

OFFICIAL STATEMENT DATED FEBRUARY 6, 2019

Rating: See "Rating" herein.
S&P Global Ratings: AAA

New Issue

In the opinion of Locke Lord LLP, Bond Counsel, based upon an analysis of existing law and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "Code"). Interest on the Bonds will not be included in computing the alternative minimum taxable income of individuals. Under existing law, interest on the Bonds is exempt from Massachusetts personal income taxes, and the Bonds are exempt from Massachusetts personal property taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See "Tax Exemption" herein. The Bonds are not designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

TOWN OF BARNSTABLE, MASSACHUSETTS
\$10,540,000 GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2019 BONDS

DATED
Date of Delivery

DUE
February 15
(as shown below)

The Bonds are issuable only in fully registered form, registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form in the denomination of \$5,000, or any integral multiple thereof. (See "THE BONDS -Book-Entry Transfer System" herein.)

Principal of the Bonds will be payable February 15 of the years in which the Bonds mature. Interest on the Bonds will be payable February 15 and August 15, commencing August 15, 2019. Principal and semiannual interest on the Bonds will be paid by U.S. Bank National Association, Boston, Massachusetts, as Paying Agent. So long as DTC or its nominee, Cede & Co., is the Bondowner, such payments will be made directly to such Bondowner. Disbursement of such payments to the DTC Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants and Indirect Participants, as more fully described herein.

The Bonds will be subject to redemption prior to their stated maturity dates as described herein.

An opinion of Bond Counsel will be delivered with the Bonds to the effect that the Bonds are valid general obligations of the Town of Barnstable, Massachusetts, and that the principal of and interest on the Bonds are payable from taxes that may be levied upon all the property within the territorial limits of the Town, subject to the limit imposed by Chapter 59, Section 21C of the General Laws.

MATURITIES, AMOUNTS, RATES, YIELDS AND CUSIPS

<u>Due</u> <u>February 15</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Cusip</u> <u>068167</u>	<u>Due</u> <u>February 15</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Cusip</u> <u>068167</u>
2020	\$830,000	5.00 %	1.53 %	H73	2030	\$520,000	5.00	2.27 %	J97
2021	815,000	5.00	1.57	H81	2031	510,000	3.00	2.70	K20
2022	805,000	5.00	1.60	H99	2032	500,000	3.00	2.85	K38
2023	805,000	5.00	1.63	J22	2033	500,000	3.00	3.00	K46
2024	805,000	5.00	1.68	J30	2034	500,000	3.00	3.084	K53
2025	620,000	5.00	1.73	J48	2035	190,000	3.00	3.16	K61
2026	620,000	5.00	1.85	J55	2036	190,000	3.00	3.211	K79
2027	615,000	5.00	1.93	J63	2037	190,000	3.125	3.273	K87
2028	615,000	5.00	2.02	J71	2038	190,000	3.25	3.339	K95
2029	530,000	5.00	2.15	J89	2039	190,000	3.25	3.389	L29

The Bonds are offered subject to the final approving opinion of Locke Lord LLP, Boston, Massachusetts, Bond Counsel, as aforesaid, and to certain other conditions referred to herein and in the Notice of Sale. Hilltop Securities Inc., Boston, Massachusetts has acted as Financial Advisor to the Town of Barnstable, Massachusetts, with respect to the Bonds. The Bonds in definitive form will be delivered to DTC, or its custodial agent, on or about February 26, 2019, against payment to the Town in federal funds.

Morgan Stanley & Co. LLC., an underwriter of the Bonds, has entered into a distribution agreement with its affiliate, Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Bonds.

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The information and expressions of opinion in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Bonds shall, under any circumstances, create any implication that there has been no material change in the affairs of the Town since the date of this Official Statement.

SUMMARY STATEMENT

The information set forth below is qualified in its entirety by the information and financial statements appearing elsewhere in the Official Statement.

Date of Sale:	Wednesday, February 6, 2019, 11:00 a.m. (Eastern Time).
Location of Sale:	Hilltop Securities Inc., 54 Canal Street, 3rd Floor, Boston, Massachusetts 02114.
Issuer:	Town of Barnstable, Massachusetts.
Issue:	\$10,540,000 General Obligation Municipal Purpose Loan of 2019 Bonds, see "THE BONDS - Book-Entry Transfer System" herein.
Official Statement Dated:	February 6, 2019.
Dated Date of the Bonds:	As of their date of delivery.
Principal Due:	Serially February 15, 2020 through February 15, 2039 as detailed herein.
Interest Payable:	Semiannually on February 15 and August 15, commencing August 15, 2019.
Purpose and Authority:	The Bonds are authorized by the Town for various municipal purposes under provisions of the Massachusetts General Laws as detailed herein.
Redemption:	The Bonds will be subject to redemption prior to their stated maturity dates as detailed herein.
Security:	The Bonds are valid general obligations of the Town of Barnstable, Massachusetts, and the principal of and interest on the Bonds are payable from taxes that may be levied upon all taxable property within the territorial limits of the Town, subject to the limit imposed by Chapter 59, Section 21C of the General Laws.
Credit Rating:	S&P Global Ratings has assigned a rating of AAA to the Bonds.
Bond Insurance:	The Town has not contracted for the issuance of any policy of municipal bond insurance or any other credit enhancement facility.
Basis of Award:	Lowest True Interest Cost (TIC), as of the dated date. <u>No bid of less than par plus a premium of at least \$95,000 will be accepted on the Bonds.</u>
Tax Exemption:	Refer to "THE BONDS - Tax Exemption" herein and Appendix B, "Proposed Form of Legal Opinion."
Continuing Disclosure:	Refer to "THE BONDS - Continuing Disclosure" herein and Appendix C, "Proposed Form of Continuing Disclosure Certificate."
Bank Qualification:	The Bonds <u>are not</u> designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.
Paying Agent:	U.S. Bank National Association, Boston, Massachusetts.
Legal Opinion:	Locke Lord LLP, Boston, Massachusetts.
Financial Advisor:	Hilltop Securities Inc., Boston, Massachusetts.
Delivery and Payment:	It is expected that delivery of the Bonds in book-entry only form will be made to The Depository Trust Company, or to its custodial agent, on or about February 26, 2019, against payment in federal funds.
Issuer Official:	Questions concerning the Official Statement should be addressed to Debra M. Blanchette, Treasurer, Town of Barnstable, Massachusetts Telephone (508) 862-4661 or Cynthia McNerney, Managing Director, Hilltop Securities Inc., Boston, Massachusetts Telephone (617) 619-4408.

NOTICE OF SALE

**TOWN OF BARNSTABLE, MASSACHUSETTS
\$11,710,000* GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2019 BONDS**

The Town of Barnstable, Massachusetts (the "Town") will receive sealed and electronic (as described herein) proposals until 11:00 A.M., Eastern Time, Wednesday, February 6, 2019, for the purchase of the following described General Obligation Municipal Purpose Loan of 2019 Bonds of the Town (the "Bonds"):

\$11,710,000* General Obligation Municipal Purpose Loan of 2019 Bonds payable February 15 of the years and in the amounts as follows:

<u>Due February 15</u>	<u>Principal Amount*</u>	<u>Due February 15</u>		<u>Principal Amount*</u>
2020	\$ 1,015,000	2030	**	\$ 525,000
2021	1,000,000	2031	**	520,000
2022	995,000	2032	**	515,000
2023	990,000	2033	**	515,000
2024	990,000	2034	**	515,000
2025	645,000	2035	**	205,000
2026	645,000	2036	**	205,000
2027	640,000	2037	**	205,000
2028	640,000	2038	**	205,000
2029	** 535,000	2039	**	205,000

*Preliminary, subject to change.

**Callable maturities. May be combined into not more than three Term Bonds as described herein.

The Bonds will be dated their date of delivery. Principal of the Bonds will be payable on February 15 of the years in which the Bonds mature. Interest will be payable semiannually on each February 15 and August 15 until maturity, commencing August 15, 2019.

The Bonds will be issued by means of a book-entry system with no physical distribution of the Bonds made to the public. One certificate for each maturity of the Bonds will be issued to The Depository Trust Company, New York, New York ("DTC"), and immobilized in its custody. Ownership of the Bonds in principal amounts of \$5,000 or integral multiples thereof, will be evidenced by a book-entry system with transfers of ownership effected on the records of DTC and its Participants pursuant to rules and procedures established by DTC and its Participants. The winning bidder, as a condition to delivery of the Bonds, shall be required to deposit the Bonds with DTC, registered in the name of Cede & Co. Interest and principal on the Bonds will be payable to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC. Transfer of principal and interest payments to beneficial owners will be the responsibility of such participants and other nominees of beneficial owners. The Town will not be responsible or liable for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

The original Bonds to be immobilized at DTC will be prepared under the supervision of Hilltop Securities Inc., Boston, Massachusetts and their legality will be approved by Locke Lord LLP, Boston, Massachusetts, whose opinion will be furnished to the purchaser without charge.

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

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

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

Principal and semiannual interest on the Bonds will be paid by U.S. Bank National Association, Boston, Massachusetts as Paying Agent. So long as DTC or its nominee, Cede & Co., is the Bondowner, such payments will be made directly to DTC. Disbursement of such payments to the DTC Participants is the responsibility of DTC and disbursements of such payments to the Beneficial Owners is the responsibility of the DTC Participants and the Indirect Participants, as more fully described herein.

Bidding Parameters

Bidders shall state the rate or rates of interest per annum which the Bonds are to bear in a multiple of 1/20 or 1/8 of one percent, but shall not state (a) more than one interest rate for any Bonds having a like maturity, (b) any interest rate which exceeds the interest rate stated for any other Bonds by more than 3 percent and (c) **any coupon in excess of 5.0%. NO BID OF LESS THAN PAR PLUS OF PREMIUM OF AT LEAST \$95,000 WILL BE CONSIDERED.**

The current Bond structure does not reflect any premium. The Town reserves the right to change the aggregate principal amount of the Bonds and the maturity schedule after the determination of the winning bid by decreasing the aggregate principal amount and restructuring the Bonds to reflect the actual amount of the premium to be received by the Town. **THE SUCCESSFUL BIDDER MAY NOT WITHDRAW ITS BID OR CHANGE THE INTEREST RATES BID OR THE INITIAL REOFFERING PRICES AS A RESULT OF ANY CHANGES MADE TO THE ANNUAL PRINCIPAL AMOUNTS WITHIN THESE LIMITS.** The dollar amount bid for the Bonds by the winning bidder will be adjusted, if applicable, to reflect changes in the dollar amount of the amortization schedule. Any price that is adjusted will reflect changes in the dollar amount of the underwriter's discount and original issue premium, if any, but will not change the per bond underwriter's discount (net of insurance premium, if any) provided in such bid. Nor will it change the interest rate specified for each maturity. Any such adjustments will be communicated to the winning bidder for the Bonds by local time 4 P.M. on the day of the sale.

Bids must be submitted either:

- (a) In a sealed envelope marked "Proposal for Bonds" and addressed to Debra M. Blanchette, Treasurer, Town of Barnstable, Massachusetts c/o Hilltop Securities Inc., 54 Canal Street, Boston, Massachusetts 02114. Signed blank bid forms may be faxed to (617) 619-4411 prior to submitting bids, and actual bids may be telephoned to Hilltop Securities Inc. telephone (617) 619-4400, at least one-half hour prior to the 11:00 a.m. sale and after receipt of the faxed bid form by Hilltop Securities Inc. Hilltop Securities Inc. will act as agent for the bidder, but neither the Town nor Hilltop Securities Inc. shall be responsible for any errors in connection with bids submitted in this manner.
- (b) Electronically via Parity in accordance with this Notice of Sale. To the extent any instructions or directions set forth in Parity conflict with this Notice of Sale, the terms of this Notice of Sale shall control. For further information about Parity, potential bidders may contact the Financial Advisor to the Town or I-deal at 40 West 23rd Street, 5th Floor, New York, NY 10010 (212) 404-8102. An electronic bid made in accordance with this Notice of Sale shall be deemed an offer to purchase the Bonds in accordance with the terms provided in this Notice of Sale and shall be binding upon the bidder as if made by a signed and sealed written bid delivered to the Town.

The award of the Bonds to the winning bidder will not be effective until the bid has been approved by the Treasurer and the Town Manager.

The right is reserved to reject all bids and to reject any bid not complying with this Notice of Sale and, so far as permitted by law, to waive any irregularity with respect to any proposal. In the event that two or more bids result in the same true interest cost rate, the Treasurer shall select the winning bidder by lot from among all such proposals.

The Town of Barnstable has not contracted for the issuance of any policy of municipal bond insurance for the Bonds. If the Bonds qualify for issuance of any such policy or commitment therefor, any purchase of such insurance or commitment shall be at the sole option and expense of the bidder. Proposals shall not be conditioned upon the issuance of any such policy or commitment. Any failure of the Bonds to be so insured or of any such policy or commitment to be issued shall not in any way relieve the purchaser of its contractual obligations arising from the acceptance of its proposal for the purchase of the Bonds. Should the bidder purchase municipal bond insurance, all expenses associated with such policy

or commitment will be borne by the bidder, except for the fee paid to S&P Global Ratings for its rating on the Bonds. Any such fee paid to S&P Global Ratings would be borne by the Town.

In order to assist bidders in complying with Rule 15c2-12 (b)(5) promulgated by the Securities and Exchange Commission, the Town will undertake to provide annual reports and notices of certain significant events. A description of this undertaking is set forth in the Preliminary Official Statement.

The Bonds are not designated as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986 as amended (the “Code”).

It shall be a condition to the obligation of the successful bidder to accept delivery of and pay for the Bonds that it shall be furnished, without cost, with (a) the approving opinion of the firm of Locke Lord, LLP, Boston, Massachusetts, substantially in the form appearing as Appendix B of the Preliminary Official Statement dated January 30, 2019, (b) a certificate in the form satisfactory to Bond Counsel dated as of the date of delivery of the Bonds and receipt of payment therefor to the effect that there is no litigation pending or, to the knowledge of the signers thereof, threatened which affects the validity of the Bonds or the power of the Town to levy and collect taxes to pay them, (c) a certificate of the Town Treasurer to the effect that, to the best of her knowledge and belief, as of its date and the date of sale the Preliminary Official Statement did not, and as of its date and the date of the delivery of the Bonds, the Final Official Statement did not and does not, contain any untrue statement of a material fact and did not and does not omit to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading, and (d) a Continuing Disclosure Certificate substantially in the form appearing as Appendix C of the Preliminary Official Statement.

Establishment of Issue Price

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

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

1. the Town has disseminated this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
2. all bidders had an equal opportunity to bid;
3. the Town received bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
4. the Town awarded the sale of the Bonds to the bidder who submitted a firm offer to purchase the Bonds at the highest price (or lowest interest cost), as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid. Unless a bidder notifies the Town prior to submitting its bid by contacting the Financial Advisor, telephone (617) 619-4400, and affirming in writing via email or facsimile, or in its bid submitted via Parity, that it will NOT be an “underwriter” (as defined below) of the Bonds, by submitting its bid, each bidder shall be deemed to confirm that it has an established industry reputation for underwriting new issuances of municipal bonds. Unless the bidder has notified the Town that it will not be an “underwriter” (as defined below) of the Bonds, in submitting a bid, each bidder is deemed to acknowledge that it is an “underwriter” that intends to reoffer the Bonds to the public.

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

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

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

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

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

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

Failure to Meet the Competitive Sale Requirements – Option B – The Successful Bidder Intends to Reoffer the Bonds to the Public and Agrees to Hold the Price of Maturities of Bonds for Which the 10% Test in Option A is Not Met as of the Sale Date. The successful bidder may, at its option, notify the Financial Advisor in writing, which may be by email (the “Hold the Price Notice”), not later than 4:00 p.m. on the Sale Date, that it has not sold 10% of the maturities of the Bonds listed in the Hold the Price Notice (the “Unsold Maturities”) and that the successful bidder will not offer the Unsold Maturities to any person at a price that is higher than the initial offering price to the public during the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date or (ii) the date on which the successful bidder has sold at least 10% of the applicable Unsold Maturity to the public at a price that is no

higher than the initial offering price to the public. If the successful bidder delivers a Hold the Price Notice to the Financial Advisor, the successful bidder must provide to the Issuer on or before the Closing Date, in addition to the certification described in Option A above, evidence that each underwriter of the Bonds, including underwriters in an underwriting syndicate or selling group, has agreed in writing to hold the price of the Unsold Maturities in the manner described in the preceding sentence.

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

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

Additional information concerning the Town of Barnstable and the Bonds is contained in the Preliminary Official Statement dated January 30, 2019, to which prospective bidders are directed. The Preliminary Official Statement is provided for informational purposes only and is not a part of this Notice of Sale. Said Preliminary Official Statement is deemed final by the Town except for the omission of the reoffering price(s), interest rate(s), delivery date, the identity of the underwriter(s), and any other pertinent terms of the Bonds depending on such matters, but is subject to change without notice to completion or amendment in a Final Official Statement. Copies of the Preliminary Official Statement may be obtained from Hilltop Securities Inc., 54 Canal Street, Boston, Massachusetts 02114 (Telephone: 617-619-4400). Within seven (7) business days following the award of the Bonds in accordance herewith, 5 copies of the Final Official Statement will be available from Hilltop Securities Inc. to the successful bidder for use in reoffering the Bonds. Upon request, additional copies will be provided at the expense of the requester.

The Bonds in definitive form will be delivered to The Depository Trust Company or its custodial agent on or about February 26, 2019 for settlement in federal funds.

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

January 30, 2019

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

Town of Barnstable, Massachusetts
\$11,710,000* General Obligation Municipal Purpose Loan of 2019 Bonds dated February 26, 2019

ISSUE PRICE CERTIFICATE AND RECEIPT

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

1. Reasonably Expected Initial Offering Prices.

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

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

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

2. Defined Terms.

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

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

(c) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is February 6, 2019.

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

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

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

Dated: _____, 2019

[NAME OF SUCCESSFUL BIDDER]

By: _____

Name:

Title:

 *Preliminary, subject to change.

SCHEDULE A
EXPECTED OFFERING PRICES
(To Be Attached)

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

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

**Town of Barnstable, Massachusetts
\$11,710,000* General Obligation Municipal Purpose Loan of 2019 Bonds dated February 26, 2019**

ISSUE PRICE CERTIFICATE AND RECEIPT

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

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

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

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

2. Defined Terms.

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

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

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

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

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

Dated: _____, 2019

[SUCCESSFUL BIDDER][REPRESENTATIVE]

By: _____
Name:
Title:

*Preliminary, subject to change.

**SALE PRICES
(To be Attached)**

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

Town of Barnstable, Massachusetts
\$11,710,000* General Obligation Municipal Purpose Loan of 2019 Bonds dated February 26, 2019

ISSUE PRICE CERTIFICATE AND RECEIPT

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

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

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

For each Maturity of the Bonds as to which no price is listed in Schedule A (the “Unsold Maturities”), as set forth in the Notice of Sale for the Bonds, the [Successful Bidder][Representative] and any other Underwriter did not [and will not] reoffer the Unsold Maturities to any person at a price that is higher than the initial offering price to the public until the earlier of (i) _____, 2018 or (ii) the date on which the [Successful Bidder][Representative] or any other Underwriter sold at least 10% of each Unsold Maturity at a price that is no higher than the initial offering price to the Public.

2. Defined Terms.

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

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

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

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

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

Dated: _____, 2019

[SUCCESSFUL BIDDER][REPRESENTATIVE]

By: _____
 Name:
 Title:

*Preliminary, subject to change.

SCHEDULE A
SALE PRICES
(To be Attached)

OFFICIAL STATEMENT

TOWN OF BARNSTABLE, MASSACHUSETTS

\$10,540,000 GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2019 BONDS

This Official Statement is provided for the purpose of presenting certain information relating to the Town of Barnstable, Massachusetts (the "Town") in connection with the sale of \$10,540,000 stated principal amount of its General Obligation Municipal Purpose Loan of 2019 Bonds (the "Bonds"). The information contained herein has been furnished by the Town, except information attributed to another governmental agency or official as the source.

THE BONDS

Description of the Bonds

The Bonds will be dated their date of delivery. Principal of the Bonds will be payable on February 15 of the years in which the Bonds mature. Interest will be payable semiannually on each February 15 and August 15 until maturity, commencing August 15, 2019.

The Bonds are issuable only in fully registered form without coupons, and, when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the denomination of \$5,000, or any integral multiple thereof. Purchasers will not receive certificates representing their interests in Bonds purchased. So long as Cede & Co. is the Bondowner, as nominee of DTC, references herein to the Bondowners or registered owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Bonds. (See "THE BONDS - Book-Entry Transfer System" herein.)

Principal and semiannual interest on the Bonds will be paid by U.S. Bank National Association, Boston, Massachusetts as Paying Agent. So long as DTC or its nominee, Cede & Co., is the Bondowner, such payments will be made directly to DTC. Disbursement of such payments to the DTC Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants and the Indirect Participants, as more fully described herein.

Redemption Provisions

Optional Redemption

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

Notice of Redemption

Notice of any redemption of Bonds, prior to their dates of maturity, specifying the Bonds (or the portions thereof) to be redeemed shall be mailed to DTC not more than 60 days nor less than 30 days prior to the redemption date. Any failure on the part of DTC to notify the Direct Participants of the redemption or failure on the part of DTC's Participants, Indirect Participants or of a nominee of a Beneficial Owner having received notice from a DTC Participant or otherwise to notify the Beneficial Owners shall not affect the validity of the redemption.

Record Date

The record date for each payment of interest on the Bonds (the "Record Date") is the last business day of the month preceding the interest payment date. Under certain circumstances, the Paying Agent may establish a special record date. The special record date may not be more than twenty (20) days before the date set for payment. The Paying Agent will mail notice of a special record date to the Bondowners at least ten (10) days before the special record date.

Book-Entry Transfer System

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued in fully-registered form registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a rating of AA+ from S&P Global Ratings. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of securities under the DTC system must be made by or through Direct Participants, which will receive a credit for such securities on DTC's records. The ownership interest of each actual purchaser of each security deposited by DTC ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the securities deposited by DTC are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the securities deposited with DTC, except in the event that use of the book-entry system for such securities is discontinued.

To facilitate subsequent transfers, all securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the securities deposited with DTC; DTC's records reflect only the identity of the Direct Participants to whose accounts such securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in the Bonds to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to securities deposited with DTC unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer of such securities or its paying agent as soon as possible after the record

date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts such securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on securities deposited with DTC will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Town or its paying agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the issuer of such securities or its paying agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the issuer of such securities or its paying agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to securities held by it at any time by giving reasonable notice to the issuer of such securities or its paying agent. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered to Beneficial Owners.

The Town may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, physical certificates will be printed and delivered to Beneficial Owners.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Town believes to be reliable, but the Town takes no responsibility for the accuracy thereof.

Authorization of the Bonds and Use of Proceeds

The Bonds are being issued for the following amounts and purposes under the following town council votes and statutes:

This Issue	Purpose	BANs Currently Outstanding (1)	Original Bond Authorization	Statutory Reference	Dates of Approval	Resolution No.
\$ 489,500	Well Exploration Program	\$ 489,500	\$ 489,500	Ch. 44, s. 8(3A)	4/4/2013	2013-087
59,700	Airfield Improvements	100,000	6,373,000	Ch. 44, s. 8(12)	4/6/2017	2016-090
560,000	Town Hall Restroom Renovation	-	560,000	Ch. 44, s. 7(1)	4/6/2017	2017-069
675,000	Osterville Recreation Building Design & Construction Project	-	675,000	Ch. 44, s. 7(1)	4/6/2017	2017-086
318,500	Carbon Treatment System Construction at Maher Wellfield & Pilot Testing	500,000	6,500,000	Ch. 44, s. 8(4)	3/2/2017	2017-099
355,500	Runway Reconstruction & Generator Replacement	500,000	2,077,481	Ch. 44, s. 8(12)	8/17/2017	2018-008
4,600,000	BHS Sports Field Upgrade	-	4,600,000	Ch. 44, s. 7(1)	4/5/2018	2018-064
659,000	Senior Center Renovations	-	659,000	Ch. 44, s. 7(1)	4/5/2018	2018-076
1,050,000	Pipe Replacement and Upgrade	-	1,050,000	Ch. 44	4/5/2018	2018-081
285,000	School Administration Building Mechanical Cooling Upgrades	-	285,000	Ch. 44, s. 7(1)	4/26/2018	2018-092
176,050	Former Marstons Mills Elementary School Demolition & Main Facility Study	-	253,740	Ch.44, s. 7	4/26/2018	2018-094
461,750	Design and Hazmat Removal Project at the Armory Building	-	667,000	Ch.44, s. 7	4/26/2018	2018-096
850,000	Hyannis West Elementary School Roof Truss System	-	850,000	Ch.44, s. 7	12/20/2018	2018-058
<u>\$ 10,540,000</u>			<u>\$ 1,589,500</u>			

(1) Payable February 27, 2019. To be retired with proceeds of the Bonds.

Principal Payments by Purpose

Year	School	General	Airport (1)	Water (1)	Total
2020	\$ 451,050	\$ 200,750	\$ 25,200	\$ 153,000	\$ 830,000
2021	450,000	195,000	25,000	145,000	815,000
2022	445,000	190,000	25,000	145,000	805,000
2023	445,000	190,000	25,000	145,000	805,000
2024	445,000	190,000	25,000	145,000	805,000
2025	350,000	100,000	25,000	145,000	620,000
2026	350,000	100,000	25,000	145,000	620,000
2027	350,000	100,000	25,000	140,000	615,000
2028	350,000	100,000	25,000	140,000	615,000
2029	350,000	100,000	25,000	55,000	530,000
2030	345,000	100,000	25,000	50,000	520,000
2031	345,000	95,000	20,000	50,000	510,000
2032	345,000	90,000	15,000	50,000	500,000
2033	345,000	90,000	15,000	50,000	500,000
2034	345,000	90,000	15,000	50,000	500,000
2035	40,000	85,000	15,000	50,000	190,000
2036	40,000	85,000	15,000	50,000	190,000
2037	40,000	85,000	15,000	50,000	190,000
2038	40,000	85,000	15,000	50,000	190,000
2039	40,000	85,000	15,000	50,000	190,000
Totals	<u>\$ 5,911,050</u>	<u>\$ 2,355,750</u>	<u>\$ 415,200</u>	<u>\$ 1,858,000</u>	<u>\$ 10,540,000</u>

(1) Self-supporting.

Tax Exemption

In the opinion of Locke Lord LLP, Bond Counsel to the Town (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”). Bond Counsel is of the further opinion that interest on the Bonds will not be included in computing the alternative minimum taxable income of Bondholders who are individuals. Bond Counsel expresses no opinion regarding any other federal tax consequences arising with respect to the ownership or disposition of, or the accrual or receipt of interest on the Bonds. The Bonds are not designated as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code.

The Code imposes various requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. Failure to comply with these requirements may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The Town has covenanted to comply with such requirements to ensure that interest on the Bonds will not be included in federal gross income. The opinion of Bond Counsel assumes compliance with these requirements.

Bond Counsel is also of the opinion that, under existing law, interest on the Bonds is exempt from Massachusetts personal income taxes, and the Bonds are exempt from Massachusetts personal property taxes. Bond Counsel has not opined as to other Massachusetts tax consequences arising with respect to the Bonds. Prospective Bondholders should be aware, however, that the Bonds are included in the measure of Massachusetts estate and inheritance taxes, and the Bonds and the interest thereon are included in the measure of certain Massachusetts corporate excise and franchise taxes. Bond Counsel expresses no opinion as to the taxability of the Bonds or the income therefrom or any other tax consequences arising with respect to the Bonds under the laws of any state other than Massachusetts. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix B hereto.

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each owner thereof, is treated as interest on the Bonds which is excluded from gross income for federal income tax purposes and is exempt from Massachusetts personal income taxes. For this purpose, the issue price of a particular maturity of the Bonds is either the reasonably expected initial offering price to the public or the first price at which a substantial amount of such maturity of the Bonds is sold to the public, as applicable. The original issue discount with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Bondholders should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase such Bonds in the original offering to the public at the reasonably expected initial offering price or, if applicable, the first price at which a substantial amount of such Bonds is sold to the public.

Bonds purchased, whether at original issuance or otherwise, for an amount greater than the stated principal amount to be paid at maturity of such Bonds, or, in some cases, at the earlier redemption date of such Bonds (“Premium Bonds”), will be treated as having amortizable bond premium for federal income tax purposes and Massachusetts personal income tax purposes. No deduction is allowable for the amortizable bond premium in the case of obligations, such as the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, a Bondholder’s basis in a Premium Bond will be reduced by the amount of amortizable bond premium properly allocable to such Bondholder. Holders of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds.

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes and is exempt from Massachusetts personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect the federal or state tax liability of a Bondholder. Among other possible consequences of ownership or disposition of, or the accrual or receipt of interest on, the Bonds, the Code requires recipients of certain social security and certain railroad retirement benefits to take into account receipts or accruals of interest on the Bonds in determining the portion of such benefits that are included in gross income. The nature and extent of all such other tax consequences will depend upon the particular tax status of the Bondholder or the

Bondholder's other items of income, deduction, or exclusion. Bond Counsel expresses no opinion regarding any such other tax consequences, and Bondholders should consult with their own tax advisors with respect to such consequences.

Risk of Future Legislative Changes and/or Court Decisions

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

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

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

Security and Remedies

Full Faith and Credit. General obligation bonds and notes of a Massachusetts city or town constitute a pledge of its full faith and credit. Payment is not limited to a particular fund or revenue source. Except for "qualified bonds" as described below (see "*Serial Bonds and Notes*" under "INDEBTEDNESS-TYPES OF OBLIGATIONS" below) and setoffs of state distributions as described below (see "*State Distributions*" below), no provision is made by the Massachusetts statutes for priorities among bonds and notes and other general obligations, although the use of certain moneys may be restricted.

Tax Levy. The Massachusetts statutes direct the municipal assessors to include annually in the tax levy for the next fiscal year “all debt and interest charges matured and maturing during the next fiscal year and not otherwise provided for [and] all amounts necessary to satisfy final judgments”. Specific provision is also made for including in the next tax levy payments of rebate amounts not otherwise provided for and payment of notes in anticipation of federal or state aid, if the aid is no longer forthcoming.

The total amount of a tax levy is limited by statute. However, the voters in each municipality may vote to exclude from the limitation any amounts required to pay debt service on indebtedness incurred before November 4, 1980. Local voters may also vote to exempt specific subsequent bond issues from the limitation. (See “*Tax Limitations*” under “PROPERTY TAXATION” below.) In addition, obligations incurred before November 4, 1980 may be constitutionally entitled to payment from taxes in excess of the statutory limit.

No Lien. Except for taxes on the increased value of certain property in designated development districts which may be pledged for the payment of debt service on bonds issued to finance economic development projects within such districts, no provision is made for a lien on any portion of the tax levy or any other moneys to secure particular bonds or notes or bonds and notes generally (or judgments on bonds or notes) in priority to other claims. Provision is made, however, for borrowing to pay judgments, subject to the General Debt Limit. (See “INDEBTEDNESS-Authorization Procedures and Limitations” below.) Subject to the approval of the State Director of Accounts for judgments above \$10,000, judgments may also be paid from available funds without appropriation and included in the next tax levy unless other provision is made.

Court Proceedings. Massachusetts cities and towns are subject to suit on their general obligation bonds and notes and courts of competent jurisdiction have power in appropriate proceedings to order payment of a judgment on the bonds or notes from lawfully available funds or, if necessary, to order the city or town to take lawful action to obtain the required money, including the raising of it in the next annual tax levy, within the limits prescribed by law. (See “*Tax Limitations*” under “PROPERTY TAXATION” below.) In exercising their discretion as to whether to enter such an order, the courts could take into account all relevant factors including the current operating needs of the city or town and the availability and adequacy of other remedies. The Massachusetts Supreme Judicial Court has stated in the past that a judgment against a municipality can be enforced by the taking and sale of the property of any inhabitant. However, there has been no judicial determination as to whether this remedy is constitutional under current due process and equal protection standards.

Restricted Funds. Massachusetts statutes also provide that certain water, gas and electric, community antenna television system, telecommunications, sewer, parking meter and passenger ferry fee, community preservation and affordable housing receipts may be used only for water, gas and electric, community antenna television system, telecommunications, sewer, parking, mitigation of ferry service impacts, community preservation and affordable housing purposes, respectively; accordingly, moneys derived from these sources may be unavailable to pay general obligation bonds and notes issued for other purposes. A city or town that accepts certain other statutory provisions may establish an enterprise fund for a utility, health care, solid waste, recreational or transportation facility and for police or fire services; under those provisions any surplus in the fund is restricted to use for capital expenditures or reduction of user charges. In addition, subject to certain limits, a city or town may annually authorize the establishment of one or more revolving funds in connection with use of certain revenues for programs that produce those revenues; interest earned on a revolving fund is treated as general fund revenue. A city or town may also establish an energy revolving loan fund to provide loans to owners of privately-held property in the city or town for certain energy conservation and renewable energy projects, and may borrow to establish such a fund. The loan repayments and interest earned on the investment of amounts in the fund shall be credited to the fund. Also, the annual allowance for depreciation of a gas and electric plant or a community antenna television and telecommunications system is restricted to use for plant or system renewals and improvements, for nuclear decommissioning costs, and costs of contractual commitments, or, with the approval of the State Department of Telecommunications and Energy, to pay debt incurred for plant or system reconstruction or renewals. Revenue bonds and notes issued in anticipation of them may be secured by a prior lien on specific revenues. Receipts from industrial users in connection with industrial revenue financings are also not available for general municipal purposes.

State Distributions. State grants and distributions may in some circumstances be unavailable to pay general obligation bonds and notes of a city or town in that the State Treasurer is empowered to deduct from such grants and distributions the amount of any debt service paid on “qualified bonds” (See “*Serial Bonds and Notes*” under “INDEBTEDNESS-TYPES OF OBLIGATIONS” below) and any other sums due and payable by the city or town to the Commonwealth or certain other public entities, including any unpaid assessments for costs of any public transportation authority (such as the Massachusetts Bay Transportation Authority (“MBTA”) or a regional transit authority) of which it is a member, for costs of the Massachusetts Water Resources Authority (“MWRA”) if the city or town is within the territory served by the MWRA, for any debt service due on obligations issued to the Massachusetts School Building Authority (“MSBA”), or for charges necessary to meet obligations under the Commonwealth’s Clean Water or Drinking Water Revolving Loan Programs, including such charges imposed by another local governmental unit that provides wastewater collection or treatment services or drinking water services to the city or town.

If a city or town is (or is likely to be) unable to pay principal or interest on its bonds or notes when due, it is required to notify the State Commissioner of Revenue. The Commissioner shall in turn, after verifying the inability, certify the inability to the State Treasurer. The State Treasurer shall pay the due or overdue amount to the paying agent for the bonds or notes, in trust, within three days after the certification or one business day prior to the due date (whichever is later). This payment is limited, however, to the estimated amount otherwise distributable by The Commonwealth of Massachusetts (the "Commonwealth") to the city or town during the remainder of the fiscal year (after the deductions mentioned in the foregoing paragraph). If for any reason any portion of the certified sum has not been paid at the end of the fiscal year, the State Treasurer shall pay it as soon as practicable in the next fiscal year to the extent of the estimated distributions for that fiscal year. The sums so paid shall be charged (with interest and administrative costs) against the distributions to the city or town.

The foregoing does not constitute a pledge of the faith and credit of the Commonwealth. The Commonwealth has not agreed to maintain existing levels of state distributions, and the direction to use estimated distributions to pay debt service may be subject to repeal by future legislation. Moreover, adoption of the annual appropriation act has sometimes been delayed beyond the beginning of the fiscal year and estimated distributions which are subject to appropriation may be unavailable to pay local debt service until they are appropriated.

Bankruptcy. Enforcement of a claim for payment of principal or interest on general obligation bonds or notes would be subject to the applicable provisions of federal bankruptcy laws and to the provisions of other statutes, if any, hereafter enacted by the Congress or the State legislature extending the time for payment or imposing other constraints upon enforcement insofar as the same may be constitutionally applied. Massachusetts municipalities are not generally authorized by the Massachusetts General Laws to file a petition for bankruptcy under federal bankruptcy laws. In cases involving significant financial difficulties faced by a single city, town or regional school district, however, the Commonwealth has enacted special legislation to permit the appointment of a fiscal overseer, finance control board or, in the most extreme cases, a state receiver. In a limited number of these situations, such special legislation has also authorized the filing of federal bankruptcy proceedings, with the prior approval of the Commonwealth. In each case where such authority was granted, it expired at the termination of the Commonwealth's oversight of the financially distressed city, town or regional school district. To date, no such filings have been approved or made.

Opinion of Bond Counsel

The purchaser will be furnished the legal opinion of the firm of Locke Lord, LLP, Boston, Massachusetts ("Bond Counsel"). The opinion will be dated and given on and will speak only as of the date of original delivery of the Bonds to the successful bidder. The opinion will be substantially in the form presented in Appendix B.

Other than as to matters expressly set forth herein as the opinion of Bond Counsel, Bond Counsel is not passing upon and does not assume any responsibility for the accuracy or adequacy of the statements made in this Official Statement and makes no representation that they have independently verified the same.

Rating

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

Financial Advisory Services of Hilltop Securities Inc.

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

Continuing Disclosure

In order to assist the Underwriters in complying with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission (the "Rule"), the Town will covenant for the benefit of owners of the Bonds to provide certain financial information and operating data relating to the Town by not later than 270 days after the end of each fiscal year (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events. Other than the Town, there are no obligated persons with respect to the Bonds within the meaning of the Rule. The covenants will be contained in a Continuing Disclosure Certificate, the proposed form of which is provided in Appendix C. The Certificate will be executed by the signers of the Bonds, and incorporated by reference in the Bonds.

In the past five years, the Town believes it has complied, in all material respects, with its previous undertakings to provide annual reports or notices of significant events in accordance with the Rule.

TOWN OF BARNSTABLE, MASSACHUSETTS

General

The Town of Barnstable, Massachusetts (the "Town") was incorporated in 1639 and is located in the center of Cape Cod. The land area covers 62.05 square miles including 100 miles of shoreline and 55 freshwater ponds. The Town is comprised of seven villages: Hyannis, Osterville, Centerville, Cotuit, Barnstable, Marstons Mills, and West Barnstable. The Town spans the width of Cape Cod from the north to south and is bordered by the Towns of Mashpee and Sandwich to the west and Yarmouth to the east. The Town serves as the seat of Barnstable County government and the Village of Hyannis serves as the seat of town government.

Municipal Services

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

The Cape Cod Regional Technical High School District provides vocational education in grades nine through twelve. The Cape Cod Regional Transit Authority provides limited bus service within the Town. The Barnstable Housing Authority provides housing for eligible low income families and elderly and handicapped persons.

The principal services provided by Barnstable County are space for courts, a jail and house of correction and a registry of deeds. Legislation enacted in 1997 abolished the county governments of Franklin and Middlesex counties as of July 1, 1997, with their assets, functions, debts and other obligations being assumed by the Commonwealth. The abolishment of the Middlesex County government was in part in response to a default by the county in the payment of general obligation notes of the county. The legislation also abolished the county governments of Hampden and Worcester counties as of July 1, 1998. Legislation enacted in 1998 abolished the county governments of Hampshire, Essex and Berkshire counties as of January 1, 1999, July 1, 1999, and July 1, 2000, respectively. The legislation requires the state secretary for administration and finance to establish a plan to recover the Commonwealth's expenditures for the liabilities and other debts assumed and paid by the Commonwealth on behalf of an abolished county. Unless these provisions are changed by further legislation, the State Treasurer shall assess upon each city and town within the jurisdiction of an abolished county an amount not exceeding or equal to the county tax paid by each such city and town for the fiscal year immediately prior to the abolishment of the county (or two years prior in the case of Essex County) until such expenditures by the Commonwealth are recovered. It is possible that similar legislation will be sought to provide for the abolishment of county government in all the remaining counties.

Governing Bodies and Officers

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

Local school affairs are administered by an elected school committee of five persons.

The municipal airport is governed by an eight member Airport Commission appointed by the Town Council with staggered three year terms. Administrative duties of the airport are executed by an airport manager.

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

Organization

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

The Town is administratively organized through an administrative code ordinance into six departments reporting to the Town Manager and two elected officer departments. Staff departments include: Growth Management and Administrative Services. The elective offices of Town Clerk and Town Collector liaison with the Administrative Services department. Operational departments include: Department of Public Works, Regulatory Services Department, Police, and Department of Community Services. The Administrative Services department incorporates consolidated financial management of accounting, assessing and treasury, including school finance and personnel management.

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

Financial and Management Systems

The Town annually prepares and updates a five year financial forecast and five year capital improvement plan. The Town also annually prepares and presents an annual operating budget. These documents are prepared by the Town Manager and submitted to the Town Council for adoption. The Town Council annually establishes financial policies which guide the preparation of the capital and operating budget plans.

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

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

The annual operating budget submitted in the spring of each year, follows a program management format which details source and use recommendations for all funds, details departmental missions, goals, objectives and annual work plans and details performance measurement and financial management criteria for each budget cycle. The budget maintains consistency with the Town Council's financial management standards, policies and strategic plan. The budget fund sources include the general fund, comprised of revenues from the property tax, auto, boat and hotel tax, user fee receipts, grants in aid, trust income and miscellaneous program income; and seven enterprise funds for the municipal airport, the golf course, the water pollution control facility, the solid waste program, the water supply division, town marinas, and Sandy Neck recreational area. These funds are entirely self-supporting through user based charges.

The Town annually conducts a comprehensive cost of service analysis, the product of which describes all the services provided by the Town and their total direct and indirect cost. The Town utilizes the information produced from this analysis to annually update its legislative policy of user fee recovery percentage and concomitant fee assessments for a variety of licenses, permits and recreational programs issued or delivered by the Town's staff and operating agencies. The analysis also is utilized to provide data for use in the performance management system.

The Town has fully implemented a performance management system consistent with the Governmental Accounting Service Bureau standards for Service Effort and Accomplishment Reporting. This process enables measurement of service effectiveness in use of financial resources and focuses upon results oriented management processes. The Town has implemented a continuous quality improvement program to complement the performance management system. The Town consolidated town wide financial management, including the school department, in an effort to provide accountability, trust and transparency of all of its operations to the public.

These management system improvements complement the Town's customer driven principles of service delivery and are expected to provide the Town with additional ability to continue its aggressive approach toward effective service delivery to its residents and constituents.

Principal Executive Officers

<u>Office</u>	<u>Name</u>	<u>Term</u>	<u>Term Expiration</u>
Town Manager	Mark Ells	Appointed	6/30/2019
Finance Director/ Town Accountant	Mark A. Milne	Appointed	12/31/2020
Treasurer	Debra M. Blanchette	Appointed	Indefinite
Tax Collector	Maureen E. Niemi	Elected	November 2019
Town Clerk	Ann Quirk	Elected	November 2021
Town Attorney	Ruth J. Weil	Appointed	Indefinite
Assessors	William T. Garreffo	Appointed	6/30/2021
	Melvin Pauze	Appointed	6/30/2020
	Andrew Machado	Appointed	6/30/2019
Airport Manager	Katie Servis	Appointed	6/28/2021

Principal Town Assets

The maintenance and renovation of the Town's inventory of buildings and facilities and the construction of new ones are all covered by a facilities plan that is funded and updated on an annual basis. General Town assets include schools and associated land and many acres of land for recreational purposes, including a six mile long barrier beach known as Sandy Neck which is operated at no net cost to the Town.

The following table lists the current inventory of municipal assets along with their assessed valuations for fiscal 2019.

<u>Fixed Assets</u>	2019 <u>Assessed Valuation</u>
General:	
Schools	\$ 169,305,200
Town Landings	13,660,500
Beaches	48,944,600
Cemeteries	7,159,000
Conservation	76,519,500
Parks and Recreation	35,251,400
Airport Facilities	154,116,600
Municipal (1)	102,642,700
Barnstable Water Supply Division (2)	8,412,400
TOTAL	<u>\$ 616,011,900</u>

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

(2) The Barnstable Water Supply Division serves the Village of Hyannis and was acquired by the Town in May 2005 from a private company.

Barnstable Municipal Airport

Listed below are some statistical facts about Barnstable Airport for fiscal year 2018.

Acres	683
Miles of Runway	2 (5,425 and 5,252 feet, respectively)
Passenger Terminals	1
Commuter Carriers	2 (1)
Passengers per Year	61,431
Deplanements	31,241
Enplanements	30,190
Airport Traffic Record	81,986
Valuation	\$135,893,100

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

Employment and Payrolls

Industry	Calendar Year Average				
	2013	2014	2015	2016	2017
Construction	1,083	1,117	1,190	1,233	1,304
Manufacturing	641	698	735	777	784
Trade, Transportation and Utilities	6,531	6,607	6,687	6,657	6,746
Information	581	557	501	461	443
Financial Activities	997	1,054	1,096	1,110	1,163
Professional and Business Services	1,711	1,675	1,684	1,788	1,657
Education and Health Services	8,587	8,718	8,602	8,715	8,921
Leisure and Hospitality	4,300	4,189	4,287	4,351	4,549
Total Employment	24,431	24,615	24,782	25,092	25,567
Number of Establishments	2,203	2,258	2,279	2,326	2,344
Average Weekly Wages	\$ 838	\$ 860	\$ 904	\$ 920	\$ 947
Total Wages	\$ 1,184,861,372	\$ 1,224,368,682	\$ 1,295,797,674	\$ 1,332,997,091	\$ 1,392,663,158

Source: Massachusetts Department of Education and Training. Data based upon place of employment, not place of residence. Due to the reclassification the U.S. Department of Labor recently began using the North American Industry Classification System (NAICS) as the basis for the assignment and tabulation of economic data by industry.

Economic Development

The following table sets forth the largest employers in the Town of Barnstable as of January, 2019.

Largest Employers

<u>Name</u>	<u>Product/Function</u>	<u>Approximate Number of Employees</u>
Cape Cod Health Care, Inc.	Hospital	2,548
Town of Barnstable	Municipal Government	1,330 (1)
Cape Cod Community College	Education	514
Cape Air/Nantucket Airline	Airline	306
Barnstable County	County Government	250
Macy's (2 stores)	Retail Sales-General	230
Cape Codder Resort & Spa	Hotel	200
Super Stop and Shop - Hyannis	Grocers-Retail	185
Stop & Shop - Marstons Mills	Grocers-Retail	161
Cape Cod Times (Dow Jones Local Media Group)	Newspaper	135
Pavillion	Nursing Home	134
Sencorp, Inc.	Manufacturing	125
Cape Cod Potato Chips	Food Processor	107
Star Market West Main	Grocers-Retail	105
Star Market (Rt. 132)	Grocers-Retail	102
Sheraton Hyannis Resort	Hotel	65

SOURCE: Town of Barnstable.

(1) Full and part-time employees.

Labor Force, Employment and Unemployment Rates

According to the Massachusetts Department of Employment and Training preliminary data, in September 2018, the Town had a labor force of 25,376 of which 24,578 were employed and 798 or 3.1% were unemployed as compared with 3.2% for the Commonwealth. The following table sets forth the trend in the Town's average labor force and unemployment rates and the unemployment rates for Barnstable County and the Commonwealth as a whole for the same period.

Unemployment Rates

Calendar Year	Town of Barnstable			Barnstable County	Massachusetts
	Labor Force	Employment	Unemployment Rate	Unemployment Rate	Unemployment Rate
2017	23,809	22,768	4.4 %	4.7 %	3.7 %
2016	23,448	22,431	4.3	4.9	3.9
2015	23,531	22,217	5.6	6.3	4.9
2014	23,619	22,183	6.1	7.0	5.8
2013	25,985	24,223	6.8	7.6	7.1

Source: Massachusetts Department of Employment and Training. Data based upon place of residence, not place of employment. Monthly data is unadjusted.

Building Permits

The following table sets forth the trend in the number of building permits issued and the estimated dollar values for residential and non-residential construction.

Calendar Year	Residential		Non-Residential		Totals	
	Number	Estimated Value	Number	Estimated Value	Number	Estimated Value
2018 (1)	2,974	\$ 78,866,558	652	\$ 53,638,198	3,626	\$ 132,504,756
2017	2,971	93,030,339	930	87,933,917	3,901	180,964,256
2016	3,692	174,703,004	330	39,049,739	4,022	213,752,743
2015	3,198	117,400,272	371	67,914,360	3,569	185,314,632
2014	3,050	94,524,822	311	24,241,847	3,361	118,766,669

Source: Town of Barnstable, Building Division.

(1) Issued through November 29, 2018.

School Facilities

The Town presently maintains eight school buildings with a combined capacity of 6,585 students. Enrollment as of October 2018 was 5,081, which represents approximately 77% capacity.

<u>School</u>	<u>Grades</u>	<u>Date Built</u>	<u>Remodeled</u>	<u>Capacity</u>	<u>Enrollment (1)</u>
Enoch Cobb	Pre-K				146
Barnstable & West Barnstable	K-3	1957	1984	310	258
Centerville	K-3	1953		570	251
BCHMCPS	K-3	1951		525	290
Hyannis West	K-3	1963		480	322
West Villages	K-3	1989		500	421
Barnstable United Elementary	4 & 5	1994		900	810
Middle School	6 & 7	1976	2000	900	781
High School	8-12	1957	1960, 1976, 1998	2,400	1,802
TOTAL				6,585	5,081 (2)

(1) As of October 2018.

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

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

	<u>Actual</u>				
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Enoch Cobb (Pre-K)			126	135	146
Elementary (K-3)	1,653	1,660	1,640	1,591	1,542
Barnstable United Elementary School (4-5)	751	785	852	858	810
Middle School (6-7)	734	730	754	737	781
High School (8-12)	1,847	1,942	1,866	1,857	1,802
	<u>4,985</u>	<u>5,117</u>	<u>5,238</u>	<u>5,178</u>	<u>5,081</u>
Sturgis Charter School	159	172	162	163	175
Cape Cod Regional Technical High School	177	170	183	179	176
TOTALS	<u>5,321</u>	<u>5,459</u>	<u>5,583</u>	<u>5,520</u>	<u>5,432</u>

SOURCE: Superintendent of Schools – Barnstable Public School, Cape Cod Regional Technical High School District and Sturgis School.

Population, Income and Wealth Levels

The following table compares the Federal Bureau of the Census figures to prior years' averages for Barnstable, Barnstable County, and the Commonwealth.

Income and Population

	<u>Barnstable</u>	<u>Barnstable County</u>	<u>Massachusetts</u>
Median Age			
2013 5-year estimates	48.4	50.4	39.2
2000	42.3	44.6	36.5
1990	38.1	39.5	33.6
1980	36.4	37.7	31.2
Median Family Income			
2013 5-year estimates	\$73,349	\$76,311	\$84,900
2000	54,026	54,728	61,664
1990	40,299	38,117	44,367
1980	19,208	18,314	21,166
Per Capita Income			
2013 5-year estimates	\$35,723	\$36,142	\$35,763
2000	25,554	25,318	25,952
1990	17,376	16,402	17,224
1980	7,539	7,428	7,459

SOURCE: Federal Bureau of the Census.

On the basis of 2010 federal census, the Town has a population density of 752 persons per square mile. The following table sets forth the trend in the year-round population of the Town of Barnstable. The Town's summer population is estimated to average approximately 120,000.

Population Trends

<u>2010</u>	<u>2000</u>	<u>1990</u>	<u>1980</u>
45,193	47,821	40,949	30,898

SOURCE: Federal Bureau of the Census.

PROPERTY TAX

Tax Levy Computation

The principal general fund revenue source of the Town is the tax on real and personal property. The amount to be levied in each year is the amount appropriated or required by law to be raised for municipal expenditures less estimated receipts from other sources and less appropriations voted from funds on hand. The total amount levied is subject to certain limits prescribed by law; for a description of those limits, see "Tax Limitations" below. The estimated receipts for a fiscal year from sources other than the property tax may not exceed the actual receipts during the preceding fiscal year from the same sources unless approved by the State Commissioner of Revenue. Excepting special funds the use of which is otherwise provided for by law, the deduction for appropriations voted from funds on hand for a fiscal year cannot exceed the "free cash" as of the beginning of the prior fiscal year as certified by the State Director of Accounts plus up to nine months' collections and receipts on account of earlier years' taxes after that date. Subject to certain adjustments, free cash is surplus revenue less uncollected overdue property taxes from earlier years. Although an allowance is made in the tax levy for abatements (see "Overlay" below) no reserve is generally provided for uncollectible real property taxes. Since some of the levy is inevitably not collected, this creates a cash deficiency which may or may not be offset by other items (See "Taxation to Meet Deficits").

The following table illustrates the manner in which the tax levy was determined for the current and last four fiscal years.

Tax Levy Computation

	Fiscal Year				
	2015	2016	2017	2018	2019
Gross Amount to be raised:					
Appropriations (1)	\$ 169,265,362	\$ 174,250,968	\$ 181,274,106	\$ 187,489,206	\$ 202,356,667
Other Local Expenditures	2,842,082	3,298,386	2,198,864	2,249,163	1,761,332
State & County Charges	7,705,193	8,324,622	8,417,449	8,852,879	9,329,226
Overlay Reserve	1,869,334	1,724,851	1,705,310	1,005,652	1,169,281
Total	<u>\$ 181,681,971</u>	<u>\$ 187,598,827</u>	<u>\$ 193,595,729</u>	<u>\$ 199,596,900</u>	<u>\$ 214,616,506</u>
Less:					
Estimated State Aid (2)	\$ 15,815,238	\$ 15,450,255	\$ 16,583,180	\$ 16,857,231	\$ 17,362,578
Local	47,928,468	49,873,743	48,424,372	54,477,305	53,194,696
Available Funds (3)					
Free Cash	4,392,493	5,142,615	6,691,878	2,982,316	8,042,927
Other	6,869,287	6,585,146	7,647,314	6,748,383	13,260,381
Total	<u>\$ 75,005,486</u>	<u>\$ 77,051,759</u>	<u>\$ 79,346,744</u>	<u>\$ 81,065,235</u>	<u>\$ 91,860,582</u>
Tax Levy (4)	<u>\$ 106,676,485</u>	<u>\$ 110,547,068</u>	<u>\$ 114,248,985</u>	<u>\$ 118,531,665</u>	<u>\$ 122,755,924</u>
Property Valuation	<u>\$ 12,702,783,525</u>	<u>\$ 13,142,891,630</u>	<u>\$ 13,230,393,830</u>	<u>\$ 13,612,314,750</u>	<u>\$ 14,255,816,118</u>

- (1) Includes additional appropriations from taxation voted subsequent to adoption of the annual budget but prior to setting of the tax rate.
- (2) Estimated by the State Department of Revenue and required by law to be used in setting of the tax rate. Actual state aid payments may vary upward or downward from said estimates, and the State may withhold (generally quarterly) payments pending receipt of State and County assessments. See "TOWN FINANCES- Revenues-State Aid".
- (3) Transfers from other available funds, including "Free Cash", are generally made as an offset to a particular appropriation item.
- (4) Excludes Land Bank surtax. See "PROPERTY TAXATION – Cape Cod Open Space Land Acquisition Excise Tax" below.

Assessed Valuation and Tax Levies

Property is classified for the purpose of taxation according to its use. The legislature has in substance created three classes of taxable property: (1) residential real property, (2) open space land, and (3) all other (commercial, industrial and personal property). Within limits, cities and towns are given the option of determining the share of the annual levy to be borne by each of the three categories. The share required to be borne by residential real property is at least 50 per cent of its share of the total taxable valuation; the effective rate for open space must be at least 75 per cent of the effective rate for residential real property; and the share of commercial, industrial and personal property must not exceed 175 percent of their share of the total valuation. A city or town may also exempt up to 20 percent of the valuation of residential real property (where used as the taxpayer's principal residence) and up to 10 percent of the valuation of commercial real property (where occupied by certain small businesses). Property may not be classified in a city or town until the State Commissioner of Revenue certifies that all property in the city or town has been assessed at its fair cash value. Such certification must take place every three years.

Related statutes provide that certain forest land, agricultural or horticultural land (assessed at the value it has for these purposes) and recreational land (assessed on the basis of its use at a maximum of 25 percent of its fair cash value) are all to be taxed at the rate applicable to commercial property. Land classified as forest land is valued for this purpose at five percent of fair cash value but not less than ten dollars per acre.

The Town underwent a professional revaluation in accordance with State law for use in setting its tax rate and levy for fiscal 2013 and most recently for fiscal 2016.

The following table sets forth the trend in the Town's assessed valuations (as of January 1 prior to the fiscal year indicated), tax rates and tax levies.

Fiscal Year	Real Estate Valuation	Personal Property Valuation	Total Assessed Valuation	Average Tax Rate Per \$1,000 Property Valuation			Tax Levy
				Real Estate	Comm./Ind. Property	Personal Property	
2019	\$ 13,985,884,428	\$ 269,931,690	\$ 14,255,816,118	\$ 9.50	\$ 8.61	\$ 8.61	\$ 122,755,924
2018	13,349,121,500	263,193,250	13,612,314,750	9.61	8.71	8.71	118,531,664
2017	12,981,393,180	249,000,650	13,230,393,830	9.54	8.64	8.64	114,248,985
2016 (1)	12,906,654,880	236,236,480	13,142,891,360	9.31	8.41	8.41	110,547,069
2015	12,490,493,085	212,290,440	12,702,783,525	9.30	8.40	8.40	106,676,485

(1) Revaluation year.

Classification of Real and Personal Property

Type	Fiscal 2019		Fiscal 2018		Fiscal 2017	
	Assessed Valuation	% of Total	Assessed Valuation	% of Total	Assessed Valuation	% of Total
Residential	\$ 12,560,431,751	88.1 %	\$ 11,966,381,614	87.9 %	\$ 11,609,385,779	87.7 %
Commercial	1,344,240,377	9.4	1,304,032,686	9.6	1,291,731,901	9.8
Industrial	81,212,300	0.6	78,707,200	0.6	80,275,500	0.6
Personal	269,931,690	1.9	263,193,250	1.9	249,000,650	1.9
Total	<u>\$ 14,255,816,118</u>	<u>100.0 %</u>	<u>\$ 13,612,314,750</u>	<u>100.0 %</u>	<u>\$ 13,230,393,830</u>	<u>100.0 %</u>

Largest Taxpayers

The following is a list of the largest taxpayers in the Town based upon assessed valuations for fiscal 2019, all of which are current with tax payments.

Name	Nature of Business	Fiscal 2019 Assessed Valuation	% of Total Assessed Valuation
Eversource	Utility	\$ 128,232,350	0.90 %
Mayflower Cape Cod LLC	Shopping Center	110,593,300	0.78
National Grid	Utility	36,318,480	0.25
Oyster Harbors Club Inc.	Country Club/Land	26,861,800	0.19
Festival of Hyannis LLC	Shopping Center	26,388,000	0.19
Kmart Plaza	Shopping Center	26,356,900	0.18
OCW Retail Hyannis LLC	Shopping Center	25,419,900	0.18
Indian Point Family Partnership LP	Various Residential	24,301,200	0.17
Verizon	Utility	20,965,100	0.15
Wianno Club	Country Club/Land	20,607,800	0.14
		<u>\$ 446,044,830</u>	<u>3.13 %</u>

State Equalized Valuation

In order to determine appropriate relative values for the purposes of certain distributions to and assessments upon cities and towns, the Commissioner of Revenue biennially makes a redetermination of the fair cash value of the taxable property in each municipality as of January 1 of even numbered years. This is known as the "equalized value." The following table sets forth the trend in equalized valuations of the Town.

January 1,	State Equalized Valuations
2018	\$ 14,932,044,600
2016	13,665,091,900
2014	13,476,184,100
2012	13,864,305,700
2010	14,945,861,000

Abatements and Overlay

The Town is authorized to set aside from each tax levy an amount approved by the State Commissioner of Revenue as an "overlay" to provide for tax abatements. If abatements are granted in excess of the applicable overlay, the resultant "overlay deficit" is required to be added to the next tax levy. Abatements are granted where exempt real or personal property has been assessed or where taxable real or personal property has been overvalued or disproportionately valued. The assessors may also abate uncollectible personal property taxes. They may abate real and personal property taxes on broad grounds (including inability to pay) with the approval of the State Commissioner of Revenue. But uncollected real property taxes are ordinarily not written off until they become municipal "tax titles" by purchase at the public sale or by taking, at which time the tax is written off in full by reserving the amount of the tax and charging surplus.

The following table sets forth the amount of the overlay reserve for each of the last five fiscal years and actual abatements granted during the fiscal year against each levy and through June 30, 2018.

Fiscal Year	Gross Tax Levy (1)	Overlay Reserve		Abatements Granted During Fiscal Year of Levy	Abatements Granted Through June 30, 2018
		Dollar Amount	As a % of Net Levy		
2018	\$ 118,531,665	\$ 1,005,652	0.8 %	\$ 704,241	\$ 704,241
2017	114,248,985	1,705,310	1.5	645,765	645,765
2016	110,547,068	1,724,851	1.6	665,936	665,936
2015	106,676,485	1,869,334	1.8	704,362	712,619
2014	103,522,018	1,526,093	1.5	722,908	745,491

Tax Collections

The taxes for each fiscal year are due in four installments. Preliminary tax payments are due on February 15 and December 1 with payment of the actual tax bill (after credit is given for preliminary payments) in installments on February 1 and May 1 if actual tax bills are mailed by December 31. Interest accrues on delinquent taxes currently at the rate of 14 percent per annum. Real property (land and buildings) is subject to a lien for the taxes assessed upon it (subject to any paramount federal lien and subject to bankruptcy and insolvency laws). (In addition, real property is subject to a lien for certain unpaid municipal charges or fees.) If the property has been transferred, an unenforced lien expires on the fourth December 31 after the end of a fiscal year to which the tax relates. If the property has not been transferred by the fourth December 31, an unenforced lien expires upon a later transfer of the property. Provision is made, however, for continuation of the lien where it could not be enforced because of a legal impediment. The persons against whom real or personal property taxes are assessed are personally liable for the tax (subject to bankruptcy and insolvency laws). In the case of real property, this personal liability is effectively extinguished by sale or taking of the property as described below.

The following table compares the Town's net tax collections with its net (gross tax levy less overlay reserve for abatements) tax levies for each of the last five fiscal years.

Fiscal Year	Gross Tax Levy	Overlay Reserve for Abatements	Net Tax Levy	Collections During Fiscal Year Payable (1)		Collections as of June 30, 2018 (1)	
				Dollar Amount	% of Net Levy	Dollar Amount	% of Net Levy
2018	\$ 118,531,665	\$ 1,005,652	\$ 117,526,013	\$ 113,613,613	96.7 %	\$ 113,613,613	96.7 %
2017	114,248,985	1,705,310	112,543,675	109,589,260	97.4	111,860,219	99.4
2016	110,547,068	1,724,851	108,822,217	105,829,480	97.2	108,971,977	100.1
2015	106,676,485	1,869,334	104,807,151	102,211,968	97.5	105,311,100	100.5
2014	103,522,018	1,526,093	101,995,925	100,657,971	98.7	102,269,876	100.3

(1) Actual dollar collections net of refunds. Does not include abatements, proceeds of tax titles or tax possessions attributable to each levy or other non-cash credits.

Sale of Tax Receivables

Cities and towns are authorized to sell delinquent property tax receivables by public sale or auction, either individually or in bulk.

Tax Titles and Possessions

Massachusetts law permits a municipality either to sell by public sale (at which the municipality may become the purchaser) or to take real property for non-payment of taxes thereon. In either case the property owner can redeem the property by paying the unpaid taxes, with interest and other charges but if the right of redemption is not exercised within six months (which may be extended an additional year in the case of certain installment payments), it can be foreclosed by petition to the land court.

Upon foreclosure, a tax title purchased or taken by the municipality becomes a "tax possession" and may be held and disposed of like any land held for municipal purposes. Uncollectible real property taxes are ordinarily not written off until they become municipal tax titles (either by purchase at the public sale or by taking), at which time the tax is written off in full by reserving the amount of tax and charging surplus.

June 30	Tax Titles	Tax Possessions (1)
2018	\$ 2,767,412	\$ 1,185,252
2017	3,351,450	1,460,388
2016	3,121,391	1,460,388
2015	3,595,027	1,460,388
2014	3,341,156	1,460,388

(1) The Town has not seen any foreclosures in the past 5 fiscal years.

Taxation to Meet Deficits

As noted elsewhere (see “Abatements and Overlay,” above) overlay deficits, i.e., tax abatement in excess of the overlay included in the tax levy to cover abatements, are required to be added to the next tax levy. It is generally understood that revenue deficits, i.e., those resulting from non-property tax revenues being less than anticipated, are also required to be added to the tax levy (at least to the extent not covered by surplus revenue).

Amounts lawfully expended since the prior tax levy and not included therein are also required to be included in the annual tax levy. The circumstances under which this can arise are limited since municipal departments are generally prohibited from incurring liabilities in excess of appropriations except for major disasters, mandated items, contracts in aid of housing and renewal projects and other long-term contracts. In addition, utilities must be paid at established rates, and certain established salaries, e.g. civil service, must legally be paid for work actually performed, whether or not covered by appropriations.

Cities and towns are authorized to appropriate sums, and thus to levy taxes, to cover deficits arising from other causes, such as “free cash” deficits arising from a failure to collect taxes. This is not generally understood, however, and it has not been the practice to levy taxes to cover free cash deficits. Except to the extent that such deficits have been reduced or eliminated by subsequent collections of uncollected taxes (including sales of tax titles and tax possessions), lapsed appropriations, non-property tax revenues in excess of estimates, other miscellaneous items or funding loans authorized by special act, they remain in existence.

Tax Limitations

Tax Limitations. Chapter 59, Section 21C of the General Laws, also known as Proposition 2½, imposes two separate limits on the annual tax levy of a city or town.

The primary limitation is that the tax levy cannot exceed 2½ percent of the full and fair cash value. If a city or town exceeds the primary limitation, it must reduce its tax levy by at least 15 percent annually until it is in compliance, provided that the reduction can be reduced in any year to not less than 7½ percent by majority vote of the voters, or to less than 7½ percent by two-thirds vote of the voters.

For cities and towns at or below the primary limit, a secondary limitation is that the tax levy cannot exceed the maximum levy limit for the preceding fiscal year as determined by the State Commissioner of Revenue by more than 2½ percent, subject to exceptions for property added to the tax rolls or property which has had an increase, other than as part of a general revaluation, in its assessed valuation over the prior year’s valuation.

This “growth” limit on the tax levy may be exceeded in any year by a majority vote of the voters, but an increase in the secondary or growth limit under this procedure does not permit a tax levy in excess of the primary limitation, since the two limitations apply independently. In addition, if the voters vote to approve taxes in excess of the “growth” limit for the purpose of funding a stabilization fund, such increased amount may only be taken into account for purposes of calculating the maximum levy limit in each subsequent year if the board of selectmen of a town or the city council of a city votes by a two-thirds vote to appropriate such increased amount in such subsequent year to the stabilization fund.

The applicable tax limits may also be reduced in any year by a majority vote of the voters.

The State Commissioner of Revenue may adjust any tax limit “to counterbalance the effects of extraordinary, non-recurring events which occurred during the base year”.

The statute further provides that the voters may exclude from the taxes subject to the tax limits and from the calculation of the maximum tax levy (a) the amount required to pay debt service on bonds and notes issued before November 4, 1980, if the exclusion is approved by a majority vote of the voters, and (b) the amount required to pay debt service on any specific subsequent issue for which similar approval is obtained. Even with voter approval, the holders of the obligations for which unlimited taxes may be assessed do not have a statutory priority or security interest in the portion of the tax levy attributable to such obligations. It should be noted that Massachusetts General Laws Chapter 44, Section 20 requires that the taxes excluded from the levy limit to pay debt service on any such bonds and notes be calculated based on the true interest cost of the issue. Accordingly, the Department of Revenue limits the amount of taxes which may be levied in each year to pay debt service on any such bonds and notes to the amount of such debt service, less a pro rata portion of any original issue premium received by the city or town that was not applied to pay costs of issuance.

Voters may also exclude from the Proposition 2½ limits the amount required to pay specified capital outlay expenditures or for the city or town’s apportioned share for certain capital outlay expenditures by a regional governmental unit. In addition,

the city council of a city, with the approval of the mayor if required, or the board of selectmen or the town council of a town may vote to exclude from the Proposition 2½ limits taxes raised in lieu of sewer or water charges to pay debt service on bonds or notes issued by the municipality (or by an independent authority, commission or district) for water or sewer purposes, provided that the municipality's sewer or water charges are reduced accordingly.

In addition, Proposition 2½ limits the annual increase in the total assessments on cities and towns by any county, district, authority, the Commonwealth or any other governmental entity (except regional school districts, the MWRA and certain districts for which special legislation provides otherwise) to the sum of (a) 2½ percent of the prior year's assessments and (b) "any increases in costs, charges or fees for services customarily provided locally or for services subscribed to at local option". Regional water districts, regional sewerage districts and regional veterans districts may exceed these limitations under statutory procedures requiring a two-thirds vote of the district's governing body and either approval of the local appropriating authorities (by two-thirds vote in districts with more than two members or by majority vote in two-member districts) or approval of the registered voters in a local election (in the case of two-member districts). Under Proposition 2½ any State law to take effect on or after January 1, 1981 imposing a direct service or cost obligation on a city or town will become effective only if accepted or voluntarily funded by the city or town or if State funding is provided. Similarly, State rules or regulations imposing additional costs on a city or town or laws granting or increasing local tax exemptions are to take effect only if adequate State appropriations are provided. These statutory provisions do not apply to costs resulting from judicial decisions.

The following table sets forth the Town's tax levies and levy limits under Proposition 2 ½ for the current and last four fiscal years.

Unused Levy Capacity (1)

	For Fiscal Year				
	2015	2016	2017	2018	2019
Primary Levy Limit (2)	\$ 317,569,588	\$ 328,572,284	\$ 330,759,846	\$ 340,307,869	\$ 356,395,403
Prior Fiscal Year Levy Limit	101,225,604	104,892,708	108,645,163	112,771,807	116,900,171
2.5% Levy Growth	2,530,640	2,622,318	2,716,129	2,819,295	2,922,504
Current Fiscal Year New Growth (3)	1,136,464	1,130,137	1,410,515	1,309,069	1,436,550
Current Fiscal Year Override	-	-	-	-	-
Growth Levy Limit	104,892,708	108,645,163	112,771,807	116,900,171	121,259,225
Debt Exclusions	1,295,452	1,446,241	1,402,097	1,348,903	1,300,266
Other Adjustments	554,375	566,133	580,286	576,361	590,770
Tax Levy Limit	106,742,535	110,657,537	114,754,190	118,825,435	123,150,261
Tax Levy	106,676,485	110,547,068	114,248,985	118,531,664	122,755,924
Unused Levy Capacity (4)	\$ 66,050	\$ 110,469	\$ 505,205	\$ 293,771	\$ 394,337
Unused Primary Levy Capacity (5)	\$ 212,676,880	\$ 219,927,121	\$ 217,988,039	\$ 223,407,698	\$ 235,136,178

(1) Source: Massachusetts Department of Revenue.

(2) 2.5% of assessed valuation.

(3) Allowed increase for new valuations – certified by the Department of Revenue.

(4) Tax Levy Limit less Tax Levy.

(5) Primary Levy Limit less Growth Levy Limit.

Pledged Taxes

Taxes on certain property in designated development districts may be pledged for the payment of costs of economic development projects within such districts and may therefore be unavailable for other municipal purposes.

Tax Increment Financing for Development Districts

Under recent legislation, cities and towns are authorized to establish development districts to encourage increased residential, industrial and commercial activity. All or a portion of the taxes on growth in assessed value in such districts may be pledged and used solely to finance economic development projects pursuant to the city or town's development program for the district. This includes pledging such "tax increments" for the payment of bonds issued to finance such projects. As a result of any such pledge, tax increments raised from new growth properties in development districts are not available for other municipal purposes. Tax increments are taken into account in determining the total taxes assessed for the purpose of calculating the maximum permitted tax levy under Proposition 2½ (see "Tax Limitations" above).

The Town currently has an agreement with F.W. Webb Company that was certified on March 25, 2009, whereby the project located at 108 Breed's Hill Road in Hyannis, Massachusetts, F.W. Webb Company Warehouse and Frank Webb's Bath Center, when completed and fully operational, will transfer approximately 25 permanent full-time jobs from the Company's existing facility in Barnstable and create at least 10 new jobs during the next 5 years. The fiscal 2019 assessed valuation of the facility is \$5,165,200. The term of the TIF Plan and TIF Zone is 20 years, which began in fiscal 2010.

Cape Cod Open Space Land Acquisition Excise Tax

An excise tax of 3% of the real estate tax levy against real property is levied by the towns on Cape Cod that have accepted the Cape Cod Open Space Land Acquisition Program authorized by Chapter 293 of the Acts of 1998, as amended (the "Land Bank Act"). This levy is not counted in the total taxes assessed for the purpose of determining the permitted levy amount under Proposition 2 ½ (see "Property Tax Limitations" under "PROPERTY TAXATION" above). The proceeds of the excise tax, together with any state matching funds, are deposited in the Land Bank Fund held by each town and may be appropriated, upon the recommendation of the designated open space committee, for the purposes of acquiring land and interests in land for the protection of public drinking water supplies, open space and conservation and the creation of walking trails, bicycling trails and recreational areas. The Land Bank Act also authorized the issuance of bonds and notes for these purposes and the payment of debt service on such bonds and notes from amounts on deposit in the Land Bank Fund. Under the terms of the Land Bank Act, the excise tax expires on January 1, 2020.

The following table sets forth the Town's excise tax receipts under the Community Preservation Fund for the last five fiscal years.

<u>Fiscal Year</u>	<u>CPF Excise Tax Receipts</u>
2018	\$ 3,471,969
2017	3,348,602
2016	3,208,688
2015	3,099,570
2014	3,036,667

Since fiscal 2000, the Town has received state matching funds aggregating \$49,865,265. As of June 30, 2018, the successor to the Land Bank Fund, the Community Preservation Fund, had a fund balance of approximately \$10.5 million, \$8.2 million of which is undesignated and \$2.3 million of which is designated for specific projects (see discussion below regarding the Town's transition to the Community Preservation Act).

Towns on Cape Cod that have adopted the Land Bank Act may, by vote of its legislative body and subsequent approval by the voters at a state or municipal election, replace its Cape Cod Open Space Land Acquisition Program with a Community Preservation Program. (See "COMMUNITY PRESERVATION ACT" below.) If any such town votes to adopt the Community Preservation Act (the "CPA") in place of the Land Bank Act, the 3% excise tax receipts previously deposited in the town's Land Bank Fund will be deposited in a Community Preservation Fund, together with state matching funds available under the CPA. The revenues in the Community Preservation Fund will be expended pursuant to recommendations of a community preservation committee not just for open space land acquisitions, but also for affordable housing, historic preservation and recreation purposes in accordance with the CPA. Notwithstanding the minimum spending requirements for each of such purposes imposed by the CPA described in "COMMUNITY PRESERVATION ACT" below, revenues deposited in the Community Preservation Fund under the CPA will be available to pay debt service on the portion of any bonds previously authorized by a town under the Land Bank Act. Although other municipalities may set the surcharge tax under the CPA at any rate up to 3% and may revoke its acceptance of the CPA at any time after 5 years from the date of such acceptance, towns on Cape Cod that adopt the CPA as a replacement for the Land Bank Act are required to maintain the surcharge rate at 3%, and may not revoke their acceptance of the CPA until fiscal year 2020.

The Town voted on November 2, 2004 to replace its Cape Cod Open Space Land Acquisition Program with a Community Preservation Program as described below. The Town's termination of the Cape Cod Open Space Land Acquisition Program and the commencement of the Community Preservation Program took effect on July 1, 2005.

Community Preservation Act

The Massachusetts Community Preservation Act (the "CPA") permits cities and towns that accept its provisions to levy a surcharge on its real property tax levy, dedicate revenue (other than state or federal funds), and to receive state matching funds for (i) the acquisition, creation, preservation, rehabilitation and restoration of land for recreational use, open space, and affordable housing and (ii) the acquisition, preservation, rehabilitation and restoration of historic resources. The provisions of the CPA must be accepted by the voters of the city or town at an election after such provisions have first been accepted by either a vote of the legislative body of the city or town or an initiative petition signed by 5% of its registered voters.

A city or town may approve a surcharge of up to 3% (but not less than 1% under certain circumstances) and may make an additional commitment of funds by dedicating revenue other than state or federal funds, provided that the total funds collected do not exceed 3% of the real property tax levy, less any exemptions adopted (such as an exemption for low-income individuals and families and for low and moderate-income senior citizens, an exemption for \$100,000 of the value of each taxable parcel of residential real property or \$100,000 of the value of each taxable parcel of class three, commercial property, and class four, industrial property as defined in Chapter 59, Section 2A of the General Laws, and an exemption for commercial and industrial properties in cities and towns with classified tax rates). In the event that the municipality shall no longer dedicate all or part of the additional funds to community preservation, the surcharge on the real property tax levy of not less than 1% shall remain in effect, provided that any such change must be approved pursuant to the same process as acceptance of the CPA. The surcharge is not counted in the total taxes assessed for the purpose of determining the permitted levy amount under Proposition 2½ (see "Tax Limitations" under "PROPERTY TAXATION" above). A city or town may revoke its acceptance of the provisions of the CPA at any time after 5 years from the date of such acceptance and may change the amount of the surcharge or the exemptions to the surcharge at any time, including reducing the surcharge to 1% and committing additional municipal funds as outlined above, provided that any such revocation or change must be approved pursuant to the same process as acceptance of the CPA.

Any city or town that accepts the provisions of the CPA will receive annual state matching grants to supplement amounts raised by its surcharge and dedication of revenue. The state matching funds are raised from certain recording and filing fees of the registers of deeds. Those amounts are deposited into a state trust fund and are distributed to cities and towns that have accepted the provisions of the CPA, which distributions are not subject to annual appropriation by the state legislature. The amount distributed to each city and town is based on a statutory formula and the total state distribution made to any city or town may not exceed 100% of the amount raised locally by the surcharge on the real property tax levy.

The amounts raised by the surcharge on taxes, the dedication of revenue and received in state matching funds are required to be deposited in a dedicated community preservation fund. Each city or town that accepts the provisions of the CPA is required to establish a community preservation committee to study the community preservation needs of the community and to make recommendations to the legislative body of the city or town regarding the community preservation projects that should be funded from the community preservation fund. Upon the recommendations of the committee, the legislative body of the city or town may appropriate amounts from the fund for permitted community preservation purposes or may reserve amounts for spending in future fiscal years, provided that at least 10% of the total annual revenues to the fund must be spent or set aside for open space purposes, 10% for historic resource purposes and 10% for affordable housing purposes.

The CPA authorizes cities and towns that accept its provisions to issue bonds and notes in anticipation of the receipt of surcharge and dedicated revenues to finance community preservation projects approved under the provisions of the CPA. Bonds and notes issued under the CPA are general obligations of the city or town and are payable from amounts on deposit in the community preservation fund. In the event that a city or town revokes its acceptance of the provisions of the CPA, the surcharge shall remain in effect until all contractual obligations incurred by the city or town prior to such revocation, including the payment of bonds or notes issued under the CPA, have been fully discharged.

The Town of Barnstable adopted the Community Preservation Act (CPA) in 2004. The CPA allows for a surcharge of 3% on the tax assessment for real property which began in fiscal 2005. See above discussion under "Cape Cod Open Space Land Acquisition Excise Tax" for a summary of revenues and the Community Preservation Fund.

TOWN FINANCE

General Fund Budget Comparison

The following sets forth the allocation by purpose of the Town's approved budgets for fiscal years 2015 through 2019. The Town's budgets are prepared in a manner consistent with the method required by the State's Bureau of Accounts and are used by the Town in the formulation of its appropriations and the calculation of its property tax levy.

	2015	2016	2017	2018	2019
General Government (1)	\$ 7,211,127	\$ 7,490,856	\$ 7,791,421	\$ 8,562,194	\$ 8,923,593
Police	12,441,808	13,299,119	13,392,590	13,835,845	14,532,512
Licensing	2,536,326	2,632,848	2,805,050	201,995	155,716
Inspectional Services (2)	-	-	-	1,996,847	2,076,999
Community Services/Recreation (3)	2,745,204	2,857,738	3,262,086	2,415,189	2,523,347
Marine & Environmental Affairs (3)	-	-	-	1,139,996	1,121,341
Department of Public Works (4)	10,575,029	11,384,164	10,627,159	10,893,355	10,966,760
Schools	59,588,360	61,429,646	63,119,885	65,216,084	67,860,308
Libraries	1,671,753	1,714,000	1,773,990	1,827,210	1,882,000
Debt Service	8,678,407	8,647,981	9,172,108	9,500,634	9,996,301
Capital Outlay	7,405,141	7,470,334	3,540,468	4,504,004	3,839,716
Employee Benefits/Insurance	22,486,506	23,019,410	23,982,912	25,791,654	25,282,779
Overlay	1,869,334	1,724,851	1,700,000	1,005,652	915,000
Other (5)	299,924	328,280	299,000	304,000	549,000
TOTAL LOCAL	\$ 137,508,919	\$ 141,999,227	\$ 141,466,669	\$ 147,194,659	\$ 150,625,372
ASSESSMENTS:					
Regional School Assessment	2,830,850	3,195,407	3,302,096	3,535,665	3,682,234
Commonwealth Charter School Assessment	3,111,438	3,830,492	4,046,076	4,117,916	4,402,534
State & County Assessments	2,499,357	2,521,092	2,602,504	2,612,054	2,630,105
TOTAL ASSESSMENTS	\$ 8,441,645	\$ 9,546,991	\$ 9,950,676	\$ 10,265,635	\$ 10,714,873
TOTAL EXPENDITURES	\$ 145,950,564	\$ 151,546,218	\$ 151,417,345	\$ 157,460,294	\$ 161,340,245

- (1) Fiscal 2018 and fiscal 2019 restated for the transfer of the Conservation and Parking Management Divisions from the Licensing Department.
- (2) The Building & Health Services Division was separated from the Licensing Department in fiscal 2018 and is now called Inspectional Services.
- (3) The Marine & Environmental Affairs operation was separated from the Community Services Department in fiscal 2018.
- (4) The fiscal 2019 budget includes a \$1.2 million snow and ice deficit from fiscal 2018. The fiscal 2018 budget includes a \$1.4 million snow and ice deficit from fiscal 2017. The fiscal 2017 budget includes a \$1.5 million snow and ice deficit from fiscal 2016. The fiscal 2016 budget includes a \$2.6 million snow and ice deficit from fiscal 2015. The fiscal 2015 budget includes a \$2 million snow and ice deficit from fiscal 2014. The fiscal 2014 budget included a \$1.4 million snow and ice deficit from fiscal 2013. The fiscal 2013 budget did not include a snow and ice deficit as there was no deficit from the fiscal 2012 operations.
- (5) Includes a \$250,000 Reserve Fund for fiscal 2019.

Revenues

Property Taxes. Property taxes are the major source of revenue for the Town. The total amount levied is subject to certain limits prescribed by law; for a description of those limits see "PROPERTY TAXATION-Property Tax Limitation" above.

Room Occupancy Tax. Under this tax, local governments may tax the provision of hotel, motel and lodging house, and bed and breakfast rooms at a rate not to exceed six percent (6%) of the cost of renting such rooms. The tax is paid by the operator of each establishment to the State Commissioner of Revenue, who in turn pays the tax back to the municipality in which the rooms are located in quarterly distributions. The Town increased its levy from 4% to 6% effective October 1, 2010. Room occupancy tax collections in fiscal 2016, 2017 and 2018 totaled \$2,801,924, \$2,926,605, and \$2,974,138 respectively. Room occupancy tax collections for fiscal 2019 are estimated to total \$3 million.

Local Options Meals Tax. On July 15, 2010, the Town adopted the local meals excise tax effective October 1, 2010. The local meals excise tax is a 0.75% tax on the gross receipts of a vendor from the sale of restaurant meals. The tax is paid by the vendor to the State Commissioner of Revenue, who in turn pays the tax to the municipality in which the meal was sold. Local option meals tax collections in fiscal 2016, 2017 and 2018 totaled \$1,465,624, \$1,485,589, \$1,550,284 respectively. Local option meals tax collections for fiscal 2019 are estimated to total \$1,570,000.

Federal Aid. The Town annually receives aid from the United States Government. The following are federal aid payments received for the last five fiscal years. The increase in fiscal 2013 was attributable to the inclusion of \$2.7 million for the replacement of county-wide communications equipment for public safety operations. Barnstable was the pass through agency for this grant. These were not ARRA funds.

The following are the federal aid payments received for the last five fiscal years and an estimate for the current fiscal year.

<u>Fiscal Year</u>	<u>Federal Aid</u>
2019 (est.)	\$ 8,000,000
2018	12,841,334
2017	8,383,125
2016	9,575,040
2015	8,393,211
2014	9,491,421

State Distributions

In addition to grants for specified capital purposes (some of which are payable over the life of the bonds issued for the projects), the Commonwealth provides financial assistance to cities and towns for current purposes. Payments to cities and towns are derived primarily from a percentage of the State's personal income, sales and use, and corporate excise tax receipts, together with the net receipts from the State Lottery. A municipality's state aid entitlement is based on a number of different formulas, of which the "schools" and "lottery" formulas are the most important. Both of the major formulas tend to provide more state aid to poorer communities. The formulas for determining a municipality's state aid entitlement are subject to amendment by the state legislature and, while a formula might indicate that a particular amount of state aid is owed, the amount of state aid actually paid is limited to the amount appropriated by the state legislature. The state annually estimates state aid, but the actual state aid payments may vary from the estimate.

In the fall of 1986, both the State Legislature (by statute, repealed as of July 1, 1999) and the voters (by initiative petition) placed limits on the growth of state tax revenues. Although somewhat different in detail, each measure essentially limited the annual growth in state tax revenues to an average rate of growth in wages and salaries in the Commonwealth over the three previous calendar years. If not amended, the remaining law could restrict the amount of state revenues available for state aid to local communities.

The following are the state aid payments received for the last five fiscal years and estimates for the current fiscal year.

<u>Fiscal Year</u>	<u>School Construction Aid</u>	<u>School Operating Aid</u>	<u>Other State Aid</u>	<u>Total State Aid</u>
2019 (est.)	\$ 3,018,706	\$ 13,600,000	\$ 10,000,000	\$ 26,618,706
2018	3,018,706	13,005,401	5,321,704	21,345,811
2017	3,018,706	12,915,913	4,468,630	20,403,249
2016	3,018,706	13,899,411	5,380,258	22,298,375
2015	3,894,245	11,556,731	7,934,756	23,385,732
2014	3,509,074	11,681,804	9,094,940	24,285,818

State School Building Assistance Program

Under its school building assistance program, the Commonwealth of Massachusetts provides grants to cities, towns and regional school districts for school construction projects. Until July 26, 2004, the State Board of Education was responsible for approving grants for school projects and otherwise administering the program. Grant amounts ranged from 50% to 90% of approved project costs. Municipalities generally issued bonds to finance the entire project cost, and the Commonwealth disbursed the grants in equal annual installments over the term of the related bonds.

Pursuant to legislation which became effective on July 26, 2004, the state legislature created the Massachusetts School Building Authority (the "Authority") to finance and administer the school building assistance program. The Authority has assumed all powers and obligations of the Board of Education with respect to the program. In addition to certain other amounts, the legislation dedicates a portion of Commonwealth sales tax receipts to the Authority to finance the program.

Projects previously approved for grants by the State Board of Education are entitled to receive grant payments from the Authority based on the approved project cost and reimbursement rate applicable under the prior law. The Authority has paid and is expected to continue to pay the remaining amounts of the grants for such projects either in annual installments to reimburse debt service on bonds issued by the municipalities to finance such projects, or as lump sum payments to contribute to the defeasance of such bonds.

Projects on the priority waiting list as of July 1, 2004 are also entitled to receive grant payments from the Authority based on the eligible project costs and reimbursement rates applicable under the prior law. With limited exceptions, the Authority is required to fund the grants for such projects in the order in which they appear on the waiting list. Grants for any such projects that have been completed or substantially completed have been paid and are expected to continue to be paid by the Authority in lump sum payments, thereby eliminating the need for the Authority to reimburse interest expenses that would otherwise be incurred by the municipalities to permanently finance the Authority's share of such project costs. Interest on debt issued by municipalities prior to July 1, 2004 to finance such project costs, and interest on temporary debt until receipt of the grant, is included in the approved costs of such projects. Grants for any such projects that have not yet commenced or that are underway have been and are expected to continue to be paid by the Authority as project costs are incurred by the municipality pursuant to a project funding agreement between the Authority and the municipality, eliminating the need for the municipality to borrow even on a temporary basis to finance the Authority's share of the project costs in most cases.

The maximum reimbursement rate for new project grant applications submitted to the Authority on or after July 1, 2007 is 80% of approved project costs. The Authority promulgated new regulations with respect to the application and approval process for projects submitted after July 1, 2007. The Authority expects to pay grants for such projects as project costs are incurred pursuant to project funding agreements between the Authority and the municipalities. None of the interest expense incurred on debt issued by municipalities to finance their portion of the costs of new projects will be included in the approved project costs eligible for reimbursement.

Motor Vehicle Excise

An excise is imposed on the registration of motor vehicles (subject to exemptions) at the rate of \$25 per \$1,000 of valuation. The excise is collected by and for the benefit of the municipality in which the motor vehicle is customarily kept. Valuations are determined by statutory formula based on manufacturers' list price and year of manufacture. Bills not paid when due bear interest at 12 percent per annum. Provision is also made, after notice to the owner, for suspension of the owner's operating license or registration by the registrar of motor vehicles.

Enterprise Funds

The Town maintains seven enterprise funds for the activities of the municipal airport, the golf course, the water pollution control facility, the solid waste program, the water supply division, town marinas, and Sandy Neck recreational area. See Appendix B for financial statements related to such funds.

Annual Audits

The Town's accounts were most recently audited for the fiscal year ended June 30, 2018, by Powers and Sullivan, Certified Public Accountants, a copy of which is attached as Appendix A.

The attached report speaks only as of its date, and only to the matters expressly set forth therein. The auditors have not been engaged to review this Official Statement or to perform audit procedures regarding the post-audit period, nor have the auditors been requested to give their consent to the inclusion of their report in Appendix A. Except as stated in their report, the auditors have not been engaged to verify the financial information set out in Appendix A and are not passing upon and do not assume responsibility for the sufficiency, accuracy or completeness of the financial information presented in that appendix.

Financial Statements

Set forth on the following pages are Governmental Funds Balance Sheets for fiscal years 2018, 2017 and 2016 and Statements of Revenues, Expenditures and Changes in Fund Balances for fiscal years 2018 through 2014. Said financials were extracted from annual audited financial statements.

TOWN OF BARNSTABLE, MASSACHUSETTS
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2018 (1)

	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

(1) Extracted from annual audit.

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

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

(1) Extracted from annual audit.

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

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

(1) Extracted from annual audit.

TOWN OF BARNSTABLE, MASSACHUSETTS
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2018 (1)

	General	Construction and Maintenance	Capital Projects	Highway Projects	Community Preservation Fund	Nonmajor Governmental Fund	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
Department 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 balance	301,992	2,373,684	2,315,007	(150,467)	1,302,607	(2,080,754)	4,062,069
Fund Balance Beginning of Year, As Revised	40,956,917	14,295,983	11,628,050	559,125	9,176,785	31,139,779	107,756,639
Fund Balance end of Year	\$ 41,258,909	\$ 16,669,667	\$ 13,943,057	\$ 408,658	\$ 10,479,392	\$ 29,059,025	\$ 111,818,708

(1) Extracted from annual audit.

TOWN OF BARNSTABLE, MASSACHUSETTS
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2017 (1)

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

(1) Extracted from annual audit.

TOWN OF BARNSTABLE, MASSACHUSETTS
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2016 (1)

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

(1) Extracted from annual audit.

TOWN OF BARNSTABLE, MASSACHUSETTS
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2015 (1)

	General Fund	Capital Projects	Highway Projects	Community Preservation Fund	Nonmajor Governmental Fund	Total Governmental Funds
Revenues:						
Real estate and personal property taxes, net of tax refunds	\$ 105,260,464	\$ -	\$ -	\$ -	\$ -	\$ 105,260,464
Motor Vehicle and other excise taxes	7,033,401	-	-	-	-	7,033,401
Hotel/Motel tax	2,691,495	-	-	-	-	2,691,495
Meals tax	1,372,762	-	-	-	-	1,372,762
Charges for services	1,959,298	-	-	-	3,455,138	5,414,436
Penalties and interest on taxes	1,345,842	-	-	-	4,720	1,350,562
Fees and rentals	1,073,959	-	-	-	586,126	1,660,085
Licenses and permits	2,097,283	-	-	-	1,109,597	3,206,880
Intergovernmental	22,408,881	620,620	1,325,104	1,059,350	7,660,616	33,074,571
Special assessments	269,756	-	-	-	260,254	530,010
Department and other	408,854	-	-	-	187,331	596,185
Community preservation fund surtax	-	-	-	3,099,572	-	3,099,572
Contributions	44,861	349,283	-	-	500,454	894,598
Investment income	562,445	-	-	180,605	532,032	1,275,082
Miscellaneous	-	-	-	-	39,120	39,120
Total Revenues	146,529,301	969,903	1,325,104	4,339,527	14,335,388	167,499,223
Expenditures:						
Current:						
Town Council	242,765	-	-	-	-	242,765
Town Manager	540,367	-	-	-	-	540,367
Administrative Services	5,248,736	89,626	-	-	760,629	6,098,991
Growth Management	798,482	154,636	-	1,076,495	670,617	2,700,230
Public safety	12,385,746	223,971	-	-	654,841	13,264,558
Education	61,818,558	4,639,590	-	-	9,346,968	75,805,116
Public works	10,497,494	7,663,781	1,197,068	-	535,554	19,893,897
Community services	2,573,871	218,216	-	-	842,282	3,634,369
Regulatory services	2,446,044	463,587	-	-	533,663	3,443,294
Culture and recreation	1,923,822	-	-	-	502,564	2,426,386
Pension benefits	14,578,550	-	-	-	-	14,578,550
Property and liability insurance	1,510,581	-	-	-	-	1,510,581
Employee benefits	10,185,323	-	-	-	-	10,185,323
Other assessments	389,520	-	-	-	-	389,520
State and county charges	7,870,164	-	-	-	-	7,870,164
Debt service:						
Principal	7,007,768	255,941	-	1,909,000	50,372	9,223,081
Interest	1,851,482	-	-	526,142	-	2,377,624
Total Expenditures	141,869,273	13,709,348	1,197,068	3,511,637	13,897,490	174,184,816
Excess (deficiency) of revenues over/ under expenditures	4,660,028	(12,739,445)	128,036	827,890	437,898	(6,685,593)
Other Financing Sources (Uses):						
Issuance of Bonds	-	3,930,000	-	-	-	3,930,000
Issuance of refunding bonds	5,265,500	-	-	-	-	5,265,500
Premium from issuance of bonds	347,856	-	-	-	-	347,856
Premium from issuance of refunding bonds	728,615	-	-	-	-	728,615
Payments to refunded bonds escrow agent	(5,945,679)	-	-	-	-	(5,945,679)
Transfers in	11,174,648	4,688,510	-	-	339,010	16,202,168
Transfers out	(6,567,791)	(21,892)	-	(141,000)	(1,505,374)	(8,236,057)
Total Other Financing Sources (Uses)	5,003,149	8,596,618	-	(141,000)	(1,166,364)	12,292,403
Net change in fund balance	9,663,177	(4,142,827)	128,036	686,890	(728,466)	5,606,810
Fund Balance Beginning of Year, As Revised	35,556,631	13,198,869	540,224	9,131,297	28,229,882	86,656,903
Fund Balance end of Year	\$ 45,219,808	\$ 9,056,042	\$ 668,260	\$ 9,818,187	\$ 27,501,416	\$ 92,263,713

(1) Extracted from annual audit.

TOWN OF BARNSTABLE, MASSACHUSETTS
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2014 (1)

	General Fund	Capital Projects	Highway Projects	Community Preservation Fund	Nonmajor Governmental Fund	Total Governmental Funds
Revenues:						
Real estate and personal property taxes, net of tax refunds	\$ 102,905,909	\$ -	\$ -	\$ -	\$ -	\$ 102,905,909
Motor Vehicle and other excise taxes	6,616,970	-	-	-	-	6,616,970
Hotel/Motel tax	1,810,513	-	-	-	-	1,810,513
Charges for services	1,833,438	-	-	-	3,470,310	5,303,748
Penalties and interest on taxes	1,499,803	-	-	-	2,640	1,502,443
Fees and rentals	986,601	-	-	-	606,113	1,592,714
Licenses and permits	2,180,385	-	-	-	1,186,748	3,367,133
Intergovernmental	28,245,438	299,246	1,258,381	1,656,310	8,009,439	39,468,814
Department and other	218,483	-	-	-	284,016	502,499
Special assessments	261,234	-	-	-	313,990	575,224
Community preservation fund surtax	-	-	-	3,036,667	-	3,036,667
Contributions	134,214	-	-	-	326,438	460,652
Investment income	1,635,489	-	-	212,061	1,219,270	3,066,820
Miscellaneous	-	-	-	-	19,020	19,020
Total Revenues	148,328,477	299,246	1,258,381	4,905,038	15,437,984	170,229,126
Expenditures:						
Current:						
Town Council	270,452	-	-	-	-	270,452
Town Manager	555,587	-	-	-	-	555,587
Administrative Services	5,231,324	-	-	-	768,964	6,000,288
Growth Management	956,941	107,459	-	1,860,179	159,342	3,083,921
Public safety	11,645,813	-	-	-	946,726	12,592,539
Education	60,390,486	933,409	-	-	10,654,292	71,978,187
Public works	9,827,983	9,036,115	1,674,196	-	141,947	20,680,241
Community services	2,569,888	114,024	-	-	714,204	3,398,116
Regulatory services	2,404,286	230,379	-	-	541,715	3,176,380
Culture and recreation	1,929,173	-	-	-	356,249	2,285,422
Pension benefits	20,194,745	-	-	-	-	20,194,745
Property and liability insurance	1,439,324	-	-	-	-	1,439,324
Employee benefits	9,205,978	-	-	-	-	9,205,978
Other assessments	397,056	-	-	-	-	397,056
State and county charges	7,081,833	-	-	-	-	7,081,833
Debt service:						
Principal	7,029,410	-	-	1,922,000	50,372	9,001,782
Interest	1,829,754	-	-	654,097	-	2,483,851
Total Expenditures	142,960,033	10,421,386	1,674,196	4,436,276	14,333,811	173,825,702
Excess (deficiency) of revenues over/ under expenditures	5,368,444	(10,122,140)	(415,815)	468,762	1,104,173	(3,596,576)
Other Financing Sources (Uses):						
Issuance of Bonds	-	6,248,000	-	-	-	6,248,000
Premium from issuance of bonds	245,377	-	-	-	-	245,377
Sale of capital assets	-	-	-	-	3,782,939	3,782,939
Transfers in	2,719,707	5,428,650	-	-	502,991	8,651,348
Transfers out	(5,806,778)	(67)	-	(105,000)	(2,677,754)	(8,589,599)
Total Other Financing Sources (Uses)	(2,841,694)	11,676,583	-	(105,000)	1,608,176	10,338,065
Net change in fund balance	2,526,750	1,554,443	(415,815)	363,762	2,712,349	6,741,489
Fund Balance Beginning of Year, As Revised	33,029,881	11,644,426	956,039	8,767,535	25,517,533	79,915,414
Fund Balance end of Year	\$ 35,556,631	\$ 13,198,869	\$ 540,224	\$ 9,131,297	\$ 28,229,882	\$ 86,656,903

(1) Extracted from annual audit.

Investments

Investments of funds of cities and towns, except for trust funds, are generally restricted by Massachusetts General Laws Chapter 44, §55. That statute permits investments of available revenue funds and bond and note proceeds in term deposits and certificates of deposits of banks and trust companies, in obligations issued or unconditionally guaranteed by the federal government or an agency thereof with a maturity of not more than one year, in repurchase agreements with a maturity of not more than 90 days secured by federal or federal agency securities, in participation units in the Massachusetts Municipal Depository Trust ("MMDT"), or in shares in SEC-registered money market funds with the highest possible rating from at least one nationally recognized rating organization.

MMDT is an investment pool created by the Commonwealth. The State Treasurer is the sole trustee, and the funds are managed under contract by an investment firm under the supervision of the State Treasurer's office. According to the State Treasurer the Trust's investment policy is designed to maintain an average weighted maturity of 90 days or less and is limited to high-quality, readily marketable fixed income instruments, including U.S. Government obligations and highly-rated corporate securities with maturities of one year or less.

Trust funds, unless otherwise provided by the donor, may be invested in accordance with §54 of Chapter 44, which permits a broader range of investments than §55, including any bonds or notes that are legal investments for savings banks in the Commonwealth. The restrictions imposed by §54 and §55 do not apply to city and town retirement systems.

Unassigned Fund Balance and Free Cash

Under Massachusetts law an amount known as "free cash" is certified as of the beginning of each fiscal year by the State Bureau of Accounts and this, together with certain subsequent tax receipts, is used as the basis for subsequent appropriations from available funds, which are not required to be included in the annual tax levy. Subject to certain adjustments, free cash is undesignated fund balance less uncollected and overdue property taxes from prior years. The Town Accountant may certify as available appropriation an adjusted free cash figure by adding back those uncollected and overdue property taxes which are subsequently collected between July 1 and the following March 31 of any year.

Fiscal Year	Unassigned Fund Balance (June 30) (1)	Free Cash (July 1)
2018	\$ 33,070,020	\$ 12,643,236
2017	33,245,543	16,197,155
2016	30,019,449	13,131,098
2015	36,629,184	13,949,203
2014	28,085,852	13,370,039

(1) This information is audited.

Surplus Enterprise Funds

The amounts of free cash certified by the Department of Revenue in each of the Town's Enterprise Funds are set forth below.

July 1,	Airport	Solid Waste	Sewer	Golf	Water	Marina Recreation Facilities	Sandy Neck Recreational Facility	HYCC	Public, Education & Government Access Channels (PEG)
2018	\$ 3,525,181	\$ 1,881,944	\$ 9,230,479	\$ 684,755	\$ 2,157,029	\$ 851,171	\$ 895,176	\$ 634,810	\$ 2,328,719
2017	2,386,672	2,179,508	8,797,951	723,798	1,249,454	809,462	943,846	496,529	-
2016	2,793,657	2,409,841	11,129,822	1,023,207	3,257,325	1,795,001	714,332	502,380	-
2015	977,186	3,489,420	7,611,524	638,274	3,336,150	661,356	478,853	318,809	-
2014	2,563,947	4,010,757	14,838,692	500,742	1,827,720	714,427	569,512	313,535	-

Stabilization Fund

The Town maintains a stabilization fund which is accounted for in the Trust Funds. Funded by an annual appropriation, the stabilization fund plus interest income may be appropriated by a two-thirds vote of Town Council for any lawful Town purpose. The following table lists the Stabilization Fund balances as of the end of each of the last five fiscal years.

<u>June 30,</u>	<u>Stabilization Fund Balance</u>
2018	\$ 18,533,751
2017	15,170,377
2016	13,033,464
2015	10,439,823
2014	11,815,836

Other Reserves

In addition, at June 30, 2018, the Town had a \$3,977,288 OPEB fund reserve (see "Other Post-Employment Benefits" herein), a \$2,206,073 pension fund stabilization reserve (see "Retirement System" herein), and \$6,612,725 in revolving fund balances.

INDEBTEDNESS

Authorization Procedure and Limitations

Serial bonds and notes are authorized on behalf of the Town by vote of two-thirds of all the members of the Town Council. Provision is made for a referendum on the borrowing authorization if there is a timely filing of a petition bearing the requisite number of signatures. Borrowings for certain purposes require state administrative approval. Temporary loans in anticipation of the revenues of the fiscal year in which debt is incurred, or in anticipation of state and federal grants generally can be incurred without town meeting authorization.

The general debt limit of the Town of Barnstable consists of a normal debt limit and a double debt limit. The normal debt limit is 5 percent of the valuation of taxable property as last equalized by the State Department of Revenue. The Town can authorize debt up to this amount without State approval. It can authorize debt up to twice this amount (the double debt limit) with the approval of a state board consisting of the Attorney General, the State Treasurer, the State Auditor and the Director of Accounts.

There are many categories of general obligation debt which are exempt from and do not count against the general debt limit. Among others, these exempt categories include revenue anticipation notes and grant anticipation notes, emergency loans, loans exempted by special laws, certain school bonds, sewer bonds, water bonds, bonds for electric, gas and telecommunication systems, solid waste disposal facility bonds and economic development bonds supported by tax increment financing; and subject to special debt limits, bonds for housing, urban renewal, and economic development. Revenue bonds are not subject to these debt limits. The general debt limit and the special debt limit for water bonds apply at the time debt is authorized. The other special debt limits generally apply at the time the debt is incurred.

Types of Obligations

General Obligations. Massachusetts cities and towns are authorized to issue general obligation indebtedness of these types:

Serial Bonds and Notes. These are generally required to be payable in annual principal amounts beginning no later than the end of the next fiscal year commencing after the date of issue and ending within the terms permitted by law. A level debt service schedule, or a schedule that provides for a more rapid amortization of principal than level debt service, is permitted. The principal amounts of certain economic development bonds supported by tax increment financing may be payable in equal, diminishing or increasing amounts beginning within 5 years after the date of issue. The maximum terms of serial bonds and notes vary from one year to 40 years, depending on the purpose of the issue. The maximum terms permitted are set forth in the statutes. In addition, for many projects, the maximum term may be determined in accordance with useful life guidelines promulgated by the State Department of Revenue ("DOR"). Serial bonds and notes may be issued for the purposes set forth in the statutes. In addition, serial bonds and notes may be issued for any other public work improvement or asset not specifically listed in the Statutes that has a useful life of at least 5 years. Bonds or notes may be made callable and redeemed prior to their maturity, and a redemption premium may be paid. Refunding bonds or notes may be issued subject to the maximum applicable term measured from the date of the original bonds or notes and must produce present value savings over the debt service of the refunded bonds. Generally, the first required annual payment of principal of the refunding bonds cannot be later than the first principal payment of any of the bonds or notes being refunded thereby, however, principal payments made before the first principal payment of any of the bonds or notes being refunded thereby may be in any amount.

Serial bonds may be issued as "qualified bonds" with the approval of the state Municipal Finance Oversight Board composed of the State Treasurer, the State Auditor, the Attorney General and the Director of Accounts, subject to such conditions and limitations (including restrictions on future indebtedness) as may be required by the Board. Qualified bonds may mature not less than 10 nor more than 30 years from their dates and are not subject to the amortization requirements described above. The State Treasurer is required to pay the debt service on qualified bonds and thereafter to withhold the amount of the debt service paid by the State from state aid or other state payments; administrative costs and any loss of interest income to the State are to be assessed upon the city or town.

Tax Credit Bonds or Notes. Subject to certain provisions and conditions, the officers authorized to issue bonds or notes may designate any duly authorized issue of bonds or notes as "tax credit bonds" to the extent such bonds and notes are otherwise permitted to be issued with federal tax credits or other similar subsidies for all or a portion of the borrowing costs. Tax credit bonds may be made payable without regard to the annual installments required by any other law, and a sinking fund may be established for the payment of such bonds. Any investment that is part of such a sinking fund may mature not later than the date fixed for payment or redemption of the applicable bonds.

Bond Anticipation Notes. These generally must mature within two years of their original dates of issuance but may be refunded from time to time for a period not to exceed ten years from their original dates of issuance, provided that for each year that the notes are refunded beyond the second year they must be paid in part from revenue funds in an amount at least equal to the minimum annual payment that would have been required if the bonds had been issued at the end of the second year. For certain school projects, however, notes may be refunded from time to time for a period not to exceed seven years without having to pay any portion of the principal of the notes from revenue funds. The maximum term of bonds issued to refund bond anticipation notes is measured (except for certain school projects) from the date of the original issue of the notes.

Revenue Anticipation Notes. These are issued to meet current expenses in anticipation of taxes and other revenues. They must mature within one year but, if payable in less than one year, may be refunded from time to time up to one year from the original date of issue. The Town of Barnstable has not issued revenue anticipation notes in the last five fiscal years.

Grant Anticipation Notes. These are issued for temporary financing in anticipation of federal grants and state and county reimbursements. Generally, they must mature within two years but may be refunded from time to time as long as the municipality remains entitled to the grant or reimbursement.

Revenue Bonds. Cities and towns may issue revenue bonds for solid waste disposal facilities, for projects financed under the Commonwealth's Clean Water Revolving Loan Programs and for certain economic development projects supported by tax increment financing. In addition, cities and towns having electric departments may issue electric revenue bonds, and notes in anticipation of such bonds, subject to the approval of the State Department of Telecommunications and Energy. This article is not intended to summarize laws relating to revenue bonds or to notes issued in anticipation of them. Industrial revenue bonds are also outside the scope of this article.

**TOWN OF BARNSTABLE
Direct Debt Summary
As of June 30, 2018,
Including Subsequent Issue**

General Obligation Bonds:		
Sewer (1)	\$	3,326,000
Water (2)		9,679,500
School (3)		18,625,500
MCWT (4)		23,223,972
General (5)		39,444,500
Golf Course		4,633,500
Airport (6)		2,175,000
Sandy Neck		900,000
Solid Waste		256,000
Marina		1,640,000
Total Long-Term Outstanding		\$ 103,903,972
This Issue of Bonds to be Dated February 26, 2019		10,540,000
Temporary Loans:		
Bond Anticipation Notes Outstanding (7)	3,665,270	
Pending Issue of New Money Bond Anticipation Notes (8)	409,000	
Less:		
To Be Retired with Bond Proceeds	(1,589,500)	
To Be Retired with Revenue Funds	(431,820)	
Total Short-Term Debt Outstanding After These Issues (8)		2,052,950
Total Direct Debt:		\$ 116,496,922

- (1) \$2,800,000 is outside of the Town's debt limit.
- (2) \$9,679,500 is outside of the Town's debt limit.
- (3) \$4,883,100 is outside of the Town's debt limit and exempt from the limits of Proposition 2 ½, subject to the provisions of Chapter 44, Section 20.
- (4) Does not reflect subsidy from the Massachusetts Clean Water Trust. \$14,244,301 is outside of the Town's debt limit and \$331,324 is exempt from the limits of Proposition 2 ½.
- (5) \$246,500 is outside of the Town's debt limit.
- (6) \$1,565,000 is outside of the Town's debt limit.
- (7) Payable February 27, 2019.
- (8) Payable February 26, 2020 (pending issue of bond anticipation notes).

Outstanding Debt - Principal Payments by Purpose

The following table sets forth, as of June 30, 2018, including any subsequent issues, the principal payments by purpose on the outstanding general obligation bonds of the Town of Barnstable.

Fiscal Year	Sewer (1)(2)	Water (1)(3)	School (4)	MCWT (1)(5)	General (6)	Golf Course (1)	Airport (1)(7)	Sandy Neck (1)	Solid Waste (1)	Marina (1)	Total
2019	\$ 275,000	\$ 932,500	\$ 5,365,600	\$ 2,148,874	\$ 5,421,900	\$ 636,000	\$ 95,000	\$ 60,000	\$ 29,000	\$ 140,000	\$ 15,103,874
2020	269,000	944,000	1,966,700	1,861,437	5,198,300	643,000	100,000	60,000	29,000	140,000	11,211,437
2021	270,000	968,000	1,159,900	1,642,888	4,808,100	610,000	100,000	60,000	29,000	140,000	9,787,888
2022	180,000	792,000	1,098,000	1,576,245	4,482,000	619,000	100,000	65,000	29,000	115,000	9,056,245
2023	177,000	815,000	1,024,800	1,609,599	3,796,200	629,000	115,000	65,000	28,000	110,000	8,369,599
2024	185,000	838,000	978,000	1,598,342	2,639,000	582,000	120,000	65,000	28,000	110,000	7,143,342
2025	180,000	860,000	826,500	1,472,896	2,231,000	589,500	120,000	70,000	28,000	110,000	6,487,896
2026	180,000	888,000	826,000	1,503,070	2,168,000	65,000	120,000	75,000	28,000	110,000	5,963,070
2027	175,000	902,000	725,000	1,513,873	1,855,000	25,000	130,000	70,000	28,000	90,000	5,513,873
2028	175,000	230,000	615,000	1,535,321	1,260,000	25,000	130,000	75,000	-	90,000	4,135,321
2029	150,000	185,000	535,000	1,129,202	915,000	25,000	140,000	75,000	-	90,000	3,244,202
2030	145,000	175,000	535,000	1,111,085	895,000	25,000	145,000	80,000	-	95,000	3,206,085
2031	145,000	175,000	490,000	1,134,685	735,000	25,000	150,000	80,000	-	50,000	2,984,685
2032	145,000	170,000	440,000	786,563	640,000	25,000	100,000	-	-	50,000	2,356,563
2033	145,000	170,000	440,000	803,658	585,000	25,000	105,000	-	-	45,000	2,318,658
2034	145,000	165,000	380,000	385,406	570,000	25,000	105,000	-	-	45,000	1,820,406
2035	145,000	165,000	380,000	393,781	570,000	20,000	110,000	-	-	45,000	1,828,781
2036	145,000	145,000	280,000	402,339	555,000	20,000	115,000	-	-	45,000	1,707,339
2037	95,000	100,000	280,000	260,688	120,000	20,000	75,000	-	-	20,000	970,688
2038	-	60,000	280,000	175,107	-	-	-	-	-	-	515,107
2039	-	-	-	178,913	-	-	-	-	-	-	178,913
	<u>\$ 3,326,000</u>	<u>\$ 9,679,500</u>	<u>\$ 18,625,500</u>	<u>\$ 23,223,972</u>	<u>\$ 39,444,500</u>	<u>\$ 4,633,500</u>	<u>\$ 2,175,000</u>	<u>\$ 900,000</u>	<u>\$ 256,000</u>	<u>\$ 1,640,000</u>	<u>\$ 103,903,972</u>

- (1) Self-supporting.
- (2) \$2,800,000 is outside of the Town's debt limit.
- (3) \$9,679,500 is outside of the Town's debt limit.
- (4) \$4,883,100 is outside of the Town's debt limit and exempt from the limits of Proposition 2 ½, subject to the provisions of Chapter 44, Section 20.
- (5) Does not reflect subsidy from the Massachusetts Clean Water Trust. \$14,244,301 is outside of the Town's debt limit and \$331,324 is exempt from the limits of Proposition 2 ½.
- (6) \$246,500 is outside of the Town's debt limit.
- (7) \$1,565,000 is outside of the Town's debt limit.

**Debt Service Requirements
General Obligation Bonds
As of June 30, 2018,
Including Subsequent Issue - Excludes the Bonds**

Fiscal Year	Outstanding Debt (1)		Less	Less	Total
	Principal	Interest	MSBA School Grants	MCWT Subsidies	
2019	\$ 15,103,874	\$ 3,421,034	\$ (3,018,706)	\$ (267,302)	\$ 15,238,900
2020	11,211,437	2,873,772	-	(127,359)	13,957,850
2021	9,787,888	2,473,927	-	(69,798)	12,192,017
2022	9,056,245	2,117,889	-	(65,822)	11,108,313
2023	8,369,599	1,783,447	-	(61,107)	10,091,938
2024	7,143,342	1,509,986	-	(46,526)	8,606,802
2025	6,487,896	1,270,710	-	-	7,758,606
2026	5,963,070	1,045,681	-	-	7,008,752
2027	5,513,873	856,682	-	-	6,370,555
2028	4,135,321	696,773	-	-	4,832,094
2029	3,244,202	580,938	-	-	3,825,140
2030	3,206,085	488,771	-	-	3,694,857
2031	2,984,685	395,326	-	-	3,380,011
2032	2,356,563	318,765	-	-	2,675,328
2033	2,318,658	255,828	-	-	2,574,486
2034	1,820,406	197,668	-	-	2,018,074
2035	1,828,781	145,850	-	-	1,974,631
2036	1,707,339	93,864	-	-	1,801,203
2037	970,688	45,168	-	-	1,015,856
2038	515,107	16,379	-	-	531,486
2039	178,913	1,789	-	-	180,702
Total	<u>\$ 103,903,972</u>	<u>\$ 20,590,248</u>	<u>\$ (3,018,706)</u>	<u>\$ (637,913)</u>	<u>\$ 120,837,600</u>

(1) Principal totaling \$5,214,424 and interest totaling \$276,647 is exempt from the limits of Proposition 2 ½.

Debt Ratios

The following table sets forth the ratio of debt to equalized valuation and per capita debt ratios at the end of the most recent fiscal years. The table considers the principal amount of general obligation bonds of the Town only. The table does not deduct anticipated state grant payments applicable to the principal amount of outstanding bonds or debt that may be supported in whole, or part, by non-tax revenues. (See "Direct Debt Summary.")

Fiscal Year End	General Obligation Bonds Outstanding	Population (1)	Equalized Valuation (2)	Per Capita Debt (1)	Ratio Debt To Equalized Valuation
2018	\$ 100,964,315	45,193	\$ 13,655,091,900	\$ 2,234	0.74 %
2017	105,498,305	45,193	13,655,091,900	2,334	0.77
2016	107,039,672	45,193	13,476,184,100	2,369	0.79
2015	100,998,450	45,193	13,476,184,100	2,235	0.75
2014	111,384,192	45,193	13,864,305,700	2,465	0.80

(1) Based on 2010 Federal Census.

(2) 2016 Equalized Valuation is used for fiscal years 2017 and 2018; 2014 Equalized Valuation is used for fiscal years 2015 and 2016; 2012 Equalized Valuation is used for fiscal year 2014.

Authorized Unissued Debt and Prospective Financing

Following delivery of the Bonds, the Town will have approximately \$57.97 million in authorized unissued debt for various public improvements. The Town has no definitive plans for the issuance of any of this debt, the majority of which is expected to be offset with grants and/or be self-supporting.

Overlapping Debt (1)

The following table sets forth the outstanding bonded debt and authorized unissued debt, exclusive of temporary loans in anticipation of bonds or current revenue, of the overlapping entities and the Town's gross share of such debt and the dollar assessment for each for the most recent fiscal year.

	<u>Debt Outstanding as of June 30, 2018</u>	<u>Barnstable's Estimated Share</u>	<u>Share of Assessments for Operations & Debt Service (1)</u>
Barnstable County (2)	\$ 25,037,532	16.79 %	\$ 1,071,451
Cape Cod Regional Transit Authority (3)	-	33.64	522,169
Cape Cod Regional Technical High School District (4)	68,985,000	30.00 (5)	3,620,080
Barnstable Fire District	2,287,184	N.A. (6)	N.A. (6)
Centerville-Osterville- Marstons Mills Fire District	1,655,252	N.A. (6)	N.A. (6)
Cotuit Fire District	1,200,000	N.A. (6)	N.A. (6)
Hyannis Fire District	18,055,000	N.A. (6)	N.A. (6)
West Barnstable Fire District	-	N.A. (6)	N.A. (6)

(1) Estimated dollar assessment based upon total net operating expenses, inclusive (where applicable) of debt service.

(2) SOURCE: Barnstable County Treasurer. County expenses including debt service on county bonds are assessed upon the cities and towns within the county in proportion to their taxable valuation as last equalized by the State Commissioner of Revenue. Outstanding debt comprised of community septic bonds issued through the Massachusetts Clean Water Trust. Includes Environmental Protection Fund Tax. (See Town of Barnstable Municipal Services above for information on abolishment of counties.) Dollar assessment for fiscal 2019.

(3) SOURCE: Cape Cod Regional Transit Authority. The municipal share is based on a percentage furnished by the Cape Cod Regional Transit Authority as that used in the most recent assessment of aggregate net cost of service of the Transit Authority, including debt service and net operating expenses, although assessments for various categories of service are separately calculated by different formulae. Shares vary from year to year. It has been state practice in recent years to absorb up to approximately 50 percent of the net cost of service of the Authority, including debt service on the Authority's bonds. The remainder of the net cost of service is assessed on the member municipalities within the territory of the Cape Cod Regional Transit Authority. Dollar assessment for fiscal 2017.

(4) SOURCE: Cape Cod Regional Technical High School District. Towns may organize regional school districts to participate in regional school districts, primarily for vocational education. The operating expenses and debt service of regional school districts are apportioned among the member municipalities in accordance with the agreements establishing the districts. Dollar assessment for fiscal 2018. The District has approved a \$128 million school project of which approximately \$46 million is expected to be covered by grants from the Massachusetts School Building Authority, and Barnstable's share is approximately 30% of the \$82 million estimated net cost to the District. Debt is as of June 30, 2018, including subsequent issue.

(5) The municipal share is based on the ratio of that member's pupil enrollment to the total pupil enrollment from all the member municipalities in the regional school district as of October 1 of the year proceeding the year for which the apportionment is being determined.

(6) SOURCE: Respective Fire Districts. To meet expenses of operations and debt service each Fire District levies its own taxes based on the assessed valuation as established by the Town, of the property within each Fire District.

The tax rates per \$1,000 of assessed valuation, the tax levies and the total assessed valuation of each Fire District for the last five fiscal years were as follows (for more information regarding each Fire District, see Appendix D).

Fiscal Year	Barnstable Fire District	Centerville-Osterville Marstons Mills Fire District	Cotuit Fire District	Hyannis Fire District	West Barnstable Fire District
Assessed Valuation:					
2019	\$ 1,320,401,683	\$ 7,442,704,820	\$ 1,459,243,390	\$ 3,418,050,835	\$ 611,788,960
2018	1,251,322,410	7,112,270,980	1,403,855,760	3,262,640,330	578,433,570
2017	1,217,131,020	6,934,944,980	1,356,123,930	3,151,769,570	566,652,930
2016	1,208,253,650	6,892,309,250	1,343,464,130	3,131,876,690	563,197,440
2015	1,164,821,640	6,643,212,140	1,300,332,690	3,038,389,165	552,172,790
Tax Levies:					
2019	\$ 3,591,493	\$ 13,248,015	\$ 3,472,999	\$ 12,386,980	\$ 1,700,773
2018	3,716,428	11,450,756	3,186,753	10,374,566	1,608,045
2017	3,602,708	8,460,633	3,064,840	9,193,629	1,529,963
2016	3,648,926	10,958,712	2,955,621	8,979,002	1,509,369
2015	3,273,149	10,296,979	2,886,739	8,109,789	1,468,780
Full Value Tax Rate:					
2019	\$ 2.72	\$ 1.78	\$ 2.38	\$ 4.89	\$ 2.78
2018	2.97	1.61	2.27	4.29	2.78
2017	2.96	1.22	2.26	3.94	2.70
2016	3.02	1.59	2.20	3.87	2.68
2015	2.81	1.55	2.22	3.60	2.66

Contractual Obligations

Municipal contracts are generally limited to currently available appropriations. A city or town generally has authority to enter into contracts for the exercise of its corporate powers for any period of time deemed to serve its best interest, but generally only when funds are available for the first fiscal year; obligations for succeeding fiscal years generally are expressly subject to availability and appropriation of funds. Municipalities have specific authority in relatively few cases to enter into long term contractual obligations that are not subject to annual appropriation, including contracts for refuse disposal and sewage treatment and disposal. Municipalities may also enter into long-term contracts in aid of housing and renewal projects. There may be implied authority to make other long-term contracts required to carry out authorized municipal functions, such as contracts to purchase water from private water companies.

Municipal contracts relating to solid waste disposal facilities may contain provisions requiring the delivery of minimum amounts of waste and payments based thereon and requiring payments in certain circumstances without regard to the operational status of the facilities.

Municipal electric departments have statutory power to enter into long-term contracts for joint ownership and operation of generating and transmission facilities and for the purchase or sale of capacity, including contracts requiring payments without regard to the operational status of the facilities.

Pursuant to the Home Rule Amendment to the Massachusetts Constitution, cities and towns may also be empowered to make other contracts and leases.

The Town has a limited number of long-term contractual obligations.

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

In fiscal year 2017, the School Department entered into a 10-year bus lease contract. The contract is for an initial 5-year lease with the option to renew for an additional 3 years and then an additional 2 years.

The Town has contracted with a private company, Suez, to manage its water production and distribution systems in the village of Hyannis for a 20-year period. The contract is for 5-year increments. The Town is currently in its 10th year of the contract and just renewed the contract for another 5 years.

The Town leases golf carts for its two municipal golf courses. It is currently in its second year of the lease agreement for the Olde Barnstable Golf Course and the third year of its lease at the Hyannis Golf Course.

The Town has also entered into a lease agreement for a fleet of vehicles used by its inspectional services, senior services, and assessing operations. The lease is for a 3-year period which expires in fiscal year 2020.

Finally, the School Department leases approximately 50 copiers under a 5-year lease agreement. This lease agreement ends in fiscal year 2020.

RETIREMENT SYSTEM

The Massachusetts General Laws provide for the establishment of contributory retirement systems for state employees, for teachers and for county, city and town employees other than teachers. Teachers are assigned to a separate statewide teachers' system and not to the city and town systems. For all employees other than teachers, this law is subject to acceptance in each city and town. Substantially all employees of an accepting city or town are covered. If a town has a population of less than 10,000 when it accepts the statute, its non-teacher employees participate through the county system and its share of the county cost is proportionate to the aggregate annual rate of regular compensation of its covered employees. In addition to the contributory systems, cities and towns provide non-contributory pensions to a limited number of employees, primarily persons who entered service prior to July 1, 1937 and their dependents. The Public Employee Retirement Administration Commission ("PERAC") provides oversight and guidance for and regulates all state and local retirement systems.

The obligations of a city or town, whether direct or through a county system, are contractual legal obligations and are required to be included in the annual tax levy. If a city or town, or the county system of which it is a member, has not established a retirement system funding schedule as described below, the city or town is required to provide for the payment of the portion of its current pension obligations which is not otherwise covered by employee contributions and investment income. "Excess earnings," or earnings on individual employees' retirement accounts in excess of a predetermined rate, are required to be set aside in a pension reserve fund for future, not current, pension liabilities. Cities and towns may voluntarily appropriate to their system's pension reserve fund in any given year up to five percent of the preceding year's tax levy. The aggregate amount in the fund may not exceed ten percent of the equalized valuation of the city or town.

If a city or town, or each member city and town of a county retirement system, has accepted the applicable law, it is required to annually appropriate an amount sufficient to pay not only its current pension obligations, but also a portion of its future pension liability. The portion of each such annual payment allocable to future pension obligations is required to be deposited in the pension reserve fund. The amount of the annual city or town appropriation for each such system is prescribed by a retirement system funding schedule which is periodically reviewed and approved by PERAC. Each system's retirement funding schedule is designed to reduce the unfunded actuarial pension liability of the system to zero by not later than June 30, 2030, with annual increases in the scheduled payment amounts of not more than 4.5 percent. The funding schedule must provide that payment in any year of the schedule is not less than 95 percent of the amount appropriated in the previous fiscal year. City, town and county systems which have an approved retirement funding schedule receive annual pension funding grants from the Commonwealth for the first 16 years of such funding schedule. Pursuant to recent legislation, a system (other than the state employees' retirement system and the teachers' retirement system) which conducts an actuarial valuation as of January 1, 2009, or later, may establish a revised schedule which reduces the unfunded actuarial liability to zero by not later than June 30, 2040, subject to certain conditions. If the schedule is so extended under such provisions and a later updated valuation allows for the development of a revised schedule with reduced payments, the revised schedule shall be adjusted to provide that the appropriation for each year shall not be less than that for such year under the prior schedule, thus providing for a shorter schedule rather than reduced payments.

City, town and county systems may choose to participate in the Pension Reserves Investment Trust Fund (the "PRIT Fund"), which receives additional state funds to offset future pension costs of participating state and local systems. If a local system participates in the PRIT Fund, it must transfer ownership and control of all assets of its system to the Pension Reserves Investment Management Board, which manages the investment and reinvestment of the PRIT Fund. Cities and towns with systems participating in the PRIT Fund continue to be obligated to fund their pension obligations in the manner described above. The additional state appropriations to offset future pension liabilities of state and local systems participating in the PRIT Fund are required to total at least 1.3 percent of state payroll. Such additional state appropriations are deposited in the PRIT Fund and shared by all participating systems in proportion to their interests in the assets of the PRIT Fund as of July 1 for each fiscal year.

The Town participates in the contributory retirement system of Barnstable County, a retirement system under the Massachusetts Contributory Retirement Law that is partially funded by employee contributions. The retirement system covers substantially all municipal employees except schoolteachers, whose pensions are paid by the Commonwealth.

The following table shows the trend in recent annual contributions of the Town to the Barnstable County Retirement System (the "Retirement System").

Year	Contributory	Non-Contributory
2019 (budgeted)	\$ 9,308,023	\$ -
2018	8,998,259	5,200
2017	8,380,594	18,117
2016	8,024,464	10,763
2015	7,854,870	2,946 (1)
2014	7,542,493	14,558

(1) Decrease represents three individuals on workmen's compensation, reduced from four individuals in fiscal 2014.

The foregoing data does not include the retirement system costs or liabilities attributable to employees of the county or the Retirement System or liabilities of any other entity of which the Town is a constituent part.

As of January 1, 2018, the total pension liability of the Barnstable County Retirement System was calculated to be \$1,783,937,286 and the actuarial value of the assets was \$1,061,514,465, leaving an estimated unfunded actuarial accrued liability (UAAL) of \$722,422,821. Based on the current data, the System is 59.5% funded with an assumed rate of return of 7.375%. Approximately 15.17% of the Retirement System's UAAL or approximately \$108.4 million, is allocable to the Town. At the 1984 town meeting, the Town established a pension fund stabilization reserve. At June 30, 2018, the value of this fund was \$1,948,381.

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

Current Barnstable County Retirement System Funding Schedule (As of January 1, 2018)

Fiscal Year Ending	(2) Employer Normal Cost	(3) Amortization of ERI (2002) Liability	(4) Amortization of ERI (2003) Liability	(5) Amortization of ERI (2010) Liability	(6) Amortization Of Remaining Liability	(7) Plan Cost Without Retired Country Sheriff Liability (2)+(3)+(4)+(5)+(6)	(8) Amortization of Retired County Sheriff Liability	(9) Total Amortization (7)+(8)	(10) Total UAL at Beginning of Fiscal Year	(11) Increase Over Prior Appropriation
2019	\$ 16,337,763	\$ 471,957	\$ 222,050	\$ 261,648	\$ 44,712,255	\$ 62,005,673	\$ 1,506,576	\$ 63,512,249	\$ 748,588,317	5.28
2020	16,936,108	490,835	230,932	261,648	47,344,752	65,264,275	1,601,421	66,865,696	745,013,294	5.28
2021	17,556,192	510,468	240,170	261,648	50,125,417	68,693,895	1,702,310	70,396,205	739,794,723	5.28
2022	18,198,801	530,887	249,776	261,647	53,062,458	72,303,569	1,809,556	74,113,125	732,441,270	5.28
2023	18,864,748	552,122	259,767	-	56,426,103	76,102,740	1,923,558	78,026,298	722,445,271	5.28
2024	19,554,873	574,207	270,158	-	59,702,107	80,101,345	2,044,742	82,146,087	709,277,871	5.28
2025	20,270,050	597,176	280,965	-	63,161,648	84,309,839	2,173,561	86,483,400	692,382,504	5.28
2026	21,011,183	621,063	292,203	-	66,814,780	88,739,229	2,310,495	91,049,724	671,169,820	5.28
2027	21,779,206	645,905	303,891	-	70,672,090	93,401,092	2,456,057	95,857,149	645,012,047	5.28
2028	22,575,089	671,741	316,047	-	74,744,741	98,307,618	2,610,788	100,918,406	613,236,977	5.28
2029	23,399,837	698,611	328,689	-	79,044,493	103,471,630	2,775,268	106,246,898	575,122,338	5.28
2030	24,254,490	726,555	341,836	-	83,583,743	108,906,624	2,950,110	111,856,734	476,698,444	5.28
2031	25,140,125	755,618	355,510	-	88,375,550	114,626,803	3,135,967	117,762,770	419,450,562	5.28
2032	26,057,858	785,842	369,730	-	93,433,682	120,647,112	3,333,532	123,980,644	352,685,042	5.28
2033	27,008,845	817,276	384,519	-	98,772,637	126,983,277	3,543,545	130,526,822	275,404,881	5.28
2034	27,994,284	849,967	399,900	-	104,407,699	133,651,850	3,766,788	137,418,638	186,523,403	5.28
2035	29,015,415	883,954	415,895	-	111,075,868	141,391,132	4,004,096	145,395,228	84,856,765	(16.03)
2036	30,073,524	-	-	-	-	30,073,524	-	30,073,524	-	(73.94)
2037	31,169,940	-	-	-	-	31,169,940	-	31,169,940	-	3.65
2038	32,306,042	-	-	-	-	32,306,042	-	32,306,042	-	3.64

SOURCE: January 1, 2018 Barnstable County Retirement System Actuarial Valuation, The Segal Group, Inc.

Other Post-Employment Benefits

In addition to pension benefits, cities and towns may provide retired employees with health care and life insurance benefits. The portion of the cost of such benefits paid by cities or towns is generally provided on a pay-as-you-go basis. The pay-as-you-go cost to the Town for such benefits in recent years has been as follows:

Fiscal Year	Pay-As-You-Go Cost (1)
2019 (budgeted)	\$ 6,500,000
2018	5,837,712
2017	5,559,064
2016	5,104,909
2015	4,971,187
2014	5,322,423

(1) Includes assessment by state for retired teachers' health insurance, which is included in state and county assessments on the Town's tax recapitulation sheet.

The Governmental Accounting Standards Board ("GASB") Statement Nos. 43 and 45 require public sector entities to report the future costs of non-pension, post-employment benefits in their financial statements. These accounting standards do not require pre-funding such benefits, but the basis applied by the standards for measurement of costs and liabilities for these benefits is conservative if they continue to be funded on a pay-as-you-go basis and will result in larger yearly cost and liability accruals than if such benefits were pre-funded in a trust fund in the same manner as traditional pension benefits. Cities and towns that choose to self-insure all or a portion of the cost of the health care benefits they provide to employees and retirees may establish a trust fund for the purpose of paying claims. In addition, cities and towns may establish a trust fund for the purpose of pre-funding other post-employment benefits liability in the same manner as traditional pension benefits.

The Town implemented the GASB reporting requirements for other post-employment benefits beginning in fiscal year 2008. The Town hired Segal Consulting to perform an actuarial valuation of its non-pension, post-employment benefit liability. As of June 30, 2017, the total OPEB liability for benefits was \$194,342,279 and the fiduciary net position of \$3,287,096, resulting in a net OPEB liability of \$191,055,183, assuming a 7.0% investment rate of return. The actuarial determined contribution (ADC) is an amount determined by the actuary pursuant to GASB Statement No. 74/75 which represents a level of funding that, if paid on an ongoing basis, is projected to cover the service cost each year and amortize any unfunded actuarial liabilities. For the fiscal year ending June 30, 2018, the ADC was \$8,950,942. In June 2011, the Town established an OPEB Liability Trust Fund and the value from the Town's Insurance Reserve Trust Fund was transferred into the OPEB Liability Trust Fund. Transfers into, and the balances of, the fund in recent years have been as follows:

Fiscal Year Ended June 30,	Appropriations During Fiscal Year	OPEB Liability Trust Fund Balance
2018	\$ 528,000	\$ 3,977,288
2017	478,000	3,287,096
2016	350,000	2,676,922
2015	478,000	2,146,108
2014	250,000	1,373,922

For further information relating to the Town's other post-employment benefits, please refer to Appendix A.

EMPLOYEE RELATIONS

City and town employees (other than managerial or confidential employees) are entitled to join unions and to bargain collectively on questions of wages, hours and other terms and conditions of employment. The Town has approximately 1,210 full-time, 121 part-time and an average of 496 seasonal employees. Of the full and part-time employees of the Town, 1,239 are represented by unions.

<u>Union</u>	<u>Department</u>	<u>No. of People</u>	<u>Contract Expires</u>
Barnstable Teachers Assoc.	School Teachers, Nurses, Clerks & Paraprofessionals	711	6/30/2020
BMEA	Municipal (white collar)	188	6/30/2020
AFSCME	DPW Workers & Golf Course	91	6/30/2020
Mass Cop	Police Patrolmen	88	6/30/2020
AFSCME	School Custodians/Maintenance	52	6/30/2020
Teamsters	Airport	19	6/30/2020
BMEA	Department Head Unit	34	6/30/2020
Mass Cop	Police Superior Officers	24	6/30/2020
BAO	School Administrators	32	6/30/2020
TOTAL		<u>1,239</u>	

LITIGATION

There are several cases pending in various courts throughout the Commonwealth where the Town is a defendant. In the opinion of the Town Attorney, none of the pending litigation is likely to result, either individually or in the aggregate, in final judgment against the Town that would materially affect its financial position.

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

February 6, 2019

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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**

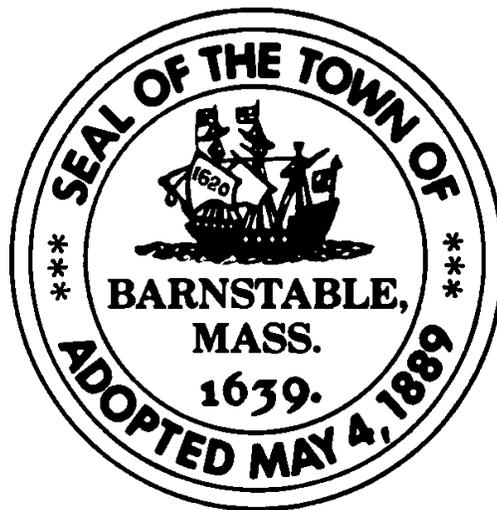


A view of an April sunrise on Sandy Neck.

TOWN OF BARNSTABLE, MASSACHUSETTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the year ended
June 30, 2018



Prepared by:
Finance Department

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TOWN OF BARNSTABLE, MASSACHUSETTS
COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2018

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Introductory Section

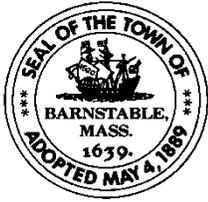


Morning sunrise from Sandy Neck over Cape Cod Bay.

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Introductory Section

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The Town of Barnstable

Office of Town Manager

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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 liened 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

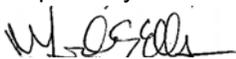
The Government Finance Officer Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Barnstable for its comprehensive annual financial report (CAFR) for the years ended June 30, 2002, through June 30, 2017. In order to be awarded a Certificate of 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,

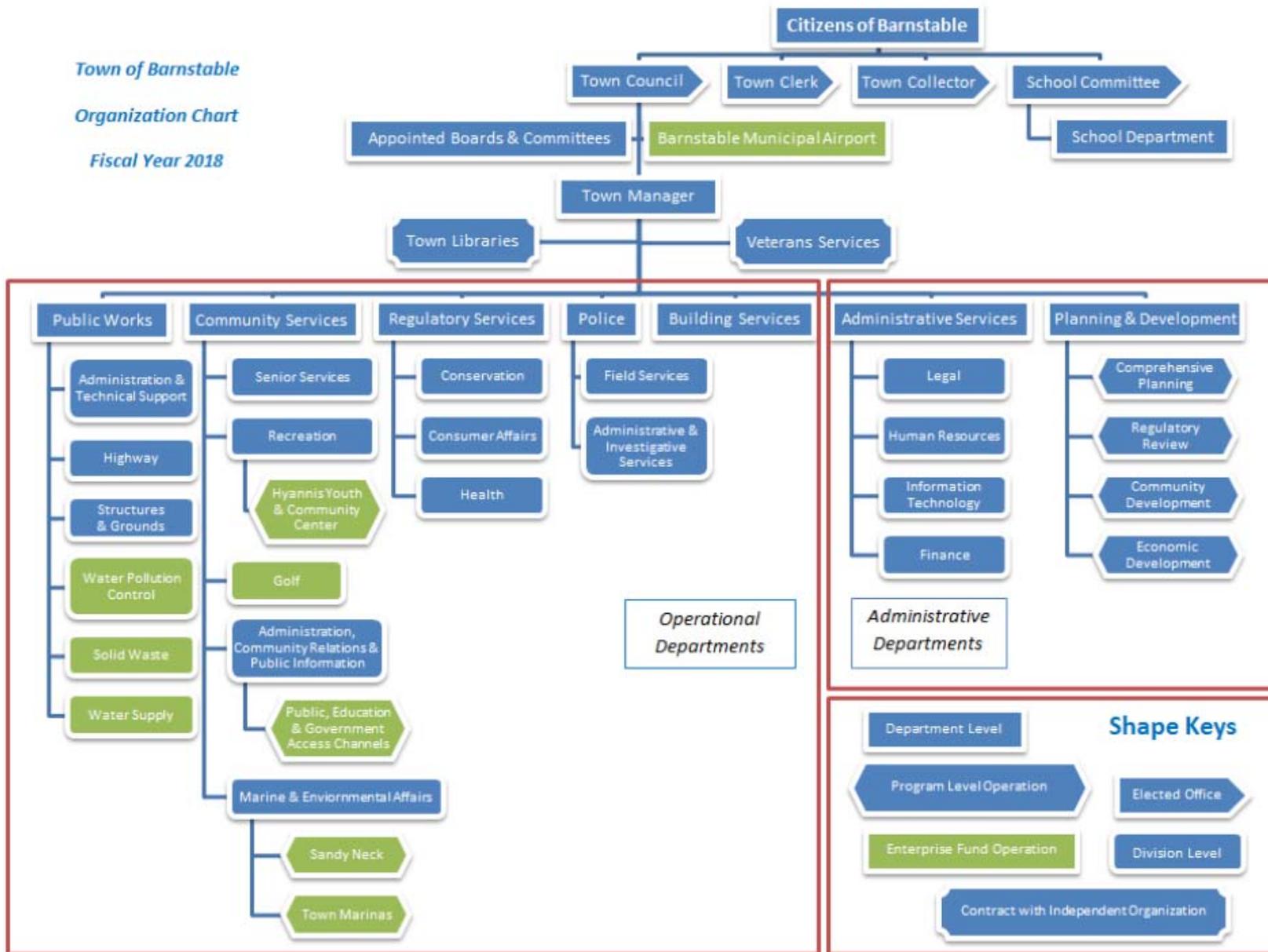


Mark S. Ells
Town Manager



Mark A. Milne
Finance Director

Town of Barnstable
 Organization Chart
 Fiscal Year 2018





Government Finance Officers Association

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for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO



GOVERNMENT FINANCE OFFICERS ASSOCIATION

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**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.

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Financial Section

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Independent Auditor's Report

To the Honorable Town Council
Town of Barnstable, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Barnstable, Massachusetts, as of and for the year ended June 30, 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:

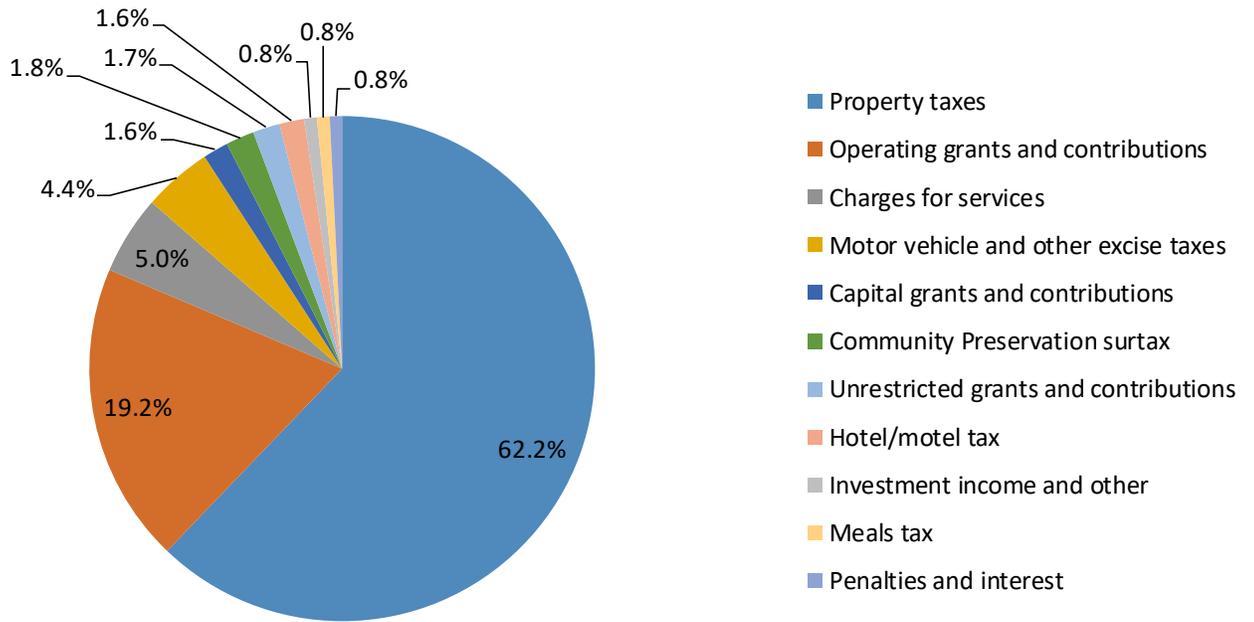
- The Town adopted special legislation to establish the construction and maintenance fund. In accordance with the legislation, the Town reports 100% of the meals tax and 33% of the hotel/motel tax collected directly to this fund. This fund had an ending balance of \$16.7 million, an increase of \$2.4 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

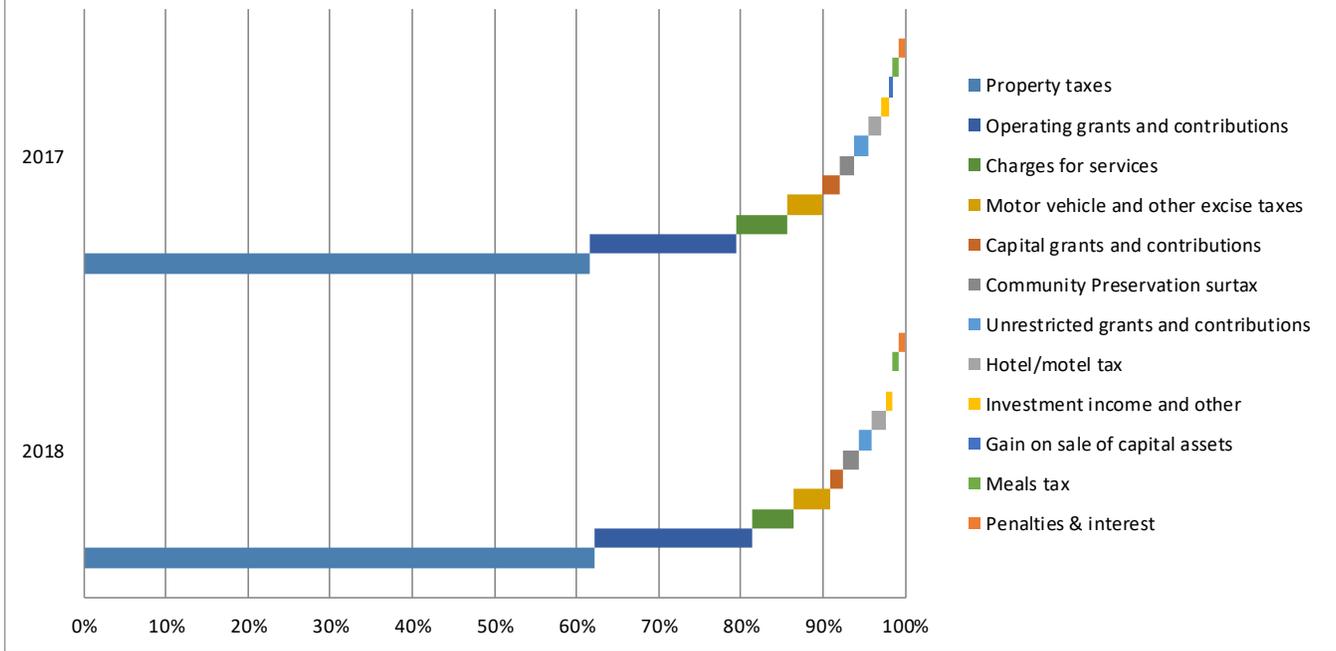
In fiscal year 2018, the Town moved building services from within regulatory services.

FY 2018 Governmental Activities Revenue Type



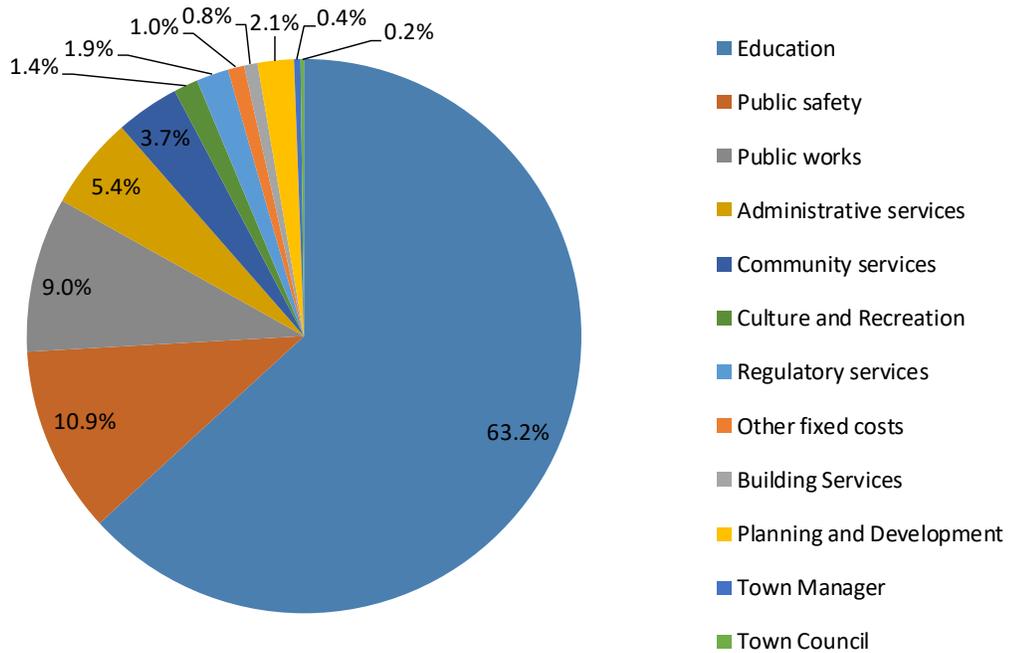
- Charges for services represent 5% of governmental activities resources. The Town can exercise more control over this category of revenue than any other. Fees charged for services rendered that are set by the Council and Manager are included in this category.
- Operating and capital grants and contributions 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



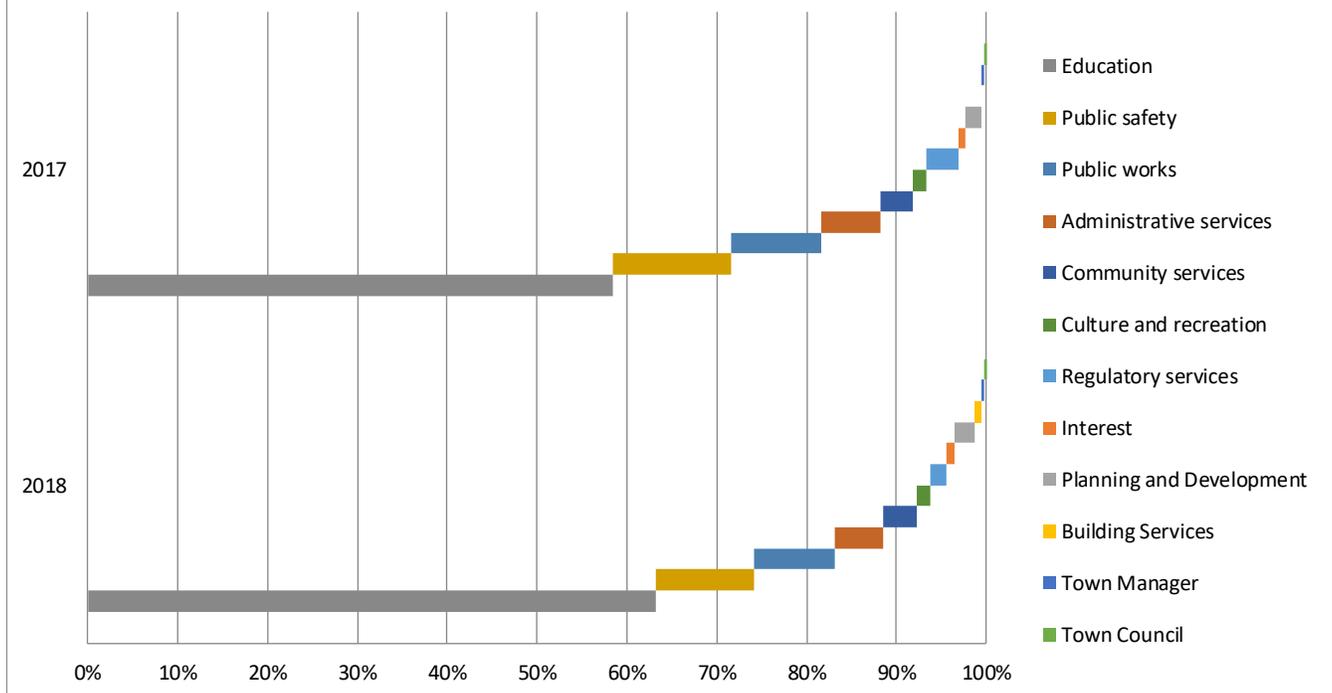
- Property taxes increased from 61.6% to 62.2% of total governmental activities revenue in 2018.
- All other categories of governmental activities revenue remained relatively the same.
- Collectively, property taxes, excise taxes and community preservation surtax account for 68.4% of all governmental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

FY 2018 Governmental Activities Expenses

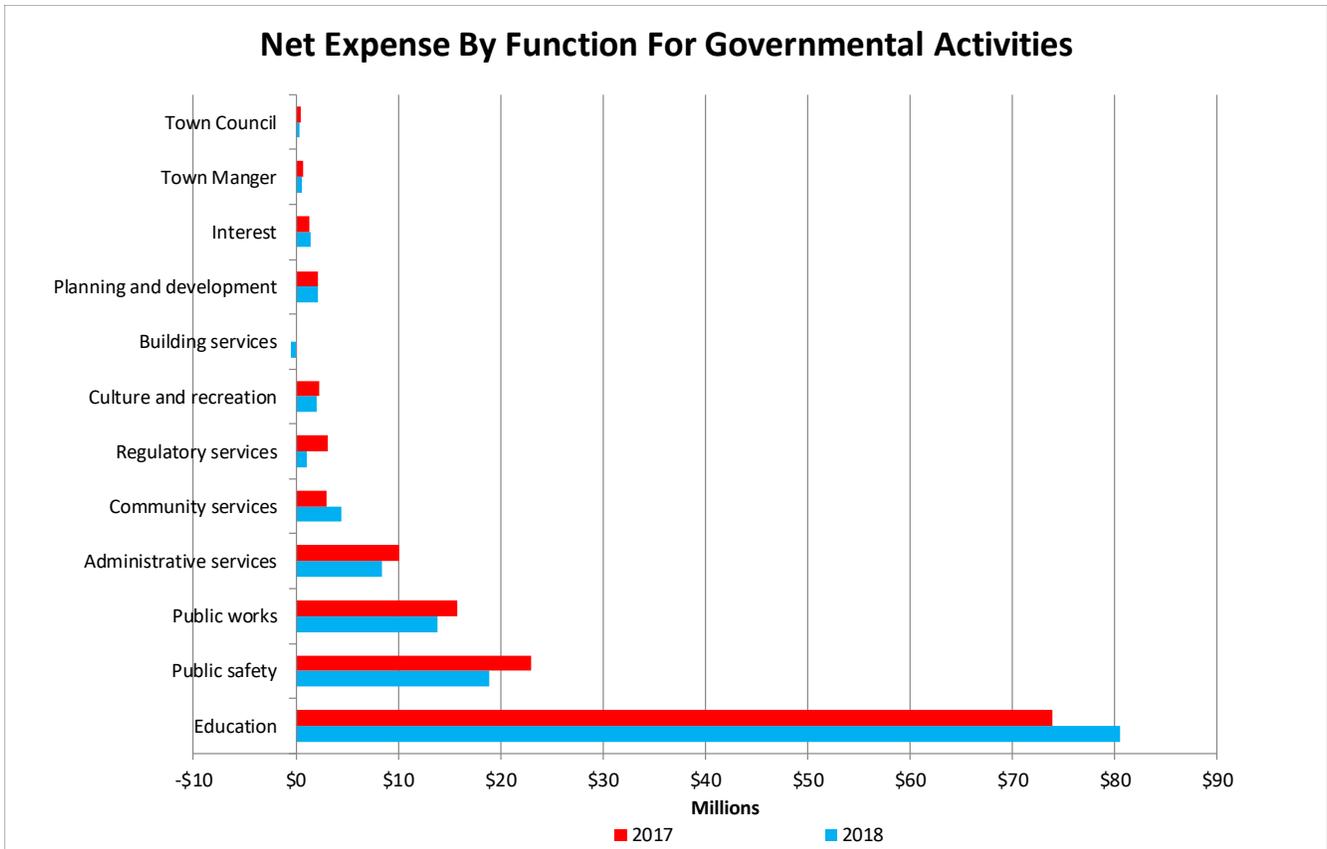


- Education is by far the largest governmental activity of the Town totaling \$115.1 million or 63.2% of all expenses.
- Public safety is the second largest activity consisting of \$19.9 million or 10.9%.
- Public works is the third largest category at \$16.4 million or 9%.
- 84.1% of all governmental 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.

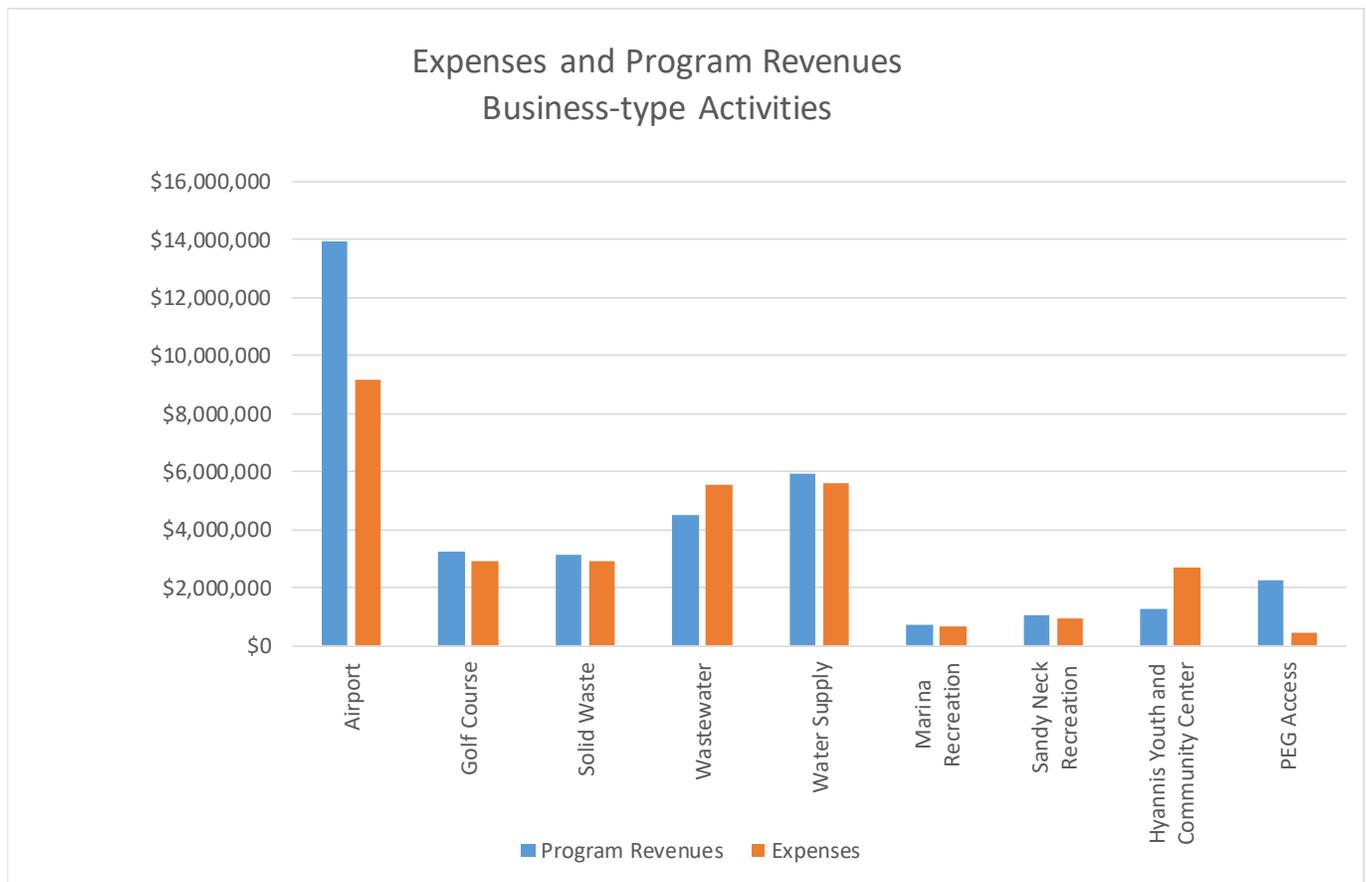


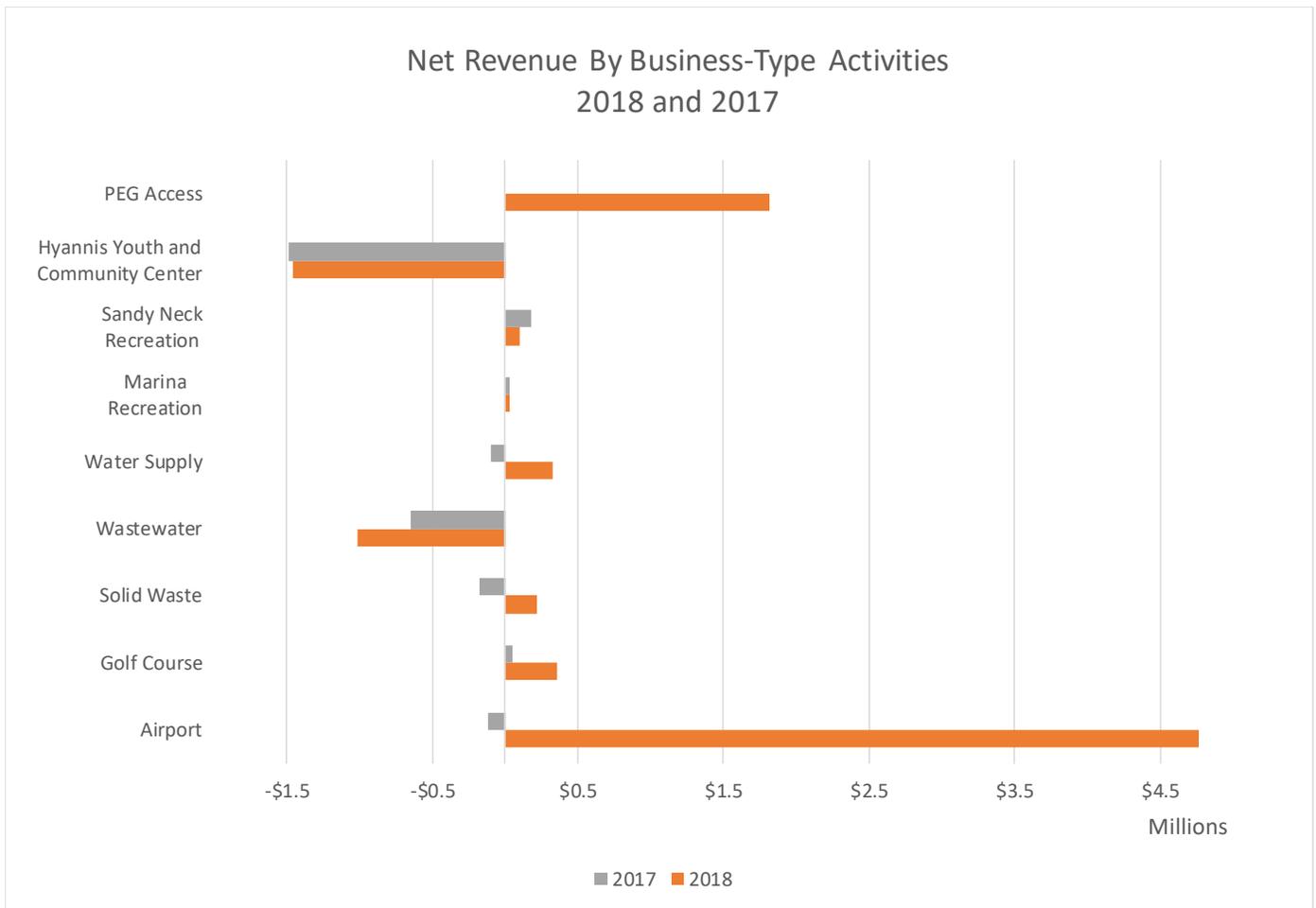
The change in the net expenses by function from year to year is useful to understand where tax dollars and other general revenues not restricted for particular purposes are being allocated.

- 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>	<u>Increase (Decrease)</u>
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>	<u>Increase (Decrease)</u>
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
	<u> </u>	<u> </u>	<u> </u>
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
	<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
	<u>277,501,384</u>	<u>(84,783,510)</u>	<u>192,717,874</u>
Grant Total.....	\$ 710,345,563	\$ (256,192,774)	\$ 454,152,789

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.

Basic Financial Statements

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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>
\$ 125,411	\$ 81,254	\$ (1,186,765)	\$ 394,042	\$ (3,386,940)	\$ 516,625
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
Total capital assets being depreciated.....	<u>14,792,585</u>	<u>44,814</u>	<u>-</u>	<u>14,837,399</u>
<u>Less accumulated depreciation:</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.....				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

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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.....	35,018,401	-	-	-	-	(856,191)	34,162,210
Total Fund Balances.....	\$ 43,207,290	\$ 16,669,667	\$ 13,943,057	\$ 408,658	\$ 10,479,392	\$ 29,059,025	\$ 113,767,089

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.....	100.00%	

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..... \$	220,024,546	\$ 188,405,101	\$ 163,203,487

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..... \$	159,698,779	\$ 188,405,101	\$ 225,138,468

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 PlanA. 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.....	776,170	-	101,286	-	877,456
TOTAL ASSETS.....	\$ 2,898,139	\$ 4,226,472	\$ 3,295,470	\$ 2,317,442	\$ 12,737,523
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.....	2,075,770	-	-	-	2,075,770
TOTAL LIABILITIES.....	2,133,107	24,795	40,565	146,224	2,344,691
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue.....	776,171	-	104,855	-	881,026
FUND BALANCES					
Nonspendable.....	-	-	-	-	-
Restricted.....	845,052	4,201,677	3,150,050	2,171,218	10,367,997
Unassigned.....	(856,191)	-	-	-	(856,191)
TOTAL FUND BALANCES.....	(11,139)	4,201,677	3,150,050	2,171,218	9,511,806
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....	\$ 2,898,139	\$ 4,226,472	\$ 3,295,470	\$ 2,317,442	\$ 12,737,523

(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				
	Town Revolving Funds	School Revolving Funds	Town Gift, Grant, and Other Funds	School Gift and Grant Funds	Subtotal
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.

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Statistical Section

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

Net Position By Component

Last Ten Years

	<u>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%

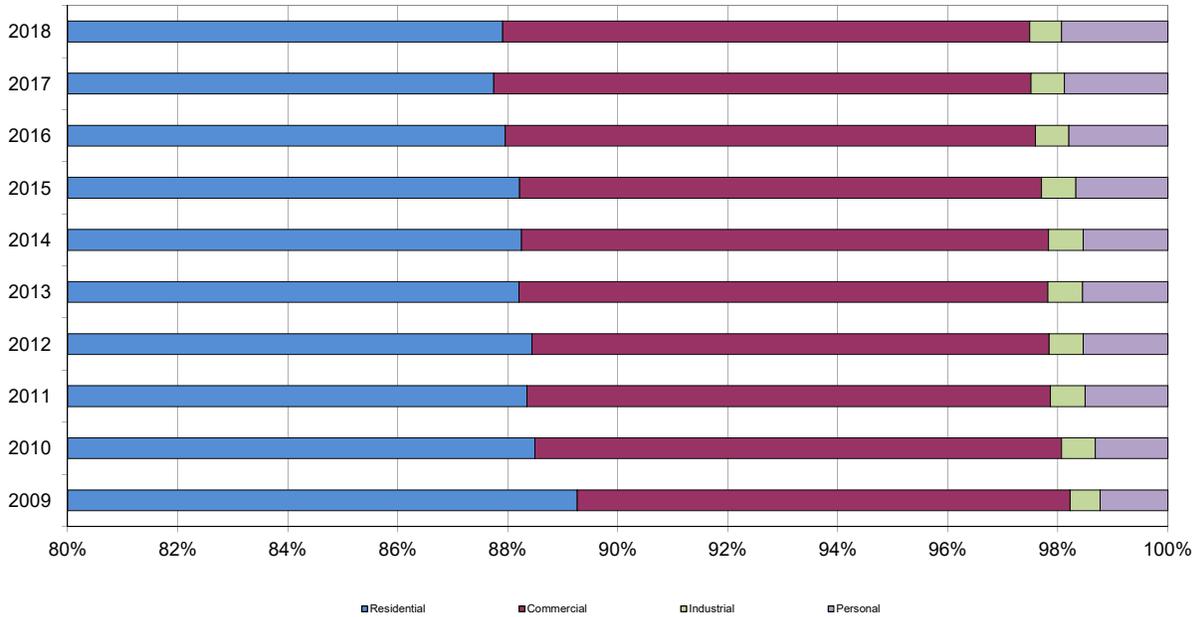
(1) = Through special legislation in 2014, the Town accounted for meals tax revenue in the Sewer Expansion Trust Fund which was reported in the Wastewater enterprise fund. Beginning in 2015, through special legislation, the Town created the Construction and Maintenance fund which reports all meals tax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

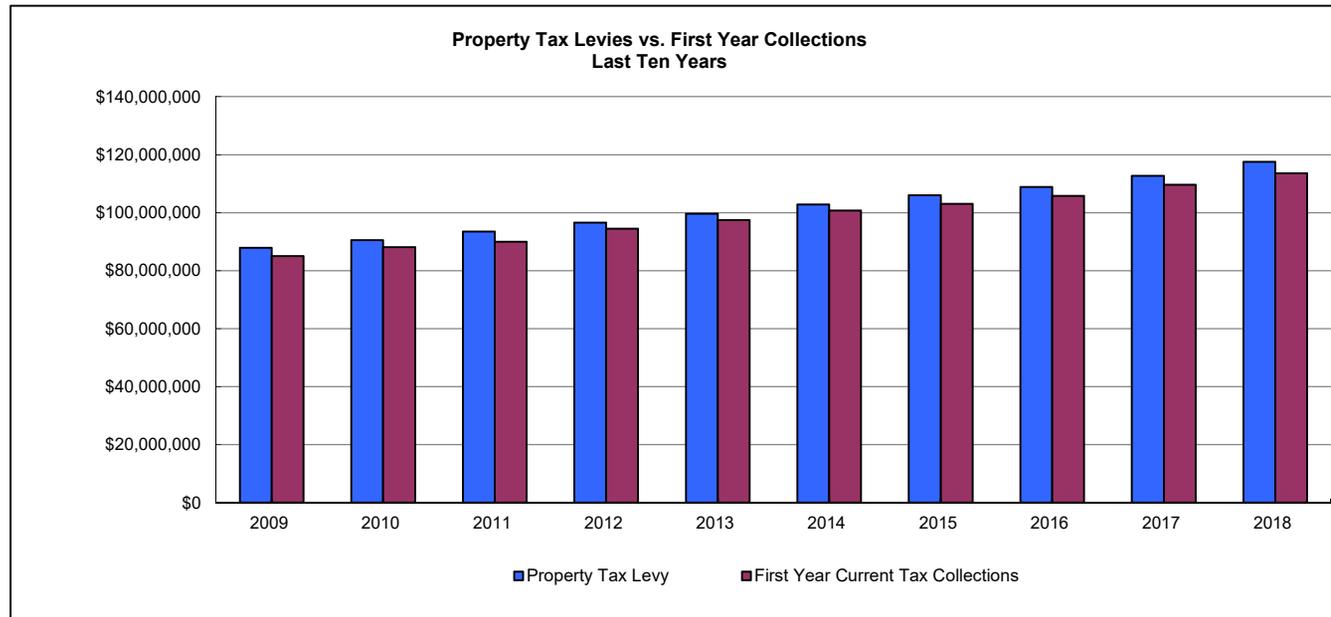
Name	Nature of Business	2018			2009		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
Eversource	Public Utility	\$ 125,020,770	1	0.92%	\$ -	-	-
Mayflower Cape Cod, LLC	Cape Cod Mall	110,579,700	2	0.81%	115,959,000	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.....	\$ <u>673,007,750</u>	\$ <u>588,716,490</u>	\$ <u>591,761,521</u>	\$ <u>543,159,765</u>	\$ <u>543,519,529</u>	\$ <u>520,232,248</u>	\$ <u>556,968,180</u>	\$ <u>577,849,633</u>	\$ <u>566,078,235</u>	\$ <u>622,635,173</u>
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

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(Date of Delivery)

Debra M. Blanchette, Treasurer
Town of Barnstable
Barnstable, Massachusetts

\$10,540,000
Town of Barnstable, Massachusetts
General Obligation Municipal Purpose Loan of 2019 Bonds
Dated February 26, 2019

We have acted as bond counsel to the Town of Barnstable, Massachusetts (the "Town") in connection with the issuance by the Town of the above-referenced bonds (the "Bonds"). In such capacity, we have examined the law and such certified proceedings and other papers as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion we have relied upon representations and covenants of the Town contained in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based on our examination, we are of the opinion, under existing law, as follows:

1. The Bonds are valid and binding general obligations of the Town and, except to the extent they are paid from other sources, the principal of and interest on the Bonds are payable from taxes which may be levied upon all taxable property in the Town, subject to the limit imposed by Chapter 59, Section 21C of the General Laws.

2. Interest on the Bonds is excluded from the gross income of the owners of the Bonds for federal income tax purposes. In addition, interest on the Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. In rendering the opinions set forth in this paragraph, we have assumed compliance by the Town with all requirements of the Internal Revenue Code of 1986, as amended that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, and continue to be, excluded from gross income for federal income tax purposes. The Town has covenanted to comply with all such requirements. Failure by the Town to comply with certain of such requirements may cause interest on the Bonds to become included in gross income for federal

income tax purposes retroactive to the date of issuance of the Bonds. We express no opinion regarding any other federal tax consequences arising with respect to the Bonds.

3. Interest on the Bonds is exempt from Massachusetts personal income taxes and the Bonds are exempt from Massachusetts personal property taxes. We express no opinion regarding any other Massachusetts tax consequences arising with respect to the Bonds or any tax consequences arising with respect to the Bonds under the laws of any state other than Massachusetts.

This opinion is expressed as of the date hereof, and we neither assume nor undertake any obligation to update, revise, supplement or restate this opinion to reflect any action taken or omitted, or any facts or circumstances or changes in law or in the interpretation thereof, that may hereafter arise or occur, or for any other reason.

The rights of the holders of the Bonds and the enforceability of the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

LOCKE LORD LLP

**PROPOSED FORM OF
CONTINUING DISCLOSURE CERTIFICATE**

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the Town of Barnstable, Massachusetts (the “Issuer”) in connection with the issuance of its \$10,540,000 General Obligation Municipal Purpose Loan of 2019 Bonds dated February 26, 2019 (the “Bonds”). The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Owners of the Bonds and in order to assist the Participating Underwriters in complying with the Rule.

SECTION 2. Definitions. For purposes of this Disclosure Certificate the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board as established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Disclosure Certificate. Filing information relating to the MSRB is set forth in Exhibit A attached hereto.

“Obligated Person” shall mean the Issuer.

“Owners of the Bonds” shall mean the registered owners, including beneficial owners, of the Bonds.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Rule” shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, not later than 270 days after the end of each fiscal year, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted when available separately from the balance of the Annual Report.

(b) If the Issuer is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall send a notice to the MSRB in a timely manner, in substantially the form attached as Exhibit B.

SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall contain or incorporate by reference the following:

(a) quantitative information for the preceding fiscal year of the type presented in the Issuer's Official Statement dated February 6, 2019 relating to the Bonds regarding (i) the revenues and expenditures of the Issuer relating to its operating budget, (ii) capital expenditures, (iii) fund balances, (iv) property tax information, (v) outstanding indebtedness and overlapping debt of the Issuer, (vi) pension obligations of the Issuer, and (vii) other post-employment benefits liability of the Issuer, and

(b) the most recently available audited financial statements of the Issuer, prepared in accordance with generally accepted accounting principles, with certain exceptions permitted by the Massachusetts Uniform Municipal Accounting System promulgated by the Department of Revenue of the Commonwealth. If audited financial statements for the preceding fiscal year are not available when the Annual Report is submitted, the Annual Report will include unaudited financial statements for the preceding fiscal year and audited financial statements for such fiscal year shall be submitted when available.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which (i) are available to the public on the MSRB internet website or (ii) have been filed with the Securities and Exchange Commission. The Issuer shall clearly identify each such other document so incorporated by reference.

SECTION 5. Reporting of Significant Events.

(a) The Issuer shall give notice, in accordance with the provisions of this Section 5, of the occurrence of any of the following events with respect to the Bonds:

1. Principal and interest payment delinquencies.
2. Non-payment related defaults, if material.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.

7. Modifications to rights of the Owners of the Bonds, if material.
 8. Bond calls, if material, and tender offers.
 9. Defeasances.
 10. Release, substitution or sale of property securing repayment of the Bonds, if material.
 11. Rating changes.
 12. Bankruptcy, insolvency, receivership or similar event of the Obligated Person.*
 13. The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
 14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (b) Upon the occurrence of a Listed Event, the Issuer shall, in a timely manner not in excess of ten (10) business days after the occurrence of the event, file a notice of such occurrence with the MSRB.

SECTION 6. Transmission of Information and Notices. Unless otherwise required by law, all notices, documents and information provided to the MSRB shall be provided in electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 7. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(b).

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate and any provision of this Disclosure Certificate may be waived if such amendment or waiver is permitted by the Rule, as

* As noted in the Rule, this event is considered to occur when any of the following occur: (i) the appointment of a receiver, fiscal agent or similar officer for the Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or (ii) the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

evidenced by an opinion of counsel expert in federal securities law (which may include bond counsel to the Issuer), to the effect that such amendment or waiver would not cause the Disclosure Certificate to violate the Rule. The first Annual Report filed after enactment of any amendment to or waiver of this Disclosure Certificate shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of information being provided in the Annual Report.

If the amendment provides for a change in the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information in order to provide information to investors to enable them to evaluate the ability of the Issuer to meet its obligations. To the extent reasonably feasible, the comparison shall also be quantitative. A notice of the change in the accounting principles shall be sent to the MSRB.

SECTION 9. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any Owner of the Bonds may seek a court order for specific performance by the Issuer of its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not constitute a default with respect to the Bonds, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action for specific performance of the Issuer's obligations hereunder and not for money damages in any amount.

SECTION 10. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Owners of the Bonds from time to time, and shall create no rights in any other person or entity.

Date: February 26, 2019

TOWN OF BARNSTABLE,
MASSACHUSETTS

By: _____
Treasurer

Title:

[EXHIBIT A: Filing Information for the MSRB]
[EXHIBIT B: Form of Notice of Failure to File Annual Report]

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BARNSTABLE FIRE DISTRICT

Nature and Powers of District

The Barnstable Fire District, established in 1927, is located in the Town of Barnstable, Massachusetts. The District serves residents of the village of Barnstable. The function of the District is to provide fire protection, street lights, and a water supply and distribution system.

The principal executive body of the District is the Prudential Committee, a three-member elected body. Management of the fire department rests with the Fire Chief and that of the Water Department with an elected Board of Water Commissioners.

The District's legislative body is the District meeting, consisting of the registered voters of the Town of Barnstable residing within the District's territory. The District is empowered, subject to authorization by a vote of the District meeting, to provide its inhabitants with street lights, a fire department and a public water system, and to raise funds by taxation and other lawful means and to establish water rates and charges to provide water service and to defray the operating expenses of same. Bonds are authorized by a two-thirds vote of the District meeting.

Taxes levied by the District are assessed and collected by the Town of Barnstable upon the property located within the territorial limits of the District in the same manner as Town taxes. Such tax collections by the Town are paid to the District.

The District employs 23 full time fire personnel, which includes the Chief and 5 water personnel.

Revenues

Property Taxes: The District has the power to levy ad valorem taxes upon all the property within its territorial limits that is or could be served by it for the payment of capital and operating expenses, including debt service.

Water Rates: All users (commercial and residential) are charged for water used at the rate of \$3.40 per 1,000 gallons for the first 45,000 gallons, \$4.67 per 1,000 gallons for 46,000-200,000 gallons, and \$7.51 for each 1,000 gallons thereafter. Bills are mailed by the District semiannually in January and July with overage for the previous year being charged on the first bill of the year. Unpaid water bills become a lien on the property served. In addition to water rates, the District receives income from sales of water and hydrant services and one time systems improvement charges.

Property Taxation

The District has the power to levy ad valorem taxes upon all taxable property within its boundaries to pay debt service and operating expenses, except to the extent such expenses are met from use charges. The following table illustrates the manner in which the tax levy was determined in recent years.

	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019
Gross Amount to be Raised:					
Appropriations	\$ 4,592,409	\$ 5,030,487	\$ 5,288,112	\$ 5,668,421	\$ 5,738,911
Overlay for Current Year (1)	27,301	31,100	33,365	35,411	14,900
Other Local Expenditures	-	2,425	-	-	-
Total	<u>4,619,710</u>	<u>5,064,012</u>	<u>5,321,477</u>	<u>5,703,833</u>	<u>5,753,811</u>
Offsets:					
Local Estimated Receipts (water)	858,400	917,800	1,097,800	1,090,000	1,090,000
Local Estimated Receipts (other)	-	-	-	-	-
Other Available Funds (2)	488,161	497,286	620,970	897,405	1,072,319
Total	<u>1,346,561</u>	<u>1,415,086</u>	<u>1,718,770</u>	<u>1,987,405</u>	<u>2,162,319</u>
Tax Levy	\$ 3,273,149	\$ 3,648,926	\$ 3,602,708	\$ 3,716,428	\$ 3,591,493

(1) Allowance for abatements.

(2) Includes appropriations from "free cash".

Assessed Valuations and Tax Levies

The responsibility for assessing the value of property within the District rests with the Board of Assessors of the Town of Barnstable. The property within the District is assessed on the same basis as the rest of the Town. The following table sets forth the recent trend in the assessed value of taxable real and personal property within the District, and tax rates and tax levies.

Fiscal Year	Assessed Valuations			Tax Rate
	Real Property	Personal Property	Total	
2019	\$ 1,292,861,253	\$ 27,540,430	\$ 1,320,401,683	\$ 2.72
2018	1,223,886,800	27,435,610	1,251,322,410	2.97
2017	1,190,969,500	26,161,520	1,217,131,020	2.96
2016	1,182,911,400	25,342,250	1,208,253,650	3.02
2015	1,141,342,100	23,479,540	1,164,821,640	2.81

Classification of Real Property

Type	Fiscal 2019		Fiscal 2018		Fiscal 2017	
	Assessed Valuation	% of Total	Assessed Valuation	% of Total	Assessed Valuation	% of Total
Residential	\$ 1,087,516,128	82.36 %	\$ 1,024,457,840	81.87 %	\$ 992,674,750	81.56 %
Commercial	149,440,925	11.32	143,141,360	11.44	141,641,150	11.64
Industrial	55,904,200	4.23	56,287,600	4.50	56,653,600	4.65
Personal	27,540,430	2.09	27,435,610	2.19	26,161,520	2.15
Total	\$ 1,320,401,683	100.00 %	\$ 1,251,322,410	100.00 %	\$ 1,217,131,020	100.00 %

Free Cash

Year	July 1 Free Cash
2018	\$ 217,174
2017	525,222
2016	627,311
2015	598,717
2014	480,936

District Five Years' Outstanding Debt

Fiscal Year End	General Obligation Bonds & Serial Notes Outstanding
2018	\$ 2,287,184
2017	873,888
2016	895,000
2015	1,070,000
2014	1,245,000

CENTERVILLE-OSTERVILLE-MARSTONS MILLS FIRE DISTRICT

Nature and Powers of District

The Centerville-Osterville-Marstons Mills Fire District, established in 1926, is located in the Town of Barnstable, Massachusetts. The District serves residents of Centerville, Marstons Mills, and Osterville, all villages in Barnstable. The function of the District is to provide fire protection and water.

The principal governing body of the District is the Prudential Committee, an elected body. Management of the fire department rests with an elected Board of Engineers and that of the Water Department with an elected Board of Water Commissioners.

The District is empowered, subject to authorization by a vote of the District meeting, to raise money by taxation for water and fire protection services, and for repair and related expenses. Bonds are authorized by a two-thirds vote of the District meeting.

Taxes for the District are assessed and collected by the Town of Barnstable in the same manner as Town taxes. Such tax collections by the Town are paid to the District.

The District employs 77 full-time and 1 part-time persons, including fire personnel, the Chief and Deputy Chief, dispatchers, custodian, mechanic, secretaries and water personnel.

Revenues

Property Taxes: The District has the power to levy ad valorem taxes upon all the property within its territorial limits that is or could be served by it for the payment of capital and operating expenses, including debt service.

Water Rates: District customers are charged a flat fee of \$30.00 plus \$1.00 per gallon up to 20,000 gallons. Excess is charged at \$2.90 per 1,000 gallons from 21,000 to 200,000 gallons and \$3.95 per 1,000 gallons from 201,000 and over. Bills are mailed by the District semi-annually with overage being billed semi-annually. Unpaid water bills become a lien on the property served.

Water Betterments: In addition to water rates and property taxes, the District levies betterment assessments for all related improvement costs to the District's water system. Assessments are levied on a property frontage basis. District users are given options of repayment varying from 30 days to over twenty years. Interest accrues on outstanding assessments currently at the rate of 2% above the respective bond issue interest rate for the improvements. Bills are paid to the District.

Property Taxation

The District has the power to levy ad valorem taxes upon all taxable property within its boundaries to pay debt service and operating expenses, except to the extent such expenses are met from user charges. The following table illustrates the manner in which the tax levy was determined in recent years.

	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019
Gross Amount to be Raised:					
Appropriations	\$ 15,291,919	\$ 16,656,265	\$ 13,644,522	\$ 17,946,844	\$ 16,831,630
Overlay for Current Year	74,994	54,982	59,130	126,435	139,222
Other Local Expenditures	5,115	107	-	-	1,651,017
Total	<u>\$ 15,372,027</u>	<u>\$ 16,711,355</u>	<u>\$ 13,703,653</u>	<u>\$ 18,073,280</u>	<u>\$ 18,621,869</u>
Offsets:					
Local Estimated Receipts	\$ 2,789,888	\$ 2,950,658	\$ 2,951,017	\$ 3,117,760	\$ 2,919,536
Other Available Funds	2,285,161	2,801,925	2,292,003	4,754,763	2,454,319
Free Cash Used to Reduce Taxes	-	-	-	-	-
Total	<u>\$ 5,075,049</u>	<u>\$ 5,752,583</u>	<u>\$ 5,243,020</u>	<u>\$ 7,872,523</u>	<u>\$ 5,373,854</u>
Tax Levy	\$ 10,296,979	\$ 10,958,772	\$ 8,460,633	\$ 11,450,756	\$ 13,248,015

Assessed Valuations and Tax Levies

The responsibility of assessing the value of property within the District rests with the Board of Assessors of the Town of Barnstable. The property within the District is assessed on the same basis as the rest of the Town. The following table sets forth the recent trend in the assessed value of taxable real and personal property within the District and tax rates and tax levies.

Fiscal Year	Assessed Valuations			Tax Rate
	Real Property	Personal Property	Total	
2019	\$ 7,334,907,500	\$ 107,797,320	\$ 7,442,704,820	\$ 1.78
2018	7,009,191,100	103,079,880	7,112,270,980	1.61
2017	6,838,084,300	96,860,680	6,934,944,980	1.22
2016	6,800,581,900	91,727,350	6,892,309,250	1.59
2015	6,561,793,000	81,419,140	6,643,212,140	1.55

Classification of Real Property

Type	Fiscal 2019		Fiscal 2018		Fiscal 2017	
	Assessed Valuation	% of Total	Assessed Valuation	% of Total	Assessed Valuation	% of Total
Residential	\$ 7,071,148,301	95.01 %	\$ 6,753,013,184	94.95 %	\$ 6,585,037,920	94.95 %
Commercial	258,248,899	3.47	250,748,116	3.53	247,595,180	3.57
Industrial	5,510,300	0.07	5,429,800	0.08	5,451,200	0.08
Personal	107,797,320	1.45	103,079,880	1.45	96,860,680	1.40
Total	<u>\$ 7,442,704,820</u>	<u>100.00 %</u>	<u>\$ 7,112,270,980</u>	<u>100.00 %</u>	<u>\$ 6,934,944,980</u>	<u>100.00 %</u>

Free Cash

Year	July 1 Free Cash
2018	\$ 164,070
2017	(1,554,484)
2016	960,877
2015	170,647
2014	470,238
2013	502,624

District Five Years' Outstanding Debt

Fiscal Year End	General Obligation Bonds & Serial Notes Outstanding
2018	\$ 1,655,252
2017	1,765,757
2016	2,074,089
2015	2,965,293
2014	3,854,409

COTUIT FIRE DISTRICT

Nature and Powers of District

The Cotuit Fire District, established in 1926, is located in the Town of Barnstable, Massachusetts. The function of the District is to provide the village of Cotuit with water and fire protection.

The principal governing body of the District is the Prudential Committee, an elected body. Management of the fire department rests with an elected Board of Fire Commissioners and that of the Water Department with an elected Board of Water Commissioners.

The District is empowered, subject to authorization by a vote of the District meeting, to raise money by taxation for water and fire protection services, and for repair and related expenses. Bonds are authorized by a two-thirds vote of the District meeting.

Taxes for the District are assessed and collected by the Town of Barnstable in the same manner as Town taxes. Such tax collections by the Town are paid to the District.

The District employs 19 full-time and 4 part-time: the fire department comprises 14 full-time fire fighters, 1 part-time call fire fighter, a full-time Chief and EMT administrator; the water department employs five full-time staff; and the District has 3 part-time staff.

Revenues

Property Taxes: The District has the power to levy ad valorem taxes upon all the property within its territorial limits that is or could be served by it for the payment of capital and operating expenses, including debt service.

Water Rates: All users (commercial and residential) are charged for water used at a flat rate of \$36.00 when their annual use is between 1,000 gallons and 20,000 gallons. Between 20,001 gallons and 40,000 gallons, the rate is \$1.80 per 1,000 gallons; between 40,001 gallons and 90,000 gallons, the rate is \$2.45 per 1,000 gallons; between 90,001 gallons and 120,000 gallons, the rate is \$2.70 per 1,000 gallons; and a rate of \$3.00 per 1,000 gallons will be charged for all quantities above 120,000 gallons used in a billing year. Bills are mailed by the District annually on March 1 with overage being charged on November 1. In addition to water rates the District receives income from sales of water services.

Property Taxation

The District has the power to levy ad valorem taxes upon all taxable property within its boundaries to pay debt service and operating expenses, except to the extent such expenses are met from user charges. The following table illustrates the manner in which the tax levy was determined in recent years.

	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019
Gross Amount to be Raised:					
Appropriations	\$ 4,338,159	\$ 4,549,823	\$ 4,404,885	\$ 4,554,177	\$ 4,606,499
Overlay for Current Year (1)	22,074	30,473	24,371	36,150	32,949
Other Local Expenditures	658	-	-	725	164,000
Total	<u>\$ 4,360,891</u>	<u>\$ 4,580,296</u>	<u>\$ 4,429,256</u>	<u>\$ 4,591,053</u>	<u>\$ 4,803,448</u>
Offsets:					
Local Estimated Receipts	\$ 715,000	\$ 750,000	\$ 835,000	\$ 777,500	\$ 736,000
Other Available Funds (2)	759,152	874,675	529,416	626,800	476,050
Free Cash Used to Reduce Taxes	-	-	-	-	-
Overlay Reduction Voted to Reduce Taxes	-	-	-	-	118,399
Total	<u>\$ 1,474,152</u>	<u>\$ 1,624,675</u>	<u>\$ 1,364,416</u>	<u>\$ 1,404,300</u>	<u>\$ 1,330,449</u>
Tax Levy	<u>\$ 2,886,739</u>	<u>\$ 2,955,621</u>	<u>\$ 3,064,840</u>	<u>\$ 3,186,753</u>	<u>\$ 3,472,999</u>

(1) Allowance for abatements.

(2) Includes appropriations from "free cash".

Assessed Valuations and Tax Levies

The responsibility of assessing the value of property within the District rests with the Board of Assessors of the Town of Barnstable. The property within the District is assessed on the same basis as the rest of the Town. The following table sets forth the recent trend in the assessed value of taxable real and personal property within the District, and tax rates and tax levies.

Fiscal Year	Assessed Valuations			Tax Rate
	Real Property	Personal Property	Total	
2019	\$ 1,441,560,700	\$ 17,682,690	\$ 1,459,243,390	\$ 2.38
2018	1,387,154,500	16,701,260	1,403,855,760	2.27
2017	1,340,621,600	15,502,330	1,356,123,930	2.26
2016	1,328,654,700	14,809,430	1,343,464,130	2.20
2015	1,287,241,800	13,090,890	1,300,332,690	2.22

Classification of Real Property

Type	Fiscal 2017		Fiscal 2018		Fiscal 2019	
	Assessed Valuation	% of Total	Assessed Valuation	% of Total	Assessed Valuation	% of Total
Residential	\$ 1,324,295,285	97.65 %	\$ 1,370,226,029	97.60 %	\$ 1,424,492,262	97.62 %
Commercial	16,222,915	1.20	16,825,071	1.20	16,963,938	1.16
Industrial	103,400	0.01	103,400	0.01	104,500	0.01
Personal	15,502,330	1.14	16,701,260	1.19	17,682,690	1.21
Total	<u>\$ 1,356,123,930</u>	<u>100.00 %</u>	<u>\$ 1,403,855,760</u>	<u>100.00 %</u>	<u>\$ 1,459,243,390</u>	<u>100.00 %</u>

Free Cash

Year	July 1 Free Cash
2018	N.A.
2017	\$ 440,963
2016	728,957
2015	684,226
2014	416,120
2013	841,975

District Five Years' Outstanding Debt

Fiscal Year End	General Obligation Bonds & Serial Notes Outstanding
2018	\$1,200,000
2017	1,300,000
2016	1,405,000
2015	1,510,000
2014	1,615,000

HYANNIS FIRE DISTRICT

Nature and Powers of the District

The Hyannis Fire District, established in 1896, is located in the Town of Barnstable, Massachusetts. The function of the District is to provide the village of Hyannis with fire protection.

The principal governing body of the District is the Board of Commissioners, an elected body. Management of the fire department rests with the elected Board of Commissioners.

The District is empowered, subject to authorization by a vote of the District meeting, to raise money by taxation for fire protection services, and for repair and related expenses. Bonds are authorized by a two-thirds vote of the District meeting.

Taxes for the District are assessed and collected by the Town of Barnstable in the same manner as Town taxes. Such tax collections by the Town are paid to the District.

The District employs 54 full time fire personnel, which includes the Chief, and 5 full time personnel.

Revenues

Property Taxes: The District has the power to levy ad valorem taxes upon all the property within its territorial limits that is or could be served by it for the payment of capital and operating expenses, including debt service.

Property Taxation

The District has the power to levy ad valorem taxes upon all taxable property within its boundaries to pay debt service and operating expenses, except to the extent such expenses are met from user charges. The following table illustrates the manner in which the tax levy was determined in recent years.

	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019
Gross Amount to be Raised:					
Appropriations	\$ 10,599,412	\$ 11,403,775	\$ 11,670,887	\$ 12,420,382	\$ 14,468,060
Overlay for Current Year	75,240	116,190	82,065	43,669	57,320
Other Local Expenditures	-	-	-	276,128	-
Total	<u>\$ 10,674,652</u>	<u>\$ 11,519,965</u>	<u>\$ 11,752,952</u>	<u>\$ 12,740,179</u>	<u>\$ 14,525,380</u>
Offsets:					
Local Estimated Receipts	\$ 94,863	\$ 70,963	\$ 84,323	\$ 90,613	\$ 78,900
Other Available Funds	1,670,000	2,170,000	1,775,000	1,375,000	1,888,500
Free Cash Used to Reduce Taxes	800,000	300,000	700,000	900,000	171,000
Total	<u>\$ 2,564,863</u>	<u>\$ 2,540,963</u>	<u>\$ 2,559,323</u>	<u>\$ 2,365,613</u>	<u>\$ 2,138,400</u>
Tax Levy	<u>\$ 8,109,789</u>	<u>\$ 8,979,002</u>	<u>\$ 9,193,629</u>	<u>\$ 10,374,566</u>	<u>\$ 12,386,980</u>

Assessed Valuations and Tax Levies

The responsibility for assessing the value of property within the District rests with the Board of Assessors of the Town of Barnstable. The property within the District is assessed on the same basis as the rest of the Town. The following table sets forth the recent trend in the assessed value of taxable real and personal property within the District, and tax rates and tax levies.

Fiscal Year	Assessed Valuations			Tax Rates	
	Real Property	Personal Property	Total	Residential	Commercial
2019	\$ 3,308,604,075	\$ 109,446,760	\$ 3,418,050,835	\$ 3.08	\$ 4.89
2018	3,153,846,500	108,793,830	3,262,640,330	2.69	4.29
2017	3,048,196,480	103,573,090	3,151,769,570	2.45	3.94
2016	3,034,123,180	97,753,510	3,131,876,690	2.42	3.87
2015	2,950,108,285	88,280,880	3,038,389,165	2.27	3.60

Classification of Real Property

Type	Fiscal 2019		Fiscal 2018		Fiscal 2017	
	Assessed Valuation	% of Total	Assessed Valuation	% of Total	Assessed Valuation	% of Total
Residential	\$ 2,390,797,419	69.95 %	\$ 2,263,850,867	69.39 %	\$ 2,163,988,724	68.66 %
Commercial	900,189,956	26.34	875,139,233	26.82	868,148,656	27.54
Industrial	17,646,700	0.52	14,856,400	0.46	16,059,100	0.51
Personal	109,446,760	3.20	108,793,830	3.33	103,573,090	3.29
Total	<u>\$ 3,418,080,835</u>	<u>100.00 %</u>	<u>\$ 3,262,640,330</u>	<u>100.00 %</u>	<u>\$ 3,151,769,570</u>	<u>100.00 %</u>

Free Cash

Year	July 1 Free Cash
2018	N.A.
2017	\$ 671,557
2016	1,242,665
2015	1,039,889
2014	631,837
2013	1,281,897

District Five Years' Outstanding Debt

Fiscal Year End	General Obligation Bonds & Serial Notes Outstanding
2018	\$18,055,000
2017	2,576,000
2016	2,486,700
2015	-
2014	-

WEST BARNSTABLE FIRE DISTRICT

Nature and Powers of District

The West Barnstable Fire District, established in 1949, is located in the Town of Barnstable, Massachusetts. The function of the District is to provide the village of West Barnstable with fire protection, emergency medical services (EMS), water, and streetlights.

The principal governing body of the District is the Prudential Committee, a three member elected body. Management of the fire department rests with the appointed Fire Chief.

The District is empowered, subject to authorization by a vote of the residents at an Annual District Meeting, to raise money through real estate taxation for fire protection, EMS, water, streetlights, and library services. Bonds are authorized by two-thirds vote of the Fire District Meeting. The District also raises money through ambulance billing and inspection fees.

Taxes for the District are assessed and collected by the Town of Barnstable Tax Collector. Such tax collections are transferred by the Town to the District.

The District presently employs 7 full-time staff, 9 part-time staff, and 35 call/volunteer firefighters.

Revenues

Property Taxes: The District has the power to levy ad valorem taxes upon all the property within its territorial limits that is or could be served by it for the payment of capital and operating expenses, including debt service.

Property Taxation

The District has the power to levy ad valorem taxes upon all taxable property within its boundaries to pay debt service and operating expenses, except to the extent such expenses are met from user charges. The following table illustrates the manner in which the tax levy was determined in recent years.

	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019
Gross Amount to be Raised:					
Appropriations	\$ 1,726,872	\$ 1,853,460	\$ 2,059,796	\$ 2,208,293	\$ 2,067,929
Overlay for Current Year	21,537	17,778	20,669	18,981	16,544
Other Local Expenditures	288	249	-	-	-
Total	<u>\$ 1,748,697</u>	<u>\$ 1,871,487</u>	<u>\$ 2,080,465</u>	<u>\$ 2,227,274</u>	<u>\$ 2,084,473</u>
Offsets:					
Local Estimated Receipts	\$ 195,000	\$ 200,000	\$ 225,000	\$ 225,000	\$ 225,000
Other Available Funds	84,917	162,118	325,502	394,229	158,700
Free Cash Used to Reduce Taxes	-	-	-	-	-
Total	<u>\$ 279,917</u>	<u>\$ 362,118</u>	<u>\$ 550,502</u>	<u>\$ 619,229</u>	<u>\$ 383,700</u>
Tax Levy	\$ 1,468,780	\$ 1,509,369	\$ 1,529,963	\$ 1,608,045	\$ 1,700,773

Assessed Valuations and Tax Levies

The responsibility for assessing the value of property within the District rests with the Board of Assessors of the Town of Barnstable. The property within the District is assessed on the same basis as the rest of the Town. The following table sets forth the recent trend in the assessed value of taxable real and personal property within the District, and tax rates and tax levies.

<u>Fiscal Year</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Total</u>	<u>Tax Rate</u>
2019	\$ 604,333,500	\$ 7,455,460	\$ 611,788,960	\$2.78
2018	571,250,800	7,182,770	578,433,570	2.78
2017	559,749,900	6,903,030	566,652,930	2.70
2016	556,593,500	6,603,940	563,197,440	2.68
2015	546,152,800	6,019,990	552,172,790	2.66

Classification of Real Property

<u>Type</u>	<u>Fiscal 2019</u>		<u>Fiscal 2018</u>		<u>Fiscal 2017</u>	
	<u>Assessed Valuation</u>	<u>% of Total</u>	<u>Assessed Valuation</u>	<u>% of Total</u>	<u>Assessed Valuation</u>	<u>% of Total</u>
Residential	\$ 582,904,041	95.28 %	\$ 551,041,894	95.26 %	\$ 539,617,700	95.23 %
Commercial	19,396,659	3.17	18,178,906	3.14	18,124,000	3.20
Industrial	2,032,800	0.33	2,030,000	0.35	2,008,200	0.35
Personal	7,455,460	1.22	7,182,770	1.24	6,903,030	1.22
Total	<u>\$ 611,788,960</u>	<u>100.00 %</u>	<u>\$ 578,433,570</u>	<u>100.00 %</u>	<u>\$ 566,652,930</u>	<u>100.00 %</u>

Free Cash

<u>Year</u>	<u>July 1 Free Cash</u>
2018	\$ 144,709
2017	174,350
2016	227,577
2015	225,789
2014	191,519

District Five Years' Outstanding Debt

<u>Fiscal Year End</u>	<u>General Obligation Bonds & Serial Notes Outstanding</u>
2018	\$ -
2017	-
2016	-
2015	-
2014	-