

TOWN OF DENNIS, MASSACHUSETTS

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

TOWN OF DENNIS, MASSACHUSETTS

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FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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Independent Auditors' Report



Certified Public Accountants

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Independent Auditors' Report

To the Honorable Board of Selectmen
Town of Dennis, Massachusetts

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, 2010, which collectively comprise the Town of Dennis, Massachusetts' basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Dennis, Massachusetts' management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, 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, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 7, 2011 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that management's discussion and analysis (located on pages 4 through 13) and budgetary comparison, pension and other postemployment benefits information (located on pages 53 through 59) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

 Sullivan, Fry & Co., LLC

February 7, 2011

Management's Discussion and Analysis

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, 2010.

Financial Highlights

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$102,825,841 (net assets). Of this amount, \$9,601,490 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The Town's total net assets increased \$2,535,567.
- As of the close of the fiscal year, the Town's governmental funds reported combined ending fund balances totaling \$13,629,009, a decrease of \$822,656 in comparison with the prior year. Approximately \$9,049,000 represents unreserved fund balance.
- At the end of the fiscal year, undesignated fund balance for the general fund totaled \$2,461,652, or 5.8 percent of total general fund expenditures and transfers out.
- The Town's total bonded debt decreased \$2,819,493 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 assets** presents information on all of the Town's non-fiduciary assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The **statement of activities** presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of 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 services, culture and recreation, community development, land purchases and debt service - interest. Business-type activities include golf course and transfer station 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 176 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, operating stabilization (special revenue), capital stabilization (special revenue) and community preservation (special revenue) funds, each of which are considered to be major funds. Data from the other 172 governmental funds are combined into a single, aggregated presentation titled *nonmajor governmental funds*.

The basic governmental funds financial statements can be found on pages 18-23 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 and transfer station operations, both of which are considered to be major funds.

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

Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the 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 27-28 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 29-52 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 certain pension information, which can be found on pages 53-59 of this report.

Government-Wide Financial Analysis

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

Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The Town's assets exceeded liabilities by \$102,825,841 at the close of the fiscal year and are summarized as follows:

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	2010	2009	2010	2009	2010	2009
Assets						
Current assets.....	\$ 17,519,429	\$ 17,611,204	\$ 539,385	\$ 544,873	\$ 18,058,814	\$ 18,156,077
Noncurrent assets (excluding capital assets).....	635,271	370,127	-	-	635,271	370,127
Capital assets (net).....	96,753,426	95,217,858	11,014,449	11,131,872	107,767,875	106,349,730
Total assets.....	114,908,126	113,199,189	11,553,834	11,676,745	126,461,960	124,875,934
Liabilities						
Current liabilities (excluding debt).....	1,349,011	1,010,573	148,929	166,997	1,497,940	1,177,570
Noncurrent liabilities (excluding debt).....	4,409,689	3,026,254	495,865	329,718	4,905,554	3,355,972
Current debt.....	1,954,525	2,454,545	-	235,000	1,954,525	2,689,545
Noncurrent debt.....	15,278,100	17,362,573	-	-	15,278,100	17,362,573
Total liabilities.....	22,991,325	23,853,945	644,794	731,715	23,636,119	24,585,660
Net Assets						
Invested in capital assets (net of related debt).....	79,861,562	76,106,408	11,014,449	10,896,872	90,876,011	87,003,280
Restricted.....	2,348,340	3,033,108	-	-	2,348,340	3,033,108
Unrestricted.....	9,706,899	10,205,728	(105,409)	48,158	9,601,490	10,253,886
Total net assets.....	\$ 91,916,801	\$ 89,345,244	\$ 10,909,040	\$ 10,945,030	\$ 102,825,841	\$ 100,290,274

The largest portion of the Town's net assets (88.3%) reflects its investment in capital assets (e.g., land, construction in progress, 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 assets (2.3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (9.3% or \$9,601,490) 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 three categories of net assets for its governmental activities and in two of three categories of net assets for its business-type activities.

Changes in Net Assets

For the fiscal year ended June 30, 2010, the Town's total net assets increased by \$2,535,567, compared to an increase of \$1,964,957 in the prior fiscal year. These amounts are summarized as follows:

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	2010	2009	2010	2009	2010	2009
Revenues						
<i>Program Revenues:</i>						
Charges for services.....	\$ 5,936,754	\$ 4,909,935	\$ 4,431,630	\$ 4,356,935	\$ 10,368,384	\$ 9,266,870
Operating grants and contributions.....	2,378,036	2,707,840	1,338	912	2,379,374	2,708,752
Capital grants and contributions.....	1,616,388	1,223,869	-	-	1,616,388	1,223,869
<i>General Revenues:</i>						
Real estate and personal property taxes.....	33,089,765	33,196,403	-	-	33,089,765	33,196,403
Motor vehicle and other excise taxes.....	1,569,613	1,842,821	-	-	1,569,613	1,842,821
Hotel/motel taxes.....	332,374	368,530	-	-	332,374	368,530
Penalties and interest on taxes.....	407,026	282,861	-	-	407,026	282,861
CPA surcharges.....	974,932	983,490	-	-	974,932	983,490
Grants and contributions not restricted to specific programs.....	593,570	722,443	-	-	593,570	722,443
Unrestricted investment income.....	49,047	98,402	-	-	49,047	98,402
Other.....	5,120	290,968	-	-	5,120	290,968
Total revenues.....	46,952,625	46,627,562	4,432,968	4,357,847	51,385,593	50,985,409
Expenses						
General government.....	5,370,384	4,970,231	-	-	5,370,384	4,970,231
Public safety.....	13,570,555	13,695,177	-	-	13,570,555	13,695,177
Education.....	16,074,211	15,806,825	-	-	16,074,211	15,806,825
Public works.....	5,005,028	5,025,334	-	-	5,005,028	5,025,334
Health and human services.....	1,303,797	1,249,110	-	-	1,303,797	1,249,110
Culture and recreation.....	1,743,199	1,665,129	-	-	1,743,199	1,665,129
Community development.....	1,167,934	1,799,179	-	-	1,167,934	1,799,179
Debt service - interest.....	720,891	832,215	-	-	720,891	832,215
Golf course.....	-	-	2,520,342	2,580,639	2,520,342	2,580,639
Transfer station.....	-	-	1,373,685	1,396,613	1,373,685	1,396,613
Total expenses.....	44,955,999	45,043,200	3,894,027	3,977,252	48,850,026	49,020,452
Change in net assets before transfers.....	1,996,626	1,584,362	538,941	380,595	2,535,567	1,964,957
Transfers, net.....	574,931	473,186	(574,931)	(473,186)	-	-
Change in net assets.....	2,571,557	2,057,548	(35,990)	(92,591)	2,535,567	1,964,957
Net assets - beginning of year.....	89,345,244	87,287,696	10,945,030	11,037,621	100,290,274	98,325,317
Net assets - end of year.....	\$ 91,916,801	\$ 89,345,244	\$ 10,909,040	\$ 10,945,030	\$ 102,825,841	\$ 100,290,274

Governmental activities increased the Town's net assets by \$2,571,557. In the prior year, governmental activities increased the Town's net assets by \$2,057,548. The key elements of this change are an approximate \$800,000 decrease in other post-employment benefit expenses (see page 49 for details) and an approximate \$393,000 increase in capital grants and contributions.

Business-type activities decreased the Town's net assets by \$35,990. In the prior year, business-type activities decreased the Town's net assets by \$92,591.

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. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the governmental funds reported combined ending fund balances totaling \$13,629,009, a decrease of \$822,656 in comparison with the prior year. Of this total amount, approximately \$8,617,000 represents undesignated fund balance. The remainder of fund balance is designated or reserved to indicate that it is not available for new spending because it has already been committed to:

- Liquidate contracts and purchase orders (\$2,337,889)
- Perpetual permanent funds (\$415,391)
- Community preservation (\$1,221,861)
- Other specific purposes (\$604,717)
- Fund a portion of the fiscal year 2011 operating budget (\$432,500)

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, undesignated fund balance of the general fund totaled \$2,461,652, while total fund balance was \$5,232,041. As a measure of the general fund's liquidity, it may be useful to compare both undesignated fund balance and total fund balance to total general fund expenditures and transfers out. Undesignated fund balance represents 5.8% of total general fund expenditures and transfers out, while total fund balance represents 12.3% of that same amount.

The balance of the Town's general fund increased \$367,223 during fiscal year 2010. Although the Town recognized an approximate \$3,347,000 budgetary surplus (excluding encumbrances and continuing appropriations), approximately \$3,135,000 of reserves was utilized for spending during fiscal year 2010.

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

The fund balance of the operating stabilization fund (special revenue) increased by \$10,495 during the current fiscal year. This is attributable to investment income.

The fund balance of the capital stabilization fund (special revenue) decreased by \$446,827 during the current fiscal year. The fund recognized \$4,912 in investment income, received a \$51,229 transfer from the general fund and made \$502,968 of transfers to the general fund during the fiscal year.

The fund balance of the community preservation fund (special revenue) decreased by \$724,225 during the current fiscal year. Significant activity for the year consisted of surcharge revenues (\$960,187), state revenues (\$382,603), expenditures (\$1,308,398) and transfers to the general fund to cover debt service costs (\$771,415).

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 assets of the golf course and transfer station enterprise funds at the end of the year amounted to \$45,412 and (\$150,821), respectively. The golf course fund had an increase in net assets for the year of \$77,170 and the transfer station fund had a decrease in net assets of \$113,160. Other factors concerning the finances of these two funds have already been addressed in the discussion of the Town's business-type activities.

General Fund Budgetary Highlights

The original general fund budget of \$45,752,346 was increased by \$1,451,378 (3.2%) during the fiscal year. The following table summarizes the increase:

Purpose	Amount	Funding Source
Various budget supplements.....	\$ 363,072	Undesignated fund balance
Capital outlay.....	349,852	Undesignated fund balance
Old police station renovations.....	306,408	Transfer from capital stabilization fund
John Kelly Pavillion extension.....	196,560	Transfer from capital stabilization fund
Capital outlay.....	170,482	Transfer from ambulance receipts special revenue fund
MWPAT septic loan paydowns.....	129,948	Transfer from septic loan betterment special revenue fund
Capital outlay.....	115,000	Transfer from beach capital special revenue fund
Capital outlay.....	101,000	Transfer from golf course enterprise fund
Composting facility.....	65,000	Undesignated fund balance
Various budget supplements.....	63,500	Transfers from various nonmajor governmental funds
Transfer to capital stabilization fund.....	51,229	Undesignated fund balance
Solar farm.....	25,000	Undesignated fund balance
Capital outlay.....	20,000	Transfer from Bass River special revenue fund
Water quality testing.....	20,000	Undesignated fund balance
Beach cold water rinse towers.....	6,500	Transfer from beach capital special revenue fund
Capital outlay.....	6,000	Transfer from mediaone cable special revenue fund
Various budget reductions.....	<u>(538,173)</u>	Reduction to tax levy
Total.....	<u>\$ 1,451,378</u>	

During the year, revenues and transfers in 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 \$1,009,000.

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 \$107,767,875 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, 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 1.3%, which consisted of a 1.4% increase for governmental activities and a 0.1% decrease for business-type activities.

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

- Infrastructure improvements (\$2,155,000)
- Bass River Park construction in progress (\$913,000)
- Manse Museum restoration construction in progress (\$805,000)
- Purchase of public works vehicles and machinery and equipment (\$287,000)
- Purchase of public safety vehicles (\$139,000)

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>	
	2010	2009	2010	2009	2010	2009
Land.....	\$ 54,677,998	\$ 54,647,098	\$ 6,964,635	\$ 6,964,635	\$ 61,642,633	\$ 61,611,733
Construction in progress.....	1,883,921	166,000	-	-	1,883,921	166,000
Land improvements.....	1,635,965	1,725,972	1,716,989	1,854,891	3,352,954	3,580,863
Buildings.....	17,415,137	17,968,615	1,569,096	1,525,341	18,984,233	19,493,956
Building improvements.....	384,148	406,325	-	-	384,148	406,325
Machinery and equipment.....	2,181,149	2,448,706	737,520	748,984	2,918,669	3,197,690
Vehicles.....	657,785	735,519	6,501	17,813	664,286	753,332
Infrastructure.....	17,917,323	17,119,623	19,708	20,208	17,937,031	17,139,831
Total capital assets.....	\$ 96,753,426	\$ 95,217,858	\$ 11,014,449	\$ 11,131,872	\$ 107,767,875	\$ 106,349,730

Additional information on the Town's capital assets can be found in Note 5 on pages 42-44 of this report.

Long-Term Debt

At the end of the current fiscal year, total bonded debt outstanding was \$17,232,625, which is backed by the full faith and credit of the Town, and is summarized as follows:

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	2010	2009	2010	2009	2010	2009
General obligation bonds.....	\$ 16,935,000	\$ 19,360,000	\$ -	\$ 235,000	\$ 16,935,000	\$ 19,595,000
MWPAT notes.....	297,625	457,118	-	-	297,625	457,118
Total bonds and notes.....	\$ 17,232,625	\$ 19,817,118	\$ -	\$ 235,000	\$ 17,232,625	\$ 20,052,118

The Town's total bonded debt decreased by \$2,819,493, or 14.1%, during the current fiscal year.

Additional information on the Town's long-term debt can be found in Note 8 on pages 45-47 of this report.

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

STATEMENT OF NET ASSETS

JUNE 30, 2010

ASSETS	Primary Government		
	Governmental Activities	Business-type Activities	Total
Current assets:			
Cash and cash equivalents.....	\$ 11,732,174	\$ 431,292	\$ 12,163,466
Restricted cash and cash equivalents.....	1,790,326	-	1,790,326
Restricted investments.....	460,082	-	460,082
Receivables, net of allowance for uncollectible amounts:			
Real estate and personal property taxes.....	1,440,479	-	1,440,479
Tax and utility liens.....	766,303	-	766,303
Motor vehicle and other excise taxes.....	298,715	-	298,715
Community preservation surcharges.....	37,991	-	37,991
User charges.....	336,025	20,988	357,013
Special assessments.....	48,855	-	48,855
Departmental and other.....	80,410	-	80,410
Intergovernmental.....	528,069	-	528,069
Inventory.....	-	87,105	87,105
Total current assets.....	17,519,429	539,385	18,058,814
Noncurrent assets:			
Receivables, net of allowance for uncollectible amounts:			
Real estate tax deferrals.....	29,481	-	29,481
Special assessments.....	503,041	-	503,041
Tax foreclosures.....	102,749	-	102,749
Capital assets not being depreciated.....	56,561,919	6,964,635	63,526,554
Capital assets, net of accumulated depreciation.....	40,191,507	4,049,814	44,241,321
Total noncurrent assets.....	97,388,697	11,014,449	108,403,146
Total assets.....	114,908,126	11,553,834	126,461,960
LIABILITIES			
Current liabilities:			
Warrants payable.....	617,306	63,822	681,128
Accrued payroll.....	261,446	27,583	289,029
Other liabilities.....	266,499	47,730	314,229
Accrued interest.....	114,782	-	114,782
Compensated absences.....	88,979	9,794	98,773
Long-term bonds and notes payable.....	1,954,525	-	1,954,525
Total current liabilities.....	3,303,536	148,929	3,452,465
Noncurrent liabilities:			
Net OPEB obligation.....	3,608,883	407,722	4,016,605
Compensated absences.....	800,806	88,143	888,949
Long-term bonds and notes payable.....	15,278,100	-	15,278,100
Total noncurrent liabilities.....	19,687,789	495,865	20,183,654
Total liabilities.....	22,991,325	644,794	23,636,119
NET ASSETS			
Invested in capital assets, net of related debt.....	79,861,562	11,014,449	90,876,011
Restricted for:			
Community preservation.....	1,259,852	-	1,259,852
Permanent funds:			
Expendable.....	68,380	-	68,380
Nonexpendable.....	415,391	-	415,391
Other specific purposes.....	604,717	-	604,717
Unrestricted.....	9,706,899	(105,409)	9,601,490
Total net assets.....	\$ 91,916,801	\$ 10,909,040	\$ 102,825,841

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Functions/Programs	Expenses	Program Revenues			Net (Expense)/ Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General government.....	\$ 5,370,384	\$ 1,181,529	\$ 247,872	\$ -	\$ (3,940,983)
Public safety.....	13,570,555	2,761,889	241,657	-	(10,567,009)
Education.....	16,074,211	-	-	-	(16,074,211)
Public works.....	5,005,028	197,374	174,373	1,616,388	(3,016,893)
Health and human services.....	1,303,797	310,944	68,566	-	(924,287)
Culture and recreation.....	1,743,199	1,485,018	135,069	-	(123,112)
Community development.....	1,167,934	-	1,510,499	-	342,565
Debt service - interest.....	720,891	-	-	-	(720,891)
Total governmental activities.....	<u>44,955,999</u>	<u>5,936,754</u>	<u>2,378,036</u>	<u>1,616,388</u>	<u>(35,024,821)</u>
Business-type activities:					
Golf course.....	2,520,342	3,086,933	1,338	-	567,929
Transfer station.....	1,373,685	1,344,697	-	-	(28,988)
Total business-type activities.....	<u>3,894,027</u>	<u>4,431,630</u>	<u>1,338</u>	<u>-</u>	<u>538,941</u>
Total primary government.....	<u>\$ 48,850,026</u>	<u>\$ 10,368,384</u>	<u>\$ 2,379,374</u>	<u>\$ 1,616,388</u>	<u>\$ (34,485,880)</u>

See notes to basic financial statements.

STATEMENT OF ACTIVITIES (Continued)

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Changes in net assets:			
Net (expense)/revenue (from previous page).....	\$ (35,024,821)	\$ 538,941	\$ (34,485,880)
<i>General revenues:</i>			
Real estate and personal property taxes.....	33,089,765	-	33,089,765
Motor vehicle and other excise taxes.....	1,569,613	-	1,569,613
Hotel/motel taxes.....	332,374	-	332,374
Penalties and interest on taxes.....	407,026	-	407,026
Community preservation surcharges.....	974,932	-	974,932
Grants and contributions not restricted to specific programs.....	593,570	-	593,570
Unrestricted investment income.....	49,047	-	49,047
Other.....	5,120	-	5,120
Transfers, net	574,931	(574,931)	-
Total general revenues.....	37,596,378	(574,931)	37,021,447
Change in net assets.....	2,571,557	(35,990)	2,535,567
Net assets - beginning of year.....	89,345,244	10,945,030	100,290,274
Net assets - end of year.....	\$ 91,916,801	\$ 10,909,040	\$ 102,825,841

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2010

ASSETS	<u>General</u>	<u>Operating Stabilization</u>	<u>Capital Stabilization</u>	<u>Community Preservation</u>
Cash and cash equivalents.....	\$ 5,666,547	\$ 2,034,688	\$ 546,300	\$ -
Receivables, net of allowance for uncollectible amounts:				
Real estate and personal property taxes.....	1,440,479	-	-	-
Real estate tax deferrals.....	29,481	-	-	-
Tax liens.....	766,303	-	-	-
Motor vehicle and other excise taxes.....	298,715	-	-	-
Community preservation surcharges.....	-	-	-	37,991
User charges.....	-	-	-	-
Special assessments.....	-	-	-	-
Departmental and other.....	49,394	-	-	-
Intergovernmental.....	-	-	-	-
Tax foreclosures.....	102,749	-	-	-
Restricted assets:				
Cash and cash equivalents.....	-	-	-	1,529,898
Investments.....	-	-	-	-
TOTAL ASSETS.....	<u>\$ 8,353,668</u>	<u>\$ 2,034,688</u>	<u>\$ 546,300</u>	<u>\$ 1,567,889</u>
 LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Warrants payable.....	\$ 168,244	\$ -	\$ -	\$ 308,037
Accrued payroll.....	261,446	-	-	-
Other liabilities.....	266,498	-	-	-
Deferred revenue.....	2,425,439	-	-	37,991
TOTAL LIABILITIES.....	<u>3,121,627</u>	<u>-</u>	<u>-</u>	<u>346,028</u>
 FUND BALANCES:				
Reserved for:				
Encumbrances and continuing appropriations.....	2,337,889	-	-	-
Perpetual permanent funds.....	-	-	-	-
Community preservation.....	-	-	-	1,221,861
Other specific purposes.....	-	-	-	-
Unreserved:				
Designated for subsequent year's expenditures.....	432,500	-	-	-
Undesignated, reported in:				
General fund.....	2,461,652	-	-	-
Special revenue funds.....	-	2,034,688	546,300	-
Capital projects funds.....	-	-	-	-
Permanent funds.....	-	-	-	-
TOTAL FUND BALANCES.....	<u>5,232,041</u>	<u>2,034,688</u>	<u>546,300</u>	<u>1,221,861</u>
TOTAL LIABILITIES AND FUND BALANCES.....	<u>\$ 8,353,668</u>	<u>\$ 2,034,688</u>	<u>\$ 546,300</u>	<u>\$ 1,567,889</u>

See notes to basic financial statements.

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Nonmajor Governmental Funds	Total Governmental Funds
<hr/>	<hr/>
\$ 3,484,639	\$ 11,732,174
-	1,440,479
-	29,481
-	766,303
-	298,715
-	37,991
336,025	336,025
551,896	551,896
31,016	80,410
528,069	528,069
-	102,749
260,428	1,790,326
460,082	460,082
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\$ 5,652,155	\$ 18,154,700
<hr/>	<hr/>
\$ 141,025	\$ 617,306
-	261,446
-	266,498
917,011	3,380,441
<hr/>	<hr/>
1,058,036	4,525,691
<hr/>	<hr/>
-	2,337,889
415,391	415,391
-	1,221,861
604,717	604,717
-	432,500
-	2,461,652
3,444,380	6,025,368
61,251	61,251
68,380	68,380
<hr/>	<hr/>
4,594,119	13,629,009
<hr/>	<hr/>
\$ 5,652,155	\$ 18,154,700
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GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	General	Operating Stabilization	Capital Stabilization	Community Preservation
REVENUES				
Real estate and personal property taxes.....	\$ 32,312,645	\$ -	\$ -	\$ -
Motor vehicle and other excise taxes.....	1,798,402	-	-	-
Hotel/motel tax.....	332,374	-	-	-
Tax liens.....	212,503	-	-	-
Community preservation surcharges.....	-	-	-	960,187
Charges for services.....	-	-	-	-
Intergovernmental.....	715,980	-	-	382,603
Special assessments.....	-	-	-	-
Penalties and interest on taxes.....	402,487	-	-	4,268
Licenses and permits.....	923,955	-	-	-
Fines and forfeitures.....	86,282	-	-	-
Departmental.....	2,288,719	-	-	-
Contributions.....	-	-	-	-
Investment income.....	44,135	10,495	4,912	6,530
TOTAL REVENUES.....	39,117,482	10,495	4,912	1,353,588
EXPENDITURES				
Current:				
General government.....	3,674,514	-	-	-
Public safety.....	8,828,245	-	-	-
Education.....	16,074,211	-	-	-
Public works.....	3,403,093	-	-	-
Health and human services.....	689,698	-	-	-
Culture and recreation.....	1,582,467	-	-	-
Community development.....	-	-	-	1,306,398
Pension benefits.....	1,641,179	-	-	-
Employee benefits.....	2,237,371	-	-	-
Property and liability insurance.....	254,470	-	-	-
State and county charges.....	689,916	-	-	-
Debt service:				
Principal.....	2,584,493	-	-	-
Interest.....	751,563	-	-	-
TOTAL EXPENDITURES.....	42,411,220	-	-	1,306,398
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(3,293,738)	10,495	4,912	47,190
OTHER FINANCING SOURCES (USES)				
Transfer from enterprise funds - current year cash activity.....	527,872	-	-	-
Transfers in - other.....	3,184,318	-	51,229	-
Transfers out.....	(51,229)	-	(502,968)	(771,415)
TOTAL OTHER FINANCING SOURCES (USES).....	3,660,961	-	(451,739)	(771,415)
NET CHANGE IN FUND BALANCES.....	367,223	10,495	(446,827)	(724,225)
FUND BALANCES AT BEGINNING OF YEAR.....	4,864,818	2,024,193	993,127	1,946,086
FUND BALANCES AT END OF YEAR.....	\$ 5,232,041	\$ 2,034,688	\$ 546,300	\$ 1,221,861

See notes to basic financial statements.