COUNTY OF BARNSTABLE, MASSACHUSETTS

INDEPENDENT AUDITORS' REPORT ON BASIC FINANCIAL STATEMENTS AND REQUIRED SUPPLEMENTARY INFORMATION

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

COUNTY OF BARNSTABLE, MASSACHUSETTS

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FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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Independent Auditors' Report

Independent Auditors' Report

To the Assembly of Delegates and County Commissioners
County of Barnstable, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Barnstable, Massachusetts (County), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (located on pages 4 through 13) and budgetary comparison and certain pension and other postemployment benefits information (located on pages 53 through 61) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The additional information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2014 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Boston, MA
March 27, 2014

Management's Discussion and Analysis

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

Financial Highlights

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by $11,360,832 (net position)
- The County's total net position decreased by $345,231
- At the end of the fiscal year, unassigned fund balance for the general fund totaled $2,585,069 , or 16.5 percent of total general fund expenditures and transfers out
- The County's total bonded debt increased by $2,785,789 during the fiscal year; $3,400,000 of new MWPAT debt was issued

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the *basic financial statements*, which consists of the following three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the basic financial statements.

This report also contains required supplementary and other information in addition to the basic financial statements.

Government-wide financial statements

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

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

The **statement of activities** presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of 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 fees, earned but unused vacation leave, etc.).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes, assessments, fees and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). Governmental activities include county commissioners, information technology services, resource development office, Cape light compact, assembly of delegates, department of finance, department of facilities, cooperative extension, registry of deeds, county health, children's cove, human services, human services grants, fire training, economic development council, water quality initiatives, retirees' and pension benefits, Cape Cod Commission, debt service – interest and other. Business-type activities consist of the dredge operations.

The government-wide financial statements can be found on pages 15-17 of this report.

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 County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into the following categories and are described below:

1. Governmental funds
2. Proprietary funds
3. 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 funds financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable 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 the 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 effect of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains 339 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general, Cape Cod Commission (special revenue), HUD home program (special revenue), mitigation (special revenue) and septic loan program (special revenue) funds, each of which are considered to be major funds. Data from the other 334 governmental funds are combined into a single, aggregated presentation titled *nonmajor governmental funds.*

The basic governmental fund financial statements can be found on pages 18-23 of this report.

Proprietary funds

The County maintains one type of proprietary fund. The *enterprise fund* is used to report the same function presented as business-type activities in the government-wide financial statements. The County uses an enterprise fund to account for its dredge operations, which is considered to be a major fund.

The basic proprietary fund financial statements can be found on pages 24-26 of this report.

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 County's other programs. The accounting used for fiduciary funds is similar to that used for proprietary funds.

The fiduciary fund financial statements provide separate information for the County's agency funds. Agency funds are reported and combined into a single, aggregate presentation in the fiduciary fund financial statements under the caption "agency funds".

The basic fiduciary fund financial statement can be found on page 27 of this report.

Notes to the basic 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 notes to the financial statements can be found on pages 28-52 of this report.

Required supplementary and other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Presented in this information are the budget comparisons for the general and Cape Cod Commission funds, as well as certain pension and other post employment benefits information, which can be found on pages 53-61 of this report.

This report also presents additional information regarding the revenues and expenses of various grant funds maintained by the Cape Cod Commission. The additional information can be found on pages 63-69.

Government-Wide Financial Analysis

The following tables present current and prior year data on the government-wide financial statements.

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The County's assets exceeded liabilities by $11,360,832 at the close of the fiscal year and are summarized as follows:

	Governmental Activities		*Business-Type Activities*		*Total*	
	2013	2012	2013	2012	2013	2012
Assets						
Current assets	$ 24,434,432	$ 21,570,423	$ 1,584,131	$ 1,531,552	$ 26,018,563	$ 23,101,975
Noncurrent assets (excluding capital assets)	16,997,056	17,227,408	-	-	16,997,056	17,227,408
Capital assets (net)	6,474,956	5,169,842	362,335	479,904	6,837,291	5,649,746
Total assets	47,906,444	43,967,673	1,946,466	2,011,456	49,852,910	45,979,129
Liabilities						
Current liabilities (excluding debt)	3,507,020	3,475,230	21,169	14,255	3,528,189	3,489,485
Noncurrent liabilities (excluding debt)	10,145,856	8,792,960	346,455	304,832	10,492,311	9,097,792
Current debt	1,214,211	7,614,211	-	-	1,214,211	7,614,211
Noncurrent debt	23,257,367	14,071,578	-	-	23,257,367	14,071,578
Total liabilities	38,124,454	33,953,979	367,624	319,087	38,492,078	34,273,066
Net Assets						
Net investment in capital assets	6,462,699	5,153,932	362,335	479,904	6,825,034	5,633,836
Restricted	13,183,345	34,811,116	-	-	13,183,345	34,811,116
Unrestricted	(9,864,054)	(29,951,354)	1,216,507	1,212,465	(8,647,547)	(28,738,889)
Total net assets	$ 9,781,990	$ 10,013,694	$ 1,578,842	$ 1,692,369	$ 11,360,832	$ 11,706,063

A portion of the County's net position ($6,825,034) reflects its net investment in capital assets (e.g., land, construction in progress, land improvements, buildings, buildings improvements, machinery and equipment, vehicles and intangible assets). These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the net 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 the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net position ($13,183,345) represents resources that are subject to external restrictions on how they may be used.

Unrestricted net position in the business-type activities of $1,216,507 may be used to meet the County's on-going obligations to citizens and creditors for the County's dredge activities.

The County has no unrestricted net position available for the support of governmental activities. Such resources have been consumed with the recognition of post retirement benefit liabilities.

Changes in Net Position

For the fiscal year ended June 30, 2013, the County's total net position decreased by $345,231, compared to a decrease of $2,614,726 in the prior fiscal year. These amounts are summarized as follows:

	Governmental Activities		*Business-Type Activities*		*Total*	
	2013	2012	2013	2012	2013	2012
Revenues						
Program Revenues:						
Charges for services	$ 10,627,890	$ 10,168,836	$ 642,013	$ 908,547	$ 11,269,903	$ 11,077,383
Operating grants and contributions	5,309,200	5,264,219	2,669	1,986	5,311,869	5,266,205
Capital grants and contributions	500	29,780	-	-	500	29,780
General Revenues:						
Town assessments	2,900,050	2,829,317	-	-	2,900,050	2,829,317
County deeds excise tax	8,072,364	6,704,219	-	-	8,072,364	6,704,219
Unrestricted investment income	31,799	23,014	-	-	31,799	23,014
Gain (loss) on sale of capital assets	(20,353)	(412,787)	-	-	(20,353)	(412,787)
Total revenues	26,921,450	24,606,598	644,682	910,533	27,566,132	25,517,131
Expenses						
County commissioners	494,076	567,834	-	-	494,076	567,834
Information technology services	1,249,240	992,198	-	-	1,249,240	992,198
Resource development office	1,481,506	1,388,678	-	-	1,481,506	1,388,678
Cape light compact	100,266	116,868	-	-	100,266	116,868
Assembly of delegates	280,826	297,363	-	-	280,826	297,363
Department of finance	629,279	602,358	-	-	629,279	602,358
Department of facilities	3,304,790	3,408,855	-	-	3,304,790	3,408,855
Cooperative extension	2,062,958	2,091,715	-	-	2,062,958	2,091,715
Registry of deeds	2,851,907	2,996,428	-	-	2,851,907	2,996,428
Regional services initiatives	11,320	-	-	-	11,320	-
County health	2,412,191	3,085,353	-	-	2,412,191	3,085,353
Children's cove	782,443	832,381	-	-	782,443	832,381
Human services	519,044	435,871	-	-	519,044	435,871
Human services grants	81,250	68,750	-	-	81,250	68,750
Fire training	431,291	487,281	-	-	431,291	487,281
Economic development council	415,804	522,696	-	-	415,804	522,696
Water quality initiatives	358,171	473,720	-	-	358,171	473,720
Retiree's benefits	994,872	1,054,279	-	-	994,872	1,054,279
Pension benefits - Corrections	1,009,386	963,912	-	-	1,009,386	963,912
Other	672,873	658,499	-	-	672,873	658,499
Cape cod Commission	6,201,907	5,497,792	-	-	6,201,907	5,497,792
Debt service - interest	807,754	713,751	-	-	807,754	713,751
Dredge	-	-	758,209	875,275	758,209	875,275
Total expenses	27,153,154	27,256,582	758,209	875,275	27,911,363	28,131,857
Change in net assets	(231,704)	(2,649,984)	(113,527)	35,258	(345,231)	(2,614,726)
Net assets - beginning of year	10,013,694	12,663,678	1,692,369	1,657,111	11,706,063	14,320,789
Net assets - end of year	$ 9,781,990	$ 10,013,694	$ 1,578,842	$ 1,692,369	$ 11,360,832	$ 11,706,063

Governmental activities decreased the County's net position by $231,704. In the prior year, governmental activities decreased the County's net position by $2,649,984. The key element of this change is the increase in net assets from the general fund, primarily resulting from an increase in deeds excise taxes of approximately $1,400,000 due to an improved economy.

Business-type activities decreased the County's net position by $113,527. In the prior year, business-type activities increased the County's net position by $35,258. The key element of this change is a decrease in the number of dredging projects performed during fiscal year 2013.

Fund Financial Statement Analysis

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

Governmental funds

The focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the County's financing requirements

At the end of the current fiscal year, the governmental funds reported combined ending fund balances totaling $38,031,282, an increase of $2,606,078 in comparison with the prior year. Approximately $3,157,000 represents negative unassigned fund balance. The remainder of fund balance includes the following constraints:

- Nonspendable ($17,809,321)
- Restricted ($19,814,060)
- Committed ($2,746,095)
- Assigned ($819,240)

The general fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the general fund totaled $2,585,069, while total fund balance was $6,003,648. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures and transfers out. Unassigned fund balance represents 16.5% of total general fund expenditures and transfers out, while total fund balance represents 38.4% of that same amount.

The balance of the County's general fund increased $1,157,334 during fiscal year 2013. Although the general fund recognized a budgetary surplus of approximately $4,524,000 (excluding encumbrances and continuing appropriations), reserves totaling approximately $3,316,000 were used to fund the fiscal year 2013 operating budget.

Financial highlights of the County's other major governmental funds are as follows:

The balance of the Cape Cod Commission fund (special revenue) increased by $289,174 during fiscal year 2013. The fund recognized $3,033,414 in environmental protection taxes, $691,552 in intergovernmental revenues and $185,397 in departmental revenues. Expenditures of $3,923,563 were incurred during the fiscal year. The fund received $302,374 of transfers from other funds, primarily related to overhead reimbursements from grant funds.

The balance of the HUD Home program fund (special revenue) decreased $148,205 during the current fiscal year. The fund recognized $324,360 in intergovernmental revenues. Expenditures of $472,565 were incurred during the fiscal year.

The balance of the mitigation fund (special revenue) decreased $331,827 during fiscal year 2013. The fund recognized $4,135 in investment income. Expenditures of $335,962 were incurred during the fiscal year.

The balance of the septic loan program fund (special revenue) increased $2,805,651 during fiscal year 2013. The fund recognized $807,754 in intergovernmental revenues and $770,775 in departmental revenues. Expenditures of $1,425,807 were incurred during the fiscal year. The fund received $3,400,000 of proceeds of bonds and notes during the fiscal year. Transfers to the septic loan administration fund totaled $747,071 during the fiscal year.

Proprietary funds

The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the dredge enterprise fund at the end of the year amounted to $1,216,507. The dredge enterprise fund had a decrease in net position for the year of $113,527. Other factors concerning the finances of this fund have already been addressed in the discussion of the County's business-type activities.

General Fund Budgetary Highlights

The original general fund budget of $15,648,766 was increased by $553,624 (3.5%) during the fiscal year. The following table summarizes the increase:

Purpose of Increase/(Decrease)	Amount	Funding Source
Building conversion	$ 494,190	Restricted and unassigned fund balance
Technical support	88,000	Intergovernmental revenues
Various transfers to other funds	63,004	Unassigned fund balance
Fire training	45,160	Departmental revenues
Closed purchase orders and other decreases	(136,730)	Assigned and unassigned fund balance
Total net increase	$ 553,624	

During the year, general fund revenues exceeded budgetary estimates and expenditures and encumbrances and continuing appropriations were less than budgetary estimates, resulting in a positive budget to actual variance of $1,904,068.

Cape Cod Commission Fund Budgetary Highlights

The original Cape Cod Commission budget of $4,858,093 was decreased by $99,769 (2.1%) during the fiscal year for closed encumbrances. During the year, revenues, expenditures and encumbrances and continuing appropriations and other financing sources were greater than budgetary estimates, resulting in a negative budget to actual variance of $137,781.

Capital Asset and Debt Administration

Capital assets

The County's investment in capital assets for its governmental and business type activities at the end of the fiscal year totaled $6,837,291 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, buildings, building improvements, machinery and equipment, vehicles and intangible assets. The total increase in the investment in capital assets for the current fiscal year totaled 21.0%. The major capital asset event that occurred during the current fiscal year was the construction in progress on the health lab and other health facilities (approximately $1,569,000).

The following table summarizes the County's capital assets (net of accumulated depreciation):

	Governmental Activities		*Business-Type Activities*		*Total*	
	2013	2012	2013	2012	2013	2012
Land	$ 697,995	$ 697,995	$ -	$ -	$ 697,995	$ 697,995
Construction in progress	2,804,330	1,508,891	-	-	2,804,330	1,508,891
Land improvements	467,573	220,664	-	-	467,573	220,664
Buildings	742,175	792,436	-	-	742,175	792,436
Buildings improvements	712,883	784,759	-	-	712,883	784,759
Machinery and equipment	802,517	959,175	248,916	346,633	1,051,433	1,305,808
Vehicles	113,800	106,416	113,419	133,271	227,219	239,687
Intangible assets	133,683	99,506	-	-	133,683	99,506
Total capital assets	$ 6,474,956	$ 5,169,842	$ 362,335	$ 479,904	$ 6,837,291	$ 5,649,746

Additional information on the County's capital assets can be found in Note 5 on pages 41-42 of this report.

Long-Term Debt

At the end of the current fiscal year, total bonded debt outstanding was $24,471,578 of MWPAT notes and bonds (including interim notes), an increase of $2,785,789 (12.8%), with new debt issuances totaling $3,400,000. Additional information on the County's long-term debt can be found in Note 9 on pages 44-46 of this report.

Economic Factors and Next Year's Budgets and Rates

Barnstable County revenues for fiscal year 2014 will continue to increase modestly, with the Registry of Deeds tax proceeds projected to increase slightly from the previous year. This is due to the slight growth in the real estate market in Barnstable County. Actual fiscal 2013 excise revenues increased 20.4% from fiscal year 2012. Such increases are not expected in future years.

Two primary revenue sources are limited in growth to 2 ½ % per year and include the County Tax Assessment authorized by Massachusetts General Law Chapter 35, Sections 30 and 31, and the Cape Cod Environmental Protection Fund tax (Cape Cod Commission tax) authorized by Chapter 716 of the Acts of 1989, as amended by Chapter 2 of the Acts of 1990 of the Commonwealth of Massachusetts. The CCEPF is limited in use to the activities of the Cape Cod Commission.

Other significant revenue sources that are expected to remain stable during fiscal year 2014 include the Registry of Deeds "business revenue", and the Health Department Laboratory revenues. Each of these revenue sources is projected to remain stable in future years. Grant revenues are projected to be flat or increase approximately 2 %.

The Septic Betterment Program administered by the Health and Environment Department is expected to continue to grow in popularity. The County borrows funds through the Massachusetts Water Pollution Abatement Trust at zero interest and loans these proceeds to homeowners at low interest rates. The funds derived from the homeowners repayment of these loans are used to repay the bonds to the Trust and provide the costs of administering the program. During fiscal year 2014, the County anticipates making homeowner loans with a total value of approximately $3,700,000.

Requests for Information

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, Barnstable County, P.O. Box 427, Superior Court House, Barnstable, MA 02630.

Basic Financial Statements

COUNTY OF BARNSTABLE, MASSACHUSETTS
STATEMENT OF NET POSITION
JUNE 30, 2013

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	$ 4,580,409	$ 1,483,962	$ 6,064,371
Restricted cash and cash equivalents	16,748,892	-	16,748,892
Receivables, net of allowance for uncollectible amounts:			
User charges	-	100,169	100,169
Departmental and other	328,955	-	328,955
Intergovernmental	1,549,904	-	1,549,904
Loans	1,226,272	-	1,226,272
Total current assets	24,434,432	1,584,131	26,018,563
Noncurrent assets:			
Restricted investments	414,007	-	414,007
Receivables, net of allowance for uncollectible amounts:			
Loans	16,583,049	-	16,583,049
Capital assets not being depreciated	3,502,325	-	3,502,325
Capital assets, net of accumulated depreciation	2,972,631	362,335	3,334,966
Total noncurrent assets	23,472,012	362,335	23,834,347
Total assets	47,906,444	1,946,466	49,852,910
LIABILITIES			
Current liabilities:			
Warrants payable	589,165	2,837	592,002
Accrued payroll	405,232	13,128	418,360
Other liabilities	2,216,594	2,023	2,218,617
Liabilities due depositors	189,215	-	189,215
Capital lease obligations	3,861	-	3,861
Compensated absences	102,953	3,181	106,134
Long-term bonds and notes payable	1,214,211	-	1,214,211
Total current liabilities	4,721,231	21,169	4,742,400
Noncurrent liabilities:			
Capital lease obligations	8,396	-	8,396
Compensated absences	926,571	28,627	955,198
Net OPEB obligation	9,210,889	317,828	9,528,717
Long-term bonds and notes payable	23,257,367	-	23,257,367
Total noncurrent liabilities	33,403,223	346,455	33,749,678
Total liabilities	38,124,454	367,624	38,492,078
NET POSITION			
Net investment in capital assets	6,462,699	362,335	6,825,034
Restricted for:			
Statutory reserve	297,255	-	297,255
Life insurance	380,535	-	380,535
Cape Cod Commission	2,238,997	-	2,238,997
HUD Home program	2,823,855	-	2,823,855
Mitigation	2,945,744	-	2,945,744
Other specific purposes	4,496,959	-	4,496,959
Unrestricted	(9,864,054)	1,216,507	(8,647,547)
Total net position	$ 9,781,990	$ 1,578,842	$ 11,360,832

The accompanying notes are an integral part of the financial statements.

COUNTY OF BARNSTABLE, MASSACHUSETTS
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

		Program Revenues			
Functions / Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) / Revenue
Primary government:					
Governmental activities:					
County commissioners	$ 494,076	$ -	$ -	$ -	$ (494,076)
Information technology services	1,249,240	88,000	-	-	(1,161,240)
Resource development office	1,481,506	259,755	380,636	-	(841,115)
Cape light compact	100,266	1,200	-	-	(99,066)
Assembly of delegates	280,826	-	-	-	(280,826)
Department of finance	629,279	64,618	118,198	-	(446,463)
Department of facilities	3,304,790	1,626,125	39,263	-	(1,639,402)
Cooperative extension	2,062,958	150,514	334,139	-	(1,578,305)
Registry of deeds	2,851,907	3,044,934	3,201	-	196,228
Regional services initiatives	11,320	-	-	-	(11,320)
County health	2,412,191	1,660,223	530,099	500	(221,369)
Children's cove	782,443	61,147	206,650	-	(514,646)
Human services	519,044	8,162	25,000	-	(485,882)
Human services grants	81,250	-	44,951	-	(36,299)
Fire training	431,291	197,475	-	-	(233,816)
Economic development council	415,804	-	399,912	-	(15,892)
Water quality initiatives	358,171	-	-	-	(358,171)
Retirees' benefits	994,872	-	-	-	(994,872)
Pension benefits - Corrections	1,009,386	-	-	-	(1,009,386)
Other	672,873	240,176	825	-	(431,872)
Cape Cod Commission	6,201,907	3,225,561	2,418,572	-	(557,774)
Debt service - interest	807,754	-	807,754	-	-
Total governmental activities	27,153,154	10,627,890	5,309,200	500	(11,215,564)
Business-type activities:					
Dredge	758,209	642,013	2,669	-	(113,527)
Total primary government	$ 27,911,363	$ 11,269,903	$ 5,311,869	$ 500	$ (11,329,091)

COUNTY OF BARNSTABLE, MASSACHUSETTS
STATEMENT OF ACTIVITIES (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Changes in net position:			
Net (expense) / revenue (from previous page).....	$ (11,215,564)	$ (113,527)	$ (11,329,091)
General revenues:			
Town assessments.....	2,900,050	-	2,900,050
County deeds excise tax.....	8,072,364	-	8,072,364
Unrestricted investment income.....	31,799	-	31,799
Gain (loss) on disposal of capital assets.....	(20,353)	-	(20,353)
Total general revenues.....	10,983,860	-	10,983,860
Change in net position.....	(231,704)	(113,527)	(345,231)
Net position - beginning of year.....	10,013,694	1,692,369	11,706,063
Net position - end of year.....	$ 9,781,990	$ 1,578,842	$ 11,360,832

(concluded)

The accompanying notes are an integral part of the financial statements.

COUNTY OF BARNSTABLE, MASSACHUSETTS
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2013

ASSETS	General	Cape Cod Commission	HUD Home Program
Cash and cash equivalents	$ 4,580,409	$ -	$ -
Receivables, net of allowance for uncollectible amounts:			
Departmental and other	279,479	-	-
Intergovernmental	645,073	118,233	-
Loans	-	-	2,817,355
Due from other funds	968,856	-	-
Restricted assets:			
Cash and cash equivalents	1,656,039	2,481,016	26,343
Investments	414,007	-	-
TOTAL ASSETS	$ 8,543,863	$ 2,599,249	$ 2,843,698
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Warrants payable	$ 169,068	$ 24,952	$ 19,843
Accrued payroll	261,287	90,544	-
Other liabilities	2,109,860	55,541	-
Liabilities due depositors	-	189,215	-
Due to other funds	-	-	-
TOTAL LIABILITIES	2,540,215	360,252	19,843
FUND BALANCES:			
Nonspendable	-	-	2,817,355
Restricted	677,790	2,238,997	6,500
Committed	1,921,549	-	-
Assigned	819,240	-	-
Unassigned	2,585,069	-	-
TOTAL FUND BALANCES	6,003,648	2,238,997	2,823,855
TOTAL LIABILITIES AND FUND BALANCES	$ 8,543,863	$ 2,599,249	$ 2,843,698

The accompanying notes are an integral part of the financial statements.

Mitigation Fund	Septic Loan Program	Nonmajor Governmental Funds	Total Governmental Funds
$ -	$ -	$ -	$ 4,580,409
-	-	49,476	328,955
-	-	786,598	1,549,904
-	14,985,506	6,460	17,809,321
-	-	-	968,856
2,946,494	9,639,000	-	16,748,892
-	-	-	414,007
$ 2,946,494	$ 24,624,506	$ 842,534	$ 42,400,344
$ 750	$ 143,526	$ 231,028	$ 589,167
-	-	53,401	405,232
-	40,938	10,253	2,216,592
-	-	-	189,215
-	-	968,856	968,856
750	184,464	1,263,538	4,369,062
-	14,985,506	6,460	17,809,321
2,945,744	9,454,536	4,490,493	19,814,060
-	-	824,546	2,746,095
-	-	-	819,240
-	-	(5,742,503)	(3,157,434)
2,945,744	24,440,042	(421,004)	38,031,282
$ 2,946,494	$ 24,624,506	$ 842,534	$ 42,400,344

COUNTY OF BARNSTABLE, MASSACHUSETTS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	General	Cape Cod Commission	HUD Home Program
REVENUES			
Town assessments	$ 2,900,050	$ -	$ -
County deeds excise tax	8,072,364	-	-
Registry of deeds	3,044,934	-	-
Court house rental	1,626,073	-	-
Environmental protection taxes	-	3,033,414	-
Intergovernmental	142,263	691,552	324,360
Departmental	873,460	185,397	-
Investment income	149,997	-	-
TOTAL REVENUES	16,809,141	3,910,363	324,360
EXPENDITURES			
Current:			
County commissioners	466,497	-	-
Information technology services	737,881	-	-
Resource development office	754,392	-	-
Cape light compact	113	-	-
Assembly of delegates	268,117	-	-
Department of finance	549,816	-	-
Department of facilities	2,796,433	-	-
Cooperative extension	1,502,507	-	-
Registry of deeds	2,501,846	-	-
Regional services initiatives	11,320	-	-
County health	1,793,538	-	-
Children's cove	464,150	-	-
Human services	369,961	-	-
Human services grants	81,250	-	-
Fire training	393,134	-	-
Cape Cod Commission	-	3,923,563	472,565
Economic development council	-	-	-
Water quality initiatives	357,539	-	-
Retirees' benefits	993,492	-	-
Pension benefits - retired Corrections employees	1,009,386	-	-
Other	537,431	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
TOTAL EXPENDITURES	15,588,803	3,923,563	472,565
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,220,338	(13,200)	(148,205)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	302,374	-
Proceeds of bonds and notes	-	-	-
Transfers out	(63,004)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(63,004)	302,374	-
NET CHANGE IN FUND BALANCES	1,157,334	289,174	(148,205)
FUND BALANCES AT BEGINNING OF YEAR	4,846,314	1,949,823	2,972,060
FUND BALANCES AT END OF YEAR	$ 6,003,648	$ 2,238,997	$ 2,823,855

The accompanying notes are an integral part of the financial statements.

Mitigation Fund	Septic Loan Program	Nonmajor Governmental Funds	Total Governmental Funds
$ -	$ -	$ -	$ 2,900,050
-	-	-	8,072,364
-	-	-	3,044,934
-	-	-	1,626,073
-	-	-	3,033,414
-	807,754	3,302,411	5,268,340
-	770,775	1,009,663	2,839,295
4,135	-	3,201	157,333
4,135	1,578,529	4,315,275	26,941,803
-	-	-	466,497
-	-	419,253	1,157,134
-	-	637,634	1,392,026
-	-	93,023	93,136
-	-	-	268,117
-	-	9,474	559,290
-	-	306,963	3,103,396
-	-	461,457	1,963,964
-	-	76,906	2,578,752
-	-	-	11,320
-	3,842	1,884,671	3,682,051
-	-	265,519	729,669
-	-	122,997	492,958
-	-	-	81,250
-	-	1,600	394,734
335,962	-	1,158,158	5,890,248
-	-	415,804	415,804
-	-	-	357,539
-	-	999	994,491
-	-	-	1,009,386
-	-	134,567	671,998
-	614,211	-	614,211
-	807,754	-	807,754
335,962	1,425,807	5,989,025	27,735,725
(331,827)	152,722	(1,673,750)	(793,922)
-	-	808,767	1,111,141
-	3,400,000	-	3,400,000
-	(747,071)	(301,066)	(1,111,141)
-	2,652,929	507,701	3,400,000
(331,827)	2,805,651	(1,166,049)	2,606,078
3,277,571	21,634,391	745,045	35,425,204
$ 2,945,744	$ 24,440,042	$ (421,004)	$ 38,031,282

COUNTY OF BARNSTABLE, MASSACHUSETTS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TOTAL FUND BALANCES TO THE STATEMENT OF NET POSITION
JUNE 30, 2013

Total governmental fund balances (page 19).....	$	38,031,282
Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.....		6,474,956
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.....		(24,471,578)
Capital lease obligations.....		(12,257)
Compensated absences.....		(1,029,524)
Net OPEB obligation.....		(9,210,889)
Net position of governmental activities (page 15).....	$	9,781,990

The accompanying notes are an integral part of the financial statements.

COUNTY OF BARNSTABLE, MASSACHUSETTS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Net change in fund balances - total governmental funds (page 21)	$	2,606,078
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. These amounts represent the related activity of the current period.		
Capital outlays		1,706,982
Depreciation		(389,252)
In the statement of activities, only the gain/loss on the disposal of capital assets is reported, whereas in the governmental funds the disposal of capital assets are not reported as financial resources. As a result, the change in net position differs from the change in fund balance by the net book value of the capital assets disposed		(12,616)
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 impact on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. These amounts represent the related activity of the current period.		
Bond proceeds		(3,400,000)
Bond maturities		614,211
Capital lease maturities		3,653
Some expenses reported in the statement activities do not require the use of current financial resources and, therefore, are not reported in the governmental funds. These amounts represent the net changes:		
Compensated absences		(40,025)
Net OPEB obligation		(1,320,735)
Changes in net position of governmental activities (page 17)	$	(231,704)

The accompanying notes are an integral part of the financial statements.

COUNTY OF BARNSTABLE, MASSACHUSETTS
PROPRIETARY FUND
STATEMENT OF FUND NET POSITION
JUNE 30, 2013

	Business-Type Activities - Enterprise Fund
ASSETS	Dredge
Current assets:	
Cash and cash equivalents	$ 1,483,962
Receivables, net of allowance for uncollectible amounts:	
User charges	100,169
Total current assets	1,584,131
Noncurrent assets:	
Capital assets, net of accumulated depreciation	362,335
Total assets	1,946,466
LIABILITIES	
Current liabilities:	
Warrants payable	2,837
Accrued payroll	13,128
Other liabilities	2,023
Compensated absences	3,181
Total current liabilities	21,169
Noncurrent liabilities:	
Compensated absences	28,627
Net OPEB obligation	317,828
Total noncurrent liabilities	346,455
Total liabilities	367,624
FUND NET POSITION	
Net investment in capital assets	362,335
Unrestricted	1,216,507
Total net position	$ 1,578,842

The accompanying notes are an integral part of the financial statements.

COUNTY OF BARNSTABLE, MASSACHUSETTS
PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Business-Type Activities - Enterprise Fund
	Dredge
OPERATING REVENUES	
Charges for services	$ 642,013
OPERATING EXPENSES	
Cost of service and administration	640,640
Depreciation	117,569
TOTAL OPERATING EXPENSES	758,209
OPERATING INCOME	(116,196)
NONOPERATING REVENUES (EXPENSES)	
Investment income	2,669
CHANGE IN FUND NET POSITION	(113,527)
FUND NET POSITION AT BEGINNING OF YEAR	1,692,369
FUND NET POSITION AT END OF YEAR	$ 1,578,842

The accompanying notes are an integral part of the financial statements.

COUNTY OF BARNSTABLE, MASSACHUSETTS
PROPRIETARY FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Business-Type Activities - Enterprise Fund
	Dredge
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	$ 942,842
Payments to vendors	(312,498)
Payments to employees	(279,605)
NET CASH FROM OPERATING ACTIVITIES	350,739
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment income	2,669
NET CHANGE IN CASH AND CASH EQUIVALENTS	353,408
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,130,554
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 1,483,962
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES	
Operating income (loss)	$ (116,196)
Adjustments to reconcile operating income (loss) to net cash from operating activities:	
Adjustment not requiring current cash flows:	
Depreciation	117,569
Effect of changes in operating assets and liabilities:	
User charges	300,829
Warrants payable	2,075
Accrued payroll	2,654
Other liabilities	2,023
Compensated absences	1,621
Net OPEB obligation	40,164
Total adjustments	466,935
NET CASH FROM OPERATING ACTIVITIES	$ 350,739

The accompanying notes are an integral part of the financial statements.

COUNTY OF BARNSTABLE, MASSACHUSETTS
FIDUCIARY FUND
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2013

		Agency Funds
ASSETS		
Cash and cash equivalents	$	2,336,047
Receivables, net of allowance for uncollectible amounts:		
Departmental and other		4,364,638
Total assets		6,700,685
LIABILITIES		
Warrants payable		2,176,676
Accrued payroll		45,335
Other liabilities		5,753
Liabilities due depositors		4,472,921
Total liabilities	$	6,700,685

The accompanying notes are an integral part of the financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General

The basic financial statements 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 standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described herein.

B. Reporting Entity

The County of Barnstable, Massachusetts adheres to the County form of government prescribed by Massachusetts General Laws (MGL) and the County of Barnstable Home Rule Charter, enacted under Chapter 163 of the Acts of 1988, Chapter 716 of the Acts of 1989 and Chapter 2 of the Acts of 1990. The County is governed by an elected Board of Commissioners (three members) and the Assembly of Delegates. The Assembly of Delegates is comprised of representatives from each municipality within Barnstable County, elected for terms of two years each by the voters in each of the municipalities of the County.

For financial reporting purposes, the basic financial statements include all funds, organizations, agencies, boards, commissions and institutions that are not legally separate from the County.

The County has also considered all potential component units for which it is financially accountable as well as other organizations for which the nature and/or significance of their relationship with the County are such that exclusion would cause the County's basic financial statements to be misleading or incomplete. It has been determined that there are no component units that require inclusion in the basic financial statements.

C. Implementation of New Accounting Principles

For the year ending June 30, 2013, the County implemented the following pronouncements issued by the GASB:

- GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*
- GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*
- GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*
- GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*

GASB Statement No. 63 identifies net position as the residual of all other elements presented in a statement of financial position, which amends the net asset reporting requirements of Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments,* and other pronouncements, by renaming net assets to net position.

The implementation of GASB Statement No.'s 60, 61 and 62 had no reporting impact for the County.

D. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

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.

Fiduciary funds are reported by fund type.

E. Measurement Focus, Basis of Accounting and Basis of 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. Member Town assessments 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 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 specific function or segment.
- Grants and contributions that are restricted to meeting the capital requirements of a specific function or segment.

Member Town assessments and other items not identifiable as program revenues are reported as general revenues.

Except for charges between the general fund and enterprise fund, the effect of interfund activity has been eliminated from the government-wide financial statements. Elimination of these charges would distort the direct costs and program revenues reported for the functions affected.

Fund Financial Statements

Governmental funds 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, claims and judgments which are recognized when the obligations are expected to be liquidated with current expendable available resources.

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 g*eneral fund* is used to account for and report all financial resources not accounted for and reported in another fund.

The *Cape Cod Commission fund* is a special revenue fund used to account for the activities of the Cape Cod Commission. These activities involve promotion of affordable housing, sponsorship of economic development programs, preservation of historic sites, preservation of open space, planning and analyses of transportation, solid waste and hazardous waste management, and protection of water quality and water supplies.

The *HUD home program fund* is a special revenue fund used to account for the activities of the affordable housing program. These activities involve housing rehabilitation, loan assistance for home purchases and repairs, and operating support for regional nonprofits. This program is funded by federal financial assistance.

The *mitigation fund* is a special revenue fund used to account for financial resources to mitigate issues arising from construction and development.

The *septic loan program* fund is a special revenue fund used to account for the activities of a community septic management program. These activities involve loan assistance to comply with Title V (related to septic systems) requirements. This program is funded by long-term debt.

The nonmajor governmental funds consist of other special revenue and capital projects 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:

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Capital projects funds are 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. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

Proprietary fund financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting, whereby 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 fund is reported:

The *dredge enterprise fund* is used to account for the County dredge operations.

Fiduciary funds 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 assets held in a trustee capacity for others that cannot be used to support the government's programs.

The following fiduciary fund type is reported:

The a*gency fund* is primarily used to account for certain assets of the Cape Light Compact held in a custodial capacity. Agency funds do not present the results of operations or have a measurement focus.

F. Deposits 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.

G. Accounts Receivable

Government-Wide and Fund Financial Statements

The recognition of revenue related to accounts receivable reported in the government-wide financial statements and fund financial statements are reported under the accrual basis of accounting and the modified accrual basis of accounting, respectively.

User Charges

User charges represent amounts owed for dredge services and are levied when the service is provided.

Departmental and Other

Departmental and other receivables represent amounts owed for mitigation funds, services provided by the Cape Light Compact and other various departmental activities. Departmental and other receivables are recorded when the service has been provided or the applicable agreement has been entered into.

Intergovernmental

Various state and federal operating and capital grants 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.

Loans

The County administers various loan programs to member Town residents that provide assistance to comply with Title V (related to septic systems) requirements and for home purchases and repairs and also to various types of legal entities that are developing affordable housing (HUD home program). Loans are recorded as receivables upon issuance.

H. Allowance for Uncollectible Amounts

The allowance for uncollectible amounts is estimated based on historical trends and specific account analysis. Based on historical analysis, 100% of user charges and departmental and other receivables have been collected and therefore do not report an allowance for uncollectible amounts. Title V loan receivables are considered 100% collectible because they are secured via a lien process and therefore do not report an allowance for uncollectible amounts. HUD home program loan receivables are considered between 50 – 100% uncollectible (depending on the type of loan) based on historical trends and specific account analysis. Intergovernmental receivables are considered 100% collectible and therefore do not report an allowance for uncollectible amounts.

I. Inventories

Government-Wide and Fund Financial Statements

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.

J. Restricted Assets

Government-Wide and Fund Financial Statements

Assets are reported as restricted when limitations on their use change the nature of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

K. Capital Assets

Government-Wide and Proprietary Fund Financial Statements

Capital assets, which consist of land, construction in progress, land improvements, buildings, building improvements, machinery and equipment, vehicles, and intangible assets, are reported in the applicable governmental or business-type activities 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.

All purchases and construction costs in excess of $5,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than one year.

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

Capital Asset Type	Estimated Useful Life (in years)
Land improvements	20
Buildings	20-40
Buildings improvements	10-20
Machinery and equipment	3-20
Vehicles	5-10
Intangible assets	5-10

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.

L. Interfund Receivables and Payables

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

M. Interfund Transfers

During the course of its operations, resources are permanently reallocated between and within funds.

Government-Wide Financial Statements

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

Fund Financial Statements

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

N. 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 financial statements (full accrual).

O. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The County does not have items that qualify for reporting in this category.

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

P. Net Position and Fund Balances

Government-Wide Financial Statements and Proprietary Fund Financial Statements (Net Position)

Net position is reported as restricted when amounts are restricted by outside parties for a specific future use.

Net position has been "restricted" for the following:

"Statutory reserve" represents the portion of net position required by statute to be maintained on hand.

"Life insurance" represents amounts restricted for life insurance benefits.

"Cape Cod Commission" represents amounts restricted for the activities of the Cape Cod Commission.

"HUD Home program" represents amounts restricted for the activities of the affordable housing program.

"Mitigation" represents amounts restricted for financial resources to mitigate issues arising from construction and development.

"Other specific purposes" represents other restrictions placed on assets from outside parties.

Governmental Funds Financial Statements (Fund Balances)

The following fund balance classifications describe the relative strength of the spending constraints:

Nonspendable — represents amounts that cannot be spent either because they are in nonspendable form (i.e., prepaid amounts) or because they are legally or contractually required to be maintained intact (i.e., principal of permanent fund).

Restricted — represents amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed — represents amounts that can be used only for specific purposes imposed by a formal action of the Assembly of Delegates, which is the highest level of decision-making authority for the County. Committed amounts may be established, modified, or rescinded only through actions approved by the Assembly of Delegates.

Assigned – represents amounts that do not meet the criteria to be classified as restricted or committed but are intended to be used for specific purposes. Under the County's structure, only authorized assignments for non-contractual encumbrances can be made by individual department heads.

Unassigned – represents the residual fund balance for the General Fund and the negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting assigned fund balance amounts.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned and unassigned.

Encumbrance amounts have been assigned for specific purposes for which resources already have been allocated.

Q. Long-term Debt

Government-Wide and Proprietary Fund Financial Statements

Long-term debt is reported as liabilities in the government-wide and proprietary fund statements of net position. Material bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line 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 when the debt is issued. 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.

R. Investment Income

Excluding certain special revenue funds, investment income derived from major and nonmajor governmental funds is legally assigned to the general fund unless otherwise directed by MGL.

Investment income from the proprietary fund is maintained in the proprietary fund.

S. 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

Accumulated vacation and sick leave are reported as liabilities and expensed as incurred.

Governmental Fund Financial Statements

Accumulated vacation and sick leave, which will be liquidated with expendable available financial resources, are reported as expenditures and fund liabilities upon employee retirements and resignations.

T. Post Retirement Benefits

Government-Wide and Fund Financial Statements

In addition to providing pension benefits, and as more fully described in Note 10, the County provides health, dental and life insurance coverage for current and future retirees and their spouses.

U. 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.

V. 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 presented 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

The general expenses of the County are financed by receipts from various fees, charges, other miscellaneous income and by a tax levied annually and collected semi-annually on the Towns in the County. The basis of apportionment of the tax among the Towns in the County is established by Chapter 58, Section 10C, of the MGL. The tax is based on the equalized valuation of the Towns as determined every two years by the Commissioner of Revenue of the Commonwealth of Massachusetts (the Commonwealth).

Every County agency or department submits to the County Administrator its requested annual budget on or before the date designated by the Board of County Commissioners. The County Administrator, operating within guidelines and instructions issued by the Board of County Commissioners, prepares a proposed operating budget for the ensuing fiscal year and submits it to the Board of County Commissioners for its review. Within a time fixed by ordinance, the Board of County Commissioners submits to the Assembly of Delegates its proposed operating budget for the ensuing fiscal year with an accompanying budget message and supporting documents.

The Board of County Commissioners shall provide a general summary of the proposed budget to be made available to representatives of the communications media and shall cause a legal notice to be published in a local newspaper indicating the times and places at which complete copies of the proposed budget and accompanying materials are available for inspection by the public.

The Assembly of Delegates shall notify the Board of Selectmen in Barnstable County of its receipt of the Board of County Commissioners proposed budget. Copies of the budget shall be submitted to each Town upon request.

The Assembly of Delegates, through its standing committee on finance, shall cause review by standing committees of the Assembly of Delegates, in open public meetings, of the detailed expenditures proposed for each County department or agency. The Clerk of the Assembly of Delegates shall notify each Board of Selectmen and Town Council in Barnstable County of the dates, times and places of such meetings. The standing committees may confer with any County department or agency in connection with its review and consideration. The standing committee on finance, or other designated standing committees, may require the Board of County Commissioners, the County Administrator, or any other County department or agency through the County Administrator, to furnish it with additional information as it may deem necessary to assist it in its review of the proposed budget.

The standing committee on finance shall receive information from other standing committees reviewing the budget, and shall file a report with the Assembly of Delegates containing its recommendations with respect to each item contained in the proposed budget. The report shall contain its reason or reasons for each recommendation that differs from the recommendation of the Board of County Commissioners.

The Assembly of Delegates adopts a budget for the ensuing fiscal year no later than the first day of June in the preceding fiscal year. If the Assembly of Delegates does not take final action with respect to any amount recommended in the proposed budget by the first day of June, such amount shall, without any action by the Assembly of Delegates, become a part of the appropriations for the ensuing fiscal year.

An annual budget is adopted for the general fund and Cape Cod Commission fund in conformity with the guidelines described above. The original fiscal year 2013 approved budget for the general fund and Cape Cod Commission fund authorized $15,648,766 and $4,858,093, respectively, in appropriations. During fiscal year 2013, there were supplemental appropriations in the general fund totaling $553,624 and reductions of appropriations in the Cape Cod Commission fund totaling $99,769.

The Finance Department has the responsibility to ensure that budgetary control is maintained. Budgetary control is exercised through the accounting system. The legal level of budgetary control is the department level.

Fund Deficits

At June 30, 2013, the following temporary fund deficits exist:

Fund	Amount	Funding Source
Lab facility relocation	$ 874,669	Long-term debt/available funds
WAN computer system capital projects	731,161	Long-term debt/available funds
County complex capital projects	611,915	Long-term debt/available funds
2nd District Court capital projects	595,622	Long-term debt/available funds
Telephone system capital projects	408,569	Long-term debt/available funds
Superior Court capital projects	371,821	Long-term debt/available funds
Lab emerging contaminants	296,037	Long-term debt/available funds
1st District Court capital projects	273,399	Long-term debt/available funds
Deeds Court capital projects	271,805	Long-term debt/available funds
Major software systems	245,511	Long-term debt/available funds
Public safety building capital projects	199,995	Long-term debt/available funds
Old jail renovations	195,036	Long-term debt/available funds
Health lab spectrophometer capital projects	178,496	Long-term debt/available funds
Children's Cove building capital projects	164,249	Long-term debt/available funds
Interior renovation - IT department	86,169	Long-term debt/available funds
Financial management software capital projects	72,038	Long-term debt/available funds
Miscellaneous capital projects	61,997	Long-term debt/available funds
Health lab information system capital projects	59,014	Long-term debt/available funds
Health lab ion chromatograph capital projects	45,000	Long-term debt/available funds

NOTE 3 – DEPOSITS AND INVESTMENTS

The municipal finance laws of the Commonwealth authorize the County to invest temporarily idle cash in bank term deposits and certificates of deposits, and treasury and agency obligations of the United States government, with maturities of one year or less; U.S. treasury or agency repurchase agreements with maturities of not more than 90 days; money market accounts; and the state treasurer's investment pool – the Massachusetts Municipal Depository Trust (MMDT).

A cash and investment pool is maintained that is available for use by all funds with unrestricted cash and investments.

Deposits - Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the County's deposits may not be recovered. As of June 30, 2013, the County's bank balance of $16,748,425 was insured and collateralized and, therefore, not exposed to custodial credit risk.

Investments Summary

The County's investments at June 30, 2013 are presented below. All investments are presented by investment type, with debt securities presented by maturity.

Investment Type	Fair Value	Investment Maturities (in Years) Less Than 1
Debt Securities:		
Repurchase agreements……	$ 8,556,674	$ 8,556,674
Other Investments:		
Equity securities……	414,007	
Total investments……	$ 8,970,681	

Investments - Interest Rate Risk of Debt Securities

Interest rate risk for debt securities is the risk that changes in interest rates of debt securities will adversely affect the fair value of an investment. The County's policy is to invest in overnight repurchase agreements with maturities of only one day.

Investments - Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County does not have a policy for custodial credit risk of investments. As of June 30, 2013, $414,007 (equity securities) of the County's investments was uninsured, not registered in the name of the County and held by a counterparty and, therefore, was exposed to custodial credit risk.

Investments - Credit Risk of Debt Securities

Credit risk for debt securities is the risk that an issuer or other counterparty to a debt security will not fulfill its obligations. The County's policy is to invest in repurchase accounts with investments in treasury and agency obligations of the U.S. government.

Investments – Concentration of Credit Risk

Concentration of credit risk for investments is the risk of loss attributed to the magnitude of the County's investment in a single issuer. The County does not have a policy for concentration of credit risk of investments. As of June 30, 2013, the County was not exposed to concentration of credit risk.

NOTE 4 – ACCOUNTS RECEIVABLE

At June 30, 2013, receivables for the individual major governmental funds and nonmajor governmental and fiduciary funds in the aggregate, including the applicable allowances for uncollectible amounts, are as follows:

Receivable Type	Gross Amount	Allowance for Uncollectibles	Net Amount
Loans:			
Title V septic	$ 14,985,506	$ -	$ 14,985,506
HUD home	9,846,433	(7,029,078)	2,817,355
Other	6,460	-	6,460
Total loans	24,838,399	(7,029,078)	17,809,321
Other Receivables:			
Departmental and other	4,693,593	-	4,693,593
Intergovernmental	1,549,904	-	1,549,904
Total accounts receivable	$ 31,081,896	$ (7,029,078)	$ 24,052,818

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

Receivable Type	Gross Amount	Allowance for Uncollectibles	Net Amount
User charges	$ 100,169	$ -	$ 100,169

NOTE 5 – CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets not being depreciated:				
Land	$ 697,995	$ -	$ -	$ 697,995
Construction in progress	1,508,891	1,568,515	(273,076)	2,804,330
Total capital assets not being depreciated	2,206,886	1,568,515	(273,076)	3,502,325
Capital assets being depreciated:				
Land improvements	377,991	265,338	-	643,329
Buildings	6,533,702	-	-	6,533,702
Buildings improvements	1,912,633	-	-	1,912,633
Machinery and equipment	2,377,487	33,627	(51,675)	2,359,439
Vehicles	502,953	43,382	(46,420)	499,915
Intangible assets	264,094	69,196	(13,500)	319,790
Total capital assets being depreciated	11,968,860	411,543	(111,595)	12,268,808
Less accumulated depreciation for:				
Land improvements	(157,327)	(18,429)	-	(175,756)
Buildings	(5,741,266)	(50,261)	-	(5,791,527)
Buildings improvements	(1,127,874)	(71,876)	-	(1,199,750)
Machinery and equipment	(1,418,312)	(179,184)	40,574	(1,556,922)
Vehicles	(396,537)	(35,998)	46,420	(386,115)
Intangible assets	(164,588)	(33,504)	11,985	(186,107)
Total accumulated depreciation	(9,005,904)	(389,252)	98,979	(9,296,177)
Total capital assets being depreciated, net	2,962,956	22,291	(12,616)	2,972,631
Total governmental activities capital assets, net	$ 5,169,842	$ 1,590,806	$ (285,692)	$ 6,474,956

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital assets being depreciated:				
Machinery and equipment	$ 1,503,322	$ -	$ -	$ 1,503,322
Vehicles	197,432	-	-	197,432
Intangible assets	12,000	-	-	12,000
Total capital assets being depreciated	1,712,754	-	-	1,712,754
Less accumulated depreciation for:				
Machinery and equipment	(1,156,689)	(97,717)	-	(1,254,406)
Vehicles	(64,161)	(19,852)	-	(84,013)
Intangible assets	(12,000)	-	-	(12,000)
Total accumulated depreciation	(1,232,850)	(117,569)	-	(1,350,419)
Total business-type activities capital assets, net	$ 479,904	$ (117,569)	$ -	$ 362,335

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

Governmental Activities:	
Information technology services	$ 66,428
Department of finance	16,753
Department of facilities	85,616
Cooperative extension	14,028
Registry of deeds	68,936
County health	92,644
Children's cove	5,538
Fire training	17,698
Cape Cod commission	21,611
Total depreciation expense - governmental activities	$ 389,252
Business-Type Activities:	
Dredge	$ 117,569

NOTE 6 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

At June 30, 2013, there is a receivable and payable between the general fund and nonmajor governmental funds, respectively, in the amount of $968,856 for a temporary cash advance.

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

	Transfers In:			
Transfers Out:	Cape Cod Commission Fund	Nonmajor Governmental Funds	Total	
General Fund……	$ 1,308	$ 61,696	$ 63,004	(1)
Septic Loan Program……..….	-	747,071	747,071	(2)
Nonmajor Governmental Funds……	301,066	-	301,066	(3)
	$ 302,374	$ 808,767	$ 1,111,141	

(1) Represents budgeted transfers from the general fund to the Cape Cod Commission operating budget for overhead reimbursements ($1,308) and various nonmajor governmental funds for miscellaneous purposes ($61,696)

(2) Represents transfer from the septic loan program major fund to the septic administration nonmajor special revenue fund to fund administrative expenses of the septic loan program

(3) Represents various transfers from grant funds to the Cape Cod Commission major fund for overhead reimbursements

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 anticipation notes (RAN) or tax anticipation notes (TAN).

- Capital project costs and other approved expenditures incurred prior to obtaining permanent financing through issuance of bond anticipation notes (BAN) or grant anticipation notes (GAN).

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 fund, respectively.

The County has no short-term debt outstanding at June 30, 2013, and did not issue or retire any short-term debt during the fiscal year.

NOTE 8 – LONG TERM OBLIGATIONS

The following represents a summary of changes that occurred in long-term obligations during the fiscal year ended June 30, 2013.

	Balance June 30, 2012	Increases	Decreases	Balance June 30, 2013	Current Portion
Governmental Activities:					
Bonds and notes payable	$ 21,685,789	$ 3,400,000	$ (614,211)	$ 24,471,578	$ 1,214,211
Capital lease obligations	15,910	-	(3,653)	12,257	3,861
Net OPEB obligation	7,890,154	2,101,486	(780,751)	9,210,889	-
Compensated absences	989,499	40,025	-	1,029,524	102,953
Total	$ 30,581,352	$ 5,541,511	$ (1,398,615)	$ 34,724,248	$ 1,321,025
Business-type Activities:					
Net OPEB obligation	$ 277,664	$ 63,907	$ (23,743)	$ 317,828	$ -
Compensated absences	30,187	1,621	-	31,808	3,181
Total	$ 307,851	$ 65,528	$ (23,743)	$ 349,636	$ 3,181

The net OPEB obligation (governmental activities and business-type activities) is liquidated by the general fund. Bonds and notes payable liabilities are liquidated by the septic loan program fund. Compensated absences of governmental activities are liquidated by the general fund and Cape Cod Commission fund.

Compensated absences of business-type activities are liquidated by the dredge enterprise fund.

NOTE 9 – LONG-TERM DEBT

The County issues long-term debt in accordance with Chapter 35 of the MGL. Details related to the outstanding indebtedness at June 30, 2013, and the debt service requirements are as follows:

Bonds and Notes Payable – Governmental Funds

Project	Maturity Date	Interest Rate	Outstanding at June 30, 2012	Issued	Redeemed	Outstanding at June 30, 2013
MWPAT Septic Loan Program	07/15/27	0.00%	$ 2,400,000	$ -	$ (150,000)	$ 2,250,000
MWPAT Septic Loan Program	07/15/29	0.00%	2,415,789	-	(134,211)	2,281,578
MWPAT Septic Loan Program	07/15/30	0.00%	3,420,000	-	(180,000)	3,240,000
MWPAT Septic Loan Program	07/15/30	0.00%	2,850,000	-	(150,000)	2,700,000
MWPAT Septic Loan Program	01/15/33	0.00%	4,000,000	-	-	4,000,000
MWPAT Septic Loan Program	01/15/33	0.00%	3,000,000	-	-	3,000,000
MWPAT Septic Loan Program	01/15/33	0.00%	3,600,000	1,400,000	-	5,000,000
MWPAT Septic Loan Program	08/15/15	0.00%	-	2,000,000	-	2,000,000
Total governmental funds			$ 21,685,789	$ 3,400,000	$ (614,211)	$ 24,471,578

During fiscal year 2013, the County recognized $1,400,000 of MWPAT bond proceeds as part of a $5,000,000 bond issued for the purpose of financing costs of the community septic management loan program. The bond is dated May 22, 2013 and is payable on January 15, 2033. During fiscal year 2013, the County also recognized $2,000,000 of MWPAT note proceeds as part of an additional $5,000,000 interim note issued for the purpose of financing costs of the community septic management loan program. The interim note is dated August 15, 2012 and is payable on August 15, 2015.

The County anticipates receiving permanent financing from MWPAT notes in an aggregate principal amount not to exceed $30,000,000, the proceeds of which the County expects to use to retire any outstanding interim notes. The $30,000,000 MWPAT note authorizations were adopted by Ordinances of the Assembly of Delegates on August 17, 2005 ($10,000,000), March 5, 2008 ($10,000,000) and December 1, 2010 ($10,000,000). The County anticipates funding the debt principal on the permanent MWPAT bonds from payments received on the loans the County is issuing to member Town residents for septic system improvements.

The County receives subsidy assistance from MWPAT. Interest on the outstanding MWPAT notes and bonds is subsidized over the life of the notes to assist the County in the repayment of this future debt. During fiscal year 2013, the County's subsidy totaled approximately $808,000. Future subsidies will total approximately $7,515,000. The amount of MWPAT bonds outstanding at June 30, 2013, totaled $24,471,578.

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

Fiscal Year	Principal
2014	$ 1,214,211
2015	1,214,211
2016	3,214,211
2017	1,214,211
2018	1,214,211
2019	1,214,211
2020	1,214,211
2021	1,214,211
2022	1,214,210
2023	1,214,210
2024	1,214,210
2025	1,214,210
2026	1,214,210
2027	1,214,210
2028	1,214,210
2029	1,064,210
2030	1,064,210
2031	930,000
2032	600,000
2033	600,000
Total	$ 24,471,578

The County is subject to various debt limits by statute. At June 30, 2013, the County had the following authorized and unissued debt:

Purpose	Amount
Various capital projects	$ 7,679,004
MWPAT septic loan program	3,000,000 *
Total	$ 10,679,004

* Of this amount, $1,600,000 was issued by the County subsequent to year-end

NOTE 10 – OTHER POST EMPLOYMENT BENEFITS

Plan Description – The County provides health, dental and life insurance coverage for its retirees and their survivors (hereinafter referred to as the "Plan") as a single-employer defined benefit Other Post Employment Benefit (OPEB) plan. Chapter 32B of the MGL assigns authority to establish and amend benefit provisions. Changes to plan design and contribution rates must be accomplished through the collective bargaining process. The Plan does not issue a stand alone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

The number of participants as of June 30, 2012, the latest actuarial valuation, is as follows:

Active employees	170
Retired employees, beneficiaries and dependents	168
Total	338

Funding Policy - The contribution requirements of Plan members and the County are established and may be amended by the County. The required health and dental insurance (including Medicare Part B) contribution rates of Plan members and the County are 25% and 75%, respectively. The Plan members and County contribute 25% and 75%, respectively, towards a $10,000 term life insurance premium. The County currently contributes enough money to the Plan to satisfy current obligations on a pay-as-you-go basis. The costs of administering the Plan are paid by the County.

Annual OPEB Cost and Net OPEB Obligation - The County's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an actuarially determined amount that is calculated in accordance with the parameters set forth in GASB Statement #45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table identifies the components of the County's annual OPEB cost for the year, the actual amount contributed to the plan, and changes in the County's net OPEB obligation:

	Amount
Annual required contribution (ARC)	$ 2,095,948
Interest on net OPEB obligation	367,552
Adjustment to annual required contribution	(298,107)
Annual OPEB cost	2,165,393
Contributions made	(804,494)
Increase in net OPEB obligation	1,360,899
Net OPEB obligation at beginning of year	8,167,818
Net OPEB obligation at end of year	$ 9,528,717

Trend information regarding annual OPEB cost, the percentage of the annual OPEB cost contributed and the net OPEB obligation is as follows:

Fiscal Year Ending	Annual OPEB Cost (AOPEBC)	Percentage of AOPEBC Contributed	Net OPEB Obligation
June 30, 2011	3,002,608	27.6%	5,873,054
June 30, 2012	3,185,569	28.0%	8,167,818
June 30, 2013	2,165,393	37.2%	9,528,717

Funded Status and Funding Progress – The funded status of the Plan at June 30, 2012, the most recent actuarial valuation, was as follows:

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Projected Unit Credit (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
06/30/12	$ -	$ 30,936,888	$ 30,936,888	-	$ 10,979,737	281.8%

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 schedules of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the substantive Plan (the Plan as understood by the employer and 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 short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The significant methods and assumptions as of the latest actuarial valuation are as follows:

Valuation date:	June 30, 2012
Actuarial cost method:	Entry Age Normal
Amortization method:	Amortization payments increasing at 4.0%
Remaining amortization period:	30 years at July 1, 2012 (open period)
Interest discount rate:	4.5%
Healthcare/Medical cost trend rate:	Health – 8.0% decreasing 0.5% for six years to an ultimate level of 5.0% Dental – 5.0% per year
Inflation rate and salary increases:	4.0%

Allocation of AOPEBC – AOPEBC costs were allocated to the County's functions as follows:

Governmental Activities:	
County commissioners	$ 50,589
Information technology services	74,090
Resource development office	135,692
Assembly of delegates	16,217
Department of finance	70,491
Department of facilities	201,426
Cooperative extension	192,603
Registry of deeds	316,977
County health	313,368
Children's cove	96,425
Human services	38,566
Fire training	51,948
Other	1,382
Cape Cod commission	540,706
Water quality initiatives	1,006
Total AOPEBC - governmental activities	2,101,486
Business-Type Activities:	
Dredge	63,907
Total AOPEBC	$ 2,165,393

NOTE 11 – FUND BALANCES

The constraints on fund balances as listed in the Governmental Funds Balance Sheet are detailed as follows:

	General	Cape Cod Commission	HUD Home Program	Mitigation Fund	Septic Loan Program	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:							
Loans	$ -	$ -	$ 2,817,355	$ -	$ 14,985,506	$ 6,460	$ 17,809,321
Restricted:							
Statutory reserve	297,255	-	-	-	-	-	297,255
Life insurance	380,535	-	-	-	-	-	380,535
Cape Cod Commission	-	2,238,997	-	-	-	-	2,238,997
HUD Home program	-	-	6,500	-	-	-	6,500
Mitigation	-	-	-	2,945,744	-	-	2,945,744
Septic program	-	-	-	-	9,454,536	-	9,454,536
County commissioners	-	-	-	-	-	125	125
Resource development office	-	-	-	-	-	26,857	26,857
Cape light compact	-	-	-	-	-	100,486	100,486
Cooperative extension	-	-	-	-	-	371,078	371,078
Registry of deeds - technology	-	-	-	-	-	306,624	306,624
Registry of deeds - other	-	-	-	-	-	424,862	424,862
County health - septic administration	-	-	-	-	-	1,742,580	1,742,580
County health - other	-	-	-	-	-	465,815	465,815
Human services	-	-	-	-	-	37,336	37,336
Cape Cod commission	-	-	-	-	-	770,483	770,483
Economic development council	-	-	-	-	-	205,545	205,545
Other	-	-	-	-	-	38,702	38,702
Sub-total - Restricted	677,790	2,238,997	6,500	2,945,744	9,454,536	4,490,493	19,814,060
Committed:							
Employee benefits	121,305	-	-	-	-	824,546	945,851
Continuing appropriations	1,800,244	-	-	-	-	-	1,800,244
Sub-total - Committed	1,921,549	-	-	-	-	824,546	2,746,095
Assigned:							
Encumbrances	819,240	-	-	-	-	-	819,240
Unassigned	2,585,069	-	-	-	-	(5,742,503)	(3,157,434)
Total fund balances	$ 6,003,648	$ 2,238,997	$ 2,823,855	$ 2,945,744	$ 24,440,042	$ (421,004)	$ 38,031,282

NOTE 12 – OPERATING LEASES

The County is committed under an operating lease for office facilities used by the Cape Cod Commission and Economic Development Council. Future minimum payments under this operating lease are as follows:

Fiscal Year Ending June 30	Amount
2014	143,406
2015	144,953
2016	144,953
2017	144,953
2018	144,953
2019	60,397
Total minimum lease payments	$ 783,615

Rent expenditures were approximately $141,000 for the fiscal year ended June 30, 2013 and are reported as Cape Cod Commission expenditures.

NOTE 13 – RISK FINANCING

The County 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 County carries commercial insurance.

A. Health Insurance

The County participates in a health insurance risk pool administered by the Cape Cod Municipal Health Group (Group). The Group offers a variety of premium based plans to its members with each participating governmental unit charged a premium for coverage based on rates established by the Group. The amount of claim settlements has not exceeded insurance coverage in the past three fiscal years.

B. Workers' Compensation

The County participates in a premium-based workers' compensation policy for all employees. There is no material outstanding workers' compensation claims payable at June 30, 2013 and, therefore, no liability is reported. The amount of claim settlements has not exceeded insurance coverage in the past three fiscal years.

NOTE 14 – PENSION PLAN

Plan Description – The County 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 of the County are members of the Association.

Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. The Association provides retirement, disability and death benefits to plan members and beneficiaries. Cost-of-living adjustments granted between 1981 and 1997 and any increases 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 authorized by the Barnstable County Retirement Board and are borne by the Association. The Association issues a publicly available report in accordance with guidelines established by the Commonwealth's Public Employee Retirement Administration Commission. The report does not contain disclosures required by GAAP. The report may be obtained by contacting the Association located at 750 Attucks Lane, Hyannis, Massachusetts, 02601.

Funding Policy – Chapter 32 of MGL governs the contributions of plan members and the County. Plan members are required to contribute to the Association at rates ranging from 5% to 11% of annual covered compensation. The County is required to pay into the Association its share of the association-wide actuarial determined contribution that is apportioned among the employers based on annual covered payroll. The County's contributions to the Association for the fiscal years ended June 30, 2013, 2012, and 2011 were $3,172,649, $3,035,921 and $3,099,389, respectively, which equaled its required contribution for each fiscal year.

NOTE 15 – COMMITMENTS

The County is planning to enter into contracts totaling approximately $370,000 for various capital projects.

Other significant commitments include the encumbrances and continuing appropriations outstanding for the general fund and Cape Cod Commission fund, which totaled approximately $2,619,000 and $89,000, respectively, at June 30, 2013.

NOTE 16 – CONTINGENCIES

Various legal actions and claims are pending against the County. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any, at June 30, 2013, cannot be ascertained, management believes any resulting liability should not materially affect the financial position of the County at June 30, 2013.

The County participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of the Single Audit Act Amendments of 1996 through June 30, 2013, these programs are still subject to financial and compliance audits. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the County expects such amounts, if any, to be immaterial.

NOTE 17 - FUTURE IMPLEMENTATION OF GASB PRONOUNCEMENTS

The GASB has issued the following statements:

- Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which is required to be implemented during fiscal year 2014. Management does not believe the implementation of this Statement will significantly impact the basic financial statements.

- Statement No. 66, *Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62*, which is required to be implemented during fiscal year 2014. Management does not believe the implementation of this Statement will impact the basic financial statements.

- Statement No. 67, *Financial Reporting for Pension Plans – an Amendment of GASB Statement No. 25*, which is required to be implemented during fiscal year 2014. Management has determined that the implementation of this Statement will not impact the basic financial statements.

- Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*, which is required to be implemented during fiscal year 2015. The implementation of this Statement will represent a significant change in the accounting and reporting of pension expense and the related liability. For the first time, the County will be required to recognize its long-term obligation for pension benefits as a liability and to more comprehensively measure the annual costs of pension benefits. The implementation of this Statement also expands pension related note disclosures and required supplementary information.

- Statement No. 69, *Government Combinations and Disposals of Government Operations*, which is required to be implemented during fiscal year 2015. Management does not believe the implementation of this Statement will impact the basic financial statements.

- Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, which is required to be implemented during fiscal year 2014. Management does not believe the implementation of this Statement will impact the basic financial statements.

This information is an integral part of the accompanying financial statements.

Required Supplementary Information

COUNTY OF BARNSTABLE, MASSACHUSETTS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
(NON-GAAP BUDGETARY BASIS)
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Prior Year Encumbrances and Continuing Appropriations	Original Budget	Supplemental Appropriations and Transfers	Final Budget
REVENUES				
Town assessments	$ -	$ 2,900,050	$ -	$ 2,900,050
County deeds excise tax	-	7,000,000	-	7,000,000
Registry of deeds	-	3,000,000	-	3,000,000
Court house rental	-	1,600,000	-	1,600,000
Intergovernmental	-	194,242	88,000	282,242
Departmental	-	787,587	45,160	832,747
Investment income	-	166,887	-	166,887
TOTAL REVENUES	-	15,648,766	133,160	15,781,926
EXPENDITURES				
Current:				
County commissioners	28,178	503,075	(19,562)	511,691
Information technology services	39,627	635,395	140,428	815,450
Resource development office	48,489	774,603	(444)	822,648
Cape light compact	38,880	-	(337)	38,543
Assembly of delegates	1,337	304,470	(15,841)	289,966
Department of finance	22,479	579,241	10,900	612,620
Home consortium	5,000	-	-	5,000
Grants to Town's of Barnstable County	185,302	-	-	185,302
Department of facilities	757,761	2,234,144	547,304	3,539,209
Cooperative extension	425,576	1,490,687	(25,341)	1,890,922
Registry of deeds	42,770	2,767,171	(150,714)	2,659,227
Regional services initiatives	31,693	75,000	788	107,481
County health	50,915	1,765,094	24,789	1,840,798
Children's cove	17,724	452,617	42,573	512,914
Human services	154,772	392,477	(35,425)	511,824
Human services grants	6,250	75,000	-	81,250
Fire training	21,605	338,924	51,549	412,078
Public safety	50,000	-	-	50,000
Water quality initiatives	165,574	302,000	(17,899)	449,675
Retirees' benefits	-	1,200,932	38,771	1,239,703
Pension benefits - retired Corrections employees	-	1,009,386	-	1,009,386
Other	851,820	523,550	(100,919)	1,274,451
Debt service:	-			
Principal	-	50,000	-	50,000
Interest	-	175,000	-	175,000
TOTAL EXPENDITURES	2,945,752	15,648,766	490,620	19,085,138
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,945,752)	-	(357,460)	(3,303,212)
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(63,004)	(63,004)
NET CHANGE IN FUND BALANCE	(2,945,752)	-	(420,464)	(3,366,216)
FUND BALANCE AT BEGINNING OF YEAR	4,846,312	4,846,312	4,846,312	4,846,312
FUND BALANCE AT END OF YEAR	$ 1,900,560	$ 4,846,312	$ 4,425,848	$ 1,480,096

See accompanying notes to required supplementary information.

Actual	Current Year Encumbrances and Continuing Appropriations	Actual and Encumbrances and Continuing Appropriations	Variance Positive / (Negative)
$ 2,900,050	$ -	$ 2,900,050	$ -
8,072,364	-	8,072,364	1,072,364
3,044,934	-	3,044,934	44,934
1,626,073	-	1,626,073	26,073
142,263	-	142,263	(139,979)
873,462	-	873,462	40,715
149,997	-	149,997	(16,890)
16,809,143	-	16,809,143	1,027,217
466,497	33,868	500,365	11,326
737,881	76,338	814,219	1,231
754,392	54,156	808,548	14,100
113	38,429	38,542	1
268,117	5,874	273,991	15,975
549,816	22,955	572,771	39,849
-	5,000	5,000	-
-	185,302	185,302	-
2,796,433	452,011	3,248,444	290,765
1,502,507	370,210	1,872,717	18,205
2,501,846	38,348	2,540,194	119,033
11,320	95,263	106,583	898
1,793,538	17,444	1,810,982	29,816
464,150	20,440	484,590	28,324
369,961	114,357	484,318	27,506
81,250	-	81,250	-
393,134	8,511	401,645	10,433
-	50,000	50,000	-
357,539	90,957	448,496	1,179
993,492	229,159	1,222,651	17,052
1,009,386	-	1,009,386	-
537,431	710,862	1,248,293	26,158
	-		
-	-	-	50,000
-	-	-	175,000
15,588,803	2,619,484	18,208,287	876,851
1,220,340	(2,619,484)	(1,399,144)	1,904,068
(63,004)	-	(63,004)	-
1,157,336	(2,619,484)	(1,462,148)	1,904,068
4,846,312	-	4,846,312	-
$ 6,003,648	$ (2,619,484)	$ 3,384,164	$ 1,904,068

COUNTY OF BARNSTABLE, MASSACHUSETTS
CAPE COD COMMISSION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
(NON-GAAP BUDGETARY BASIS)
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Prior Year Encumbrances and Continuing Appropriations	Original Budget	Supplemental Appropriations and Transfers	Final Budget
REVENUES				
Environmental protection taxes	$ -	$ 3,033,414	$ -	$ 3,033,414
Intergovernmental	-	970,442	-	970,442
Departmental	-	115,000	-	115,000
TOTAL REVENUES	-	4,118,856	-	4,118,856
EXPENDITURES				
Current:				
Cape Cod Commission	218,457	4,858,093	(99,769)	4,976,781
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(218,457)	(739,237)	99,769	(857,925)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	250,000	-	250,000
NET CHANGE IN FUND BALANCE	(218,457)	(489,237)	99,769	(607,925)
FUND BALANCE AT BEGINNING OF YEAR	1,878,215	1,878,215	1,878,215	1,878,215
FUND BALANCE AT END OF YEAR	$ 1,659,758	$ 1,388,978	$ 1,977,984	$ 1,270,290

See accompanying notes to required supplementary information.

Actual	Current Year Encumbrances and Continuing Appropriations	Actual and Encumbrances and Continuing Appropriations	Variance Positive / (Negative)
$ 3,033,414	$ -	$ 3,033,414	$ -
981,552	-	981,552	11,110
185,397	-	185,397	70,397
4,200,363	-	4,200,363	81,507
5,158,965	89,478	5,248,443	(271,662)
(958,602)	(89,478)	(1,048,080)	(190,155)
302,374	-	302,374	52,374
(656,228)	(89,478)	(745,706)	(137,781)
1,878,215	-	1,878,215	-
$ 1,221,987	$ (89,478)	$ 1,132,509	$ (137,781)

PENSION PLAN SCHEDULES

The following schedules provide information related to the Association as a whole, for which the County is one participating employer:

SCHEDULES OF FUNDING PROGRESS (ASSOCIATION)

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued 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)
01/01/12	$ 651,063,981	$ 1,173,483,848	$ 522,419,867	55.5%	$ 239,437,303	218.2%
01/01/10	554,876,554	1,030,210,321	475,333,767	53.9%	234,374,075	202.8%
01/01/09	520,089,855	966,564,614	446,474,759	53.8%	249,971,296	178.6%
01/01/07	517,396,087	825,863,068	308,466,981	62.6%	226,391,633	136.3%
01/01/06	465,637,984	765,747,723	300,109,739	60.8%	215,474,180	139.3%
01/01/04	378,317,300	647,655,411	269,338,111	58.4%	190,614,004	141.3%

SCHEDULE OF EMPLOYER CONTRIBUTIONS (ASSOCIATION)

Year Ended December 31	Annually Required Contributions (ARC)	Percentage of ARC Contributed (%)
2007	$ 34,360,912	100
2008	36,982,873	100
2009	39,899,322	100
2010	43,893,051	100
2011	43,807,158	100
2012	46,702,087	100

The following schedule provides information related to the County's portion of the Association's ARC:

COUNTY SHARE OF ASSOCIATION ARC

Fiscal Year Ended June 30	ARC	Percentage of ARC Contributed (%)	County ARC as a Percentage of Association ARC (%)
2008	$ 4,411,987	100	12.8%
2009	4,565,114	100	12.3%
2010	4,789,706	100	12.0%
2011	3,099,389	100	7.1%
2012	3,035,921	100	6.9%
2013	3,172,649	100	6.8%

OTHER POST EMPLOYMENT BENEFITS SCHEDULE

The following schedules provide information related to the County's other post-employment benefits plan:

SCHEDULES OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Projected Unit Credit (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
06/30/08	$ -	$ 79,006,316	$ 79,006,316	-	$ 29,923,513	264.0%
06/30/10	-	34,443,031	34,443,031	-	10,774,494	319.7%
06/30/12	-	30,936,888	30,936,888	-	10,979,737	281.8%

The significant change to the methods and assumptions used in the actuarial valuations identified above that impacted trends in the schedules of funding progress is the 06/30/10 valuation's reflection of the transfer of the County Sheriff's department to the Commonwealth of Massachusetts

NOTE A - BUDGETARY – GAAP RECONCILIATION

For budgetary financial reporting purposes, the Uniform Massachusetts 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 and Cape Cod Commission fund for the fiscal year ended June 30, 2013, is presented below:

General fund

	Expenditures	Fund Balance
Budgetary basis as reported on the schedule of revenues, expenditures and changes in fund balance - budget and actual	$ 18,208,287	$ 3,384,164
Adjustments		
To record encumbrances and continuing appropriations	(2,619,484)	2,619,484
GAAP basis as reported on the statement of revenues, expenditures and changes in fund balances	$ 15,588,803	$ 6,003,648

Cape Cod Commission fund

	Revenues	Expenditures	Fund Balance
Budgetary basis as reported on the schedule of revenues, expenditures and changes in fund balance - budget and actual	$ 4,200,363	$ 5,248,443	1,132,509
Adjustments			
License plate grant revenues recorded in the nonmajor governmental funds for GAAP purposes	(290,000)	-	(290,000)
Direct salaries and direct costs of grant funds recorded in the nonmajor governmental funds for GAAP purposes	-	(1,235,402)	1,307,010
To record encumbrances and continuing appropriations	-	(89,478)	89,478
GAAP basis as reported on the statement of revenues, expenditures and changes in fund balances	$ 3,910,363	$ 3,923,563	$ 2,238,997

NOTE B – PENSION PLAN

Additional information as of the latest actuarial valuation is as follows:

Valuation date:	January 1, 2012
Actuarial cost method:	Entry age normal cost
Amortization method:	Increasing payments at 6.00% through fiscal year 2015. Thereafter, payments increase at 4.0%, except for 2010 Early Retirement Incentive, which is a level payment.
Remaining amortization period:	26 years from July 1, 2012, except for 2010 Early Retirement Incentive, which is 10 years
Asset valuation method:	Sum of actuarial value at beginning of year and increase in cost value during the year excluding realized appreciation or losses plus 20 percent of market value at end of year in excess of that preliminary value, adjusted to be within 20 percent of their market value

Actuarial assumptions:

Investment rate of return:	7.875%
Projected salary increases:	4.75% - 5.25%
Cost of living adjustments:	3.00% of first $14,000 of retirement income in fiscal year 2013, increasing to $15,000 in fiscal year 2014

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Additional Information

The following Additional Information is a requirement of the Massachusetts Department of Transportation (MDOT). The Combining Schedule of Revenues and Expenditures lists the activity of the grants, agreements and contracts for the County Department of the Cape Cod Commission.

COUNTY OF BARNSTABLE, MASSACHUSETTS
CAPE COD COMMISSION
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	MHD 0056004 0011	MA DOT 73494 0011
REVENUES		
Federal, state and local grants	$ 144,155	$ 475,624
Local assessments	-	-
TOTAL REVENUES	144,155	475,624
EXPENDITURES		
Direct salaries	56,489	186,841
Indirect costs	72,509	239,829
Direct costs	3,742	14,389
TOTAL EXPENDITURES	132,740	441,059
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 11,415	$ 34,565

FTA Contract #72826 0013	FTA Contract #77001 0013	HUD FFY09 20239 / 0014	HUD FFY10 202310 / 0014	HUD FFY11 202311 / 0014	HUD FFY12 202312 / 0014	HUD Program Income 2023
$ 62,257	$ -	$ 25,668	$ 50,166	$ 158,934	$ 99,840	$ 39,776
14,158	6,414	-	-	-	-	-
76,415	6,414	25,668	50,166	158,934	99,840	39,776
26,790	13,955	-	-	-	15,999	-
34,388	17,912	-	-	-	20,536	-
651	-	25,668	50,166	158,934	60,360	36,776
61,829	31,867	25,668	50,166	158,934	96,895	36,776
$ 14,586	$ (25,453)	$ -	$ -	$ -	$ 2,945	$ 3,000

(Continued)

COUNTY OF BARNSTABLE, MASSACHUSETTS
CAPE COD COMMISSION
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Regional Economic Strategy Executive Team 2146	US EDA CEDS 2168
REVENUES		
Federal, state and local grants	$ 290,000	$ 45,612
Local assessments	-	43,545
TOTAL REVENUES	290,000	89,157
EXPENDITURES		
Direct salaries	94,712	36,025
Indirect costs	121,572	46,242
Direct costs	24,297	-
TOTAL EXPENDITURES	240,581	82,267
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 49,419	$ 6,890

RTA Bike Map Update 2175	EO A&F MA GIS 2177	EDC Water Quality Information Office 2179	RTA Transportation Plan 2180	DEP Buildout Wastewater 2182	DHCD District Local Technical Assistance 2184	Community Innovative Challenge 2193
$ -	$ 7,584	$ -	$ 81,448	$ 93,721	$ -	$ 225,000
-	5	-	2,707	-	14,244	15,480
-	7,589	-	84,155	93,721	14,244	240,480
1,089	1,710	-	32,267	-	2,825	6,779
1,398	2,195	-	41,417	-	3,627	8,701
-	-	18,116	-	-	147,729	475,512
2,487	3,905	18,116	73,684	-	154,181	490,992
$ (2,487)	$ 3,684	$ (18,116)	$ 10,471	$ 93,721	$ (139,937)	$ (250,512)

(Continued)

COUNTY OF BARNSTABLE, MASSACHUSETTS
CAPE COD COMMISSION
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Chatham Route 28 2200	DOD JLUS 2201
REVENUES		
Federal, state and local grants	$ 10,000	$ 61,584
Local assessments	65,912	11,763
TOTAL REVENUES	75,912	73,347
EXPENDITURES		
Direct salaries	42,002	39,523
Indirect costs	53,914	50,732
Direct costs	-	5,617
TOTAL EXPENDITURES	95,916	95,872
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ (20,004)	$ (22,525)

DEP Smart Map 2202	Barnstable Iyanough Road 2206	DHCD District Local Tech Assistance 2208	DEP 208 Plan Update 2209	Mitigation 8023	Affordable Housing 8061	Ready Renters 8083	Total
$ 197,505	$ -	$ 155,837	$ -	$ 4,135	$ 1,000	$ 5,750	$ 2,235,596
259	2,353	3,044	95	-	-	-	179,979
197,764	2,353	158,881	95	4,135	1,000	5,750	2,415,575
71,880	5,451	1,333	25,739	-	174	2,069	663,652
92,265	6,997	1,711	33,039	-	223	2,655	851,862
136,108	-	7,078	54,388	372,342	-	2,981	1,594,854
300,253	12,448	10,122	113,166	372,342	397	7,705	3,110,368
$ (102,489)	$ (10,095)	$ 148,759	$ (113,071)	$ (368,207)	$ 603	$ (1,955)	$ (694,793)

(Concluded)