

BARNSTABLE COUNTY, MASSACHUSETTS

***REPORT ON EXAMINATION OF
BASIC FINANCIAL STATEMENTS***

YEAR ENDED JUNE 30, 2016

BARNSTABLE COUNTY, MASSACHUSETTS

REPORT ON EXAMINATION OF BASIC FINANCIAL STATEMENTS

JUNE 30, 2016

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Independent Auditor's Report

To the Honorable County Commissioners
Barnstable County, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Barnstable County, Massachusetts, as of and for the year ended June 30, 2016, 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. The financial statements of Barnstable County, Massachusetts, as of June 30, 2015, were audited by other auditors whose report dated March 30, 2016, expressed an unqualified opinion on those statements. 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 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 opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2016, 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.

As part of our audit of the 2016 financial statements, we also audited the adjustments described in Note 14 that were applied to restate the 2015 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2015 financial

statements of the County other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2015 basic financial statements as a whole.

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 the following pages, and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Barnstable County, Massachusetts' basic financial statements. The additional information, as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The additional information, as listed in the table of contents, 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 31, 2017, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.



March 31, 2017

Management's Discussion and Analysis

Management's Discussion and Analysis

As management of Barnstable County, we offer readers of these financial statements this narrative overview and analysis of the financial activities for the year ended June 30, 2016. We encourage readers to consider the information presented in this report. All amounts, unless otherwise indicated, are expressed in whole dollars.

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

Financial Highlights

- The liabilities and deferred inflows of resources of Barnstable County exceeded its assets and deferred outflows of resources at the close of the most recent year by \$34.2 million (net position).
- At the close of the current year, the government-wide unrestricted net position had a deficit balance of \$57.7 million.
- At the close of the current year, the County's general fund reported fund balance totaling \$7.2 million, an increase of \$269,000 in comparison with the prior year. Total fund balance represents 42% of total general fund expenditures.
- The County's net pension liability at June 30, 2016 totaled \$48 million, and the other postemployment benefits liability totaled \$12.7 million.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Barnstable County's basic financial statements. These basic financial statements comprise of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The government-wide financial statements provide both long-term and short-term information about the County as a whole. The fund financial statements focus on the individual components of the County government, reporting the County's operations in more detail than the government-wide statements. Both presentations (government-wide and fund) allow the user to address relevant questions, broaden the basis of comparison and enhance the County's accountability. This report also contains other required supplementary information and other supplementary information in addition to the basic financial statements themselves.

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

The *statement of net position* presents information on all assets, deferred outflows of resources, liabilities, and deferred inflows of resources, 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 is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions that are principally supported by taxes 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). The governmental activities include general government, county services, health & human services, public safety, planning & development, and interest. The business-type activities include the activities of the dredge operations.

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. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

The County adopts an annual appropriated budget for its general fund operations. Budgetary comparison statements have been provided for the general fund operations to demonstrate compliance with this budget.

Proprietary funds. The County maintains one type of proprietary fund.

Enterprise funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for its dredge activities.

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 own programs. The accounting used for fiduciary funds is much like that used for propriety funds.

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.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Total liabilities and deferred inflows of resources exceeded total assets and deferred outflows of resources by \$34.2 million at the close of 2016.

Net position totaling \$5.1 million reflects its investment in capital assets (e.g., land, construction in progress, land improvements, buildings, building improvements, machinery and equipment, vehicles and software); less any related debt used to acquire those assets that are still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the investment in its capital assets is reported net of its 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 net position totaling \$18.5 million represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position reflects a deficit balance of \$57.7 million. Unrestricted net position for governmental activities ended the year with a deficit balance of \$58.5 million, while the business-type activities ended the year with a positive balance of \$718,000.

At the end of the current year, the County is able to report positive balances in two of the three categories of net position.

The governmental and business-type activities of the County are presented below:

Governmental Activities

The County's liabilities and deferred inflows of resources exceeded total assets and deferred outflows of resources for governmental activities by \$35.1 million at the close of 2016.

	<u>2016</u>	<u>2015 As Restated</u>
Assets:		
Current assets.....	\$ 26,514,543	\$ 27,805,185
Noncurrent assets (excluding capital assets).....	17,414,515	17,379,699
Capital assets, non depreciable.....	947,995	697,995
Capital assets, net of accumulated depreciation.....	<u>6,127,722</u>	<u>5,979,999</u>
Total assets.....	<u>51,004,775</u>	<u>51,862,878</u>
Deferred Outflows of Resources:		
Deferred outflows of resources related to pensions.....	<u>4,717,729</u>	<u>72,994</u>
Liabilities:		
Current liabilities (excluding debt).....	4,977,588	5,134,525
Noncurrent liabilities (excluding debt).....	59,749,435	52,783,175
Current debt.....	3,671,311	3,753,311
Noncurrent debt.....	<u>22,114,734</u>	<u>23,578,945</u>
Total liabilities.....	<u>90,513,068</u>	<u>85,249,956</u>
Deferred Inflows of Resources:		
Deferred inflows of resources related to pensions.....	<u>353,823</u>	<u>-</u>
Net Position:		
Net investment in capital assets.....	4,868,617	5,877,704
Restricted.....	18,451,453	15,590,873
Unrestricted.....	<u>(58,464,457)</u>	<u>(54,782,661)</u>
Total net position.....	<u>\$ (35,144,387)</u>	<u>\$ (33,314,084)</u>

	2016	2015 As Restated
	<u>2016</u>	<u>As Restated</u>
Program Revenues:		
Charges for services.....	\$ 10,286,594	\$ 10,381,976
Operating grants and contributions.....	7,105,128	7,436,754
Capital grants and contributions.....	50,029	-
General Revenues:		
County tax assessments.....	3,046,865	2,972,551
County deeds excise tax.....	9,289,274	8,487,216
Unrestricted investment income/(loss).....	(24,972)	18,533
Gain/(loss) on disposal of capital assets.....	-	(893)
Total revenues.....	<u>29,752,918</u>	<u>29,296,137</u>
Expenses:		
General government.....	6,182,044	5,538,555
County services.....	8,526,008	8,751,277
Health & human services.....	7,362,619	7,229,385
Public safety.....	2,692,202	1,643,289
Planning & development.....	6,296,191	6,674,963
Interest.....	524,157	894,259
Total expenses.....	<u>31,583,221</u>	<u>30,731,728</u>
Change in net position.....	(1,830,303)	(1,435,591)
Beginning net position, as restated.....	<u>(33,314,084)</u>	<u>(31,878,493)</u>
Ending net position.....	<u>\$ (35,144,387)</u>	<u>\$ (33,314,084)</u>

The governmental expenses totaled \$31.6 million of which \$17.4 million was directly supported by program revenues consisting of charges for services and operating grants and contributions. General revenues totaled \$12.3 million, primarily coming from county tax assessments, and county deeds excise taxes.

The governmental net position decreased by \$1.8 million during the current year. This decrease was primarily due to the increase in the governmental activities net pension liability, which totaled \$47.3 million at year-end.

Business-type Activities

The County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources for business-type activities by \$915,00 at the close of 2016.

	<u>2016</u>	<u>2015</u>
Assets:		
Current assets.....	\$ 1,833,371	\$ 1,804,737
Capital assets, net of accumulated depreciation.....	196,756	304,893
Total assets.....	<u>2,030,127</u>	<u>2,109,630</u>
Deferred Outflows of Resources:		
Deferred outflows of resources related to pensions.....	76,043	969
Liabilities:		
Current liabilities (excluding debt).....	69,642	34,989
Noncurrent liabilities (excluding debt).....	1,121,763	961,216
Total liabilities.....	<u>1,191,405</u>	<u>996,205</u>
Net Position:		
Net investment in capital assets.....	196,756	304,893
Unrestricted.....	718,009	809,501
Total net position.....	<u>914,765</u>	<u>1,114,394</u>
Program Revenues:		
Charges for services.....	687,982	842,484
General Revenues:		
Unrestricted investment income.....	3,177	2,770
Total revenues.....	<u>691,159</u>	<u>845,254</u>
Expenses:		
Dredge.....	890,788	806,075
Total expenses.....	<u>890,788</u>	<u>806,075</u>
Change in net position.....	(199,629)	39,179
Beginning net position.....	<u>1,114,394</u>	<u>1,075,215</u>
Ending net position.....	<u>\$ 914,765</u>	<u>\$ 1,114,394</u>

The business-type expenses totaled \$891,000 of which \$688,000 was directly supported by program revenues consisting of charges for services.

The business-type net position decreased by \$200,000 during the current year which was primarily due to \$108,000 of depreciation on capital assets, as well as a \$61,000 increase in the Dredge funds share of the other postemployment benefits liability.

Financial Analysis of the Government's Funds

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

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

As of the end of the current year, governmental funds reported combined ending fund balances totaling \$37.7 million, of which \$7.2 million is for the general fund, \$3.7 million is for the Cape Cod Commission fund, \$26.8 million is for the septic loan program, a deficit of \$9 million is for the capital projects fund, and \$9 million is for the nonmajor governmental funds. Cumulatively there was a decrease totaling \$982,000 in fund balances from the prior year.

The general fund is the chief operating fund. At the end of the current year, total fund balance was \$7.2 million. As a measure of the general fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Total fund balance represents 42% of total general fund expenditures.

The County's general fund increased by \$269,000, which was primarily due to better than anticipated revenue collections.

The Cape Cod Commission fund increased by \$431,000 over the prior year. This was primarily due to the timing difference between the expenditure and reimbursement of grant funds.

The septic loan program fund decreased by \$861,000 during 2016. This fund will fluctuate due to the timing difference between the issuance and paydown of outstanding septic loans.

The capital projects fund decreased by \$866,000 which was due to capital purchases that have not yet been financed. The fund has accumulated a deficit balance of \$9 million over several years in which the officials are in the process of eliminating these deficits through bond proceeds and available funds.

The nonmajor governmental funds increased by \$45,000, which was primarily due to a timing difference between the disbursement and receipt of grant funds.

General Fund Budgetary Highlights

The County adopts an annual budget for the general fund in conformity with the guidelines described above. The original 2016 approved budget for the general fund authorized \$19.3 million in appropriations. During 2016, the County approved supplemental appropriations totaling \$2.7 million primarily related to capital cost funded through reserves.

Capital Asset and Debt Administration

Capital Assets. The County's investment in capital assets for its governmental and business-type activities as of June 30, 2016, amounts to \$7.3 million (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, buildings and improvements, machinery and equipment, vehicles and software. The total additions to the County's investment in capital assets for the current

year are \$1,084,445 and consist of land, various machinery and equipment, vehicles, and a new software program.

Debt Administration. Outstanding gross long-term governmental debt, as of June 30, 2016, totaled \$23.6 million, a decrease of \$1.5 million from the prior year which was due entirely to principal payments.

Outstanding governmental short-term debt totaled \$2.2 million, as of June 30, 2016.

Please refer to the notes to the financial statements for further discussion of the major capital and debt activity.

Requests for Information

This financial report is designed to provide a general overview of Barnstable County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County Finance Director/Treasurer, 3195 Main Street, Superior Courthouse, Barnstable, MA 02630.

Basic Financial Statements

STATEMENT OF NET POSITION

JUNE 30, 2016

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT:			
Cash and cash equivalents.....	\$ 24,455,461	\$ 1,487,620	\$ 25,943,081
Investments.....	404,426	-	404,426
Receivables, net of allowance for uncollectibles:			
Intergovernmental.....	538,859	-	538,859
Departmental and other.....	78,859	-	78,859
User fees.....	-	345,751	345,751
Loans.....	1,036,938	-	1,036,938
Total current assets.....	26,514,543	1,833,371	28,347,914
NONCURRENT:			
Receivables, net of allowance for uncollectibles:			
Loans.....	17,414,515	-	17,414,515
Capital assets, non depreciable.....	947,995	-	947,995
Capital assets, net of accumulated depreciation.....	6,127,722	196,756	6,324,478
Total noncurrent assets.....	24,490,232	196,756	24,686,988
TOTAL ASSETS.....	51,004,775	2,030,127	53,034,902
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions.....	4,717,729	76,043	4,793,772
LIABILITIES			
CURRENT:			
Warrants payable.....	2,684,042	20,839	2,704,881
Accrued payroll.....	673,902	18,803	692,705
Other liabilities.....	383,719	-	383,719
Liabilities due depositors.....	275,925	-	275,925
Compensated absences.....	960,000	30,000	990,000
Notes payable.....	2,207,100	-	2,207,100
Bonds payable.....	1,464,211	-	1,464,211
Total current liabilities.....	8,648,899	69,642	8,718,541
NONCURRENT:			
Compensated absences.....	151,000	7,000	158,000
Other postemployment benefits.....	12,265,141	449,073	12,714,214
Net pension liability.....	47,333,294	665,690	47,998,984
Bonds payable.....	22,114,734	-	22,114,734
Total noncurrent liabilities.....	81,864,169	1,121,763	82,985,932
TOTAL LIABILITIES.....	90,513,068	1,191,405	91,704,473
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions.....	353,823	-	353,823
NET POSITION			
Net Investment in capital assets.....	4,868,617	196,756	5,065,373
Restricted for:			
Loans.....	18,451,453	-	18,451,453
Unrestricted.....	(58,464,457)	718,009	(57,746,448)
TOTAL NET POSITION.....	\$ (35,144,387)	\$ 914,765	\$ (34,229,622)

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
<i>Governmental Activities:</i>					
General government.....	\$ 6,182,044	\$ 471,944	\$ 686,411	\$ -	\$ (5,023,689)
County services.....	8,526,008	4,153,291	707,024	50,029	(3,615,664)
Health and human services.....	7,362,619	1,645,205	3,977,654	-	(1,739,760)
Public safety.....	2,692,202	310,969	-	-	(2,381,233)
Planning & development.....	6,296,191	3,705,185	1,734,039	-	(856,967)
Interest.....	524,157	-	-	-	(524,157)
Total Governmental Activities.....	<u>31,583,221</u>	<u>10,286,594</u>	<u>7,105,128</u>	<u>50,029</u>	(14,141,470)
<i>Business-Type Activities:</i>					
Dredge.....	<u>890,788</u>	<u>687,982</u>	<u>-</u>	<u>-</u>	<u>(202,806)</u>
Total Primary Government.....	<u>\$ 32,474,009</u>	<u>\$ 10,974,576</u>	<u>\$ 7,105,128</u>	<u>\$ 50,029</u>	(14,344,276)

See notes to basic financial statements.

(Continued)

STATEMENT OF ACTIVITIES (Continued)

YEAR ENDED JUNE 30, 2016

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Changes in net position:			
Net (expense) revenue from previous page.....	\$ (14,141,470)	\$ (202,806)	\$ (14,344,276)
<i>General revenues:</i>			
County tax assessments.....	3,046,865	-	3,046,865
County deeds excise tax.....	9,289,274	-	9,289,274
Unrestricted investment income/(loss).....	<u>(24,972)</u>	<u>3,177</u>	<u>(21,795)</u>
Total general revenues and transfers.....	<u>12,311,167</u>	<u>3,177</u>	<u>12,314,344</u>
Change in net position.....	(1,830,303)	(199,629)	(2,029,932)
<i>Net Position:</i>			
Beginning of year, as restated.....	<u>(33,314,084)</u>	<u>1,114,394</u>	<u>(32,199,690)</u>
End of year.....	\$ <u><u>(35,144,387)</u></u>	\$ <u><u>914,765</u></u>	\$ <u><u>(34,229,622)</u></u>

(Concluded)

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2016

	General	Cape Cod Commission	Septic Loan Program	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents.....	\$ 3,109,349	\$ 4,188,072	\$ 11,632,381	\$ -	\$ 5,525,659	\$ 24,455,461
Investments.....	404,426	-	-	-	-	404,426
Receivables, net of uncollectibles:						
Intergovernmental.....	31,472	-	-	-	507,387	538,859
Departmental and other.....	45,693	-	-	-	33,166	78,859
Loans.....	-	-	15,261,790	-	3,189,663	18,451,453
Due from other funds.....	6,754,668	-	-	-	-	6,754,668
TOTAL ASSETS.....	\$ 10,345,608	\$ 4,188,072	\$ 26,894,171	\$ -	\$ 9,255,875	\$ 50,683,726
LIABILITIES						
Warrants payable.....	\$ 2,348,411	\$ 34,609	\$ 66,148	\$ -	\$ 234,874	\$ 2,684,042
Accrued payroll.....	431,645	164,756	8,537	-	68,964	673,902
Liabilities due depositors.....	-	275,925	-	-	-	275,925
Other liabilities.....	383,719	-	-	-	-	383,719
Due to other funds.....	-	-	-	6,754,668	-	6,754,668
Notes payable.....	-	-	-	2,207,100	-	2,207,100
TOTAL LIABILITIES.....	3,163,775	475,290	74,685	8,961,768	303,838	12,979,356
FUND BALANCES						
Restricted.....	-	3,712,782	26,819,486	-	8,952,037	39,484,305
Committed.....	598,859	-	-	-	-	598,859
Assigned.....	531,447	-	-	-	-	531,447
Unassigned.....	6,051,527	-	-	(8,961,768)	-	(2,910,241)
TOTAL FUND BALANCES.....	7,181,833	3,712,782	26,819,486	(8,961,768)	8,952,037	37,704,370
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 10,345,608	\$ 4,188,072	\$ 26,894,171	\$ -	\$ 9,255,875	\$ 50,683,726

See notes to basic financial statements.

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

JUNE 30, 2016

Total governmental fund balances.....		\$ 37,704,370
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....		7,075,717
Certain changes in the net pension liability are required to be included in pension expenses over future periods. These changes are reported as deferred outflows of resources or (deferred inflows of resources) related to pensions.....		4,363,906
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Bonds payable.....	(23,578,945)	
Compensated absences.....	(1,111,000)	
Net pension liability.....	(47,333,294)	
Other postemployment benefits.....	<u>(12,265,141)</u>	
Net effect of reporting long-term liabilities.....		<u>(84,288,380)</u>
Net position of governmental activities.....		<u>\$ (35,144,387)</u>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2016

	General	Cape Cod Commission	Septic Loan Program	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:						
County tax assessments.....	\$ 3,046,865	\$ -	\$ -	\$ -	\$ -	\$ 3,046,865
County excise tax.....	9,289,274	-	-	-	-	9,289,274
Registry of deeds excise tax.....	2,532,372	-	-	-	-	2,532,372
Court house rental.....	1,534,053	-	-	-	-	1,534,053
Environmental protection taxes.....	-	3,266,654	-	-	-	3,266,654
Intergovernmental.....	326,216	511,387	512,711	50,029	4,825,056	6,225,399
Departmental.....	1,025,822	131,024	18,800	-	1,667,589	2,843,235
Investment income/(loss).....	(29,624)	-	1,040,038	-	4,652	1,015,066
TOTAL REVENUES.....	17,724,978	3,909,065	1,571,549	50,029	6,497,297	29,752,918
EXPENDITURES:						
Current:						
General government.....	3,831,189	-	-	422,919	766,956	5,021,064
County services.....	6,748,846	-	-	642,491	702,566	8,093,903
Health and human services.....	3,121,840	-	455,173	101,111	2,990,096	6,668,220
Public safety.....	1,689,440	-	-	-	-	1,689,440
Planning & development.....	237,002	3,806,151	-	-	1,717,834	5,760,987
Shared Costs.....	1,364,465	-	-	-	147,993	1,512,458
Debt service:						
Principal.....	-	-	1,464,211	-	-	1,464,211
Interest.....	11,446	-	512,711	-	-	524,157
TOTAL EXPENDITURES.....	17,004,228	3,806,151	2,432,095	1,166,521	6,325,445	30,734,440
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	720,750	102,914	(860,546)	(1,116,492)	171,852	(981,522)
OTHER FINANCING SOURCES (USES):						
Transfers in.....	30,000	328,420	-	250,000	232,000	840,420
Transfers out.....	(482,000)	-	-	-	(358,420)	(840,420)
TOTAL OTHER FINANCING SOURCES (USES).....	(452,000)	328,420	-	250,000	(126,420)	-
NET CHANGE IN FUND BALANCES.....	268,750	431,334	(860,546)	(866,492)	45,432	(981,522)
FUND BALANCES AT BEGINNING OF YEAR.....	6,913,083	3,281,448	27,680,032	(8,095,276)	8,906,605	38,685,892
FUND BALANCES AT END OF YEAR.....	\$ 7,181,833	\$ 3,712,782	\$ 26,819,486	\$ (8,961,768)	\$ 8,952,037	\$ 37,704,370

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2016

Net change in fund balances - total governmental funds.....		\$ (981,522)
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay.....	1,084,445	
Depreciation expense.....	<u>(686,722)</u>	
Net effect of reporting capital assets.....		397,723
<p>The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities:</p>		
Debt service principal payments.....	1,464,211	
Capital lease maturities.....	<u>4,314</u>	
Net effect of reporting long-term debt.....		1,468,525
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:</p>		
Net change in deferred outflow/(inflow) of resources related to pensions.....	4,290,912	
Net change in compensated absences accrual.....	(4,221)	
Net change in net pension liability.....	(5,804,304)	
Net change in other postemployment benefits.....	<u>(1,197,416)</u>	
Net effect of recording long-term liabilities.....		<u>(2,715,029)</u>
Change in net position of governmental activities.....		<u>\$ (1,830,303)</u>

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF NET POSITION

JUNE 30, 2016

	Dredge Enterprise Fund
ASSETS	
CURRENT:	
Cash and cash equivalents.....	\$ 1,487,620
Receivables, net of allowance for uncollectibles:	
User charges.....	345,751
Total current assets.....	1,833,371
NONCURRENT:	
Capital assets, net of accumulated depreciation.....	196,756
TOTAL ASSETS.....	2,030,127
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to pensions.....	76,043
LIABILITIES	
CURRENT:	
Warrants payable.....	20,839
Accrued payroll.....	18,803
Compensated absences.....	30,000
Total current liabilities.....	69,642
NONCURRENT:	
Compensated absences.....	7,000
Other postemployment benefits.....	449,073
Net pension liability.....	665,690
Total noncurrent liabilities.....	1,121,763
TOTAL LIABILITIES.....	1,191,405
NET POSITION	
Net investment in capital assets.....	196,756
Unrestricted.....	718,009
TOTAL NET POSITION.....	\$ 914,765

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2016

	<u>Dredge Enterprise Fund</u>
<u>OPERATING REVENUES:</u>	
Charges for services.....	\$ <u>687,982</u>
<u>OPERATING EXPENSES:</u>	
Cost of services and administration.....	782,651
Depreciation.....	<u>108,137</u>
TOTAL OPERATING EXPENSES.....	<u>890,788</u>
OPERATING INCOME (LOSS).....	<u>(202,806)</u>
<u>NONOPERATING REVENUES (EXPENSES):</u>	
Investment income.....	<u>3,177</u>
CHANGE IN NET POSITION.....	(199,629)
NET POSITION AT BEGINNING OF YEAR.....	<u>1,114,394</u>
NET POSITION AT END OF YEAR.....	<u>\$ <u>914,765</u></u>

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2016

	<u>Dredge Enterprise Fund</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>	
Receipts from customers and users.....	\$ 730,363
Payments to vendors.....	(333,440)
Payments to employees.....	<u>(329,085)</u>
NET CASH FROM OPERATING ACTIVITIES.....	<u>67,838</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>	
Investment income.....	<u>3,177</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	71,015
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	<u>1,416,605</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	<u>\$ 1,487,620</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:</u>	
Operating income (loss).....	\$ <u>(202,806)</u>
Adjustments to reconcile operating income (loss) to net cash from operating activities:	
Depreciation.....	108,137
Deferred (inflow)/outflow of resources related to pensions.....	(75,074)
Changes in assets and liabilities:	
User charges receivable.....	42,381
Warrants payable.....	18,754
Accrued payroll.....	3,037
Other liabilities.....	(3,028)
Compensated absences.....	15,518
Other postemployment benefits.....	60,959
Net pension liability.....	<u>99,960</u>
Total adjustments.....	<u>270,644</u>
NET CASH FROM OPERATING ACTIVITIES.....	<u>\$ 67,838</u>

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2016

		Agency Funds
ASSETS		
Cash and cash equivalents.....	\$	9,048,559
Receivables, net of allowance for uncollectibles:		
Intergovernmental.....		1,526,085
TOTAL ASSETS.....	\$	10,574,644
LIABILITIES		
Warrants payable.....	\$	538,312
Accrued payroll.....		75,241
Liabilities due depositors.....		9,961,091
TOTAL LIABILITIES.....	\$	10,574,644

See notes to basic financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

Barnstable County 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 an 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.

As required by GAAP, these basic financial statements present the government and its component units, entities for which the County is considered to be financially accountable.

For financial reporting purposes, the County has included all funds, organizations, account groups, agencies, boards, commissions and institutions. 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 significance of their relationship with the County are such that exclusion would cause the basic financial statements to be misleading or incomplete. It has been determined that there are no component units that meet the requirements for inclusion in the County's financial statements.

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

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

Fund Financial Statements

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

Major Fund Criteria

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

- If total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of an individual governmental or enterprise fund are at least 10 percent of the corresponding element (assets and deferred outflows of resources, liabilities and

deferred inflows or resources, etc.) for all funds of that category or type (total governmental or total enterprise funds), *and*

- If the total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding element for all governmental and enterprise funds combined.

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

Fiduciary funds are reported by fund type.

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

Government-Wide Financial Statements

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

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

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

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

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

Fund Financial Statements

Governmental fund financial statements are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences, 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 the primary operating fund. It is used to account for all financial resources, except those that are required to be accounted for in another fund.

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

The *septic loan program fund* is used to account for the activities associated with the issuance of loans for septic system repairs.

The *capital projects fund* is used to account for capital outlays and the corresponding financial resources to finance these costs.

Proprietary fund financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the liabilities are incurred.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The following major proprietary fund is reported:

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

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

The following fiduciary fund types are reported:

The *agency fund* is used to account for assets held in a purely custodial capacity, primarily related to the Cape Light Compact.

D. Cash

Government-Wide and Fund Financial Statements

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

E. Accounts Receivable

Government-Wide and Fund Financial Statements

The recognition of revenue related to accounts receivable reported in the government-wide financial statements and the proprietary funds and fiduciary funds financial statements are reported under the accrual basis of accounting. The recognition of revenue related to accounts receivable reported in the governmental funds financial statements are reported under the modified accrual basis of accounting. Loans receivable in the governmental funds are reported as restricted fund balance, net of any uncollectible amounts.

Departmental and Other

Departmental and other receivables consist of various departmental revenues earned at year-end and received subsequent to year-end, net of an allowance for uncollectible accounts. Allowances for uncollectible accounts are estimated based upon historical trends and specific account analysis.

Intergovernmental

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

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

F. Inventories

Government-Wide and Fund Financial Statements

Inventories of the governmental funds are recorded as expenditures at the time of purchase. Such inventories are not material in total to the government-wide and fund financial statements, and therefore are not reported. Inventories of the airport enterprise fund are carried at weighted average cost.

G. Capital Assets

Government-Wide and Proprietary Fund Financial Statements

Capital assets, which include land, construction in progress, land improvements, buildings and improvements, machinery and equipment, vehicles, and software, are reported in the applicable governmental or business-type activity column of the government-wide financial statements, and the proprietary fund financial statements. Capital assets are recorded at historical cost, or at estimated historical cost, if actual historical cost is not available. Donated capital assets are recorded at the estimated fair market value at the date of donation. Except for the capital assets of the governmental activities column in the government-wide financial statements, construction period interest is capitalized on constructed capital assets.

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

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

<u>Capital Asset Type</u>	<u>Estimated Useful Life (in years)</u>
Land improvements.....	20
Buildings.....	20-40
Buildings and improvements.....	10-20
Machinery and equipment.....	3-20
Vehicles.....	5-10
Software.....	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 year of the purchase.

H. Deferred Outflows/Inflows of Resources

Government-Wide Financial Statements (Net Position)

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 has reported deferred outflows of resources related to pensions within 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 has reported deferred inflows of resources related to pensions within this category.

Governmental Fund Financial Statements

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

I. Interfund Receivables and Payables

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

Government-Wide Financial Statements

Transactions of a buyer/seller nature between and within governmental funds 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.

J. Interfund Transfers

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

K. Net Position and Fund Equity*Government-Wide Financial Statements (Net Position)*

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

Net position has been “restricted for” the following:

“Loans” represents amounts restricted relating to loans to be issued through the septic loan program.

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

Fund Financial Statements (Fund Balances)

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

The governmental fund balance classifications are as follows:

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

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

“Committed” fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority. The Assembly of Delegates is the highest level of decision-making authority for the government that can, by adoption of a supplemental appropriation prior to the end of the year, commit fund balance. Once adopted, the limitation imposed by the supplemental appropriation remains in place until a similar action is taken to remove or revise the limitation.

“Assigned” fund balance includes amounts that are constrained by the County’s intent to be used for specific purposes, but are neither restricted nor committed. The Assembly of Delegates may assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

“Unassigned” fund balance includes the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

The County’s spending policy is to spend restricted fund balance first, followed by committed, assigned and unassigned fund balance. Most governmental funds are designated for one purpose at the time of their creation. Therefore, any expenditure from the fund will be allocated to the applicable fund balance classifications in the order of the aforementioned spending policy. The general fund and certain other funds may have more than one purpose.

L. Long-term debt

Government-Wide and Proprietary Fund Financial Statements

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

Governmental Fund Financial Statements

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

M. Investment Income

Investment income from special revenue funds and capital project funds is legally assigned to the general fund unless otherwise directed by Massachusetts General Law (MGL).

Investment income from proprietary funds is voluntarily assigned and transferred to the general fund.

N. Compensated Absences

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

Government-Wide and Proprietary Fund Financial Statements

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

Governmental Fund Financial Statements

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

O. Individual Fund Deficits

The capital projects fund has a fund deficit of \$8,961,768 at June 30, 2016. This deficit will be funded through available fund balance future long-term bond proceeds.

P. 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, deferred outflows of resources, liabilities, and deferred inflows of resources, and disclosure for contingent assets and liabilities at the date of the basic financial statements and the reported amounts of the revenues and expenditures/expenses during the year. Actual results could vary from estimates that were used.

Q. Total Column

Government-Wide Financial Statements

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

Fund Financial Statements

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

NOTE 2 - CASH AND INVESTMENTS

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

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

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

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The County does not have a deposit policy for custodial credit risk. At year-end, the carrying amount of deposits totaled \$34,991,640 and the bank balance totaled \$36,361,034. Of the bank balance, \$1,000,000 was covered by Federal Depository Insurance, \$5,115,914 was covered by the Share Insurance Fund, \$4,461,015 was covered by Depositors Insurance Fund, \$16,991,084 was collateralized, and \$8,792,985 was uninsured and uncollateralized.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of a failure by the counterparty, the County will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The County's investments subject to custodial credit risk include \$404,426 in equity securities, which have custodial credit risk exposure because the related securities are uninsured, unregistered and held by the counterparty. The County does not have an investment policy for custodial credit risk.

Investments

As of June 30, 2016, the County had \$404,426 of investments in equity securities.

Interest Rate Risk

The County does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The County has not adopted a formal policy related to credit risk.

Concentration of Credit Risk

The County places no limit on the amount that may be invested in any one issuer.

Fair Market Value of Investments

The County holds investments that are measured at fair value on a recurring basis. Because investing is not a core part of the County’s mission, the County determines that the disclosures related to these investments only need to be disaggregated by major type.

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

The County’s \$404,426 of equity securities at June 30, 2016 are measured using quoted prices in active markets for identical assets (level 1).

NOTE 3 - RECEIVABLES

At June 30, 2016, receivables for the individual major governmental funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

<u>Receivable Type</u>	<u>Gross Amount</u>	<u>Allowance for Uncollectibles</u>	<u>Net Amount</u>
<u>Loans:</u>			
Septic.....	\$ 15,261,790	\$ -	\$ 15,261,790
HUD Home.....	11,141,612	(7,961,273)	3,180,339
Other.....	9,324		9,324
Total loans.....	26,412,726	(7,961,273)	18,451,453
<u>Other Receivables:</u>			
Departmental and other.....	78,859	-	78,859
Intergovernmental.....	538,859	-	538,859
Total receivables.....	<u>\$ 27,030,444</u>	<u>\$ (7,961,273)</u>	<u>\$ 19,069,171</u>

At June 30, 2016, receivables for the airport enterprise fund consist of the following:

<u>Receivables:</u>	<u>Gross Amount</u>	<u>Allowance for Uncollectibles</u>	<u>Net Amount</u>
User charges.....	\$ 345,751	\$ -	\$ 345,751

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016, was as follows:

Governmental Activities:	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 697,995	\$ 250,000	\$ -	\$ 947,995
<u>Capital assets being depreciated:</u>				
Land improvements.....	697,644	-	-	697,644
Buildings.....	6,533,702	-	-	6,533,702
Buildings improvements.....	5,229,949	-	-	5,229,949
Machinery and equipment.....	2,871,539	147,937	-	3,019,476
Vehicles.....	691,357	88,510	-	779,867
Software.....	322,790	597,998	-	920,788
Total capital assets being depreciated.....	<u>16,346,981</u>	<u>834,445</u>	<u>-</u>	<u>17,181,426</u>
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(236,137)	(29,532)	-	(265,669)
Buildings.....	(5,881,207)	(42,912)	-	(5,924,119)
Buildings improvements.....	(1,579,671)	(230,850)	-	(1,810,521)
Machinery and equipment.....	(1,927,821)	(246,766)	-	(2,174,587)
Vehicles.....	(493,206)	(77,897)	-	(571,103)
Software.....	(248,940)	(58,765)	-	(307,705)
Total accumulated depreciation.....	<u>(10,366,982)</u>	<u>(686,722)</u>	<u>-</u>	<u>(11,053,704)</u>
Total capital assets being depreciated, net.....	<u>5,979,999</u>	<u>147,723</u>	<u>-</u>	<u>6,127,722</u>
Total governmental activities capital assets, net.....	<u>\$ 6,677,994</u>	<u>\$ 397,723</u>	<u>\$ -</u>	<u>\$ 7,075,717</u>
Business-Type Activities:	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Capital assets being depreciated:</u>				
Machinery and equipment.....	\$ 1,638,410	\$ -	\$ -	\$ 1,638,410
Vehicles.....	205,575	-	-	205,575
Software.....	12,000	-	-	12,000
Total capital assets being depreciated.....	<u>1,855,985</u>	<u>-</u>	<u>-</u>	<u>1,855,985</u>
<u>Less accumulated depreciation for:</u>				
Machinery and equipment.....	(1,437,508)	(86,874)	-	(1,524,382)
Vehicles.....	(101,584)	(21,263)	-	(122,847)
Software.....	(12,000)	-	-	(12,000)
Total accumulated depreciation.....	<u>(1,551,092)</u>	<u>(108,137)</u>	<u>-</u>	<u>(1,659,229)</u>
Total capital assets being depreciated, net.....	<u>304,893</u>	<u>(108,137)</u>	<u>-</u>	<u>196,756</u>
Total business-type activities capital assets, net.....	<u>\$ 304,893</u>	<u>\$ (108,137)</u>	<u>\$ -</u>	<u>\$ 196,756</u>

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

Governmental Activities:	
General government.....	\$ 170,669
County services.....	220,779
Health & human services.....	266,806
Public safety.....	13,663
Planning & development.....	<u>14,805</u>
 Total depreciation expense - governmental activities.....	 \$ <u><u>686,722</u></u>
 Business-Type Activities:	
Dredge.....	\$ <u><u>108,137</u></u>

NOTE 5 - INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2016, are summarized as follows:

Transfers Out:	Transfers In:					Total
	General Fund	Cape Cod Commission	Capital Projects	Nonmajor Governmental Funds		
General Fund.....	\$ -	\$ -	\$ 250,000	\$ 232,000	\$ 482,000	(1)
Nonmajor Governmental Funds.....	<u>30,000</u>	<u>328,420</u>	<u>-</u>	<u>-</u>	<u>358,420</u>	(2)
Totals.....	\$ <u><u>30,000</u></u>	\$ <u><u>328,420</u></u>	\$ <u><u>250,000</u></u>	\$ <u><u>232,000</u></u>	\$ <u><u>840,420</u></u>	

- (1) Budgeted transfers from the general fund to the capital project funds and to the Fire & Rescue Training Academy fund.
- (2) Budgeted transfer from the Cape Cod Commission fund to the general fund.

NOTE 6 - SHORT-TERM FINANCING

The County is authorized to borrow on a temporary basis to fund the following:

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

Short-term loans are general obligations of the County and carry maturity dates that are limited by statute. Interest expenditures for short-term borrowings are accounted for in the general fund.

Details related to the short-term debt activity for the year ended June 30, 2016, is as follows:

Type	Purpose	Rate (%)	Maturity Due Date	Beginning Balance	Additions	Reductions	Ending Balance
Governmental Activities:							
BAN	Municipal Purpose.....	0.50%	06/30/16	\$ 2,289,100	\$ -	\$ 2,289,100	\$ -
BAN	Municipal Purpose.....	0.85%	05/18/17	-	2,207,100	-	2,207,100
Total Governmental Funds.....				\$ 2,289,100	\$ 2,207,100	\$ 2,289,100	\$ 2,207,100

NOTE 7 - LONG-TERM DEBT

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

Details related to the County's outstanding indebtedness at June 30, 2016, and the debt service requirements are as follows:

Bonds Payable Schedule – Governmental Funds

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Beginning Balance	Issued	Redeemed	Ending Balance
MWCT Septic Loan Program...	7/15/2027	\$ 2,850,000	0.00%	\$ 1,950,000	\$ -	\$ 150,000	\$ 1,800,000
MWCT Septic Loan Program...	7/15/2029	2,550,000	0.00%	2,013,156	-	134,211	1,878,945
MWCT Septic Loan Program...	7/15/2030	3,600,000	0.00%	2,880,000	-	180,000	2,700,000
MWCT Septic Loan Program...	7/15/2030	3,000,000	0.00%	2,400,000	-	150,000	2,250,000
MWCT Septic Loan Program...	1/15/2033	4,000,000	0.00%	3,600,000	-	200,000	3,400,000
MWCT Septic Loan Program...	1/15/2033	3,000,000	0.00%	2,700,000	-	150,000	2,550,000
MWCT Septic Loan Program...	1/15/2033	5,000,000	0.00%	4,500,000	-	250,000	4,250,000
MWCT Septic Loan Program...	1/15/2035	5,000,000	0.00%	5,000,000	-	250,000	4,750,000
Total governmental funds.....				\$ 25,043,156	\$ -	\$ 1,464,211	\$ 23,578,945

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

Year	Principal
2017.....	\$ 1,464,211
2018.....	1,464,211
2019.....	1,464,211
2020.....	1,464,211
2021.....	1,464,211
2022.....	1,464,210
2023.....	1,464,210
2024.....	1,464,210
2025.....	1,464,210
2026.....	1,464,210
2027.....	1,464,210
2028.....	1,464,210
2029.....	1,314,210
2030.....	1,314,210
2031.....	1,180,000
2032.....	850,000
2033.....	850,000
2034.....	250,000
2035.....	250,000
	\$ 23,578,945

The County receives subsidy assistance from the Massachusetts Clean Water Trust (MCWT). Interest on the outstanding bonds for MCWT is subsidized over the life of the bonds to assist the County in repayment of this future debt. Future interest subsidies total approximately \$4,438,000 and will be recognized as revenue when incurred. During 2016, the County’s interest subsidy amounted to approximately \$513,000.

The County is subject to various debt limits by statute and may issue additional general obligation debt under the normal debt limit. At June 30, 2016, the County had authorized and unissued debt as follows:

Purpose	Amount
Various capital projects.....	\$ 15,977,704

Changes in Long-term Liabilities

During the year ended June 30, 2016, the following changes occurred in long-term liabilities:

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
Governmental Activities:					
Long-term bonds.....	\$ 25,043,156	\$ -	\$ (1,464,211)	\$ 23,578,945	\$ 1,464,211
Capital lease obligations.....	4,314	-	(4,314)	-	-
Compensated absences.....	1,106,779	924,540	(920,319)	1,111,000	960,000
Net OPEB obligation.....	11,067,725	2,070,489	(873,073)	12,265,141	-
Net pension liability.....	<u>41,528,990</u>	<u>9,124,218</u>	<u>(3,319,914)</u>	<u>47,333,294</u>	<u>-</u>
Total governmental activities.....	<u>\$ 78,750,964</u>	<u>\$ 12,119,247</u>	<u>\$ (6,581,831)</u>	<u>\$ 84,288,380</u>	<u>\$ 2,424,211</u>
Business-type Activities:					
Compensated absences.....	\$ 21,482	\$ 29,628	\$ (14,110)	\$ 37,000	\$ 30,000
Net OPEB obligation.....	388,114	92,925	(31,966)	449,073	-
Net pension liability.....	<u>565,730</u>	<u>153,220</u>	<u>(53,260)</u>	<u>665,690</u>	<u>-</u>
Total business-type activities.....	<u>\$ 975,326</u>	<u>\$ 275,773</u>	<u>\$ (99,336)</u>	<u>\$ 1,151,763</u>	<u>\$ 30,000</u>

NOTE 8 - GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

GASB 54 provides for two major types of fund balances, which are nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund.

In addition to nonspendable fund balance, GASB 54 has provided a hierarchy of spendable fund balances, based on a hierarchy of spending constraints.

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

The County has classified its fund balances with the following hierarchy:

	General	Cape Cod Commission	Septic Loan Program	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Fund balances						
Restricted for:						
Cape cod commission.....	\$ -	\$ 3,712,782	\$ -	\$ -	\$ -	3,712,782
Septic loan program.....	-	-	26,819,486	-	-	26,819,486
County commissioners.....	-	-	-	-	141,319	141,319
Resource development.....	-	-	-	-	22,754	22,754
Facilities.....	-	-	-	-	37,697	37,697
Cooperative extension.....	-	-	-	-	227,067	227,067
Registry of deeds.....	-	-	-	-	1,065,303	1,065,303
Health & environmental.....	-	-	-	-	461,148	461,148
Human services.....	-	-	-	-	3,660,766	3,660,766
Children's cove.....	-	-	-	-	917	917
Cape cod commission.....	-	-	-	-	3,210,624	3,210,624
License plate fund.....	-	-	-	-	83,384	83,384
Miscellaneous.....	-	-	-	-	41,058	41,058
Committed to:						
General government.....	52,262	-	-	-	-	52,262
County services.....	159,104	-	-	-	-	159,104
Health and human services.....	55,000	-	-	-	-	55,000
Public safety.....	9,436	-	-	-	-	9,436
Planning & development.....	323,057	-	-	-	-	323,057
Assigned to:						
General government.....	91,466	-	-	-	-	91,466
County services.....	191,584	-	-	-	-	191,584
Health and human services.....	95,078	-	-	-	-	95,078
Public safety.....	27,249	-	-	-	-	27,249
Planning & development.....	92,854	-	-	-	-	92,854
Shared Costs.....	33,216	-	-	-	-	33,216
Unassigned.....	6,051,527	-	-	(8,961,768)	-	(2,910,241)
Total fund balances (deficit).....	\$ 7,181,833	\$ 3,712,782	\$ 26,819,486	\$ (8,961,768)	\$ 8,952,037	\$ 37,704,370

NOTE 9 - RISK FINANCING

Insurance

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 Benefits

The County participates in a health insurance risk pool trust administered by the Cape Cod Municipal Health Group (the Group), a non-profit organization incorporated in July of 1987 to obtain health insurance for member governments at costs eligible to larger groups. The Group offers a variety of premium based plans to its members with each participating governmental unit being charged a premium for coverage based on rates established by the Group. The County is obligated to pay the Group its required premiums and, in the event the Group is terminated, its pro rata share of a deficit, should one exist.

Workers' Compensation

The County participates in a premium-based workers' compensation policy for all employees.

NOTE 10 - PENSION PLAN*Plan Descriptions*

The County is a member of the Barnstable County Contributory Retirement Association (BCRA), a cost-sharing multiple-employer defined benefit pension plan covering eligible employees of the 59 member units. The BCRA is administered by five board members (Board) on behalf of all current employees and retirees. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. The audited financial report may be obtained by visiting <http://www.barnstablcounty.org/retirement/association/>.

Benefits Provided

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

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

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

There were no changes of benefit terms that affected the total pension liability at December 31, 2015.

Contributions

Chapter 32 of the MGL governs the contributions of plan members and member units. Active plan members are required to contribute to the System at rates ranging from 5% to 9% of gross regular compensation with an additional 2% contribution required for compensation exceeding \$30,000. The percentage rate is keyed to the date upon which an employee's membership commences. The member units are required to pay into the BCRA a legislatively mandated actuarial determined contribution that is apportioned among the employers based on active current payroll. The County's proportionate share of the required contribution equaled its actual contribution for the year ended December 31, 2015 and totaled \$3,773,174, or 33.50% of covered payroll, actuarially determined as an amount that, when combined with plan member contributions, is expected to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability.

Pension Liabilities

At June 30, 2016, the County reported a liability of \$47,998,984 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2014. Accordingly, update procedures were used to roll forward the total pension liability to the measurement date. The County's

proportion of the net pension liability was based on a projection of the County’s long-term share of contributions to the pension plan relative to the projected contributions of all participating members. At December 31, 2015, the County’s proportion was 7.62% compared to the 7.65% proportion measured at December 31, 2014.

Pension Expense

For the year ended June 30, 2016, the County recognized pension expense of \$5,440,481. At June 30, 2016, the County reported deferred inflows of resources related to pensions of \$353,823 and deferred outflows of resources related to pensions of \$4,793,772, from the net difference between projected and actual investment earnings on pension plan investments, and changes in proportion.

The balances of deferred outflows and inflows at June 30, 2016 consist of the following:

Deferred category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between projected and actual earnings.....\$	3,832,214	\$ -	\$ 3,832,214
Changes in proportion.....	961,558	(353,823)	607,735
Total Deferred Outflows/(Inflows) of Resources.....\$	4,793,772	\$ (353,823)	\$ 4,439,949

The County’s deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	
2017.....\$	1,084,401
2018.....	1,084,401
2019.....	1,084,401
2020.....	1,063,939
2021.....	122,807
Total.....\$	4,439,949

Actuarial Assumptions

The total pension liability in the January 1, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement that was updated to December 31, 2015:

Valuation date.....	January 1, 2014
Actuarial cost method.....	Entry Age Normal Cost Method.
Amortization method.....	Payments increased at 4.0%, except for 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 sheriffs 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 the final actuarial value is within 20% of market value.
Inflation rate.....	4.00%
Projected salary increases.....	Varies by length of service with ultimate rates of 4.25% for Group 1, 4.50% for Group 2 and 4.75% for Group 4.
Cost of living adjustments.....	3.0% of the first \$15,000 of retirement income.
Rates of retirement.....	Varies based upon age for general employees, police and fire employees.
Rates of disability.....	For general employees, it was assumed that 45% of all disabilities are ordinary (55% are service connected). For police and fire employees, 10% of all disabilities are assumed to be ordinary (90% are service connected).
Mortality Rates:	
Pre-Retirement.....	The RP-2000 Employee Mortality Table projected generationally with a Scale from 2010.
Healthy Retiree.....	The RP-2000 Healthy Annuitant Mortality Table projected generationally with a Scale AA from 2010.
Disabled Retiree.....	The RP-2000 Healthy Annuitant Mortality Table set forward three years for males only projected generationally with Scale AA from 2010.
Investment rate of return/Discount rate.....	7.75%, net of pension plan investment expense, including inflation previously 7.875%

Investment policy

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of January 1, 2014 are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Long-Term Expected Asset Allocation
Domestic equity.....	6.60%	20.00%
International developed markets equity.....	7.10%	16.00%
International emerging markets equity.....	9.40%	7.00%
Core fixed income.....	2.20%	13.00%
High-yield fixed income.....	4.70%	10.00%
Real estate.....	4.40%	10.00%
Commodities.....	4.40%	4.00%
Hedge fund, GTAA, Risk parity.....	3.90%	10.00%
Private equity.....	11.70%	10.00%
		100.00%

Rate of return

For the year ended December 31, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 0.57%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount rate

The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the actuarially determined contribution rate. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability, calculated using the discount rate of 7.75%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	1% Decrease (6.75%)	Current Discount (7.75%)	1% Increase (8.75%)
The County's proportionate share of the net pension liability.....	\$ 60,869,854	\$ 47,998,984	\$ 37,075,629

NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description –Barnstable County administers a single-employer defined benefit plan (“the Retiree Health Plan”). The plan provides lifetime healthcare and life insurance for eligible retirees and their dependents through the County’s group health insurance plan, which covers both active and retired members. Chapter 32B of the MGL assigns authority to establish and amend benefit provisions of the plan. Benefit provisions are negotiated between the County and the unions representing County employees. The Retiree Health Plan does not issue a publicly available financial report.

Funding Policy – The required contribution is based on a pay-as-you-go financing requirement. The County contributes 75% of the cost of current-year health, dental, and life insurance premiums, respectively for eligible retired plan members and their dependents. Plan members receiving benefits contribute the remaining 25% percent of their premium costs. For 2016, the County contributed \$905,000 to the plan.

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 amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The components of the County’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County’s net OPEB obligation are summarized in the following table:

	<u>June 30, 2016</u>
Annual required contribution.....	\$ 2,066,861
Interest on net OPEB obligation.....	511,026
Adjustment to annual required contribution.....	<u>(414,473)</u>
Annual OPEB cost (expense).....	2,163,414
Contributions made.....	<u>(905,039)</u>
Increase in net OPEB obligation.....	1,258,375
Net OPEB obligation--beginning of year.....	<u>11,455,839</u>
Net OPEB obligation--end of year.....	<u>\$ 12,714,214</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 was as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2016	\$ 2,163,414	41.8%	\$ 12,714,214
6/30/2015	2,191,068	40.9%	11,896,197
6/30/2014	2,276,350	35.2%	11,004,505

Funded Status and Funding Progress – As of June 30, 2014, the most recent actuarial valuation date, the actuarial information is as follows:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (A)</u>	<u>Actuarial Accrued Liability (AAL) Entry Age (B)</u>	<u>Unfunded AAL (UAAL) (B-A)</u>	<u>Funded Ratio (A/B)</u>	<u>Covered Payroll C</u>	<u>UAAL as a Percentage of Covered Payroll ((B-A)/C)</u>
6/30/2014	-	29,573,226	29,573,226	-	10,444,327	283.2%

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

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

In the June 30, 2014, actuarial valuation, actuarial liabilities were determined using the projected unit credit cost method. The actuarial assumptions included a 4.50% investment return assumption, which is based on the expected yield on the assets of the County, calculated based on the funded level of the plan at the valuation date, and an annual medical/drug cost trend rate of 10% initially, graded to 5.0% over seven years. The UAAL is being amortized over 30 years on an open amortization period.

NOTE 12 - CONTINGENCIES

The County participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* through June 30, 2016, these programs are still subject to financial and compliance audits. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although it is expected such amounts, if any, to be immaterial.

Various legal actions and claims are pending. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any, at June 30, 2016, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2016.

NOTE 13 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 31, 2017, which is the date the financial statements were available to be issued.

NOTE 14 - RESTATEMENT OF NET POSITION

The beginning net position of governmental activities has been restated to correct the inclusion of the Barnstable County Retirement Association's OPEB liability of \$440,358 and the Net Pension Liability of \$1,092,866 as liabilities of the County as of June 30, 2015. The June 30, 2015 net position of (\$34,847,308) has been restated to (\$33,314,084).

NOTE 15 - IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During 2016, the following GASB pronouncements were implemented:

- GASB Statement #72, *Fair Value Measurement and Application*. Notes to the basic financial statements were changed to provide additional disclosure on fair value measurement.
- GASB Statement #73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This pronouncement did not impact the basic financial statements.
- GASB Statement #76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This pronouncement did not impact the basic financial statements.
- GASB Statement #79, *Certain External Investment Pools and Pool Participants*. The basic financial statements and related notes were updated to be in compliance with this pronouncement.

The following GASB pronouncements will be implemented in the future:

- The GASB issued Statement #74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which is required to be implemented in 2017.

- The GASB issued Statement #75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which is required to be implemented in 2018.
- The GASB issued Statement #77, *Tax Abatement Disclosures*, which is required to be implemented in 2017.
- The GASB issued Statement #78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, which is required to be implemented in 2017.
- The GASB issued Statement #80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement #14*, which is required to be implemented in 2017.
- The GASB issued Statement #81, *Irrevocable Split-Interest Agreements*, which is required to be implemented in 2018.
- The GASB issued Statement #82, *Pension Issues – an amendment of GASB Statements #67, #68, and #73*, which is required to be implemented in 2018.

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

Required Supplementary Information

GENERAL FUND - COUNTY OPERATIONS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
REVENUES:					
County tax assessments.....	\$ 3,046,865	\$ 3,046,865	\$ 3,046,865	\$ -	-
County excise tax.....	8,750,000	8,750,000	9,289,274	-	539,274
Registry of deeds excise tax.....	2,475,000	2,475,000	2,532,372	-	57,372
Court house rental.....	1,625,000	1,625,000	1,534,053	-	(90,947)
Intergovernmental.....	668,549	668,549	337,837	-	(330,712)
Departmental.....	1,020,786	1,020,786	1,097,404	-	76,618
Investment income/(loss).....	164,866	164,866	23,976	-	(140,890)
TOTAL REVENUES.....	17,751,066	17,751,066	17,861,781	-	110,715
EXPENDITURES:					
Current:					
General Government:					
County commissioners.....	497,470	591,952	498,659	18,883	74,410
Information technology services.....	1,133,769	1,539,478	1,290,441	46,029	203,008
Resource development office.....	1,039,794	1,036,757	867,876	61,757	107,124
Assembly of delegates.....	316,306	323,256	305,330	3,141	14,785
Finance.....	839,461	887,579	808,071	13,918	65,590
Total General Government.....	3,826,800	4,379,022	3,770,377	143,728	464,917
County Services:					
Facilities.....	1,652,993	2,674,472	2,102,269	40,320	531,883
Cooperative extension services.....	1,655,638	1,985,216	1,810,126	76,021	99,069
Registry of deeds.....	2,791,082	2,781,089	2,470,145	25,050	285,894
Joint initiatives.....	564,618	999,269	366,306	209,297	423,666
Total County Services.....	6,664,331	8,440,046	6,748,846	350,688	1,340,512
Health and Human Services:					
Health & environmental.....	2,341,634	2,465,851	2,211,135	47,694	207,022
Human services.....	569,757	633,401	463,977	86,388	83,036
Children's cove.....	545,175	544,751	406,728	15,996	122,027
Grants for human services.....	40,000	40,000	40,000	-	-
Total Health and Human Services.....	3,496,566	3,684,003	3,121,840	150,078	412,085
Public Safety:					
Fire training academy.....	537,493	530,743	406,648	36,685	87,410
Sheriff retirees retirement.....	1,282,808	1,282,808	1,282,792	-	16
Total Public Safety.....	1,820,301	1,813,551	1,689,440	36,685	87,426
Planning and Development:					
Water quality initiatives.....	850,237	837,819	477,026	415,911	(55,118)
Shared Costs:					
Fringe benefits - retirees.....	1,389,891	1,324,111	932,249	-	391,862
Miscellaneous & contingent.....	579,696	605,698	432,216	33,216	140,266
Appropriated reserves.....	395,000	359,689	-	-	359,689
Total Shared Costs.....	2,364,587	2,289,498	1,364,465	33,216	891,817
Debt service:					
Interest.....	65,000	65,000	11,446	-	53,554
TOTAL EXPENDITURES.....	19,087,822	21,508,939	17,183,440	1,130,306	3,195,193
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(1,336,756)	(3,757,873)	678,341	(1,130,306)	3,305,908
OTHER FINANCING SOURCES (USES):					
Use of reserves for prior year carryforwards.....	1,584,024	1,584,024	-	-	(1,584,024)
Budgeted use of reserves.....	-	350,627	-	-	(350,627)
Unbudgeted use of reserves.....	-	2,272,490	-	-	(2,272,490)
Transfers in.....	-	30,000	30,000	-	-
Transfers out.....	(250,000)	(482,000)	(482,000)	-	-
TOTAL OTHER FINANCING SOURCES (USES).....	1,334,024	3,755,141	(452,000)	-	(4,207,141)
NET CHANGE IN FUND BALANCE.....	(2,732)	(2,732)	226,341	(1,130,306)	(901,233)
BUDGETARY FUND BALANCE, Beginning of year.....	6,893,991	6,893,991	6,893,991	-	-
BUDGETARY FUND BALANCE, End of year.....	\$ 6,891,259	\$ 6,891,259	\$ 7,120,332	\$ (1,130,306)	\$ (901,233)

See notes to required supplementary information.

Pension Plan Schedules

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

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

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

**SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY**

BARNSTABLE COUNTY RETIREMENT SYSTEM

	December 31, 2014	December 31, 2015
County's proportion of the net pension liability (asset).....	7.650%	7.623%
County's proportionate share of the net pension liability (asset)..... \$	43,187,586	\$ 47,998,984
County's covered employee payroll..... \$	11,524,598	\$ 11,263,730
Net pension liability as a percentage of covered-employee payroll.....	374.74%	426.14%
Plan fiduciary net position as a percentage of the total pension liability.....	60.43%	58.10%

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

See notes to required supplementary information.

SCHEDULE OF COUNTY'S CONTRIBUTIONS

BARNSTABLE COUNTY RETIREMENT SYSTEM

	December 31, 2014	December 31, 2015
Actuarially determined contribution.....	\$ 3,618,501	\$ 3,773,174
Contributions in relation to the actuarially determined contribution.....	<u>(3,618,501)</u>	<u>(3,773,174)</u>
Contribution deficiency (excess).....	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll.....	\$ 11,524,598	\$ 11,263,730
Contributions as a percentage of covered- employee payroll.....	31.40%	33.50%

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

See notes to required supplementary information.

Other Postemployment Benefit Plan Schedules

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

The Schedule of Employer Contributions presents, over time, the ratio of the actual annual employer contributions to the annual required contribution.

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

OTHER POSTEMPLOYMENT BENEFIT PLAN

SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) 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)
6/30/2014	\$ -	\$ 29,573,226	\$ 29,573,226	0.0%	\$ 10,444,327	283.2%
6/30/2012	-	30,936,888	30,936,888	0.0%	10,979,737	281.8%
6/30/2010	-	34,443,031	34,443,031	0.0%	10,774,494	319.7%

Schedule of Employer Contributions

Year Ended	Annual Required Contribution	Actual Contributions Made	Percentage Contributed
2016	\$ 2,066,861	\$ 905,039	44%
2015	2,097,504	896,244	43%
2014	2,196,414	800,562	36%
2013	2,095,948	804,494	38%
2012	2,977,325	890,805	30%
2011	2,819,696	829,627	29%

OTHER POSTEMPLOYMENT BENEFIT PLAN

ACTUARIAL METHODS AND ASSUMPTIONS

Actuarial Methods:

Valuation date.....	June 30, 2014
Actuarial cost method.....	Entry Age Normal
Amortization method.....	Amortization payments increasing at 4.0%
Remaining amortization period.....	30 years open

Actuarial Assumptions:

Investment rate of return.....	4.50%, pay-as-you-go basis.
Medical/prescription drug cost trend rate.....	Under 65: 10% decreasing by 2.0% for 1 year and 0.5% for 6 years to an ultimate rate of 5.0% per year. Over 65: 10% decreasing by 0.5% for 10 years to an ultimate level of 5.0% per year.
Dental.....	2.0% for 1 year then 5.0% thereafter.
Part B reimbursement and/or penalties.....	5.0%
Inflation rate.....	4.0%

Plan Membership:

Current retirees, beneficiaries, and dependents.....	161
Current active members.....	<u>173</u>
Total.....	<u><u>334</u></u>

See notes to required supplementary information.

NOTE A - BUDGETARY BASIS OF ACCOUNTING**1. Budgetary Information**

MGL requires the County to adopt a balanced budget that is approved by the Commissioners and the Assembly of Delegates. The Commissioners present an annual budget to the Assembly of Delegates, which includes estimates of revenues and other financing sources and recommendations of expenditures and other financing uses. The Assembly of Delegates, which has full authority to amend and/or reject the budget or any line item, adopts the expenditure budget by majority vote.

Increases or transfers between departments subsequent to the approval of the annual budget require majority Assembly of Delegates approval via a supplemental appropriation or an Assembly of Delegates order.

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

Generally, expenditures may not exceed the level of spending authorized for an appropriation account. However, the County is statutorily required to pay debt service, regardless of whether such amounts are appropriated. Additionally, expenditures for disasters, natural or otherwise, and final judgments may exceed the level of spending authorized by majority vote of the Commissioners.

The County adopts an annual budget for the general fund in conformity with the guidelines described above. The original 2016 approved budget for the general fund authorized \$19.4 million in appropriations. During 2016, the County approved supplemental appropriations totaling \$2.7 million primarily related to capital cost funded through reserves.

The County Administrator has the responsibility to ensure that budgetary control is maintained on an individual line item appropriation account basis. Budgetary control is exercised through the County's accounting system.

NOTE B - PENSION PLAN***Pension Plan Schedules - County*****A. Schedule of the County's Proportionate Share of the Net Pension Liability**

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

B. Schedule of County's Contributions

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

Changes in Assumptions – None.

Changes in Plan Provisions – None.

NOTE C - OTHER POSTEMPLOYMENT BENEFITS

The County administers a single-employer defined benefit healthcare plan (“the Retiree Health Plan”). The plan provides lifetime healthcare insurance for eligible retirees and their spouses through the County’s group health insurance plan, which covers both active and retired members.

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

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

The Schedule of Employer Contributions presents, over time, the ratio of the actual annual employer contributions to the annual required contribution.

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

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

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Additional Information

The following Additional Information is a requirement of the Massachusetts Department of Transportation (MDOT).

BARNSTABLE COUNTY - CAPE COD COMMISSION
SCHEDULE OF FRINGE AND INDIRECT COST RATE - SINGLE RATE

YEAR ENDED JUNE 30, 2016

	Indirect Costs Incurred	Indirect Costs Disallowed	Indirect Costs Allowed
Administrative salaries.....	\$ 537,866	\$ -	\$ 537,866
Administrative fringe benefits.....	969,004	-	969,004
Indirect personnel costs.....	444,863	-	444,863
Rent, supplies, materials, etc.....	364,785	-	364,785
Equipment depreciation.....	<u>7,607</u>	-	<u>7,607</u>
Total.....	\$ <u>2,324,125</u>	\$ -	\$ <u>2,324,125</u>
Indirect costs allowed.....			\$ 2,324,125
Total direct salaries.....			\$ 1,777,923
Total indirect costs allowed as a percentage of total direct salaries.....			<u>130.72%</u>

BARNSTABLE COUNTY - CAPE COD COMMISSION
SCHEDULE OF FRINGE AND INDIRECT COST RATE - TWO RATE

YEAR ENDED JUNE 30, 2016

	Indirect Costs Incurred	Indirect Costs Disallowed	Indirect Costs Allowed
FRINGE RATE			
Administrative fringe benefits.....	\$ 969,004	\$ -	\$ 969,004
Indirect personnel costs.....	<u>444,863</u>	<u>-</u>	<u>444,863</u>
Total fringe pool.....	\$ <u>1,413,868</u>	\$ <u>-</u>	\$ 1,413,868
Indirect costs allowed (fringe pool).....			\$ <u>1,413,868</u>
Total direct and indirect salaries			\$ <u>2,315,789</u> (A)
Total indirect costs allowed (fringe pool) as a percentage of total direct and indirect salaries.....			<u>61.05%</u>
INDIRECT COST RATE			
Administrative salaries.....	\$ 537,866	\$ -	\$ 537,866
Indirect salaries allocated to indirect labor (Indirect salaries x fringe rate).....	328,386	-	328,386
Rent, supplies, materials, etc.....	364,785	-	364,785
Equipment depreciation.....	<u>7,607</u>	<u>-</u>	<u>7,607</u>
Total indirect costs.....	\$ <u>1,238,643</u>	\$ <u>-</u>	\$ 1,238,643
Indirect costs allowed.....			\$ <u>1,238,643</u>
Total direct salaries.....			\$ 1,777,923
Total indirect costs allowed as a percentage of total direct salaries.....			<u>69.67%</u> (B)
Total indirect cost rate (A + B).....			<u>130.72%</u>

BARNSTABLE COUNTY - CAPE COD COMMISSION
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES

YEAR ENDED JUNE 30, 2016

	MA DOT 73494 0011	MADOT FTA MA80-X009 0013	MADOT FTA MA80-X010 0013	US HUD 0014	FEMA PDM 2025	Regional Econ Strategy Exec Team 2146**	US EDA CEDS 2168
REVENUES:							
Federal, state and local grants.....	\$ 599,179	\$ 71,562	\$ -	\$ 9,015	\$ 28,623	\$ 290,000	\$ 28,234
Local assessments*.....	26,845	19,113	2,979	-	27,966	-	15,167
TOTAL REVENUES.....	626,024	90,675	2,979	9,015	56,589	290,000	43,401
EXPENDITURES:							
Direct salaries.....	249,711	35,726	5,423	-	24,171	117,564	12,992
Indirect costs.....	326,422	46,701	7,089	-	31,596	153,680	16,983
Direct costs.....	21,983	601	65	-	4,816	7,773	-
TOTAL EXPENDITURES.....	598,116	83,028	12,577	-	60,583	279,017	29,975
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	27,908	7,647	(9,598)	9,015	(3,994)	10,983	13,426

*Local assessments reflect CCC funds expended on the project (actual cost less amount invoiced)

	DOD JLUS 2201	DEP 208 Plan Update 2209	MA DOT INVEST 2221	APCC/USGS Sea Level Rise 2232	FEMA MHM Planning 2233	NPS Bike Master Plan 2242	DHCD District Local Tech Assistance 2247	CZM Coastal Resiliency 2251	Ped/Bike 2265	Provincetown Parking Study 2267
\$	11,793	\$ 378,126	\$ -	\$ 22,500	\$ 5,374	\$ 133,155	\$ -	\$ 8,221	\$ 4,036	\$ 33,001
	30	471,671	-	-	2,244	4,050	19,186	-	-	944
	11,823	849,797	-	22,500	7,618	137,205	19,186	8,221	4,036	33,945
	607	203,920	-	-	3,384	37,890	43,659	-	-	8,804
	(534)	266,564	(219)	-	4,424	49,530	57,071	-	-	11,509
	47	232,930	-	39,700	84	640	34,999	-	4,036	13,630
	120	703,414	(219)	39,700	7,892	88,060	135,729	-	4,036	33,943
	11,703	146,383	219	(17,200)	(274)	49,145	(116,543)	8,221	-	2

(Continued)

BARNSTABLE COUNTY - CAPE COD COMMISSION
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES

YEAR ENDED JUNE 30, 2016

	Three Bays Study 2273	EDA 2275	DLTA 2277	The Nature Conservancy 2281	NOAA Resilient CC 2282	DEP Water Quality 2284	MADOT Bike Racks 2286
REVENUES:							
Federal, state and local grants.....	\$ 17,500	\$ 29,998	\$ 186,965	\$ 1,607	\$ -	\$ -	\$ -
Local assessments*.....	-	76,828	5,627	88	3,985	4,874	-
TOTAL REVENUES.....	17,500	106,826	192,592	1,695	3,985	4,874	-
EXPENDITURES:							
Direct salaries.....	-	63,639	3,943	822	3,777	45,455	-
Indirect costs.....	-	83,189	5,154	1,075	4,937	59,419	-
Direct costs.....	35,000	-	40,000	-	115	459,749	-
TOTAL EXPENDITURES.....	35,000	146,828	49,097	1,897	8,829	564,623	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(17,500)	(40,002)	143,495	(202)	(4,844)	(559,749)	-

*Local assessments reflect CCC funds expended on the project (actual cost less amount invoiced)

	Mitigation 8023	Affordable Housing 8061	SIO Projects 8085	Total
\$	89,640	\$ -	\$ -	\$ 1,948,529
	-	2,388	17,723	701,708
	<u>89,640</u>	<u>2,388</u>	<u>17,723</u>	<u>2,650,237</u>
	-	-	-	861,487
	-	-	-	1,124,590
	<u>109,347</u>	<u>2,388</u>	<u>17,723</u>	<u>1,025,626</u>
	<u>109,347</u>	<u>2,388</u>	<u>17,723</u>	<u>3,011,703</u>
	<u>(19,707)</u>	<u>-</u>	<u>-</u>	<u>(361,466)</u>

(Concluded)