

TOWN OF MASHPEE, MASSACHUSETTS

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

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Independent Auditors' Report



Certified Public Accountants

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Independent Auditors' Report

To the Honorable Board of Selectmen
Town of Mashpee, Massachusetts

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Mashpee, Massachusetts, as of and for the year ended June 30, 2005, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Mashpee, Massachusetts' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Mashpee, Massachusetts, as of June 30, 2005, and the respective changes in financial position, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated January 20, 2006 on our consideration of the Town of Mashpee, Massachusetts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in conjunction with this report in considering the results of our audit.

The management's discussion and analysis on pages 4 through 12 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Sullivan, R. & Company, LLC

January 20, 2006

Management's Discussion and Analysis

As management of the Town of Mashpee, 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, 2005.

Financial Highlights

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$96,557,403 (net assets). Of this amount, \$12,299,311 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The Town's total net assets increased by \$1,707,285.
- As of the close of the fiscal year, the Town's governmental funds reported combined ending fund balances totaling \$15,281,999, a decrease of \$68,207 in comparison with the prior year. Approximately \$14,115,241 represents unreserved fund balance of the general fund, special revenue fund and permanent fund. The capital projects fund deficit totaling \$1,537,960 will be funded through the issuance of long-term debt in future fiscal years.
- At the end of the fiscal year, undesignated fund balance for the general fund totaled \$4,214,770, or 10.3 percent of total general fund expenditures.
- The Town's total long-term debt (gross) decreased by \$2,616,086 during the fiscal year; \$200,000 of new debt was issued.

Overview of the Basic Financial Statements

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

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

Government-wide financial statements

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

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

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

The government-wide financial statements present functions of the Town that are principally supported by taxes and intergovernmental revenues (*governmental activities*). Governmental activities include general government, public safety, education, public works, health and human services, culture and recreation and debt service (interest).

The government-wide financial statements can be found on pages 14-15 of this report.

Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The 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. Fiduciary funds

Governmental Funds

Governmental funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund 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 301 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, stabilization (special revenue) and landbank (special revenue) funds, each of which are considered to be major funds. Data from the other 298 governmental funds are combined into a single, aggregated presentation titled *nonmajor governmental funds*.

The Town adopts an annual appropriated budget for the general fund. A budgetary comparison statement has been provided to demonstrate compliance with the fiscal year 2005 budget.

The basic governmental funds financial statements can be found on pages 16-20 of this report.

Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's programs. The accounting used for fiduciary funds is similar to that used for the government-wide financial statements.

The basic fiduciary funds financial statement can be found on page 21 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 22-42 of this report.

Government-Wide Financial Analysis

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

Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The Town's assets exceeded liabilities by \$96,557,403 at the close of the fiscal year and are summarized as follows:

	<i>Governmental Activities</i>	
	2005	2004
Assets		
Current assets.....	\$ 22,933,314	\$ 22,241,073
Noncurrent assets (excluding capital assets).....	16,706,631	17,513,161
Capital assets (net).....	<u>93,252,819</u>	<u>93,430,200</u>
Total assets.....	<u>132,892,764</u>	<u>133,184,434</u>
Liabilities		
Current liabilities (excluding debt).....	2,958,726	2,971,279
Noncurrent liabilities (excluding debt).....	1,651,365	1,646,598
Current debt.....	4,800,612	4,305,441
Noncurrent debt.....	<u>26,924,658</u>	<u>29,410,998</u>
Total liabilities.....	<u>36,335,361</u>	<u>38,334,316</u>
Net Assets		
Invested in capital assets (net of related debt).....	79,097,856	77,032,348
Restricted.....	5,160,236	4,429,398
Unrestricted.....	<u>12,299,311</u>	<u>13,388,372</u>
Total net assets.....	<u>\$ 96,557,403</u>	<u>\$ 94,850,118</u>

By far the largest portion of the Town's net assets (81.9%) reflects its investment in capital assets (e.g., land, buildings and improvements, machinery, vehicles and equipment, infrastructure and construction in progress), less any related outstanding debt used to acquire those assets. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net assets (5.4%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (12.7% or \$12,299,311) may be used to meet the Town's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Town reports positive balances in all three categories of net assets.

Changes in Net Assets

For the fiscal year ended June 30, 2005, the Town's total net assets increased by \$1,707,285, compared to an increase of \$2,414,466 in the prior fiscal year. These amounts are summarized as follows:

	<i>Governmental Activities</i>	
	<u>2005</u>	<u>2004</u>
Revenues		
<i>Program Revenues:</i>		
Charges for services.....	\$ 4,140,956	\$ 3,778,031
Operating grants and contributions.....	7,357,329	7,137,539
Capital grants and contributions.....	961,996	924,687
<i>General Revenues:</i>		
Real estate and personal property taxes.....	28,585,107	27,063,236
Motor vehicle and other excise taxes.....	1,954,311	1,710,451
Tax liens.....	37,309	57,461
Penalties and interest on taxes.....	305,003	298,842
Landbank surcharges.....	856,694	805,002
Grants and contributions not restricted to specific programs.....	1,178,968	1,019,827
Unrestricted investment income.....	271,056	105,952
Premium from issuance of bonds and notes.....	-	7,264
Loss on disposal of capital assets.....	(571,711)	-
Total revenues.....	<u>45,077,018</u>	<u>42,908,292</u>
Expenses		
General government.....	3,716,169	3,631,278
Public safety.....	8,419,478	7,393,955
Education.....	24,194,709	22,943,499
Public works.....	3,461,040	3,294,319
Health and human services.....	1,040,939	832,567
Culture and recreation.....	986,328	889,604
Debt service - interest.....	<u>1,551,070</u>	<u>1,508,604</u>
Total expenses.....	<u>43,369,733</u>	<u>40,493,826</u>
Change in net assets.....	1,707,285	2,414,466
Net assets - beginning of year.....	<u>94,850,118</u>	<u>92,435,652</u>
Net assets - end of year.....	<u>\$ 96,557,403</u>	<u>\$ 94,850,118</u>

In the prior year, governmental activities increased the Town's net assets by \$2,414,466. The key element of this change was a loss on the disposal of capital assets totaling approximately \$572,000.

Fund Financial Statement Analysis

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

Governmental funds

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

At the end of the current fiscal year, the governmental funds reported combined ending fund balances totaling \$15,281,999, a decrease of \$68,207 in comparison with the prior year. Approximately 84.2% of this total amount (\$12,869,561), represents undesignated fund balance of the general fund, special revenue fund and permanent fund. The capital projects fund deficit of \$1,537,960 will be funded through the issuance of long-term debt in future fiscal years. The remainder of fund balance is designated or reserved to indicate that it is not available for new spending because it has already been committed to:

- Liquidate contracts and purchase orders of the prior period (\$828,956)
- Title V septic loans (\$421,974)
- Perpetual permanent funds (\$45,052)
- Other specific purposes (\$1,408,736)
- Fund a portion of the fiscal year 2006 budget (\$1,245,680)

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, undesignated fund balance of the general fund totaled \$4,214,770, while total fund balance was \$6,289,406. As a measure of the general fund's liquidity, it may be useful to compare both undesignated fund balance and total fund balance to total general fund expenditures. Undesignated fund balance represents 10.3% of total general fund expenditures, while total fund balance represents 15.3% of that same amount.

The balance of the Town's general fund increased by \$191,477 during the current fiscal year. Although the Town recognized an approximate \$3,368,000 budgetary surplus (budget vs. actual activity), approximately \$2,974,000 of reserves was utilized for spending during fiscal year 2005.

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

The fund balance of the stabilization fund (special revenue) increased by \$62,732 during the current fiscal year. This is attributable to investment income earned by the fund during fiscal year 2005.

The fund balance of the landbank fund (special revenue) increased by \$251,808 during the current fiscal year. This is primarily attributable to the receipt of approximately \$852,000 in surcharges.

General Fund Budgetary Highlights

The original general fund budget of \$41,225,020 was increased by \$618,553 (1.5%) during the fiscal year. The following table summarizes the increase:

<u>Purpose of Increase</u>	<u>Amount</u>	<u>Funding Source</u>
Snow and ice.....	\$ 191,000	Undesignated fund balance
Public safety salaries and wages.....	149,749	Undesignated fund balance
PAP/Special contracts.....	56,309	Undesignated fund balance
Administration union contract.....	55,500	Undesignated fund balance
DPW union contract.....	33,580	Undesignated fund balance
Public safety expenditures.....	27,091	Undesignated fund balance
Clerical union contract.....	26,195	Undesignated fund balance
Unpaid bills.....	24,080	Undesignated fund balance
Employee benefits.....	22,585	Undesignated fund balance
General government salaries and wages.....	20,385	Undesignated fund balance
Leisure services salaries and wages.....	7,564	Undesignated fund balance
Buildings and grounds expense.....	<u>4,515</u>	Undesignated fund balance
 Total increase.....	 \$ <u><u>618,553</u></u>	

During the fiscal year, general fund revenues exceeded budgetary estimates while expenditures were less than budgetary estimates, resulting in an actual increase in fund balance that exceeded the final amended budget amount by approximately \$3,368,000.

Capital Asset and Debt Administration

Capital assets

The Town’s investment in capital assets for its governmental type activities at the end of the fiscal year totaled \$93,252,819 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery, vehicles and equipment, infrastructure and construction in progress. The total decrease in the investment in capital assets for the current fiscal year totaled 0.2%.

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

- Continued construction of the senior citizen center (approximately \$1,395,000)
- Roadway improvements (approximately \$301,000)
- Purchase of public safety machinery, vehicles and equipment (approximately \$162,000)

The following table summarizes the Town’s capital assets (net of accumulated depreciation):

	<i>Governmental Activities</i>	
	<u>2005</u>	<u>2004</u>
Land.....	\$ 48,947,437	\$ 48,710,955
Buildings and improvements.....	39,551,098	40,623,156
Machinery, vehicles and equipment.....	1,856,462	2,632,047
Infrastructure.....	532,180	236,808
Construction in progress.....	<u>2,365,642</u>	<u>1,227,234</u>
 Total capital assets.....	 <u>\$ 93,252,819</u>	 <u>\$ 93,430,200</u>

Additional information on the Town’s capital assets can be found in Note 5 on page 35 of this report.

Long-Term Debt

At the end of the current fiscal year, total bonded debt (gross) outstanding was \$29,837,768, which is backed by the full faith and credit of the Town, and is summarized as follows:

	<i>Governmental Activities</i>	
	<u>2005</u>	<u>2004</u>
General obligation bonds.....	\$ 28,540,000	\$ 31,300,000
MWPAT notes.....	<u>1,297,768</u>	<u>1,153,854</u>
 Total bonds and notes.....	 <u>\$ 29,837,768</u>	 <u>\$ 32,453,854</u>

The Town retired \$2,816,086 of long-term debt during the current fiscal year, with new debt issuances totaling \$200,000.

The Town’s bond rating from Standard & Poors is AAA.

Additional information on the Town’s long-term debt can be found in Note 8 on pages 37-40 of this report.

Economic Factors and Next Year’s Budgets and Rates

The following factors were considered in preparing the Town’s fiscal year 2006 budget:

The most significant factor was, once again, the sharp increase in the medical health insurance costs. The Town also experienced a significant increase in the Town insurance premium costs. This increase was mainly due to higher premiums. There was also an increase in the Town’s share of the retirement assessment for fiscal year 2006. The Town also decided to add the position of Finance Director, resulting in the addition of a full-time salary expense, along with an expense budget. With the exception of the Finance Director position, the Town has little control over these increases. As a result of these increases, there were minimal increases elsewhere in the operating budgets and departments were asked to trim their budget requests. In the development of the fiscal year 2006 budget, the Town Manager looked to increase revenue and cut expenses, as much as possible, while maintaining an acceptable level of service.

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 Finance Director, Town Hall, 16 Great Neck Road North, Mashpee, Massachusetts 02649.

Basic Financial Statements

STATEMENT OF NET ASSETS

JUNE 30, 2005

ASSETS	Governmental Activities
Current assets:	
Cash and cash equivalents.....	\$ 11,594,927
Restricted cash and cash equivalents.....	4,896,127
Investments.....	2,028,742
Receivables, net of allowance for uncollectible amounts:	
Real estate and personal property taxes.....	1,280,055
Tax liens.....	270,158
Motor vehicle and other excise taxes.....	269,065
Landbank surcharges.....	41,457
Special assessments.....	16,269
Departmental and other.....	285,379
Intergovernmental.....	1,564,199
Loans.....	42,197
Tax foreclosures.....	644,739
Total current assets.....	22,933,314
Noncurrent assets:	
Receivables, net of allowance for uncollectible amounts:	
Real estate tax deferrals.....	51,710
Special assessments.....	1,086,605
Intergovernmental.....	15,188,539
Loans.....	379,777
Capital assets not being depreciated.....	51,313,079
Capital assets, net of accumulated depreciation.....	41,939,740
Total noncurrent assets.....	109,959,450
Total assets.....	132,892,764
 LIABILITIES	
Current liabilities:	
Warrants payable.....	719,931
Accrued payroll.....	1,222,276
Tax refunds payable.....	114,516
Other liabilities.....	163,120
Abandoned property.....	7,573
Liabilities due depositors.....	95,256
Accrued interest.....	487,613
Landfill closure.....	25,000
Compensated absences.....	123,441
Short-term notes payable.....	2,104,272
Long-term bonds and notes payable.....	2,696,340
Total current liabilities.....	7,759,338
Noncurrent liabilities:	
Landfill closure.....	540,400
Compensated absences.....	1,110,965
Long-term bonds and notes payable.....	26,924,658
Total noncurrent liabilities.....	28,576,023
Total liabilities.....	36,335,361
 NET ASSETS	
Invested in capital assets, net of related debt.....	79,097,856
Restricted for:	
Loans.....	421,974
Landbank.....	3,260,684
Permanent funds:	
Expendable.....	23,790
Nonexpendable.....	45,052
Other specific purposes.....	1,408,736
Unrestricted.....	12,299,311
Total net assets.....	\$ 96,557,403

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

Functions/Programs	Program Revenues					Net
Expenses	Charges for	Operating	Grants and	Capital	Grants and	(Expense)/
	Services	Contributions	Contributions	Contributions	Revenue	Revenue
Primary government:						
Governmental activities:						
General government.....	\$ 3,716,169	\$ 916,281	\$ 554,019	\$ -	\$ -	\$ (2,245,869)
Public safety.....	8,419,478	1,328,488	166,231	247,680	-	(6,677,079)
Education.....	24,194,709	507,285	5,580,097	-	-	(18,107,327)
Public works.....	3,461,040	756,702	83,773	714,316	-	(1,906,249)
Health and human services.....	1,040,939	191,790	318,434	-	-	(530,715)
Culture and recreation.....	986,328	440,410	20,365	-	-	(525,553)
Debt service - interest.....	1,551,070	-	634,410	-	-	(916,660)
Total governmental activities.....	\$ 43,369,733	\$ 4,140,956	\$ 7,357,329	\$ 961,996	-	(30,909,452)
<i>General revenues:</i>						
						28,585,107
						1,954,311
						37,309
						305,003
						856,694
						1,178,968
						271,056
						(571,711)
Total general revenues.....						32,616,737
Change in net assets.....						1,707,285
Net assets - beginning of year.....						94,850,118
Net assets - end of year.....						\$ 96,557,403

See notes to basic financial statements.

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2005

ASSETS	General	Stabilization	Landbank	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents.....	\$ 6,186,926	\$ 2,714,446	\$ -	\$ 2,693,555	\$ 11,594,927
Investments.....	2,028,742	-	-	-	2,028,742
Receivables, net of allowance for uncollectible amounts:					
Real estate and personal property taxes.....	1,280,055	-	-	-	1,280,055
Real estate tax deferrals.....	51,710	-	-	-	51,710
Tax liens.....	260,295	-	-	9,863	270,158
Motor vehicle and other excise taxes.....	269,065	-	-	-	269,065
Landbank surcharges.....	-	-	41,457	-	41,457
Special assessments.....	-	-	-	1,102,874	1,102,874
Departmental and other.....	24,489	-	-	260,890	285,379
Intergovernmental.....	16,281,384	-	-	471,354	16,752,738
Loans.....	-	-	-	421,974	421,974
Tax foreclosures.....	644,739	-	-	-	644,739
Restricted assets:					
Cash and cash equivalents.....	-	-	3,219,227	1,676,900	4,896,127
TOTAL ASSETS.....	\$ 27,027,405	\$ 2,714,446	\$ 3,260,684	\$ 6,637,410	\$ 39,639,945
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Warrants payable.....	\$ 714,597	\$ -	\$ -	\$ 5,334	\$ 719,931
Accrued payroll.....	1,222,276	-	-	-	1,222,276
Tax refunds payable.....	114,516	-	-	-	114,516
Other liabilities.....	163,120	-	-	-	163,120
Abandoned property.....	7,573	-	-	-	7,573
Liabilities due depositors.....	-	-	-	95,256	95,256
Deferred revenue.....	18,484,126	-	41,457	1,373,628	19,899,211
Accrued short-term interest.....	31,791	-	-	-	31,791
Short-term notes payable.....	-	-	-	2,104,272	2,104,272
TOTAL LIABILITIES.....	20,737,999	-	41,457	3,578,490	24,357,946
FUND BALANCES:					
Reserved for:					
Encumbrances and continuing appropriations.....	828,956	-	-	-	828,956
Loans.....	-	-	-	421,974	421,974
Perpetual permanent funds.....	-	-	-	45,052	45,052
Other specific purposes.....	-	-	-	1,408,736	1,408,736
Unreserved:					
Designated for subsequent year's expenditures.....	1,245,680	-	-	-	1,245,680
Undesignated, reported in:					
General fund.....	4,214,770	-	-	-	4,214,770
Special revenue funds.....	-	2,714,446	3,219,227	2,697,328	8,631,001
Capital projects funds.....	-	-	-	(1,537,960)	(1,537,960)
Permanent funds.....	-	-	-	23,790	23,790
TOTAL FUND BALANCES.....	6,289,406	2,714,446	3,219,227	3,058,920	15,281,999
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 27,027,405	\$ 2,714,446	\$ 3,260,684	\$ 6,637,410	\$ 39,639,945

See notes to basic financial statements.

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	General	Stabilization	Landbank	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Real estate and personal property taxes.....	\$ 28,271,706	\$ -	\$ -	\$ -	\$ 28,271,706
Motor vehicle and other excise taxes.....	1,916,872	-	-	-	1,916,872
Tax liens.....	119,972	-	-	-	119,972
Landbank surcharges.....	-	-	851,824	-	851,824
Charges for services.....	196,164	-	-	1,224,275	1,420,439
Trash disposal.....	532,309	-	-	-	532,309
Intergovernmental	7,356,767	-	-	2,988,693	10,345,460
Special assessments.....	-	-	-	196,487	196,487
Penalties and interest on taxes.....	301,412	-	-	3,591	305,003
Licenses, permits and fees.....	981,313	-	49,543	689,704	1,720,560
Fines and forfeitures.....	43,344	-	-	-	43,344
Departmental.....	-	-	-	142,863	142,863
Contributions and gifts.....	-	-	-	56,701	56,701
Investment income.....	271,056	62,732	60,109	10,494	404,391
TOTAL REVENUES.....	39,990,915	62,732	961,476	5,312,808	46,327,931
EXPENDITURES					
Current:					
General government.....	2,348,093	-	-	582,930	2,931,023
Public safety.....	6,157,282	-	-	537,037	6,694,319
Education.....	17,602,990	-	-	1,717,169	19,320,159
Public works.....	2,804,257	-	-	612,129	3,416,386
Health and human services.....	455,509	-	-	1,768,798	2,224,307
Culture and recreation.....	490,495	-	-	346,077	836,572
Pension benefits.....	2,052,213	-	-	-	2,052,213
Employee benefits.....	3,713,222	-	-	-	3,713,222
Property and liability insurance.....	418,438	-	-	-	418,438
State and county charges.....	598,724	-	-	-	598,724
Debt service:					
Principal.....	2,816,086	-	-	-	2,816,086
Interest.....	1,574,689	-	-	-	1,574,689
TOTAL EXPENDITURES.....	41,031,998	-	-	5,564,140	46,596,138
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(1,041,083)	62,732	961,476	(251,332)	(268,207)
OTHER FINANCING SOURCES (USES)					
Transfers in.....	1,292,560	-	-	60,000	1,352,560
Proceeds of bonds and notes.....	-	-	-	200,000	200,000
Transfers out.....	(60,000)	-	(709,668)	(582,892)	(1,352,560)
TOTAL OTHER FINANCING SOURCES (USES).....	1,232,560	-	(709,668)	(322,892)	200,000
NET CHANGE IN FUND BALANCES.....	191,477	62,732	251,808	(574,224)	(68,207)
FUND BALANCES AT BEGINNING OF YEAR.....	6,097,929	2,651,714	2,967,419	3,633,144	15,350,206
FUND BALANCES AT END OF YEAR.....	\$ 6,289,406	\$ 2,714,446	\$ 3,219,227	\$ 3,058,920	\$ 15,281,999

See notes to basic financial statements.

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

Total governmental fund balances (page 16).....	\$	15,281,999
Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.....		93,252,819
Other assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.....		19,899,211
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in the governmental funds interest is not reported until due.....		(455,822)
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, net of unamortized premiums and deferred losses on refundings.....		(29,620,998)
Landfill closure.....		(565,400)
Compensated absences.....		<u>(1,234,406)</u>
Net assets of governmental activities (page 14).....	\$	<u><u>96,557,403</u></u>

See notes to basic financial statements.

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

Net change in fund balances - total governmental funds (page 17).....	\$	(68,207)
<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.....		2,821,283
Depreciation.....		(2,426,953)
<p>In the statement of activities, the loss on the disposal of capital assets is reported, whereas in the governmental funds the loss on the disposal of capital assets is not reported as financial resources. As a result, the change in net assets differs from the change in fund balance by the loss on the disposal of capital assets.....</p>		
		(571,711)
<p>Revenues in the statement of activities that do not provide current financial resources are fully deferred in the statement of revenues, expenditures and changes in fund balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred revenue.....</p>		
		(679,202)
<p>The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any impact on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. These amounts represent the related activity of the current period.</p>		
Bond proceeds.....		(200,000)
Bond maturities.....		2,816,086
Amortization of bond premiums.....		126,396
Amortization of deferred losses on refundings.....		(147,041)
<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>		
		44,264
<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>		
Landfill closure.....		21,000
Compensated absences.....		(28,630)
Changes in net assets of governmental activities (page 15).....	\$	1,707,285

See notes to basic financial statements.

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Original Budget	Final Budget	Actual	Variance Positive/ (Negative)
REVENUES				
Real estate and personal property taxes.....	\$ 28,204,651	\$ 28,204,651	\$ 28,398,442	\$ 193,791
Motor vehicle and other excise taxes.....	1,793,896	1,793,896	1,916,872	122,976
Tax liens.....	-	-	119,972	119,972
Charges for services.....	55,000	55,000	196,164	141,164
Trash disposal.....	312,000	312,000	532,309	220,309
Intergovernmental	6,230,719	6,230,719	6,585,219	354,500
Penalties and interest on taxes.....	135,000	135,000	301,412	166,412
Licenses, permits and fees.....	695,700	695,700	981,313	285,613
Fines and forfeitures.....	39,800	39,800	43,344	3,544
Investment income.....	110,000	110,000	271,056	161,056
TOTAL REVENUES.....	37,576,766	37,576,766	39,346,103	1,769,337
EXPENDITURES				
Current:				
General government.....	2,877,321	2,921,921	2,348,093	573,828
Public safety.....	6,183,136	6,430,237	6,157,282	272,955
Education.....	17,793,275	17,793,275	17,551,270	242,005
Public works.....	2,928,630	3,174,188	2,804,257	369,931
Health and human services.....	473,945	487,245	455,509	31,736
Culture and recreation.....	492,487	507,251	490,495	16,756
Pension benefits.....	1,332,022	1,332,587	1,332,587	-
Employee benefits.....	3,736,141	3,758,726	3,713,222	45,504
Property and liability insurance.....	390,500	420,580	418,438	2,142
State and county charges.....	594,974	594,974	598,724	(3,750)
Debt service:				
Principal.....	2,807,591	2,807,591	2,807,591	-
Interest.....	1,554,998	1,554,998	1,507,115	47,883
TOTAL EXPENDITURES.....	41,165,020	41,783,573	40,184,583	1,598,990
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(3,588,254)	(4,206,807)	(838,480)	3,368,327
OTHER FINANCING SOURCES (USES)				
Transfers in.....	1,292,560	1,292,560	1,292,560	-
Transfers out.....	(60,000)	(60,000)	(60,000)	-
TOTAL OTHER FINANCING SOURCES (USES)....	1,232,560	1,232,560	1,232,560	-
NET CHANGE IN FUND BALANCE.....	(2,355,694)	(2,974,247)	394,080	3,368,327
FUND BALANCE AT BEGINNING OF YEAR.....	5,714,026	5,714,026	5,714,026	-
FUND BALANCE AT END OF YEAR.....	\$ 3,358,332	\$ 2,739,779	\$ 6,108,106	\$ 3,368,327

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS

JUNE 30, 2005

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents.....	\$ <u><u>1,225,120</u></u>
LIABILITIES	
Liabilities due depositors.....	\$ <u><u>1,225,120</u></u>

See notes to basic financial statements.

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 Mashpee, 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, account groups, 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 Ventures

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 one joint venture 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 venture and related information:

<u>Name</u>	<u>Purpose</u>	<u>Address</u>	<u>Fiscal Year 2005 Assessment</u>
Cape Cod Regional Technical High School	To provide vocational educational services	351 Pleasant Lake Avenue Harwich, MA 02645	\$ 521,550

The Cape Cod Regional Technical High School (School) is governed by a 21 member school committee consisting of two representatives (appointed by the Board of Selectmen) 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.

C. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The government-wide financial statements (statement of net assets and the statement activities) report information on all non-fiduciary activities of the primary government. *Governmental activities* are primarily supported by taxes and intergovernmental revenues.

Fund Financial Statements

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

D. Measurement Focus, Basis of Accounting and Basis of Presentation

Government-Wide and Fund Financial Statements

The government-wide financial statements apply all applicable Financial Accounting Standards Board (FASB) pronouncements issued on or prior to November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

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 are restricted to meeting the operational requirements of a specific function or segment.
- Grants and contributions that are restricted to meeting the capital requirements of a specific function or segment.

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

The effect of interfund activity has been eliminated from the government-wide financial statements.

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 and landfill closure costs 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 the primary operating fund. It is used to account for all financial resources, except those required to be accounted for in another fund.

The *stabilization fund* is a special revenue fund used to account for the accumulation of resources to provide general and/or capital reserves. Use of this fund is subject to Town Meeting approval.

The *landbank fund* is a special revenue fund used to account for the accumulation of resources to acquire land for conservation and recreational 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:

The *special revenue fund* is used to account for the proceeds of specific revenue sources (other than capital projects funds or permanent funds) that are restricted by law or administrative action to expenditures for specified purposes.

The *capital projects fund* is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

The *permanent fund* is used to account for financial resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the governmental programs.

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

The following fiduciary fund type is reported:

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

E. Cash 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.

F. Accounts Receivable

Government-Wide and Fund Financial Statements

The recognition of revenue related to accounts receivable reported in the government-wide financial statements and fund financial statements are reported under the accrual basis of accounting and the modified accrual basis of accounting, respectively.

Real Estate Taxes, Personal Property Taxes and Tax Liens

Real estate and personal property taxes are levied and based on values assessed on January 1st 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 November 1st, February 1st, May 1st and August 1st and are subject to penalties and interest if they are not paid by the respective due date. Real estate and personal property taxes levied are recorded as receivables in the fiscal year of the levy.

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

Motor Vehicle and Other Excise Taxes

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

Landbank Surcharges

Landbank surcharges are levied annually and at a rate of 3% of residents' real estate tax bills. The surcharge is due with the real estate tax on November 1st, February 1st, May 1st and August 1st and are 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.

Special Assessments

Special assessments consist of street betterments and are recorded as receivables in the fiscal year accrued.

Departmental and Other

Departmental and other receivables represent amounts due from ambulance fees and other various departmental activities. These receivables are recorded when the service has been provided or the applicable agreement has been entered into.

Intergovernmental

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

Loans

The Town administers various loan programs to residents that provide assistance to comply with Title V (related to septic systems) requirements. Loans are recorded as receivables upon issuance.

G. Allowance for Uncollectible Accounts

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

- Personal property taxes
- Motor vehicle and other excise taxes
- 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 accounts is not reported.

- Real estate taxes
- Tax liens
- Landbank surcharges
- Special assessments
- Loans

Intergovernmental receivables are considered 100% collectible.

H. InventoriesGovernment-Wide and Fund Financial Statements

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.

I. Restricted AssetsGovernment-Wide and Fund Financial Statements

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

J. Capital AssetsGovernment-Wide and Proprietary Fund Financial Statements

Capital assets, which consist of land, construction in progress, buildings and improvements, machinery, vehicles and equipment, and infrastructure, are reported in the governmental activities column of the government-wide financial statements. Pursuant to GASB Statement No. 34, the Town is eligible to defer, until fiscal year 2007, the requirement to record and depreciate its governmental funds infrastructure assets (i.e. roads, sidewalks, etc.) acquired before the effective implementation date. Therefore, infrastructure acquired prior to July 1, 2002 has not been reported.

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. Construction period interest is not capitalized on constructed capital assets.

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

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

<u>Capital Asset Type</u>	<u>Estimated Useful Life (in years)</u>
Buildings and improvements.....	20 - 40
Machinery, vehicles and equipment.....	3 - 15
Infrastructure.....	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.

K. Interfund Receivables and Payables

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

Government-Wide Financial Statements

Transactions of a buyer/seller nature between and within governmental funds are eliminated from the governmental activities in the statement of net assets.

Fund Financial Statements

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

L. Interfund Transfers

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

Government-Wide Financial Statements

Transfers between and within governmental funds are eliminated from the governmental activities in the statement of net assets.

Fund Financial Statements

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

M. Deferred Revenue

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

N. Net Assets and Fund Equity

Government-Wide Financial Statements (Net Assets)

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

Net assets have been "restricted" for the following:

"Loans" represents outstanding septic loans receivable.

"Landbank" represents amounts restricted for the purpose of acquiring land for conservation and recreational 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.

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

Fund Financial Statements (Fund Balances)

Fund balances are reserved for amounts that are not available for appropriation or are legally restricted by outside parties for a specific future use. Designations of fund balance represent tentative management plans that are subject to change.

Fund balances have been "reserved for" the following:

"Encumbrances and continuing appropriations" represents amounts obligated under purchase orders, contracts and other commitments for expenditures that are being carried over to the ensuing fiscal year.

"Loans" represents outstanding septic loans receivable.

"Perpetual permanent funds" represents amounts held in trust for which only investment earnings may be expended.

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

Fund balances have been "designated for" the following:

"Subsequent year's expenditures" represents amounts appropriated for the fiscal year 2006 operating budget.

O. Long-term DebtGovernment-Wide Financial Statements

Long-term debt is reported as liabilities in the government-wide statement of net assets. Material bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

Governmental Fund Financial Statements

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

P. 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).

Q. Compensated Absences

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

Government-Wide 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.

R. Post Retirement BenefitsGovernment-Wide and Fund Financial Statements

In addition to providing pension benefits, health insurance coverage is provided (on a pay-as-you-go basis) for retired employees and their survivors in accordance with MGL Chapter 32. These costs are recognized by recording the employer's 75% share of insurance premiums in the general fund in the fiscal year paid. For the fiscal year ended June 30, 2005, this expenditure totaled approximately \$541,000. There were approximately 79 participants eligible to receive benefits at June 30, 2005.

S. Use of EstimatesGovernment-Wide and Fund Financial Statements

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

T. Total Column**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 or transfers between and within departments subsequent to the approval of the annual budget, requires majority Board approval via Special Town Meeting.

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. These carry forwards are included as part of the subsequent fiscal year's original budget.

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 2005 approved budget for the general fund authorized \$41,225,020 in appropriations and other amounts to be raised. During fiscal year 2005, supplemental appropriations totaling \$618,553 were authorized.

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

B. Budgetary - GAAP Reconciliation

For budgetary financial reporting purposes, the Uniform Massachusetts Accounting System basis of accounting (established by the Commonwealth) is followed, which differs from the GAAP basis of accounting. A reconciliation of budgetary-basis to GAAP-basis results for the general fund for the fiscal year ended June 30, 2005, is presented below:

	<u>Revenues</u>	<u>Expenditures</u>
Budgetary basis as reported on the statement of revenues, expenditures and changes in fund balance - budget and actual.....	\$ 39,346,103	\$ 40,184,583
<u>Adjustments</u>		
Net change in recording 60-day receipts.....	(131,193)	-
Net change in recording tax refunds payable.....	4,457	-
To record activity for MTRS on-behalf payments.....	719,626	719,626
To record activity for MWPAT subsidies.....	51,922	51,922
Net change in recording short-term interest accrual.....	-	24,147
Net change in recording other expenditures.....	-	51,720
GAAP basis as reported on the statement of revenues, expenditures and changes in fund balances.....	<u>\$ 39,990,915</u>	<u>\$ 41,031,998</u>

C. Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2005, expenditures exceeded appropriations for state and county charges. This over-expenditure will be funded by available funds during fiscal year 2006.

D. Fund Deficits

At June 30, 2005, the following fund deficits exist:

<u>Fund</u>	<u>Amount</u>	<u>Funding Source</u>
Senior citizen building capital projects fund.....	\$ (1,438,748)	Issuance of long-term debt
Seabrook Village capital projects fund.....	(145,664)	Issuance of long-term debt
Algonquin Avenue capital projects fund.....	(139,885)	Issuance of long-term debt
Fire station capital projects fund.....	(12,986)	Available funds
Police officer duty special revenue fund.....	(7,873)	Charges for services
Byrne grant special revenue fund.....	(583)	Federal grant
Project success grant special revenue fund.....	(240)	State grant

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).

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 permanent 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 rely on FDIC and DIF insurance coverage and to collateralize an additional portion of their deposits. As of June 30, 2005, \$7,155,656 of the Town’s bank balance of \$18,280,906 was uninsured and uncollateralized and, therefore, exposed to custodial credit risk.

Investments Summary

The Town’s investments at June 30, 2005 are presented below. All investments are presented by investment type, with debt securities presented by maturity.

Investment Type	Fair Value	Investment Maturities (in Years)	
		Less Than 1	1 - 5
<u>Debt Securities:</u>			
U.S. Agencies.....	\$ 2,028,742	\$ 148,610	\$ 1,880,132
Money market mutual funds.....	47,168	47,168	-
Mutual bond funds.....	77,169	77,169	-
Total investments.....	\$ <u>2,153,079</u>	\$ <u>272,947</u>	\$ <u>1,880,132</u>

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 does not have a policy for custodial credit risk of investments. As of June 30, 2005, the Town was not exposed to custodial credit risk.

Investments - Credit Risk of Debt Securities

Credit risk for debt securities is the risk that an issuer or other counterparty to a debt security will not fulfill its obligations. The Town does not have a policy for credit risk of debt securities. As of June 30, 2005, the credit quality ratings of the Town’s debt securities are as follows:

Investment Type	Fair Value	Quality Ratings *	
		A	Unrated
Money market mutual funds.....	\$ 47,168	\$ -	\$ 47,168
Mutual bond funds.....	77,169	77,169	-
Total.....	\$ <u>124,337</u>	\$ <u>77,169</u>	\$ <u>47,168</u>

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

NOTE 4 - ACCOUNTS RECEIVABLE

At June 30, 2005, receivables for the individual major governmental funds and nonmajor governmental and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Real estate and personal property taxes.....	\$ 1,480,051	\$ (199,996)	\$ 1,280,055
Real estate tax deferrals.....	51,710	-	51,710
Tax liens.....	270,158	-	270,158
Motor vehicle and other excise taxes.....	508,990	(239,925)	269,065
Community preservation surcharges.....	41,457	-	41,457
Special assessments.....	1,102,874	-	1,102,874
Departmental and other.....	1,269,702	(984,323)	285,379
Intergovernmental.....	16,752,738	-	16,752,738
Loans.....	421,974	-	421,974
	\$ <u>21,899,654</u>	\$ <u>(1,424,244)</u>	\$ <u>20,475,410</u>

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

<u>Receivable type:</u>	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Real estate and personal property taxes.....	\$ 952,444	\$ -	\$ 952,444
Real estate tax deferrals.....	51,710	-	51,710
Tax liens.....	260,295	9,864 (b)	270,159
Motor vehicle and other excise taxes.....	269,065	-	269,065
Community preservation surcharges.....	-	41,457 (a)	41,457
Special assessments.....	-	1,102,874 (b)	1,102,874
Departmental and other.....	24,489	260,890 (b)	285,379
Intergovernmental (state school construction).....	16,112,000	-	16,112,000
Intergovernmental (other state and federal).....	169,384	-	169,384
Tax foreclosures.....	644,739	-	644,739
 Total.....	 <u>\$ 18,484,126</u>	 <u>\$ 1,415,085</u>	 <u>\$ 19,899,211</u>

- (a) Landbank Fund (Major Fund)
- (b) Nonmajor Governmental Funds

The Commonwealth has approved school construction assistance. The assistance program, which is administered by the Massachusetts School Building Authority, provides resources for future debt service of general obligation school bonds outstanding. During fiscal year 2005, \$1,628,186 of such assistance was received. Approximately \$19,435,000 will be received in future fiscal years. Of this amount, approximately \$3,323,000 represents reimbursement of long-term interest costs, and approximately \$16,112,000 represents reimbursement of approved construction costs. Accordingly, a \$16,112,000 intergovernmental receivable and corresponding deferred revenue have been reported in the governmental funds financial statements. The deferred revenue has been recognized as revenue in the conversion to the government-wide financial statements.

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2005, is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 48,710,955	\$ 236,482	\$ -	\$ 48,947,437
Construction in progress.....	1,227,234	1,537,205	(398,797)	2,365,642
Total capital assets not being depreciated.....	<u>49,938,189</u>	<u>1,773,687</u>	<u>(398,797)</u>	<u>51,313,079</u>
<u>Capital assets being depreciated:</u>				
Buildings and improvements.....	58,626,924	398,797	-	59,025,721
Machinery, vehicles and equipment.....	5,227,906	746,144	(888,567)	5,085,483
Infrastructure.....	243,208	301,452	-	544,660
Total capital assets being depreciated.....	<u>64,098,038</u>	<u>1,446,393</u>	<u>(888,567)</u>	<u>64,655,864</u>
<u>Less accumulated depreciation for:</u>				
Buildings and improvements.....	(18,003,768)	(1,470,855)	-	(19,474,623)
Machinery, vehicles and equipment.....	(2,595,859)	(950,018)	316,856	(3,229,021)
Infrastructure.....	(6,400)	(6,080)	-	(12,480)
Total accumulated depreciation.....	<u>(20,606,027)</u>	<u>(2,426,953)</u>	<u>316,856</u>	<u>(22,716,124)</u>
Total capital assets being depreciated, net.....	<u>43,492,011</u>	<u>(980,560)</u>	<u>(571,711)</u>	<u>41,939,740</u>
Total governmental activities capital assets, net.....	<u>\$ 93,430,200</u>	<u>\$ 793,127</u>	<u>\$ (970,508)</u>	<u>\$ 93,252,819</u>

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

Governmental Activities:	
General government.....	\$ 153,840
Public safety.....	408,527
Education.....	1,252,234
Public works.....	539,901
Culture and recreation.....	72,451
Total depreciation expense - governmental activities.....	<u>\$ 2,426,953</u>

NOTE 6 - INTERFUND TRANSFERS

Interfund transfers for the fiscal year ended June 30, 2005, are summarized as follows:

Transfers Out:	Transfers In:		
	General Fund	Nonmajor Governmental Funds	Total
General Fund.....	\$ -	\$ 60,000	\$ 60,000 (1)
Landbank Fund.....	709,668	-	709,668 (2)
Nonmajor Governmental Funds.....	582,892	-	582,892 (3)
	<u>\$ 1,292,560</u>	<u>\$ 60,000</u>	<u>\$ 1,352,560</u>

(1) Represents budgeted transfer to the nonmajor governmental funds.

(2) Represents budgeted transfers to fund debt service principal and interest.

(3) Represents budgeted transfers to the general fund from ambulance receipts (\$250,000); hotel/ motel receipts (\$11,000); conservation fund (\$12,798); shellfish receipts (\$14,000); street betterment fund (\$206,719); waterway receipts (\$80,375); and cemetery receipts (\$8,000).

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 for short-term borrowings are accounted for in the general fund.

Details related to the short-term debt activity for the fiscal year ended June 30, 2005, are as follows:

Type	Description	Origination Date	Maturity Date	Interest Rate	Balance at June 30, 2004	Increases	Decreases	Balance at June 30, 2005
GAN	Senior citizens addition.....	2/27/04	11/19/04	1.50%	\$ 1,500,000	\$ -	\$ (1,500,000)	\$ -
BAN	Algonquin Avenue.....	9/22/04	9/22/05	2.60%	-	263,388	-	263,388
BAN	Seabrook Village.....	9/22/04	9/22/05	2.60%	-	340,884	-	340,884
GAN	Senior citizens addition.....	11/19/04	9/22/05	2.25%	-	1,500,000	-	1,500,000
	Total.....				<u>\$ 1,500,000</u>	<u>\$ 2,104,272</u>	<u>\$ (1,500,000)</u>	<u>\$ 2,104,272</u>

Subsequent Events

On September 22, 2005, the Town issued a BAN totaling \$604,272 for land acquisition. The note carries an interest rate of 3.75% and matures on September 22, 2006. This BAN renews \$263,388 and \$340,884 of BANs for Algonquin Avenue and Seabrook Village, respectively, which matured on September 22, 2005.

On November 29, 2005, the Town issued a GAN totaling \$1,500,000 for additions at the senior center. The note carries an interest rate of 2.25% and matures on September 22, 2006. This GAN renews \$1,500,000 of senior center addition GANs which matured on September 22, 2005.

NOTE 8 - LONG-TERM DEBT

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

During fiscal year 2004, certain general obligation bonds were defeased by placing the proceeds of bonds in an irrevocable trust to provide for all future debt service payments on the refunded bonds. Accordingly, the trust account's assets and liabilities for the defeased bonds are not included in the basic financial statements. At June 30, 2005, \$16,345,000 of bonds outstanding from this advance refunding are considered defeased.

Details related to the outstanding indebtedness at June 30, 2005, and the debt service requirements are as follows:

Bonds and Notes Payable - Governmental Funds

Project	Interest Rate (%)	Outstanding at June 30, 2004	Additions	Reductions	Outstanding at June 30, 2005
Cotuit Corners & Scituate Roads.....	5.50	\$ 45,000	\$ -	\$ (45,000)	\$ -
Sachem & Clippership Village Road...	4.50	35,000	-	(35,000)	-
Town Hall Renovation.....	5.20	400,000	-	(100,000)	300,000
Various Roads.....	5.00	260,000	-	(40,000)	220,000
Fire Station.....	5.00	1,185,000	-	(170,000)	1,015,000
Land Acquisition.....	5.00	2,240,000	-	(330,000)	1,910,000
Mashpee High School.....	5.30	5,720,000	-	(1,430,000)	4,290,000
Landfill Capping (MWPAT).....	4.90	706,100	-	(40,500)	665,600
Landfill Capping (MWPAT).....	5.30	75,312	-	(3,971)	71,341
Septic Repair (MWPAT).....	5.00	176,604	-	(10,400)	166,204
Sewer Facilities (MWPAT).....	4.90	25,838	-	(1,215)	24,623
Septic Repair (MWPAT).....	0.00	170,000	-	-	170,000
Land Acquisition.....	3.90	3,882,000	-	(247,000)	3,635,000
Public Way.....	3.90	82,000	-	(17,000)	65,000
Fire Equipment.....	3.90	600,000	-	(50,000)	550,000
Cemetery.....	3.90	266,000	-	(136,000)	130,000
Refunding Bonds (Series A).....	3.60	16,060,000	-	(20,000)	16,040,000
Refunding Bonds (Series B).....	2.60	525,000	-	(140,000)	385,000
Septic System Repairs (MWPAT).....	2.60	-	200,000	-	200,000
Sub-total.....		32,453,854	200,000	(2,816,086)	29,837,768
Unamortized premium.....		1,453,552	-	(126,396)	1,327,156
Deferred loss on refundings.....		(1,690,967)	-	147,041	(1,543,926)
Total governmental funds, net.....		\$ 32,216,439	\$ 200,000	\$ (2,795,441)	\$ 29,620,998

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006.....	\$ 2,716,985	\$ 1,407,681	\$ 4,124,666
2007.....	2,563,109	1,268,804	3,831,913
2008.....	2,551,952	1,132,387	3,684,339
2009.....	2,468,196	960,345	3,428,541
2010.....	2,464,450	847,439	3,311,889
2011.....	2,451,400	730,388	3,181,788
2012.....	2,437,927	613,235	3,051,162
2013.....	2,295,227	528,284	2,823,511
2014.....	2,299,827	410,318	2,710,145
2015.....	2,272,184	309,882	2,582,066
2016.....	2,263,284	197,886	2,461,170
2017.....	1,714,884	97,595	1,812,479
2018.....	306,484	48,172	354,656
2019.....	307,684	35,450	343,134
2020.....	249,684	23,969	273,653
2021.....	244,491	13,857	258,348
2022.....	217,500	4,388	221,888
2023.....	12,500	-	12,500
Total.....	\$ <u>29,837,768</u>	\$ <u>8,630,080</u>	\$ <u>38,467,848</u>

During fiscal year 2005, the Town issued \$200,000 in MWPAT notes for septic repair projects.

The Town receives subsidy assistance for the Massachusetts Water Pollution Abatement Trust (MWPAT). Principal and 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 2005, the Town's subsidy totaled approximately \$52,000. Future subsidies total approximately \$579,000. The amount of MWPAT bonds outstanding at June 30, 2005, totaled \$1,297,768.

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, 2005, the Town had the following authorized and unissued debt:

Purpose	Amount
Land acquisition.....	\$ 4,950,000
Library construction.....	3,500,000
Regional septage.....	3,250,000
Senior citizens addition.....	1,500,000
Road construction.....	1,200,000
Great Oak/ Abigail.....	593,200
Sewer facilities plan.....	405,140
Seabrook Village.....	340,884
Mashpee River dredge.....	275,000
Landfill capping.....	274,877
Algonquin Avenue.....	263,388
Library expansion.....	120,000
Peck land.....	67,000
Fire station renovation.....	30
Total.....	\$ 16,739,519

Changes in Long-Term Liabilities

During the fiscal year ended June 30, 2005, the following changes occurred in long-term liabilities:

	Balance June 30, 2004	Increases	Decreases	Balance June 30, 2005	Current Portion
Bonds and notes payable, gross.....	\$ 32,453,854	\$ 200,000	\$ (2,816,086)	\$ 29,837,768	\$ 2,716,985
Unamortized premium.....	1,453,552	-	(126,396)	1,327,156	126,396
Deferred loss on refundings.....	(1,690,967)	-	147,041	(1,543,926)	(147,041)
Bonds and notes payable, net.....	32,216,439	200,000	(2,795,441)	29,620,998	2,696,340
Landfill closure.....	586,400	-	(21,000)	565,400	25,000
Compensated absences.....	1,205,776	28,630	-	1,234,406	123,441
Total.....	\$ 34,008,615	\$ 228,630	\$ (2,816,441)	\$ 31,420,804	\$ 2,844,781

These long-term liabilities are generally liquidated by the general fund. The Landbank major fund transfers amounts to the general fund to pay for its share of debt service expenditures.

NOTE 9 - LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

State and federal laws and regulations required the Town to close its old landfill site when it stopped accepting waste and to perform certain maintenance and monitoring functions at the site after closure. The Town had operated a solid waste landfill that ceased operations in 1998 and, accordingly, was subsequently capped and funded via long-term debt. The Town has reflected \$565,400 as the estimate of the landfill post-closure care liability at June 30, 2005. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

NOTE 10 - 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 administered by the Cape Cod Municipal Health Group (Group). The Group offers a variety of premium based plans to its members with each participating governmental unit charged a premium for coverage based on rates established by the Group. The Town is obligated to pay the Group its required premiums and, in the event the Group is terminated, its proportionate share of a deficit, should one exist.

Workers' Compensation

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

NOTE 11 - PENSION PLAN

Plan Description - The Town contributes to the Barnstable County Retirement System (System), 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 except for public school teachers and certain administrators who are members of the Massachusetts' Teachers Retirement System (MTRS), to which the Town does not contribute. Pension benefits and administrative expenses paid by the Teachers Retirement Board are funded by the Commonwealth. The amount of these on-behalf payments totaled approximately \$720,000 for the fiscal year ended June 30, 2005, and, accordingly, are reported in the general fund as intergovernmental revenues and pension expenditures.

The System provides retirement, disability and death benefits to plan members and beneficiaries. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. 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 System. The System 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 System located at 99 Willow Street, Yarmouthport, Massachusetts, 02675.

Funding Policy - Plan members are required to contribute to the System at rates ranging from 5% to 11% of annual covered compensation. The Town is required to pay into the System its share of the system-wide actuarial determined contribution that is apportioned among the employers based on active current payroll. Chapter 32 of MGL governs the contributions of plan members. The Town's contributions to the System for the fiscal years ended June 30, 2005, 2004, and 2003 were \$1,332,587, \$1,114,327 and \$954,451, respectively, which equaled its required contribution for each fiscal year.

NOTE 12 - COMMITMENTS

The Town has entered into, or is planning to enter into, contracts totaling approximately \$17,000,000 for projects relating to land acquisition, library construction, regional septage and sewer improvements, an addition to the senior center, and infrastructure. These projects will be funded through the issuance of long-term debt.

NOTE 13 - 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, 2005, cannot be ascertained, management believes any resulting liability should not materially affect the financial position of the Town at June 30, 2005.

The Town participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of the Single Audit Act Amendments of 1996 through June 30, 2005, 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 14 - IMPLEMENTATION OF GASB PRONOUNCEMENTS

During fiscal year 2005, the Town implemented GASB Statement #40 – *Deposit and Investment Risk Disclosures, an amendment to GASB Statement No. 3*, which established and modified disclosure requirements for deposit and investment risks (see Note 3).

NOTE 15 - FUTURE IMPLEMENTATION OF GASB PRONOUNCEMENTS

The GASB has issued the following statements:

- Statement #42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, which is required to be implemented during fiscal year 2006.
- Statement #43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which is required to be implemented during fiscal year 2008.
- Statement #44, *Economic Condition Reporting: The Statistical Section*, which is required to be implemented during fiscal year 2006.
- Statement #45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which is required to be implemented during fiscal year 2009.
- Statement #46, *Net Assets Restricted by Enabling Legislation, an amendment of GASB Statement No. 34*, which is required to be implemented during fiscal year 2006.
- Statement #47, *Accounting for Termination Benefits*, which is required to be implemented during fiscal year 2006.

These pronouncements will be implemented by their respective due dates.