

TOWN OF BARNSTABLE, MASSACHUSETTS

Comprehensive Annual Financial Report



For the fiscal year ended June 30, 2011



Prepared By:
Finance Department

On the cover, an aerial view of the new Sandy Neck Park facility situated on Cape Cod Bay. The facility includes restrooms, a concession area with outdoor seating and a lifeguard and first aid station.

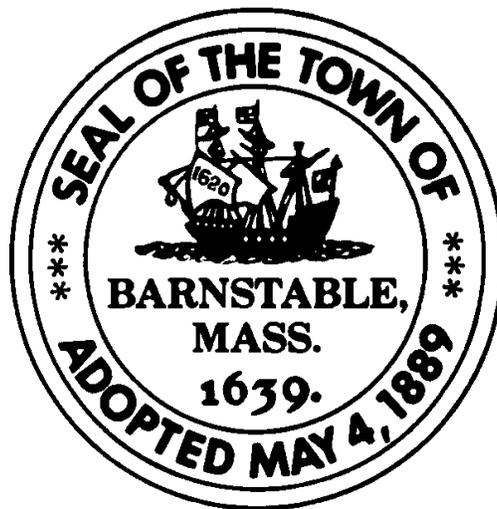


A view of the first aid station in the new Sandy Neck Park facility from the lower parking lot area which faces Cape Cod Bay.

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COMPREHENSIVE ANNUAL FINANCIAL REPORT

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FISCAL YEAR ENDED JUNE 30, 2011

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Introductory Section



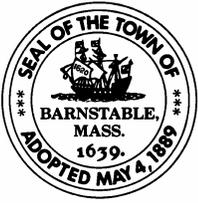
The whale watch boat leaving Barnstable Harbor heading out into Cape Cod Bay in search of some Cetaceans.



A view of Sandy Neck Beach on Cape Cod Bay looking east towards Yarmouth.

Introductory Section

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Town of Barnstable

Finance Division

School Administration Building
230 South Street
Hyannis MA 02601

www.town.barnstable.ma.us



Letter of Transmittal

December 21, 2011

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

State law requires the Town of Barnstable to publish at the close of each fiscal year a complete set of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) that are audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report (CAFR) of the Town of Barnstable, Massachusetts, for the fiscal year ending June 30, 2011 for your review. This report was prepared by the Town's Finance Division.

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

The Town's financial statements have been audited by Powers & Sullivan, LLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town for the fiscal year ended June 30, 2011, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion on the Town's financial statements for the fiscal year ended June 30, 2011, and that they are fairly presented in conformity with GAAP. The independent auditor's report is presented on page 17 of this report.

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

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is

designed to compliment the MD&A and should be read in conjunction with it. The Town's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The Town of Barnstable was incorporated in 1639 and is located in the center of Cape Cod. The land area covers over 62 square miles including 100 miles of shoreline and 55 freshwater ponds. The Town is composed of the seven villages of Barnstable, Centerville, Cotuit, Hyannis, Marstons Mills, Osterville, and West Barnstable with a year round population of close to 48,000 that grows to over 125,000 during the summer months. The Town spans the width of Cape Cod from the north to south and is bordered by the Towns of Mashpee and Sandwich to the west and Yarmouth to the east. The Town serves as the seat of County government and the Village of Hyannis serves as the seat of Town government.

Municipal Services

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

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

The Cape Cod Regional Technical High School District provides education in grades nine through twelve. Approximately, 190 Barnstable students attended this school in 2011. The Sturgis Charter Public School is a Commonwealth Charter School and provides an alternative choice for public education for grades 9 to 12. Approximately, 100 Barnstable students attended this school in 2011. In addition, the Town operates two Horace Mann Charter Schools; the Grades 4 and 5 building located in Marstons Mills and the K to 3 elementary school located on Bearses Way in Hyannis. The Horace Mann Charter Schools are managed independently by an appointed Board of Trustees and not by the School Committee and Superintendent. Funding for the schools' operations are provided by the Town based upon a negotiated amount between the School Committee and Board of Trustees within the guidelines established by the authorizing legislation of the Commonwealth of Massachusetts. The funding is treated as an assessment and is included in the Town's education expenses.

The Cape Cod Regional Transit Authority provides limited bus service within the Town which receives an annual assessment from the state for this service. The Barnstable Housing Authority provides housing for eligible low income families and elderly and handicapped persons. These entities are not considered component units. The principal services provided by Barnstable County are space for courts, a jail and house of correction and a registry of deeds. The County is not a component unit.

Governing Bodies and Officers

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

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

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

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

Organization

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

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

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

Financial and Management Systems

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

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

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

The annual operating budget submitted in the spring of each year, follows a program management format which details source and use recommendations for all funds, departmental missions, goals, objectives and annual work plans, and details performance measurement and financial management criteria for each budget cycle. The budget maintains consistency with the Town Council's strategic plan, financial management standards and policies. The budget funding sources include the general fund, comprised of revenues from the property tax, auto, boat and hotel tax, user fee receipts, grants in aid, trust income and miscellaneous program income; and eight enterprise funds for the municipal airport, two golf courses, the water pollution control facility, the solid waste facility, water supply, town marinas, Sandy Neck Park and the Hyannis Youth and Community Center (HYCC). These enterprise funds are self-supporting through user-based charges except for the HYCC which will receive a general fund subsidy to assist in the repayment of bonds issued to construct the facility.

Principal Executive Officers

| <u>Office</u> | <u>Name</u> | <u>Term</u> | <u>Term Exp.</u> |
|------------------------------------|-----------------------|----------------|------------------|
| Town Manager - Acting | Thomas K. Lynch | Appointed | March 15, 2012 |
| Superintendent of Schools | Mary Czajkowski | Appointed | 2014 |
| Assistant Town Manager | Vacant | | |
| Town Attorney | Ruth J. Weil | Appointed | Indefinite |
| Chief of Police | Paul B. MacDonald | Appointed | Indefinite |
| Director of Finance | Mark A. Milne | Appointed | 2015 |
| Director of Public Works | Mark S. Ells | Appointed | Indefinite |
| Director of Regulatory Services | Thomas F. Geiler | Appointed | Indefinite |
| Director of Community Services | Lynne M. Poyant | Appointed | Indefinite |
| Director of Human Resources | William E. Cole | Appointed | Indefinite |
| Director of Information Technology | Daniel J. Wood | Appointed | Indefinite |
| Director of Growth Management | JoAnne Miller-Buntich | Appointed | Indefinite |
| Tax Collector | Maureen E. Niemi | Elected/4 yrs. | Nov. 2015 |
| Town Clerk | Linda E. Hutchenrider | Elected/4 yrs. | Nov. 2013 |
| Airport Manager | Roland Breault | Appointed | Indefinite |

Factors Affecting Financial Condition

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

Local economy. While tourism will always remain an important component of the Town's economy, improved transportation networks, a heightened popularity among retirees, and the Town's own growing service economy, are helping to diversify the economy from its former heavy reliance on the summer tourism trade. Even the nature of tourism has changed. Expansion of the summer season is evident, including the "shoulder seasons" in the spring and the fall. Contributing to the extension of the season is the large increase in the conversion of former summer homes to year-round second homes, as well as the construction of many expensive second homes. Over the years, Barnstable has evolved from a seasonal to a more year-round community, with a current year-round population of approximately 48,000. The Town estimates that over one-half of homes are now occupied by year-round residents, compared with about one-third 25 years ago. As the number of second homes increases, the Town's economic future is becoming linked to the greater Boston, Connecticut, and New York economies from which the second homeowners derive their livelihood.

The Town also is a major transportation hub for the Cape Cod region and the islands of Nantucket and Martha's Vineyard. Over 200,000 passengers pass through and over 120,000 takeoffs and landings per year occur at the Barnstable Municipal Airport. Employment at the airport exceeds 1,000 people. The Cape Cod Regional Transportation Authority's main terminal is located in the village of Hyannis and the Steamship Authority and Hyline Cruises provide ferry service to Nantucket and Martha's Vineyard. Over one million people pass through these ports every year. All this traffic creates the opportunity for the Town to sustain a healthy retail and service driven economy.

Wealth levels are understated because they, as reported, only include income and do not take into account individual assets or the wealth of second homeowners or retirees. Effective buying income (EBI) levels for the Town are average to above average, with household EBI equal to 108% of the national level and per capita EBI equal to 120%.¹

Tax Base. Total assessed valuation for the Town has declined to \$13 billion in fiscal year 2011 reflecting a 3% decrease from the fiscal year 2010 value. However, this is still \$8 billion more than the fiscal year 2000 value of \$5 billion. Included in that amount is a substantial \$1.2 billion commercial base, highlighting the Town's position as one of the economic centers of southeastern Massachusetts. Per capita market value remains extremely strong at \$291,110 based on the year-round population, and is still very strong at \$106,882 based on the estimated peak summer population.² New building growth activity continues to under perform previous years with \$93 million in fiscal year 2010 and \$96 million in fiscal year 2011. The tax levy for fiscal year 2011 was \$94.6 million and the excess tax levy capacity was \$230 million. The excess capacity can only be accessed by a voter approved tax levy override. The tax rates for fiscal year 2011 were \$8.05 per thousand dollars of valuation on residential property and \$7.28 per thousand dollars of value on commercial, industrial and personal property (CIP). The residential rate was higher than the CIP rate as a result of the Town Council adopting a 20% residential exemption. This effectively removed \$1.2 billion of property value from the residential class driving the tax rate upwards for this class of property as the residential tax levy remains the same.

Long-term financial planning. The Town of Barnstable's capital program has identified approximately \$373 million in capital improvements needed over the next five years. More resources will need to be identified to address these items. \$31 million of this amount is for improvements at the Barnstable Municipal Airport. The majority of the capital program at the airport is federal and state funded. \$81 million is associated with the water quality improvements including sewer expansions, sewer plant facility upgrades, water line replacements and other water system improvements and \$3 million is associated with Marina improvements. In addition, there is \$32 million for road improvements, \$15 million for improvements to school facilities, \$173 million for water quality improvements in the 3 Bay areas of Town and \$38 million mainly connected to the Town's aging facilities.

In July of 2010, the Town Council adopted a funding plan for financing a portion of the water quality projects listed in the 5 year capital plan. Funding sources included 50% betterments assessed to property abutters of the sewer extensions, adoption of a local meals tax of 0.75% and increasing the local rooms tax rate from 4% to 6%. A total of \$640,000 was collected in fiscal year 2011 from these new taxes and will be transferred into a sewer construction trust fund once it is established. The Town has filed special legislation to establish the trust fund which is expected to be acted upon in fiscal year 2012.

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

New building growth projections are expected to be lower in the next few years as a result of the decline in developable lots and recent trends in the housing and financial markets. The Town will continue to expand efforts

¹ Standard and Poor's credit analysis, dated June 6, 2011.

² Standard and Poor's credit analysis, dated June 6, 2011.

in the redevelopment of existing lots in an attempt to create more new property tax growth beyond the development of vacant parcels.

State aid decreased another 4% in fiscal year 2011 and was projected to decrease another 10% in fiscal year 2012 when the budget was developed. An increased commitment from the state resulted in level funding of the Town's Chapter 70 and unrestricted aid categories causing some excess capacity in the Town's budget if additional appropriations are necessary in fiscal year 2012.

The single largest form of aid is Chapter 70 aid for education. The new formula passed in fiscal year 2006 states that no community will receive less than 17.5% of its foundation budget in the form of Chapter 70 aid. If a community currently receives less than 17.5%, the additional aid will be phased in over a 5 year period. Barnstable falls into this category and the Town's aid would increase by approximately \$1.5 million if this formula were fully funded. The Town anticipates the state to fully fund this formula over the next 5 years which should result in some modest aid increases.

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

The Town currently participates in a joint purchase group (Cape Cod Municipal Health Group) for its health insurance program. Under the new law, the joint purchase group has voted to make plan design changes so that copays and deductibles mirror those that are offered by the plans under the Group Insurance Commission. This should result in reductions to premium rates in FY13, or at least provide for a much smaller increase in rates than what has been realized in previous years.

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 for fiscal year 2011 was \$9.5 million. This includes active and retired employees including retired teachers. Retired teachers join the Group Insurance Commission (GIC) upon retirement and the Town receives an assessment from the GIC every year. The assessment for fiscal year 2011 was \$2.5 million. Additionally, a new Government Accounting Standards Board (GASB) pronouncement was issued that requires the Town to perform an actuarial calculation of its unfunded health insurance liability for all active and retired employees. This liability is disclosed in these financial statements on pages 93 to 94. The Town created a trust fund in FY11 to begin accumulating assets to fund this liability. Approximately \$700,000 was initially deposited into the fund and the FY12 budget includes a line item for annual funding of \$50,000. A plan to increase this line item by \$50,000 per year has been incorporated into the Town's long-term financial planning.

In the areas of utilities and fuel the Town continues to implement and explore alternative options. Two wind mills and a field of photovoltaic panels were installed at the Water Pollution Control Facility which should generate more than 50% of the annual energy consumption at the facility. The entire cost of this project was paid for with a grant from the Massachusetts Water Pollution Abatement Trust. Additionally, the Town will begin the installation of 5 acres of photovoltaic panels at the landfill site in the village of Marstons Mills at no cost to the Town. A private developer will be purchasing and installing the panels which will provide the Town with a guaranteed minimum payment of over \$250,000 per year.

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

The construction of sewer line extensions and additional treatment plants are also projected to have significant financial impacts on the community in the coming years. Studies are currently under way that will determine the Town's total maximum daily load (TMDL) of pollutants into our estuaries and the amounts that should be removed to comply with Federal Clean Water regulations. Removal of the excess pollutants will require sewer expansions that are estimated to cost hundreds of millions of dollars over several years. The Town appropriated \$600,000 in the FY12 capital program to complete this study. The Conservation Law Foundation has filed a lawsuit against the Environmental Protection Agency claiming that it has not done enough to ensure that the Federal Clean Water act is being enforced on Cape Cod communities.

The Town continues to manage its financial affairs in a prudent manner. It has been able to do so by incorporating long range planning tools such as a ten-year forecast, a five-year Capital Improvement Program; establishing rainy day accounts and budgeting stabilization reserves; prioritizing spending plans and identifying discretionary spending; pay as you go financing strategies; long-term planning for all liabilities including pension and insurance reserves, and investing in technology to make 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 to the users of certain services so that no tax support goes towards providing these services. This includes the airport, municipal golf course, solid waste transfer station and recycling center, the water pollution control operations, the Hyannis water operations, Town owned marinas and Sandy Neck Park. A new enterprise fund in fiscal year 2010 for the Hyannis Youth and Community Center has also been established. This fund covers a portion of the debt service issued to finance its construction but receives a subsidy from the general fund. The creation of these enterprise funds allows the Town to provide more tax dollars for other town services.

Fiscal Year 2011 Major Initiatives and Highlights

Fund balance. During the fiscal year, the Town's general fund balance increased \$2.8 million from \$17.3 million to \$20.1 million, on a budgetary basis. This was attributable to actual revenues exceeding budget estimates and unexpended appropriations in the fiscal year 2011 operating budget. Enterprise fund balances increased from \$111.6 million to \$138.2 million as a result of operating revenue exceeding expenses and capital contributions for major infrastructure improvements totaling \$23.2 million. Capital project fund balance increased \$2.8 million from the sale of bonds to finance capital expenses. The spend down of these funds will occur in fiscal year 2012.

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

Property taxes receivable. Outstanding property taxes receivable at the end of fiscal year 2011 were approximately \$848,000 higher than the previous fiscal year end reflecting the increased economic strain on households.

Intergovernmental receivables. Receivables declined \$1.8 million as the Town received payment on various state and grant funded capital projects.

Education expenditures. Expenditures on education related programs increased from \$70.9 million to \$74.6 million in fiscal year 2011. Most of the increase occurred in the capital project fund as several appropriations were made for school facility repairs and improvements. Major improvements include a new track and multi-use artificial turf field at the high school and a new HVAC system at the Barnstable Community Horace Mann Charter Public School.

Bond sale and bond rating. The Town conducted a \$19 million bond sale in fiscal year 2011. This included \$10.4 million for 21 capital improvements and \$8.6 million for refunding a portion of the Town's 2002 bonds. \$2.6 million was for repairs to various school facilities; \$2.7 million for the construction of new facilities including the

airport terminal and bathhouse at Sandy Neck and repairs to municipal facilities, \$1 million for water quality improvements, \$2.8 million for dredging, bulkheads and boat ramps, \$1 million for roads and sidewalks and \$300,000 for manhole construction. The bond issue was rated as AAA and the Town's existing long-term debt was reaffirmed at AAA with Standard & Poor's.

Cash and investments. Total cash in the Town's treasury declined \$2.3 million from \$114.3 to \$112 million. This was attributable to cash being used to pay for capital related expenses. The following table illustrates the change in the overall cash balance for the past ten years.

| | |
|--------|---------------|
| FY2002 | \$90,277,514 |
| FY2003 | \$94,222,616 |
| FY2004 | \$94,887,682 |
| FY2005 | \$96,375,779 |
| FY2006 | \$108,792,141 |
| FY2007 | \$134,211,367 |
| FY2008 | \$135,143,563 |
| FY2009 | \$120,708,687 |
| FY2010 | \$114,273,195 |
| FY2011 | \$112,028,205 |

Free cash and enterprise fund surplus. The Town's surplus funds in the general fund and enterprise funds are certified each year by the Massachusetts Department of Revenue. The balances as of July 1, 2011 compared to the previous year are as follows:

| | On July 1, 2011 | On July 1, 2010 | Change |
|--------------------------|-----------------|-----------------|---------------|
| General Fund Free Cash | \$12,320,185 | \$10,746,572 | \$1,573,613 |
| Enterprise Funds: | | | |
| Airport Surplus | \$6,520,729 | \$5,321,792 | \$1,198,937 |
| Golf Course Surplus | \$70,879 | \$23,355 | \$47,524 |
| Solid Waste Surplus | \$3,460,970 | \$2,390,996 | \$1,069,974 |
| Wastewater Surplus | \$2,749,077 | \$4,442,790 | (\$1,693,713) |
| Water Surplus | \$312,441 | \$598,879 | (\$286,438) |
| Marina Surplus | \$327,309 | \$297,445 | \$29,864 |
| Sandy Neck Surplus | \$500,177 | \$377,556 | \$122,621 |
| HYCC Surplus | \$130,526 | \$125,728 | \$4,798 |

The general fund, airport enterprise fund, marina enterprise fund and Sandy Neck enterprise fund surplus all increased as a consequence of favorable budget results. Actual revenues exceeded budget estimates and actual expenses were less than the budgeted appropriations. Golf course surplus increased as a result of returned appropriations. The solid waste surplus increased as the amount set aside for paying the landfill capping loan was deducted from the 2010 certification amount but not the 2011 amount. The wastewater and water surplus decreased as surplus funds are covering capital related expenses until reimbursements from the Massachusetts Water Pollution Abatement Trust are received. This is a timing issue and once the reimbursements are received in fiscal year 2012 the surplus funds will increase by the amount of the reimbursements. There was no significant change in the HYCC surplus account.

Cash Management Policies and Practices

The Town of Barnstable derives approximately seventy-five percent of annual General Fund revenue from real estate tax collections. The quarterly billings result in a cyclical buildup and then spend down of operational cash reserves. Every effort is made to put our reserves to work. The Town's investment policy was updated in 2010 to

reflect current practices. The policy remains conservative with particular attention to the constraints of safety and liquidity while attempting to secure the highest yield possible within those constraints.

On a daily basis, the Treasurer deposits funds into a local depository account currently held at TD Bank. Frequently, depending on the level of receipts and the rate of interest, this money is transferred into our accounts at several other financial institutions. The Town's vendor, payroll and Commonwealth of Massachusetts depository accounts are currently with Rockland Trust. The Treasurer is responsible for having adequate cash available to fund bills and payroll that are paid weekly. This requirement as well as the cyclical flow of money from quarterly property tax collections affects the type and terms of the Town's investment portfolios.

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

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

The Town's trust funds were managed in fiscal year 2011 by Rockland Trust with input from the Town's Trust Fund Advisory Committee. The Town awarded the management of these trust funds to Rockland Trust in the fall of 2007 as a result of a competitive proposal process. The original contract was awarded for a period of three years. The Town has since extended the contract for two additional, one-year terms. Each trust fund has a distinct purpose and, therefore, the mix of holdings in cash, fixed income securities, and equities varies by fund. The amount of annual income required and the timing of disbursements generally governs this mix.

Risk Management

The Town of Barnstable manages its risk primarily through premium based coverage with commercial insurance carriers. Unemployment activities are self-insured while exposures to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters and workers' compensation are covered through policies purchased from commercial carriers. Starting in fiscal year 2012; which began on July 1, 2011, the town will self-insure its workers' compensation program. Various control techniques including employee accident prevention training have been performed to minimize accident-related losses. Additional information on the Town of Barnstable's risk management activity can be found in the notes to the financial statements.

Pension and Other Postemployment Benefits

The Town of Barnstable contributes to the Barnstable County Retirement Association, a cost sharing, multiple-employer defined benefit pension plan administered by the Barnstable Contributory Retirement Association. On a minimum of a biannual basis, an independent actuarial calculation is performed to determine the amount of the annual contribution that the Town must make to the pension plan to ensure that the plan will be able to fully meet its obligations to retired employees on a timely basis. As a requirement by law, the Town fully funds each year's annual required contribution to the pension plan as determined by the actuary. As of January 1, 2010, the county retirement association has a funding ratio of 54% of the present value of the projected benefits earned by employees. The remaining unfunded amount is being systematically amortized over 28 years as part of the annual required contribution calculated by the actuary. The target year for fully funding the pension liability is 2038.

The Town of Barnstable also provides postemployment health care benefits for certain retirees and their dependents. As of June 30, 2011, there were 250 retired employees, not including teachers, receiving these benefits, which are financed on a pay-as-you-go basis. Governmental Accounting Standards (GAS) require that the Town calculate the unfunded portion of the liability associated with this benefit and report it on the Town's financial statements. Additionally, as this benefit is earned over the working lifetimes of the Town's employees the annual cost of the benefit earned should be recognized and reported in the Town's financial statements in accordance with GAS. The Town's most recent actuarial valuation calculated the unfunded liability at approximately \$162 million. As mentioned previously, the Town has established a trust fund to begin accumulating assets to address this liability. An additional benefit of this action has allowed the Town to assume a higher discount rate which reduces the unfunded liability. It is estimated that this action decreased the liability between \$4 and \$5 million.

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

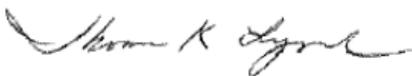
Awards and Acknowledgements

The Government Finance Officer Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Barnstable for its comprehensive annual financial report (CAFR) for the fiscal years ended June 30, 2002 through June 30, 2010. In order to be awarded a Certificate of Achievement, the Town published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

In addition, the GFOA also awarded the Town of Barnstable the Distinguished Budget Presentation Award for its annual budget document for the fiscal years beginning July 1, 2001, through July 1, 2011. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

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

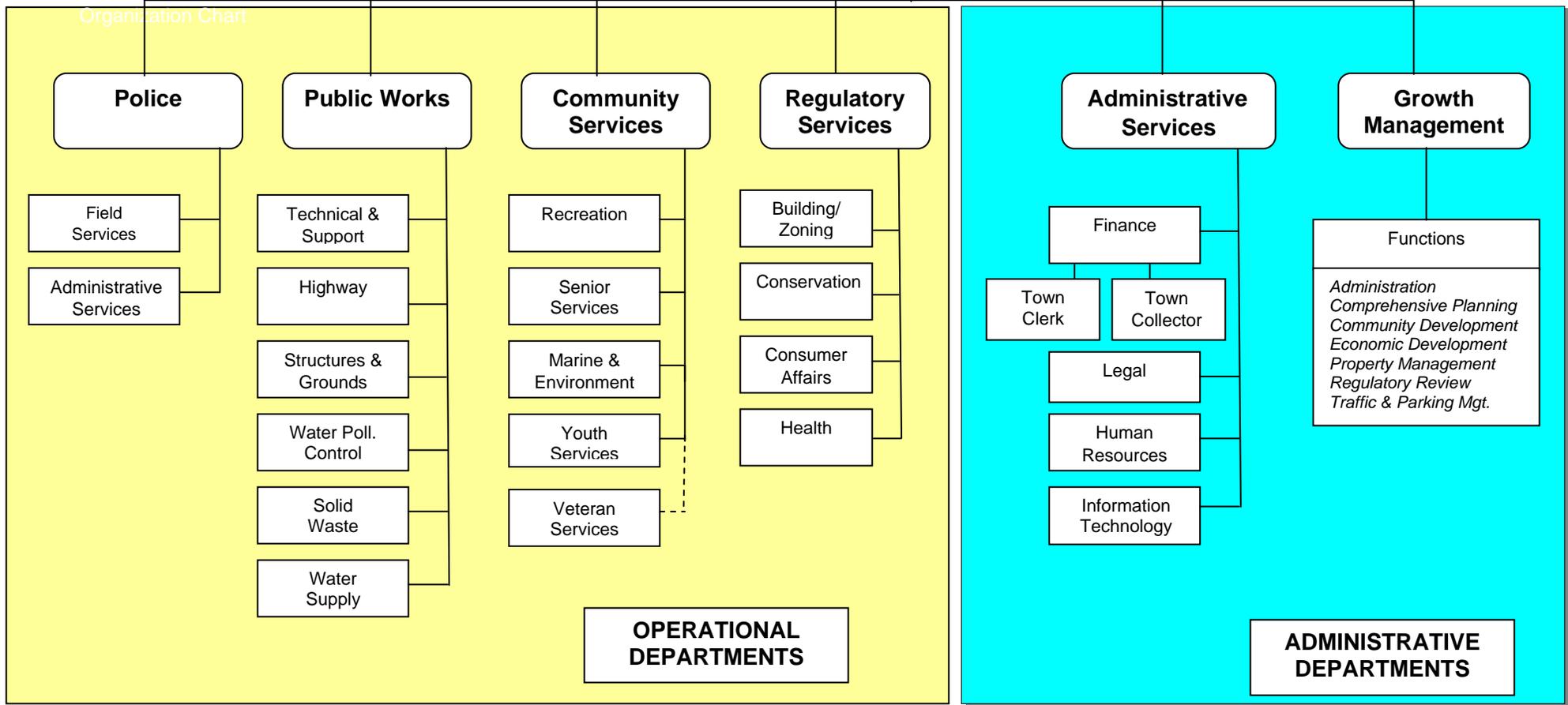
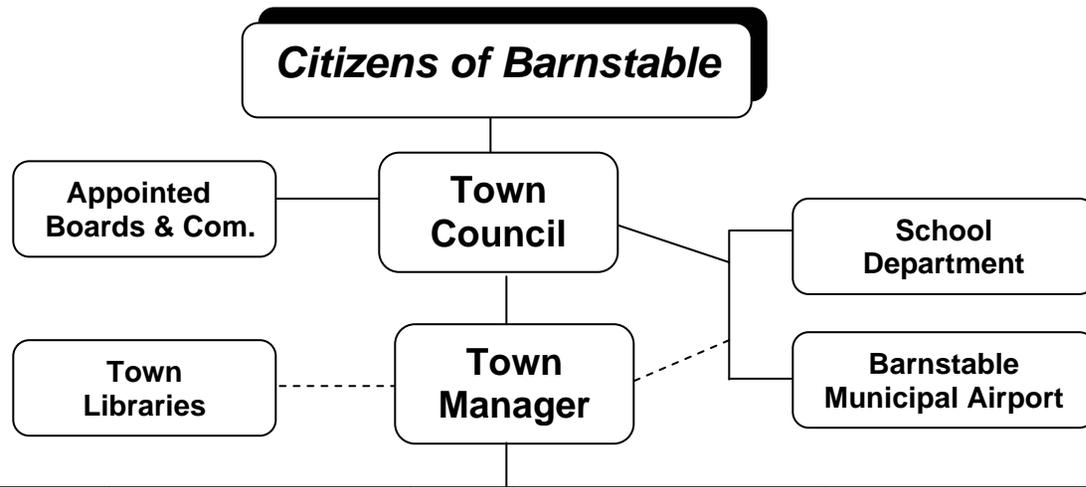
Respectfully submitted,



Thomas K. Lynch
Acting Town Manager



Mark A. Milne
Finance Director



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Barnstable Massachusetts

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

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



Linda C. Danison

President

Jeffrey R. Emer

Executive Director

Financial Section



Sailboats in Lewis Bay during the 2011 Hyannis Yacht Club Regatta.



A view of Barnstable Inner Harbor from the south end of the new Barnstable Harbor Bulkhead.

Financial Section

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Independent Auditors' Report

To the Honorable Town Council
Town of Barnstable, Massachusetts

We have audited the accompanying financial statements of the governmental activities, the business-type activities, 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 fiscal year ended June 30, 2011, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Barnstable, Massachusetts' management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Barnstable Horace Mann Charter School and the Barnstable Community Horace Mann Charter Public School, which represents 1% of the governmental activities assets, 1% of the governmental fund assets, 1% of the governmental activities net assets, 1% of the governmental funds balance, 1% of the governmental activities revenues, and 1% of the governmental fund revenues. We did not audit the financial statements of five of the Town of Barnstable, Massachusetts' library component units listed in Note 1, which reflect 95% of the total assets and 93% of the total revenues of the discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Barnstable Horace Mann Charter School, the Barnstable Community Horace Mann Charter Public School, and the discretely presented component units referred to above, is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, 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, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2011, on our consideration of the Town of Barnstable, Massachusetts' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

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

The accompanying schedule of expenditures of passenger facility charges collected and expended and interest credited 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 section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Powers & Sullivan LLC

December 21, 2011, except for the Barnstable Horace Mann Charter School, the Barnstable Community Horace Mann Charter Public School, and the library component units listed in Note 1, which were audited by other auditors and whose reports are dated on various dates through December 12, 2011.

Management's Discussion and Analysis

Management's Discussion and Analysis

As management of the Town of Barnstable, Massachusetts, we offer readers of the Town of Barnstable's financial statements this narrative overview and analysis of the financial activities of the Town of Barnstable for the fiscal year ended June 30, 2011. The Town complies with financial reporting requirements issued by the Governmental Accounting Standards Board (GASB). Management's discussion and analysis are part of these requirements.

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

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

Financial Highlights

- The assets of the Town of Barnstable exceeded its liabilities at the close of the most recent fiscal year by \$377.7 million. Of this amount, \$64.2 million (unrestricted net assets) may be used to meet the government's on-going obligations to citizens and creditors.
- The primary government's total net assets increased by \$30.4 million. The increase was the net result of increases in the Town's governmental activities of \$3.7 million and \$26.6 million attributable to the Town's business type activities. The governmental activities increase is mainly attributable to the \$4.1 million in capital grants, \$6.7 million raised through the budget process for the Town's stabilization fund and because principal payments on long-term debt, which are raised through the budget process, are higher than the depreciation expense recognized on assets by approximately \$2.8 million; offset by the recognition of an additional \$4.5 million in the other postemployment benefit obligations. The \$26.6 million growth in business type activities is largely attributable to the \$23.2 million in capital grants received in relation to construction projects within the airport, wastewater, water supply, marina and Hyannis Youth and Community Center enterprise funds.
- At the close of the current fiscal year, the Town of Barnstable's governmental funds reported combined ending fund balances of \$82.1 million, an increase of \$1.5 million in comparison with the prior year. Approximately \$21.6 million of this total amount is available for appropriation at the government's discretion.
- At the end of the current fiscal year, fund balance for the general fund totaled \$30.6 million, or 23% of total general fund expenditures.
- Expenditures for the general fund totaled \$131.2 million or \$4.1 million more than the prior fiscal year. The area with the largest change was education which increased \$1.5 million. The second largest area to change was pension which increased \$1.1 million.

- The Town of Barnstable's total long-term debt decreased by \$2.6 million during the current fiscal year. The Town issued \$19 million of long-term debt of which \$8.6 million was for refunding debt and \$10.4 million was for land acquisition, school building improvements, road upgrade projects, boat ramp and bulkhead improvements, dredging, and airport, marina, sandy neck, and wastewater projects. A total of \$21.6 million in long-term debt principal was either paid down or refunded.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Town of Barnstable, assets exceeded liabilities by \$377.7 million at the close of the most recent fiscal year.

By far the largest portion of the Town of Barnstable's net assets (\$290.3 million or 77%) reflects its investment in capital assets (e.g., land, buildings, vehicles, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The Town of Barnstable uses these assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Barnstable's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town of Barnstable's net assets (\$23.2 million, or 6%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$64.2 million, or 17%) may be used to meet the government's ongoing obligations to citizens and creditors.

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

Comparative Net Assets

| | Governmental Activities | | | Business-type Activities | | |
|---|-------------------------|-----------------------|-----------------------|--------------------------|-----------------------|-----------------------|
| | June 30, 2009 | June 30, 2010 | June 30, 2011 | June 30, 2009 | June 30, 2010 | June 30, 2011 |
| Current and other assets | \$ 135,526,934 | \$ 131,313,797 | \$ 131,357,271 | \$ 41,712,446 | \$ 49,005,073 | \$ 45,187,010 |
| Capital assets | \$ 239,397,465 | \$ 221,548,475 | \$ 227,660,554 | \$ 100,753,510 | \$ 132,185,727 | \$ 158,296,129 |
| Total assets | \$ 374,924,399 | \$ 352,862,272 | \$ 359,017,825 | \$ 142,465,956 | \$ 181,190,800 | \$ 203,483,139 |
| Current liabilities | \$ 25,544,912 | \$ 21,715,391 | \$ 21,287,543 | \$ 7,754,436 | \$ 14,610,686 | \$ 11,003,728 |
| Long-term liabilities | \$ 108,343,958 | \$ 95,395,930 | \$ 98,244,028 | \$ 36,415,508 | \$ 55,024,752 | \$ 54,288,350 |
| Total liabilities | \$ 133,888,870 | \$ 117,111,321 | \$ 119,531,571 | \$ 44,169,944 | \$ 69,635,438 | \$ 65,292,078 |
| Net assets: | | | | | | |
| Invested in capital assets, net of related debt | \$ 173,207,975 | \$ 167,732,404 | \$ 178,881,293 | \$ 70,569,512 | \$ 88,038,076 | \$ 111,054,493 |
| Restricted | \$ 23,653,035 | \$ 22,256,610 | \$ 23,188,546 | \$ - | \$ - | \$ - |
| Unrestricted | \$ 44,174,519 | \$ 45,761,937 | \$ 37,416,415 | \$ 27,726,500 | \$ 23,517,286 | \$ 27,136,568 |
| Total net assets | \$ 241,035,529 | \$ 235,750,951 | \$ 239,486,254 | \$ 98,296,012 | \$ 111,555,362 | \$ 138,191,061 |

The Town has realized a decrease in its **net assets** from 2009 to 2011 within its governmental activities and a growth in its business type activities. Total net assets have decreased \$1.5 million over this period for governmental activities and increased \$39.9 million for business-type activities. Most of the decrease in governmental activities is attributable to the recognition of other postemployment benefit obligations which has increased by \$9.2 million since fiscal year 2009. The amortization of this liability will continue to deteriorate the Town's overall financial position unless it is pre-funded. Increases are attributable to real estate and personal property taxes, operating grants received and annual principal payments on debt service exceeding depreciation amounts. In fiscal year 2011, capital grants have totaled \$4.1 million for governmental activities, \$14.5 million for the airport enterprise fund, \$6 million for wastewater enterprise fund, \$705,000 for the water supply enterprise fund, \$2 million for the marina enterprise fund, and \$10,000 for the Hyannis Youth and Community Center enterprise fund. Principal payments on debt service for governmental and business-type activities totaled \$18 million and \$3.6 million, respectively, inclusive of debt refunding. Depreciation on capital assets totaled \$6.6 million and \$3.9 million, respectively.

The majority of the increase to the Town's capital assets during fiscal year 2011 were in the form of road and drainage improvements and Town Hall renovations. Capital asset growth within the business-type activities for 2011 consisted mainly of the construction for the new terminal at the airport and various sewer upgrades.

Current assets and current liabilities have decreased in governmental activities and increased in business-type activities. In governmental activities, current and other assets decreased by \$4.2 million from fiscal year 2009. This is a direct result of several of the Town's capital projects nearing completion resulting in a decrease in their cash and cash equivalents. The governmental activities' current liabilities have decreased \$4.3 million from fiscal year 2009 due to a reduction in warrants payable and bonds payable. For business-type activities, current and other assets increased by \$3.5 million due to the recognition of capital grants from the Massachusetts Water Pollution Abatement Trust. There was a \$3.2 million increase in current liabilities of which \$5.3 million was the result of short-term borrowing. This represents temporary financing for capital projects that have not yet been financed through the issuance of long-term bonds.

Long-term liabilities have increased from the fiscal year 2010 levels for governmental and decreased for business-type activities. For governmental activities, the increase is largely due to the increase in bonds and notes payable of \$1.9 million and an increase in the other postemployment benefits obligation of \$4.5 million.

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

Restricted net assets have increased \$932,000 for governmental activities from 2010 to 2011 mainly due to the decrease in capital projects. The **unrestricted net assets** amount has decreased \$8.3 million in the current year which was the net result of the recognition of an additional \$4.5 million for other postemployment benefits obligation and the results of current operations.

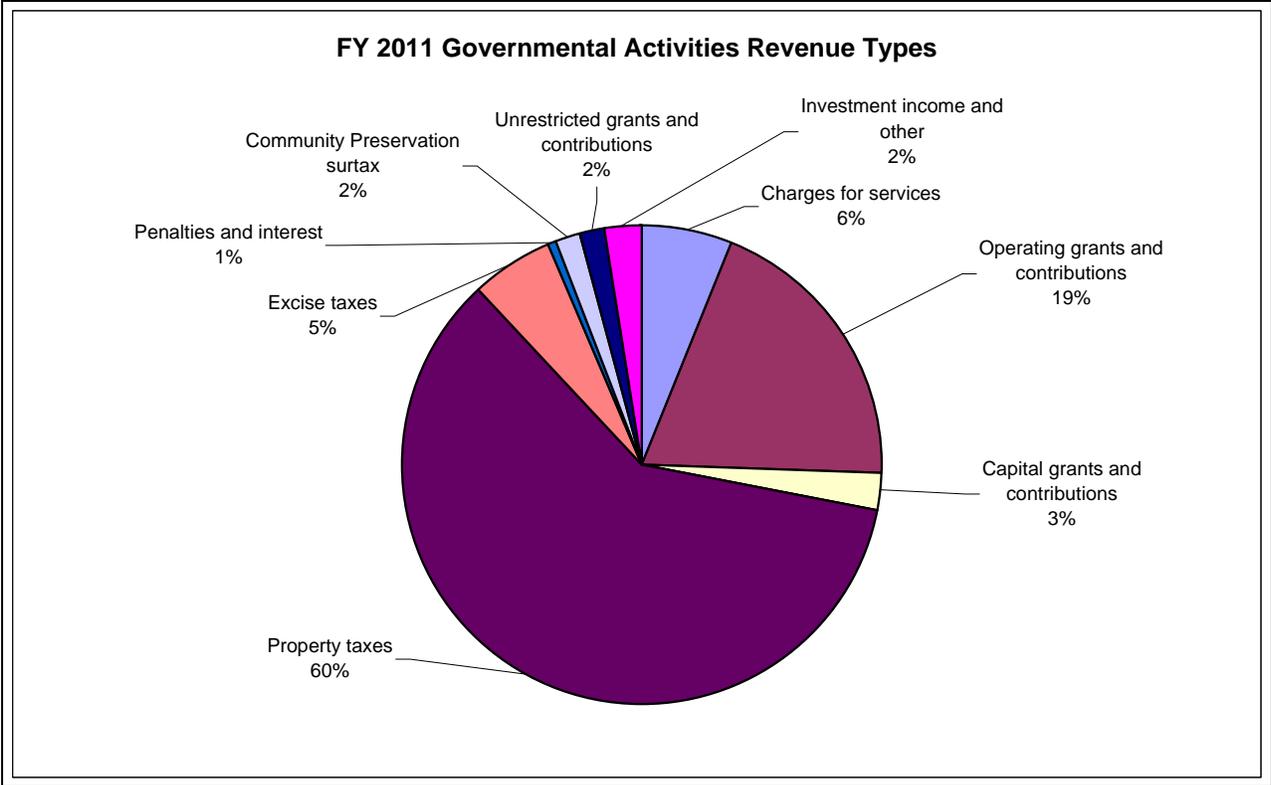
At the end of the current fiscal year, The Town of Barnstable is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

Governmental activities. Governmental activities increased the Town of Barnstable's net assets by \$3.7 million. Key elements of this increase are as follows:

- In fiscal year 2008, the Town implemented GASB Statement #45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. In fiscal year 2011, the Town recognized an additional \$4.5 million of postemployment benefits obligation which resulted in a decrease in net assets.
- The Town received \$4.1 million in capital grants, which includes \$2.6 million from state funding of Chapter 90 highway projects.

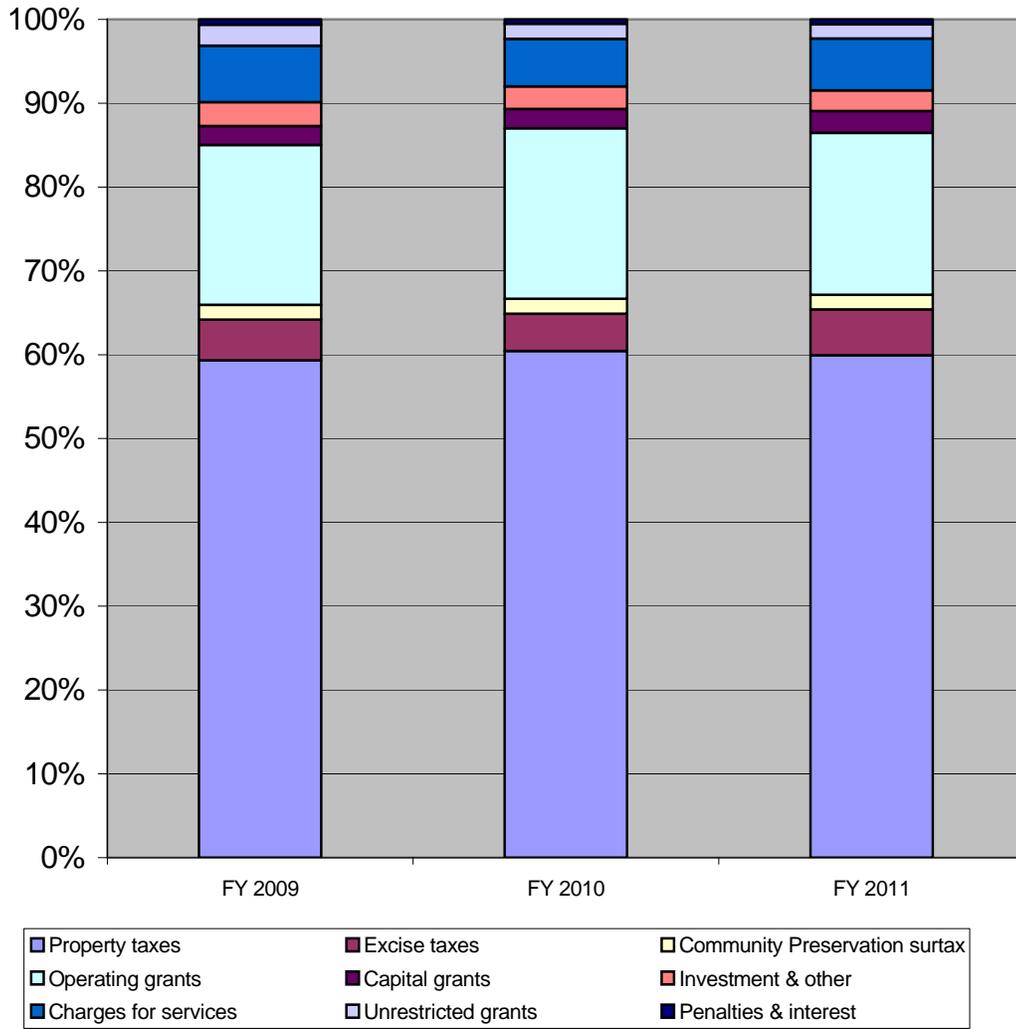
Changes in Net Assets

| | Governmental Activities | | Business-Type Activities | |
|--|------------------------------|------------------------------|------------------------------|------------------------------|
| | FY 2011 | FY 2010 | FY 2011 | FY 2010 |
| Revenues: | | | | |
| Program Revenues: | | | | |
| Charges for services..... | \$ 9,655,618 | \$ 8,503,130 | \$ 21,772,321 | \$ 19,896,363 |
| Operating grants and contributions..... | 30,178,585 | 30,536,034 | 383,432 | 259,036 |
| Capital grants and contributions..... | 4,058,312 | 3,444,938 | 23,235,870 | 5,468,016 |
| General revenues: | | | | |
| Property taxes..... | 93,673,200 | 90,663,777 | - | - |
| Excise taxes..... | 8,537,059 | 6,696,086 | - | - |
| Penalties and interest..... | 897,236 | 778,660 | - | - |
| Community Preservation surtax..... | 2,734,079 | 2,651,234 | - | - |
| Unrestricted grants and contributions..... | 2,665,950 | 2,698,754 | - | - |
| Investment income and other..... | 3,870,034 | 4,043,034 | 316,300 | 163,604 |
| Total revenues..... | <u>156,270,073</u> | <u>150,015,647</u> | <u>45,707,923</u> | <u>25,787,019</u> |
| Expenses: | | | | |
| Charter Commission..... | - | 15,000 | - | - |
| Town Council..... | 380,018 | 390,345 | - | - |
| Town Manager..... | 683,316 | 752,700 | - | - |
| Administrative services..... | 10,601,542 | 10,318,986 | - | - |
| Growth management..... | 2,197,204 | 2,594,947 | - | - |
| Public safety..... | 15,656,195 | 15,951,164 | - | - |
| Education..... | 93,652,265 | 90,887,000 | - | - |
| Public works..... | 13,669,363 | 12,464,847 | - | - |
| Community services..... | 4,395,115 | 4,334,769 | - | - |
| Regulatory services..... | 4,204,140 | 4,205,724 | - | - |
| Culture and recreation..... | 1,673,945 | 1,689,753 | - | - |
| Interest..... | 3,227,684 | 3,623,266 | - | - |
| Airport..... | - | - | 6,908,268 | 6,034,854 |
| Golf course..... | - | - | 2,507,382 | 2,614,217 |
| Solid waste..... | - | - | 1,887,556 | 2,010,574 |
| Waste water..... | - | - | 4,307,355 | 4,604,835 |
| Water supply..... | - | - | 2,309,337 | 2,393,652 |
| Marina..... | - | - | 521,888 | 468,960 |
| Sandy Neck..... | - | - | 537,561 | 501,888 |
| Hyannis Youth and Community Center..... | - | - | 2,286,860 | 1,970,413 |
| Total expenses..... | <u>150,340,787</u> | <u>147,228,501</u> | <u>21,266,207</u> | <u>20,599,393</u> |
| Change in net assets before transfers..... | 5,929,286 | 2,787,146 | 24,441,716 | 5,187,626 |
| Transfers, net..... | <u>(2,193,983)</u> | <u>(8,071,724)</u> | <u>2,193,983</u> | <u>8,071,724</u> |
| Change in net assets..... | 3,735,303 | (5,284,578) | 26,635,699 | 13,259,350 |
| Net assets - Beginning of Year..... | <u>235,750,951</u> | <u>241,035,529</u> | <u>111,555,362</u> | <u>98,296,012</u> |
| Net assets - End of Year..... | <u><u>\$ 239,486,254</u></u> | <u><u>\$ 235,750,951</u></u> | <u><u>\$ 138,191,061</u></u> | <u><u>\$ 111,555,362</u></u> |



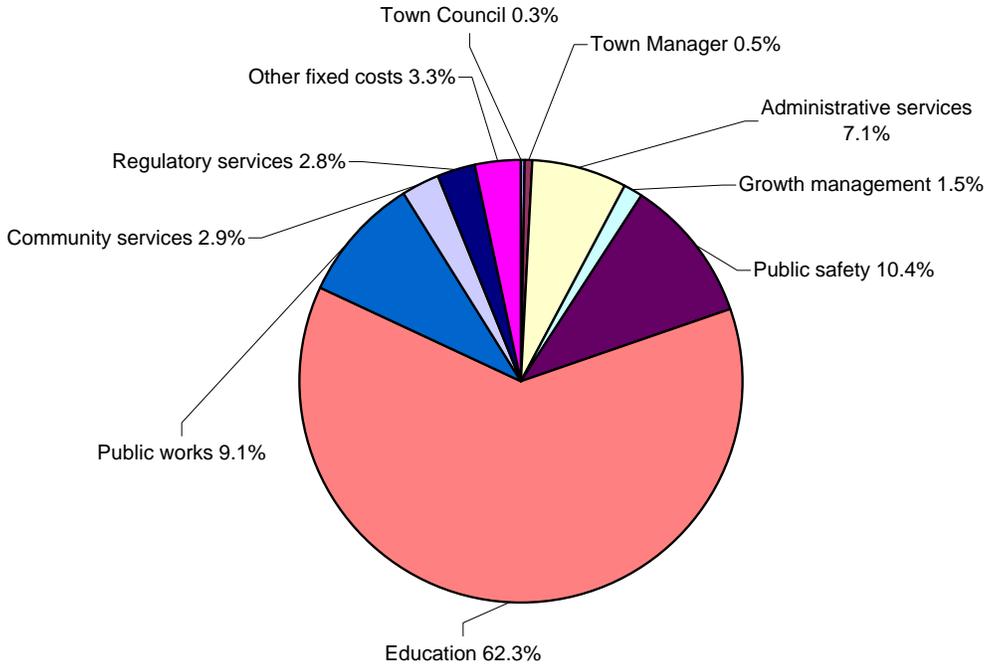
- Charges for services represent 6% of governmental activities resources. The Town can exercise more control over this category of revenue than any other. Fees charged for services rendered that are set by the Council and Manager are included in this category.
- Operating and capital grants and contributions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

Three Year Comparison of Governmental Activities Revenue Composition



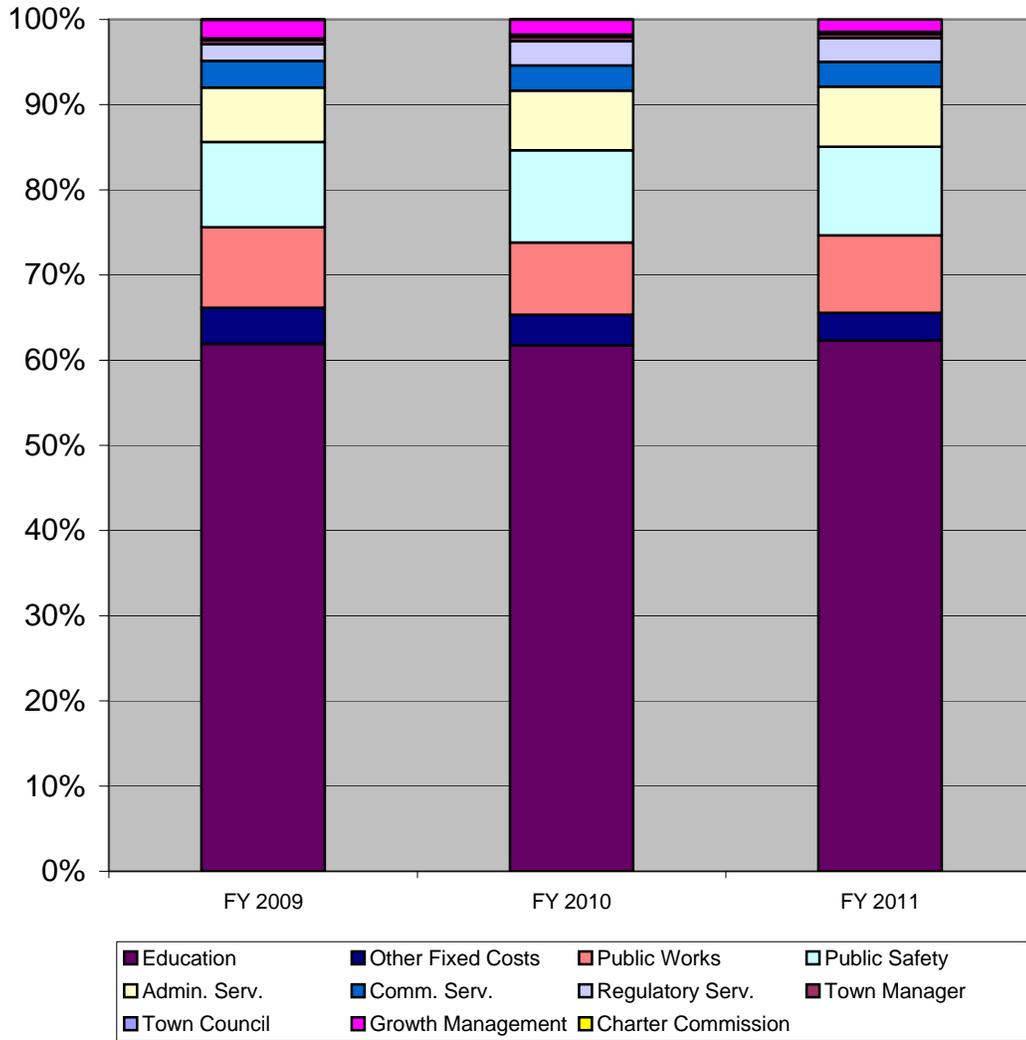
- Capital grants increased 1% or \$613,000 of which \$523,000 is due to road construction.
- Excise taxes increased 1% or \$1.8 million of which \$845,000 was in motor vehicle and other excise taxes, \$377,000 was in hotel/motel taxes and \$619,000 is due to a new meals tax.
- All other categories have remained fairly consistent.

FY 2011 Governmental Activity Expenses

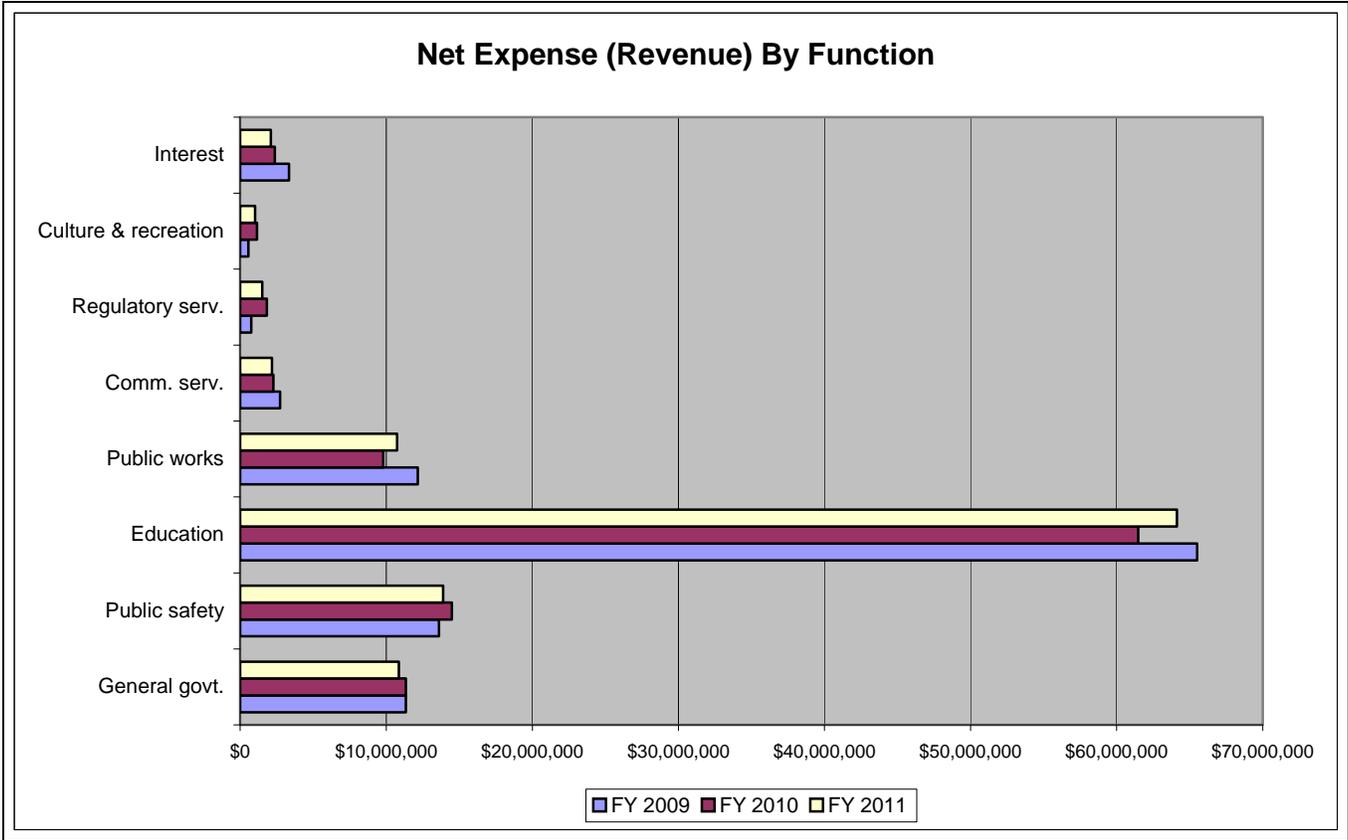


- Education is by far the largest governmental activity of the Town totaling \$93.7 million or 62.3% of all expenses.
- Public safety is the second largest activity consisting of \$15.7 million each or 10.4%.
- Public works is the third largest category at \$13.7 million or 9.1%.
- 85.1% of all governmental activity is associated with public safety, education, public works, and other fixed costs. The remaining activity, or 14.9%, is associated with community services, regulatory services, growth management, administrative services, town council, and town manager.

Three Year Comparison of Governmental Activities Expense Composition



- Education is by far the largest category of governmental activity expenses and has consistently been above 60% of all expenses.
- Public safety, public works and other fixed costs are the other three main expense categories, as these expenses along with education comprise 85.1% of the Town’s governmental activity expenses.

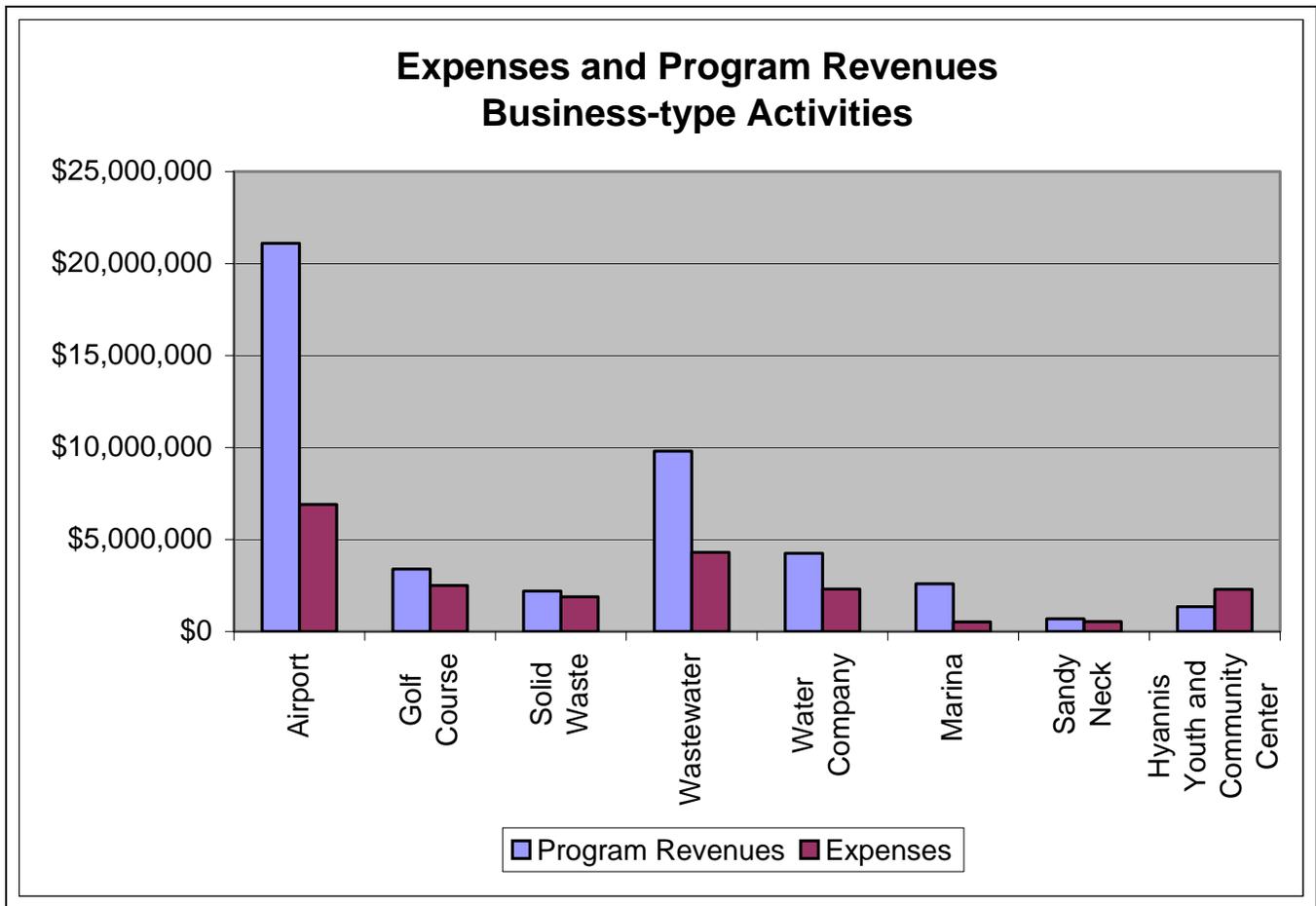


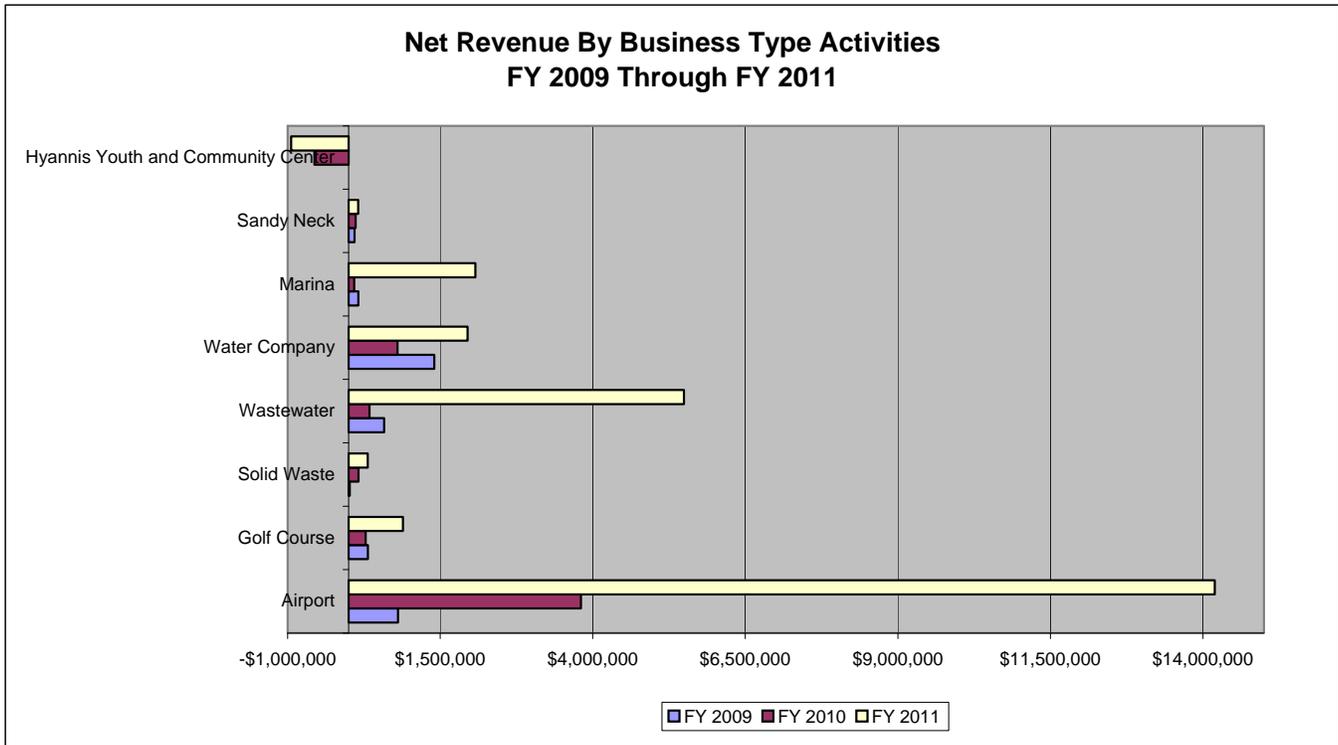
The change in the net expenses by function from year to year is useful to understand where tax dollars and other general revenues not restricted for particular purposes are being allocated.

- Education realized the largest increase in net expenses from fiscal year 2010 to fiscal year 2011 (\$2.7 million). This was due to an increase in their operating budget.
- Public works realized the second largest increase in net expenses from fiscal year 2010 to fiscal year 2011 due to road construction.

Business-type activities. Business-type activities increased the Town of Barnstable’s net assets by \$26.6 million. Key elements of this increase are as follows:

- \$13.8 million was attributable to airport operations. This was up from the prior year increase of \$3.4 million due to capital contributions received in fiscal year 2011 totaling \$14.5 million.
- \$670,000 was attributable to golf course operations.
- \$78,000 was attributable to solid waste operations.
- \$5.1 million was attributable to wastewater operations.
- \$4.5 million was attributable to water supply operations.
- \$2.1 million was attributable to the marina enterprise fund.
- \$99,000 was attributable to the sandy neck recreation fund.
- \$299,000 was attributable to the Hyannis Youth and Community Center.
- The business-type activities transferred \$1.8 million of its net operating income to governmental activities to pay for cost associated with running the business-type activities which are budgeted and paid for out of governmental activities.





- All business type activities have generated net revenue for the past three years except for the Hyannis Youth and Community Center.
- The airport realized an increase in their net revenue generated from fiscal year 2010 to fiscal year 2011. This is principally due to \$14.5 million in capital grant revenue for the airport renovation project.

Financial Analysis of the Government’s Funds

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

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

Fiscal year 2011 was the Town’s initial year of implementation of GASB #54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The implementation of this standard has changed the fund balance components into nonspendable, restricted, committed, assigned and unassigned. Additionally, under the new standard, the Town’s stabilization funds are reported within the general fund as restricted and unassigned.

At the end of the current fiscal year, the Town of Barnstable’s governmental funds reported combined ending fund balances of \$82.1 million, an increase of \$1.5 million in comparison with the prior year.

The general fund is the chief operating fund of the Town of Barnstable. At the end of the current fiscal year, unassigned fund balance of the general fund totaled \$21.6 million, while total fund balance was \$30.6 million. As a measure of the general fund’s liquidity, it may be useful to compare both unassigned fund balance and the total fund balance to total fund expenditures.

Analysis of Fund Balance and General Fund Expenditures

| | FY 2009 | FY 2010 | FY 2011 |
|---|----------------|----------------|----------------|
| Unassigned fund balance | \$ 28,710,144 | \$ 26,539,943 | \$ 21,612,742 |
| Total fund balance | \$ 33,449,262 | \$ 32,820,236 | \$ 30,598,271 |
| Total General Fund expenditures | \$ 132,030,567 | \$ 126,997,099 | \$ 131,157,143 |
| Unassigned fund balance as a % of total GF expenditures | 21.75% | 20.90% | 16.48% |
| Total fund balance as a % of total GF expenditures | 25.33% | 25.84% | 23.33% |

Unassigned fund balance and total fund balance as a percentage of total general fund expenditures decreased in fiscal year 2011 from the fiscal year 2009 and 2010 levels. The Town's general fund expenditures for fiscal year 2011 are \$4.2 million more than fiscal year 2010 but \$873,000 less than fiscal year 2009.

The Town has planned to use \$3.2 million of fund balance to balance the fiscal year 2012 general fund budget, which is reported within assigned fund balance.

General Fund Comparison

| | FY 2009 | FY 2010 | FY 2011 | Increase (Decrease) FY09-FY11 |
|------------------------------|----------------|----------------|----------------|-------------------------------------|
| Cash and investments | \$ 38,615,729 | \$ 37,585,433 | \$ 36,450,073 | \$ (2,165,656) |
| Receivables and other assets | \$ 36,628,152 | \$ 35,779,430 | \$ 34,448,247 | \$ (2,179,905) |
| Total liabilities | \$ 41,794,619 | \$ 40,544,627 | \$ 40,300,049 | \$ (1,494,570) |
| Total fund balance | \$ 33,449,262 | \$ 32,820,236 | \$ 30,598,271 | \$ (2,850,991) |
| Revenues | \$ 126,678,175 | \$ 129,505,074 | \$ 133,462,906 | \$ 6,784,731 |
| Expenditures | \$ 132,066,002 | \$ 127,035,059 | \$ 131,157,143 | \$ (908,859) |

- Cash and investments have decreased mainly as a result of the planned use of reserves to fund a portion of the capital program.
- Receivables have decreased by \$2.2 million from fiscal year 2009, mostly due to receipts coming in from state reimbursement programs.
- Total fund balance has decreased mainly due to use of reserves for the capital program.
- The \$6.8 million increase in revenue is comprised mostly of the increase of \$4 million in property tax growth, \$1.3 million in intergovernmental revenue, \$725,000 in investment income and \$490,000 in the new meals tax offset by the decrease of \$411,000 in departmental and other.
- The \$909,000 decrease in expenditures was the net of decreases in education of \$3.2 million and interest of \$1.2 million offset with an increase in pension benefits of \$2.9 million.
- Unassigned fund balance has decreased by \$7.1 million over the past three years mainly as a result of the planned use of high reserves to fund the capital program.

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 decreased \$6.3 million since fiscal year 2009. This fund is more commonly referred to in town as the "Capital Trust Fund". Resources are accumulated in this fund to provide for future capital improvements on a pay-as-you-go basis and to pay debt service on borrowing authorizations issued to finance capital improvements. This fund receives an annual transfer from the General Fund (\$6.7 million in fiscal year 2011) and transfers out a sum of money that equals the annual debt service payments on projects authorized as well as cash appropriations for capital improvements. The difference between the transfer in and out contributes to the increase or decrease in this fund balance at the end of any fiscal year.

In accordance with GASB #54, the Town has classified the fund balance in the pension stabilization fund within the category of restricted fund balance within the general fund. The balance of the pension stabilization fund has remained consistent with a slight increase of \$11,000 since fiscal year 2009. During fiscal year 2011, the Town transferred the balance in the insurance stabilization fund of \$693,000 to fund the other postemployment benefit trust fund.

| | Fund Balance | | | Increase (Decrease) |
|-----------------------------|---------------|---------------|---------------|------------------------|
| | FY 2009 | FY 2010 | FY 2011 | FY09-FY11 |
| Capital Projects | \$ 15,845,729 | \$ 15,837,839 | \$ 18,640,466 | \$ 2,794,737 |
| Chapter 90 Highway | \$ - | \$ - | \$ - | \$ - |
| Community Preservation Fund | \$ 9,028,520 | \$ 10,082,856 | \$ 8,261,251 | \$ (767,269) |
| Nonmajor Governmental Funds | \$ 22,526,078 | \$ 21,908,895 | \$ 24,637,597 | \$ 2,111,519 |

The capital projects fund has increased by \$2.8 million since fiscal year 2009. This is due to the Town's ongoing capital construction and improvement projects. In fiscal year 2011, the Town's major project included \$1.5 million for boat ramp improvements, \$725,000 for the Barnstable Harbor bulkhead improvement and \$600,000 for a comprehensive wastewater plan.

The Chapter 90 highway projects fund reported expenditures of \$2.2 million against \$2.2 million of reimbursements on projects in fiscal year 2011 which are fully supported by state grants on a reimbursable basis.

The community preservation fund balance has decreased by \$767,000 since fiscal year 2009. This is due to the Town's ongoing community preservation project expenditures exceeding revenue.

The nonmajor funds increased in fund balance by approximately \$2.1 million since fiscal year 2009. During fiscal year 2011, revenues exceeded expenditures by \$2.8 million and transfers netted to (\$121,000).

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

General Fund Budgetary Highlights

The \$214,000 decrease from the original budget to the final amended budget resulted from the decrease in assessments.

General fund revenues came in more than budgeted by \$1.6 million. Several categories of revenues came in under budget and several exceeded the budget, including charges for services, fees and rentals, licenses and permits, and investment income. Motor vehicle and other excise taxes realized the largest positive variance at \$795,000.

General Fund expenditures came in approximately \$998,000 less than budgeted. All departments realized budget savings except for the Department of Public Works (DPW). The DPW's budget was over expended as a result of excessive snow and ice removal costs. This is an area where municipalities are allowed to deficit spend under state law. The deficit is raised on the subsequent year's tax recap which amounted to \$928,000 for fiscal year 2011.

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, 2011 amount to \$386 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements to land and buildings, machinery and equipment, vehicles, roads, sidewalks, bridges, runways and sewer lines. The total increase in the Town of Barnstable's net investment in capital assets for the current fiscal year was \$32.2 million (a \$6.1 million increase for governmental activities and a \$26.1 million increase for business-type activities).

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

- The Town spent \$16.5 million for various infrastructure improvements including roads, drainage and sidewalks.
- The Town spent \$7.7 million on various building improvements. Of this amount \$5.1 million was spent on the new airport air traffic control tower, \$1.3 million for the new Sandy Neck bathhouse, \$780,000 in DPW projects and \$387,000 in school projects.
- The Town spent \$14.3 million on construction in progress. Of this amount \$1.9 million was spent on Town Hall renovations, \$3.3 million was spent on water projects, \$8.9 million was spent on the construction of the new airport terminal, and \$191,000 was spent on miscellaneous projects.

Capital Assets

| | Cost of Capital Assets at end of year | Accumulated Depreciation at end of year | Capital Assets, net |
|---|--|--|--------------------------------|
| | <u> </u> | <u> </u> | <u> </u> |
| Governmental activities | | | |
| <u>Function:</u> | | | |
| General government..... | \$ 10,682,997 | \$ (5,066,832) | \$ 5,616,165 |
| Growth management..... | 1,952,668 | (1,384) | 1,951,284 |
| Public safety..... | 10,577,853 | (6,833,447) | 3,744,406 |
| Education..... | 131,860,874 | (63,267,902) | 68,592,972 |
| Public works..... | 108,695,221 | (38,541,386) | 70,153,835 |
| Regulatory services..... | 70,992,029 | (1,011,452) | 69,980,577 |
| Community services..... | <u>11,830,746</u> | <u>(4,209,431)</u> | <u>7,621,315</u> |
| Total by function..... | <u>346,592,388</u> | <u>(118,931,834)</u> | <u>227,660,554</u> |
| Business-type activities | | | |
| <u>Function:</u> | | | |
| Airport..... | 71,147,254 | (18,186,479) | 52,960,775 |
| Golf..... | 17,503,613 | (3,418,814) | 14,084,799 |
| Solid Waste..... | 4,543,817 | (1,928,698) | 2,615,119 |
| Wastewater..... | 56,729,950 | (14,093,666) | 42,636,284 |
| Water Supply..... | 16,235,786 | (854,450) | 15,381,336 |
| Marina..... | 6,852,699 | (1,323,922) | 5,528,777 |
| Sandy Neck recreation..... | 1,639,234 | (186,352) | 1,452,882 |
| Hyannis Youth and Community Center..... | <u>24,217,739</u> | <u>(581,582)</u> | <u>23,636,157</u> |
| Total by function..... | <u>198,870,092</u> | <u>(40,573,963)</u> | <u>158,296,129</u> |
| Grand Total..... | \$ <u>545,462,480</u> | \$ <u>(159,505,797)</u> | \$ <u>385,956,683</u> |

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

Long-term debt. At the end of the current fiscal year, the Town of Barnstable had total bonded debt outstanding of \$137 million. The entire amount is classified as general obligation debt and is backed by the full faith and credit of the Town. The Town has no revenue bonds outstanding, which are bonds secured solely by specified revenue sources.

Governmental Activities:

| Projects | Coupon Rate (%) | Outstanding at June 30, 2010 | Issued | Redeemed | Outstanding at June 30, 2011 |
|--------------------------------------|-----------------------|------------------------------------|----------------------|------------------------|------------------------------------|
| Land Acquisitions..... | 3.51 - 5.00 | \$ 2,787,000 | \$ 1,102,000 | \$ (1,339,000) | \$ 2,550,000 |
| Community Preservation Fund | | | | | |
| Land Acquisitions..... | 3.25 - 5.00 | 22,295,000 | 7,065,000 | (8,850,000) | 20,510,000 |
| Schools..... | 2.50 - 5.00 | 43,904,505 | 2,630,000 | (4,927,402) | 41,607,103 |
| Roads..... | 2.74 - 5.00 | 3,626,730 | 1,000,000 | (826,730) | 3,800,000 |
| Title V Loan Program..... | 0.00 | 734,151 | - | (50,420) | 683,731 |
| Public Buildings..... | 3.39 - 5.00 | 6,397,820 | 965,000 | (988,020) | 6,374,800 |
| Improvements..... | 3.5 - 4.75 | 1,813,000 | 1,575,000 | (182,000) | 3,206,000 |
| Dredging..... | 4.20 | 1,121,250 | 1,839,000 | (411,250) | 2,549,000 |
| Drainage..... | 3.39 - 6.00 | 465,000 | - | (145,000) | 320,000 |
| Sewer Planning..... | 4.07 | 1,288,998 | - | (229,517) | 1,059,481 |
| Aerial Mapping..... | 3.61 | 175,000 | - | (65,000) | 110,000 |
| Lake Treatment..... | 3.00 | 275,000 | - | (20,000) | 255,000 |
| Total Bonds Payable..... | | 84,883,454 | 16,176,000 | (18,034,339) | 83,025,115 |
| Add: unamortized premium..... | | - | 360,689 | - | 360,689 |
| Total Bonds Payable, net..... | | \$ 84,883,454 | \$ 16,536,689 | \$ (18,034,339) | \$ 83,385,804 |

Business-type Activities:

| Projects | Coupon Rate (%) | Outstanding at June 30, 2010 | Issued | Redeemed | Outstanding at June 30, 2011 |
|---|-----------------------|------------------------------------|---------------------|-----------------------|------------------------------------|
| Golf Course..... | 5.00 | \$ 3,840,000 | - | \$ (220,000) | \$ 3,620,000 |
| Wastewater..... | 0.00 - 4.75 | 18,474,811 | 300,000 | (1,573,266) | 17,201,545 |
| Water..... | 4.00 - 5.00 | 11,753,911 | - | (375,000) | 11,378,911 |
| Solid Waste Transfer Station..... | 0.00 - 4.50 | 4,338,727 | - | (430,827) | 3,907,900 |
| Sandy Neck..... | 4.00 | 30,000 | 1,265,000 | (15,000) | 1,280,000 |
| Marinas..... | 3.00 - 5.00 | 1,250,000 | 525,000 | (100,000) | 1,675,000 |
| Hyannis Youth and Community Center..... | 3.375 - 5.00 | 15,092,000 | - | (869,000) | 14,223,000 |
| Airport..... | 2.00 - 4.12 | - | 730,000 | - | 730,000 |
| Total Bonds Payable..... | | \$ 54,779,449 | \$ 2,820,000 | \$ (3,583,093) | \$ 54,016,356 |

The Town of Barnstable's total long-term debt decreased by \$2.6 million during the current fiscal year. The decrease was the net result of the issuance of \$10.4 million in new long-term debt used to finance new capital projects, \$8.6 million of refunding bonds, and principal payments of approximately \$13 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 \$747 million, which is significantly in excess of the Town of Barnstable's outstanding general obligation debt that is subject to this limitation.

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

Economic Factors and Next Year's Budget and Rates

- New building growth continues to languish as unemployment and housing inventory remain high. Property taxes from new building growth in fiscal year 2012 are \$588,694, well below the recent growth figure of \$1.2 million in fiscal year 2008. The Town is estimating only \$450,000 of property taxes from new building growth in fiscal year 2013; recovering to \$1 million by fiscal year 2017.
- Motor vehicle excise taxes are conservatively projected in fiscal year 2012 at \$4.8 million even though the actual collections in fiscal year 2011 grew substantially from the fiscal year 2010 collections (\$5.8 million vs. \$5.1 million). This category of revenue has been very volatile over the past few years as fewer new cars are being purchased and more of the new cars purchased tend to be less expensive fuel efficient models. This has a direct impact on the excise tax collected by the town as the tax bill is based on the MSRP of the vehicle.
- Hotel/Motel excise taxes for fiscal year 2012 are projected to increase \$850,000 over the fiscal year 2011 budget as a result of an increase in the tax rate from 4% to 6%.
- The Town Council approved a local meals tax rate of 0.75% effective October 1, 2010. The estimated annual revenue from this new tax is \$1 million for fiscal year 2012.
- Chapter 70 Aid for education and unrestricted general government aid are budgeted \$90,000 less in fiscal year 2012. Subsequent to the Town adopting its fiscal year 2012 budget, a \$128,000 reduction in unrestricted general government aid was restored by the State as a one-time distribution from state surplus was made. This will not be repeated for fiscal year 2013. The additional aid received in fiscal 2012 has not been dedicated for any purpose and will close to fund balance.
- Charter school reimbursement aid from the state will increase \$382,000 in fiscal year 2012 as the Sturgis Charter School has opened a second campus. The state aid formula includes an annual declining reimbursement rate which will result in less aid received in subsequent years.
- Penalties and interest on the late payment of taxes are expected to increase as more late payments are occurring due to the economy. This is expected to decline when economic conditions improve.
- Interest rates on investments continue to be the lowest in years. The Town estimates that general fund investment income will be \$185,000 less in fiscal year 2012.
- Interest rates on bond issues are at historical lows and this trend is expected to continue in fiscal year 2012.
- Consumer price inflation is currently low which should have positive impact on the Town's utility and fuel costs in fiscal year 2012.
- The fiscal year 2012 General Fund operating budget of \$123.9 million (net of transfers) is \$3.5 million more than the fiscal year 2011 budget.
- School operations are up \$1.2 million and municipal operations are up \$654,000.
- Employee benefits are up \$585,000.
- Debt service is up \$371,000; school assessments are up \$249,000; snow & ice deficits are up \$380,000 and other fixed costs are up \$61,000.

- The Police Department saw the largest dollar increase in the municipal operations at \$354,000. This is the result of an increase in personnel costs and additional funding provided for a reverse 911 system and the increased cost in gasoline.
- The Regulatory Services operations saw the largest percentage increase in the fiscal year 2012 municipal operating budget at 7.6% or \$173,000. An increase in personnel costs as well as additional funds for managing conservation land (\$50,000) contribute to the increase.
- The Town implemented an early retirement program at the end of fiscal year 2011; as authorized under a state approved program, in which 6 positions participated. Three positions were backfilled and three positions were left vacant for the fiscal year 2012 budget resulting in a budgetary savings of \$238,000 for fiscal year 2012. The unfilled positions included two in the police department (one civilian and one sworn officer) and one in growth management.
- \$2 million of general fund reserves were transferred to the Town's stabilization fund as part of the approved fiscal year 2012 budget.
- \$1,767,000 of rooms and meals taxes are being transferred from the general fund to a sewer construction fund as part of the fiscal year 2012 budget. The town's long-range capital program has designated the 2% increase in rooms taxes and all of the new meals taxes for this purpose.
- Fiscal year 2012 is a non-revaluation year for the Town of Barnstable. Property values were adjusted in accordance with state requirements for interim years resulting in an overall reduction of \$162 million or 1.2%. Prices in the residential real estate market have appeared to level off and most of the reduction was associated with commercial real estate.
- The tax levy for fiscal year 2012 is \$97.3 million, or \$2.7 million higher than fiscal year 2011.
- The fiscal year 2012 single town tax rate is increased from \$7.28 to \$7.59 per \$1,000 of valuation. The median home value in town is approximately \$311,000. This equates to a \$96 increase in the annual median tax bill before any residential exemption.
- The Town Council adopted a residential exemption of 20% for fiscal year 2012. The exemption value for fiscal 2012 is \$88,785. Qualifying residential property owners will receive this deduction off their taxable values before the tax rate is applied.
- The residential tax rate for fiscal year 2012 as a result of the residential exemption being adopted is \$8.42 per \$1,000 of valuation.
- The Town Council did not adopt a split tax rate or a small business exemption for fiscal year 2012 consistent with the previous year.

Requests for Information

This financial report is designed to provide a general overview of the Town of Barnstable's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Office of the Finance Director, 1st Floor, School Administration Building, 230 South Street, Hyannis, MA, 02601.

Basic Financial Statements

STATEMENT OF NET ASSETS

JUNE 30, 2011

| | Primary Government | | | Component |
|--|----------------------------|-----------------------------|-----------------------|----------------------|
| | Governmental Activities | Business-type Activities | Total | Units |
| | | | | Libraries |
| ASSETS | | | | |
| CURRENT: | | | | |
| Cash and cash equivalents..... | \$ 53,870,381 | \$ 9,826,966 | \$ 63,697,347 | \$ 2,412,629 |
| Restricted cash..... | - | - | - | 90,754 |
| Investments..... | 34,357,679 | 12,476,261 | 46,833,940 | 8,427,226 |
| Receivables, net of allowance for uncollectibles: | | | | |
| Real estate and personal property taxes..... | 6,568,598 | - | 6,568,598 | - |
| Tax liens..... | 1,030,176 | - | 1,030,176 | - |
| Wastewater liens..... | - | 21,962 | 21,962 | - |
| Motor vehicle and other excise taxes..... | 1,262,306 | - | 1,262,306 | - |
| User fees..... | - | 2,783,041 | 2,783,041 | - |
| Community Preservation Fund surtaxes..... | 171,814 | - | 171,814 | - |
| Departmental and other..... | 247,669 | - | 247,669 | 5,575 |
| Special assessments..... | 5,762 | 204,798 | 210,560 | - |
| Intergovernmental..... | 11,634,723 | 16,254,022 | 27,888,745 | 257 |
| Tax foreclosures..... | 1,185,252 | - | 1,185,252 | - |
| Inventory..... | - | 160,718 | 160,718 | 2,160 |
| Prepaid expenses..... | 6,259 | - | 6,259 | 14,949 |
| Total current assets..... | 110,340,619 | 41,727,768 | 152,068,387 | 10,953,550 |
| NONCURRENT: | | | | |
| Receivables, net of allowance for uncollectibles: | | | | |
| Special assessments..... | 882,857 | 1,699,834 | 2,582,691 | - |
| Intergovernmental..... | 20,133,201 | 1,759,408 | 21,892,609 | - |
| Other assets..... | 594 | - | 594 | - |
| Capital assets, net of accumulated depreciation: | | | | |
| Depreciable..... | 138,250,342 | 93,625,549 | 231,875,891 | 2,193,959 |
| Nondepreciable..... | 89,410,212 | 64,670,580 | 154,080,792 | 2,987,710 |
| Total noncurrent assets..... | 248,677,206 | 161,755,371 | 410,432,577 | 5,181,669 |
| TOTAL ASSETS..... | 359,017,825 | 203,483,139 | 562,500,964 | 16,135,219 |
| LIABILITIES | | | | |
| CURRENT: | | | | |
| Warrants payable..... | 1,214,374 | 896,195 | 2,110,569 | 573,498 |
| Accrued liabilities..... | 292,091 | 23,726 | 315,817 | 3,547 |
| Accrued payroll..... | 6,400,756 | 123,239 | 6,523,995 | - |
| Tax refunds payable..... | 105,600 | - | 105,600 | - |
| Accrued interest..... | 694,214 | 361,608 | 1,055,822 | - |
| Other liabilities..... | 144,343 | 46,065 | 190,408 | 5,500 |
| Customer deposits payable..... | 9,351 | - | 9,351 | - |
| Landfill closure..... | - | 70,000 | 70,000 | - |
| Compensated absences..... | 2,388,506 | 243,385 | 2,631,891 | - |
| Workers' compensation..... | 53,000 | - | 53,000 | - |
| Notes payable..... | - | 5,348,080 | 5,348,080 | - |
| Bonds payable..... | 9,985,308 | 3,891,430 | 13,876,738 | - |
| Total current liabilities..... | 21,287,543 | 11,003,728 | 32,291,271 | 582,545 |
| NONCURRENT: | | | | |
| Landfill closure..... | - | 1,050,000 | 1,050,000 | - |
| Compensated absences..... | 578,369 | 42,424 | 620,793 | - |
| Workers' compensation..... | 599,000 | - | 599,000 | - |
| Other postemployment benefits obligation..... | 23,666,163 | 3,071,000 | 26,737,163 | - |
| Bonds payable..... | 73,400,496 | 50,124,926 | 123,525,422 | - |
| Total noncurrent liabilities..... | 98,244,028 | 54,288,350 | 152,532,378 | - |
| TOTAL LIABILITIES..... | 119,531,571 | 65,292,078 | 184,823,649 | 582,545 |
| NET ASSETS | | | | |
| Invested in capital assets, net of related debt..... | 178,881,293 | 111,054,493 | 289,935,786 | 5,181,669 |
| Restricted for: | | | | |
| Highway projects..... | 6,157,359 | - | 6,157,359 | - |
| Permanent funds: | | | | |
| Expendable..... | 1,518,813 | - | 1,518,813 | - |
| Nonexpendable..... | 10,326,319 | - | 10,326,319 | - |
| Grants and gifts..... | 5,186,055 | - | 5,186,055 | - |
| Unrestricted..... | 37,416,415 | 27,136,568 | 64,552,983 | 10,371,005 |
| TOTAL NET ASSETS..... | \$ 239,486,254 | \$ 138,191,061 | \$ 377,677,315 | \$ 15,552,674 |

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED JUNE 30, 2011

| <u>Functions/Programs</u> | <u>Expenses</u> | <u>Program Revenues</u> | | | <u>Net (Expense) Revenue</u> |
|--|-----------------------|-----------------------------|---|---|------------------------------|
| | | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> | |
| Primary Government: | | | | | |
| <i>Governmental Activities:</i> | | | | | |
| Town Council..... | \$ 380,018 | \$ - | \$ - | \$ - | \$ (380,018) |
| Town Manager..... | 683,316 | 42,137 | - | - | (641,179) |
| Administrative services..... | 10,601,542 | 709,164 | 783,399 | 651,263 | (8,457,716) |
| Growth management..... | 2,197,204 | 30,023 | - | 777,672 | (1,389,509) |
| Public safety..... | 15,656,195 | 1,003,088 | 761,262 | - | (13,891,845) |
| Education..... | 93,652,265 | 2,597,573 | 26,923,492 | - | (64,131,200) |
| Public works..... | 13,669,363 | 260,346 | 47,086 | 2,614,377 | (10,747,554) |
| Community services..... | 4,395,115 | 1,752,891 | 448,569 | 15,000 | (2,178,655) |
| Regulatory services..... | 4,204,140 | 2,694,281 | 4,386 | - | (1,505,473) |
| Culture and recreation..... | 1,673,945 | 566,115 | 84,316 | - | (1,023,514) |
| Interest..... | 3,227,684 | - | 1,126,075 | - | (2,101,609) |
| Total Governmental Activities..... | 150,340,787 | 9,655,618 | 30,178,585 | 4,058,312 | (106,448,272) |
| <i>Business-Type Activities:</i> | | | | | |
| Airport activities..... | 6,908,268 | 6,506,669 | 77,377 | 14,518,831 | 14,194,609 |
| Golf Course activities..... | 2,507,382 | 3,395,629 | - | - | 888,247 |
| Solid Waste activities..... | 1,887,556 | 2,094,528 | 104,564 | - | 311,536 |
| Wastewater activities..... | 4,307,355 | 3,569,586 | 201,491 | 6,031,937 | 5,495,659 |
| Water Supply activities..... | 2,309,337 | 3,551,796 | - | 705,226 | 1,947,685 |
| Marina activities..... | 521,888 | 627,670 | - | 1,969,876 | 2,075,658 |
| Sandy Neck activities..... | 537,561 | 693,869 | - | - | 156,308 |
| Hyannis Youth and Community Center activities..... | 2,286,860 | 1,332,574 | - | 10,000 | (944,286) |
| Total Business-Type Activities..... | 21,266,207 | 21,772,321 | 383,432 | 23,235,870 | 24,125,416 |
| Total Primary Government..... | \$ 171,606,994 | \$ 31,427,939 | \$ 30,562,017 | \$ 27,294,182 | \$ (82,322,856) |
| Component Units: | | | | | |
| Libraries..... | \$ 2,954,011 | \$ 240,958 | \$ 2,631,872 | \$ 1,608,670 | \$ 1,527,489 |

(Continued)

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED JUNE 30, 2011

| | Primary Government | | | Component Units |
|--|-------------------------|--------------------------|------------------------|----------------------|
| | Governmental Activities | Business-Type Activities | Total | Libraries |
| Changes in net assets: | | | | |
| Net (expense) revenue from previous page..... | \$ (106,448,272) | \$ 24,125,416 | \$ (82,322,856) | \$ 1,527,489 |
| <i>General revenues:</i> | | | | |
| Real estate and personal property taxes, net of tax refunds payable..... | 93,673,200 | - | 93,673,200 | - |
| Motor vehicle and other excise taxes..... | 6,051,330 | - | 6,051,330 | - |
| Hotel/motel tax..... | 1,866,536 | - | 1,866,536 | - |
| Meals tax..... | 619,193 | - | 619,193 | - |
| Penalties and interest on taxes..... | 897,236 | - | 897,236 | - |
| Community Preservation Fund surtax..... | 2,734,079 | - | 2,734,079 | - |
| Grants and contributions not restricted to specific programs..... | 2,665,950 | - | 2,665,950 | - |
| Unrestricted investment income (loss)..... | 3,421,534 | 316,300 | 3,737,834 | 1,419,354 |
| Miscellaneous..... | 448,500 | - | 448,500 | - |
| <i>Extraordinary items</i> | - | - | - | (270,710) |
| <i>Transfers, net</i> | (2,193,983) | 2,193,983 | - | - |
| Total general revenues, extraordinary items and transfers..... | <u>110,183,575</u> | <u>2,510,283</u> | <u>112,693,858</u> | <u>1,148,644</u> |
| Change in net assets..... | 3,735,303 | 26,635,699 | 30,371,002 | 2,676,133 |
| <i>Net Assets:</i> | | | | |
| Beginning of year | <u>235,750,951</u> | <u>111,555,362</u> | <u>347,306,313</u> | <u>12,876,541</u> |
| End of year..... | \$ <u>239,486,254</u> | \$ <u>138,191,061</u> | \$ <u>377,677,315</u> | \$ <u>15,552,674</u> |

(Concluded)

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2011

| ASSETS | General | Capital Projects | Chapter 90 Highway Projects | Community Preservation Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|---|----------------------|----------------------|-----------------------------------|-----------------------------------|-----------------------------------|--------------------------------|
| Cash and cash equivalents..... | \$ 12,696,078 | \$ 18,251,405 | \$ - | \$ 8,468,504 | \$ 14,454,394 | \$ 53,870,381 |
| Investments..... | 23,753,995 | - | - | - | 10,603,684 | 34,357,679 |
| Receivables, net of uncollectibles: | | | | | | |
| Real estate and personal property taxes..... | 6,568,598 | - | - | - | - | 6,568,598 |
| Tax liens..... | 1,010,991 | - | - | 17,850 | 1,335 | 1,030,176 |
| Motor vehicle and other excise taxes..... | 1,262,306 | - | - | - | - | 1,262,306 |
| Community Preservation Fund surtaxes..... | - | - | - | 171,814 | - | 171,814 |
| Departmental and other..... | 211,880 | - | - | - | 35,789 | 247,669 |
| Special assessments..... | - | - | - | - | 888,619 | 888,619 |
| Intergovernmental..... | 24,202,367 | 582,110 | 6,215,707 | 765,460 | 2,280 | 31,767,924 |
| Tax foreclosures..... | 1,185,252 | - | - | - | - | 1,185,252 |
| Due from other funds..... | - | 82,875 | - | - | - | 82,875 |
| Other assets..... | 594 | - | - | - | - | 594 |
| Prepaid expenses..... | 6,259 | - | - | - | - | 6,259 |
| TOTAL ASSETS..... | \$ 70,898,320 | \$ 18,916,390 | \$ 6,215,707 | \$ 9,423,628 | \$ 25,986,101 | \$ 131,440,146 |
| LIABILITIES AND FUND BALANCES | | | | | | |
| LIABILITIES: | | | | | | |
| Warrants payable..... | \$ 581,636 | \$ 266,409 | \$ 6,882 | \$ 206,381 | \$ 153,066 | \$ 1,214,374 |
| Accrued liabilities..... | 292,091 | - | - | - | - | 292,091 |
| Accrued payroll..... | 6,213,476 | 9,515 | - | 872 | 176,893 | 6,400,756 |
| Tax refunds payable..... | 105,600 | - | - | - | - | 105,600 |
| Liabilities due depositors..... | 9,351 | - | - | - | - | 9,351 |
| Other liabilities..... | 15,752 | - | - | - | 128,591 | 144,343 |
| Deferred revenues..... | 33,082,143 | - | 6,125,950 | 955,124 | 889,954 | 41,053,171 |
| Due to other funds..... | - | - | 82,875 | - | - | 82,875 |
| TOTAL LIABILITIES..... | 40,300,049 | 275,924 | 6,215,707 | 1,162,377 | 1,348,504 | 49,302,561 |
| FUND BALANCES: | | | | | | |
| Nonspendable..... | - | - | - | - | 10,326,319 | 10,326,319 |
| Restricted..... | 2,863,023 | 18,640,466 | - | 8,261,251 | 14,311,278 | 44,076,018 |
| Assigned..... | 6,122,506 | - | - | - | - | 6,122,506 |
| Unassigned..... | 21,612,742 | - | - | - | - | 21,612,742 |
| TOTAL FUND BALANCES..... | 30,598,271 | 18,640,466 | - | 8,261,251 | 24,637,597 | 82,137,585 |
| TOTAL LIABILITIES AND FUND BALANCES..... | \$ 70,898,320 | \$ 18,916,390 | \$ 6,215,707 | \$ 9,423,628 | \$ 25,986,101 | \$ 131,440,146 |

See notes to basic financial statements.

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

JUNE 30, 2011

| | | |
|---|---------------------|----------------------|
| Total governmental fund balances..... | \$ | 82,137,585 |
| Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds..... | | 227,660,554 |
| Accounts receivable are not available to pay for current-period expenditures and, therefore, are deferred in the funds..... | | 41,053,171 |
| In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due..... | | (694,214) |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds | | |
| Bonds and notes payable..... | (83,385,804) | |
| Workers' compensation..... | (652,000) | |
| Compensated absences..... | (2,966,875) | |
| Other postemployment benefits obligation..... | <u>(23,666,163)</u> | |
| Net effect of reporting long-term liabilities..... | | <u>(110,670,842)</u> |
| Net assets of governmental activities..... | \$ | <u>239,486,254</u> |

See notes to basic financial statements.

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

FISCAL YEAR ENDED JUNE 30, 2011

| | General | Capital Projects | Chapter 90 Highway Projects | Community Preservation Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|---|----------------------|----------------------|-----------------------------------|-----------------------------------|-----------------------------------|--------------------------------|
| REVENUES: | | | | | | |
| Real estate and personal property taxes, net of tax refunds..... | \$ 92,202,438 | \$ - | \$ - | \$ - | \$ - | \$ 92,202,438 |
| Motor vehicle and other excise taxes..... | 5,938,937 | - | - | - | - | 5,938,937 |
| Hotel/motel tax..... | 1,739,536 | - | - | - | - | 1,739,536 |
| Meals tax..... | 490,193 | - | - | - | - | 490,193 |
| Charges for services..... | 1,808,987 | - | - | - | 3,259,127 | 5,068,114 |
| Penalties and interest on taxes..... | 1,199,934 | - | - | - | - | 1,199,934 |
| Fees and rentals..... | 969,806 | - | - | - | 482,696 | 1,452,502 |
| Licenses and permits..... | 1,705,550 | - | - | - | 1,149,734 | 2,855,284 |
| Intergovernmental..... | 24,950,532 | 114,643 | 2,221,549 | 761,229 | 9,496,447 | 37,544,400 |
| Departmental and other..... | 619,887 | - | - | - | 474,030 | 1,093,917 |
| Special assessments..... | 107,722 | - | - | - | 197,299 | 305,021 |
| Community Preservation Fund surtax..... | - | - | - | 2,734,079 | - | 2,734,079 |
| Contributions..... | - | - | - | 500 | 296,781 | 297,281 |
| Investment income..... | 1,729,384 | - | - | 203,280 | 1,489,717 | 3,422,381 |
| Miscellaneous..... | - | 453,411 | - | - | 6,605 | 460,016 |
| TOTAL REVENUES..... | 133,462,906 | 568,054 | 2,221,549 | 3,699,088 | 16,852,436 | 156,804,033 |
| EXPENDITURES: | | | | | | |
| Current: | | | | | | |
| Town Council..... | 315,151 | - | - | - | - | 315,151 |
| Town Manager..... | 540,036 | - | - | - | - | 540,036 |
| Administrative services..... | 5,078,993 | - | - | - | 1,386,271 | 6,465,264 |
| Growth management..... | 917,501 | 94,682 | - | 2,752,242 | 65,237 | 3,829,662 |
| Public safety..... | 11,423,950 | 134,187 | - | - | 682,877 | 12,241,014 |
| Education..... | 61,354,543 | 3,019,225 | - | - | 10,268,684 | 74,642,452 |
| Public works..... | 8,733,319 | 4,325,240 | 2,221,549 | - | 121,858 | 15,401,966 |
| Community services..... | 2,502,152 | 243,696 | - | - | 957,957 | 3,703,805 |
| Regulatory services..... | 2,217,216 | 284,688 | - | - | 469,529 | 2,971,433 |
| Culture and recreation..... | 1,673,945 | - | - | - | - | 1,673,945 |
| Pension benefits..... | 16,380,911 | - | - | - | - | 16,380,911 |
| Property and liability insurance..... | 1,281,890 | - | - | - | - | 1,281,890 |
| Employee benefits..... | 2,572,731 | - | - | - | - | 2,572,731 |
| Other assessments..... | 423,836 | - | - | - | - | 423,836 |
| State and county charges..... | 5,864,464 | - | - | - | - | 5,864,464 |
| Debt service: | | | | | | |
| Principal..... | 7,461,399 | 10,000 | - | 1,882,520 | 50,420 | 9,404,339 |
| Interest..... | 2,415,106 | 4,044 | - | 885,931 | - | 3,305,081 |
| TOTAL EXPENDITURES..... | 131,157,143 | 8,115,762 | 2,221,549 | 5,520,693 | 14,002,833 | 161,017,980 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES..... | 2,305,763 | (7,547,708) | - | (1,821,605) | 2,849,603 | (4,213,947) |
| OTHER FINANCING SOURCES (USES): | | | | | | |
| Issuance of bonds and notes..... | - | 7,535,000 | - | - | - | 7,535,000 |
| Issuance of refunding bonds..... | 8,641,000 | - | - | - | - | 8,641,000 |
| Premium from issuance of bonds..... | 360,689 | - | - | - | - | 360,689 |
| Premium from issuance of refunding bonds..... | 641,187 | - | - | - | - | 641,187 |
| Payments to refunded bonds escrow agent..... | (9,282,187) | - | - | - | - | (9,282,187) |
| Transfers in..... | 2,482,911 | 3,345,000 | - | - | 1,026,723 | 6,854,634 |
| Transfers out..... | (7,371,328) | (529,665) | - | - | (1,147,624) | (9,048,617) |
| TOTAL OTHER FINANCING SOURCES (USES)..... | (4,527,728) | 10,350,335 | - | - | (120,901) | 5,701,706 |
| NET CHANGE IN FUND BALANCES..... | (2,221,965) | 2,802,627 | - | (1,821,605) | 2,728,702 | 1,487,759 |
| FUND BALANCES AT BEGINNING OF YEAR, AS REVISED..... | 32,820,236 | 15,837,839 | - | 10,082,856 | 21,908,895 | 80,649,826 |
| FUND BALANCES AT END OF YEAR..... | \$ 30,598,271 | \$ 18,640,466 | \$ - | \$ 8,261,251 | \$ 24,637,597 | \$ 82,137,585 |

See notes to basic financial statements.

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

FISCAL YEAR ENDED JUNE 30, 2011

| | | |
|--|----|-------------------------|
| Net change in fund balances - total governmental funds..... | \$ | 1,487,759 |
| <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..... | | 12,727,196 |
| Depreciation expense..... | | <u>(6,615,117)</u> |
| Net effect of reporting capital assets..... | | 6,112,079 |
| <p>Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred revenue.....</p> | | |
| | | (533,960) |
| <p>The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.</p> | | |
| Issuance of bonds and notes..... | | (7,535,000) |
| Issuance of refunding bonds..... | | (8,641,000) |
| Premium from issuance of bonds payable..... | | (360,689) |
| Premium from issuance of refunding bonds..... | | (641,187) |
| Payment to refunded bond escrow agent..... | | 9,282,187 |
| Deferred charges on refunding..... | | (11,000) |
| Debt service principal payments..... | | <u>9,404,339</u> |
| Net effect of reporting long-term debt..... | | 1,497,650 |
| <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..... | | (134,519) |
| Net change in accrued interest on long-term debt..... | | 88,397 |
| Net change in workers' compensation accrual..... | | (254,000) |
| Net change in other postemployment benefits obligation..... | | <u>(4,528,103)</u> |
| Net effect of recording long-term liabilities..... | | <u>(4,828,225)</u> |
| Change in net assets of governmental activities..... | \$ | <u><u>3,735,303</u></u> |

See notes to basic financial statements.

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

FISCAL YEAR ENDED JUNE 30, 2011

| | 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..... | \$ 92,902,432 | \$ 92,902,432 | \$ 92,073,038 | \$ - | (829,394) |
| Motor vehicle and other excise taxes..... | 5,144,034 | 5,144,034 | 5,938,937 | - | 794,903 |
| Hotel/motel tax..... | 1,475,000 | 1,475,000 | 1,739,536 | - | 264,536 |
| Meals tax..... | - | - | 490,193 | - | 490,193 |
| Charges for services..... | 1,465,000 | 1,465,000 | 1,808,987 | - | 343,987 |
| Penalties and interest on taxes..... | 1,050,000 | 1,050,000 | 1,199,934 | - | 149,934 |
| Fees and rentals..... | 920,000 | 920,000 | 969,806 | - | 49,806 |
| Licenses and permits..... | 1,550,000 | 1,550,000 | 1,705,550 | - | 155,550 |
| Intergovernmental..... | 13,345,424 | 13,345,424 | 13,302,453 | - | (42,971) |
| Special assessments..... | 95,000 | 95,000 | 107,722 | - | 12,722 |
| Departmental and other..... | 561,210 | 561,210 | 609,606 | - | 48,396 |
| Investment income..... | 685,000 | 685,000 | 837,474 | - | 152,474 |
| TOTAL REVENUES..... | 119,193,100 | 119,193,100 | 120,783,236 | - | 1,590,136 |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| Town Council: | | | | | |
| Personnel..... | 314,310 | 314,310 | 299,367 | - | 14,943 |
| Operating Expenditures..... | 28,852 | 28,852 | 15,784 | 1,100 | 11,968 |
| TOTAL..... | 343,162 | 343,162 | 315,151 | 1,100 | 26,911 |
| Town Manager: | | | | | |
| Personnel..... | 426,542 | 426,542 | 425,786 | - | 756 |
| Operating Expenditures..... | 152,079 | 148,186 | 114,250 | 3,795 | 30,141 |
| TOTAL..... | 578,621 | 574,728 | 540,036 | 3,795 | 30,897 |
| Administrative Services: | | | | | |
| Personnel..... | 4,214,243 | 4,214,242 | 4,116,740 | - | 97,502 |
| Operating Expenditures..... | 1,185,478 | 1,172,756 | 901,485 | 235,262 | 36,009 |
| Capital Outlay..... | 79,483 | 79,483 | 26,865 | 52,524 | 94 |
| TOTAL..... | 5,479,204 | 5,466,481 | 5,045,090 | 287,786 | 133,605 |
| Growth Management: | | | | | |
| Personnel..... | 873,551 | 873,551 | 829,290 | - | 44,261 |
| Operating Expenditures..... | 136,792 | 136,646 | 88,211 | 40,096 | 8,339 |
| TOTAL..... | 1,010,343 | 1,010,197 | 917,501 | 40,096 | 52,600 |
| Police: | | | | | |
| Personnel..... | 10,655,971 | 10,655,971 | 10,655,224 | - | 747 |
| Operating Expenditures..... | 626,957 | 652,797 | 639,236 | 8,436 | 5,125 |
| Capital Outlay..... | 129,518 | 129,518 | 129,490 | - | 28 |
| TOTAL..... | 11,412,446 | 11,438,286 | 11,423,950 | 8,436 | 5,900 |
| Regulatory Services: | | | | | |
| Personnel..... | 2,040,683 | 2,040,683 | 1,997,118 | - | 43,565 |
| Operating Expenditures..... | 275,457 | 262,598 | 220,098 | 15,276 | 27,224 |
| TOTAL..... | 2,316,140 | 2,303,281 | 2,217,216 | 15,276 | 70,789 |
| Local School System..... | 59,527,887 | 59,352,008 | 56,921,648 | 1,799,537 | 630,823 |
| Regional School District..... | 2,861,840 | 2,861,840 | 2,822,920 | - | 38,920 |

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

FISCAL YEAR ENDED JUNE 30, 2011

| | Budgeted Amounts | | Actual Budgetary Amounts | Amounts Carried Forward To Next Year | Variance to Final Budget |
|---|-----------------------------|-----------------------------|--------------------------------|--|--------------------------------|
| | Original Budget | Final Budget | | | |
| Public Works: | | | | | |
| Personnel..... | 5,308,722 | 5,278,722 | 5,223,972 | - | 54,750 |
| Operating Expenditures..... | 2,772,609 | 2,801,499 | 3,180,926 | 294,807 | (674,234) |
| Capital Outlay..... | 573,550 | 573,480 | 328,421 | 244,482 | 577 |
| TOTAL..... | <u>8,654,881</u> | <u>8,653,701</u> | <u>8,733,319</u> | <u>539,289</u> | <u>(618,907)</u> |
| Community Services: | | | | | |
| Personnel..... | 2,237,566 | 2,237,566 | 2,198,160 | - | 39,406 |
| Operating Expenditures..... | 388,256 | 379,942 | 300,059 | 71,136 | 8,747 |
| Capital Outlay..... | 25,850 | 25,850 | 3,933 | 1,743 | 20,174 |
| TOTAL..... | <u>2,651,672</u> | <u>2,643,358</u> | <u>2,502,152</u> | <u>72,879</u> | <u>68,327</u> |
| Culture and Recreation..... | <u>1,703,047</u> | <u>1,791,504</u> | <u>1,673,945</u> | <u>106,992</u> | <u>10,567</u> |
| Debt Service: | | | | | |
| Principal..... | 6,954,920 | 7,461,399 | 7,461,399 | - | - |
| Interest..... | 3,064,893 | 2,558,414 | 2,415,106 | - | 143,308 |
| TOTAL..... | <u>10,019,813</u> | <u>10,019,813</u> | <u>9,876,505</u> | <u>-</u> | <u>143,308</u> |
| Pension Benefits..... | <u>6,113,306</u> | <u>6,113,306</u> | <u>5,990,911</u> | <u>-</u> | <u>122,395</u> |
| Employee Benefits..... | <u>2,204,114</u> | <u>2,137,227</u> | <u>1,879,496</u> | <u>23,520</u> | <u>234,211</u> |
| Liability Insurance..... | <u>1,250,242</u> | <u>1,310,690</u> | <u>1,281,890</u> | <u>28,800</u> | <u>-</u> |
| State and County Assessments..... | <u>5,843,025</u> | <u>5,864,464</u> | <u>5,864,464</u> | <u>-</u> | <u>-</u> |
| Other Assessments..... | <u>622,284</u> | <u>471,572</u> | <u>423,836</u> | <u>-</u> | <u>47,736</u> |
| TOTAL EXPENDITURES..... | <u>122,592,027</u> | <u>122,355,618</u> | <u>118,430,030</u> | <u>2,927,506</u> | <u>998,082</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES..... | <u>(3,398,927)</u> | <u>(3,162,518)</u> | <u>2,353,206</u> | <u>(2,927,506)</u> | <u>2,588,218</u> |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Premium from issuance of bonds..... | - | - | 360,689 | - | 360,689 |
| Transfers in..... | 6,968,091 | 6,968,091 | 6,908,091 | - | (60,000) |
| Transfers out..... | (6,725,000) | (6,747,558) | (6,747,558) | - | - |
| TOTAL OTHER FINANCING SOURCES (USES)..... | <u>243,091</u> | <u>220,533</u> | <u>521,222</u> | <u>-</u> | <u>300,689</u> |
| NET CHANGE IN FUND BALANCE..... | <u>(3,155,836)</u> | <u>(2,941,985)</u> | <u>2,874,428</u> | <u>(2,927,506)</u> | <u>2,888,907</u> |
| BUDGETARY FUND BALANCE, Beginning of year..... | <u>17,258,866</u> | <u>17,258,866</u> | <u>17,258,866</u> | <u>-</u> | <u>-</u> |
| BUDGETARY FUND BALANCE, End of year..... \$ | <u><u>\$ 14,103,030</u></u> | <u><u>\$ 14,316,881</u></u> | <u><u>\$ 20,133,294</u></u> | <u><u>\$ (2,927,506)</u></u> | <u><u>\$ 2,888,907</u></u> |

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF NET ASSETS

JUNE 30, 2011

| | Business-type Activities - Enterprise Funds | | | | |
|--|---|-----------------------------|----------------------------|-----------------------------|-----------------------------|
| | Airport | Golf Course | Solid Waste | Wastewater | Water Supply |
| ASSETS | | | | | |
| CURRENT: | | | | | |
| Cash and cash equivalents..... | \$ 2,025,999 | \$ 217,731 | \$ 2,882,400 | \$ 1,963,492 | \$ 2,276,041 |
| Investments..... | 2,554,681 | 359,510 | 3,634,557 | 2,445,147 | 2,900,685 |
| Receivables, net of allowance for uncollectibles: | | | | | |
| User fees..... | 166,167 | - | - | 1,589,602 | 1,027,272 |
| Wastewater liens..... | - | - | - | 21,962 | - |
| Special assessments..... | - | - | - | 204,798 | - |
| Intergovernmental..... | 7,258,068 | - | 114,943 | 8,332,276 | 367,928 |
| Inventory..... | 78,076 | 82,642 | - | - | - |
| Total current assets..... | <u>12,082,991</u> | <u>659,883</u> | <u>6,631,900</u> | <u>14,557,277</u> | <u>6,571,926</u> |
| NONCURRENT: | | | | | |
| Receivables, net of allowance for uncollectibles: | | | | | |
| Special assessments..... | - | - | - | 1,699,834 | - |
| Intergovernmental..... | - | - | 658,621 | 1,100,787 | - |
| Capital assets, net of accumulated depreciation: | | | | | |
| Depreciable..... | 23,437,111 | 2,186,203 | 817,994 | 37,569,240 | 2,229,466 |
| Nondepreciable..... | 29,523,664 | 11,898,596 | 1,797,125 | 5,067,044 | 13,151,870 |
| Total noncurrent assets..... | <u>52,960,775</u> | <u>14,084,799</u> | <u>3,273,740</u> | <u>45,436,905</u> | <u>15,381,336</u> |
| TOTAL ASSETS..... | <u>65,043,766</u> | <u>14,744,682</u> | <u>9,905,640</u> | <u>59,994,182</u> | <u>21,953,262</u> |
| LIABILITIES | | | | | |
| CURRENT: | | | | | |
| Warrants payable..... | 219,568 | 37,483 | 66,647 | 335,788 | 193,128 |
| Accrued liabilities..... | 3,249 | - | - | 1,335 | - |
| Accrued payroll..... | 30,428 | 26,068 | 18,656 | 18,891 | 3,669 |
| Accrued interest..... | - | 56,855 | - | - | 161,332 |
| Other liabilities..... | 1,331 | 5,722 | - | 22,165 | 15,847 |
| Landfill closure..... | - | - | 70,000 | - | - |
| Compensated absences..... | 94,855 | 38,603 | 32,106 | 53,461 | 6,506 |
| Notes payable..... | - | - | - | 5,348,080 | - |
| Bonds payable..... | 25,000 | 230,000 | 441,900 | 1,635,978 | 504,552 |
| Total current liabilities..... | <u>374,431</u> | <u>394,731</u> | <u>629,309</u> | <u>7,415,698</u> | <u>885,034</u> |
| NONCURRENT: | | | | | |
| Landfill closure..... | - | - | 1,050,000 | - | - |
| Compensated absences..... | 9,651 | 3,375 | 13,125 | 14,136 | - |
| Other postemployment benefits obligation..... | 971,000 | 680,000 | 522,000 | 524,000 | 48,000 |
| Bonds payable..... | 705,000 | 3,390,000 | 3,466,000 | 15,565,567 | 10,874,359 |
| Total noncurrent liabilities..... | <u>1,685,651</u> | <u>4,073,375</u> | <u>5,051,125</u> | <u>16,103,703</u> | <u>10,922,359</u> |
| TOTAL LIABILITIES..... | <u>2,060,082</u> | <u>4,468,106</u> | <u>5,680,434</u> | <u>23,519,401</u> | <u>11,807,393</u> |
| NET ASSETS | | | | | |
| Invested in capital assets, net of related debt..... | 52,230,775 | 10,464,799 | 2,615,119 | 28,301,559 | 4,002,425 |
| Unrestricted..... | 10,752,909 | (188,223) | 1,610,087 | 8,173,222 | 6,143,444 |
| TOTAL NET ASSETS..... | <u>\$ 62,983,684</u> | <u>\$ 10,276,576</u> | <u>\$ 4,225,206</u> | <u>\$ 36,474,781</u> | <u>\$ 10,145,869</u> |

See notes to basic financial statements.

| | Marina Recreation | Sandy Neck Recreation | Hyannis Youth and Community Center | Total |
|----|-------------------------|--------------------------|--|---------------------------|
| \$ | 122,729 | \$ 255,645 | \$ 82,929 | \$ 9,826,966 |
| | 154,755 | 322,356 | 104,570 | 12,476,261 |
| | - | - | - | 2,783,041 |
| | - | - | - | 21,962 |
| | - | - | - | 204,798 |
| | 180,807 | - | - | 16,254,022 |
| | - | - | - | 160,718 |
| | <u>458,291</u> | <u>578,001</u> | <u>187,499</u> | <u>41,727,768</u> |
| | - | - | - | 1,699,834 |
| | - | - | - | 1,759,408 |
| | 3,563,901 | 1,414,808 | 22,406,826 | 93,625,549 |
| | <u>1,964,876</u> | <u>38,074</u> | <u>1,229,331</u> | <u>64,670,580</u> |
| | <u>5,528,777</u> | <u>1,452,882</u> | <u>23,636,157</u> | <u>161,755,371</u> |
| | <u>5,987,068</u> | <u>2,030,883</u> | <u>23,823,656</u> | <u>203,483,139</u> |
| | 626 | 41,608 | 1,347 | 896,195 |
| | 2,336 | 16,806 | - | 23,726 |
| | 5,624 | 10,001 | 9,902 | 123,239 |
| | - | - | 143,421 | 361,608 |
| | 1,000 | - | - | 46,065 |
| | - | - | - | 70,000 |
| | - | - | 17,854 | 243,385 |
| | - | - | - | 5,348,080 |
| | <u>120,000</u> | <u>65,000</u> | <u>869,000</u> | <u>3,891,430</u> |
| | <u>129,586</u> | <u>133,415</u> | <u>1,041,524</u> | <u>11,003,728</u> |
| | - | - | - | 1,050,000 |
| | - | - | 2,137 | 42,424 |
| | 64,000 | 116,000 | 146,000 | 3,071,000 |
| | <u>1,555,000</u> | <u>1,215,000</u> | <u>13,354,000</u> | <u>50,124,926</u> |
| | <u>1,619,000</u> | <u>1,331,000</u> | <u>13,502,137</u> | <u>54,288,350</u> |
| | <u>1,748,586</u> | <u>1,464,415</u> | <u>14,543,661</u> | <u>65,292,078</u> |
| | 3,853,777 | 172,882 | 9,413,157 | 111,054,493 |
| | <u>384,705</u> | <u>393,586</u> | <u>(133,162)</u> | <u>27,136,568</u> |
| \$ | <u><u>4,238,482</u></u> | <u><u>566,468</u></u> | <u><u>9,279,995</u></u> | <u><u>138,191,061</u></u> |

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

FISCAL YEAR ENDED JUNE 30, 2011

| | Business-type Activities - Enterprise Funds | | | | |
|--|---|----------------------|---------------------|----------------------|----------------------|
| | Airport | Golf Course | Solid Waste | Wastewater | Water Supply |
| OPERATING REVENUES: | | | | | |
| Charges for services | \$ 6,506,669 | \$ 3,395,629 | \$ 2,094,528 | \$ 3,569,586 | \$ 3,551,796 |
| Intergovernmental..... | 77,377 | - | - | - | - |
| TOTAL OPERATING REVENUES | 6,584,046 | 3,395,629 | 2,094,528 | 3,569,586 | 3,551,796 |
| OPERATING EXPENSES: | | | | | |
| Salaries, wages and fringe benefits..... | 1,790,421 | 1,272,890 | 992,181 | 817,693 | 136,132 |
| Operations..... | 3,866,799 | 903,301 | 519,780 | 1,512,065 | 1,630,999 |
| Transfer station operations..... | - | - | 96,611 | - | - |
| Depreciation..... | 1,251,048 | 174,080 | 85,634 | 1,470,687 | 145,220 |
| TOTAL OPERATING EXPENSES | 6,908,268 | 2,350,271 | 1,694,206 | 3,800,445 | 1,912,351 |
| OPERATING INCOME (LOSS)..... | (324,222) | 1,045,358 | 400,322 | (230,859) | 1,639,445 |
| NONOPERATING REVENUES (EXPENSES): | | | | | |
| Investment income..... | 115,673 | 6,774 | 111,197 | 80,403 | - |
| Interest expense..... | - | (157,111) | (193,350) | (506,910) | (396,986) |
| Intergovernmental..... | - | - | 104,564 | 201,491 | - |
| TOTAL NONOPERATING REVENUES (EXPENSES), NET..... | 115,673 | (150,337) | 22,411 | (225,016) | (396,986) |
| INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS..... | (208,549) | 895,021 | 422,733 | (455,875) | 1,242,459 |
| CAPITAL CONTRIBUTIONS..... | 14,518,831 | - | - | 6,031,937 | 705,226 |
| TRANSFERS: | | | | | |
| Transfers in..... | - | - | - | - | 2,695,000 |
| Transfers out..... | (468,424) | (225,000) | (345,199) | (493,800) | (129,399) |
| TOTAL TRANSFERS..... | (468,424) | (225,000) | (345,199) | (493,800) | 2,565,601 |
| CHANGE IN NET ASSETS..... | 13,841,858 | 670,021 | 77,534 | 5,082,262 | 4,513,286 |
| NET ASSETS AT BEGINNING OF YEAR..... | 49,141,826 | 9,606,555 | 4,147,672 | 31,392,519 | 5,632,583 |
| NET ASSETS AT END OF YEAR..... | \$ 62,983,684 | \$ 10,276,576 | \$ 4,225,206 | \$ 36,474,781 | \$ 10,145,869 |

See notes to basic financial statements.

| | Marina Recreation | Sandy Neck Recreation | Hyannis Youth and Community Center | Total |
|----|----------------------|--------------------------|--|-----------------------|
| \$ | 627,670 | \$ 693,869 | \$ 1,332,574 | \$ 21,772,321 |
| | - | - | - | 77,377 |
| | <u>627,670</u> | <u>693,869</u> | <u>1,332,574</u> | <u>21,849,698</u> |
| | 216,907 | 380,548 | 521,867 | 6,128,639 |
| | 119,382 | 106,967 | 569,568 | 9,228,861 |
| | - | - | - | 96,611 |
| | <u>146,235</u> | <u>48,846</u> | <u>581,582</u> | <u>3,903,332</u> |
| | <u>482,524</u> | <u>536,361</u> | <u>1,673,017</u> | <u>19,357,443</u> |
| | <u>145,146</u> | <u>157,508</u> | <u>(340,443)</u> | <u>2,492,255</u> |
| | - | - | 2,253 | 316,300 |
| | (39,364) | (1,200) | (613,843) | (1,908,764) |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>306,055</u> |
| | <u>(39,364)</u> | <u>(1,200)</u> | <u>(611,590)</u> | <u>(1,286,409)</u> |
| | <u>105,782</u> | <u>156,308</u> | <u>(952,033)</u> | <u>1,205,846</u> |
| | <u>1,969,876</u> | <u>-</u> | <u>10,000</u> | <u>23,235,870</u> |
| | 24,000 | - | 1,241,270 | 3,960,270 |
| | (47,413) | (57,052) | - | (1,766,287) |
| | <u>(23,413)</u> | <u>(57,052)</u> | <u>1,241,270</u> | <u>2,193,983</u> |
| | 2,052,245 | 99,256 | 299,237 | 26,635,699 |
| | <u>2,186,237</u> | <u>467,212</u> | <u>8,980,758</u> | <u>111,555,362</u> |
| \$ | <u>4,238,482</u> | <u>\$ 566,468</u> | <u>\$ 9,279,995</u> | <u>\$ 138,191,061</u> |

**PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS**

FISCAL YEAR ENDED JUNE 30, 2011

| | Business-type Activities - Enterprise Funds | | | | |
|---|---|-------------------|---------------------|---------------------|---------------------|
| | Airport | Golf Course | Solid Waste | Wastewater | Water Supply |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | | |
| Receipts from customers and users..... | \$ 6,474,974 | \$ 2,812,617 | \$ 2,094,528 | \$ 3,452,460 | \$ 3,432,157 |
| Receipts from other governments..... | 77,377 | - | - | - | - |
| Payments to vendors..... | (3,790,451) | (886,566) | (648,984) | (1,502,050) | (1,598,072) |
| Payments to employees..... | (1,302,315) | (969,742) | (731,044) | (760,791) | (112,664) |
| Payments for interfund services used..... | (325,612) | (206,218) | (179,513) | (209,498) | (16,848) |
| NET CASH FROM OPERATING ACTIVITIES..... | 1,133,973 | 750,091 | 534,987 | 980,121 | 1,704,573 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | | | | |
| Transfers in..... | - | - | - | - | 2,695,000 |
| Transfers out..... | (468,424) | (225,000) | (345,199) | (493,800) | (129,399) |
| NET CASH FROM NONCAPITAL FINANCING ACTIVITIES..... | (468,424) | (225,000) | (345,199) | (493,800) | 2,565,601 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | | | |
| Proceeds from the issuance of bonds and notes..... | 730,000 | - | - | 3,585,646 | 2,420,983 |
| Capital contributions..... | 7,260,763 | - | - | 5,412,725 | 705,226 |
| Intergovernmental grants..... | - | - | 104,564 | 201,491 | - |
| Acquisition and construction of capital assets..... | (14,727,073) | (105,355) | (48,402) | (10,497,685) | (3,666,890) |
| Principal payments on bonds and notes..... | - | (220,000) | (328,323) | (1,339,303) | (375,000) |
| Interest expense..... | - | (160,411) | (193,350) | (506,910) | (377,046) |
| NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES..... | (6,736,310) | (485,766) | (465,511) | (3,144,036) | (1,292,727) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | | |
| Purchase of investments..... | - | (38,131) | (170,947) | - | (1,766,906) |
| Sale of investments..... | 2,812,269 | - | - | 1,160,892 | - |
| Investment income..... | 115,673 | 6,774 | 111,197 | 80,403 | - |
| NET CASH FROM INVESTING ACTIVITIES..... | 2,927,942 | (31,357) | (59,750) | 1,241,295 | (1,766,906) |
| NET CHANGE IN CASH AND CASH EQUIVALENTS..... | (3,142,819) | 7,968 | (335,473) | (1,416,420) | 1,210,541 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR..... | 5,168,818 | 209,763 | 3,217,873 | 3,379,912 | 1,065,500 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR..... | \$ 2,025,999 | \$ 217,731 | \$ 2,882,400 | \$ 1,963,492 | \$ 2,276,041 |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES: | | | | | |
| Operating income (loss)..... | \$ (324,222) | \$ 1,045,358 | \$ 400,322 | \$ (230,859) | \$ 1,639,445 |
| Adjustments to reconcile operating income (loss) to net cash from operating activities: | | | | | |
| Depreciation..... | 1,251,048 | 174,080 | 85,634 | 1,470,687 | 145,220 |
| Changes in assets and liabilities: | | | | | |
| Wastewater liens..... | - | - | - | (15,399) | - |
| User fees..... | (31,695) | - | - | (101,727) | (119,639) |
| Inventory..... | 18,471 | (4,144) | - | - | - |
| Warrants payable..... | 59,728 | 21,765 | 37,407 | 8,680 | 32,869 |
| Accrued liabilities..... | 3,249 | - | - | 1,335 | - |
| Accrued payroll..... | (21,603) | (22,627) | (15,062) | (11,372) | (711) |
| Other liabilities..... | (5,100) | (886) | - | - | 58 |
| Unearned membership revenue..... | - | (583,012) | - | - | - |
| Accrued compensated absences..... | (2,903) | (11,443) | (3,314) | 6,776 | (1,669) |
| Workers' compensation..... | - | - | - | (248,000) | - |
| Landfill closure liability..... | - | - | (70,000) | - | - |
| Other postemployment benefits obligation..... | 187,000 | 131,000 | 100,000 | 100,000 | 9,000 |
| Total adjustments..... | 1,458,195 | (295,267) | 134,665 | 1,210,980 | 65,128 |
| NET CASH FROM OPERATING ACTIVITIES..... | \$ 1,133,973 | \$ 750,091 | \$ 534,987 | \$ 980,121 | \$ 1,704,573 |
| NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES: | | | | | |
| Intergovernmental subsidy of debt service - principal..... | - | - | 102,504 | 233,963 | - |
| Intergovernmental subsidy of debt service - interest..... | - | - | 101,264 | 201,491 | - |

See notes to basic financial statements.

Business-type Activities - Enterprise Funds

| Marina Recreation | Sandy Neck Recreation | Hyannis Youth and Community Center | Total |
|----------------------|--------------------------|--|---------------------|
| \$ 627,670 | \$ 693,869 | \$ 1,332,574 | \$ 20,920,849 |
| - | - | - | 77,377 |
| (117,046) | (102,715) | (568,925) | (9,214,809) |
| (191,542) | (321,414) | (431,831) | (4,821,343) |
| <u>(19,353)</u> | <u>(48,293)</u> | <u>(70,232)</u> | <u>(1,075,567)</u> |
| <u>299,729</u> | <u>221,447</u> | <u>261,586</u> | <u>5,886,507</u> |
| 24,000 | - | 1,241,270 | 3,960,270 |
| <u>(47,413)</u> | <u>(57,052)</u> | <u>-</u> | <u>(1,766,287)</u> |
| <u>(23,413)</u> | <u>(57,052)</u> | <u>1,241,270</u> | <u>2,193,983</u> |
| 525,000 | 1,265,000 | - | 8,526,629 |
| 1,789,069 | - | 10,000 | 15,177,783 |
| - | - | - | 306,055 |
| (2,459,702) | (1,317,160) | - | (32,822,267) |
| (625,000) | (15,000) | (869,000) | (3,771,626) |
| <u>(39,364)</u> | <u>(1,200)</u> | <u>(622,270)</u> | <u>(1,900,551)</u> |
| <u>(809,997)</u> | <u>(68,360)</u> | <u>(1,481,270)</u> | <u>(14,483,977)</u> |
| - | - | (19,729) | (1,995,713) |
| 265,752 | (74,418) | - | 4,164,495 |
| <u>-</u> | <u>-</u> | <u>2,253</u> | <u>316,300</u> |
| <u>265,752</u> | <u>(74,418)</u> | <u>(17,476)</u> | <u>2,485,082</u> |
| (267,929) | 21,617 | 4,110 | (3,918,405) |
| <u>390,658</u> | <u>234,028</u> | <u>78,819</u> | <u>13,745,371</u> |
| <u>\$ 122,729</u> | <u>\$ 255,645</u> | <u>\$ 82,929</u> | <u>\$ 9,826,966</u> |
| | | | |
| \$ 145,146 | \$ 157,508 | \$ (340,443) | \$ 2,492,255 |
| 146,235 | 48,846 | 581,582 | 3,903,332 |
| - | - | - | (15,399) |
| - | - | - | (253,061) |
| - | - | - | 14,327 |
| - | (1,377) | 643 | 159,715 |
| 2,336 | 5,629 | - | 12,549 |
| (5,988) | (11,159) | (12,495) | (101,017) |
| - | - | - | (5,928) |
| - | - | - | (583,012) |
| - | - | (6,701) | (19,254) |
| - | - | - | (248,000) |
| - | - | - | (70,000) |
| <u>12,000</u> | <u>22,000</u> | <u>39,000</u> | <u>600,000</u> |
| <u>154,583</u> | <u>63,939</u> | <u>602,029</u> | <u>3,394,252</u> |
| <u>\$ 299,729</u> | <u>\$ 221,447</u> | <u>\$ 261,586</u> | <u>\$ 5,886,507</u> |
| | | | |
| \$ - | \$ - | \$ - | \$ 336,467 |
| - | - | - | 302,755 |

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS

JUNE 30, 2011

| | Other Postemployment Benefit Trust Fund | Private Purpose Trust Funds | Agency Fund |
|---|--|-----------------------------------|----------------|
| ASSETS | | | |
| Cash and cash equivalents..... | \$ 14,189 | \$ 235,386 | \$ 439,092 |
| Investments..... | 696,260 | 1,715,629 | - |
| Receivables, net of allowance for uncollectibles: | | | |
| Departmental and other..... | - | 26,961 | 301,884 |
| Intergovernmental..... | - | 275,000 | - |
| TOTAL ASSETS | 710,449 | 2,252,976 | 740,976 |
| LIABILITIES | | | |
| Warrants payable..... | - | 700 | 328 |
| Accrued liabilities..... | - | - | 29,316 |
| Liabilities due depositors..... | - | - | 711,332 |
| Deferred revenue..... | - | 26,961 | - |
| TOTAL LIABILITIES | - | 27,661 | 740,976 |
| NET ASSETS | | | |
| Held in trust for OPEB benefits and other purposes..... | \$ <u>710,449</u> | \$ <u>2,225,315</u> | \$ <u>-</u> |

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

FISCAL YEAR ENDED JUNE 30, 2011

| | Other Postemployment Benefit Trust Fund | Private Purpose Trust Funds |
|--------------------------------------|--|-----------------------------------|
| ADDITIONS: | | |
| Contributions: | | |
| Employer..... | \$ 693,235 | \$ - |
| Rental income..... | - | 108,622 |
| Private donations..... | - | 24,517 |
| Total contributions..... | 693,235 | 133,139 |
| Net investment income (loss): | | |
| Interest income..... | 17,214 | 210,545 |
| Intergovernmental..... | - | 100,000 |
| TOTAL ADDITIONS..... | 710,449 | 443,684 |
| DEDUCTIONS: | | |
| Community services..... | - | 211,943 |
| Educational scholarships..... | - | 253,836 |
| TOTAL DEDUCTIONS..... | - | 465,779 |
| CHANGE IN NET ASSETS..... | 710,449 | (22,095) |
| NET ASSETS AT BEGINNING OF YEAR..... | - | 2,247,410 |
| NET ASSETS AT END OF YEAR..... | \$ <u>710,449</u> | \$ <u>2,225,315</u> |

See notes to basic financial statements.

COMPONENT UNITS
COMBINING STATEMENT OF NET ASSETS

JUNE 30, 2011

| | Hyannis Public Library | Osterville Free Library | Centerville Public Library |
|--|------------------------------|-------------------------------|----------------------------------|
| ASSETS | | | |
| CURRENT: | | | |
| Cash and cash equivalents..... | \$ 193,013 | \$ 1,264,780 | \$ 443,946 |
| Restricted cash and cash equivalents..... | - | - | - |
| Investments..... | 764,094 | 2,335,477 | 1,156,497 |
| Receivables, net of allowance for uncollectibles: | | | |
| Departmental and other..... | 1,783 | 3,792 | - |
| Intergovernmental..... | - | - | - |
| Inventory..... | - | - | - |
| Prepaid expenses..... | 11,432 | 2,735 | - |
| Total current assets..... | 970,322 | 3,606,784 | 1,600,443 |
| NONCURRENT: | | | |
| Capital assets, net of accumulated depreciation: | | | |
| Depreciable..... | 162,261 | 31,353 | 649,334 |
| Nondepreciable..... | 69,600 | 2,733,410 | 900 |
| Total noncurrent assets..... | 231,861 | 2,764,763 | 650,234 |
| TOTAL ASSETS..... | 1,202,183 | 6,371,547 | 2,250,677 |
| LIABILITIES | | | |
| CURRENT: | | | |
| Warrants payable..... | 13,261 | 448,472 | 66,303 |
| Accrued liabilities..... | 3,547 | - | - |
| Other liabilities..... | - | 5,500 | - |
| TOTAL LIABILITIES..... | 16,808 | 453,972 | 66,303 |
| NET ASSETS | | | |
| Invested in capital assets, net of related debt..... | 231,861 | 2,764,763 | 650,234 |
| Unrestricted..... | 953,514 | 3,152,812 | 1,534,140 |
| TOTAL NET ASSETS..... | \$ 1,185,375 | \$ 5,917,575 | \$ 2,184,374 |

See notes to basic financial statements.

| <u>Sturgis Library</u> | <u>Cotuit Library</u> | <u>Marstons Mills Public Library</u> | <u>Whelden Memorial Library</u> | <u>Total Component Units</u> |
|----------------------------|---------------------------|--|---|--------------------------------------|
| \$ 171,887 | \$ 132,756 | \$ 134,853 | \$ 71,394 | \$ 2,412,629 |
| 90,754 | - | - | - | 90,754 |
| 2,930,308 | 1,009,085 | - | 231,765 | 8,427,226 |
| - | - | - | - | 5,575 |
| 257 | - | - | - | 257 |
| 2,160 | - | - | - | 2,160 |
| 782 | - | - | - | 14,949 |
| <u>3,196,148</u> | <u>1,141,841</u> | <u>134,853</u> | <u>303,159</u> | <u>10,953,550</u> |
| 808,758 | 142,654 | 281,901 | 117,698 | 2,193,959 |
| 162,250 | 16,550 | 5,000 | - | 2,987,710 |
| <u>971,008</u> | <u>159,204</u> | <u>286,901</u> | <u>117,698</u> | <u>5,181,669</u> |
| <u>4,167,156</u> | <u>1,301,045</u> | <u>421,754</u> | <u>420,857</u> | <u>16,135,219</u> |
| 33,555 | 9,371 | 2,536 | - | 573,498 |
| - | - | - | - | 3,547 |
| - | - | - | - | 5,500 |
| <u>33,555</u> | <u>9,371</u> | <u>2,536</u> | <u>-</u> | <u>582,545</u> |
| 971,008 | 159,204 | 286,901 | 117,698 | 5,181,669 |
| 3,162,593 | 1,132,470 | 132,317 | 303,159 | 10,371,005 |
| <u>\$ 4,133,601</u> | <u>\$ 1,291,674</u> | <u>\$ 419,218</u> | <u>\$ 420,857</u> | <u>\$ 15,552,674</u> |

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

FISCAL YEAR ENDED JUNE 30, 2011

| | Hyannis Public Library | Osterville Free Library | Centerville Public Library |
|---|------------------------------|-------------------------------|----------------------------------|
| OPERATING REVENUES: | | | |
| Charges for services..... | \$ 47,670 | \$ 22,107 | \$ 85,200 |
| OPERATING EXPENSES: | | | |
| Program and administrative..... | 438,645 | 482,494 | 479,921 |
| Depreciation..... | 59,025 | 13,362 | 25,528 |
| Management and general..... | 4,261 | 74,158 | - |
| Fundraising..... | - | 121,210 | 106,330 |
| TOTAL OPERATING EXPENSES..... | 501,931 | 691,224 | 611,779 |
| OPERATING INCOME (LOSS)..... | (454,261) | (669,117) | (526,579) |
| NONOPERATING REVENUES/(EXPENSES): | | | |
| Investment income (loss)..... | 100,216 | 354,266 | 299,726 |
| Intergovernmental..... | 424,392 | 217,539 | 274,709 |
| Contributions..... | 13,779 | 434,993 | 323,126 |
| TOTAL NONOPERATING REVENUES/(EXPENSES) BEFORE CAPITAL CONTRIBUTIONS AND EXTRAORDINARY ITEMS..... | 538,387 | 1,006,798 | 897,561 |
| CAPITAL CONTRIBUTIONS..... | - | 821,416 | - |
| EXTRAORDINARY ITEMS..... | - | (270,710) | - |
| CHANGE IN NET ASSETS..... | 84,126 | 888,387 | 370,982 |
| NET ASSETS AT BEGINNING OF YEAR..... | 1,101,249 | 5,029,188 | 1,813,392 |
| NET ASSETS AT END OF YEAR..... | \$ 1,185,375 | \$ 5,917,575 | \$ 2,184,374 |

See notes to basic financial statements.

| <u>Sturgis Library</u> | <u>Cotuit Library</u> | <u>Marstons Mills Public Library</u> | <u>Whelden Memorial Library</u> | <u>Total Component Units</u> |
|----------------------------|----------------------------|--|---|--------------------------------------|
| \$ <u>52,514</u> | \$ <u>14,116</u> | \$ <u>15,349</u> | \$ <u>4,002</u> | \$ <u>240,958</u> |
| 445,396 | 284,211 | 206,120 | 146,581 | 2,483,368 |
| 18,793 | 7,081 | 15,187 | 5,311 | 144,287 |
| - | - | - | - | 78,419 |
| <u>16,181</u> | <u>-</u> | <u>4,216</u> | <u>-</u> | <u>247,937</u> |
| <u>480,370</u> | <u>291,292</u> | <u>225,523</u> | <u>151,892</u> | <u>2,954,011</u> |
| <u>(427,856)</u> | <u>(277,176)</u> | <u>(210,174)</u> | <u>(147,890)</u> | <u>(2,713,053)</u> |
| 406,869 | 213,439 | 678 | 44,160 | 1,419,354 |
| 204,533 | 156,213 | 164,476 | 93,089 | 1,534,951 |
| <u>74,806</u> | <u>172,233</u> | <u>42,242</u> | <u>35,742</u> | <u>1,096,921</u> |
| <u>686,208</u> | <u>541,885</u> | <u>207,396</u> | <u>172,991</u> | <u>4,051,226</u> |
| <u>787,254</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,608,670</u> |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(270,710)</u> |
| 1,045,606 | 264,709 | (2,778) | 25,101 | 2,676,133 |
| <u>3,087,995</u> | <u>1,026,965</u> | <u>421,996</u> | <u>395,756</u> | <u>12,876,541</u> |
| \$ <u><u>4,133,601</u></u> | \$ <u><u>1,291,674</u></u> | \$ <u><u>419,218</u></u> | \$ <u><u>420,857</u></u> | \$ <u><u>15,552,674</u></u> |

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

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

Availability of Financial Information for Component Units

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

*Hyannis Public Library Association
401 Main Street
Hyannis, MA 02601

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

*Osterville Free Library Corporation
43 Wianno Avenue
Osterville, MA 02655

*Cotuit Library Association
Main Street
Cotuit, MA 02635

*The Centerville Public Library Association
Centerville, Massachusetts 02636

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

Whelden Memorial Library
Meetinghouse Way
West Barnstable, MA 02668

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

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

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

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

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

Availability of Financial Information for Joint Ventures

The Town has entered into joint ventures with other municipalities to pool resources and share the costs, risk and rewards of providing goods or services to venture participants directly, or for the benefit of the general public or specified recipients. The Town has no equity interest in the joint ventures. The following identifies where the joint venture financial statements are available, their purpose, and the annual assessment paid by the Town during fiscal year 2011.

| Joint venture and address | Purpose | Net Annual Assessment |
|---|----------------------------------|-----------------------|
| Cape Cod Regional Technical High School District 351 Pleasant Lake Avenue Harwich, MA 02645 | To provide educational services | \$ 2,822,920 |
| Sturgis Charter Public School 427 Main Street Hyannis, MA 02601 | To provide educational services | \$ 894,701 |
| Cape Cod Regional Transit Authority 215 Iyannough Road Hyannis, MA 02601 | To provide public transportation | \$ 461,523 |

B. Government-Wide and Fund Financial Statements*Government-Wide Financial Statements*

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

Fund Financial Statements

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

Major Fund Criteria

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

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

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

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

Government-Wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

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

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

The following major governmental funds are reported:

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

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

The *chapter 90 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.

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

The following fiduciary fund types are reported:

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

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

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

Government-Wide and Fund Financial Statements

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

D. Cash and Investments

Government-Wide and Fund Financial Statements

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

E. Accounts Receivable

Government-Wide and Fund Financial Statements

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

Real Estate, Personal Property Taxes and Tax Liens

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

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

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

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

Motor Vehicle and Other Excise Taxes

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

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

Departmental and Other

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

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

Room Occupancy Tax

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

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.

Intergovernmental

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

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

Community Preservation Fund Surtaxes

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

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

Airport User Fees

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

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

Wastewater and Water User Fees

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

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

Special Assessments

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

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

F. Inventories

Government-Wide and Fund Financial Statements

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

Inventories of the Sturgis Library are carried at cost.

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

G. Capital Assets

Government-Wide and Proprietary Fund Financial Statements

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

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

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

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

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

Governmental Fund Financial Statements

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

H. Interfund Receivables and Payables

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

I. Interfund Transfers

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

J. Deferred Revenue

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

K. Net Assets and Fund Equity

Government-Wide Financial Statements (Net Assets)

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

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

Net assets have been “restricted for” the following:

“Highway projects” represents amounts restricted for highway improvements.

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

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

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

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.

“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.

“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.

L. Long-term debt

Government-Wide and Proprietary Fund Financial Statements

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

Governmental Fund Financial Statements

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

M. Investment Income

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

N. Compensated Absences

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

Government-Wide and Proprietary Fund Financial Statements

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

Governmental Fund Financial Statements

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

O. Use of Estimates

Government-Wide and Fund Financial Statements

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

P. Extraordinary Items

Government-Wide Financial Statements

Extraordinary items are transactions or other events that are both unusual in nature and infrequent in occurrence.

The library component units had an extraordinary item for the net book value of a building which was demolished to allow for the construction of a brand new building.

Q. Total Column

Government-Wide Financial Statements

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

Fund Financial Statements

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

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

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

An annual budget is adopted for the general fund in conformity with the guidelines described above. The original fiscal year 2011 approved budget authorized approximately \$126,501,000 in current year appropriations and other amounts to be raised and approximately \$2,817,000 in encumbrances and appropriations carried over from previous fiscal years. During fiscal year 2011, the Council also approved supplemental appropriations totaling approximately \$26,000.

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

B. Budgetary - GAAP Reconciliation

For budgetary financial reporting purposes, the Uniform Municipal Accounting System basis of accounting (established by the Commonwealth) is followed, which differs from the GAAP basis of accounting. A

reconciliation of budgetary-basis to GAAP-basis results for the general fund for the fiscal year ended June 30, 2011, is presented as follows:

| | |
|---|-----------------------|
| Net change in fund balance, budgetary basis..... | \$ 2,874,428 |
| <u>Perspective difference:</u> | |
| Activity of the Horace Mann Charter Schools recorded in the general fund for GAAP..... | (305,562) |
| Activity of the stabilization funds recorded in the general fund for GAAP..... | (4,988,428) |
| <u>Basis of accounting differences:</u> | |
| Net change in recording tax refunds payable..... | 129,400 |
| Net change in recording expenditures..... | 68,197 |
| Recognition of revenue for on-behalf payments..... | 10,390,000 |
| Recognition of expenditures for on-behalf payments..... | <u>(10,390,000)</u> |
| Net change in fund balance, GAAP basis..... | <u>\$ (2,221,965)</u> |

C. Appropriation Deficits

Expenditures exceeded appropriations in public works for snow and ice removal. This deficit will be funded in fiscal 2012 via the tax levy.

NOTE 3 – CASH AND INVESTMENTS

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

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

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

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Town of Barnstable's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. At fiscal year-end, the carrying amount of deposits totaled \$58,514,223 and the bank balance totaled \$61,623,143. Of the bank balance, \$4,992,635 was covered by Federal Depository Insurance, \$10,839,123 was covered by the Depositors Insurance Fund, \$21,205,379 was collateralized, and \$24,586,006 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Investments

As of June 30, 2011, the Town of Barnstable had the following investments:

| Investment Type | Fair Value | Maturity | | | |
|---------------------------------------|---------------|-----------------|---------------|--------------|------------------|
| | | Under 1 Year | 1-5 Years | 6-10 Years | Over 10 Years |
| <u>Debt Securities:</u> | | | | | |
| U.S. Government Treasuries..... | \$ 5,459,806 | \$ 103,582 | \$ 3,484,972 | \$ 1,871,252 | \$ - |
| Corporate Bonds..... | 11,318,589 | 5,071,644 | 5,201,458 | 1,045,487 | - |
| Government Sponsored Enterprises..... | 17,303,451 | 3,225,781 | 9,286,409 | 4,100,682 | 690,579 |
| Total Debt Securities..... | 34,081,846 | \$ 8,401,007 | \$ 17,972,839 | \$ 7,017,421 | \$ 690,579 |
| <u>Other Investments:</u> | | | | | |
| Equity Securities..... | 8,073,846 | | | | |
| Money Market Mutual Funds..... | 5,533,499 | | | | |
| Equity Mutual Funds..... | 6,594,083 | | | | |
| Preferred Securities..... | 496,054 | | | | |
| MMDT..... | 338,292 | | | | |
| Total Investments..... | \$ 55,117,620 | | | | |

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

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of a failure by the counterparty, the Town will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. Of the Town's investments, \$34,081,846 in debt securities, \$8,073,846 in equity securities and \$496,054 in preferred securities are exposed to custodial credit risk because the related securities are uninsured, unregistered and held by the counterparty. The Town's investment policy places no limit on the amount of United States Treasury and United States Government Agency obligations. In regards to other investments, the Town will only purchase investment grade securities with a high concentration in securities rated "A" or better.

Interest Rate Risk

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

Credit Risk

The Town has not adopted a formal policy related to Credit Risk. At June 30, 2011 the Town's investments were rated as follows:

| Quality Ratings | Corporate Bonds | Government Sponsored Enterprises | Preferred Securities | Totals |
|-----------------|----------------------|----------------------------------|----------------------|----------------------|
| AAA..... | \$ 508,133 | \$ 17,303,451 | \$ - | \$ 17,811,584 |
| AA+..... | 1,020,526 | - | - | 1,020,526 |
| AA..... | 801,173 | - | - | 801,173 |
| AA-..... | 470,474 | - | - | 470,474 |
| A+..... | 798,057 | - | - | 798,057 |
| A..... | 5,977,777 | - | - | 5,977,777 |
| A-..... | 317,509 | - | - | 317,509 |
| BAA..... | 565,056 | - | - | 565,056 |
| BBB..... | 459,425 | - | - | 459,425 |
| BBB-..... | 96,140 | - | - | 96,140 |
| B+..... | 93,054 | - | - | 93,054 |
| Unrated..... | 211,265 | - | 496,054 | 707,319 |
| Fair Value..... | \$ <u>11,318,589</u> | \$ <u>17,303,451</u> | \$ <u>496,054</u> | \$ <u>29,118,094</u> |

Additionally, the Town holds \$5,533,499 in money market mutual funds and \$338,292 in MMDT which are unrated.

Concentration of Credit Risk

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

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

NOTE 4 – RECEIVABLES

At June 30, 2011, receivables for the individual major governmental funds and nonmajor governmental funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

| | <u>Gross Amount</u> | <u>Allowance for Uncollectibles</u> | <u>Net Amount</u> |
|--|-------------------------|---|-----------------------|
| <u>Receivables:</u> | | | |
| Real estate and personal property taxes..... | \$ 6,589,874 | \$ (21,276) | \$ 6,568,598 |
| Tax liens..... | 1,142,508 | (112,332) | 1,030,176 |
| Motor vehicle and other excise taxes..... | 1,402,562 | (140,256) | 1,262,306 |
| Community Preservation surtaxes..... | 171,814 | - | 171,814 |
| Departmental and other..... | 247,669 | - | 247,669 |
| Special assessments..... | 888,619 | - | 888,619 |
| Intergovernmental..... | <u>31,767,924</u> | <u>-</u> | <u>31,767,924</u> |
| Total..... | <u>\$ 42,210,970</u> | <u>\$ (273,864)</u> | <u>\$ 41,937,106</u> |

At June 30, 2011 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..... | \$ 328,845 | \$ - | \$ 328,845 |
| Intergovernmental..... | <u>275,000</u> | <u>-</u> | <u>275,000</u> |
| | <u>\$ 603,845</u> | <u>\$ -</u> | <u>\$ 603,845</u> |

At June 30, 2011 receivables for the component units, including the applicable allowances for uncollectible accounts, are as follows:

| | <u>Gross Amount</u> | <u>Allowance for Uncollectibles</u> | <u>Net Amount</u> |
|-----------------------------|-------------------------|---|-----------------------|
| <u>Receivables:</u> | | | |
| Departmental and other..... | \$ 5,575 | \$ - | \$ 5,575 |
| Intergovernmental..... | <u>257</u> | <u>-</u> | <u>257</u> |
| | <u>\$ 5,832</u> | <u>\$ -</u> | <u>\$ 5,832</u> |

At June 30, 2011, receivables for the enterprise funds consist of the following:

| | Gross Amount | Allowance for Uncollectibles | Net Amount |
|---------------------------|----------------------|------------------------------------|----------------------|
| <u>Receivables:</u> | | | |
| Airport user fees..... | \$ 166,167 | \$ - | \$ 166,167 |
| Wastewater user fees..... | 1,589,602 | - | 1,589,602 |
| Wastewater liens..... | 21,962 | - | 21,962 |
| Water user fees..... | 1,134,648 | (107,376) | 1,027,272 |
| Special assessments..... | 1,904,632 | - | 1,904,632 |
| Intergovernmental..... | 18,013,430 | - | 18,013,430 |
| Total..... | <u>\$ 22,830,441</u> | <u>\$ (107,376)</u> | <u>\$ 22,723,065</u> |

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

| | General Fund | Chapter 90 Highway Projects | Community Preservation Fund | Nonmajor Governmental Funds | Total |
|--|----------------------|-----------------------------------|-----------------------------------|-----------------------------------|----------------------|
| <u>Receivable and other asset type:</u> | | | | | |
| Real estate and personal property taxes..... | \$ 5,522,973 | \$ - | \$ - | \$ - | \$ 5,522,973 |
| Tax liens..... | 1,010,991 | - | 17,850 | 1,335 | 1,030,176 |
| Tax foreclosures..... | 1,185,252 | - | - | - | 1,185,252 |
| Motor vehicle and other excise taxes..... | 1,262,306 | - | - | - | 1,262,306 |
| Community Preservation surtaxes..... | - | - | 171,814 | - | 171,814 |
| Departmental and other..... | 8,346 | - | - | - | 8,346 |
| Special assessments..... | - | - | - | 888,619 | 888,619 |
| Intergovernmental..... | 24,092,275 | 6,125,950 | 765,460 | - | 30,983,685 |
| Total..... | <u>\$ 33,082,143</u> | <u>\$ 6,125,950</u> | <u>\$ 955,124</u> | <u>\$ 889,954</u> | <u>\$ 41,053,171</u> |

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2011, was as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|-----------------------|---------------------|---------------------|-----------------------|
| Governmental Activities: | | | | |
| <u>Capital assets not being depreciated:</u> | | | | |
| Land..... | \$ 80,347,192 | \$ 14,044 | \$ - | \$ 80,361,236 |
| Construction in progress..... | <u>7,350,335</u> | <u>2,049,580</u> | <u>(350,939)</u> | <u>9,048,976</u> |
| Total capital assets not being depreciated..... | <u>87,697,527</u> | <u>2,063,624</u> | <u>(350,939)</u> | <u>89,410,212</u> |
| <u>Capital assets being depreciated:</u> | | | | |
| Land improvements..... | 3,834,783 | 19,555 | - | 3,854,338 |
| Buildings and building improvements..... | 160,506,554 | 1,207,437 | (793,726) | 160,920,265 |
| Machinery and equipment..... | 7,760,502 | 1,466,214 | - | 9,226,716 |
| Vehicles..... | 6,235,074 | 275,517 | - | 6,510,591 |
| Infrastructure..... | <u>68,624,478</u> | <u>8,045,788</u> | <u>-</u> | <u>76,670,266</u> |
| Total capital assets being depreciated..... | <u>246,961,391</u> | <u>11,014,511</u> | <u>(793,726)</u> | <u>257,182,176</u> |
| <u>Less accumulated depreciation for:</u> | | | | |
| Land improvements..... | (856,018) | (155,306) | - | (1,011,324) |
| Buildings and building improvements..... | (84,347,350) | (3,224,569) | 793,726 | (86,778,193) |
| Machinery and equipment..... | (4,833,000) | (726,501) | - | (5,559,501) |
| Vehicles..... | (5,342,424) | (453,610) | - | (5,796,034) |
| Infrastructure..... | <u>(17,731,651)</u> | <u>(2,055,131)</u> | <u>-</u> | <u>(19,786,782)</u> |
| Total accumulated depreciation..... | <u>(113,110,443)</u> | <u>(6,615,117)</u> | <u>793,726</u> | <u>(118,931,834)</u> |
| Total capital assets being depreciated, net..... | <u>133,850,948</u> | <u>4,399,394</u> | <u>-</u> | <u>138,250,342</u> |
| Total governmental activities capital assets, net..... | <u>\$ 221,548,475</u> | <u>\$ 6,463,018</u> | <u>\$ (350,939)</u> | <u>\$ 227,660,554</u> |

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|-----------------------|----------------------|------------------------|-----------------------|
| Business-Type Activities: | | | | |
| <u>Capital assets not being depreciated:</u> | | | | |
| Land..... | \$ 39,601,653 | \$ 1,229,331 | \$ - | \$ 40,830,984 |
| Construction in progress..... | 37,979,130 | 11,746,406 | (25,885,940) | 23,839,596 |
| Total capital assets not being depreciated..... | <u>77,580,783</u> | <u>12,975,737</u> | <u>(25,885,940)</u> | <u>64,670,580</u> |
| <u>Capital assets being depreciated:</u> | | | | |
| Land improvements..... | 6,851,265 | 9,503 | - | 6,860,768 |
| Buildings and building improvements..... | 31,098,382 | 29,524,833 | - | 60,623,215 |
| Machinery and equipment..... | 6,857,856 | 4,909,011 | - | 11,766,867 |
| Vehicles..... | 1,205,418 | 29,663 | - | 1,235,081 |
| Infrastructure..... | <u>45,262,654</u> | <u>8,450,927</u> | <u>-</u> | <u>53,713,581</u> |
| Total capital assets being depreciated..... | <u>91,275,575</u> | <u>42,923,937</u> | <u>-</u> | <u>134,199,512</u> |
| <u>Less accumulated depreciation for:</u> | | | | |
| Land improvements..... | (3,699,288) | (890,479) | - | (4,589,767) |
| Buildings and building improvements..... | (13,452,926) | (1,124,064) | - | (14,576,990) |
| Machinery and equipment..... | (5,137,784) | (535,499) | - | (5,673,283) |
| Vehicles..... | (976,464) | (75,050) | - | (1,051,514) |
| Infrastructure..... | <u>(13,404,169)</u> | <u>(1,278,240)</u> | <u>-</u> | <u>(14,682,409)</u> |
| Total accumulated depreciation..... | <u>(36,670,631)</u> | <u>(3,903,332)</u> | <u>-</u> | <u>(40,573,963)</u> |
| Total capital assets being depreciated, net..... | <u>54,604,944</u> | <u>39,020,605</u> | <u>-</u> | <u>93,625,549</u> |
| Total business-type activities capital assets, net..... | <u>\$ 132,185,727</u> | <u>\$ 51,996,342</u> | <u>\$ (25,885,940)</u> | <u>\$ 158,296,129</u> |

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|----------------------|---------------------|---------------------|---------------------|
| Discretely Presented Component Units: | | | | |
| <u>Capital assets not being depreciated:</u> | | | | |
| Land..... | \$ 188,158 | \$ 146,957 | \$ - | \$ 335,115 |
| Construction in progress..... | 654,354 | 1,998,241 | - | 2,652,595 |
| Total capital assets not being depreciated..... | <u>842,512</u> | <u>2,145,198</u> | <u>-</u> | <u>2,987,710</u> |
| <u>Capital assets being depreciated:</u> | | | | |
| Improvements..... | 1,124,914 | 539,988 | - | 1,664,902 |
| Buildings..... | 2,495,984 | 81,352 | (819,502) | 1,757,834 |
| Machinery and equipment..... | 643,498 | 13,121 | - | 656,619 |
| Fine arts..... | 6,000 | - | - | 6,000 |
| Furniture and fixtures..... | 602,645 | 3,571 | - | 606,216 |
| Books and periodicals..... | 98,265 | - | - | 98,265 |
| Technology..... | 59,132 | 1,728 | - | 60,860 |
| Total capital assets being depreciated..... | <u>5,030,438</u> | <u>639,760</u> | <u>(819,502)</u> | <u>4,850,696</u> |
| <u>Less accumulated depreciation:</u> | <u>(3,085,068)</u> | <u>(120,461)</u> | <u>548,792</u> | <u>(2,656,737)</u> |
| Total capital assets being depreciated, net..... | <u>1,945,370</u> | <u>519,299</u> | <u>(270,710)</u> | <u>2,193,959</u> |
| Total discretely presented component units capital assets, net..... | <u>\$ 2,787,882</u> | <u>\$ 2,664,497</u> | <u>\$ (270,710)</u> | <u>\$ 5,181,669</u> |

The library experienced an asset impairment that resulted in the demolition of a significant asset which has been reported as an extraordinary loss.

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

Governmental Activities:

| | |
|---|---------------------|
| General government..... | \$ 138,478 |
| Growth management..... | 1,384 |
| Public safety..... | 475,247 |
| Education..... | 2,906,726 |
| Public works..... | 2,653,887 |
| Regulatory services..... | 135,686 |
| Community services..... | <u>303,709</u> |
| Total depreciation expense - governmental activities..... | <u>\$ 6,615,117</u> |

Business-Type Activities:

| | |
|--|---------------------|
| Airport..... | \$ 1,251,048 |
| Golf course..... | 174,080 |
| Solid waste..... | 85,634 |
| Wastewater..... | 1,470,687 |
| Water supply..... | 145,220 |
| Marina..... | 146,235 |
| Sandy neck..... | 48,846 |
| Hyannis youth and community center..... | <u>581,582</u> |
| Total depreciation expense - business-type activities..... | <u>\$ 3,903,332</u> |

NOTE 6 – INTERFUND BALANCES/TRANSFERS

An interfund receivable/payable of \$82,875 exists between the capital project fund and the chapter 90 highway fund. Its purpose is to cover short-term cash needs that will be funded by future grant proceeds.

Interfund transfers for the fiscal year ended June 30, 2011, are summarized as follows:

| Transfers Out: | Transfers In: | | | | | | Total |
|-----------------------------------|---------------------|---------------------|-----------------------------|-----------------------|------------------------|----------------------|----------------------|
| | General Fund | Capital Projects | Nonmajor Governmental Funds | Water Enterprise Fund | Marina Enterprise Fund | HYCC Enterprise Fund | |
| General Fund..... | \$ - | \$ 3,345,000 | \$ 90,058 | \$ 2,695,000 | \$ - | \$ 1,241,270 | \$ 7,371,328 (1) |
| Capital Projects..... | - | - | 529,665 | - | - | - | 529,665 (2) |
| Nonmajor Governmental Funds..... | 716,624 | - | 407,000 | - | 24,000 | - | 1,147,624 (3) |
| Airport Enterprise Fund..... | 468,424 | - | - | - | - | - | 468,424 (4) |
| Golf Course Enterprise Fund..... | 225,000 | - | - | - | - | - | 225,000 (4) |
| Solid Waste Enterprise Fund..... | 345,199 | - | - | - | - | - | 345,199 (4) |
| Wastewater Enterprise Fund..... | 493,800 | - | - | - | - | - | 493,800 (4) |
| Water Supply Enterprise Fund..... | 129,399 | - | - | - | - | - | 129,399 (4) |
| Marina Enterprise Fund..... | 47,413 | - | - | - | - | - | 47,413 (4) |
| Sandy Neck Enterprise Fund..... | 57,052 | - | - | - | - | - | 57,052 (4) |
| Total..... | \$ 2,482,911 | \$ 3,345,000 | \$ 1,026,723 | \$ 2,695,000 | \$ 24,000 | \$ 1,241,270 | \$ 10,814,904 |

- (1) Represents transfers from the general fund to fund various capital projects, the school revolving fund, the Town special revenue fund, the water enterprise fund, and the Hyannis Youth and Community Center.
- (2) Represents a transfer from the capital projects fund to the Town special revenue fund.
- (3) Represents budgeted transfers from the Town special revenue fund to the general fund. Also represents a transfer from the Town special revenue fund to the school grant fund, a transfer out of cemetery funding to help fund DPW projects, and a transfer out of Town special revenue fund to the marina enterprise fund for parking meters.
- (4) Represents the transfer of enterprise fund costs budgeted in the general fund.

NOTE 7 – SHORT-TERM FINANCING

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

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

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

The Town had the following short-term debt activity during fiscal year 2011:

| Governmental Funds | | | | Balance at | Renewed/ | Retired/ | Balance at |
|--------------------|--|----------|------------|---------------|----------|--------------|---------------|
| Type | Purpose | Rate (%) | Due Date | June 30, 2010 | Issued | Redeemed | June 30, 2011 |
| BAN | Bulkhead..... | 1.25% | 6/14/2011 | \$ 725,000 | \$ - | \$ (725,000) | \$ - |
| Enterprise Funds | | | | Balance at | Renewed/ | Retired/ | Balance at |
| Type | Purpose | Rate (%) | Due Date | June 30, 2010 | Issued | Redeemed | June 30, 2011 |
| BAN | Bulkhead..... | 1.25% | 6/14/2011 | \$ 525,000 | \$ - | \$ (525,000) | \$ - |
| BAN | MWPAT Interim Loan - Water Mains and Pump Station..... | 0.25% | 12/31/2011 | 5,348,080 | - | - | 5,348,080 |
| Total..... | | | | \$ 5,873,080 | \$ - | \$ (525,000) | \$ 5,348,080 |

NOTE 8 – LONG-TERM DEBT

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

Details related to the outstanding indebtedness at June 30, 2011, and the debt service requirements are as follows:

Bonds and Notes Payable Schedule – Governmental Funds

| Projects | Coupon Rate (%) | Outstanding at June 30, 2010 | Issued | Redeemed | Outstanding at June 30, 2011 |
|-------------------------------|-----------------|------------------------------|---------------|-----------------|------------------------------|
| Land Acquisitions..... | 3.51 - 5.00 | \$ 2,787,000 | \$ 1,102,000 | \$ (1,339,000) | \$ 2,550,000 |
| Community Preservation Fund | | | | | |
| Land Acquisitions..... | 3.25 - 5.00 | 22,295,000 | 7,065,000 | (8,850,000) | 20,510,000 |
| Schools..... | 2.50 - 5.00 | 43,904,505 | 2,630,000 | (4,927,402) | 41,607,103 |
| Roads..... | 2.74 - 5.00 | 3,626,730 | 1,000,000 | (826,730) | 3,800,000 |
| Title V Loan Program..... | 0.00 | 734,151 | - | (50,420) | 683,731 |
| Public Buildings..... | 3.39 - 5.00 | 6,397,820 | 965,000 | (988,020) | 6,374,800 |
| Improvements..... | 3.5 - 4.75 | 1,813,000 | 1,575,000 | (182,000) | 3,206,000 |
| Dredging..... | 4.20 | 1,121,250 | 1,839,000 | (411,250) | 2,549,000 |
| Drainage..... | 3.39 - 6.00 | 465,000 | - | (145,000) | 320,000 |
| Sewer Planning..... | 4.07 | 1,288,998 | - | (229,517) | 1,059,481 |
| Aerial Mapping..... | 3.61 | 175,000 | - | (65,000) | 110,000 |
| Lake Treatment..... | 3.00 | 275,000 | - | (20,000) | 255,000 |
| Total Bonds Payable..... | | 84,883,454 | 16,176,000 | (18,034,339) | 83,025,115 |
| Add: unamortized premium..... | | - | 360,689 | - | 360,689 |
| Total Bonds Payable, net..... | | \$ 84,883,454 | \$ 16,536,689 | \$ (18,034,339) | \$ 83,385,804 |

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

| <u>Fiscal Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------|-------------------|----------------------|-----------------------|
| 2012..... \$ | 9,931,989 | \$ 3,211,910 | \$ 13,143,899 |
| 2013..... | 9,304,750 | 2,882,139 | 12,186,889 |
| 2014..... | 9,000,922 | 2,542,467 | 11,543,389 |
| 2015..... | 8,176,270 | 2,238,926 | 10,415,196 |
| 2016..... | 7,918,450 | 1,939,054 | 9,857,504 |
| 2017..... | 7,615,675 | 1,634,306 | 9,249,981 |
| 2018..... | 7,577,943 | 1,340,566 | 8,918,509 |
| 2019..... | 7,606,258 | 992,069 | 8,598,327 |
| 2020..... | 4,188,619 | 639,238 | 4,827,857 |
| 2021..... | 3,220,831 | 470,933 | 3,691,764 |
| 2022..... | 2,744,204 | 342,450 | 3,086,654 |
| 2023..... | 2,144,204 | 228,005 | 2,372,209 |
| 2024..... | 970,000 | 137,578 | 1,107,578 |
| 2025..... | 935,000 | 101,223 | 1,036,223 |
| 2026..... | 610,000 | 65,719 | 675,719 |
| 2027..... | 365,000 | 42,856 | 407,856 |
| 2028..... | 250,000 | 28,478 | 278,478 |
| 2029..... | 215,000 | 18,650 | 233,650 |
| 2030..... | 210,000 | 10,052 | 220,052 |
| 2031..... | 40,000 | 1,656 | 41,656 |
| Total..... \$ | <u>83,025,115</u> | <u>\$ 18,868,275</u> | <u>\$ 101,893,390</u> |

Bonds and Notes Payable Schedule – Enterprise Funds

| <u>Projects</u> | <u>Coupon Rate (%)</u> | <u>Outstanding at June 30, 2010</u> | <u>Issued</u> | <u>Redeemed</u> | <u>Outstanding at June 30, 2011</u> |
|---|--------------------------------|---|---------------------|-----------------------|---|
| Golf Course..... | 5.00 | \$ 3,840,000 | \$ - | \$ (220,000) | \$ 3,620,000 |
| Wastewater..... | 0.00 - 4.75 | 18,474,811 | 300,000 | (1,573,266) | 17,201,545 |
| Water..... | 4.00 - 5.00 | 11,753,911 | - | (375,000) | 11,378,911 |
| Solid Waste Transfer Station..... | 0.00 - 4.50 | 4,338,727 | - | (430,827) | 3,907,900 |
| Sandy Neck..... | 4.00 | 30,000 | 1,265,000 | (15,000) | 1,280,000 |
| Marinas..... | 3.00 - 5.00 | 1,250,000 | 525,000 | (100,000) | 1,675,000 |
| Hyannis Youth and Community Center..... | 3.375 - 5.00 | 15,092,000 | - | (869,000) | 14,223,000 |
| Airport..... | 2.00 - 4.12 | - | 730,000 | - | 730,000 |
| Total Bonds Payable..... | | <u>\$ 54,779,449</u> | <u>\$ 2,820,000</u> | <u>\$ (3,583,093)</u> | <u>\$ 54,016,356</u> |

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

| <u>Fiscal Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------|----------------------|----------------------|-------------------|
| 2012..... \$ | 3,891,430 \$ | 1,878,201 \$ | 5,769,631 |
| 2013..... | 3,416,029 | 1,950,459 | 5,366,488 |
| 2014..... | 3,625,021 | 1,628,662 | 5,253,683 |
| 2015..... | 3,641,534 | 1,499,248 | 5,140,782 |
| 2016..... | 3,526,973 | 1,365,091 | 4,892,064 |
| 2017..... | 3,582,608 | 1,229,788 | 4,812,396 |
| 2018..... | 3,326,964 | 1,087,385 | 4,414,349 |
| 2019..... | 3,397,373 | 959,730 | 4,357,103 |
| 2020..... | 3,017,258 | 832,015 | 3,849,273 |
| 2021..... | 2,906,316 | 730,688 | 3,637,004 |
| 2022..... | 2,930,767 | 632,573 | 3,563,340 |
| 2023..... | 2,990,508 | 530,380 | 3,520,888 |
| 2024..... | 2,899,549 | 425,640 | 3,325,189 |
| 2025..... | 2,799,894 | 332,890 | 3,132,784 |
| 2026..... | 2,550,548 | 238,381 | 2,788,929 |
| 2027..... | 2,601,519 | 154,150 | 2,755,669 |
| 2028..... | 1,342,812 | 68,268 | 1,411,080 |
| 2029..... | 546,770 | 36,732 | 583,502 |
| 2030..... | 527,629 | 23,037 | 550,666 |
| 2031..... | 494,854 | 9,018 | 503,872 |
| Total..... \$ | <u>54,016,356</u> \$ | <u>15,612,336</u> \$ | <u>69,628,692</u> |

The Town advance refunded \$8,630,000 of general obligation bonds through the issuance of \$8,641,000 of general obligation refunding bonds on June 14, 2011. Proceeds were used to purchase \$9,282,187 of U.S. Government securities which were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments of the refunded bonds. As a result, the refunded bonds are considered defeased and the liabilities were removed from the financial statements for the fiscal year ending June 30, 2011. Through this advance refunding, the Town has taken advantage of lower interest rates to realize a decrease in its aggregate debt service payments by approximately \$735,000 over the next 11 years. The Town also realized an economic gain (the difference between the present values of the debt service payments of the refunded and refunding bonds) of approximately \$676,000.

The Town has entered into several loan agreements with the Massachusetts Water Pollution Abatement Trust (MWPAT) for which the Town has recorded the total amount of debt outstanding. However, as of June 30, 2011, the Town has not incurred \$8,517,312 of the eligible construction costs related to the projects and as a result has not yet received the corresponding loan proceeds from MWPAT. Accordingly, the Town has recorded \$8,517,312 as an intergovernmental receivable in the accompanying basic financial statements, as of June 30, 2011.

The Town is scheduled to be subsidized by the MWPAT on a periodic basis for principal in the amount of \$2,057,253 and interest costs for \$1,495,632. Thus, net MWPAT loan repayments, including interest, are scheduled to be \$6,294,645. The principal subsidies are guaranteed and therefore a \$2,057,253 intergovernmental receivable has been reported in the business-type financial statements. Since the Town is legally obligated for the total amount of the debt, such amounts have been reported in the accompanying basic financial statements. The fiscal year 2011 principal and interest subsidies totaled \$336,467 and \$302,755, respectively.

The Commonwealth of Massachusetts has approved school construction assistance to the Town. The assistance program, which is administered by the Massachusetts School Building Authority, provides resources for construction costs and debt service interest of general obligation bonds outstanding. The Town is currently receiving annual payments for 64% of eligible costs in relation to the construction of the new Middle School and the renovation and addition to the High School. During fiscal year 2011, approximately \$3,509,000 of such assistance was received. Approximately \$26,971,000 will be received in future years. Of this amount, \$3,329,000 represents reimbursement of future long-term interest costs and \$23,642,000 represents reimbursement of approved construction cost and interest costs previously paid. Accordingly, an intergovernmental receivable and corresponding deferred revenue have been reported in these basic financial statements for \$23,642,000 which represents the Commonwealth's share of construction and interest costs paid for the Middle School and High School projects.

The Town is subject to various debt limits by statute and may issue additional general obligation debt under the normal debt limit. At June 30, 2011, the Town had the following authorized and unissued debt:

| Purpose | Amount |
|---|----------------------|
| Sewer projects..... | \$ 14,049,813 |
| Water projects..... | 7,408,863 |
| Wind generator..... | 1,850,000 |
| Highway complex feasibility and design..... | 900 |
| Dredging projects..... | 329,000 |
| Road projects..... | 6,827 |
| Airport projects..... | 32,203,989 |
| Effluent mitigation..... | 1,393,950 |
| Security fencing..... | 160,000 |
| Improvements for Bismore Park..... | 426,000 |
| Land acquisitions..... | 655,000 |
| Energy improvements..... | 1,854,000 |
| Facilities improvements..... | 1,375 |
| Refunding bonds..... | <u>13,258,000</u> |
| Total..... | <u>\$ 73,597,717</u> |

Changes in Long-term Liabilities

During the fiscal year ended June 30, 2011, the following changes occurred in long-term liabilities:

| | Beginning Balance | Additions | Reductions | Ending Balance | Current Portion |
|-------------------------------------|----------------------|---------------|-----------------|-------------------|--------------------|
| Governmental Activities: | | | | | |
| Bonds Payable..... | \$ 84,883,454 | \$ 16,176,000 | \$ (18,034,339) | \$ 83,025,115 | \$ 9,931,989 |
| Add: Unamortized Premium..... | - | 360,689 | - | 360,689 | - |
| Total Bonds Payable..... | 84,883,454 | 16,536,689 | (18,034,339) | 83,385,804 | 9,931,989 |
| Compensated Absences..... | 2,832,356 | 2,435,120 | (2,300,601) | 2,966,875 | 2,388,506 |
| Workers' Compensation..... | 398,000 | 405,000 | (151,000) | 652,000 | 53,000 |
| Other Postemployment Benefits..... | 19,138,060 | 9,630,664 | (5,102,561) | 23,666,163 | - |
| Total Governmental Funds..... | 107,251,870 | 29,007,473 | (25,588,501) | 110,670,842 | 12,373,495 |
| Business Type Activities: | | | | | |
| Bonds Payable..... | 54,779,449 | 2,820,000 | (3,583,093) | 54,016,356 | 3,891,430 |
| Compensated Absences..... | 305,063 | 243,075 | (262,329) | 285,809 | 243,385 |
| Workers' Compensation..... | 248,000 | - | (248,000) | - | - |
| Landfill Closure..... | 1,190,000 | - | (70,000) | 1,120,000 | 70,000 |
| Other Postemployment Benefits..... | 2,471,000 | 1,275,000 | (675,000) | 3,071,000 | - |
| Total Business Type Activities..... | 58,993,512 | 4,338,075 | (4,838,422) | 58,493,165 | 4,204,815 |
| Total..... | \$ 166,245,382 | \$ 33,345,548 | \$ (30,426,923) | \$ 169,164,007 | \$ 16,578,310 |

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

In fiscal year 2011, the Town implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The intention of the GASB is to provide a more structured classification of fund balance and to improve the usefulness of fund balance reporting to the users of the Town's financial statements. The reporting standard establishes a hierarchy for fund balance classifications and the constraints imposed on the uses of those resources.

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.

In accordance with Statement No. 54, the stabilization funds have been reported in the general fund, and accordingly, the general fund beginning fund balance has been revised from \$17,718,451 to \$32,820,236. The municipal purpose, pension, and insurance stabilization funds beginning fund balances have been revised from \$11,638,017, \$2,783,603 and \$680,165, respectively to \$0.

GASB 54 provides for 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, GASB 54 has provided a hierarchy of spendable fund balances, 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.
- Assigned: fund balances that contain self-imposed constraints of the government to be used for a particular purpose.
- Unassigned: fund balance of the general fund that is not constrained for any particular purpose.

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

| | <u>General</u> | <u>Capital Projects</u> | <u>Community Preservation Fund</u> | <u>Nonmajor Governmental Funds</u> | <u>Total Governmental Funds</u> |
|---------------------------------------|-----------------------------|-----------------------------|--|--|---|
| FUND BALANCES | | | | | |
| Nonspendable: | | | | | |
| Permanent fund principal..... | \$ - | \$ - | \$ - | \$ 10,326,319 | \$ 10,326,319 |
| Restricted for: | | | | | |
| Pension reserve..... | 2,863,023 | - | - | - | 2,863,023 |
| Town capital projects..... | - | 16,335,039 | - | - | 16,335,039 |
| School capital projects..... | - | 2,305,427 | - | - | 2,305,427 |
| Community preservation..... | - | - | 8,261,251 | - | 8,261,251 |
| Town revolving..... | - | - | - | 4,230,783 | 4,230,783 |
| School revolving..... | - | - | - | 3,167,107 | 3,167,107 |
| Town gift and grant funds..... | - | - | - | 3,783,595 | 3,783,595 |
| School gift and grant funds..... | - | - | - | 1,610,980 | 1,610,980 |
| Cemeteries and libraries..... | - | - | - | 494,735 | 494,735 |
| Conservation..... | - | - | - | 58,886 | 58,886 |
| Education..... | - | - | - | 736,131 | 736,131 |
| Other permanent funds..... | - | - | - | 229,061 | 229,061 |
| Assigned to: | | | | | |
| Town Council..... | 1,100 | - | - | - | 1,100 |
| Town Manager..... | 3,795 | - | - | - | 3,795 |
| Administrative services..... | 287,786 | - | - | - | 287,786 |
| Growth management..... | 40,096 | - | - | - | 40,096 |
| Public safety..... | 8,436 | - | - | - | 8,436 |
| Community services..... | 72,879 | - | - | - | 72,879 |
| Regulatory services..... | 15,276 | - | - | - | 15,276 |
| Education..... | 1,799,537 | - | - | - | 1,799,537 |
| Public works..... | 539,289 | - | - | - | 539,289 |
| Culture and recreation..... | 106,992 | - | - | - | 106,992 |
| Property and liability insurance..... | 28,800 | - | - | - | 28,800 |
| Employee benefits..... | 23,520 | - | - | - | 23,520 |
| Balance the FY12 operating budget... | 3,195,000 | - | - | - | 3,195,000 |
| Unassigned..... | <u>21,612,742</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>21,612,742</u> |
| TOTAL FUND BALANCES..... | \$ <u>30,598,271</u> | \$ <u>18,640,466</u> | \$ <u>8,261,251</u> | \$ <u>24,637,597</u> | \$ <u>82,137,585</u> |

At June 30, 2011, the balance of the municipal purpose stabilization fund is \$7,250,334 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, 2011, the balance of the insurance stabilization fund is \$0. During fiscal year 2011, the Town transferred the balance of \$693,235 from the insurance stabilization fund to fund the other postemployment benefit trust fund.

At June 30, 2011, the balance of the pension stabilization fund is \$2,863,023 and is reported as restricted fund balance within the general fund. The pension stabilization fund balance may only be appropriated to fund the unfunded pension liability that accrues to the Town through the county retirement system. The amount appropriated from the pension stabilization fund is subject to Council approval and the approval of the Public Employee Retirement Administration Commission (PERAC).

NOTE 10 – LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

State and federal laws and regulations require the Town to construct a final capping system on its Flint Street Sanitary landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site after closure. The Town stopped accepting waste in fiscal year 1991 and performed a final capping of the landfill site in fiscal year 1997. At June 30, 2011, the Town has accrued \$1,120,000 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, 2011. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

NOTE 11 – SOLID WASTE DISPOSAL

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

A separate, joint agreement between the Towns of Barnstable and Yarmouth and the SEMASS Partnership requires the Town's solid waste to be delivered to the Yarmouth Transfer Station, a facility designed and constructed by Barnstable and Yarmouth to receive solid waste from both towns as well as from private haulers. The solid waste is loaded on to specially modified railroad cars and is then railed directly to SEMASS. Pursuant to the joint agreement, SEMASS is responsible for all costs relating to the delivery of Barnstable and Yarmouth's solid waste from the Yarmouth Transfer Station to the SEMASS Rochester waste-to-energy facility. Additionally, this agreement requires Barnstable to annually pay Yarmouth a \$1.00 per ton host fee to accept Barnstable's solid waste. In FY11, the total host fee paid to Yarmouth was \$9,464. As with the SEMASS Agreement, this joint agreement also expires on December 31, 2014. Barnstable, Yarmouth and SEMASS are actively engaged in contract deliberations for a successor long-term agreement to continue the same terms and conditions of the existing agreement.

NOTE 12 – RISK FINANCING

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

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

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

The Town is self-insured for its workers' compensation activities incurred prior to fiscal year 2005 when the Town purchased commercial insurance. The self-insured program is administered by a third party administrator and funded on a pay-as-you-go basis from annual appropriations paid from the General Fund. The Town estimates its future workers' compensation liability for occurrences under the self-insured program based on history and injury type and accounts for this liability on the full accrual basis of accounting on the Statement of Net Assets. At June 30, 2011, the amount of the liability for self-insured workers' compensation claims totaled \$652,000 for governmental activities.

Changes in the reported liability since July 1, 2009, are as follows:

| | <u>Balance at Beginning of Fiscal Year</u> | | <u>Current Year Claims and Changes in Estimate</u> | | <u>Claims Payments</u> | | <u>Balance at Fiscal Year-End</u> | | <u>Current Portion at Year-End</u> |
|----------------------------------|--|----|--|----|----------------------------|----|---|----|--|
| Governmental Activities: | | | | | | | | | |
| Fiscal Year 2010..... | \$ 194,000 | \$ | 265,000 | \$ | (61,000) | \$ | 398,000 | \$ | 55,000 |
| Fiscal Year 2011..... | 398,000 | | 310,000 | | (56,000) | | 652,000 | | 53,000 |
| Business-Type Activities: | | | | | | | | | |
| Fiscal Year 2010..... | - | \$ | 248,000 | \$ | - | \$ | 248,000 | \$ | 50,000 |
| Fiscal Year 2011..... | 248,000 | | (248,000) | | - | | - | | - |

NOTE 13 – PENSION PLAN

Plan Description – The Town contributes to the Barnstable County Retirement Association (the Association), a cost-sharing multiple-employer defined benefit pension plan administered by the Barnstable County Retirement Board. Substantially all employees are members of the Association, except for public school teachers and certain administrators who are members of the Massachusetts Teachers Retirement System, to which the Town does not contribute. Pension benefits and administrative expenses paid by the Teachers Retirement Board are the legal responsibility of the Commonwealth. The amount of these on-behalf payments totaled \$10,390,000 for the fiscal year ended June 30, 2011, and, accordingly, are reported in the general fund as intergovernmental revenues and pension expenditures.

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

Funding Policy – Plan members are required to contribute to the Association at rates ranging from 5% to 11% of annual covered compensation. The Town is required to pay into the Association its share of the system-wide actuarial determined contribution that is apportioned among the employers based on active current payroll. Administrative expenses are funded through investment earnings. Chapter 32 of the MGL governs the

contributions of plan members and the Town. The Town's contributions to the Association for the fiscal years ended June 30, 2011, 2010, and 2009 were \$5,978,699, \$5,718,412, and \$5,302,912, respectively, which equaled its required contribution for each fiscal year.

At June 30, 2011, the Town has \$2,863,023 in a pension reserve fund which is classified as part of the general fund in the governmental fund financial statements. The Town transferred \$350,000 from the pension reserve fund to the general fund in fiscal year 2011. The pension reserve fund may only be used to provide funding for annual contributions to the Association upon approval of the Council.

NOTE 14 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description – The Town of Barnstable administers a single-employer defined benefit healthcare plan (“the Retiree Health Plan”). The plan provides lifetime healthcare insurance for eligible retirees and their spouses through the Town's group health insurance plan, which covers both active and retired members. Chapter 32b of the MGL assigns authority to establish and amend benefit provisions of the plan. Benefit provisions are negotiated between the Town and the unions representing Town employees and are renegotiated each bargaining period. The Retiree Health Plan does not issue a publicly available financial report. Additionally, retired teachers and their spouses receive health insurance through the Group Insurance Commission of the Commonwealth of Massachusetts (GIC). Each participating municipality is assessed for the governmental share of health and life insurance premiums paid on-behalf of its teacher retirees by the state. The state pays 85 – 90% of the total premium; the retiree's co-payment is 10 – 15% of the total premium as well as full payment for catastrophic illness coverage. The Town's assessment from the Commonwealth, for retired teachers, for fiscal year 2011, totaled \$2,474,696.

Funding Policy – Contribution requirements are also negotiated between the Town and union representatives. The required contribution is based on a pay-as-you-go financing requirement. The Town contributes 50% of the cost of current-year premiums for eligible retired plan members and their spouses. Plan members receiving benefits contribute the remaining 50% of their premium costs. For fiscal year 2011, the Town's age-weighted contribution to the plan totaled approximately \$5.8 million.

The Commonwealth of Massachusetts passed special legislation that has allowed the Town to establish the postemployment benefit trust fund and to enable the Town to raise taxes necessary to begin pre-funding its OPEB liabilities. During fiscal year 2011, the Town pre-funded future OPEB liabilities in the amount of approximately \$693,000.

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

| | |
|--|----------------------|
| Annual required contribution..... | \$ 10,558,506 |
| Interest on net OPEB obligation..... | 1,145,002 |
| Adjustment for timing..... | <u>(797,844)</u> |
| Annual OPEB cost (expense)..... | 10,905,664 |
| Contributions made (including retired teachers)..... | <u>(5,777,561)</u> |
| | |
| Increase in net OPEB obligation..... | 5,128,103 |
| Net OPEB obligation - beginning of year..... | <u>21,609,060</u> |
| | |
| Net OPEB obligation - end of year..... | <u>\$ 26,737,163</u> |

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2011 was as follows:

| <u>Fiscal Year Ended</u> | <u>Annual OPEB Cost</u> | <u>Percentage of Annual OPEB Cost Contributed</u> | <u>Net OPEB Obligation</u> |
|--------------------------|-------------------------|---|----------------------------|
| 6/30/2011 | \$ 10,905,664 | 53% | \$ 26,737,163 |
| 6/30/2010 | 11,873,230 | 40% | 21,609,060 |
| 6/30/2009 | 11,201,703 | 46% | 14,393,152 |
| 6/30/2008 | 11,377,236 | 27% | 8,251,620 |

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

| <u>Actuarial Valuation Date</u> | <u>Actuarial Value of Assets (A)</u> | <u>Actuarial Accrued Liability (AAL) Entry Age Normal (B)</u> | <u>Unfunded AAL (UAAL) (B-A)</u> | <u>Funded Ratio (A/B)</u> | <u>Covered Payroll (C)</u> | <u>UAAL as a Percentage of Covered Payroll ((B-A)/C)</u> |
|---------------------------------|--------------------------------------|---|----------------------------------|---------------------------|----------------------------|--|
| 6/30/2010 | \$ - | \$ 162,010,280 | \$ 162,010,280 | 0% | \$ 48,841,000 | 331.71% |
| 6/30/2008 | - | 159,321,644 | 159,321,644 | 0% | 44,795,126 | 355.67% |
| 6/30/2006 | - | 150,545,412 | 150,545,412 | 0% | 48,120,192 | 312.85% |

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

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

In the June 30, 2010, actuarial valuation, actuarial liabilities were determined using the entry age normal cost method. The actuarial assumptions included a 5.25% investment return assumption, which is based on the expected yield on the assets of the Town, calculated based on the funded level of the plan at the valuation date, and an annual medical/drug cost trend rate of 10% initially, decreasing .75% for six years and by .50% for one year to an ultimate level of 5% per year. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized over a 30 year open period using a level percentage of projected payroll with amortization payments increasing at 4.5% per year. The remaining amortization period at June 30, 2011 is 29 years.

NOTE 15 – COMMITMENTS

The Town has entered into, or is planning to enter into, contracts totaling \$10.7 million in relation to various capital projects including water quality improvements to lakes and ponds, sidewalk improvements, dredging, equipment purchases, boat ramp improvements, facility improvements, water supply pipe replacement and several maintenance projects at the Barnstable Municipal airport.

A total of \$245,000 of airport surplus is being used mainly for a groundwater improvement program and approximately \$1 million of federal grant money is expected to fund several maintenance projects and a new airfield sweeper. The marina enterprise fund will use \$110,000 of its surplus to finance the permitting necessary for dredging the Barnstable Inner Harbor and the design of a repair/replacement for the Prince Cove Marina Bulkhead. A total of \$170,000 of water enterprise fund surplus is being used to upgrade a water main and \$1 million in bond authorizations for water pipe replacements.

Capital Trust Fund reserves of \$3,275,000 will be used for public road and water quality improvements and \$4,480,000 of new borrowing authorizations were approved for various facility repairs, sidewalk improvements, equipment, and dredging and boat ramp repairs as part of the fiscal year 2012 capital program.

The Town has also entered into two major construction commitments funded with chapter 90 state grant funds and Mass Works grant funds. \$3.8 million has been dedicated to the Stevens, Winter and North St. improvements funded with \$1.8 million of Chapter 90 funds and a \$2 million Mass Works grant. \$900,000 of Chapter 90 funds have been dedicated for a new light and intersection improvements at Attucks Lane and Airport Road.

NOTE 16 – CONTINGENCIES

The Town participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of the Single Audit Act Amendments of 1996 through June 30, 2011, 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, 2011, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2011.

NOTE 17 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During fiscal year 2011, the following GASB pronouncements were implemented:

- GASB Statement #54, *Fund Balance Reporting and Governmental Fund Type Definitions*, was implemented in fiscal year 2011. Financial statement changes include new fund balance designations and the reclassification of stabilization funds from the special revenue fund to the general fund. Notes to the basic financial statements were changed to provide additional disclosure on the new designations of fund balance.
- GASB Statement #59, *Financial Instruments Omnibus*, was implemented in fiscal year 2011. This statement did not impact the basic financial statements.

Future implementation of GASB pronouncements:

- The GASB issued Statement #60, *Accounting and Financial Reporting for Service Concession Arrangements*, which is required to be implemented in fiscal year 2013. Management's current assessment is that this pronouncement will have a significant impact on the basic financial statements.
- The GASB issued Statement #61, *The Financial Reporting Entity: Omnibus*, which is required to be implemented in fiscal year 2013. Management's current assessment is that this pronouncement will not have a significant impact on the basic financial statements.
- The GASB issued Statement #62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which is required to be implemented in fiscal year 2013. Management's current assessment is that this pronouncement will not have a significant impact on the basic financial statements.
- The GASB issued Statement #63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which is required to be implemented in fiscal year 2013. Management's current assessment is that this pronouncement will have a significant impact on the basic financial statements.
- The GASB issued Statement #64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions, an amendment of GASB Statement No. 53*, which is required to be implemented in fiscal year 2012. Management's current assessment is that this pronouncement will not have a significant impact on the basic financial statements.

Required Supplementary Information

Retirement System Schedules of Funding Progress and Employer Contributions

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

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

BARNSTABLE COUNTY RETIREMENT ASSOCIATION
SCHEDULE OF FUNDING PROGRESS

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

The Town's share of the UAAL, as of January 1, 2010, is approximately 13.62%.

See notes to required supplementary information.

BARNSTABLE COUNTY RETIREMENT ASSOCIATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS

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

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

See notes to required supplementary information.

Other Postemployment Benefit Plan Schedules

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

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

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

OTHER POSTEMPLOYMENT BENEFIT PLAN
SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS

Schedule of Funding Progress

| Actuarial Valuation Date | Actuarial Value of Assets (A) | Actuarial Accrued Liability (AAL) Entry Age Normal (B) | Unfunded AAL (UAAL) (B-A) | Funded Ratio (A/B) | Covered Payroll (C) | UAAL as a Percentage of Covered Payroll ((B-A)/C) |
|--------------------------------|--|--|------------------------------------|--------------------------|---------------------------|---|
| 6/30/2010 | \$ - | \$ 162,010,280 | \$ 162,010,280 | 0% | \$ 48,841,000 | 331.71% |
| 6/30/2008 | - | 159,321,644 | 159,321,644 | 0% | 44,795,126 | 355.67% |
| 6/30/2006 | - | 150,545,412 | 150,545,412 | 0% | 48,120,192 | 312.85% |

Schedule of Employer Contributions

| Year Ended | Annual Required Contribution | Actual Contributions Made | Percentage Contributed |
|---------------|------------------------------------|---------------------------------|---------------------------|
| 6/30/2011 | \$ 10,558,506 | \$ 5,777,561 | 55% |
| 6/30/2010 | 11,672,884 | 4,657,322 | 40% |
| 6/30/2009 | 11,090,909 | 5,060,171 | 46% |
| 6/30/2008 | 11,377,236 | 3,125,616 | 27% |

See notes to required supplementary information.

OTHER POSTEMPLOYMENT BENEFIT PLAN
ACTUARIAL METHODS AND ASSUMPTIONS

Actuarial Methods:

| | |
|------------------------------------|--|
| Valuation date..... | June 30, 2010 |
| Actuarial cost method..... | Entry Age Normal |
| Amortization method..... | Amortization payments increasing at 4.5% using a level percentage of payroll. |
| Remaining amortization period..... | 29 years, open at June 30, 2011 |
| Asset valuation method..... | Market value |

Actuarial Assumptions:

| | |
|-----------------------------------|---|
| Investment rate of return..... | 5.25%, pay-as-you-go scenario |
| Medical/drug cost trend rate..... | 10.0% decreasing by 0.75% for 6 years and by 0.50% for 1 year to an ultimate level of 5.00% per year. |

Plan Membership, including teachers:

| | |
|--|---------------------|
| Current retirees, beneficiaries, and dependents..... | 722 |
| Current active members..... | <u>839</u> |
| Total..... | <u><u>1,561</u></u> |

See notes to required supplementary information.

NOTE A – PENSION PLAN

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

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

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

| | |
|---|--|
| Valuation Date..... | January 1, 2010 |
| Actuarial Cost Method..... | Entry Age Normal Cost Method |
| Amortization Method..... | Increasing at 4.0% after fiscal 2015 |
| Remaining Amortization Period..... | 28 years from July 1, 2010 for 2002 and 2003 Early Retirement Incentives, retiree sheriffs liability and remaining unfunded liability. |
| Asset Valuation Method..... | 5-year smoothing of investment returns greater (less) than expected. |
| Actuarial Assumptions: | |
| Investment rate of return..... | 8.00% |
| Projected salary increases..... | Varies by length of service with ultimate rates of 4.75% and 5.25% for Groups 1 and 4, respectively. |
| Cost of living adjustments..... | 3.0% for the first \$12,000 of retirement income, increasing to \$13,000 in fiscal 2012, \$14,000 in fiscal 2013 and \$15,000 in fiscal 2014 |
| Plan Membership: | |
| Retired participants and beneficiaries receiving benefits..... | 2,422 |
| Terminated participants entitled to a return of their employee contributions..... | 649 |
| Terminated participants with a vested right to a deferred or immediate benefit..... | 123 |
| Active participants..... | <u>4,786</u> |
| Total..... | <u><u>7,980</u></u> |

NOTE B – OTHER POSTEMPLOYMENT BENEFITS

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

The Town currently finances its other postemployment benefits (OPEB) on a combined pre-funded and pay-as-you-go basis. As a result, the funded ratio (actuarial value of assets expressed as a percentage of the actuarial accrued liability) is 0%. In accordance with Governmental Accounting Standards, the Town has recorded its OPEB cost equal to the actuarial determined annual required contribution (ARC) which includes the normal cost of providing benefits for the year and a component for the amortization of the total unfunded actuarial accrued liability of the plan.

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

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

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

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

Combining Statements

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

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 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, 2011

| | <i>Special Revenue Funds</i> | | | | |
|---|------------------------------|------------------------------|---------------------------------|-----------------------------------|----------------------|
| | Town Revolving Funds | School Revolving Funds | Town Gift and Grant Funds | School Gift and Grant Funds | Subtotal |
| ASSETS | | | | | |
| Cash and cash equivalents..... | \$ 4,264,559 | \$ 3,243,589 | \$ 3,801,057 | \$ 1,759,864 | \$ 13,069,069 |
| Investments..... | - | - | - | - | - |
| Receivables, net of uncollectibles: | | | | | |
| Tax liens..... | - | - | 1,335 | - | 1,335 |
| Departmental and other..... | - | - | - | 35,789 | 35,789 |
| Special assessments..... | 546,208 | - | 342,411 | - | 888,619 |
| Intergovernmental..... | - | - | 2,280 | - | 2,280 |
| TOTAL ASSETS..... | \$ 4,810,767 | \$ 3,243,589 | \$ 4,147,083 | \$ 1,795,653 | \$ 13,997,092 |
| LIABILITIES AND FUND BALANCES | | | | | |
| LIABILITIES: | | | | | |
| Warrants payable..... | \$ 9,598 | \$ 76,465 | \$ 13,361 | \$ 38,625 | \$ 138,049 |
| Accrued payroll..... | 24,178 | - | 6,381 | 144,548 | 175,107 |
| Other liabilities..... | - | 17 | - | 1,500 | 1,517 |
| Deferred revenues..... | 546,208 | - | 343,746 | - | 889,954 |
| TOTAL LIABILITIES..... | 579,984 | 76,482 | 363,488 | 184,673 | 1,204,627 |
| FUND BALANCES: | | | | | |
| Nonspendable..... | - | - | - | - | - |
| Restricted..... | 4,230,783 | 3,167,107 | 3,783,595 | 1,610,980 | 12,792,465 |
| TOTAL FUND BALANCES..... | 4,230,783 | 3,167,107 | 3,783,595 | 1,610,980 | 12,792,465 |
| TOTAL LIABILITIES AND FUND BALANCES..... | \$ 4,810,767 | \$ 3,243,589 | \$ 4,147,083 | \$ 1,795,653 | \$ 13,997,092 |

| <i>Permanent Funds</i> | | | | | Total Nonmajor Governmental Funds |
|--------------------------------|-------------------|---------------------|-------------------|----------------------|--|
| Cemeteries and Libraries | Conservation | Education | Other | Subtotal | |
| \$ 676,480 | \$ 11,472 | \$ 527,928 | \$ 169,445 | \$ 1,385,325 | \$ 14,454,394 |
| 5,778,074 | 97,982 | 4,509,234 | 218,394 | 10,603,684 | 10,603,684 |
| - | - | - | - | - | 1,335 |
| - | - | - | - | - | 35,789 |
| - | - | - | - | - | 888,619 |
| - | - | - | - | - | 2,280 |
| <u>\$ 6,454,554</u> | <u>\$ 109,454</u> | <u>\$ 5,037,162</u> | <u>\$ 387,839</u> | <u>\$ 11,989,009</u> | <u>\$ 25,986,101</u> |
| \$ - | \$ - | \$ - | \$ 15,017 | \$ 15,017 | \$ 153,066 |
| - | - | - | 1,786 | 1,786 | 176,893 |
| - | - | - | 127,074 | 127,074 | 128,591 |
| - | - | - | - | - | 889,954 |
| - | - | - | 143,877 | 143,877 | 1,348,504 |
| 5,959,819 | 50,568 | 4,301,031 | 14,901 | 10,326,319 | 10,326,319 |
| 494,735 | 58,886 | 736,131 | 229,061 | 1,518,813 | 14,311,278 |
| <u>6,454,554</u> | <u>109,454</u> | <u>5,037,162</u> | <u>243,962</u> | <u>11,845,132</u> | <u>24,637,597</u> |
| <u>\$ 6,454,554</u> | <u>\$ 109,454</u> | <u>\$ 5,037,162</u> | <u>\$ 387,839</u> | <u>\$ 11,989,009</u> | <u>\$ 25,986,101</u> |

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

FISCAL YEAR ENDED JUNE 30, 2011

| | Special Revenue Funds | | | | |
|---|------------------------------|------------------------------|---------------------------------|-----------------------------------|----------------------|
| | Town Revolving Funds | School Revolving Funds | Town Gift and Grant Funds | School Gift and Grant Funds | Sub-total |
| REVENUES: | | | | | |
| Charges for services..... | \$ 950,285 | \$ 2,308,842 | \$ - | \$ - | \$ 3,259,127 |
| Fees and rentals..... | 4,015 | 134,839 | 343,842 | - | 482,696 |
| Licenses and permits..... | 916,406 | - | 233,328 | - | 1,149,734 |
| Intergovernmental..... | 3,726 | 769,565 | 1,573,756 | 7,149,400 | 9,496,447 |
| Departmental and other..... | - | 141,933 | 68,085 | - | 210,018 |
| Special assessments..... | 197,299 | - | - | - | 197,299 |
| Contributions..... | 12,885 | 1,190 | 194,572 | 38,866 | 247,513 |
| Investment income..... | - | - | 5,397 | - | 5,397 |
| Miscellaneous..... | - | - | 6,605 | - | 6,605 |
| TOTAL REVENUES..... | 2,084,616 | 3,356,369 | 2,425,585 | 7,188,266 | 15,054,836 |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| Administrative services..... | 704,441 | - | 681,153 | - | 1,385,594 |
| Growth management..... | - | - | 65,237 | - | 65,237 |
| Public safety..... | - | - | 528,783 | - | 528,783 |
| Education..... | - | 2,528,207 | - | 7,740,477 | 10,268,684 |
| Public works..... | - | - | 54,896 | - | 54,896 |
| Community services..... | 638,676 | - | 286,729 | - | 925,405 |
| Regulatory services..... | 418,243 | - | 51,286 | - | 469,529 |
| Debt service: | | | | | |
| Principal..... | - | - | 50,420 | - | 50,420 |
| TOTAL EXPENDITURES..... | 1,761,360 | 2,528,207 | 1,718,504 | 7,740,477 | 13,748,548 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES..... | 323,256 | 828,162 | 707,081 | (552,211) | 1,306,288 |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Transfers in..... | - | 22,558 | 822,165 | 182,000 | 1,026,723 |
| Transfers out..... | (379,299) | - | (543,325) | - | (922,624) |
| TOTAL OTHER FINANCING SOURCES (USES)..... | (379,299) | 22,558 | 278,840 | 182,000 | 104,099 |
| NET CHANGE IN FUND BALANCES..... | (56,043) | 850,720 | 985,921 | (370,211) | 1,410,387 |
| FUND BALANCES AT BEGINNING OF YEAR..... | 4,286,826 | 2,316,387 | 2,797,674 | 1,981,191 | 11,382,078 |
| FUND BALANCES AT END OF YEAR..... | \$ 4,230,783 | \$ 3,167,107 | \$ 3,783,595 | \$ 1,610,980 | \$ 12,792,465 |

| <i>Permanent Funds</i> | | | | | Total Nonmajor Governmental Funds |
|--------------------------------|-------------------|---------------------|-------------------|----------------------|--|
| Cemeteries and Libraries | Conservation | Education | Other | Sub-total | |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ 3,259,127 |
| - | - | - | - | - | 482,696 |
| - | - | - | - | - | 1,149,734 |
| - | - | - | - | - | 9,496,447 |
| 42,175 | - | - | 221,837 | 264,012 | 474,030 |
| - | - | - | - | - | 197,299 |
| - | - | - | 49,268 | 49,268 | 296,781 |
| 966,592 | 14,598 | 399,161 | 103,969 | 1,484,320 | 1,489,717 |
| - | - | - | - | - | 6,605 |
| <u>1,008,767</u> | <u>14,598</u> | <u>399,161</u> | <u>375,074</u> | <u>1,797,600</u> | <u>16,852,436</u> |
| - | 246 | - | 431 | 677 | 1,386,271 |
| - | - | - | - | - | 65,237 |
| - | - | - | 154,094 | 154,094 | 682,877 |
| - | - | - | - | - | 10,268,684 |
| 66,962 | - | - | - | 66,962 | 121,858 |
| - | - | - | 32,552 | 32,552 | 957,957 |
| - | - | - | - | - | 469,529 |
| - | - | - | - | - | 50,420 |
| <u>66,962</u> | <u>246</u> | <u>-</u> | <u>187,077</u> | <u>254,285</u> | <u>14,002,833</u> |
| <u>941,805</u> | <u>14,352</u> | <u>399,161</u> | <u>187,997</u> | <u>1,543,315</u> | <u>2,849,603</u> |
| - | - | - | - | - | 1,026,723 |
| <u>(225,000)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(225,000)</u> | <u>(1,147,624)</u> |
| <u>(225,000)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(225,000)</u> | <u>(120,901)</u> |
| 716,805 | 14,352 | 399,161 | 187,997 | 1,318,315 | 2,728,702 |
| <u>5,737,749</u> | <u>95,102</u> | <u>4,638,001</u> | <u>55,965</u> | <u>10,526,817</u> | <u>21,908,895</u> |
| <u>\$ 6,454,554</u> | <u>\$ 109,454</u> | <u>\$ 5,037,162</u> | <u>\$ 243,962</u> | <u>\$ 11,845,132</u> | <u>\$ 24,637,597</u> |

Agency Fund

Fund Description

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

AGENCY FUND
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FISCAL YEAR ENDED JUNE 30, 2011

| | <u>July 1, 2010</u> | | <u>Additions</u> | | <u>Deletions</u> | | <u>June 30, 2011</u> |
|---|--------------------------|-----------|-------------------------|-----------|---------------------------|-----------|-----------------------|
| ASSETS | | | | | | | |
| CURRENT: | | | | | | | |
| Cash and cash equivalents..... | \$ 509,156 | \$ | 2,180,658 | \$ | (2,250,722) | \$ | 439,092 |
| Receivables, net of allowance for uncollectibles: | | | | | | | |
| Departmental and other..... | <u>268,164</u> | | <u>1,386,882</u> | | <u>(1,353,162)</u> | | <u>301,884</u> |
| TOTAL ASSETS..... | <u>\$ 777,320</u> | \$ | <u>3,567,540</u> | \$ | <u>(3,603,884)</u> | \$ | <u>740,976</u> |
| LIABILITIES | | | | | | | |
| Police Details..... | \$ 229,268 | \$ | 1,046,911 | \$ | (1,044,979) | \$ | 231,200 |
| Student Activity Accounts..... | 173,150 | | 974,032 | | (967,766) | | 179,416 |
| Performance Bonds..... | 357,978 | | 8,273 | | (60,341) | | 305,910 |
| Other..... | <u>16,924</u> | | <u>639,354</u> | | <u>(631,828)</u> | | <u>24,450</u> |
| TOTAL LIABILITIES..... | <u>\$ 777,320</u> | \$ | <u>2,668,570</u> | \$ | <u>(2,704,914)</u> | \$ | <u>740,976</u> |

Additional Information

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

QUARTERS ENDED SEPTEMBER 30, 2010, DECEMBER 31, 2010, MARCH 31, 2011, AND JUNE 30, 2011

| | Quarters Ended | | | | Annual Total |
|---|-----------------------|----------------------|-------------------|------------------|-----------------|
| | September 30, 2010 | December 31, 2010 | March 31, 2011 | June 30, 2011 | |
| Passenger facility charges collected..... | \$ - | \$ - | \$ 15,794 | \$ 48,658 | \$ 64,452 |
| Interest credited..... | - | - | - | 10 | 10 |
| Total revenue..... | - | - | 15,794 | 48,668 | 64,462 |
| Expenditures to be funded with passenger facility charges..... | 745,589 | 1,308,468 | 519,543 | - | 2,573,600 |
| Change in unexpended (overexpended) passenger facility charges..... | (745,589) | (1,308,468) | (503,749) | 48,668 | (2,509,138) |
| Unexpended (overexpended) passenger facility charges at beginning of period..... | - | (745,589) | (2,054,057) | (2,557,806) | - |
| Excess (deficiency) of passenger facility charges collected over passenger facility charges expended at end of quarter..... | \$ (745,589) | \$ (2,054,057) | \$ (2,557,806) | \$ (2,509,138) | \$ (2,509,138) |
| Passenger facility charges: | | | | | |
| New terminal building..... | \$ 2,549,600 | | | | |
| Application assistance..... | 24,000 | | | | |
| Total passenger facility charge..... | \$ 2,573,600 | | | | |

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



Boaters and swimmers enjoying a beautiful sunny summer day on a sandbar near Sandy Neck in Cape Cod Bay.



Town employees working on the Town's oyster propagation program.

Statistical Section

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

SOURCES: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The Town implemented GASB Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year.

Net Assets By Component

Last Ten Fiscal Years

| | Fiscal Year | | | | | | | | | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| Governmental activities | | | | | | | | | | |
| Invested in capital assets, net of related debt..... | \$ 136,917,832 | \$ 130,084,213 | \$ 138,116,458 | \$ 146,813,704 | \$ 149,076,904 | \$ 164,369,948 | \$ 172,052,048 | \$ 170,657,049 | \$ 167,732,404 | \$ 178,881,293 |
| Restricted..... | 15,078,497 | 9,414,023 | 26,251,387 | 23,956,664 | 25,429,456 | 21,546,963 | 21,761,627 | 23,653,035 | 22,256,610 | 23,188,546 |
| Unrestricted..... | 44,598,004 | 45,917,006 | 42,632,593 | 43,820,157 | 54,582,327 | 59,319,794 | 49,706,955 | 44,174,519 | 45,761,937 | 37,416,415 |
| Total governmental activities net assets..... | \$ 196,594,333 | \$ 185,415,242 | \$ 207,000,438 | \$ 214,590,525 | \$ 229,088,687 | \$ 245,236,705 | \$ 243,520,630 | \$ 238,484,603 | \$ 235,750,951 | \$ 239,486,254 |
| Business-type activities | | | | | | | | | | |
| Invested in capital assets, net of related debt..... | 43,340,351 | 48,539,226 | 50,232,948 | 57,745,786 | 62,727,486 | 63,605,089 | 69,038,883 | 70,569,512 | 88,038,076 | 111,054,493 |
| Unrestricted..... | 20,699,395 | 17,075,725 | 19,253,803 | 20,457,573 | 23,483,865 | 25,524,078 | 25,909,975 | 27,726,500 | 23,517,286 | 27,136,568 |
| Total business-type activities net assets..... | \$ 64,039,746 | \$ 65,614,951 | \$ 69,486,751 | \$ 78,203,359 | \$ 86,211,351 | \$ 89,129,167 | \$ 94,948,858 | \$ 98,296,012 | \$ 111,555,362 | \$ 138,191,061 |
| Primary government | | | | | | | | | | |
| Invested in capital assets, net of related debt..... | 180,258,183 | 178,623,439 | 188,349,406 | 204,559,490 | 211,804,390 | 227,975,037 | 241,090,931 | 241,226,561 | 258,559,391 | 289,935,786 |
| Restricted..... | 15,078,497 | 9,414,023 | 26,251,387 | 23,956,664 | 25,429,456 | 21,546,963 | 21,761,627 | 23,653,035 | 22,256,610 | 23,188,546 |
| Unrestricted..... | 65,297,399 | 62,992,731 | 61,886,396 | 64,277,730 | 78,066,192 | 84,843,872 | 75,616,930 | 71,901,019 | 66,490,312 | 64,552,983 |
| Total primary government net assets..... | \$ 260,634,079 | \$ 251,030,193 | \$ 276,487,189 | \$ 292,793,884 | \$ 315,300,038 | \$ 334,365,872 | \$ 338,469,488 | \$ 336,780,615 | \$ 347,306,313 | \$ 377,677,315 |

Changes in Net Assets

Last Ten Fiscal Years

| | Fiscal Year | | | | | | | | | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| Expenses | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charter commission..... | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 2,065 | \$ 46,380 | \$ 15,000 | \$ - |
| Town council..... | 244,639 | 227,642 | 262,361 | 285,172 | 301,790 | 256,468 | 346,498 | 356,983 | 390,345 | 380,018 |
| Town manager..... | 509,575 | 762,063 | 512,055 | 583,608 | 580,947 | 579,318 | 719,449 | 675,969 | 752,700 | 683,316 |
| Administrative services..... | 7,774,610 | 7,852,434 | 7,838,976 | 8,779,638 | 8,518,874 | 8,378,688 | 9,862,293 | 9,691,557 | 10,318,986 | 10,601,542 |
| Growth management..... | - | - | - | - | 937,785 | 2,049,147 | 3,507,729 | 3,321,356 | 2,594,947 | 2,197,204 |
| Public safety..... | 9,862,049 | 10,462,665 | 10,263,728 | 11,621,456 | 12,660,482 | 13,406,737 | 15,378,587 | 15,190,576 | 15,951,164 | 15,656,195 |
| Education..... | 66,797,457 | 74,546,270 | 72,837,749 | 74,647,049 | 81,384,483 | 87,534,482 | 92,444,424 | 93,940,477 | 90,887,000 | 93,652,265 |
| Public works..... | 10,147,754 | 10,417,699 | 12,743,329 | 11,306,904 | 9,942,512 | 9,871,846 | 13,806,146 | 16,910,307 | 12,464,847 | 13,669,363 |
| Community services..... | 3,247,913 | 4,168,394 | 4,141,597 | 4,078,291 | 3,549,968 | 3,755,054 | 4,152,881 | 4,762,643 | 4,334,769 | 4,395,115 |
| Regulatory services..... | 2,014,171 | 2,790,428 | 2,803,627 | 3,541,727 | 3,124,650 | 3,112,902 | 3,753,307 | 2,964,772 | 4,205,724 | 4,204,140 |
| Culture and recreation..... | 2,417,470 | 1,454,454 | 1,412,413 | 1,451,247 | 1,771,570 | 1,664,769 | 1,817,859 | 1,727,069 | 1,689,753 | 1,673,945 |
| Interest..... | 4,500,532 | 4,850,567 | 4,902,192 | 4,870,383 | 4,585,580 | 4,803,026 | 4,595,119 | 4,707,186 | 3,623,266 | 3,227,684 |
| Total government activities expenses..... | 107,516,170 | 117,532,616 | 117,718,027 | 121,165,475 | 127,358,641 | 135,412,437 | 150,386,357 | 154,295,275 | 147,228,501 | 150,340,787 |
| Business-type activities: | | | | | | | | | | |
| Airport activities..... | 3,995,787 | 4,088,653 | 4,844,264 | 5,416,775 | 6,195,889 | 6,501,195 | 7,563,704 | 7,062,613 | 6,034,854 | 6,908,268 |
| Golf course activities..... | 1,629,009 | 1,552,786 | 1,580,918 | 1,496,534 | 1,549,796 | 2,245,796 | 2,949,522 | 2,712,412 | 2,614,217 | 2,507,382 |
| Solid waste activities..... | 1,290,194 | 1,323,504 | 1,431,546 | 1,367,651 | 2,015,005 | 1,940,896 | 2,263,740 | 2,140,520 | 2,010,574 | 1,887,556 |
| Wastewater activities..... | 3,338,062 | 3,043,778 | 3,468,037 | 3,715,192 | 2,931,331 | 3,559,805 | 3,439,444 | 4,211,888 | 4,604,835 | 4,307,355 |
| Water company activities..... | - | - | - | 241,701 | 2,320,786 | 2,392,945 | 2,322,025 | 2,222,892 | 2,393,652 | 2,309,337 |
| Marina activities..... | - | - | - | - | 433,577 | 523,997 | 559,857 | 493,447 | 468,960 | 521,888 |
| Sandy Neck recreation activities..... | - | - | - | - | 358,068 | 395,516 | 467,692 | 474,332 | 501,888 | 537,561 |
| Hyannis youth and community center..... | - | - | - | - | - | - | - | - | 1,970,413 | 2,286,860 |
| Total business-type activities expenses..... | 10,253,052 | 10,008,721 | 11,324,765 | 12,237,853 | 15,804,452 | 17,560,150 | 19,565,984 | 19,318,104 | 20,599,393 | 21,266,207 |
| Total primary government expenses..... | \$ 117,769,222 | \$ 127,541,337 | \$ 129,042,792 | \$ 133,403,328 | \$ 143,163,093 | \$ 152,972,587 | \$ 169,952,341 | \$ 173,613,379 | \$ 167,827,894 | \$ 171,606,994 |
| Program Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Administrative services charges for services..... | \$ 1,085,211 | \$ 810,171 | \$ 876,128 | \$ 1,154,593 | \$ 807,012 | \$ 576,201 | \$ 804,576 | \$ 730,873 | \$ 755,951 | \$ 709,164 |
| Education charges for services..... | 2,920,351 | 3,708,643 | 3,573,560 | 3,629,238 | 2,919,006 | 3,166,525 | 4,241,309 | 3,240,712 | 2,599,327 | 2,597,573 |
| Community services charges for services..... | 1,871,895 | 2,129,746 | 2,497,006 | 2,503,371 | 1,539,633 | 1,618,139 | 1,599,885 | 1,717,789 | 1,569,081 | 1,752,891 |
| Regulatory services charges for services..... | 1,675,887 | 1,697,816 | 1,740,014 | 2,221,754 | 2,451,852 | 2,244,531 | 2,312,451 | 2,116,776 | 2,296,375 | 2,694,281 |
| Other charges for services..... | 1,298,547 | 1,240,800 | 1,133,394 | 1,221,860 | 1,502,313 | 1,401,151 | 1,732,923 | 2,219,533 | 1,282,396 | 1,901,709 |
| Operating grants and contributions..... | 20,789,021 | 20,359,125 | 20,587,459 | 23,299,779 | 24,670,911 | 28,058,414 | 27,133,578 | 28,396,710 | 30,536,034 | 30,178,585 |
| Capital grant and contributions..... | 700,739 | 2,457,096 | 4,703,314 | 4,008,692 | 7,578,724 | 8,209,397 | 6,778,249 | 3,334,070 | 3,444,938 | 4,058,312 |
| Total government activities program revenues..... | 30,341,651 | 32,403,397 | 35,110,875 | 38,039,287 | 41,469,451 | 45,274,358 | 44,602,971 | 41,756,463 | 42,484,102 | 43,892,515 |
| Business-type activities: | | | | | | | | | | |
| Charges for services - Airport..... | 4,626,213 | 4,500,057 | 4,286,121 | 4,935,184 | 5,945,718 | 6,434,413 | 7,160,730 | 6,810,056 | 5,490,285 | 6,506,669 |
| Charges for services - Golf Course..... | 1,908,245 | 1,792,439 | 1,816,543 | 1,798,858 | 1,761,676 | 2,516,328 | 2,993,201 | 3,027,102 | 2,891,917 | 3,395,629 |
| Charges for services - Solid Waste..... | 1,925,492 | 1,321,800 | 1,523,245 | 1,633,455 | 1,842,879 | 2,045,585 | 2,151,196 | 2,006,111 | 2,070,045 | 2,094,528 |
| Charges for services - Wastewater..... | 3,683,146 | 3,255,153 | 3,827,039 | 3,858,633 | 3,865,308 | 3,437,641 | 3,650,336 | 3,187,621 | 3,927,176 | 3,569,586 |
| Charges for services - Water Supply..... | - | - | - | - | 2,648,165 | 2,816,039 | 3,235,835 | 3,123,598 | 3,193,402 | 3,551,796 |
| Charges for services - Marina..... | - | - | - | - | 706,138 | 666,312 | 653,480 | 651,019 | 557,513 | 627,670 |
| Charges for services - Sandy Neck recreation..... | - | - | - | - | 489,144 | 512,590 | 583,545 | 569,561 | 616,104 | 693,869 |
| Charges for services - Hyannis youth and community center..... | - | - | - | - | - | - | - | - | 1,149,921 | 1,332,574 |
| Operating grants and contributions..... | 1,445,505 | 737,440 | 1,330,865 | 1,017,413 | 476,700 | 555,116 | 500,061 | 436,056 | 259,036 | 383,432 |
| Capital grants and contributions..... | - | 1,047,301 | 3,414,401 | 2,294,113 | 3,732,082 | 1,280,816 | 4,498,513 | 2,881,380 | 5,468,016 | 23,235,870 |
| Total business-type activities program revenues..... | 13,588,601 | 12,654,190 | 16,198,214 | 15,537,656 | 21,467,810 | 20,264,840 | 25,426,897 | 22,692,504 | 25,623,415 | 45,391,623 |
| Total primary government program revenues..... | \$ 43,930,252 | \$ 45,057,587 | \$ 51,309,089 | \$ 53,576,943 | \$ 62,937,261 | \$ 65,539,198 | \$ 70,029,868 | \$ 64,448,967 | \$ 68,107,517 | \$ 89,284,138 |

(Continued)

Changes in Net Assets

Last Ten Fiscal Years

| | Fiscal Year | | | | | | | | | |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|------------------|------------------|------------------|
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| Net (Expense)/Revenue | | | | | | | | | | |
| Governmental activities..... | \$ (77,174,519) | \$ (85,129,219) | \$ (82,607,152) | \$ (83,126,188) | \$ (85,889,190) | \$ (90,138,079) | \$ (105,783,386) | \$ (112,538,812) | \$ (104,744,399) | \$ (106,448,272) |
| Business-type activities..... | 3,335,549 | 2,645,469 | 4,873,449 | 3,299,803 | 5,663,358 | 2,704,690 | 5,860,913 | 3,374,400 | 5,024,022 | 24,125,416 |
| Total primary government net expense..... | \$ (73,838,970) | \$ (82,483,750) | \$ (77,733,703) | \$ (79,826,385) | \$ (80,225,832) | \$ (87,433,389) | \$ (99,922,473) | \$ (109,164,412) | \$ (99,720,377) | \$ (82,322,856) |
| General Revenues and other Changes in Net Assets | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Real estate and personal property taxes, net of tax refunds payable..... | \$ 67,552,018 | \$ 69,697,450 | \$ 73,674,105 | \$ 77,051,302 | \$ 80,072,721 | \$ 82,597,461 | \$ 84,936,744 | \$ 88,253,725 | \$ 90,663,777 | \$ 93,673,200 |
| Motor vehicle and other excise taxes..... | 5,669,491 | 6,203,157 | 6,165,945 | 7,037,163 | 6,286,515 | 6,756,143 | 6,350,453 | 5,625,147 | 5,206,615 | 6,051,330 |
| Hotel/motel tax..... | 1,592,857 | 1,639,620 | 1,613,228 | 1,688,423 | 1,649,084 | 1,612,004 | 1,665,130 | 1,604,723 | 1,489,471 | 1,866,536 |
| Meals tax..... | - | - | - | - | - | - | - | - | - | 619,133 |
| Penalties and interest on taxes..... | 794,795 | 723,473 | 752,812 | 799,569 | 741,586 | 795,696 | 852,148 | 905,602 | 778,660 | 897,236 |
| Community preservation surtax..... | 2,009,795 | 2,052,512 | 2,195,096 | 2,277,056 | 2,335,045 | 2,453,874 | 2,474,265 | 2,619,643 | 2,651,234 | 2,734,079 |
| Grants and contributions not restricted to specific programs..... | 4,105,815 | 4,772,070 | 2,769,094 | 3,974,443 | 6,225,836 | 4,203,225 | 4,055,268 | 3,742,347 | 2,698,754 | 2,665,950 |
| Unrestricted investment income..... | 1,381,133 | 2,082,442 | 1,027,266 | 1,927,041 | 2,526,549 | 6,461,005 | 2,555,986 | 746,614 | 3,722,928 | 3,421,534 |
| Gain on sale of capital assets..... | - | - | - | 283,500 | 1,722,672 | 25,000 | - | - | 31,831 | - |
| Miscellaneous..... | 351,686 | 2,176 | 249,434 | 535,151 | - | 110,367 | - | - | 25,968 | 448,500 |
| Legal settlements..... | - | - | - | - | - | - | - | 3,492,881 | 262,307 | - |
| Transfers..... | 933,085 | 1,347,745 | 1,174,851 | (4,857,372) | (1,172,656) | 1,271,322 | 1,177,317 | 512,103 | (8,071,724) | (2,193,983) |
| Total governmental activities..... | 84,390,675 | 88,520,645 | 89,621,831 | 90,716,276 | 100,387,352 | 106,286,097 | 104,067,311 | 107,502,785 | 99,459,821 | 110,183,575 |
| Business-type activities: | | | | | | | | | | |
| Unrestricted investment income..... | - | 277,481 | 173,202 | 559,433 | 1,119,622 | 1,480,924 | 1,136,095 | 484,857 | 163,604 | 316,300 |
| Gain on sale of capital assets..... | - | - | - | - | 52,356 | 3,524 | - | - | - | - |
| Transfers..... | (933,085) | (1,347,745) | (1,174,851) | 4,857,372 | 1,172,656 | (1,271,322) | (1,177,317) | (512,103) | 8,071,724 | 2,193,983 |
| Total business-type activities..... | (933,085) | (1,070,264) | (1,001,649) | 5,416,805 | 2,344,634 | 213,126 | (41,222) | (27,246) | 8,235,328 | 2,510,283 |
| Total primary government..... | \$ 83,457,590 | \$ 87,450,381 | \$ 88,620,182 | \$ 96,133,081 | \$ 102,731,986 | \$ 106,499,223 | \$ 104,026,089 | \$ 107,475,539 | \$ 107,695,149 | \$ 112,693,858 |
| Changes in Net Assets | | | | | | | | | | |
| Governmental activities..... | \$ 7,216,156 | \$ 3,391,426 | \$ 7,014,679 | \$ 7,590,088 | \$ 14,498,162 | \$ 16,148,018 | \$ (1,716,075) | \$ (5,036,027) | \$ (5,284,578) | \$ 3,735,303 |
| Business-type activities..... | 2,402,464 | 1,575,205 | 3,871,800 | 8,716,608 | 8,007,992 | 2,917,816 | 5,819,691 | 3,347,154 | 13,259,350 | 26,635,699 |
| Total primary government..... | \$ 9,618,620 | \$ 4,966,631 | \$ 10,886,479 | \$ 16,306,696 | \$ 22,506,154 | \$ 19,065,834 | \$ 4,103,616 | \$ (1,688,873) | \$ 7,974,772 | \$ 30,371,002 |

(Concluded)

Fund Balances, Governmental Funds

Last Ten Fiscal Years

| | Fiscal Year | | | | | | | | | |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| General Fund | | | | | | | | | | |
| Reserved..... | \$ 5,715,417 | \$ 4,474,557 | \$ 5,001,609 | \$ 1,726,344 | \$ 2,009,316 | \$ 1,512,248 | \$ 1,888,999 | \$ 1,241,639 | \$ 2,816,525 | \$ - |
| Unreserved..... | 11,526,019 | 12,450,524 | 12,496,127 | 21,963,775 | 26,988,088 | 28,200,523 | 19,740,194 | 15,179,667 | 14,901,926 | - |
| Restricted..... | - | - | - | - | - | - | - | - | - | 2,863,023 |
| Assigned..... | - | - | - | - | - | - | - | - | - | 6,122,506 |
| Unassigned..... | - | - | - | - | - | - | - | - | - | 21,612,742 |
| Total general fund..... | \$ 17,241,436 | \$ 16,925,081 | \$ 17,497,736 | \$ 23,690,119 | \$ 28,997,404 | \$ 29,712,771 | \$ 21,629,193 | \$ 16,421,306 | \$ 17,718,451 | \$ 30,598,271 |
| All Other Governmental Funds | | | | | | | | | | |
| Reserved..... | \$ 9,164,048 | \$ 9,325,101 | \$ 9,480,537 | \$ 9,634,502 | \$ 9,625,989 | \$ 10,228,805 | \$ 10,287,552 | \$ 8,847,452 | \$ 9,504,307 | \$ - |
| Unreserved, reported in: | | | | | | | | | | |
| Special revenue funds..... | 23,888,131 | 24,611,675 | 24,939,370 | 24,320,865 | 28,427,537 | 30,311,236 | 36,842,393 | 38,643,071 | 36,566,719 | - |
| Capital projects funds..... | 10,568,338 | 10,598,513 | 9,971,416 | 9,158,632 | 8,724,569 | 28,615,260 | 34,643,214 | 15,845,729 | 15,837,839 | - |
| Permanent funds..... | 869,015 | 859,776 | 866,039 | 441,646 | 565,998 | 903,589 | 96,544 | 1,092,032 | 1,022,510 | - |
| Nonspendable..... | - | - | - | - | - | - | - | - | - | 10,326,319 |
| Restricted..... | - | - | - | - | - | - | - | - | - | 41,212,995 |
| Total all other governmental funds..... | \$ 44,489,532 | \$ 45,395,065 | \$ 45,257,362 | \$ 43,555,645 | \$ 47,344,093 | \$ 70,058,890 | \$ 81,869,703 | \$ 64,428,284 | \$ 62,931,375 | \$ 51,539,314 |

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

Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years

| | Fiscal Year | | | | | | | | | |
|---|----------------------|--------------------|--------------------|---------------------|---------------------|----------------------|---------------------|------------------------|---------------------|---------------------|
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| Revenues: | | | | | | | | | | |
| Real estate and personal property taxes, net of tax refunds..... | \$ 67,692,985 | \$ 69,727,770 | \$ 73,526,645 | \$ 77,391,784 | \$ 79,020,367 | \$ 82,783,866 | \$ 84,855,790 | \$ 88,165,857 | \$ 89,592,295 | \$ 92,202,438 |
| Motor vehicle and other excise taxes..... | 5,544,329 | 5,944,110 | 6,297,172 | 6,537,273 | 6,316,691 | 6,704,665 | 6,617,601 | 5,646,089 | 5,249,626 | 5,938,937 |
| Hotel/motel tax..... | 1,640,225 | 1,667,205 | 1,613,228 | 1,667,469 | 1,644,352 | 1,612,004 | 1,670,130 | 1,624,723 | 1,481,471 | 1,739,536 |
| Meals tax..... | - | - | - | - | - | - | - | - | - | 490,193 |
| Charges for services..... | 4,799,520 | 5,631,162 | 5,721,290 | 5,984,915 | 6,093,501 | 5,296,145 | 6,710,275 | 6,792,198 | 4,808,371 | 5,068,114 |
| Penalties and interest on taxes..... | 794,795 | 723,473 | 752,812 | 799,569 | 741,661 | 1,335,052 | 1,210,709 | 1,206,383 | 1,070,307 | 1,199,934 |
| Fees and rentals..... | 1,344,752 | 1,597,200 | 1,712,699 | 1,622,252 | 898,311 | 1,003,400 | 1,210,892 | 1,107,126 | 1,199,488 | 1,452,502 |
| Licenses and permits..... | 1,753,550 | 1,735,932 | 1,746,132 | 2,047,639 | 2,139,204 | 2,088,864 | 2,170,128 | 2,092,985 | 2,131,386 | 2,855,284 |
| Intergovernmental..... | 27,047,730 | 29,562,367 | 28,922,799 | 34,186,154 | 37,930,900 | 36,751,218 | 35,426,249 | 35,349,630 | 36,622,958 | 37,544,400 |
| Departmental and other..... | 758,886 | 794,716 | 1,099,676 | 1,832,449 | 1,410,779 | 1,956,268 | 1,603,490 | 1,929,525 | 1,238,096 | 1,093,917 |
| Special assessments..... | 222,480 | 208,658 | 171,815 | 132,650 | 98,262 | 191,884 | 151,983 | 143,209 | 220,269 | 305,021 |
| Community preservation surtax..... | 2,009,795 | 2,052,512 | 2,195,096 | 2,277,056 | 2,335,045 | 2,453,874 | 2,474,265 | 2,619,643 | 2,651,234 | 2,734,079 |
| Contributions..... | 545,410 | 125,257 | 145,980 | 93,250 | 100,871 | 196,313 | 99,882 | 153,455 | 123,891 | 297,281 |
| Investment income..... | 1,381,133 | 2,084,846 | 1,027,613 | 1,928,006 | 2,528,861 | 6,464,023 | 2,558,229 | 747,670 | 3,723,219 | 3,422,381 |
| Miscellaneous..... | 38,263 | - | 1,855 | 184,065 | - | - | - | - | 262,658 | 460,016 |
| Legal settlements..... | - | - | - | - | - | - | - | 3,492,881 | 262,307 | - |
| Total Revenues..... | 115,573,853 | 121,855,208 | 124,934,812 | 136,684,531 | 141,258,805 | 148,837,576 | 146,759,623 | 151,071,374 | 150,637,576 | 156,804,033 |
| Expenditures: | | | | | | | | | | |
| Charter commission..... | - | - | - | - | - | - | 2,065 | 46,380 | 15,000 | - |
| Town council..... | - | 220,882 | 246,071 | 267,243 | 278,559 | 231,825 | 289,995 | 296,316 | 321,346 | 315,151 |
| Town manager..... | - | 730,239 | 464,983 | 531,329 | 521,535 | 518,618 | 574,215 | 541,963 | 600,291 | 540,036 |
| Administrative services..... | 5,948,987 | 5,437,536 | 5,553,635 | 5,826,143 | 5,566,097 | 5,223,523 | 5,816,199 | 5,721,376 | 6,022,630 | 6,390,572 |
| Growth management..... | - | - | - | - | 864,871 | 1,908,052 | 3,162,311 | 3,023,167 | 2,255,806 | 1,876,994 |
| Public safety..... | 9,495,188 | 10,136,517 | 10,148,280 | 10,385,370 | 10,974,924 | 11,372,831 | 11,423,726 | 11,562,679 | 11,877,172 | 11,945,147 |
| Education..... | 58,041,221 | 60,751,278 | 62,561,166 | 63,111,637 | 68,092,203 | 71,994,705 | 73,768,453 | 74,154,718 | 69,418,073 | 71,603,329 |
| Public works..... | 6,627,647 | 7,894,484 | 7,374,652 | 9,043,063 | 8,071,026 | 7,067,157 | 8,766,085 | 12,507,268 | 5,801,985 | 8,697,677 |
| Community services..... | 2,374,838 | 3,285,347 | 3,219,318 | 3,352,642 | 3,012,255 | 3,026,874 | 3,031,730 | 3,731,611 | 3,269,069 | 3,323,697 |
| Regulatory services..... | 1,754,478 | 2,170,109 | 2,121,573 | 2,170,733 | 2,444,921 | 2,354,396 | 2,537,742 | 1,498,642 | 2,602,377 | 2,690,984 |
| Culture and recreation..... | 1,348,073 | 1,454,454 | 1,412,413 | 1,451,247 | 1,687,360 | 1,621,122 | 1,715,718 | 1,727,069 | 1,689,753 | 1,673,945 |
| Pension and employee benefits..... | 7,993,094 | 8,449,434 | 9,501,689 | 10,534,400 | 11,202,820 | 12,363,057 | 13,793,046 | 15,287,773 | 17,096,982 | 18,953,642 |
| Property and liability insurance..... | 726,945 | 827,975 | 866,088 | 1,133,249 | 1,066,222 | 1,175,345 | 1,202,223 | 1,151,284 | 1,205,171 | 1,281,890 |
| Claims and judgments..... | - | - | - | - | - | - | 450,972 | - | - | - |
| Other assessments..... | 187,651 | 77,211 | 246,942 | 218,638 | 271,886 | 270,401 | 325,747 | 424,848 | 492,852 | 423,836 |
| State and county charges..... | 2,446,868 | 2,662,802 | 2,789,438 | 2,981,154 | 4,619,631 | 5,179,582 | 5,283,974 | 5,500,040 | 5,670,113 | 5,864,464 |
| Capital outlay..... | 18,104,172 | 11,852,515 | 19,903,863 | 9,631,980 | 6,363,859 | 9,828,269 | 12,063,864 | 22,486,003 | 9,398,699 | 12,727,196 |
| Debt service | | | | | | | | | | |
| Principal..... | 8,575,643 | 8,932,552 | 8,322,609 | 8,438,821 | 7,978,726 | 8,074,177 | 9,007,988 | 9,841,839 | 8,908,613 | 9,404,339 |
| Interest..... | 4,304,855 | 4,744,440 | 4,778,832 | 4,828,154 | 4,643,055 | 4,689,917 | 4,619,652 | 4,729,807 | 3,691,341 | 3,305,081 |
| Total Expenditures..... | 127,929,660 | 129,627,775 | 139,511,552 | 133,905,803 | 138,059,950 | 146,899,851 | 157,835,705 | 174,232,783 | 150,337,273 | 161,017,980 |
| Excess of revenues over (under) expenditures..... | (12,355,807) | (7,772,567) | (14,576,740) | 2,778,728 | 3,198,855 | 1,937,725 | (11,076,082) | (23,161,409) | 300,303 | (4,213,947) |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Issuance of bonds and notes..... | 24,822,769 | 7,014,000 | 13,633,000 | 6,280,000 | 2,550,000 | 19,893,000 | 13,626,000 | - | 4,959,000 | 7,535,000 |
| Issuance of refunding bonds..... | - | - | - | - | - | 38,101,000 | - | - | - | 8,641,000 |
| Premium from issuance of bonds..... | 351,686 | - | 203,841 | 5,810 | - | 240,059 | - | - | - | 360,689 |
| Premium from issuance of refunding bonds..... | - | - | - | - | - | 1,076,268 | - | - | - | 641,187 |
| Sale of capital assets..... | - | - | - | 283,500 | 3,000,000 | 25,000 | - | - | 31,831 | - |
| Payment to bond escrow agent..... | - | - | - | - | - | (39,114,210) | - | - | - | (9,282,187) |
| Transfers in..... | 16,236,094 | 14,208,776 | 13,813,434 | 14,063,605 | 15,971,349 | 18,461,664 | 23,252,992 | 21,271,536 | 20,474,644 | 6,854,634 |
| Transfers out..... | (15,303,009) | (12,861,031) | (12,638,583) | (18,920,977) | (15,624,471) | (17,190,342) | (22,075,675) | (20,759,433) | (25,965,542) | (9,048,617) |
| Total other financing sources (uses)..... | 26,107,540 | 8,361,745 | 15,011,692 | 1,711,938 | 5,896,878 | 21,492,439 | 14,803,317 | 512,103 | (500,067) | 5,701,706 |
| Net change in fund balance..... | \$ 13,751,733 | \$ 589,178 | \$ 434,952 | \$ 4,490,666 | \$ 9,095,733 | \$ 23,430,164 | \$ 3,727,235 | \$ (22,649,306) | \$ (199,764) | \$ 1,487,759 |
| Debt service as a percentage of noncapital expenditures..... | 11.73% | 11.61% | 10.95% | 10.68% | 9.58% | 9.31% | 9.35% | 9.60% | 8.94% | 8.57% |

Notes:

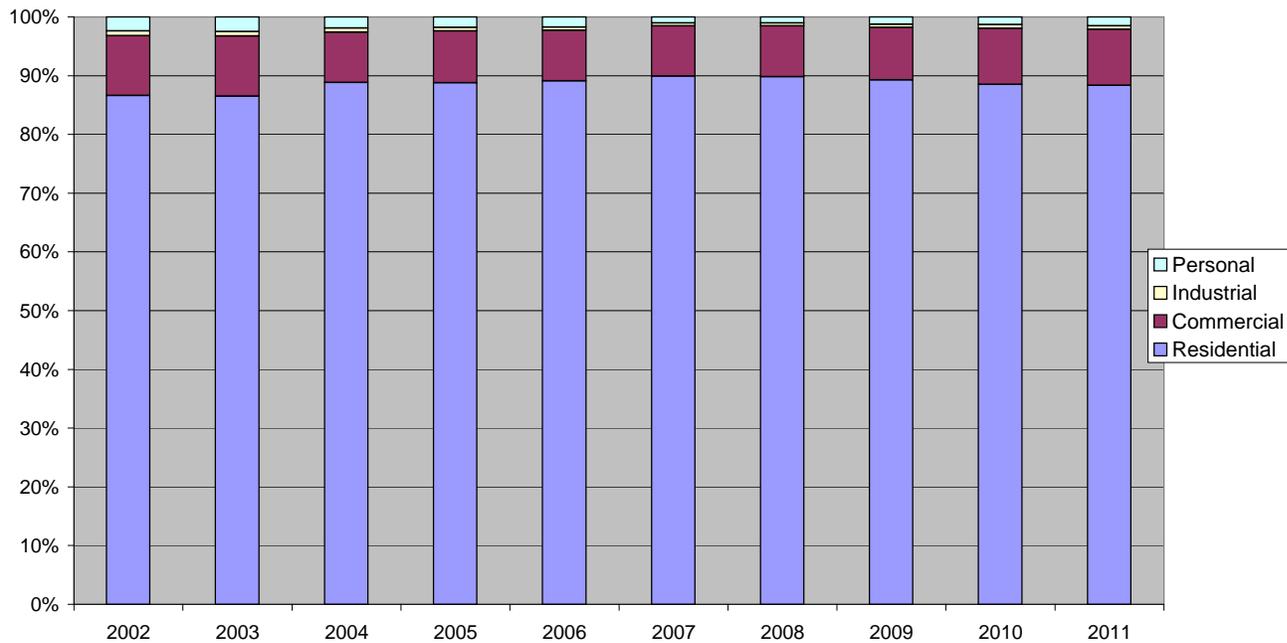
Some functional expenses are reported in different lines in older years.

Assessed Value of Taxable Property by Classification and Tax Rates

Last Ten Fiscal Years

| Fiscal Year | Assessed and Actual Values and Tax Rates | | | | | | | | | |
|--------------|--|----------------------|------------------|------------------|------------------------|---------------------|-------------------|----------------------------|-----------------------|------------------|
| | Residential Value | Residential Tax Rate | Commercial Value | Industrial Value | Total Commercial Value | Commercial Tax Rate | Personal Property | Personal Property Tax Rate | Total Direct Rate (4) | Total Town Value |
| 2002 | \$6,485,785,487 | \$9.26 | \$765,752,143 | \$59,963,170 | \$825,715,313 | \$9.26 | \$177,638,825 | \$9.26 | \$9.26 | \$7,489,139,625 |
| 2003 | \$6,496,915,232 | \$9.40 | \$767,960,498 | \$56,678,770 | \$824,639,268 | \$9.40 | \$188,114,795 | \$9.40 | \$9.40 | \$7,509,669,295 |
| 2004 (1) | \$10,023,257,151 | \$6.61 | \$967,131,329 | \$75,686,020 | \$1,042,817,349 | \$6.61 | \$214,717,352 | \$6.61 | \$6.61 | \$11,280,791,852 |
| 2005 | \$11,381,231,761 | \$6.05 | \$1,129,516,623 | \$80,250,820 | \$1,209,767,443 | \$6.05 | \$228,014,240 | \$6.05 | \$6.05 | \$12,819,013,444 |
| 2006 (2) | \$12,710,161,443 | \$6.31 | \$1,230,557,567 | \$77,084,090 | \$1,307,641,657 | \$6.54 | \$245,409,010 | \$6.49 | \$6.34 | \$14,263,212,110 |
| 2007 (1),(3) | \$13,443,704,362 | \$6.32 | \$1,275,048,264 | \$77,011,100 | \$1,352,059,364 | \$5.57 | \$149,981,380 | \$5.57 | \$6.24 | \$14,945,745,106 |
| 2008 (3) | \$13,323,872,172 | \$6.58 | \$1,286,489,328 | \$73,265,400 | \$1,359,754,728 | \$5.80 | \$151,079,850 | \$5.80 | \$6.50 | \$14,834,706,750 |
| 2009 (3) | \$12,983,016,619 | \$6.90 | \$1,303,893,716 | \$78,598,400 | \$1,382,492,116 | \$6.12 | \$179,274,450 | \$6.12 | \$6.82 | \$14,544,783,185 |
| 2010 (1),(3) | \$11,822,832,710 | \$7.77 | \$1,279,251,935 | \$81,780,400 | \$1,361,032,335 | \$6.87 | \$176,352,980 | \$6.87 | \$7.67 | \$13,360,218,025 |
| 2011 (3) | \$11,474,497,625 | \$8.05 | \$1,235,696,120 | \$82,267,300 | \$1,317,963,420 | \$7.28 | \$194,882,820 | \$7.28 | \$7.96 | \$12,987,343,865 |

Percentage of Total Assessed Value By Classification



(1) Revaluation year.

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

(3) In FY2007 through FY2011 the Town adopted a 20% residential exemption and no split tax rate factor resulting in a higher residential rate

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

Source: Assessor's Department, Town of Barnstable

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

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

Town of Barnstable, Massachusetts

Principal Taxpayers

Current Year and Nine Years Ago

| Name | Nature of Business | 2011 | | | 2002 | | |
|-----------------------------|--------------------------------------|-----------------------|------|--|-----------------------|------|--|
| | | Assessed Valuation | Rank | Percentage of Total Taxable Assessed Value | Assessed Valuation | Rank | Percentage of Total Taxable Assessed Value |
| Mayflower Cape Cod, LLC | Cape Cod Mall | \$ 100,023,400 | 1 | 0.77% | \$ 72,435,900 | 1 | 0.97% |
| NSTAR/Commonwealth Electric | Public Utility | 71,344,110 | 2 | 0.55% | - | - | - |
| Individual | Residential Properties | 47,008,200 | 3 | 0.36% | 42,417,700 | 2 | 0.57% |
| Verizon/Bell Atlantic | Public Utility | 38,824,300 | 4 | 0.30% | 19,631,700 | 8 | 0.26% |
| Oyster Harbors Inc. | Social Club & Residential Properties | 35,673,610 | 5 | 0.27% | 21,200,200 | 5 | 0.28% |
| National Grid | Public Utility | 32,761,910 | 6 | 0.25% | - | - | - |
| Wianno Club | Recreation | 28,275,700 | 7 | 0.22% | 20,672,490 | 7 | 0.28% |
| Individual | Residential Properties | 25,723,110 | 8 | 0.20% | 21,041,600 | 6 | 0.28% |
| OCW Retail Associates | Shopping Center | 25,336,000 | 9 | 0.20% | - | - | - |
| Festival of Hyannis | Shopping Center | 23,644,300 | 10 | 0.18% | - | - | - |
| Commonwealth Electric Co. | Public Utility and Real Estate | - | - | - | 32,349,210 | 3 | 0.43% |
| Individual | Residential Land | - | - | - | 26,898,290 | 4 | 0.36% |
| Campbell/Mass. Trust | Shopping Center | - | - | - | 19,195,200 | 9 | 0.26% |
| Cape Harbor Association | Shopping Center | - | - | - | 17,708,500 | 10 | 0.24% |
| Totals | | \$ 428,614,640 | | 3.30% | \$ 293,550,790 | | 3.92% |

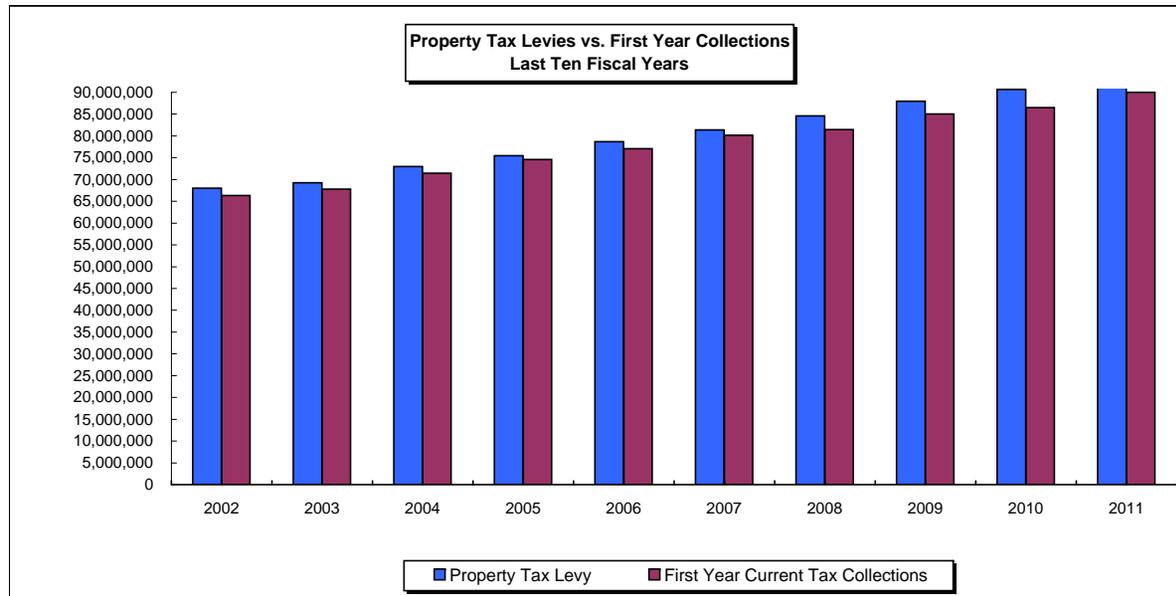
Source: Assessor's Department, Town of Barnstable

Town of Barnstable, Massachusetts

Property Tax Levies and Collections

Last Ten Fiscal Years

| Fiscal Year | Total Tax Levy | Less Abatements & Exemptions | Net Tax Levy | Net as % of Total | First Year Current Tax Collections | Percent of Net Levy Collected | Subsequent Tax Collections | Total Tax Collections | Percent of Total Tax Collections to Net Tax Levy |
|-------------|------------------|------------------------------|--------------|-------------------|------------------------------------|-------------------------------|----------------------------|-----------------------|--|
| 2002 | \$69,349,433 | \$1,344,204 | \$68,005,229 | 98.06% | \$66,300,923 | 97.49% | \$1,751,165 | \$68,052,088 | 100.07% |
| 2003 | \$70,590,891 | \$1,308,255 | \$69,282,636 | 98.15% | \$67,755,698 | 97.80% | \$1,922,369 | \$69,678,067 | 100.57% |
| 2004 | (1) \$74,566,035 | \$1,581,758 | \$72,984,277 | 97.88% | \$71,457,482 | 97.91% | \$1,835,327 | \$73,292,809 | 100.42% |
| 2005 | \$77,555,031 | \$2,126,902 | \$75,428,129 | 97.26% | \$74,559,345 | 98.85% | \$2,010,911 | \$76,570,256 | 101.51% |
| 2006 | \$80,475,762 | \$1,830,406 | \$78,645,356 | 97.73% | \$77,045,176 | 97.97% | \$2,072,295 | \$79,117,471 | 100.60% |
| 2007 | (1) \$83,218,734 | \$1,872,849 | \$81,345,885 | 97.75% | \$80,162,980 | 98.55% | \$1,861,844 | \$82,024,824 | 100.83% |
| 2008 | \$86,040,891 | \$1,428,590 | \$84,612,301 | 98.34% | \$81,481,702 | 96.30% | \$3,230,279 | \$84,711,981 | 100.12% |
| 2009 | \$89,064,457 | \$1,139,801 | \$87,924,656 | 98.72% | \$85,039,042 | 96.72% | \$1,943,834 | \$86,982,876 | 98.93% |
| 2010 | (1) \$91,769,862 | \$1,089,775 | \$90,680,087 | 98.81% | \$86,505,210 | 95.40% | \$1,924,425 | \$88,429,635 | 97.52% |
| 2011 | \$94,579,103 | \$1,676,671 | \$92,902,432 | 98.23% | \$89,989,123 | 96.86% | \$0 | \$89,989,123 | 96.86% |



(1) Revaluation year.

Source: Official Statements, Town of Barnstable

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

| Fiscal Year | U. S. Census Population | Personal Income | Assessed Value | Governmental Activities Debt | | | | |
|-------------|-------------------------|-----------------|------------------|------------------------------|----------------|------------|-------------------------------|------------------------------|
| | | | | General Obligation Bonds | Capital Leases | Per Capita | Percentage of Personal Income | Percentage of Assessed Value |
| 2002 | 48,701 | \$1,282,120,528 | \$7,489,139,625 | \$103,818,770 | \$0 | \$2,132 | 8.10% | 1.39% |
| 2003 | 48,907 | \$1,306,856,917 | \$7,509,669,295 | \$101,918,971 | \$0 | \$2,084 | 7.80% | 1.36% |
| 2004 | 48,535 | \$1,316,370,355 | \$11,280,791,852 | \$107,548,113 | \$0 | \$2,216 | 8.17% | 0.95% |
| 2005 | 47,826 | \$1,316,597,910 | \$12,819,013,444 | \$105,426,797 | \$0 | \$2,204 | 8.01% | 0.82% |
| 2006 | 47,800 | \$1,335,620,390 | \$14,263,212,110 | \$97,283,071 | \$3,875 | \$2,035 | 7.28% | 0.68% |
| 2007 | 47,500 | \$1,347,146,403 | \$14,945,745,106 | \$110,017,892 | \$3,053 | \$2,316 | 8.17% | 0.74% |
| 2008 | 47,000 | \$1,352,960,403 | \$14,834,706,750 | \$114,635,906 | \$793 | \$2,439 | 8.47% | 0.77% |
| 2009 | 49,858 | \$1,456,760,389 | \$14,544,783,185 | \$104,794,067 | \$0 | \$2,102 | 7.19% | 0.72% |
| 2010 | 46,274 | \$1,372,323,041 | \$13,360,218,025 | \$84,883,454 | \$0 | \$1,834 | 6.19% | 0.64% |
| 2011 | 45,193 | \$1,360,368,374 | \$13,360,218,025 | \$83,025,115 | \$0 | \$1,837 | 6.10% | 0.62% |

| Fiscal Year | Business-type Activities (1) | | Total Primary Government | | | |
|-------------|------------------------------|----------------|--------------------------|------------|-------------------------------|------------------------------|
| | General Obligation Bonds | Capital Leases | Total Debt Outstanding | Per Capita | Percentage of Personal Income | Percentage of Assessed Value |
| 2002 | \$20,004,226 | \$0 | \$123,822,996 | \$2,543 | 9.66% | 1.65% |
| 2003 | \$19,144,445 | \$0 | \$121,063,416 | \$2,475 | 9.26% | 1.61% |
| 2004 | \$20,568,453 | \$0 | \$128,116,566 | \$2,640 | 9.73% | 1.14% |
| 2005 | \$18,963,224 | \$0 | \$124,390,021 | \$2,601 | 9.45% | 0.97% |
| 2006 | \$19,170,509 | \$0 | \$116,457,455 | \$2,436 | 8.72% | 0.82% |
| 2007 | \$33,214,444 | \$0 | \$143,235,389 | \$3,015 | 10.63% | 0.96% |
| 2008 | \$38,527,427 | \$0 | \$153,164,126 | \$3,259 | 11.32% | 1.03% |
| 2009 | \$36,484,603 | \$0 | \$141,278,670 | \$2,834 | 9.70% | 0.97% |
| 2010 | \$54,779,449 | \$0 | \$139,662,903 | \$3,018 | 10.18% | 1.05% |
| 2011 | \$54,016,356 | \$0 | \$137,041,471 | \$3,032 | 10.07% | 1.03% |

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

Town of Barnstable, Massachusetts

Computation of Legal Debt Margin

Last Ten Fiscal Years

| | Fiscal Year | | | | | | | | | |
|---|------------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| Equalized Valuation..... | \$ 9,187,485,800 | \$ 9,187,485,800 | \$ 11,747,239,700 | \$ 11,747,239,700 | \$ 14,974,792,700 | \$ 14,974,792,700 | \$ 16,142,285,200 | \$ 16,142,285,200 | \$ 16,142,285,200 | \$ 14,945,861,000 |
| Debt Limit -5% of Equalized Valuation..... | \$ 459,374,290 | \$ 459,374,290 | \$ 587,361,985 | \$ 587,361,985 | \$ 748,739,635 | \$ 748,739,635 | \$ 807,114,260 | \$ 807,114,260 | \$ 807,114,260 | \$ 747,293,050 |
| Less: | | | | | | | | | | |
| Outstanding debt applicable to limit..... | \$ 36,670,638 | \$ 36,444,704 | \$ 39,061,056 | \$ 36,675,159 | \$ 54,947,745 | \$ 75,630,971 | \$ 82,388,673 | \$ 76,565,997 | \$ 74,641,706 | \$ 81,933,812 |
| Authorized and unissued debt..... | \$ 45,241,555 | \$ 48,929,455 | \$ 61,504,455 | \$ 83,635,855 | \$ 62,055,743 | \$ 67,601,365 | \$ 57,540,513 | \$ 57,540,513 | \$ 83,934,854 | \$ 73,597,717 |
| Legal debt margin..... | \$ 377,462,097 | \$ 374,000,131 | \$ 486,796,474 | \$ 467,050,971 | \$ 631,736,147 | \$ 605,507,299 | \$ 667,185,074 | \$ 673,007,750 | \$ 648,537,700 | \$ 591,761,521 |
| Total debt applicable to the limit as a percentage of debt limit | 17.83% | 18.58% | 17.12% | 20.48% | 15.63% | 19.13% | 17.34% | 16.62% | 19.65% | 20.81% |

Source: Official Statements, Town of Barnstable

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

| Fiscal Year | Population Estimates | Personal Income | Per Capita Personal Income | Median Age | School Enrollment | Unemployment Rate |
|--------------------|-----------------------------|------------------------|-----------------------------------|-------------------|--------------------------|--------------------------|
| 2002 | 48,701 | \$1,282,120,528 | \$26,326 | 42 | 7,042 | 4.1% |
| 2003 | 48,907 | \$1,306,856,917 | \$26,721 | 42 | 6,886 | 4.8% |
| 2004 | 48,535 | \$1,316,370,355 | \$27,122 | 42 | 6,609 | 4.3% |
| 2005 | 47,826 | \$1,316,597,910 | \$27,529 | 42 | 6,333 | 4.1% |
| 2006 | 47,800 | \$1,335,620,390 | \$27,942 | 42 | 6,247 | 4.0% |
| 2007 | 47,500 | \$1,347,146,403 | \$28,361 | 42 | 6,135 | 3.7% |
| 2008 | 47,000 | \$1,352,960,403 | \$28,786 | 42 | 5,851 | 4.6% |
| 2009 | 49,858 | \$1,456,760,389 | \$29,218 | 42 | 5,799 | 5.1% |
| 2010 | 46,274 | \$1,372,323,041 | \$29,656 | 46 | 5,461 | 8.1% |
| 2011 | 45,193 | \$1,360,368,374 | \$30,101 | 46 | 5,165 | 6.2% |

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

Town of Barnstable, Massachusetts

Principal Employers

Current Year and Nine Years Ago

| Employer | Nature of Business | 2011 | | | 2002 | | |
|-----------------------------|------------------------|-----------|------|-------------------------------------|-----------|------|-------------------------------------|
| | | Employees | Rank | Percentage of Total Town Employment | Employees | Rank | Percentage of Total Town Employment |
| Cape Cod Health Care, Inc. | Hospital | 2,400 | 1 | 9.57% | 2,545 | 1 | 11.10% |
| Town of Barnstable | Municipal Government | 1,253 | 2 | 5.00% | 1,361 | 2 | 5.94% |
| Cape Air/Nantucket Airlines | Airline | 341 | 3 | 1.36% | - | - | - |
| Barnstable County | County Government | 306 | 4 | 1.22% | 470 | 3 | 2.05% |
| Cape Cod Times | Newspaper | 298 | 5 | 1.19% | 280 | 4 | 1.22% |
| Cape Codder Resort | Hotel | 200 | 6 | 0.80% | 200 | 7 | 0.87% |
| Sears Roebuck & Company | Retail Store | 176 | 7 | 0.70% | 240 | 5 | 1.05% |
| Super Stop and Shop | Grocers - Retail | 140 | 8 | 0.56% | 188 | 9 | 0.82% |
| Sencorp, Inc. | Manufacturing | 125 | 9 | 0.50% | - | - | - |
| Macy's (2 stores) | Retail Sales - General | 110 | 10 | 0.44% | 190 | 8 | 0.83% |
| Star Market (2 stores) | Grocers - Retail | - | - | - | 212 | 6 | 0.92% |
| Infinium Software, Inc. | Marketing & Training | - | - | - | 176 | 10 | 0.77% |

Source: Massachusetts Department of Labor and Workforce Development

Town of Barnstable, Massachusetts

Full-time Equivalent Town Employees by Function

Last Ten Fiscal Years

| | Fiscal Year | | | | | | | | | |
|------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| Function: | | | | | | | | | | |
| Town council..... | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Town manager..... | 5 | 6 | 6 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Growth management..... | - | - | - | - | 14 | 16 | 14 | 14 | 13 | 12 |
| Administrative services..... | 77 | 71 | 83 | 79 | 65 | 65 | 65 | 63 | 61 | 61 |
| Public safety..... | 129 | 134 | 134 | 134 | 139 | 139 | 139 | 137 | 126 | 126 |
| Education..... | 821 | 831 | 944 | 912 | 912 | 911 | 904 | 891 | 812 | 813 |
| Public works..... | 127 | 123 | 119 | 117 | 116 | 120 | 120 | 120 | 116 | 116 |
| Community services..... | 53 | 53 | 44 | 43 | 43 | 50 | 51 | 53 | 57 | 55 |
| Regulatory services..... | 34 | 31 | 31 | 30 | 32 | 32 | 32 | 35 | 33 | 31 |
| Airport..... | 25 | 25 | 26 | 26 | 26 | 26 | 26 | 26 | 26 | 25 |
| Total | <u>1,273</u> | <u>1,276</u> | <u>1,389</u> | <u>1,348</u> | <u>1,354</u> | <u>1,366</u> | <u>1,358</u> | <u>1,346</u> | <u>1,251</u> | <u>1,246</u> |

Source: Annual town reports

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

Operating Indicators by Function/Program

Last Ten Fiscal Years

| Function/Program | Fiscal Year | | | | | | | | | |
|--|-------------|-----------|-----------|-----------|------------|------------|---------------|---------------|------------|------------|
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| Administrative services | | | | | | | | | | |
| Legal matters..... | 1,765 | 1,805 | 1,729 | 1,740 | 1,392 | 1,633 | 1,258 | 1,392 | 1,529 | 1,728 |
| Registered voters..... | 32,905 | 32,270 | 33,738 | 32,918 | 31,325 | 30,999 | 30,885 | 32,381 | 30,872 | 31,259 |
| Employment applications processed..... | 1,441 | 1,368 | 1,234 | 1,255 | 1,658 | 1,191 | 2,050 | 1,600 | 1,575 | 2,060 |
| Work related injuries processed..... | 141 | 169 | 173 | 129 | 152 | 125 | 157 | 160 | 80 | 159 |
| Unemployment claims..... | 108 | 122 | n/a | n/a | 58 | 56 | 100 | 85 | 165 | 210 |
| Tax bills processed..... | 114,004 | 128,755 | 143,281 | 144,369 | 179,267 | 222,049 | 194,796 | 195,182 | 201,322 | 201,275 |
| Police | | | | | | | | | | |
| Call for service..... | 40,699 | 49,890 | 42,779 | 41,026 | 41,015 | 45,009 | 45,347 | 42,758 | 42,870 | 47,183 |
| Physical arrests..... | 2,407 | 1,912 | n/a | n/a | 1,670 | 3,315 | 3,126 | n/a | 1,925 | 1,655 |
| Education | | | | | | | | | | |
| Cobb Trust Fund awards..... | \$121,750 | \$104,815 | n/a | \$144,550 | \$114,000 | \$109,390 | \$158,500 | \$65,078 | \$39,841 | \$109,283 |
| Zoning | | | | | | | | | | |
| Zoning Board appeals filed..... | 121 | 144 | n/a | 113 | 81 | 126 | 142 | 107 | 81 | 40 |
| Building Inspections | | | | | | | | | | |
| New dwellings constructed..... | 128 | 125 | 125 | 98 | 73 | 67 | 50 | 40 | 58 | 27 |
| Health | | | | | | | | | | |
| Routine health inspections..... | 2,231 | 2,503 | 2,836 | 2,669 | 2,780 | 2,948 | 3,909 | 5,988 | 7,113 | 7,059 |
| Complaint investigations..... | 561 | 661 | 655 | 607 | 683 | 784 | 615 | 541 | 424 | 434 |
| Consumer Affairs | | | | | | | | | | |
| Parking violations..... | 4,193 | 2,659 | 4,839 | 5,294 | 5,990 | 5,249 | 4,307 | 4,534 | 4,192 | 4,341 |
| Weights and measure devices tested..... | 4,409 | 2,748 | 3,161 | 5,017 | 5,879 | 4,807 | 3,572 | 3,593 | 4,535 | 5,244 |
| Ordinance citations..... | 1,202 | 707 | 1,076 | 1,657 | 1,603 | 972 | 816 | 1,034 | 1,426 | 1,425 |
| Community Services | | | | | | | | | | |
| Mooring permits issued..... | 2,437 | 2,401 | n/a | 2,383 | 2,393 | 2,416 | 2,483 | 2,429 | 2,468 | 2,552 |
| Shellfish permits issued..... | 2,068 | 1,859 | n/a | 1,528 | 1,715 | 1,990 | 2,234 | 2,363 | 2,608 | 2,670 |
| Animal control service calls..... | 3,482 | 3,641 | n/a | 5,327 | 3,436 | 2,956 | 2,244 | 3,080 | 2,854 | 4,261 |
| Veterans served..... | n/a | 4,504 | n/a | 4,256 | 6,336 | 7,201 | 492 (1) | 7,661 | 8,326 | 14,439 |
| Roads | | | | | | | | | | |
| Catch basins cleaned..... | 4,700 | 3,800 | 4,500 | 4,500 | 4,100 | 3,246 | 3,456 | 3,142 | 1,618 | 2,120 |
| Miles of crack seal applied..... | 11.7 | 17.0 | 17.0 | 18.0 | n/a | 10.5 | 10 | 15 | 7 | 5 |
| Miles of roadside mowed..... | 143 | n/a | n/a | n/a | 150 | 186 | 290 | 580 | 448 | 405 |
| Miles of road swept..... | 405 | 390 | 390 | 405 | 405 | 430 | 314 | 335 | 531 | 487 |
| Sewer | | | | | | | | | | |
| Gallons of septage treated..... | 9,050,000 | 9,957,400 | 9,795,700 | 9,933,600 | 11,695,000 | 10,716,500 | 10,852,200 | 11,523,000 | 11,011,300 | 10,597,900 |
| Daily average collection..... | 1,835,616 | 1,681,710 | 1,793,795 | 1,689,965 | 1,730,730 | 1,711,100 | 1,347,400 (2) | 1,495,300 (2) | 1,540,500 | 1,453,600 |
| Solid Waste | | | | | | | | | | |
| Tons shipped to SEMASS..... | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | 9,532 | 9,465 |
| Tons received at Flint Street station..... | 8,349 | 8,715 | 8,190 | n/a | 9,539 | 9,505 | 9,985 | 9,437 | 9,016 | 8,972 |
| Tons of construction and demolition material received..... | 4,205 | 3,982 | 3,742 | n/a | 4,399 | 3,730 | 3,658 | 2,771 | 3,193 | 2,789 |
| Libraries | | | | | | | | | | |
| Total volumes borrowed..... | n/a | 534,515 | 534,515 | n/a | 617,182 | 567,731 | 546,556 | 570,947 | 632,137 | 612,700 |
| Library holdings..... | n/a | 266,406 | 266,406 | n/a | n/a | n/a | n/a | n/a | 164,309 | n/a |
| Program attendance..... | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | 28,893 |

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.

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

| Function/Program | Fiscal Year | | | | | | | | | |
|------------------------------------|--------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| Administrative services | | | | | | | | | | |
| Number of Buildings..... | 144 | 144 | 144 | 148 | 148 | 148 | 148 | 149 | 150 | 150 |
| Police | | | | | | | | | | |
| Number of Stations..... | 1 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Police personnel and officers..... | 129 | 134 | 134 | 134 | 139 | 139 | 139 | 139 | 126 | 126 |
| Education | | | | | | | | | | |
| Number of elementary schools..... | 9 | 9 | 10 | 10 | 10 | 10 | 10 | 9 | 6 | 6 |
| Number of middle schools..... | 2 | 2 | 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..... | 467 | 463 | 539 | 553 | 527 | 774 | 763 | 751 | 686 | 686 |
| Number of students..... | 7,049 | 6,827 | 6,742 | 6,501 | 6,310 | 5,980 | 5,814 | 5,714 | 5,461 | 5,304 |
| Public Works | | | | | | | | | | |
| Number of town roads..... | 571 | 571 | 633 | 633 | 633 | 633 | 633 | 633 | 633 | 633 |
| Number of private roads..... | 1,200 | 1,150 | 1,088 | 1,088 | 1,088 | 1,088 | 1,088 | 1,088 | 1,088 | 1,088 |
| Number of state roads..... | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Center lane miles of roads..... | 497 | 490 | 490 | 490 | 490 | 490 | 490 | 490 | 490 | 490 |
| Cemeteries..... | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 |
| Culture and Recreation | | | | | | | | | | |
| Libraries..... | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| Boat launches..... | 13 | 13 | 18 | 17 | 17 | 17 | 17 | 17 | 17 | 17 |
| Parks and playgrounds..... | 70 | 70 | 70 | 71 | 71 | 71 | 71 | 71 | 71 | 71 |
| Park and playground (acreage)..... | 218 | 218 | 218 | 222 | 222 | 222 | 222 | 222 | 222 | 222 |
| Golf courses..... | 1 | 1 | 1 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Public beaches..... | 18 | 18 | 18 | 18 | 18 | 18 | 18 | 18 | 18 | 18 |
| Ball fields..... | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Tennis courts..... | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |

Source: Various Town Departments



The dunes in Sandy Neck Park.



Looking east at the cottage colony at Sandy Neck in the winter from Barnstable Harbor.