

**TOWN OF DENNIS, MASSACHUSETTS**

**BASIC FINANCIAL STATEMENTS**  
**AND REQUIRED SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2014**

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## 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, 2014, 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.

To the Honorable Board of Selectmen  
Town of Dennis, Massachusetts

**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, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (located on pages 3 through 11) and budgetary comparison and certain pension and other postemployment benefits information (located on pages 63 through 70) 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 June 19, 2015 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**

Lexington, Massachusetts  
June 19, 2015

**TOWN OF DENNIS, MASSACHUSETTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2014**

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, 2014.

**Financial Highlights**

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$107,024,155 (net position). Of this amount, \$480,162 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The Town's total net position increased \$1,409,559.
- As of the close of the fiscal year, the Town's governmental funds reported combined ending fund balances totaling \$15,978,962, an increase of \$1,067,381 in comparison with the prior year. Approximately \$5,573,159 represents unassigned fund balance.
- At the end of the fiscal year, unassigned fund balance for the general fund totaled \$5,641,808, or 11.9 percent of total general fund expenditures and transfers out.
- The Town's total bonded debt decreased \$1,569,525 during the fiscal year; no new bonded debt was issued during fiscal year 2014.
- The Town's total short-term debt decreased \$675,575 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,

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MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2014**

public works, health and human services, culture and recreation, community development. Business-type activities include golf course, transfer station, beach and harbor operations.

The government-wide financial statements can be found on pages 12-14 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 15-18 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 19-24 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

**TOWN OF DENNIS, MASSACHUSETTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2014**

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.

The OPEB trust fund, 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 "OPEB trust fund", "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 27-62 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 63-70 of this report.

**Government-Wide Financial Analysis**

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

**Net Position**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Town's assets exceeded liabilities by \$107,024,155 at the close of the fiscal year and are summarized as follows:

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	2014	2013	2014	2013	2014	2013
<b>Assets</b>						
Current assets.....	\$ 21,159,353	\$ 18,701,599	\$ 1,828,490	\$ 1,971,477	\$ 22,987,843	\$ 20,673,076
Noncurrent assets (excluding capital assets).....	465,899	474,176	-	-	465,899	474,176
Capital assets (net).....	94,912,434	96,034,605	18,368,072	17,318,841	113,280,506	113,353,446
Total assets.....	<u>116,537,686</u>	<u>115,210,380</u>	<u>20,196,562</u>	<u>19,290,318</u>	<u>136,734,248</u>	<u>134,500,698</u>
<b>Liabilities</b>						
Current liabilities (excluding debt).....	2,526,176	1,326,372	512,506	326,822	3,038,682	1,653,194
Noncurrent liabilities (excluding debt).....	10,724,664	9,241,104	1,615,386	1,415,343	12,340,050	10,656,447
Current debt.....	1,554,525	1,969,525	526,836	802,411	2,081,361	2,771,936
Noncurrent debt.....	12,250,000	13,804,525	-	-	12,250,000	13,804,525
Total liabilities.....	<u>27,055,365</u>	<u>26,341,526</u>	<u>2,654,728</u>	<u>2,544,576</u>	<u>29,710,093</u>	<u>28,886,102</u>
<b>Net Position</b>						
Net investment in capital assets....	81,525,505	80,089,194	17,594,483	16,802,761	99,119,988	96,891,955
Restricted.....	7,424,106	5,486,613	-	-	7,424,106	5,486,613
Unrestricted.....	532,710	3,293,047	(52,649)	(57,019)	480,061	3,236,028
Total net position.....	<u>\$ 89,482,321</u>	<u>\$ 88,868,854</u>	<u>\$ 17,541,834</u>	<u>\$ 16,745,742</u>	<u>\$ 107,024,155</u>	<u>\$ 105,614,596</u>

**TOWN OF DENNIS, MASSACHUSETTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2014**

The largest portion of the Town's net position (92.6% or \$99,119,988) 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 (6.9% or \$7,424,106) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (0.5% or \$480,061) 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; with the exception of negative unrestricted net position related to business-type activities. The Town has no unrestricted net position to support activities related to the transfer station or harbor enterprise funds as such resources have been consumed with the recognition of the net other postemployment benefits obligation and compensated absence liabilities.

**Changes in Net Position**

For the fiscal year ended June 30, 2014, the Town's total net position increased by \$1,409,559, compared to an increase of \$675,597 in the prior fiscal year. These amounts are summarized as follows:

**TOWN OF DENNIS, MASSACHUSETTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2014**

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	2014	2013	2014	2013	2014	2013
<b>Revenues</b>						
<i>Program Revenues:</i>						
Charges for services.....	\$ 3,978,851	\$ 3,667,659	\$ 7,287,396	\$ 6,910,002	\$ 11,266,247	\$ 10,577,661
Operating grants and contributions.....	2,398,750	1,664,528	30,351	31,626	2,429,101	1,696,154
Capital grants and contributions.....	1,257,006	520,254	-	-	1,257,006	520,254
<i>General Revenues:</i>						
Real estate and personal property taxes...	37,430,741	35,476,657	-	-	37,430,741	35,476,657
Motor vehicle and other excise taxes.....	2,848,968	2,724,408	-	-	2,848,968	2,724,408
Penalties and interest on taxes.....	381,283	405,201	-	-	381,283	405,201
Community preservation surcharges.....	1,102,421	1,047,926	-	-	1,102,421	1,047,926
Grants and contributions not restricted to specific programs.....	508,961	567,000	-	-	508,961	567,000
Unrestricted investment income.....	14,987	16,092	-	-	14,987	16,092
Loss on sale of capital assets.....	-	-	(2,874)	-	(2,874)	-
Other.....	(3,750)	7,158	-	-	(3,750)	7,158
<b>Total revenues.....</b>	<b>49,918,218</b>	<b>46,096,883</b>	<b>7,314,873</b>	<b>6,941,628</b>	<b>57,233,091</b>	<b>53,038,511</b>
<b>Expenses</b>						
General government.....	6,650,094	6,755,563	-	-	6,650,094	6,755,563
Public safety.....	15,665,371	14,520,291	-	-	15,665,371	14,520,291
Education.....	17,929,859	16,956,864	-	-	17,929,859	16,956,864
Public works.....	5,883,116	5,258,380	-	-	5,883,116	5,258,380
Health and human services.....	1,495,773	1,448,778	-	-	1,495,773	1,448,778
Culture and recreation.....	1,155,378	1,035,008	-	-	1,155,378	1,035,008
Community development.....	947,798	738,128	-	-	947,798	738,128
Debt service - interest.....	546,610	582,555	-	-	546,610	582,555
Golf course.....	-	-	2,718,704	2,529,317	2,718,704	2,529,317
Transfer station.....	-	-	1,154,796	1,098,092	1,154,796	1,098,092
Beach enterprise fund.....	-	-	882,286	826,558	882,286	826,558
Harbor enterprise fund.....	-	-	793,747	613,380	793,747	613,380
<b>Total expenses.....</b>	<b>50,273,999</b>	<b>47,295,567</b>	<b>5,549,533</b>	<b>5,067,347</b>	<b>55,823,532</b>	<b>52,362,914</b>
Change in net position before transfers and special items.....	(355,781)	(1,198,684)	1,765,340	1,874,281	1,409,559	675,597
Transfers, net.....	1,758,186	1,617,977	(1,758,186)	(1,617,977)	-	-
Special item - transfer to enterprise funds.....	(788,938)	(5,672,181)	788,938	5,672,181	-	-
Change in net position.....	613,467	(5,252,888)	796,092	5,928,485	1,409,559	675,597
Net position - beginning of year.....	88,868,854	94,121,742	16,745,742	10,817,257	105,614,596	104,938,999
Net position - end of year.....	\$ <u>89,482,321</u>	\$ <u>88,868,854</u>	\$ <u>17,541,834</u>	\$ <u>16,745,742</u>	\$ <u>107,024,155</u>	\$ <u>105,614,596</u>

Governmental activities increased the Town's net position by \$613,467 in fiscal year 2014 and Business-type activities increased the Town's net position by \$796,092. In the prior year, governmental activities decreased the Town's net position by \$5,252,888 and business type activities increased the Town's net position by \$5,928,485. 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. The other element of these changes primarily relates to the transfer of \$788,938 of land from governmental activities to the beach enterprise fund during fiscal year 2014.

**TOWN OF DENNIS, MASSACHUSETTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2014**

**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 \$15,978,962, an increase of \$1,067,381 in comparison with the prior year. Of this total amount, approximately \$5,573,000 represents unassigned fund balance. The remainder of fund balance includes the following constraints:

- Nonspendable \$457,046
- Restricted \$6,096,829
- Committed \$3,755,458
- Assigned \$96,470

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 \$5,641,808, while total fund balance was \$9,493,736. 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 20.0% of that same amount.

The balance of the Town's general fund decreased \$741,261 during fiscal year 2014. Although the Town recognized an approximate \$1,865,000 budgetary surplus, approximately \$4,558,000 of reserves were utilized for spending during fiscal year 2014.

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

The fund balance of the community preservation fund (special revenue) increased by \$1,091,541 during the current fiscal year. Significant activity for the year consisted of surcharge revenues (\$1,086,131), state revenues (\$1,014,502), expenditures (\$161,125), and transfers to the general fund to cover debt service costs (\$856,800).

**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 \$120,940, (\$295,940), \$127,498 and (\$5,147) respectively. The golf course, transfer station, and harbor enterprise funds had decreases in net position for the year of (\$198,670), (\$53,724), and (\$171,450), respectively; while the beach enterprise fund had an increase in net position of \$1,219,936. Other factors concerning the finances of these four funds have already been addressed in the discussion of the Town's business-type activities.

**TOWN OF DENNIS, MASSACHUSETTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2014**

**General Fund Budgetary Highlights**

The original general fund budgeted expenditures and transfer out of \$50,057,567 was increased by \$3,797,476 (7.6%) during the fiscal year. The following table summarizes the increase:

Purpose of Increase	Amount	Funding Source
Town offices construction and design .....	\$ 1,000,000	Transfer from capital improvement fund & unassigned fund balance
Baker School roof reparis .....	700,000	Transfer from capital improvement fund
Purchase or fund capital outlay items .....	586,000	Transfer from golf capital improvement fund
North Side Fire Station personnel costs.....	365,285	Increase in the tax levy
Snow and ice deficit.....	253,213	Unassigned fund balance
Nitrogen study.....	235,000	Unassigned fund balance
Purchase or fund capital outlay items .....	189,000	Transfer from ambulance receipts
Purchase or fund capital outlay items .....	100,000	Transfer from waterways dredge improvement fund
Purchase or fund capital outlay items .....	78,000	Transfer from beach capital improvement fund
Purchase or fund capital outlay items .....	75,400	Transfer from beach capital improvement fund
Prior year unpaid bills .....	47,567	Unassigned fund balance
Reserve fund.....	45,000	Unassigned fund balance
Purchase or fund capital outlay items .....	30,000	Unassigned fund balance
To promote tourism in the Town of Dennis.....	30,000	Unassigned fund balance
Purchase or fund capital outlay items .....	18,376	Unassigned fund balance
Bass River Park landscape improvements.....	18,000	Transfer from Bass River Park receipts reserved
Baker School roof audit .....	10,000	Unassigned fund balance
Shellfish equipment.....	9,735	Transfer from shellfish mitigation fund
Fees in accepting public town ways.....	6,400	Unassigned fund balance
Acquisition of four (4) easements .....	500	Unassigned fund balance
Total net increase.....	<u>\$ 3,797,476</u>	

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 \$1,865,000.

**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 \$113,280,506 (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 decrease in the investment in capital assets for the current fiscal year totaled \$72,940 or 0.1% (\$1,122,171 decrease for governmental activities and \$1,049,231 increase for business-type activities).

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

- Infrastructure- road and street improvements (\$1,530,000)
- Secondary roads and sidewalks (\$549,000)
- Public works machinery and equipment purchases (\$477,000)
- Transfer station enterprise fund building improvements finished construction (\$286,000)
- Beach enterprise fund building improvements (\$222,000)
- Governmental funds contributed \$789,000 of land to the beach enterprise fund

**TOWN OF DENNIS, MASSACHUSETTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2014**

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>	
	2014	2013	2014	2013	2014	2013
Land.....	\$ 53,406,522	\$ 54,195,460	\$ 9,738,135	\$ 8,949,197	\$ 63,144,657	\$ 63,144,657
Construction in progress.....	119,300	107,031	54,471	316,487	173,771	423,518
Intangible assets.....	385,000	385,000	-	-	385,000	385,000
Land improvements.....	2,084,991	1,620,069	2,417,591	2,387,017	4,502,582	4,007,086
Buildings.....	15,102,151	15,646,839	1,852,898	1,415,909	16,955,049	17,062,748
Building improvements .....	4,971,727	5,123,153	1,040,369	1,068,767	6,012,096	6,191,920
Machinery and equipment.....	1,887,990	1,915,344	1,179,270	1,188,250	3,067,260	3,103,594
Vehicles.....	447,229	512,835	27,977	36,635	475,206	549,470
Infrastructure.....	16,507,524	16,528,874	2,057,361	1,956,579	18,564,885	18,485,453
Total capital assets.....	\$ <u>94,912,434</u>	\$ <u>96,034,605</u>	\$ <u>18,368,072</u>	\$ <u>17,318,841</u>	\$ <u>113,280,506</u>	\$ <u>113,353,446</u>

Additional information on the Town's capital assets can be found in Note 5 on pages 45-49 of this report.

**Long-Term Debt**

At the end of the current fiscal year, total bonded debt outstanding was \$13,804,525, which is backed by the full faith and credit of the Town, and is summarized as follows:

	<i>Governmental Activities</i>	
	2014	2013
General obligation bonds.....	\$ 13,585,000	\$ 15,135,000
MWPAT notes.....	<u>219,525</u>	<u>239,050</u>
Total bonds and notes.....	\$ <u>13,804,525</u>	\$ <u>15,374,050</u>

The Town's total bonded debt decreased by \$1,569,525, or 10.2%, during the current fiscal year; no new debt issued during fiscal year 2014.

Additional information on the Town's long-term debt can be found in Note 9 on pages 53-54 of this report.

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

The fiscal year 2015 Town operating budget includes expenditures of approximately \$52,225,000 balanced by non-tax revenues totaling approximately \$13,282,000 and an estimated tax levy of \$38,973,000. This budget proposes to allocate \$100,000 in free cash, level funded from fiscal year 2014. The tax levy for fiscal year 2015 increased by \$1,499,964 or 4%. A \$375,000 increase in the tax levy is attributable to new growth as well as a \$231,902 increase in exempt debt. Seventy-two percent of all revenue used to fund town services is raised via property tax. This is similar to the revenue split presented in the fiscal year 2014 budget. Ninety two and one half percent of the real estate levy comes from the residential tax base.

The 2015 operating budget was prepared taking into consideration the following major goals:

- To submit a budget that complies with the statutory limitations of Proposition 2%
- To properly fund salary adjustments as per labor contracts and town compensation policies;

**TOWN OF DENNIS, MASSACHUSETTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2014**

- To budget utilizing the fiscal policies adopted by the Board of Selectmen;
- To continue to fund the town's capital asset program;
- To continue the Town's commitment in pursuing a collaborative process with all standing committees to begin to evaluate all financial policies relating to budget management, funding, financial planning and other related fiscal policies so that there is consensus among the various committees as to budget and financing approach for FY 2015 and beyond;
- To identify emerging operational, capital and financial planning issues for future years;
- To provide a 2% increase to school programs so that the commitments made and the performance improvements that have been made during the last few years do not unravel as a result of underfunding.
- To make prudent and surgical reductions to the municipal budget that push the departments to provide more with less, but allow the Board of Selectmen and professional staff to evaluate the ongoing effectiveness of these reductions so that adjustments can be made as the economy recovers if necessary in future years.

Over the last few years we have made special effort to fund budgets to accurately reflect the demands placed on them. Adjustments in Police Overtime, supplies and materials, Fire Overtime, Workers Compensation, Health Insurance and Snow and Ice budgets have been made so that the appropriations more adequately reflect what is spent for those services in any given fiscal year. Although this budget submission is modest and invests very few additional resources beyond funding collective bargaining and other contractual commitments, nothing has been done to compromise these past budget funding efforts.

**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.

**TOWN OF DENNIS, MASSACHUSETTS  
STATEMENT OF NET POSITION  
JUNE 30, 2014**

ASSETS	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>Current Assets:</b>			
Cash and Cash Equivalents	\$ 11,604,748	\$ 1,723,386	\$ 13,328,134
Restricted Cash and Cash Equivalents	4,970,513	-	4,970,513
Restricted Investments	414,572	-	414,572
Receivables, Net of Allowance for Uncollectible Amounts:			
Real Estate and Personal Property Taxes	1,162,394	-	1,162,394
Tax and Other Liens	1,312,008	-	1,312,008
Motor Vehicle and Other Excise Taxes	247,771	-	247,771
Community Preservation Surcharges	29,643	-	29,643
User Charges	384,961	11,855	396,816
Special Assessments	54,819	-	54,819
Departmental and Other	84,303	-	84,303
Intergovernmental	893,621	-	893,621
Inventory	-	93,249	93,249
<b>Total Current Assets</b>	<b>21,159,353</b>	<b>1,828,490</b>	<b>22,987,843</b>
<b>Noncurrent Assets:</b>			
Receivables, Net of Allowance for Uncollectible Amounts:			
Real Estate Tax Deferrals	33,089	-	33,089
Special Assessments	305,268	-	305,268
Tax Foreclosures	127,542	-	127,542
Capital Assets not being Depreciated	53,910,822	9,792,606	63,703,428
Capital Assets, Net of Accumulated Depreciation	41,001,612	8,575,466	49,577,078
<b>Total Noncurrent Assets</b>	<b>95,378,333</b>	<b>18,368,072</b>	<b>113,746,405</b>
<b>Total Assets</b>	<b>116,537,686</b>	<b>20,196,562</b>	<b>136,734,248</b>
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Warrants Payable	1,272,670	154,606	1,427,276
Accrued Payroll	477,451	125,543	602,994
Other Liabilities	332,829	64,719	397,548
Accrued Interest	85,642	1,866	87,508
Capital Lease Obligations	214,696	155,972	370,668
Compensated Absences	142,888	9,800	152,688
Short-Term Notes Payable	-	526,836	526,836
Long-Term Bonds and Notes Payable	1,554,525	-	1,554,525
<b>Total Current Liabilities</b>	<b>4,080,701</b>	<b>1,039,342</b>	<b>5,120,043</b>
<b>Noncurrent Liabilities:</b>			
Capital Lease Obligations	-	90,781	90,781
Compensated Absences	1,285,996	88,192	1,374,188
Net OPEB Obligation	9,438,668	1,436,413	10,875,081
Long-Term Bonds and Notes Payable	12,250,000	-	12,250,000
<b>Total Noncurrent Liabilities</b>	<b>22,974,664</b>	<b>1,615,386</b>	<b>24,590,050</b>
<b>Total Liabilities</b>	<b>27,055,365</b>	<b>2,654,728</b>	<b>29,710,093</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	81,525,505	17,594,483	99,119,988
Restricted for:			
Community Preservation	2,525,997	-	2,525,997
Permanent Funds:			
Expendable	14,059	-	14,059
Nonexpendable	457,046	-	457,046
Receipts Reserved - Ambulance	1,172,427	-	1,172,427
Receipts Reserved - Cable	662,463	-	662,463
Other Specific Purposes	2,592,114	-	2,592,114
Unrestricted	532,710	(52,649)	480,061
<b>Total Net Position</b>	<b>\$ 89,482,321</b>	<b>\$ 17,541,834</b>	<b>\$ 107,024,155</b>

See accompanying Notes to the Financial Statements.

**TOWN OF DENNIS, MASSACHUSETTS  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2014**

Functions/Programs	Expenses	Program Revenues			Net (Expense)/ Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary Government</b>					
Government Activities:					
General Government	\$ 6,650,094	\$ 1,084,386	\$ 262,152	\$ -	\$ (5,303,556)
Public Safety	15,665,371	2,321,619	256,412	2,429	(13,084,911)
Education	17,929,859	-	-	-	(17,929,859)
Public Works	5,883,116	81,966	5,000	1,254,577	(4,541,573)
Health and Human Services	1,495,773	365,329	68,683	-	(1,061,761)
Culture and Recreation	1,155,378	125,551	38,636	-	(991,191)
Community Development	947,798	-	1,767,867	-	820,069
Debt Service - Interest	546,610	-	-	-	(546,610)
Total Governmental Activities	<u>50,273,999</u>	<u>3,978,851</u>	<u>2,398,750</u>	<u>1,257,006</u>	<u>(42,639,392)</u>
Business-Type Activities:					
Golf Course	2,718,704	3,206,881	1,098	-	489,275
Transfer Station	1,154,796	1,487,046	-	-	332,250
Beach	882,286	1,927,938	993	-	1,046,645
Harbor	793,747	665,531	28,260	-	(99,956)
Total Business-Type Activities	<u>5,549,533</u>	<u>7,287,396</u>	<u>30,351</u>	<u>-</u>	<u>1,768,214</u>
Total Primary Government	<u>\$ 55,823,532</u>	<u>\$ 11,266,247</u>	<u>\$ 2,429,101</u>	<u>\$ 1,257,006</u>	<u>\$ (40,871,178)</u>

**TOWN OF DENNIS, MASSACHUSETTS  
STATEMENT OF ACTIVITIES (CONTINUED)  
YEAR ENDED JUNE 30, 2014**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>CHANGES IN NET POSITION</b>			
Net Revenue (Expense) (From Previous Page)	\$ (42,639,392)	\$ 1,768,214	\$ (40,871,178)
General Revenues:			
Real Estate and Personal Property Taxes	37,430,741	-	37,430,741
Motor Vehicle and Other Excise Taxes	2,848,968	-	2,848,968
Penalties and Interest on Taxes	381,283	-	381,283
Community Preservation Surcharges	1,102,421	-	1,102,421
Grants and Contributions not Restricted to Specific Programs	508,961	-	508,961
Unrestricted Investment Income	14,987	-	14,987
Loss on Disposal of Capital Assets	-	(2,874)	(2,874)
Other	(3,750)	-	(3,750)
Transfers, Net	1,758,186	(1,758,186)	-
Total General Revenues and Transfers	44,041,797	(1,761,060)	42,280,737
Special Item:			
Transfer of land to Beach Enterprise Fund	(788,938)	788,938	-
Total Special Items	(788,938)	788,938	-
<b>CHANGE IN NET POSITION</b>	613,467	796,092	1,409,559
Net Position - Beginning of Year	88,868,854	16,745,742	105,614,596
<b>NET POSITION - END OF YEAR</b>	\$ 89,482,321	\$ 17,541,834	\$ 107,024,155

(concluded)

See accompanying Notes to the Financial Statements.

**TOWN OF DENNIS, MASSACHUSETTS  
GOVERNMENT FUNDS  
BALANCE SHEET  
JUNE 30, 2014**

	General	Community Preservation	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 10,724,048	\$ -	\$ 880,700	\$ 11,604,748
Receivables, Net of Allowance for Uncollectible Amounts:				
Real Estate and Personal Property Taxes	1,162,394	-	-	1,162,394
Real Estate Tax Deferrals	33,089	-	-	33,089
Tax and Other Liens	1,270,626	27,845	13,537	1,312,008
Motor Vehicle and Other Excise Taxes	247,771	-	-	247,771
Community Preservation Surcharges	-	29,643	-	29,643
User Charges	-	-	384,961	384,961
Special Assessments	-	-	360,087	360,087
Departmental and Other	29,228	-	55,075	84,303
Intergovernmental	-	-	893,621	893,621
Tax Foreclosures	127,542	-	-	127,542
Restricted Assets:				
Cash and Cash Equivalents	-	2,468,510	2,502,003	4,970,513
Investments	-	-	414,572	414,572
Total Assets	\$ 13,594,698	\$ 2,525,998	\$ 5,504,556	\$ 21,625,252
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
Liabilities:				
Warrants Payable	\$ 598,486	\$ -	\$ 674,184	\$ 1,272,670
Accrued Payroll	477,451	-	-	477,451
Other Liabilities	332,829	-	-	332,829
Total Liabilities	1,408,766	-	674,184	2,082,950
Deferred Inflows of Resources:				
Unavailable Revenue	2,692,196	57,489	813,655	3,563,340
Fund Balances:				
Nonspendable	-	-	457,046	457,046
Restricted	-	2,468,509	3,628,320	6,096,829
Committed	3,755,458	-	-	3,755,458
Assigned	96,470	-	-	96,470
Unassigned	5,641,808	-	(68,649)	5,573,159
Total Fund Balances	9,493,736	2,468,509	4,016,717	15,978,962
Total Liabilities and Fund Balances	\$ 13,594,698	\$ 2,525,998	\$ 5,504,556	\$ 21,625,252

See accompanying Notes to the Financial Statements.

**TOWN OF DENNIS, MASSACHUSETTS  
GOVERNMENT FUNDS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2014**

	General	Community Preservation	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Real Estate and Personal Property Taxes	\$ 36,602,678	\$ -	\$ -	\$ 36,602,678
Motor Vehicle and Other Excise Taxes	2,954,440	-	-	2,954,440
Tax and Other Liens	227,673	-	-	227,673
Community Preservation Surcharges	-	1,086,131	-	1,086,131
Charges for Services	-	-	1,050,295	1,050,295
Intergovernmental	624,932	1,014,502	2,337,468	3,976,902
Special Assessments	-	-	95,397	95,397
Penalties and Interest on Taxes	375,133	5,429	721	381,283
Licenses and Permits	1,183,560	-	-	1,183,560
Fines and Forfeitures	95,692	-	-	95,692
Departmental and Other	359,377	-	1,250,376	1,609,753
Contributions	-	-	101,614	101,614
Investment Income	19,491	3,404	11,855	34,750
Total Revenues	<u>42,442,976</u>	<u>2,109,466</u>	<u>4,847,726</u>	<u>49,400,168</u>
<b>EXPENDITURES</b>				
Current:				
General Government	4,466,732	-	370,214	4,836,946
Public Safety	10,459,496	-	680,372	11,139,868
Education	17,929,857	-	-	17,929,857
Public Works	4,145,857	-	1,315,926	5,461,783
Health and Human Services	831,614	-	158,320	989,934
Culture and Recreation	725,448	-	124,034	849,482
Community Development	-	161,125	786,673	947,798
Pension Benefits	2,199,781	-	-	2,199,781
Employee Benefits	2,505,228	-	-	2,505,228
Property and Liability Insurance	334,339	-	-	334,339
State and County Charges	774,541	-	-	774,541
Debt Service:				
Principal	1,569,525	-	-	1,569,525
Interest	551,891	-	-	551,891
Total Expenditures	<u>46,494,309</u>	<u>161,125</u>	<u>3,435,539</u>	<u>50,090,973</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(4,051,333)</u>	<u>1,948,341</u>	<u>1,412,187</u>	<u>(690,805)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer from Enterprise Funds - Current Year Cash Activity	1,815,937	-	-	1,815,937
Transfers In	2,557,886	-	1,000,000	3,557,886
Transfers Out	(1,063,751)	(856,800)	(1,695,086)	(3,615,637)
Total Other Financing Sources (Uses)	<u>3,310,072</u>	<u>(856,800)</u>	<u>(695,086)</u>	<u>1,758,186</u>
<b>NET CHANGE IN FUND BALANCES</b>	(741,261)	1,091,541	717,101	1,067,381
Fund Balances - Beginning of Year	<u>10,234,997</u>	<u>1,376,968</u>	<u>3,299,616</u>	<u>14,911,581</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 9,493,736</u>	<u>\$ 2,468,509</u>	<u>\$ 4,016,717</u>	<u>\$ 15,978,962</u>

See accompanying Notes to the Financial Statements.

**TOWN OF DENNIS, MASSACHUSETTS  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TOTAL  
FUND BALANCES TO THE STATEMENT OF NET POSITION  
JUNE 30, 2014**

Total governmental fund balances	\$	15,978,962
Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds		94,912,434
Other assets are not available to pay for current period expenditures and, therefore, are unavailable in the governmental funds		3,563,340
In the statement of net position, interest is accrued on outstanding long-term debt, whereas in the governmental funds interest is not reported until due		(85,642)
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		(13,804,525)
Capital Lease Obligations		(214,696)
Compensated Absences		(1,428,884)
Net OPEB Obligation		<u>(9,438,668)</u>
Net position of governmental activities	\$	<u><u>89,482,321</u></u>

*See accompanying Notes to Financial Statements.*

**TOWN OF DENNIS, MASSACHUSETTS  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2014**

Net change in fund balances - total governmental funds	\$	1,067,381
<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		1,566,078
Depreciation		(2,688,249)
<p>Revenues in the statement of activities that do not provide current financial resources are deferred inflows of resources 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 inflows of resources.</p>		
		518,050
<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 position. Also, governmental funds report the effect premiums, discounts and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities. These amounts represent the related activity of the current period.</p>		
Bond Maturities		1,569,525
Capital Leases		209,050
<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>		
		5,281
<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		(273,730)
Net OPEB Obligation		<u>(1,451,898)</u>
Changes in net position of governmental activities	\$	<u><u>613,467</u></u>

*See accompanying Notes to Financial Statements.*

**TOWN OF DENNIS, MASSACHUSETTS  
 PROPRIETARY FUNDS  
 STATEMENT OF FUND NET POSITION  
 JUNE 30, 2014**

	Business-Type Activities - Enterprise Funds		
	Golf Course	Transfer Station	Beach
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 892,700	\$ 50,042	\$ 537,173
Receivables, Net of Allowance for Uncollectible Amounts:			
User Charges	-	11,855	-
Inventory	93,249	-	-
Total Current Assets	<u>985,949</u>	<u>61,897</u>	<u>537,173</u>
Noncurrent Assets:			
Capital Assets not being Depreciated	6,777,278	241,828	2,747,673
Capital Assets, Net of Accumulated Depreciation	<u>3,373,745</u>	<u>859,470</u>	<u>1,707,438</u>
Total Noncurrent Assets	<u>10,151,023</u>	<u>1,101,298</u>	<u>4,455,111</u>
 Total Assets	 <u>11,136,972</u>	 <u>1,163,195</u>	 <u>4,992,284</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Warrants Payable	11,228	36,813	4,268
Accrued Payroll	43,953	13,229	63,416
Other Liabilities	64,719	-	-
Accrued Interest	-	1,866	-
Capital Lease Obligations	155,972	-	-
Compensated Absences	5,640	2,004	1,048
Short-Term Notes Payable	<u>-</u>	<u>125,000</u>	<u>401,836</u>
Total Current Liabilities	<u>281,512</u>	<u>178,912</u>	<u>470,568</u>
Noncurrent Liabilities:			
Capital Lease Obligations	90,781	-	-
Compensated Absences	50,760	18,034	9,428
Net OPEB Obligation	<u>688,709</u>	<u>285,891</u>	<u>331,515</u>
Total Noncurrent Liabilities	<u>830,250</u>	<u>303,925</u>	<u>340,943</u>
 Total Liabilities	 <u>1,111,762</u>	 <u>482,837</u>	 <u>811,511</u>
<b>FUND NET POSITION</b>			
Net Investment in Capital Assets	9,904,270	976,298	4,053,275
Unrestricted	<u>120,940</u>	<u>(295,940)</u>	<u>127,498</u>
Total Net Position	<u>\$ 10,025,210</u>	<u>\$ 680,358</u>	<u>\$ 4,180,773</u>

See accompanying Notes to the Financial Statements.

Business-Type Activities - Enterprise Funds

<u>Harbor</u>	<u>Total</u>
\$ 243,471	\$ 1,723,386
-	11,855
-	93,249
243,471	1,828,490
25,827	9,792,606
2,634,813	8,575,466
2,660,640	18,368,072
2,904,111	20,196,562
102,297	154,606
4,945	125,543
-	64,719
-	1,866
-	155,972
1,108	9,800
-	526,836
108,350	1,039,342
-	90,781
9,970	88,192
130,298	1,436,413
140,268	1,615,386
248,618	2,654,728
2,660,640	17,594,483
(5,147)	(52,649)
\$ 2,655,493	\$ 17,541,834

**TOWN OF DENNIS, MASSACHUSETTS  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUES, EXPENSES AND CHANGE IN FUND NET POSITION  
 YEAR ENDED JUNE 30, 2014**

	Business-Type Activities - Enterprise Funds		
	Golf Course	Transfer Station	Beach
<b>OPERATING REVENUES</b>			
Charges for Services	\$ 3,023,454	\$ 1,487,046	\$ 1,701,483
Excise Taxes	-	-	-
Penalties and Interest	-	-	-
Other	183,427	-	226,455
Total Operating Revenues	<u>3,206,881</u>	<u>1,487,046</u>	<u>1,927,938</u>
<b>OPERATING EXPENSES</b>			
Cost of Service and Administration	2,365,192	815,617	817,320
Tipping Fees	-	247,660	-
Repairs and Maintenance	30,151	8,978	6,755
Depreciation	323,361	81,546	55,136
Total Operating Expenses	<u>2,718,704</u>	<u>1,153,801</u>	<u>879,211</u>
<b>OPERATING INCOME (LOSS)</b>	<u>488,177</u>	<u>333,245</u>	<u>1,048,727</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment Income	1,098	-	993
Interest Expense	-	(995)	(3,075)
Gain (Loss) on Sale of Capital Assets	(2,874)	-	-
Total Nonoperating Revenues (Expenses), Net	<u>(1,776)</u>	<u>(995)</u>	<u>(2,082)</u>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	486,401	332,250	1,046,645
Transfers In	1,251	62,500	-
Transfers Out	-	-	-
Transfer to General Fund - Current Year Cash Activity	<u>(686,322)</u>	<u>(448,474)</u>	<u>(615,647)</u>
<b>INCOME (LOSS) BEFORE SPECIAL ITEM</b>	(198,670)	(53,724)	430,998
Special Item:			
Transfer of land from Governmental funds	<u>-</u>	<u>-</u>	<u>788,938</u>
<b>CHANGE IN NET FUND POSITION</b>	(198,670)	(53,724)	1,219,936
Fund Net Position - Beginning of Year	<u>10,223,880</u>	<u>734,082</u>	<u>2,960,837</u>
<b>FUND NET POSITION - END OF YEAR</b>	<u>\$ 10,025,210</u>	<u>\$ 680,358</u>	<u>\$ 4,180,773</u>

See accompanying Notes to the Financial Statements.

Business-Type Activities - Enterprise Funds

	<u>Harbor</u>		<u>Total</u>
\$	665,531	\$	6,877,514
	26,435		26,435
	1,730		1,730
	-		409,882
	<u>693,696</u>		<u>7,315,561</u>
	648,514		4,646,643
	-		247,660
	31,327		77,211
	<u>113,906</u>		<u>573,949</u>
	<u>793,747</u>		<u>5,545,463</u>
	<u>(100,051)</u>		<u>1,770,098</u>
	95		2,186
	-		(4,070)
	-		(2,874)
	<u>95</u>		<u>(4,758)</u>
	(99,956)		1,765,340
	-		63,751
	(6,000)		(6,000)
	<u>(65,494)</u>		<u>(1,815,937)</u>
	(171,450)		7,154
	<u>-</u>		<u>788,938</u>
	(171,450)		796,092
	<u>2,826,943</u>		<u>16,745,742</u>
\$	<u><u>2,655,493</u></u>	\$	<u><u>17,541,834</u></u>

**TOWN OF DENNIS, MASSACHUSETTS  
PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2014**

	Business-Type Activities - Enterprise Funds	
	Golf Course	Transfer Station
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from Customers and Users	\$ 3,198,289	\$ 1,482,815
Payments to Vendors	(1,292,299)	(617,721)
Payments to Employees	(976,229)	(419,350)
Net Cash Provided by Operating Activities	<u>929,761</u>	<u>445,744</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers In	1,251	62,500
Transfers Out	-	-
Transfer to General Fund - Current Year Cash Activity	(686,322)	(448,474)
Net Cash Provided by Noncapital Financing Activities	<u>(685,071)</u>	<u>(385,974)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from the Issuance of Bonds and Notes	-	125,000
Acquisition and Construction of Capital Assets	(248,988)	-
Principal Payments on Bonds and Notes	-	(187,500)
Principal Payments on Capital Lease Obligations	(154,756)	-
Interest Paid	-	-
Net Cash Provided by Capital and Related Financing Activities	<u>(403,744)</u>	<u>(62,500)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment Income	1,098	-
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(157,956)	(2,730)
Cash and Cash Equivalents - Beginning of Year	1,050,656	52,772
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 892,700</u>	<u>\$ 50,042</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES</b>		
Operating Income (Loss)	\$ 488,177	\$ 333,245
Adjustment to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Adjustments not Requiring Current Cash Flows:		
Depreciation	323,361	81,546
Adjustments Requiring Current Cash Flows:		
Receivables	-	(4,231)
Inventory	(8,592)	-
Warrants Payable	(10,513)	(5,836)
Accrued Payroll	14,742	3,107
Other Liabilities	4,528	-
Net OPEB Obligation	110,518	46,594
Compensated Absences	7,540	(8,681)
Total Adjustments	<u>441,584</u>	<u>112,499</u>
Net Cash Provided by Operating Activities	<u>\$ 929,761</u>	<u>\$ 445,744</u>

See accompanying Notes to Financial Statements.

Business-Type Activities - Enterprise Funds

	<u>Beach</u>	<u>Harbor</u>	<u>Total</u>
\$	1,927,938	\$ 693,696	\$ 7,302,738
	353,840	13,509	(1,542,671)
	<u>(1,100,757)</u>	<u>(574,635)</u>	<u>(3,070,971)</u>
	<u>1,181,021</u>	<u>132,570</u>	<u>2,689,096</u>
	-	-	63,751
	-	(6,000)	(6,000)
	<u>(615,647)</u>	<u>(65,494)</u>	<u>(1,815,937)</u>
	<u>(615,647)</u>	<u>(71,494)</u>	<u>(1,758,186)</u>
	401,836	-	526,836
	(356,512)	(50,000)	(655,500)
	(614,911)	-	(802,411)
	-	-	(154,756)
	<u>(3,075)</u>	<u>-</u>	<u>(3,075)</u>
	<u>(572,662)</u>	<u>(50,000)</u>	<u>(1,088,906)</u>
	<u>993</u>	<u>95</u>	<u>2,186</u>
	(6,295)	11,171	(155,810)
	<u>543,468</u>	<u>232,300</u>	<u>1,879,196</u>
\$	<u><u>537,173</u></u>	\$ <u><u>243,471</u></u>	\$ <u><u>1,723,386</u></u>
\$	<u>1,048,727</u>	\$ <u>(100,051)</u>	\$ <u>1,770,098</u>
	55,136	113,906	573,949
	-	-	(4,231)
	-	-	(8,592)
	4,083	99,575	87,309
	26,356	1,242	45,447
	-	-	4,528
	46,343	20,189	223,644
	<u>376</u>	<u>(2,291)</u>	<u>(3,056)</u>
	<u>132,294</u>	<u>232,621</u>	<u>918,998</u>
\$	<u><u>1,181,021</u></u>	\$ <u><u>132,570</u></u>	\$ <u><u>2,689,096</u></u>

**TOWN OF DENNIS, MASSACHUSETTS  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2014**

	OPEB Trust Fund	Private Purpose Trust Funds	Agency Funds
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 72,120	\$ 2,891	\$ 308,279
Investments	-	199,587	-
Receivables, Net of Allowance for Uncollectible Amounts:			
Departmental and Other	-	-	10,161
Total Assets	72,120	202,478	\$ 318,440
<b>LIABILITIES</b>			
Other Liabilities	-	-	\$ 10,161
Liabilities Due Depositors	-	-	308,279
Total Liabilities	-	-	\$ 318,440
<b>NET POSITION</b>			
Assets Held in Trust for Other Purposes	\$ 72,120	\$ 202,478	

See accompanying Notes to Financial Statements.

**TOWN OF DENNIS, MASSACHUSETTS  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
YEAR ENDED JUNE 30, 2014**

	<u>OPEB Trust Fund</u>	<u>Private Purpose Trust Funds</u>
<b>ADDITIONS</b>		
Contributions:		
Employer	\$ 72,120	\$ -
Private Donations	-	23,794
Net Investment Income:		
Interest	-	3,305
Net Investment Income (Loss)	-	3,305
Total Additions	72,120	27,099
<b>DEDUCTIONS</b>		
Other	-	7,750
<b>CHANGES IN NET POSITION</b>	72,120	19,349
Net Position - Beginning of Year	-	183,129
<b>NET POSITION - END OF YEAR</b>	<u>\$ 72,120</u>	<u>\$ 202,478</u>

See accompanying Notes to Financial Statements.

**TOWN OF DENNIS, MASSACHUSETTS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. General**

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

**B. Reporting Entity**

The 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:

<u>Name</u>	<u>Purpose</u>	<u>Address</u>	<u>Fiscal Year 2014 Assessment</u>
Dennis-Yarmouth Regional School District	To provide educational services	296 Station Avenue Yarmouth, MA 02661	\$ 15,655,914
Cape Cod Regional Technical High School	To provide educational services	351 Pleasant Lake Avenue Harwich, MA 02645	\$ 1,555,738

**TOWN OF DENNIS, MASSACHUSETTS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Reporting Entity (Continued)**

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.

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 ended June 30, 2014, the Town implemented the following pronouncements issued by the GASB:

- GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*
- GASB Statement No. 66, *Technical Corrections – 2012 – an Amendment of GASB Statement No. 25*
- GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*.

The implementation of GASB Statement No. 65 introduced the reporting of deferred inflows of resources, which represents the acquisition of net position/fund balances that apply to a future period(s) and so will not be recognized as an inflow of resources until that time.

The implementation of GASB Statements No.'s 66 and 70 had no reporting impact for the Town.

**TOWN OF DENNIS, MASSACHUSETTS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**Government-Wide Financial Statements**

The government-wide financial statements (statement of net position and the statement activities) report information on all non-fiduciary activities of the primary government and its component units. *Governmental activities*, which are primarily supported by 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.

**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.

**TOWN OF DENNIS, MASSACHUSETTS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)**

**Fund Financial Statements**

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

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.

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.

**TOWN OF DENNIS, MASSACHUSETTS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)**

**Fund Financial Statements**

*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.

**TOWN OF DENNIS, MASSACHUSETTS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)**

**Fund Financial Statements (Continued)**

**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:

The *OPEB trust fund* is an irrevocable trust fund established for other postemployment benefits; which accumulates resources to reduce the unfunded actuarial liability of health care and other postemployment benefits.

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.

For the purpose of the proprietary funds' statement of cash flows, the Town considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

**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.

**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.

**TOWN OF DENNIS, MASSACHUSETTS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**G. Accounts Receivable (Continued)**

**Government-Wide and Fund Financial Statements**

**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.

**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.

**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.

**TOWN OF DENNIS, MASSACHUSETTS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 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.

**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.

**TOWN OF DENNIS, MASSACHUSETTS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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:

<u>Capital Asset Type</u>	<u>Estimated Useful Life (Years)</u>
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.

**TOWN OF DENNIS, MASSACHUSETTS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**L. Interfund Receivables and Payables**

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

**Government-Wide Financial Statements**

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

**Fund Financial Statements**

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

**M. Interfund Transfers**

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

**Government-Wide Financial Statements**

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

**Fund Financial Statements**

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

**N. Deferred Outflows of Resources**

**Government-Wide and Fund Financial Statements**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time.

The Town has no items that qualify for reporting in this category.

**TOWN OF DENNIS, MASSACHUSETTS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**O. Deferred Inflows of Resources**

**Government-Wide and Fund Financial Statements**

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

The Town has one item that qualifies for reporting in this category. It is as follows:

- Unavailable revenue is reported in the governmental funds balance sheet. Unavailable revenue 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.

**P. 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.

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

“Receipts reserved – ambulance” represents amounts restricted for ambulance purposes.

“Receipts reserved – cable” represents amounts restricted for cable television purposes.

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

**TOWN OF DENNIS, MASSACHUSETTS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**O. Net Position and Fund Balances (Continued)**

**Governmental Funds Financial Statements (Fund Balances)**

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

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

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

*Committed* — represents amounts that can be used only for specific purposes imposed by a formal action of 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.

**TOWN OF DENNIS, MASSACHUSETTS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

**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.

**TOWN OF DENNIS, MASSACHUSETTS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

**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 2014 approved budget for the general fund authorized \$50,057,567 in appropriations and other amounts to be raised. During fiscal year 2014, supplemental appropriations totaling \$3,797,476 were authorized.

**TOWN OF DENNIS, MASSACHUSETTS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014**

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)**

**A. Budgetary Information (Continued)**

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, 2014, the following fund deficits exist:

Fund	Amount	Funding Source
Police SETB grant..... \$	46,630	State grant
911 grant.....	22,019	State grant

**C. Excess of Expenditures over Appropriations**

For the fiscal year ended June 30, 2014, 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 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, 2014, none of the Town's deposits of \$18,019,188 were exposed to custodial credit risk because they were either insured or collateralized.

**TOWN OF DENNIS, MASSACHUSETTS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014**

**NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)**

**Investments Summary**

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

Investment Type	Fair Value	Investment Maturities (in Years)		
		Less Than 1	1 - 5	6 - 10
<b><u>Debt Securities:</u></b>				
U.S. Treasuries.....	\$ 93,122	\$ -	\$ 93,122	\$ -
U.S. Agencies.....	145,272	-	115,243	30,029
Corporate bonds.....	61,443	-	61,443	-
Money market mutual funds.....	26,382	26,382	-	-
Fixed income securities.....	186,091	25,107	160,984	-
External investment pools.....	960,662	960,662	-	-
 Total debt securities.....	 1,472,972	 \$ 1,012,151	 \$ 430,792	 \$ 30,029
 <b><u>Other Investments:</u></b>				
Equity securities.....	64,727			
Equity mutual funds.....	63,504			
 Total other investments.....	 128,231			
 Total investments.....	 \$ 1,601,203			

**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 party. The Town's policy is to insure each of their investments. As of June 30, 2014, the Town's investments were not exposed to custodial credit risk.

**TOWN OF DENNIS, MASSACHUSETTS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014**

**NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)**

**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, 2014, the credit quality ratings of the Town's investments in debt securities are as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Quality Ratings *</u>		
		<u>AA+</u>	<u>A-</u>	<u>Unrated</u>
Corporate bonds.....	\$ 61,443	\$ 36,150	\$ 25,293	\$ -
Money market mutual funds.....	26,382	-	-	26,382
Fixed income securities.....	186,091	-	-	186,091
External investment pools.....	960,662	-	-	960,662
Total.....	<u>\$ 1,234,578</u>	<u>\$ 36,150</u>	<u>\$ 25,293</u>	<u>\$ 1,173,135</u>

\* Per the rating scale of Standard and Poor's (a national credit rating organization)

**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, 2014, 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, 2014, the Town's investments were not exposed to concentration of credit risk.

**TOWN OF DENNIS, MASSACHUSETTS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014**

**NOTE 4 ACCOUNTS RECEIVABLE**

At June 30, 2014, receivables for the individual major governmental funds and nonmajor governmental and fiduciary funds, in the aggregate, including the applicable allowances for uncollectible amounts, are as follows:

	<u>Gross Amount</u>	<u>Allowance for Uncollectibles</u>	<u>Net Amount</u>
<u>Receivables:</u>			
Real estate and personal property taxes...	\$ 1,162,394	\$ -	\$ 1,162,394
Real estate tax deferrals.....	33,089	-	33,089
Tax and other liens.....	1,312,008	-	1,312,008
Motor vehicle and other excise taxes.....	558,232	(310,461)	247,771
Community preservation surcharges.....	29,643	-	29,643
User charges.....	384,961	-	384,961
Special assessments.....	360,087	-	360,087
Departmental and other.....	166,122	(71,658)	94,464
Intergovernmental.....	893,621	-	893,621
	<u>\$ 4,900,157</u>	<u>\$ (382,119)</u>	<u>\$ 4,518,038</u>

At June 30, 2014, receivable for the transfer station enterprise fund are as follows:

	<u>Gross Amount</u>	<u>Allowance for Uncollectibles</u>	<u>Net Amount</u>
<u>Receivables:</u>			
User charges.....	\$ <u>11,855</u>	\$ <u>-</u>	\$ <u>11,855</u>

**TOWN OF DENNIS, MASSACHUSETTS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014**

**NOTE 5 CAPITAL ASSETS**

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

	Balance at 6/30/13	Increases	Decreases	Balance at 6/30/14
<b>Governmental Activities:</b>				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 54,195,460	\$ -	\$ (788,938)	\$ 53,406,522
Construction in progress.....	107,031	119,300	(107,031)	119,300
Intangible assets.....	385,000	-	-	385,000
Total capital assets not being depreciated.....	<u>54,687,491</u>	<u>119,300</u>	<u>(895,969)</u>	<u>53,910,822</u>
<u>Capital assets being depreciated:</u>				
Land improvements.....	2,038,665	548,676	(113,870)	2,473,471
Buildings .....	22,220,272	-	-	22,220,272
Building improvements .....	5,396,785	-	-	5,396,785
Machinery and equipment.....	5,881,786	511,324	(115,616)	6,277,494
Vehicles.....	2,514,177	173,995	(191,780)	2,496,392
Infrastructure.....	54,597,712	1,530,018	-	56,127,730
Total capital assets being depreciated.....	<u>92,649,397</u>	<u>2,764,013</u>	<u>(421,266)</u>	<u>94,992,144</u>
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(418,596)	(78,347)	108,463	(388,480)
Buildings .....	(6,573,433)	(544,688)	-	(7,118,121)
Building improvements.....	(273,632)	(151,426)	-	(425,058)
Machinery and equipment.....	(3,966,442)	(538,678)	115,616	(4,389,504)
Vehicles.....	(2,001,342)	(226,645)	178,824	(2,049,163)
Infrastructure.....	(38,068,838)	(1,551,368)	-	(39,620,206)
Total accumulated depreciation.....	<u>(51,302,283)</u>	<u>(3,091,152)</u>	<u>402,903</u>	<u>(53,990,532)</u>
Total capital assets being depreciated, net.....	<u>41,347,114</u>	<u>(327,139)</u>	<u>(18,363)</u>	<u>41,001,612</u>
Total governmental activities capital assets, net.....	<u>\$ 96,034,605</u>	<u>\$ (207,839)</u>	<u>\$ (914,332)</u>	<u>\$ 94,912,434</u>

**TOWN OF DENNIS, MASSACHUSETTS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014**

**NOTE 5 CAPITAL ASSETS (CONTINUED)**

	Balance at 6/30/13	Increases	Decreases	Balance at 6/30/14
<i>Business-Type Activities:</i>				
<i>Golf Course:</i>				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 6,722,807	\$ -	\$ -	\$ 6,722,807
Construction in progress.....	26,221	28,250	-	54,471
<b>Total capital assets not being depreciated.....</b>	<b>6,749,028</b>	<b>28,250</b>	<b>-</b>	<b>6,777,278</b>
<u>Capital assets being depreciated:</u>				
Land improvements.....	4,073,435	39,960	-	4,113,395
Buildings .....	2,157,514	-	-	2,157,514
Machinery and equipment.....	1,973,547	181,616	(63,435)	2,091,728
Vehicles.....	56,558	-	-	56,558
Infrastructure.....	25,000	180,778	-	205,778
<b>Total capital assets being depreciated.....</b>	<b>8,286,054</b>	<b>402,354</b>	<b>(63,435)</b>	<b>8,624,973</b>
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(2,790,226)	(88,904)	-	(2,879,130)
Buildings.....	(975,385)	(55,318)	-	(1,030,703)
Machinery and equipment.....	(1,159,467)	(178,263)	60,561	(1,277,169)
Vehicles.....	(56,558)	-	-	(56,558)
Infrastructure.....	(6,792)	(876)	-	(7,668)
<b>Total accumulated depreciation.....</b>	<b>(4,988,428)</b>	<b>(323,361)</b>	<b>60,561</b>	<b>(5,251,228)</b>
<b>Total capital assets being depreciated, net.....</b>	<b>3,297,626</b>	<b>78,993</b>	<b>(2,874)</b>	<b>3,373,745</b>
<b>Total golf course enterprise capital assets, net.....</b>	<b>\$ 10,046,654</b>	<b>\$ 107,243</b>	<b>\$ (2,874)</b>	<b>\$ 10,151,023</b>

**TOWN OF DENNIS, MASSACHUSETTS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014**

**NOTE 5 CAPITAL ASSETS (CONTINUED)**

	Balance at 6/30/13	Increases	Decreases	Balance at 6/30/14
<i>Transfer Station:</i>				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 241,828	\$ -	\$ -	\$ 241,828
Construction in progress.....	286,281	-	(286,281)	-
	528,109	-	(286,281)	241,828
<u>Capital assets being depreciated:</u>				
Land improvements.....	325,000	-	-	325,000
Buildings.....	447,037	286,281	-	733,318
Machinery and equipment.....	624,587	-	-	624,587
Vehicles.....	62,750	-	-	62,750
	1,459,374	286,281	-	1,745,655
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(285,729)	(16,250)	-	(301,979)
Buildings.....	(196,510)	(12,369)	-	(208,879)
Machinery and equipment.....	(259,650)	(52,927)	-	(312,577)
Vehicles.....	(62,750)	-	-	(62,750)
	(804,639)	(81,546)	-	(886,185)
Total capital assets being depreciated, net.....	654,735	204,735	-	859,470
Total transfer station enterprise capital assets, net.....	\$ 1,182,844	\$ 204,735	\$ (286,281)	\$ 1,101,298

**TOWN OF DENNIS, MASSACHUSETTS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014**

**NOTE 5 CAPITAL ASSETS (CONTINUED)**

	Balance at 6/30/13	Increases	Decreases	Balance at 6/30/14
<i>Beach:</i>				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 1,958,735	\$ 788,938	\$ -	\$ 2,747,673
Construction in progress.....	3,985	-	(3,985)	-
	<u>1,962,720</u>	<u>788,938</u>	<u>(3,985)</u>	<u>2,747,673</u>
<u>Capital assets being depreciated:</u>				
Land improvements.....	196,445	138,646	-	335,091
Buildings.....	115,473	221,851	-	337,324
Building improvements.....	919,070	-	-	919,070
Infrastructure.....	199,260	-	-	199,260
	<u>1,430,248</u>	<u>360,497</u>	<u>-</u>	<u>1,790,745</u>
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(8,794)	(16,000)	-	(24,794)
Buildings.....	(7,434)	(7,169)	-	(14,603)
Building improvements.....	(1,915)	(22,977)	-	(24,892)
Infrastructure.....	(10,028)	(8,990)	-	(19,018)
	<u>(28,171)</u>	<u>(55,136)</u>	<u>-</u>	<u>(83,307)</u>
Total capital assets being depreciated, net.....	<u>1,402,077</u>	<u>305,361</u>	<u>-</u>	<u>1,707,438</u>
Total beach enterprise capital assets, net.....	<u>\$ 3,364,797</u>	<u>\$ 1,094,299</u>	<u>\$ (3,985)</u>	<u>\$ 4,455,111</u>

**TOWN OF DENNIS, MASSACHUSETTS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014**

**NOTE 5 CAPITAL ASSETS (CONTINUED)**

	Balance at 6/30/13	Increases	Decreases	Balance at 6/30/14
<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	50,000	-	64,245
Vehicles.....	46,627	-	-	46,627
Infrastructure.....	1,821,553	-	-	1,821,553
Total capital assets being depreciated.....	2,830,643	50,000	-	2,880,643
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(42,635)	(26,879)	-	(69,514)
Buildings.....	(1,871)	(1,707)	-	(3,578)
Machinery and equipment.....	(5,013)	(6,532)	-	(11,545)
Vehicles.....	(9,992)	(8,658)	-	(18,650)
Infrastructure.....	(72,413)	(70,130)	-	(142,543)
Total accumulated depreciation.....	(131,924)	(113,906)	-	(245,830)
Total capital assets being depreciated, net.....	2,698,719	(63,906)	-	2,634,813
Total harbor enterprise capital assets, net.....	\$ 2,724,546	\$ (63,906)	\$ -	\$ 2,660,640
Total business-type capital assets, net.....	\$ 17,318,841	\$ 1,342,371	\$ (293,140)	\$ 18,368,072

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

**Governmental Activities:**

General government.....	\$ 232,737
Public safety.....	793,285
Public works.....	1,890,007
Health and human services.....	32,561
Culture and recreation.....	142,562
	142,562

Total depreciation expense - governmental activities.....\$ 3,091,152

**Business-Type Activities:**

Golf.....	\$ 323,361
Transfer Station.....	81,546
Beach.....	55,136
Harbor.....	113,906
	113,906

Total depreciation expense - business-type activities.....\$ 573,949

**TOWN OF DENNIS, MASSACHUSETTS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014**

**NOTE 6 INTERFUND TRANSFERS**

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

Transfers Out:	Transfers In:				Total
	General Fund	Nonmajor Governmental Funds	Transfer Station Enterprise Fund	Golf Enterprise Fund	
General Fund.....	\$ -	\$ 1,000,000	\$ 62,500	\$ 1,251	\$ 1,063,751 (1)
Community Preservation Fund.....	856,800	-	-	-	856,800 (2)
Nonmajor Governmental Funds....	1,695,086	-	-	-	1,695,086 (3)
Golf Enterprise Fund.....	686,322	-	-	-	686,322 (4)
Transfer Station Enterprise Fund..	448,474	-	-	-	448,474 (5)
Beach Enterprise Fund.....	615,647	-	-	-	615,647 (6)
Harbor Enterprise Fund.....	71,494	-	-	-	71,494 (7)
	<u>\$ 4,373,823</u>	<u>\$ 1,000,000</u>	<u>\$ 62,500</u>	<u>\$ 1,251</u>	<u>\$ 5,437,574</u>

- (1) Represents budgeted transfer to the Town Hall Annex capital project fund (\$1,000,000) and transfer station enterprise fund (\$62,500) to fund capital project and debt service activities. Also represents transfer to the golf enterprise fund (\$1,251) for operating activities.
- (2) Represents budgeted transfers to fund debt service expenditures related to the community preservation fund
- (3) Represents budgeted transfers to fund the fiscal year 2014 operating and capital budget from the ambulance fund (\$1,264,000), Media One cable fund (\$357,561), cemetery sale of lots fund (\$35,000), septic fund (\$19,525), and Bass River reserved fund (\$19,000).
- (4) Represents the transfer of net cash activity from the golf enterprise fund to the general fund.
- (5) Represents the transfer of net cash activity from the transfer station enterprise fund to the general fund.
- (6) Represents the transfer of net cash activity from the beach enterprise fund to the general fund.
- (7) Represents budgeted transfer to fund the fiscal year 2014 operating budget (\$6,000) as well as the transfer of net cash activity from the harbor enterprise fund to the general fund (\$65,494).

**TOWN OF DENNIS, MASSACHUSETTS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014**

**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, 2014, is as follows:

**Governmental Funds**

Type	Description	Origination Date	Maturity Date	Interest Rate	Balance at June 30, 2013	Increases	Decreases	Balance at June 30, 2014
BAN	Land acquisition.....	6/20/13	10/21/13	0.45%	\$ 400,000	\$ -	\$ (400,000)	\$ -

**Enterprise Funds**

Type	Description	Origination Date	Maturity Date	Interest Rate	Balance at June 30, 2013	Increases	Decreases	Balance at June 30, 2014
<i>Transfer Station</i>								
BAN	Transfer station.....	7/26/12	7/26/13	0.50%	\$ 187,500	\$ -	\$ (187,500)	\$ -
BAN	Transfer station.....	7/26/13	7/25/14	0.50%	-	125,000	-	125,000
					<u>187,500</u>	<u>125,000</u>	<u>(187,500)</u>	<u>125,000</u>
<i>Beach</i>								
BAN	Corporation Beach bathhouse....	7/26/12	7/26/13	0.50%	\$ 614,911	\$ -	\$ (614,911)	\$ -
BAN	Corporation Beach bathhouse....	7/26/13	7/25/14	0.50%	-	401,836	-	401,836
					<u>614,911</u>	<u>401,836</u>	<u>(614,911)</u>	<u>401,836</u>
Total.....					<u>\$ 802,411</u>	<u>\$ 526,836</u>	<u>\$ (802,411)</u>	<u>\$ 526,836</u>

**TOWN OF DENNIS, MASSACHUSETTS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014**

**NOTE 7 SHORT-TERM FINANCING (CONTINUED)**

**Subsequent Event**

On July 26, 2014, the Town used available funds to pay down \$62,500 of the \$125,000 transfer station BAN and issued a new BAN in the amount of \$62,500 at an interest rate of 0.50% and a maturity date of July 25, 2015.

On July 26, 2014, the Town used available funds to pay down \$200,918 of the \$401,836 Corporation Beach bathhouse BAN and issued a new BAN in the amount of \$200,918 at an interest rate of 0.50% and a maturity date of July 25, 2015.

On December 15, 2014, the Town a Town Hall Annex BAN in the amount of \$1,000,000 at an interest rate of 0.40% and a maturity date of December 15, 2015.

On March 15, 2015, the Town a Town Hall Annex BAN in the amount of \$1,000,000 at an interest rate of 0.40% and a maturity date of December 15, 2015.

**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, 2014:

	Balance June 30, 2013	Increases	Decreases	Balance June 30, 2014	Current Portion
<b>Governmental Activities:</b>					
Bonds and notes payable.....	\$ 15,374,050	\$ -	(1,569,525)	\$ 13,804,525	\$ 1,554,525
Net OPEB obligation.....	7,986,770	1,953,383	(501,485)	9,438,668	-
Capital lease obligations.....	423,746	-	(209,050)	214,696	214,696
Compensated absences.....	1,155,154	273,730	-	1,428,884	142,888
Total.....	<u>\$ 24,939,720</u>	<u>\$ 2,227,113</u>	<u>\$ (2,280,060)</u>	<u>\$ 24,886,773</u>	<u>\$ 1,912,109</u>
<b>Business-type Activities:</b>					
Net OPEB obligation.....	\$ 1,212,769	\$ 297,274	\$ (73,630)	\$ 1,436,413	\$ -
Capital lease obligations.....	219,893	181,615	(154,755)	246,753	155,972
Compensated absences.....	101,048	-	(3,056)	97,992	9,800
Total.....	<u>\$ 1,533,710</u>	<u>\$ 478,889</u>	<u>\$ (231,441)</u>	<u>\$ 1,781,158</u>	<u>\$ 165,772</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.

**TOWN OF DENNIS, MASSACHUSETTS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014**

**NOTE 9 LONG-TERM DEBT**

Details related to the outstanding indebtedness at June 30, 2014, and the debt service requirements are as follows:

**Bonds and Notes Payable – Governmental Funds**

Project	Maturity Date	Interest Rate	Outstanding at June 30, 2013	Issued	Redeemed	Outstanding at June 30, 2014
Land Acquisition/Library.....	05/15/14	3.65%	\$ 675,000	\$ -	\$ (675,000)	\$ -
MWPAT Septic Note.....	08/01/24	0.00%	109,050	-	(9,525)	99,525
MWPAT Septic Note.....	07/15/25	0.00%	130,000	-	(10,000)	120,000
Police Station.....	11/01/26	3.75 - 4.00%	5,895,000	-	(440,000)	5,455,000
Town Office Annex/Museum.....	10/15/29	2.00 - 4.00%	2,980,000	-	(245,000)	2,735,000
Refunding Bonds.....	05/15/21	2.00 - 4.00%	5,585,000	-	(190,000)	5,395,000
Total governmental funds.....			\$ 15,374,050	\$ -	\$ (1,569,525)	\$ 13,804,525

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

Fiscal Year	Principal	Interest	Total
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.....	\$ 13,804,525	\$ 2,853,866	\$ 16,658,391

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 2014, the Town's subsidy totaled approximately \$19,000. Future subsidies total approximately \$80,000. The amount of MWPAT bonds outstanding at June 30, 2014, totaled \$219,525.

**TOWN OF DENNIS, MASSACHUSETTS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014**

**NOTE 9 LONG-TERM DEBT (CONTINUED)**

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, 2014, the Town had the following authorized and unissued debt:

Purpose	Amount
Town Hall Addition	\$ 3,100,000
Corporation Beach Repairs	451,000
Land Purchase	395,000
Road Betterment Black Ball Hill	194,640
Betterments	91,525
Private Roads	72,854
Repairs to Village Green	28,665
Repairs to Janet Road	20,240
Total.....	\$ 4,353,924

**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 FINANCIAL STATEMENTS  
JUNE 30, 2014**

**NOTE 10 OTHER POST EMPLOYMENT BENEFITS (CONTINUED)**

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.....	\$ 2,172,655
Interest on net OPEB obligation.....	412,844
Adjustment to annual required contribution.....	(334,842)
Annual OPEB cost.....	2,250,657
Contributions made.....	(575,115)
Increase in net OPEB obligation.....	1,675,542
Net OPEB obligation at beginning of year.....	9,199,539
Net OPEB obligation at end of year.....	\$ 10,875,081

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

Fiscal Year Ending	Annual OPEB Cost (AOPEBC)	Percentage of AOPEBC Contributed	Net OPEB Obligation
June 30, 2012.....	\$ 2,499,995	25.6%	\$ 7,648,246
June 30, 2013.....	2,123,630	27.0%	9,199,539
June 30, 2014.....	2,250,657	25.6%	10,875,081

**TOWN OF DENNIS, MASSACHUSETTS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014**

**NOTE 10 OTHER POST EMPLOYMENT BENEFITS (CONTINUED)**

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

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Liability (AAL) Projected Unit Credit (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
06/30/12	\$ -	\$ 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.

**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

**TOWN OF DENNIS, MASSACHUSETTS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014**

**NOTE 10 OTHER POST EMPLOYMENT BENEFITS (CONTINUED)**

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

**Governmental Activities:**

General government.....	\$ 328,956
Public safety.....	1,238,976
Public works.....	256,464
Health and human services.....	73,760
Culture and recreation.....	<u>55,227</u>
Total AOPEBC - governmental activities.....	<u>1,953,383</u>

**Business-Type Activities:**

Golf course.....	142,532
Transfer station.....	59,167
Harbor.....	26,966
Beach.....	<u>68,609</u>
Total AOPEBC - business-type activities.....	<u>297,274</u>
Total AOPEBC.....	<u>\$ 2,250,657</u>

**TOWN OF DENNIS, MASSACHUSETTS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014**

**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, 2014:

<u>Fiscal Years Ending June 30</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2015.....	\$ 220,491	\$ 161,664
2016.....	-	46,495
2017.....	-	46,494
Total minimum lease payments.....	220,491	254,653
Less: amounts representing interest.....	(5,795)	(7,900)
Present value of minimum lease payments.....	\$ <u>214,696</u>	\$ <u>246,753</u>

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

<u>Asset:</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Vehicles and machinery and equipment.....	\$ 769,845	\$ 335,062
Less: accumulated amortization.....	(550,884)	(275,285)
Total.....	\$ <u>218,961</u>	\$ <u>59,777</u>

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

**TOWN OF DENNIS, MASSACHUSETTS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014**

**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.....	-	2,468,509	-	2,468,509
Receipts reserved - ambulance.....	-	-	958,678	958,678
Receipts reserved - cable.....	-	-	632,642	632,642
Septic betterments.....	-	-	219,072	219,072
Capital - Town Hall annex.....	-	-	12,767	12,767
Affordable housing.....	-	-	23,660	23,660
General government.....	-	-	1,263,869	1,263,869
Public safety.....	-	-	109,632	109,632
Education.....	-	-	1,049	1,049
Public works.....	-	-	130,886	130,886
Health and human services.....	-	-	30,025	30,025
Culture and recreation.....	-	-	84,626	84,626
Community development.....	-	-	161,414	161,414
Sub-total - Restricted.....	-	2,468,509	3,628,320	6,096,829
<b>Committed to:</b>				
Subsequent year's expenditures.....	250,000	-	-	250,000
Capital stabilization.....	613,051	-	-	613,051
Beach protection stabilization.....	90,476	-	-	90,476
Continuing appropriations.....	2,801,931	-	-	2,801,931
Sub-total - Committed.....	3,755,458	-	-	3,755,458
<b>Assigned to:</b>				
Encumbrances.....	96,470	-	-	96,470
<b>Unassigned.....</b>	5,641,808	-	(68,649)	5,573,159
	\$ 9,493,736	\$ 2,468,509	\$ 4,016,717	\$ 15,978,962

**TOWN OF DENNIS, MASSACHUSETTS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014**

**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, 2014 total \$2,257,738, \$289,188, \$323,863 and \$90,476, 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 did not have a liability for such claims at June 30, 2014. The liability at June 30, 2013 totaled \$91,979. 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 2013.....	\$ -	\$ 126,687	\$ (34,708)	\$ 91,979
Fiscal year 2014.....	\$ 91,979	\$ 70,316	\$ (162,295)	\$ -

**TOWN OF DENNIS, MASSACHUSETTS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014**

**NOTE 15 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, 2014, 2013, and 2012 were \$2,463,612, \$2,364,106 and \$2,292,166, respectively, which equaled its required contribution for each fiscal year.

**NOTE 16 COMMITMENTS**

The Town has entered into, or is planning to enter into, contracts totaling approximately \$3,100,000 for town hall addition; \$451,000 for corporation beach repairs and \$395,000 for a land purchase.

Other significant commitments include the continuing appropriations and encumbrances outstanding for the general fund, which totaled \$2,898,401 at June 30, 2014.

**TOWN OF DENNIS, MASSACHUSETTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 17 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 June 30, 2014, cannot be ascertained, management believes any resulting liability should not materially affect the financial position of the Town at June 30, 2014.

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, 2014 these programs are still subject to financial and compliance audits. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

**NOTE 18 FUTURE IMPLEMENTATION OF GASB PRONOUNCEMENTS**

The GASB has issued the following 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 long-term obligation for pension benefits as a liability and to more comprehensively measure the annual costs of pension benefits. The implementation of this Statement also expands pension related note disclosures and required supplementary information.
- Statement No. 69, *Government Combinations and Disposals of Government Operations*, which is required to be implemented during fiscal year 2015. Management does not believe the implementation of this Statement will impact the basic financial statements.
- Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, which is required to be implemented during fiscal year 2015. The implementation of this Statement will require the Town, in the transition year of the Statement No. 68, to recognize contributions to defined benefit pension plans between the measurement date of the reported net pension liability and the end of the government's reporting period as a deferred outflow of resources.

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

**TOWN OF DENNIS, MASSACHUSETTS  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
(NON-GAAP BUDGETARY BASIS) - BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2014**

	Prior Year Encumbrances and Continuing Appropriations	Original Budget	Supplemental Appropriations and Transfers	Final Budget
<b>REVENUES</b>				
Real Estate and Personal Property Taxes	\$ -	\$ 36,702,515	\$ 365,285	\$ 37,067,800
Motor Vehicles and Other Excise Taxes	-	2,487,000	-	2,487,000
Tax Liens	-	-	-	-
Intergovernmental	-	807,678	-	807,678
Penalties and Interest on Taxes	-	380,000	-	380,000
Licenses and Permits	-	875,000	-	875,000
Fines and Forfeitures	-	80,000	-	80,000
Departmental and Other	-	6,132,000	-	6,132,000
Investment Income	-	25,000	-	25,000
Total Revenue	<u>-</u>	<u>47,489,193</u>	<u>365,285</u>	<u>47,854,478</u>
<b>EXPENDITURES</b>				
Current:				
General Government	391,883	4,748,259	122,567	5,262,709
Public Safety	707,373	10,534,545	664,020	11,905,938
Education	204,113	17,329,656	710,000	18,243,769
Public Works	1,337,639	4,772,511	278,113	6,388,263
Health and Human Services	37,809	842,326	235,000	1,115,135
Culture and Recreation	424,394	3,094,393	769,400	4,288,187
Pension Benefits	-	2,463,612	-	2,463,612
Employee Benefits	23,522	2,831,974	-	2,855,496
Property and Liability Insurance	-	336,480	-	336,480
State and County Charges	-	767,503	-	767,503
Debt Service:				
Principal	-	1,569,525	-	1,569,525
Interest	-	553,378	-	553,378
Total Expenditures	<u>3,126,733</u>	<u>49,844,162</u>	<u>2,779,100</u>	<u>55,749,995</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(3,126,733)</u>	<u>(2,354,969)</u>	<u>(2,413,815)</u>	<u>(7,895,517)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	2,328,375	2,241,350	4,569,725
Transfers out	-	(213,405)	(1,018,376)	(1,231,781)
Total Other Financing Sources (Uses)	<u>-</u>	<u>2,114,970</u>	<u>1,222,974</u>	<u>3,337,944</u>
<b>NET CHANGE IN FUND BALANCE</b>	(3,126,733)	(239,999)	(1,190,841)	(4,557,573)
Fund Balance - Beginning of Year	<u>6,326,133</u>	<u>6,326,133</u>	<u>6,326,133</u>	<u>6,326,133</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 3,199,400</u>	<u>\$ 6,086,134</u>	<u>\$ 5,135,292</u>	<u>\$ 1,768,560</u>

See accompanying Notes to Required Supplementary Information.

	Actual	Current Year Encumbrances and Continuing Appropriations	Actual and Encumbrances and Continuing Appropriations	Variance Positive/ (Negative)
\$	36,602,678	\$ -	\$ 36,602,678	\$ (465,122)
	2,954,440	-	2,954,440	467,440
	227,673	-	227,673	227,673
	624,932	-	624,932	(182,746)
	375,133	-	375,133	(4,867)
	1,183,560	-	1,183,560	308,560
	95,692	-	95,692	15,692
	6,465,646	-	6,465,646	333,646
	12,734	-	12,734	(12,266)
	<u>48,542,488</u>	<u>-</u>	<u>48,542,488</u>	<u>688,010</u>
	4,688,059	220,431	4,908,490	354,219
	11,003,406	735,690	11,739,096	166,842
	17,929,859	263,636	18,193,495	50,274
	5,042,046	991,497	6,033,543	354,720
	831,614	221,979	1,053,593	61,542
	3,680,974	448,290	4,129,264	158,923
	2,463,612	-	2,463,612	-
	2,804,186	16,878	2,821,064	34,432
	334,339	-	334,339	2,141
	774,541	-	774,541	(7,038)
	1,569,525	-	1,569,525	-
	551,946	-	551,946	1,432
	<u>51,674,107</u>	<u>2,898,401</u>	<u>54,572,508</u>	<u>1,177,487</u>
	<u>(3,131,619)</u>	<u>(2,898,401)</u>	<u>(6,030,020)</u>	<u>1,865,497</u>
	4,569,725	-	4,569,725	-
	<u>(1,231,781)</u>	<u>-</u>	<u>(1,231,781)</u>	<u>-</u>
	<u>3,337,944</u>	<u>-</u>	<u>3,337,944</u>	<u>-</u>
	206,325	(2,898,401)	(2,692,076)	1,865,497
	<u>6,326,133</u>	<u>-</u>	<u>6,326,133</u>	<u>-</u>
\$	<u><u>6,532,458</u></u>	<u><u>(2,898,401)</u></u>	<u><u>3,634,057</u></u>	<u><u>1,865,497</u></u>

**TOWN OF DENNIS, MASSACHUSETTS  
COMMUNITY PRESERVATION FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
(NON-GAAP BUDGETARY BASIS) - BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2014**

	Prior Year Encumbrances and Continuing Appropriations	Original Budget	Supplemental Appropriations and Transfers	Final Budget
<b>REVENUES</b>				
Community Preservation Surcharges	\$ -	\$ 1,062,247	\$ -	\$ 1,062,247
Intergovernmental	-	232,275	-	232,275
Penalties and Interest on Taxes	-	-	-	-
Investment Income	-	-	-	-
Total Revenues	<u>-</u>	<u>1,294,522</u>	<u>-</u>	<u>1,294,522</u>
<b>EXPENDITURES</b>				
Current:				
Administrative	-	15,000	-	15,000
Acquisition and Projects	<u>1,212,255</u>	<u>234,285</u>	<u>685,000</u>	<u>2,131,540</u>
Total Expenditures	<u>1,212,255</u>	<u>249,285</u>	<u>685,000</u>	<u>2,146,540</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(1,212,255)</u>	<u>1,045,237</u>	<u>(685,000)</u>	<u>(852,018)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds of Bonds and Notes	-	-	685,000	685,000
Transfers Out	<u>-</u>	<u>(856,800)</u>	<u>-</u>	<u>(856,800)</u>
Total Other Financing Sources (Expenses)	<u>-</u>	<u>(856,800)</u>	<u>685,000</u>	<u>(171,800)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(1,212,255)	188,437	-	(1,023,818)
Fund Balance - Beginning of Year	<u>1,376,968</u>	<u>1,376,968</u>	<u>1,376,968</u>	<u>1,376,968</u>
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$ 164,713</u>	<u>\$ 1,565,405</u>	<u>\$ 1,376,968</u>	<u>\$ 353,150</u>

See accompanying Notes to Required Supplementary Information.

	Actual	Current Year Encumbrances and Continuing Appropriations	Actual and Encumbrances and Continuing Appropriations	Variance Positive/ (Negative)
\$	1,086,131	\$ -	\$ 1,086,131	\$ 23,884
	1,014,502	-	1,014,502	782,227
	5,429	-	5,429	5,429
	3,404	-	3,404	3,404
	<u>2,109,466</u>	<u>-</u>	<u>2,109,466</u>	<u>814,944</u>
	14,961	-	14,961	39
	146,164	1,985,376	2,131,540	-
	<u>161,125</u>	<u>1,985,376</u>	<u>2,146,501</u>	<u>39</u>
	<u>1,948,341</u>	<u>(1,985,376)</u>	<u>(37,035)</u>	<u>814,983</u>
	-	-	-	(685,000)
	<u>(856,800)</u>	<u>-</u>	<u>(856,800)</u>	<u>-</u>
	<u>(856,800)</u>	<u>-</u>	<u>(856,800)</u>	<u>(685,000)</u>
	1,091,541	(1,985,376)	(893,835)	129,983
	<u>1,376,968</u>	<u>-</u>	<u>1,376,968</u>	<u>-</u>
\$	<u><u>2,468,509</u></u>	<u><u>(1,985,376)</u></u>	<u><u>483,133</u></u>	<u><u>129,983</u></u>

**TOWN OF DENNIS, MASSACHUSETTS  
PENSION PLAN SCHEDULES  
YEAR ENDED JUNE 30, 2014**

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 (%)
2008	\$ 36,982,873	100%
2009	39,899,322	100%
2010	43,893,051	100%
2011	43,807,158	100%
2012	46,702,087	100%
2013	49,504,212	100%

The following schedule provides information related to the 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 (%)
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%
2014	2,463,612	100%	5.0%

**TOWN OF DENNIS, MASSACHUSETTS  
OTHER POST EMPLOYMENT BENEFITS SCHEDULE  
SCHEDULE OF FUNDING PROGRESS  
YEAR ENDED JUNE 30, 2014**

**OTHER POSTEMPLOYMENT BENEFITS SCHEDULES**

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

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, 2014**

**NOTE A BUDGETARY – GAAP RECONCILIATION**

For budgetary financial reporting purposes, the Uniform Massachusetts Accounting System basis of accounting (established by the Commonwealth) is followed, which differs from the GAAP basis of accounting. Reconciliations of budgetary-basis to GAAP-basis results for the general fund and community preservation fund for the fiscal year ended June 30, 2014, 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.....	\$ 48,542,488	\$ 54,572,508	\$ 3,337,944	\$ 3,634,057
<u>Adjustments</u>				
Net change in recording short-term interest accrual.....	-	(58)	-	13
To record encumbrances and continuing appropriations.....	-	(2,898,401)	-	2,898,401
To reclassify current year activity of stabilization funds to the general fund.....	6,764	-	(954,409)	2,961,265
To reclassify current year activity to the golf course enterprise fund.....	(2,504,649)	(2,404,328)	(586,000)	-
To reclassify current year activity to the transfer station enterprise fund.....	(1,482,815)	(1,034,341)	-	-
To reclassify current year activity to the beach enterprise fund.....	(1,596,115)	(1,133,867)	(153,400)	-
To reclassify current year activity to the harbor enterprise fund.....	(522,697)	(607,204)	(150,000)	-
To reclassify net activity transferred to the golf course enterprise fund back to the general fund.....	-	-	686,322	-
To reclassify net activity transferred to the transfer station enterprise fund back to the general fund.....	-	-	448,474	-
To reclassify net activity transferred to the beach enterprise fund back to the general fund.....	-	-	615,647	-
To reclassify net activity transferred to the harbor enterprise fund back to the general fund.....	-	-	65,494	-
Total adjustments.....	<u>(6,099,512)</u>	<u>(8,078,199)</u>	<u>(27,872)</u>	<u>5,859,679</u>
GAAP basis as reported on the statement of revenues, expenditures and changes in fund balances.....	\$ <u>42,442,976</u>	\$ <u>46,494,309</u>	\$ <u>3,310,072</u>	\$ <u>9,493,736</u>

**TOWN OF DENNIS, MASSACHUSETTS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2014**

**NOTE A BUDGETARY – GAAP RECONCILIATION (CONTINUED)**

**Community Preservation Fund**

	Expenditures	Fund Balance
Budgetary basis as reported on the schedule of revenues, expenditures and changes in fund balance - budget and actual.....	\$ 2,146,501	\$ 483,133
<u>Adjustments</u>		
To record encumbrances and continuing appropriations.....	(1,985,376)	1,985,376
GAAP basis as reported on the statement of revenues, expenditures and changes in fund balances.....	\$ 161,125	\$ 2,468,509