

COUNTY OF BARNSTABLE, MASSACHUSETTS

**BASIC FINANCIAL STATEMENTS AND
REQUIRED SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2014

**COUNTY OF BARNSTABLE, MASSACHUSETTS
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YEAR ENDED JUNE 30, 2014**

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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, 2014, 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, 2014, 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 12) and budgetary comparison and certain pension and other postemployment benefits information (located on pages 52 through 59) 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 19, 2015 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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Boston, Massachusetts
March 19, 2015

**COUNTY OF BARNSTABLE, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014**

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, 2014.

Financial Highlights

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$10,491,062 (net position)
- The County's total net position decreased by \$869,770
- At the end of the fiscal year, unassigned fund balance for the general fund totaled \$2,180,097, or 13.5% of total general fund expenditures and transfers out
- The County's total bonded debt increased by \$1,585,789 during the fiscal year; \$2,800,000 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.

**COUNTY OF BARNSTABLE, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014**

The government-wide financial statements can be found on pages 13-15 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 368 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 363 governmental funds are combined into a single, aggregated presentation titled *nonmajor governmental funds*.

The basic governmental fund financial statements can be found on pages 16-21 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 22-24 of this report.

**COUNTY OF BARNSTABLE, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014**

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 25 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 26-51 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 52-59 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 62-67.

**COUNTY OF BARNSTABLE, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014**

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 \$10,491,062 at the close of the fiscal year and are summarized as follows:

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	2014	2013	2014	2013	2014	2013
Assets						
Current assets.....	\$ 25,780,604	\$ 24,434,432	\$ 1,673,986	\$ 1,584,131	\$ 27,454,590	\$ 26,018,563
Noncurrent assets (excluding capital assets).....	17,557,822	16,997,056	-	-	17,557,822	16,997,056
Capital assets (net).....	<u>7,133,272</u>	<u>6,474,956</u>	<u>392,912</u>	<u>362,335</u>	<u>7,526,184</u>	<u>6,837,291</u>
Total assets.....	<u>50,471,698</u>	<u>47,906,444</u>	<u>2,066,898</u>	<u>1,946,466</u>	<u>52,538,596</u>	<u>49,852,910</u>
Liabilities						
Current liabilities (excluding debt).....	3,970,890	3,507,020	34,504	21,169	4,005,394	3,528,189
Noncurrent liabilities (excluding debt).....	11,588,617	10,145,856	396,156	346,455	11,984,773	10,492,311
Current debt.....	1,214,211	1,214,211	-	-	1,214,211	1,214,211
Noncurrent debt.....	<u>24,843,156</u>	<u>23,257,367</u>	<u>-</u>	<u>-</u>	<u>24,843,156</u>	<u>23,257,367</u>
Total liabilities.....	<u>41,616,874</u>	<u>38,124,454</u>	<u>430,660</u>	<u>367,624</u>	<u>42,047,534</u>	<u>38,492,078</u>
Net Assets						
Net investment in capital assets.....	7,124,876	6,462,699	392,912	362,335	7,517,788	6,825,034
Restricted.....	14,507,228	13,183,345	-	-	14,507,228	13,183,345
Unrestricted.....	<u>(12,777,280)</u>	<u>(9,864,054)</u>	<u>1,243,326</u>	<u>1,216,507</u>	<u>(11,533,954)</u>	<u>(8,647,547)</u>
Total net assets.....	<u>\$ 8,854,824</u>	<u>\$ 9,781,990</u>	<u>\$ 1,636,238</u>	<u>\$ 1,578,842</u>	<u>\$ 10,491,062</u>	<u>\$ 11,360,832</u>

A portion of the County's net position (\$7,517,788) 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 (\$14,507,228) represents resources that are subject to external restrictions on how they may be used.

Unrestricted net position in the business-type activities of \$1,243,326 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.

**COUNTY OF BARNSTABLE, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014**

Changes in Net Position

For the fiscal year ended June 30, 2014, the County's total net position decreased by \$869,770, compared to a decrease of \$345,231 in the prior fiscal year. These amounts are summarized as follows:

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	2014	2013	2014	2013	2014	2013
Revenues						
<i>Program Revenues:</i>						
Charges for services.....	\$ 9,937,424	\$ 10,627,890	\$ 984,434	\$ 642,013	\$ 10,921,858	\$ 11,269,903
Operating grants and contributions.....	7,735,378	5,309,200	2,428	2,669	7,737,806	5,311,869
Capital grants and contributions.....	-	500	40,000	-	40,000	500
<i>General Revenues:</i>						
Town assessments.....	2,972,551	2,900,050	-	-	2,972,551	2,900,050
County deeds excise tax.....	7,947,890	8,072,364	-	-	7,947,890	8,072,364
Unrestricted investment income.....	13,230	31,799	-	-	13,230	31,799
Gain (loss) on sale of capital assets.....	(1,400)	(20,353)	-	-	(1,400)	(20,353)
Total revenues.....	28,605,073	26,921,450	1,026,862	644,682	29,631,935	27,566,132
Expenses						
County commissioners.....	461,957	494,076	-	-	461,957	494,076
Information technology services.....	1,375,404	1,249,240	-	-	1,375,404	1,249,240
Resource development office.....	1,590,461	1,481,506	-	-	1,590,461	1,481,506
Cape light compact.....	26,228	100,266	-	-	26,228	100,266
Assembly of delegates.....	317,881	280,826	-	-	317,881	280,826
Department of finance.....	684,947	629,279	-	-	684,947	629,279
Department of facilities.....	2,956,585	3,304,790	-	-	2,956,585	3,304,790
Cooperative extension.....	2,350,418	2,062,958	-	-	2,350,418	2,062,958
Registry of deeds.....	2,811,470	2,851,907	-	-	2,811,470	2,851,907
Regional services initiatives.....	349,069	11,320	-	-	349,069	11,320
County health.....	3,431,340	2,412,191	-	-	3,431,340	2,412,191
Children's cove.....	617,174	782,443	-	-	617,174	782,443
Human services.....	716,808	519,044	-	-	716,808	519,044
Human services grants.....	75,000	81,250	-	-	75,000	81,250
Fire training.....	476,438	431,291	-	-	476,438	431,291
Economic development council.....	337,754	415,804	-	-	337,754	415,804
Water quality initiatives.....	180,629	358,171	-	-	180,629	358,171
Retiree's benefits.....	1,001,422	994,872	-	-	1,001,422	994,872
Pension benefits - Corrections.....	1,023,457	1,009,386	-	-	1,023,457	1,009,386
Other.....	481,007	672,873	-	-	481,007	672,873
Cape cod Commission	7,203,477	6,201,907	-	-	7,203,477	6,201,907
Debt service - interest.....	884,257	807,754	-	-	884,257	807,754
Dredge.....	-	-	969,466	758,209	969,466	758,209
Total expenses.....	29,532,239	27,153,154	969,466	758,209	30,501,705	27,911,363
Change in net assets.....	(927,166)	(231,704)	57,396	(113,527)	(869,770)	(345,231)
Net assets - beginning of year.....	9,781,990	10,013,694	1,578,842	1,692,369	11,360,832	11,706,063
Net assets - end of year.....	\$ 8,854,824	\$ 9,781,990	\$ 1,636,238	\$ 1,578,842	\$ 10,491,062	\$ 11,360,832

Governmental activities decreased the County's net position by \$927,166. In the prior year, governmental activities decreased the County's net position by \$231,704. The key element of this change is the impact on net position from general fund operations, primarily related to a decrease in Registry of Deeds revenues, which fluctuate annually based on the housing market and other economic factors.

Business-type activities increased the County's net position by \$57,396. In the prior year, business-type activities decreased the County's net position by \$113,527. The key element of this change is an increase in the number of dredging projects performed during fiscal year 2014.

**COUNTY OF BARNSTABLE, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014**

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 \$39,476,320, an increase of \$1,445,038 in comparison with the prior year. Approximately \$4,831,000 represents negative unassigned fund balance. The remainder of fund balance includes the following constraints:

- Restricted (\$40,546,110)
- Committed (\$2,846,042)
- Assigned (\$914,769)

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 \$2,180,097, while total fund balance was \$5,793,281. 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 13.5% of total general fund expenditures and transfers out, while total fund balance represents 35.8% of that same amount.

The balance of the County's general fund decreased \$210,367 during fiscal year 2014. Although the general fund recognized a budgetary surplus of approximately \$3,018,000 (excluding encumbrances and continuing appropriations), reserves totaling approximately \$3,228,000 were used to fund the fiscal year 2014 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 \$562,690 during fiscal year 2014. The fund recognized \$3,109,249 in environmental protection taxes, \$756,801 in intergovernmental revenues and \$126,692 in departmental revenues. Expenditures of \$3,823,254 were incurred during the fiscal year. The fund received \$393,202 of transfers from other funds, primarily related to overhead reimbursements from grant funds.

The balance of the HUD Home program fund (special revenue) decreased \$26,934 during the current fiscal year. The fund recognized \$674,729 in intergovernmental revenues. Expenditures of \$701,663 were incurred during the fiscal year.

**COUNTY OF BARNSTABLE, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014**

The balance of the mitigation fund (special revenue) decreased \$127,972 during fiscal year 2014. The fund recognized \$99,563 in departmental revenues and \$2,912 in investment income. Expenditures of \$230,447 were incurred during the fiscal year.

The balance of the septic loan program fund (special revenue) increased \$1,598,832 during fiscal year 2014. The fund recognized \$884,257 in intergovernmental revenues and \$772,054 in departmental revenues. Expenditures of \$2,104,343 were incurred during the fiscal year. The fund received \$2,800,000 of proceeds of bonds and notes during the fiscal year. Transfers to the septic loan administration fund totaled \$753,136 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 \$1,243,326. The dredge enterprise fund had an increase in net position for the year of \$57,396. 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 \$17,309,968 was increased by \$640,790 (3.7%) during the fiscal year. The following table summarizes the increase:

<u>Purpose of Increase/(Decrease)</u>	<u>Amount</u>	<u>Funding Source</u>
Flyover mapping	\$ 200,000	Unassigned fund balance
New vehicles	190,500	Unassigned fund balance
Wastewater monitoring program	100,000	Unassigned fund balance
Fertilization management	88,000	Unassigned fund balance
CCLEC training program	35,000	Unassigned fund balance
Substance Abuse Coordination	25,000	Unassigned fund balance
Various transfers to other funds	25,000	Unassigned fund balance
SHINE program	21,000	Unassigned fund balance
Legal services	6,354	Unassigned fund balance
Fire training	19,500	Departmental revenues
Maintenance/repairs of vehicles/equipment	6,000	Unassigned fund balance
Household hazardous waste supplies	6,000	Unassigned fund balance
Copier rental - Cooperative Extension	5,000	Unassigned fund balance
Closed purchase orders	<u>(86,564)</u>	Assigned fund balance
 Total net increase	 <u>\$ 640,790</u>	

During the year, general fund revenues and expenditures and encumbrances and continuing appropriations were less than budgetary estimates, resulting in a positive budget to actual variance of \$273,204.

**COUNTY OF BARNSTABLE, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014**

Cape Cod Commission Fund Budgetary Highlights

The original Cape Cod Commission budget of \$5,046,321 was decreased by \$23,528 (0.5%) during the fiscal year for closed encumbrances. During the year, revenues and other financing sources were greater than budgetary estimates, while expenditures and encumbrances and continuing appropriations were less than budgetary estimates, resulting in a positive budget to actual variance of \$1,025,642.

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 \$7,526,184 (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 10.1%.

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

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	2014	2013	2014	2013	2014	2013
Land.....	\$ 697,995	\$ 697,995	\$ -	\$ -	\$ 697,995	\$ 697,995
Construction in progress.....	54,985	2,804,330	-	-	54,985	2,804,330
Land improvements.....	491,039	467,573	-	-	491,039	467,573
Buildings.....	697,335	742,175	-	-	697,335	742,175
Buildings improvements.....	3,821,416	712,883	-	-	3,821,416	712,883
Machinery and equipment.....	1,012,690	802,517	267,658	248,916	1,280,348	1,051,433
Vehicles.....	245,821	113,800	125,254	113,419	371,075	227,219
Intangible assets.....	111,991	133,683	-	-	111,991	133,683
Total capital assets.....	\$ 7,133,272	\$ 6,474,956	\$ 392,912	\$ 362,335	\$ 7,526,184	\$ 6,837,291

Additional information on the County's capital assets can be found in Note 5 on pages 39-40 of this report.

Long-Term Debt

At the end of the current fiscal year, total bonded debt outstanding was \$26,057,367 of MWPAT notes and bonds (including interim notes), an increase of \$1,585,789 (6.5%), with new debt issuances totaling \$2,800,000. Additional information on the County's long-term debt can be found in Note 9 on pages 42-44 of this report.

Economic Factors and Next Year's Budgets and Rates

Barnstable County revenues for fiscal year 2015 will 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 2014 excise revenues decreased 1.5% from fiscal year 2013. 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.

**COUNTY OF BARNSTABLE, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Other significant revenue sources that are expected to remain stable during fiscal year 2015 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 7.8%.

The Septic Betterment Program administered by the Health and Environment Department is expected to continue to grow in popularity. The County has borrowed funds through the Massachusetts Clean Water 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 2015, the County anticipates making homeowner and commercial loans with a total value of approximately \$3,500,000 and \$250,000, respectively.

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.

COUNTY OF BARNSTABLE, MASSACHUSETTS
STATEMENT OF NET POSITION
JUNE 30, 2014

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 3,564,023	\$ 1,495,616	\$ 5,059,639
Restricted Cash and Cash Equivalents	19,138,164	-	19,138,164
Receivable, Net of Allowance for Uncollectible:			
User Charges	-	178,370	178,370
Department and Other	294,555	-	294,555
Intergovernmental	1,424,019	-	1,424,019
Loans	1,359,843	-	1,359,843
Total Current Assets	<u>25,780,604</u>	<u>1,673,986</u>	<u>27,454,590</u>
Noncurrent Assets:			
Restricted Investments	503,237	-	503,237
Receivable, Net of Allowance for Uncollectible:			
Loans	17,054,585	-	17,054,585
Capital Assets not being Depreciated	752,980	-	752,980
Capital Assets, Net of Accumulated Depreciation	6,380,292	392,912	6,773,204
Total Noncurrent Assets	<u>24,691,094</u>	<u>392,912</u>	<u>25,084,006</u>
Total Assets	<u>50,471,698</u>	<u>2,066,898</u>	<u>52,538,596</u>
LIABILITIES			
Current Liabilities:			
Warrants Payable	485,540	16,085	501,625
Accrued Payroll	477,033	12,446	489,479
Other Liabilities	2,354,982	2,236	2,357,218
Liabilities Due Depositors	544,551	-	544,551
Capital Lease Obligations	4,082	-	4,082
Compensated Absences	104,702	3,737	108,439
Long-Term Bonds and Notes Payable	1,214,211	-	1,214,211
Total Current Liabilities	<u>5,185,101</u>	<u>34,504</u>	<u>5,219,605</u>
Noncurrent Liabilities:			
Capital Lease Obligations	4,314	-	4,314
Compensated Absences	942,322	33,632	975,954
Net OPEB Obligation	10,641,981	362,524	11,004,505
Long-Term Bonds and Notes Payable	24,843,156	-	24,843,156
Total Noncurrent Liabilities	<u>36,431,773</u>	<u>396,156</u>	<u>36,827,929</u>
Total Liabilities	<u>41,616,874</u>	<u>430,660</u>	<u>42,047,534</u>
NET POSITION			
Net Investment in Capital Assets	7,124,876	392,912	7,517,788
Restricted for:			
Statutory Reserve	297,255	-	297,255
Life Insurance	450,213	-	450,213
Cape Cod Commission	2,801,687	-	2,801,687
HUD Home Program	2,796,921	-	2,796,921
Mitigation	2,817,772	-	2,817,772
Other Specific Purposes	5,343,380	-	5,343,380
Unrestricted	(12,777,280)	1,243,326	(11,533,954)
Total Net Position	<u>\$ 8,854,824</u>	<u>\$ 1,636,238</u>	<u>\$ 10,491,062</u>

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, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense)/ Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental Activities:					
County Commissioners	\$ 461,957	\$ 5,500	\$ -	\$ -	\$ (456,457)
Information Technology Services	1,375,404	98,152	-	-	(1,277,252)
Resource Development Office	1,590,461	188,160	522,355	-	(879,946)
Cape Light Compact	26,228	-	54,626	-	28,398
Grants to Towns of Barnstable County	179,056	-	-	-	(179,056)
Assembly of Delegates	317,881	-	-	-	(317,881)
Department of Finance	684,947	66,887	80,204	-	(537,856)
Department of Facilities	2,956,585	1,440,644	19,359	-	(1,496,582)
Cooperative Extension	2,350,418	147,609	429,680	-	(1,773,129)
Registry of Deeds	2,811,470	2,413,492	551	-	(397,427)
Regional Services Initiatives	349,069	-	-	-	(349,069)
County Health	3,431,340	1,798,220	676,993	-	(956,127)
Children's Cove	617,174	3,037	205,650	-	(408,487)
Human Services	716,808	8,694	319,092	-	(389,022)
Human Services Grant	75,000	-	-	-	(75,000)
Fire Training	476,438	229,569	-	-	(246,869)
Economic Development Council	337,754	-	368,493	-	30,739
Water Quality Initiative	180,629	-	-	-	(180,629)
Retiree's Benefits	1,001,422	-	-	-	(1,001,422)
Pension Benefits - Corrections	1,023,457	-	-	-	(1,023,457)
Other	481,007	227,769	44,273	-	(208,965)
Cape Cod Commission	7,203,477	3,271,691	4,167,845	-	236,059
Debt Services - Interest	884,257	-	884,257	-	-
Total Governmental Activities	<u>29,532,239</u>	<u>9,899,424</u>	<u>7,773,378</u>	<u>-</u>	<u>(11,859,437)</u>
Business Type Activities:					
Dredge	<u>969,466</u>	<u>984,434</u>	<u>2,428</u>	<u>40,000</u>	<u>57,396</u>
Total Primary Government	<u>\$ 30,501,705</u>	<u>\$ 10,883,858</u>	<u>\$ 7,775,806</u>	<u>\$ 40,000</u>	<u>\$ (11,802,041)</u>

COUNTY OF BARNSTABLE, MASSACHUSETTS
STATEMENT OF ACTIVITIES (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Changes in Net Position:			
Net Expense (Revenue) (from Previous Page)	\$ (11,859,437)	\$ 57,396	\$ (11,802,041)
General Revenues:			
Town Assessments	2,972,551	-	2,972,551
County Deeds Excise Tax	7,947,890	-	7,947,890
Unrestricted Investment Income	13,230	-	13,230
Gain (Loss) on Disposal of Capital Assets	(1,400)	-	(1,400)
Total General Revenues	<u>10,932,271</u>	<u>-</u>	<u>10,932,271</u>
CHANGE IN NET POSITION	(927,166)	57,396	(869,770)
Net Position - Beginning of Year	<u>9,781,990</u>	<u>1,578,842</u>	<u>11,360,832</u>
NET POSITION - END OF YEAR	<u>\$ 8,854,824</u>	<u>\$ 1,636,238</u>	<u>\$ 10,491,062</u>

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

COUNTY OF BARNSTABLE, MASSACHUSETTS
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2014

ASSETS	General	Cape Cod Commission	HUD Home Program
Cash and Cash Equivalents	\$ 3,564,023	\$ -	\$ -
Receivables, Net of Allowance for Uncollectible Amounts:			
Departmental and Other	273,328	-	-
Intergovernmental	294,969	131,599	-
Loans	-	-	2,796,921
Due from Other Funds	1,734,675	-	-
Restricted Assets:			
Cash and Cash Equivalents	2,052,814	3,422,864	3,622
Investments	503,237	-	-
Total Assets	\$ 8,423,046	\$ 3,554,463	\$ 2,800,543
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Warrants Payable	\$ 153,453	\$ 39,242	\$ 3,622
Accrued Payroll	323,376	96,678	-
Other Liabilities	2,152,936	72,305	-
Liabilities Due Depositors	-	544,551	-
Due to Other Funds	-	-	-
Total Liabilities	2,629,765	752,776	3,622
FUND BALANCES			
Restricted	747,468	2,801,687	2,796,921
Committed	1,950,947	-	-
Assigned	914,769	-	-
Unassigned	2,180,097	-	-
Total Fund Balances	5,793,281	2,801,687	2,796,921
Total Liabilities and Fund Balances	\$ 8,423,046	\$ 3,554,463	\$ 2,800,543

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

Mitigation Fund	Septic Loan Program	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 3,564,023
-	-	21,227	294,555
-	-	997,451	1,424,019
-	15,468,578	148,929	18,414,428
-	-	-	1,734,675
2,818,606	10,840,258	-	19,138,164
-	-	-	503,237
<u>\$ 2,818,606</u>	<u>\$ 26,308,836</u>	<u>\$ 1,167,607</u>	<u>\$ 45,073,101</u>
\$ 834	\$ 147,498	\$ 140,891	\$ 485,540
-	-	56,979	477,033
-	122,464	7,277	2,354,982
-	-	-	544,551
-	-	1,734,675	1,734,675
<u>834</u>	<u>269,962</u>	<u>1,939,822</u>	<u>5,596,781</u>
2,817,772	26,038,874	5,343,388	40,546,110
-	-	895,095	2,846,042
-	-	-	914,769
-	-	(7,010,698)	(4,830,601)
<u>2,817,772</u>	<u>26,038,874</u>	<u>(772,215)</u>	<u>39,476,320</u>
<u>\$ 2,818,606</u>	<u>\$ 26,308,836</u>	<u>\$ 1,167,607</u>	<u>\$ 45,073,101</u>

COUNTY OF BARNSTABLE, MASSACHUSETTS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	General	Cape Cod Commission	HUD Home Program
REVENUES			
Town Assessment	\$ 2,972,551	\$ -	\$ -
County Deeds Excise Tax	7,947,890	-	-
Registry of Deeds	2,413,492	-	-
Court House Rental	1,392,568	-	-
Environment Protection Taxes	-	3,109,249	-
Intergovernmental	161,254	756,801	674,729
Departmental	979,816	126,692	-
Investment Income	91,434	-	-
Total Revenues	<u>15,959,005</u>	<u>3,992,742</u>	<u>674,729</u>
EXPENDITURES			
Current:			
County Commissioners	449,138	-	-
Information Technology Services	873,115	-	-
Resource Development Office	805,144	-	-
Cape Light Compact	-	-	-
Grants to Towns of Barnstable County	179,056	-	-
Assembly of Delegates	305,810	-	-
Department of Finance	606,074	-	-
Department of Facilities	2,480,833	-	-
Cooperative Extension	1,673,405	-	-
Registry of Deeds	2,467,722	-	-
Regional Services Initiatives	337,512	-	-
County Health	1,948,814	-	-
Children's Cove	355,019	-	-
Human Services	498,772	-	-
Human Services Grant	75,000	-	-
Fire Training	429,788	-	-
Cape Cod Commission	-	3,823,254	701,663
Economic Development Council	-	-	-
Water Quality Initiatives	180,629	-	-
Retirees' Benefits	994,548	-	-
Pension Benefits - Retired Corrections Employees	1,023,457	-	-
Other	461,786	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
Total Expenditures	<u>16,145,622</u>	<u>3,823,254</u>	<u>701,663</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(186,617)</u>	<u>169,488</u>	<u>(26,934)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	12,792	393,202	-
Proceeds of Bonds and Notes	-	-	-
Transfers Out	(36,542)	-	-
Total Other Financing Sources (Uses)	<u>(23,750)</u>	<u>393,202</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(210,367)	562,690	(26,934)
Fund Balances - Beginning of Year	<u>6,003,648</u>	<u>2,238,997</u>	<u>2,823,855</u>
FUND BALANCES AT END OF YEAR	<u>\$ 5,793,281</u>	<u>\$ 2,801,687</u>	<u>\$ 2,796,921</u>

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

Mitigation Fund	Septic Loan Program	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 2,972,551
-	-	-	7,947,890
-	-	-	2,413,492
-	-	-	1,392,568
-	-	-	3,109,249
-	884,257	4,993,387	7,470,428
99,563	772,054	1,222,397	3,200,522
2,912	-	551	94,897
<u>102,475</u>	<u>1,656,311</u>	<u>6,216,335</u>	<u>28,601,597</u>
-	-	-	449,138
-	-	795,340	1,668,455
-	-	720,855	1,525,999
-	-	44,818	44,818
-	-	-	179,056
-	-	-	305,810
-	-	6,850	612,924
-	-	363,986	2,844,819
-	-	552,346	2,225,751
-	-	61,967	2,529,689
-	-	-	337,512
-	5,875	1,577,580	3,532,269
-	-	204,461	559,480
-	-	181,368	680,140
-	-	-	75,000
-	-	-	429,788
230,447	-	2,079,567	6,834,931
-	-	337,754	337,754
-	-	-	180,629
-	-	6,874	1,001,422
-	-	-	1,023,457
-	-	17,464	479,250
-	1,214,211	-	1,214,211
-	884,257	-	884,257
<u>230,447</u>	<u>2,104,343</u>	<u>6,951,230</u>	<u>29,956,559</u>
<u>(127,972)</u>	<u>(448,032)</u>	<u>(734,895)</u>	<u>(1,354,962)</u>
-	-	783,325	1,189,319
-	2,800,000	-	2,800,000
-	(753,136)	(399,641)	(1,189,319)
-	2,046,864	383,684	2,800,000
(127,972)	1,598,832	(351,211)	1,445,038
<u>2,945,744</u>	<u>24,440,042</u>	<u>(421,004)</u>	<u>38,031,282</u>
<u>\$ 2,817,772</u>	<u>\$ 26,038,874</u>	<u>\$ (772,215)</u>	<u>\$ 39,476,320</u>

COUNTY OF BARNSTABLE, MASSACHUSETTS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TOTAL FUND BALANCES TO THE STATEMENT OF NET POSITION
JUNE 30, 2014

Total Governmental Fund Balances (Page 17)	\$ 39,476,320
Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	7,133,272
Long-term liabilities are not due and payable in the current period, and therefore, reported in the governmental funds.	
Bonds and Notes Payable	(26,057,367)
Capital Lease Obligations	(8,396)
Compensated Absences	(1,047,024)
Net OPEB Obligation	<u>(10,641,981)</u>
Net Position of Governmental Activities (Page 13)	<u>\$ 8,854,824</u>

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, 2014

Net Change in Fund Balances - Total Governmental Funds (Page 19) \$ 1,445,038

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.....	1,188,448
Depreciation.....	(528,732)

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..... (1,400)

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.....	(2,800,000)
Bond maturities.....	1,214,211
Capital lease maturities.....	3,861

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.....	(17,500)
Net OPEB obligation.....	<u>(1,431,092)</u>

Changes in Net Position of Governmental Activities (Page 15) \$ (927,166)

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

COUNTY OF BARNSTABLE, MASSACHUSETTS
 PROPRIETARY FUND
 STATEMENT OF FUND NET POSITION
 JUNE 30, 2014

	Business- Type Activities - Enterprise Fund
	Dredge
ASSETS	
Current assets:	
Cash and Cash Equivalents	\$ 1,495,616
Receivables, Net of Allowance for Uncollectible Amounts:	
User Charges	178,370
Total Current Assets	1,673,986
Noncurrent Assets:	
Capital Assets, Net of Accumulated Depreciation	392,912
Total Assets	2,066,898
LIABILITIES	
Current Liabilities:	
Warrants Payable	16,085
Accrued Payroll	12,446
Other Liabilities	2,236
Compensated Absences	3,737
Total Current Liabilities	34,504
Noncurrent Liabilities:	
Compensated Absences	33,632
Net OPEB Obligation	362,524
Total Noncurrent Liabilities	396,156
Total Liabilities	430,660
FUND NET POSITION	
Net investment in Capital Assets	392,912
Unrestricted	1,243,326
Total Net Position	\$ 1,636,238

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, 2014

	Business- Type Activities - Enterprise Fund
	Dredge
OPERATING REVENUES	
Charges for Services	\$ 980,733
Other	3,701
Total Operating Revenues	984,434
OPERATING EXPENSES	
Cost of Service and Administration	855,075
Depreciation	114,391
Total Operating Expenses	969,466
OPERATING INCOME	14,968
NONOPERATING REVENUES (EXPENSES)	
Investment Income	2,428
INCOME BEFORE CAPITAL CONTRIBUTIONS	17,396
Capital Contributions	40,000
CHANGE IN FUND NET POSITION	57,396
FUND NET POSITION AT BEGINNING OF YEAR	1,578,842
FUND NET POSITION AT END OF YEAR	\$ 1,636,238

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, 2014

	Business- Type Activities - Enterprise Fund
	Dredge
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers and Users	\$ 906,233
Payments to Vendors	(496,383)
Payments to Employees	(295,656)
Net Cash Provided by Operating Activities	114,194
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and Construction of Capital Assets	(104,968)
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment Income	2,428
NET CHANGE IN CASH AND CASH EQUIVALENTS	11,654
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,483,962
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 1,495,616
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES	
Operating Income (Loss)	\$ 14,968
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:	
Adjustments not Requiring Current Cash Flows:	
Depreciation	114,391
Effect of Changes in Operating Assets and Liabilities:	
User Charges	(78,201)
Warrants Payable	13,248
Accrued Payroll	(682)
Other Liabilities	213
Compensated Absences	5,561
Net OPEB Obligation	44,696
Total Adjustments	99,226
NET CASH FROM OPERATING ACTIVITIES	\$ 114,194
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES	
Capital Contribution	\$ 40,000

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

COUNTY OF BARNSTABLE, MASSACHUSETTS
FIDUCIARY FUND
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2014

	<u>Agency Funds</u>
ASSETS	
Cash and Cash Equivalents	\$ 7,532,007
Receivables, Net of Allowance for Uncollectible Amounts:	
Departmental and Other	<u>3,140,014</u>
Total Assets	<u><u>10,672,021</u></u>
LIABILITIES	
Warrants Payable	2,410,925
Accrued Payroll	53,508
Other Liabilities	7,589
Liabilities Due Depositors	<u>8,199,999</u>
Total Liabilities	<u><u>\$ 10,672,021</u></u>

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

**COUNTY OF BARNSTABLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014**

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, 2014, the County implemented the following pronouncements issued by the GASB:

- GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*
- GASB Statement No. 66, *Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62*
- GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*

The implementation of these GASB Statements had no reporting impact for the County.

**COUNTY OF BARNSTABLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

COUNTY OF BARNSTABLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 *general 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.

COUNTY OF BARNSTABLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 *agency 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.

**COUNTY OF BARNSTABLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. 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.

J. 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.

**COUNTY OF BARNSTABLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

K. 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.

L. 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".

**COUNTY OF BARNSTABLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

M. 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.

N. 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.

COUNTY OF BARNSTABLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 County Commissioners, 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 County Commissioners.

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.

O. Long-Term Debt

Government-Wide and Proprietary Fund Financial Statements

Long-term debt is reported as liabilities in the government-wide and proprietary fund statements of net position. Material bond premiums and discounts are 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.

COUNTY OF BARNSTABLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. 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.

Q. Compensated Absences

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

Government-Wide and Proprietary Fund Financial Statements

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.

R. 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.

S. 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.

T. 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.

COUNTY OF BARNSTABLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

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 2014 approved budget for the general fund and Cape Cod Commission fund authorized \$17,309,968 and \$5,046,321, respectively, in appropriations. During fiscal year 2014, there were supplemental appropriations in the general fund totaling \$640,790 and reductions of appropriations in the Cape Cod Commission fund totaling \$23,528.

**COUNTY OF BARNSTABLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

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, 2014, the following temporary fund deficits exist:

Fund	Amount	Funding Source
Wide Area Network Computer System.....	\$ 1,135,396	Long-term debt/available funds
Lab Facility Relocation.....	900,001	Long-term debt/available funds
County Complex capital projects.....	702,197	Long-term debt/available funds
2nd District Court capital projects.....	654,779	Long-term debt/available funds
Telephone System.....	604,567	Long-term debt/available funds
Major Software Systems.....	413,660	Long-term debt/available funds
Superior Court capital projects.....	385,241	Long-term debt/available funds
1st District Court capital projects.....	320,582	Long-term debt/available funds
Lab Emerging Contaminants.....	296,037	Long-term debt/available funds
Deeds Court capital projects.....	285,175	Long-term debt/available funds
Old Jail Renovations.....	277,813	Long-term debt/available funds
Misc capital projects.....	203,331	Long-term debt/available funds
Public Safety Building Renovations.....	199,995	Long-term debt/available funds
Health Lab spectrophotometer capital projects.....	178,496	Long-term debt/available funds
Children's Cove building capital projects.....	164,249	Long-term debt/available funds
Interior Renovations-IT Dept.....	113,127	Long-term debt/available funds
Financial Management Software System.....	72,038	Long-term debt/available funds
Health Lab Information System.....	59,014	Long-term debt/available funds
Health Lab Ion Chromatograph.....	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, 2014, the County's bank balance of \$33,323,234 was not exposed to custodial credit risk.

**COUNTY OF BARNSTABLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Investments Summary

The County's investments at June 30, 2014 are presented below. All investments are presented by investment type, with debt securities presented by maturity.

Investment Type	Fair Value
<u>Other Investments:</u>	
Equity securities.....	\$ 503,237

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 public funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flows demands of the County.

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, 2014, \$503,237 (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, 2014, the County's investment in Prudential Financial, Inc. in the amount of \$503,237 represented 100% of the County's investments.

**COUNTY OF BARNSTABLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 4 ACCOUNTS RECEIVABLE

At June 30, 2014, 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:

<u>Receivable Type</u>	<u>Gross Amount</u>	<u>Allowance for Uncollectibles</u>	<u>Net Amount</u>
<u>Loans:</u>			
Title V septic.....	\$ 15,468,578	\$ -	\$ 15,468,578
HUD home.....	9,807,808	(7,010,887)	2,796,921
Other.....	<u>148,929</u>	<u>-</u>	<u>148,929</u>
Total loans.....	25,425,315	(7,010,887)	18,414,428
<u>Other Receivables:</u>			
Departmental and other.....	3,434,569	-	3,434,569
Intergovernmental.....	<u>1,424,019</u>	<u>-</u>	<u>1,424,019</u>
Total accounts receivable....	<u>\$ 30,283,903</u>	<u>\$ (7,010,887)</u>	<u>\$ 23,273,016</u>

At June 30, 2014, receivables for the dredge enterprise fund consist of the following:

<u>Receivable Type</u>	<u>Gross Amount</u>	<u>Allowance for Uncollectibles</u>	<u>Net Amount</u>
User charges.....	<u>\$ 178,370</u>	<u>\$ -</u>	<u>\$ 178,370</u>

**COUNTY OF BARNSTABLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 5 CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2014 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 697,995	\$ -	\$ -	\$ 697,995
Construction in progress.....	<u>2,804,330</u>	<u>54,985</u>	<u>(2,804,330)</u>	<u>54,985</u>
Total capital assets not being depreciated.....	<u>3,502,325</u>	<u>54,985</u>	<u>(2,804,330)</u>	<u>752,980</u>
<u>Capital assets being depreciated:</u>				
Land improvements.....	643,329	54,315	-	697,644
Buildings.....	6,533,702	-	-	6,533,702
Buildings improvements.....	1,912,633	3,257,716	-	5,170,349
Machinery and equipment.....	2,359,439	423,333	(63,406)	2,719,366
Vehicles.....	499,915	185,429	(14,887)	670,457
Intangible assets.....	<u>319,790</u>	<u>17,000</u>	<u>(14,000)</u>	<u>322,790</u>
Total capital assets being depreciated.....	<u>12,268,808</u>	<u>3,937,793</u>	<u>(92,293)</u>	<u>16,114,308</u>
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(175,756)	(30,849)	-	(206,605)
Buildings.....	(5,791,527)	(44,840)	-	(5,836,367)
Buildings improvements.....	(1,199,750)	(149,183)	-	(1,348,933)
Machinery and equipment.....	(1,556,922)	(213,160)	63,406	(1,706,676)
Vehicles.....	(386,115)	(53,408)	14,887	(424,636)
Intangible assets.....	<u>(186,107)</u>	<u>(37,292)</u>	<u>12,600</u>	<u>(210,799)</u>
Total accumulated depreciation.....	<u>(9,296,177)</u>	<u>(528,732)</u>	<u>90,893</u>	<u>(9,734,016)</u>
Total capital assets being depreciated, net.....	<u>2,972,631</u>	<u>3,409,061</u>	<u>(1,400)</u>	<u>6,380,292</u>
Total governmental activities capital assets, net.....	<u>\$ 6,474,956</u>	<u>\$ 3,464,046</u>	<u>\$ (2,805,730)</u>	<u>\$ 7,133,272</u>

**COUNTY OF BARNSTABLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 5 CAPITAL ASSETS (CONTINUED)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-Type Activities:				
<u>Capital assets being depreciated:</u>				
Machinery and equipment.....	\$ 1,503,322	\$ 112,575	\$ -	\$ 1,615,897
Vehicles.....	197,432	32,393	(24,250)	205,575
Intangible assets.....	12,000	-	-	12,000
	<u>1,712,754</u>	<u>144,968</u>	<u>(24,250)</u>	<u>1,833,472</u>
<u>Less accumulated depreciation for:</u>				
Machinery and equipment.....	(1,254,406)	(93,833)	-	(1,348,239)
Vehicles.....	(84,013)	(20,558)	24,250	(80,321)
Intangible assets.....	(12,000)	-	-	(12,000)
	<u>(1,350,419)</u>	<u>(114,391)</u>	<u>24,250</u>	<u>(1,440,560)</u>
Total business-type activities capital assets, net.....	<u>\$ 362,335</u>	<u>\$ 30,577</u>	<u>\$ -</u>	<u>\$ 392,912</u>

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

Governmental Activities:

Information technology services.....	\$ 106,075
Resource Deveopment Office.....	2,691
Department of finance.....	16,753
Department of facilities.....	94,089
Cooperative extension.....	22,868
Registry of deeds.....	67,315
County health.....	173,040
Children's cove.....	5,538
Fire training.....	15,739
Cape Cod commission.....	<u>24,624</u>

Total depreciation expense - governmental activities.... \$ 528,732

Business-Type Activities:

Dredge.....	<u>\$ 114,391</u>
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NOTE 6 INTERFUND RECEIVABLES, PAYABLE AND TRANSFERS

At June 30, 2014, there is a receivable and payable between the general fund and nonmajor governmental funds, respectively, in the amount of \$1,734,675 for a temporary cash advance.

**COUNTY OF BARNSTABLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 6 INTERFUND RECEIVABLES, PAYABLE AND TRANSFERS (CONTINUED)

Interfund transfers for the fiscal year ended June 30, 2014, are summarized as follows:

Transfers Out:	Transfers In:			Total
	General Fund	Cape Cod Commission Fund	Nonmajor Governmental Funds	
General Fund.....	\$	\$ 6,353	\$ 30,189	\$ 36,542 (1)
Septic Loan Program.....		-	753,136	753,136 (2)
Nonmajor Governmental Funds.....	12,792	386,849	-	399,641 (3)
	<u>\$ 12,792</u>	<u>\$ 393,202</u>	<u>\$ 783,325</u>	<u>\$ 1,189,319</u>

- (1) Represents budgeted transfers from the general fund to the Cape Cod Commission operating budget for overhead reimbursements (\$6,353) and various nonmajor governmental funds for miscellaneous purposes (\$30,189)
- (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 (\$386,849) and health reimbursement arrangement special revenue fund to the general fund to close the fund (\$12,792).

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, 2014, and did not issue or retire any short-term debt during the fiscal year.

**COUNTY OF BARNSTABLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014**

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, 2014.

	Balance June 30, 2013	Increases	Decreases	Balance June 30, 2014	Current Portion
Governmental Activities:					
Bonds and notes payable.....	\$ 24,471,578	\$ 2,800,000	\$ (1,214,211)	\$ 26,057,367	\$ 1,214,211
Capital lease obligations.....	12,257	-	(3,861)	8,396	4,082
Net OPEB obligation.....	9,210,889	2,207,409	(776,317)	10,641,981	-
Compensated absences.....	1,029,524	17,500	-	1,047,024	104,702
Total.....	<u>\$ 34,724,248</u>	<u>\$ 5,024,909</u>	<u>\$ (1,994,389)</u>	<u>\$ 37,754,768</u>	<u>\$ 1,322,995</u>
Business-type Activities:					
Net OPEB obligation.....	\$ 317,828	\$ 68,941	\$ (24,245)	\$ 362,524	\$ -
Compensated absences.....	31,808	5,561	-	37,369	3,737
Total.....	<u>\$ 349,636</u>	<u>\$ 74,502</u>	<u>\$ (24,245)</u>	<u>\$ 399,893</u>	<u>\$ 3,737</u>

The net OPEB obligation of governmental 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.

The net OPEB obligation and 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, 2014, and the debt service requirements are as follows:

Bonds and Notes Payable – Governmental Funds

Project	Maturity Date	Interest Rate	Outstanding at June 30, 2013	Issued	Redeemed	Outstanding at June 30, 2014
MWPAT Septic Loan Program.....	07/15/27	0.00%	\$ 2,250,000	\$ -	\$ (150,000)	\$ 2,100,000
MWPAT Septic Loan Program.....	07/15/29	0.00%	2,281,578	-	(134,211)	2,147,367
MWPAT Septic Loan Program.....	07/15/30	0.00%	3,240,000	-	(180,000)	3,060,000
MWPAT Septic Loan Program.....	07/15/30	0.00%	2,700,000	-	(150,000)	2,550,000
MWPAT Septic Loan Program.....	01/15/33	0.00%	4,000,000	-	(200,000)	3,800,000
MWPAT Septic Loan Program.....	01/15/33	0.00%	3,000,000	-	(150,000)	2,850,000
MWPAT Septic Loan Program.....	01/15/33	0.00%	5,000,000	-	(250,000)	4,750,000
MWPAT Septic Loan Program.....	08/15/15	0.00%	2,000,000	2,800,000	-	4,800,000
Total governmental funds.....			<u>\$ 24,471,578</u>	<u>\$ 2,800,000</u>	<u>\$ (1,214,211)</u>	<u>\$ 26,057,367</u>

**COUNTY OF BARNSTABLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 9 LONG-TERM DEBT (CONTINUED)

During fiscal year 2014, the County recognized \$2,800,000 of MWPAT bond proceeds as part of a \$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 2014, the County's subsidy totaled approximately \$884,000. Future subsidies will total approximately \$6,827,000. The amount of MWPAT bonds outstanding at June 30, 2014, totaled \$26,057,367.

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

<u>Fiscal Year</u>	<u>Principal</u>
2015.....	1,214,211
2016.....	6,014,211
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.....	<u>\$ 26,057,367</u>

**COUNTY OF BARNSTABLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 9 LONG-TERM DEBT (CONTINUED)

The County is subject to various debt limits by statute. At June 30, 2014, the County had the following authorized and unissued debt:

Purpose	Amount
Various capital projects.....	\$ 11,370,404
MWPAT septic loan program.....	200,000
Total.....	\$ 11,570,404

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.....	168
Retired employees, beneficiaries and dependents.....	170
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.

**COUNTY OF BARNSTABLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 10 OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

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).....	\$ 2,196,414
Interest on net OPEB obligation.....	423,074
Adjustment to annual required contribution.....	(343,138)
Annual OPEB cost.....	2,276,350
Contributions made.....	(800,562)
Increase in net OPEB obligation.....	1,475,788
Net OPEB obligation at beginning of year.....	9,528,717
Net OPEB obligation at end of year.....	\$ 11,004,505

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, 2012.....	3,185,569	28.0%	8,167,818
June 30, 2013.....	2,165,393	37.2%	9,528,717
June 30, 2014.....	2,276,350	35.2%	11,004,505

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 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%

COUNTY OF BARNSTABLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 10 OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

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%

**COUNTY OF BARNSTABLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 10 OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

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

Governmental Activities:	
County commissioners.....	\$ 51,892
Information technology services.....	83,762
Resource development office.....	146,708
Assembly of delegates.....	17,246
Department of finance.....	75,954
Department of facilities.....	202,412
Cooperative extension.....	214,195
Registry of deeds.....	330,076
Regional services initiatives.....	17,826
County health.....	354,353
Children's cove.....	72,562
Human services.....	56,606
Fire training.....	59,418
Other.....	2,707
Cape Cod commission.....	<u>521,692</u>
 Total AOPEBC - governmental activities.....	 <u>2,207,409</u>
 Business-Type Activities:	
Dredge.....	<u>68,941</u>
 Total AOPEBC.....	 \$ <u><u>2,276,350</u></u>

**COUNTY OF BARNSTABLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014**

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
Restricted:							
Statutory reserve.....	297,255	-	-	-	-	-	297,255
Life insurance.....	450,213	-	-	-	-	-	450,213
Cape Cod Commission.....	-	2,801,687	-	-	-	-	2,801,687
HUD Home program.....	-	-	2,796,921	-	-	-	2,796,921
Mitigation.....	-	-	-	2,817,772	-	-	2,817,772
Septic program.....	-	-	-	-	26,038,874	-	26,038,874
County commissioners.....	-	-	-	-	-	10,625	10,625
Resource development office.....	-	-	-	-	-	7,154	7,154
Cape light compact.....	-	-	-	-	-	110,294	110,294
Department of finance.....	-	-	-	-	-	3,157	3,157
Department of facilities.....	-	-	-	-	-	2,507	2,507
Cooperative extension.....	-	-	-	-	-	331,681	331,681
Registry of deeds - technology.....	-	-	-	-	-	244,656	244,656
Registry of deeds - other.....	-	-	-	-	-	425,413	425,413
County health - septic administration.....	-	-	-	-	-	2,214,930	2,214,930
County health - other.....	-	-	-	-	-	580,459	580,459
Children's cove.....	-	-	-	-	-	3,211	3,211
Human services.....	-	-	-	-	-	183,754	183,754
Cape Cod commission.....	-	-	-	-	-	973,138	973,138
Economic development council.....	-	-	-	-	-	226,284	226,284
Other.....	-	-	-	-	-	26,125	26,125
Sub-total - Restricted.....	<u>747,468</u>	<u>2,801,687</u>	<u>2,796,921</u>	<u>2,817,772</u>	<u>26,038,874</u>	<u>5,343,388</u>	<u>40,546,110</u>
Committed:							
Employee benefits.....	121,305	-	-	-	-	895,095	1,016,400
Continuing appropriations.....	1,829,642	-	-	-	-	-	1,829,642
Sub-total - Committed.....	<u>1,950,947</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>895,095</u>	<u>2,846,042</u>
Assigned:							
Encumbrances.....	914,769	-	-	-	-	-	914,769
Unassigned.....	<u>2,180,097</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,010,698)</u>	<u>(4,830,601)</u>
Total fund balances.....	<u>\$ 5,793,281</u>	<u>\$ 2,801,687</u>	<u>\$ 2,796,921</u>	<u>\$ 2,817,772</u>	<u>\$ 26,038,874</u>	<u>\$ (772,215)</u>	<u>\$ 39,476,320</u>

**COUNTY OF BARNSTABLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014**

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
2015.....	144,953
2016.....	144,953
2017.....	144,953
2018.....	144,953
2019.....	60,397
Total minimum lease payments.....	\$ 640,209

Rent expenditures were approximately \$143,000 for the fiscal year ended June 30, 2014 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.

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.

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, 2014 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.

COUNTY OF BARNSTABLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 14 PENSION PLAN (CONTINUED)

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, 2014, 2013, and 2012 were \$3,316,165, \$3,172,649 and \$3,035,921, respectively, which equaled its required contribution for each fiscal year.

NOTE 15 COMMITMENTS

The County is planning to enter into contracts totaling approximately \$182,000 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 \$2,776,000 and \$93,000, respectively, at June 30, 2014.

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, 2014, cannot be ascertained, management believes any resulting liability should not materially affect the financial position of the County at June 30, 2014.

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, 2014, 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.

COUNTY OF BARNSTABLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 17 FUTURE IMPLEMENTATION OF GASB PRONOUNCEMENTS

➤ 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. 71, *Accounting Pension Transition for Contributions made Subsequent to the Measurement Date*, - an amendment of GASB Statement No. 68, which is required to be implemented during fiscal year 2015. The implementation of this Statement will require the County, in the transition year of Statement No. 68, to recognize contributions to defined benefit pension plans between the measurement date of the reported net pension liability and the end of the government's reporting period as a deferred outflow of resources.

These pronouncements will be implemented by their respective implementation dates.

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, 2014

	Prior Year Encumbrances and Continuing Appropriations	Original Budget	Supplemental Appropriations and Transfers	Final Budget
REVENUES				
Town Assessments	\$ -	\$ 2,972,551	\$ -	\$ 2,972,551
County Deeds Excise Tax	-	8,000,000	-	8,000,000
Registry of Deeds	-	3,250,000	-	3,250,000
Court House Rental	-	1,650,000	-	1,650,000
Intergovernmental	-	348,273	-	348,273
Departmental	-	926,778	19,500	946,278
Investment Income	-	162,366	-	162,366
Total Revenue	<u>-</u>	<u>17,309,968</u>	<u>19,500</u>	<u>17,329,468</u>
EXPENDITURES				
Current:				
County Commissioners	33,868	639,171	(49,610)	623,429
Information Technology Services	76,338	856,357	60,384	993,079
Resource Development Office	54,156	844,474	32,598	931,228
Cape Light Compact	38,429	-	(8,429)	30,000
Assembly of Delegates	5,874	325,527	21,527	352,928
Department of Finance	22,955	704,367	(705)	726,617
Home Consortium	5,000	-	-	5,000
Grants to Town's of Barnstable County	185,302	-	-	185,302
Department of Facilities	452,011	2,283,993	110,456	2,846,460
Cooperative Extension	370,210	1,611,289	166,853	2,148,352
Registry of Deeds	38,348	2,718,881	(37,318)	2,719,911
Regional Services Initiatives	95,263	356,000	223,116	674,379
County Health	17,444	1,968,285	68,341	2,054,070
Children's Cove	20,440	489,387	(27)	509,800
Human Services	114,357	549,820	30,576	694,753
Human Services Grants	-	75,000	-	75,000
Fire Training	8,511	440,763	25,854	475,128
Public Safety	50,000	-	-	50,000
Water Quality Initiatives	90,957	402,000	100,000	592,957
Retirees' Benefits	229,159	1,199,011	-	1,428,170
Pension Benefits - Retired Corrections Employees	-	1,043,343	-	1,043,343
Other	710,862	577,300	(139,368)	1,148,794
Debt Service:	-	-	-	-
Principal	-	50,000	-	50,000
Interest	-	175,000	-	175,000
Total Expenditures	<u>2,619,484</u>	<u>17,309,968</u>	<u>604,248</u>	<u>20,533,700</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,619,484)	-	(584,748)	(3,204,232)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	12,792	12,792
Transfers Out	-	-	(36,542)	(36,542)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(23,750)</u>	<u>(23,750)</u>
NET CHANGE IN FUND BALANCE	(2,619,484)	-	(608,498)	(3,227,982)
Fund Balance - Beginning of Year	6,003,648	6,003,648	6,003,648	6,003,648
FUND BALANCE - END OF YEAR	<u>\$ 3,384,164</u>	<u>\$ 6,003,648</u>	<u>\$ 5,395,150</u>	<u>\$ 2,775,666</u>

See accompanying notes to required supplementary information.

	Actual	Current Year Encumbrances and Continuing Appropriations	Actual and Encumbrances and Continuing Appropriations	Variance Positive/ (Negative)
\$	2,972,551	\$ -	\$ 2,972,551	\$ -
	7,947,890	-	7,947,890	(52,110)
	2,413,492	-	2,413,492	(836,508)
	1,392,568	-	1,392,568	(257,432)
	161,254	-	161,254	(187,019)
	979,816	-	979,816	33,538
	91,434	-	91,434	(70,932)
	<u>15,959,005</u>	<u>-</u>	<u>15,959,005</u>	<u>(1,370,463)</u>
	449,136	51,200	500,336	123,093
	873,115	118,583	991,698	1,381
	805,144	80,782	885,926	45,302
	-	30,000	30,000	-
	305,810	82	305,892	47,036
	606,074	25,871	631,945	94,672
	-	5,000	5,000	-
	179,056	6,246	185,302	-
	2,480,833	109,463	2,590,296	256,164
	1,673,405	400,012	2,073,417	74,935
	2,467,722	43,353	2,511,075	208,836
	337,512	304,247	641,759	32,620
	1,948,814	37,350	1,986,164	67,906
	355,019	32,245	387,264	122,536
	498,772	121,716	620,488	74,265
	75,000	-	75,000	-
	429,788	2,223	432,011	43,117
	-	50,000	50,000	-
	180,629	412,328	592,957	-
	994,548	188,548	1,183,096	245,074
	1,023,457	-	1,023,457	19,886
	461,788	725,162	1,186,950	(38,156)
	-	-	-	50,000
	-	-	-	175,000
	<u>16,145,622</u>	<u>2,744,411</u>	<u>18,890,033</u>	<u>1,643,667</u>
	(186,617)	(2,744,411)	(2,931,028)	273,204
	12,792	-	12,792	-
	<u>(36,542)</u>	<u>-</u>	<u>(36,542)</u>	<u>-</u>
	<u>(23,750)</u>	<u>-</u>	<u>(23,750)</u>	<u>-</u>
	(210,367)	(2,744,411)	(2,954,778)	273,204 [▲]
	6,003,648	-	6,003,648	-
\$	<u>5,793,281</u>	<u>(2,744,411)</u>	<u>3,048,870</u>	<u>273,204</u>

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, 2014

	Prior Year Encumbrances and Continuing Appropriations	Original Budget	Supplemental Appropriations and Transfers	Final Budget
REVENUES				
Environmental Protection Taxes	\$ -	\$ 3,109,249	\$ -	\$ 3,109,249
Intergovernmental	-	931,258	-	931,258
Departmental	-	140,000	-	140,000
Total Revenue	<u>-</u>	<u>4,180,507</u>	<u>-</u>	<u>4,180,507</u>
EXPENDITURES				
Current:				
Cape Cod Commission	<u>89,478</u>	<u>5,046,321</u>	<u>(23,528)</u>	<u>5,112,271</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(89,478)	(865,814)	23,528	(931,764)
OTHER FINANCING SOURCES (USES)				
Transfers In	<u>-</u>	<u>250,000</u>	<u>-</u>	<u>250,000</u>
NET CHANGE IN FUND BALANCE	(89,478)	(615,814)	23,528	(681,764)
Fund Balance - Beginning of Year	<u>1,221,987</u>	<u>1,221,987</u>	<u>1,221,987</u>	<u>1,221,987</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,132,509</u>	<u>\$ 606,173</u>	<u>\$ 1,245,515</u>	<u>\$ 540,223</u>

See accompanying notes to required supplementary information.

<u>Actual</u>	<u>Current Year Encumbrances and Continuing Appropriations</u>	<u>Actual and Encumbrances and Continuing Appropriations</u>	<u>Variance Positive/ (Negative)</u>
\$ 3,109,249	\$ -	\$ 3,109,249	\$ -
1,046,801	-	1,046,801	115,543
<u>126,692</u>	<u>-</u>	<u>126,692</u>	<u>(13,308)</u>
<u>4,282,742</u>	<u>-</u>	<u>4,282,742</u>	<u>102,235</u>
<u>4,238,984</u>	<u>93,082</u>	<u>4,332,066</u>	<u>780,205</u>
43,758	(93,082)	(49,324)	882,440
<u>393,202</u>	<u>-</u>	<u>393,202</u>	<u>143,202</u>
436,960	(93,082)	343,878	1,025,642
<u>1,221,987</u>	<u>-</u>	<u>1,221,987</u>	<u>-</u>
<u>\$ 1,658,947</u>	<u>\$ (93,082)</u>	<u>\$ 1,565,865</u>	<u>\$ 1,025,642</u>

**COUNTY OF BARNSTABLE. MASSACHUSETTS
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2014**

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)
01/01/14	\$ 776,973,700	\$ 1,353,810,101	\$ 576,836,401	57.4%	\$ 253,920,106	227.2%
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%

SCHEDULE OF EMPLOYER CONTRIBUTIONS (ASSOCIATION)

Year Ended December 31	Annually Required Contributions (ARC)	Percentage of ARC Contributed (%)
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
2013	49,504,212	100

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

COUNTY SHARE OF SYSTEM ARC

Fiscal Year Ended June 30	ARC	Percentage of ARC Contributed (%)	County ARC as a Percentage of Association ARC (%)
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%
2014	3,316,165	100	6.7%

**COUNTY OF BARNSTABLE. MASSACHUSETTS
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2014**

OTHER POST EMPLOYMENT BENEFITS SCHEDULE

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

SCHEDULES OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial 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.

**COUNTY OF BARNSTABLE. MASSACHUSETTS
CAPE COD COMMISSION
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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 fiscal year ended June 30, 2014, is presented below:

General fund

	<u>Expenditures</u>	<u>Fund Balance</u>
Budgetary basis as reported on the schedule of revenues, expenditures and changes in fund balance - budget and actual.....	\$ 18,890,033	\$ 3,048,870
<u>Adjustments</u>		
To record encumbrances and continuing appropriations.....	<u>(2,744,411)</u>	<u>2,744,411</u>
GAAP basis as reported on the statement of revenues, expenditures and changes in fund balances.....	<u>\$ 16,145,622</u>	<u>\$ 5,793,281</u>

Cape Cod Commission fund

	<u>Revenues</u>	<u>Expenditures</u>	<u>Fund Balance</u>
Budgetary basis as reported on the schedule of revenues, expenditures and changes in fund balance - budget and actual.....	\$ 4,282,742	\$ 4,332,066	1,565,865
<u>Adjustments</u>			
License plate grant revenues recorded in the nonmajor governmental funds for GAAP purposes.....	(290,000)	-	(290,000)
Indirect costs not recorded for GAAP purposes.....	-	(415,730)	1,432,740
To record encumbrances and continuing appropriations.....	<u>-</u>	<u>(93,082)</u>	<u>93,082</u>
GAAP basis as reported on the statement of revenues, expenditures and changes in fund balances.....	<u>\$ 3,992,742</u>	<u>\$ 3,823,254</u>	<u>\$ 2,801,687</u>

**COUNTY OF BARNSTABLE. MASSACHUSETTS
CAPE COD COMMISSION
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE B PENSION PLAN

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

Valuation Date:	January 1, 2014
Actuarial Cost Method:	Entry Age Normal Cost Method
Amortization Method:	Increasing payments 4.0% per year, except 2010 Early Retirement Incentive, which is a level payment.
Remaining Amortization Period:	22 years from July 1, 2014 for 2002 and 2003 Early Retirement Incentives, retiree sheriff's liability and remaining unfunded liability and 8 years from July 1, 2014 for 2010 Early Retirement Incentive.
Asset Valuation Method:	Sum of actuarial value at beginning of the year, contributions and investment earnings based on the actuarial interest assumption less benefit payments and operating expenses plus 20% of the market value at the end of the year in excess of that sum, plus additional adjustment toward market value as necessary so that final actuarial value is within 20% of market value.

Actuarial Assumptions

Investment Rate of Return:	7.75%
Projected Salary Increases:	4.0%
Cost of Living Adjustments:	3.00% of first \$15,000

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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 reports 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, 2014

	MA DOT 73494 0011	FTA MA80-X007 0013	FTA MA80-0008 0013
REVENUES			
Federal, State and Local Grants	\$ 630,859	\$ 68,436	\$ -
Local Assessments	<u>-</u>	<u>10,671</u>	<u>3,870</u>
Total Revenue	<u>630,859</u>	<u>79,107</u>	<u>3,870</u>
EXPENDITURES			
Direct Salaries	277,325	23,308	8,492
Indirect Costs	354,089	29,759	10,843
Direct Costs	<u>21,789</u>	<u>588</u>	<u>124</u>
Total Expenditures	<u>653,203</u>	<u>53,655</u>	<u>19,459</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (22,344)</u>	<u>\$ 25,452</u>	<u>\$ (15,589)</u>

	HUD FFY10 202310/0014	HUD FFY11 202311/0014	HUD FFY12 202312/0014	HUD FFY13 20239/0014	HUD Program Income 2023	Regional Economic Strategy Executive Team 2146	US EDA CEDs 2168
\$	409,043	\$ 191,733	\$ 49,401	\$ 48,185	\$ 40,940	290,000	\$ 25,080
	-	-	-	-	-	-	21,750
	<u>409,043</u>	<u>191,733</u>	<u>49,401</u>	<u>48,185</u>	<u>40,940</u>	<u>290,000</u>	<u>46,830</u>
	-	-	8,819	7,657	-	69,987	19,134
	-	-	11,261	9,776	-	89,359	24,430
	<u>409,043</u>	<u>191,733</u>	<u>24,805</u>	<u>34,112</u>	<u>47,440</u>	<u>89,767</u>	<u>-</u>
	<u>409,043</u>	<u>191,733</u>	<u>44,885</u>	<u>51,545</u>	<u>47,440</u>	<u>249,113</u>	<u>43,564</u>
\$	<u>-</u>	<u>-</u>	<u>4,516</u>	<u>(3,360)</u>	<u>(6,500)</u>	<u>40,887</u>	<u>3,266</u>

(Continued)

COUNTY OF BARNSTABLE, MASSACHUSETTS
 CAPE COD COMMISSION
 COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	RTA Bike Map Update <u>2175</u>	EO A&F MA GIS <u>2177</u>	EDC Water Quality Information Office <u>2179</u>
REVENUES			
Federal, State and Local Grants	\$ 2,500	\$ 3,900	\$ -
Local Assessments	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenue	<u>2,500</u>	<u>3,900</u>	<u>-</u>
EXPENDITURES			
Direct Salaries	-	-	-
Indirect Costs	-	-	-
Direct Costs	<u>-</u>	<u>-</u>	<u>15,020</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>15,020</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 2,500</u>	<u>\$ 3,900</u>	<u>\$ (15,020)</u>

RTA Transportation Plan 2180	Community Innovative Challenge 2193	Chatham Route 28 2200	DOD JLUS 2201	DEP Smart Map 2202	Barnstable Iyanough Road 2206	DHCD District Local Tech Assistance 2208	DEP 208 Plan Update 2209
\$ 37,849	\$ 50,513	\$ 30,000	\$ 60,808	151,724	10,000	-	\$ 1,463,050
315	-	19,275	4,294	(30)	805	49,430	603,647
<u>38,164</u>	<u>50,513</u>	<u>49,275</u>	<u>65,102</u>	<u>151,694</u>	<u>10,805</u>	<u>49,430</u>	<u>2,066,697</u>
4,887	-	12,858	18,622	9,260	353	30,855	460,393
6,240	-	16,417	23,776	11,823	451	39,396	587,830
-	-	-	178	28,124	-	127,941	1,418,033
<u>11,127</u>	<u>-</u>	<u>29,275</u>	<u>42,576</u>	<u>49,207</u>	<u>804</u>	<u>198,192</u>	<u>2,466,256</u>
\$ <u>27,037</u>	\$ <u>50,513</u>	\$ <u>20,000</u>	\$ <u>22,526</u>	<u>102,487</u>	<u>10,001</u>	<u>(148,762)</u>	\$ <u>(399,559)</u>

(Continued)

COUNTY OF BARNSTABLE, MASSACHUSETTS
 CAPE COD COMMISSION
 COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	MA DOT Invest 2221	DHCD District Local Tech Assistance 2228	APCC/USGS Sea Level Rise 2232
REVENUES			
Federal, State and Local Grants	\$ 11,047	\$ 186,965	\$ 28,000
Local Assessments	<u>14,172</u>	<u>12,413</u>	<u>-</u>
Total Revenue	<u>25,219</u>	<u>199,378</u>	<u>28,000</u>
EXPENDITURES			
Direct Salaries	12,433	7,787	-
Indirect Costs	15,874	9,942	-
Direct Costs	<u>116</u>	<u>26,400</u>	<u>13,100</u>
Total Expenditures	<u>28,423</u>	<u>44,129</u>	<u>13,100</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (3,204)</u>	<u>\$ 155,249</u>	<u>\$ 14,900</u>

FEMA MHM Planning 2233	NPS Bike Master Plan 2242	Mitigation 8023	Affordable Housing 8061	Ready Renters 8083	SIO Projects 8085	Total
\$ 3,029	\$ -	\$ 102,475	\$ 1,000	\$ 14,750	\$ 105,969	\$ 4,017,256
<u>3,054</u>	<u>(15)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>743,651</u>
<u>6,083</u>	<u>(15)</u>	<u>102,475</u>	<u>1,000</u>	<u>14,750</u>	<u>105,969</u>	<u>4,760,907</u>
5,330	4,827	-	-	5,352	-	987,679
6,805	6,163	-	-	6,834	-	1,261,068
<u>136</u>	<u>591</u>	<u>230,447</u>	<u>-</u>	<u>13,696</u>	<u>47,605</u>	<u>2,740,788</u>
<u>12,271</u>	<u>11,581</u>	<u>230,447</u>	<u>-</u>	<u>25,882</u>	<u>47,605</u>	<u>4,989,535</u>
<u>\$ (6,188)</u>	<u>\$ (11,596)</u>	<u>\$ (127,972)</u>	<u>\$ 1,000</u>	<u>\$ (11,132)</u>	<u>\$ 58,364</u>	<u>\$ (228,628)</u>

(Concluded)