

**TOWN OF DENNIS, MASSACHUSETTS**

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

**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**



**TOWN OF DENNIS, MASSACHUSETTS**  
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**BASIC FINANCIAL STATEMENTS AND**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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# *Independent Auditors' Report*

## Independent Auditors' Report

To the Honorable Board of Selectmen  
Town of Dennis, Massachusetts

### Report on the Financial Statements

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

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

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

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

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

## ***Opinions***

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

## ***Other Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (located on pages 4 through 13) and budgetary comparison and certain pension and other postemployment benefits information (located on pages 59 through 67) 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 Reporting Required by Government Auditing Standards***

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



**CliftonLarsonAllen LLP**

Burlington, Massachusetts  
May 30, 2014

# *Management's Discussion and Analysis*



TOWN OF DENNIS, MASSACHUSETTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2013

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

***Financial Highlights***

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$105,614,596 (net position). Of this amount, \$3,236,028 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The Town's total net position increased \$675,597.
- As of the close of the fiscal year, the Town's governmental funds reported combined ending fund balances totaling \$14,911,581, an increase of \$969 in comparison with the prior year. Approximately \$5,078,000 represents unassigned fund balance.
- At the end of the fiscal year, unassigned fund balance for the general fund totaled \$5,212,581, or 11.9 percent of total general fund expenditures and transfers out.
- The Town's total bonded debt decreased \$1,579,525 during the fiscal year; no new bonded debt was issued during fiscal year 2013.
- The Town's total short-term debt decreased \$272,589 during the fiscal year.

***Overview of the Basic Financial Statements***

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

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

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

**Government-wide financial statements**

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

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

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

Both of the government-wide financial statements distinguish functions of the Town 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*). Governmental activities include general government, public safety, education, public works, health and human

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services, culture and recreation, community development, land purchases and debt service - interest. Business-type activities include golf course, transfer station, beach and harbor operations. The government-wide financial statements can be found on pages 15-17 of this report.

Fund financial statements

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

1. Governmental funds
2. Proprietary funds
3. Fiduciary funds

**Governmental Funds**

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

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

The Town maintains 138 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general and community preservation (special revenue) funds, each of which are considered to be major funds. Data from the other 136 governmental funds are combined into a single, aggregated presentation titled *nonmajor governmental funds*.

The basic governmental funds financial statements can be found on pages 18-21 of this report.

**Proprietary funds**

The Town 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 Town uses enterprise funds to account for its golf course, transfer station, beach and harbor operations, which are considered to be major funds.

The basic proprietary funds financial statements can be found on pages 22-24 of this report.

**Fiduciary funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those

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funds are not available to support the Town's programs. The accounting used for fiduciary funds is similar to that used for proprietary funds.

Private-purpose trust funds and agency funds are reported and combined into a single, aggregate presentation in the fiduciary fund financial statements under the captions "private purpose trust funds" and "agency funds", respectively.

The basic fiduciary funds financial statements can be found on pages 25-26 of this report.

**Notes to the basic financial statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27-58 of this report.

**Required supplementary information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Presented in this information is the budget comparison for the general fund and community preservation fund and certain pension and other postemployment benefits information, which can be found on pages 59-67 of this report.

***Government-Wide Financial Analysis***

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

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MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2013

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Town's assets exceeded liabilities by \$105,614,596 at the close of the fiscal year and are summarized as follows:

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	2013	2012	2013	2012	2013	2012
<b>Assets</b>						
Current assets.....	\$ 18,701,599	\$ 19,071,434	\$ 1,971,477	\$ 1,099,937	\$ 20,673,076	\$ 20,171,371
Noncurrent assets (excluding capital assets).....	474,176	583,541	-	-	474,176	583,541
Capital assets (net).....	<u>96,034,605</u>	<u>101,950,179</u>	<u>17,318,841</u>	<u>11,037,232</u>	<u>113,353,446</u>	<u>112,987,411</u>
Total assets.....	<u>115,210,380</u>	<u>121,605,154</u>	<u>19,290,318</u>	<u>12,137,169</u>	<u>134,500,698</u>	<u>133,742,323</u>
<b>Liabilities</b>						
Current liabilities (excluding debt).....	1,326,372	1,378,559	326,822	305,975	1,653,194	1,684,534
Noncurrent liabilities (excluding debt).....	9,241,104	8,248,657	1,415,343	763,937	10,656,447	9,012,594
Current debt.....	1,969,525	2,482,146	802,411	250,000	2,771,936	2,732,146
Noncurrent debt.....	<u>13,804,525</u>	<u>15,374,050</u>	<u>-</u>	<u>-</u>	<u>13,804,525</u>	<u>15,374,050</u>
Total liabilities.....	<u>26,341,526</u>	<u>27,483,412</u>	<u>2,544,576</u>	<u>1,319,912</u>	<u>28,886,102</u>	<u>28,803,324</u>
<b>Net Position</b>						
Net investment in capital assets.....	80,089,194	84,046,936	16,802,761	10,695,543	96,891,955	94,742,479
Restricted.....	5,486,613	6,076,886	-	-	5,486,613	6,076,886
Unrestricted.....	<u>3,293,047</u>	<u>3,997,920</u>	<u>(57,019)</u>	<u>121,714</u>	<u>3,236,028</u>	<u>4,119,634</u>
Total net position.....	<u>\$ 88,868,854</u>	<u>\$ 94,121,742</u>	<u>\$ 16,745,742</u>	<u>\$ 10,817,257</u>	<u>\$ 105,614,596</u>	<u>\$ 104,938,999</u>

The largest portion of the Town's net position (91.7%) reflects its investment in capital assets (e.g., land, construction in progress, intangible assets, land improvements, buildings, buildings improvements, machinery and equipment, vehicles and infrastructure), less any related outstanding debt used to acquire those assets. These capital assets are used 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 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 Town's net position (5.2%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (3.1% or \$3,236,028) may be used to meet the Town's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Town reports positive balances in all categories of net position for its governmental activities and business-type activities.

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Changes in Net Position

For the fiscal year ended June 30, 2013, the Town's total net position increased by \$675,597, compared to an increase of \$2,039,373 in the prior fiscal year. These amounts are summarized as follows:

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	2013	2012	2013	2012	2013	2012
<b>Revenues</b>						
<i>Program Revenues:</i>						
Charges for services.....	\$ 3,667,659	\$ 6,223,922	\$ 6,910,002	\$ 4,531,738	\$ 10,577,661	\$ 10,755,660
Operating grants and contributions.....	1,664,528	2,292,508	31,626	1,142	1,696,154	2,293,650
Capital grants and contributions.....	520,254	462,881	-	-	520,254	462,881
<i>General Revenues:</i>						
Real estate and personal property taxes....	35,476,657	34,273,971	-	-	35,476,657	34,273,971
Motor vehicle and other excise taxes.....	2,724,408	2,624,933	-	-	2,724,408	2,624,933
Penalties and interest on taxes.....	405,201	386,890	-	-	405,201	386,890
Community preservation surcharges.....	1,047,926	1,014,060	-	-	1,047,926	1,014,060
Grants and contributions not restricted to specific programs.....	567,000	570,762	-	-	567,000	570,762
Unrestricted investment income.....	16,092	23,705	-	-	16,092	23,705
Other.....	7,158	34,216	-	-	7,158	34,216
<b>Total revenues.....</b>	<b>46,096,883</b>	<b>47,907,848</b>	<b>6,941,628</b>	<b>4,532,880</b>	<b>53,038,511</b>	<b>52,440,728</b>
<b>Expenses</b>						
General government.....	6,755,563	6,350,615	-	-	6,755,563	6,350,615
Public safety.....	14,520,291	14,424,537	-	-	14,520,291	14,424,537
Education.....	16,956,864	16,455,387	-	-	16,956,864	16,455,387
Public works.....	5,258,380	4,761,575	-	-	5,258,380	4,761,575
Health and human services.....	1,448,778	1,426,662	-	-	1,448,778	1,426,662
Culture and recreation.....	1,035,008	1,681,627	-	-	1,035,008	1,681,627
Community development.....	738,128	458,446	-	-	738,128	458,446
Debt service - interest.....	582,555	1,056,876	-	-	582,555	1,056,876
Golf course.....	-	-	2,529,317	2,592,457	2,529,317	2,592,457
Transfer station.....	-	-	1,098,092	1,193,173	1,098,092	1,193,173
Beach enterprise fund.....	-	-	826,558	-	826,558	-
Harbor enterprise fund.....	-	-	613,380	-	613,380	-
<b>Total expenses.....</b>	<b>47,295,567</b>	<b>46,615,725</b>	<b>5,067,347</b>	<b>3,785,630</b>	<b>52,362,914</b>	<b>50,401,355</b>
Change in net position before transfers and special items.....	(1,198,684)	1,292,123	1,874,281	747,250	675,597	2,039,373
Transfers, net.....	1,617,977	938,806	(1,617,977)	(938,806)	-	-
Speical item - transfer to new enterprise funds....	(5,672,181)	-	5,672,181	-	-	-
<b>Change in net position.....</b>	<b>(5,252,888)</b>	<b>2,230,929</b>	<b>5,928,485</b>	<b>(191,556)</b>	<b>675,597</b>	<b>2,039,373</b>
Net position - beginning of year.....	94,121,742	91,890,813	10,817,257	11,008,813	104,938,999	102,899,626
<b>Net position - end of year.....</b>	<b>\$ 88,868,854</b>	<b>\$ 94,121,742</b>	<b>\$ 16,745,742</b>	<b>\$ 10,817,257</b>	<b>\$ 105,614,596</b>	<b>\$ 104,938,999</b>

Governmental activities decreased the Town's net position by \$5,252,888 in fiscal year 2013 and Business-type activities increased the Town's net position by \$5,928,485. In the prior year, governmental activities increased the Town's net position by \$2,230,929 and business type activities decreased the Town's net position by \$191,556. The key element of these changes is that in fiscal year 2013, the Town established the beach and harbor enterprise funds and transferred \$5,672,181 of net assets from governmental funds to the enterprise funds. Other elements

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MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2013

of the change in governmental activities include a decrease in transfers from the enterprise funds to the general fund and the timing of cash flows of operating grants.

*Fund Financial Statement Analysis*

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

Governmental funds

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

At the end of the current fiscal year, the governmental funds reported combined ending fund balances totaling \$14,911,581, an increase of \$969 in comparison with the prior year. Of this total amount, approximately \$5,078,000 represents unassigned fund balance. The remainder of fund balance includes the following constraints:

- Nonspendable (\$457,046)
- Restricted (\$4,348,357)
- Committed (\$4,947,759)
- Assigned (\$80,269)

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the general fund totaled \$5,212,581, while total fund balance was \$10,234,997. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures and transfers out. Unassigned fund balance represents 11.9% of total general fund expenditures and transfers out, while total fund balance represents 23.3% of that same amount.

The balance of the Town's general fund increased \$611,260 during fiscal year 2013. Although the Town recognized an approximate \$4,315,000 budgetary surplus (excluding encumbrances and continuing appropriations), approximately \$4,419,000 of reserves was utilized for spending during fiscal year 2013.

Financial highlights of the Town's other major governmental fund are as follows:

The fund balance of the community preservation fund (special revenue) decreased by \$368,006 during the current fiscal year. The decrease is a result of current year expenditures that will be paid for from bond proceeds that will be received in subsequent fiscal year and expenditures of prior year articles and continuing appropriations. Significant activity for the year consisted of surcharge revenues (\$1,045,230), state revenues (\$304,460), contributions (\$285,000) expenditures (\$1,126,482), and transfers to the general fund to cover debt service costs (\$912,350).

Proprietary funds

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

Unrestricted net position of the golf course, transfer station, beach and harbor enterprise funds at the end of the year amounted to \$397,117, (\$261,261), (\$295,272) and \$102,39, respectively. The golf course, transfer station, beach and harbor enterprise funds had increases in net position for the year of \$69,041, \$71,664, 2,960,837 and \$2,826,943, respectively. Other factors concerning the finances of these four funds have already been addressed in the discussion of the Town's business-type activities.

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General Fund Budgetary Highlights

The original general fund budget of \$48,943,902 was increased by \$1,770,559 (3.6%) during the fiscal year. The following table summarizes the increase:

Purpose of Increase	Amount	Funding Source
Transfer to capital improvement fund .....	\$ 500,000	Unassigned fund balance
Purchase or fund capital outlay items .....	469,185	Unassigned fund balance
Purchase or fund capital outlay items .....	168,188	Transfer from golf capital improvement fund
Purchase or fund capital outlay items .....	112,100	Transfer from beach capital improvement fund
Purchase or fund capital outlay items .....	100,000	Transfer from waterways dredge improvement fund
Consulting services.....	99,980	Unassigned fund balance
Transfer to capital improvement fund .....	80,500	Unassigned fund balance
Supplement fiscal year 2013 operating budget.....	72,602	Unassigned fund balance
Purchase or fund capital outlay items .....	50,000	Transfer from waterways improvement fund
Purchase or fund capital outlay items .....	35,000	Transfer from ambulance receipts fund
Promote tourism in the Town of Dennis .....	25,000	Unassigned fund balance
Fund a cost and benefits analysis .....	22,894	Transfer from Barrier Beach protection stabilization fund
Fund the Town's fuel assistance program .....	16,000	Unassigned fund balance
Purchase and install cold water rinse towers .....	7,000	Unassigned fund balance
Purchase or fund capital outlay items .....	6,000	Transfer from insurance receipts fund
Fund a cost and benefits analysis .....	5,860	Transfer from beach capital improvement fund
Permanent sidewalk easement .....	250	Unassigned fund balance
<b>Total net increase.....</b>	<b>\$ 1,770,559</b>	

During the year, revenues and other financing uses exceeded budgetary estimates and expenditures and encumbrances and continuing appropriations were less than budgetary estimates, resulting in a positive overall budget to actual variance of approximately \$1,188,000.

***Capital Asset and Debt Administration***

Capital assets

The Town's investment in capital assets for its governmental and business-type activities at the end of the fiscal year totaled \$113,353,446 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, intangible assets, land improvements, buildings, buildings improvements, machinery and equipment, vehicles and infrastructure. The total increase in the investment in capital assets for the current fiscal year totaled \$366,035 or 0.3% (\$5,915,574 decrease for governmental activities and \$6,281,609 increase for business-type activities).

Major capital asset events that occurred during the current fiscal year include the following:

- Infrastructure- road and street improvements (\$1,310,000)
- Town Hall improvements (\$2,084,000)
- Corporation Beach bathhouse improvements (\$919,000)
- Public safety machinery and equipment purchases/leases (\$280,000)
- Land acquisition (\$985,000)
- Golf course machinery and equipment purchases (\$335,000)
- Governmental funds contributed \$3,171,533 of net investment in capital assets to the newly established Beach Enterprise Fund

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- Government fund contributed \$2,832,382 of net investment in capital assets to the newly established Harbor enterprise fund
- The following table summarizes the Town's capital assets (net of accumulated depreciation):

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	2013	2012	2013	2012	2013	2012
Land.....	\$ 54,195,460	\$ 55,195,022	\$ 8,949,197	\$ 6,964,635	\$ 63,144,657	\$ 62,159,657
Construction in progress.....	107,031	2,965,927	316,487	228,689	423,518	3,194,616
Intangible assets.....	385,000	385,000	-	-	385,000	385,000
Land improvements.....	1,620,069	2,569,349	2,387,017	1,441,181	4,007,086	4,010,530
Buildings.....	15,646,839	16,335,695	1,415,909	1,441,630	17,062,748	17,777,325
Building improvements .....	5,123,153	2,897,396	1,068,767	-	6,191,920	2,897,396
Machinery and equipment....	1,915,344	2,181,743	1,188,250	942,389	3,103,594	3,124,132
Vehicles.....	512,835	690,906	36,635	-	549,470	690,906
Infrastructure.....	16,528,874	18,729,141	1,956,579	18,708	18,485,453	18,747,849
<b>Total capital assets.....</b>	<b>\$ 96,034,605</b>	<b>\$ 101,950,179</b>	<b>\$ 17,318,841</b>	<b>\$ 11,037,232</b>	<b>\$ 113,353,446</b>	<b>\$ 112,987,411</b>

Additional information on the Town's capital assets can be found in Note 5 on pages 41-46 of this report.

Long-Term Debt

At the end of the current fiscal year, total bonded debt outstanding was \$15,374,050, which is backed by the full faith and credit of the Town, and is summarized as follows:

	<i>Governmental Activities</i>	
	2013	2012
General obligation bonds.....	\$ 15,135,000	\$ 16,695,000
MWPAT notes.....	239,050	258,575
<b>Total bonds and notes.....</b>	<b>\$ 15,374,050</b>	<b>\$ 16,953,575</b>

The Town's total bonded debt decreased by \$1,579,525, or 9.3%, during the current fiscal year; no new debt issued during fiscal year 2013.

Additional information on the Town's long-term debt can be found in Note 9 on pages 49-51 of this report.

*Economic Factors and Next Year's Budgets and Rates*

The fiscal year 2014 Town operating budget includes expenditures of approximately \$50,823,000 balanced by non-tax revenues totaling approximately \$13,553,000, an estimated tax levy of \$35,264,000 and debt exclusions of approximately \$2,006,000 passed by referendum. The tax levy for fiscal year 2014 increased by \$1,290,334 or 3.59%. A \$252,000 increase in the tax levy is attributable to new growth as well as a \$173,000 increase in exempt debt. Seventy three percent of all revenue used to fund town services is raised via property tax. Ninety two and one half percent of the real estate levy comes from the residential tax base. The tax rate for fiscal year 2014 is \$6.38 per \$1,000 of assessed valuation for residential and commercial property. The majority of the tax rate



TOWN OF DENNIS, MASSACHUSETTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2013

increase is due to the increase in levy growth allowed by law of approximately \$818,000, the fire override of \$356,000 and the payment of additional debt of \$175,000.

The average assessment for a single family home in the Town for fiscal year 2013 was \$392,500 and it is assumed to remain constant for fiscal year 2014.

The Town's budget performance has been improving during the last four years and will continue to get better. The economy and reductions in economy sensitive revenue has been challenging for the Town. However, most of the necessary adjustments have been made and the Town is positioned extremely well for the future. The fiscal year 2014 budget continues with the Board's policy of reducing the recurring commitment of free cash. The permanent override dedicated to establishing a recurring source of revenue to fund capital expenditures has been a catalyst in improving the Town's long-term fiscal health. The fiscal year 2014 budget follows the policy of earmarking an additional \$150,000 of tax levy revenue to the capital appropriation base.

*Requests for Information*

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Assistant Town Administrator, 485 Main Street, South Dennis, MA 02638.

# *Basic Financial Statements*

TOWN OF DENNIS  
STATEMENT OF NET POSITION  
JUNE 30, 2013

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents.....	\$ 10,583,047	\$ 1,147,098	\$ 11,730,145
Restricted cash and cash equivalents.....	4,611,134	732,098	5,343,232
Restricted investments.....	439,446	-	439,446
Receivables, net of allowance for uncollectible amounts:			
Real estate and personal property taxes.....	1,168,027	-	1,168,027
Tax and other liens.....	988,718	-	988,718
Motor vehicle and other excise taxes.....	353,243	-	353,243
Community preservation surcharges.....	23,157	-	23,157
User charges.....	296,656	7,624	304,280
Special assessments.....	83,688	-	83,688
Departmental and other.....	130,401	-	130,401
Intergovernmental.....	24,082	-	24,082
Inventory.....	-	84,657	84,657
Total current assets.....	<u>18,701,599</u>	<u>1,971,477</u>	<u>20,673,076</u>
Noncurrent assets:			
Receivables, net of allowance for uncollectible amounts:			
Real estate tax deferrals.....	29,787	-	29,787
Special assessments.....	316,847	-	316,847
Tax foreclosures.....	127,542	-	127,542
Capital assets not being depreciated.....	54,687,491	9,265,684	63,953,175
Capital assets, net of accumulated depreciation.....	<u>41,347,114</u>	<u>8,053,157</u>	<u>49,400,271</u>
Total noncurrent assets.....	<u>96,508,781</u>	<u>17,318,841</u>	<u>113,827,622</u>
Total assets.....	<u>115,210,380</u>	<u>19,290,318</u>	<u>134,500,698</u>
<b>LIABILITIES</b>			
Current liabilities:			
Warrants payable.....	238,544	67,297	305,841
Accrued payroll.....	352,210	80,096	432,306
Other liabilities.....	228,095	60,191	288,286
Accrued interest.....	90,978	871	91,849
Capital lease obligations.....	209,051	108,262	317,313
Workers' compensation claims.....	91,979	-	91,979
Compensated absences.....	115,515	10,105	125,620
Short-term notes payable.....	400,000	802,411	1,202,411
Long-term bonds and notes payable.....	<u>1,569,525</u>	<u>-</u>	<u>1,569,525</u>
Total current liabilities.....	<u>3,295,897</u>	<u>1,129,233</u>	<u>4,425,130</u>
Noncurrent liabilities:			
Capital lease obligations.....	214,695	111,631	326,326
Compensated absences.....	1,039,639	90,943	1,130,582
Net OPEB obligation.....	7,986,770	1,212,769	9,199,539
Long-term bonds and notes payable.....	<u>13,804,525</u>	<u>-</u>	<u>13,804,525</u>
Total noncurrent liabilities.....	<u>23,045,629</u>	<u>1,415,343</u>	<u>24,460,972</u>
Total liabilities.....	<u>26,341,526</u>	<u>2,544,576</u>	<u>28,886,102</u>
<b>NET POSITION</b>			
Net investment in capital assets.....	80,089,194	16,802,761	96,891,955
Restricted for:			
Community preservation.....	1,418,166	-	1,418,166
Permanent funds:			
Expendable.....	5,981	-	5,981
Nonexpendable.....	457,046	-	457,046
Receipts reserved - ambulance.....	1,172,427	-	1,172,427
Receipts reserved - cable.....	662,463	-	662,463
Other specific purposes.....	1,770,530	-	1,770,530
Unrestricted.....	<u>3,293,047</u>	<u>(57,019)</u>	<u>3,236,028</u>
Total net position.....	<u>\$ 88,868,854</u>	<u>\$ 16,745,742</u>	<u>\$ 105,614,596</u>

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

**TOWN OF DENNIS**  
**STATEMENT OF ACTIVITIES**  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense)/ Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary government:</b>					
Governmental activities:					
General government.....	\$ 6,755,563	\$ 934,813	\$ 163,833	\$ 1,050	\$ (5,655,867)
Public safety.....	14,520,291	2,224,358	167,469	11,142	(12,117,322)
Education.....	16,956,864	-	-	-	(16,956,864)
Public works.....	5,258,380	54,113	7,500	508,062	(4,688,705)
Health and human services.....	1,448,778	353,169	71,573	-	(1,024,036)
Culture and recreation.....	1,035,008	101,206	38,501	-	(895,301)
Community development.....	738,128	-	1,215,652	-	477,524
Debt service - interest.....	582,555	-	-	-	(582,555)
Total governmental activities.....	<u>47,295,567</u>	<u>3,667,659</u>	<u>1,664,528</u>	<u>520,254</u>	<u>(41,443,126)</u>
Business-type activities:					
Golf course.....	2,529,318	3,145,764	614	-	617,060
Transfer station.....	1,098,091	1,230,225	-	-	132,134
Beach.....	826,558	1,839,223	1,185	-	1,013,850
Harbor.....	613,380	694,790	29,827	-	111,237
Total business-type activities.....	<u>5,067,347</u>	<u>6,910,002</u>	<u>31,626</u>	<u>-</u>	<u>1,874,281</u>
Total primary government.....	<u>\$ 52,362,914</u>	<u>\$ 10,577,661</u>	<u>\$ 1,696,154</u>	<u>\$ 520,254</u>	<u>\$ (39,568,845)</u>

(continued)

TOWN OF DENNIS  
STATEMENT OF ACTIVITIES (Continued)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>Changes in net position:</b>			
Net (expense)/revenue (from previous page).....	\$ (41,443,126)	\$ 1,874,281	\$ (39,568,845)
<i>General revenues:</i>			
Real estate and personal property taxes.....	35,476,657	-	35,476,657
Motor vehicle and other excise taxes.....	2,724,408	-	2,724,408
Penalties and interest on taxes.....	405,201	-	405,201
Community preservation surcharges.....	1,047,926	-	1,047,926
Grants and contributions not restricted to specific programs.....	567,000	-	567,000
Unrestricted investment income.....	16,092	-	16,092
Other.....	7,158	-	7,158
Transfers, net.....	1,617,977	(1,617,977)	-
Total general revenues and transfers.....	41,862,419	(1,617,977)	40,244,442
<i>Special item:</i>			
Transfer of net assets to establish enterprise funds.....	(5,672,181)	5,672,181	-
Total special items.....	(5,672,181)	5,672,181	-
Change in net position.....	(5,252,888)	5,928,485	675,597
Net position - beginning of year.....	94,121,742	10,817,257	104,938,999
Net position - end of year.....	\$ 88,868,854	\$ 16,745,742	\$ 105,614,596

(concluded)

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

**TOWN OF DENNIS**  
**GOVERNMENTAL FUNDS**  
**BALANCE SHEET**  
**JUNE 30, 2013**

<b>ASSETS</b>	<u>General</u>	<u>Community Preservation</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash and cash equivalents.....	\$ 10,583,047	\$ -	\$ -	\$ 10,583,047
Receivables, net of allowance for uncollectible amounts:				
Real estate and personal property taxes.....	1,168,027	-	-	1,168,027
Real estate tax deferrals.....	29,787	-	-	29,787
Tax and other liens.....	960,599	18,041	10,078	988,718
Motor vehicle and other excise taxes.....	353,243	-	-	353,243
Community preservation surcharges.....	-	23,157	-	23,157
User charges.....	-	-	296,656	296,656
Special assessments.....	-	-	400,535	400,535
Departmental and other.....	47,022	-	83,379	130,401
Intergovernmental.....	-	-	24,082	24,082
Tax foreclosures.....	127,542	-	-	127,542
Restricted assets:				
Cash and cash equivalents.....	-	1,776,968	2,834,166	4,611,134
Investments.....	-	-	439,446	439,446
<b>TOTAL ASSETS.....</b>	<b>\$ 13,269,267</b>	<b>\$ 1,818,166</b>	<b>\$ 4,088,342</b>	<b>\$ 19,175,775</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES:</b>				
Warrants payable.....	\$ 238,544	\$ -	\$ -	\$ 238,544
Accrued payroll.....	352,210	-	-	352,210
Other liabilities.....	228,095	-	-	228,095
Deferred revenue.....	2,215,366	41,198	788,726	3,045,290
Accrued short-term interest.....	55	-	-	55
Short-term notes payable.....	-	400,000	-	400,000
<b>TOTAL LIABILITIES.....</b>	<b>3,034,270</b>	<b>441,198</b>	<b>788,726</b>	<b>4,264,194</b>
<b>FUND BALANCES:</b>				
Nonspendable.....	-	-	457,046	457,046
Restricted.....	-	1,376,968	2,971,389	4,348,357
Committed.....	4,942,147	-	5,612	4,947,759
Assigned.....	80,269	-	-	80,269
Unassigned.....	5,212,581	-	(134,431)	5,078,150
<b>TOTAL FUND BALANCES.....</b>	<b>10,234,997</b>	<b>1,376,968</b>	<b>3,299,616</b>	<b>14,911,581</b>
<b>TOTAL LIABILITIES AND FUND BALANCES.....</b>	<b>\$ 13,269,267</b>	<b>\$ 1,818,166</b>	<b>\$ 4,088,342</b>	<b>\$ 19,175,775</b>

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

**TOWN OF DENNIS**  
**GOVERNMENTAL FUNDS**  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	General	Community Preservation	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Real estate and personal property taxes.....	\$ 35,168,082	\$ -	\$ -	\$ 35,168,082
Motor vehicle and other excise taxes.....	2,660,739	-	-	2,660,739
Tax and other liens.....	93,137	-	-	93,137
Community preservation surcharges.....	-	1,045,230	-	1,045,230
Charges for services.....	-	-	1,094,012	1,094,012
Intergovernmental .....	663,588	304,460	1,377,442	2,345,490
Special assessments.....	-	-	102,245	102,245
Penalties and interest on taxes.....	398,691	5,655	855	405,201
Licenses and permits.....	976,726	-	-	976,726
Fines and forfeitures.....	85,707	-	-	85,707
Departmental and other.....	313,363	-	1,242,323	1,555,686
Contributions.....	-	285,000	92,758	377,758
Investment income.....	21,681	3,741	2,763	28,185
<b>TOTAL REVENUES.....</b>	<b>40,381,714</b>	<b>1,644,086</b>	<b>3,912,398</b>	<b>45,938,198</b>
<b>EXPENDITURES</b>				
Current:				
General government.....	4,616,935	-	274,112	4,891,047
Public safety.....	9,557,328	-	965,253	10,522,581
Education.....	16,956,863	-	-	16,956,863
Public works.....	3,472,129	-	538,088	4,010,217
Health and human services.....	787,925	-	169,997	957,922
Culture and recreation.....	602,183	-	132,460	734,643
Community development.....	-	1,126,482	596,646	1,723,128
Pension benefits.....	2,071,873	-	-	2,071,873
Employee benefits.....	2,426,387	-	-	2,426,387
Property and liability insurance.....	312,666	-	-	312,666
State and county charges.....	762,269	-	-	762,269
Debt service:				
Principal.....	1,579,525	-	-	1,579,525
Interest.....	597,863	-	-	597,863
<b>TOTAL EXPENDITURES.....</b>	<b>43,743,946</b>	<b>1,126,482</b>	<b>2,676,556</b>	<b>47,546,984</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....</b>	<b>(3,362,232)</b>	<b>517,604</b>	<b>1,235,842</b>	<b>(1,608,786)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer from enterprise funds - current year cash activity.....	1,339,517	-	-	1,339,517
Transfers in.....	2,723,215	26,740	-	2,749,955
Transfers out.....	(89,240)	(912,350)	(1,469,905)	(2,471,495)
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>3,973,492</b>	<b>(885,610)</b>	<b>(1,469,905)</b>	<b>1,617,977</b>
<b>NET CHANGE IN FUND BALANCES BEFORE SPECIAL ITEM.....</b>	<b>611,260</b>	<b>(368,006)</b>	<b>(234,063)</b>	<b>9,191</b>
Special item - transfer of assets to establish enterprise funds.....	-	-	(8,222)	(8,222)
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>611,260</b>	<b>(368,006)</b>	<b>(242,285)</b>	<b>969</b>
<b>FUND BALANCES AT BEGINNING OF YEAR.....</b>	<b>9,623,737</b>	<b>1,744,974</b>	<b>3,541,901</b>	<b>14,910,612</b>
<b>FUND BALANCES AT END OF YEAR.....</b>	<b>\$ 10,234,997</b>	<b>\$ 1,376,968</b>	<b>\$ 3,299,616</b>	<b>\$ 14,911,581</b>

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

**TOWN OF DENNIS**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TOTAL FUND BALANCES TO THE STATEMENT OF NET ASSETS**  
**JUNE 30, 2013**

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Total governmental fund balances (page 18).....	\$	14,911,581
Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.....		96,034,605
Other assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.....		3,045,290
In the statement of net assets, interest is accrued on outstanding long-term debt, whereas in the governmental funds interest is not reported until due.....		(90,923)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Bonds and notes payable.....		(15,374,050)
Capital lease obligations.....		(423,746)
Workers' compensation claims.....		(91,979)
Compensated absences.....		(1,155,154)
Net OPEB obligation.....		(7,986,770)
Net position of governmental activities (page 15).....	\$	<u>88,868,854</u>

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



**TOWN OF DENNIS**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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Net change in fund balances - total governmental funds (page 19).....	\$	969
<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. These amounts represent the related activity of the current period.</p>		
Capital outlays.....		3,127,852
Depreciation.....		(2,996,197)
<p>In the statement of activities, the gain (loss) on the disposal of capital assets is reported, whereas in the governmental funds, the disposal of capital assets is not reported as financial resources. As a result, the change in net assets differs from the change in fund balance by the net book value of the capital assets disposed.....</p>		
		(6,047,230)
<p>Revenues in the statement of activities that do not provide current financial resources are fully deferred in the statement of revenues, expenditures and changes in fund balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred revenue.....</p>		
		158,684
<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 impact on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. These amounts represent the related activity of the current period.</p>		
Bond maturities.....		1,579,525
Capital leases.....		41,231
<p>In the statement of activities, interest is accrued on outstanding long-term debt, whereas in the governmental funds interest is not reported until due. This amount represents the net change in accrued interest payable.....</p>		
		15,312
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported in the governmental funds. These amounts represent the net changes:</p>		
Workers' compensation.....		(91,979)
Compensated absences.....		(10,867)
Net OPEB obligation.....		(1,030,188)
		(1,030,188)
Changes in net position of governmental activities (page 17).....	\$	(5,252,888)

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

**TOWN OF DENNIS**  
**PROPRIETARY FUNDS**  
STATEMENT OF FUND NET POSITION  
JUNE 30, 2013

	Business-Type Activities - Enterprise Funds				
	Golf Course	Transfer Station	Beach	Harbor	Total
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents.....	\$ 1,050,656	\$ 52,772	\$ 37,245	\$ 232,300	\$ 1,372,973
Restricted cash and cash equivalents.....	-	-	506,223	-	506,223
Receivables, net of allowance for uncollectible amounts:					
User charges.....	-	7,624	-	-	7,624
Inventory.....	84,657	-	-	-	84,657
Total current assets.....	<u>1,135,313</u>	<u>60,396</u>	<u>543,468</u>	<u>232,300</u>	<u>1,971,477</u>
Noncurrent assets:					
Capital assets not being depreciated.....	6,749,028	528,109	1,962,720	25,827	9,265,684
Capital assets, net of accumulated depreciation.....	<u>3,297,626</u>	<u>654,735</u>	<u>1,402,077</u>	<u>2,698,719</u>	<u>8,053,157</u>
Total noncurrent assets.....	<u>10,046,654</u>	<u>1,182,844</u>	<u>3,364,797</u>	<u>2,724,546</u>	<u>17,318,841</u>
Total assets.....	<u>11,181,967</u>	<u>1,243,240</u>	<u>3,908,265</u>	<u>2,956,846</u>	<u>19,290,318</u>
<b>LIABILITIES</b>					
Current liabilities:					
Warrants payable.....	21,741	42,649	185	2,722	67,297
Accrued payroll.....	29,211	10,122	37,060	3,703	80,096
Other liabilities.....	60,191	-	-	-	60,191
Accrued interest.....	-	871	-	-	871
Capital lease obligations.....	108,262	-	-	-	108,262
Compensated absences.....	4,886	2,872	1,010	1,337	10,105
Short-term notes payable.....	-	187,500	614,911	-	802,411
Total current liabilities.....	<u>224,291</u>	<u>244,014</u>	<u>653,166</u>	<u>7,762</u>	<u>1,129,233</u>
Noncurrent liabilities:					
Capital lease obligations.....	111,631	-	-	-	111,631
Compensated absences.....	43,974	25,847	9,090	12,032	90,943
Net OPEB obligation.....	578,191	239,297	285,172	110,109	1,212,769
Total noncurrent liabilities.....	<u>733,796</u>	<u>265,144</u>	<u>294,262</u>	<u>122,141</u>	<u>1,415,343</u>
Total liabilities.....	<u>958,087</u>	<u>509,158</u>	<u>947,428</u>	<u>129,903</u>	<u>2,544,576</u>
<b>FUND NET POSITION</b>					
Net investment in capital assets.....	9,826,763	995,343	3,256,109	2,724,546	16,802,761
Unrestricted.....	397,117	(261,261)	(295,272)	102,397	(57,019)
Total net position.....	<u>\$ 10,223,880</u>	<u>\$ 734,082</u>	<u>\$ 2,960,837</u>	<u>\$ 2,826,943</u>	<u>\$ 16,745,742</u>

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

**TOWN OF DENNIS**  
**PROPRIETARY FUNDS**  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Business-Type Activities - Enterprise Funds				
	Golf Course	Transfer Station	Beach	Harbor	Total
<b>OPERATING REVENUES</b>					
Charges for services.....	\$ 2,967,346	\$ 1,230,225	\$ 1,608,080	\$ 694,790	\$ 6,500,441
Excise taxes.....	-	-	-	27,541	27,541
Penalties and interest.....	-	-	-	2,183	2,183
Other.....	178,418	-	231,143	-	409,561
<b>TOTAL OPERATING REVENUES.....</b>	<b>3,145,764</b>	<b>1,230,225</b>	<b>1,839,223</b>	<b>724,514</b>	<b>6,939,726</b>
<b>OPERATING EXPENSES</b>					
Cost of service and administration.....	2,190,237	746,269	794,333	452,518	4,183,357
Tipping fees.....	-	252,998	-	-	252,998
Repairs and maintenance.....	28,938	23,152	1,018	28,938	82,046
Depreciation.....	310,143	75,592	28,171	131,924	545,830
<b>TOTAL OPERATING EXPENSES.....</b>	<b>2,529,318</b>	<b>1,098,011</b>	<b>823,522</b>	<b>613,380</b>	<b>5,064,231</b>
<b>OPERATING INCOME (LOSS).....</b>	<b>616,446</b>	<b>132,214</b>	<b>1,015,701</b>	<b>111,134</b>	<b>1,875,495</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment income.....	614	-	1,185	103	1,902
Interest expense.....	-	(80)	(3,036)	-	(3,116)
<b>TOTAL NONOPERATING REVENUES (EXPENSES), NET.....</b>	<b>614</b>	<b>(80)</b>	<b>(1,851)</b>	<b>103</b>	<b>(1,214)</b>
<b>INCOME (LOSS) BEFORE TRANSFERS.....</b>	<b>617,060</b>	<b>132,134</b>	<b>1,013,850</b>	<b>111,237</b>	<b>1,874,281</b>
Transfers in.....	-	62,500	-	-	62,500
Transfers out.....	-	-	(134,960)	(206,000)	(340,960)
Transfer to general fund - current year cash activity.....	(548,019)	(122,970)	(612,501)	(56,027)	(1,339,517)
<b>INCOME (LOSS) BEFORE SPECIAL ITEMS.....</b>	<b>69,041</b>	<b>71,664</b>	<b>266,389</b>	<b>(150,790)</b>	<b>256,304</b>
Special item:					
Transfer of net assets to establish enterprise funds.....	-	-	2,694,448	2,977,733	5,672,181
<b>CHANGE IN FUND NET POSITION.....</b>	<b>69,041</b>	<b>71,664</b>	<b>2,960,837</b>	<b>2,826,943</b>	<b>5,928,485</b>
<b>FUND NET POSITION AT BEGINNING OF YEAR.....</b>	<b>10,154,839</b>	<b>662,418</b>	<b>-</b>	<b>-</b>	<b>10,817,257</b>
<b>FUND NET POSITION AT END OF YEAR.....</b>	<b>\$ 10,223,880</b>	<b>\$ 734,082</b>	<b>\$ 2,960,837</b>	<b>\$ 2,826,943</b>	<b>\$ 16,745,742</b>

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

**TOWN OF DENNIS**  
**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Business-Type Activities - Enterprise Funds				
	Golf Course	Transfer Station	Beach	Harbor	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers and users.....	\$ 3,133,382	\$ 1,238,640	\$ 1,839,223	\$ 724,514	\$ 6,935,759
Payments to vendors.....	(1,179,492)	(607,920)	(63,379)	(27,148)	(1,877,939)
Payments to employees.....	(966,462)	(384,860)	(637,802)	(426,014)	(2,415,138)
<b>NET CASH FROM OPERATING ACTIVITIES.....</b>	<b>987,428</b>	<b>245,860</b>	<b>1,138,042</b>	<b>271,352</b>	<b>2,642,682</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers in.....	-	62,500	586,262	246,960	895,722
Transfers out.....	-	-	(134,960)	(206,000)	(340,960)
Transfer to general fund - current year cash activity.....	(548,019)	(122,970)	(612,501)	(56,027)	(1,339,517)
<b>NET CASH FROM NONCAPITAL FINANCING ACTIVITIES.....</b>	<b>(548,019)</b>	<b>(60,470)</b>	<b>(161,199)</b>	<b>(15,067)</b>	<b>(784,755)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Proceeds from the issuance of bonds and notes.....	-	187,500	614,911	-	802,411
Acquisition and construction of capital assets.....	(81,441)	(161,498)	(221,435)	(24,088)	(488,462)
Principal payments on bonds and notes.....	-	(250,000)	(825,000)	-	(1,075,000)
Principal payments on capital lease obligations.....	(228,169)	-	-	-	(228,169)
Interest paid.....	-	-	(3,036)	-	(3,036)
<b>NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....</b>	<b>(309,610)</b>	<b>(223,998)</b>	<b>(434,560)</b>	<b>(24,088)</b>	<b>(992,256)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Investment income.....	614	-	1,185	103	1,902
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS.....</b>	<b>130,413</b>	<b>(38,608)</b>	<b>543,468</b>	<b>232,300</b>	<b>867,573</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....</b>	<b>920,243</b>	<b>91,380</b>	<b>-</b>	<b>-</b>	<b>1,011,623</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b> (Includes \$506,223 reported as restricted in the beach enterprise fund).....	<b>\$ 1,050,656</b>	<b>\$ 52,772</b>	<b>\$ 543,468</b>	<b>\$ 232,300</b>	<b>\$ 1,879,196</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES</b>					
Operating income (loss).....	\$ 616,446	\$ 132,214	\$ 1,015,701	\$ 111,134	\$ 1,875,495
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Adjustments not requiring current cash flows:					
Depreciation.....	310,143	75,592	28,171	131,924	545,830
Net OPEB obligation.....	83,043	42,781	55,216	21,320	202,360
Adjustments requiring current cash flows:					
User charges.....	-	8,415	-	-	8,415
Inventory.....	(12,382)	-	-	-	(12,382)
Warrants payable.....	(8,862)	(17,939)	185	2,722	(23,894)
Accrued payroll.....	2,234	641	37,060	3,703	43,638
Other liabilities.....	3,686	-	-	-	3,686
Compensated absences.....	(6,880)	4,156	1,709	549	(466)
Total adjustments.....	<b>370,982</b>	<b>113,646</b>	<b>122,341</b>	<b>160,218</b>	<b>767,187</b>
<b>NET CASH FROM OPERATING ACTIVITIES.....</b>	<b>\$ 987,428</b>	<b>\$ 245,860</b>	<b>\$ 1,138,042</b>	<b>\$ 271,352</b>	<b>\$ 2,642,682</b>

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

**TOWN OF DENNIS**  
**FIDUCIARY FUNDS**  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2013

<b>ASSETS</b>	<u>Private Purpose Trust Funds</u>	<u>Agency Funds</u>
Cash and cash equivalents.....	\$ 26,939	\$ 292,178
Investments.....	156,190	-
Receivables, net of allowance for uncollectible amounts:		
Departmental and other.....	-	10,415
Total assets.....	<u>183,129</u>	<u>302,593</u>
 <b>LIABILITIES</b>		
Other liabilities.....	-	10,415
Liabilities due depositors.....	-	292,178
Total liabilities.....	<u>-</u>	<u>302,593</u>
 <b>NET POSITION</b>		
Assets held in trust for other purposes.....	<u>\$ 183,129</u>	<u>\$ -</u>

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

**TOWN OF DENNIS  
FIDUCIARY FUNDS**  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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	<u>Private Purpose Trust Funds</u>
<b>ADDITIONS</b>	
Contributions:	
Private donations.....	\$ 25,321
Net investment income:	
Interest.....	<u>(30)</u>
TOTAL ADDITIONS.....	25,291
<b>DEDUCTIONS</b>	
Other.....	<u>9,142</u>
CHANGE IN NET POSITION.....	16,149
NET POSITION AT BEGINNING OF YEAR.....	<u>166,980</u>
NET POSITION AT END OF YEAR.....	<u><u>\$ 183,129</u></u>

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

TOWN OF DENNIS, MASSACHUSETTS  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2013

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. General**

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

**B. Reporting Entity**

The Town of Dennis, Massachusetts (Town) is a municipal corporation that is governed by an elected Board of Selectmen.

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

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

Joint Venture

A joint venture is an organization (resulting from a contractual arrangement) that is owned, operated or governed by two or more participants as a separate and specific activity subject to joint control in which the participants retain an ongoing financial interest or ongoing financial responsibility. Joint control means that no single participant has the ability to unilaterally control the financial or operating policies of the joint venture.

The Town participates in two joint ventures with other municipalities to pool resources and share the costs, risks and rewards of providing goods and services to venture participants directly, or for the benefit of the general public or specified recipients. The following table identifies the Town's joint ventures and related information:

Name	Purpose	Address	Fiscal Year 2013 Assessment
Dennis-Yarmouth Regional School District	To provide educational services	296 Station Avenue Yarmouth, MA 02661	\$ 15,359,147
Cape Cod Regional Technical High School	To provide educational services	351 Pleasant Lake Avenue Harwich, MA 02645	\$ 1,537,717

The Dennis-Yarmouth Regional School District (District) is governed by a seven-member school committee consisting of three elected representatives from the Town. The Town is indirectly liable for the District's debt and other expenditures and is assessed annually for its share of operating and capital costs. Separate financial statements may be obtained by writing to the Treasurer of the District at the address identified above.

The Cape Cod Regional Technical High School (School) is governed by a twenty-one member school committee consisting of two appointed representatives from the Town. The Town is indirectly liable for the School's debt and other expenditures and is assessed annually for its share of operating and capital costs. Separate financial statements may be obtained by writing to the Treasurer of the School at the address identified above.

TOWN OF DENNIS, MASSACHUSETTS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013

Jointly Governed Organizations

The Board of Selectmen is responsible for appointing two of the five members of the Board of Managers (responsible for making recommendations relative to budgeting and financing) for the Yarmouth-Dennis Septage Treatment Plant. The Town's accountability for this organization does not extend beyond making these appointments.

**C. Implementation of New Accounting Principles**

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

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

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

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

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

Internal service funds and fiduciary funds are reported by fund type.



TOWN OF DENNIS, MASSACHUSETTS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013

*E. Measurement Focus, Basis of Accounting and Basis of Presentation*

Government-Wide Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a 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 is restricted to meeting the operational requirements of a specific function or segment.
- Grants and contributions that is restricted to meeting the capital requirements of a specific function or segment.

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

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

Fund Financial Statements

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

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

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

TOWN OF DENNIS, MASSACHUSETTS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013

The following major governmental funds are reported:

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

The *community preservation fund* is a special revenue fund used to account for the 3% local real estate tax surcharge on nonexempt property (and matching state trust fund distribution) that can be used for open space, historic resource and affordable housing purposes.

The nonmajor governmental funds consist of other special revenue, capital projects and permanent funds that are aggregated and presented in the *nonmajor governmental funds* column on the governmental funds financial statements. The following describes the general use of these fund types:

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

*Capital projects funds* are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

*Permanent funds* are used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the government's programs and benefit the government or its citizenry.

**Proprietary funds** financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting, whereby revenues are recorded when earned and expenses are recorded when the liabilities are incurred.

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

The following major proprietary funds are reported:

The *golf course enterprise fund* is used to account for the activities of the municipal golf courses.

The *transfer station enterprise fund* is used to account for trash removal activities.

The *beach enterprise fund* is used to account for beach activities.

The *harbor enterprise fund* is used to account for harbor activities.

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

The following fiduciary fund types are reported:

TOWN OF DENNIS, MASSACHUSETTS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013

The *private-purpose trust fund* is used to account for trust arrangements, other than those properly reported in the permanent fund, under which principal and investment income exclusively benefits individuals, private organizations, or other governments.

The *agency fund* is used to account for assets held in a custodial capacity. Such assets consist mainly of performance bonds and bid deposits. Agency funds do not present the results of operations or have a measurement focus.

**F. Cash, Cash Equivalents and Investments**

Government-Wide and Fund Financial Statements

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

**G. Accounts Receivable**

Government-Wide and Fund Financial Statements

The recognition of revenue related to accounts receivable reported in the government-wide and proprietary 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.

**Real Estate Taxes, Personal Property Taxes and Tax Liens**

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

Real estate tax liens are processed annually after the close of the valuation year on delinquent properties and are recorded as receivables in the fiscal year they are processed.

**Motor Vehicle and Other Excise Taxes**

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

**Community Preservation Surcharges**

Community preservation surcharges are levied annually and at a rate of 3% of residents' real estate tax bills with exemptions for the first \$100,000 of residential property and property owned by qualified persons with low income and seniors (60+) with low or moderate income as defined by DOR guidelines. The surcharge is due with the real estate tax on August 1<sup>st</sup>, November 1<sup>st</sup>, February 1<sup>st</sup> and May 1<sup>st</sup> and is subject to penalties and interest if they are not paid by the respective due date. Overdue surcharges would be included on the tax liens processed on delinquent real estate taxes. Surcharges are recorded as receivables in the fiscal year of the levy.

TOWN OF DENNIS, MASSACHUSETTS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013

**User Charges**

User charges represent ambulance and transfer station services provided to the Town's citizenry and are levied when the service is provided.

**Special Assessments**

The Town assesses residents for improvements to streets and septic systems through betterments which are due, (with interest) over a period of 20 years. Special assessments are recorded as receivables in the year the improvements are made.

**Departmental and Other**

Departmental and other receivables consist of various departmental activities and are recorded as receivables in the fiscal year accrued.

**Intergovernmental**

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

***H. Allowance for Uncollectible Amounts***

The allowance for uncollectible amounts is estimated based on historical trends and specific account analysis for the following accounts receivable:

- Personal property taxes
- Motor vehicle and other excise taxes
- User charges
- Departmental and other

The allowance for departmental and other receivables is immaterial at June 30, 2013, and therefore is not reported.

The following types of accounts receivable are secured via the lien process and are considered 100% collectible. Accordingly, an allowance for uncollectible amounts is not reported.

- Real estate taxes and tax liens
- Community preservation surcharges
- Special assessments

Intergovernmental receivables are considered 100% collectible.

***I. Inventories***

**Government-Wide and Fund Financial Statements**

Except for inventory related to the golf course enterprise fund, inventories are recorded as expenditures at the time of purchase. Such inventories are not material in total to the government-wide and fund financial statements and therefore are not reported.

Inventory for the golf course enterprise fund and business-type activities are reported at average cost.

TOWN OF DENNIS, MASSACHUSETTS  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2013

**J. Restricted Assets**

Government-Wide and Fund Financial Statements

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

**K. Capital Assets**

Government-Wide and Proprietary Fund Financial Statements

Capital assets, which consist of land, construction in progress, land improvements, buildings, building improvements, machinery and equipment, vehicles and infrastructure (e.g., roads and similar items), are reported in the applicable governmental or business-type activities column of the government-wide financial statements.

Capital assets are recorded at historical cost or at estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at the estimated fair market value at the date of donation.

All purchases and construction costs in excess of \$25,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than one year.

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

Capital Asset Type	Estimated Useful Life (Years)
Land improvements.....	20-40
Buildings .....	40
Building improvements .....	20
Machinery and equipment.....	5-10
Vehicles.....	5
Infrastructure.....	20-40

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

Governmental Fund Financial Statements

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

**L. Interfund Receivables and Payables**

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

TOWN OF DENNIS, MASSACHUSETTS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013

Government-Wide Financial Statements

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

Fund Financial Statements

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

***M. Interfund Transfers***

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

***N. Deferred Revenue***

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

***O. Net Position and Fund Balances***

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

Net position is the residual of all other elements (assets, liabilities, deferred outflows and deferred inflows) presented in a statement of financial position and is displayed in three components – net investment in capital assets; restricted (distinguishing between major categories of restrictions); and unrestricted.

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

Net position has been "restricted" for the following:

"Community preservation" represents amounts restricted for open space, historic resource and affordable housing purposes.

"Permanent funds – expendable" represents amounts held in trust for which the expenditures are restricted by various trust agreements.

TOWN OF DENNIS, MASSACHUSETTS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013

“Permanent funds – nonexpendable” represents amounts held in trust for which only investment earnings may be expended.

“Other specific purposes” represents restrictions placed on assets from outside parties.

Governmental Funds Financial Statements (Fund Balances)

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

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

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

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

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

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

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

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

The Town adopted a general fund balance policy in fiscal year 2009. It is the Town’s policy to maintain an unassigned general fund balance of between 5% and 15% of general fund revenues, less non-exempt debt. In the event that the Town’s unassigned general fund balance falls below 5% of general fund revenues, a plan for specific expenditure reductions and/or revenue increases shall be proposed during the next fiscal year’s budget cycle.

***P. Long-term Debt***

Government-Wide and Proprietary Funds Financial Statements

Long-term debt is reported as liabilities in the government-wide and proprietary funds statements of net position. Material bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

Governmental Funds Financial Statements

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

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**Q. Investment Income**

Excluding the permanent funds, investment income derived from major and nonmajor governmental 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.

**R. Compensated Absences**

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

Government-Wide and Proprietary Fund Financial Statements

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

Governmental Fund Financial Statements

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

**S. Post Retirement Benefits**

Government-Wide and Fund Financial Statements

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

**T. Use of Estimates**

Government-Wide and Fund Financial Statements

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

**U. Total Column**

Government-Wide Financial Statements

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

Fund Financial Statements

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



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**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

Municipal Law requires the adoption of a balanced budget that is approved by Town Meeting vote. The Finance Committee presents an annual budget to Town Meeting, which includes estimates of revenues and other financing sources and recommendations of expenditures and other financing uses. Town Meeting, which has full authority to amend and/or reject the budget or any line item, adopts the expenditure budget by majority vote.

Increases to the original budget subsequent to Annual Town Meeting require Special Town Meeting approval.

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

Generally, expenditures may not exceed the level of spending (salaries, expenses and capital) authorized for an appropriation account. However, the Town is statutorily required to pay debt service, regardless of whether such amounts are appropriated.

An annual budget is adopted for the general fund in conformity with the guidelines described above. The original fiscal year 2013 approved budget for the general fund authorized \$48,943,902 in appropriations and other amounts to be raised. During fiscal year 2013, supplemental appropriations totaling \$1,770,559 were authorized.

The Accountant's office has the responsibility to ensure that budgetary control is maintained. Budgetary control is exercised through the accounting system.

The budgetary comparison schedules presented in the accompanying supplementary information presents comparisons of the legally adopted budget, as amended, with actual results. The originally adopted budget is presented for purposes of comparison to the final, amended budget.

**B. Fund Deficits**

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

Fund	Amount	Funding Source
Police SETB grant.....	\$ 49,064	State grant
Police off duty.....	27,183	Available funds
FEMA grant.....	23,637	State grant
Private road betterments.....	19,599	Issuance of long-term debt
911 grant.....	14,948	State grant

**C. Excess of Expenditures over Appropriations**

For the fiscal year ended June 30, 2013, expenditures exceeded appropriations for state and county charges.

**NOTE 3 - DEPOSITS AND INVESTMENTS**

The municipal finance laws of the Commonwealth authorize the Town to invest temporarily idle cash in bank term deposits and certificates of deposits, and treasury and agency obligations of the United States government, with maturities of one year or less; U.S. treasury or agency repurchase agreements with maturities of not more

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than 90 days; money market accounts; and the state treasurer’s investment pool – the Massachusetts Municipal Depository Trust (MMDT).

The MMDT meets the criteria of an external investment pool and operates in accordance with applicable state laws and regulations. The Treasurer of the Commonwealth serves as Trustee. The reported value of the pool is the same as the fair value of pool shares.

A cash and investment pool is maintained that is available for use by all funds with unrestricted cash and investments. The deposits and investments of the permanent funds and private purpose trust funds are held separately from other Town funds.

Deposits - Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the Town’s deposits may not be recovered. The Town’s policy is to collateralize a portion of their uninsured deposits. As of June 30, 2013, \$5,691,059 of the Town’s deposits of \$17,111,348 was exposed to custodial credit risk because they were either uninsured or uncollateralized.

Investments Summary

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

Investment Type	Fair Value	Investment Maturities (in Years)	
		Less Than 1	1 - 5
<u>Debt Securities:</u>			
U.S. Agencies.....	\$ 113,318	\$ -	\$ 113,318
Corporate bonds.....	75,621	15,098	60,523
Money market mutual funds.....	75,021	75,021	-
Fixed income securities.....	389,411	128,122	261,289
External investment pools.....	686,881	686,881	-
Total debt securities.....	1,340,252	\$ 905,122	\$ 435,130
<u>Other Investments:</u>			
Equity mutual funds.....	17,285		
Total investments.....	\$ 1,357,537		

Investments - Interest Rate Risk of Debt Securities

Interest rate risk for debt securities is the risk that changes in interest rates of debt securities will adversely affect the fair value of an investment. The Town does not have a policy for interest rate risk of debt securities.

Investments - Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside

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party. The Town’s policy is to insure each of their investments. As of June 30, 2013, the Town’s investments were not exposed to custodial credit risk.

Investments - Credit Risk of Debt Securities

Credit risk for investments is the risk that an issuer or other counterparty to a debt security will not fulfill its obligations. The Town does not have a policy for credit risk of debt securities. As of June 30, 2013, the credit quality ratings of the Town’s investments in debt securities are as follows:

Investment Type	Fair Value	Quality Ratings *		
		AA+	A-	Unrated
Corporate bonds.....	\$ 75,621	\$ 50,725	\$ 24,896	\$ -
Money market mutual funds.....	75,021	-	-	75,021
Fixed income securities.....	389,411	-	-	389,411
External investment pools.....	686,881	-	-	686,881
Total.....	\$ 1,226,934	\$ 50,725	\$ 24,896	\$ 1,151,313

Deposits and Investments - Foreign Currency Risk

Foreign currency risk is the risk that fluctuations in exchange rates will adversely affect the fair value of an investment or a deposit. The Town does not have a policy for foreign currency risk. As of June 30, 2013, the Town’s investments were not exposed to foreign currency risk.

Investments - Concentration of Credit Risk

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

**NOTE 4 - ACCOUNTS RECEIVABLE**

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

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	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Real estate and personal property taxes....	\$ 1,226,304	\$ (58,277)	\$ 1,168,027
Real estate tax deferrals.....	29,787	-	29,787
Tax and other liens.....	988,718	-	988,718
Motor vehicle and other excise taxes.....	651,352	(298,109)	353,243
Community preservation surcharges.....	23,157	-	23,157
User charges.....	296,656	-	296,656
Special assessments.....	400,535	-	400,535
Departmental and other.....	160,214	(19,398)	140,816
Intergovernmental.....	24,082	-	24,082
	<u>\$ 3,800,805</u>	<u>\$ (375,784)</u>	<u>\$ 3,425,021</u>

At June 30, 2013, receivables for the transfer station enterprise fund are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
User charges.....	\$ 7,624	\$ -	\$ 7,624

Governmental funds report *deferred revenue* in connection with receivables and other assets (tax foreclosures) for revenues that are not considered to be available to liquidate liabilities of the current period. The following identifies the various components of *deferred revenue* reported in the governmental funds:

	General Fund	Community Preservation Fund	Other Governmental Funds	Total
<u>Receivable type:</u>				
Real estate and personal property taxes.....	\$ 697,173	\$ -	\$ -	\$ 697,173
Real estate tax deferrals.....	29,787	-	-	29,787
Tax and other liens.....	960,599	18,041	10,078	988,718
Motor vehicle and other excise taxes.....	353,243	-	-	353,243
Community preservation surcharges.....	-	23,157	-	23,157
User charges.....	-	-	296,656	296,656
Special assessments.....	-	-	400,535	400,535
Departmental and other.....	47,022	-	81,457	128,479
Tax foreclosures.....	127,542	-	-	127,542
Total.....	<u>\$ 2,215,366</u>	<u>\$ 41,198</u>	<u>\$ 788,726</u>	<u>\$ 3,045,290</u>

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**NOTE 5 - CAPITAL ASSETS**

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 55,195,022	\$ 985,000	\$ (1,984,562)	\$ 54,195,460
Construction in progress.....	2,965,927	7,500	(2,866,396)	107,031
Intangible assets.....	385,000	-	-	385,000
Total capital assets not being depreciated.....	<u>58,545,949</u>	<u>992,500</u>	<u>(4,850,958)</u>	<u>54,687,491</u>
<u>Capital assets being depreciated:</u>				
Land improvements.....	3,240,304	62,500	(1,264,139)	2,038,665
Buildings .....	22,599,191	-	(378,919)	22,220,272
Building improvements .....	3,074,272	2,322,513	-	5,396,785
Machinery and equipment.....	5,663,041	280,201	(61,456)	5,881,786
Vehicles.....	2,671,767	169,716	(327,306)	2,514,177
Infrastructure.....	55,966,054	1,310,294	(2,678,636)	54,597,712
Total capital assets being depreciated.....	<u>93,214,629</u>	<u>4,145,224</u>	<u>(4,710,456)</u>	<u>92,649,397</u>
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(670,954)	(74,806)	327,164	(418,596)
Buildings .....	(6,263,496)	(544,688)	234,751	(6,573,433)
Building improvements.....	(176,877)	(96,755)	-	(273,632)
Machinery and equipment.....	(3,481,298)	(532,355)	47,211	(3,966,442)
Vehicles.....	(1,980,860)	(257,846)	237,364	(2,001,342)
Infrastructure.....	(37,236,914)	(1,489,747)	657,823	(38,068,838)
Total accumulated depreciation.....	<u>(49,810,399)</u>	<u>(2,996,197)</u>	<u>1,504,313</u>	<u>(51,302,283)</u>
Total capital assets being depreciated, net.....	<u>43,404,230</u>	<u>1,149,027</u>	<u>(3,206,143)</u>	<u>41,347,114</u>
Total governmental activities capital assets, net.....	<u>\$ 101,950,179</u>	<u>\$ 2,141,527</u>	<u>\$ (8,057,101)</u>	<u>\$ 96,034,605</u>

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	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-Type Activities:				
<i>Golf Course:</i>				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 6,722,807	\$ -	\$ -	\$ 6,722,807
Construction in progress.....	-	26,221	-	26,221
	<u>6,722,807</u>	<u>26,221</u>	<u>-</u>	<u>6,749,028</u>
<u>Capital assets being depreciated:</u>				
Land improvements.....	4,073,435	-	-	4,073,435
Buildings .....	2,102,294	55,220	-	2,157,514
Machinery and equipment.....	1,638,485	335,062	-	1,973,547
Vehicles.....	86,323	-	(29,765)	56,558
Infrastructure.....	25,000	-	-	25,000
	<u>7,925,537</u>	<u>390,282</u>	<u>(29,765)</u>	<u>8,286,054</u>
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(2,687,774)	(102,452)	-	(2,790,226)
Buildings.....	(922,367)	(53,018)	-	(975,385)
Machinery and equipment.....	(1,005,294)	(154,173)	-	(1,159,467)
Vehicles.....	(86,323)	-	29,765	(56,558)
Infrastructure.....	(6,292)	(500)	-	(6,792)
	<u>(4,708,050)</u>	<u>(310,143)</u>	<u>29,765</u>	<u>(4,988,428)</u>
Total capital assets being depreciated, net.....	<u>3,217,487</u>	<u>80,139</u>	<u>-</u>	<u>3,297,626</u>
Total golf course enterprise capital assets, net.....	<u>9,940,294</u>	<u>106,360</u>	<u>-</u>	<u>10,046,654</u>

TOWN OF DENNIS, MASSACHUSETTS  
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	Beginning Balance	Increases	Decreases	Ending Balance
<i>Transfer Station:</i>				
<u>Capital assets not being depreciated:</u>				
Land.....	241,828	-	-	241,828
Construction in progress.....	228,689	57,592	-	286,281
	<u>470,517</u>	<u>57,592</u>	<u>-</u>	<u>528,109</u>
<u>Capital assets being depreciated:</u>				
Land improvements.....	325,000	-	-	325,000
Buildings.....	447,037	-	-	447,037
Machinery and equipment.....	520,681	103,906	-	624,587
Vehicles.....	62,750	-	-	62,750
	<u>1,355,468</u>	<u>103,906</u>	<u>-</u>	<u>1,459,374</u>
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(269,479)	(16,250)	-	(285,729)
Buildings.....	(185,334)	(11,176)	-	(196,510)
Machinery and equipment.....	(211,484)	(48,166)	-	(259,650)
Vehicles.....	(62,750)	-	-	(62,750)
	<u>(729,047)</u>	<u>(75,592)</u>	<u>-</u>	<u>(804,639)</u>
Total capital assets being depreciated, net.....	<u>626,421</u>	<u>28,314</u>	<u>-</u>	<u>654,735</u>
Total transfer station enterprise capital assets, net...	<u>1,096,938</u>	<u>85,906</u>	<u>-</u>	<u>1,182,844</u>

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	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<i>Beach:</i>				
<u>Capital assets not being depreciated:</u>				
Land.....	-	1,958,735	-	1,958,735
Construction in progress.....	-	860,509	(856,524)	3,985
	<u>-</u>	<u>2,819,244</u>	<u>(856,524)</u>	<u>1,962,720</u>
<u>Capital assets being depreciated:</u>				
Land improvements.....	-	196,445	-	196,445
Buildings.....	-	115,473	-	115,473
Building improvements.....	-	919,070	-	919,070
Infrastructure.....	-	199,260	-	199,260
	<u>-</u>	<u>1,430,248</u>	<u>-</u>	<u>1,430,248</u>
<u>Less accumulated depreciation for:</u>				
Land improvements.....	-	(8,794)	-	(8,794)
Buildings.....	-	(7,434)	-	(7,434)
Building improvements.....	-	(1,915)	-	(1,915)
Infrastructure.....	-	(10,028)	-	(10,028)
	<u>-</u>	<u>(28,171)</u>	<u>-</u>	<u>(28,171)</u>
Total capital assets being depreciated, net.....	<u>-</u>	<u>1,402,077</u>	<u>-</u>	<u>1,402,077</u>
Total beach enterprise capital assets, net.....	<u>-</u>	<u>4,221,321</u>	<u>(856,524)</u>	<u>3,364,797</u>



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	Beginning Balance	Increases	Decreases	Ending Balance
<i>Harbor:</i>				
<u>Capital assets not being depreciated:</u>				
Land.....	-	25,827	-	25,827
<u>Capital assets being depreciated:</u>				
Land improvements.....		919,522	-	919,522
Buildings.....	-	28,696	-	28,696
Machinery and equipment.....	-	14,245	-	14,245
Vehicles.....	-	46,627	-	46,627
Infrastructure.....	-	1,821,553	-	1,821,553
Total capital assets being depreciated.....	-	2,830,643	-	2,830,643
<u>Less accumulated depreciation for:</u>				
Land improvements.....	-	(42,635)	-	(42,635)
Buildings.....	-	(1,871)	-	(1,871)
Machinery and equipment.....	-	(5,013)	-	(5,013)
Vehicles.....	-	(9,992)	-	(9,992)
Infrastructure.....	-	(72,413)	-	(72,413)
Total accumulated depreciation.....	-	(131,924)	-	(131,924)
Total capital assets being depreciated, net.....	-	2,698,719	-	2,698,719
Total harbor enterprise capital assets, net.....	-	2,724,546	-	2,724,546
Total business-type capital assets, net.....	\$ 11,037,232	\$ 7,138,133	\$ (856,524)	\$ 17,318,841

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

**Governmental Activities:**

General government.....	\$	191,743
Public safety.....		807,076
Public works.....		1,824,718
Health and human services.....		32,561
Culture and recreation.....		<u>140,099</u>

Total depreciation expense - governmental activities..... \$ 2,996,197

**Business-Type Activities:**

Golf Course.....		310,143
Transfer station.....	\$	75,592
Beach.....		28,171
Harbor.....		<u>131,924</u>

Total depreciation expense - business-type activities..... \$ 545,830

**NOTE 6 - INTERFUND TRANSFERS**

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

Transfers Out:	General Fund	Community Preservation Fund	Transfer Station Enterprise Fund	Total
General Fund.....	\$ -	\$ 26,740	\$ 62,500	\$ 89,240 (1)
Community Preservation Fund....	912,350	-	-	912,350 (2)
Nonmajor Governmental Funds...	1,469,905	-	-	1,469,905 (3)
Golf Enterprise Fund.....	548,019	-	-	548,019 (4)
Transfer Station Enterprise Fund..	122,970	-	-	122,970 (4)
Beach Enterprise Fund.....	747,461	-	-	747,461 (5)
Harbor Enterprise Fund.....	<u>262,027</u>	<u>-</u>	<u>-</u>	<u>262,027 (6)</u>
	<u>\$ 4,062,732</u>	<u>\$ 26,740</u>	<u>\$ 62,500</u>	<u>\$ 4,151,972</u>

- (1) Represents transfer to the community preservation fund (\$26,740) and budgeted transfer to the transfer station enterprise fund for debt service (\$62,500)
- (2) Represents budgeted transfers to fund debt service expenditures related to the community preservation fund
- (3) Represents budgeted transfers to fund the fiscal year 2013 operating and capital budget from the ambulance fund (\$1,110,000), Media One cable fund (\$298,380), cemetery perpetual care fund (\$25,000), septic fund (\$19,125), sale of cemetery lots fund (\$10,000), bass river reserved fund (\$6,000), and insurance fund (\$1,000)
- (4) Represents transfer of net cash activity reclassified from the general fund

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- (5) Represents budgeted transfers to fund the fiscal year 2013 operating and capital budget (\$134,960) and transfer of net cash activity reclassified from the general fund (\$612,501)
- (6) Represents budgeted transfers to fund the fiscal year 2013 operating and capital budget (\$206,000) and transfer of net cash activity reclassified from the general fund (\$56,027)

**NOTE 7 - SHORT-TERM FINANCING**

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

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

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

Details related to the short-term debt activity for the fiscal year ended June 30, 2013, is as follows:

***Governmental Funds***

Type	Description	Origination Date	Maturity Date	Interest Rate	Balance at June 30, 2012	Increases	Decreases	Balance at June 30, 2013
BAN	Hazlewood betterments.....	6/29/12	6/28/13	0.54%	\$ 50,475	\$ -	\$ (50,475)	\$ -
BAN	Land acquisition.....	6/29/12	6/28/13	0.54%	27,146	-	(27,146)	-
BAN	Land acquisition.....	6/20/13	10/21/13	0.45%	-	400,000	-	400,000
Total.....					\$ 77,621	\$ 400,000	\$ (77,621)	\$ 400,000

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**Enterprise Funds**

Type	Description	Origination Date	Maturity Date	Interest Rate	at June 30, 2012	Increases	Decreases	at June 30, 2013
<i>Transfer Station</i>								
BAN	Transfer station.....	1/26/12	7/26/12	0.74%	\$ 250,000	\$ -	\$ (250,000)	\$ -
BAN	Transfer station.....	7/26/12	7/26/13	0.50%	-	187,500	-	187,500
					<u>250,000</u>	<u>187,500</u>	<u>(250,000)</u>	<u>187,500</u>
<i>Beach</i>								
BAN	Corporation Beach bathhouse.....	1/26/12	7/26/12	0.74%	\$ 825,000	\$ -	\$ (825,000)	\$ -
BAN	Corporation Beach bathhouse.....	7/26/12	7/26/13	0.50%	-	614,911	-	614,911
					<u>825,000</u>	<u>614,911</u>	<u>(825,000)</u>	<u>614,911</u>
	Total.....				<u>\$ 1,075,000</u>	<u>\$ 802,411</u>	<u>\$ (1,075,000)</u>	<u>\$ 802,411</u>

Subsequent Event

On July 26, 2013, the Town used available funds to pay down \$62,500 of the \$187,500 transfer station BAN and issued a new BAN in the amount of \$125,000 at an interest rate of 0.50% and a maturity date of July 25, 2014.

On July 26, 2013, the Town used available funds to pay down \$213,075 of the \$614,911 Corporation Beach bathhouse BAN and issued a new BAN in the amount of \$401,836 at an interest rate of 0.50% and a maturity date of July 25, 2014.

On October 21, 2013, the Town used available funds to pay down the \$400,000 land acquisition BAN outstanding at June 30, 2013.

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**NOTE 8 - LONG-TERM OBLIGATIONS**

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

	Balance June 30, 2012	Increases	Decreases	Balance June 30, 2013	Current Portion
<b>Governmental Activities:</b>					
Bonds and notes payable.....	\$ 16,953,575	\$ -	(1,579,525)	\$ 15,374,050	\$ 1,569,525
Net OPEB obligation.....	6,637,837	1,843,673	(494,740)	7,986,770	-
Capital lease obligations.....	464,977	245,202	(286,433)	423,746	209,051
Compensated absences.....	1,123,076	32,078	-	1,155,154	115,515
Total.....	<u>\$ 25,179,465</u>	<u>\$ 2,120,953</u>	<u>\$ (2,360,698)</u>	<u>\$ 24,939,720</u>	<u>\$ 1,894,091</u>
<b>Business-type Activities:</b>					
Net OPEB obligation.....	\$ 1,010,409	\$ 279,957	\$ (77,597)	\$ 1,212,769	\$ -
Capital lease obligations.....	113,000	335,062	(228,169)	219,893	108,262
Compensated absences.....	101,514	(466)	-	101,048	10,105
Total.....	<u>\$ 1,224,923</u>	<u>\$ 614,553</u>	<u>\$ (305,766)</u>	<u>\$ 1,533,710</u>	<u>\$ 118,367</u>

With the exception of the portion of debt related to the community preservation fund and the Title V septic program, the governmental activities long-term liabilities are liquidated by the general fund. Long-term liabilities of the business-type activities are liquidated by the golf course and transfer station enterprise funds.

**NOTE 9 - LONG-TERM DEBT**

Details related to the outstanding indebtedness at June 30, 2013, and the debt service requirements are as follows:

**Bonds and Notes Payable - Governmental Funds**

Project	Maturity Date	Interest Rate	Outstanding at June 30, 2012	Issued	Redeemed	Outstanding at June 30, 2013
Land Acquisition/Library.....	05/15/14	3.65%	\$ 1,355,000	\$ -	\$ (680,000)	\$ 675,000
MWPAT Septic Note.....	08/01/24	0.00%	118,575	-	(9,525)	109,050
MWPAT Septic Note.....	07/15/25	0.00%	140,000	-	(10,000)	130,000
Police Station.....	11/01/26	3.75 - 4.00%	6,335,000	-	(440,000)	5,895,000
Town Office Annex/Museum.....	10/15/29	2.00 - 4.00%	3,230,000	-	(250,000)	2,980,000
Refunding Bonds.....	05/15/21	2.00 - 4.00%	5,775,000	-	(190,000)	5,585,000
Total governmental funds.....			<u>\$ 16,953,575</u>	<u>\$ -</u>	<u>\$ (1,579,525)</u>	<u>\$ 15,374,050</u>

TOWN OF DENNIS, MASSACHUSETTS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014.....	\$ 1,569,525	\$ 567,636	\$ 2,137,161
2015.....	1,554,525	511,487	2,066,012
2016.....	1,555,000	462,469	2,017,469
2017.....	1,540,000	410,437	1,950,437
2018.....	1,520,000	350,451	1,870,451
2019.....	1,515,000	289,257	1,804,257
2020.....	1,440,000	228,863	1,668,863
2021.....	1,150,000	171,513	1,321,513
2022.....	695,000	125,645	820,645
2023.....	555,000	97,863	652,863
2024.....	550,000	76,692	626,692
2025.....	550,000	55,640	605,640
2026.....	540,000	34,809	574,809
2027.....	340,000	18,140	358,140
2028.....	100,000	10,200	110,200
2029.....	100,000	6,900	106,900
2030.....	100,000	3,500	103,500
Total.....	<u>\$ 15,374,050</u>	<u>\$ 3,421,502</u>	<u>\$ 18,795,552</u>

The Town receives subsidy assistance from the Massachusetts Water Pollution Abatement Trust (MWPAT). Interest on the outstanding bonds for MWPAT is subsidized over the life of the bonds to assist the Town in the repayment of this future debt. During fiscal year 2013, the Town's subsidy totaled approximately \$31,000. Future subsidies total approximately \$99,000. The amount of MWPAT bonds outstanding at June 30, 2013, totaled \$239,050.

TOWN OF DENNIS, MASSACHUSETTS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013

The Town is subject to various debt limits by statute and may issue additional general obligation debt under the normal debt limit. At June 30, 2013, the Town had the following authorized and unissued debt:

Purpose	Amount
Bass River Park.....	500,000
Perpetual Conservation.....	385,000
Seaview Playland.....	261,464
Wrinkle Point Temporary Repairs.....	205,000
Manse Project.....	115,000
Betterments.....	91,525
Private Roads.....	72,854
Repairs to Village Green.....	28,665
Repairs to Janet Road.....	20,240
Total.....	\$ 1,679,748

**NOTE 10 - OTHER POST EMPLOYMENT BENEFITS**

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

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

Active employees.....	165
Retired employees, beneficiaries and dependents.....	132
Total.....	297

*Funding Policy* - The contribution requirements of Plan members and the Town are established and may be amended by the Town. The required health and dental insurance (including Medicare Part B) contribution rates of Plan members and the Town are 40% and 60%, respectively. The Plan members and the Town contribute 40% and 60%, respectively, towards a \$2,000 term life insurance premium. The Town currently contributes enough money to the Plan to satisfy current obligations on a pay-as-you-go basis. The costs of administering the Plan are paid by the Town.

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

TOWN OF DENNIS, MASSACHUSETTS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013

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

	Amount
Annual required contribution.....	\$ 2,058,602
Interest on net OPEB obligation.....	344,171
Adjustment to annual required contribution.....	(279,143)
Annual OPEB cost.....	2,123,630
Contributions made.....	(572,337)
Increase in net OPEB obligation.....	1,551,293
Net OPEB obligation at beginning of year.....	7,648,246
Net OPEB obligation at end of year.....	\$ 9,199,539

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

Fiscal Year Ending	Annual OPEB Cost (AOPEBC)	Percentage of AOPEBC Contributed	Net OPEB Obligation
June 30, 2011.....	\$ 2,347,936	24.5%	\$ 5,789,091
June 30, 2012.....	2,499,995	25.6%	7,648,246
June 30, 2013.....	2,123,630	27.0%	9,199,539

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

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Projected Unit Credit (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
06/30/12	\$ -	\$ 28,097,180	\$ 28,097,180	-	\$ 16,624,651	169.0%

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



TOWN OF DENNIS, MASSACHUSETTS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013

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

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

Valuation date:	June 30, 2012
Actuarial cost method:	Entry Age Normal
Amortization method:	Amortization payments increasing at 4.0%
Remaining amortization period:	30 years at June 30, 2012 (open period)
Interest discount rate:	4.50%
Inflation rate:	4.00%
Healthcare/Medical cost trend rate:	Health – 8.0% decreasing 0.50% annually for 6 years to an ultimate level of 5.0% per year; Dental – 5.0% per year
Projected salary increases:	4.00% annually

*Allocation of AOPEBC* – AOPEBC costs were allocated to the Town’s functions as follows:

<b>Governmental Activities:</b>	
General government.....	\$ 317,853
Public safety.....	1,171,773
Public works.....	227,440
Health and human services.....	73,772
Culture and recreation.....	<u>52,836</u>
Total AOPEBC - governmental activities.....	<u>1,843,673</u>
<b>Business-Type Activities:</b>	
Golf course.....	133,470
Transfer station.....	55,240
Harbor.....	25,418
Beach.....	<u>65,829</u>
Total AOPEBC - business-type activities.....	<u>279,957</u>
Total AOPEBC.....	<u><u>\$ 2,123,630</u></u>

TOWN OF DENNIS, MASSACHUSETTS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013

**NOTE 11 - CAPITAL LEASES**

The Town has entered into certain capital lease agreements for an ambulance, rescue pumper and golf course equipment under which the assets will become property of the Town when all terms of the lease agreement are met. The agreements also contain early purchase options which would allow the Town to purchase the assets before the end of the lease terms.

The following schedule presents future minimum lease payments as of June 30, 2013:

<u>Fiscal Years</u> <u>Ending June 30</u>	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>
2014.....	\$ 220,491	\$ 115,169
2015.....	220,491	115,170
Total minimum lease payments.....	440,981	230,339
Less: amounts representing interest.....	<u>(17,236)</u>	<u>(10,446)</u>
Present value of minimum lease payments.....	<u>\$ 423,746</u>	<u>\$ 219,893</u>

Vehicles and machinery and equipment and the related accumulated amortization under capital leases are as follows:

<u>Asset:</u>	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>
Vehicles and machinery and equipment.....	\$ 999,709	\$ 674,062
Less: accumulated amortization.....	<u>(347,402)</u>	<u>(172,330)</u>
Total.....	<u>\$ 652,307</u>	<u>\$ 501,732</u>

Amortization of leased assets under capital leases is included with depreciation expense.

TOWN OF DENNIS, MASSACHUSETTS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013

**NOTE 12 - FUND BALANCES**

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

	General	Community Preservation Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Nonspendable:</b>				
Permanent fund principal.....	\$ -	\$ -	\$ 457,046	\$ 457,046
<b>Restricted for:</b>				
Community preservation.....	-	1,376,968	-	1,376,968
Receipts reserved - ambulance.....	-	-	1,172,427	1,172,427
Receipts reserved - cable.....	-	-	662,463	662,463
Septic betterments.....	-	-	204,452	204,452
Capital - Town Hall annex.....	-	-	13,335	13,335
Affordable housing.....	-	-	23,613	23,613
General government.....	-	-	405,954	405,954
Public safety.....	-	-	49,648	49,648
Education.....	-	-	1,049	1,049
Public works.....	-	-	147,712	147,712
Health and human services.....	-	-	31,376	31,376
Culture and recreation.....	-	-	61,239	61,239
Community development.....	-	-	198,126	198,126
Sub-total - Restricted.....	-	1,376,968	2,971,389	4,348,357
<b>Committed to:</b>				
Subsequent year's expenditures.....	240,000	-	-	240,000
Capital stabilization.....	1,625,374	-	-	1,625,374
Beach protection stabilization.....	30,308	-	-	30,308
Continuing appropriations.....	3,046,465	-	-	3,046,465
Public works.....	-	-	5,612	5,612
Sub-total - Committed.....	4,942,147	-	5,612	4,947,759
<b>Assigned to:</b>				
Encumbrances.....	80,269	-	-	80,269
<b>Unassigned.....</b>	5,212,581	-	(134,431)	5,078,150
	\$ 10,234,997	\$ 1,376,968	\$ 3,299,616	\$ 14,911,581

TOWN OF DENNIS, MASSACHUSETTS  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2013

**NOTE 13 - STABILIZATION FUNDS**

The Town maintains the following stabilization funds that were established under MGL Chapter 40, Section 5B:

- General stabilization
- Capital improvements stabilization
- Municipal capital stabilization

The Town also maintains a barrier beach protection stabilization fund established under Chapter 108 of the Acts of 2011.

Appropriations in and out of the stabilization funds require two-thirds vote of Town Meeting. Investment income is retained by the funds.

The balance of the general, capital improvements, municipal capital and barrier beach protection stabilization funds at June 30, 2013 total \$2,253,233, \$1,426,072, \$199,302 and \$30,308, respectively. The general stabilization fund is reported in the general fund as unassigned fund balance. The other stabilization funds are reported in the general fund as committed fund balance.

**NOTE 14 - RISK FINANCING**

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance.

*Health Insurance*

The Town participates in a health insurance risk pool trust administered by the Cape Cod Municipal Health Group (Group). The Group offers a variety of premium based plans to its members with each participating governmental unit being charged a premium for coverage based on rates established by the Group. The Town is obligated to pay the Group its required premiums and, in event the Group is terminated, its pro-rata share of a deficit, should one exist. The amount of claim settlements has not exceeded insurance coverage in any of the previous three fiscal years.

*Workers' Compensation*

The Town is self-insured for workers' compensation claims for certain public safety employees. The Town's liability at June 30, 2013 totaled \$91,978. There was no liability at June 30, 2012. Changes in the liability for the past 2 years are as follows:

	Balance at Beginning of Fiscal Year		Current Year Claims and Changes in Estimate		Claims Payments		Balance at Fiscal Year-end
Fiscal year 2012.....	\$	-	\$	-	\$	-	\$
Fiscal year 2013.....	\$	-	\$	126,687	\$	(34,709)	\$ 91,978

For all other Town employees, the Town participates in a premium-based workers' compensation plan. The amount of claim settlements has not exceeded insurance coverage in any of the previous three fiscal years.

TOWN OF DENNIS, MASSACHUSETTS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013

**NOTE 15 - ESTABLISHMENT OF NEW ENTERPRISE FUNDS**

In fiscal year 2013, the Town established two new enterprise funds for financial statement reporting purposes: the Beach Enterprise Fund and the Harbor Enterprise Fund. The following special items have been recorded to reflect the transfer of assets and liabilities from the general fund and non-major governmental funds to the two new enterprise funds:

	Governmental Activities	Business-Type Activities	Nonmajor Governmental Funds	Beach Enterprise Fund	Harbor Enterprise Fund
Accrued compensated absences.....	21,211	(21,211)		(8,391)	(12,820)
Accrued OPEB liability.....	318,745	(318,745)		(229,956)	(88,789)
Net assets previously reported as governmental funds.....	(8,222)	8,222	(8,222)	(238,738)	246,960
Net investment in capital assets.....	(6,003,915)	6,003,915		3,171,533	2,832,382
Total.....	\$ (5,672,181)	\$ 5,672,181	\$ (8,222)	\$ 2,694,448	\$ 2,977,733

**NOTE 16 - PENSION PLAN**

*Plan Description* - The Town contributes to the Barnstable County Retirement Association (Association), a cost-sharing multiple-employer defined benefit pension plan administered by the Barnstable County Retirement Board. Substantially all employees of the Town are members of the System.

Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. The Association provides retirement, disability and death benefits to plan members and beneficiaries. Cost-of-living adjustments granted between 1981 and 1997 and any increases in other benefits imposed by the Commonwealth's state law during those years are borne by the Commonwealth and are deposited into the pension fund. Cost-of-living adjustments granted after 1997 must be authorized by the Barnstable County Retirement Board and are borne by the Association. The Association issues a publicly available report in accordance with guidelines established by the Commonwealth's Public Employee Retirement Administration Commission. That report may be obtained by contacting the Association located at 750 Attucks Lane, Hyannis, Massachusetts, 02601.

*Funding Policy* - Chapter 32 of MGL governs the contributions of plan members and the Town. Plan members are required to contribute to the Association at rates ranging from 5% to 11% of annual covered compensation. The Town is required to pay into the Association its share of the association-wide actuarial determined contribution that is apportioned among the employers based on annual current payroll. The Town's contributions to the Association for the fiscal years ended June 30, 2013, 2012, and 2011 were \$2,364,106, \$2,292,166 and \$2,059,352, respectively, which equaled its required contribution for each fiscal year.

**NOTE 17 - COMMITMENTS**

The Town has entered into, or is planning to enter into, contracts totaling approximately \$2,500,000 for community preservation, building and infrastructure projects.

Other significant commitments include the continuing appropriations and encumbrances outstanding for the general fund, which totaled \$3,126,733 at June 30, 2013.

**NOTE 18 - CONTINGENCIES**

Various legal actions and claims are pending against the Town. 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

TOWN OF DENNIS, MASSACHUSETTS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013

June 30, 2013, cannot be ascertained, management believes any resulting liability should not materially affect the financial position of the Town at June 30, 2013.

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

**NOTE 19 - FUTURE IMPLEMENTATION OF GASB PRONOUNCEMENTS**

The GASB has issued the following statements:

- Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which is required to be implemented during fiscal year 2014. Management does not believe the implementation of this Statement will significantly impact the basic financial statements.
- Statement No. 66, *Technical Corrections - 2012 - an amendment of GASB Statements No. 10 and No. 62*, which is required to be implemented during fiscal year 2014. Management does not believe the implementation of this Statement will impact the basic financial statements.
- Statement No. 67, *Financial Reporting for Pension Plans - an Amendment of GASB Statement No. 25*, which is required to be implemented during fiscal year 2014. Management has determined that the implementation of this Statement will not impact the basic financial statements.
- Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27*, which is required to be implemented during fiscal year 2015. The implementation of this Statement will represent a significant change in the accounting and reporting of pension expense and the related liability. For the first time, the Town will be required to recognize its total long-term obligation for pension benefits as a liability and to more comprehensively measure the annual costs of pension benefits. The implementation of this Statement also expands pension related note disclosures and required supplementary information.
- Statement No. 69, *Government Combinations and Disposals of Government Operations*, which is required to be implemented during fiscal year 2015. Management does not believe the implementation of this Statement will impact the basic financial statements.
- Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, which is required to be implemented during fiscal year 2014. Management does not believe the implementation of this Statement will impact the basic financial statements.

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

## *Required Supplementary Information*

**TOWN OF DENNIS**  
**GENERAL FUND**  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE  
(NON-GAAP BUDGETARY BASIS)  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Prior Year Encumbrances and Continuing Appropriations	Original Budget	Supplemental Appropriations and Transfers	Final Budget
<b>REVENUES</b>				
Real estate and personal property taxes.....	\$ -	\$ 35,587,213	\$ (367,244)	\$ 35,219,969
Motor vehicle and other excise taxes.....	-	2,505,000	-	2,505,000
Tax liens.....	-	-	-	-
Intergovernmental .....	-	683,675	-	683,675
Penalties and interest on taxes.....	-	345,000	-	345,000
Licenses and permits.....	-	860,000	-	860,000
Fines and forfeitures.....	-	72,000	-	72,000
Departmental and other.....	-	6,167,317	-	6,167,317
Investment income.....	-	25,000	-	25,000
<b>TOTAL REVENUES.....</b>	<b>-</b>	<b>46,245,205</b>	<b>(367,244)</b>	<b>45,877,961</b>
<b>EXPENDITURES</b>				
Current:				
General government.....	523,726	4,680,363	43,589	5,247,678
Public safety.....	655,370	10,080,057	57,623	10,793,050
Education.....	264,113	16,896,864	-	17,160,977
Public works.....	538,444	5,044,587	519,297	6,102,328
Health and human services.....	44,790	766,579	34,700	846,069
Culture and recreation.....	433,891	3,127,332	379,171	3,940,394
Pension benefits.....	-	2,319,055	-	2,319,055
Employee benefits.....	-	2,618,613	134,328	2,752,941
Property and liability insurance.....	-	283,205	32,519	315,724
State and county charges.....	-	756,759	-	756,759
Debt service:				
Principal.....	-	1,584,525	-	1,584,525
Interest.....	-	635,858	(11,168)	624,690
<b>TOTAL EXPENDITURES.....</b>	<b>2,460,334</b>	<b>48,793,797</b>	<b>1,190,059</b>	<b>52,444,190</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....</b>	<b>(2,460,334)</b>	<b>(2,548,592)</b>	<b>(1,557,303)</b>	<b>(6,566,229)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in.....	-	2,370,697	507,042	2,877,739
Transfers out.....	-	(150,105)	(580,500)	(730,605)
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>-</b>	<b>2,220,592</b>	<b>(73,458)</b>	<b>2,147,134</b>
<b>NET CHANGE IN FUND BALANCE.....</b>	<b>(2,460,334)</b>	<b>(328,000)</b>	<b>(1,630,761)</b>	<b>(4,419,095)</b>
<b>FUND BALANCE AT BEGINNING OF YEAR.....</b>	<b>6,430,341</b>	<b>6,430,341</b>	<b>6,430,341</b>	<b>6,430,341</b>
<b>FUND BALANCE AT END OF YEAR.....</b>	<b>\$ 3,970,007</b>	<b>\$ 6,102,341</b>	<b>\$ 4,799,580</b>	<b>\$ 2,011,246</b>

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



	Actual	Current Year Encumbrances and Continuing Appropriations	Actual and Encumbrances and Continuing Appropriations	Variance Positive/ (Negative)
\$	35,168,082	\$ -	\$ 35,168,082	\$ (51,887)
	2,660,739	-	2,660,739	155,739
	93,137	-	93,137	93,137
	663,588	-	663,588	(20,087)
	398,691	-	398,691	53,691
	976,726	-	976,726	116,726
	85,707	-	85,707	13,707
	6,158,219	-	6,158,219	(9,098)
	13,841	-	13,841	(11,159)
	<u>46,218,730</u>	<u>-</u>	<u>46,218,730</u>	<u>340,769</u>
	4,620,920	391,883	5,012,803	234,875
	10,038,754	707,373	10,746,127	46,923
	16,956,864	204,113	17,160,977	-
	4,457,072	1,337,639	5,794,711	307,617
	787,925	37,809	825,734	20,335
	3,269,687	424,394	3,694,081	246,313
	2,319,055	-	2,319,055	-
	2,714,875	23,522	2,738,397	14,544
	312,666	-	312,666	3,058
	762,269	-	762,269	(5,510)
	1,579,525	-	1,579,525	5,000
	600,418	-	600,418	24,272
	<u>48,420,030</u>	<u>3,126,733</u>	<u>51,546,763</u>	<u>897,427</u>
	<u>(2,201,300)</u>	<u>(3,126,733)</u>	<u>(5,328,033)</u>	<u>1,238,196</u>
	2,877,739	-	2,877,739	-
	<u>(780,647)</u>	<u>-</u>	<u>(780,647)</u>	<u>(50,042)</u>
	2,097,092	-	2,097,092	(50,042)
	(104,208)	(3,126,733)	(3,230,941)	1,188,154
	<u>6,430,341</u>	<u>-</u>	<u>6,430,341</u>	<u>-</u>
\$	<u>6,326,133</u>	<u>(3,126,733)</u>	<u>3,199,400</u>	<u>1,188,154</u>

**TOWN OF DENNIS**  
**COMMUNITY PRESERVATION FUND**  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE  
(NON-GAAP BUDGETARY BASIS)  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Prior Year Encumbrances and Continuing Appropriations	Original Budget	Supplemental Appropriations and Transfers	Final Budget
<b>REVENUES</b>				
Community preservation surcharges.....	\$ -	\$ 1,020,000	\$ -	\$ 1,020,000
Intergovernmental .....	-	229,150	-	229,150
Penalties and interest on taxes.....	-	-	-	-
Contributions.....	-	-	-	-
Investment income.....	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL REVENUES.....	<u>-</u>	<u>1,249,150</u>	<u>-</u>	<u>1,249,150</u>
<b>EXPENDITURES</b>				
Current:				
Administrative.....	-	15,000	-	15,000
Acquisitions and projects.....	992,408	649,000	685,000	2,326,408
	<u>992,408</u>	<u>664,000</u>	<u>685,000</u>	<u>2,341,408</u>
TOTAL EXPENDITURES.....	<u>992,408</u>	<u>664,000</u>	<u>685,000</u>	<u>2,341,408</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....</b>				
	<u>(992,408)</u>	<u>585,150</u>	<u>(685,000)</u>	<u>(1,092,258)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in.....	-	26,740	-	26,740
Proceeds of bonds and notes.....	-	-	685,000	685,000
Transfers out.....	-	(912,350)	-	(912,350)
Payments to refunded bond escrow agent.....	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)....	<u>-</u>	<u>(885,610)</u>	<u>685,000</u>	<u>(200,610)</u>
NET CHANGE IN FUND BALANCE.....	(992,408)	(300,460)	-	(1,292,868)
FUND BALANCE AT BEGINNING OF YEAR.....	1,744,974	1,744,974	1,744,974	1,744,974
FUND BALANCE AT END OF YEAR.....	<u>\$ 752,566</u>	<u>\$ 1,444,514</u>	<u>\$ 1,744,974</u>	<u>\$ 452,106</u>

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

	Actual	Current Year Encumbrances and Continuing Appropriations	Actual and Encumbrances and Continuing Appropriations	Variance Positive/ (Negative)
\$	1,045,230	\$ -	\$ 1,045,230	\$ 25,230
	304,460	-	304,460	75,310
	5,655	-	5,655	5,655
	285,000	-	285,000	285,000
	3,741	-	3,741	3,741
	<u>1,644,086</u>	<u>-</u>	<u>1,644,086</u>	<u>394,936</u>
	12,329	-	12,329	2,671
	<u>1,114,153</u>	<u>1,212,255</u>	<u>2,326,408</u>	<u>-</u>
	<u>1,126,482</u>	<u>1,212,255</u>	<u>2,338,737</u>	<u>2,671</u>
	<u>517,604</u>	<u>(1,212,255)</u>	<u>(694,651)</u>	<u>397,607</u>
	26,740	-	26,740	-
	-	-	-	(685,000)
	<u>(912,350)</u>	<u>-</u>	<u>(912,350)</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(885,610)</u>	<u>-</u>	<u>(885,610)</u>	<u>(685,000)</u>
	(368,006)	(1,212,255)	(1,580,261)	(287,393)
	<u>1,744,974</u>	<u>-</u>	<u>1,744,974</u>	<u>-</u>
\$	<u><u>1,376,968</u></u>	<u><u>(1,212,255)</u></u>	<u><u>164,713</u></u>	<u><u>(287,393)</u></u>

**PENSION PLAN SCHEDULES**

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

**SCHEDULES OF FUNDING PROGRESS (ASSOCIATION)**

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

**SCHEDULE OF EMPLOYER CONTRIBUTIONS (ASSOCIATION)**

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

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

**TOWN SHARE OF ASSOCIATION ARC**

Fiscal Year Ended	ARC	Percentage of ARC Contributed (%)	Town ARC as a Percentage of Association ARC (%)
2008	\$ 1,605,647	100	4.7%
2009	1,708,357	100	4.6%
2010	1,826,538	100	4.6%
2011	2,059,352	100	4.7%
2012	2,292,166	100	5.2%
2013	2,364,106	100	5.1%

**OTHER POSTEMPLOYMENT BENEFITS SCHEDULES**

The following schedules provide information related to the Town’s other postemployment benefits plan:

**SCHEDULES OF FUNDING PROGRESS**

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Projected Unit Credit (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
06/30/08	\$ -	\$ 26,040,878	\$ 26,040,878	-	\$ 15,064,968	172.9%
06/30/10	-	30,596,037	30,596,037	-	15,423,321	198.4%
06/30/12	-	28,097,180	28,097,180	-	16,624,651	169.0%

The significant changes to the methods and assumptions used in the actuarial valuations identified above that impacted trends in the schedules of funding progress are as follows:

- Per capita health care costs and administrative expenses were recalculated based on more recent data
- Medical/drug trend assumption was changed from 8.50% in 2013 decreasing by 0.75% per year to 5.50% in 2017 and by 0.50% to 5.00% by 2018 to 8.00% in 2013 decreasing by 0.50% per year to 5.00% by 2019
- The excise tax on high cost health plans beginning in 2018 was included in the 06/30/12 valuation
- The pay-as-you-go discount rate was changed from 5.00% to 4.50%. The funding discount rate was changed from 8.25% to 7.75%

TOWN OF DENNIS, MASSACHUSETTS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2013

**NOTE A - BUDGETARY - GAAP RECONCILIATION**

For budgetary financial reporting purposes, the Uniform Massachusetts Accounting System basis of accounting (established by the Commonwealth) is followed, which differs from the GAAP basis of accounting. Reconciliations of budgetary-basis to GAAP-basis results for the general fund and community preservation fund for the fiscal year ended June 30, 2013, are presented below:

*General fund*

	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Financing Sources (Uses)</u>	<u>Fund Balance</u>
Budgetary basis as reported on the schedule of revenues, expenditures and changes in fund balance - budget and actual.....	\$ 46,218,730	\$ 51,546,763	\$ 2,097,092	\$ 3,199,400
<u>Adjustments</u>				
Net change in recording short-term interest accrual.....	-	(2,557)	-	(51)
To record encumbrances and continuing appropriations.....	-	(3,126,733)	-	3,126,733
To reclassify current year activity of stabilization funds to the general fund.....	7,840	-	705,071	3,908,915
To reclassify current year activity to the golf course enterprise fund.....	(2,557,631)	(2,177,800)	(168,188)	-
To reclassify current year activity to the transfer station enterprise fund.....	(1,238,639)	(1,115,669)	-	-
To reclassify current year activity to the beach enterprise fund.....	(1,509,816)	(897,315)	-	-
To reclassify current year activity to the harbor enterprise fund.....	(538,770)	(482,743)	-	-
To reclassify net activity transferred to the golf course enterprise fund back to the general fund.....	-	-	548,019	-
To reclassify net activity transferred to the transfer station enterprise fund back to the general fund.....	-	-	122,970	-
To reclassify net activity transferred to the beach enterprise fund back to the general fund.....	-	-	612,501	-
To reclassify net activity transferred to the harbor enterprise fund back to the general fund.....	-	-	56,027	-
Total adjustments.....	<u>(5,837,016)</u>	<u>(7,802,817)</u>	<u>1,876,400</u>	<u>7,035,597</u>
GAAP basis as reported on the statement of revenues, expenditures and changes in fund balances.....	\$ 40,381,714	\$ 43,743,946	\$ 3,973,492	\$ 10,234,997

TOWN OF DENNIS, MASSACHUSETTS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2013

*Community preservation fund*

	<u>Expenditures</u>	<u>Fund Balance</u>
Budgetary basis as reported on the schedule of revenues, expenditures and changes in fund balance - budget and actual.....	\$ 2,338,737	\$ 164,713
 <u>Adjustments</u>		
To record encumbrances and continuing appropriations.....	(1,212,255)	1,212,255
 GAAP basis as reported on the statement of revenues, expenditures and changes in fund balances.....	 \$ 1,126,482	 \$ 1,376,968

**NOTE B - PENSION PLAN**

Additional information of the latest actuarial valuation is as follows:

Valuation date:	January 1, 2012
Actuarial cost method:	Entry age normal cost
Amortization method:	Payments increase at 6.0% through fiscal year 2015. Thereafter, payments increase at 4.0%, except for 2010 Early Retirement Incentive, which is a level payment
Remaining amortization period:	26 years from July 1, 2012 for 2002 and 2003 Early Retirement Incentives, retiree sheriff's liability and remaining unfunded liability, and 10 years from July 1, 2012 for 2010 Early Retirement Incentive
Asset valuation method:	Sum of actuarial value at beginning of year and increase in cost value during the year excluding realized appreciation or losses plus 20 percent of market value at end of year in excess of that preliminary value, adjusted to be within 20 percent of their market value
 <u>Actuarial assumptions:</u>	
Investment rate of return:	7.875%
Projected salary increases:	Varies by length of service (range of 4.75% - 5.25%)
Cost of living adjustments:	3.00% of the first \$14,000 of retirement income in fiscal year 2013, increasing to \$15,000 in fiscal year 2014