

**COUNTY OF BARNSTABLE, MASSACHUSETTS**

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

**FOR THE FISCAL YEAR ENDED JUNE 30, 2007**



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# *Independent Auditors' Report*



Certified Public Accountants

**SULLIVAN, ROGERS & COMPANY, LLC**

Corporate Place I, Suite 204 • 99 South Bedford Street

Burlington, Massachusetts 01803

P • 781-229-5600 F • 781-229-5610 www.sullivan-rogers.com

**Independent Auditors' Report**

To the Assembly of Delegates and County Commissioners  
County of Barnstable, Massachusetts

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Barnstable, Massachusetts, as of and for the fiscal year ended June 30, 2007, which collectively comprise the County of Barnstable, Massachusetts' basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County of Barnstable, Massachusetts' management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Barnstable, Massachusetts, as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 4, 2008, on our consideration of the County of Barnstable, Massachusetts' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information, located on pages 4 through 13 and 49 through 56, respectively, are not a required part of the basic financial statements but are 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 supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Barnstable, Massachusetts' basic financial statements. The additional information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The additional information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Sullivan, T. & Company, LLC*

February 4, 2008

# *Management's Discussion and Analysis*

As management of the County of Barnstable, Massachusetts (County), we offer readers of these financial statements this narrative overview and analysis of the County's financial activities for the fiscal year ended June 30, 2007.

### *Financial Highlights*

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$31,001,695 (net assets). Of this amount, \$15,002,683 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The County's total net assets increased by \$578,619.
- As of the close of the fiscal year, the County's governmental funds reported combined ending fund balances totaling \$29,246,774, an increase of \$3,465,959 in comparison with the prior year. Approximately \$18,324,000 represents unreserved fund balance of the general fund and special revenue funds. The nonmajor capital projects funds deficit of \$1,320,381 will be funded through the issuance of long-term debt or through available funds in future fiscal years.
- At the end of the fiscal year, undesignated fund balance for the general fund totaled \$7,731,253, or 52.8 percent of total general fund expenditures.
- The County's total bonded debt increased by \$4,225,000 during the fiscal year; \$4,400,000 of new MWPAT 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.

This report also contains other 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 County's finances, in a manner similar to a private-sector business.

The **statement of net assets** presents information on all of the County'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 County 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 fees, earned but unused vacation leave, etc.).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes, assessments, fees 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 county commissioners, resource development office, home consortium, Cape light compact, grants to Town's of Barnstable County, assembly of delegates, department of finance, department of facilities, cooperative extension, registry of deeds, county health, children's cove, human services, human services grants, fire training, public safety, corrections, Cape Cod commission, economic development council, water quality initiatives, retirees' benefits, debt service - interest and other. Business-type activities consist of the dredge operations.

The government-wide financial statements can be found on pages 15-17 of this report.

### Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, 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 County maintains 206 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, Cape Cod commission (special revenue), HUD home program (special revenue), jail operating (special revenue), mitigation (special revenue) and septic loan program (special revenue) funds, each of which are considered to be major funds. Data from the other 200 governmental funds are combined into a single, aggregated presentation titled *nonmajor governmental funds*.

The County adopts an annual appropriated budget for the general and Cape Cod commission funds. The County adheres to the total budget amount approved by the Commonwealth of Massachusetts for the jail operating fund. Budgetary comparison schedules have been provided to demonstrate compliance with the fiscal year 2007 budget.

The basic governmental fund financial statements can be found on pages 18-23 of this report.

**Proprietary funds**

The County maintains one type of proprietary fund.

The *enterprise fund* is used to report the same function presented as business-type activities in the government-wide financial statements. The County uses an enterprise fund to account for its dredge operations, which is considered to be a major fund.

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

**Fiduciary funds**

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

The fiduciary funds provide separate information for the County's agency funds. Agency funds are reported and combined into a single, aggregate presentation in the fiduciary fund financial statements under the caption "agency funds".

The basic fiduciary fund financial statement can be found on page 27 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 28-47 of this report.

**Other information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Presented in this information are the budget comparisons for the general, Cape Cod commission and jail operating funds, which can be found on pages 49-56 of this report.

This report also presents additional information regarding the revenues and expenses of various grant funds maintained by the Cape Cod commission. The additional information can be found on pages 57-65.

***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 County's assets exceeded liabilities by \$31,001,695 at the close of the fiscal year and are summarized as follows:

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	2007	2006	2007	2006	2007	2006
<b>Assets</b>						
Current assets.....	\$ 29,972,901	\$ 31,806,781	\$ 931,693	\$ 745,596	\$ 30,904,594	\$ 32,552,377
Noncurrent assets (excluding capital assets).....	3,685,523	447,846	-	-	3,685,523	447,846
Capital assets (net).....	8,083,850	6,542,953	667,608	760,070	8,751,458	7,303,023
<b>Total assets.....</b>	<b>41,742,274</b>	<b>38,797,580</b>	<b>1,599,301</b>	<b>1,505,666</b>	<b>43,341,575</b>	<b>40,303,246</b>
<b>Liabilities</b>						
Current liabilities (excluding debt).....	4,743,649	6,672,041	7,536	6,572	4,751,185	6,678,613
Noncurrent liabilities (excluding debt).....	2,457,916	2,299,336	20,779	17,221	2,478,695	2,316,557
Current debt.....	55,000	175,000	-	-	55,000	175,000
Noncurrent debt.....	5,055,000	710,000	-	-	5,055,000	710,000
<b>Total liabilities.....</b>	<b>12,311,565</b>	<b>9,856,377</b>	<b>28,315</b>	<b>23,793</b>	<b>12,339,880</b>	<b>9,880,170</b>
<b>Net Assets</b>						
Invested in capital assets (net of related debt).....	7,825,504	6,192,547	667,608	760,070	8,493,112	6,952,617
Restricted.....	7,505,900	3,197,057	-	-	7,505,900	3,197,057
Unrestricted.....	14,099,305	19,551,599	903,378	721,803	15,002,683	20,273,402
<b>Total net assets.....</b>	<b>\$ 29,430,709</b>	<b>\$ 28,941,203</b>	<b>\$ 1,570,986</b>	<b>\$ 1,481,873</b>	<b>\$ 31,001,695</b>	<b>\$ 30,423,076</b>

A portion of the County's net assets (27.4%) reflects its investment in capital assets (e.g., land, land improvements, buildings, buildings improvements, machinery and equipment, vehicles and intangible assets), 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 County's net assets (24.2%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (48.4% or \$15,002,683) may be used to meet the County's ongoing obligations to citizens and creditors. Of this amount, \$14,099,305 may be used to support governmental activities and \$903,378 may be used to support business-type activities.

At the end of the current fiscal year, the County reports positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

Changes in Net Assets

For the fiscal year ended June 30, 2007, the County's total net assets increased by \$578,619, compared to a decrease of \$1,663,789 in the prior fiscal year. These amounts are summarized as follows:

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
<b>Revenues</b>						
<i>Program Revenues:</i>						
Charges for services.....	\$ 13,473,918	\$ 13,665,730	\$ 613,245	\$ 766,114	\$ 14,087,163	\$ 14,431,844
Operating grants and contributions.....	32,858,830	28,614,436	20,673	8,143	32,879,503	28,622,579
Capital grants and contributions.....	865,937	-	-	-	865,937	-
<i>General Revenues:</i>						
Town assessments.....	2,563,220	2,563,220	-	-	2,563,220	2,563,220
County deeds excise tax.....	7,139,909	8,634,386	-	-	7,139,909	8,634,386
Unrestricted investment income.....	951,768	887,143	-	-	951,768	887,143
<b>Total revenues.....</b>	<b>57,853,582</b>	<b>54,364,915</b>	<b>633,918</b>	<b>774,257</b>	<b>58,487,500</b>	<b>55,139,172</b>
<b>Expenses</b>						
County commissioners.....	547,299	519,185	-	-	547,299	519,185
Resource development office.....	1,156,106	1,181,235	-	-	1,156,106	1,181,235
Home consortium.....	13,728	98,558	-	-	13,728	98,558
Cape light compact.....	896,357	425,317	-	-	896,357	425,317
Grants to Town's of Barnstable County.....	9,491	170,792	-	-	9,491	170,792
Assembly of delegates.....	249,556	228,984	-	-	249,556	228,984
Department of finance.....	559,144	522,245	-	-	559,144	522,245
Department of facilities.....	2,154,683	2,226,411	-	-	2,154,683	2,226,411
Cooperative extension.....	1,857,867	1,830,937	-	-	1,857,867	1,830,937
Registry of deeds.....	2,942,708	3,563,861	-	-	2,942,708	3,563,861
Regional services initiatives.....	38,172	34,455	-	-	38,172	34,455
County health.....	2,767,425	2,654,668	-	-	2,767,425	2,654,668
Children's cove.....	470,459	522,258	-	-	470,459	522,258
Human services.....	1,255,287	1,258,517	-	-	1,255,287	1,258,517
Human services grants.....	100,000	108,333	-	-	100,000	108,333
Fire training.....	416,047	409,787	-	-	416,047	409,787
Public safety.....	50,000	50,000	-	-	50,000	50,000
Corrections.....	33,251,623	30,642,399	-	-	33,251,623	30,642,399
Cape Cod commission.....	5,424,775	6,496,763	-	-	5,424,775	6,496,763
Economic development council.....	599,440	651,845	-	-	599,440	651,845
Water quality initiatives.....	26,777	-	-	-	26,777	-
Retirees' benefits.....	1,505,788	1,498,562	-	-	1,505,788	1,498,562
Other.....	1,060,569	1,137,793	-	-	1,060,569	1,137,793
Debt service - interest.....	10,775	20,670	-	-	10,775	20,670
Dredge.....	-	-	544,805	549,386	544,805	549,386
<b>Total expenses.....</b>	<b>57,364,076</b>	<b>56,253,575</b>	<b>544,805</b>	<b>549,386</b>	<b>57,908,881</b>	<b>56,802,961</b>
Change in net assets.....	489,506	(1,888,660)	89,113	224,871	578,619	(1,663,789)
Net assets - beginning of year.....	28,941,203	30,829,863	1,481,873	1,257,002	30,423,076	32,086,865
Net assets - end of year.....	\$ 29,430,709	\$ 28,941,203	\$ 1,570,986	\$ 1,481,873	\$ 31,001,695	\$ 30,423,076

Governmental activities increased the County's net assets by \$489,506. In the prior year, governmental activities decreased the County's net assets by \$1,888,660. The key element of this change is an increase (approximately \$1,746,000) in the net change in fund balance of the mitigation fund (major fund), resulting from the collection of mitigation funds from developers that were unspent as of year-end.

Business-type activities increased the County's net assets by \$89,113. In the prior year, business-type activities increased the County's net assets by \$224,871. The key element of this change is a decrease in the number of dredging projects performed during the fiscal year.

### *Fund Financial Statement Analysis*

As noted earlier, the County 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 County'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 \$29,246,774, an increase of \$3,465,959 in comparison with the prior year. Of this total amount, 57.9% (\$16,939,823) represents undesignated fund balance of the general fund and special revenue funds. The nonmajor capital projects funds deficit of \$1,320,381 will be funded through the issuance of long-term debt or through available funds 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 (\$4,736,846)
- Septic loans (\$3,881,828)
- Other specific purposes (\$3,624,072)
- Statutory reserve (\$256,322)
- Fund a portion of the fiscal year 2008 operating budget (\$1,128,264)

The general fund is the chief operating fund of the County. At the end of the current fiscal year, undesignated fund balance of the general fund totaled \$7,731,253, while total fund balance was \$12,996,637. 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 52.8% of total general fund expenditures, while total fund balance represents 88.8% of that same amount.

The balance of the County's general fund decreased \$1,015,201 during fiscal year 2007. Although the general fund recognized a budgetary surplus (budget vs. actual activity, excluding encumbrances and continuing appropriations) of approximately \$5,066,000, approximately \$6,126,000 of reserves were utilized to fund the fiscal year 2007 operating budget.

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

The balance of the Cape Cod commission fund (special revenue) increased by \$99,451 during fiscal year 2007. Although the Cape Cod commission fund recognized a budgetary surplus (budget vs. actual activity, excluding encumbrances and continuing appropriations) of approximately \$213,000, approximately \$114,000 of reserves were utilized to fund the fiscal year 2007 operating budget.

The balance of the HUD Home program fund (special revenue) decreased by \$7,198 during the current fiscal year. The fund recognized \$632,295 in intergovernmental revenues. Expenditures of \$639,493 were incurred during the fiscal year.

The balance of the County's jail operating fund decreased \$945,445 during fiscal year 2007. Although the jail operating fund recognized a budgetary surplus (budget vs. actual activity, excluding encumbrances and continuing appropriations) of approximately \$634,000, approximately \$1,522,000 of reserves were utilized to fund the fiscal year 2007 operating budget.

The balance of the mitigation fund (special revenue) increased \$948,362 during fiscal year 2007. The fund recognized \$1,844,450 in departmental revenues and \$238,945 in investment income. Expenditures of \$1,135,033 were incurred during the fiscal year.

The balance of the septic loan program fund (special revenue) increased \$4,398,096 during fiscal year 2007. The fund recognized \$99,281 in departmental revenues. Expenditures of \$4,438 were incurred during the fiscal year.

Proprietary funds

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

Unrestricted net assets of the dredge enterprise fund at the end of the year amounted to \$903,378. The dredge enterprise fund had an increase in net assets for the year of \$89,113. Other factors concerning the finances of this fund have already been addressed in the discussion of the County's business-type activities.

General Fund Budgetary Highlights

The original general fund budget of \$17,467,187 was increased by \$256,322 (1.5%) during the fiscal year. The following table summarizes the increase:

<u>Purpose of Increase</u>	<u>Amount</u>	<u>Funding Source</u>
Oil spill clean-up.....	\$ 240,488	Statutory reserve
Electricity.....	<u>15,834</u>	Statutory reserve
Total increase.....	<u>\$ 256,322</u>	

During the year, general fund revenues and expenditures and encumbrances and continuing appropriations were less than budgetary estimates, resulting in an actual increase in fund balance that exceeded the final amended budget amount by approximately \$1,017,000.

Cape Cod Commission Fund Budgetary Highlights

The original Cape Cod commission budget of \$3,904,136 was not increased during the fiscal year.

During the year, revenues and expenditures and encumbrances and continuing appropriations of the Cape Cod commission fund were less than budgetary estimates, resulting in an actual decrease in fund balance that exceeded the final amended budget amount by approximately \$49,000.

Jail Operating Fund Budgetary Highlights

The original jail operating fund budget of \$26,086,596 was increased by \$3,230,909 (12.4%) during the fiscal year to supplement the operating budget. The funding sources of the increase were from intergovernmental revenues and undesignated fund balance.

During the year, jail operating fund revenues and expenditures and encumbrances and continuing appropriations exceeded budgetary estimates, resulting in an actual decrease in fund balance that exceeded the final amended budget amount by approximately \$46,000.

**Capital Asset and Debt Administration**

Capital assets

The County's investment in capital assets for its governmental and business type activities at the end of the fiscal year totaled \$8,751,458 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, building improvements, machinery and equipment, vehicles and intangible assets. The total increase in the investment in capital assets for the current fiscal year totaled 19.8% (a 21.1% increase for governmental activities and a 1.3% decrease for business-type activities).

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

- Building Improvements - Corrections (\$801,000)
- Various Equipment - Corrections (\$793,000)
- Various Equipment - Registry of Deeds (\$305,000)
- Vehicles - Corrections (\$239,000)
- Building Improvements - Facilities (\$185,000)
- Land Improvements - Corrections (\$154,000)
- Buildings - Children's Cove (\$119,000)

The following table summarizes the County's capital assets (net of accumulated depreciation):

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	2007	2006	2007	2006	2007	2006
Land.....	\$ 697,995	\$ 697,995	\$ -	\$ -	\$ 697,995	\$ 697,995
Land improvements.....	247,911	108,323	-	-	247,911	108,323
Buildings.....	1,802,943	1,833,606	-	-	1,802,943	1,833,606
Building improvements.....	1,762,775	881,003	-	-	1,762,775	881,003
Machinery and equipment.....	2,444,362	1,870,404	603,595	677,791	3,047,957	2,548,195
Vehicles.....	778,844	727,616	64,013	81,679	842,857	809,295
Intangible assets.....	349,020	424,006	-	600	349,020	424,606
<b>Total capital assets.....</b>	<b>\$ 8,083,850</b>	<b>\$ 6,542,953</b>	<b>\$ 667,608</b>	<b>\$ 760,070</b>	<b>\$ 8,751,458</b>	<b>\$ 7,303,023</b>

Additional information on the County's capital assets can be found in Note 5 on pages 40-41 of this report.

Long-Term Debt

At the end of the current fiscal year, total bonded debt outstanding was \$5,110,000, which is backed by the full faith and credit of the County, and is summarized as follows:

	<i>Governmental Activities</i>	
	<u>2007</u>	<u>2006</u>
General obligation bonds.....	\$ 110,000	\$ 285,000
MWPAT notes.....	<u>5,000,000</u>	<u>600,000</u>
Total bonds and notes.....	<u>\$ 5,110,000</u>	<u>\$ 885,000</u>

The County’s total bonded debt increased by \$4,225,000 (477.4%) during the current fiscal year, with new debt issuances totaling \$4,400,000 for the septic loan program. Additional information on the County’s long-term debt can be found in Note 10 on pages 44-45 of this report.

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

The fiscal year 2008 Operating and Capital budget will see a decrease in expenditures over the previous fiscal year. The fiscal year 2008 budget will decrease 5.7% from the previous fiscal year.

The primary reason for this is the slow down in the real estate market and the subsequent reduction in Registry of Deeds excise tax revenues associated with the Barnstable County Charter. Fiscal year 2008 Deeds excise revenues are projected to remain stable at the fiscal year 2007 level. Actual fiscal 2007 excise revenues decreased 17% from fiscal year 2006. Due to decreases in interest rates and slightly lower market values in the real estate market, deeds revenues are expected to increase at a modest rate (+5%) in future fiscal years.

Two primary revenue sources are limited in growth to 2 ½ % per year and include the County Tax Assessment authorized by Massachusetts General Law Chapter 35, Sections 30 and 31, and the Cape Cod Environmental Protection Fund tax (CCEPF or Cape Cod Commission tax) authorized by Chapter 716 of the Acts of 1989, as amended by Chapter 2 of the Acts of 1990 of the Commonwealth of Massachusetts. The CCEPF is limited in use to the activities of the Cape Cod Commission.

Other significant revenue sources that are expected to remain stable or decrease only slightly during fiscal year 2008 include the Registry of Deeds “business revenue” which are expected to decrease approximately 3%, and the Health Department Laboratory revenues, which are expected to increase only slightly (\$45,000). Each of these revenue sources is projected to remain stable in future years.

The Septic Betterment Program administered by the Health and Environment Department is expected to continue to grow in popularity. The County borrows funds through the Massachusetts Water Pollution Abatement trust at zero interest and loans these proceeds to homeowners at low interest rates. The funds derived from the homeowners’ repayment of these loans are used to repay the bonds to the Trust and provide the costs of administering the program. During fiscal year 2008, the County anticipates making homeowner loans with a total value of approximately \$4 million.

For fiscal year 2008, the County expects to utilize less in remaining general fund balance from the previous fiscal year. The fiscal year 2008 budget includes \$960,000 in Treasury Balance from fiscal year 2007, a decrease of 23% (\$290,000). This trend is expected to continue over the next several years.

*Requests for Information*

This financial report is designed to provide a general overview of the County’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, Barnstable County, P.O. Box 427, Superior Court House, Barnstable, MA 02630.

## *Basic Financial Statements*

## STATEMENT OF NET ASSETS

JUNE 30, 2007

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents.....	\$ 25,522,192	\$ 686,678	\$ 26,208,870
Restricted cash and cash equivalents.....	2,067,190	-	2,067,190
Investments.....	551,197	-	551,197
Receivables, net of allowance for uncollectible amounts:			
User charges.....	-	245,015	245,015
Departmental and other.....	60,181	-	60,181
Intergovernmental.....	1,387,755	-	1,387,755
Loans.....	196,305	-	196,305
Other assets.....	188,081	-	188,081
Total current assets.....	<u>29,972,901</u>	<u>931,693</u>	<u>30,904,594</u>
Noncurrent assets:			
Receivables, net of allowance for uncollectible amounts:			
Loans.....	3,685,523	-	3,685,523
Capital assets not being depreciated.....	697,995	-	697,995
Capital assets, net of accumulated depreciation.....	<u>7,385,855</u>	<u>667,608</u>	<u>8,053,463</u>
Total noncurrent assets.....	<u>11,769,373</u>	<u>667,608</u>	<u>12,436,981</u>
Total assets.....	<u>41,742,274</u>	<u>1,599,301</u>	<u>43,341,575</u>
<b>LIABILITIES</b>			
Current liabilities:			
Warrants payable.....	660,484	381	660,865
Accrued payroll.....	549,393	4,846	554,239
Other liabilities.....	2,434,223	-	2,434,223
Liabilities due depositors.....	496,551	-	496,551
Accrued interest.....	1,568	-	1,568
Capital lease obligations.....	66,430	-	66,430
Workers' compensation claims.....	271,000	-	271,000
Compensated absences.....	264,000	2,309	266,309
Long-term bonds and notes payable.....	55,000	-	55,000
Total current liabilities.....	<u>4,798,649</u>	<u>7,536</u>	<u>4,806,185</u>
Noncurrent liabilities:			
Capital lease obligations.....	81,916	-	81,916
Compensated absences.....	2,376,000	20,779	2,396,779
Long-term bonds and notes payable.....	5,055,000	-	5,055,000
Total noncurrent liabilities.....	<u>7,512,916</u>	<u>20,779</u>	<u>7,533,695</u>
Total liabilities.....	<u>12,311,565</u>	<u>28,315</u>	<u>12,339,880</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt.....	7,825,504	667,608	8,493,112
Restricted for:			
Loans.....	3,881,828	-	3,881,828
Other specific purposes.....	3,624,072	-	3,624,072
Unrestricted.....	<u>14,099,305</u>	<u>903,378</u>	<u>15,002,683</u>
Total net assets.....	<u>\$ 29,430,709</u>	<u>\$ 1,570,986</u>	<u>\$ 31,001,695</u>

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Functions/Programs	Expenses	Program Revenues			Net (Expense)/ Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary government:</b>					
Governmental activities:					
County commissioners.....	\$ 547,299	\$ -	\$ -	\$ -	\$ (547,299)
Resource development office.....	1,156,106	116,500	361,583	-	(678,023)
Home consortium.....	13,728	-	-	-	(13,728)
Cape light compact.....	896,357	11,979	723,723	-	(160,655)
Grants to Towns of Barnstable County.....	9,491	-	-	-	(9,491)
Assembly of delegates.....	249,556	-	-	-	(249,556)
Department of finance.....	559,144	106,165	94,344	-	(358,635)
Department of facilities.....	2,154,683	1,543,512	41,449	-	(569,722)
Cooperative extension.....	1,857,867	75,461	768,154	-	(1,014,252)
Registry of deeds.....	2,942,708	3,063,129	266,802	-	387,223
Regional services initiatives.....	38,172	-	9,491	-	(28,681)
County health.....	2,767,425	907,078	697,970	-	(1,162,377)
Children's cove.....	470,459	22,300	225,544	-	(222,615)
Human services.....	1,255,287	195,211	475,067	-	(585,009)
Human services grants.....	100,000	-	-	-	(100,000)
Fire training.....	416,047	118,925	-	-	(297,122)
Public safety.....	50,000	-	-	-	(50,000)
Corrections.....	33,251,623	4,521,701	25,200,251	865,937	(2,663,734)
Cape Cod commission.....	5,424,775	2,676,002	3,581,122	-	832,349
Economic development council.....	599,440	-	408,330	-	(191,110)
Water quality initiatives.....	26,777	-	-	-	(26,777)
Retirees' benefits.....	1,505,788	-	-	-	(1,505,788)
Other.....	1,060,569	115,955	5,000	-	(939,614)
Debt service - interest.....	10,775	-	-	-	(10,775)
<b>Total governmental activities.....</b>	<b>57,364,076</b>	<b>13,473,918</b>	<b>32,858,830</b>	<b>865,937</b>	<b>(10,165,391)</b>
Business-type activities:					
Dredge.....	544,805	613,245	20,673	-	89,113
<b>Total primary government.....</b>	<b>\$ 57,908,881</b>	<b>\$ 14,087,163</b>	<b>\$ 32,879,503</b>	<b>\$ 865,937</b>	<b>\$ (10,076,278)</b>

See notes to basic financial statements.

STATEMENT OF ACTIVITIES (Continued)

FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>Changes in net assets:</b>			
Net (expense)/revenue (from previous page).....	\$ (10,165,391)	\$ 89,113	\$ (10,076,278)
<i>General revenues:</i>			
Town assessments.....	2,563,220	-	2,563,220
County deeds excise tax.....	7,139,909	-	7,139,909
Unrestricted investment income.....	951,768	-	951,768
Total general revenues.....	10,654,897	-	10,654,897
Change in net assets.....	489,506	89,113	578,619
Net assets - beginning of year.....	28,941,203	1,481,873	30,423,076
Net assets - end of year.....	\$ 29,430,709	\$ 1,570,986	\$ 31,001,695

GOVERNMENTAL FUNDS  
BALANCE SHEET

JUNE 30, 2007

ASSETS	General	Cape Cod Commission	HUD Home Program
Cash and cash equivalents.....	\$ 12,937,695	\$ 1,225,362	\$ -
Investments.....	551,197	-	-
Receivables, net of allowance for uncollectible amounts:			
Departmental and other.....	60,181	-	-
Intergovernmental.....	486,317	179,341	16,000
Loans.....	-	-	-
Other assets.....	-	-	-
Restricted assets:			
Cash and cash equivalents.....	1,540,615	495,356	31,219
<b>TOTAL ASSETS.....</b>	<b>\$ 15,576,005</b>	<b>\$ 1,900,059</b>	<b>\$ 47,219</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES:</b>			
Warrants payable.....	\$ 167,900	\$ 51,040	\$ 16,000
Accrued payroll.....	123,617	42,651	-
Other liabilities.....	2,287,851	146,372	-
Liabilities due depositors.....	-	495,356	-
Workers' compensation claims.....	-	-	-
<b>TOTAL LIABILITIES.....</b>	<b>2,579,368</b>	<b>735,419</b>	<b>16,000</b>
<b>FUND BALANCES:</b>			
Reserved for:			
Encumbrances and continuing appropriations.....	4,049,062	262,478	-
Loans.....	-	-	-
Other specific purposes.....	-	-	-
Unreserved:			
Designated for statutory reserve.....	256,322	-	-
Designated for subsequent year's expenditures.....	960,000	168,264	-
Undesignated, reported in:			
General fund.....	7,731,253	-	-
Special revenue funds.....	-	733,898	31,219
Capital projects funds.....	-	-	-
<b>TOTAL FUND BALANCES.....</b>	<b>12,996,637</b>	<b>1,164,640</b>	<b>31,219</b>
<b>TOTAL LIABILITIES AND FUND BALANCES.....</b>	<b>\$ 15,576,005</b>	<b>\$ 1,900,059</b>	<b>\$ 47,219</b>

See notes to basic financial statements.

Jail Operating Fund	Mitigation Fund	Septic Loan Program	Nonmajor Governmental Funds	Total Governmental Funds
\$ 1,222,522	\$ 5,096,307	\$ 821,684	\$ 4,218,623	\$ 25,522,193
-	-	-	-	551,197
-	-	-	-	60,181
-	-	-	706,097	1,387,755
-	-	3,881,828	-	3,881,828
-	-	188,081	-	188,081
-	-	-	-	2,067,190
<u>\$ 1,222,522</u>	<u>\$ 5,096,307</u>	<u>\$ 4,891,593</u>	<u>\$ 4,924,720</u>	<u>\$ 33,658,425</u>
\$ 95,671	\$ 2,451	\$ 66,126	\$ 261,295	\$ 660,483
345,939	-	-	37,186	549,393
-	-	-	-	2,434,223
-	-	-	1,196	496,552
271,000	-	-	-	271,000
<u>712,610</u>	<u>2,451</u>	<u>66,126</u>	<u>299,677</u>	<u>4,411,651</u>
425,306	-	-	-	4,736,846
-	-	3,881,828	-	3,881,828
-	-	-	3,624,072	3,624,072
-	-	-	-	256,322
-	-	-	-	1,128,264
-	-	-	-	7,731,253
84,606	5,093,856	943,639	2,321,352	9,208,570
-	-	-	(1,320,381)	(1,320,381)
<u>509,912</u>	<u>5,093,856</u>	<u>4,825,467</u>	<u>4,625,043</u>	<u>29,246,774</u>
<u>\$ 1,222,522</u>	<u>\$ 5,096,307</u>	<u>\$ 4,891,593</u>	<u>\$ 4,924,720</u>	<u>\$ 33,658,425</u>

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	General	Cape Cod Commission	HUD Home Program
<b>REVENUES</b>			
Town assessments.....	\$ 2,563,220	\$ -	\$ -
County deeds excise tax.....	7,139,909	-	-
Registry of deeds.....	3,063,129	-	-
Court house rental.....	1,543,238	-	-
State deeds excise tax.....	-	-	-
Environmental protection taxes.....	-	2,615,703	-
Intergovernmental.....	81,603	546,560	632,295
Departmental.....	721,065	54,530	-
Investment income.....	1,044,612	-	-
<b>TOTAL REVENUES.....</b>	<b>16,156,776</b>	<b>3,216,793</b>	<b>632,295</b>
<b>EXPENDITURES</b>			
Current:			
County commissioners.....	552,309	-	-
Resource development office.....	705,339	-	-
Home consortium.....	13,728	-	-
Cape light compact.....	303,507	-	-
Grants to Towns of Barnstable County.....	9,491	-	-
Assembly of delegates.....	248,608	-	-
Department of finance.....	525,453	-	-
Department of facilities.....	1,948,104	-	-
Cooperative extension.....	1,308,495	-	-
Registry of deeds.....	2,907,386	-	-
Regional services initiatives.....	38,172	-	-
County health.....	1,658,098	-	-
Children's cove.....	224,843	-	-
Human services.....	695,779	-	-
Human services grants.....	100,000	-	-
Fire training.....	431,693	-	-
Public safety.....	50,000	-	-
Corrections.....	-	-	-
Cape Cod commission.....	-	3,536,187	639,493
Economic development council.....	141,736	-	-
Water quality initiatives.....	26,777	-	-
Retirees' benefits.....	1,499,951	-	-
Other.....	1,057,506	-	-
Debt service:			
Principal.....	175,000	-	-
Interest.....	14,365	-	-
<b>TOTAL EXPENDITURES.....</b>	<b>14,636,340</b>	<b>3,536,187</b>	<b>639,493</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....</b>	<b>1,520,436</b>	<b>(319,394)</b>	<b>(7,198)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in.....	-	418,845	-
Proceeds of bonds and notes.....	-	-	-
Transfers out.....	(286,148)	-	-
Transfers in - maintenance of effort.....	-	-	-
Transfers out - maintenance of effort.....	(2,249,489)	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>(2,535,637)</b>	<b>418,845</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>(1,015,201)</b>	<b>99,451</b>	<b>(7,198)</b>
<b>FUND BALANCES AT BEGINNING OF YEAR (AS RESTATED).....</b>	<b>14,011,838</b>	<b>1,065,189</b>	<b>38,417</b>
<b>FUND BALANCES AT END OF YEAR.....</b>	<b>\$ 12,996,637</b>	<b>\$ 1,164,640</b>	<b>\$ 31,219</b>

See notes to basic financial statements.

Jail Operating Fund	Mitigation Fund	Septic Loan Program	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 2,563,220
-	-	-	-	7,139,909
-	-	-	-	3,063,129
-	-	-	-	1,543,238
3,034,096	-	-	-	3,034,096
-	-	-	-	2,615,703
23,272,873	-	-	6,673,947	31,207,278
3,490	1,844,450	99,281	2,593,488	5,316,304
345	238,945	-	86,802	1,370,704
<u>26,310,804</u>	<u>2,083,395</u>	<u>99,281</u>	<u>9,354,237</u>	<u>57,853,581</u>
-	-	-	-	552,309
-	-	-	443,342	1,148,681
-	-	-	-	13,728
-	-	-	590,521	894,028
-	-	-	-	9,491
-	-	-	-	248,608
-	-	-	10,659	536,112
-	-	-	246,445	2,194,549
-	-	-	514,959	1,823,454
-	-	-	106,044	3,013,430
-	-	-	-	38,172
-	-	4,438	1,039,424	2,701,960
-	-	-	365,439	590,282
-	-	-	558,258	1,254,037
-	-	-	-	100,000
-	-	-	-	431,693
-	-	-	-	50,000
29,761,238	-	-	4,634,744	34,395,982
-	1,135,033	-	98,578	5,409,291
-	-	-	457,580	599,316
-	-	-	-	26,777
-	-	-	5,837	1,505,788
-	-	-	3,063	1,060,569
-	-	-	-	175,000
-	-	-	-	14,365
<u>29,761,238</u>	<u>1,135,033</u>	<u>4,438</u>	<u>9,074,893</u>	<u>58,787,622</u>
<u>(3,450,434)</u>	<u>948,362</u>	<u>94,843</u>	<u>279,344</u>	<u>(934,041)</u>
255,500	-	-	156,950	831,295
-	-	4,400,000	-	4,400,000
-	-	(96,747)	(448,400)	(831,295)
2,249,489	-	-	-	2,249,489
-	-	-	-	(2,249,489)
<u>2,504,989</u>	<u>-</u>	<u>4,303,253</u>	<u>(291,450)</u>	<u>4,400,000</u>
(945,445)	948,362	4,398,096	(12,106)	3,465,959
<u>1,455,357</u>	<u>4,145,494</u>	<u>427,371</u>	<u>4,637,149</u>	<u>25,780,815</u>
\$ <u>509,912</u>	\$ <u>5,093,856</u>	\$ <u>4,825,467</u>	\$ <u>4,625,043</u>	\$ <u>29,246,774</u>

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Total governmental fund balances (page 19).....	\$	29,246,774
Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.....		8,083,850
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in the governmental funds interest is not reported until due.....		(1,568)
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.....		(5,110,000)
Capital lease obligations.....		(148,347)
Compensated absences.....		<u>(2,640,000)</u>
Net assets of governmental activities (page 15).....	\$	<u><u>29,430,709</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, 2007

Net change in fund balances - total governmental funds (page 21).....	\$	3,465,959
<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.....		2,721,930
Depreciation.....		(1,161,781)
<p>In the statement of activities, the loss on the disposal of capital assets is reported, whereas in the governmental funds the loss is not reported. This amount represents the loss on the disposal of capital assets.....</p>		
		(19,252)
<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.....		(4,400,000)
Bond maturities.....		175,000
Assets acquired under capital lease.....		(267,245)
Capital lease maturities.....		184,305
<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>		
		3,590
<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. This amount represents the net change:</p>		
Compensated absences.....		(213,000)
Changes in net assets of governmental activities (page 17).....	\$	<u>489,506</u>

See notes to basic financial statements.

**PROPRIETARY FUND  
STATEMENT OF NET ASSETS**

JUNE 30, 2007

	<u>Business- Type Activities - Enterprise Fund</u>
<b>ASSETS</b>	<u>Dredge</u>
Current assets:	
Cash and cash equivalents.....	\$ 686,678
Receivables, net of allowance for uncollectible amounts:	
User charges.....	<u>245,015</u>
Total current assets.....	<u>931,693</u>
Noncurrent assets:	
Capital assets, net of accumulated depreciation.....	<u>667,608</u>
Total assets.....	<u>1,599,301</u>
<b>LIABILITIES</b>	
Current liabilities:	
Warrants payable.....	381
Accrued payroll.....	4,846
Compensated absences.....	<u>2,309</u>
Total current liabilities.....	<u>7,536</u>
Noncurrent liabilities:	
Compensated absences.....	<u>20,779</u>
Total liabilities.....	<u>28,315</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt.....	667,608
Unrestricted.....	<u>903,378</u>
Total net assets.....	<u>\$ 1,570,986</u>

See notes to basic financial statements.

**PROPRIETARY FUND**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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	Business- Type Activities - Enterprise Fund
	Dredge
<b>OPERATING REVENUES</b>	
Charges for services.....	\$ 613,245
<b>OPERATING EXPENSES</b>	
Cost of service and administration.....	452,343
Depreciation.....	92,462
<b>TOTAL OPERATING EXPENSES.....</b>	<b>544,805</b>
<b>OPERATING INCOME (LOSS).....</b>	<b>68,441</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Investment income.....	20,673
<b>CHANGE IN NET ASSETS.....</b>	<b>89,113</b>
<b>NET ASSETS AT BEGINNING OF YEAR.....</b>	<b>1,481,873</b>
<b>NET ASSETS AT END OF YEAR.....</b>	<b>\$ 1,570,986</b>

See notes to basic financial statements.

**PROPRIETARY FUND  
STATEMENT OF CASH FLOWS**

FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Business- Type Activities - Enterprise Fund
	<u>Dredge</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers and users.....	\$ 898,727
Payments to vendors.....	(235,114)
Payments to employees.....	<u>(212,707)</u>
NET CASH FROM OPERATING ACTIVITIES.....	<u>450,906</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Investment income.....	<u>20,673</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	471,579
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	<u>215,099</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	<u>\$ 686,678</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES</b>	
Operating income (loss).....	\$ <u>68,441</u>
Adjustments to reconcile operating income (loss) to net cash from operating activities:	
Depreciation.....	92,462
Changes in assets and liabilities:	
User charges.....	285,481
Warrants payable.....	381
Accrued payroll.....	187
Accrued compensated absences.....	<u>3,954</u>
Total adjustments.....	<u>382,465</u>
NET CASH FROM OPERATING ACTIVITIES.....	<u>\$ 450,906</u>

See notes to basic financial statements.

**FIDUCIARY FUNDS**  
**STATEMENT OF FIDUCIARY NET ASSETS**

JUNE 30, 2007

ASSETS	Agency Funds
Cash and cash equivalents.....	\$ 2,210,125
Receivables, net of allowance for uncollectible amounts:	
Departmental and other.....	318,761
Total assets.....	<u>2,528,886</u>
<b>LIABILITIES</b>	
Warrants payable.....	385,098
Accrued payroll.....	4,587
Other liabilities.....	39,377
Liabilities due depositors.....	2,099,824
Total liabilities.....	<u>\$ 2,528,886</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 County of Barnstable, Massachusetts adheres to the County form of government prescribed by Massachusetts General Laws (MGL) and the County of Barnstable Home Rule Charter, enacted under Chapter 163 of the Acts of 1988, Chapter 716 of the Acts of 1989 and Chapter 2 of the Acts of 1990. The County is governed by an elected Board of Commissioners (three members) and the Assembly of Delegates. The Assembly of Delegates is comprised of representatives from each municipality within Barnstable County, elected for terms of two years each by the voters in each of the municipalities of the County.

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

The County has also considered all potential component units for which it is financially accountable as well as other organizations for which the nature and/or significance of their relationship with the County are such that exclusion would cause the County'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.

**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 and its component units. *Governmental activities*, which are primarily supported by member Town assessments, deeds excise 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.

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 and enterprise fund 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. Member Town assessments 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.

Member Town assessments and other items not identifiable as program revenues are reported as general revenues.

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

### Fund Financial Statements

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

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

The *HUD home program fund* is a special revenue fund used to account for the activities of the affordable housing program. These activities involve housing rehabilitation, loan assistance for home purchases and repairs, and operating support for regional nonprofits. This program is funded by federal financial assistance.

The *jail operating fund* is a special revenue fund used to account for the activities of the Barnstable County sheriff's department. These activities involve the operation and maintenance of the county jail and house of corrections, inmate services, grants management, community service programs and prison industry.

The *mitigation fund* is a special revenue fund used to account for financial resources to mitigate issues arising from construction and development.

The *septic loan program fund* is a special revenue fund used to account for the activities of a community septic management program. These activities involve loan assistance to comply with Title V (related to septic systems) requirements. This program is funded by long-term debt.

The nonmajor governmental funds consist of other special revenue and capital projects 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) 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 (other than those financed by enterprise funds).

**Proprietary fund** 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 fund is reported:

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

**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 type is reported:

The *agency fund* is primarily used to account for certain assets of the Cape Light Compact which are held in a custodial capacity. 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.

#### **User Charges**

User charges represent amounts owed for dredge services and are levied when the service is provided.

#### **Departmental and Other**

Departmental and other receivables represent amounts owed for mitigation funds, services provided by the Cape Light Compact and other various departmental activities. Departmental and other 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 County administers various loan programs to member Town 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 Amounts*

The allowance for uncollectible amounts is estimated based on historical trends and specific account analysis. Based on historical analysis, 100% of user charges and departmental and other receivables have been collected and therefore do not report an allowance for uncollectible amounts. Loan receivables are considered 100% collectible because they are secured via a lien process and therefore do not report an allowance for uncollectible amounts. Intergovernmental receivables are considered 100% collectible and therefore do not report an allowance for uncollectible amounts.

## *H. Inventories*

### Government-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 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.

**J. Capital Assets**

Government-Wide and Proprietary Fund Financial Statements

Capital assets, which consist of land, land improvements, buildings, building improvements, machinery and equipment, vehicles, and intangible assets, 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 \$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) are depreciated on a straight-line basis. The estimated useful lives of capital assets are as follows:

<u>Capital Asset Type</u>	<u>Estimated Useful Life (in years)</u>
Land improvements.....	20
Buildings.....	20-40
Building improvements.....	10-20
Machinery and equipment.....	3-20
Vehicles.....	5-10
Intangible assets.....	5-10

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

Governmental Fund Financial Statements

Capital asset costs are recorded as expenditures in the acquiring fund in the 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. Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of net assets 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.

*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. 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.

*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 restricted by outside parties for a specific future use.

Net assets have been "restricted" for the following:

"Loans" represents outstanding septic loans receivable.

"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.

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

Fund balances have been "designated for" the following:

"Statutory reserve" represents the portion of fund balance required by statute to be maintained on hand.

"Subsequent year's expenditures" represents amounts appropriated for the fiscal year 2008 operating budget.

#### *O. Long-term Debt*

##### Government-Wide and Proprietary Fund Financial Statements

Long-term debt is reported as liabilities in the government-wide and proprietary fund statements of net assets. 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 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 certain special revenue funds, investment income derived from major and nonmajor governmental funds is legally assigned to the general fund unless otherwise directed by MGL.

Investment income from proprietary funds is maintained in the proprietary funds.

#### *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 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.

## *R. Post Retirement Benefits*

### Government-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, 2007, this expenditure totaled approximately \$1,382,000. There were approximately 250 participants eligible to receive benefits at June 30, 2007.

## *S. 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.

## *T. 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**

The general expenses of the County are financed by receipts from various fees, charges, other miscellaneous income and by a tax levied annually and collected semi-annually on the Towns in the County. The basis of apportionment of the tax among the Towns in the County is established by Chapter 58, Section 10C, of the MGL. The tax is based on the equalized valuation of the Towns as determined every two years by the Commissioner of Revenue of the Commonwealth of Massachusetts.

Every County agency or department submits to the County Administrator its requested annual budget on or before the date designated by the Board of County Commissioners. The County Administrator, operating within guidelines and instructions issued by the Board of County Commissioners, prepares a proposed operating budget for the ensuing fiscal year and submits it to the Board of County Commissioners for its review. Within a time fixed by ordinance, the Board of County Commissioners submits to the Assembly of Delegates its proposed operating budget for the ensuing fiscal year with an accompanying budget message and supporting documents.

The Board of County Commissioners shall provide a general summary of the proposed budget to be made available to representatives of the communications media and shall cause a legal notice to be published in a local newspaper indicating the times and places at which complete copies of the proposed budget and accompanying materials are available for inspection by the public.

The Assembly of Delegates shall notify the Board of Selectmen in Barnstable County of its receipt of the Board of County Commissioners proposed budget. Copies of the budget shall be submitted to each Town upon request.

The Assembly of Delegates, through its standing committee on finance, shall cause review by standing committees of the Assembly of Delegates, in open public meetings, of the detailed expenditures proposed for each County department or agency. The Clerk of the Assembly of Delegates shall notify each Board of Selectmen and Town Council in Barnstable County of the dates, times and places of such meetings. The standing committees may confer with any County department or agency in connection with its review and consideration. The standing committee on finance, or other designated standing committees, may require the Board of County Commissioners, the County Administrator, or any other County department or agency through the County Administrator, to furnish it with additional information as it may deem necessary to assist it in its review of the proposed budget.

The standing committee on finance shall receive information from other standing committees reviewing the budget, and shall file a report with the Assembly of Delegates containing its recommendations with respect to each item contained in the proposed budget. The report shall contain its reason or reasons for each recommendation that differs from the recommendation of the Board of County Commissioners.

The Assembly of Delegates adopts a budget for the ensuing fiscal year no later than the first day of June in the preceding fiscal year. If the Assembly of Delegates does not take final action with respect to any amount recommended in the proposed budget by the first day of June, such amount shall, without any action by the Assembly of Delegates, become a part of the appropriations for the ensuing fiscal year.

An annual budget is adopted for the general fund, dredge fund, capital projects and certain special revenue funds, in conformity with the guidelines described above, with the exception of the budget for the jail operating fund. The budget for the jail operating fund is prepared by the Sheriff and approved by the Commonwealth of Massachusetts. The jail operating fund (major fund) is accounted for in a special revenue fund.

The original fiscal year 2007 approved budget for the general fund, Cape Cod commission fund and jail operating fund authorized \$17,467,187, \$3,904,136 and \$26,086,596, respectively, in appropriations and other amounts to be raised. During fiscal year 2007, there were supplemental appropriations in the general fund and jail operating fund, totaling \$256,322 and \$3,230,909, respectively.

The Finance Department has the responsibility to ensure that budgetary control is maintained. Budgetary control is exercised through the accounting system.

#### *A. Fund Deficits*

At June 30, 2007, the following fund deficits exist:

Fund	Amount	Funding Source
2nd District Court capital projects.....	\$ 363,794	Long-term debt/available funds
County Complex capital projects.....	160,494	Long-term debt/available funds
1st District Court capital projects.....	150,137	Long-term debt/available funds
Health lab spectrophotometer capital projects.....	149,357	Long-term debt/available funds
Children's Cove building capital projects.....	138,598	Long-term debt/available funds
Superior Court capital projects.....	104,077	Long-term debt/available funds
Miscellaneous capital projects.....	102,705	Long-term debt/available funds
Outside detail.....	97,516	Departmental receipts
Financial software system capital projects.....	72,038	Long-term debt/available funds
Health lab information system capital projects.....	50,877	Long-term debt/available funds
Health lab ion chromatograph capital projects.....	45,000	Long-term debt/available funds
Public safety building capital projects.....	21,700	Long-term debt/available funds
Test center 5 grant.....	11,044	Federal grant
Tobacco grant.....	8,836	State grant
Test center 6 grant.....	8,472	Federal grant
Housing federal prisoners grant.....	7,706	Federal grant
Barnstable ponds grant.....	6,964	State grant
Wildfire grant.....	4,726	Federal grant
HIV grant.....	3,758	Federal grant
Nutrition grant.....	3,018	Federal grant

#### B. Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2007, expenditures exceeded appropriations in the jail operating fund. This over-expenditure was funded by undesignated fund balance of the jail operating fund.

#### NOTE 3 - DEPOSITS AND INVESTMENTS

The municipal finance laws of the Commonwealth authorize the County 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.

#### Deposits - Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the County's deposits may not be recovered. The County's policy is to rely on FDIC and DIF insurance coverage. As of June 30, 2007, \$4,191,036 of the County's bank balance of \$4,741,036 was uninsured and uncollateralized and, therefore, exposed to custodial credit risk.

Investments Summary

The County's investments at June 30, 2007 are presented below. All investments are presented by investment type, with debt securities presented by maturity.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years) Less Than 1</u>
<u>Debt Securities:</u>		
Repurchase agreements.....	\$ 26,636,144	\$ 26,636,144
<u>Other Investments:</u>		
Equity securities.....	551,197	
Total investments.....	\$ 27,187,341	

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 County's policy is to invest in overnight repurchase agreements with maturities of only one day.

Investments - Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County does not have a policy for custodial credit risk of investments. As of June 30, 2007, the County's investments of \$27,187,341 were uninsured, not registered in the name of the County and exposed to custodial credit risk as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Held by Counterparty</u>	<u>Held by Counterparty's Trust or Agent</u>
Repurchase agreements.....	\$ 26,636,144	\$ -	\$ 26,636,144
Equity securities.....	551,197	551,197	-
Total.....	\$ 27,187,341	\$ 551,197	\$ 26,636,144

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 County's policy is to invest in repurchase accounts with investments in treasury and agency obligations of the U.S. government.

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 County does not have a policy for foreign currency risk. As of June 30, 2007, the County was 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 County's investment in a single issuer. The County does not have a policy for concentration of credit risk. As of June 30, 2007, the County was not exposed to concentration of credit risk.

**NOTE 4 - ACCOUNTS RECEIVABLE**

At June 30, 2007, 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:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Departmental and other.....	\$ 378,942	\$ -	\$ 378,942
Intergovernmental.....	1,387,755	-	1,387,755
Loans.....	3,881,828	-	3,881,828
	<u>\$ 5,648,525</u>	<u>\$ -</u>	<u>\$ 5,648,525</u>

At June 30, 2007, receivables for the dredge enterprise fund consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
User charges.....	\$ 245,015	\$ -	\$ 245,015

## NOTE 5 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2007, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 697,995	\$ -	\$ -	\$ 697,995
<u>Capital assets being depreciated:</u>				
Land improvements.....	213,083	154,095	-	367,178
Buildings.....	6,957,330	119,023	-	7,076,353
Building improvements.....	1,709,516	985,848	-	2,695,364
Machinery and equipment.....	3,948,657	1,116,287	(135,632)	4,929,312
Vehicles.....	2,141,816	331,295	(76,399)	2,396,712
Intangible Assets.....	818,772	15,382	-	834,154
Total capital assets being depreciated.....	15,789,174	2,721,930	(212,031)	18,299,073
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(104,760)	(14,507)	-	(119,267)
Buildings.....	(5,123,724)	(149,686)	-	(5,273,410)
Building improvements.....	(828,513)	(104,076)	-	(932,589)
Machinery and equipment.....	(2,078,253)	(523,077)	116,380	(2,484,950)
Vehicles.....	(1,414,200)	(280,067)	76,399	(1,617,868)
Intangible Assets.....	(394,766)	(90,368)	-	(485,134)
Total accumulated depreciation.....	(9,944,216)	(1,161,781)	192,779	(10,913,218)
Total capital assets being depreciated, net.....	5,844,958	1,560,149	(19,252)	7,385,855
Total governmental activities capital assets, net.....	\$ 6,542,953	\$ 1,560,149	\$ (19,252)	\$ 8,083,850

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-Type Activities:</b>				
<u>Capital assets being depreciated:</u>				
Machinery and equipment.....	\$ 1,388,216	\$ -	\$ -	\$ 1,388,216
Vehicles.....	152,409	-	-	152,409
Intangible Assets.....	12,000	-	-	12,000
Total capital assets being depreciated.....	<u>1,552,625</u>	<u>-</u>	<u>-</u>	<u>1,552,625</u>
<u>Less accumulated depreciation for:</u>				
Machinery and equipment.....	(710,425)	(74,196)	-	(784,621)
Vehicles.....	(70,730)	(17,666)	-	(88,396)
Intangible Assets.....	(11,400)	(600)	-	(12,000)
Total accumulated depreciation.....	<u>(792,555)</u>	<u>(92,462)</u>	<u>-</u>	<u>(885,017)</u>
Total business-type activities capital assets, net.....	<u>\$ 760,070</u>	<u>\$ (92,462)</u>	<u>\$ -</u>	<u>\$ 667,608</u>

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

**Governmental Activities:**

Department of finance.....	\$ 16,753
Department of facilities.....	159,531
Cooperative extension.....	21,197
Registry of deeds.....	131,429
County health.....	92,236
Children's cove.....	5,949
Fire training.....	22,254
Corrections.....	705,845
Cape Cod commission.....	<u>6,587</u>

Total depreciation expense - governmental activities..... \$ 1,161,781

**Business-Type Activities:**

Dredge.....	<u>\$ 92,462</u>
-------------	------------------

**NOTE 6 - CAPITAL LEASES**

The County has entered into several capital lease agreements for machinery and equipment under which either the machinery and equipment will become the property of the County when all the terms of the lease agreements are met or the agreements contain purchase options which would allow the County to purchase the machinery and equipment before the end of the lease terms.

The following schedule presents future minimum lease payments as of June 30, 2007:

<u>Fiscal Years Ending June 30</u>	<u>Governmental Activities</u>
2008.....	\$ 71,022
2009.....	67,703
2009.....	13,759
2010.....	<u>2,952</u>
 Total minimum lease payments.....	 155,436
 Less: amounts representing interest.....	 <u>(7,090)</u>
 Present value of minimum lease payments..	 \$ <u><u>148,346</u></u>

Machinery and equipment and related accumulated amortization under capital leases are as follows:

<u>Asset:</u>	<u>Governmental Activities</u>
Machinery and equipment.....	\$ 863,599
Less: accumulated amortization.....	<u>(518,555)</u>
 Total.....	 \$ <u><u>345,044</u></u>

Amortization of machinery and equipment under capital leases is included with depreciation expense.

**NOTE 7 - OPERATING LEASES**

The County is committed under an operating lease for office facilities used by the Cape Cod commission. In the event the County builds a new facility or renovates an existing facility to which the commission will relocate, the County has the option (with a one year notice in writing) to cancel the agreement.

Future minimum payments under this operating lease are as follows:

<u>Fiscal Years Ending June 30</u>	<u>Amount</u>
2008.....	\$ <u><u>121,380</u></u>

Rent expenditures were \$119,000 for the fiscal year ended June 30, 2007 and are reported as Cape Cod commission expenditures.

**NOTE 8 - INTERFUND TRANSFERS**

Interfund transfers for the fiscal year ended June 30, 2007, are summarized as follows:

Transfers Out:	Transfers In:			Total
	Cape Cod Commission	Jail Operating Fund	Nonmajor Governmental Funds	
General Fund.....	\$ 225,945	\$ 2,249,489	\$ 60,203	\$ 2,535,637 (1)
Septic Loan Program.....	-	-	96,747	96,747 (2)
Nonmajor Governmental Funds.....	192,900	255,500	-	448,400 (3)
	<u>\$ 418,845</u>	<u>\$ 2,504,989</u>	<u>\$ 156,950</u>	<u>\$ 3,080,784</u>

(1) Represents budgeted transfers from the general fund to fund a portion of the Cape Cod commission operating budget (\$225,945); maintenance of effort to the jail operating fund (\$2,249,489); and budgeted transfers to the coastal embayment (\$60,103) and statue (\$100) special revenue funds.

(2) Represents transfer from the septic loan program major fund to the septic administration special revenue fund.

(3) Represents transfers from the coastal embayment (\$182,908) and UMass embayment (\$9,992) special revenue funds to the Cape Cod commission fund and from the housing federal prisoners special revenue fund to the jail operating fund (\$255,500).

**NOTE 9 - 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 fund, respectively.

The County has no short-term debt outstanding at June 30, 2007, and did not issue or retire any short-term debt during the fiscal year.

**NOTE 10 - LONG-TERM DEBT**

The County issues long-term debt in accordance with Chapter 35 of the MGL. Details related to the outstanding indebtedness at June 30, 2007, and the debt service requirements are as follows:

***Bonds and Notes Payable - Governmental Funds***

Project	Interest Rate	Outstanding at June 30, 2006	Issued	Redeemed	Outstanding at June 30, 2007
Registry of Deeds/Courthouse.....	6.60%	\$ 165,000	\$ -	\$ (55,000)	\$ 110,000
Hospital Closure/Equipment.....	4.95%	120,000	-	(120,000)	-
MWPAT Septic Loan Program.....	0.00%	600,000	2,400,000	-	3,000,000
MWPAT Septic Loan Program.....	0.00%	-	2,000,000	-	2,000,000
Total governmental funds.....		<u>\$ 885,000</u>	<u>\$ 4,400,000</u>	<u>\$ (175,000)</u>	<u>\$ 5,110,000</u>

During fiscal year 2007, the County received \$4,400,000 of MWPAT note proceeds. Of this amount, note proceeds of \$2,400,000 were received by the County as part of a \$3,000,000 interim note issued for the purpose of financing costs of a community septic management loan program. The interim note is dated April 15, 2006 and is payable on April 15, 2009.

The other \$2,000,000 of note proceeds received in fiscal year 2007 were part of a \$3,000,000 interim note issued for the purpose of financing costs of a community septic management loan program. The interim note is dated December 15, 2006 and is payable on December 15, 2009. Subsequent to year-end, the County received the remaining \$1,000,000 of this interim note.

Also subsequent to year-end, the County received an additional \$800,000 of MWPAT note proceeds as part of a \$4,000,000 interim note issued for the purpose of financing costs of a community septic management loan program. The interim note is dated October 15, 2007 and is payable on October 15, 2010.

The interim loans identified above were issued in anticipation of the County receiving permanent financing from MWPAT notes in an aggregate principal amount not to exceed \$10,000,000, the proceeds of which the County expects to use to retire the interim notes. The \$10,000,000 MWPAT note authorization was adopted by an Ordinance of the Assembly of Delegates on August 17, 2005. The County anticipates funding the debt principal on the permanent MWPAT notes from payments received on the loans the County is issuing to member Town residents for septic system improvements.

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
2008.....	\$ 55,000	\$ 7,536	\$ 62,536
2009.....	3,055,000	3,796	3,058,796
2010.....	<u>2,000,000</u>	<u>-</u>	<u>2,000,000</u>
Total.....	<u>\$ 5,110,000</u>	<u>\$ 11,332</u>	<u>\$ 5,121,332</u>

The County is subject to various debt limits by statute. At June 30, 2007, the County had the following authorized and unissued debt:

Purpose	Amount
MWPAT septic loan program.....	5,000,000 *
Various capital projects.....	2,731,689
<b>Total.....</b>	<b>\$ 7,731,689</b>

\* Of this amount, \$1,800,000 was issued by the County subsequent to year-end

Changes in Long-Term Liabilities

During the fiscal year ended June 30, 2007, the following changes occurred in long-term liabilities:

	Balance June 30, 2006	Increases	Decreases	Balance June 30, 2007	Current Portion
<b>Governmental Activities:</b>					
Bonds and notes payable.....	\$ 885,000	\$ 4,400,000	\$ (175,000)	\$ 5,110,000	\$ 55,000
Capital lease obligations.....	65,406	267,245	(184,305)	148,346	66,430
Compensated absences.....	2,427,000	213,000	-	2,640,000	264,000
<b>Total.....</b>	<b>\$ 3,377,406</b>	<b>\$ 4,880,245</b>	<b>\$ (359,305)</b>	<b>\$ 7,898,346</b>	<b>\$ 385,430</b>
<b>Business-type Activities:</b>					
Compensated absences.....	\$ 19,134	\$ 3,954	-	\$ 23,088	\$ 2,309

Bonds and notes payable of governmental activities are liquidated by the general fund. Capital lease obligations are liquidated by the general fund and jail operating fund. Compensated absences of governmental activities are liquidated by the general fund, Cape Cod commission fund and jail operating fund.

Compensated absences of business-type activities are liquidated by the dredge enterprise fund.

**NOTE 11 - RISK FINANCING**

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

**A. Health Insurance**

The County 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.

**B. Workers' Compensation**

The County is self-insured for its workers' compensation activities. Workers' compensation claims are administered by a third party administrator and are funded on a pay-as-you-go basis from annual appropriations. The estimated future liability is based on history and injury type.

The liability at June 30, 2007, totaled \$271,000. Changes in the reported liability since July 1, 2006, 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 2006.....	\$ 108,000	\$ 448,000	\$ (342,000)	\$ 214,000
Fiscal year 2007.....	\$ 214,000	\$ 388,000	\$ (331,000)	\$ 271,000

**NOTE 12 - PENSION PLAN**

**Plan Description** - The County contributes to the Barnstable County Retirement Association (the Association), a cost-sharing multiple-employer defined benefit pension plan administered by the Barnstable County Retirement Board.

The Association 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 Association 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 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 County is required to pay into the Association 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 County's contributions to the Association for the fiscal years ended June 30, 2007, 2006, and 2005 were \$4,156,602, \$3,723,214 and \$3,136,711, respectively, which equaled its required contribution for each fiscal year.

**Noncontributory Retirement Allowance** - The County pays the entire retirement allowance for certain retirees who are eligible for noncontributory benefits and are not members of the Association. The general fund expenditure for fiscal year 2007 totaled approximately \$26,000.

**NOTE 13 - COMMITMENTS**

The County is planning to enter into contracts totaling approximately \$611,000 for various capital projects.

**NOTE 14 - CONTINGENCIES**

Various legal actions and claims are pending against the County. 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, 2007, cannot be ascertained, management believes any resulting liability should not materially affect the financial position of the County at June 30, 2007.

The County 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, 2007, 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 County expects such amounts, if any, to be immaterial.

**NOTE 15 - PRIOR PERIOD RECLASSIFICATIONS**

The County has restated the beginning fund balances of the nonmajor governmental funds from \$5,064,520 to \$4,637,149 to reflect the establishment of the septic loan program fund (major fund) in the amount of \$427,371, which was previously reported in the nonmajor governmental funds.

**NOTE 16 - FUTURE IMPLEMENTATION OF GASB PRONOUNCEMENTS**

The GASB has issued the following statements:

- Statement #43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which is required to be implemented during fiscal year 2008. This Statement will not impact the County's basic financial statements.
- Statement #45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which is required to be implemented during fiscal year 2009. The County is currently evaluating the effect that this Statement will have on its basic financial statements.
- Statement #48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, which is required to be implemented during fiscal year 2008. The County is currently evaluating the effect that this Statement will have on its basic financial statements.
- Statement #49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, which is required to be implemented during fiscal year 2009. The County is currently evaluating the effect that this Statement will have on its basic financial statements.
- Statement #50, *Pension Disclosures*, which is required to be implemented during fiscal year 2008. The County is currently evaluating the effect that this Statement will have on its basic financial statements.
- Statement #51, *Accounting and Financial Reporting for Intangible Assets*, which is required to be implemented during fiscal year 2010. The County is currently evaluating the effect that this Statement will have on its basic financial statements.

These pronouncements will be implemented by their respective due dates.

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## *Required Supplementary Information*

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Prior Year Encumbrances and Continuing Appropriations	Original Budget	Supplemental Appropriations and Transfers	Final Budget
<b>REVENUES</b>				
Town assessments.....	\$ -	\$ 2,563,220	\$ -	\$ 2,563,220
County deeds excise tax.....	-	8,275,000	-	8,275,000
Registry of deeds.....	-	3,258,000	-	3,258,000
Court house rental.....	-	1,200,000	-	1,200,000
Intergovernmental.....	-	64,358	-	64,358
Departmental.....	-	703,109	-	703,109
Investment income.....	-	145,000	-	145,000
<b>TOTAL REVENUES.....</b>	<b>-</b>	<b>16,208,687</b>	<b>-</b>	<b>16,208,687</b>
<b>EXPENDITURES</b>				
Current:				
County commissioners.....	96,946	554,295	6,112	657,353
Resource development office.....	41,511	727,825	8,886	778,222
Home consortium.....	18,728	-	-	18,728
Cape light compact.....	334,429	234,065	1,613	570,107
Grants to Town's of Barnstable County.....	215,808	-	-	215,808
Assembly of delegates.....	7,923	265,593	(266)	273,250
Department of finance.....	72,122	561,474	(4,589)	629,007
Department of facilities.....	82,013	2,050,598	50,306	2,182,917
Cooperative extension.....	617,191	1,488,917	(10,499)	2,095,609
Registry of deeds.....	133,547	3,109,507	(60,632)	3,182,422
Regional services initiatives.....	65,545	-	-	65,545
County health.....	41,532	1,798,316	(31,385)	1,808,463
Children's cove.....	295	295,988	(12,088)	284,195
Human services.....	182,683	698,509	12,514	893,706
Human services grants.....	-	100,000	-	100,000
Fire training.....	45,340	433,396	(16,222)	462,514
Public safety.....	-	50,000	-	50,000
Economic development council.....	6,606	147,229	1,229	155,064
Water quality initiatives.....	196,800	-	-	196,800
Retirees' benefits.....	-	1,757,773	(24,182)	1,733,591
Other.....	2,251,898	423,065	335,525	3,010,488
Debt service:				
Principal.....	-	175,000	-	175,000
Interest.....	-	60,000	-	60,000
<b>TOTAL EXPENDITURES.....</b>	<b>4,410,917</b>	<b>14,931,550</b>	<b>256,322</b>	<b>19,598,789</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....</b>	<b>(4,410,917)</b>	<b>1,277,137</b>	<b>(256,322)</b>	<b>(3,390,102)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out.....	(200,000)	(286,148)	-	(486,148)
Transfers out - maintenance of effort.....	-	(2,249,489)	-	(2,249,489)
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>(200,000)</b>	<b>(2,535,637)</b>	<b>-</b>	<b>(2,735,637)</b>
<b>NET CHANGE IN FUND BALANCE.....</b>	<b>(4,610,917)</b>	<b>(1,258,500)</b>	<b>(256,322)</b>	<b>(6,125,739)</b>
<b>FUND BALANCE AT BEGINNING OF YEAR.....</b>	<b>14,056,758</b>	<b>14,056,758</b>	<b>14,056,758</b>	<b>14,056,758</b>
<b>FUND BALANCE AT END OF YEAR.....</b>	<b>\$ 9,445,841</b>	<b>\$ 12,798,258</b>	<b>\$ 13,800,436</b>	<b>\$ 7,931,019</b>

See notes to required supplementary information.

Actual	Current Year Encumbrances and Continuing Appropriations	Actual and Encumbrances and Continuing Appropriations	Variance Positive/ (Negative)
\$ 2,563,220	\$ -	\$ 2,563,220	\$ -
7,139,909	-	7,139,909	(1,135,091)
3,063,129	-	3,063,129	(194,871)
1,543,238	-	1,543,238	343,238
81,603	-	81,603	17,245
721,065	-	721,065	17,956
1,044,612	-	1,044,612	899,612
<u>16,156,776</u>	<u>-</u>	<u>16,156,776</u>	<u>(51,911)</u>
552,311	80,608	632,919	24,434
705,339	54,066	759,405	18,817
13,728	5,000	18,728	-
348,427	211,891	560,318	9,789
9,491	206,317	215,808	-
248,608	8,228	256,836	16,414
525,453	81,790	607,243	21,764
1,948,104	75,067	2,023,171	159,746
1,308,495	724,654	2,033,149	62,461
2,907,386	35,787	2,943,173	239,249
38,172	27,373	65,545	-
1,658,098	49,281	1,707,379	101,084
224,843	2,962	227,805	56,390
695,779	182,197	877,976	15,730
100,000	-	100,000	-
431,693	19,305	450,998	11,516
50,000	-	50,000	-
141,736	8,829	150,565	4,499
26,777	168,630	195,407	1,393
1,499,951	-	1,499,951	233,640
1,057,506	1,907,077	2,964,583	45,905
175,000	-	175,000	-
14,365	-	14,365	45,635
<u>14,681,261</u>	<u>3,849,062</u>	<u>18,530,323</u>	<u>1,068,466</u>
<u>1,475,515</u>	<u>(3,849,062)</u>	<u>(2,373,547)</u>	<u>1,016,555</u>
(286,148)	(200,000)	(486,148)	-
(2,249,489)	-	(2,249,489)	-
<u>(2,535,637)</u>	<u>(200,000)</u>	<u>(2,735,637)</u>	<u>-</u>
(1,060,122)	(4,049,062)	(5,109,184)	1,016,555
<u>14,056,758</u>	<u>14,056,758</u>	<u>14,056,758</u>	<u>-</u>
\$ <u>12,996,636</u>	\$ <u>10,007,696</u>	\$ <u>8,947,574</u>	\$ <u>1,016,555</u>

**CAPE COD COMMISSION**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**

FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Prior Year Encumbrances and Continuing Appropriations	Original Budget	Supplemental Appropriations and Transfers	Final Budget
<b>REVENUES</b>				
Environmental protection taxes.....	\$ -	\$ 2,615,703	\$ -	\$ 2,615,703
Intergovernmental .....	-	884,000	-	884,000
Departmental.....	-	162,500	-	162,500
<b>TOTAL REVENUES.....</b>	<b>-</b>	<b>3,662,203</b>	<b>-</b>	<b>3,662,203</b>
<b>EXPENDITURES</b>				
Current:				
Cape Cod commission.....	290,441	3,904,136	-	4,194,577
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....</b>	<b>(290,441)</b>	<b>(241,933)</b>	<b>-</b>	<b>(532,374)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in.....	-	418,845	-	418,845
<b>NET CHANGE IN FUND BALANCE.....</b>	<b>(290,441)</b>	<b>176,912</b>	<b>-</b>	<b>(113,529)</b>
<b>FUND BALANCE AT BEGINNING OF YEAR.....</b>	<b>1,065,189</b>	<b>1,065,189</b>	<b>1,065,189</b>	<b>1,065,189</b>
<b>FUND BALANCE AT END OF YEAR.....</b>	<b>\$ 774,748</b>	<b>\$ 1,242,101</b>	<b>\$ 1,065,189</b>	<b>\$ 951,660</b>

See notes to required supplementary information.

<u>Actual</u>	<u>Current Year Encumbrances and Continuing Appropriations</u>	<u>Actual and Encumbrances and Continuing Appropriations</u>	<u>Variance Positive/ (Negative)</u>
\$ 2,615,703	\$ -	\$ 2,615,703	\$ -
546,560	-	546,560	(337,440)
54,530	-	54,530	(107,970)
<u>3,216,793</u>	<u>-</u>	<u>3,216,793</u>	<u>(445,410)</u>
<u>3,536,187</u>	<u>262,478</u>	<u>3,798,665</u>	<u>395,912</u>
<u>(319,394)</u>	<u>(262,478)</u>	<u>(581,872)</u>	<u>(49,498)</u>
<u>418,845</u>	<u>-</u>	<u>418,845</u>	<u>-</u>
99,451	(262,478)	(163,027)	(49,498)
<u>1,065,189</u>	<u>1,065,189</u>	<u>1,065,189</u>	<u>-</u>
<u>\$ 1,164,640</u>	<u>\$ 802,711</u>	<u>\$ 902,162</u>	<u>\$ (49,498)</u>

**JAIL OPERATING FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**

FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Prior Year Encumbrances and Continuing Appropriations	Original Budget	Supplemental Appropriations and Transfers	Final Budget
<b>REVENUES</b>				
State deeds excise tax.....	\$ -	\$ 3,302,260	\$ (268,164)	\$ 3,034,096
Intergovernmental .....	-	20,210,249	3,062,624	23,272,873
Departmental.....	-	-	-	-
Investment income.....	-	-	-	-
TOTAL REVENUES.....	-	23,512,509	2,794,460	26,306,969
<b>EXPENDITURES</b>				
Current:				
Corrections.....	761,836	26,086,596	3,230,909	30,079,341
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....</b>				
	(761,836)	(2,574,087)	(436,449)	(3,772,372)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in.....	-	255,500	-	255,500
Transfers in - maintenance of effort.....	-	2,249,489	-	2,249,489
TOTAL OTHER FINANCING SOURCES (USES).....	-	2,504,989	-	2,504,989
NET CHANGE IN FUND BALANCE.....	(761,836)	(69,098)	(436,449)	(1,267,383)
FUND BALANCE AT BEGINNING OF YEAR.....	1,669,357	1,669,357	1,669,357	1,669,357
FUND BALANCE AT END OF YEAR.....	\$ 907,521	\$ 1,600,259	\$ 1,232,908	\$ 401,974

See notes to required supplementary information.

<u>Actual</u>	<u>Current Year Encumbrances and Continuing Appropriations</u>	<u>Actual and Encumbrances and Continuing Appropriations</u>	<u>Variance Positive/ (Negative)</u>
\$ 3,034,096	\$ -	\$ 3,034,096	\$ -
23,272,873	-	23,272,873	-
3,490	-	3,490	3,490
345	-	345	345
<u>26,310,804</u>	<u>-</u>	<u>26,310,804</u>	<u>3,835</u>
<u>29,704,238</u>	<u>425,306</u>	<u>30,129,544</u>	<u>(50,203)</u>
<u>(3,393,434)</u>	<u>(425,306)</u>	<u>(3,818,740)</u>	<u>(46,368)</u>
255,500	-	255,500	-
2,249,489	-	2,249,489	-
<u>2,504,989</u>	<u>-</u>	<u>2,504,989</u>	<u>-</u>
(888,445)	(425,306)	(1,313,751)	(46,368)
<u>1,669,357</u>	<u>1,669,357</u>	<u>1,669,357</u>	<u>-</u>
<u>\$ 780,912</u>	<u>\$ 1,244,051</u>	<u>\$ 355,606</u>	<u>\$ (46,368)</u>

**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 and jail operating fund for the fiscal year ended June 30, 2007, is presented below:

**General fund**

	<u>Expenditures</u>	<u>Other Financing Sources (Uses)</u>
Budgetary basis as reported on the schedule of revenues, expenditures and changes in fund balance - budget and actual.....	\$ 18,530,323	\$ (2,735,637)
<u>Adjustments</u>		
Net change in recording other expenditures.....	(44,921)	-
To account for encumbrances and continuing appropriations.....	<u>(3,849,062)</u>	<u>200,000</u>
GAAP basis as reported on the statement of revenues, expenditures and changes in fund balances.....	<u>\$ 14,636,340</u>	<u>\$ (2,535,637)</u>

**Jail operating fund**

	<u>Expenditures</u>
Budgetary basis as reported on the schedule of revenues, expenditures and changes in fund balance - budget and actual.....	\$ 30,129,544
<u>Adjustments</u>	
Net change in recording other expenditures.....	57,000
To account for encumbrances and continuing appropriations.....	<u>(425,306)</u>
GAAP basis as reported on the statement of revenues, expenditures and changes in fund balances.....	<u>\$ 29,761,238</u>

## *Additional Information*

The following Additional Information is a requirement of the Massachusetts Highway Department. The Combining Schedule of Revenues and Expenditures lists the activity of the grants, agreements and contracts for the County Department of the Cape Cod Commission.

**CAPE COD COMMISSION**  
**COMBINING SCHEDULE OF REVENUES AND EXPENDITURES**

FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	MHD 35002 0011	CZM 4600063005-5146 0012
<b>REVENUES</b>		
Federal, state and local grants.....	\$ 443,501	\$ 1,345
Local assessments.....	-	-
TOTAL REVENUES.....	443,501	1,345
<b>EXPENDITURES</b>		
Direct salaries.....	198,274	-
Indirect costs.....	239,178	-
Direct costs.....	12,208	-
TOTAL EXPENDITURES.....	449,660	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	\$ (6,159)	\$ 1,345

<u>EOTC MA802017 0013</u>	<u>EOTC MA800001 0013</u>	<u>HUD FFY06 20236</u>	<u>HUD FFY05 20235/0014</u>	<u>HUD FFY04 20234/0014</u>	<u>HUD FFY03 20233</u>
\$ 26,457	\$ 448	\$ 211,044	\$ 196,355	\$ 226,622	\$ 350
-	4,375	-	-	-	-
<u>26,457</u>	<u>4,823</u>	<u>211,044</u>	<u>196,355</u>	<u>226,622</u>	<u>350</u>
-	9,072	-	16,025	7,662	-
-	10,944	-	19,331	9,243	-
-	182	211,044	202,713	198,337	350
-	20,198	211,044	238,069	215,242	350
<u>\$ 26,457</u>	<u>\$ (15,375)</u>	<u>\$ -</u>	<u>\$ (41,714)</u>	<u>\$ 11,380</u>	<u>\$ -</u>

(Continued)

**CAPE COD COMMISSION**  
**COMBINING SCHEDULE OF REVENUES AND EXPENDITURES**

FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	<u>HUD FFY00 20230</u>	<u>HUD ProgIncome 2023</u>
<b>REVENUES</b>		
Federal, state and local grants.....	\$ 5,000	\$ 53,955
Local assessments.....	<u>-</u>	<u>-</u>
TOTAL REVENUES.....	<u>5,000</u>	<u>53,955</u>
<b>EXPENDITURES</b>		
Direct salaries.....	-	-
Indirect costs.....	-	-
Direct costs.....	<u>5,000</u>	<u>61,152</u>
TOTAL EXPENDITURES.....	<u>5,000</u>	<u>61,152</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	<u>\$ -</u>	<u>\$ (7,197)</u>

Mitigation WHOI 2031	UMass Embaysments 2035	W/W Public Ed 2037	Island Fndtn Sand/Gravel 2038	Comm Found Freshwater 2042
\$ -	\$ -	\$ 5,000	\$ -	\$ 2,500
-	60,103	-	-	-
-	60,103	5,000	-	2,500
76	28,070	-	4,152	-
91	33,861	-	5,009	-
197	-	-	-	2,124
364	61,931	-	9,161	2,124
\$ (364)	\$ (1,828)	\$ 5,000	\$ (9,161)	\$ 376

(Continued)

**CAPE COD COMMISSION**  
**COMBINING SCHEDULE OF REVENUES AND EXPENDITURES**

FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	<u>Harwich Water 2058</u>	<u>RTA 2059</u>
<b>REVENUES</b>		
Federal, state and local grants.....	\$ 5,000	\$ 1,876
Local assessments.....	<u>-</u>	<u>-</u>
TOTAL REVENUES.....	<u>5,000</u>	<u>1,876</u>
<b>EXPENDITURES</b>		
Direct salaries.....	-	1,244
Indirect costs.....	-	1,501
Direct costs.....	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES.....	<u>-</u>	<u>2,745</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	<u>\$ 5,000</u>	<u>\$ (869)</u>

<u>EPA Nitrogen 2060</u>	<u>EOEA Village Viz 2074</u>	<u>Umass MEP 2082</u>	<u>Barnstable Ponds 2089</u>	<u>DHCD Exp Permit 2090</u>
\$ 20,199	\$ 23,701	\$ 6,991	\$ 200	\$ 132,000
5,392	129	-	-	1,505
<u>25,591</u>	<u>23,830</u>	<u>6,991</u>	<u>200</u>	<u>133,505</u>
6,720	59	7,963	6,716	5,736
8,107	71	9,605	8,102	6,919
5,950	613	-	448	74
<u>20,777</u>	<u>743</u>	<u>17,568</u>	<u>15,266</u>	<u>12,729</u>
<u>\$ 4,814</u>	<u>\$ 23,087</u>	<u>\$ (10,577)</u>	<u>\$ (15,066)</u>	<u>\$ 120,776</u>

(Continued)

**CAPE COD COMMISSION**  
**COMBINING SCHEDULE OF REVENUES AND EXPENDITURES**

FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	MAPRA Exp Permit 2098	Second Homeowner Survey 2101
<b>REVENUES</b>		
Federal, state and local grants.....	\$ 6,925	\$ 11,000
Local assessments.....	320	-
TOTAL REVENUES.....	7,245	11,000
<b>EXPENDITURES</b>		
Direct salaries.....	1,220	-
Indirect costs.....	1,471	-
Direct costs.....	-	-
TOTAL EXPENDITURES.....	2,691	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	\$ 4,554	\$ 11,000

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MHP Housing 8069	Total
\$ 20,133	\$ 1,400,602
<u>          -</u>	<u>          71,824</u>
<u>20,133</u>	<u>1,472,426</u>
-	292,989
-	353,433
<u>26,253</u>	<u>726,645</u>
<u>26,253</u>	<u>1,373,067</u>
<u>\$ (6,120)</u>	<u>\$ 99,359</u>

(Concluded)