948,858</u></b>	<b><u>\$ 98,296,012</u></b>	<b><u>\$ 111,555,362</u></b>	<b><u>\$ 138,191,061</u></b>	<b><u>\$ 148,421,942</u></b>	<b><u>\$ 153,643,399</u></b>
<b>Primary government</b>										
Net investment in capital assets.....	\$ 188,349,406	\$ 204,559,490	\$ 211,804,390	\$ 227,975,037	\$ 241,090,931	\$ 241,226,561	\$ 258,559,391	\$ 289,935,786	\$ 307,576,197	\$ 316,124,970
Restricted.....	26,251,387	23,956,664	25,429,456	21,546,963	21,761,627	23,653,035	22,256,610	23,188,546	22,899,121	26,282,984
Unrestricted.....	<u>61,886,396</u>	<u>64,277,730</u>	<u>78,066,192</u>	<u>84,843,872</u>	<u>75,616,930</u>	<u>71,901,019</u>	<u>66,490,312</u>	<u>64,552,983</u>	<u>61,857,424</u>	<u>58,495,971</u>
<b>Total primary government net position.....</b>	<b><u>\$ 276,487,189</u></b>	<b><u>\$ 292,793,884</u></b>	<b><u>\$ 315,300,038</u></b>	<b><u>\$ 334,365,872</u></b>	<b><u>\$ 338,469,488</u></b>	<b><u>\$ 336,780,615</u></b>	<b><u>\$ 347,306,313</u></b>	<b><u>\$ 377,677,315</u></b>	<b><u>\$ 392,332,742</u></b>	<b><u>\$ 400,903,925</u></b>

Changes in Net Position

Last Ten Fiscal Years

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Expenses</b>										
<b>Governmental activities:</b>										
Charter commission.....	\$ -	\$ -	\$ -	\$ -	\$ 2,065	\$ 46,380	\$ 15,000	\$ -	\$ -	\$ -
Town council.....	262,361	285,172	301,790	256,468	346,498	356,983	390,345	380,018	382,055	384,365
Town manager.....	512,055	583,608	580,947	579,318	719,449	675,969	752,700	683,316	745,955	893,507
Administrative services.....	7,838,976	8,779,638	8,518,874	8,378,688	9,862,293	9,691,557	10,318,986	10,601,542	10,330,594	12,590,742
Growth management.....	-	-	937,785	2,049,147	3,507,729	3,321,356	2,594,947	2,197,204	2,164,979	2,536,984
Public safety.....	10,263,728	11,621,456	12,660,482	13,406,737	15,378,587	15,190,576	15,951,164	15,656,195	16,445,394	21,156,100
Education.....	72,837,749	74,647,049	81,384,483	87,534,482	92,444,424	93,940,477	90,887,000	93,652,265	96,294,013	96,015,560
Public works.....	12,743,329	11,306,904	9,942,512	9,871,846	13,806,146	16,910,307	12,464,847	13,669,363	12,804,945	14,501,828
Community services.....	4,141,597	4,078,291	3,549,968	3,755,054	4,152,881	4,762,643	4,334,769	4,395,115	4,591,089	4,962,038
Regulatory services.....	2,803,627	3,541,727	3,124,650	3,112,902	3,753,307	2,964,772	4,205,724	4,204,140	4,480,702	4,611,395
Culture and recreation.....	1,412,413	1,451,247	1,771,570	1,664,769	1,817,859	1,727,069	1,689,753	1,673,945	2,047,950	2,167,069
Interest.....	4,902,192	4,870,383	4,585,580	4,803,026	4,595,119	4,707,186	3,623,266	3,227,684	3,199,774	2,597,202
<b>Total government activities expenses.....</b>	<b>117,718,027</b>	<b>121,165,475</b>	<b>127,358,641</b>	<b>135,412,437</b>	<b>150,386,357</b>	<b>154,295,275</b>	<b>147,228,501</b>	<b>150,340,787</b>	<b>153,487,450</b>	<b>162,416,790</b>
<b>Business-type activities:</b>										
Airport activities.....	4,844,264	5,416,775	6,195,889	6,501,195	7,563,704	7,062,613	6,034,854	6,908,268	7,468,840	8,065,196
Golf course activities.....	1,580,918	1,496,534	1,549,796	2,245,796	2,949,522	2,712,412	2,614,217	2,507,382	2,634,335	2,148,742
Solid waste activities.....	1,431,546	1,367,651	2,015,005	1,940,896	2,263,740	2,140,520	2,010,574	1,887,556	2,011,718	1,855,871
Wastewater activities.....	3,468,037	3,715,192	2,931,331	3,559,805	3,439,444	4,211,888	4,604,835	4,307,355	4,924,221	4,693,467
Water company activities.....	-	241,701	2,320,786	2,392,945	2,322,025	2,222,892	2,393,652	2,309,337	2,695,528	3,120,198
Marina activities.....	-	-	433,577	523,997	559,857	493,447	468,960	521,888	572,555	627,750
Sandy Neck recreation activities.....	-	-	358,068	395,516	467,692	474,332	501,888	537,561	617,232	580,846
Hyannis youth and community center.....	-	-	-	-	-	-	1,970,413	2,286,860	2,285,247	2,360,247
<b>Total business-type activities expenses.....</b>	<b>11,324,765</b>	<b>12,237,853</b>	<b>15,804,452</b>	<b>17,560,150</b>	<b>19,565,984</b>	<b>19,318,104</b>	<b>20,599,393</b>	<b>21,266,207</b>	<b>23,209,676</b>	<b>23,452,317</b>
<b>Total primary government expenses.....</b>	<b>\$ 129,042,792</b>	<b>\$ 133,403,328</b>	<b>\$ 143,163,093</b>	<b>\$ 152,972,587</b>	<b>\$ 169,952,341</b>	<b>\$ 173,613,379</b>	<b>\$ 167,827,894</b>	<b>\$ 171,606,994</b>	<b>\$ 176,697,126</b>	<b>\$ 185,869,107</b>
<b>Program Revenues</b>										
<b>Governmental activities:</b>										
Administrative services charges for services.....	\$ 876,128	\$ 1,154,593	\$ 807,012	\$ 576,201	\$ 804,576	\$ 730,873	\$ 755,951	\$ 709,164	\$ 845,002	\$ 759,649
Education charges for services.....	3,573,560	3,629,238	2,919,006	3,166,525	4,241,309	3,240,712	2,599,327	2,597,573	2,552,873	2,831,275
Community services charges for services.....	2,497,006	2,503,371	1,539,633	1,618,139	1,599,885	1,717,789	1,569,081	1,752,891	1,973,424	1,916,796
Regulatory services charges for services.....	1,740,014	2,221,754	2,451,852	2,244,531	2,312,451	2,116,776	2,296,375	2,694,281	2,826,890	2,904,766
Other charges for services.....	1,133,394	1,221,860	1,502,313	1,401,151	1,732,923	2,219,533	1,282,396	1,901,709	1,564,983	1,620,970
Operating grants and contributions.....	20,587,459	23,299,779	24,670,911	28,058,414	27,133,578	28,396,710	30,536,034	30,178,585	31,552,139	32,799,639
Capital grant and contributions.....	4,703,314	4,008,692	7,578,724	8,209,397	6,778,249	3,334,070	3,444,938	4,058,312	2,938,336	6,709,206
<b>Total government activities program revenues.....</b>	<b>35,110,875</b>	<b>38,039,287</b>	<b>41,469,451</b>	<b>45,274,358</b>	<b>44,602,971</b>	<b>41,756,463</b>	<b>42,484,102</b>	<b>43,892,515</b>	<b>44,253,647</b>	<b>49,542,301</b>
<b>Business-type activities:</b>										
Charges for services - Airport.....	4,286,121	4,935,184	5,945,718	6,434,413	7,160,730	6,810,056	5,490,285	6,506,669	6,585,493	6,969,301
Charges for services - Golf Course.....	1,816,543	1,798,858	1,761,676	2,516,328	2,993,201	3,027,102	2,891,917	3,395,629	2,774,195	2,882,023
Charges for services - Solid Waste.....	1,523,245	1,633,455	1,842,879	2,045,585	2,151,196	2,006,111	2,070,045	2,094,528	2,189,147	2,171,301
Charges for services - Wastewater.....	3,827,039	3,858,633	3,865,308	3,437,641	3,650,336	3,187,621	3,927,176	3,569,586	4,048,083	4,194,565
Charges for services - Water Supply.....	-	-	2,648,165	2,816,039	3,235,835	3,123,598	3,193,402	3,551,796	3,848,765	4,195,886
Charges for services - Marina.....	-	-	706,138	666,312	653,480	651,019	557,513	627,670	680,419	657,281
Charges for services - Sandy Neck recreation.....	-	-	489,144	512,590	583,545	569,561	616,104	693,869	839,323	714,585
Charges for services - Hyannis youth and community center.....	-	-	-	-	-	-	1,149,921	1,332,574	1,361,171	1,196,908
Operating grants and contributions.....	1,330,865	1,017,413	476,700	555,116	500,061	436,056	259,036	383,432	357,529	525,089
Capital grants and contributions.....	3,414,401	2,294,113	3,732,082	1,280,816	4,498,513	2,881,380	5,468,016	23,235,870	9,483,491	1,843,059
<b>Total business-type activities program revenues.....</b>	<b>16,198,214</b>	<b>15,537,656</b>	<b>21,467,810</b>	<b>20,264,840</b>	<b>25,426,897</b>	<b>22,692,504</b>	<b>25,623,415</b>	<b>45,391,623</b>	<b>32,167,616</b>	<b>25,349,998</b>
<b>Total primary government program revenues.....</b>	<b>\$ 51,309,089</b>	<b>\$ 53,576,943</b>	<b>\$ 62,937,261</b>	<b>\$ 65,539,198</b>	<b>\$ 70,029,868</b>	<b>\$ 64,448,967</b>	<b>\$ 68,107,517</b>	<b>\$ 89,284,138</b>	<b>\$ 76,421,263</b>	<b>\$ 74,892,299</b>

(Continued)

**Changes in Net Position**

Last Ten Fiscal Years

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Net (Expense)/Revenue</b>										
Governmental activities.....	\$ (82,607,152)	\$ (83,126,188)	\$ (85,889,190)	\$ (90,138,079)	\$ (105,783,386)	\$ (112,538,812)	\$ (104,744,399)	\$ (106,448,272)	\$ (109,233,803)	\$ (112,874,489)
Business-type activities.....	4,873,449	3,299,803	5,663,358	2,704,690	5,860,913	3,374,400	5,024,022	24,125,416	8,957,940	1,897,681
Total primary government net expense.....	\$ <u>(77,733,703)</u>	\$ <u>(79,826,385)</u>	\$ <u>(80,225,832)</u>	\$ <u>(87,433,389)</u>	\$ <u>(99,922,473)</u>	\$ <u>(109,164,412)</u>	\$ <u>(99,720,377)</u>	\$ <u>(82,322,856)</u>	\$ <u>(100,275,863)</u>	\$ <u>(110,976,808)</u>
<b>General Revenues and other Changes in Net Position</b>										
Governmental activities:										
Real estate and personal property taxes, net of tax refunds payable.....	\$ 73,674,105	\$ 77,051,302	\$ 80,072,721	\$ 82,597,461	\$ 84,936,744	\$ 88,253,725	\$ 90,663,777	\$ 93,673,200	\$ 97,222,576	\$ 99,665,171
Motor vehicle and other excise taxes.....	6,165,945	7,037,163	6,286,515	6,756,143	6,350,453	5,625,147	5,206,615	6,051,330	5,416,330	6,251,595
Hotel/motel tax.....	1,613,228	1,688,423	1,649,084	1,612,004	1,665,130	1,604,723	1,489,471	1,866,536	2,470,674	2,563,046
Meals tax.....	-	-	-	-	-	-	-	619,193	1,206,380	1,261,113
Penalties and interest on taxes.....	752,812	799,569	741,586	795,696	852,148	905,602	778,660	897,236	1,019,421	1,006,469
Community preservation surtax.....	2,195,096	2,277,056	2,335,045	2,453,874	2,474,265	2,619,643	2,651,234	2,734,079	2,863,995	2,942,493
Grants and contributions not restricted to specific programs.....	2,769,094	3,974,443	6,225,836	4,203,225	4,055,268	3,742,347	2,698,754	2,665,950	2,645,768	2,462,643
Unrestricted investment income.....	1,027,266	1,927,041	2,526,549	6,461,005	2,555,986	746,614	3,722,928	3,421,534	1,866,929	2,573,660
Gain on sale of capital assets.....	-	283,500	1,722,672	25,000	-	-	31,831	-	-	185,500
Miscellaneous.....	249,434	535,151	-	110,367	-	-	25,968	448,500	30,765	86,629
Legal settlements.....	-	-	-	-	-	3,492,881	262,307	-	-	-
Transfers.....	1,174,851	(4,857,372)	(1,172,656)	1,271,322	1,177,317	512,103	(8,071,724)	(2,193,983)	(1,084,489)	(2,774,104)
Total governmental activities.....	89,621,831	90,716,276	100,387,352	106,286,097	104,067,311	107,502,785	99,459,821	110,183,575	113,658,349	116,224,215
Business-type activities:										
Unrestricted investment income.....	173,202	559,433	1,119,622	1,480,924	1,136,095	484,857	163,604	316,300	188,452	549,672
Gain on sale of capital assets.....	-	-	52,356	3,524	-	-	-	-	-	-
Transfers.....	(1,174,851)	4,857,372	1,172,656	(1,271,322)	(1,177,317)	(512,103)	8,071,724	2,193,983	1,084,489	2,774,104
Total business-type activities.....	(1,001,649)	5,416,805	2,344,634	213,126	(41,222)	(27,246)	8,235,328	2,510,283	1,272,941	3,323,776
Total primary government.....	\$ <u>88,620,182</u>	\$ <u>96,133,081</u>	\$ <u>102,731,986</u>	\$ <u>106,499,223</u>	\$ <u>104,026,089</u>	\$ <u>107,475,539</u>	\$ <u>107,695,149</u>	\$ <u>112,693,858</u>	\$ <u>114,931,290</u>	\$ <u>119,547,991</u>
<b>Changes in Net Position</b>										
Governmental activities.....	\$ 7,014,679	\$ 7,590,088	\$ 14,498,162	\$ 16,148,018	\$ (1,716,075)	\$ (5,036,027)	\$ (5,284,578)	\$ 3,735,303	\$ 4,424,546	\$ 3,349,726
Business-type activities.....	3,871,800	8,716,608	8,007,992	2,917,816	5,819,691	3,347,154	13,259,350	26,635,699	10,230,881	5,221,457
Total primary government.....	\$ <u>10,886,479</u>	\$ <u>16,306,696</u>	\$ <u>22,506,154</u>	\$ <u>19,065,834</u>	\$ <u>4,103,616</u>	\$ <u>(1,688,873)</u>	\$ <u>7,974,772</u>	\$ <u>30,371,002</u>	\$ <u>14,655,427</u>	\$ <u>8,571,183</u>

(Concluded)

**Fund Balances, Governmental Funds**

**Last Ten Fiscal Years**

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>General Fund</b>										
Reserved.....	\$ 5,001,609	\$ 1,726,344	\$ 2,009,316	\$ 1,512,248	\$ 1,888,999	\$ 1,241,639	\$ 2,816,525	\$ -	\$ -	\$ -
Unreserved.....	12,496,127	21,963,775	26,988,088	28,200,523	19,740,194	15,179,667	14,901,926	-	-	-
Restricted.....	-	-	-	-	-	-	-	2,863,023	2,660,805	2,660,174
Assigned.....	-	-	-	-	-	-	-	6,122,506	2,007,306	4,231,826
Unassigned.....	-	-	-	-	-	-	-	21,612,742	28,734,188	26,137,881
<b>Total general fund.....</b>	<b>\$ 17,497,736</b>	<b>\$ 23,690,119</b>	<b>\$ 28,997,404</b>	<b>\$ 29,712,771</b>	<b>\$ 21,629,193</b>	<b>\$ 16,421,306</b>	<b>\$ 17,718,451</b>	<b>\$ 30,598,271</b>	<b>\$ 33,402,299</b>	<b>\$ 33,029,881</b>
<b>All Other Governmental Funds</b>										
Reserved.....	\$ 9,480,537	\$ 9,634,502	\$ 9,625,989	\$ 10,228,805	\$ 10,287,552	\$ 8,847,452	\$ 9,504,307	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds.....	24,939,370	24,320,865	28,427,537	30,311,236	36,842,393	38,643,071	36,566,719	-	-	-
Capital projects funds.....	9,971,416	9,158,632	8,724,569	28,615,260	34,643,214	15,845,729	15,837,839	-	-	-
Permanent funds.....	866,039	441,646	565,998	903,589	96,544	1,092,032	1,022,510	-	-	-
Nonspendable.....	-	-	-	-	-	-	-	10,326,319	10,467,992	11,093,750
Restricted.....	-	-	-	-	-	-	-	41,212,995	37,936,503	35,791,783
<b>Total all other governmental funds.....</b>	<b>\$ 45,257,362</b>	<b>\$ 43,555,645</b>	<b>\$ 47,344,093</b>	<b>\$ 70,058,890</b>	<b>\$ 81,869,703</b>	<b>\$ 64,428,284</b>	<b>\$ 62,931,375</b>	<b>\$ 51,539,314</b>	<b>\$ 48,404,495</b>	<b>\$ 46,885,533</b>

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

**Changes in Fund Balances, Governmental Funds**

**Last Ten Fiscal Years**

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Revenues:</b>										
Real estate and personal property taxes, net of tax refunds.....	\$ 73,526,645	\$ 77,391,784	\$ 79,020,367	\$ 82,783,866	\$ 84,855,790	\$ 88,165,857	\$ 89,592,295	\$ 92,202,438	\$ 97,818,235	\$ 99,399,272
Motor vehicle and other excise taxes.....	6,297,172	6,537,273	6,316,691	6,704,665	6,617,601	5,646,089	5,249,626	5,938,937	5,510,517	6,209,316
Hotel/motel tax.....	1,613,228	1,667,469	1,644,352	1,612,004	1,670,130	1,624,723	1,481,471	1,739,536	2,468,674	2,537,046
Meals tax.....	-	-	-	-	-	-	-	490,193	1,197,380	1,255,113
Charges for services.....	5,721,290	5,984,915	6,093,501	5,296,145	6,710,275	6,792,198	4,808,371	5,068,114	4,976,473	5,380,029
Penalties and interest on taxes.....	752,812	799,569	741,661	1,335,052	1,210,709	1,206,383	1,070,307	1,199,934	1,359,907	1,429,142
Fees and rentals.....	1,712,699	1,622,252	898,311	1,003,400	1,210,892	1,107,126	1,199,488	1,452,502	1,492,829	1,622,674
Licenses and permits.....	1,746,132	2,047,639	2,139,204	2,088,864	2,170,128	2,092,985	2,131,386	2,855,284	3,010,391	2,931,858
Intergovernmental.....	28,922,799	34,186,154	37,930,900	36,751,218	35,426,249	35,349,630	36,622,958	37,544,400	39,349,380	40,999,777
Departmental and other.....	1,099,676	1,832,449	1,410,779	1,956,268	1,603,490	1,929,525	1,238,096	1,093,917	982,707	671,549
Special assessments.....	171,815	132,650	98,262	191,884	151,983	143,209	220,269	305,021	345,820	353,293
Community preservation surtax.....	2,195,096	2,277,056	2,335,045	2,453,874	2,474,265	2,619,643	2,651,234	2,734,079	2,863,995	2,942,493
Contributions.....	145,980	93,250	100,871	196,313	99,882	153,455	123,891	297,281	296,185	242,909
Investment income.....	1,027,613	1,928,006	2,528,861	6,464,023	2,558,229	747,670	3,723,219	3,422,381	1,863,501	2,554,945
Miscellaneous.....	1,855	184,065	-	-	-	-	262,658	460,016	6,885	24,191
Legal settlements.....	-	-	-	-	-	3,492,881	262,307	-	-	-
<b>Total Revenues.....</b>	<b>124,934,812</b>	<b>136,684,531</b>	<b>141,258,805</b>	<b>148,837,576</b>	<b>146,759,623</b>	<b>151,071,374</b>	<b>150,637,576</b>	<b>156,804,033</b>	<b>163,542,879</b>	<b>168,553,607</b>
<b>Expenditures:</b>										
Charter commission.....	-	-	-	-	2,065	46,380	15,000	-	-	-
Town council.....	246,071	267,243	278,559	231,825	289,995	296,316	321,346	315,151	309,303	252,750
Town manager.....	464,983	531,329	521,535	518,618	574,215	541,963	600,291	540,036	596,044	605,498
Administrative services.....	5,553,635	5,826,143	5,566,097	5,223,523	5,816,199	5,721,376	6,022,630	6,390,572	6,265,047	7,524,126
Growth management.....	-	-	864,871	1,908,052	3,162,311	3,023,167	2,255,806	1,876,994	1,837,388	2,091,175
Public safety.....	10,148,280	10,385,370	10,974,924	11,372,831	11,423,726	11,562,679	11,877,172	11,945,147	12,583,679	14,812,467
Education.....	62,561,166	63,111,637	68,092,203	71,994,705	73,768,453	74,154,718	69,418,073	71,603,329	72,947,953	69,573,482
Public works.....	7,374,652	9,043,063	8,071,026	7,067,157	8,766,085	12,507,268	5,801,985	8,697,677	7,999,323	8,809,756
Community services.....	3,219,318	3,352,642	3,012,255	3,026,874	3,031,730	3,731,611	3,269,069	3,323,697	3,542,911	3,099,734
Regulatory services.....	2,121,573	2,170,733	2,844,921	2,354,396	2,537,742	1,498,642	2,602,377	2,690,984	2,951,035	2,852,514
Culture and recreation.....	1,412,413	1,451,247	1,687,360	1,621,122	1,715,718	1,727,069	1,689,753	1,673,945	2,047,950	2,167,069
Pension and employee benefits.....	9,501,689	10,534,400	11,202,820	12,363,057	13,793,046	15,287,773	17,096,982	18,953,642	19,880,251	27,424,995
Property and liability insurance.....	866,088	1,133,249	1,066,222	1,175,345	1,202,223	1,151,284	1,205,171	1,281,890	1,312,879	1,310,179
Claims and judgments.....	-	-	-	-	450,972	-	-	-	-	-
Other assessments.....	246,942	218,638	271,886	270,401	325,747	424,848	492,852	423,836	375,478	398,239
State and county charges.....	2,789,438	2,981,154	4,619,631	5,179,582	5,283,974	5,500,040	5,670,113	5,864,464	6,443,074	6,578,322
Capital outlay.....	19,903,863	9,631,980	6,363,859	9,828,269	12,063,864	22,486,003	9,398,699	12,727,196	10,637,388	8,353,164
Debt service										
Principal.....	8,322,609	8,438,821	7,978,726	8,074,177	9,007,988	9,841,839	8,908,613	9,404,339	9,931,989	9,298,893
Interest.....	4,778,832	4,828,154	4,643,055	4,689,917	4,619,652	4,729,807	3,691,341	3,305,081	3,290,957	2,714,020
<b>Total Expenditures.....</b>	<b>139,511,552</b>	<b>133,905,803</b>	<b>138,059,950</b>	<b>146,899,851</b>	<b>157,835,705</b>	<b>174,232,783</b>	<b>150,337,273</b>	<b>161,017,980</b>	<b>162,952,649</b>	<b>167,866,383</b>
Excess of revenues over (under) expenditures.....	(14,576,740)	2,778,728	3,198,855	1,937,725	(11,076,082)	(23,161,409)	300,303	(4,213,947)	590,230	687,224
<b>Other Financing Sources (Uses)</b>										
Issuance of bonds and notes.....	13,633,000	6,280,000	2,550,000	19,893,000	13,626,000	-	4,959,000	7,535,000	-	-
Issuance of refunding bonds.....	-	-	-	38,101,000	-	-	-	8,641,000	10,037,900	-
Premium from issuance of bonds.....	203,841	5,810	-	240,059	-	-	-	360,689	30,765	-
Premium from issuance of refunding bonds.....	-	-	-	1,076,268	-	-	-	641,187	966,394	-
Sale of capital assets.....	-	283,500	3,000,000	25,000	-	-	31,831	-	-	195,500
Payment to bond escrow agent.....	-	-	-	(39,114,210)	-	-	-	(9,282,187)	(10,871,591)	-
Transfers in.....	13,813,434	14,063,605	15,971,349	18,461,664	23,252,992	21,271,536	20,474,644	6,854,634	7,015,052	6,336,045
Transfers out.....	(12,638,583)	(18,920,977)	(15,624,471)	(17,190,342)	(22,075,675)	(20,759,433)	(25,965,542)	(9,048,617)	(8,099,541)	(9,110,149)
<b>Total other financing sources (uses).....</b>	<b>15,011,692</b>	<b>1,711,938</b>	<b>5,896,878</b>	<b>21,492,439</b>	<b>14,803,317</b>	<b>512,103</b>	<b>(500,067)</b>	<b>5,701,706</b>	<b>(921,021)</b>	<b>(2,578,604)</b>
<b>Net change in fund balance.....</b>	<b>\$ 434,952</b>	<b>\$ 4,490,666</b>	<b>\$ 9,095,733</b>	<b>\$ 23,430,164</b>	<b>\$ 3,727,235</b>	<b>\$ (22,649,306)</b>	<b>\$ (199,764)</b>	<b>\$ 1,487,759</b>	<b>\$ (330,791)</b>	<b>\$ (1,891,380)</b>
Debt service as a percentage of noncapital expenditures.....	10.95%	10.68%	9.58%	9.31%	9.35%	9.60%	8.94%	8.57%	8.68%	7.53%

**Notes:**

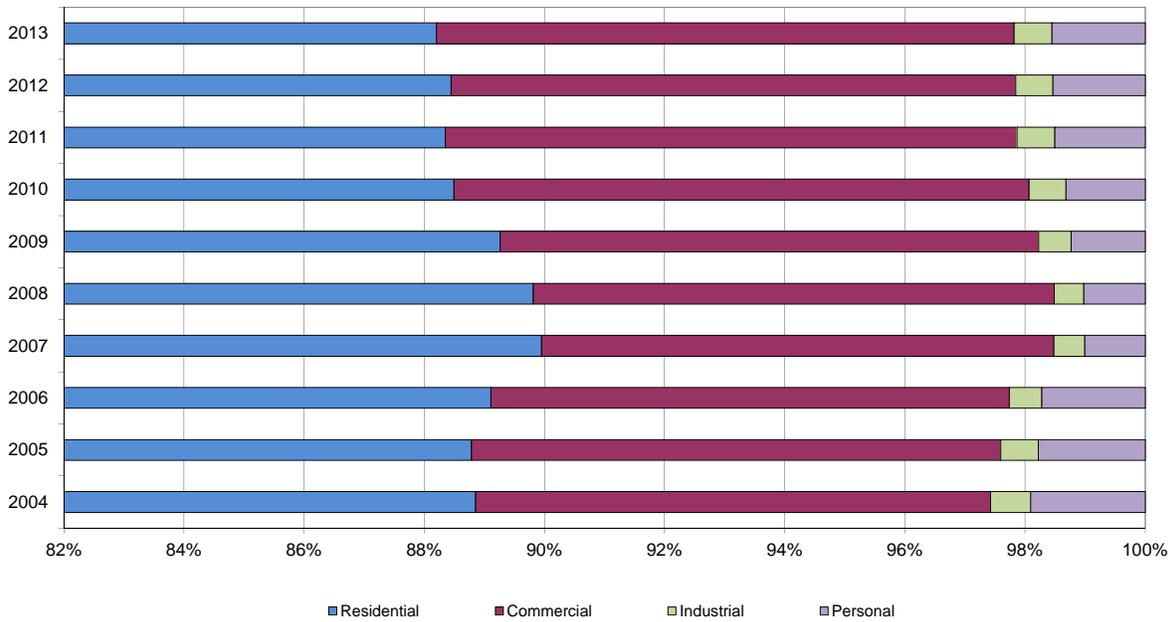
Some functional expenses are reported in different lines in older years.

Assessed Value of Taxable Property by Classification and Tax Rates

Last Ten Fiscal Years

Fiscal Year	Assessed and Actual Values and Tax Rates											
	Residential Value	Residential Tax Rate	Commercial Value	Industrial Value	Total Commercial Value	Commercial Tax Rate	Personal Property	Personal Property Tax Rate	Total Direct Rate (4)	Overlapping Rate (5)	Total Direct and Overlapping Rate	Total Town Value
2004	(1) \$ 10,023,257,151	\$ 6.61	\$ 967,131,329	\$ 75,686,020	\$ 1,042,817,349	\$ 6.61	\$ 214,717,352	6.61	\$ 6.61	\$ 1.60	\$ 8.21	\$ 11,280,791,852
2005	11,381,231,761	6.05	1,129,516,623	80,250,820	1,209,767,443	6.05	228,014,240	6.05	6.05	1.55	7.60	12,819,013,444
2006	(2) 12,710,161,443	6.31	1,230,557,567	77,084,090	1,307,641,657	6.54	245,409,010	6.49	6.34	1.58	7.91	14,263,212,110
2007	(1),(3) 13,443,704,362	6.32	1,275,048,264	77,011,100	1,352,059,364	5.57	149,981,380	5.57	6.24	1.58	7.82	14,945,745,106
2008	(3) 13,323,872,172	6.58	1,286,489,328	73,265,400	1,359,754,728	5.80	151,079,850	5.80	6.50	1.60	8.10	14,834,706,750
2009	(3) 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),(3) 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	(3) 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	(3) 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),(3) 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

Percentage of Total Assessed Value By Classification



(1) Revaluation year.  
 (2) In FY2006 the Town adopted a split tax rate (factor of 1.15), a residential exemption (20%), and a small business exemption (10%) resulting in different tax rates between classes.  
 (3) In FY2007 through FY2013 the Town adopted a 20% residential exemption and no split tax rate factor resulting in a higher residential rate.  
 (4) Weighted average direct tax rate, calculated as weighted average of residential, commercial and personal property tax rates.  
 (5) Overlapping rates for the five fire districts. Four fire districts adopted a single tax rate and one adopted the residential exemption. In fiscal year 2013, rates ranged from \$1.48 per \$1,000 of valuation to \$2.85 per \$1,000 of valuation for an average rate of \$2.13 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 fiscal year as determined by the State Commissioner of Revenue by more than 2 1/2 percent, subject to an exception for property added to the tax rolls and for certain substantial valuation increases other than as part of a general revaluation. The secondary limit may be exceeded in any year by a majority vote of the voters, however it cannot exceed the primary limitation.

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

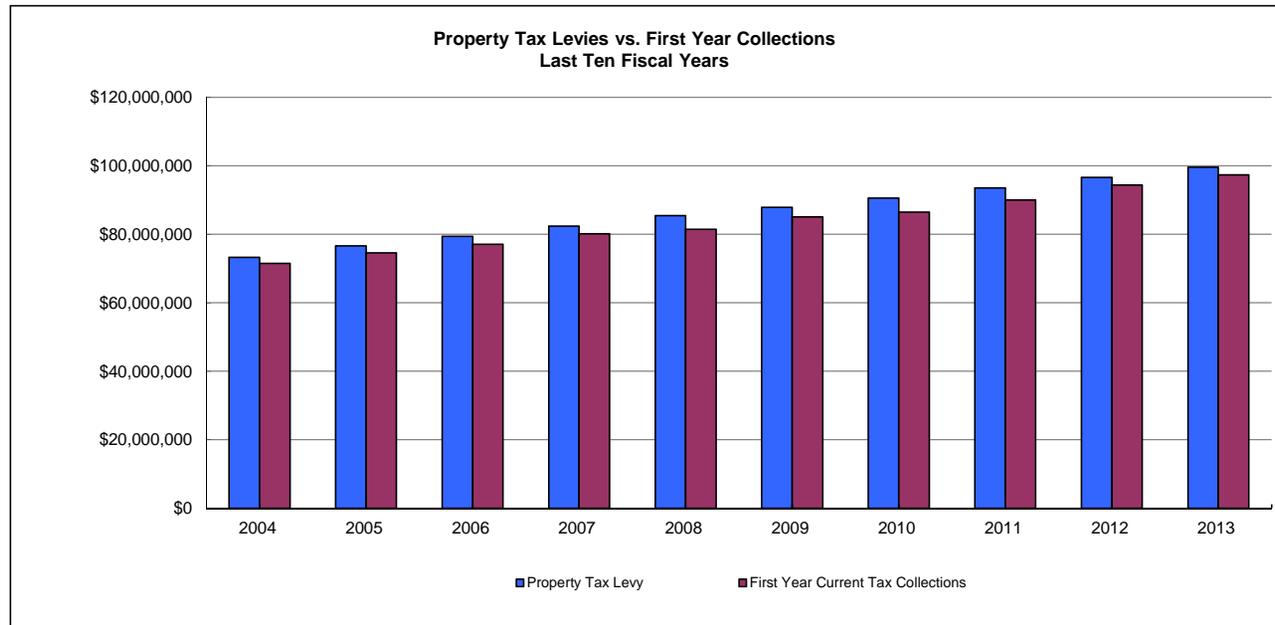
Name	Nature of Business	2013			2004		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
Mayflower Cape Cod, LLC	Cape Cod Mall	\$ 100,023,400	1	0.79%	\$ 73,386,600	1	0.65%
NSTAR	Public Utility	71,850,180	2	0.56%	28,415,110	4	0.25%
Individual	Residential Properties	46,879,210	3	0.37%	45,850,500	2	0.41%
Verizon	Public Utility	37,178,730	4	0.29%	19,147,500	8	0.17%
National Grid	Public Utility	32,189,600	5	0.25%			
Oyster Harbors Club, Inc.	Social Club & Residential Properties	28,526,510	6	0.22%	33,367,200	3	0.30%
Individual	Residential Properties	25,146,700	7	0.20%	19,067,300	9	0.17%
OCW Retail Hyannis, LLC	Shopping Center	24,940,400	8	0.20%			
Wianno Club, Inc.	Recreation	24,827,200	9	0.20%	24,214,220	6	0.21%
Festival of Hyannis, LLC	Shopping Center	22,830,500	10	0.18%			
CH Realty II	Shopping Mall				27,317,800	5	0.24%
Cape Harbor Association	Shopping Center				21,069,200	7	0.19%
Thomas Flatley	Shopping Mall				18,329,800	10	0.16%
	<b>Totals</b>	<b>\$ 414,392,430</b>		<b>3.26%</b>	<b>\$ 310,165,230</b>		<b>2.75%</b>

Source: Assessor's Department, Town of Barnstable

**Property Tax Levies and Collections**

**Last Ten Fiscal Years**

<b>Fiscal Year</b>		<b>Total Tax Levy</b>	<b>Less Abatements &amp; Exemptions</b>	<b>Net Tax Levy</b>	<b>Net as % of Total</b>	<b>First Year Current Tax Collections</b>	<b>Percent of Net Levy Collected</b>	<b>Subsequent Tax Collections</b>	<b>Total Tax Collections</b>	<b>Percent of Total Tax Collections to Net Tax Levy</b>
2004	(1)	\$ 74,566,035	\$ 1,270,000	\$ 73,296,035	98.30%	\$ 71,457,482	97.49%	\$ 1,835,610	\$ 73,293,092	100.00%
2005		77,555,031	946,908	76,608,123	98.78%	74,559,345	97.33%	2,011,418	76,570,763	99.95%
2006		80,475,762	1,045,778	79,429,984	98.70%	77,045,176	97.00%	2,073,537	79,118,713	99.61%
2007	(1)	83,218,734	867,160	82,351,574	98.96%	80,162,980	97.34%	1,863,455	82,026,435	99.61%
2008		86,040,891	612,490	85,428,401	99.29%	81,481,702	95.38%	3,231,630	84,713,332	99.16%
2009		89,064,457	1,211,254	87,853,203	98.64%	85,039,042	96.80%	1,975,318	87,014,360	99.05%
2010	(1)	91,769,862	1,220,910	90,548,952	98.67%	86,505,210	95.53%	2,426,140	88,931,350	98.21%
2011		94,579,103	1,073,698	93,505,405	98.86%	89,989,123	96.24%	2,226,985	92,216,108	98.62%
2012		97,325,379	752,733	96,572,646	99.23%	94,416,773	97.77%	1,002,664	95,419,437	98.81%
2013	(1)	100,386,021	770,430	99,615,591	99.23%	97,321,872	97.70%	-	97,321,872	97.70%



(1) Revaluation year.

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

**Last Ten Fiscal Years**

Fiscal Year	U. S. Census Population	Personal Income	Assessed Value	Governmental Activities Debt				
				General Obligation Bonds	Capital Leases	Per Capita	Percentage of Personal Income	Percentage of Assessed Value
2004	48,535	\$ 1,312,601,000	\$ 11,280,791,852	\$ 107,548,113	\$ -	\$ 2,216	8.19%	0.95%
2005	47,826	1,392,438,000	12,819,013,444	105,426,797	-	2,204	7.57%	0.82%
2006	47,380	1,361,228,000	14,263,212,110	97,283,071	3,875	2,053	7.15%	0.68%
2007	46,738	1,462,886,000	14,945,745,106	110,017,892	3,053	2,354	7.52%	0.74%
2008	46,184	1,347,449,000	14,834,706,750	114,635,906	793	2,482	8.51%	0.77%
2009	46,297	1,268,027,000	14,544,783,185	104,794,067	-	2,264	8.26%	0.72%
2010	45,193	1,593,731,000	13,360,218,025	84,883,454	-	1,878	5.33%	0.64%
2011	45,167	1,600,012,972	12,987,343,865	83,385,804	-	1,846	5.21%	0.64%
2012	45,167	1,605,012,968	12,825,115,470	73,345,104	-	1,624	4.57%	0.57%
2013	44,824	1,619,087,704	12,721,413,515	63,988,881	-	1,428	3.95%	0.50%

Fiscal Year	Business-type Activities (1)		Total Primary Government			
	General Obligation Bonds	Capital Leases	Total Debt Outstanding	Per Capita	Percentage of Personal Income	Percentage of Assessed Value
2004	\$ 20,568,453	\$ -	\$ 128,116,566	\$ 2,640	9.76%	1.14%
2005	18,963,224	-	124,390,021	2,601	8.93%	0.97%
2006	19,170,509	-	116,457,455	2,458	8.56%	0.82%
2007	33,214,444	-	143,235,389	3,065	9.79%	0.96%
2008	38,527,427	-	153,164,126	3,316	11.37%	1.03%
2009	36,484,603	-	141,278,670	3,052	11.14%	0.97%
2010	54,779,449	-	139,662,903	3,090	8.76%	1.05%
2011	54,016,356	-	137,402,160	3,042	8.59%	1.06%
2012	56,250,217	-	129,595,321	2,869	8.07%	1.01%
2013	54,344,224	-	118,333,105	2,640	7.31%	0.93%

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

**Direct and Overlapping Governmental Activities Debt**

**As of June 30, 2013**

<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.....	\$ 22,471,578	17.42%	\$ 3,914,549
Barnstable Fire District.....	1,420,000	100.00%	1,420,000
Centerville-Osterville-Marston Mills Fire District.....	4,906,479	100.00%	4,906,479
Cotuit Fire District.....	1,720,000	100.00%	1,720,000
West Barnstable Fire District.....	36,000	100.00%	<u>36,000</u>
Subtotal, overlapping debt.....			11,997,028
Town direct debt.....			<u>63,988,881</u>
Total direct and overlapping debt.....			<u>\$ 75,985,909</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 Fiscal Years

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Equalized Valuation.....	\$ 11,747,239,700	\$ 11,747,239,700	\$ 14,974,792,700	\$ 14,974,792,700	\$ 16,142,285,200	\$ 16,142,285,200	\$ 14,945,861,000	\$ 14,945,861,000	\$ 13,864,305,700	\$ 13,864,305,700
Debt Limit -5% of Equalized Valuation.....	\$ 587,361,985	\$ 587,361,985	\$ 748,739,635	\$ 748,739,635	\$ 807,114,260	\$ 807,114,260	\$ 747,293,050	\$ 747,293,050	\$ 693,215,285	\$ 693,215,285
Less:										
Outstanding debt applicable to limit.....	\$ 39,061,056	\$ 36,675,159	\$ 54,947,745	\$ 75,630,971	\$ 82,388,673	\$ 76,565,997	\$ 74,641,706	\$ 81,933,812	\$ 79,039,510	\$ 71,718,246
Authorized and unissued debt.....	\$ 61,504,455	\$ 83,635,855	\$ 62,055,743	\$ 67,601,365	\$ 57,540,513	\$ 57,540,513	\$ 83,934,854	\$ 73,597,717	\$ 71,016,010	\$ 77,977,510
Legal debt margin.....	\$ 486,796,474	\$ 467,050,971	\$ 631,736,147	\$ 605,507,299	\$ 667,185,074	\$ 673,007,750	\$ 588,716,490	\$ 591,761,521	\$ 543,159,765	\$ 543,519,529
Total debt applicable to the limit as a percentage of debt limit	17.12%	20.48%	15.63%	19.13%	17.34%	16.62%	21.22%	20.81%	21.65%	21.59%

Source: Official Statements, Town of Barnstable

## Demographic and Economic Statistics

### Last Ten Fiscal Years

Fiscal Year	Population Estimates	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2004	48,535	\$1,312,601,000	\$27,044	42	6,609	4.3%
2005	47,826	\$1,392,438,000	\$29,115	42	6,333	4.1%
2006	47,380	\$1,361,228,000	\$28,730	42	6,247	4.0%
2007	46,738	\$1,462,886,000	\$31,300	42	6,135	3.7%
2008	46,184	\$1,347,449,000	\$29,176	42	5,851	4.6%
2009	46,297	\$1,268,027,000	\$27,389	42	5,799	5.1%
2010	45,193	\$1,593,731,000	\$35,265	47	5,461	8.6%
2011	45,193 *	\$1,600,012,972 *	\$35,404 *	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%

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	2013			2004		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Cape Cod Health Care, Inc.	Hospital	2,400	1	10.39%	2,545	1	9.84%
Town of Barnstable	Municipal Government	1,284	2	5.56%	1,361	2	5.26%
Cape Cod Times	Newspaper	289	3	1.25%	280	4	1.08%
Cape Air/Nantucket Airlines	Airline	248	4	1.07%			
Cape Codder Resort	Hotel	230	5	1.00%	200	7	0.77%
Barnstable County	County Government	224	6	0.97%	470	3	1.82%
Cape Cod Community College	Education	221	7	0.96%			
Macy's (2 stores)	Retail Sales - General	210	8	0.91%	190	8	0.73%
Sears Roebuck & Company	Retail Store	173	9	0.75%	240	5	0.93%
Stop and Shop - Marston Mills	Grocers - Retail	161	10	0.70%			
Star Market (2 stores)	Grocers - Retail				212	6	0.82%
Super Stop and Shop - Hyannis	Grocers - Retail				188	9	0.73%
Infinium Software, Inc.	Marketing & Training				176	10	0.68%

Source: Massachusetts Department of Labor and Workforce Development

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

**Last Ten Fiscal Years**

Fiscal Year

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Function:										
Town council.....	2	2	2	2	2	2	2	2	2	2
Town manager.....	6	5	5	5	5	5	5	5	5	5
Growth management.....	-	-	14	16	14	14	13	12	12	12
Administrative services.....	83	79	65	65	65	63	61	61	61	61
Public safety.....	134	134	139	139	139	137	126	126	124	126
Education.....	944	912	912	911	904	891	812	813	813	816
Public works.....	119	117	116	120	120	120	116	116	116	116
Community services.....	44	43	43	50	51	53	57	55	53	54
Regulatory services.....	31	30	32	32	32	35	33	31	32	33
Airport.....	26	26	26	26	26	26	26	25	25	25
Total .....	<u>1,389</u>	<u>1,348</u>	<u>1,354</u>	<u>1,366</u>	<u>1,358</u>	<u>1,346</u>	<u>1,251</u>	<u>1,246</u>	<u>1,243</u>	<u>1,250</u>

Source: Annual town reports

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

**Operating Indicators by Function/Program**

**Last Ten Fiscal Years**

<b>Function/Program</b>	<b>Fiscal Year</b>									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Administrative services</b>										
Legal matters.....	1,729	1,740	1,392	1,633	1,258	1,392	1,529	1,728	1,531	1,642
Registered voters.....	33,738	32,918	31,325	30,999	30,885	32,381	30,872	31,259	32,959	32,494
Employment applications processed.....	1,234	1,255	1,658	1,191	2,050	1,600	1,575	2,060	2,078	4,415
Work related injuries processed.....	173	129	152	125	157	160	80	159	127	144
Unemployment claims.....	n/a	n/a	58	56	100	85	165	210	114	99
Tax bills processed.....	143,281	144,369	179,267	222,049	194,796	195,182	201,322	201,275	197,106	197,662
<b>Police</b>										
Call for service.....	42,779	41,026	41,015	45,009	45,347	42,758	42,870	47,183	52,392	56,341
Physical arrests.....	n/a	n/a	1,670	3,315	3,126	n/a	1,925	1,655	1,910	1,938
<b>Education</b>										
Cobb Trust Fund awards.....	n/a	\$144,550	\$114,000	\$109,390	\$158,500	\$65,078	\$39,841	\$109,283	\$124,848	\$166,546
<b>Zoning</b>										
Zoning Board appeals filed.....	n/a	113	81	126	142	107	81	40	82	67
<b>Building Inspections</b>										
New dwellings constructed.....	125	98	73	67	50	40	58	27	50	50
<b>Health</b>										
Routine health inspections.....	2,836	2,669	2,780	2,948	3,909	5,988	7,113	7,059	6,178	6,125
Complaint investigations.....	655	607	683	784	615	541	424	434	268	385
<b>Consumer Affairs</b>										
Parking violations.....	4,839	5,294	5,990	5,249	4,307	4,534	4,192	4,341	6,707	7,110
Weights and measure devices tested.....	3,161	5,017	5,879	4,807	3,572	3,593	4,535	5,244	4,982	4,850
Ordinance citations.....	1,076	1,657	1,603	972	816	1,034	1,426	1,425	1,441	1,144
<b>Community Services</b>										
Mooring permits issued.....	n/a	2,383	2,393	2,416	2,483	2,429	2,468	2,552	2,535	2,494
Shellfish permits issued.....	n/a	1,528	1,715	1,990	2,234	2,363	2,608	2,670	2,818	2,741
Animal control service calls.....	n/a	5,327	3,436	2,956	2,244	3,080	2,854	4,261	3,113	3,492
Veterans served.....	n/a	4,256	6,336	7,201	492 (1)	7,661	8,326	14,439	15,126	24,949
<b>Roads</b>										
Catch basins cleaned.....	4,500	4,500	4,100	3,246	3,456	3,142	1,618	2,120	2,181	1,346
Miles of crack seal applied.....	17.0	18.0	n/a	10.5	10	15	7	5	10	5
Miles of roadside mowed.....	n/a	n/a	150	186	290	580	448	405	314	194
Miles of road swept.....	390	405	405	430	314	335	531	487	552	635
<b>Sewer</b>										
Gallons of septage treated.....	9,795,700	9,933,600	11,695,000	10,716,500	10,852,200	11,523,000	11,011,300	10,597,900	12,557,500	12,456,100
Daily average collection.....	1,793,795	1,689,965	1,730,730	1,711,100	1,347,400 (2)	1,495,300 (2)	1,540,500	1,453,600	1,421,800	1,532,275
<b>Solid Waste</b>										
Tons shipped to SEMASS.....	n/a	n/a	n/a	n/a	n/a	n/a	9,532	9,465	8,975	n/a
Tons received at Flint Street station.....	8,190	n/a	9,539	9,505	9,985	9,437	9,016	8,972	9,474	9,278
Tons of construction and demolition material received.....	3,742	n/a	4,399	3,730	3,658	2,771	3,193	2,789	2,776	2,764
<b>Libraries</b>										
Total volumes borrowed.....	534,515	n/a	617,182	567,731	546,556	570,947	632,137	612,700	600,143	612,527
Library holdings.....	266,406	n/a	n/a	n/a	n/a	n/a	164,309	n/a	373,752	382,802
Program attendance.....	n/a	n/a	n/a	n/a	n/a	n/a	n/a	28,893	34,583	37,999

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 Fiscal Years**

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Administrative services										
Number of Buildings.....	144	148	148	148	148	149	150	150	150	150
Police										
Number of Stations.....	2	2	2	2	2	2	2	2	2	2
Police personnel and officers.....	134	134	139	139	139	139	126	126	126	131
Education										
Number of elementary schools.....	10	10	10	10	10	9	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.....	539	553	527	774	763	751	686	686	686	639
Number of students.....	6,742	6,501	6,310	5,980	5,814	5,714	5,461	5,304	5,267	5,118
Public Works										
Number of town roads.....	633	633	633	633	633	633	633	633	633	633
Number of private roads.....	1,088	1,088	1,088	1,088	1,088	1,088	1,088	1,088	1,091	1,091
Number of state roads.....	6	6	6	6	6	6	6	6	6	6
Center lane miles of roads.....	490	490	490	490	490	490	490	490	490	490
Cemeteries.....	16	16	16	16	16	16	16	16	16	16
Culture and Recreation										
Libraries.....	7	7	7	7	7	7	7	7	7	7
Boat launches.....	18	17	17	17	17	17	17	17	16	16
Parks and playgrounds.....	70	71	71	71	71	71	71	71	71	71
Park and playground (acreage).....	218	222	222	222	222	222	222	222	222	222
Golf courses.....	1	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



**The P-51 flying over Cape Cod Bay which visited the Barnstable Municipal Airport this past summer. A veteran of two wars -- World War II and the Korean War -- North American Aviation's P-51 Mustang was the first U.S. fighter airplane to push its nose over Europe after the fall of France. Then called the P-51, it scurried back and forth across the channel, taking on the best the Axis could put in the air. Mustangs met and conquered every German plane from the early Junkers to the sleek, twin-jet Messerschmitt 262s.**

**Although first designed for the British as a medium-altitude fighter, the Mustang excelled in hedge-hopping strafing runs and long-range escort duty. It made a name for itself by blasting trains, ships and enemy installations in western Europe and by devastating Axis defenses prior to the Allied invasion of Sicily and Italy.**

**An amazing array of firsts was piled up by the Mustang while carrying the war to the heart of the German fatherland. It was the first single-engined plane based in Britain to penetrate Germany, first to reach Berlin, first to go with the heavy bombers over the Ploesti oil fields and first to make a major-scale, all-fighter sweep specifically to hunt down the dwindling Luftwaffe.**

**One of the highest honors accorded to the Mustang was its rating in 1944 by the Truman Senate War Investigating Committee as "the most aerodynamically perfect pursuit plane in existence."**



**A B-24 parked on the apron at Barnstable Municipal Airport. The Consolidated B-24 Liberator became a major player for Allied forces during World War 2. Its exploits ranged the world over - as did her users- and she saw action in a variety of roles in all major theaters. Designed to overtake the mythical Boeing B-17 Flying Fortress and appearing as a more modern design in 1941, the Liberator fell short of this goal but instead operated side-by-side with her contemporary to form a powerful hammer in the hand of the Allied bombing effort. Though the B-17 ultimately proved the favorable mount of airmen and strategic personnel, one cannot doubt her impact in the various roles she was assigned to play in. The Liberator went on to become the most produced American aircraft of the entire war.**