

TOWN OF BARNSTABLE, MASSACHUSETTS

Comprehensive Annual Financial Report



For the year ended June 30, 2018



Prepared By:
Finance Department

**On the cover: Sandy Neck lighthouse in the early morning light.
All photos curtesy of Donna Bragg**

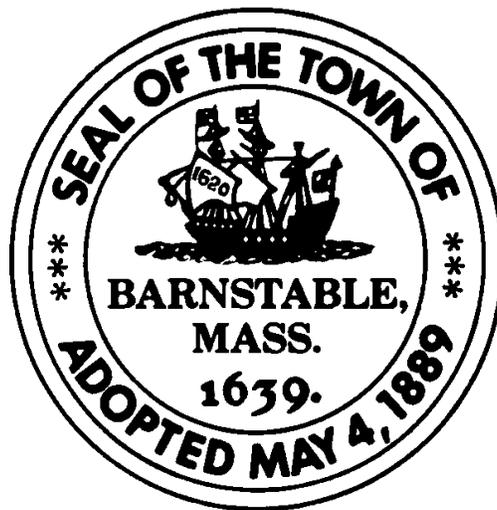


A view of an April sunrise on Sandy Neck.

TOWN OF BARNSTABLE, MASSACHUSETTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the year ended
June 30, 2018



Prepared by:
Finance Department

TOWN OF BARNSTABLE, MASSACHUSETTS
COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2018

TABLE OF CONTENTS

Introductory Section.....	1
Letter of Transmittal	3
Organization Chart	12
Certificate of Achievement for Excellence in Financial Reporting	13
Distinguished Budget Presentation Award	14
Financial Section	15
Independent Auditor's Report	17
Management's Discussion and Analysis	20
Basic Financial Statements.....	44
Statement of net position	45
Statement of activities	46
Governmental funds – balance sheet.....	48
Reconciliation of the governmental funds balance sheet total fund balances to the statement of net position....	49
Governmental funds – statement of revenues, expenditures, and changes in fund balances	50
Reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities	51
General fund - statement of revenues, expenditures, and changes in fund balance – budgetary basis – budget and actual.....	52
Proprietary funds – statement of net position.....	54
Proprietary funds – statement of revenues, expenses, and changes in net position.....	56
Proprietary funds – statement of cash flows	58
Fiduciary funds – statement of fiduciary net position	60
Fiduciary funds – statement of changes in fiduciary net position.....	61
Component units – combining statement of net position	62
Component units – combining statement of revenues, expenses, and changes in net position	64
Notes to basic financial statements.....	66
Required Supplementary Information	114
Pension plan schedules.....	115
Schedule of the Town's proportionate share of the net pension liability	116
Schedule of the Town's contributions.....	117
Schedule of the special funding amounts of the net pension liability	118

Other postemployment benefit plan schedules	119
Schedule of changes in the Town's net other postemployment benefit liability and related ratios	120
Schedule of the Town's contributions	121
Schedule of investment returns	122
Notes to required supplementary information	123
Combining Statements and Individual Fund Statement.....	126
Nonmajor governmental funds	127
Nonmajor governmental funds – combining balance sheet	128
Nonmajor governmental funds – combining statement of revenues, expenditures, and changes in fund balances	130
Agency fund.....	132
Agency fund - statement of changes in assets and liabilities	133
Additional Information	134
Schedule of passenger facility charges collected and expended and interest credited.....	135
Notes to additional information	136
Statistical Section.....	137
Net position by component – last ten years	138
Changes in net position – last ten years	139
Fund balances, governmental funds – last ten years	141
Changes in fund balance, governmental funds – last ten years	142
Assessed value of taxable property by classification and tax rates – last ten years	143
Principal taxpayers – current year and nine years ago	144
Property tax levies and collections – last ten years	145
Ratios of outstanding debt by type – last ten years	146
Ratios of general bonded debt outstanding – last ten years	147
Direct and overlapping governmental activities debt	148
Computation of legal debt margin – last ten years	149
Demographic and economic statistics – last ten years.....	150
Principal employers – current year and nine years ago	151
Full-time equivalent town employees by function – last ten years.....	152
Operating indicators by function/program – last ten years	153
Capital asset statistics by function/program – last ten years.....	154

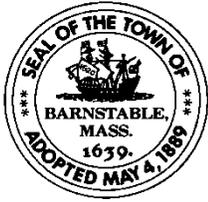
Introductory Section



Morning sunrise from Sandy Neck over Cape Cod Bay.

Introductory Section

This page intentionally left blank.



The Town of Barnstable

Office of Town Manager

367 Main Street, Hyannis, MA 02601
Office: 508.862.4610
Fax: 508.790.6226
www.town.barnstable.ma.us
Citizens' Resource Line: 508.862.4925



Mark S. Ells, Town Manager
mark.ells@town.barnstable.ma.us

M. Andrew Clyburn, Assistant Town Manager
andy.clyburn@town.barnstable.ma.us

Letter of Transmittal

December 20, 2018

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

State law requires the Town of Barnstable to publish at the close of each year a complete set of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) that are audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report (CAFR) of the Town of Barnstable, Massachusetts, for the year ending June 30, 2018, for your review. This report was prepared by the Town of Barnstable's Finance department.

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

The Town of Barnstable's financial statements have been audited by Powers & Sullivan, LLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Barnstable for the year ended June 30, 2018, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion on the Town of Barnstable's financial statements for the year ended June 30, 2018, and that they are fairly presented in conformity with GAAP. An unmodified opinion or a "clean" opinion is the highest one that can be received. It essentially means there are no reservations concerning the financial statements and that no deficiencies in the financial statements were found. The independent auditor's report is presented on page 17 of this report.

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

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

Profile of the Government

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

Municipal Services

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

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

The Cape Cod Regional Technical High School District provides education in grades nine through twelve. Approximately 179 Barnstable students attended this school in 2018. The Sturgis Charter Public School and Cape Cod Lighthouse Charter School are Commonwealth Charter Schools and provide an alternative choice for public education for grades 9 to 12. Approximately 222 Barnstable students attended these schools in 2018. 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 Barnstable Public Schools also participate in the school choice program. The school choice program allows parents to send their children to schools in communities other than the city or town in which they reside. Tuition is paid by the sending district to the receiving district. Districts may elect not to enroll school choice students if no space is available. Under this program the town sent 215 students in 2018 to other districts while receiving 97.

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.

For 2018, the Town was 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 Planning & Development. The Administrative Services Department is comprised of four sub-departments including Legal, Human Resources, Information Technology and Finance. The elective offices of Town Clerk and Town Collector liaison with the Finance Department. The Finance Department 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 five-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 department under the direction of the Town Manager's Office and submitted to the Town Council for review or adoption. The Town Council annually establishes financial policies that guide the preparation of the capital and operating budget plan.

The five-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, department purpose statements, goals, accomplishments, performance measures, workload indicators and financial management criteria for each budget cycle. The budget maintains consistency with the Town Council's strategic plan, financial management standards and policies. The budget funding sources include the general fund, comprised of revenues from the property tax, auto, boat, hotel excise tax, user fee receipts, grants in aid, trust income and miscellaneous program income; and nine enterprise funds consisting of a municipal airport, two golf courses, the water pollution control facility, the solid waste facility, water supply, four town marinas, Sandy Neck Park, the Hyannis Youth and Community Center (HYCC) and public, education and government access television. Most enterprise funds are self-supporting through user-based charges. Three receive a general fund subsidy including the golf course, marinas and HYCC.

Principal Executive Officers

<u>Office</u>	<u>Name</u>	<u>Term</u>	<u>Term Exp.</u>
Town Manager	Mark S. Ells	Appointed	Jun. 2022
Superintendent of Schools	Meg Mayo-Brown	Appointed	Jun. 2019
Director of Finance	Mark A. Milne, CPA	Appointed	Dec. 2023
Airport Manager	Katie Riley Servis	Appointed	Jun. 2021
Assistant Town Manager	M. Andrew Clyburn	Appointed	Indefinite
Town Attorney	Ruth J. Weil, Esq.	Appointed	Indefinite
Chief of Police	Mathew K. Sonnabend	Appointed	Indefinite
Director of Public Works	Daniel W. Santos, P.E.	Appointed	Indefinite
Dir. of Marine & Environmental Affairs	Daniel J. Horn	Appointed	Indefinite
Director of Inspectional Services	Brian Florence	Appointed	Indefinite
Director of Licensing	Richard V. Scali	Appointed	Indefinite
Director of Community Services	Lynne M. Poyant	Appointed	Indefinite
Director of Human Resources	William E. Cole	Appointed	Indefinite
Director of Information Technology	Daniel J. Wood	Appointed	Indefinite
Director of Planning & Development	Elizabeth S. Jenkins	Appointed	Indefinite
Town Collector	Maureen E. Niemi	Elected/4 yrs.	Nov. 2019
Town Clerk	Ann Quirk	Elected/4 yrs.	Nov. 2021

Factors Affecting Financial Condition

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

Local economy. While tourism will always remain an important component of the Town's economy, improved transportation networks, a heightened popularity among retirees, and the Town's own growing service economy

are helping to diversify the economy from its former heavy reliance on the summer tourism trade. Even the nature of tourism has changed. Expansion of the summer season is evident, including the “shoulder seasons” in the spring and the fall. Contributing to the extension of the season is the large increase in the conversion of former summer homes to year-round homes, as well as the construction of many expensive second homes. Over the years, Barnstable has evolved from a seasonal to a more year-round community, with a current year-round population of approximately 45,000. Approximately one-half of the homes are now occupied by year-round residents, compared with about one-third 40 years ago.

The Town also is a major transportation hub for the Cape Cod region and the islands of Nantucket and Martha’s Vineyard. Over 200,000 passengers pass through and over 90,000 takeoffs and landings per year occur at the Barnstable Municipal Airport. Employment at the airport exceeds 1,000 people. The Cape Cod Regional Transportation Authority’s main terminal is located in the Village of Hyannis and the Steamship Authority and Hyline Cruises provide ferry service to Nantucket and Martha’s Vineyard. Over one million people pass through these ports every year. All this traffic creates the opportunity for the Town to sustain a healthy retail and service driven economy.

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

Standard & Poor’s Rating Services rates the Town’s economy as “very strong” in its February 2018 published ratings summary. The Town has a projected per capita effective buying income of 120% of the national level and per capita market value of \$305,984. Overall, market value has grown by 2.9% over the past year to \$13.6 billion in fiscal 2018. The property tax base is primarily residential, with 88% of assessed value classified as such. Building permit value in calendar year 2017 was \$181 million.

Tax base. Barnstable's tax base is still among the largest in the Commonwealth. Total assessed valuation for the Town is estimated to increase to \$14.3 billion in 2019 reflecting a 5% increase from the 2018 value of \$13.6 billion. Property values continue to recover from the declines experienced after the 2008 recession. The Town’s current property value is over \$9 billion more than the 2000 value of \$5 billion. The tax base includes a substantial \$1.3 billion commercial base due to the Town’s position as one of the economic centers of southeastern Massachusetts. New building growth activity continues to perform better having grown from \$93 million in 2014 to \$154 million in 2018. The tax levy for 2018 was \$118.5 million which is \$320,000 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 2018 were \$9.61 per thousand dollars of valuation on residential property and \$8.71 per thousand dollars of value on commercial, industrial and personal property (CIP). The residential rate was higher than the CIP rate as a result of the Town Council adopting a 20% residential exemption. This effectively removed \$1.1 billion of property value from the residential class driving the tax rate upwards for this class of property as the residential tax levy remains the same.

Long-term financial planning. The Town of Barnstable’s capital program has identified approximately \$250 million in needed capital improvements over the next several years. \$68 million of this amount is for enterprise fund type operations and \$182 million are general fund improvements. \$27 million is for airport improvements with a majority of the capital program anticipated to be financed with federal and state funding. \$65 million is associated with the water quality improvements including sewer plant facility upgrades, sewer line expansions,

water line replacements and other water system improvements. In addition, there is approximately \$132 million for road, bridge, parking lot, sidewalk improvements, and town facility improvements, and \$26 million for school facilities.

In July of 2010, the Town Council adopted a funding plan for financing a portion of the water quality projects listed in the 5 year capital plan and a new fund was created to accumulate the resources. Funding sources included 50% betterments assessed to property abutters on sewer extensions, adoption of a local meals tax of 0.75% and increasing the local rooms tax rate from 4% to 6%. The fund has a balance of over \$16 million as of June 30, 2018. In 2015 special legislation was adopted to expand the use of this fund to include the repairs and maintenance to private roads.

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

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

State aid increased 2% in FY 2018 and is projected to increase 5% in FY 2019 when the budget was developed. The single largest form of aid is Chapter 70 Aid for education. Under the formula no community will receive less than 17.5% of its foundation budget in the form of Chapter 70 Aid. Barnstable is scheduled to receive \$10.6 million in FY 2019 or 17.5% of its foundation budget. This is \$557,593 more than the FY 2018 amount. Going forward, the Town's Chapter 70 aid will change on a percentage basis that is nearly equal to the percentage change in the foundation budget.

Health insurance cost increases continue to outpace the rate of inflation and this trend is projected to continue in the long-term. New legislation passed by the state will provide cities and Towns more control over this expense. Communities now have the power to implement plan design changes without following the traditional collective bargaining process; however, any change in contribution rates are still subject to that process. Communities can also elect to join the state insurance program under the Group Insurance Commission as an alternative, however, plan selection has been significantly restricted. In addition, all eligible retirees are required to join a Medicare plan which has reduced 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 can make plan design changes so that co-pays and deductibles can mirror those that are offered by the plans under the Group Insurance Commission. Plan design changes can mitigate premium rate increases. Rate increase for FY 2019 averaged 6%. The health group also introduced a high deductible Health Savings Account option effective for FY 2018 in an attempt to allow member entities to control cost increases. Finally, the Affordable Care Act could significantly impact this area of the budget in the near future. It is anticipated that most of the Cape Cod Municipal Health Group's plans will become subject to the "Cadillac Tax" under the Affordable Care Act. This tax becomes effective January 1, 2022.

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 2018 was \$11.1 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 2018 was \$2.6 million. Additionally, a Government Accounting Standards Board (GASB) pronouncement was issued that

requires the Town to perform an actuarial calculation of its unfunded health insurance liability for all active and retired employees. This liability is disclosed in these financial statements on pages 104 to 110. The Town created a trust fund in 2011 to begin accumulating assets to fund this liability. This fund has a balance of approximately \$4 million as of June 30, 2018. A contribution to this fund of \$528,000 was paid in 2018. A plan to increase the base contribution by \$50,000 per year has been incorporated into the Town's long-term financial planning.

In the areas of utilities and fuel the Town continues to implement and explore alternative options. Fields of photovoltaic panels were installed at the Solid Waste Transfer Station and Airport in 2015 which netted the Town a financial benefit of \$884,000 in FY 2018. Smaller systems have been installed at the Town's Senior Center as well as roof mounted systems at various school facilities. The Town is exploring the feasibility of solar canopies in parking lots to expand this revenue source.

Changes in school enrollments and the aging population of the Town will require an on-going analysis of program services and resource allocation. The School Department has closed five buildings over the past several years as enrollment has declined from 7,000 to 5,300 students. School enrollment has leveled off and a slight decrease has occurred for the 2018-2019 school year. The median age of our community is increasing and the demand for services directed towards the senior population will likely increase. A recent study estimated that outreach efforts and the transportation needs for this population will become higher priorities and demand higher levels of service.

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

The Town continues to manage its financial affairs in a prudent manner. It has been able to do so by incorporating long range planning tools such as a five-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, the PEG operations and Sandy Neck Park. The general fund provides tax support for the HYCC operations, debt service on the Barnstable Marina Bulkhead as well as some indirect operating support for the golf courses. The creation of these enterprise funds allows the Town to provide more tax dollars for other Town services.

2018 Major Financial Highlights

Fund balance. During the year, the Town's general fund balance decreased \$2.7 million to \$20.6 million, on a budgetary basis. Actual revenue collected exceeded budget estimates by \$2.2 million and returned appropriations totaled over \$200,000. An additional \$4 million transfer was made to the Capital Trust Fund resulting in the net fund balance decrease of \$2.7 million. Motor vehicle and other excise taxes and hotel/motel tax performed very well exceeding the budget estimate of \$9,064,240 by \$1,174,039; licenses and permit fees exceeded budget estimates by over \$640,000, other departmental revenue exceeded budget estimates by \$320,000 and investment income exceeded budget estimates by \$254,000. Stabilization fund balances increased a collective \$5.5 million due to transfers from the general fund and revenue exceeding expenditures. This

includes the Capital Trust Fund, Pension Reserve Fund and Comprehensive Water Quality and Private Way Maintenance Fund.

Operating budgets. All appropriated budgets including the general fund and enterprise funds had favorable budget variances. Even though the Golf Enterprise Funds did not meet its revenue estimate, unexpended appropriation balances exceeded the revenue shortfall resulting in a net favorable budget variance.

Property taxes receivable. Outstanding property taxes receivable at the end of 2018 were approximately \$903,000 more than the previous year end. 97.5 percent of the 2018 net tax levy had been collected as of June 30, 2018.

Tax liens receivable. Tax liens are \$480,000 less than they were at the previous year end as no additional taxes were lienied during the year and collections on overdue taxes increased.

Bonds payable. Bonds payable, including unamortized premiums, decreased by \$4.5 million as principal payments on outstanding bonds exceeded new issues.

Bond sale and bond rating. The Town issued \$9.875 million of new general obligation bonds in 2018. The bonds were used to finance the 2018 capital improvement program. The bonds were competitively bid and awarded at a net interest cost of 2.73%. A premium of \$875,000 was earned on the bond which was applied to the principal amount issued. The Town's bond rating remains at AAA with Standard & Poor's.

Cash and investments. Total cash in the Town's treasury at the end of 2018 increased \$8.9 million from \$151.8 million to \$160.7 million. This was mainly attributable to the 2018 bond issue and favorable budgetary operations. The following table illustrates the change in the overall cash and investments balance for the past ten years.

FY2009	\$120,708,687
FY2010	\$114,273,195
FY2011	\$112,028,205
FY2012	\$120,019,687
FY2013	\$117,812,432
FY2014	\$130,175,115
FY2015	\$133,128,951
FY2016	\$145,351,632
FY2017	\$151,750,335
FY2018	\$160,698,910

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

Free Cash (Surplus)	On July 1, 2017	On July 1, 2018	Change
General Fund	\$16,197,155	\$12,643,236	(\$3,553,919)
Enterprise Funds:			
Airport	\$2,386,672	\$3,525,181	\$1,138,509
Golf Course	\$723,798	\$684,755	(\$39,043)
Solid Waste	\$2,179,508	\$1,881,944	(\$297,564)
Sewer	\$8,797,951	\$9,230,479	\$432,528
Water	\$1,249,454	\$2,157,029	\$907,575
Marina	\$809,462	\$851,171	\$41,709
Sandy Neck	\$943,846	\$895,176	(\$48,670)
HYCC	\$496,529	\$634,810	\$138,281
PEG	Did not exist	\$2,328,719	\$2,328,719
Totals	\$33,784,375	\$34,832,500	\$1,048,125

The decrease in general fund free cash is principally due to a transfer of \$4 million to the Capital Trust Fund. The increase in the airport enterprise fund is due to favorable operating results and the reduction in internal borrowing from the reserves for the capital program. The decrease in the golf, solid waste and Sandy Neck operations are due to surplus being used to balance the operating budgets. The increase in the sewer, water, marina and HYCC funds are due to favorable budget variances. The balance in the PEG fund is principally due to remaining funds transferred from this operation that was previously accounted for as a special revenue fund.

Awards and Acknowledgements

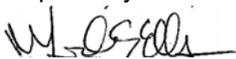
The Government Finance Officer Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Barnstable for its comprehensive annual financial report (CAFR) for the years ended June 30, 2002, through June 30, 2017. In order to be awarded a Certificate of Achievement, the Town published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

In addition, the GFOA also awarded the Town of Barnstable the Distinguished Budget Presentation Award for its annual budget document for the years beginning July 1, 2001, through July 1, 2018. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

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

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Town Manager and Finance department. 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 unflinching support for maintaining the highest standards of professionalism in the management of the Town of Barnstable's finances.

Respectfully submitted,

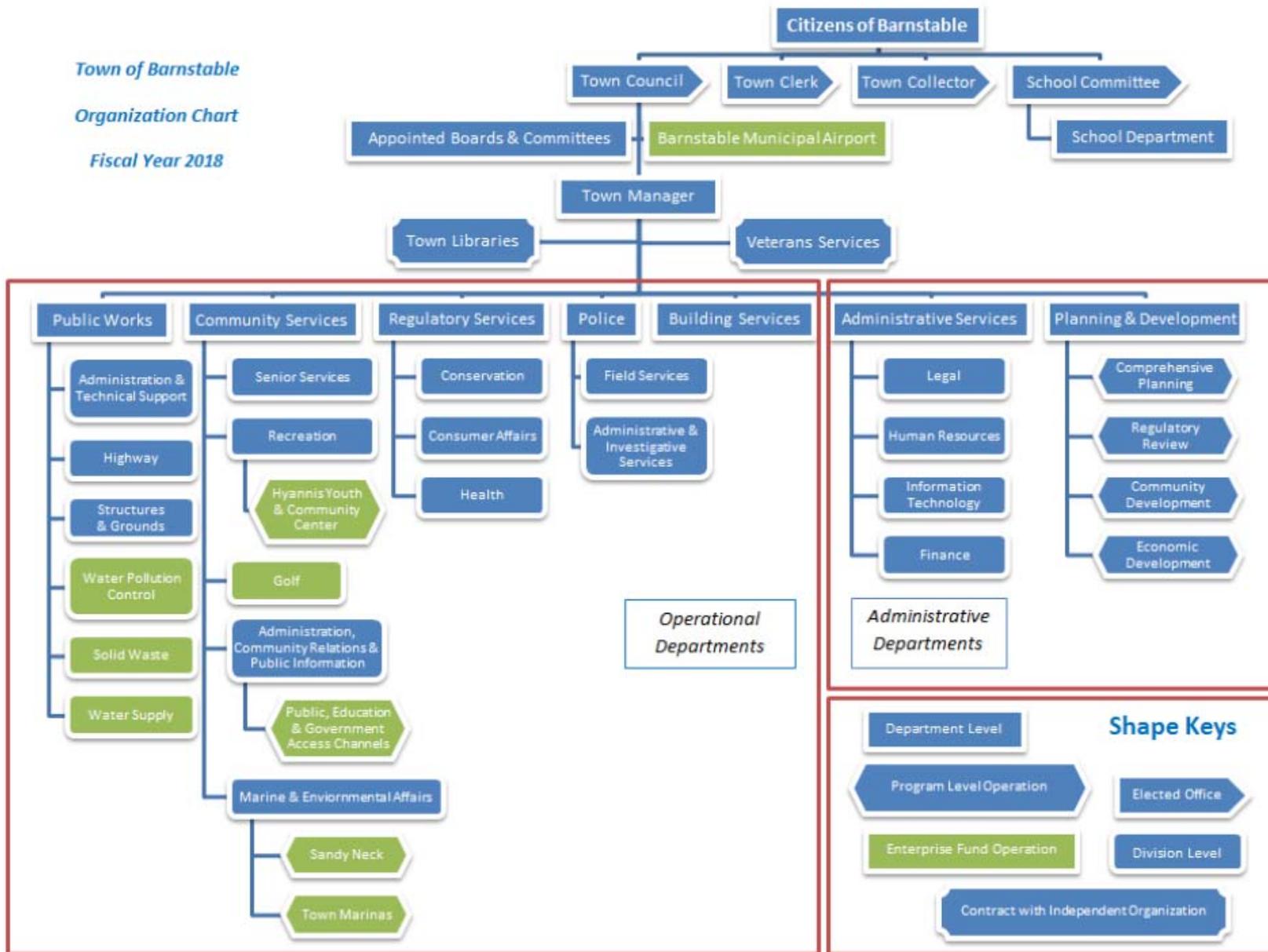


Mark S. Ells
Town Manager



Mark A. Milne
Finance Director

Town of Barnstable
 Organization Chart
 Fiscal Year 2018





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, 2017

Christopher P. Morrill

Executive Director/CEO



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**Town of Barnstable
Massachusetts**

For the Fiscal Year Beginning

July 1, 2017

Executive Director

Financial Section



A buoy from the target ship off Eastham washed up on Sandy Neck in the March 2018 nor'easter.

Financial Section

This page intentionally left blank.



100 Quannapowitt Parkway
Suite 101
Wakefield, MA 01880
T. 781-914-1700
F. 781-914-1701
www.powersandsullivan.com

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, 2018, and the related notes to the financial statements, which collectively comprise the Town of Barnstable, Massachusetts' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Barnstable, Massachusetts, as of June 30, 2018, 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 20, 2018, on our consideration of the Town of Barnstable, Massachusetts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Barnstable, Massachusetts' internal control over financial reporting and compliance.

Powers & Sullivan LLC

December 20, 2018, except for the library component units listed in Note 1, which were audited by other auditors and whose reports are dated on various dates through November 19, 2018.

Management's Discussion and Analysis

Management's Discussion and Analysis

As management of the Town of Barnstable, Massachusetts (Town), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the year ended June 30, 2018. The Town complies with financial reporting requirements issued by the Governmental Accounting Standards Board (GASB). Management's discussion and analysis are part of these requirements.

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

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

Financial Highlights

- The assets and deferred outflows of resources of the Town of Barnstable exceeded its liabilities and deferred inflows of resources at the close of the most recent year by \$225 million.
- The primary government's total net position increased by \$12.4 million. The increase was the net result of an increase in the Town's governmental activities of \$4.9 million and an increase of \$7.5 million attributable to the Town's business-type activities. The governmental activities increase is mainly attributable to \$3.1 million in capital grants and favorable budgetary results; offset by the recognition of an additional \$2.3 million in the other postemployment benefit obligations. The change in governmental activities net position is more fully explained on page 25. The \$7.5 million increase in business-type activities represents the combined operations of the Town's nine enterprise funds.
- GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pensions Plans*, was implemented last year. This standard added Note disclosures and Required Supplemental Information for the Town's OPEB Trust fund. Its sister standard, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment benefits Other Than Pensions*, was implemented in FY2018. This standard affected the financial statements themselves by requiring the Town to record its OPEB assets, liabilities, and deferred financial statement elements for the first time.
- At the close of the current year, the Town of Barnstable's governmental funds reported combined ending fund balances of \$111.8 million, an increase of \$4.1 million in comparison with the prior year. Approximately \$33.1 million of this total amount is available for appropriation at the government's discretion.
- At the end of the current year, fund balance for the general fund totaled \$41.3 million, or 25% of total general fund expenditures.
- Expenditures for the general fund totaled \$164.5 million or \$7.4 million more than the prior year. The area with the largest change was education which increased \$3 million due to budgetary increases. The second largest area to change was employee benefits which increased \$1.3 million.
- The Town of Barnstable's total long-term debt decreased by \$4.5 million during the current year. The Town issued \$9.9 million of long-term debt, of which \$7.8 million was for governmental activities and \$2.1 million was for business-type activities. A total of \$14.4 million in long-term debt principal was retired.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

The Town maintains nine 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, the Hyannis Youth and Community Center, and PEG access.

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

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

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Barnstable, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$225 million at the close of the most recent year.

By far the largest portion of the Town's net position, \$361.5 million, reflects its investment in capital assets (e.g., land, buildings, vehicles, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The Town uses these assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net position, \$68.1 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is a deficit of \$204.5 million. The deficit is the result of the implementation of accounting standards which have required the Town to record its net pension liability of \$102.6 million along with the net other postemployment benefits liability of \$191.1 million. These are long term unfunded liabilities that will not require significant short term resources.

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

Comparative Net Position				
	Governmental Activities		Business-type Activities	
	June 30, 2018	June 30, 2017 (As revised)	June 30, 2018	June 30, 2017 (As revised)
Current and other assets.....	\$ 162,893,615	\$ 155,653,882	\$ 38,992,831	\$ 38,846,698
Capital assets.....	261,434,915	257,808,187	192,717,874	188,888,743
Total assets.....	<u>424,328,530</u>	<u>413,462,069</u>	<u>231,710,705</u>	<u>227,735,441</u>
Deferred outflows of resources.....	<u>16,804,807</u>	<u>14,670,875</u>	<u>4,505,296</u>	<u>4,161,325</u>
Current liabilities.....	28,624,434	25,114,370	12,095,835	13,615,983
Long-term liabilities.....	296,493,863	313,829,449	87,265,376	92,321,742
Total liabilities.....	<u>325,118,297</u>	<u>338,943,819</u>	<u>99,361,211</u>	<u>105,937,725</u>
Deferred inflows of resources.....	<u>23,981,253</u>	<u>2,024,500</u>	<u>3,858,197</u>	<u>505,779</u>
Net position:				
Net investment in capital assets.....	220,042,677	218,426,338	141,451,379	139,551,898
Restricted.....	68,067,585	62,317,088	-	-
Unrestricted.....	(196,076,475)	(193,578,801)	(8,454,786)	(14,098,636)
Total net position.....	<u>\$ 92,033,787</u>	<u>\$ 87,164,625</u>	<u>\$ 132,996,593</u>	<u>\$ 125,453,262</u>

The Town has realized an increase in its net position from 2017 to 2018 within both its governmental and business type activities. Total net position has increased \$4.9 million over this period for governmental activities and \$7.5 million for business-type activities. The 2018 increases are mainly attributable to additions to the construction and maintenance fund of \$2.4 million, favorable budgetary results; capital grants, and the community preservation fund which allows the Town to assess additional taxes and to receive state matching funds to be used toward open space, historical preservation, affordable housing, and recreational land improvements. These sources were partially offset by the recognition of net other postemployment benefit obligations which increased by \$2.3 million. In 2018, capital grants totaled \$3.1 million for governmental activities, \$7.9 million for the airport enterprise fund and \$1.4 million for the PEG access enterprise fund. Principal payments on debt service for governmental and business-type activities totaled \$9.8 million and \$4.6 million, respectively, including the retirement of bonds through a debt refunding transaction. Depreciation on capital assets totaled \$9 million and \$8.1 million, respectively.

The majority of the increases to the Town's capital assets during 2018 were in the form of road and drainage improvements and buildings and building improvements. Capital asset growth within the business-type activities for 2018 consisted mainly of airfield improvements (\$6.3 million), wastewater infrastructure, and various water system improvements, including pipe replacement projects and water treatment upgrades.

Current and other assets have increased in both governmental and business-type activities. In governmental activities, current and other assets increased by approximately \$7.2 million from 2017. This is mainly due to the

capital project bond proceeds that have not been spent at year end increasing cash and cash equivalents and a build-up of capital reserves. For business-type activities, current and other assets have increased \$146,000. Cash and cash equivalents have increased while capital assessments and other receivables have decreased.

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

Long-term liabilities have decreased in both governmental and business-type activities from the 2017 levels. For both governmental and business-type activities, long-term liabilities have decreased related to the retirement of long-term bonds, a decrease in net pension liabilities, and decreases in the liability for other postemployment benefits.

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

Restricted net position has increased by \$5.8 million for governmental activities from 2017 to 2018 mainly due to an increase in the construction and maintenance fund for revenue received from hotel/motel and meals taxes and an increase in the state highway projects revenue. The **unrestricted net position** amount has decreased \$2.5 million for governmental activities in the current year which was mainly the net result of increases in stabilization and capital reserves, offset with the recognition of an additional \$2.3 million for net other postemployment benefit obligations and \$2.4 million for pension liabilities. Unrestricted net position of business-type activities increased by \$5.6 million which was the net result of operations of the Town's enterprise funds offset with increases in the net pension liability and net other postemployment liability totaling \$256,000 and \$1.7 million, respectively.

Governmental activities. In 2018, governmental activities increased the Town of Barnstable's net position by \$4.9 million. Key elements of the changes in governmental activities are as follows:

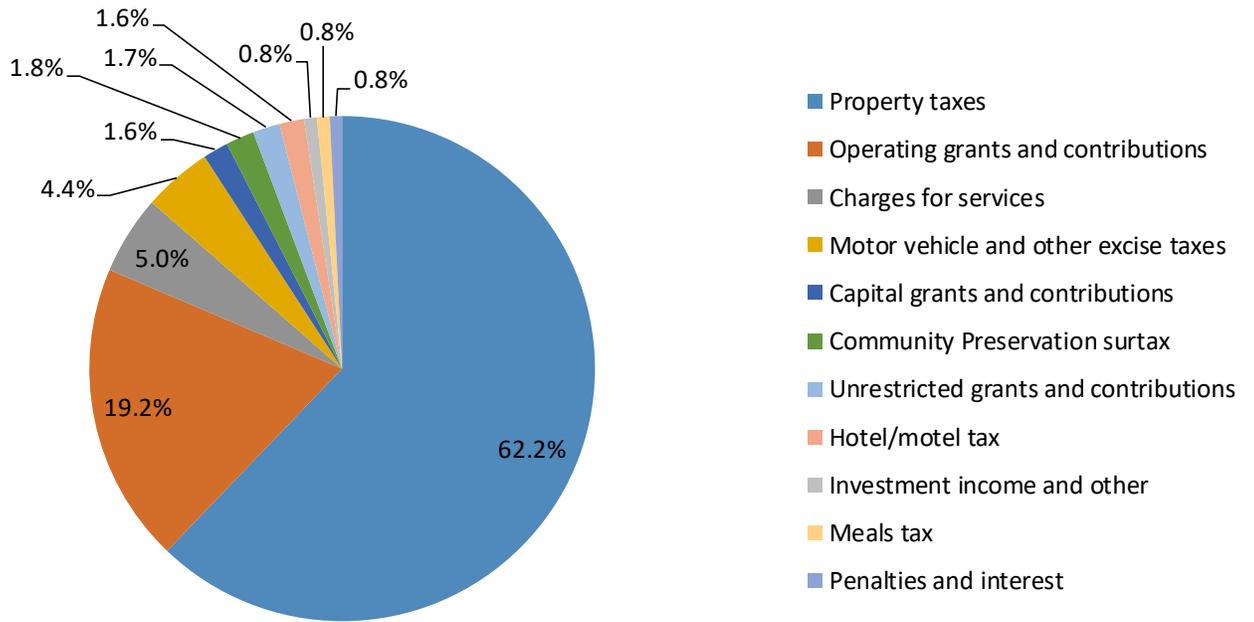
- The Town adopted special legislation to establish the construction and maintenance fund. In accordance with the legislation, the Town reports 100% of the meals tax and 33% of the hotel/motel tax collected directly to this fund. This fund had an ending balance of \$16.7 million, an increase of \$2.4 million.
- The Town appropriated funds to increase the Capital Stabilization fund by a net of \$8.5 million, bringing the balance to \$20.5 million.
- The Town recognized an additional \$2.3 million of net other postemployment benefits obligation which resulted in a decrease in net position. The Town implemented GASB Statement #75 in the current year. The total liability reported in governmental activities for OPEB is \$170.2 million as of June 30, 2018.
- The Town received \$3.1 million in capital grants, which includes \$2.3 million from state funding of Chapter 90 highway projects.
- The Town raised approximately \$804,000 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		Total
	2018	2017 (As Revised)	2018	2017 (As Revised)	
Revenues:					
Program revenues:					
Charges for services.....	\$ 9,511,359	\$ 11,454,067	\$ 26,462,748	\$ 24,545,246	\$ 35,974,107
Operating grants and contributions.....	36,376,056	33,127,780	445,512	288,967	36,821,568
Capital grants and contributions.....	3,071,382	3,863,636	9,278,460	2,835,392	12,349,842
General revenues:					
Property taxes.....	117,592,396	114,256,542	-	-	117,592,396
Motor vehicle and other excise taxes.....	8,337,027	7,882,124	-	-	8,337,027
Hotel/motel tax.....	2,986,802	2,920,683	-	-	2,986,802
Meals tax.....	1,553,414	1,494,626	-	-	1,553,414
Penalties and interest.....	1,480,233	1,381,382	-	-	1,480,233
Community preservation surtax.....	3,447,737	3,336,838	-	-	3,447,737
Unrestricted grants and contributions.....	3,263,868	3,303,717	-	-	3,263,868
Sale of capital assets.....	-	725,000	-	-	-
Legal settlements.....	-	-	-	3,120,000	-
Investment income and other.....	1,534,842	1,655,101	272,395	242,029	1,807,237
Total revenues.....	189,155,116	185,401,496	36,459,115	31,031,634	225,614,231
Expenses:					
Town Council.....	369,895	448,462	-	-	369,895
Town Manager.....	690,519	686,439	-	-	690,519
Administrative services.....	9,913,263	12,230,091	-	-	9,913,263
Planning and development.....	3,853,609	3,065,285	-	-	3,853,609
Building services.....	1,413,654	-	-	-	1,413,654
Public safety.....	19,867,843	24,222,854	-	-	19,867,843
Education.....	115,143,246	107,637,587	-	-	115,143,246
Public works.....	16,422,753	18,579,883	-	-	16,422,753
Community services.....	6,773,346	6,675,916	-	-	6,773,346
Regulatory services.....	3,408,884	6,673,384	-	-	3,408,884
Culture and recreation.....	2,579,518	2,589,896	-	-	2,579,518
Interest.....	1,748,298	1,498,995	-	-	1,748,298
Airport.....	-	-	9,197,454	8,401,360	9,197,454
Golf course.....	-	-	2,902,258	3,130,996	2,902,258
Solid waste.....	-	-	2,938,570	3,157,411	2,938,570
Waste water.....	-	-	5,541,637	5,500,946	5,541,637
Water supply.....	-	-	5,616,434	5,518,521	5,616,434
Marina.....	-	-	691,620	657,896	691,620
Sandy Neck.....	-	-	960,124	920,591	960,124
Hyannis Youth and Community Center.....	-	-	2,700,279	2,642,127	2,700,279
PEG Access.....	-	-	468,534	-	468,534
Total expenses.....	182,184,828	184,308,792	31,016,910	29,929,848	213,201,738
Excess before transfers.....	6,970,288	1,092,704	5,442,205	1,101,786	12,412,493
Transfers, net.....	(2,101,126)	(173,170)	2,101,126	173,170	-
Change in net position.....	4,869,162	919,534	7,543,331	1,274,956	12,412,493
Net position - Beginning of Year, as revised.....	87,164,625	86,245,091	125,453,262	124,178,306	212,617,887
Net position - End of Year.....	\$ 92,033,787	\$ 87,164,625	\$ 132,996,593	\$ 125,453,262	\$ 225,030,380

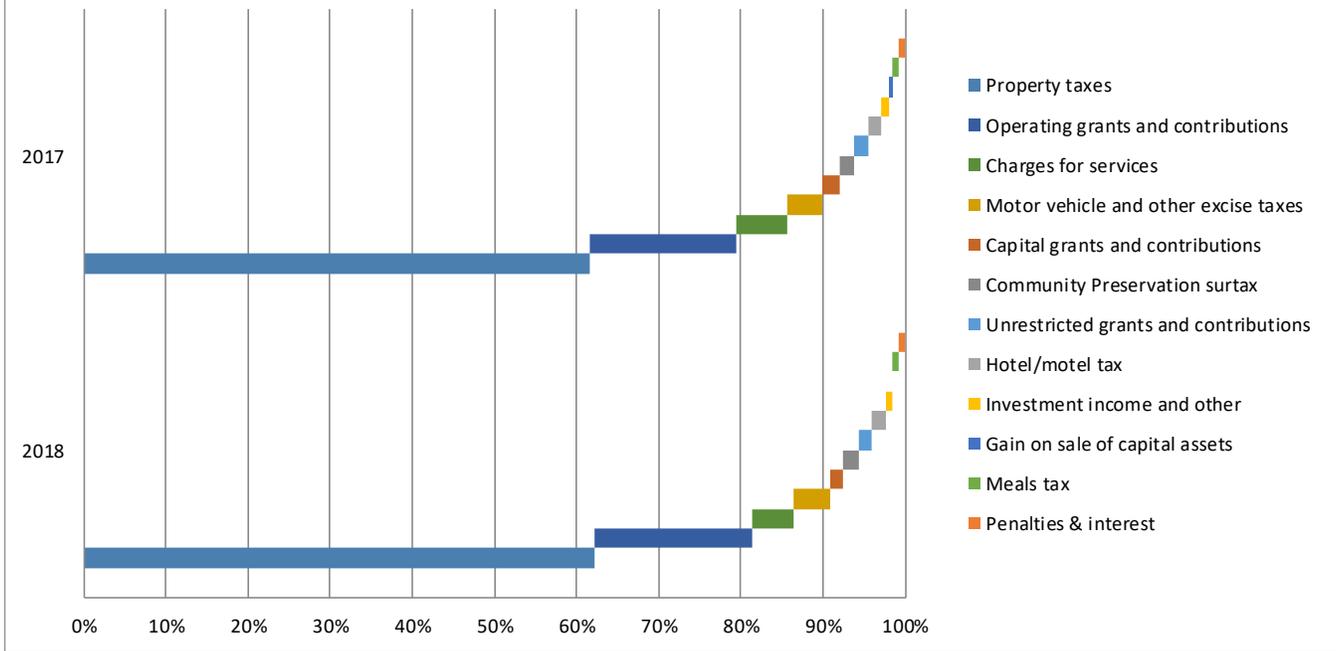
In fiscal year 2018, the Town moved building services from within regulatory services.

FY 2018 Governmental Activities Revenue Type



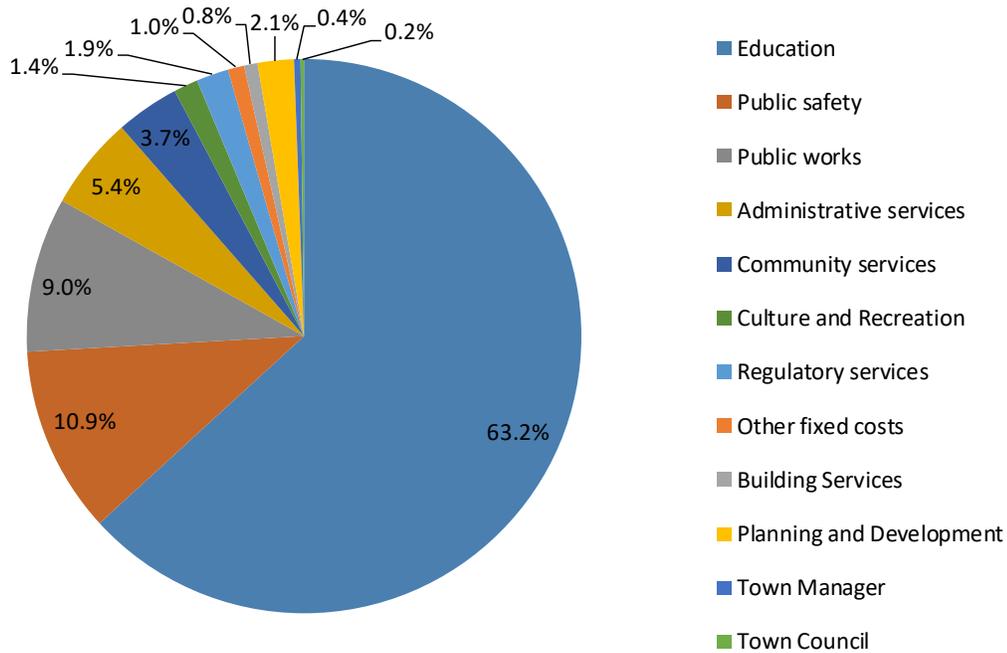
- Charges for services represent 5% of governmental activities resources. The Town can exercise more control over this category of revenue than any other. Fees charged for services rendered that are set by the Council and Manager are included in this category.
- Operating and capital grants and contributions account for 20.9% 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 62.2% of all resources.
- Other taxes and other revenues comprise a total of 11.9% of the governmental activity's resources.

Two Year Comparison of Governmental Activities Revenue Composition



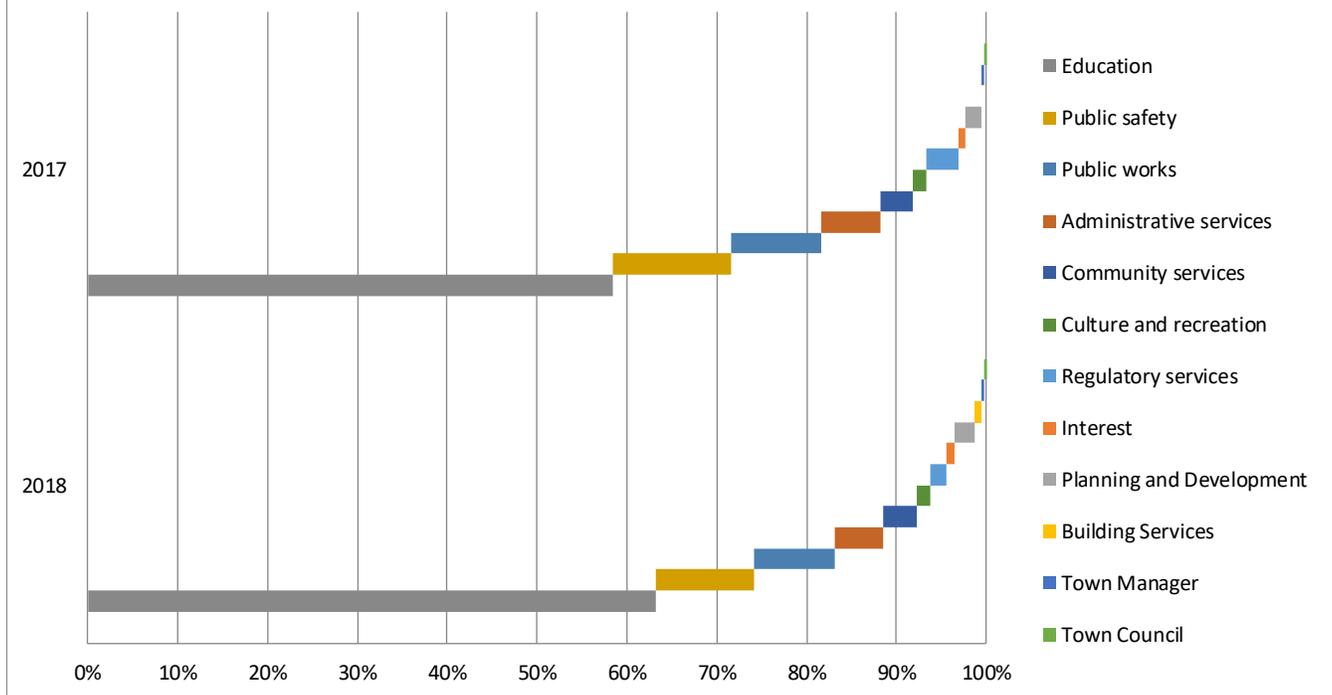
- Property taxes increased from 61.6% to 62.2% of total governmental activities revenue in 2018.
- All other categories of governmental activities revenue remained relatively the same.
- Collectively, property taxes, excise taxes and community preservation surtax account for 68.4% of all governmental activities revenue in 2018. This is 0.7% higher than the 2017 amount.

FY 2018 Governmental Activities Expenses

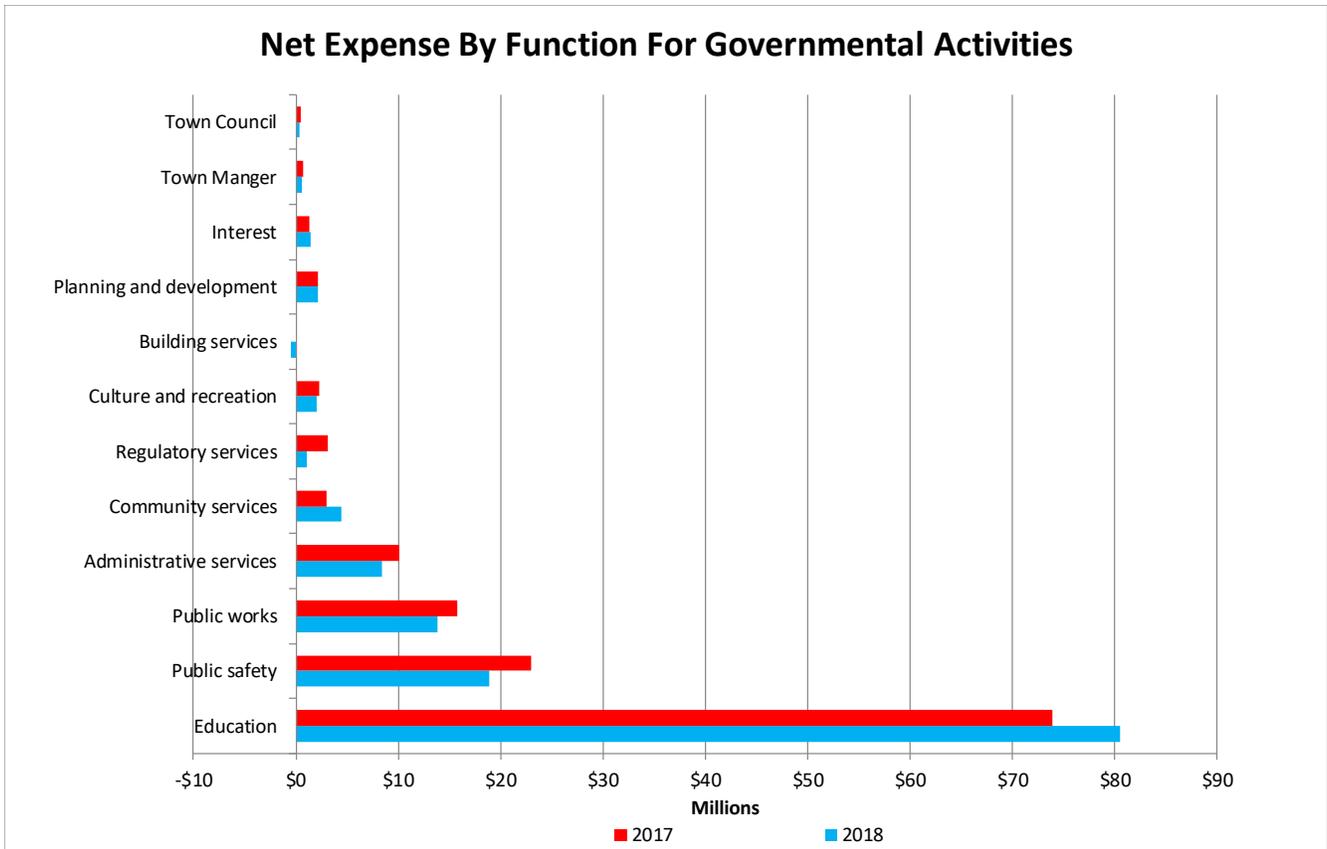


- Education is by far the largest governmental activity of the Town totaling \$115.1 million or 63.2% of all expenses.
- Public safety is the second largest activity consisting of \$19.9 million or 10.9%.
- Public works is the third largest category at \$16.4 million or 9%.
- 84.1% of all governmental activity is associated with public safety, education, public works, and other fixed costs. The remaining activity, or 15.9%, is associated with community services, regulatory services, building services, planning and development, 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 63.2% of all expenses.
- Education, public safety and public works and other fixed costs collectively account for 84.1% of all expenses in the governmental activities.

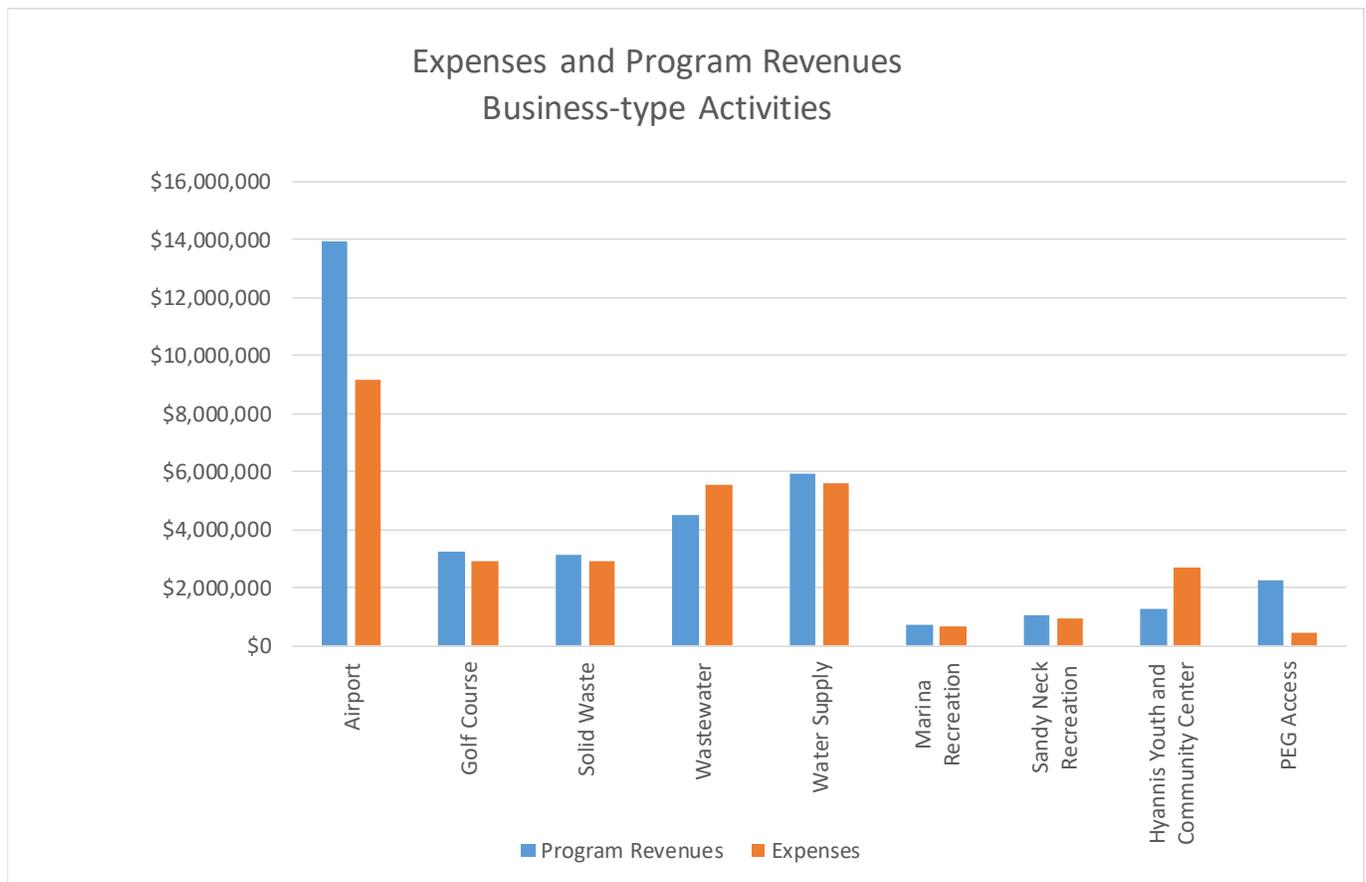


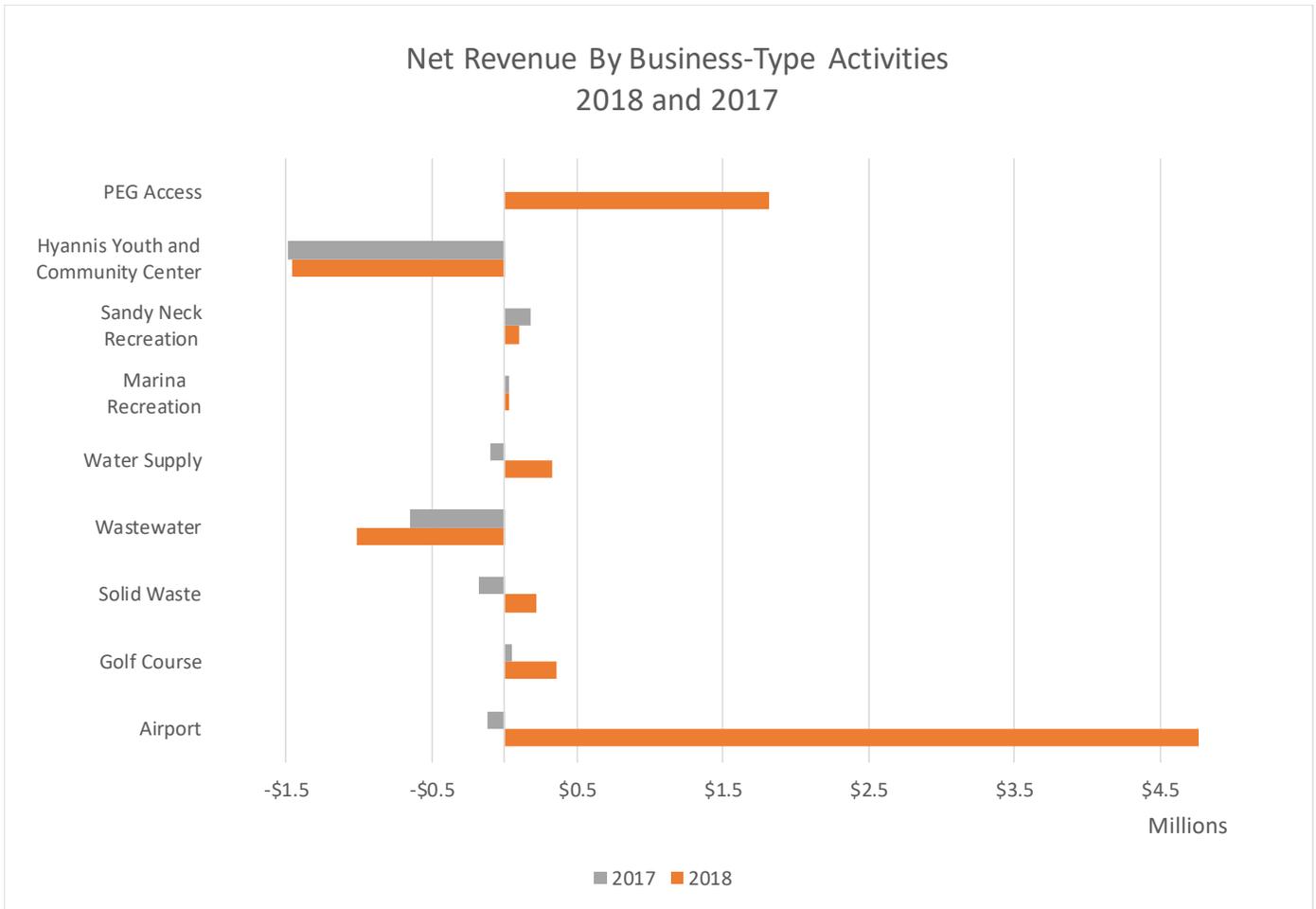
The change in the net expenses by function from year to year is useful to understand where tax dollars and other general revenues not restricted for particular purposes are being allocated.

- Education realized the largest increase in net expenses from 2017 to 2018 of \$6.6 million.
- Public safety realized the largest decrease in net expenses from 2017 to 2018 of \$4.1 million.
- Regulatory services realized the second largest decrease in net expenses of \$2.1 million.

Business-type activities. Business-type activities increased the Town’s net position by \$8.1 million. Key elements of this increase are as follows:

- \$4.1 million increase was attributable to airport operations.
- \$96,000 increase was attributable to golf course operations.
- \$80,000 decrease was attributable to solid waste operations.
- \$881,000 decrease was attributable to wastewater operations.
- \$202,000 increase was attributable to water supply operations.
- \$63,000 increase was attributable to the marina recreation enterprise fund.
- \$16,000 increase was attributable to the Sandy Neck recreation fund.
- \$358,000 increase was attributable to the Hyannis Youth and Community Center.
- \$3.7 million increase was attributable to the PEG access fund.
- The business-type activities transferred \$2.8 million of its net operating income to governmental activities to pay for costs associated with running the business-type activities which are paid for out of governmental activities.





- Golf course, marina, and Sandy Neck business-type activities have generated net revenue (program revenue less expenses) for the past two years.
- The airport realized an increase in net revenue generated from 2017 to 2018. This is due to an increase in capital grant funding on the airport’s major construction projects.
- The PEG Access enterprise fund was established in fiscal year 2018.
- Net revenue does not include investment income and transfers, which have been necessary to allow some of the enterprise funds to meet their debt service obligations.

Financial Analysis of the Government’s Funds

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

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

At the end of the current year, the Town’s governmental funds reported combined ending fund balances of \$111.8 million, an increase of \$4.1 million in comparison with the prior year.

The general fund is the chief operating fund of the Town. At the end of the current year, unassigned fund balance of the general fund totaled \$33.1 million, restricted fund balance was \$1.9 million, assigned fund balance was \$6.2 million while total fund balance was \$41.3 million. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and the total fund balance to total fund expenditures.

Analysis of Fund Balance and General Fund Expenditures

	<u>2018</u>	<u>2017</u>	Increase (Decrease)
Unassigned fund balance	\$ 33,070,020	\$ 33,245,543	\$ (175,523)
Total fund balance	\$ 41,258,909	\$ 40,956,917	\$ 301,992
Total General Fund expenditures	\$ 164,523,453	\$ 157,086,318	\$ 7,437,135
Unassigned fund balance as a % of total GF expenditures	20.10%	21.16%	-1.06%
Total fund balance as a % of total GF expenditures	25.08%	26.07%	-1.00%

As of June 30, 2018, the Town has planned to use \$3.6 million of fund balance to balance the 2019 general fund budget, which is reported within assigned fund balance.

General Fund Comparison

	<u>2018</u>	<u>2017</u>	Increase (Decrease)
Cash and investments	\$ 50,210,025	\$ 48,742,147	\$ 1,467,878
Receivables and other assets	\$ 18,055,053	\$ 19,880,925	\$ (1,825,872)
Total liabilities and deferred inflows	\$ 27,006,169	\$ 27,666,155	\$ (659,986)
Total fund balance	\$ 41,258,909	\$ 40,956,917	\$ 301,992
Revenues	\$ 167,867,880	\$ 163,018,121	\$ 4,849,759
Expenditures	\$ 164,523,453	\$ 157,086,318	\$ 7,437,135

- Cash and investments have increased mainly for the Town's stabilization funds.
- Receivables have decreased by \$1.8 million from 2017, mostly due to receipts due from State reimbursement programs.
- Liabilities have decreased by \$660,000 mainly due to the timing of year end warrants and accruals.
- Total fund balance has increased mainly due to positive budgetary results.
- The \$4.9 million increase in revenue is comprised mostly of the increase of \$3.3 million in property tax growth and \$850,000 in motor vehicle and other excise taxes.
- The \$7.4 million increase in expenditures was mainly due to an increase in education of \$3 million, \$1.3 million in employee benefits, \$867,000 in planning and development, and \$605,000 in pension benefits.

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 \$3.1 million since 2017. 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 (\$8.5 million in 2018) and transfers out a sum of money that equals the annual debt service payments on projects authorized as well as cash appropriations for capital improvements. The difference between the transfer in and out contributes to the increase or decrease in this fund balance at the end of any year.

In accordance with GASB #54, the Town has classified the fund balance in the pension stabilization fund within the category of restricted fund balance within the general fund. The balance of the pension stabilization fund has remained consistent with a decrease of \$258,000 from the prior year.

Changes to other governmental fund balances include the following:

	Fund Balance		Increase
	2018	2017	(Decrease)
Construction and Maintenance	\$ 16,669,667	\$ 14,295,983	\$ 2,373,684
Capital Projects	\$ 13,943,057	\$ 11,628,050	\$ 2,315,007
Highway Projects	\$ 408,658	\$ 559,125	\$ (150,467)
Community Preservation Fund	\$ 10,479,392	\$ 9,176,785	\$ 1,302,607
Nonmajor Governmental Funds	\$ 29,059,025	\$ 31,139,779	\$ (2,080,754)

The Town adopted special legislation to establish a construction and maintenance fund. The Town reports 100% of the meals tax and 33% of the hotel/motel tax collected directly into the fund. At June 30, 2018, the balance of the Town's construction and maintenance fund is \$16.7 million.

The capital projects fund increased by \$2.3 million in 2018. This is due to the Town's ongoing capital construction and improvement projects. The Town's major projects included \$5.1 million in public works expenditures mainly for infrastructure related projects, \$3.6 million in education expenditures mainly related to building improvements and equipment, and \$1.2 million for improvements to Lombard field and Joshua's Pond.

The highway projects fund reported expenditures of \$445,000 against \$294,000 of reimbursements on projects in 2018 which are fully supported by State grants on a reimbursable basis.

The community preservation fund balance increased \$1.3 million in 2018. This is mainly due to revenue of \$4.2 million of which \$3.4 million was from taxes and \$602,000 was from state matching fund. Expenses totaled \$2.9 million which included \$2.2 million for debt service.

The nonmajor funds decreased by \$2.1 million in 2018. Revenues decreased by \$498,000 million from the prior year and expenditures increased by \$407,000 due to the completion of various projects. Transfers netted to a decrease of \$2.8 million.

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

General Fund Budgetary Highlights

The \$3.9 million increase from the original budget to the final amended budget resulted from the appropriation of available funds (free cash) for Town pier projects totaling \$60,000, public works operating capital totaling \$60,000, renovations for the armory building totaling \$200,000 and for transfers to the capital trust fund totaling \$4 million; these appropriation increases were offset by \$406,000 in budget reductions for prior year encumbrances that were not expended.

General fund revenues came in over budget by \$2.2 million. All categories of revenues exceeded the budget except real estate and personal property taxes and intergovernmental state aid. Motor vehicle and other excise taxes realized the largest positive variance at \$1.1 million. Licenses and permits realized the next highest positive variance at \$646,000.

General fund expenditures plus encumbrances came in \$247,000 less than budgeted. All departments realized budget savings except town council personnel, public works personnel and operating expenditures, debt service principal, and state and county assessment. The deficit in public works is due to snow and ice expenses. This and state and county charges are areas where municipalities are allowed to deficit spend under state law.

Capital Assets and Debt Management

Capital assets. The Town of Barnstable's investment in capital assets for its governmental and business-type activities as of June 30, 2018 amount to \$454.2 million (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, improvements to land and buildings, machinery and equipment, vehicles, roads, sidewalks, bridges, runways and sewer lines. The total net increase in the Town's investment in capital assets for the current year was \$7.5 million (a \$3.6 million increase for governmental activities and a \$3.8 million increase for business-type activities).

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

- The Town spent \$19.6 million for various infrastructure improvements including roads, drainage and sidewalks.
- The Town spent \$4.1 million on construction in progress. Of this amount, \$335,000 was for airport projects, \$564,000 was for water projects, and \$3.3 million was for building improvements.
- The Town spent \$2.8 million on equipment and vehicles.
- The Town spent \$3.2 million on various building improvements. Of this amount \$1.4 million was spent on school projects, \$387,000 on airport building improvements, \$351,000 on golf buildings, and \$643,000 on water buildings.

Capital Assets

	Cost of Capital Assets at end of year	Accumulated Depreciation at end of year	Capital Assets, net
Governmental activities			
<u>Function:</u>			
General government.....	\$ 15,530,148	\$ (5,962,314)	\$ 9,567,834
Administrative services.....	488,300	(56,490)	431,810
Growth management.....	3,612,279	(268,187)	3,344,092
Public safety.....	13,327,355	(10,031,316)	3,296,039
Education.....	151,780,190	(86,766,890)	65,013,300
Public works.....	161,515,099	(60,172,466)	101,342,633
Regulatory services.....	71,699,057	(1,790,344)	69,908,713
Community services.....	14,891,751	(6,361,257)	8,530,494
Total by function.....	<u>432,844,179</u>	<u>(171,409,264)</u>	<u>261,434,915</u>
Business-Type Activities			
<u>Function:</u>			
Airport.....	115,514,313	(36,062,708)	79,451,605
Golf.....	19,149,321	(4,723,371)	14,425,950
Solidwaste.....	5,716,783	(3,212,981)	2,503,802
Wastewater.....	64,224,439	(27,862,735)	36,361,704
Water Supply.....	35,929,831	(4,421,615)	31,508,216
Marina.....	9,197,137	(2,747,901)	6,449,236
Sandy Neck recreation.....	1,948,223	(786,076)	1,162,147
Hyannis Youth and Community Center.....	24,291,347	(4,740,364)	19,550,983
PEG Access.....	1,529,990	(225,759)	1,304,231
Total by function.....	<u>277,501,384</u>	<u>(84,783,510)</u>	<u>192,717,874</u>
Grant Total.....	\$ <u>710,345,563</u>	\$ <u>(256,192,774)</u>	\$ <u>454,152,789</u>

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

Long-term debt. At the end of the current year, the Town of Barnstable had total bonded debt outstanding of \$104.3 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:

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2018
MCWT Title V Bond of 1997.....	2021	\$ 200,000	0.00	\$ 31,000
MCWT Title V Bond of 2002.....	2023	200,000	0.00	50,324
MCWT Title V Bonds of 2006.....	2026	400,000	0.00	160,000
MCWT Title V Bond of 2007.....	2027	200,000	0.00	90,000
Municipal Purpose Bonds of 2007.....	2027	36,808,388	4.00 - 5.00	4,900,000
MCWT Bond of 2008 (CW-04-31).....	2021	389,216	2.00	99,001
MCWT Bond of 2009.....	2021	887,454	2.00	149,239
Municipal Purpose Bonds of 2010.....	2030	3,873,270	2.00 - 5.00	1,965,000
Municipal Purpose Bonds of 2011.....	2031	13,584,000	2.00 - 4.00	4,970,000
Municipal Purpose Refunding of 2012.....	2023	10,037,900	2.00 - 4.00	4,179,500
Municipal Purpose Bonds of 2014.....	2024	6,248,000	2.00 - 3.00	3,270,000
Municipal Purpose Refunding of 2015.....	2027	5,265,500	2.00 - 4.50	4,080,000
Municipal Purpose Bonds of 2015.....	2035	3,930,000	2.00 - 4.50	2,890,000
Municipal Purpose Bonds of 2016.....	2036	12,113,000	2.00 - 4.00	10,595,000
Municipal Purpose Refunding of 2016.....	2028	1,674,000	2.00 - 4.00	1,674,000
Municipal Purpose Bonds of 2017.....	2037	5,105,700	3.00 - 4.00	4,650,000
MCWT Bond of 2017.....	2020	255,941	2.00	172,456
Municipal Purpose Bonds of 2018.....	2038	7,780,500	3.00 - 5.00	7,780,500
Total Bonds Payable.....				51,706,020
Add: Unamortized premium on bonds.....				1,772,942
Total Bonds Payable, net.....				\$ 53,478,962

Business-type Activities:

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2018
Airport.....	2037	\$ 2,433,700	2.00 - 4.125	\$ 2,175,000
Golf Course.....	2037	3,313,200	2.00 - 5.00	2,894,000
Add: unamortized premium.....				164,748
Total Golf Course Bonds Payable, net.....				3,058,748
Solid Waste Transfer Station.....	2027	7,515,600	0.00 - 4.50	826,500
Wastewater.....	2037	27,301,820	0.00 - 4.75	15,256,940
Water Supply.....	2038	19,877,111	2.00 - 5.00	16,826,853
Add: unamortized premium.....				605,745
Total Water Supply Bonds Payable, net.....				17,432,598
Marina Recreation.....	2037	3,598,500	2.00 - 4.00	2,544,000
Add: unamortized premium.....				66,054
Total Marina Recreation Bonds Payable, net.....				2,610,054
Sandy Neck Recreation.....	2031	1,265,000	2.00 - 4.125	900,000
Hyannis Youth and Community Center.....	2028	15,113,300	2.00 - 4.75	7,835,000
Add: unamortized premium.....				755,907
Total Hyannis Youth and Community Center Bonds Payable, net.....				8,590,907
Total Bonds Payable, net.....				\$ 50,850,747

The Town of Barnstable's total long-term debt decreased by \$4.5 million during the current year. The decrease was the net result of the issuance of \$9.9 million in new long-term debt used to finance new capital projects; and principal payments of approximately \$14.4 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 \$746.6 million, which is significantly in excess of the Town of Barnstable's outstanding general obligation debt that is subject to this limitation.

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

Economic Factors and Next Year's Budget and Rates

- New building growth is improving but is still below the Town's pre-recession levels of \$190-\$200 million. New construction totaled \$142 million for FY18 and \$153 million in FY19. Seventy percent of the new property tax growth is comprised of residential property. In FY18, property taxes generated from new growth totaled \$1.3 million. The Town used a conservative estimate of \$950,000 of property taxes from new building growth for the FY19 budget development which ended up totaling \$1.437 million.
- Motor vehicle excise taxes are conservatively projected in 2019 at \$7.1 million even though the actual collections in 2018 were just over \$8.1 million. Revenue in this area has grown significantly as the economy has improved; particularly the automobile industry. Another downturn in the economy like the last recession can have a devastating impact on this category of revenue which fell \$1.5 million during the last recession. A conservative projection will provide the Town with some flexibility in budgeting for the next couple of years.
- Hotel/Motel excise taxes for 2019 are projected slightly below (\$1.9 million) the 2018 actual amount collected (\$1.982 million). This category of revenue has improved the past couple of years. The tourism industry across the Cape has been strong, even during the recession, as the Cape draws visitors regionally, nationally and internationally. This category won't grow much beyond its current level unless additional rooms are added to the Town's stock or major price changes occur in room rates; neither of which are projected in the near horizon.
- Chapter 70 Aid for education is \$10,568,941 in 2019 and \$557,593 more than the 2018 amount. At this level the town is at its target share aid amount under Chapter 70 and it is not expected to receive any significant increase in this category of aid going forward. Any aid increase will be the result of an increase in the foundation budget and the level of funding appropriated by the State for the chapter 70 program.
- Penalties and interest on the late payment of taxes are budgeted at \$175,000 less than the 2018 actual amount collected. It is expected that an improving economy will result in more timely tax payments.
- Investment income for 2019 is conservatively projected at \$210,000 below the actual amount received in 2018 of \$610,000. Investment rates earned on excess cash deposits are improving and the town should realize an increase over the amount received in 2018.
- Permit revenue collected in 2018 totaled \$1,869,000; an all-time high for the town. This category of revenue was conservatively projected in 2019 at \$1,355,000.
- Beach revenue in 2018 totaled \$2,574,000; the third year in a row it exceeded \$2.5 million indicating a strong tourism economy.
- The interest rate on bond issues are beginning to rise with the improving economy. The town's last bond issue in 2018 sold at a 2.73% interest rate. The town intends to issue \$10.5 million in General Obligation Bonds (GOB) in 2019 and \$6.5 million in bonds through the Massachusetts Clean Water Trust which should qualify for a 2% borrowing rate. The expected interest rate on the GOB is estimated to be around 3%.
- The 2019 General Fund operating budget of \$161.2 million (net of transfers) is \$6.6 million more than the 2018 budget.
- The 2019 budget for all education operations is up \$3.2 million and municipal operations are up \$1.4 million.
- The 2019 employee benefits budget is up \$1.3 million.
- The 2019 debt service budget is up \$495,667 and other fixed costs are up \$186,627.

- The Town incurred deficit spending for snow and ice removal of \$1,171,720 in 2018. This deficit is included in the 2019 budget.
- The Police Department realized the largest dollar increase in the municipal operations budget for 2019 at \$696,667. This includes 3 new civilian dispatch positions for the Hyannis Fire District which consolidated its dispatch operations with the Police Department. The fire district will be billed for the cost of these positions by the town on a monthly basis.
- The municipal operations were reorganized in 2019 as follows:
 - The asset management program was moved from the Finance Department to the Town Manager operation.
 - The Marine & Environmental Affairs Division was removed from the Community Services Department and became its own department.
 - The Regulatory Services Department was renamed the Licensing Department.
 - The Conservation Division and Parking Management program were transferred from the Licensing Department into the Planning & Development Department.
 - The Health Division was transferred from the Licensing Department to the Inspectional Services Department.
- The Town used \$3,587,352 of free cash to balance the 2019 budget. \$1,275,000 was used to cover the prior year snow removal deficit, \$1,189,000 for employee benefits, \$250,000 for a Town Council reserve fund, \$72,666 for municipal operations and \$800,686 for the school operating budget.
- The tax levy for 2019 is estimated to be \$122,755,924 million, or \$4,224,259 higher than 2018. This includes the state allowed 2.5% increase and new growth of \$1,456,550.
- The 2019 single town tax rate is estimated to be \$8.61 which is ten cents less than the 2018 tax rate before any tax levy shifting options adopted by the town.
- If a 20% residential exemption is adopted in 2019 this would result in a residential tax rate of \$9.50 which is eleven cents less than the 2018 residential tax rate.
- The Town Council supported a residential exemption of 20% in 2018. The exemption value for 2018 was \$93,229. It is expected that the residential exemption will be adopted at 20% again in FY19. This will result in an exemption value of \$98,270. Qualifying residential property owners receive a deduction off their taxable values before the tax rate is applied. This equates to an approximate savings of \$934 for the median home value of a qualifying resident.
- The median home value in town was \$328,100 in 2018 and is \$351,800 in 2019. This equates to a median tax bill of \$3,153 in 2018 and \$3,342 in 2019; and increase of \$189 or 6%.
- The Town Council did not adopt a split tax rate or a small business exemption for 2018 consistent with the previous year and this is expected to be repeated in 2019.
- General Fund free cash was certified by the State Division of Local Services as of July 1, 2018 at \$12,643,236.
- Enterprise fund retained earnings were certified at:
 - Water - \$2,157,029
 - Sewer - \$9,230,479
 - Solid Waste - \$1,881,944
 - Golf - \$684,755
 - Airport - \$3,525,181
 - Marinas - \$851,171
 - Sandy Neck - \$895,176
 - HYCC - \$634,810
 - PEG - \$2,328,719

- Other reserves at the end of 2018 include:
 - \$20.5 million in stabilization funds.
 - \$15.4 million in comprehensive wastewater management & private way improvement funds.
 - \$2.9 million in municipal revolving funds.
 - \$4.2 million in school revolving funds.
 - \$1.9 million in school circuit breaker funds.
 - \$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, 3rd Floor, School Administration Building, 230 South Street, Hyannis, MA, 02601.

This page intentionally left blank.

Basic Financial Statements

STATEMENT OF NET POSITION

JUNE 30, 2018

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	Libraries
ASSETS				
CURRENT:				
Cash and cash equivalents.....	\$ 76,567,771	\$ 18,271,248	\$ 94,839,019	\$ 2,229,626
Restricted cash and cash equivalents.....	-	-	-	94,640
Investments.....	49,901,422	10,494,349	60,395,771	6,730,971
Receivables, net of allowance for uncollectibles:				
Real estate and personal property taxes.....	8,025,627	-	8,025,627	-
Tax liens.....	2,139,502	30,112	2,169,614	-
Community preservation fund surtax.....	217,295	-	217,295	-
Motor vehicle and other excise taxes.....	2,227,369	-	2,227,369	-
User fees.....	-	3,065,425	3,065,425	-
Departmental and other.....	117,062	-	117,062	-
Intergovernmental - other.....	19,028,393	3,097,243	22,125,636	22
Intergovernmental - legal settlements.....	-	123,800	123,800	-
Community preservation state share.....	696,117	-	696,117	-
Special assessments.....	50,125	177,373	227,498	-
Tax foreclosures.....	1,185,252	-	1,185,252	-
Internal balances.....	-	-	-	-
Inventory.....	-	182,186	182,186	9,607
Other assets.....	-	-	-	10,693
Total current assets.....	160,155,935	35,441,736	195,597,671	9,075,559
NONCURRENT:				
Receivables, net of allowance for uncollectibles:				
Departmental and other.....	80,000	-	80,000	-
Intergovernmental - other.....	840,571	288,494	1,129,065	-
Intergovernmental - legal settlements.....	-	2,625,138	2,625,138	-
Special assessments.....	1,817,109	637,463	2,454,572	-
Capital assets, nondepreciable.....	87,128,021	43,328,550	130,456,571	341,264
Capital assets, net of accumulated depreciation.....	174,306,894	149,389,324	323,696,218	9,866,522
Total noncurrent assets.....	264,172,595	196,268,969	460,441,564	10,207,786
TOTAL ASSETS.....	424,328,530	231,710,705	656,039,235	19,283,345
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows for refunding debt.....	-	951,770	951,770	-
Deferred outflows related to pensions.....	11,572,037	2,891,031	14,463,068	-
Deferred outflows related to other postemployment benefits.....	5,232,770	662,495	5,895,265	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES.....	16,804,807	4,505,296	21,310,103	-
LIABILITIES				
CURRENT:				
Warrants payable.....	3,537,010	1,261,424	4,798,434	102,040
Accrued payroll.....	7,795,227	215,752	8,010,979	-
Tax refunds payable.....	231,750	-	231,750	-
Accrued interest.....	579,793	319,499	899,292	-
Other liabilities.....	924,498	210,819	1,135,317	12,223
Landfill closure.....	-	25,000	25,000	-
Compensated absences.....	2,908,740	352,467	3,261,207	33,740
Workers' compensation.....	57,500	-	57,500	-
Notes payable.....	2,075,770	4,569,500	6,645,270	-
Bonds payable.....	10,514,146	5,141,374	15,655,520	-
Total current liabilities.....	28,624,434	12,095,835	40,720,269	148,003
NONCURRENT:				
Landfill closure.....	-	200,000	200,000	-
Compensated absences.....	652,124	41,699	693,823	-
Workers' compensation.....	537,900	-	537,900	-
Net pension liability.....	82,089,750	20,508,394	102,598,144	-
Net other postemployment benefits liability.....	170,249,273	20,805,910	191,055,183	-
Bonds payable.....	42,964,816	45,709,373	88,674,189	-
Total noncurrent liabilities.....	296,493,863	87,265,376	383,759,239	-
TOTAL LIABILITIES.....	325,118,297	99,361,211	424,479,508	148,003
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions.....	7,267,538	1,815,640	9,083,178	-
Deferred inflows related to other postemployment benefits.....	16,713,715	2,042,557	18,756,272	-
TOTAL DEFERRED INFLOWS OF RESOURCES.....	23,981,253	3,858,197	27,839,450	-
NET POSITION				
Net investment in capital assets.....	220,042,677	141,451,379	361,494,056	10,207,786
Restricted for:				
Construction and maintenance.....	17,659,445	-	17,659,445	-
Highway projects.....	14,104,804	-	14,104,804	-
Permanent funds:				
Expendable.....	2,510,068	-	2,510,068	-
Nonexpendable.....	17,037,151	-	17,037,151	-
Gifts and grants.....	5,321,268	-	5,321,268	-
Community preservation.....	11,434,849	-	11,434,849	-
Unrestricted.....	(196,076,475)	(8,454,786)	(204,531,261)	8,927,556
TOTAL NET POSITION.....	\$ 92,033,787	\$ 132,996,593	\$ 225,030,380	\$ 19,135,342

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2018

Functions/Programs	Program Revenues					Net (Expense) Revenue
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
Primary Government:						
<i>Governmental Activities:</i>						
Town Council.....	\$ 369,895	\$ 324	\$ -	\$ -	\$ -	(369,571)
Town Manager.....	690,519	137,787	-	-	-	(552,732)
Administrative services.....	9,913,263	905,200	639,798	636	-	(8,367,629)
Planning and development.....	3,853,609	831,998	119,965	723,420	-	(2,178,226)
Public safety.....	19,867,843	536,976	465,643	-	-	(18,865,224)
Education.....	115,143,246	180,222	34,456,016	-	-	(80,507,008)
Public works.....	16,422,753	150,295	118,560	2,335,556	-	(13,818,342)
Community services.....	6,773,346	1,985,046	312,152	11,770	-	(4,464,378)
Regulatory services.....	3,408,884	2,360,231	5,765	-	-	(1,042,888)
Building services.....	1,413,654	1,896,978	-	-	-	483,324
Culture and recreation.....	2,579,518	526,302	543	-	-	(2,052,673)
Interest.....	1,748,298	-	257,614	-	-	(1,490,684)
Total Governmental Activities.....	182,184,828	9,511,359	36,376,056	3,071,382		(133,226,031)
<i>Business-Type Activities:</i>						
Airport activities.....	9,197,454	6,001,444	110,040	7,853,248	-	4,767,278
Golf course activities.....	2,902,258	3,263,851	-	-	-	361,593
Solid waste activities.....	2,938,570	3,124,552	37,524	-	-	223,506
Wastewater activities.....	5,541,637	4,459,115	70,006	-	-	(1,012,516)
Water supply activities.....	5,616,434	5,781,309	158,347	-	-	323,222
Marina activities.....	691,620	726,836	-	-	-	35,216
Sandy Neck activities.....	960,124	1,004,197	60,695	-	-	104,768
Hyannis Youth and Community Center activities..	2,700,279	1,238,868	8,900	-	-	(1,452,511)
PEG Access.....	468,534	862,576	-	1,425,212	-	1,819,254
Total Business-Type Activities.....	31,016,910	26,462,748	445,512	9,278,460		5,169,810
Total Primary Government.....	\$ 213,201,738	\$ 35,974,107	\$ 36,821,568	\$ 12,349,842		\$ (128,056,221)
Component Units:						
Hyannis Public Library.....	\$ 578,399	\$ 23,652	\$ 525,533	\$ -	\$ -	(29,214)
Osterville Free Library.....	969,593	72,916	763,567	-	-	(133,110)
Centerville Public Library.....	746,176	75,717	430,856	-	-	(239,603)
Sturgis Library.....	672,370	52,238	407,137	-	-	(212,995)
Cotuit Library.....	401,983	61,764	435,569	-	-	95,350
Marston Mills Public Library.....	308,276	17,178	252,591	-	-	(38,507)
Whelden Memorial Library.....	228,984	14,723	170,505	-	-	(43,756)
Total Component Units.....	\$ 3,905,781	\$ 318,188	\$ 2,985,758	\$ -	\$ -	(601,835)

See notes to basic financial statements.

(Continued)

STATEMENT OF ACTIVITIES (continued)

YEAR ENDED JUNE 30, 2018

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	Libraries
Changes in net position:				
Net (expense) revenue from previous page.....	\$ (133,226,031)	\$ 5,169,810	\$ (128,056,221)	\$ (601,835)
<i>General revenues:</i>				
Real estate and personal property taxes, net of tax refunds payable.....	117,592,396	-	117,592,396	-
Motor vehicle and other excise taxes.....	8,337,027	-	8,337,027	-
Hotel/motel tax.....	2,986,802	-	2,986,802	-
Meals tax.....	1,553,414	-	1,553,414	-
Community preservation tax.....	3,447,737	-	3,447,737	-
Penalties and interest on taxes.....	1,480,233	-	1,480,233	-
Grants and contributions not restricted to specific programs.....	3,263,868	-	3,263,868	-
Unrestricted investment income.....	1,524,422	272,395	1,796,817	579,285
Miscellaneous.....	10,420	-	10,420	-
<i>Transfers, net</i>	(2,101,126)	2,101,126	-	-
Total general revenues and transfers.....	138,095,193	2,373,521	140,468,714	579,285
Change in net position.....	4,869,162	7,543,331	12,412,493	(22,550)
<i>Net position:</i>				
Beginning of year, as revised.....	87,164,625	125,453,262	212,617,887	19,157,892
End of year.....	\$ 92,033,787	\$ 132,996,593	\$ 225,030,380	\$ 19,135,342

See notes to basic financial statements.

(Concluded)

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2018

	General	Construction and Maintenance	Capital Projects	Highway Projects	Community Preservation Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents.....	\$ 19,391,072	\$ 16,367,758	\$ 15,809,221	\$ 398,694	\$ 10,484,827	\$ 11,249,521	\$ 73,701,093
Investments.....	30,818,953	-	-	-	-	19,082,469	49,901,422
Receivables, net of uncollectibles:							
Real estate and personal property taxes.....	8,025,627	-	-	-	-	-	8,025,627
Tax liens.....	2,093,886	-	-	-	42,046	3,570	2,139,502
Community preservation fund surtax.....	-	-	-	-	217,295	-	217,295
Motor vehicle and other excise taxes.....	2,227,369	-	-	-	-	-	2,227,369
Departmental and other.....	197,062	-	-	-	-	-	197,062
Intergovernmental - other.....	4,325,857	302,527	45,050	14,121,837	-	1,073,693	19,868,964
Community preservation state share.....	-	-	-	-	696,117	-	696,117
Special assessments.....	-	989,778	-	-	-	877,456	1,867,234
Tax foreclosures.....	1,185,252	-	-	-	-	-	1,185,252
TOTAL ASSETS.....	\$ 68,265,078	\$ 17,660,063	\$ 15,854,271	\$ 14,520,531	\$ 11,440,285	\$ 32,286,709	\$ 160,026,937
LIABILITIES							
Warrants payable.....	\$ 1,561,923	\$ -	\$ 1,895,301	\$ 7,069	\$ 2,632	\$ 68,484	\$ 3,535,409
Accrued payroll.....	7,584,212	-	15,913	-	457	194,286	7,794,868
Tax refunds payable.....	231,750	-	-	-	-	-	231,750
Other liabilities.....	913,415	618	-	-	2,347	8,118	924,498
Notes payable.....	-	-	-	-	-	2,075,770	2,075,770
TOTAL LIABILITIES.....	10,291,300	618	1,911,214	7,069	5,436	2,346,658	14,562,295
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue.....	16,714,869	989,778	-	14,104,804	955,457	881,026	33,645,934
FUND BALANCES							
Nonspendable.....	-	-	-	-	-	17,037,151	17,037,151
Restricted.....	1,948,381	16,669,667	13,943,057	408,658	10,479,392	12,878,065	56,327,220
Assigned.....	6,240,508	-	-	-	-	-	6,240,508
Unassigned.....	33,070,020	-	-	-	-	(856,191)	32,213,829
TOTAL FUND BALANCES.....	41,258,909	16,669,667	13,943,057	408,658	10,479,392	29,059,025	111,818,708
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....	\$ 68,265,078	\$ 17,660,063	\$ 15,854,271	\$ 14,520,531	\$ 11,440,285	\$ 32,286,709	\$ 160,026,937

See notes to basic financial statements.

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

JUNE 30, 2018

Total governmental fund balances.....		\$ 111,818,708
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....		261,434,915
Accounts receivable are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.....		33,645,934
The statement of net position includes certain deferred inflows of resources and deferred outflows of resources that will be amortized over future periods. In governmental funds, these amounts are not deferred.....		(7,176,446)
The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.....		2,269,318
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....		(579,793)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Bonds payable.....	(53,478,962)	
Net pension liability.....	(82,089,750)	
Net other postemployment benefits liability.....	(170,249,273)	
Compensated absences.....	<u>(3,560,864)</u>	
Net effect of reporting long-term liabilities.....		<u>(309,378,849)</u>
Net position of governmental activities.....		<u>\$ 92,033,787</u>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2018

	General	Construction and Maintenance	Capital Projects	Highway Projects	Community Preservation Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:							
Real estate and personal property taxes, net of tax refunds.....	\$ 116,995,728	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 116,995,728
Motor vehicle and other excise taxes.....	8,255,521	-	-	-	-	-	8,255,521
Hotel/motel tax.....	1,982,758	995,601	-	-	-	-	2,978,359
Meals tax.....	-	1,553,414	-	-	-	-	1,553,414
Charges for services.....	2,508,874	-	45,050	-	-	3,717,280	6,271,204
Penalties and interest on taxes.....	1,428,947	42,766	-	-	-	8,520	1,480,233
Fees and rentals.....	999,094	-	-	-	-	756,683	1,755,777
Licenses and permits.....	2,712,694	-	-	-	-	307,336	3,020,030
Intergovernmental - state aid.....	13,030,860	-	-	-	-	-	13,030,860
Intergovernmental - School Building Authority.....	3,018,706	-	-	-	-	-	3,018,706
Intergovernmental - Teachers Retirement.....	14,240,664	-	-	-	-	-	14,240,664
Intergovernmental - other.....	170,719	-	-	294,397	-	8,051,359	8,516,475
Departmental and other.....	1,748,891	-	-	-	-	262,710	2,011,601
Community preservation taxes.....	-	-	-	-	3,447,737	-	3,447,737
Community preservation state match.....	-	-	-	-	601,662	-	601,662
Special assessments.....	96,969	130,429	-	-	-	331,715	559,113
Contributions and donations.....	2,544	-	17,409	-	-	141,957	161,910
Investment income.....	674,911	164,606	-	-	136,569	518,953	1,495,039
Miscellaneous.....	-	-	-	-	-	6,318	6,318
TOTAL REVENUES.....	167,867,880	2,886,816	62,459	294,397	4,185,968	14,102,831	189,400,351
EXPENDITURES:							
Current:							
Town Council.....	258,461	-	-	-	-	-	258,461
Town Manager.....	474,783	-	-	-	-	-	474,783
Administrative services.....	5,944,867	-	271,596	-	-	454,559	6,671,022
Planning and development.....	1,695,205	-	117,970	-	662,173	155,372	2,630,720
Public safety.....	13,693,227	-	168,383	-	-	506,345	14,367,955
Education.....	69,069,735	-	3,551,941	-	-	9,185,725	81,807,401
Public works.....	10,022,761	12,231	5,060,542	444,864	-	1,419,323	16,959,721
Community services.....	3,478,985	-	1,215,625	-	-	688,828	5,383,438
Regulatory services.....	1,147,156	-	8,192	-	-	424,670	1,580,018
Building services.....	981,724	-	-	-	-	1,962	983,686
Culture and recreation.....	2,101,447	-	-	-	-	478,071	2,579,518
Pension benefits.....	9,003,459	-	-	-	-	-	9,003,459
Pension benefits - Teachers Retirement.....	14,240,664	-	-	-	-	-	14,240,664
Property and liability insurance.....	1,717,342	-	-	-	-	-	1,717,342
Employee benefits.....	11,857,767	-	-	-	-	-	11,857,767
Other.....	312,614	-	-	-	-	-	312,614
State and county charges.....	8,951,456	-	-	-	-	-	8,951,456
Debt service:							
Principal.....	7,950,748	-	-	-	1,807,250	50,372	9,808,370
Interest.....	1,621,052	-	-	-	383,938	-	2,004,990
TOTAL EXPENDITURES.....	164,523,453	12,231	10,394,249	444,864	2,853,361	13,365,227	191,593,385
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	3,344,427	2,874,585	(10,331,790)	(150,467)	1,332,607	737,604	(2,193,034)
OTHER FINANCING SOURCES (USES):							
Issuance of bonds.....	-	-	7,780,500	-	-	-	7,780,500
Premium from issuance of bonds.....	85	-	571,500	-	-	4,144	575,729
Transfers in.....	3,808,302	-	4,588,260	-	-	205,591	8,602,153
Transfers out.....	(6,850,822)	(500,901)	(293,463)	-	(30,000)	(3,028,093)	(10,703,279)
TOTAL OTHER FINANCING SOURCES (USES)....	(3,042,435)	(500,901)	12,646,797	-	(30,000)	(2,818,358)	6,255,103
NET CHANGE IN FUND BALANCES.....	301,992	2,373,684	2,315,007	(150,467)	1,302,607	(2,080,754)	4,062,069
FUND BALANCES AT BEGINNING OF YEAR.....	40,956,917	14,295,983	11,628,050	559,125	9,176,785	31,139,779	107,756,639
FUND BALANCES AT END OF YEAR.....	\$ 41,258,909	\$ 16,669,667	\$ 13,943,057	\$ 408,658	\$ 10,479,392	\$ 29,059,025	\$ 111,818,708

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**

YEAR ENDED JUNE 30, 2018

Net change in fund balances - total governmental funds.....	\$	4,062,069
<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.....		12,628,922
Depreciation expense.....		<u>(9,002,194)</u>
Net effect of reporting capital assets.....		3,626,728
<p>Revenues in the Statement of Activities that do not provide current financial resources are unavailable in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable differ between the two statements. This amount represents the net change in unavailable revenue.....</p>		
		(274,618)
<p>The issuance of long-term debt 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 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 unavailable and amortized in the Statement of Activities.</p>		
Issuance of bonds.....		(7,780,500)
Premium from issuance of bonds.....		(575,729)
Net amortization of premium from issuance of bonds.....		244,048
Debt service principal payments.....		<u>9,808,370</u>
Net effect of reporting long-term debt.....		1,696,189
<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.....		(98,616)
Net change in accrued interest on long-term debt.....		12,644
Net change in deferred outflow/(inflow) of resources related to pensions.....		(3,414,140)
Net change in net pension liability.....		1,023,140
Net change in deferred outflow/(inflow) of resources related to other postemployment benefits...		(16,408,681)
Net change in net other postemployment benefits liability.....		<u>14,098,439</u>
Net effect of recording long-term liabilities.....		(4,787,214)
The net activity of internal service funds is reported with Governmental Activities.....		<u>546,008</u>
Change in net position of governmental activities.....	\$	<u><u>4,869,162</u></u>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
REVENUES:					
Real estate and personal property taxes, net of tax refunds.....	\$ 117,526,012	\$ 117,512,226	\$ 117,102,028	\$ -	\$ (410,198)
Motor vehicle and other excise taxes.....	7,164,240	7,164,240	8,255,521	-	1,091,281
Hotel/motel tax.....	1,900,000	1,900,000	1,982,758	-	82,758
Charges for services.....	2,469,000	2,469,000	2,508,874	-	39,874
Penalties and interest on taxes.....	1,318,900	1,318,900	1,428,947	-	110,047
Fees and rentals.....	953,000	953,000	999,094	-	46,094
Licenses and permits.....	2,067,000	2,067,000	2,712,694	-	645,694
Intergovernmental - state aid.....	13,045,576	13,045,576	13,030,860	-	(14,716)
Intergovernmental - School Building Authority.....	3,018,706	3,018,706	3,018,706	-	-
Departmental and other.....	1,300,000	1,300,000	1,619,831	-	319,831
Special assessments.....	61,000	61,000	96,969	-	35,969
Investment income.....	400,000	400,000	653,697	-	253,697
TOTAL REVENUES.....	151,223,434	151,209,648	153,409,979	-	2,200,331
EXPENDITURES:					
Current:					
Town Council:					
Personnel.....	237,234	237,234	237,249	-	(15)
Operating Expenditures.....	32,101	32,101	21,212	3,368	7,521
TOTAL.....	269,335	269,335	258,461	3,368	7,506
Town Manager:					
Personnel.....	395,537	395,537	393,668	-	1,869
Operating Expenditures.....	137,684	137,684	81,115	24,577	31,992
TOTAL.....	533,221	533,221	474,783	24,577	33,861
Administrative Services:					
Personnel.....	4,627,659	4,627,659	4,550,707	-	76,952
Operating Expenditures.....	1,428,819	1,423,909	1,196,708	198,720	28,481
Capital Outlay.....	208,916	208,917	151,621	56,217	1,079
TOTAL.....	6,265,394	6,260,485	5,899,036	254,937	106,512
Planning and Development:					
Personnel.....	1,442,688	1,442,688	1,399,981	-	42,707
Operating Expenditures.....	266,921	271,394	245,682	14,932	10,780
Capital Outlay.....	81,440	81,440	49,542	20,079	11,819
TOTAL.....	1,791,049	1,795,522	1,695,205	35,011	65,306
Police:					
Personnel.....	12,572,785	12,572,785	12,419,074	-	153,711
Operating Expenditures.....	930,306	929,286	879,759	46,907	2,620
Capital Outlay.....	410,194	428,194	394,394	32,176	1,624
TOTAL.....	13,913,285	13,930,265	13,693,227	79,083	157,955
Regulatory Services:					
Personnel.....	1,059,105	1,059,105	1,057,154	-	1,951
Operating Expenditures.....	138,597	121,195	90,002	26,820	4,373
TOTAL.....	1,197,702	1,180,300	1,147,156	26,820	6,324

(Continued)

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

YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
Building Services:					
Personnel.....	978,796	978,796	929,155	-	49,641
Operating Expenditures.....	54,671	56,750	52,569	3,643	538
TOTAL.....	1,033,467	1,035,546	981,724	3,643	50,179
Local School System.....	66,747,055	66,406,649	65,165,331	1,027,646	213,672
Regional School District.....	3,535,665	3,535,665	3,535,665	-	-
Public Works:					
Personnel.....	5,714,156	5,452,681	5,558,930	-	(106,249)
Operating Expenditures.....	3,395,763	3,408,681	3,892,172	510,397	(993,888)
Capital Outlay.....	782,790	967,196	571,659	394,758	779
TOTAL.....	9,892,709	9,828,558	10,022,761	905,155	(1,099,358)
Community Services:					
Personnel.....	3,114,139	3,114,139	3,003,402	-	110,737
Operating Expenditures.....	444,173	447,995	356,788	86,821	4,386
Capital Outlay.....	129,857	203,753	118,795	80,261	4,697
TOTAL.....	3,688,169	3,765,887	3,478,985	167,082	119,820
Culture and Recreation.....	2,181,629	2,181,629	2,101,447	79,602	580
Debt Service:					
Principal.....	7,867,263	7,867,263	7,950,748	-	(83,485)
Interest.....	1,653,371	1,653,371	1,621,052	-	32,319
TOTAL.....	9,520,634	9,520,634	9,571,800	-	(51,166)
Pension Benefits.....	9,003,460	9,003,460	9,003,459	-	1
Employee Benefits.....	10,719,715	11,169,715	10,557,767	-	611,948
Liability Insurance.....	1,763,479	1,763,479	1,717,342	22,329	23,808
State and County Assessments.....	8,852,879	8,852,879	8,951,456	-	(98,577)
Other Assessments.....	435,570	435,570	312,614	23,904	99,052
TOTAL EXPENDITURES.....	151,344,417	151,468,799	148,568,219	2,653,157	247,423
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(120,983)	(259,151)	4,841,760	(2,653,157)	2,447,754
OTHER FINANCING SOURCES (USES):					
Premium from issuance of bonds.....	-	-	85	-	85
Transfers in.....	3,792,377	3,792,377	4,068,302	-	275,925
Transfers out.....	(7,750,484)	(11,560,659)	(11,560,659)	-	-
TOTAL OTHER FINANCING SOURCES (USES).....	(3,958,107)	(7,768,282)	(7,492,272)	-	276,010
NET CHANGE IN FUND BALANCE.....	(4,079,090)	(8,027,433)	(2,650,512)	(2,653,157)	2,723,764
BUDGETARY FUND BALANCE, Beginning of year.....	23,254,458	23,254,458	23,254,458	-	-
BUDGETARY FUND BALANCE, End of year.....	\$ 19,175,368	\$ 15,227,025	\$ 20,603,946	\$ (2,653,157)	\$ 2,723,764

(Concluded)

See notes to basic financial statements.

**PROPRIETARY FUNDS
STATEMENT OF NET POSITION**

JUNE 30, 2018

	Business-type Activities - Enterprise Funds				
	Airport	Golf Course	Solid Waste	Wastewater	Water Supply
ASSETS					
CURRENT:					
Cash and cash equivalents.....	\$ 1,941,359	\$ 659,808	\$ 2,555,610	\$ 7,786,903	\$ 1,582,895
Investments.....	1,086,728	490,573	1,115,779	3,519,395	2,411,356
Receivables, net of allowance for uncollectibles:					
Liens - user fees.....	-	-	-	30,112	-
User fees.....	176,064	39,682	-	1,721,050	1,128,629
Intergovernmental - other.....	1,653,781	-	117,998	89,120	1,236,344
Intergovernmental - legal settlements.....	-	-	-	-	123,800
Special assessments.....	-	-	-	177,373	-
Inventory.....	114,343	67,843	-	-	-
Total current assets.....	4,972,275	1,257,906	3,789,387	13,323,953	6,483,024
NONCURRENT:					
Receivables, net of allowance for uncollectibles:					
Intergovernmental - other.....	-	-	-	288,494	-
Intergovernmental - legal settlements.....	-	-	-	-	2,625,138
Special assessments.....	-	-	-	637,463	-
Capital assets, non depreciable.....	15,961,471	11,988,648	1,217,552	1,181,533	9,317,258
Capital assets, net of accumulated depreciation.....	63,490,134	2,437,302	1,286,250	35,180,171	22,190,958
Total noncurrent assets.....	79,451,605	14,425,950	2,503,802	37,287,661	34,133,354
TOTAL ASSETS.....	84,423,880	15,683,856	6,293,189	50,611,614	40,616,378
DEFERRED OUTFLOWS OF RESOURCES					
Deferred loss on refunding.....	-	92,257	-	-	314,075
Deferred outflows related to pensions.....	680,992	559,707	453,780	460,166	111,517
Deferred outflows related to other postemployment benefits.....	154,183	106,272	103,023	121,074	35,910
TOTAL DEFERRED OUTFLOWS OF RESOURCES.....	835,175	758,236	556,803	581,240	461,502
LIABILITIES					
CURRENT:					
Warrants payable.....	559,352	32,645	154,223	75,722	319,672
Accrued payroll.....	52,643	39,262	29,005	32,762	8,027
Accrued interest.....	-	42,965	-	-	201,165
Other liabilities.....	33,610	128,319	-	25,223	16,874
Landfill closure.....	-	-	25,000	-	-
Compensated absences.....	98,112	77,877	55,845	48,751	19,790
Workers' compensation.....	-	-	-	-	-
Notes payable.....	600,000	-	-	-	3,969,500
Bonds payable.....	95,000	425,035	508,000	1,368,270	1,425,079
Total current liabilities.....	1,438,717	746,103	772,073	1,550,728	5,960,107
NONCURRENT:					
Landfill closure.....	-	-	200,000	-	-
Compensated absences.....	14,880	12,810	4,890	6,029	262
Workers' compensation.....	-	-	-	-	-
Net pension liability.....	4,830,821	3,970,450	3,219,023	3,264,327	791,077
Net other postemployment benefits liability.....	4,776,380	3,782,893	3,133,305	3,419,888	993,487
Bonds payable.....	2,080,000	2,633,713	318,500	13,888,670	16,007,519
Total noncurrent liabilities.....	11,702,081	10,399,866	6,875,718	20,578,914	17,792,345
TOTAL LIABILITIES.....	13,140,798	11,145,969	7,647,791	22,129,642	23,752,452
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to pensions.....	427,680	351,510	284,985	288,996	70,035
Deferred inflows related to other postemployment benefits.....	468,906	371,375	307,603	335,737	97,532
TOTAL DEFERRED INFLOWS OF RESOURCES.....	896,586	722,885	592,588	624,733	167,567
NET POSITION					
Net investment in capital assets.....	76,684,020	11,552,447	2,503,802	22,174,052	11,375,046
Unrestricted.....	(5,462,349)	(6,979,209)	(3,894,189)	6,264,427	5,782,815
TOTAL NET POSITION.....	\$ 71,221,671	\$ 4,573,238	\$ (1,390,387)	\$ 28,438,479	\$ 17,157,861

(Continued)

See notes to basic financial statements.

Business-type Activities - Enterprise Funds

	Marina Recreation	Sandy Neck Recreation	Hyannis Youth and Community Center	PEG Access	Total	Governmental Activities - Internal Service Fund
\$	842,613	\$ 768,212	\$ 558,857	\$ 1,574,991	\$ 18,271,248	\$ 2,866,678
	310,193	396,632	297,321	866,372	10,494,349	-
	-	-	-	-	30,112	-
	-	-	-	-	3,065,425	-
	-	-	-	-	3,097,243	-
	-	-	-	-	123,800	-
	-	-	-	-	177,373	-
	-	-	-	-	182,186	-
	<u>1,152,806</u>	<u>1,164,844</u>	<u>856,178</u>	<u>2,441,363</u>	<u>35,441,736</u>	<u>2,866,678</u>
	-	-	-	-	288,494	-
	-	-	-	-	2,625,138	-
	-	-	-	-	637,463	-
	2,432,757	-	1,229,331	-	43,328,550	-
	<u>4,016,481</u>	<u>1,162,147</u>	<u>18,321,652</u>	<u>1,304,229</u>	<u>149,389,324</u>	<u>-</u>
	<u>6,449,238</u>	<u>1,162,147</u>	<u>19,550,983</u>	<u>1,304,229</u>	<u>196,268,969</u>	<u>-</u>
	<u>7,602,044</u>	<u>2,326,991</u>	<u>20,407,161</u>	<u>3,745,592</u>	<u>231,710,705</u>	<u>2,866,678</u>
	-	-	545,438	-	951,770	-
	100,702	185,074	339,093	-	2,891,031	-
	<u>21,638</u>	<u>39,350</u>	<u>67,090</u>	<u>13,955</u>	<u>662,495</u>	<u>-</u>
	<u>122,340</u>	<u>224,424</u>	<u>951,621</u>	<u>13,955</u>	<u>4,505,296</u>	<u>-</u>
	5,961	10,994	96,051	6,804	1,261,424	1,601
	6,469	18,657	22,739	6,188	215,752	359
	-	-	75,369	-	319,499	-
	1,000	5,793	-	-	210,819	-
	-	-	-	-	25,000	-
	8,484	11,404	24,664	7,540	352,467	-
	-	-	-	-	-	57,500
	-	-	-	-	4,569,500	-
	<u>285,279</u>	<u>60,000</u>	<u>974,711</u>	<u>-</u>	<u>5,141,374</u>	<u>-</u>
	<u>307,193</u>	<u>106,848</u>	<u>1,193,534</u>	<u>20,532</u>	<u>12,095,835</u>	<u>59,460</u>
	-	-	-	-	200,000	-
	900	-	1,928	-	41,699	-
	-	-	-	-	-	537,900
	714,363	1,312,876	2,405,457	-	20,508,394	-
	592,271	1,222,753	2,388,190	496,743	20,805,910	-
	<u>2,324,775</u>	<u>840,000</u>	<u>7,616,196</u>	<u>-</u>	<u>45,709,373</u>	<u>-</u>
	<u>3,632,309</u>	<u>3,375,629</u>	<u>12,411,771</u>	<u>496,743</u>	<u>87,265,376</u>	<u>537,900</u>
	<u>3,939,502</u>	<u>3,482,477</u>	<u>13,605,305</u>	<u>517,275</u>	<u>99,361,211</u>	<u>597,360</u>
	63,244	116,231	212,959	-	1,815,640	-
	<u>58,144</u>	<u>120,040</u>	<u>234,453</u>	<u>48,767</u>	<u>2,042,557</u>	<u>-</u>
	<u>121,388</u>	<u>236,271</u>	<u>447,412</u>	<u>48,767</u>	<u>3,858,197</u>	<u>-</u>
	4,090,122	262,147	11,505,514	1,304,229	141,451,379	-
	<u>(426,628)</u>	<u>(1,429,480)</u>	<u>(4,199,449)</u>	<u>1,889,276</u>	<u>(8,454,786)</u>	<u>2,269,318</u>
\$	<u>3,663,494</u>	\$ <u>(1,167,333)</u>	\$ <u>7,306,065</u>	\$ <u>3,193,505</u>	\$ <u>132,996,593</u>	\$ <u>2,269,318</u>

(Concluded)

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

YEAR ENDED JUNE 30, 2018

	Business-type Activities - Enterprise Funds				
	Airport	Golf Course	Solid Waste	Wastewater	Water Supply
OPERATING REVENUES:					
Employer contributions.....	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services.....	6,001,444	3,263,851	3,124,552	4,340,032	5,781,309
TOTAL OPERATING REVENUES	6,001,444	3,263,851	3,124,552	4,340,032	5,781,309
OPERATING EXPENSES:					
Cost of services and administration.....	3,694,710	1,128,385	1,414,284	1,619,326	4,155,690
Salaries and wages.....	1,868,056	1,512,080	1,232,056	1,330,283	298,359
Depreciation.....	3,553,044	214,902	253,470	2,175,305	862,120
TOTAL OPERATING EXPENSES.....	9,115,810	2,855,367	2,899,810	5,124,914	5,316,169
OPERATING INCOME (LOSS).....	(3,114,366)	408,484	224,742	(784,882)	465,140
NONOPERATING REVENUES (EXPENSES):					
Investment income.....	23,473	13,566	35,358	120,068	29,777
Interest expense.....	(81,644)	(46,891)	(38,760)	(416,723)	(300,265)
Intergovernmental - other.....	110,040	-	37,524	70,006	-
Contributions and donations.....	-	-	-	-	-
Other nonoperating revenues.....	-	-	-	-	158,347
TOTAL NONOPERATING REVENUES (EXPENSES), NET.....	51,869	(33,325)	34,122	(226,649)	(112,141)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS.....	(3,062,497)	375,159	258,864	(1,011,531)	352,999
CAPITAL CONTRIBUTIONS.....	7,853,248	-	-	119,083	-
TRANSFERS:					
Transfers in.....	-	175,217	-	500,901	-
Transfers out.....	(739,998)	(454,821)	(338,496)	(489,250)	(150,580)
TOTAL TRANSFERS.....	(739,998)	(279,604)	(338,496)	11,651	(150,580)
CHANGE IN NET POSITION.....	4,050,753	95,555	(79,632)	(880,797)	202,419
NET POSITION AT BEGINNING OF YEAR, AS REVISED.....	67,170,918	4,477,683	(1,310,755)	29,319,276	16,955,442
NET POSITION AT END OF YEAR.....	\$ 71,221,671	\$ 4,573,238	\$ (1,390,387)	\$ 28,438,479	\$ 17,157,861

(Continued)

See notes to basic financial statements.

Business-type Activities - Enterprise Funds

Marina Recreation	Sandy Neck Recreation	Hyannis Youth and Community Center	PEG Access	Total	Governmental Activities - Internal Service Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,337,329
<u>726,836</u>	<u>1,004,197</u>	<u>1,238,868</u>	<u>862,576</u>	<u>26,343,665</u>	<u>-</u>
<u>726,836</u>	<u>1,004,197</u>	<u>1,238,868</u>	<u>862,576</u>	<u>26,343,665</u>	<u>1,337,329</u>
130,792	308,199	842,131	53,146	13,346,663	820,704
259,447	525,867	966,239	189,627	8,182,014	-
<u>211,186</u>	<u>88,877</u>	<u>617,263</u>	<u>225,761</u>	<u>8,201,928</u>	<u>-</u>
<u>601,425</u>	<u>922,943</u>	<u>2,425,633</u>	<u>468,534</u>	<u>29,730,605</u>	<u>820,704</u>
<u>125,411</u>	<u>81,254</u>	<u>(1,186,765)</u>	<u>394,042</u>	<u>(3,386,940)</u>	<u>516,625</u>
10,993	11,665	2,806	24,689	272,395	29,383
(90,195)	(37,181)	(274,646)	-	(1,286,305)	-
-	46,905	-	-	264,475	-
-	13,790	8,900	-	22,690	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>158,347</u>	<u>-</u>
<u>(79,202)</u>	<u>35,179</u>	<u>(262,940)</u>	<u>24,689</u>	<u>(568,398)</u>	<u>29,383</u>
<u>46,209</u>	<u>116,433</u>	<u>(1,449,705)</u>	<u>418,731</u>	<u>(3,955,338)</u>	<u>546,008</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,425,212</u>	<u>9,397,543</u>	<u>-</u>
88,831	-	2,141,599	2,149,696	5,056,244	-
<u>(71,543)</u>	<u>(100,873)</u>	<u>(334,091)</u>	<u>(275,466)</u>	<u>(2,955,118)</u>	<u>-</u>
<u>17,288</u>	<u>(100,873)</u>	<u>1,807,508</u>	<u>1,874,230</u>	<u>2,101,126</u>	<u>-</u>
63,497	15,560	357,803	3,718,173	7,543,331	546,008
<u>3,599,997</u>	<u>(1,182,893)</u>	<u>6,948,262</u>	<u>(524,668)</u>	<u>125,453,262</u>	<u>1,723,310</u>
\$ <u><u>3,663,494</u></u>	\$ <u><u>(1,167,333)</u></u>	\$ <u><u>7,306,065</u></u>	\$ <u><u>3,193,505</u></u>	\$ <u><u>132,996,593</u></u>	\$ <u><u>2,269,318</u></u>

(Concluded)

**PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS**

YEAR ENDED JUNE 30, 2018

	Business-type Activities - Enterprise Funds				
	Airport	Golf Course	Solid Waste	Wastewater	Water Supply
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from customers and users.....	\$ 5,930,639	\$ 3,254,371	\$ 3,124,552	\$ 4,434,612	\$ 5,792,500
Receipts from interfund services provided.....	-	-	-	-	-
Payments to vendors.....	(3,386,208)	(958,427)	(1,249,049)	(1,472,557)	(4,124,248)
Payments to employees.....	(1,854,356)	(1,513,184)	(1,236,620)	(1,336,884)	(297,490)
Payments for interfund services used.....	-	-	-	-	-
NET CASH FROM OPERATING ACTIVITIES.....	690,075	782,760	638,883	1,625,171	1,370,762
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Receipts from contributions and donations.....	-	-	-	-	-
Transfers in.....	-	175,217	-	500,901	-
Transfers out.....	(739,998)	(454,821)	(338,496)	(489,250)	(150,580)
Other nonoperating revenues.....	-	-	-	-	237,997
Intergovernmental.....	110,040	-	131,568	98,273	-
Intergovernmental - legal settlements.....	-	-	-	-	291,412
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES.....	(629,958)	(279,604)	(206,928)	109,924	378,829
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Proceeds from the issuance of bonds and notes.....	600,000	310,000	-	-	5,006,668
Capital contributions.....	6,199,467	-	-	238,297	-
Acquisition and construction of capital assets.....	(8,097,577)	(673,197)	(76,780)	(1,720,383)	(3,162,528)
Principal payments on bonds and notes.....	(88,700)	(314,700)	(495,100)	(1,349,641)	(1,170,078)
Interest expense.....	(81,644)	(101,453)	(15,536)	(360,428)	(341,997)
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....	(1,468,454)	(779,350)	(587,416)	(3,192,155)	332,065
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchase of investments.....	-	(83,916)	(10,577)	-	(1,862,523)
Sale of investments.....	199,627	-	-	4,247,236	-
Investment income.....	23,473	13,566	35,358	120,068	29,777
NET CASH FROM INVESTING ACTIVITIES.....	223,100	(70,350)	24,781	4,367,304	(1,832,746)
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	(1,185,237)	(346,544)	(130,680)	2,910,244	248,910
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	3,126,596	1,006,352	2,686,290	4,876,659	1,333,985
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	\$ 1,941,359	\$ 659,808	\$ 2,555,610	\$ 7,786,903	\$ 1,582,895
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:					
Operating income (loss).....	\$ (3,114,366)	\$ 408,484	\$ 224,742	\$ (784,882)	\$ 465,140
Adjustments to reconcile operating income to net cash from operating activities:					
Depreciation.....	3,553,044	214,902	253,470	2,175,305	862,120
Deferred (outflows)/inflows related to pensions.....	200,915	165,132	133,879	135,764	32,900
Deferred (outflows)/inflows related to other postemployment benefits.....	461,750	365,708	302,909	330,614	96,044
Changes in assets and liabilities:					
Liens - user fees.....	-	-	-	4,668	-
User fees.....	(70,805)	(9,480)	-	89,912	11,191
Inventory.....	(24,974)	2,488	-	-	-
Warrants payable.....	104,751	5,082	53,039	1,222	(6,146)
Accrued payroll.....	13,411	601	155	3,515	(751)
Other liabilities.....	21,804	(5,702)	-	3,058	775
Landfill closure.....	-	-	(25,000)	-	-
Compensated absences.....	289	(1,705)	(4,719)	(10,116)	1,620
Workers' compensation.....	-	-	-	-	-
Net pension liability.....	(60,210)	(49,487)	(40,121)	(40,686)	(9,860)
Net other postemployment benefits liability.....	(395,534)	(313,263)	(259,471)	(283,203)	(82,271)
Total adjustments.....	3,804,441	374,276	414,141	2,410,053	905,622
NET CASH FROM OPERATING ACTIVITIES.....	\$ 690,075	\$ 782,760	\$ 638,883	\$ 1,625,171	\$ 1,370,762
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:					
Change in the deferred loss on debt refunding.....	\$ -	\$ (25,607)	\$ -	\$ -	\$ (59,934)
Intergovernmental subsidy of debt service.....	-	-	23,224	56,295	-

See notes to basic financial statements.

(Continued)

Business-type Activities - Enterprise Funds

Marina Recreation	Sandy Neck Recreation	Hyannis Youth and Community Center	PEG Access	Total	Governmental Activities - Internal Service Fund
\$ 726,836	\$ 1,004,197	\$ 1,238,868	\$ 862,576	\$ 26,369,151	\$ -
-	-	-	-	-	1,337,329
(104,265)	(256,749)	(682,172)	(39,455)	(12,273,130)	-
(260,531)	(525,883)	(973,878)	(175,899)	(8,174,725)	-
-	-	-	-	-	(834,695)
<u>362,040</u>	<u>221,565</u>	<u>(417,182)</u>	<u>647,222</u>	<u>5,921,296</u>	<u>502,634</u>
-	13,790	8,900	-	22,690	-
88,831	-	2,141,599	2,149,696	5,056,244	-
(71,543)	(100,873)	(334,091)	(275,466)	(2,955,118)	-
-	-	-	-	237,997	-
-	46,905	-	-	386,786	-
-	-	-	-	291,412	-
<u>17,288</u>	<u>(40,178)</u>	<u>1,816,408</u>	<u>1,874,230</u>	<u>3,040,011</u>	<u>-</u>
-	-	-	-	5,916,668	-
-	-	-	1,425,212	7,862,976	-
(284,070)	(20,739)	(72,428)	(1,529,990)	(15,637,692)	-
(276,500)	(55,000)	(850,900)	-	(4,600,619)	-
(97,234)	(37,181)	(319,435)	-	(1,354,908)	-
<u>(657,804)</u>	<u>(112,920)</u>	<u>(1,242,763)</u>	<u>(104,778)</u>	<u>(7,813,575)</u>	<u>-</u>
-	(80,443)	(101,463)	(866,372)	(3,005,294)	-
103,815	-	-	-	4,550,678	-
<u>10,993</u>	<u>11,665</u>	<u>2,806</u>	<u>24,689</u>	<u>272,395</u>	<u>29,383</u>
<u>114,808</u>	<u>(68,778)</u>	<u>(98,657)</u>	<u>(841,683)</u>	<u>1,817,779</u>	<u>29,383</u>
(163,668)	(311)	57,806	1,574,991	2,965,511	532,017
<u>1,006,281</u>	<u>768,523</u>	<u>501,051</u>	<u>-</u>	<u>15,305,737</u>	<u>2,334,661</u>
<u>\$ 842,613</u>	<u>\$ 768,212</u>	<u>\$ 558,857</u>	<u>\$ 1,574,991</u>	<u>\$ 18,271,248</u>	<u>\$ 2,866,678</u>
<u>\$ 125,411</u>	<u>\$ 81,254</u>	<u>\$ (1,186,765)</u>	<u>\$ 394,042</u>	<u>\$ (3,386,940)</u>	<u>\$ 516,625</u>
211,186	88,877	617,263	225,761	8,201,928	-
29,711	54,603	100,044	-	852,948	-
52,757	118,209	230,876	48,023	2,006,890	-
-	-	-	-	4,668	-
-	-	-	-	20,818	-
-	-	-	-	(22,486)	-
2,008	2,384	56,787	6,804	225,931	1,601
(1,434)	(2,870)	3,213	6,188	22,028	8
-	(6,126)	-	-	13,809	-
-	-	-	-	(25,000)	-
350	2,854	(10,852)	7,540	(14,739)	-
-	-	-	-	-	(15,600)
(8,903)	(16,363)	(29,981)	-	(255,611)	-
<u>(49,046)</u>	<u>(101,257)</u>	<u>(197,767)</u>	<u>(41,136)</u>	<u>(1,722,948)</u>	<u>-</u>
<u>236,629</u>	<u>140,311</u>	<u>769,583</u>	<u>253,180</u>	<u>9,308,236</u>	<u>(13,991)</u>
<u>\$ 362,040</u>	<u>\$ 221,565</u>	<u>\$ (417,182)</u>	<u>\$ 647,222</u>	<u>\$ 5,921,296</u>	<u>\$ 502,634</u>
\$ -	\$ -	\$ (58,568)	\$ -	\$ (144,109)	\$ -
-	-	-	-	79,519	-

(Concluded)

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2018

	Other Postemployment Benefit Trust Fund	Private Purpose Trust Funds	Agency Funds
ASSETS			
Cash and cash equivalents.....	\$ 144,075	\$ 11,857	\$ 670,019
Investments:			
U.S. treasuries.....	417,087	297,411	-
Government sponsored enterprises.....	414,533	333,298	-
Corporate bonds.....	375,741	250,705	-
Equity securities.....	1,155,510	630,864	-
Equity mutual funds.....	955,438	124,880	-
Fixed income mutual funds.....	514,905	297,670	-
Receivables, net of allowance for uncollectibles:			
Departmental and other.....	-	12,590	366,260
Intergovernmental.....	-	50,000	-
TOTAL ASSETS.....	3,977,289	2,009,275	1,036,279
LIABILITIES			
Warrants payable.....	-	-	16,022
Liabilities due depositors.....	-	-	1,020,257
Other liabilities.....	-	17,590	-
TOTAL LIABILITIES.....	-	17,590	1,036,279
NET POSITION			
Restricted for other postemployment benefits.....	3,977,289	-	-
Held in trust for other purposes.....	-	1,991,685	-
TOTAL NET POSITION.....	\$ 3,977,289	\$ 1,991,685	\$ -

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2018

	Other Postemployment Benefit Trust Fund	Private Purpose Trust Funds
ADDITIONS:		
Contributions:		
Employer contributions.....	\$ 528,000	\$ -
Employer contributions for other postemployment benefit payments....	5,309,712	-
Rental income.....	-	138,510
Private donations.....	-	11,673
Other revenue.....	-	54,907
Total contributions.....	5,837,712	205,090
Net investment income:		
Investment income.....	170,212	6,522
Less: investment expense.....	(8,019)	-
Net investment income (loss).....	162,193	6,522
TOTAL ADDITIONS.....	5,999,905	211,612
DEDUCTIONS:		
Other postemployment benefit payments.....	5,309,712	-
Health and human services.....	-	327,162
Educational scholarships.....	-	86,955
TOTAL DEDUCTIONS.....	5,309,712	414,117
NET INCREASE (DECREASE) IN NET POSITION.....	690,193	(202,505)
NET POSITION AT BEGINNING OF YEAR.....	3,287,096	2,194,190
NET POSITION AT END OF YEAR.....	\$ 3,977,289	\$ 1,991,685

See notes to basic financial statements.

COMPONENT UNIT
COMBINING STATEMENT OF NET POSITION

JUNE 30, 2018

	Hyannis Public Library	Osterville Free Library	Centerville Public Library
ASSETS			
CURRENT:			
Cash and cash equivalents.....	\$ 383,552	\$ 301,017	\$ 146,937
Restricted cash and cash equivalents.....	75,384	-	-
Investments.....	884,691	801,466	783,047
Receivables, net of allowance for uncollectibles:			
Intergovernmental - other.....	-	-	-
Inventory.....	-	-	-
Other assets.....	5,484	4,096	-
Total current assets.....	<u>1,349,111</u>	<u>1,106,579</u>	<u>929,984</u>
NONCURRENT:			
Capital assets, non depreciable.....	69,600	80,815	7,049
Capital assets, net of accumulated depreciation.....	<u>169,657</u>	<u>4,627,327</u>	<u>2,885,096</u>
Total noncurrent assets.....	<u>239,257</u>	<u>4,708,142</u>	<u>2,892,145</u>
TOTAL ASSETS.....	<u>1,588,368</u>	<u>5,814,721</u>	<u>3,822,129</u>
LIABILITIES			
CURRENT:			
Warrants payable.....	8,516	48,086	3,432
Other liabilities.....	-	-	-
Compensated absences.....	<u>33,740</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES.....	<u>42,256</u>	<u>48,086</u>	<u>3,432</u>
NET POSITION			
Net investment in capital assets.....	239,257	4,708,142	2,892,145
Unrestricted.....	<u>1,306,855</u>	<u>1,058,493</u>	<u>926,552</u>
TOTAL NET POSITION.....	<u>\$ 1,546,112</u>	<u>\$ 5,766,635</u>	<u>\$ 3,818,697</u>

(Continued)

See notes to basic financial statements.

	Sturgis Library	Cotuit Library	Marston Mills Public Library	Whelden Memorial Library	Total
\$	1,073,915	\$ 99,761	\$ 159,171	\$ 65,273	\$ 2,229,626
	19,256	-	-	-	94,640
	2,171,080	1,391,978	270,144	428,565	6,730,971
	22	-	-	-	22
	9,607	-	-	-	9,607
	1,066	47	-	-	10,693
	<u>3,274,946</u>	<u>1,491,786</u>	<u>429,315</u>	<u>493,838</u>	<u>9,075,559</u>
	162,250	16,550	5,000	-	341,264
	<u>1,453,157</u>	<u>432,937</u>	<u>205,790</u>	<u>92,558</u>	<u>9,866,522</u>
	<u>1,615,407</u>	<u>449,487</u>	<u>210,790</u>	<u>92,558</u>	<u>10,207,786</u>
	<u>4,890,353</u>	<u>1,941,273</u>	<u>640,105</u>	<u>586,396</u>	<u>19,283,345</u>
	19,016	17,800	5,190	-	102,040
	5,852	-	-	6,371	12,223
	-	-	-	-	33,740
	<u>24,868</u>	<u>17,800</u>	<u>5,190</u>	<u>6,371</u>	<u>148,003</u>
	1,615,407	449,487	210,790	92,558	10,207,786
	<u>3,250,078</u>	<u>1,473,986</u>	<u>424,125</u>	<u>487,467</u>	<u>8,927,556</u>
\$	<u>4,865,485</u>	<u>1,923,473</u>	<u>634,915</u>	<u>580,025</u>	<u>19,135,342</u>

(Concluded)

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

YEAR ENDED JUNE 30, 2018

	Hyannis Public Library	Osterville Free Library	Centerville Public Library
OPERATING REVENUES:			
Charges for services.....	\$ 23,652	\$ 72,916	\$ 75,717
OPERATING EXPENSES:			
Program and administration.....	540,760	583,981	620,020
Management and general.....	14,702	108,922	9,385
Fundraising.....	214	102,518	13,330
Depreciation.....	22,723	174,172	103,441
TOTAL OPERATING EXPENSES.....	578,399	969,593	746,176
OPERATING INCOME (LOSS).....	(554,747)	(896,677)	(670,459)
NONOPERATING REVENUES (EXPENSES):			
Investment income.....	77,940	72,052	46,072
Intergovernmental - other.....	503,184	266,217	350,326
Contributions and donations.....	22,349	497,350	80,530
TOTAL NONOPERATING REVENUES (EXPENSES), NET.....	603,473	835,619	476,928
CHANGE IN NET POSITION.....	48,726	(61,058)	(193,531)
NET POSITION AT BEGINNING OF YEAR.....	1,497,386	5,827,693	4,012,228
NET POSITION AT END OF YEAR.....	\$ 1,546,112	\$ 5,766,635	\$ 3,818,697

(Continued)

See notes to basic financial statements.

<u>Sturgis Library</u>	<u>Cotuit Library</u>	<u>Marston Mills Public Library</u>	<u>Whelden Memorial Library</u>	<u>Total</u>
\$ 52,238	\$ 61,764	\$ 17,178	\$ 14,723	\$ 318,188
412,510	266,810	243,767	214,335	2,882,183
123,167	66,439	34,753	5,930	363,298
85,928	51,544	15,586	787	269,907
50,765	17,190	14,170	7,932	390,393
<u>672,370</u>	<u>401,983</u>	<u>308,276</u>	<u>228,984</u>	<u>3,905,781</u>
<u>(620,132)</u>	<u>(340,219)</u>	<u>(291,098)</u>	<u>(214,261)</u>	<u>(3,587,593)</u>
256,302	79,431	12,065	35,423	579,285
311,551	368,300	210,738	116,154	2,126,470
95,586	67,269	41,853	54,351	859,288
<u>663,439</u>	<u>515,000</u>	<u>264,656</u>	<u>205,928</u>	<u>3,565,043</u>
43,307	174,781	(26,442)	(8,333)	(22,550)
<u>4,822,178</u>	<u>1,748,692</u>	<u>661,357</u>	<u>588,358</u>	<u>19,157,892</u>
\$ <u>4,865,485</u>	\$ <u>1,923,473</u>	\$ <u>634,915</u>	\$ <u>580,025</u>	\$ <u>19,135,342</u>

(Concluded)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

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

Availability of Financial Information for Component Units

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

Hyannis Public Library Association
 401 Main Street
 Hyannis, MA 02601

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

Osterville Free Library Corporation
 43 Wianno Avenue
 Osterville, MA 02655

Cotuit Library Association
 Main Street
 Cotuit, MA 02635

The Centerville Public Library Association
 Centerville, MA 02636

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

Whelden Memorial Library
 Meetinghouse Way
 West Barnstable, MA 02668

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

Availability of Financial Information for Joint Ventures

The Town has entered into joint ventures with other municipalities to pool resources and share the costs, risk and rewards of providing goods or services to venture participants directly, or for the benefit of the general public or specified recipients. The Town has no equity interest in the joint ventures. The following identifies where the joint venture financial statements are available, their purpose, and the annual assessment paid by the Town during 2018.

<u>Joint venture and address</u>	<u>Purpose</u>	<u>Net Annual Assessment</u>
Cape Cod Regional Technical High School District 351 Pleasant Lake Avenue Harwich, MA 02645	To provide educational services	\$ 3,535,665
Sturgis Charter Public School 427 Main Street Hyannis, MA 02601	To provide educational services	\$ 2,757,515
Cape Cod Regional Transit Authority 215 Iyannough Road Hyannis, MA 02601	To provide public transportation	\$ 564,896

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The government-wide financial statements (i.e., statement of net position and the statement of changes in net position) report information on all of the non-fiduciary activities of the primary government and its component units. *Governmental activities*, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which are supported primarily by user fees and charges.

Fund Financial Statements

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

Major Fund Criteria

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

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

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

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

Government-Wide Financial Statements

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

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

- Charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment.

- Grants and contributions that are restricted to meeting the operational requirements of a particular function or segment.
- Grants and contributions that are restricted to meeting the capital requirements of a particular function or segment.

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

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

Fund Financial Statements

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

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

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

The following major governmental funds are reported:

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

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

The *PEG Access enterprise fund* is used to account for and report the Town's cable television.

Additionally, the following proprietary fund type is reported:

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

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

The following fiduciary fund types are reported:

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

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

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

D. Cash and Investments

Government-Wide and Fund Financial Statements

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

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

E. Fair Value Measurements

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

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

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

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

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

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

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

F. Accounts Receivable

Government-Wide and Fund Financial Statements

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

Real Estate, Personal Property Taxes and Tax Liens

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

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

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

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

Motor Vehicle and Other Excise Taxes

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

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

Departmental and Other

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

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

Room Occupancy Tax

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

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

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

Meals Tax

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

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

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

Intergovernmental

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

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

Community Preservation Fund Surtaxes

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

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

Airport User Fees

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

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

Wastewater and Water User Fees

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

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

Special Assessments

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

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

G. Inventories***Government-Wide and Fund Financial Statements***

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

Inventories of the Sturgis Library are carried at cost.

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

H. Capital Assets

Government-Wide and Proprietary Fund Financial Statements

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

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

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

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

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

Governmental Fund Financial Statements

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

I. Deferred Outflows/Inflows of Resources

Government-Wide Financial Statements (Net Position)

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

outflows of resources related to pensions, and deferred outflows of resources related to other postemployment benefits in this category.

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

Governmental Fund Financial Statements

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

J. Interfund Receivables and Payables

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

K. Interfund Transfers

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

L. Unavailable Revenue

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

M. Net Position and Fund Equity

Government-Wide Financial Statements (Net Position)

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

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

Net position has been “restricted for” the following:

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

“Highway projects” represents amounts restricted for highway improvements.

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

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

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

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

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

Fund Financial Statements (Fund Balances)

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

The governmental fund balance classifications are as follows:

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

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

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

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

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

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

N. Pensions

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

O. Long-term debt

Government-Wide and Proprietary Fund Financial Statements

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

Governmental Fund Financial Statements

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

P. Investment Income

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

Q. Compensated Absences

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

Government-Wide and Proprietary Fund Financial Statements

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

Governmental Fund Financial Statements

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

R. Use of Estimates

Government-Wide and Fund Financial Statements

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

S. Total Column

Government-Wide Financial Statements

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

Fund Financial Statements

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

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITYA. Budgetary Information

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

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

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

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

An annual budget is adopted for the general fund in conformity with the guidelines described above. The original 2018 approved budget authorized approximately \$156.5 million in current year appropriations and other amounts to be raised and approximately \$2.6 million in encumbrances and appropriations carried over from previous years. During 2018, the Council also approved increases to appropriations totaling approximately \$6.8 million.

The Finance Director has the responsibility to ensure that budgetary control is maintained. Budgetary control is exercised through the Town's accounting system.

B. Budgetary – GAAP Reconciliation

For budgetary financial reporting purposes, the Uniform Municipal Accounting System basis of accounting (established by the Commonwealth) is followed, which differs from the GAAP basis of accounting. A reconciliation of budgetary-basis to GAAP-basis results for the general fund for the year ended June 30, 2018, is presented in the table on the following page.

Net change in fund balance - budgetary basis.....	\$	(2,650,512)
<u>Perspective differences:</u>		
Activity of the stabilization fund recorded in the general fund for GAAP.....		3,105,682
Activity of the Horace Mann Charter School recorded in the general fund for GAAP.....		(46,878)
<u>Basis of accounting differences:</u>		
Net change in recording tax refunds payable.....		(106,215)
Recognition of revenue for on-behalf payments.....		14,240,664
Recognition of expenditures for on-behalf payments.....		<u>(14,240,664)</u>
Net change in fund balance - GAAP basis.....	\$	<u>302,077</u>

C. Appropriation Deficits

Expenditures exceeded appropriations in town council personnel, public works for snow and ice removal, debt service principal, and state and county assessment. The public works over expenditures will be funded in fiscal year 2019.

NOTE 3 – CASH AND INVESTMENTS

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

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

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

The library component units report \$2,229,626 in cash, \$94,640 in restricted cash and \$6,730,971 in investments which are not included in the Town's cash and investments disclosures below.

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Town of Barnstable's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. At year-end, the carrying amount of deposits totaled \$82,577,256 and the bank balance totaled \$83,975,308. Of the bank balance, \$3,706,823 was covered by Federal Depository Insurance, \$23,146,407 was covered by the Depositors Insurance Fund, \$11,175,843 was covered by the Share Insurance Fund, \$13,856,669 was collateralized, and \$32,089,566 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Investments

As of June 30, 2018, the Town of Barnstable had the following investments:

<u>Investment Type</u>	<u>Fair value</u>	<u>Maturities</u>			
		<u>Under 1 Year</u>	<u>1-5 Years</u>	<u>6-10 Years</u>	<u>Over 10 Years</u>
<u>Debt securities:</u>					
U.S. treasury notes.....	\$ 10,202,254	\$ 818,658	\$ 8,155,986	\$ 1,227,610	\$ -
Government sponsored enterprises.....	18,839,866	6,347,428	6,580,116	3,838,264	2,074,058
Corporate bonds.....	6,584,184	346,778	5,067,191	1,170,215	-
Total debt securities.....	35,626,304	\$ 7,512,864	\$ 19,803,293	\$ 6,236,089	\$ 2,074,058
<u>Other investments:</u>					
Equity securities.....	13,722,752				
Equity mutual funds.....	4,626,029				
Repurchase agreement.....	6,177,897				
Fixed income mutual funds.....	11,198,898				
Real estate investment trust.....	56,601				
International securities.....	926,289				
Money market mutual funds.....	6,870,048				
Mutual funds.....	6,940				
MMDT - Cash portfolio.....	39,769				
Total investments.....	\$ 79,251,527				

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, \$35,626,304 in debt securities and \$13,722,752 in equity 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, 2018, the Town had an investment with a fair value of \$6,177,897 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, 2018, the Town’s investments were rated as follows:

<u>Quality Rating</u>	<u>U.S. Treasury Notes</u>	<u>Government Sponsored Enterprises</u>	<u>Corporate Bonds</u>
AAA.....	\$ 10,202,254	\$ 18,331,143	\$ -
AA+.....	-	508,723	-
BB+.....	-	-	196,348
Not Rated.....	-	-	6,387,836
Total.....	\$ <u>10,202,254</u>	\$ <u>18,839,866</u>	\$ <u>6,584,184</u>

Additionally, the Town holds \$6,868,565 in money market mutual funds and \$39,769 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:

<u>Issuer</u>	<u>Percentage of Total Investments</u>
Federal Home Loan Mortgage Corporation.....	13%
Federal National Mortgage Association.....	9%

Fair Value of Investments

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

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

The Town has the following recurring fair value measurements as of June 30, 2018:

Investment Type	June 30, 2018	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments measured at fair value:				
<u>Debt securities:</u>				
U.S. treasury notes.....	\$ 10,202,254	\$ 10,202,254	\$ -	\$ -
Government sponsored enterprises.....	18,839,866	18,839,866	-	-
Corporate bonds.....	6,584,184	-	6,584,184	-
Total debt securities.....	35,626,304	29,042,120	6,584,184	-
<u>Other investments:</u>				
Equity securities.....	13,722,752	13,722,752	-	-
Equity mutual funds.....	4,626,029	4,626,029	-	-
Repurchase agreement.....	6,177,897	6,177,897	-	-
Fixed income.....	11,198,898	11,198,898	-	-
Real estate investment trust.....	56,601	56,601	-	-
International securities.....	926,289	926,289	-	-
Money market mutual funds.....	6,870,048	6,870,048	-	-
Mutual funds.....	6,940	6,940	-	-
Total other investments.....	43,585,454	43,585,454	-	-
Total investments measured at fair value.....	79,211,758	\$ 72,627,574	\$ 6,584,184	\$ -
Investments measured at amortized cost:				
MMDT - Cash portfolio.....	39,769			
Total investments.....	\$ 79,251,527			

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

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

NOTE 4 – RECEIVABLES

At June 30, 2018, receivables for the individual major governmental funds and nonmajor governmental funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Gross Amount</u>	<u>Allowance for Uncollectibles</u>	<u>Net Amount</u>
<u>Receivables:</u>			
Real estate and personal property taxes.....	\$ 8,043,430	\$ (17,803)	\$ 8,025,627
Tax liens.....	2,139,502	-	2,139,502
Community preservation fund surtax.....	217,295	-	217,295
Motor vehicle and other excise taxes.....	2,474,854	(247,485)	2,227,369
Departmental and other.....	197,062	-	197,062
Intergovernmental - other.....	19,868,964	-	19,868,964
Community preservation state share.....	696,117	-	696,117
Special assessments.....	<u>1,867,234</u>	<u>-</u>	<u>1,867,234</u>
Total.....	<u>\$ 35,504,458</u>	<u>\$ (265,288)</u>	<u>\$ 35,239,170</u>

At June 30, 2018, receivables for fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Gross Amount</u>	<u>Allowance for Uncollectibles</u>	<u>Net Amount</u>
<u>Receivables:</u>			
Departmental and other.....	\$ 378,850	\$ -	\$ 378,850
Intergovernmental.....	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Total.....	<u>\$ 428,850</u>	<u>\$ -</u>	<u>\$ 428,850</u>

At June 30, 2018, receivables for the component units, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Gross Amount</u>	<u>Allowance for Uncollectibles</u>	<u>Net Amount</u>
<u>Receivables:</u>			
Intergovernmental.....	<u>\$ 22</u>	<u>\$ -</u>	<u>\$ 22</u>

At June 30, 2018, receivables for the enterprise funds consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Water supply user fees.....	\$ 1,168,678	\$ (40,049)	\$ 1,128,629
Water supply intergovernmental.....	1,236,344	-	1,236,344
Water supply intergovernmental - legal settlements.....	2,748,938	-	2,748,938
Wastewater liens - user fees.....	30,112	-	30,112
Wastewater user fees.....	1,721,050	-	1,721,050
Wastewater intergovernmental.....	377,614	-	377,614
Wastewater special assessments.....	814,836	-	814,836
Airport user fees.....	216,768	(40,704)	176,064
Airport intergovernmental.....	1,653,781	-	1,653,781
Golf course user fees.....	39,682	-	39,682
Solid waste intergovernmental.....	117,998	-	117,998
Total.....	<u>\$ 10,125,801</u>	<u>\$ (80,753)</u>	<u>\$ 10,045,048</u>

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

	General Fund	Other Governmental Funds	Total
<u>Receivables and other asset types:</u>			
Real estate and personal property taxes.....	\$ 7,133,230	\$ -	\$ 7,133,230
Tax liens.....	2,093,887	45,615	2,139,502
Community preservation fund surtax.....	-	217,295	217,295
Motor vehicle and other excise taxes.....	2,227,369	-	2,227,369
Departmental and other.....	90,000	-	90,000
Intergovernmental - highway improvements.....	-	14,104,804	14,104,804
Intergovernmental - School Building Authority.....	3,733,331	-	3,733,331
Intergovernmental - other.....	251,800	-	251,800
Community preservation state share.....	-	696,117	696,117
Special assessments.....	-	1,867,234	1,867,234
Tax foreclosures.....	1,185,252	-	1,185,252
Total.....	<u>\$ 16,714,869</u>	<u>\$ 16,931,065</u>	<u>\$ 33,645,934</u>

NOTE 5 – CAPITAL ASSETS

Capital asset activity of the governmental activities for the year ended June 30, 2018, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 82,509,336	\$ -	\$ -	\$ 82,509,336
Construction in progress.....	2,926,463	3,238,122	(1,545,900)	4,618,685
Total capital assets not being depreciated.....	<u>85,435,799</u>	<u>3,238,122</u>	<u>(1,545,900)</u>	<u>87,128,021</u>
<u>Capital assets being depreciated:</u>				
Land improvements.....	4,311,338	-	-	4,311,338
Buildings and improvements.....	183,068,680	1,790,807	-	184,859,487
Machinery and equipment.....	14,726,869	348,291	(54,296)	15,020,864
Vehicles.....	9,550,797	702,852	-	10,253,649
Infrastructure.....	124,546,986	8,094,750	(1,370,916)	131,270,820
Total capital assets being depreciated.....	<u>336,204,670</u>	<u>10,936,700</u>	<u>(1,425,212)</u>	<u>345,716,158</u>
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(1,989,788)	(154,875)	-	(2,144,663)
Buildings and improvements.....	(108,058,939)	(4,315,931)	-	(112,374,870)
Machinery and equipment.....	(10,375,681)	(725,731)	54,296	(11,047,116)
Vehicles.....	(8,633,151)	(543,162)	-	(9,176,313)
Infrastructure.....	(34,774,723)	(3,262,495)	1,370,916	(36,666,302)
Total accumulated depreciation.....	<u>(163,832,282)</u>	<u>(9,002,194)</u>	<u>1,425,212</u>	<u>(171,409,264)</u>
Total capital assets being depreciated, net.....	<u>172,372,388</u>	<u>1,934,506</u>	<u>-</u>	<u>174,306,894</u>
Total governmental activities capital assets, net.....	<u>\$ 257,808,187</u>	<u>\$ 5,172,628</u>	<u>\$ (1,545,900)</u>	<u>\$ 261,434,915</u>

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

Governmental Activities:	
Administrative services.....	\$ 196,882
Planning and development.....	77,516
Public safety.....	514,963
Education.....	3,779,606
Public works.....	3,979,385
Regulatory services.....	121,762
Community services.....	<u>332,080</u>
Total depreciation expense - governmental activities.....	<u>\$ 9,002,194</u>

Capital asset activity of the business-type activities for the year ended June 30, 2018, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 40,830,984	\$ -	\$ -	\$ 40,830,984
Construction in progress.....	7,902,529	986,521	(6,391,484)	2,497,566
Total capital assets not being depreciated.....	<u>48,733,513</u>	<u>986,521</u>	<u>(6,391,484)</u>	<u>43,328,550</u>
<u>Capital assets being depreciated:</u>				
Land improvements.....	6,752,486	-	-	6,752,486
Buildings and improvements.....	89,511,573	1,450,402	-	90,961,975
Machinery and equipment.....	15,242,810	1,527,162	-	16,769,972
Vehicles.....	2,413,907	186,001	-	2,599,908
Infrastructure.....	102,816,036	14,272,457	-	117,088,493
Total capital assets being depreciated.....	<u>216,736,812</u>	<u>17,436,022</u>	<u>-</u>	<u>234,172,834</u>
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(5,479,867)	(230,416)	-	(5,710,283)
Buildings and improvements.....	(32,961,023)	(3,430,360)	-	(36,391,383)
Machinery and equipment.....	(11,049,191)	(1,127,742)	-	(12,176,933)
Vehicles.....	(1,782,733)	(226,527)	-	(2,009,260)
Infrastructure.....	(25,308,768)	(3,186,883)	-	(28,495,651)
Total accumulated depreciation.....	<u>(76,581,582)</u>	<u>(8,201,928)</u>	<u>-</u>	<u>(84,783,510)</u>
Total capital assets being depreciated, net.....	<u>140,155,230</u>	<u>9,234,094</u>	<u>-</u>	<u>149,389,324</u>
Total business-type activities capital assets, net.....	<u>\$ 188,888,743</u>	<u>\$ 10,220,615</u>	<u>\$ (6,391,484)</u>	<u>\$ 192,717,874</u>

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

Business-Type Activities:	
Airport.....	\$ 3,553,044
Golf course.....	214,902
Solid Waste.....	253,470
Wastewater.....	2,175,305
Water supply.....	862,120
Marina.....	211,186
Sandy Neck.....	88,877
Hyannis Youth and community center.....	617,263
PEG Access.....	<u>225,761</u>
Total depreciation expense - business-type activities.....	<u>\$ 8,201,928</u>

Capital asset activity of the discretely presented component units for the year ended June 30, 2018, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Discretely Presented Component Units:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 341,264	\$ -	\$ -	\$ 341,264
 <u>Capital assets being depreciated:</u>				
Improvements.....	336,660	-	-	336,660
Buildings and building improvements.....	12,443,474	-	-	12,443,474
Machinery and equipment.....	845,638	21,980	-	867,618
Fine arts.....	61,000	-	-	61,000
Furniture and fixtures.....	904,988	3,589	-	908,577
Books and periodicals.....	98,265	-	-	98,265
Technology.....	102,560	19,245	-	121,805
	<u>14,792,585</u>	<u>44,814</u>	<u>-</u>	<u>14,837,399</u>
	<u>(4,580,484)</u>	<u>(390,393)</u>	<u>-</u>	<u>(4,970,877)</u>
Total capital assets being depreciated, net.....	<u>10,212,101</u>	<u>(345,579)</u>	<u>-</u>	<u>9,866,522</u>
 Total discretely presented component units capital assets, net.....	 <u>\$ 10,553,365</u>	 <u>\$ (345,579)</u>	 <u>\$ -</u>	 <u>\$ 10,207,786</u>

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

Discretely Presented Component Units:	
Hyannis Public Library.....	\$ 22,723
Osterville Free Library.....	174,172
Centerville Public Library.....	103,441
Sturgis Library.....	50,765
Cotuit Library.....	17,190
Marstons Mills Public Library.....	14,170
Whelden Memorial Library.....	<u>7,932</u>
 Total depreciation expense - discretely presented component units.....	 <u>\$ 390,393</u>

NOTE 6 – INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2018, are summarized as follows:

Transfers Out:	Transfers In:								Total
	General Fund	Capital Projects	Nonmajor Governmental Funds	Golf Course Enterprise Fund	Wastewater Enterprise Fund	Marina Enterprise Fund	HYCC Enterprise Fund	PEG Access Enterprise Fund	
General Fund.....	\$ -	\$ 4,475,175	\$ -	\$ 175,217	\$ -	\$ 58,831	\$ 2,141,599	\$ -	\$ 6,850,822 (1)
Construction and Maintenance.....	-	-	-	-	500,901	-	-	-	500,901 (2)
Capital Projects.....	275,925	-	17,538	-	-	-	-	-	293,463 (3)
Community Preservation Fund.....	30,000	-	-	-	-	-	-	-	30,000 (4)
Nonmajor Governmental Funds....	731,853	113,085	3,459	-	-	30,000	-	2,149,696	3,028,093 (5)
Airport Enterprise Fund.....	739,998	-	-	-	-	-	-	-	739,998 (6)
Golf Course Enterprise Fund.....	454,821	-	-	-	-	-	-	-	454,821 (6)
Solid Waste Enterprise Fund.....	338,496	-	-	-	-	-	-	-	338,496 (6)
Wastewater Enterprise Fund.....	489,250	-	-	-	-	-	-	-	489,250 (6)
Water Supply Enterprise Fund.....	150,580	-	-	-	-	-	-	-	150,580 (6)
Marina Enterprise Fund.....	71,543	-	-	-	-	-	-	-	71,543 (6)
Sandy Neck Enterprise Fund.....	100,873	-	-	-	-	-	-	-	100,873 (6)
HYCC Enterprise Fund.....	334,091	-	-	-	-	-	-	-	334,091 (6)
PEG Access Enterprise Fund.....	90,872	-	184,594	-	-	-	-	-	275,466 (6)
Total.....	\$ 3,808,302	\$ 4,588,260	\$ 205,591	\$ 175,217	\$ 500,901	\$ 88,831	\$ 2,141,599	\$ 2,149,696	\$ 13,658,397

- (1) Represents budgeted transfers from the general fund and stabilization fund to fund various capital projects, golf course and marina enterprise funds; and subsidies to the Hyannis Youth and Community Center enterprise fund.
- (2) Represents a transfer from the construction and maintenance fund to the wastewater enterprise fund for debt service.
- (3) Represents transfers from the capital project funds to the general fund and nonmajor governmental funds to close out old projects.
- (4) Represents budgeted transfers from the community preservation fund for support of administration and to fund capital projects.
- (5) Represents budgeted transfers from special revenue funds to support the general fund operating budget; transfers from the school revolving fund to provide funding for school capital related projects; from town permanent fund to fund DPW related projects; from the media one revolving fund to the PEG access enterprise fund.
- (6) Represents a budgeted transfer from the enterprise fund to 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 2018:

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2017	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2018
Governmental Funds:							
BAN	Municipal Purpose.....	2.30%	02/27/19	\$ -	\$ 2,075,770	\$ -	\$ 2,075,770
Airport Enterprise Fund:							
BAN	Municipal Purpose.....	2.50%	02/27/19	\$ -	\$ 100,000	\$ -	\$ 100,000
BAN	Municipal Purpose.....	2.30%	02/27/19	-	500,000	-	500,000
	Total Airport Enterprise Fund.....			-	600,000	-	600,000
Water Supply Enterprise Fund:							
BAN	MCWT Drinking Water Interim Loan.....	0.00%	12/31/18	2,980,000	-	-	2,980,000
BAN	Municipal Purpose.....	2.50%	02/27/19	-	989,500	-	989,500
	Total Water Enterprise Fund.....			2,980,000	989,500	-	3,969,500
	Total Enterprise Fund.....			\$ 2,980,000	\$ 1,589,500	\$ -	\$ 4,569,500

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

NOTE 8 – LONG-TERM DEBT

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

Details related to the Town's outstanding governmental obligation indebtedness at June 30, 2018, and the debt service requirements are as follows:

Bonds Payable Schedule – Governmental Funds

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2018
MCWT Title V Bond of 1997.....	2021	\$ 200,000	0.00	\$ 31,000
MCWT Title V Bond of 2002.....	2023	200,000	0.00	50,324
MCWT Title V Bonds of 2006.....	2026	400,000	0.00	160,000
MCWT Title V Bond of 2007.....	2027	200,000	0.00	90,000
Municipal Purpose Bonds of 2007.....	2027	36,808,388	4.00 - 5.00	4,900,000
MCWT Bond of 2008 (CW-04-31).....	2021	389,216	2.00	99,001
MCWT Bond of 2009.....	2021	887,454	2.00	149,239
Municipal Purpose Bonds of 2010.....	2030	3,873,270	2.00 - 5.00	1,965,000
Municipal Purpose Bonds of 2011.....	2031	13,584,000	2.00 - 4.00	4,970,000
Municipal Purpose Refunding of 2012.....	2023	10,037,900	2.00 - 4.00	4,179,500
Municipal Purpose Bonds of 2014.....	2024	6,248,000	2.00 - 3.00	3,270,000
Municipal Purpose Refunding of 2015.....	2027	5,265,500	2.00 - 4.50	4,080,000
Municipal Purpose Bonds of 2015.....	2035	3,930,000	2.00 - 4.50	2,890,000
Municipal Purpose Bonds of 2016.....	2036	12,113,000	2.00 - 4.00	10,595,000
Municipal Purpose Refunding of 2016.....	2028	1,674,000	2.00 - 4.00	1,674,000
Municipal Purpose Bonds of 2017.....	2037	5,105,700	3.00 - 4.00	4,650,000
MCWT Bond of 2017.....	2020	255,941	2.00	172,456
Municipal Purpose Bonds of 2018.....	2038	7,780,500	3.00 - 5.00	7,780,500
 Total Bonds Payable.....				51,706,020
 Add: Unamortized premium on bonds.....				1,772,942
 Total Bonds Payable, net.....				\$ 53,478,962

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

Year	Principal	Interest	Total
2019.....	\$ 10,240,231	\$ 1,979,658	\$ 12,219,889
2020.....	6,629,263	1,548,475	8,177,738
2021.....	5,353,618	1,289,106	6,642,724
2022.....	4,873,204	1,071,296	5,944,500
2023.....	4,122,704	866,482	4,989,186
2024.....	3,023,000	717,456	3,740,456
2025.....	2,465,000	605,691	3,070,691
2026.....	2,168,000	503,053	2,671,053
2027.....	1,746,000	415,264	2,161,264
2028.....	1,530,000	353,766	1,883,766
2029.....	1,415,000	297,814	1,712,814
2030.....	1,395,000	253,238	1,648,238
2031.....	1,225,000	205,944	1,430,944
2032.....	1,080,000	168,738	1,248,738
2033.....	1,025,000	136,336	1,161,336
2034.....	950,000	105,590	1,055,590
2035.....	950,000	76,774	1,026,774
2036.....	835,000	47,960	882,960
2037.....	400,000	22,252	422,252
2038.....	280,000	9,102	289,102
Total.....	\$ <u>51,706,020</u>	\$ <u>10,673,995</u>	\$ <u>62,380,015</u>

The Commonwealth of Massachusetts has approved school construction assistance to the Town. The assistance program, which is administered by the Massachusetts School Building Authority, provides resources for construction costs and debt service interest of general obligation bonds outstanding. The Town is currently receiving annual payments for 64% of eligible costs in relation to the construction of the new Barnstable Intermediate School and the renovation and addition to the High School. During 2018, approximately \$3,019,000 of such assistance was received. Approximately \$3,878,000 will be received in future years. Of this amount, \$145,000 represents reimbursement of future long-term interest costs and \$3,733,000 represents reimbursement of approved construction cost and interest costs previously paid. Accordingly, an intergovernmental receivable and corresponding unavailable revenue have been reported in these basic financial statements for \$3,733,000 which represents the Commonwealth’s share of construction and interest costs paid for the Barnstable Intermediate School and High School projects.

Bonds Payable Schedule – Enterprise Funds

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2018
Airport.....	2037	\$ 2,433,700	2.00 - 4.125	\$ 2,175,000
Golf Course.....	2037	3,313,200	2.00 - 5.00	2,894,000
Add: unamortized premium.....				164,748
Total Golf Course Bonds Payable, net.....				<u>3,058,748</u>
Solid Waste Transfer Station.....	2027	7,515,600	0.00 - 4.50	826,500
Wastewater.....	2037	27,301,820	0.00 - 4.75	15,256,940
Water Supply.....	2038	19,877,111	2.00 - 5.00	16,826,853
Add: unamortized premium.....				605,745
Total Water Supply Bonds Payable, net.....				<u>17,432,598</u>
Marina Recreation.....	2037	3,598,500	2.00 - 4.00	2,544,000
Add: unamortized premium.....				66,054
Total Marina Recreation Bonds Payable, net.....				<u>2,610,054</u>
Sandy Neck Recreation.....	2031	1,265,000	2.00 - 4.125	900,000
Hyannis Youth and Community Center.....	2028	15,113,300	2.00 - 4.75	7,835,000
Add: unamortized premium.....				755,907
Total Hyannis Youth and Community Center Bonds Payable, net.....				<u>8,590,907</u>
Total Bonds Payable, net.....				<u>\$ 50,850,747</u>

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

Year	Principal	Interest	Total
2019.....	\$ 4,863,643	\$ 1,610,505	\$ 6,474,148
2020.....	4,463,261	1,430,974	5,894,235
2021.....	4,312,773	1,267,690	5,580,463
2022.....	4,058,905	1,107,708	5,166,613
2023.....	4,120,059	956,739	5,076,798
2024.....	3,990,750	810,215	4,800,965
2025.....	3,890,488	671,505	4,561,993
2026.....	3,659,784	539,277	4,199,061
2027.....	3,629,648	427,913	4,057,561
2028.....	2,464,090	321,020	2,785,110
2029.....	1,684,901	249,132	1,934,033
2030.....	1,663,650	204,468	1,868,118
2031.....	1,609,045	161,304	1,770,349
2032.....	1,122,648	124,983	1,247,631
2033.....	1,136,400	97,555	1,233,955
2034.....	709,729	73,330	783,059
2035.....	714,612	53,570	768,182
2036.....	704,602	33,714	738,316
2037.....	399,305	14,124	413,429
2038.....	60,000	1,950	61,950
Total.....	\$ <u>49,258,293</u>	\$ <u>10,157,674</u>	\$ <u>59,415,967</u>

The Town has entered into several loan agreements with the Massachusetts Clean Water Trust (MCWT) for which the Town has recorded the total amount of debt outstanding. However, as of June 30, 2018, the Town has not incurred \$1,236,344 of the eligible construction costs related to the projects and as a result has not yet received the corresponding loan proceeds from MCWT. Accordingly, the Town has recorded \$1,236,344 as an intergovernmental receivable in the accompanying basic financial statements, as of June 30, 2018.

The Town is scheduled to be subsidized by the MCWT on a periodic basis for principal in the amount of \$495,613 and interest costs for \$133,524. The principal subsidies are guaranteed and therefore a \$495,613 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 2018 principal and interest subsidies totaled \$201,830 and \$79,519, respectively.

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, 2018, the Town had the following authorized and unissued debt:

Purpose	Amount
Sewer projects.....	\$ 9,088,246
Water projects.....	7,714,483
Airport projects.....	29,306,487
Fish run reconstruction.....	500
School improvements.....	1,736,000
Parking lot improvements.....	25,000
Landfill projects.....	2,000,000
Town hall renovation.....	560,000
Osterville recreation project.....	675,000
Private road repairs.....	2,075,770
Clear vegetation and obstruction project.....	300,000
Total.....	\$ 53,481,486

Changes in Long-term Liabilities

During the year ended June 30, 2018, the following changes occurred in long-term liabilities:

	Beginning Balance	Bonds and Notes Issued	Bonds and Notes Redeemed	Other Increases	Other Decreases	Ending Balance	Due Within One Year
Governmental Activities:							
Long-term bonds payable.....	\$ 53,733,890	\$ 7,780,500	\$ (9,808,370)	\$ -	\$ -	\$ 51,706,020	\$ 10,240,231
Add: Unamortized premium on bonds.....	1,441,261	571,500	(239,819)	-	-	1,772,942	273,915
Total bonds payable.....	55,175,151	8,352,000	(10,048,189)	-	-	53,478,962	10,514,146
Compensated absences.....	3,462,248	-	-	2,872,480	(2,773,864)	3,560,864	2,908,740
Workers' compensation.....	611,000	-	-	41,900	(57,500)	595,400	57,500
Net pension liability.....	83,112,890	-	-	6,180,613	(7,203,753)	82,089,750	-
Net other postemployment benefits liability....	184,347,712	-	-	7,568,958	(21,667,397)	170,249,273	-
Total governmental activity long-term liabilities.....	<u>\$ 326,709,001</u>	<u>\$ 8,352,000</u>	<u>\$ (10,048,189)</u>	<u>\$ 16,663,951</u>	<u>\$ (31,702,514)</u>	<u>\$ 309,974,249</u>	<u>\$ 13,480,386</u>
Business-Type Activities:							
Long-term bonds payable.....	\$ 51,764,412	\$ 2,094,500	\$ (4,600,619)	\$ -	\$ -	\$ 49,258,293	\$ 4,863,643
Add: Unamortized premium on bonds.....	1,861,558	154,500	(423,604)	-	-	1,592,454	277,731
Total bonds payable.....	53,625,970	2,249,000	(5,024,223)	-	-	50,850,747	5,141,374
Landfill closure.....	250,000	-	-	-	(25,000)	225,000	25,000
Compensated absences.....	408,905	-	-	346,535	(361,274)	394,166	352,467
Net pension liability.....	20,764,005	-	-	1,544,096	(1,799,707)	20,508,394	-
Net other postemployment benefits liability....	22,528,858	-	-	924,991	(2,647,939)	20,805,910	-
Total business-type activity long-term liabilities.....	<u>\$ 97,577,738</u>	<u>\$ 2,249,000</u>	<u>\$ (5,024,223)</u>	<u>\$ 2,815,622</u>	<u>\$ (4,833,920)</u>	<u>\$ 92,784,217</u>	<u>\$ 5,518,841</u>

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

NOTE 9 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

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

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

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

- Restricted: fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.
- Committed: fund balances that contain self-imposed constraints of the government from its highest level of decision making authority. The Town's highest level of decision making authority is Town Council.
- Assigned: fund balances that contain self-imposed constraints of the government to be used for a particular purpose. The Town's by-laws authorize the Finance Director to assign fund balance.
- Unassigned: fund balance of the general fund that is not constrained for any particular purpose.

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, 2018, the balance of the Town's municipal purpose stabilization fund (capital trust fund) is \$11,760,539 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, 2018, the balance of the Town's pension stabilization fund is \$1,948,381 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).

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

	General	Construction and Maintenance	Capital Projects	Highway Projects	Community Preservation Fund	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances:							
Nonspendable:							
Permanent fund principal.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,037,151	\$ 17,037,151
Restricted for:							
Pension reserve.....	1,948,381	-	-	-	-	-	1,948,381
Construction and maintenance.....	-	16,669,667	-	-	-	-	16,669,667
Town Capital Projects.....	-	-	13,943,057	-	-	-	13,943,057
Highway Projects.....	-	-	-	408,658	-	-	408,658
Community Preservation	-	-	-	-	10,479,392	-	10,479,392
School Revolving Fund.....	-	-	-	-	-	4,201,677	4,201,677
School Gifts and Grants.....	-	-	-	-	-	2,171,218	2,171,218
Town Revolving.....	-	-	-	-	-	845,052	845,052
Town Gift and Grants.....	-	-	-	-	-	3,150,050	3,150,050
Other permanent trust funds.....	-	-	-	-	-	2,510,068	2,510,068
Assigned to:							
Encumbrances:							
Town Council.....	3,368	-	-	-	-	-	3,368
Town Manager.....	24,577	-	-	-	-	-	24,577
Administrative services.....	254,937	-	-	-	-	-	254,937
Planning and development.....	35,011	-	-	-	-	-	35,011
Public safety.....	79,083	-	-	-	-	-	79,083
Regulatory services.....	26,820	-	-	-	-	-	26,820
Building services.....	3,643	-	-	-	-	-	3,643
Education.....	1,027,646	-	-	-	-	-	1,027,646
Public works.....	905,155	-	-	-	-	-	905,155
Community Services.....	167,082	-	-	-	-	-	167,082
Culture and recreation.....	79,602	-	-	-	-	-	79,602
Property and liability insurance.....	22,329	-	-	-	-	-	22,329
Other assessments.....	23,904	-	-	-	-	-	23,904
Free cash used for subsequent year budget.....	3,587,351	-	-	-	-	-	3,587,351
Unassigned.....	<u>35,018,401</u>	-	-	-	-	(856,191)	<u>34,162,210</u>
Total Fund Balances.....	<u>\$ 43,207,290</u>	<u>\$ 16,669,667</u>	<u>\$ 13,943,057</u>	<u>\$ 408,658</u>	<u>\$ 10,479,392</u>	<u>\$ 29,059,025</u>	<u>\$ 113,767,089</u>

NOTE 10 – LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

State and federal laws and regulations require the Town to construct a final capping system on its Flint Street Sanitary landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site after closure. The Town stopped accepting waste in 1991 and performed a final capping of the landfill site in 1997. At June 30, 2018, the Town has accrued \$225,000 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, 2018. Actual costs may be higher due to inflation, deflation, changes in technology, or changes in regulations.

NOTE 11 – RISK FINANCING

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

The Town provides health insurance through the Cape Cod Municipal Health Group (Group), a nonprofit shared risk health group comprised of 51 governmental units. The Town and its employees contribute to the Group

based upon a 50% (Town) and 50% (employee) primary care premium formula. In the event the Group is terminated, the Town is obligated to pay its prorata share of a deficit, should one exist.

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

The Town was self-insured for its workers' compensation activities prior to 2005 when the Town purchased commercial insurance. Beginning in 2012, the Town discontinued the premium based plan and has reinstated the self-insured workers' compensation plan as an internal service fund. The self-insured program is administered by a third party administrator and funded on a pay-as-you-go basis from annual appropriations paid from the General Fund. The Town estimates its future workers' compensation liability for occurrences under the self-insured program based on history and injury type and accounts for this liability on the full accrual basis of accounting on the statement of net position. The estimated claims liability also includes amounts for incremental claim adjustment expenses regardless of whether allocated to specific claims. At June 30, 2018, the amount of the liability for self-insured workers' compensation claims totaled \$595,400 for governmental activities.

Changes in the reported liability since July 1, 2016, are as follows:

	Balance at Beginning of Year	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Year-End	Current Portion
2017.....	\$ 625,800	\$ 872,372	\$ (887,172)	\$ 611,000	\$ 57,500
2018.....	611,000	820,704	(836,304)	595,400	57,500

NOTE 12 – PENSION PLAN

Plan Descriptions

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

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

Special Funding Situation

The Commonwealth is a nonemployer contributor and is required by statute to make 100% of all actuarially determined employer contributions on behalf of the Town to the MTRS. Therefore, the Town is considered to be

in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributor in MTRS. Since the Town does not contribute directly to MTRS, there is no net pension liability to recognize. The total of the Commonwealth provided contributions have been allocated based on each employer's covered payroll to the total covered payroll of employers in MTRS as of the measurement date of June 30, 2017. The Town's portion of the collective pension expense, contributed by the Commonwealth, of \$14,240,664 is reported in the general fund as intergovernmental revenue and pension expense in the current fiscal year. The portion of the Commonwealth's collective net pension liability associated with the Town is \$136,440,226 as of the measurement date.

Benefits Provided

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

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

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

Contributions

Chapter 32 of the MGL governs the contributions of plan members and member units. Active plan members are required to contribute to the System at rates ranging from 5% to 9% of gross regular compensation with an additional 2% contribution required for compensation exceeding \$30,000. The percentage rate is keyed to the date upon which an employee's membership commences. The member units are required to pay into the BCRA a legislatively mandated actuarial determined contribution that is apportioned among the employers based on active current payroll. The Town's proportionate share of the required contribution equaled its actual contribution for the year ended June 30, 2018, was \$9,003,460, 21.06% of covered payroll, actuarially determined as an amount that, when combined with plan member contributions, is expected to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability.

Pension Liabilities

At June 30, 2018, the Town reported a liability of \$102,598,144 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2018. Accordingly, update procedures were used to roll back the total pension liability to the measurement date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At December 31, 2017, the Town's proportion was 15.078%, which is 0.293% higher than its proportion measured at December 31, 2016.

Pension Expense

For the year ended June 30, 2018, the Town recognized pension expense of \$11,991,797. At June 30, 2018, the Town reported deferred outflows/(inflows) of resources related to pensions of \$5,379,890.

The balances of deferred outflows and inflows related to pensions at June 30, 2018 consist of the following:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ -	\$ (1,469,820)	\$ (1,469,820)
Difference between projected and actual earnings, net.....	-	(6,695,959)	(6,695,959)
Changes in assumptions.....	12,785,526	-	12,785,526
Changes in proportion and proportionate share of contributions.....	<u>1,677,542</u>	<u>(917,399)</u>	<u>760,143</u>
Total deferred outflows/(inflows) of resources.....	<u>\$ 14,463,068</u>	<u>\$ (9,083,178)</u>	<u>\$ 5,379,890</u>

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

Year ended June 30:

2019.....	\$ 1,826,108
2020.....	1,789,660
2021.....	(66,497)
2022.....	37,494
2023.....	<u>1,793,125</u>
Total.....	<u>\$ 5,379,890</u>

Actuarial Assumptions

The total pension liability in the January 1, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement that was updated to December 31, 2017:

Valuation date.....	January 1, 2018
Actuarial cost method.....	Entry Age Normal Cost Method.
Amortization method.....	Appropriations increase at 5.28% per year.
Remaining amortization period.....	17 years from July 1, 2018 for 2002 and 2003 Early Retirement Incentives, retiree sheriffs liability and remaining unfunded liability, and 4 years from July 1, 2018 for 2010 Early Retirement Incentive.
Asset valuation method.....	The net pension liability is calculated using the market value of assets. The Association also uses an actuarial value of assets that gradually reflects year-to-year changes in the market value of assets in determining contribution requirements.
Inflation rate.....	3.25%

Projected salary increases.....	Varies by length of service with ultimate rates of 4.00% for Group 1, 4.25% for Group 2 and 4.50% for Group 4.
Cost of living adjustments.....	3.0% of the first \$18,000 of retirement income.
Rates of retirement.....	Varies based upon age for general employees, police and fire employees.
Rates of disability.....	For general employees, it was assumed that 55% of all disabilities are accidental disability. For police and fire employees, 90% of all disabilities are assumed to be accidental disability.
 Mortality Rates:	
Pre-Retirement.....	The RP-2014 Blue Collar Employee Mortality Table projected generationally with Scale MP-2017.
Healthy Retiree.....	The RP-2014 Blue Collar Healthy Annuitant Mortality Table projected generationally with Scale MP-2017.
Disabled Retiree.....	The RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year and projected generationally with Scale MP-2017.
 Investment rate of return/Discount rate.....	 7.375%, net of pension plan investment expense, including inflation.

Investment Policy

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of January 1, 2018 are summarized in table on the following page.

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity.....	17.50%	6.15%
International developed markets equity.....	15.50%	7.11%
International emerging markets equity.....	6.00%	9.41%
Core fixed income.....	12.00%	1.68%
High-yield fixed income.....	10.00%	4.13%
Real estate.....	10.00%	4.90%
Commodities.....	4.00%	4.71%
Hedge fund, GTAA, Risk parity.....	13.00%	3.94%
Private equity.....	12.00%	10.28%
Total.....	100.00%	

Rate of Return

For the year ended December 31, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 17.17%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

The discount rate used to measure the total pension liability was 7.375%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the actuarially determined contribution rate. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate – The following presents the net pension liability, calculated using the discount rate of 7.375%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.375%) or 1-percentage-point higher (8.375%) than the current rate:

	1% Decrease (6.375%)	Current Discount (7.375%)	1% Increase (8.375%)
The Town's proportionate share of the net pension liability.....	\$ 134,574,784	\$ 102,598,144	\$ 75,712,071

At June 30, 2018, the Town has \$1,948,381 in a pension reserve fund which is classified as part of the general fund in the governmental fund financial statements. The Town transferred \$- from the pension reserve fund to the general fund in 2018. The pension reserve fund may only be used to provide funding for annual contributions to the Association upon approval of the Council and the approval of the Public Employee Retirement Administration Commission (PERAC).

Changes in Assumptions and Plan Provisions

The following assumption changes were reflected in the January 1, 2018 actuarial valuation:

- The mortality tables for non-disable participants were changed from the RP-2000 Employee and Healthy Annuitant Mortality Tables projected generationally using scale BB2D to the RP-2014 Blue Collar Employee and Healthy Annuitant Mortality Tables projected generationally using Scale MP-2017.
- The mortality tables for disabled participants were changed from the RP-2000 Healthy Annuitant Mortality Table projected generationally using Scale BB2D from 2015 to the RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward 1 year projected generationally using Scale MP-2017.
- The long-term salary increase assumption was lowered by 0.25%, to 4.00% for Group 1 participants, 4.25% for Group 2 participants, and 4.50% for Group 4 participants.
- The investment rate of return and discount rate assumption were lowered from 7.625% to 7.375%.

The following plan provision change was reflected in the January 1, 2018 actuarial valuation:

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

NOTE 13 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

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

Funding Policy – The contribution requirements of plan members and the Town are also negotiated between the Town and union representatives. The required contribution is based on a pay-as-you-go financing requirement. The Town contributes 50% of the cost of current-year premiums for eligible retired plan members and their spouses. Plan members receiving benefits contribute the remaining 50% of their premium costs. For 2018, the Town's age-weighted contribution to the plan totaled approximately \$5.8 million. For the year ended June 30, 2018, the Town's average contribution rate was 10.91% of covered-employee payroll.

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

During 2018, the Town pre-funded future OPEB liabilities totaling approximately \$528,000 by contributing funds to the Other Postemployment Benefit Fund in excess of the pay-as-you-go required contribution. These funds are reported within the Fiduciary Funds financial statements. As of June 30, 2018, the balance of this fund totaled \$4 million.

GASB Statement #74 – OPEB Plan Financial Reporting

Measurement Date – GASB #74 requires the net OPEB liability to be measured as of the OPEB Plan’s most recent fiscal year-end. Accordingly, the net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2016.

Employees Covered by Benefit Terms- The following table represents the Plan’s membership at June 30, 2016:

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

Components of OPEB Liability – The following table represents the components of the Plan’s OPEB liability as of June 30, 2018:

Total OPEB liability.....	\$ 192,382,390
Less: OPEB plan's fiduciary net position.....	<u>(3,977,289)</u>
Net OPEB liability.....	<u><u>\$ 188,405,101</u></u>

The OPEB plan's fiduciary net position
as a percentage of the total OPEB liability..... 2.07%

Significant Actuarial Methods and Assumptions – The total OPEB liability in the June 30, 2016 actuarial valuation was determined by using the following actuarial assumptions, applied to all periods including the measurement date that was updated to June 30, 2018 to be in accordance with GASB #74 is as follows:

Valuation date.....	Actuarially determined contributions for the fiscal years ending June 30, 2017 and June 30, 2018 were determined with the June 30, 2016 actuarial valuation.
Actuarial cost method.....	Individual Entry Age Normal - Level Percentage of Payroll.
Amortization method.....	Level percentage of payroll.
Inflation.....	3.50%
Discount rate.....	3.87% as of June 30, 2018 and 3.58% as of June 30, 2017.
Salary increases.....	Service-related increases for Group 1 (excluding Teachers) and Group 2 employees: 6.0% decreasing over 9 years to an ultimate level of 4.25%. Service-related increases for Group 4 employees: 7.0% decreasing over 5 years to an ultimate level of 4.75%. Service-related increases for Teachers: 7.5% decreasing over 20 years to an ultimate level of 4.0%.

Health care trend rates:

Cape Code Municipal Health Group.....	Under 65: 10.5% for 1 year, then 7.0% decreasing by 0.5% each year to an ultimate level of 4.5% per year. Over 65: 1.9% for 1 year, then 7.0% decreasing by 0.5% each year to an ultimate level of 4.5% per year
Group Insurance Commission of the Commonwealth of Massachusetts.....	Over 65: 6.8% for 1 year, then 8.5% decreasing by 0.5% each year to an ultimate level of 5.0% per year Over 65: 1.6% for 1 year, then 8.5% decreasing by 0.5% each year to an ultimate level of 5.0% per year

Part B Contributions..... 4.50%

Contributions..... Retiree contributions are expected to increase with respective trend shown above.

Mortality rates:

Preretirement mortality rates:

Healthy Non-Teachers.....	RP-2500 Employee Mortality Table projected generationally with Scale BB2D from 2009
Healthy Teachers.....	RP-2014 White Collar Employee Mortality Table projected generationally with Scale MP-2016

Postretirement mortality rates:

Healthy Non-Teachers.....	RP-2000 Healthy Annuitant Mortality Table projected generationally with Scale BB2D from 2009.
Healthy Teachers.....	RP-2014 White Collar Healthy Annuitant Mortality Table projected generationally with Scale MP-2016.
Disabled Non-Teachers.....	RP-2000 Healthy Annuitant Mortality Table projected generationally with Scale BB2D from 2015.
Disabled Teachers.....	RP-2014 Healthy Annuitant Table set forward 4 years and projected generationally with Scale BB2D from 2014.

Investment rate of return..... 7.00%

Rate of Return- For the year ended June 30, 2018, the annual money-weighted rate of return on investments, net of investment expense, was 4.77%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Investment Policy

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

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

expense, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table:

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
Domestic Equity.....	18.00%	6.15%
International developed markets equity.....	16.00%	7.11%
International emerging markets equity.....	6.00%	9.41%
Core fixed income.....	13.00%	1.68%
High-yield fixed income.....	10.00%	4.13%
Real estate.....	10.00%	4.90%
Commodities.....	4.00%	4.71%
Hedge fund, GTAA, Risk Party.....	13.00%	3.94%
Private equity.....	10.00%	10.28%
Total.....	<u>100.00%</u>	

Discount Rate – The Town’s rate used to measure the total OPEB liability was 3.87%. The projection of cash flows used to determine the discount rate assumed that contributions will be made in accordance with the Plan’s funding policy. The OPEB plan’s fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members. Therefore, the Town’s discount rate is determined based on the June 30, 2018 Bond Buyer’s 20 bond index of 3.87%.

Sensitivity of the net position liability to changes in the discount rate – The following table presents the net other postemployment benefit liability, calculated using the discount rate of 3.87%, as well as what the net other postemployment benefit liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.87%) or 1-percentage-point higher (4.87%) than the current rate.

	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
Net OPEB liability..... \$	<u>220,024,546</u>	<u>188,405,101</u>	<u>163,203,487</u>

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

	1% Decrease	Current Trend	1% Increase
Net OPEB liability..... \$	<u>159,698,779</u>	<u>188,405,101</u>	<u>225,138,468</u>

Changes in Assumptions:

- The discount rate was increased from 3.58% as of June 30, 2017 to 3.87% as of June 30, 2018.

Changes in Plan Provisions: None.

GASB Statement #75 - OPEB Employer Financial Reporting

Summary of Significant Accounting Policies- For the purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, the OPEB expense, information about the fiduciary net position of the Plan additions to/deductions from the Plan’s fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purposes, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest- earning investment contracts (repurchase agreements) that have a maturity at the time of the purchase of one year of less, which are reported at cost.

Measurement Date – GASB Statement #75 requires the net OPEB liability to be measured as of a date no earlier than the end of the employer’s prior fiscal year and no later than the end of the employer’s current fiscal year, consistently applied from period to period. Accordingly, the net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2016. The plan membership and actuarial assumptions are consistent with those used for GASB Statement #74, since the same actuarial valuation was used.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return of by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation as of June 30, 2017, and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized as follows:

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

Discount Rate – The Town’s rate used to measure the total OPEB liability was 3.58%. The projection of cash flows used to determine the discount rate assumed that contributions will be made in accordance with the Plan’s funding policy. The OPEB plan’s fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members. Therefore, the Town’s discount rate is determined based on the June 30, 2017 Bond Buyer’s 20 bond index of 3.58%.

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB	Plan	Net OPEB
	Liability	Fiduciary	Liability
	(a)	(b)	(a) - (b)
Balances at June 30, 2016.....	\$ 209,553,492	\$ 2,676,922	\$ 206,876,570
Changes for the year:			
Service cost.....	7,209,347	-	7,209,347
Interest.....	6,105,844	-	6,105,844
Contributions-employer.....	-	5,559,064	(5,559,064)
Net investment income.....	-	132,174	(132,174)
Changes in assumptions and other inputs.....	(23,445,340)	-	(23,445,340)
Benefit payments.....	(5,081,064)	(5,081,064)	-
Net change.....	(15,211,213)	610,174	(15,821,387)
Balances at June 30, 2017.....	\$ <u>194,342,279</u>	\$ <u>3,287,096</u>	\$ <u>191,055,183</u>

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

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

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following table presents the net other postemployment benefit liability as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rates.

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

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2017, the GASB Statement #75 measurement date, the Town recognized OPEB expense of \$8.4 million.

At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Difference between projected and actual earnings, net.....	\$ 57,553	\$ -	\$ 57,553
Changes in assumptions.....	-	(18,756,272)	(18,756,272)
Contributions made subsequent to the measurement date.....	5,837,712	-	5,837,712
Total deferred outflows/(inflows) of resources.....	\$ 5,895,265	\$ (18,756,272)	\$ (12,861,007)

Contributions made subsequent to the measurement date will be recognized in OPEB expense in the subsequent fiscal year. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:

2019.....	\$ (4,674,680)
2020.....	(4,674,680)
2021.....	(4,674,680)
2022.....	(4,674,679)
Subtotal amortized deferred outflows/(inflows) of resource.....	(18,698,719)
Contributions made subsequent to the measurement date.....	5,837,712
Total.....	\$ (12,861,007)

Changes of Assumptions:

- The discount rate was increased from 2.85% as of June 30, 2016 to 3.58% as of June 30, 2017.

Changes in Plan Provisions - None.

NOTE 14 – COMMITMENTS

The Town has entered into, or is planning to enter into, contracts totaling \$18 million in relation to various capital projects including infrastructure improvements, school and town facility improvements, channel dredging, equipment purchases, water line pipe replacements and water supply system improvements, and sewer line replacements.

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

regional school district will issue general obligations bonds of approximately \$81 million to finance the unreimbursed project costs.

The cost of the annual debt service to repay the bonds will be allocated to the member communities based on their respective student enrollments each year. Barnstable represents about 30.4% of the student enrollment in the regional school. The first year estimated annual budget impact to the Town is \$2.3 million, declining by approximately \$50,000 per year thereafter for 25 years. The Town held an election on September 19, 2017 to exempt this annual debt service assessment from the tax levy limitations of Proposition 2½ which successfully passed. Based on the Town's current assessed valuation of all property this equates to approximately \$0.16 on the tax rate.

NOTE 15 – CONTINGENCIES

The Town participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* through June 30, 2018, 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, 2018, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2018.

NOTE 16 – LEGAL SETTLEMENT

In fiscal year 2017, the Town reached a legal settlement with Barnstable County for the reimbursement of costs associated with the cleanup of contamination of the Hyannis water supply from chemicals used in firefighting at the Barnstable County Fire and Rescue Training Academy. Under the terms of the agreement, the County will pay the Town approximately \$3.1 million over a 20 year period. Accordingly, the Town has recorded a \$2,749,000 receivable in the water supply enterprise fund as of June 30, 2018.

NOTE 17 – REVISION OF NET POSITION

Beginning net position of governmental activities, business-type activities and each applicable enterprise fund has been revised to reflect the implementation of GASB Statement #75. The revised balances are summarized in the following table:

	06/30/2017 Previously Reported Balances	Implementation of GASB #75	06/30/2017 Revised Balances
Government-Wide Financial Statements			
Governmental activities.....	\$ 213,451,221	\$ (126,286,596)	\$ 87,164,625
Business-type activities.....	144,251,652	(18,798,390)	125,453,262
Total.....	<u>\$ 357,702,873</u>	<u>\$ (145,084,986)</u>	<u>\$ 212,617,887</u>
Business-type Activities - Enterprise Funds			
Airport enterprise fund.....	\$ 71,178,324	\$ (4,007,406)	\$ 67,170,918
Gof course enterprise fund.....	7,776,854	(3,299,171)	4,477,683
Solid waste enterprise fund.....	1,419,822	(2,730,577)	(1,310,755)
Wastewater enterprise fund.....	32,535,107	(3,215,831)	29,319,276
Water supply enterprise fund.....	17,948,223	(992,781)	16,955,442
Marina recreation enterprise fund.....	4,085,082	(485,085)	3,599,997
Sandy neck recreation enterprise fund.....	31,525	(1,214,418)	(1,182,893)
Hyannis youth and community center enterprise fund.....	9,276,715	(2,328,453)	6,948,262
PEG access enterprise fund.....	-	(524,668)	(524,668)
Total.....	<u>\$ 144,251,652</u>	<u>\$ (18,798,390)</u>	<u>\$ 125,453,262</u>

NOTE 18 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 20, 2018, which is the date the financial statements were available to be issued.

NOTE 19 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During 2018, the following GASB pronouncements were implemented:

- GASB Statement #75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The basic financial statements, related notes and required supplementary information were updated to be in compliance with this pronouncement.
- GASB Statement #81, *Irrevocable Split-Interest Agreements*. This pronouncement did not impact the basic financial statements.
- GASB Statement #85, *Omnibus 2017*. This pronouncement did not impact the basic financial statements.
- GASB Statement #86, *Certain Debt Extinguishment Issues*. This pronouncement did not impact the basic financial statements.

The following GASB pronouncements will be implemented in the future:

- The GASB issued Statement #83, *Certain Asset Retirement Obligations*, which is required to be implemented in 2019.
- The GASB issued Statement #84, *Fiduciary Activities*, which is required to be implemented in 2019.
- The GASB issued Statement #87, *Leases*, which is required to be implemented in 2021.
- The GASB issued Statement #88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, which is required to be implemented in 2019.
- The GASB issued Statement #89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which is required to be implemented in 2021.
- The GASB issued Statement #90, *Majority Equity Interests – an amendment of GASB Statements #14 and #61*, which is required to be implemented in 2020.

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

Required Supplementary Information

Pension Plan Schedules

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

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

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

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

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

Year	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered payroll	Net pension liability as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
December 31, 2017.....	15.078%	\$ 102,598,144	\$ 41,921,199	244.74%	61.86%
December 31, 2016.....	14.785%	103,876,895	40,801,496	254.59%	57.28%
December 31, 2015.....	14.86%	93,561,206	40,166,098	232.94%	58.10%
December 31, 2014.....	15.083%	85,153,333	39,562,464	215.24%	60.43%

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

See notes to required supplementary information.

SCHEDULE OF THE TOWN'S CONTRIBUTIONS
BARNSTABLE COUNTY RETIREMENT ASSOCIATION

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
June 30, 2018.....	\$ 9,003,460	\$ (9,003,460)	-	\$ 42,759,623	21.06%
June 30, 2017.....	8,398,711	(8,398,711)	-	41,617,526	20.18%
June 30, 2016.....	8,035,227	(8,035,227)	-	40,969,420	19.61%
June 30, 2015.....	7,858,269	(7,858,269)	-	40,353,713	19.47%

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

See notes to required supplementary information.

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

The Commonwealth of Massachusetts is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers which creates a special funding situation. Therefore, there is no net pension liability to recognize. This schedule discloses the Commonwealth's 100% share of the associated collective net pension liability; the portion of the collective pension expense as both a revenue and pension expense recognized; and the Plan's fiduciary net position as a percentage of the total liability.

Year	Commonwealth's 100% Share of the Associated Net Pension Liability	Expense and Revenue Recognized for the Commonwealth's Support	Plan Fiduciary Net Position as a Percentage of the Total Liability
2018.....	\$ 136,440,226	\$ 14,240,664	54.25%
2017.....	137,612,552	14,038,096	52.73%
2016.....	122,780,726	9,958,610	55.38%
2015.....	96,736,302	6,720,735	61.64%

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

See notes to required supplementary information.

Other Postemployment Benefit Plan Schedules

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

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

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

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

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

	June 30, 2017	June 30, 2018
Total OPEB Liability		
Service Cost.....	\$ 7,209,347	\$ 6,126,573
Interest.....	6,105,844	7,082,577
Changes of benefit terms.....	-	-
Differences between expected and actual experience....	-	-
Changes of assumptions.....	(23,445,340)	(9,859,327)
Benefit payments.....	<u>(5,081,064)</u>	<u>(5,309,712)</u>
Net change in total OPEB liability.....	(15,211,213)	(1,959,889)
Total OPEB liability - beginning.....	<u>209,553,492</u>	<u>194,342,279</u>
Total OPEB liability - ending (a).....	<u>\$ 194,342,279</u>	<u>\$ 192,382,390</u>
Plan fiduciary net position		
Employer contributions.....	\$ 5,559,064	\$ 528,000
Employer contributions for OPEB payments.....	-	5,309,712
Net investment income.....	132,174	162,193
Benefit payments.....	<u>(5,081,064)</u>	<u>(5,309,712)</u>
Net change in plan fiduciary net position.....	610,174	690,193
Plan fiduciary net position - beginning of year.....	<u>2,676,922</u>	<u>3,287,096</u>
Plan fiduciary net position - end of year (b).....	<u>\$ 3,287,096</u>	<u>\$ 3,977,289</u>
Net OPEB liability - ending (a)-(b).....	<u>\$ 191,055,183</u>	<u>\$ 188,405,101</u>
Plan fiduciary net position as a percentage of the total OPEB liability.....	1.69%	2.07%
Covered-employee payroll.....	\$ 51,830,000	\$ 52,866,600
Net OPEB liability as a percentage of covered-employee payroll.....	368.62%	356.38%

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

See notes to required supplementary information.

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

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered- employee payroll	Contributions as a percentage of covered- employee payroll
June 30, 2018.....	\$ 9,264,225	\$ (5,765,312)	\$ 3,498,913	\$ 52,866,600	10.91%
June 30, 2017.....	12,728,113	(5,559,064)	7,169,049	51,830,000	10.73%

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

See notes to required supplementary information.

SCHEDULE OF INVESTMENT RETURNS
OTHER POSTEMPLOYMENT BENEFIT PLAN

Year	Annual money-weighted rate of return, net of investment expense
June 30, 2018.....	4.77%
June 30, 2017.....	5.71%

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

See notes to required supplementary information.

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

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

B. Schedule of the Town's Contributions

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

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

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

D. Changes in Assumptions

The following assumption changes were reflected in the January 1, 2018 actuarial valuation:

- The mortality tables for non-disable participants were changed from the RP-2000 Employee and Healthy Annuitant Mortality Tables projected generationally using scale BB2D to the RP-2014 Blue Collar Employee and Healthy Annuitant Mortality Tables projected generationally using Scale MP-2017.
- The mortality tables for disabled participants were changed from the RP-2000 Healthy Annuitant Mortality Table projected generationally using Scale BB2D from 2015 to the RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward 1 year projected generationally using Scale MP-2017.
- The long-term salary increase assumption was lowered by 0.25%, to 4.00% for Group 1 participants, 4.25% for Group 2 participants, and 4.50% for Group 4 participants.
- The investment rate of return and discount rate assumption were lowered from 7.625% to 7.375%.

E. Changes in Plan Provisions

The following plan provision change was reflected in the January 1, 2018 actuarial valuation:

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

NOTE B – OTHER POSTEMPLOYMENT BENEFITS

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

The Other Postemployment Benefit Plan

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

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

B. Schedule of the Town’s Contributions

The Schedule of the Town’s Contributions includes the Town’s annual required contribution to the Plan, along with the contribution made in relation to the actuarially determined contribution and the covered employee payroll. The Town is not required to fully fund this contribution. It also demonstrates the contributions as a percentage of covered payroll. Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported. Methods and assumptions used to determine contribution rates are as follows:

Valuation date.....	Actuarially determined contributions for the fiscal years ending June 30, 2017 and June 30, 2018 were determined with the June 30, 2016 actuarial valuation.
Actuarial cost method.....	Individual Entry Age Normal - Level Percentage of Payroll.
Amortization method.....	Level percentage of payroll.
Inflation.....	3.50%
Discount rate.....	3.87% as of June 30, 2018 and 3.58% as of June 30, 2017.

Salary increases..... Service-related increases for Group 1 (excluding Teachers) and Group 2 employees: 6.0% decreasing over 9 years to an ultimate level of 4.25%.
 Service-related increases for Group 4 employees: 7.0% decreasing over 5 years to an ultimate level of 4.75%.
 Service-related increases for Teachers: 7.5% decreasing over 20 years to an ultimate level of 4.0%.

Health care trend rates:

Cape Code Municipal Health Group..... Under 65: 10.5% for 1 year, then 7.0% decreasing by 0.5% each year to an ultimate level of 4.5% per year.
 Over 65: 1.9% for 1 year, then 7.0% decreasing by 0.5% each year to an ultimate level of 4.5% per year

Group Insurance Commission of the Commonwealth of Massachusetts..... Over 65: 6.8% for 1 year, then 8.5% decreasing by 0.5% each year to an ultimate level of 5.0% per year
 Over 65: 1.6% for 1 year, then 8.5% decreasing by 0.5% each year to an ultimate level of 5.0% per year

Part B Contributions..... 4.50%

Contributions..... Retiree contributions are expected to increase with respective trend shown above.

Mortality rates:

Preretirement mortality rates:

Healthy Non-Teachers..... RP-2500 Employee Mortality Table projected generationally with Scale BB2D from 2009
 Healthy Teachers..... RP-2014 White Collar Employee Mortality Table projected generationally with Scale MP-2016

Postretirement mortality rates:

Healthy Non-Teachers..... RP-2000 Healthy Annuitant Mortality Table projected generationally with Scale BB2D from 2009.
 Healthy Teachers..... RP-2014 White Collar Healthy Annuitant Mortality Table projected generationally with Scale MP-2016.
 Disabled Non-Teachers..... RP-2000 Healthy Annuitant Mortality Table projected generationally with Scale BB2D from 2015.
 Disabled Teachers..... RP-2014 Healthy Annuitant Table set forward 4 years and projected generationally with Scale BB2D from 2014.

Changes of Assumptions:

- The discount rate was increased from 3.58% as of June 30, 2017 to 3.87% as of June 30, 2018.

Changes in Plan Provisions:

- None.

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, 2018

	Special Revenue Funds				
	Town Revolving Funds	School Revolving Funds	Town Gift, Grant, and Other Funds	School Gift and Grant Funds	Subtotal
ASSETS					
Cash and cash equivalents.....	\$ 2,121,969	\$ 4,125,239	\$ 2,836,028	\$ 1,699,568	\$ 10,782,804
Investments.....	-	-	-	-	-
Receivables, net of uncollectibles:					
Tax liens.....	-	-	3,570	-	3,570
Intergovernmental - other.....	-	101,233	354,586	617,874	1,073,693
Special assessments.....	<u>776,170</u>	<u>-</u>	<u>101,286</u>	<u>-</u>	<u>877,456</u>
TOTAL ASSETS.....	<u>\$ 2,898,139</u>	<u>\$ 4,226,472</u>	<u>\$ 3,295,470</u>	<u>\$ 2,317,442</u>	<u>\$ 12,737,523</u>
LIABILITIES					
Warrants payable.....	\$ 37,257	\$ 10,135	\$ 9,779	\$ 9,914	\$ 67,085
Accrued payroll.....	17,547	14,660	25,201	136,310	193,718
Other liabilities.....	2,533	-	5,585	-	8,118
Notes payable.....	<u>2,075,770</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,075,770</u>
TOTAL LIABILITIES.....	<u>2,133,107</u>	<u>24,795</u>	<u>40,565</u>	<u>146,224</u>	<u>2,344,691</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue.....	<u>776,171</u>	<u>-</u>	<u>104,855</u>	<u>-</u>	<u>881,026</u>
FUND BALANCES					
Nonspendable.....	-	-	-	-	-
Restricted.....	845,052	4,201,677	3,150,050	2,171,218	10,367,997
Unassigned.....	<u>(856,191)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(856,191)</u>
TOTAL FUND BALANCES.....	<u>(11,139)</u>	<u>4,201,677</u>	<u>3,150,050</u>	<u>2,171,218</u>	<u>9,511,806</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....	<u>\$ 2,898,139</u>	<u>\$ 4,226,472</u>	<u>\$ 3,295,470</u>	<u>\$ 2,317,442</u>	<u>\$ 12,737,523</u>

(Continued)

Permanent Funds					Total Nonmajor Governmental Funds
Cemeteries and Libraries	Conservation	Education	Other	Subtotal	
\$ 199,512	\$ 3,986	\$ 250,072	\$ 13,147	\$ 466,717	\$ 11,249,521
8,191,900	163,676	10,267,880	459,013	19,082,469	19,082,469
-	-	-	-	-	3,570
-	-	-	-	-	1,073,693
-	-	-	-	-	877,456
<u>\$ 8,391,412</u>	<u>\$ 167,662</u>	<u>\$ 10,517,952</u>	<u>\$ 472,160</u>	<u>\$ 19,549,186</u>	<u>\$ 32,286,709</u>
\$ -	\$ -	\$ -	\$ 1,399	\$ 1,399	\$ 68,484
-	-	-	568	568	194,286
-	-	-	-	-	8,118
-	-	-	-	-	2,075,770
-	-	-	1,967	1,967	2,346,658
-	-	-	-	-	881,026
7,768,153	40,000	9,207,885	21,113	17,037,151	17,037,151
623,259	127,662	1,310,067	449,080	2,510,068	12,878,065
-	-	-	-	-	(856,191)
<u>8,391,412</u>	<u>167,662</u>	<u>10,517,952</u>	<u>470,193</u>	<u>19,547,219</u>	<u>29,059,025</u>
<u>\$ 8,391,412</u>	<u>\$ 167,662</u>	<u>\$ 10,517,952</u>	<u>\$ 472,160</u>	<u>\$ 19,549,186</u>	<u>\$ 32,286,709</u>

(Concluded)

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

YEAR ENDED JUNE 30, 2018

	Special Revenue Funds				Subtotal
	Town Revolving Funds	School Revolving Funds	Town Gift, Grant, and Other Funds	School Gift and Grant Funds	
REVENUES:					
Charges for services.....	\$ 1,078,768	\$ 2,620,987	\$ 17,525	\$ -	\$ 3,717,280
Penalties and interest on taxes.....	8,260	-	260	-	8,520
Fees and rentals.....	32,553	144,340	579,790	-	756,683
Licenses and permits.....	800	-	306,536	-	307,336
Intergovernmental - other.....	3,825	1,419,348	1,395,999	5,232,187	8,051,359
Departmental and other.....	-	-	43,608	-	43,608
Special assessments.....	331,715	-	-	-	331,715
Contributions and donations.....	-	-	30,167	53,254	83,421
Investment income.....	-	-	1,124	-	1,124
Miscellaneous.....	-	-	6,318	-	6,318
TOTAL REVENUES.....	1,455,921	4,184,675	2,381,327	5,285,441	13,307,364
EXPENDITURES:					
Current:					
Administrative services.....	1,027	-	439,515	-	440,542
Planning and development.....	30,166	-	125,206	-	155,372
Public safety.....	-	-	443,656	-	443,656
Education.....	-	3,517,360	-	5,431,216	8,948,576
Public works.....	1,217,847	-	148,487	-	1,366,334
Community services.....	208,354	-	164,598	-	372,952
Regulatory services.....	395,840	-	28,830	-	424,670
Building services.....	1,962	-	-	-	1,962
Culture and recreation.....	478,071	-	-	-	478,071
Debt service:					
Principal.....	-	-	50,372	-	50,372
TOTAL EXPENDITURES.....	2,333,267	3,517,360	1,400,664	5,431,216	12,682,507
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(877,346)	667,315	980,663	(145,775)	624,857
OTHER FINANCING SOURCES (USES):					
Premium from issuance of bonds.....	4,144	-	-	-	4,144
Transfers in.....	17,538	-	-	184,594	202,132
Transfers out.....	(2,154,696)	(79,142)	(775,397)	(18,858)	(3,028,093)
TOTAL OTHER FINANCING SOURCES (USES).....	(2,133,014)	(79,142)	(775,397)	165,736	(2,821,817)
NET CHANGE IN FUND BALANCES.....	(3,010,360)	588,173	205,266	19,961	(2,196,960)
FUND BALANCES AT BEGINNING OF YEAR.....	2,999,221	3,613,504	2,944,784	2,151,257	11,708,766
FUND BALANCES AT END OF YEAR.....	\$ (11,139)	\$ 4,201,677	\$ 3,150,050	\$ 2,171,218	\$ 9,511,806

(Continued)

Permanent Funds					Total Nonmajor Governmental Funds
Cemeteries and Libraries	Conservation	Education	Other	Subtotal	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,717,280
-	-	-	-	-	8,520
-	-	-	-	-	756,683
-	-	-	-	-	307,336
-	-	-	-	-	8,051,359
70,387	-	48,037	100,678	219,102	262,710
-	-	-	-	-	331,715
-	-	-	58,536	58,536	141,957
49,289	797	454,164	13,579	517,829	518,953
-	-	-	-	-	6,318
<u>119,676</u>	<u>797</u>	<u>502,201</u>	<u>172,793</u>	<u>795,467</u>	<u>14,102,831</u>
-	416	-	13,601	14,017	454,559
-	-	-	-	-	155,372
-	-	-	62,689	62,689	506,345
-	-	237,149	-	237,149	9,185,725
52,989	-	-	-	52,989	1,419,323
228,959	-	-	86,917	315,876	688,828
-	-	-	-	-	424,670
-	-	-	-	-	1,962
-	-	-	-	-	478,071
-	-	-	-	-	50,372
<u>281,948</u>	<u>416</u>	<u>237,149</u>	<u>163,207</u>	<u>682,720</u>	<u>13,365,227</u>
<u>(162,272)</u>	<u>381</u>	<u>265,052</u>	<u>9,586</u>	<u>112,747</u>	<u>737,604</u>
-	-	-	-	-	4,144
3,459	-	-	-	3,459	205,591
-	-	-	-	-	(3,028,093)
<u>3,459</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,459</u>	<u>(2,818,358)</u>
(158,813)	381	265,052	9,586	116,206	(2,080,754)
<u>8,550,225</u>	<u>167,281</u>	<u>10,252,900</u>	<u>460,607</u>	<u>19,431,013</u>	<u>31,139,779</u>
<u>\$ 8,391,412</u>	<u>\$ 167,662</u>	<u>\$ 10,517,952</u>	<u>\$ 470,193</u>	<u>\$ 19,547,219</u>	<u>\$ 29,059,025</u>

(Concluded)

Agency Fund

Fund Description

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

AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

YEAR ENDED JUNE 30, 2018

	June 30, 2017	Additions	Deletions	June 30, 2018
ASSETS				
CURRENT:				
Cash and cash equivalents.....	\$ 529,623	\$ 2,607,915	\$ (2,467,519)	\$ 670,019
Receivables, net of allowance for uncollectibles:				
Departmental and other.....	<u>297,270</u>	<u>1,775,966</u>	<u>(1,706,976)</u>	<u>366,260</u>
TOTAL ASSETS.....	<u>\$ 826,893</u>	<u>\$ 4,383,881</u>	<u>\$ (4,174,495)</u>	<u>\$ 1,036,279</u>
LIABILITIES				
Warrants payable.....	\$ 16	\$ (627,882)	\$ 643,888	\$ 16,022
Liabilities due depositors.....	<u>826,877</u>	<u>(2,654,618)</u>	<u>2,847,998</u>	<u>1,020,257</u>
TOTAL LIABILITIES.....	<u>\$ 826,893</u>	<u>\$ (3,282,500)</u>	<u>\$ 3,491,886</u>	<u>\$ 1,036,279</u>

Additional Information

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

QUARTERS ENDED SEPTEMBER 30, 2017, DECEMBER 31, 2017, MARCH 31, 2018, AND JUNE 30, 2018

	Quarters Ended				Annual Total
	September 30, 2017	December 31, 2017	March 31, 2018	June 30, 2018	
Passenger facility charges collected.....	\$ 16,809	\$ 10,232	\$ 11,929	\$ 18,053	\$ 57,023
Interest credited.....	1,012	1,035	1,120	1,638	4,805
Total revenue.....	<u>17,821</u>	<u>11,267</u>	<u>13,049</u>	<u>19,691</u>	<u>61,828</u>
Unexpended (over expended) passenger facility charges at beginning of period.....	<u>(1,733,475)</u>	<u>(1,715,654)</u>	<u>(1,704,387)</u>	<u>(1,691,338)</u>	<u>(1,733,475)</u>
Excess (deficiency) of passenger facility charges collected over passenger facility charges expended at end of quarter.....	\$ <u>(1,715,654)</u>	\$ <u>(1,704,387)</u>	\$ <u>(1,691,338)</u>	\$ <u>(1,671,647)</u>	\$ <u>(1,671,647)</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



A Snowy Owl about to be released on Sandy Neck.

Statistical Section

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

Net Position By Component

Last Ten Years

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014 (1)</u>	<u>2015</u>	<u>2016</u>	<u>2017 (2)</u>	<u>2018</u>
Governmental activities										
Net investment in capital assets.....	\$ 170,657,049	\$ 167,732,404	\$ 178,881,293	\$ 184,421,601	\$ 191,206,448	\$ 196,719,117	\$ 205,927,509	\$ 212,363,641	\$ 218,426,338	\$ 220,042,677
Restricted.....	23,653,035	22,256,610	23,188,546	22,899,121	26,282,984	30,686,880	51,556,623	58,921,589	62,317,088	68,067,585
Unrestricted.....	<u>44,174,519</u>	<u>45,761,937</u>	<u>37,416,415</u>	<u>36,590,078</u>	<u>29,771,094</u>	<u>(38,878,968)</u>	<u>(55,985,855)</u>	<u>(58,753,543)</u>	<u>(193,578,801)</u>	<u>(196,076,475)</u>
Total governmental activities net position...	<u>\$ 238,484,603</u>	<u>\$ 235,750,951</u>	<u>\$ 239,486,254</u>	<u>\$ 243,910,800</u>	<u>\$ 247,260,526</u>	<u>\$ 188,527,029</u>	<u>\$ 201,498,277</u>	<u>\$ 212,531,687</u>	<u>\$ 87,164,625</u>	<u>\$ 92,033,787</u>
Business-type activities										
Net investment in capital assets.....	\$ 70,569,512	\$ 88,038,076	\$ 111,054,493	\$ 123,154,596	\$ 124,918,522	\$ 130,038,669	\$ 129,853,741	\$ 133,965,038	\$ 139,551,898	\$ 141,451,379
Unrestricted.....	<u>27,726,500</u>	<u>23,517,286</u>	<u>27,136,568</u>	<u>25,267,346</u>	<u>28,724,877</u>	<u>16,954,440</u>	<u>12,789,879</u>	<u>9,011,658</u>	<u>(14,098,636)</u>	<u>(8,454,786)</u>
Total business-type activities net position...	<u>\$ 98,296,012</u>	<u>\$ 111,555,362</u>	<u>\$ 138,191,061</u>	<u>\$ 148,421,942</u>	<u>\$ 153,643,399</u>	<u>\$ 146,993,109</u>	<u>\$ 142,643,620</u>	<u>\$ 142,976,696</u>	<u>\$ 125,453,262</u>	<u>\$ 132,996,593</u>
Primary government										
Net investment in capital assets.....	\$ 241,226,561	\$ 258,559,391	\$ 289,935,786	\$ 307,576,197	\$ 316,124,970	\$ 326,757,786	\$ 335,781,250	\$ 346,328,679	\$ 357,978,236	\$ 361,494,056
Restricted.....	23,653,035	22,256,610	23,188,546	22,899,121	26,282,984	30,686,880	51,556,623	58,921,589	62,317,088	68,067,585
Unrestricted.....	<u>71,901,019</u>	<u>66,490,312</u>	<u>64,552,983</u>	<u>61,857,424</u>	<u>58,495,971</u>	<u>(21,924,528)</u>	<u>(43,195,976)</u>	<u>(49,741,885)</u>	<u>(207,677,437)</u>	<u>(204,531,261)</u>
Total primary government net position.....	<u>\$ 336,780,615</u>	<u>\$ 347,306,313</u>	<u>\$ 377,677,315</u>	<u>\$ 392,332,742</u>	<u>\$ 400,903,925</u>	<u>\$ 335,520,138</u>	<u>\$ 344,141,897</u>	<u>\$ 355,508,383</u>	<u>\$ 212,617,887</u>	<u>\$ 225,030,380</u>

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

(2) = Unrestricted net position has been revised to reflect the implementation of GASB Statement #75.

Changes in Net Position

Last Ten Years

	2009	2010	2011	2012	2013	2014 (1)	2015	2016	2017	2018
Expenses										
Governmental activities:										
Charter commission.....	\$ 46,380	\$ 15,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town council.....	356,983	390,345	380,018	382,055	384,365	399,567	368,421	363,717	448,462	369,895
Town manager.....	675,969	752,700	683,316	745,955	893,507	794,403	800,746	834,954	686,439	690,519
Administrative services.....	9,691,557	10,318,986	10,601,542	10,330,594	12,590,742	10,987,865	10,049,953	11,155,705	12,230,091	9,913,263
Planning and development.....	3,321,356	2,594,947	2,197,204	2,164,979	2,536,984	2,534,216	2,282,963	2,867,287	3,065,285	3,853,609
Public safety.....	15,190,576	15,951,164	15,656,195	16,445,394	21,156,100	18,654,946	19,790,295	21,211,475	24,222,854	19,867,843
Education.....	93,940,477	90,887,000	93,652,265	96,294,013	96,015,560	98,552,670	94,177,947	100,687,385	107,637,587	115,143,246
Public works.....	16,910,307	12,464,847	13,669,363	12,804,945	14,501,828	17,832,428	16,942,211	16,517,135	18,579,883	16,422,753
Community services.....	4,762,643	4,334,769	4,395,115	4,591,089	4,962,038	4,899,743	5,450,110	5,996,361	6,675,916	6,773,346
Regulatory services.....	2,964,772	4,205,724	4,204,140	4,480,702	4,611,395	5,005,639	5,796,212	5,848,644	6,673,384	3,408,884
Building services.....	-	-	-	-	-	-	-	-	-	1,413,654
Culture and recreation.....	1,727,069	1,689,753	1,673,945	2,047,950	2,167,069	2,285,422	2,426,386	2,527,421	2,589,896	2,579,518
Interest.....	4,707,186	3,623,266	3,227,684	3,199,774	2,597,202	2,367,893	2,283,830	1,543,603	1,498,995	1,748,298
Total government activities expenses.....	154,295,275	147,228,501	150,340,787	153,487,450	162,416,790	164,314,792	160,369,074	169,553,687	184,308,792	182,184,828
Business-type activities:										
Airport activities.....	7,062,613	6,034,854	6,908,268	7,468,840	8,065,196	9,859,032	9,905,470	8,829,671	8,401,360	9,197,454
Golf course activities.....	2,712,412	2,614,217	2,507,382	2,634,335	2,148,742	2,615,366	2,550,324	3,051,784	3,130,996	2,902,258
Solid waste activities.....	2,140,520	2,010,574	1,887,556	2,011,718	1,855,871	1,613,661	2,420,243	2,647,918	3,157,411	2,938,570
Wastewater activities.....	4,211,888	4,604,835	4,307,355	4,924,221	4,693,467	5,222,181	4,870,584	4,959,029	5,500,946	5,541,637
Water supply activities.....	2,222,892	2,393,652	2,309,337	2,695,528	3,120,198	3,369,176	3,646,730	4,040,710	5,518,521	5,616,434
Marina activities.....	493,447	468,960	521,888	572,555	627,750	636,978	561,098	933,055	657,896	691,620
Sandy Neck recreation activities.....	474,332	501,888	537,561	617,232	580,846	661,179	863,593	994,150	920,591	960,124
Hyannis youth and community center.....	-	1,970,413	2,286,860	2,285,247	2,360,247	2,463,416	2,499,740	2,639,139	2,642,127	2,700,279
PEG access activities.....	-	-	-	-	-	-	-	-	-	468,534
Total business-type activities expenses.....	19,318,104	20,599,393	21,266,207	23,209,676	23,452,317	26,440,989	27,317,782	28,095,456	29,929,848	31,016,910
Total primary government expenses.....	\$ 173,613,379	\$ 167,827,894	\$ 171,606,994	\$ 176,697,126	\$ 185,869,107	\$ 190,755,781	\$ 187,686,856	\$ 197,649,143	\$ 214,238,640	\$ 213,201,738
Program Revenues										
Governmental activities:										
Administrative services charges for services.....	\$ 730,873	\$ 755,951	\$ 709,164	\$ 845,002	\$ 759,649	\$ 731,934	\$ 811,100	\$ 835,259	\$ 839,568	\$ 905,200
Education charges for services.....	3,240,712	2,599,327	2,597,573	2,552,873	2,831,275	2,609,888	2,468,780	2,766,669	2,849,677	180,222
Community services charges for services.....	1,717,789	1,569,081	1,752,891	1,973,424	1,916,796	2,107,340	2,258,031	3,125,465	2,991,473	1,985,046
Regulatory services charges for services.....	2,116,776	2,296,375	2,694,281	2,826,890	2,904,766	3,357,794	3,247,298	3,568,406	3,490,165	2,360,231
Other charges for services.....	2,219,533	1,282,396	1,901,709	1,564,983	1,620,970	1,646,135	1,618,726	1,612,044	1,283,184	4,080,660
Operating grants and contributions.....	28,396,710	30,536,034	30,178,585	31,552,139	32,799,639	30,872,078	24,791,463	30,244,001	33,127,780	36,376,056
Capital grant and contributions.....	3,334,070	3,444,938	4,058,312	2,938,336	6,709,206	5,520,965	4,320,128	5,884,073	3,863,636	3,071,382
Total government activities program revenues.....	41,756,463	42,484,102	43,892,515	44,253,647	49,542,301	46,846,134	39,515,526	48,035,917	48,445,483	48,958,797
Business-type activities:										
Charges for services - Airport.....	6,810,056	5,490,285	6,506,669	6,585,493	6,969,301	7,152,972	7,595,233	6,390,216	5,568,140	6,001,444
Charges for services - Golf Course.....	3,027,102	2,891,917	3,395,629	2,774,195	2,882,023	2,945,649	3,038,223	3,173,012	3,182,636	3,263,851
Charges for services - Solid Waste.....	2,006,111	2,070,045	2,094,528	2,189,147	2,171,301	2,291,223	2,630,509	2,231,944	2,925,374	3,124,552
Charges for services - Wastewater.....	3,187,621	3,927,176	3,569,586	4,048,083	4,194,565	6,214,125	4,339,654	3,388,870	4,528,101	4,459,115
Charges for services - Water Supply.....	3,123,598	3,193,402	3,551,796	3,848,765	4,195,886	4,441,137	4,907,019	5,301,446	5,424,751	5,781,309
Charges for services - Marina.....	651,019	557,513	627,670	680,419	657,281	690,881	637,769	736,283	685,771	726,836
Charges for services - Sandy Neck recreation.....	569,561	616,104	693,869	839,323	714,585	829,552	872,298	1,199,321	1,096,042	1,004,197
Charges for services - Hyannis youth and community center.....	-	1,149,921	1,332,574	1,361,171	1,196,908	1,234,064	1,212,993	1,204,119	1,134,431	1,238,868
Charges for services - PEG access.....	-	-	-	-	-	-	-	-	-	862,576
Operating grants and contributions.....	436,056	259,036	383,432	357,529	525,089	333,149	473,201	301,449	288,967	445,512
Capital grants and contributions.....	2,881,380	5,468,016	23,235,870	9,483,491	1,843,059	7,356,270	4,815,157	4,128,274	2,835,392	9,278,460
Total business-type activities program revenues.....	22,692,504	25,623,415	45,391,623	32,167,616	25,349,998	33,489,022	30,522,056	28,054,934	27,669,605	36,186,720
Total primary government program revenues.....	\$ 64,448,967	\$ 68,107,517	\$ 89,284,138	\$ 76,421,263	\$ 74,892,299	\$ 80,335,156	\$ 70,037,582	\$ 76,090,851	\$ 76,115,088	\$ 85,145,517

The Town established the PEG Access enterprise fund in 2018.
Building services was transferred from regulatory services in 2018.

(Continued)

Changes in Net Position

Last Ten Years

	2009	2010	2011	2012	2013	2014 (1)	2015	2016	2017	2018
Net (Expense)/Revenue										
Governmental activities.....	\$ (112,538,812)	\$ (104,744,399)	\$ (106,448,272)	\$ (109,233,803)	\$ (112,874,489)	\$ (117,468,658)	\$ (120,853,548)	\$ (121,517,770)	\$ (135,863,309)	\$ (133,226,031)
Business-type activities.....	3,374,400	5,024,022	24,125,416	8,957,940	1,897,681	7,048,033	3,204,274	(40,522)	(2,260,243)	5,169,810
Total primary government net expense.....	\$ (109,164,412)	\$ (99,720,377)	\$ (82,322,856)	\$ (100,275,863)	\$ (110,976,808)	\$ (110,420,625)	\$ (117,649,274)	\$ (121,558,292)	\$ (138,123,552)	\$ (128,056,221)
General Revenues and other Changes in Net Position										
Governmental activities:										
Real estate and personal property taxes, net of tax refunds payable.....	\$ 88,253,725	\$ 90,663,777	\$ 93,673,200	\$ 97,222,576	\$ 99,665,171	\$ 103,150,266	\$ 106,530,407	\$ 110,049,748	\$ 114,256,542	\$ 117,592,396
Motor vehicle and other excise taxes.....	5,625,147	5,206,615	6,051,330	5,416,330	6,251,595	7,014,709	7,032,295	7,568,790	7,882,124	8,337,027
Hotel/motel tax.....	1,604,723	1,489,471	1,866,536	2,470,674	2,563,046	1,819,179	2,699,495	2,798,882	2,920,683	2,986,802
Meals tax.....	-	-	619,193	1,206,380	1,261,113	-	1,372,762	1,474,084	1,494,626	1,553,414
Penalties and interest on taxes.....	905,602	778,660	897,236	1,019,421	1,006,469	1,056,947	928,707	914,983	1,381,382	1,480,233
Community preservation surtax.....	2,619,643	2,651,234	2,734,079	2,863,995	2,942,493	3,036,667	3,099,572	3,208,815	3,336,838	3,447,737
Grants and contributions not restricted to specific programs.....	3,742,347	2,698,754	2,665,950	2,645,768	2,462,643	3,037,252	2,888,316	3,198,731	3,303,717	3,263,868
Unrestricted investment income.....	746,614	3,722,928	3,421,534	1,866,929	2,573,660	3,092,436	1,298,586	2,183,557	1,558,205	1,524,422
Gain (loss) on sale of capital assets.....	-	31,831	-	-	185,500	3,782,939	-	-	725,000	-
Miscellaneous.....	-	25,968	448,500	30,765	86,629	258,933	8,545	29,925	96,896	10,420
Legal settlements.....	3,492,881	262,307	-	-	-	-	-	-	-	-
Transfers.....	512,103	(8,071,724)	(2,193,983)	(1,084,489)	(2,774,104)	61,749	7,966,111	(111,372)	(173,170)	(2,101,126)
Total governmental activities.....	107,502,785	99,459,821	110,183,575	113,658,349	116,224,215	126,311,077	133,824,796	131,316,143	136,782,843	138,095,193
Business-type activities:										
Hotel/motel tax.....	-	-	-	-	-	909,590	-	-	-	-
Meals tax.....	-	-	-	-	-	1,455,329	-	-	-	-
Unrestricted investment income.....	484,857	163,604	316,300	188,452	549,672	942,020	412,348	262,226	242,029	272,395
Legal settlements.....	-	-	-	-	-	-	-	-	3,120,000	-
Transfers.....	(512,103)	8,071,724	2,193,983	1,084,489	2,774,104	(61,749)	(7,966,111)	111,372	173,170	2,101,126
Total business-type activities.....	(27,246)	8,235,328	2,510,283	1,272,941	3,323,776	3,245,190	(7,553,763)	373,598	3,535,199	2,373,521
Total primary government.....	\$ 107,475,539	\$ 107,695,149	\$ 112,693,858	\$ 114,931,290	\$ 119,547,991	\$ 129,556,267	\$ 126,271,033	\$ 131,689,741	\$ 140,318,042	\$ 140,468,714
Changes in Net Position										
Governmental activities.....	\$ (5,036,027)	\$ (5,284,578)	\$ 3,735,303	\$ 4,424,546	\$ 3,349,726	\$ 8,842,419	\$ 12,971,248	\$ 9,798,373	\$ 919,534	\$ 4,869,162
Business-type activities.....	3,347,154	13,259,350	26,635,699	10,230,881	5,221,457	10,293,223	(4,349,489)	333,076	1,274,956	7,543,331
Total primary government.....	\$ (1,688,873)	\$ 7,974,772	\$ 30,371,002	\$ 14,655,427	\$ 8,571,183	\$ 19,135,642	\$ 8,621,759	\$ 10,131,449	\$ 2,194,490	\$ 12,412,493

(1) = Through special legislation in 2014, the Town accounted for meals tax revenue in the Sewer Expansion Trust Fund which was reported in the Wastewater enterprise fund. Beginning in 2015, through special legislation, the Town created the Construction and Maintenance fund which reports all meals tax revenue and one third of the hotel/motel tax revenue within the governmental funds. (Concluded)

Fund Balances, Governmental Funds

Last Ten Years

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General Fund										
Reserved.....	\$ 1,241,639	\$ 2,816,525	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved.....	15,179,667	14,901,926	-	-	-	-	-	-	-	-
Restricted.....	-	-	2,863,023	2,660,805	2,660,174	2,650,600	2,453,717	2,373,473	2,206,073	1,948,381
Assigned.....	-	-	6,122,506	2,007,306	4,231,826	4,820,179	6,136,907	4,956,930	5,505,301	6,240,508
Unassigned.....	-	-	21,612,742	28,734,188	26,137,881	28,085,852	26,289,884	30,019,449	33,245,543	33,070,020
Total general fund.....	\$ 16,421,306	\$ 17,718,451	\$ 30,598,271	\$ 33,402,299	\$ 33,029,881	\$ 35,556,631	\$ 34,880,508	\$ 37,349,852	\$ 40,956,917	\$ 41,258,909
All Other Governmental Funds										
Reserved.....	\$ 8,847,452	\$ 9,504,307	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds.....	38,643,071	36,566,719	-	-	-	-	-	-	-	-
Capital projects funds.....	15,845,729	15,837,839	-	-	-	-	-	-	-	-
Permanent funds.....	1,092,032	1,022,510	-	-	-	-	-	-	-	-
Nonspendable.....	-	-	10,326,319	10,467,992	11,093,750	15,690,018	15,737,943	16,933,978	16,988,191	17,037,151
Restricted.....	-	-	41,212,995	37,936,503	35,791,783	35,410,254	41,645,262	46,703,475	49,811,531	54,378,839
Unassigned.....	-	-	-	-	-	-	-	-	-	(856,191)
Total all other governmental funds.....	\$ 64,428,284	\$ 62,931,375	\$ 51,539,314	\$ 48,404,495	\$ 46,885,533	\$ 51,100,272	\$ 57,383,205	\$ 63,637,453	\$ 66,799,722	\$ 70,559,799

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

Changes in Fund Balances, Governmental Funds

Last Ten Years

	2009	2010	2011	2012	2013	2014 (1)	2015	2016	2017	2018
Revenues:										
Real estate and personal property taxes, net of tax refunds.....	\$ 88,165,857	\$ 89,592,295	\$ 92,202,438	\$ 97,818,235	\$ 99,399,272	\$ 102,905,909	\$ 105,260,464	\$ 108,835,835	\$ 113,664,164	\$ 116,995,728
Motor vehicle and other excise taxes.....	5,646,089	5,249,626	5,938,937	5,510,517	6,209,316	6,616,970	7,033,401	7,506,290	7,405,793	8,255,521
Hotel/motel tax.....	1,624,723	1,481,471	1,739,536	2,468,674	2,537,046	1,810,513	2,691,495	2,800,577	2,924,631	2,978,359
Meals tax.....	-	-	490,193	1,197,380	1,255,113	-	1,372,762	1,474,084	1,494,626	1,553,414
Charges for services.....	6,792,198	4,808,371	5,068,114	4,976,473	5,380,029	5,303,748	5,414,436	5,922,080	5,938,554	6,271,204
Penalties and interest on taxes.....	1,206,383	1,070,307	1,199,934	1,359,907	1,429,142	1,502,443	1,350,562	1,296,576	1,802,284	1,480,233
Fees and rentals.....	1,107,126	1,199,488	1,452,502	1,492,829	1,622,674	1,592,714	1,660,085	1,764,493	1,829,259	1,755,777
Licenses and permits.....	2,092,985	2,131,386	2,855,284	3,010,391	2,931,858	3,367,133	3,206,880	3,458,964	3,405,345	3,020,030
Intergovernmental.....	35,349,630	36,622,958	37,544,400	39,349,380	40,999,777	39,468,814	33,074,571	37,097,876	39,778,378	39,408,367
Departmental and other.....	1,929,525	1,238,096	1,093,917	982,707	671,549	502,499	530,010	484,246	667,908	2,011,601
Special assessments.....	143,209	220,269	305,021	345,820	353,293	575,224	596,185	1,291,690	1,051,138	559,113
Community preservation fund taxes.....	2,619,643	2,651,234	2,734,079	2,863,995	2,942,493	3,036,667	3,099,572	3,208,815	3,336,839	3,447,737
Contributions and donations.....	153,455	123,891	297,281	296,185	242,909	460,652	894,598	299,212	294,793	161,910
Investment income.....	747,670	3,723,219	3,422,381	1,863,501	2,554,945	3,066,820	1,275,082	2,166,199	1,538,913	1,495,039
Miscellaneous.....	-	262,658	460,016	6,885	24,191	19,020	39,120	73,132	143,166	6,318
Legal settlements.....	3,492,881	262,307	-	-	-	-	-	37,506	-	-
Total Revenues.....	151,071,374	150,637,576	156,804,033	163,542,879	168,553,607	170,229,126	167,499,223	177,717,575	185,275,691	189,400,351
Expenditures:										
Charter commission.....	46,380	15,000	-	-	-	-	-	-	-	-
Town council.....	296,316	321,346	315,151	309,303	252,750	270,452	242,765	233,693	257,070	258,461
Town manager.....	541,963	600,291	540,036	596,044	605,498	555,587	540,367	550,017	419,492	474,783
Administrative services.....	5,721,376	6,022,630	6,390,572	6,265,047	7,524,126	5,895,146	6,004,633	6,755,349	6,687,937	5,931,199
Planning and development.....	3,023,167	2,255,806	1,876,994	1,837,388	2,091,175	2,079,052	1,298,226	1,810,185	1,817,624	2,630,720
Public safety.....	11,562,679	11,877,172	11,945,147	12,583,679	14,812,467	12,423,830	12,882,134	13,433,285	13,653,146	13,805,092
Education.....	74,154,718	69,418,073	71,603,329	72,947,953	69,573,482	71,266,325	71,844,729	73,348,203	75,530,065	78,398,083
Public works.....	12,507,268	5,801,985	8,697,677	7,999,323	8,809,756	11,991,138	11,326,596	9,536,429	10,433,373	10,003,356
Community services.....	3,731,611	3,269,069	3,323,697	3,542,911	3,099,734	3,193,473	3,332,724	3,520,353	3,504,471	4,422,885
Regulatory services.....	1,498,642	2,602,377	2,690,984	2,951,035	2,852,514	3,080,042	3,167,935	3,144,581	3,439,116	1,580,018
Building services.....	-	-	-	-	-	-	-	-	-	983,686
Culture and recreation.....	1,727,069	1,689,753	1,673,945	2,047,950	2,167,069	2,285,422	2,426,386	2,527,421	2,589,896	2,579,518
Pension and employee benefits.....	15,287,773	17,096,982	18,953,642	19,880,251	27,424,995	29,400,723	24,763,873	28,461,551	33,013,228	35,101,890
Property and liability insurance.....	1,151,284	1,205,171	1,281,890	1,312,879	1,310,179	1,439,324	1,510,581	1,573,817	1,619,749	1,717,342
Other assessments.....	424,848	492,852	423,836	375,478	398,239	397,056	389,520	357,141	342,770	312,614
State and county charges.....	5,500,040	5,670,113	5,864,464	6,443,074	6,578,322	7,081,833	7,870,164	8,174,877	8,372,349	8,951,456
Capital outlay.....	22,486,003	9,398,699	12,727,196	10,637,388	8,353,164	10,980,666	14,983,478	17,654,545	11,546,620	12,628,922
Debt service:										
Principal.....	9,841,839	8,908,613	9,404,339	9,931,989	9,298,893	9,001,782	9,223,081	8,968,701	9,374,175	9,808,370
Interest.....	4,729,807	3,691,341	3,305,081	3,290,957	2,714,020	2,483,851	2,377,624	1,977,382	2,135,047	2,004,990
Total Expenditures.....	174,232,783	150,337,273	161,017,980	162,952,649	167,866,383	173,825,702	174,184,816	182,027,530	184,736,128	191,593,385
Excess of revenues over (under) expenditures.....	(23,161,409)	300,303	(4,213,947)	590,230	687,224	(3,596,576)	(6,685,593)	(4,309,955)	539,563	(2,193,034)
Other Financing Sources (Uses):										
Issuance of bonds and notes.....	-	4,959,000	7,535,000	-	-	6,248,000	3,930,000	12,113,000	5,361,641	7,780,500
Issuance of refunding bonds.....	-	-	8,641,000	10,037,900	-	-	5,265,500	1,674,000	-	-
Premium from issuance of bonds.....	-	-	360,689	30,765	-	245,377	347,856	1,000,312	316,300	575,729
Premium from issuance of refunding bonds.....	-	-	641,187	966,394	-	-	728,615	218,218	-	-
Payment to refunded bond escrow agent.....	-	-	(9,282,187)	(10,871,591)	-	-	(5,945,679)	(1,860,611)	-	-
Proceeds from sale of capital assets.....	-	31,831	-	-	195,500	3,782,939	-	-	725,000	-
Transfers in.....	21,271,536	20,474,644	6,854,634	7,015,052	6,336,045	8,651,348	16,202,168	8,405,736	8,756,067	8,602,153
Transfers out.....	(20,759,433)	(25,965,542)	(9,048,617)	(8,099,541)	(9,110,149)	(8,589,599)	(8,236,057)	(8,517,108)	(8,929,237)	(10,703,279)
Total other financing sources (uses).....	512,103	(500,067)	5,701,706	(921,021)	(2,578,604)	10,338,065	12,292,403	13,033,547	6,229,771	6,255,103
Net change in fund balance.....	\$ (22,649,306)	\$ (199,764)	\$ 1,487,759	\$ (330,791)	\$ (1,891,380)	\$ 6,741,489	\$ 5,606,810	\$ 8,723,592	\$ 6,769,334	\$ 4,062,069
Debt service as a percentage of noncapital expenditures.....	9.60%	8.94%	8.57%	8.68%	7.53%	7.05%	7.29%	6.66%	6.65%	6.60%

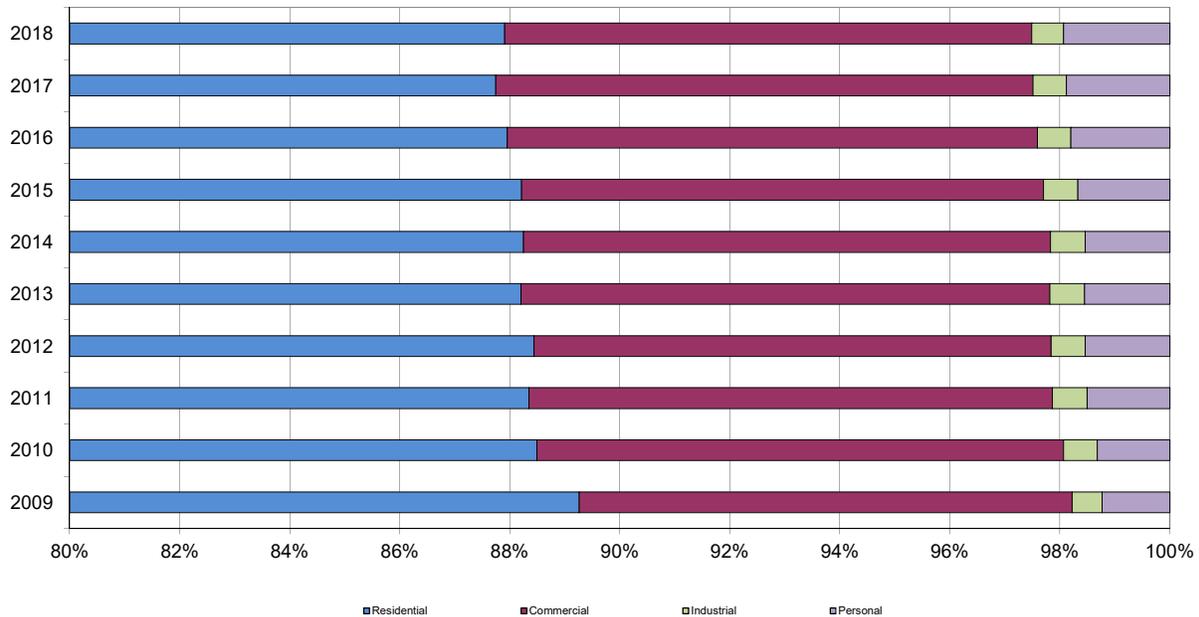
(1) = Through special legislation in 2014, the Town accounted for meals tax revenue in the Sewer Expansion Trust Fund which was reported in the Wastewater enterprise fund. Beginning in 2015, through special legislation, the Town created the Construction and Maintenance fund which reports all meals tax revenue and one third of the hotel/motel tax revenue within the governmental funds.

Assessed Value of Taxable Property by Classification and Tax Rates

Last Ten Years

Year	Assessed and Actual Values and Tax Rates											
	Residential Value	Residential Tax Rate	Commercial Value	Industrial Value	Total Commercial Value	Commercial Tax Rate	Personal Property	Personal Property Tax Rate	Total Direct Rate (1)	Overlapping Rate (2)	Total Direct and Overlapping Rate	Total Town Value
2009	\$ 12,983,016,619	\$ 6.90	\$ 1,303,893,716	\$ 78,598,400	\$ 1,382,492,116	\$ 6.12	\$ 179,274,450	\$ 6.12	\$ 6.82	\$ 1.75	\$ 8.57	\$ 14,544,783,185
2010	11,822,832,710	7.77	1,279,251,935	81,780,400	1,361,032,335	6.87	176,352,980	6.87	7.67	1.87	9.54	13,360,218,025
2011	11,474,497,625	8.05	1,235,696,120	82,267,300	1,317,963,420	7.28	194,882,820	7.28	7.96	2.00	9.96	12,987,343,865
2012	11,343,180,287	8.42	1,205,426,293	79,571,600	1,284,997,893	7.59	196,937,290	7.59	8.32	2.22	10.54	12,825,115,470
2013	11,220,887,767	8.76	1,223,179,078	80,290,800	1,303,469,878	7.89	197,055,870	7.89	8.66	2.13	10.79	12,721,413,515
2014	11,114,256,735	9.12	1,206,529,030	79,328,500	1,285,857,530	8.22	193,985,740	8.22	9.01	2.29	11.30	12,594,100,005
2015	11,207,187,750	9.30	1,204,713,235	79,592,100	1,284,305,335	8.40	212,290,440	8.40	9.19	2.57	11.76	12,703,783,525
2016	11,559,979,680	9.31	1,266,853,600	79,821,600	1,346,675,200	8.41	236,236,480	8.41	9.20	2.67	11.87	13,142,891,360
2017	11,609,385,779	9.54	1,291,731,901	80,275,500	1,372,007,401	8.64	249,000,650	8.64	9.43	2.62	12.05	13,230,393,830
2018	11,966,381,614	9.61	1,304,032,686	78,707,200	1,382,739,886	8.71	263,193,250	8.71	9.50	2.78	12.29	13,612,314,750

Percentage of Total Assessed Value By Classification



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

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

Source: Assessor's Department, Town of Barnstable

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

Note: Chapter 59, Section 21C of the Massachusetts General Laws, known as "Proposition 2 1/2", imposes 2 separate limits on the annual tax levy of the Town. The primary limitation is that the tax levy cannot exceed 2 1/2 percent of the full and fair cash value. The secondary limitation is that the tax levy cannot exceed the maximum levy limit for the preceding year as determined by the State Commissioner of Revenue by more than 2 1/2 percent, subject to an exception for property added to the tax rolls and for certain substantial valuation increases other than as part of a general revaluation. The secondary limit may be exceeded in any year by a majority vote of the voters, however it cannot exceed the primary limitation.

Principal Taxpayers
Current Year and Nine Years Ago

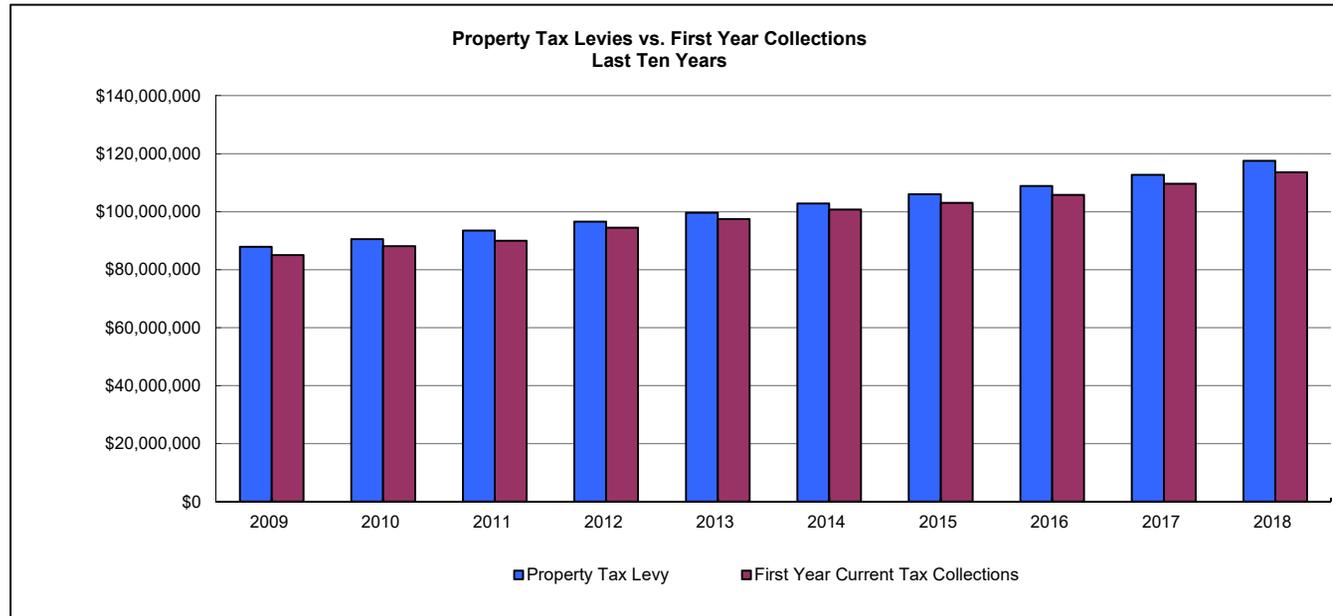
Name	Nature of Business	2018			2009		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
Eversource	Public Utility	\$ 125,020,770	1	0.92%	\$ -	-	-
Mayflower Cape Cod, LLC	Cape Cod Mall	110,579,700	2	0.81%	115,959,000	1	0.80%
National Grid	Public Utility	34,374,760	3	0.25%	-	-	-
Oyster Harbors Club, Inc.	Social Club & Residential Properties	26,501,900	4	0.19%	-	-	-
Festival of Hyannis, LLC	Shopping Center	25,767,200	5	0.19%	30,408,300	6	0.21%
Kmart Plaza	Shopping Center	25,737,100	6	0.19%	-	-	-
OCW Retail Hyannis, LLC	Shopping Center	24,821,700	7	0.18%	25,962,600	8	0.18%
Indian Point Family Partnership LP	Various Residential	24,604,500	8	0.18%	-	-	-
Wianno Club	Golf Club	20,504,200	9	0.15%	31,338,000	5	0.22%
Verizon	Public Utility	20,553,750	10	0.15%	32,410,900	4	0.22%
Individual	Residential Properties	-	-	-	64,187,110	2	0.44%
Nstar	Utility	-	-	-	44,606,560	3	0.31%
Cape Harbor Associates	Shopping Center	-	-	-	26,248,200	7	0.18%
Individual	Residential Properties	-	-	-	25,797,940	9	0.18%
Colonial Gas	Utility	-	-	-	25,042,830	10	0.17%
Totals		\$ 438,465,580		3.22%	\$ 421,961,440		2.90%

Source: Assessor's Department, Town of Barnstable

Property Tax Levies and Collections

Last Ten Years

Year	Total Tax Levy	Less Abatements & Exemptions	Net Tax Levy	Net as % of Total	First Year Current Tax Collections	Percent of Net Levy Collected	Subsequent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Net Tax Levy
2009	\$ 89,064,457	\$ 1,211,254	\$ 87,853,203	98.64%	\$ 85,039,043	96.80%	\$ 1,334,371	\$ 86,373,414	98.32%
2010	91,769,862	1,220,910	90,548,952	98.67%	88,128,463	97.33%	1,780,686	89,909,149	99.29%
2011	94,579,103	1,073,942	93,505,161	98.86%	89,989,123	96.24%	2,953,030	92,942,153	99.40%
2012	97,325,379	757,468	96,567,911	99.22%	94,416,772	97.77%	1,405,907	95,822,679	99.23%
2013	100,386,021	786,537	99,599,484	99.22%	97,485,153	97.88%	1,360,701	98,845,854	99.24%
2014	103,522,018	673,327	102,848,691	99.35%	100,779,510	97.99%	1,362,562	102,142,072	99.31%
2015	106,676,485	674,924	106,001,561	99.37%	103,011,541	97.18%	2,309,932	105,321,473	99.36%
2016	110,547,068	1,724,851	108,822,217	98.44%	105,826,314	97.25%	2,279,754	108,106,068	99.34%
2017	114,428,985	1,705,310	112,723,675	98.51%	109,589,260	97.22%	2,131,496	111,720,756	99.11%
2018	118,531,665	1,005,652	117,526,013	99.15%	113,613,613	96.67%	-	113,613,613	96.67%



Source: Official Statements, Town of Barnstable

Ratios of Outstanding Debt by Type

Last Ten Years

Year	Governmental Activities		Business-type Activities (1)		Total Debt Outstanding	Percentage of Personal Income (3)	U. S. Census Population	Debt Per Capita
	General Obligation Bonds (2)							
2009	\$ 104,794,067	\$ 36,484,603	\$ 141,278,670		11.14%	46,297	\$ 3,052	
2010	84,883,454	54,779,449	139,662,903		8.76%	45,193	3,090	
2011	83,385,804	54,016,356	137,402,160		8.59%	44,932	3,058	
2012	73,345,104	56,250,217	129,595,321		8.07%	44,824	2,891	
2013	63,610,778	54,722,327	118,333,105		7.31%	44,824	2,640	
2014	60,806,840	50,764,691	111,571,531		6.86%	44,824	2,489	
2015	55,778,571	47,942,365	103,720,936		6.34%	45,170	2,296	
2016	59,450,983	51,447,154	110,898,137		6.75%	45,193	2,454	
2017	55,175,148	53,625,970	108,801,118		6.70%	44,487	2,446	
2018	52,907,462	50,850,747	103,758,209		6.36%	44,498	2,332	

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

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

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

Source: Audited Financial Statements, U. S. Census

Ratios of General Bonded Debt Outstanding

Last Ten Years

Year	General Obligation Bonds	Percentage of Estimated Actual Taxable Value of Property (1)	Per Capita (2)
2009	\$ 141,278,670	0.97%	\$ 3,052
2010	139,662,903	1.05%	3,090
2011	137,402,160	1.06%	3,058
2012	129,595,321	1.01%	2,891
2013	118,333,105	0.93%	2,640
2014	111,571,531	0.89%	2,489
2015	103,720,936	0.82%	2,296
2016	110,898,137	0.84%	2,454
2017	108,801,118	0.82%	2,446
2018	103,758,209	0.76%	2,332

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

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

Source: Audited Financial Statements, U. S. Census

Direct and Overlapping Governmental Activities Debt

As of June 30, 2018

<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.....	\$ 25,037,532	16.79%	\$ 4,203,802
Barnstable Fire District.....	2,210,000	100.00%	2,210,000
Centerville-Osterville-Marston Mills Fire District.....	2,337,252	100.00%	2,337,252
Cotuit Fire District.....	5,827,368	100.00%	5,827,368
Hyannis Fire District.....	2,576,000	100.00%	<u>2,576,000</u>
Subtotal, overlapping debt.....			17,154,422
Town direct debt.....			<u>52,907,462</u>
Total direct and overlapping debt.....			<u>\$ 70,061,884</u>

Source: Official Statements

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

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

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

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

Computation of Legal Debt Margin

Last Ten Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Equalized Valuation.....	\$ 16,142,285,200	\$ 14,945,861,000	\$ 14,945,861,000	\$ 13,864,305,700	\$ 13,864,305,700	\$ 13,476,184,100	\$ 13,476,184,100	\$ 13,665,091,900	\$ 13,665,091,900	\$ 14,932,044,600
Debt Limit -5% of Equalized Valuation.....	\$ 807,114,260	\$ 747,293,050	\$ 747,293,050	\$ 693,215,285	\$ 693,215,285	\$ 673,809,205	\$ 673,809,205	\$ 683,254,595	\$ 683,254,595	\$ 746,602,230
Less:										
Outstanding debt applicable to limit.....	\$ 76,565,997	\$ 74,641,706	\$ 81,933,812	\$ 79,039,510	\$ 71,718,246	\$ 70,548,688	\$ 65,723,674	\$ 72,346,608	\$ 71,103,125	\$ 70,485,571
Authorized and unissued debt.....	\$ 57,540,513	\$ 83,934,854	\$ 73,597,717	\$ 71,016,010	\$ 77,977,510	\$ 83,028,269	\$ 51,117,351	\$ 33,058,354	\$ 46,073,235	\$ 53,481,486
Legal debt margin.....	\$ 673,007,750	\$ 588,716,490	\$ 591,761,521	\$ 543,159,765	\$ 543,519,529	\$ 520,232,248	\$ 556,968,180	\$ 577,849,633	\$ 566,078,235	\$ 622,635,173
Total debt applicable to the limit as a percentage of debt limit.....	16.62%	21.22%	20.81%	21.65%	21.59%	22.79%	17.34%	15.43%	17.15%	16.60%

Source: Official Statements, Town of Barnstable

Demographic and Economic Statistics

Last Ten Years

Year	Population Estimates	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2009	46,297	\$ 1,268,027,000	\$ 27,389	42	5,799	5.1%
2010	45,193	1,593,731,000	35,265	47	5,461	8.6%
2011	44,932	1,600,012,972	35,610	48	5,165	7.0%
2012	44,824 *	1,605,012,968 *	35,807 *	49 *	5,267	7.4%
2013	44,824 *	1,619,087,704 *	36,121 *	49 *	5,118	6.6%
2014	44,824 *	1,627,183,143 *	36,302 *	49 *	5,194	4.4%
2015	45,170 *	1,635,319,058 *	36,204 *	50 *	5,230	4.3%
2016	45,193 *	1,643,495,654 *	36,366 *	49 *	5,459	3.1%
2017	44,487 *	1,622,772,000 *	36,477 *	49 *	5,238	4.0%
2018	44,498 *	1,630,885,860 *	36,651 *	48 *	5,177	4.2%

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	2018			2009		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Cape Cod Health Care, Inc.	Hospital	2,548	1	11.36%	2,425	1	9.10%
Town of Barnstable	Municipal Government	1,331	2	5.93%	1,414	2	5.30%
Cape Cod Community College	Education	514	3	2.29%	-	-	-
Cape Air/Nantucket Airlines	Airline	306	4	1.36%	-	-	-
Barnstable County	County Government	250	5	1.11%	662	3	2.48%
Macy's (2 stores)	Retail Sales - General	230	6	1.03%	240	6	0.90%
Cape Codder Resort & Spa	Hotel	200	7	0.89%	308	5	1.16%
Super Stop and Shop - Hyannis	Grocers - Retail	185	8	0.82%	-	-	-
Sears Roebuck & Company	Retail Store	173	9	0.77%	-	-	-
Stop and Shop - Marston Mills	Grocers - Retail	161	10	0.72%	123	9	0.46%
Cape Cod Times	Newspaper	-	-	-	328	4	1.23%
Star Market (2 stores)	Grocers - Retail	-	-	-	212	7	0.80%
SSA Global	Marketing & Training	-	-	-	176	8	0.66%
Sheraton Hyannis Resort	Hotel	-	-	-	115	10	0.43%

Source: Official Statements

Full-time Equivalent Town Employees by Function

Last Ten Years

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Function:										
Town council.....	2	2	2	2	2	2	2	1	1	1
Town manager.....	5	5	5	5	5	5	5	5	5	4
Planning and development....	14	13	12	12	12	12	10	11	11	11
Administrative services.....	63	61	61	61	61	62	61	65	60	60
Public safety.....	137	126	126	124	126	126	131	133	133	142
Education.....	891	812	813	813	816	809	809	834	840	842
Public works.....	120	116	116	116	116	116	116	117	121	121
Community services.....	53	57	55	53	54	54	56	58	69	71
Regulatory services.....	35	33	31	32	33	35	34	33	34	22
Building services.....	-	-	-	-	-	-	-	-	-	14
Airport.....	26	26	25	25	25	26	26	25	23	23
Total.....	<u>1,346</u>	<u>1,251</u>	<u>1,246</u>	<u>1,243</u>	<u>1,250</u>	<u>1,247</u>	<u>1,250</u>	<u>1,280</u>	<u>1,297</u>	<u>1,311</u>

Source: Annual town reports

Note: A reorganization in 2018 created the building services department; transferring personnel from regulatory services.

Operating Indicators by Function/Program

Last Ten Years

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Administrative services										
Legal matters.....	1,392	1,529	1,728	1,531	1,642	1,791	1,547	1,684	1,634	1,676
Registered voters.....	32,381	30,872	31,259	32,959	32,494	32,995	31,958	33,945	33,527	33,865
Employment applications processed.....	1,600	1,575	2,060	2,078	4,415	1,136	2,400	2,200	2,508	2,840
Work related injuries processed.....	160	80	159	127	144	130	148	147	145	172
Unemployment claims.....	85	165	210	114	99	81	124	148	91	89
Tax bills processed.....	195,182	201,322	201,275	197,106	197,662	198,120	193,488	192,892	201,591	202,538
Police										
Call for service.....	42,758	42,870	47,183	52,392	56,341	65,916	60,208	61,485	65,748	60,506
Physical arrests.....	N/A	1,925	1,655	1,910	1,938	1,977	1,650	1,660	1,686	1,411
Education										
Cobb Trust Fund awards.....	\$65,078	\$39,841	\$109,283	\$124,848	\$166,546	\$165,279	\$112,000	\$182,656	\$193,876	\$157,407
Zoning										
Zoning Board appeals filed.....	107	81	40	82	67	88	57	51	54	46
Building Inspections										
New dwellings constructed.....	40	58	27	50	50	83	94	58	60	43
Health										
Routine health inspections.....	5,988	7,113	7,059	6,178	6,125	6,310	6,584	6,650	7,046	7,189
Complaint investigations.....	541	424	434	268	385	343	529	711	314	372
Consumer Affairs										
Parking violations.....	4,534	4,192	4,341	6,707	7,110	8,727	7,605	8,651	6,968	6,968
Weights and measure devices tested.....	3,593	4,535	5,244	4,982	4,850	4,792	4,827	4,514	4,362	4,550
Ordinance citations.....	1,034	1,426	1,425	1,441	1,144	1,097	276	268	308	n/a
Community Services										
Mooring permits issued.....	2,429	2,468	2,552	2,535	2,494	2,421	2,362	2,299	2,309	2,323
Shellfish permits issued.....	2,363	2,608	2,670	2,818	2,741	2,798	2,822	2,799	2,822	2,468
Animal control service calls.....	3,080	2,854	4,261	3,113	3,492	3,177	3,191	3,290	3,303	3,418
Veterans served.....	7,661	8,326	14,439	15,126	24,949	21,670	24,157	27,331	22,914	N/A
Roads										
Catch basins cleaned.....	3,142	1,618	2,120	2,181	1,346	1,159	1,813	1,743	1,451	1,469
Miles of crack seal applied.....	15	7	5	10	5	7	10	10	36	-
Miles of roadside mowed.....	580	448	405	314	194	247	336	240	196	415
Miles of road swept.....	335	531	487	552	635	573	443	582	220	289
Sewer										
Gallons of septage treated.....	11,523,000	11,011,300	10,597,900	12,557,500	12,456,100	12,537,100	11,517,475	12,675,000	9,906,800	8,922,100
Daily average collection.....	1,495,300 (2)	1,540,500	1,453,600	1,421,800	1,532,275	1,498,849	1,515,302	1,568,018	1,545,100	1,631,000
Solid Waste										
Tons shipped to SEMASS.....	n/a	9,532	9,465	8,975	N/A	N/A	N/A	N/A	N/A	N/A
Tons received at Flint Street station.....	9,437	9,016	8,972	9,474	9,278	9,245	9,018	8,968	8,300	8,541
Tons of construction and demolition material received.....	2,771	3,193	2,789	2,776	2,764	2,610	2,616	2,900	2,549	2,518
Libraries										
Total volumes borrowed.....	570,947	632,137	612,700	600,143	612,527	618,650	586,859	575,057	561,892	N/A
Library holdings.....	N/A	164,309	N/A	373,752	382,802	388,765	716,037	555,542	693,491	N/A
Program attendance.....	N/A	N/A	28,893	34,583	37,999	38,555	38,594	40,643	53,169	N/A

Source: Various Town Departments

N/A: Information not available

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

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

Capital Asset Statistics by Function/Program

Last Ten Years

<u>Function/Program</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Administrative services										
Number of Buildings.....	149	150	150	150	150	150	150	150	150	150
Police										
Number of Stations.....	2	2	2	2	2	2	3	3	3	3
Police personnel and officers.....	139	126	126	126	131	131	133	133	133	142
Education										
Number of elementary schools.....	9	6	6	6	6	6	6	6	6	6
Number of middle schools.....	1	1	1	1	1	1	1	1	1	1
Number of high schools.....	1	1	1	1	1	1	1	1	1	1
Number of teachers.....	751	686	686	686	639	635	655	681	681	688
Number of students.....	5,714	5,461	5,304	5,267	5,118	5,194	5,230	5,204	5,238	5,177
Public Works										
Number of town roads.....	633	633	633	633	633	633	633	700	700	700
Number of private roads.....	1,088	1,088	1,088	1,091	1,091	1,091	1,091	1,100	1,100	1,100
Number of state roads.....	6	6	6	6	6	6	6	4	4	4
Center lane miles of roads.....	490	490	490	490	490	490	490	504	504	504
Cemeteries.....	16	16	16	16	16	16	16	16	16	16
Culture and Recreation										
Libraries.....	7	7	7	7	7	7	7	7	7	7
Boat launches.....	17	17	17	16	16	16	16	16	16	16
Parks and playgrounds.....	71	71	71	71	71	71	72	72	72	72
Park and playground (acreage).....	222	222	222	222	222	222	222	218	218	218
Golf courses.....	2	2	2	2	2	2	2	2	2	2
Public beaches.....	18	18	18	18	18	18	18	18	18	18
Ball fields.....	6	6	6	6	6	6	6	6	6	6
Tennis courts.....	5	5	5	5	5	5	5	5	5	5

Source: Various Town Departments



A humpback whale breaching in Cape Cod Bay off of Sandy Neck