COUNTY OF BARNSTABLE, MASSACHUSETTS

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2010
COUNTY OF BARNSTABLE, MASSACHUSETTS

INDEPENDENT AUDITORS’ REPORT ON
BASIC FINANCIAL STATEMENTS AND
REQUIRED SUPPLEMENTARY INFORMATION

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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Independent Auditors' Report
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, 2010, 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, 2010, 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.

As more fully described in Note 17, the County transferred their Sheriff’s department to the Commonwealth of Massachusetts (Commonwealth), which, among other things, transferred the Sheriff’s employees, assets and liabilities from the County to the Commonwealth.

In accordance with Government Auditing Standards, we have also issued our report dated March 23, 2011, 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 considered in assessing the results of our audit.
Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis (located on pages 4 through 13) and budgetary comparison, pension and other post employment benefits information (located on pages 53 through 63) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Barnstable, Massachusetts’ financial statements as a whole. The additional information section is presented for purposes of additional analysis and is not a required part of the financial statements. The additional information section is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

March 23, 2011
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, 2010.

Financial Highlights

➢ The assets of the County exceeded its liabilities at the close of the most recent fiscal year by $20,685,915 (net assets).

➢ The County’s total net assets increased $5,438,391.

➢ As of the close of the fiscal year, the County’s governmental funds reported combined ending fund balances totaling $35,530,478, an increase of $7,213,143 in comparison with the prior year. Approximately $10,486,000 represents unreserved fund balance of the general fund and special revenue funds. The nonmajor capital projects funds deficit of $2,445,904 will be funded through the issuance of long-term debt or available funds in future fiscal years.

➢ At the end of the fiscal year, undesignated fund balance for the general fund totaled $2,528,840, or 16.1 percent of total general fund expenditures and transfers out.

➢ The County’s total bonded debt increased by $4,100,000 during the fiscal year; $4,600,000 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 required supplementary and other 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.).
Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2010

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, information technology services, resource development office, Cape light compact, assembly of delegates, department of finance, department of facilities, cooperative extension, registry of deeds, regional services initiatives, county health, children's cove, human services, human services grants, fire training, economic development council, water quality initiatives, retirees' benefits, other, corrections and Cape Cod commission. 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 278 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), septic loan program (special revenue) and appliance rebate program (special revenue) funds, each of which are considered to be major funds. Data from the other 271 governmental funds are combined into a single, aggregated presentation titled nonmajor governmental funds.

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.

County of Barnstable, Massachusetts

Required Supplementary Information
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 28-52 of this report.

Required supplementary and 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, jail operating funds, as well as certain pension and other post employment benefits information, which can be found on pages 53-63 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 65-72.

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 $20,685,915 at the close of the fiscal year and are summarized as follows:
For the Fiscal Year Ended June 30, 2010

### Governmental Activities

#### Assets

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Current assets</td>
<td>$25,319,145</td>
<td>$24,544,752</td>
<td>$1,394,739</td>
<td>$1,115,236</td>
<td>$26,713,884</td>
<td>$25,659,988</td>
</tr>
<tr>
<td>Noncurrent assets (excluding capital assets)</td>
<td>$13,542,507</td>
<td>$8,698,074</td>
<td>-</td>
<td>-</td>
<td>$13,542,507</td>
<td>$8,698,074</td>
</tr>
<tr>
<td>Capital assets (net)</td>
<td>$4,006,568</td>
<td>$6,929,254</td>
<td>$576,296</td>
<td>$689,187</td>
<td>$4,582,864</td>
<td>$7,618,441</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$42,868,220</td>
<td>$40,172,080</td>
<td>$1,971,035</td>
<td>$1,804,423</td>
<td>$44,839,255</td>
<td>$41,976,503</td>
</tr>
</tbody>
</table>

#### Liabilities

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Current liabilities</td>
<td>$3,540,626</td>
<td>$5,326,681</td>
<td>$12,445</td>
<td>$34,914</td>
<td>$3,553,071</td>
<td>$5,361,595</td>
</tr>
<tr>
<td>Noncurrent liabilities</td>
<td>$4,666,851</td>
<td>$9,569,416</td>
<td>$133,418</td>
<td>$97,968</td>
<td>$4,800,269</td>
<td>$9,667,384</td>
</tr>
<tr>
<td>Current debt</td>
<td>$500,000</td>
<td>$3,000,000</td>
<td>-</td>
<td>-</td>
<td>$500,000</td>
<td>$3,000,000</td>
</tr>
<tr>
<td>Noncurrent debt</td>
<td>$15,300,000</td>
<td>$8,700,000</td>
<td>-</td>
<td>-</td>
<td>$15,300,000</td>
<td>$8,700,000</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>$24,007,477</td>
<td>$26,596,097</td>
<td>$145,863</td>
<td>$132,882</td>
<td>$24,153,340</td>
<td>$26,728,979</td>
</tr>
</tbody>
</table>

#### Net Assets

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Invested in capital assets (net of related debt)</td>
<td>$4,003,646</td>
<td>$6,912,965</td>
<td>$576,296</td>
<td>$689,187</td>
</tr>
<tr>
<td>Restricted</td>
<td>$24,366,789</td>
<td>$15,378,766</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>$(9,509,692)</td>
<td>$(8,715,748)</td>
<td>$1,248,876</td>
<td>$982,354</td>
</tr>
<tr>
<td><strong>Total net assets</strong></td>
<td>$18,860,743</td>
<td>$13,575,983</td>
<td>$1,825,172</td>
<td>$1,671,541</td>
</tr>
</tbody>
</table>

A portion of the County’s net assets ($4,579,942) reflects its investment in capital assets (e.g., land, construction in progress, 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 ($24,366,789) represents resources that are subject to external restrictions on how they may be used.

Unrestricted net assets of $1,248,876 may be used to meet the County’s on-going obligations to citizens and creditors for the County’s dredge activities.

The County has no unrestricted net assets available for the support of governmental activities. Such resources have been consumed with the recognition of post retirement benefit liabilities, as well as increases in restricted net assets for loans.
Management’s Discussion and Analysis

For the Fiscal Year Ended June 30, 2010

Changes in Net Assets

For the fiscal year ended June 30, 2010, the County’s total net assets increased by $5,438,391, compared to a decrease of $11,942,369 in the prior fiscal year. These amounts are summarized as follows:

<table>
<thead>
<tr>
<th>Revenues</th>
<th>Governmental Activities</th>
<th>Business-Type Activities</th>
<th>Total</th>
</tr>
</thead>
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<tr>
<td><strong>Program Revenues:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charges for services</td>
<td>$14,091,668</td>
<td>$12,229,162</td>
<td>$880,866</td>
</tr>
<tr>
<td>Operating grants and contributions</td>
<td>$29,517,079</td>
<td>$32,349,818</td>
<td>2,327</td>
</tr>
<tr>
<td>Capital grants and contributions</td>
<td>-</td>
<td>61,500</td>
<td>-</td>
</tr>
<tr>
<td><strong>General Revenues:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Town assessments</td>
<td>$2,692,984</td>
<td>$2,627,301</td>
<td>-</td>
</tr>
<tr>
<td>County deeds excise tax</td>
<td>$6,466,165</td>
<td>$4,485,910</td>
<td>-</td>
</tr>
<tr>
<td>Unrestricted investment income</td>
<td>$42,602</td>
<td>209,159</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total revenues:</strong></td>
<td>$52,810,498</td>
<td>$51,962,850</td>
<td>883,193</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenses</th>
<th>Governmental Activities</th>
<th>Business-Type Activities</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>County commissioners</td>
<td>$455,867</td>
<td>$513,064</td>
<td>-</td>
</tr>
<tr>
<td>Information technology services</td>
<td>$348,441</td>
<td>$286,848</td>
<td>-</td>
</tr>
<tr>
<td>Resource development office</td>
<td>$1,379,109</td>
<td>$1,338,201</td>
<td>-</td>
</tr>
<tr>
<td>Cape light compact</td>
<td>$4,561,715</td>
<td>$877,956</td>
<td>-</td>
</tr>
<tr>
<td>Grants to Town’s of Barnstable County</td>
<td>-</td>
<td>21,015</td>
<td>-</td>
</tr>
<tr>
<td>Assembly of delegates</td>
<td>$302,605</td>
<td>$288,286</td>
<td>-</td>
</tr>
<tr>
<td>Department of finance</td>
<td>$562,019</td>
<td>$616,758</td>
<td>-</td>
</tr>
<tr>
<td>Department of facilities</td>
<td>$2,456,167</td>
<td>$2,764,587</td>
<td>-</td>
</tr>
<tr>
<td>Cooperative extension</td>
<td>$1,817,076</td>
<td>$1,958,070</td>
<td>-</td>
</tr>
<tr>
<td>Registry of deeds</td>
<td>$2,835,735</td>
<td>$3,228,235</td>
<td>-</td>
</tr>
<tr>
<td>Regional services initiatives</td>
<td>$12,860</td>
<td>$9,785</td>
<td>-</td>
</tr>
<tr>
<td>County health</td>
<td>$2,936,633</td>
<td>$3,359,456</td>
<td>-</td>
</tr>
<tr>
<td>Children’s cove</td>
<td>$613,694</td>
<td>$629,285</td>
<td>-</td>
</tr>
<tr>
<td>Human services</td>
<td>$1,014,407</td>
<td>$566,871</td>
<td>-</td>
</tr>
<tr>
<td>Human services grants</td>
<td>$75,000</td>
<td>$75,000</td>
<td>-</td>
</tr>
<tr>
<td>Fire training</td>
<td>$329,546</td>
<td>$473,249</td>
<td>-</td>
</tr>
<tr>
<td>Public safety</td>
<td>-</td>
<td>$20,000</td>
<td>-</td>
</tr>
<tr>
<td>Economic development council</td>
<td>$642,526</td>
<td>$765,378</td>
<td>-</td>
</tr>
<tr>
<td>Water quality initiatives</td>
<td>$136,791</td>
<td>$228,990</td>
<td>-</td>
</tr>
<tr>
<td>Retirees’ benefits</td>
<td>$1,498,839</td>
<td>$1,822,142</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>$643,416</td>
<td>$714,202</td>
<td>-</td>
</tr>
<tr>
<td>Corrections</td>
<td>$11,719,762</td>
<td>$37,724,873</td>
<td>-</td>
</tr>
<tr>
<td>Cape Cod commission</td>
<td>$5,571,543</td>
<td>$5,687,780</td>
<td>-</td>
</tr>
<tr>
<td>Debt service - interest</td>
<td>$481,250</td>
<td>$3,005</td>
<td>-</td>
</tr>
<tr>
<td>Dredge</td>
<td>-</td>
<td>-</td>
<td>$729,562</td>
</tr>
<tr>
<td><strong>Total expenses:</strong></td>
<td>$40,395,021</td>
<td>$63,973,636</td>
<td>$729,562</td>
</tr>
</tbody>
</table>

| Change in net assets before extraordinary items | $12,415,477 | $(12,010,186) | 153,631 | 67,817 | $12,569,108 | $(11,942,369) |
| Extraordinary item - transfer of Corrections | $(7,130,717) | - | - | - | $(7,130,717) | - |
| Change in net assets | $5,284,760 | $(12,010,186) | 153,631 | 67,817 | $5,438,391 | $(11,942,369) |
| Net assets - beginning of year | $13,575,983 | $25,586,169 | 1,671,541 | 1,603,724 | $15,247,524 | $27,189,893 |
| Net assets - end of year | $18,860,743 | $13,575,983 | $1,825,172 | $1,671,541 | $20,685,915 | $15,247,524 |

County of Barnstable, Massachusetts

Required Supplementary Information
Governmental activities increased the County's net assets by $5,284,760. In the prior year, governmental activities decreased the County's net assets by $12,010,186. The key elements of this change are as follows:

- An approximate $2,300,000 decrease in the use of reserves to fund the general fund budget
- An approximate $2,000,000 increase in deeds excise tax revenues
- An approximate $3,300,000 of net assets generated from the appliance rebate program as a result of the program revenues being received in advance of their disbursement
- A positive change of approximately $5,000,000 mainly resulting from the transfer of other post employment benefits (OPEB) and compensated absences liabilities related to the transfer of the Sheriff's department to the Commonwealth of Massachusetts. In fiscal year 2009, the net effect of OPEB and compensated absences liabilities resulted in a decrease of approximately $6,900,000.
- A negative change in net assets of approximately $2,400,000 resulting from the transfer of capital assets related to the transfer of the County's Sheriff's department to the Commonwealth of Massachusetts.

Business-type activities increased the County’s net assets by $153,631. In the prior year, business-type activities increased the County’s net assets by $67,817. The key element of this change is an increase 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 $35,530,478, an increase of $7,213,143 in comparison with the prior year. Of this total amount, $9,919,000 represents undesignated fund balance of the general fund and special revenue funds. The nonmajor capital projects funds deficit of $2,445,904 will be funded through the issuance of long-term debt or 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 ($3,123,696)
- Septic and HUD loans ($14,227,057)
- Other specific purposes ($10,139,732)
- Statutory reserve ($276,031)
- Fund a portion of the fiscal year 2011 operating budget ($290,793)

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 $2,528,840, while total fund balance was $5,675,799. As a measure of the general fund’s liquidity, it may be useful to compare both undesignated fund balance and total fund balance to total general fund expenditures and transfers out. Undesignated fund balance represents 16.1% of total general fund expenditures and transfers out, while total fund balance represents 36.1% of that same amount.

The balance of the County's general fund decreased $1,127,106 during fiscal year 2010. Although the general fund recognized a budgetary surplus of approximately $3,184,000 (excluding encumbrances and continuing appropriations), reserves totaling approximately $4,383,000 were used to fund the fiscal year 2010 operating budget.

*County of Barnstable, Massachusetts*
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 $318,363 during fiscal year 2010. Although the fund recognized a budgetary surplus of approximately $755,000 (excluding encumbrances and continuing appropriations), reserves totaling approximately $437,000 were used to fund the operating budget.

The balance of the HUD Home program fund (special revenue) increased by $2,194,174 during the current fiscal year. The fund recognized $2,918,674 in revenues. Expenditures of $724,500 were incurred.

The balance of the County’s jail operating fund decreased $629,130 during fiscal year 2010. On August 6, 2009, the Commonwealth of Massachusetts approved Chapter 61 of the Acts of 2009, An Act Transferring County Sheriffs to the Commonwealth (the Act). The Act was effective January 1, 2010 and transferred the County Sheriff department to the Commonwealth, which among other things, transferred the Sheriff’s employees, assets and liabilities from the County to the Commonwealth. During fiscal year 2010, the County transferred the jail operating fund balance to the Commonwealth pursuant to the Act.

The balance of the mitigation fund (special revenue) decreased $25,125. The fund recognized $205,692 in departmental revenues and $7,807 in investment income. Expenditures of $238,624 were incurred.

The balance of the septic loan program fund (special revenue) increased $4,131,119 during fiscal year 2010. The fund recognized $481,250 in intergovernmental revenues and $554,815 in departmental revenues. Expenditures of $981,250 were incurred during the fiscal year. The fund received $4,600,000 of proceeds of bonds and notes during the fiscal year. Transfers to the septic loan administration fund totaled $523,696 during the fiscal year.

The balance of the appliance rebate program fund (special revenue) increased by $3,276,427 during the current fiscal year. The fund recognized $6,203,825 in intergovernmental revenues. Expenditures of $2,927,398 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 $1,248,876. The dredge enterprise fund had an increase in net assets for the year of $153,631. 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 $15,664,634 was increased $117,431 (0.7%) during the fiscal year. The following table summarizes the increase:

<table>
<thead>
<tr>
<th>Purpose of Increase</th>
<th>Amount</th>
<th>Funding Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public safety</td>
<td>$50,000</td>
<td>Statutory reserve</td>
</tr>
<tr>
<td>Utilities</td>
<td>23,891</td>
<td>Statutory reserve</td>
</tr>
<tr>
<td>Computer equipment</td>
<td>23,000</td>
<td>Statutory reserve</td>
</tr>
<tr>
<td>Unpaid bills</td>
<td>10,540</td>
<td>Statutory reserve</td>
</tr>
<tr>
<td>Audit services</td>
<td>10,000</td>
<td>Statutory reserve</td>
</tr>
<tr>
<td>Total increase</td>
<td>$117,431</td>
<td></td>
</tr>
</tbody>
</table>
During the year, general fund revenues, expenditures and encumbrances and continuing appropriations and other financing uses were less than budgetary estimates, resulting in a positive budget to actual variance of $313,203.

Cape Cod Commission Fund Budgetary Highlights

The original and final Cape Cod commission budget was $4,244,946. During the year, revenues and expenditures and encumbrances and continuing appropriations were less than budgetary estimates, resulting in a positive budget to actual variance of $502,364.

Jail Operating Fund Budgetary Highlights

The original jail operating fund budget of $9,031,809 was increased by $8,025,222 (88.9%) during the fiscal year to supplement the operating budget. The funding source of the increase was from state deeds excise taxes and intergovernmental revenues. During the year, jail operating fund revenues and expenditures and encumbrances and continuing appropriations were less than budgetary estimates, while other financing uses were greater than budgetary estimates, resulting in a negative budget to actual variance of $479,212.

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 $4,582,864 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, buildings, building improvements, machinery and equipment, vehicles and intangible assets. The total decrease in the investment in capital assets for the current fiscal year totaled 39.9% (a 38.4% decrease for governmental activities and a 1.5% decrease for business-type activities).

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

- Transfer of Corrections' assets to the Commonwealth pursuant to the Act (net loss of approximately $2,379,000)
- Construction in progress - Health lab (approximately $100,000)
- Construction in progress - Probate Court roof repairs (approximately $90,000)

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

<table>
<thead>
<tr>
<th></th>
<th>Governmental Activities</th>
<th>Business-Type Activities</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>697,995 $</td>
<td>697,995 $</td>
<td>- $</td>
</tr>
<tr>
<td>Land improvements</td>
<td>65,705</td>
<td>211,193</td>
<td>- $</td>
</tr>
<tr>
<td>Buildings</td>
<td>1,359,909</td>
<td>1,500,594</td>
<td>- $</td>
</tr>
<tr>
<td>Building improvements</td>
<td>777,295</td>
<td>1,585,286</td>
<td>- $</td>
</tr>
<tr>
<td>Machinery and equipment</td>
<td>664,917</td>
<td>1,937,525</td>
<td>532,771</td>
</tr>
<tr>
<td>Vehicles</td>
<td>46,605</td>
<td>625,429</td>
<td>43,525</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>105,476</td>
<td>271,958</td>
<td>- $</td>
</tr>
<tr>
<td>Total capital assets</td>
<td>$4,006,568</td>
<td>$6,929,254</td>
<td>$576,296</td>
</tr>
</tbody>
</table>

County of Barnstable, Massachusetts

Required Supplementary Information
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 for governmental activities of $15,800,000, which is backed by the full faith and credit of the County, and consisted entirely of MWPAT notes. At the end of fiscal year 2009, total bonded debt outstanding was for governmental activities of $11,700,000 and consisted entirely of MWPAT notes.

The County’s total bonded debt increased by $4,100,000 (35.0%) during the current fiscal year, with new debt issuances totaling $4,600,000 for the septic loan program. Additional information on the County’s long-term debt can be found in Note 10 on pages 44-46 of this report.

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

Barnstable County revenues for fiscal year 2011 will continue to remain flat, with the Registry of Deeds tax proceeds projected to increase moderately from the previous year.

This is due to the continued slow down in the real estate market in Barnstable County. Actual fiscal year 2010 excise revenues increased 44.1% from fiscal year 2009. Due to decreases in interest rates and stabilizing market values in the real estate market, deeds revenues are expected to increase at a modest rate.

Two primary revenue sources are limited in growth to 2 1/2% 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 (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 during fiscal year 2011 include the Registry of Deeds “business revenue”, and the Health Department Laboratory revenues. Each of these revenue sources are projected to remain stable in future years. Grant revenues are projected to increase approximately 22%.

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 2011, the County anticipates making homeowner loans with a total value of approximately $4,400,000.

**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, 2010**

### Assets

<table>
<thead>
<tr>
<th>Current Assets</th>
<th>Governmental Activities</th>
<th>Business-type Activities</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$14,037,137</td>
<td>$1,261,439</td>
<td>$15,298,576</td>
</tr>
<tr>
<td>Restricted cash and cash equivalents</td>
<td>$9,045,203</td>
<td>-</td>
<td>$9,045,203</td>
</tr>
<tr>
<td>Investments</td>
<td>304,200</td>
<td>-</td>
<td>304,200</td>
</tr>
<tr>
<td>Receivables, net of allowance for uncollectible amounts:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>User charges</td>
<td>-</td>
<td>133,300</td>
<td>133,300</td>
</tr>
<tr>
<td>Departmental and other</td>
<td>134,354</td>
<td>-</td>
<td>134,354</td>
</tr>
<tr>
<td>Intergovernmental</td>
<td>1,027,648</td>
<td>-</td>
<td>1,027,648</td>
</tr>
<tr>
<td>Loans</td>
<td>684,550</td>
<td>-</td>
<td>684,550</td>
</tr>
<tr>
<td>Other assets</td>
<td>86,600</td>
<td>-</td>
<td>86,603</td>
</tr>
<tr>
<td>Total current assets</td>
<td>25,319,145</td>
<td>1,394,739</td>
<td>26,713,884</td>
</tr>
</tbody>
</table>

| Noncurrent Assets | | | |
| Receivables, net of allowance for uncollectible amounts: | | | |
| Loans | 13,542,507 | - | 13,542,507 |
| Capital assets not being depreciated | 986,661 | - | 986,661 |
| Capital assets, net of accumulated depreciation | 3,019,907 | 576,296 | 3,596,203 |
| Total noncurrent assets | 17,549,075 | 576,296 | 18,125,371 |
| Total assets | 42,868,220 | 1,971,035 | 44,839,255 |

### Liabilities

<table>
<thead>
<tr>
<th>Current Liabilities</th>
<th>Governmental Activities</th>
<th>Business-type Activities</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Warrants payable</td>
<td>298,115</td>
<td>1,658</td>
<td>299,773</td>
</tr>
<tr>
<td>Accrued payroll</td>
<td>298,843</td>
<td>7,603</td>
<td>306,446</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>2,314,848</td>
<td>-</td>
<td>2,314,848</td>
</tr>
<tr>
<td>Liabilities due depositors</td>
<td>419,368</td>
<td>-</td>
<td>419,368</td>
</tr>
<tr>
<td>Capital lease obligations</td>
<td>2,292</td>
<td>-</td>
<td>2,292</td>
</tr>
<tr>
<td>Environmental remediation</td>
<td>107,420</td>
<td>-</td>
<td>107,420</td>
</tr>
<tr>
<td>Compensated absences</td>
<td>99,110</td>
<td>3,184</td>
<td>102,294</td>
</tr>
<tr>
<td>Long-term bonds and notes payable</td>
<td>500,000</td>
<td>-</td>
<td>500,000</td>
</tr>
<tr>
<td>Total current liabilities</td>
<td>4,040,626</td>
<td>12,445</td>
<td>4,053,071</td>
</tr>
</tbody>
</table>

| Noncurrent Liabilities | | | |
| Environmental remediation | 179,550 | - | 179,550 |
| Net OPEB obligation | 3,595,313 | 104,760 | 3,700,073 |
| Compensated absences | 891,988 | 28,658 | 920,646 |
| Long-term bonds and notes payable | 15,300,000 | - | 15,300,000 |
| Total noncurrent liabilities | 19,966,831 | 133,418 | 20,100,269 |
| Total liabilities | 24,007,477 | 145,863 | 24,153,340 |

### Net Assets

| | Governmental Activities | Business-type Activities | Total |
| Invested in capital assets, net of related debt | $4,003,646 | 576,296 | $4,579,942 |
| Restricted for: | | | |
| Loans | $14,227,057 | - | $14,227,057 |
| Other specific purposes | 10,139,732 | - | 10,139,732 |
| Unrestricted | (9,509,692) | 1,248,876 | (8,260,816) |
| Total net assets | $18,860,743 | $1,825,172 | $20,685,915 |

See notes to basic financial statements.
## STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

<table>
<thead>
<tr>
<th>Functions/Programs</th>
<th>Expenses</th>
<th>Charges for Services</th>
<th>Operating Grants and Contributions</th>
<th>Net (Expense)/Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Primary government:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Governmental activities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>County commissioners</td>
<td>$455,867</td>
<td>$</td>
<td>$</td>
<td>$(455,867)</td>
</tr>
<tr>
<td>Information technology services</td>
<td>348,441</td>
<td>-</td>
<td>-</td>
<td>(348,441)</td>
</tr>
<tr>
<td>Resource development office</td>
<td>1,379,109</td>
<td>131,614</td>
<td>446,579</td>
<td>(800,916)</td>
</tr>
<tr>
<td>Cape light compact</td>
<td>4,561,715</td>
<td>496,073</td>
<td>6,897,001</td>
<td>2,831,359</td>
</tr>
<tr>
<td>Assembly of delegates</td>
<td>302,605</td>
<td>-</td>
<td>-</td>
<td>(302,605)</td>
</tr>
<tr>
<td>Department of finance</td>
<td>562,019</td>
<td>83,989</td>
<td>74,868</td>
<td>(403,162)</td>
</tr>
<tr>
<td>Department of facilities</td>
<td>2,456,167</td>
<td>1,697,199</td>
<td>35,932</td>
<td>(723,036)</td>
</tr>
<tr>
<td>Cooperative extension</td>
<td>1,817,076</td>
<td>124,703</td>
<td>304,600</td>
<td>(1,387,773)</td>
</tr>
<tr>
<td>Registry of deeds</td>
<td>2,835,755</td>
<td>2,698,048</td>
<td>491,654</td>
<td>353,947</td>
</tr>
<tr>
<td>Regional services initiatives</td>
<td>12,860</td>
<td>-</td>
<td>-</td>
<td>(12,860)</td>
</tr>
<tr>
<td>County health</td>
<td>2,936,633</td>
<td>1,478,072</td>
<td>1,047,641</td>
<td>(410,920)</td>
</tr>
<tr>
<td>Children's cove</td>
<td>613,694</td>
<td>25,665</td>
<td>164,865</td>
<td>(423,164)</td>
</tr>
<tr>
<td>Human services</td>
<td>1,014,407</td>
<td>75,805</td>
<td>650,312</td>
<td>(288,290)</td>
</tr>
<tr>
<td>Human services grants</td>
<td>75,000</td>
<td>-</td>
<td>-</td>
<td>(75,000)</td>
</tr>
<tr>
<td>Fire training</td>
<td>329,546</td>
<td>118,970</td>
<td>-</td>
<td>(210,576)</td>
</tr>
<tr>
<td>Economic development council</td>
<td>642,526</td>
<td>-</td>
<td>517,546</td>
<td>(124,980)</td>
</tr>
<tr>
<td>Water quality initiatives</td>
<td>136,791</td>
<td>-</td>
<td>4,725</td>
<td>(132,066)</td>
</tr>
<tr>
<td>Retirees' benefits</td>
<td>1,498,839</td>
<td>-</td>
<td>-</td>
<td>(1,498,839)</td>
</tr>
<tr>
<td>Other</td>
<td>643,416</td>
<td>168,837</td>
<td>500</td>
<td>(474,079)</td>
</tr>
<tr>
<td>Corrections</td>
<td>11,719,762</td>
<td>1,774,017</td>
<td>16,114,316</td>
<td>6,168,571</td>
</tr>
<tr>
<td>Cape Cod commission</td>
<td>5,571,543</td>
<td>5,218,676</td>
<td>2,285,290</td>
<td>1,932,423</td>
</tr>
<tr>
<td>Debt service - interest</td>
<td>481,250</td>
<td>-</td>
<td>481,250</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total governmental activities</strong></td>
<td>40,395,021</td>
<td>14,091,668</td>
<td>29,517,079</td>
<td>3,213,726</td>
</tr>
<tr>
<td><strong>Business-type activities:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dredge</td>
<td>729,562</td>
<td>880,866</td>
<td>2,327</td>
<td>153,631</td>
</tr>
<tr>
<td><strong>Total primary government</strong></td>
<td>$41,124,583</td>
<td>$14,972,534</td>
<td>$29,519,406</td>
<td>$3,367,357</td>
</tr>
</tbody>
</table>

See notes to basic financial statements.
STATEMENT OF ACTIVITIES (Continued)

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

<table>
<thead>
<tr>
<th></th>
<th>Governmental Activities</th>
<th>Business-type Activities</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Changes in net assets:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net (expense)/revenue (from previous page)</td>
<td>$3,213,726</td>
<td>$153,631</td>
<td>$3,367,357</td>
</tr>
<tr>
<td><strong>General revenues:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Town assessments</td>
<td>2,692,984</td>
<td>-</td>
<td>2,692,984</td>
</tr>
<tr>
<td>County deeds excise tax</td>
<td>6,466,165</td>
<td>-</td>
<td>6,466,165</td>
</tr>
<tr>
<td>Unrestricted investment income</td>
<td>42,602</td>
<td>-</td>
<td>42,602</td>
</tr>
<tr>
<td><strong>Total general revenues</strong></td>
<td>9,201,751</td>
<td>-</td>
<td>9,201,751</td>
</tr>
<tr>
<td><strong>Extraordinary item - transfer of Corrections</strong></td>
<td>(7,130,717)</td>
<td>-</td>
<td>(7,130,717)</td>
</tr>
<tr>
<td>Change in net assets</td>
<td>5,284,760</td>
<td>153,631</td>
<td>5,438,391</td>
</tr>
<tr>
<td>Net assets - beginning of year</td>
<td>13,575,983</td>
<td>1,671,541</td>
<td>15,247,524</td>
</tr>
<tr>
<td><strong>Net assets - end of year</strong></td>
<td>$18,860,743</td>
<td>$1,825,172</td>
<td>$20,685,915</td>
</tr>
</tbody>
</table>

County of Barnstable, Massachusetts

Basic Financial Statements
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2010

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>General</th>
<th>Cape Cod Commission</th>
<th>HUD Home Program</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 6,107,993</td>
<td>$ 1,748,957</td>
<td>-</td>
</tr>
<tr>
<td>Investments</td>
<td>304,200</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Receivables, net of allowance for uncollectible amounts:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Departmental and other</td>
<td>100,972</td>
<td>13,946</td>
<td>-</td>
</tr>
<tr>
<td>Intergovernmental</td>
<td>-</td>
<td>234,697</td>
<td>11,120</td>
</tr>
<tr>
<td>Loans</td>
<td>-</td>
<td>-</td>
<td>2,190,744</td>
</tr>
<tr>
<td>Other assets</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Restricted assets:</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>1,680,548</td>
<td>419,368</td>
<td>5,766</td>
</tr>
<tr>
<td>TOTAL ASSETS</td>
<td>$ 8,193,713</td>
<td>$ 2,416,968</td>
<td>$ 2,207,630</td>
</tr>
</tbody>
</table>

LIABILITIES AND FUND BALANCES

<table>
<thead>
<tr>
<th>LIABILITIES:</th>
<th>General</th>
<th>Cape Cod Commission</th>
<th>HUD Home Program</th>
</tr>
</thead>
<tbody>
<tr>
<td>Warrants payable</td>
<td>$ 123,428</td>
<td>$ 10,394</td>
<td>$ 6,250</td>
</tr>
<tr>
<td>Accrued payroll</td>
<td>188,673</td>
<td>68,869</td>
<td>-</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>2,205,813</td>
<td>109,035</td>
<td>-</td>
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<tr>
<td>Liabilities due depositors</td>
<td>-</td>
<td>419,368</td>
<td>-</td>
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<td>TOTAL LIABILITIES</td>
<td>2,517,914</td>
<td>607,666</td>
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</table>

<table>
<thead>
<tr>
<th>FUND BALANCES:</th>
<th>General</th>
<th>Cape Cod Commission</th>
<th>HUD Home Program</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reserved for:</td>
<td>2,870,928</td>
<td>252,768</td>
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<tr>
<td>Encumbrances and continuing appropriations.</td>
<td>-</td>
<td>-</td>
<td>2,190,744</td>
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<tr>
<td>Loans</td>
<td>-</td>
<td>-</td>
<td>10,636</td>
</tr>
<tr>
<td>Other specific purposes.</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Unreserved:</td>
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<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Designated for statutory reserve</td>
<td>-</td>
<td>290,793</td>
<td>-</td>
</tr>
<tr>
<td>Designated for subsequent year's expenditures</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Undesignated, reported in:</td>
<td>2,528,840</td>
<td>-</td>
<td>-</td>
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<tr>
<td>General fund</td>
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<td>1,265,741</td>
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<td>Special revenue funds</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Capital projects funds</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>TOTAL FUND BALANCES</td>
<td>5,675,799</td>
<td>1,809,302</td>
<td>2,201,380</td>
</tr>
</tbody>
</table>

| TOTAL LIABILITIES AND FUND BALANCES          | $ 8,193,713 | $ 2,416,968 | $ 2,207,630 |

See notes to basic financial statements.
<table>
<thead>
<tr>
<th>Jail Operating Fund</th>
<th>Mitigation Fund</th>
<th>Septic Loan Program</th>
<th>Appliance Rebate Program</th>
<th>Nonmajor Governmental Funds</th>
<th>Total Governmental Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ 6,042</td>
<td>$ 3,864,817</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 2,309,329</td>
<td>$ 14,037,138</td>
</tr>
<tr>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>19,436</td>
<td>134,354</td>
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<tr>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>781,832</td>
<td>1,027,649</td>
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<tr>
<td>-</td>
<td>-</td>
<td>12,036,313</td>
<td>-</td>
<td>14,227,057</td>
<td>-</td>
</tr>
<tr>
<td>-</td>
<td>-</td>
<td>86,053</td>
<td>-</td>
<td>86,053</td>
<td>-</td>
</tr>
<tr>
<td>-</td>
<td>-</td>
<td></td>
<td>3,661,252</td>
<td>9,045,204</td>
<td>-</td>
</tr>
<tr>
<td>$ 6,042</td>
<td>$ 3,864,817</td>
<td>$ 15,783,618</td>
<td>$ 3,278,270</td>
<td>$ 3,110,597</td>
<td>$ 38,861,655</td>
</tr>
<tr>
<td>$ 6,042</td>
<td>-</td>
<td>$ 83,998</td>
<td>$ 1,843</td>
<td>66,163</td>
<td>298,118</td>
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<td>-</td>
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<td>-</td>
<td>-</td>
<td>41,301</td>
<td>298,843</td>
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<td>-</td>
<td>2,314,848</td>
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<td>419,368</td>
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<tr>
<td>6,042</td>
<td>-</td>
<td>83,998</td>
<td>1,843</td>
<td>107,464</td>
<td>3,331,177</td>
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<tr>
<td>-</td>
<td>-</td>
<td>12,036,313</td>
<td>-</td>
<td>-</td>
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<td>-</td>
<td>-</td>
<td>3,663,307</td>
<td>3,276,427</td>
<td>3,189,362</td>
<td>10,139,732</td>
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<tr>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>276,031</td>
<td>-</td>
</tr>
<tr>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>290,793</td>
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<tr>
<td>-</td>
<td>-</td>
<td></td>
<td>3,864,817</td>
<td>2,528,840</td>
<td>-</td>
</tr>
<tr>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
<td>2,259,675</td>
<td>7,290,233</td>
</tr>
<tr>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
<td>(2,445,904)</td>
<td>(2,445,904)</td>
</tr>
<tr>
<td>-</td>
<td>3,864,817</td>
<td>15,699,620</td>
<td>3,276,427</td>
<td>3,003,133</td>
<td>35,530,478</td>
</tr>
<tr>
<td>$ 6,042</td>
<td>$ 3,864,817</td>
<td>$ 15,783,618</td>
<td>$ 3,278,270</td>
<td>$ 3,110,597</td>
<td>$ 38,861,655</td>
</tr>
</tbody>
</table>

County of Barnstable, Massachusetts

Basic Financial Statements
### GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

<table>
<thead>
<tr>
<th>REVENUES</th>
<th>General</th>
<th>Cape Cod Commission</th>
<th>HUD Home Program</th>
</tr>
</thead>
<tbody>
<tr>
<td>Town assessments</td>
<td>$2,692,984</td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td>County deeds excise tax</td>
<td>6,446,165</td>
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<td>-</td>
</tr>
<tr>
<td>Registry of deeds</td>
<td>2,698,048</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Court house rental</td>
<td>1,697,199</td>
<td>-</td>
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<tr>
<td>State deeds excise tax</td>
<td>-</td>
<td>2,816,825</td>
<td>-</td>
</tr>
<tr>
<td>Environmental protection taxes</td>
<td>95,589</td>
<td>840,562</td>
<td>727,930</td>
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<tr>
<td>Intergovernmental</td>
<td>813,817</td>
<td>206,611</td>
<td>2,190,744</td>
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<tr>
<td>Investment income</td>
<td>116,471</td>
<td>-</td>
<td>-</td>
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<tr>
<td><strong>TOTAL REVENUES</strong></td>
<td>14,580,273</td>
<td>3,864,198</td>
<td>2,918,674</td>
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</table>

<table>
<thead>
<tr>
<th>EXPENDITURES</th>
<th>Current:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>County commissioners</td>
<td>428,139</td>
<td>-</td>
</tr>
<tr>
<td>Information technology services</td>
<td>264,648</td>
<td>-</td>
</tr>
<tr>
<td>Resource development office</td>
<td>695,376</td>
<td>-</td>
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<tr>
<td>Cape light compact</td>
<td>96,348</td>
<td>-</td>
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<tr>
<td>Assembly of delegates</td>
<td>291,283</td>
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<tr>
<td>Department of finance</td>
<td>596,190</td>
<td>-</td>
</tr>
<tr>
<td>Department of facilities</td>
<td>3,883,937</td>
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<tr>
<td>Cooperative extension</td>
<td>1,300,778</td>
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</tr>
<tr>
<td>Registry of deeds</td>
<td>2,643,561</td>
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<tr>
<td>Regional services initiatives</td>
<td>12,860</td>
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<tr>
<td>County health</td>
<td>1,631,992</td>
<td>-</td>
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<td>Children's court</td>
<td>372,273</td>
<td>-</td>
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<tr>
<td>Human services</td>
<td>323,490</td>
<td>-</td>
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<td>Human services grants</td>
<td>75,000</td>
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<tr>
<td>Fire training</td>
<td>296,577</td>
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<tr>
<td>Corrections</td>
<td>-</td>
<td>3,662,306</td>
</tr>
<tr>
<td>Cape Cod commission</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Economic development council</td>
<td>73,657</td>
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<tr>
<td>Water quality initiatives</td>
<td>136,791</td>
<td>-</td>
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<tr>
<td>Retirees' benefits</td>
<td>1,481,683</td>
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<tr>
<td>Other</td>
<td>670,579</td>
<td>-</td>
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<td>Debt service:</td>
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<td>-</td>
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<tr>
<td>Principal</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Interest</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL EXPENDITURES</strong></td>
<td>13,185,070</td>
<td>3,662,306</td>
</tr>
</tbody>
</table>

| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 1,395,203 | 201,892 | 2,194,174 |

| OTHER FINANCING SOURCES (USES) | |
|-----------------------------|-----------------|-----------------|
| Transfers in | - | 116,471 | - |
| Proceeds of bonds and notes | - | - | - |
| Transfers out | (99,859) | - | - |
| Transfers in - maintenance of effort | - | - | - |
| Transfers out - maintenance of effort | (1,211,227) | - | - |
| **TOTAL OTHER FINANCING SOURCES (USES)** | (1,311,086) | 116,471 | - |

| Extraordinary item - transfer of Corrections | (1,211,223) | - | - |

| NET CHANGE IN FUND BALANCES | (1,127,106) | 318,363 | 2,194,174 |

| FUND BALANCES AT BEGINNING OF YEAR | 6,802,905 | 1,490,939 | 7,206 |

| FUND BALANCES AT END OF YEAR | $5,675,799 | $1,809,302 | $2,201,380 |

See notes to basic financial statements.
<table>
<thead>
<tr>
<th>Jail Operating Fund</th>
<th>Mitigation Fund</th>
<th>Septic Loan Program</th>
<th>Appliance Rebate Program</th>
<th>Nonmajor Governmental Funds</th>
<th>Total Governmental Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>1,164,578</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1,164,578</td>
</tr>
<tr>
<td>14,612,481</td>
<td>481,250</td>
<td>6,203,825</td>
<td></td>
<td>5,936,365</td>
<td>28,898,002</td>
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<tr>
<td>5,171</td>
<td>205,692</td>
<td>554,815</td>
<td></td>
<td>2,268,147</td>
<td>6,245,197</td>
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<tr>
<td></td>
<td>7,807</td>
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<td></td>
<td>7,225</td>
<td>131,503</td>
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<tr>
<td>15,782,230</td>
<td>213,499</td>
<td>1,036,065</td>
<td>6,203,825</td>
<td>8,211,737</td>
<td>52,810,501</td>
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<tr>
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<td></td>
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<td></td>
</tr>
<tr>
<td>15,599,018</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>238,624</td>
<td></td>
<td></td>
<td></td>
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</tr>
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<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15,599,018</td>
<td>238,624</td>
<td>961,250</td>
<td>2,927,398</td>
<td>8,127,907</td>
<td>45,446,073</td>
</tr>
<tr>
<td>183,212</td>
<td>(25,125)</td>
<td>54,815</td>
<td>3,276,427</td>
<td>83,830</td>
<td>7,364,428</td>
</tr>
<tr>
<td>(6,010)</td>
<td></td>
<td>(523,696)</td>
<td></td>
<td>(95,707)</td>
<td>(725,272)</td>
</tr>
<tr>
<td>1,211,227</td>
<td></td>
<td></td>
<td></td>
<td>(1,211,227)</td>
<td></td>
</tr>
<tr>
<td>1,205,217</td>
<td></td>
<td>4,076,304</td>
<td></td>
<td>513,094</td>
<td>4,600,000</td>
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<tr>
<td>(2,017,559)</td>
<td></td>
<td>(523,696)</td>
<td></td>
<td>(1,522,503)</td>
<td>(4,751,285)</td>
</tr>
<tr>
<td>(629,130)</td>
<td></td>
<td></td>
<td></td>
<td>(925,579)</td>
<td>7,213,143</td>
</tr>
<tr>
<td>629,130</td>
<td>3,889,942</td>
<td>11,568,501</td>
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<td>3,928,712</td>
<td>28,317,335</td>
</tr>
<tr>
<td>$</td>
<td>3,864,817</td>
<td>15,699,620</td>
<td>3,276,427</td>
<td>3,003,133</td>
<td>35,530,478</td>
</tr>
</tbody>
</table>
## RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
### TOTAL FUND BALANCES TO THE STATEMENT OF NET ASSETS

**JUNE 30, 2010**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total governmental fund balances (page 19)</td>
<td>$35,530,478</td>
</tr>
<tr>
<td>Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds</td>
<td>4,006,568</td>
</tr>
<tr>
<td>Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.</td>
<td></td>
</tr>
<tr>
<td>Bonds and notes payable</td>
<td>(15,800,000)</td>
</tr>
<tr>
<td>Capital lease obligations</td>
<td>(2,922)</td>
</tr>
<tr>
<td>Environmental remediation</td>
<td>(286,970)</td>
</tr>
<tr>
<td>Net OPEB obligation</td>
<td>(3,595,373)</td>
</tr>
<tr>
<td>Compensated absences</td>
<td>(991,098)</td>
</tr>
<tr>
<td><strong>Net assets of governmental activities (page 15)</strong></td>
<td><strong>$18,860,743</strong></td>
</tr>
</tbody>
</table>

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, 2010

Net change in fund balances - total governmental funds (page 21) .................................................. $  7,213,143

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.

Capital outlays ........................................................................................................................................... 241,866
Depreciation .................................................................................................................................................. (781,725)

In the statement of activities, the gain/loss on the disposal of capital assets is reported, whereas in the governmental funds the gain/loss is not reported. This amount represents the loss on the disposal of capital assets ........................................................................................................................................... (3,395)

In the statement of activities, the loss on the transfer of Corrections' capital assets is reported for capital assets transferred to the Commonwealth pursuant to Chapter 61 of the Acts of 2009, whereas in the governmental funds the loss is not reported. This amount represents the loss on the transfer of Corrections' capital assets ........................................................................................................................................... (2,379,432)

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.

Bond proceeds .................................................................................................................................................. (4,600,000)
Bond maturities ................................................................................................................................................ 500,000
Capital lease maturities ......................................................................................................................................... 13,367

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported in the governmental funds.

These amounts represent the net changes:

Environmental remediation ................................................................................................................................. 93,410
Net OPEB obligation .............................................................................................................................................. 3,310,704
Compensated absences ............................................................................................................................................ 1,676,822

Changes in net assets of governmental activities (page 17) .................................................................................. $  5,284,760

See notes to basic financial statements.
PROPRIETARY FUND
STATEMENT OF NET ASSETS
JUNE 30, 2010

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>Dredge</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current assets:</td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$1,261,439</td>
</tr>
<tr>
<td>Receivables, net of allowance for uncollectible amounts:</td>
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<tr>
<td>User charges</td>
<td>133,300</td>
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<tr>
<td>Total current assets</td>
<td>1,394,739</td>
</tr>
<tr>
<td>Noncurrent assets:</td>
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</tr>
<tr>
<td>Capital assets, net of accumulated depreciation</td>
<td>576,296</td>
</tr>
<tr>
<td>Total assets</td>
<td>1,971,035</td>
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</table>

<table>
<thead>
<tr>
<th>LIABILITIES</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Current liabilities:</td>
<td></td>
</tr>
<tr>
<td>Warrants payable</td>
<td>1,658</td>
</tr>
<tr>
<td>Accrued payroll</td>
<td>7,603</td>
</tr>
<tr>
<td>Compensated absences</td>
<td>3,184</td>
</tr>
<tr>
<td>Total current liabilities</td>
<td>12,445</td>
</tr>
<tr>
<td>Noncurrent liabilities:</td>
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</tr>
<tr>
<td>Net OPEB obligation</td>
<td>104,760</td>
</tr>
<tr>
<td>Compensated absences</td>
<td>28,658</td>
</tr>
<tr>
<td>Total noncurrent liabilities</td>
<td>133,418</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>143,863</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NET ASSETS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Invested in capital assets, net of related debt</td>
<td>576,296</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>1,248,876</td>
</tr>
<tr>
<td>Total net assets</td>
<td>$1,825,172</td>
</tr>
</tbody>
</table>

See notes to basic financial statements.
# PROPRIETARY FUND

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

<table>
<thead>
<tr>
<th>Business-</th>
<th>Dredge</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Type Activities</td>
<td>Enterprise</td>
<td>Fund</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OPERATING REVENUES</td>
<td></td>
<td>Charges for services</td>
<td>$ 880,866</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OPERATING EXPENSES</td>
<td></td>
<td>Cost of service and administration</td>
<td>616,671</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Depreciation</td>
<td>112,891</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>TOTAL OPERATING EXPENSES</td>
<td>729,562</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>OPERATING INCOME (LOSS)</td>
<td>151,304</td>
<td></td>
</tr>
<tr>
<td>NONOPERATING REVENUES (EXPENSES)</td>
<td></td>
<td>Investment income</td>
<td>2,327</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CHANGE IN NET ASSETS</td>
<td></td>
<td></td>
<td>153,631</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NET ASSETS AT BEGINNING OF YEAR</td>
<td></td>
<td></td>
<td>1,671,541</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NET ASSETS AT END OF YEAR</td>
<td></td>
<td></td>
<td>$ 1,825,172</td>
<td></td>
</tr>
</tbody>
</table>

See notes to basic financial statements.
PROPRIETARY FUND
STATEMENT OF CASH FLOWS

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

CASH FLOWS FROM OPERATING ACTIVITIES
Receipts from customers and users................................................................. $ 986,721
Payments to vendors...................................................................................... (353,936)
Payments to employees................................................................................. (249,754)

NET CASH FROM OPERATING ACTIVITIES........................................... 383,031

CASH FLOWS FROM INVESTING ACTIVITIES
Investment income.......................................................................................... 2,327

NET CHANGE IN CASH AND CASH EQUIVALENTS.............................. 385,358

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR............... 876,081

CASH AND CASH EQUIVALENTS AT END OF YEAR........................................ $ 1,261,439

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH
FROM OPERATING ACTIVITIES

Operating income (loss).............................................................................. $ 151,304
Adjustments to reconcile operating income (loss) to net cash from operating activities:
Depreciation.................................................................................................. 112,891
Changes in assets and liabilities:
User charges.................................................................................................. 105,855
Warrants payable......................................................................................... (22,984)
Accrued payroll.............................................................................................. 435
Net OPEB obligation.................................................................................... 34,731
Accrued compensated absences................................................................. 799

Total adjustments......................................................................................... 231,727

NET CASH FROM OPERATING ACTIVITIES........................................ $ 383,031

See notes to basic financial statements.
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET ASSETS  
JUNE 30, 2010

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>Agency Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 989,392</td>
</tr>
<tr>
<td>Receivables, net of allowance for uncollectible amounts:</td>
<td></td>
</tr>
<tr>
<td>Departmental and other</td>
<td>$ 1,021,739</td>
</tr>
<tr>
<td>Total assets</td>
<td>$ 2,011,131</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Warrants payable</td>
<td>$ 26,246</td>
</tr>
<tr>
<td>Accrued payroll</td>
<td>19,185</td>
</tr>
<tr>
<td>Liabilities due depositors</td>
<td>1,965,700</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>$ 2,011,131</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NET ASSETS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Held in trust for other purposes</td>
<td>$ -</td>
</tr>
</tbody>
</table>

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.

On August 6, 2009, the Commonwealth approved Chapter 61 of the Acts of 2009, An Act Transferring County Sheriffs to the Commonwealth (the Act). The Act was effective January 1, 2010 and transferred the County Sheriff's department to the Commonwealth, which, among other things, transferred the Sheriff's employees, assets and liabilities from the County to the Commonwealth.

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 appliance rebate program fund is a special revenue fund used to account for the activities of an energy efficient appliance rebate program. This program is funded by federal financial assistance.

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. Deposits 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 and for home purchases and repairs and also to various types of legal entities that are developing affordable housing (HUD home program). 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. Title V loan receivables are considered 100% collectible because they are secured via a lien process and therefore do not report an allowance for uncollectible amounts. HUD home program loan receivables are considered 75% uncollectible based on historical trends and specific account analysis. 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, construction in progress, 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:

<table>
<thead>
<tr>
<th>Capital Asset Type</th>
<th>Estimated Useful Life (in years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land improvements</td>
<td>20</td>
</tr>
<tr>
<td>Buildings</td>
<td>20 - 40</td>
</tr>
<tr>
<td>Building improvements</td>
<td>10 - 20</td>
</tr>
<tr>
<td>Machinery and equipment</td>
<td>3 - 20</td>
</tr>
<tr>
<td>Vehicles</td>
<td>5 - 10</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>5 - 10</td>
</tr>
</tbody>
</table>

County of Barnstable, Massachusetts 32 Basic Financial Statements
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 2011 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 the proprietary fund is maintained in the proprietary fund.
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, and as more fully described in Note 14, the County provides health, dental and life insurance coverage for current and future retirees and their spouses.

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 (the Commonwealth).
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. The jail operating fund (major fund) is accounted for in a special revenue fund.

The original fiscal year 2010 approved budget for the general fund, Cape Cod commission fund and jail operating fund authorized $15,664,634, $4,244,946 and $9,031,809, respectively, in appropriations. During fiscal year 2010, there were supplemental appropriations in the general fund and jail operating fund, totaling $117,431 and $8,025,222, respectively.

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

At June 30, 2010, the following fund deficits exist:

<table>
<thead>
<tr>
<th>Fund</th>
<th>Amount</th>
<th>Funding Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>2nd District Court capital projects</td>
<td>$516,012</td>
<td>Long-term debt/available funds</td>
</tr>
<tr>
<td>Telephone system capital projects</td>
<td>291,500</td>
<td>Long-term debt/available funds</td>
</tr>
<tr>
<td>County Complex capital projects</td>
<td>266,738</td>
<td>Long-term debt/available funds</td>
</tr>
<tr>
<td>1st District Court capital projects</td>
<td>256,392</td>
<td>Long-term debt/available funds</td>
</tr>
<tr>
<td>Superior Court capital projects</td>
<td>210,626</td>
<td>Long-term debt/available funds</td>
</tr>
<tr>
<td>WAN computer system capital projects</td>
<td>194,303</td>
<td>Long-term debt/available funds</td>
</tr>
<tr>
<td>Health lab spectrophotometer capital projects</td>
<td>178,496</td>
<td>Long-term debt/available funds</td>
</tr>
<tr>
<td>Children's Cove building capital projects</td>
<td>152,159</td>
<td>Long-term debt/available funds</td>
</tr>
<tr>
<td>Deeds Court roof repair</td>
<td>121,147</td>
<td>Long-term debt/available funds</td>
</tr>
<tr>
<td>Miscellaneous capital projects</td>
<td>86,385</td>
<td>Long-term debt/available funds</td>
</tr>
<tr>
<td>Financial management software capital projects</td>
<td>72,038</td>
<td>Long-term debt/available funds</td>
</tr>
<tr>
<td>Health lab information system capital projects</td>
<td>58,033</td>
<td>Long-term debt/available funds</td>
</tr>
<tr>
<td>Health lab ion chromatograph capital projects</td>
<td>45,000</td>
<td>Long-term debt/available funds</td>
</tr>
<tr>
<td>Wellness program</td>
<td>12,885</td>
<td>Departmental receipts/available funds</td>
</tr>
</tbody>
</table>

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. As of June 30, 2010, the County’s bank balance of $19,932,861 was insured and collateralized and, therefore, not exposed to custodial credit risk.
Investments Summary

The County’s investments at June 30, 2010 are presented below. All investments are presented by investment type, with debt securities presented by maturity.

<table>
<thead>
<tr>
<th>Investment Type</th>
<th>Fair Value</th>
<th>Investment Maturities (in Years)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Less Than 1</td>
<td></td>
</tr>
<tr>
<td>Debt Securities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Repurchase agreements</td>
<td>$7,141,771</td>
<td>$7,141,771</td>
</tr>
<tr>
<td>Other Investments:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity securities</td>
<td>304,200</td>
<td></td>
</tr>
<tr>
<td>Total investments</td>
<td>$7,445,971</td>
<td></td>
</tr>
</tbody>
</table>

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, 2010, $304,200 of the County’s investments of $7,445,971 was uninsured, not registered in the name of the County and exposed to custodial credit risk as follows:

<table>
<thead>
<tr>
<th>Investment Type</th>
<th>Fair Value</th>
<th>Held by Counterparty</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity securities</td>
<td>$304,200</td>
<td>$304,200</td>
</tr>
</tbody>
</table>

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, 2010, 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, 2010, the County was not exposed to concentration of credit risk.

NOTE 4 - ACCOUNTS RECEIVABLE

At June 30, 2010, 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:

<table>
<thead>
<tr>
<th>Receivables:</th>
<th>Gross Amount</th>
<th>Allowance for Uncollectibles</th>
<th>Net Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Departmental and other</td>
<td>$1,156,093</td>
<td>$</td>
<td>$1,156,093</td>
</tr>
<tr>
<td>Intergovernmental</td>
<td>$1,027,649</td>
<td>-</td>
<td>$1,027,649</td>
</tr>
<tr>
<td>Loans (Title V septic loans)</td>
<td>$12,036,313</td>
<td>-</td>
<td>$12,036,313</td>
</tr>
<tr>
<td>Loans (HUD home loans)</td>
<td>$8,762,977</td>
<td>(6,572,233)</td>
<td>$2,190,744</td>
</tr>
<tr>
<td></td>
<td>$22,983,032</td>
<td>(6,572,233)</td>
<td>$16,410,799</td>
</tr>
</tbody>
</table>

At June 30, 2010, receivables for the dredge enterprise fund consist of the following:

<table>
<thead>
<tr>
<th>Receivables:</th>
<th>Gross Amount</th>
<th>Allowance for Uncollectibles</th>
<th>Net Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>User charges</td>
<td>$133,300</td>
<td>-</td>
<td>$133,300</td>
</tr>
</tbody>
</table>
NOTE 5 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2010, was as follows:

<table>
<thead>
<tr>
<th>Governmental Activities:</th>
<th>Beginning Balance</th>
<th>Increases</th>
<th>Decreases *</th>
<th>Ending Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital assets not being depreciated:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>$697,995</td>
<td></td>
<td>$</td>
<td>$697,995</td>
</tr>
<tr>
<td>Construction in progress</td>
<td>99,274</td>
<td>189,392</td>
<td></td>
<td>288,666</td>
</tr>
<tr>
<td>Total capital assets not being depreciated</td>
<td>797,269</td>
<td>189,392</td>
<td></td>
<td>986,661</td>
</tr>
<tr>
<td>Capital assets being depreciated:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land improvements</td>
<td>367,178</td>
<td>-</td>
<td>(154,095)</td>
<td>213,083</td>
</tr>
<tr>
<td>Buildings</td>
<td>7,076,353</td>
<td>-</td>
<td>-</td>
<td>7,076,353</td>
</tr>
<tr>
<td>Building improvements</td>
<td>2,778,116</td>
<td>-</td>
<td>(826,900)</td>
<td>1,951,216</td>
</tr>
<tr>
<td>Machinery and equipment</td>
<td>4,767,489</td>
<td>52,474</td>
<td>(2,918,016)</td>
<td>1,901,947</td>
</tr>
<tr>
<td>Vehicles</td>
<td>2,463,508</td>
<td>-</td>
<td>(2,022,982)</td>
<td>440,526</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>883,946</td>
<td>-</td>
<td>(660,917)</td>
<td>223,029</td>
</tr>
<tr>
<td>Total capital assets being depreciated</td>
<td>18,336,590</td>
<td>52,474</td>
<td>(6,582,910)</td>
<td>11,806,154</td>
</tr>
</tbody>
</table>

Less accumulated depreciation for:

| Land improvements | (155,985) | (14,507) | 23,114 | (147,378) |
| Buildings | (5,575,759) | (140,685) | - | (5,716,444) |
| Building improvements | (1,192,830) | (103,842) | 122,751 | (1,173,921) |
| Machinery and equipment | (2,829,964) | (349,000) | 1,941,934 | (1,237,030) |
| Vehicles | (1,838,079) | (134,283) | 1,578,441 | (393,921) |
| Intangible assets | (611,988) | (39,408) | 533,843 | (117,553) |
| Total accumulated depreciation | (12,204,605) | (781,725) | 4,200,083 | (8,786,247) |

Total capital assets being depreciated, net | 6,131,985 | (729,251) | (2,382,827) | 3,019,907 |

Total governmental activities capital assets, net | $6,929,254 | $539,859 | $(2,382,827) | $4,006,568 |

* $2,379,432 reflects the January 1, 2010 transfer of the Corrections operations (which included the transfer of capital assets) to the Commonwealth (see Note 17)
Notes to Basic Financial Statements

For the Fiscal Year Ended June 30, 2010

<table>
<thead>
<tr>
<th>Business-Type Activities:</th>
<th>Beginning</th>
<th>Increases</th>
<th>Decreases</th>
<th>Ending Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Balance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Capital assets being depreciated:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Machinery and equipment</td>
<td>$1,594,833</td>
<td>$</td>
<td>$</td>
<td>$1,594,833</td>
</tr>
<tr>
<td>Vehicles</td>
<td>152,744</td>
<td></td>
<td></td>
<td>152,744</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>12,000</td>
<td></td>
<td></td>
<td>12,000</td>
</tr>
<tr>
<td><strong>Total capital assets being depreciated</strong></td>
<td>1,759,577</td>
<td></td>
<td></td>
<td>1,759,577</td>
</tr>
<tr>
<td><strong>Less accumulated depreciation for:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Machinery and equipment</td>
<td>(964,554)</td>
<td>(97,508)</td>
<td></td>
<td>(1,062,062)</td>
</tr>
<tr>
<td>Vehicles</td>
<td>(93,836)</td>
<td>(15,383)</td>
<td></td>
<td>(109,219)</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>(12,000)</td>
<td></td>
<td></td>
<td>(12,000)</td>
</tr>
<tr>
<td><strong>Total accumulated depreciation</strong></td>
<td>(1,070,390)</td>
<td>(112,891)</td>
<td></td>
<td>(1,183,281)</td>
</tr>
<tr>
<td><strong>Total business-type activities capital assets, net</strong></td>
<td>$689,187</td>
<td>(112,891)</td>
<td>$</td>
<td>$576,296</td>
</tr>
</tbody>
</table>

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

**Governmental Activities:**
- Information technology services: $34,467
- Department of finance: $16,753
- Department of facilities: $201,167
- Cooperative extension: $13,830
- Registry of deeds: $97,165
- County health: $70,143
- Children's cove: $7,536
- Fire training: $17,523
- Corrections: $303,748
- Cape Cod commission: $19,393

**Total depreciation expense - governmental activities:** $781,725

**Business-Type Activities:**
- Dredge: $112,891

**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, 2010:

<table>
<thead>
<tr>
<th>Fiscal Years Ending June 30</th>
<th>Governmental Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>$ 2,952</td>
</tr>
<tr>
<td>Less: amounts representing interest</td>
<td>(30)</td>
</tr>
<tr>
<td>Present value of minimum lease payments</td>
<td>$ 2,922</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Asset:</th>
<th>Governmental Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Machinery and equipment</td>
<td>$ 324,235</td>
</tr>
<tr>
<td>Less: accumulated amortization</td>
<td>(222,268)</td>
</tr>
<tr>
<td>Total</td>
<td>$ 101,967</td>
</tr>
</tbody>
</table>

Amortization of machinery and equipment under capital leases is included with depreciation expense, which is allocated functionally.

NOTE 7 – OPERATING LEASES

The County is committed under an operating lease for office facilities used by the Cape Cod commission and Economic Development Council. Future minimum payments under this operating lease are as follows:

<table>
<thead>
<tr>
<th>Fiscal Year Ending June 30</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>$ 137,600</td>
</tr>
<tr>
<td>2012</td>
<td>137,600</td>
</tr>
<tr>
<td>2013</td>
<td>137,600</td>
</tr>
<tr>
<td>2014</td>
<td>57,333</td>
</tr>
<tr>
<td>Total minimum lease payments</td>
<td>$ 470,133</td>
</tr>
</tbody>
</table>

Rent expenditures were $137,600 for the fiscal year ended June 30, 2010 and are reported as Cape Cod commission and Economic Development Council expenditures.
NOTE 8 - INTERFUND TRANSFERS

Interfund transfers for the fiscal year ended June 30, 2010, are summarized as follows:

<table>
<thead>
<tr>
<th>Transfers Out:</th>
<th>Transfers In:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cape Cod Commission Fund</td>
</tr>
<tr>
<td>General Fund........................$20,764 $1,211,227 $79,095 $1,311,086 (1)</td>
<td></td>
</tr>
<tr>
<td>Jail Operating Fund................-                          $6,010 $6,010 (2)</td>
<td></td>
</tr>
<tr>
<td>Septic Loan Program Fund.........-                          $523,696 $523,696 (3)</td>
<td></td>
</tr>
<tr>
<td>Nonmajor Governmental Funds......95,707                          -         $95,707 (4)</td>
<td></td>
</tr>
<tr>
<td>$116,471 $1,211,227 $608,801 $1,936,499</td>
<td></td>
</tr>
</tbody>
</table>

(1) Represents budgeted transfers from the general fund to fund a portion of the Cape Cod Commission operating budget ($20,764); maintenance of effort to the jail operating fund ($1,211,227); and budgeted transfers to the coastal embayment ($79,095) fund

(2) Represents transfer to fund various nonmajor special revenue fund deficits

(3) Represents transfer from the septic loan program major fund to the septic administration nonmajor special revenue fund

(4) Represents transfers from technical assistance to municipalities ($31,897), coastal embayment ($26,368), nitrogen coastal ($11,960), wastewater management plan ($9,882), economic development strategy ($5,814), Barnstable Fire district ($5,400) and cultural asset management ($4,385) funds to the Cape Cod Commission fund for overhead reimbursements

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, 2010, 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, 2010, and the debt service requirements are as follows:

_Bonds and Notes Payable - Governmental Funds_

<table>
<thead>
<tr>
<th>Project</th>
<th>Interest Rate</th>
<th>Outstanding at June 30, 2009</th>
<th>Issued</th>
<th>Redeemed</th>
<th>Outstanding at June 30, 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>MWPAT Septic Loan Program...........</td>
<td>0.00%</td>
<td>2,850,000</td>
<td>-</td>
<td>(150,000)</td>
<td>2,700,000</td>
</tr>
<tr>
<td>MWPAT Septic Loan Program...........</td>
<td>0.00%</td>
<td>2,850,000</td>
<td>-</td>
<td>(150,000)</td>
<td>2,700,000</td>
</tr>
<tr>
<td>MWPAT Septic Loan Program...........</td>
<td>0.00%</td>
<td>4,000,000</td>
<td>-</td>
<td>(200,000)</td>
<td>3,800,000</td>
</tr>
<tr>
<td>MWPAT Septic Loan Program...........</td>
<td>0.00%</td>
<td>2,000,000</td>
<td>1,000,000</td>
<td>-</td>
<td>3,000,000</td>
</tr>
<tr>
<td>MWPAT Septic Loan Program...........</td>
<td>0.00%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total governmental funds.............</td>
<td></td>
<td>$11,700,000</td>
<td>$4,600,000</td>
<td>(500,000)</td>
<td>$15,800,000</td>
</tr>
</tbody>
</table>

During fiscal year 2010, the County received $4,600,000 of MWPAT note proceeds. Of this amount, note proceeds of $3,600,000 were received by the County as part of a $4,000,000 interim note issued for the purpose of financing costs of the community septic management loan program. The interim note is dated July 15, 2009 and is payable on July 15, 2012. Subsequent to year end, the County received the remaining $400,000 of this interim note.

The remaining $1,000,000 of note proceeds received in fiscal year 2010 were part of a $3,000,000 interim note issued for the purpose of financing costs of the community septic management loan program. The interim note is dated December 15, 2008 and is payable on December 15, 2011.

Also subsequent to year-end, the County received an additional $1,200,000 of MWPAT note proceeds as part of a $3,000,000 interim note issued for the purpose of financing costs of the community septic management loan program. The interim note is dated May 15, 2010 and is payable on May 15, 2013.

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 $20,000,000, the proceeds of which the County expects to use to retire the interim notes. The $20,000,000 MWPAT note authorizations were adopted by Ordinances of the Assembly of Delegates on August 17, 2005 ($10,000,000) and March 5, 2008 ($10,000,000). Subsequent to year-end, an additional $10,000,000 MWPAT note authorization was adopted by Ordinance of the Assembly of Delegates on December 1, 2010. 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.

The County receives subsidy assistance from MWPAT. Interest on the outstanding MWPAT notes is subsidized over the life of the notes to assist the County in the repayment of this future debt. During fiscal year 2010, the County's subsidy totaled approximately $481,000. Future subsidies total approximately $3,650,000. The amount of MWPAT bonds outstanding at June 30, 2010, totaled $15,800,000.
Debt service requirements for principal for governmental bonds and notes payable in future fiscal years are as follows:

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Principal</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011........</td>
<td>$500,000</td>
</tr>
<tr>
<td>2012........</td>
<td>3,464,211</td>
</tr>
<tr>
<td>2013........</td>
<td>4,064,211</td>
</tr>
<tr>
<td>2014........</td>
<td>464,211</td>
</tr>
<tr>
<td>2015........</td>
<td>464,211</td>
</tr>
<tr>
<td>2016........</td>
<td>464,211</td>
</tr>
<tr>
<td>2017........</td>
<td>464,211</td>
</tr>
<tr>
<td>2018........</td>
<td>464,211</td>
</tr>
<tr>
<td>2019........</td>
<td>464,211</td>
</tr>
<tr>
<td>2020........</td>
<td>464,211</td>
</tr>
<tr>
<td>2021........</td>
<td>464,211</td>
</tr>
<tr>
<td>2022........</td>
<td>464,210</td>
</tr>
<tr>
<td>2023........</td>
<td>464,210</td>
</tr>
<tr>
<td>2024........</td>
<td>464,210</td>
</tr>
<tr>
<td>2025........</td>
<td>464,210</td>
</tr>
<tr>
<td>2026........</td>
<td>464,210</td>
</tr>
<tr>
<td>2027........</td>
<td>464,210</td>
</tr>
<tr>
<td>2028........</td>
<td>464,210</td>
</tr>
<tr>
<td>2029........</td>
<td>314,210</td>
</tr>
<tr>
<td>2030........</td>
<td>314,210</td>
</tr>
<tr>
<td>2031........</td>
<td>180,000</td>
</tr>
</tbody>
</table>

Total......... $15,800,000

The County is subject to various debt limits by statute. At June 30, 2010, the County had the following authorized and unissued debt:

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Various capital projects.......</td>
<td>$3,756,364</td>
</tr>
<tr>
<td>MWPAT septic loan program......</td>
<td>3,400,000</td>
</tr>
</tbody>
</table>

Total................................ $7,156,364

* Of this amount, $1,600,000 was issued by the County subsequent to year-end
Changes in Long-Term Liabilities

During the fiscal year ended June 30, 2010, the following changes occurred in long-term liabilities:

<table>
<thead>
<tr>
<th>Governmental Activities:</th>
<th>Balance June 30, 2009</th>
<th>Increases</th>
<th>Decreases</th>
<th>Balance June 30, 2010</th>
<th>Current Portion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bonds and notes payable</td>
<td>$11,700,000</td>
<td>$4,600,000</td>
<td>($500,000)</td>
<td>$15,800,000</td>
<td>$500,000</td>
</tr>
<tr>
<td>Capital lease obligations</td>
<td>16,289</td>
<td></td>
<td>($13,367)</td>
<td>2,922</td>
<td>2,922</td>
</tr>
<tr>
<td>Environmental remediation</td>
<td>380,380</td>
<td></td>
<td>($93,410)</td>
<td>286,970</td>
<td>107,420</td>
</tr>
<tr>
<td>Net OPEB obligation</td>
<td>6,906,017</td>
<td>2,651,785</td>
<td>($5,962,489)</td>
<td>3,595,513</td>
<td>-</td>
</tr>
<tr>
<td>Compensated absences</td>
<td>2,667,919</td>
<td></td>
<td>($1,676,821)</td>
<td>991,098</td>
<td>99,110</td>
</tr>
<tr>
<td>Total</td>
<td>$21,670,605</td>
<td>$7,251,785</td>
<td>($8,246,087)</td>
<td>$20,676,303</td>
<td>$709,452</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net OPEB obligation</td>
<td>$70,029</td>
<td>$77,267</td>
<td>($42,536)</td>
<td>104,760</td>
<td>-</td>
</tr>
<tr>
<td>Compensated absences</td>
<td>31,043</td>
<td>799</td>
<td></td>
<td>31,842</td>
<td>3,184</td>
</tr>
<tr>
<td>Total</td>
<td>$101,072</td>
<td>$80,066</td>
<td>($42,536)</td>
<td>$136,602</td>
<td>$3,184</td>
</tr>
</tbody>
</table>

The capital lease obligations, environmental remediation, net OPEB obligation (governmental activities and business-type activities) and bonds and notes payable liabilities are liquidated by the general fund. Compensated absences of governmental activities are liquidated by the general fund and Cape Cod commission fund.

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

NOTE 11 - ENVIRONMENTAL REMEDIATION LIABILITY

In January 2007, a groundwater contamination incident occurred in the Town of Barnstable, Massachusetts as a result of activities at a Fire Training Academy owned and operated by the County. Pursuant to an agreement (the agreement) between the County and Town of Barnstable, the County is obligated for costs associated with the clean-up of this incident.

The County’s liability for the clean-up is based on the terms of the agreement and totals $286,970 at June 30, 2010. The liability may change due to price increases or reductions, technology, or applicable laws or regulations.

NOTE 12 - 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, 2010 was immaterial and therefore not reported. Changes in the reported liability since July 1, 2008, are as follows:

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Balance at Beginning of Fiscal Year</th>
<th>Current Year Claims and Changes in Estimate</th>
<th>Claims Payments</th>
<th>Balance at Fiscal Year-end</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fiscal year 2009</td>
<td>$338,000</td>
<td>$99,000</td>
<td>$(197,000)</td>
<td>$240,000</td>
</tr>
<tr>
<td>Fiscal year 2010</td>
<td>$240,000</td>
<td>$(99,000)</td>
<td>$(141,000)</td>
<td>$240,000</td>
</tr>
</tbody>
</table>

NOTE 13 - 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. Substantially all employees of the County are members of the Association.

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

Funding Policy – Chapter 32 of MGL governs the contributions of plan members and the County. Plan members are required to contribute to the Association at rates ranging from 5% to 11% of annual covered compensation. The County is required to pay into the Association its share of the association-wide actuarial determined contribution that is apportioned among the employers based on annual covered payroll. The County's contributions to the Association for the fiscal years ended June 30, 2010, 2009, and 2008 were $4,789,706, $4,565,114 and $4,411,987, respectively, which equaled its required contribution for each fiscal year.

NOTE 14 - OTHER POST EMPLOYMENT BENEFITS

Plan Description – The County provides health, dental and life insurance coverage for its retirees and their survivors (hereinafter referred to as the "Plan") as a single-employer defined benefit Other Post Employment Benefit (OPEB) plan. Chapter 32B of the MGL assigns authority to establish and amend benefit provisions. Changes to plan design and contribution rates must be accomplished through the collective bargaining process. The Plan does not issue a stand alone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan.
The number of participants as of June 30, 2008, the latest actuarial valuation, is as follows:

- Active employees: 455
- Retired employees, beneficiaries and dependents: 326

Total: 781 *

* Includes participants related to the County Sheriff’s department, which were transferred to the Commonwealth as of January 1, 2010 (see Note 17)

**Funding Policy** - The contribution requirements of Plan members and the County are established and may be amended by the County. The required health and dental insurance (including Medicare Part B) contribution rates of Plan members and the County are 25% and 75%, respectively. The Plan members and County contribute 25% and 75%, respectively, towards a $10,000 term life insurance premium. The County currently contributes enough money to the Plan to satisfy current obligations on a pay-as-you-go basis. The costs of administering the Plan are paid by the County.

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

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

<table>
<thead>
<tr>
<th>Amount</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual required contribution (ARC)</td>
<td>$ 7,953,835</td>
</tr>
<tr>
<td>Transfer of County Sheriff's portion of ARC</td>
<td>(5,249,531)</td>
</tr>
<tr>
<td>Interest on net OPEB obligation</td>
<td>92,156</td>
</tr>
<tr>
<td>Adjustment to annual required contribution</td>
<td>(67,408)</td>
</tr>
<tr>
<td>Annual OPEB cost</td>
<td>2,729,052</td>
</tr>
<tr>
<td>Contributions made</td>
<td>(1,400,835)</td>
</tr>
<tr>
<td>Increase in net OPEB obligation</td>
<td>1,328,217</td>
</tr>
<tr>
<td>Net OPEB obligation at beginning of year</td>
<td>6,976,046</td>
</tr>
<tr>
<td>Transfer of County Sheriff's portion of beginning net OPEB obligation</td>
<td>(4,604,190)</td>
</tr>
<tr>
<td>Net OPEB obligation at end of year</td>
<td>$ 3,700,073</td>
</tr>
</tbody>
</table>
Trend information regarding annual OPEB cost, the percentage of the annual OPEB cost contributed and the net OPEB obligation is as follows:

<table>
<thead>
<tr>
<th>Fiscal Year Ending</th>
<th>Annual OPEB Cost (AOPEBC)</th>
<th>Percentage of AOPEBC Contributed</th>
<th>Net OPEB Obligation</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 30, 2009*</td>
<td>$8,717,627</td>
<td>20.0% $2,729,052</td>
<td>$6,976,046</td>
</tr>
<tr>
<td>June 30, 2010*</td>
<td>$2,729,052</td>
<td>51.3% $6,976,046</td>
<td>$3,700,073</td>
</tr>
</tbody>
</table>

*Transition Year

Funded Status and Funding Progress – The funded status of the Plan at June 30, 2008, the most recent actuarial valuation, was as follows:

<table>
<thead>
<tr>
<th>Actuarial Valuation Date</th>
<th>Actuarial Value of Assets (A)</th>
<th>Actuarial Accrued Liability (AAL)</th>
<th>Unfunded AAL (UAAL) (B-A)</th>
<th>Funded Ratio (A/B)</th>
<th>Covered Payroll (C)</th>
<th>UAAL as a Percentage of Covered Payroll ((B-A)/C)</th>
</tr>
</thead>
<tbody>
<tr>
<td>06/30/08*</td>
<td>$79,006,316</td>
<td>$79,006,316</td>
<td>- $29,923,513</td>
<td>264.0%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* The schedule of funding progress for the 06/30/08 actuarial valuation includes the County Sheriff’s department.

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

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

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

Valuation date: June 30, 2008
Actuarial cost method: Entry Age Normal
Amortization method: Level percentage of projected payroll
Remaining amortization period: 30 years at July 1, 2008

County of Barnstable, Massachusetts Basic Financial Statements
Interest discount rate: 5.00%
Healthcare/Medical cost trend rate: Health - 10.0% decreasing 0.75% for six years and 0.50% for one year to an ultimate level of 5.0%
Dental - 5.0% per year
Projected salary increases: 4.50% annually

Allocation of AOPEBC - AOPEBC costs were allocated to the County's functions as follows:

**Governmental Activities:**
- County commissioners $68,411
- Information technology services 44,443
- Resource development office 187,455
- Cape light compact 28,005
- Assembly of delegates 22,558
- Department of finance 86,632
- Department of facilities 248,160
- Cooperative extension 221,741
- Registry of deeds 434,135
- County health 369,663
- Children's cove 92,183
- Human services 45,135
- Fire training 57,515
- Economic development council 7,970
- Other 15,612
- Cape Cod commission 722,167

Total AOPEBC - governmental activities $2,651,785

**Business-Type Activities:**
- Dredge $77,267

Total AOPEBC $2,729,052

**NOTE 15 - COMMITMENTS**

The County is planning to enter into contracts totaling approximately $1,224,000 for various capital projects.

**NOTE 16 - 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, 2010, cannot be ascertained, management believes any resulting liability should not materially affect the financial position of the County at June 30, 2010.
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, 2010, 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 17 - TRANSFER OF DEPARTMENT OF CORRECTIONS TO THE COMMONWEALTH**

On August 6, 2009, the Commonwealth approved Chapter 61 of the Acts of 2009, An Act Transferring County Sheriffs to the Commonwealth (the Act). The Act was effective January 1, 2010 and transferred the County Sheriff’s department to the Commonwealth, which, among other things, transferred the Sheriff’s employees, assets and liabilities from the County to the Commonwealth.

The following table summarizes the transfer of Corrections. These amounts are reported as an extraordinary item in the statement of activities and the governmental funds statement of revenues, expenditures and changes in fund balances.

<table>
<thead>
<tr>
<th>Governmental Activities</th>
<th>General Fund</th>
<th>Jail Operating Fund</th>
<th>Nonmajor Governmental Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital assets, net of accumulated depreciation</td>
<td>$2,379,432</td>
<td>$1,211,223</td>
<td>$2,017,559</td>
</tr>
<tr>
<td>Maintenance of Effort (January 1, 2010 through June 30, 2010)</td>
<td>$1,211,223</td>
<td>$1,211,223</td>
<td>-</td>
</tr>
<tr>
<td>Jail Operating Fund</td>
<td>$2,017,559</td>
<td>-</td>
<td>$2,017,559</td>
</tr>
<tr>
<td>Special Revenue Funds (federal grants, state grants, etc.)</td>
<td>$1,522,503</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Extraordinary item - transfer of Corrections</td>
<td>$7,130,717</td>
<td>$1,211,223</td>
<td>$2,017,559</td>
</tr>
</tbody>
</table>

**NOTE 18 - IMPLEMENTATION OF GASB PRONOUNCEMENTS**

The District implemented the following GASB pronouncements during fiscal year 2010:

- **Statement #51, Accounting and Financial Reporting for Intangible Assets.** The implementation of this Statement had no impact on the financial statements.

- **Statement #53, Accounting and Financial Reporting for Derivative Instruments.** The implementation of this Statement had no impact on the financial statements.

- **Statement #55, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.** The implementation of this Statement had no impact on the financial statements.

- **Statement #56, Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards.** The implementation of this Statement had no impact on the financial statements.

- **Statement #58, Accounting and Financial Reporting for Chapter 9 Bankruptcies.** The implementation of this Statement had no impact on the financial statements.
NOTE 19 - FUTURE IMPLEMENTATION OF GASB PRONOUNCEMENTS

The GASB has issued the following statements:

- **Statement #54, Fund Balance Reporting and Governmental Fund Type Definitions**, which is required to be implemented during fiscal year 2011. The District is currently evaluating the effect that this Statement will have on its basic financial statements.

- **Statement #57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans**, which is required to be implemented during fiscal year 2012. This pronouncement will not impact the basic financial statements.

- **Statement #59, Financial Instruments Omnibus**, which is required to be implemented during fiscal year 2011. The District is currently evaluating the effect that this Statement will have on its basic financial statements.

These pronouncements will be implemented by their implementation dates.
Required Supplementary Information
## GENERAL FUND
### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
#### BUDGET AND ACTUAL

**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

### REVENUES

<table>
<thead>
<tr>
<th>Description</th>
<th>Original Budget</th>
<th>Supplemental Appropriations</th>
<th>Final Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Town assessments</td>
<td>$2,692,984</td>
<td>$2,692,984</td>
<td>$2,692,984</td>
</tr>
<tr>
<td>County deeds excise tax</td>
<td>$7,500,000</td>
<td>$7,500,000</td>
<td>$7,500,000</td>
</tr>
<tr>
<td>Registry of deeds</td>
<td>$2,750,000</td>
<td>$2,750,000</td>
<td>$2,750,000</td>
</tr>
<tr>
<td>Court house rental</td>
<td>$1,450,000</td>
<td>$1,450,000</td>
<td>$1,450,000</td>
</tr>
<tr>
<td>Intergovernmental</td>
<td>$35,900</td>
<td>$35,900</td>
<td>$35,900</td>
</tr>
<tr>
<td>Departmental</td>
<td>$780,242</td>
<td>$780,242</td>
<td>$780,242</td>
</tr>
<tr>
<td>Investment income</td>
<td>$172,500</td>
<td>$172,500</td>
<td>$172,500</td>
</tr>
<tr>
<td><strong>TOTAL REVENUES</strong></td>
<td>$15,381,626</td>
<td></td>
<td>$15,381,626</td>
</tr>
</tbody>
</table>

### EXPENDITURES

**Current:**

<table>
<thead>
<tr>
<th>Description</th>
<th>Original Budget</th>
<th>Supplemental Appropriations</th>
<th>Final Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>County commissioners</td>
<td>$6,043</td>
<td>$428,525</td>
<td>$477,111</td>
</tr>
<tr>
<td>Information technology services</td>
<td>$6,978</td>
<td>$251,278</td>
<td>$276,235</td>
</tr>
<tr>
<td>Resource development office</td>
<td>$28,134</td>
<td>$696,501</td>
<td>$726,635</td>
</tr>
<tr>
<td>Cape light compact</td>
<td>$153,836</td>
<td>$142,763</td>
<td>$296,599</td>
</tr>
<tr>
<td>Assembly of delegates</td>
<td>$925</td>
<td>$281,331</td>
<td>$291,256</td>
</tr>
<tr>
<td>Department of finance</td>
<td>$48,287</td>
<td>$545,046</td>
<td>$574,228</td>
</tr>
<tr>
<td>Home consortium</td>
<td>$5,000</td>
<td></td>
<td>$5,000</td>
</tr>
<tr>
<td>Grants to Town's of Barnstable County</td>
<td>$185,302</td>
<td></td>
<td>$185,302</td>
</tr>
<tr>
<td>Department of facilities</td>
<td>$979,912</td>
<td>$1,876,424</td>
<td>$2,935,123</td>
</tr>
<tr>
<td>Cooperative extension</td>
<td>$443,607</td>
<td>$1,274,056</td>
<td>$1,717,663</td>
</tr>
<tr>
<td>Registry of deeds</td>
<td>$136,346</td>
<td>$2,785,149</td>
<td>$2,921,495</td>
</tr>
<tr>
<td>Regional services initiatives</td>
<td>$64,428</td>
<td></td>
<td>$64,428</td>
</tr>
<tr>
<td>County health</td>
<td>$29,368</td>
<td>$1,662,428</td>
<td>$1,691,792</td>
</tr>
<tr>
<td>Children's cove</td>
<td>$487</td>
<td>$412,925</td>
<td>$413,412</td>
</tr>
<tr>
<td>Human services</td>
<td>$58,770</td>
<td>$302,349</td>
<td>$361,119</td>
</tr>
<tr>
<td>Human services grants</td>
<td>-</td>
<td>$75,000</td>
<td>$75,000</td>
</tr>
<tr>
<td>Fire training</td>
<td>$2,941</td>
<td>$325,872</td>
<td>$328,813</td>
</tr>
<tr>
<td>Public safety</td>
<td>-</td>
<td>$50,000</td>
<td>$50,000</td>
</tr>
<tr>
<td>Economic development council</td>
<td>$4,166</td>
<td>$139,526</td>
<td>$143,692</td>
</tr>
<tr>
<td>Water quality initiatives</td>
<td>$95,014</td>
<td>$190,000</td>
<td>$285,014</td>
</tr>
<tr>
<td>Retirees' benefits</td>
<td>$216,587</td>
<td>$1,289,281</td>
<td>$1,505,482</td>
</tr>
<tr>
<td>Other</td>
<td>$1,498,602</td>
<td>$388,700</td>
<td>$1,887,112</td>
</tr>
<tr>
<td>Debt service:</td>
<td>-</td>
<td>$175,000</td>
<td>$175,000</td>
</tr>
<tr>
<td>Interest</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL EXPENDITURES</strong></td>
<td>$3,966,733</td>
<td>$13,242,184</td>
<td>$17,208,917</td>
</tr>
</tbody>
</table>

### EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES

- **(3,966,733)**
  - **2,139,442**
  - **10,914**

### OTHER FINANCING SOURCES (USES)

- **Transfers out**
  - **(15,963)**
  - **(1,211,227)**
  - **(1,211,227)**

### NET CHANGE IN FUND BALANCE

- **(3,982,696)**
  - **(283,008)**
  - **(117,431)**

### FUND BALANCE AT BEGINNING OF YEAR

- **$6,874,802**
  - **$6,874,802**
  - **$6,874,802**

### FUND BALANCE AT END OF YEAR

- **$2,892,106**
  - **$6,591,794**
  - **$6,757,371**
  - **$2,491,667**

See notes to required supplementary information.
<table>
<thead>
<tr>
<th></th>
<th>Current Year Encumbrances and Continuing Appropriations</th>
<th>Actual</th>
<th>Actual and Encumbrances and Continuing Appropriations</th>
<th>Variance Positive/ (Negative)</th>
</tr>
</thead>
<tbody>
<tr>
<td>$2,692,984</td>
<td>$2,692,984</td>
<td>$2,692,984</td>
<td>$2,692,984</td>
<td>$(1,033,835)</td>
</tr>
<tr>
<td>6,466,165</td>
<td>6,466,165</td>
<td>6,466,165</td>
<td>6,466,165</td>
<td>(51,952)</td>
</tr>
<tr>
<td>2,698,048</td>
<td>2,698,048</td>
<td>2,698,048</td>
<td>2,698,048</td>
<td>1,697,099</td>
</tr>
<tr>
<td>1,697,199</td>
<td>1,697,199</td>
<td>1,697,199</td>
<td>1,697,199</td>
<td>33,375</td>
</tr>
<tr>
<td>95,589</td>
<td>95,589</td>
<td>95,589</td>
<td>95,589</td>
<td>59,689</td>
</tr>
<tr>
<td>813,817</td>
<td>813,817</td>
<td>813,817</td>
<td>813,817</td>
<td>33,375</td>
</tr>
<tr>
<td>116,471</td>
<td>116,471</td>
<td>116,471</td>
<td>116,471</td>
<td>(56,029)</td>
</tr>
<tr>
<td>14,580,273</td>
<td>14,580,273</td>
<td>14,580,273</td>
<td>14,580,273</td>
<td>$(801,353)</td>
</tr>
</tbody>
</table>

<p>| | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>428,139</td>
<td>1,868</td>
<td>430,007</td>
<td>17,104</td>
<td></td>
</tr>
<tr>
<td>264,648</td>
<td>5,833</td>
<td>270,481</td>
<td>5,754</td>
<td></td>
</tr>
<tr>
<td>695,576</td>
<td>23,944</td>
<td>719,520</td>
<td>10,845</td>
<td></td>
</tr>
<tr>
<td>95,384</td>
<td>45,255</td>
<td>139,639</td>
<td>135,909</td>
<td></td>
</tr>
<tr>
<td>291,283</td>
<td>1,002</td>
<td>292,285</td>
<td>2,821</td>
<td></td>
</tr>
<tr>
<td>506,100</td>
<td>33,266</td>
<td>539,366</td>
<td>34,862</td>
<td></td>
</tr>
<tr>
<td></td>
<td>5,000</td>
<td>5,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>185,302</td>
<td>185,302</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1,955,836</td>
<td>894,749</td>
<td>2,850,585</td>
<td>84,538</td>
<td></td>
</tr>
<tr>
<td>1,300,778</td>
<td>379,700</td>
<td>1,680,478</td>
<td>28,777</td>
<td></td>
</tr>
<tr>
<td>2,643,561</td>
<td>69,717</td>
<td>2,713,278</td>
<td>135,758</td>
<td></td>
</tr>
<tr>
<td>1,286,0</td>
<td>31,693</td>
<td>44,553</td>
<td>19,875</td>
<td></td>
</tr>
<tr>
<td>1,631,992</td>
<td>8,060</td>
<td>1,640,052</td>
<td>48,330</td>
<td></td>
</tr>
<tr>
<td>372,271</td>
<td>16,247</td>
<td>388,518</td>
<td>44,134</td>
<td></td>
</tr>
<tr>
<td>323,490</td>
<td>22,789</td>
<td>346,279</td>
<td>14,840</td>
<td></td>
</tr>
<tr>
<td>75,000</td>
<td></td>
<td>73,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>296,577</td>
<td>11,827</td>
<td>308,404</td>
<td>24,874</td>
<td></td>
</tr>
<tr>
<td></td>
<td>50,000</td>
<td>50,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>73,657</td>
<td>3,626</td>
<td>77,283</td>
<td>66,409</td>
<td></td>
</tr>
<tr>
<td>136,791</td>
<td>56,207</td>
<td>193,098</td>
<td>92,016</td>
<td></td>
</tr>
<tr>
<td>1,481,683</td>
<td></td>
<td>1,481,683</td>
<td>22,565</td>
<td></td>
</tr>
<tr>
<td>670,578</td>
<td>1,026,843</td>
<td>1,697,421</td>
<td>83,696</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>175,000</td>
<td></td>
</tr>
<tr>
<td>13,256,968</td>
<td>2,870,928</td>
<td>16,127,896</td>
<td>1,070,107</td>
<td></td>
</tr>
<tr>
<td>1,323,305</td>
<td>(2,870,928)</td>
<td>(1,547,623)</td>
<td>268,754</td>
<td></td>
</tr>
<tr>
<td>(99,859)</td>
<td></td>
<td>(99,859)</td>
<td>44,449</td>
<td></td>
</tr>
<tr>
<td>(1,211,227)</td>
<td></td>
<td>(1,211,227)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(1,311,086)</td>
<td></td>
<td>(1,311,086)</td>
<td>44,449</td>
<td></td>
</tr>
<tr>
<td>(1,211,223)</td>
<td></td>
<td>(1,211,223)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(1,199,004)</td>
<td>(2,870,928)</td>
<td>(6,069,932)</td>
<td>313,203</td>
<td></td>
</tr>
<tr>
<td>6,874,802</td>
<td>6,874,802</td>
<td>6,874,802</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$5,675,798</td>
<td>$4,003,874</td>
<td>$2,804,870</td>
<td>$313,203</td>
<td></td>
</tr>
</tbody>
</table>
## CAPE COD COMMISSION

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**

**BUDGET AND ACTUAL**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

<table>
<thead>
<tr>
<th></th>
<th>Prior Year Encumbrances and Continuing Appropriations</th>
<th>Original Budget</th>
<th>Supplemental Appropriations and Transfers</th>
<th>Final Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Environmental protection taxes</td>
<td>$</td>
<td>-</td>
<td>$</td>
<td>$2,816,826</td>
</tr>
<tr>
<td>Intergovernmental</td>
<td>-</td>
<td>1,046,580</td>
<td>-</td>
<td>1,046,580</td>
</tr>
<tr>
<td>Departmental</td>
<td>-</td>
<td>87,500</td>
<td>-</td>
<td>87,500</td>
</tr>
<tr>
<td><strong>TOTAL REVENUES</strong></td>
<td>-</td>
<td>3,950,906</td>
<td>-</td>
<td>3,950,906</td>
</tr>
</tbody>
</table>

| **EXPENDITURES**                 |                                                      |                 |                                          |              |
| Current:                         |                                                      |                 |                                          |              |
| Cape Cod commission              | 259,199                                             | 4,244,946       | -                                        | 4,504,145    |

| **EXCESS (DEFICIENCY) OF REVENUES** | (259,199) | (294,040) | - | (553,239) |

| **OTHER FINANCING SOURCES (USES)** |                                                      |                 |                                          |              |
| Transfers in                      | -                                                   | 116,471         | -                                        | 116,471      |

| **NET CHANGE IN FUND BALANCE**    | (259,199)                                           | (177,569)       | -                                        | (436,768)    |

| **FUND BALANCE AT BEGINNING OF YEAR** | 1,419,330 | 1,419,330 | 1,419,330 | 1,419,330 |

| **FUND BALANCE AT END OF YEAR**    | $1,160,131 | $1,241,761 | $1,419,330 | $982,562  |

See notes to required supplementary information.
<table>
<thead>
<tr>
<th>Actual</th>
<th>Current Year Encumbrances and Continuing Appropriations</th>
<th>Actual and Encumbrances and Continuing Appropriations</th>
<th>Variance Positive/ (Negative)</th>
</tr>
</thead>
<tbody>
<tr>
<td>$2,816,826</td>
<td>$ -</td>
<td>$2,816,826</td>
<td>$ -</td>
</tr>
<tr>
<td>840,562</td>
<td>-</td>
<td>840,562</td>
<td>(206,018)</td>
</tr>
<tr>
<td>206,811</td>
<td>-</td>
<td>206,811</td>
<td>119,311</td>
</tr>
<tr>
<td>3,864,199</td>
<td>-</td>
<td>3,864,199</td>
<td>(86,707)</td>
</tr>
<tr>
<td>3,662,306</td>
<td>252,768</td>
<td>3,915,074</td>
<td>589,071</td>
</tr>
<tr>
<td>201,893</td>
<td>(252,768)</td>
<td>(50,875)</td>
<td>502,364</td>
</tr>
<tr>
<td>116,471</td>
<td>-</td>
<td>116,471</td>
<td>-</td>
</tr>
<tr>
<td>318,364</td>
<td>(252,768)</td>
<td>65,596</td>
<td>502,364</td>
</tr>
<tr>
<td>1,419,330</td>
<td>1,419,330</td>
<td>1,419,330</td>
<td>-</td>
</tr>
<tr>
<td>$1,737,694</td>
<td>$1,166,562</td>
<td>$1,484,926</td>
<td>$502,364</td>
</tr>
</tbody>
</table>
# JAIL OPERATING FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

<table>
<thead>
<tr>
<th>Prior Year Encumbrances and Continuing Appropriations</th>
<th>Original Budget</th>
<th>Supplemental Appropriations and Transfers</th>
<th>Final Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>REVENUES</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State deeds excise tax</td>
<td>-</td>
<td>$593,665</td>
<td>$1,219,719</td>
</tr>
<tr>
<td>Intergovernmental</td>
<td>-</td>
<td>$7,220,907</td>
<td>14,620,075</td>
</tr>
<tr>
<td>Departmental</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL REVENUES</td>
<td>-</td>
<td>$7,814,572</td>
<td>15,839,794</td>
</tr>
</tbody>
</table>

| EXPENDITURES                                            |                 |                                          |              |
| Current:                                                |                 |                                          |              |
| Corrections                                            | $395,355        | $9,025,799                                | $17,446,376  |

| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES       | (395,355)       | (1,211,227)                               | (1,606,582)  |

| OTHER FINANCING SOURCES (USES)                         |                 |                                          |              |
| Transfers out                                          | -               | (6,010)                                  | (6,010)      |
| Transfers in - maintenance of effort                    | -               | 1,211,227                                | 1,211,227    |
| TOTAL OTHER FINANCING SOURCES (USES)                   | -               | 1,205,217                                | 1,205,217    |
| Extraordinary item - transfer of Corrections operations | -               |                                          |              |
| NET CHANGE IN FUND BALANCE                             | (395,355)       | (6,010)                                  | (401,365)    |
| FUND BALANCE AT BEGINNING OF YEAR                       | 880,677         | 880,677                                  | 880,677      |
| FUND BALANCE AT END OF YEAR                             | $485,322        | $874,667                                 | $479,312     |

See notes to required supplementary information.
<table>
<thead>
<tr>
<th>Actual</th>
<th>Variance Positive/ (Negative)</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,164,578</td>
<td>$(55,141)</td>
</tr>
<tr>
<td>14,612,481</td>
<td>$(7,594)</td>
</tr>
<tr>
<td>5,171</td>
<td>$5,171</td>
</tr>
<tr>
<td><strong>15,782,230</strong></td>
<td><strong>$(57,564)</strong></td>
</tr>
<tr>
<td><strong>15,850,565</strong></td>
<td>1,595,811</td>
</tr>
<tr>
<td><strong>(68,335)</strong></td>
<td><strong>1,538,247</strong></td>
</tr>
<tr>
<td><strong>(6,010)</strong></td>
<td>-</td>
</tr>
<tr>
<td>1,211,227</td>
<td>-</td>
</tr>
<tr>
<td>1,205,217</td>
<td>-</td>
</tr>
<tr>
<td><strong>(2,017,559)</strong></td>
<td><strong>(2,017,559)</strong></td>
</tr>
<tr>
<td><strong>(880,677)</strong></td>
<td><strong>(479,312)</strong></td>
</tr>
<tr>
<td>880,677</td>
<td>-</td>
</tr>
<tr>
<td>$</td>
<td>$(479,312)</td>
</tr>
</tbody>
</table>
PENSION PLAN SCHEDULES

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

### SCHEDULES OF FUNDING PROGRESS (ASSOCIATION)

<table>
<thead>
<tr>
<th>Actuarial Valuation Date</th>
<th>Actuarial Value of Assets (A)</th>
<th>Actuarial Accrued Liability (AAL) (B)</th>
<th>Unfunded AAL (UAAL) (B-A)</th>
<th>Funded Ratio (A/B)</th>
<th>Covered Payroll (C)</th>
<th>UAAL as a Percentage of Covered Payroll ((B-A)/C)</th>
</tr>
</thead>
<tbody>
<tr>
<td>01/01/09</td>
<td>$520,089,855</td>
<td>$966,564,614</td>
<td>$446,474,759</td>
<td>53.8%</td>
<td>$249,971,296</td>
<td>178.6%</td>
</tr>
<tr>
<td>01/01/07</td>
<td>517,396,087</td>
<td>825,863,068</td>
<td>308,466,981</td>
<td>62.6%</td>
<td>226,391,633</td>
<td>136.3%</td>
</tr>
<tr>
<td>01/01/06</td>
<td>465,637,984</td>
<td>765,747,723</td>
<td>300,109,739</td>
<td>60.8%</td>
<td>215,474,180</td>
<td>139.3%</td>
</tr>
<tr>
<td>01/01/04</td>
<td>378,317,300</td>
<td>647,655,411</td>
<td>269,338,111</td>
<td>58.4%</td>
<td>190,614,004</td>
<td>141.3%</td>
</tr>
<tr>
<td>01/01/02</td>
<td>362,911,896</td>
<td>553,531,966</td>
<td>190,620,070</td>
<td>65.6%</td>
<td>173,610,557</td>
<td>109.8%</td>
</tr>
<tr>
<td>01/01/00</td>
<td>300,396,700</td>
<td>462,462,500</td>
<td>162,065,800</td>
<td>65.0%</td>
<td>152,293,100</td>
<td>106.4%</td>
</tr>
</tbody>
</table>

### SCHEDULE OF EMPLOYER CONTRIBUTIONS (ASSOCIATION)

<table>
<thead>
<tr>
<th>Fiscal Year Ended June 30</th>
<th>Annually Required Contributions (ARC)</th>
<th>Percentage of ARC Contributed (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>$27,650,113</td>
<td>100</td>
</tr>
<tr>
<td>2005</td>
<td>30,224,666</td>
<td>100</td>
</tr>
<tr>
<td>2006</td>
<td>32,038,146</td>
<td>100</td>
</tr>
<tr>
<td>2007</td>
<td>34,360,912</td>
<td>100</td>
</tr>
<tr>
<td>2008</td>
<td>36,982,873</td>
<td>100</td>
</tr>
<tr>
<td>2009</td>
<td>39,899,322</td>
<td>100</td>
</tr>
</tbody>
</table>

The following schedule provides information related to the County’s portion of the Association’s ARC:

### COUNTY SHARE OF ASSOCIATION ARC

<table>
<thead>
<tr>
<th>Fiscal Year Ended June 30</th>
<th>ARC</th>
<th>Percentage of ARC Contributed (%)</th>
<th>County ARC as a Percentage of Association ARC (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>$3,070,066</td>
<td>100</td>
<td>11.1%</td>
</tr>
<tr>
<td>2006</td>
<td>3,677,894</td>
<td>100</td>
<td>12.2%</td>
</tr>
<tr>
<td>2007</td>
<td>4,110,249</td>
<td>100</td>
<td>12.8%</td>
</tr>
<tr>
<td>2008</td>
<td>4,411,987</td>
<td>100</td>
<td>12.8%</td>
</tr>
<tr>
<td>2009</td>
<td>4,565,114</td>
<td>100</td>
<td>12.3%</td>
</tr>
<tr>
<td>2010</td>
<td>4,789,706</td>
<td>100</td>
<td>12.0%</td>
</tr>
</tbody>
</table>
OTHER POST EMPLOYMENT BENEFITS SCHEDULE

The following schedule provides information related to the County's other post-employment benefits plan:

SCHEDULES OF FUNDING PROGRESS

<table>
<thead>
<tr>
<th>Actuarial Valuation Date</th>
<th>Actuarial Value of Assets (A)</th>
<th>Actuarial Accrued Liability (AAL)</th>
<th>Unfunded AAL (UAAL) (B-A)</th>
<th>Funded Ratio (A/B)</th>
<th>Covered Payroll (C)</th>
<th>UAAL as a Percentage of Covered Payroll ((B-A)/C)</th>
</tr>
</thead>
<tbody>
<tr>
<td>06/30/06</td>
<td>$</td>
<td>$91,516,344</td>
<td>$91,516,344</td>
<td>-</td>
<td>$29,123,450</td>
<td>314.2%</td>
</tr>
<tr>
<td>06/30/08</td>
<td>-</td>
<td>79,006,316</td>
<td>79,006,316</td>
<td>-</td>
<td>29,923,513</td>
<td>264.0%</td>
</tr>
</tbody>
</table>

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

- The actuarial cost method was changed from projected unit credit (06/30/06 valuation) to entry age normal (06/30/08 valuation)

- The 06/30/08 valuation reflects the County's adoption of Massachusetts General Laws Chapter 32B, Section 18, which shifted certain other postemployment benefits costs from the County to a Medicare extension program.
NOTE A - BUDGETARY - GAAP RECONCILIATION

For budgetary financial reporting purposes, the Uniform Massachusetts Accounting System basis of accounting (established by the Commonwealth) is followed, which differs from the GAAP basis of accounting. A reconciliation of budgetary-basis to GAAP-basis results for the general fund, Cape Cod commission fund and jail operating fund for the fiscal year ended June 30, 2010, is presented below:

**General fund**

| Budgetary basis as reported on the schedule of revenues, expenditures and changes in fund balance - budget and actual | $16,127,896 |
| Adjustments |  |
| Net change in recording other expenditures | (71,898) |
| To account for encumbrances and continuing appropriations | (2,870,928) |
| **GAAP basis as reported on the statement of revenues, expenditures and changes in fund balances** | $13,185,070 |

**Cape Cod commission fund**

| Budgetary basis as reported on the schedule of revenues, expenditures and changes in fund balance - budget and actual | $3,915,074 |
| Adjustments |  |
| To account for encumbrances and continuing appropriations | (252,768) |
| **GAAP basis as reported on the statement of revenues, expenditures and changes in fund balances** | $3,662,306 |

**Jail operating fund**

| Budgetary basis as reported on the schedule of revenues, expenditures and changes in fund balance - budget and actual | $15,850,565 |
| Adjustments |  |
| Net change in recording other expenditures | (251,547) |
| **GAAP basis as reported on the statement of revenues, expenditures and changes in fund balances** | $15,599,018 |
NOTE B - PENSION PLAN

Additional information as of the latest actuarial valuation is as follows:

Valuation date: January 1, 2009
Actuarial cost method: Entry age normal cost
Amortization method: Increasing payments 4.50% per year after fiscal year 2013
Remaining amortization period: 19 years from July 1, 2009 for 2002 and 2003 Early Retirement Incentives and remaining unfunded liability
Asset valuation method: 5-year smoothing of investment returns greater (less) than expected
Actuarial assumptions:
Investment rate of return: 8.25%
Projected salary increases: 5.00%
Cost of living adjustments: 3.00% of first $12,000 of retirement income
Additional Information

The following Additional Information is a requirement of the Massachusetts Department of Transportation. 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, 2010

<table>
<thead>
<tr>
<th></th>
<th>MHD 0056004</th>
<th>EOTC MA80-0002</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0011</td>
<td>0013</td>
</tr>
<tr>
<td>REVENUES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal, state and local grants</td>
<td>$709,004</td>
<td>$7,444</td>
</tr>
<tr>
<td>Local assessments</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL REVENUES</strong></td>
<td>$709,004</td>
<td>$7,444</td>
</tr>
<tr>
<td>EXPENDITURES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct salaries</td>
<td>293,268</td>
<td>-</td>
</tr>
<tr>
<td>Indirect costs</td>
<td>337,493</td>
<td>-</td>
</tr>
<tr>
<td>Direct costs</td>
<td>18,272</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL EXPENDITURES</strong></td>
<td>649,033</td>
<td>-</td>
</tr>
<tr>
<td><strong>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</strong></td>
<td>$59,971</td>
<td>$7,444</td>
</tr>
<tr>
<td>EOTC MA80-0003</td>
<td>EOTC MA80-0004</td>
<td>MHD 6A/0051767</td>
</tr>
<tr>
<td>----------------</td>
<td>----------------</td>
<td>----------------</td>
</tr>
<tr>
<td>0013</td>
<td>0015</td>
<td></td>
</tr>
<tr>
<td>$62,812</td>
<td>$11,003</td>
<td>$66,994</td>
</tr>
<tr>
<td>6,694</td>
<td>8,958</td>
<td>-</td>
</tr>
<tr>
<td>69,506</td>
<td>19,961</td>
<td>66,994</td>
</tr>
<tr>
<td>15,338</td>
<td>20,528</td>
<td>15,550</td>
</tr>
<tr>
<td>17,650</td>
<td>23,624</td>
<td>17,896</td>
</tr>
<tr>
<td>481</td>
<td>640</td>
<td>-</td>
</tr>
<tr>
<td>33,469</td>
<td>44,792</td>
<td>33,446</td>
</tr>
<tr>
<td>$36,037</td>
<td>$(24,831)</td>
<td>$33,548</td>
</tr>
</tbody>
</table>

(Continued)
## Cape Cod Commission

### Combining Schedule of Revenues and Expenditures

**For the Fiscal Year Ended June 30, 2010**

<table>
<thead>
<tr>
<th></th>
<th>HUD Program Income 2023</th>
<th>UMASS Embayments 2035</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal, state and local grants</td>
<td>$11,597</td>
<td>$79,096</td>
</tr>
<tr>
<td>Local assessments</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>$11,597</td>
<td>$79,096</td>
</tr>
<tr>
<td><strong>Expenditures</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct salaries</td>
<td>-</td>
<td>11,883</td>
</tr>
<tr>
<td>Indirect costs</td>
<td>-</td>
<td>13,675</td>
</tr>
<tr>
<td>Direct costs</td>
<td>8,168</td>
<td>25,000</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td>8,168</td>
<td>50,558</td>
</tr>
<tr>
<td><strong>Excess (Deficiency) of Revenues Over Expenditures</strong></td>
<td>$3,429</td>
<td>$28,538</td>
</tr>
<tr>
<td>Project</td>
<td>Amounts</td>
<td></td>
</tr>
<tr>
<td>----------------------------------------------</td>
<td>----------------</td>
<td></td>
</tr>
<tr>
<td>EPA Nitrogen Outer Cape Groundwater</td>
<td>$12,361 $2,289</td>
<td></td>
</tr>
<tr>
<td>Rail Trails Survey</td>
<td>$14,650</td>
<td></td>
</tr>
<tr>
<td>Economic Development Strategies</td>
<td>$6,787 $7,810</td>
<td></td>
</tr>
<tr>
<td>Technical Assistance to Municipalities</td>
<td>$26,366 $30,343</td>
<td></td>
</tr>
<tr>
<td>Barnstable Fire District Well</td>
<td>$14,597 $14,886</td>
<td></td>
</tr>
<tr>
<td>Well</td>
<td>$5,700</td>
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</tr>
</tbody>
</table>

(Continued)
CAPE COD COMMISSION
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

<table>
<thead>
<tr>
<th>REVENUES</th>
<th>Comprehensive Economic Development Strategy</th>
<th>Wastewater Management Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Regional PH II 2134</td>
<td></td>
</tr>
<tr>
<td>Federal, state and local grants</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Local assessments</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>TOTAL REVENUES</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EXPENDITURES</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct salaries</td>
<td>3,745</td>
<td>36,814</td>
</tr>
<tr>
<td>Indirect costs</td>
<td>4,309</td>
<td>42,366</td>
</tr>
<tr>
<td>Direct costs</td>
<td>7,305</td>
<td>2,920</td>
</tr>
<tr>
<td>TOTAL EXPENDITURES</td>
<td>15,359</td>
<td>82,100</td>
</tr>
</tbody>
</table>

EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | $ (15,359) | $ (82,100) |
<table>
<thead>
<tr>
<th>Cultural Asset Management Guide 2139</th>
<th>Cape Cod National Seashore Transportation Studies 2145</th>
<th>Regional Economic Strategy Executive Team 2146</th>
<th>Grant Assistance To Towns Collins Center 2156</th>
<th>Technical Assistance to Municipalities 2159</th>
</tr>
</thead>
<tbody>
<tr>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>-</td>
<td>9,178</td>
<td>350,000</td>
<td>4,590</td>
<td>155,837</td>
</tr>
<tr>
<td>3,655</td>
<td>5,695</td>
<td>117,958</td>
<td>1,508</td>
<td>6,527</td>
</tr>
<tr>
<td>4,206</td>
<td>6,553</td>
<td>135,747</td>
<td>1,735</td>
<td>7,512</td>
</tr>
<tr>
<td>2,500</td>
<td></td>
<td>4,801</td>
<td>-</td>
<td>8,000</td>
</tr>
<tr>
<td>10,361</td>
<td>12,248</td>
<td>258,506</td>
<td>3,243</td>
<td>22,039</td>
</tr>
<tr>
<td>$ (10,361)</td>
<td>$ (3,070)</td>
<td>$ 91,494</td>
<td>$ 1,347</td>
<td>$ 142,416</td>
</tr>
</tbody>
</table>

(Continued)
CAPE COD COMMISSION
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

<table>
<thead>
<tr>
<th>Harwich Village Center</th>
<th>MHP Housing</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2165</td>
<td>8069</td>
<td></td>
</tr>
</tbody>
</table>

### REVENUES

<table>
<thead>
<tr>
<th>Description</th>
<th>Harwich Village Center</th>
<th>MHP Housing</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal, state and local grants</td>
<td>$-</td>
<td>$17,624</td>
<td>$2,285,134</td>
</tr>
<tr>
<td>Local assessments</td>
<td>-</td>
<td>-</td>
<td>41,445</td>
</tr>
<tr>
<td><strong>TOTAL REVENUES</strong></td>
<td>-</td>
<td>17,624</td>
<td>2,326,579</td>
</tr>
</tbody>
</table>

### EXPENDITURES

<table>
<thead>
<tr>
<th>Description</th>
<th>Harwich Village Center</th>
<th>MHP Housing</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct salaries</td>
<td>2,242</td>
<td>-</td>
<td>594,771</td>
</tr>
<tr>
<td>Indirect costs</td>
<td>2,581</td>
<td>-</td>
<td>684,463</td>
</tr>
<tr>
<td>Direct costs</td>
<td>-</td>
<td>18,559</td>
<td>956,071</td>
</tr>
<tr>
<td><strong>TOTAL EXPENDITURES</strong></td>
<td>4,823</td>
<td>18,559</td>
<td>2,235,305</td>
</tr>
</tbody>
</table>

**EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES**

<table>
<thead>
<tr>
<th>Description</th>
<th>Harwich Village Center</th>
<th>MHP Housing</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$ (4,823)</td>
<td>$(935)</td>
<td>$91,274</td>
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</tbody>
</table>

(Covered)