

TOWN OF BOURNE, MASSACHUSETTS

**FINANCIAL STATEMENTS AND
REQUIRED SUPPLEMENTARY INFORMATION**

JUNE 30, 2018



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**TOWN OF BOURNE, MASSACHUSETTS
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JUNE 30, 2018**

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INDEPENDENT AUDITORS' REPORT

Honorable Board of Selectmen
Town of Bourne, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Bourne, Massachusetts, as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town of Bourne, Massachusetts' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Bourne, Massachusetts, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The Town adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. As a result, the Town reported a restatement for the change in accounting principle (see Note 1). Our auditor's opinion was not modified with respect to the restatement.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (located on pages 3 through 10), general fund and community preservation fund budgetary comparisons and certain pension and other postemployment benefits information (located on pages 64 through 71) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2019, on our consideration of the Town of Bourne, Massachusetts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the Town of Bourne, Massachusetts' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Bourne, Massachusetts' internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Boston, Massachusetts
March 26, 2019

**TOWN OF BOURNE, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

As management of the Town of Bourne, Massachusetts (Town), we offer readers of these financial statements this narrative overview and analysis of the Town's financial activities for the fiscal year ended June 30, 2018.

Financial Highlights

- The liabilities and deferred inflows of resources of the Town exceed its assets and deferred outflows of resources at the close of the most recent fiscal year by \$23,632,436 (net position). The Town had an unrestricted deficit at the end of the current fiscal year totaling \$131,025,562.
- The Town's total net position increased by \$5,063,934.
- At the close of the fiscal year, the Town's governmental funds reported combined ending fund balances totaling \$40,438,365 an increase of \$7,040,590 in comparison with the prior year. The Town has an unassigned fund balance at the end of the current fiscal year totaling approximately \$13,746,000.
- At the end of the fiscal year, unassigned fund balance for the general fund totaled \$14,140,175, or 19.7% of total general fund expenditures and transfers out.
- The Town's bonded debt increased by \$7,757,565 during the fiscal year, with new long-term debt issuances totaling \$13,355,000.

Overview of the Basic Financial Statements

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

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

This report also contains required supplementary information in addition to the basic financial statements.

Government-wide financial statements

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

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

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

**TOWN OF BOURNE, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*).

Governmental activities include general government, public safety, education, public works, health and human services, culture and recreation, community development and debt service (interest). Business-type activities include the Town's sewer and landfill operations.

The government-wide financial statements can be found on pages 12-14 of this report.

Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into the following categories and are described below:

1. Governmental funds
2. Proprietary funds
3. Fiduciary funds

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term effect of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains 12 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 fund, community preservation (special revenue), and Peebles Elementary School (capital project), each of which are considered to be major funds. Data from the other 9 governmental funds are combined into a single, aggregated presentation titled *nonmajor governmental funds*.

The basic governmental fund financial statements can be found on pages 15-18 of this report.

**TOWN OF BOURNE, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

Proprietary funds

The Town maintains two types of proprietary funds.

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for its sewer and landfill operations, both of which are considered to be major funds.

Internal service funds are an accounting device used to accumulate and allocate costs internally among the Town's various functions. The Town uses an internal service fund to account for its health insurance risk-financing activities. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements but are combined into a single, aggregated presentation in the proprietary fund financial statements.

The basic proprietary fund financial statements can be found on pages 19-21 of this report.

Fiduciary funds

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

Private-purpose trust funds and agency funds are reported and combined into a single, aggregate presentation in the fiduciary fund financial statements under the captions "private purpose trust funds" and "agency funds", respectively.

The basic fiduciary funds financial statements can be found on pages 22-23 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 24-63 of this report.

Required supplementary information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Presented in this information are the budget comparisons for the general fund and community preservation fund, and certain pension and other post-employment benefits information, which can be found on pages 64-71.

**TOWN OF BOURNE, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

Government-Wide Financial Analysis

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

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Town's liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$23,632,436 at the close of the fiscal year and are summarized as follows:

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Assets						
Current Assets	\$ 56,590,566	\$ 47,772,857	\$ 15,648,564	\$ 14,713,601	\$ 72,239,130	\$ 62,486,458
Noncurrent Assets (Excluding Capital Assets)	1,090,235	1,009,735	7,436,297	6,628,294	8,526,532	7,638,029
Capital Assets (Net)	110,834,089	100,816,274	15,087,803	16,643,136	125,921,892	117,459,410
Total Assets	168,514,890	149,598,866	38,172,664	37,985,031	206,687,554	187,583,897
Deferred Outflows of Resources	8,285,884	5,064,480	514,073	314,518	8,799,957	5,378,998
Liabilities						
Current Liabilities (Excluding Debt)	11,460,230	5,737,093	720,656	833,590	12,180,886	6,570,683
Noncurrent Liabilities (Excluding Debt)	145,053,891	71,992,720	13,684,600	8,293,116	158,738,491	80,285,836
Current Debt	4,824,057	5,741,837	4,167,274	4,764,622	8,991,331	10,506,459
Noncurrent Debt	38,156,317	28,408,491	5,132,004	6,069,803	43,288,321	34,478,294
Total Liabilities	199,494,495	111,880,141	23,704,534	19,961,131	223,199,029	131,841,272
Deferred Inflows of Resources	14,990,856	1,400,472	930,062	86,973	15,920,918	1,487,445
Net Position						
Net Investment in Capital Assets	78,492,438	72,569,305	7,511,177	7,663,489	86,003,615	80,232,794
Restricted	18,898,076	17,560,372	2,843,665	2,922,528	21,741,741	20,482,900
Unrestricted	(135,075,091)	(48,746,944)	3,697,299	7,665,428	(131,377,792)	(41,081,516)
Total Net Position	<u>\$ (37,684,577)</u>	<u>\$ 41,382,733</u>	<u>\$ 14,052,141</u>	<u>\$ 18,251,445</u>	<u>\$ (23,632,436)</u>	<u>\$ 59,634,178</u>

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

An additional portion of the Town's net position (\$21,741,741) represents resources that are subject to external restrictions on how they may be used.

The Town has no unrestricted net position available for the support of governmental activities. Such resources have been consumed with the recognition of net pension and other postretirement benefit liabilities. The Town has \$3,697,299 that may be used to support business-type activities.

**TOWN OF BOURNE, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

Changes in Net Position

For the fiscal year ended June 30, 2018, the Town's total net position increased by \$5,063,934, compared to an increase of \$401,138 in the prior fiscal year. These amounts are summarized as follows:

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues						
Program Revenues:						
Charges for Services	\$ 6,011,150	\$ 5,396,479	\$ 14,758,381	\$ 13,770,463	\$ 20,769,531	\$ 19,166,942
Operating Grants and Contributions	17,269,578	17,470,139	202,909	48,877	17,472,487	17,519,016
Capital Grants and Contributions	4,283,030	795,267	-	-	4,283,030	795,267
General Revenues:						
Real Estate and Personal Property Taxes	46,809,470	44,954,097	-	-	46,809,470	44,954,097
Motor Vehicle and Other Excise Taxes	3,802,535	3,646,704	-	-	3,802,535	3,646,704
Penalties and Interest on Taxes	185,026	242,554	-	-	185,026	242,554
Payments in Lieu of Taxes	15,104	10,831	-	-	15,104	10,831
Community Preservation Surcharges	1,353,955	1,291,420	-	-	1,353,955	1,291,420
Grants and Contributions not Restricted to Specific Programs	2,075,607	1,983,412	-	-	2,075,607	1,983,412
Unrestricted Investment Income	251,336	82,830	-	-	251,336	82,830
Other	39,193	108,811	-	-	39,193	108,811
Total Revenues	82,095,984	75,982,544	14,961,290	13,819,340	97,057,274	89,801,884
Expenses						
General Government	7,014,599	6,840,542	-	-	7,014,599	6,840,542
Public Safety	16,581,959	17,343,009	-	-	16,581,959	17,343,009
Education	47,630,696	48,161,440	-	-	47,630,696	48,161,440
Public Works	5,224,085	4,487,517	-	-	5,224,085	4,487,517
Health and Human Services	1,873,430	1,810,703	-	-	1,873,430	1,810,703
Culture and Recreation	1,909,112	1,337,313	-	-	1,909,112	1,337,313
Community Development	-	145,936	-	-	-	145,936
Claims and judgments	-	-	-	-	-	-
Debt Service - Interest	1,180,568	866,317	-	-	1,180,568	866,317
Sewer	-	-	979,087	1,037,241	979,087	1,037,241
Landfill	-	-	9,599,804	7,370,728	9,599,804	7,370,728
Total Expenses	81,414,449	80,992,777	10,578,891	8,407,969	91,993,340	89,400,746
Change in Net Position Before Transfers	681,535	(5,010,233)	4,382,399	5,411,371	5,063,934	401,138
Transfers, Net	3,426,037	2,486,558	(3,426,037)	(2,486,558)	-	-
Change in Net Position	4,107,572	(2,523,675)	956,362	2,924,813	5,063,934	401,138
Net Position - Beginning of Year, as restated	(41,792,149)	43,906,408	13,095,779	15,326,632	(28,696,370)	59,233,040
Net Position - End of Year	\$ (37,684,577)	\$ 41,382,733	\$ 14,052,141	\$ 18,251,445	\$ (23,632,436)	\$ 59,634,178

Governmental activities increased the Town's net position by \$4,107,572. In the prior year, governmental activities decreased the Town's net position by \$2,523,675. The key element of this change was an increase in capital grants and contributions by approximately \$3,500,000 due to MSBA funding for construction of the Peebles Elementary School.

Business-type activities increased the Town's net position by \$956,362. In the prior year, business-type activities increased the Town's net position by \$2,924,813. The key elements of this change are an increase in closure and post closure care costs of approximately \$950,000 and an increase in depreciation of approximately \$550,000 due to assets purchased in the prior year being depreciated over the full year in FY2018.

**TOWN OF BOURNE, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

Fund Financial Statement Analysis

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

Governmental funds

The focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned 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 \$40,438,365, an increase of \$7,040,590 in comparison with the prior year. Unassigned fund balance totaled \$13,746,138 at June 30, 2018. The remainder of fund balance includes the following constraints:

- Nonspendable (\$35,341)
- Restricted (\$22,055,761)
- Committed (\$4,438,285)
- Assigned (\$162,840)

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, the general fund's unassigned fund balance totaled \$14,140,175, while total fund balance was \$20,894,907. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures and transfers out. Unassigned fund balance represents 19.7% of total general fund expenditures and transfers out, while total fund balance represents 29.0% of that same amount.

The balance of the Town's general fund increased by \$2,125,470 during fiscal year 2018. Although the Town recognized an approximate \$5,554,000 budgetary surplus (excluding encumbrances and continuing appropriations), the Town anticipated utilizing approximately \$4,484,000 of reserves to fund the budget.

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

The fund balance of the community preservation fund (special revenue) decreased by \$927,527 during the current fiscal year. The fund's receipts included community preservation surcharges (\$1,353,908), intergovernmental revenue (\$249,510), tax liens revenue (\$10,013), penalties, and interest on taxes (\$4,286) and investment income (\$50,489). Expenditures totaling approximately \$1,916,000 were incurred during the year. Additionally, a transfer of \$679,954 was made to the general fund to cover community preservation related debt service.

The fund balance of the Peebles Elementary School fund (capital project) increased by \$5,013,077 during the current fiscal year. The fund's had intergovernmental revenue totaling \$3,615,573. The fund also received proceeds of bonds and notes of \$10,000,000 and an additional premium from the issuance of bonds and notes of \$603,340. Expenditures totaling approximately \$9,205,836 were incurred during the year.

**TOWN OF BOURNE, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

Proprietary funds

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

Unrestricted net position of the sewer and landfill enterprise funds at the end of the year amounted to \$347,396 and \$3,474,403, respectively. The sewer and landfill enterprise funds had a change in net position for the year of (\$184,567) and \$1,140,929, respectively. Other factors concerning the finances of these two funds have already been addressed in the discussion of the Town's business-type activities.

General Fund Budgetary Highlights

The original general fund budget of \$69,453,788 was increased by \$602,084 (0.9%) during the fiscal year. The following table summarizes the increase:

Purpose of Increase	Amount	Funding Source
Transfer to OPEB Trust Fund	\$ 300,000	Unassigned fund balance
Reserve Fund	108,900	Unassigned fund balance
Town Administrator salaries	55,000	Unassigned fund balance
Fire Department Salaries	45,000	Unassigned fund balance
Town Planner Expenses	40,000	Unassigned fund balance
Fire Department Contract	35,000	Unassigned fund balance
Inspections Expenses	6,000	Unassigned fund balance
Town Engineer Expenses	5,000	Unassigned fund balance
Unpaid Bills	3,684	Unassigned fund balance
Town Administrator expenses	2,000	Unassigned fund balance
Board of Health Expenses	1,500	Unassigned fund balance
	<u>\$ 602,084</u>	

During the year, revenues exceeded budgetary estimates, while expenditures and encumbrances and continuing appropriations were less than budgeted appropriations, resulting in a positive budget to actual variance of approximately \$3,924,000.

Capital Asset and Debt Administration

Capital assets

The Town's investment in capital assets for its governmental and business-type activities at the end of the fiscal year totaled \$125,921,892 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, buildings and improvements, machinery and equipment and infrastructure. The total increase in the investment in capital assets for the current fiscal year totaled 7.0% (an 8.3% increase for governmental activities and a 1.4% decrease for business-type activities).

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

- Peebles Elementary School construction in progress (\$9,205,836)
- Buzzards Bay Park, phase 2 (\$1,577,058)
- Police Station Facility construction in progress (\$1,003,654)
- Outdoor Track at Jackson Field (\$695,721)

**TOWN OF BOURNE, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

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

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 28,146,686	\$ 28,146,686	\$ 4,009,658	\$ 4,009,658	\$ 32,156,344	\$ 32,156,344
Construction in Progress	12,409,752	3,240,577	-	-	12,409,752	3,240,577
Land Improvements	6,364,222	2,928,319	1,964,313	2,592,526	8,328,535	5,520,845
Buildings and Improvements	54,356,566	56,231,055	3,073,847	3,259,955	57,430,413	59,491,010
Machinery and Equipment	4,081,554	4,515,563	3,466,648	4,026,730	7,548,202	8,542,293
Infrastructure	5,475,309	5,989,667	2,573,337	2,754,267	8,048,646	8,743,934
Total Capital Assets	<u>\$ 110,834,089</u>	<u>\$ 101,051,867</u>	<u>\$ 15,087,803</u>	<u>\$ 16,643,136</u>	<u>\$ 125,921,892</u>	<u>\$ 117,695,003</u>

Additional information on the Town's capital assets can be found in Note 5 on pages 42-43 of this report.

Long-Term Debt

At the end of the current fiscal year, total debt outstanding was \$48,431,606 which is backed by the full faith and credit of the Town, and is summarized as follows:

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
General Obligation Bonds	\$ 42,193,674	\$ 31,953,793	\$ 6,069,803	\$ 8,491,231	\$ 48,263,477	\$ 40,445,024
MCWT Notes	168,129	229,017	-	-	168,129	229,017
Total Bonds and Notes	<u>\$ 42,361,803</u>	<u>\$ 32,182,810</u>	<u>\$ 6,069,803</u>	<u>\$ 8,491,231</u>	<u>\$ 48,431,606</u>	<u>\$ 40,674,041</u>

The Town has an AA+ rating from Standard & Poor's for its most recent debt issuance dated November 15, 2018.

Additional information on the Town's long-term debt can be found in Note 9 on pages 47-49 of this report.

Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, Town Hall, 24 Perry Avenue, Bourne, Massachusetts 02532.

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TOWN OF BOURNE, MASSACHUSETTS
STATEMENT OF NET POSITION
JUNE 30, 2018

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 20,988,061	\$ 14,140,076	\$ 35,128,137
Restricted Cash and Cash Equivalents	21,131,936	194,652	21,326,588
Investments	833,594	-	833,594
Restricted Investments	7,400,103	-	7,400,103
Receivables, Net of Allowance for Uncollectible Amounts:			
Real Estate and Personal Property Taxes	575,085	-	575,085
Tax and Utility Liens	443,390	21,551	464,941
Motor Vehicle and Other Excise Taxes	454,488	-	454,488
Community Preservation Surcharges	17,035	-	17,035
User Charges	-	1,292,285	1,292,285
Special Assessments	1,677	-	1,677
Departmental and Other	879,169	-	879,169
Intergovernmental	2,175,828	-	2,175,828
Working Capital Deposit (Health Claims)	1,690,200	-	1,690,200
Total Current Assets	56,590,566	15,648,564	72,239,130
Noncurrent Assets:			
Restricted Cash and Cash Equivalents	-	7,436,297	7,436,297
Receivables, Net of Allowance for Uncollectible Amounts:			
Real Estate Tax Deferrals	90,374	-	90,374
Special Assessments	531,767	-	531,767
Tax Foreclosures	468,094	-	468,094
Capital Assets not being Depreciated	40,556,438	4,009,658	44,566,096
Capital Assets, Net of Accumulated Depreciation	70,277,651	11,078,145	81,355,796
Total Noncurrent Assets	111,924,324	22,524,100	134,448,424
Total Assets	168,514,890	38,172,664	206,687,554
DEFERRED OUTFLOWS OF RESOURCES			
Related to OPEB	3,198,417	198,436	3,396,853
Related to Pensions	5,087,467	315,637	5,403,104
Total Deferred Outflows of Resources	8,285,884	514,073	8,799,957
LIABILITIES			
Current Liabilities:			
Warrants Payable	4,250,610	375,892	4,626,502
Accrued Payroll	2,787,300	44,676	2,831,976
Other Liabilities	68,919	-	68,919
Accrued Interest	343,095	79,486	422,581
Accrued Health Claims Payable	616,000	-	616,000
Compensated Absences	195,889	22,166	218,055
Short-Term Notes Payable	618,571	3,229,475	3,848,046
Total OPEB Liability - Due within one year	3,198,417	198,436	3,396,853
Long-Term Bonds and Notes Payable	4,205,486	937,799	5,143,285
Total Current Liabilities	16,284,287	4,887,930	21,172,217
Noncurrent Liabilities:			
Landfill Closure and Postclosure Care	-	4,592,632	4,592,632
Compensated Absences	1,763,011	199,500	1,962,511
Total OPEB Liability	105,200,023	6,526,821	111,726,844
Net Pension Liability	38,090,857	2,365,647	40,456,504
Long-Term Bonds and Notes Payable	38,156,317	5,132,004	43,288,321
Total Noncurrent Liabilities	183,210,208	18,816,604	202,026,812
Total Liabilities	199,494,495	23,704,534	223,199,029
DEFERRED INFLOWS OF RESOURCES			
Related to OPEB	10,959,039	679,920	11,638,959
Related to Pension	4,031,817	250,142	4,281,959
Total Deferred Inflows of Resources	14,990,856	930,062	15,920,918
NET POSITION			
Net Investment in Capital Assets	78,492,438	7,511,177	86,003,615
Restricted for:			
Employee Benefits	5,656,137	-	5,656,137
OPEB	1,863,337	-	1,863,337
Community Preservation	3,580,008	-	3,580,008
Affordable Housing	571,390	-	571,390
Debt Service	290,270	-	290,270
Permanent Funds:			
Expendable	158,965	-	158,965
Nonexpendable	35,341	-	35,341
Other Specific Purposes	6,742,628	2,843,665	9,586,293
Unrestricted	(135,075,091)	3,697,299	(131,377,792)
Total Net Position	\$ (37,684,577)	\$ 14,052,141	\$ (23,632,436)

See accompanying Notes to Basic Financial Statements.

**TOWN OF BOURNE, MASSACHUSETTS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018**

Functions/Programs	Expenses	Program Revenues			Net Revenue (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
PRIMARY GOVERNMENT					
Governmental Activities:					
General Government	\$ 7,014,599	\$ 378,015	\$ 1,888,373	\$ -	\$ (4,748,211)
Public Safety	16,581,959	4,493,348	354,011	-	(11,734,600)
Education	47,630,696	501,565	14,715,543	3,615,573	(28,798,015)
Public Works	5,224,085	240,401	660	417,947	(4,565,077)
Health and Human Services	1,873,430	270,650	276,642	-	(1,326,138)
Culture and Recreation	1,909,112	127,171	34,349	249,510	(1,498,082)
Debt Service - Interest	1,180,568	-	-	-	(1,180,568)
Total Governmental Activities	81,414,449	6,011,150	17,269,578	4,283,030	(53,850,691)
Business-Type Activities:					
Sewer	979,087	972,243	6,118	-	(726)
Landfill	9,599,804	13,786,138	196,791	-	4,383,125
Total Business-Type Activities	10,578,891	14,758,381	202,909	-	4,382,399
Total Primary Government	\$ 91,993,340	\$ 20,769,531	\$ 17,472,487	\$ 4,283,030	\$ (49,468,292)

See accompanying Notes to Basic Financial Statements.

**TOWN OF BOURNE, MASSACHUSETTS
STATEMENT OF ACTIVITIES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018**

	Primary Government		
	Governmental	Business-Type	
	Activities	Activities	Total
CHANGES IN NET POSITION			
Net Revenue (Expense) (from Previous Page)	\$ (53,850,691)	\$ 4,382,399	\$ (49,468,292)
General Revenues:			
Real Estate and Personal Property Taxes	46,809,470	-	46,809,470
Motor Vehicle and Other Excise Taxes	3,802,535	-	3,802,535
Penalties and Interest on Taxes	185,026	-	185,026
Payments in Lieu of Taxes	15,104	-	15,104
Community Preservation Surcharges	1,353,955	-	1,353,955
Grants and Contributions not Restricted to Specific Programs	2,075,607	-	2,075,607
Unrestricted Investment Income	251,336	-	251,336
Other	39,193	-	39,193
Transfers, Net	3,426,037	(3,426,037)	-
Total General Revenues and Transfers	57,958,263	(3,426,037)	54,532,226
CHANGE IN NET POSITION	4,107,572	956,362	5,063,934
Net Position - Beginning of Year, as restated	(41,792,149)	13,095,779	(28,696,370)
NET POSITION - END OF YEAR	<u>\$ (37,684,577)</u>	<u>\$ 14,052,141</u>	<u>\$ (23,632,436)</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF BOURNE, MASSACHUSETTS
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2018**

	General	Community Preservation	Peebles Elementary School	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 20,988,061	\$ -	\$ -	\$ -	\$ 20,988,061
Investments	833,594	-	-	-	833,594
Receivables, Net of Allowance for Uncollectible Amounts:					
Real Estate and Personal Property Taxes	575,085	-	-	-	575,085
Real Estate Tax Deferrals	90,374	-	-	-	90,374
Tax Liens	430,790	12,600	-	-	443,390
Motor Vehicle and Other Excise Taxes	454,488	-	-	-	454,488
Community Preservation Surcharges	-	17,035	-	-	17,035
Special Assessments	492,007	-	-	41,437	533,444
Departmental and Other	-	-	-	879,169	879,169
Intergovernmental	-	-	1,316,307	859,521	2,175,828
Tax Foreclosures	468,094	-	-	-	468,094
Restricted Assets:					
Cash and Cash Equivalents	303,888	3,558,815	7,133,140	9,335,615	20,331,458
Investments	1,849,718	-	-	329,150	2,178,868
Total Assets	<u>\$ 26,486,099</u>	<u>\$ 3,588,450</u>	<u>\$ 8,449,447</u>	<u>\$ 11,444,892</u>	<u>\$ 49,968,888</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES:					
Warrants Payable	\$ 489,310	\$ 8,442	\$ 1,746,524	\$ 566,558	\$ 2,810,834
Accrued Payroll	2,738,305	-	-	48,995	2,787,300
Other Liabilities	68,919	-	-	-	68,919
Accrued Short-Term Interest	38,520	-	-	-	38,520
Short-Term Notes Payable	-	-	-	618,571	618,571
Total Liabilities	<u>3,335,054</u>	<u>8,442</u>	<u>1,746,524</u>	<u>1,234,124</u>	<u>6,324,144</u>
DEFERRED INFLOWS OF RESOURCES:					
Unavailable Revenue	<u>2,256,138</u>	<u>29,635</u>	<u>-</u>	<u>920,606</u>	<u>3,206,379</u>
FUND BALANCES:					
Nonspendable	-	-	-	35,341	35,341
Restricted	2,153,607	3,550,373	6,702,923	9,648,858	22,055,761
Committed	4,438,285	-	-	-	4,438,285
Assigned	162,840	-	-	-	162,840
Unassigned	14,140,175	-	-	(394,037)	13,746,138
Total Fund Balances	<u>20,894,907</u>	<u>3,550,373</u>	<u>6,702,923</u>	<u>9,290,162</u>	<u>40,438,365</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 26,486,099</u>	<u>\$ 3,588,450</u>	<u>\$ 8,449,447</u>	<u>\$ 11,444,892</u>	<u>\$ 49,968,888</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF BOURNE, MASSACHUSETTS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2018**

	General	Community Preservation	Peebles Elementary School	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Real Estate and Personal Property Taxes	\$ 46,444,397	\$ -	\$ -	\$ -	\$ 46,444,397
Motor Vehicle and Other Excise Taxes	3,914,228	-	-	-	3,914,228
Tax Liens	362,607	10,013	-	-	372,620
Payments in Lieu of Taxes	15,104	-	-	-	15,104
Community Preservation Surcharges	-	1,353,908	-	-	1,353,908
Charges for Services	-	-	-	2,650,178	2,650,178
Intergovernmental	12,923,640	249,510	3,615,573	4,821,235	21,609,958
Special Assessments	153,790	-	-	-	153,790
Penalties and Interest on Taxes	180,740	4,286	-	-	185,026
Licenses and Permits	731,358	-	-	-	731,358
Fines and Forfeitures	151,680	-	-	-	151,680
Departmental and Other	2,783,752	-	-	1,197,133	3,980,885
Contributions	-	-	-	116,083	116,083
Investment Income	251,336	50,489	-	6,953	308,778
Total Revenues	<u>67,912,632</u>	<u>1,668,206</u>	<u>3,615,573</u>	<u>8,791,582</u>	<u>81,987,993</u>
EXPENDITURES					
Current:					
General Government	4,278,731	-	-	1,115,213	5,393,944
Public Safety	10,210,602	-	-	2,447,898	12,658,500
Education	30,305,494	-	9,205,836	4,656,264	44,167,594
Public Works	2,475,381	-	-	876,017	3,351,398
Health and Human Services	940,975	96,435	-	216,731	1,254,141
Culture and Recreation	845,548	1,819,344	-	373,622	3,038,514
Pension Benefits	3,678,791	-	-	-	3,678,791
Employee Benefits	7,978,541	-	-	-	7,978,541
Property and Liability Insurance	1,352,153	-	-	-	1,352,153
State and County Charges	4,536,043	-	-	-	4,536,043
Debt Service:					
Principal	3,715,444	-	-	-	3,715,444
Interest	1,125,376	-	-	-	1,125,376
Total Expenditures	<u>71,524,420</u>	<u>1,915,779</u>	<u>9,205,836</u>	<u>9,685,745</u>	<u>92,331,780</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(3,611,788)</u>	<u>(247,573)</u>	<u>(5,590,263)</u>	<u>(894,163)</u>	<u>(10,343,787)</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	6,174,988	-	-	457,230	6,632,218
Proceeds of Bonds and Notes	-	-	10,000,000	3,355,000	13,355,000
Premium from Issuance of Bonds and Notes	-	-	603,340	-	603,340
Transfers Out	(437,730)	(679,954)	-	(2,088,497)	(3,206,181)
Total Other Financing Sources (Uses)	<u>5,737,258</u>	<u>(679,954)</u>	<u>10,603,340</u>	<u>1,723,733</u>	<u>17,384,377</u>
NET CHANGE IN FUND BALANCES	2,125,470	(927,527)	5,013,077	829,570	7,040,590
Fund Balances at Beginning of Year	<u>18,769,437</u>	<u>4,477,900</u>	<u>1,689,846</u>	<u>8,460,592</u>	<u>33,397,775</u>
FUND BALANCES AT END OF YEAR	<u>\$ 20,894,907</u>	<u>\$ 3,550,373</u>	<u>6,702,923</u>	<u>\$ 9,290,162</u>	<u>\$ 40,438,365</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF BOURNE, MASSACHUSETTS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TOTAL FUND BALANCES TO THE STATEMENT OF NET POSITION
JUNE 30, 2018**

Total Governmental Fund Balances	\$ 40,438,365
Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	110,834,089
In the statement of net position, deferred outflows of resources are reported for amounts related to OPEB	3,198,417
In the statement of net position, deferred outflows of resources are reported for amounts related to pensions	5,087,467
In the statement of net position, deferred inflows of resources are reported for amounts related to OPEB	(10,959,039)
In the statement of net position, deferred inflows of resources are reported for amounts related to pensions	(4,031,817)
Certain accounts receivable are not available to pay for current period expenditures and, therefore, are reported as deferred inflows of resources in the governmental funds.	3,206,379
In the statement of net position, interest is accrued on outstanding long-term debt, whereas in the governmental funds interest is not reported until due.	(304,575)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Bonds and Notes Payable, net of Unamortized Premiums	(42,361,803)
Compensated Absences	(1,958,900)
Total OPEB Liability	(108,398,440)
Net Pension Liability	(38,090,857)
An internal service fund is used by management to account for health insurance activities. The assets and liabilities of the internal service fund is reported as governmental activities in the statement of net position	5,656,137
Net Position of Governmental Activities	<u><u>\$ (37,684,577)</u></u>

See accompanying Notes to Basic Financial Statements.

TOWN OF BOURNE, MASSACHUSETTS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Net Change in Fund Balances - Total Governmental Funds	\$ 7,040,590
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	13,971,507
Depreciation	(3,920,890)
In the statement of activities, the loss on the disposal of capital assets is reported, whereas in the governmental funds the disposal is not reported as financial resources. As a result, the change in net position differs from the change in fund balance by the net book value of the capital assets disposed.	(32,802)
In the statement of activities, deferred outflows related to OPEB are amortized and recognized as OPEB expense. This amount represents the net change in deferred outflows related to OPEB.	137,731
In the statement of activities, deferred outflows related to pensions are amortized and recognized as pension expense. This amount represents the net change in deferred outflows related to pensions.	22,987
In the statement of activities, deferred inflows related to OPEB are amortized and recognized as OPEB expense. This amount represents the net change in deferred inflows related to OPEB.	(10,959,039)
In the statement of activities, deferred inflows related to pensions are amortized and recognized as pension expense. This amount represents the net change in deferred inflows related to pensions.	(2,631,345)
Revenues in the statement of activities that do not provide current financial resources are reported as deferred inflows of resources in the statement of revenues, expenditures and changes in fund balances. Therefore, the recognition of revenue for certain accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred inflows of resources.	107,992
The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any impact on net position. Also, governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are amortized in the statement of activities. These amounts represent the related activity of the current period.	
Bond Maturities	3,715,444
Amortization of Bond Premiums, Net	(539,437)
Proceeds of Bonds and Notes	(13,355,000)
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in the governmental funds interest is not reported until due. This amount represents the net change in accrued interest payable.	(119,095)
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:	
Compensated Absences	48,902
Total OPEB Liability	8,323,555
Net Pension Liability	1,608,413
An internal service fund is used by management to account for health insurance activities. The net activity of the internal service fund is reported with governmental activities.	688,059
Change in Net Position of Governmental Activities	<u>\$ 4,107,572</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF BOURNE, MASSACHUSETTS
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2018**

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Sewer	Landfill	Total	
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 1,056,905	\$ 13,083,171	\$ 14,140,076	\$ -
Restricted Cash and Cash Equivalents	5,750	188,902	194,652	800,478
Restricted Investments	-	-	-	5,221,235
Receivables, Net of Allowance for Uncollectible Amounts:				
User Charges	65,101	1,227,184	1,292,285	-
Utility Liens	21,551	-	21,551	-
Working Capital Deposit	-	-	-	1,690,200
Total Current Assets	1,149,307	14,499,257	15,648,564	7,711,913
Noncurrent Assets:				
Restricted Cash and Cash Equivalents	-	7,436,297	7,436,297	-
Capital Assets not being Depreciated	-	4,009,658	4,009,658	-
Capital Assets, Net of Accumulated Depreciation	2,768,450	8,309,695	11,078,145	-
Total Noncurrent Assets	2,768,450	19,755,650	22,524,100	-
Total Assets	3,917,757	34,254,907	38,172,664	7,711,913
DEFERRED OUTFLOWS OF RESOURCES				
Related to OPEB	15,428	183,008	198,436	-
Related to Pension	24,541	291,096	315,637	-
Total Deferred Outflows of Resources	39,969	474,104	514,073	-
LIABILITIES				
Current Liabilities:				
Warrants Payable	5,235	370,657	375,892	1,439,776
Accrued Payroll	3,131	41,545	44,676	-
Accrued Interest	-	79,486	79,486	-
Accrued Health Claims Payable	-	-	-	616,000
Compensated Absences	2,874	19,292	22,166	-
Short-Term Notes Payable	-	3,229,475	3,229,475	-
Total OPEB Liability - Due within one year	15,428	183,008	198,436	-
Long-Term Bonds and Notes Payable	41,585	896,214	937,799	-
Total Current Liabilities	68,253	4,819,677	4,887,930	2,055,776
Noncurrent Liabilities:				
Landfill Closure and Post-Closure	-	4,592,632	4,592,632	-
Compensated Absences	25,868	173,632	199,500	-
Total OPEB Liability	507,456	6,019,365	6,526,821	-
Net Pension Liability	203,827	2,161,820	2,365,647	-
Long-Term Bonds and Notes Payable	42,906	5,089,098	5,132,004	-
Total Noncurrent Liabilities	780,057	18,036,547	18,816,604	-
Total Liabilities	848,310	22,856,224	23,704,534	2,055,776
DEFERRED INFLOWS OF RESOURCES				
Related to OPEB	52,863	627,057	679,920	-
Related to Pension	19,448	230,694	250,142	-
Total Deferred Inflows of Resources	72,311	857,751	930,062	-
NET POSITION				
Net Investment in Capital Assets	2,689,709	4,821,468	7,511,177	-
Restricted for:				
Landfill Closure and Postclosure	-	2,843,665	2,843,665	-
Employee Benefits	-	-	-	5,656,137
Unrestricted	347,396	3,349,903	3,697,299	-
Total Net Position	\$ 3,037,105	\$ 11,015,036	\$ 14,052,141	\$ 5,656,137

See accompanying Notes to Basic Financial Statements.

**TOWN OF BOURNE, MASSACHUSETTS
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Business-Type Activities - Enterprise Funds</u>			Governmental Activities - Internal Service Funds
	<u>Sewer</u>	<u>Landfill</u>	<u>Total</u>	
OPERATING REVENUES				
Charges for Services	\$ 965,805	\$ 13,786,138	\$ 14,751,943	\$ -
Penalties and Interest	6,438	-	6,438	-
Employer Contributions	-	-	-	7,740,091
Employee Contributions	-	-	-	2,585,409
Total Operating Revenues	<u>972,243</u>	<u>13,786,138</u>	<u>14,758,381</u>	<u>10,325,500</u>
OPERATING EXPENSES				
Cost of Service and Administration	503,152	6,472,680	6,975,832	-
Town of Wareham Assessment	188,478	-	188,478	-
Repairs and Maintenance	62,900	240,272	303,172	-
Depreciation	220,620	1,748,725	1,969,345	-
Closure and Postclosure Costs	-	886,866	886,866	-
Employee Benefits	-	-	-	9,764,929
Total Operating Expenses	<u>975,150</u>	<u>9,348,543</u>	<u>10,323,693</u>	<u>9,764,929</u>
OPERATING INCOME (LOSS)	<u>(2,907)</u>	<u>4,437,595</u>	<u>4,434,688</u>	<u>560,571</u>
NONOPERATING REVENUES (EXPENSES)				
Investment Income	6,118	196,791	202,909	127,488
Interest Expense	(3,937)	(251,261)	(255,198)	-
Total Nonoperating Revenues (Expenses), Net	<u>2,181</u>	<u>(54,470)</u>	<u>(52,289)</u>	<u>127,488</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>(726)</u>	<u>4,383,125</u>	<u>4,382,399</u>	<u>688,059</u>
TRANSFERS				
Transfers Out	<u>(183,841)</u>	<u>(3,242,196)</u>	<u>(3,426,037)</u>	<u>-</u>
CHANGE IN NET POSITION	<u>(184,567)</u>	<u>1,140,929</u>	<u>956,362</u>	<u>688,059</u>
Net Position at Beginning of Year, as restated	<u>3,221,672</u>	<u>9,874,107</u>	<u>13,095,779</u>	<u>4,968,078</u>
NET POSITION AT END OF YEAR	<u>\$ 3,037,105</u>	<u>\$ 11,015,036</u>	<u>\$ 14,052,141</u>	<u>5,656,137</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF BOURNE, MASSACHUSETTS
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018**

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Sewer	Landfill	Total	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers and Users	\$ 969,978	\$ 14,640,479	\$ 15,610,457	\$ 2,585,409
Receipts from Interfund Services Provided	-	-	-	7,740,091
Payments to Vendors	(811,274)	(4,248,493)	(5,059,767)	-
Payments to Employees	(192,310)	(2,354,018)	(2,546,328)	-
Payments for Interfund Services Used	-	-	-	(9,669,020)
Net Cash Provided (Used) by Operating Activities	(33,606)	8,037,968	8,004,362	656,480
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers Out	(183,841)	(3,242,196)	(3,426,037)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from the Issuance of Bonds and Notes	-	3,229,475	3,229,475	-
Acquisition and Construction of Capital Assets	(32,636)	(381,376)	(414,012)	-
Principal Payments on Bonds and Notes	(40,000)	(4,673,475)	(4,713,475)	-
Interest Expense	(5,527)	(282,653)	(288,180)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(78,163)	(2,108,029)	(2,186,192)	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Sales (Purchases) of Investments, Net	-	-	-	(976,436)
Investment Income	6,118	196,791	202,909	127,488
Net Cash Provided (Used) by Investing Activities	6,118	196,791	202,909	(848,948)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(289,492)	2,884,534	2,595,042	(192,468)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR (Includes \$6,824,072 and \$1,026,479 reported as restricted in the landfill enterprise fund and internal service fund, respectively)	1,352,147	17,823,836	19,175,983	992,946
CASH AND CASH EQUIVALENTS AT END OF YEAR (Includes \$5,750, \$7,625,199 and \$800,478 reported as restricted in the sewer and landfill enterprise funds and internal service fund, respectively)	\$ 1,062,655	\$ 20,708,370	\$ 21,771,025	\$ 800,478
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	\$ (2,907)	\$ 4,437,595	\$ 4,434,688	\$ 560,571
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Adjustments Not Requiring Current Cash Flows:				
Depreciation	220,620	1,748,725	1,969,345	-
Total OPEB Liability	(40,150)	(476,259)	(516,409)	-
Net Pension Liability	(7,759)	(92,030)	(99,789)	-
Deferred outflows of resources related to OPEB	(664)	(7,881)	(8,545)	-
Deferred outflows of resources related to pension	2,451	(3,570)	(1,119)	-
Deferred inflows of resources related to OPEB	52,863	627,057	679,920	-
Deferred inflows of resources related to pension	11,984	151,185	163,169	-
Adjustments Requiring Current Cash Flows:				
Effect of Changes in Operating Assets and Liabilities:				
Utility Liens	4,868	-	4,868	-
User Charges	(7,133)	854,341	847,208	-
Working Capital Deposit	-	-	-	13,400
Warrants Payable	(269,557)	(59,898)	(329,455)	36,509
Accrued Payroll	584	2,260	2,844	-
Accrued Health Claims Payable	-	-	-	46,000
Landfill closure and postclosure care	-	886,866	886,866	-
Compensated Absences	1,194	(30,423)	(29,229)	-
Total Adjustments	(30,699)	3,600,373	3,569,674	95,909
Net Cash Provided (Used) by Operating Activities	\$ (33,606)	\$ 8,037,968	\$ 8,004,362	\$ 656,480

See accompanying Notes to Basic Financial Statements.

**TOWN OF BOURNE, MASSACHUSETTS
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2018**

	Private Purpose Trust Funds	Agency Funds
ASSETS		
Cash and Cash Equivalents	\$ 65,675	\$ 574,141
LIABILITIES		
Warrants Payable	-	32,022
Accrued Payroll	-	5,311
Liabilities Due Depositors	-	536,808
Total Liabilities	-	\$ 574,141
NET POSITION		
Held in Trust for Other Purposes	\$ 65,675	

See accompanying Notes to Basic Financial Statements.

**TOWN OF BOURNE, MASSACHUSETTS
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018**

	Private Purpose Trust Funds
ADDITIONS	
Net Investment Income:	
Interest	\$ 2,044
DEDUCTIONS	
Scholarships Awarded	800
CHANGE IN NET POSITION	1,244
Net Position - Beginning of Year	64,431
NET POSITION - END OF YEAR	\$ 65,675

See accompanying Notes to Basic Financial Statements.

TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

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. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described herein.

B. Reporting Entity

The Town of Bourne, Massachusetts (Town) is a municipal corporation that is governed by an elected Board of Selectmen.

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

The Town has also considered all potential component units for which it is financially accountable as well as other organizations for which the nature and/or significance of their relationship with the Town are such that exclusion would cause the Town's basic financial statements to be misleading or incomplete. It has been determined that there are no component units that require inclusion in the basic financial statements.

Joint Venture

A joint venture is an organization (resulting from a contractual arrangement) that is owned, operated or governed by two or more participants as a separate and specific activity subject to joint control in which the participants retain an ongoing financial interest or ongoing financial responsibility. Joint control means that no single participant has the ability to unilaterally control the financial or operating policies of the joint venture.

The Town participates in one joint venture with other municipalities to pool resources and share the costs, risks and rewards of providing goods and services to venture participants directly, or for the benefit of the general public or specified recipients.

			Fiscal Year 2018
<u>Name</u>	<u>Purpose</u>	<u>Address</u>	<u>Assessment</u>
Upper Cape Cod Regional Technical School	Education	220 Sandwich Road Bourne, MA 02532	3,250,117

The Town is indirectly liable for the Upper Cape Cod Regional Technical School's (School) debt and other expenditures and is assessed annually for its share of operating and capital costs. Separate audited financial statements of the School may be obtained by contacting the School at 220 Sandwich Road, Bourne, Massachusetts 02532.

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Implementation of New Accounting Principles

For the year ending June 30, 2018, the Town implemented the following pronouncements issued by the GASB:

- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions Plans*
- GASB Statement No. 81, *Irrevocable Split-Interest Agreements*
- GASB Statement No. 85, *Omnibus 2017*
- GASB Statement No. 86, *Certain Debt Extinguishment Issues*

The implementation of GASB Statement No. 75 resulted in, among other things, the establishment of the total other postemployment benefit (OPEB) liability in the Government-wide and Enterprise Funds Statements of Net Position and enhanced disclosures to OPEB. As a result, the Town has restated its 2018 beginning net position to reflect the implementation of the Statement. The cumulative effect of the change in accounting principle is as follows:

	Government-wide		Funds	
	Governmental Activities	Business- Type Activities	Sewer Enterprise Fund	Landfill Enterprise Fund
Net position as previously reported	\$ 41,382,733	\$ 18,251,445	\$ 3,601,954	\$ 14,649,491
Impact of GASB 75 implementation	(83,174,882)	(5,155,666)	(380,282)	(4,775,384)
Net position as restated	<u>\$ (41,792,149)</u>	<u>\$ 13,095,779</u>	<u>\$ 3,221,672</u>	<u>\$ 9,874,107</u>

The implementation of GASB Statements No. 81, 85, and 86 had no reporting impact for the Town.

D. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The government-wide financial statements (statement of net position and the statement of activities) report information on all non-fiduciary activities of the primary government and its component units. *Governmental activities*, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which are primarily supported by user fees.

Fund Financial Statements

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

Internal service funds and fiduciary funds are reported by fund type.

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the liabilities are incurred. Real estate and personal property taxes are recognized as revenues in the fiscal year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The statement of activities demonstrates the degree to which the direct expenses of a function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include the following:

- Charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment.
- Grants and contributions which are restricted to meeting the operational requirements of a specific function or segment.
- Grants and contributions which are restricted to meeting the capital requirements of a specific function or segment.

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

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

Fund Financial Statements

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

Real estate and personal property tax revenues are considered available if they are collected within 60-days after the end of the fiscal year. Investment income is susceptible to accrual. Other receipts and tax revenues become measurable and available when the cash is received and are recognized as revenue at that time.

TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria is met. Expenditure driven grants recognize revenue when the qualifying expenditures are incurred and all other grant requirements are met.

The following major governmental funds are reported:

The *general fund* is used to account for and report all financial resources not accounted for and reported in another fund.

The *community preservation fund* is a special revenue fund used to account for the 3% local real estate tax surcharge on nonexempt property (and matching state trust fund distribution) that can be used for open space, historic resource, and affordable housing purposes. Disbursements from this fund must originate from the Community Preservation Committee and be approved by Town Meeting.

The *Peebles Elementary School fund* is a capital project fund used to account for the accumulation of resources to construct a new Peebles Elementary School.

The nonmajor governmental funds consist of other special revenue, capital projects, and permanent funds that are aggregated and presented in the *nonmajor governmental funds* column on the governmental funds financial statements. The following describes the general use of these fund types:

- *Special revenue funds* are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.
- *Capital projects funds* are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.
- *Permanent funds* are used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the government's programs and benefit the government or its citizenry.

Proprietary funds financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting, whereby revenues are recorded when earned and expenses are recorded when the liabilities are incurred.

Proprietary funds distinguish operating revenues and expenses from non-operating 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 non-operating revenues and expenses.

The following major proprietary funds are reported:

- The *sewer enterprise fund* is used to account for the Town's sewer activities.
- The *landfill enterprise fund* is used to account for the Town's landfill activities.

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Additionally, the following proprietary fund type is reported:

- The *internal service fund* is used to account for the financing of services provided by one department to other departments or governmental units. This fund is used to account for risk financing activities related to employees' health insurance.

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

The following fiduciary fund types are reported:

- The *private-purpose trust fund* is used to account for trust arrangements, other than those properly reported in the permanent fund, under which principal and investment income exclusively benefits individuals, private organizations, or other governments.
- The *agency fund* is used to account for assets held in a custodial capacity. Such assets consist primarily of performance bonds and student activity funds. Agency funds do not present the results of operations or have a measurement focus.

F. Cash and Cash Equivalents and Investments

Government-Wide and Fund Financial Statements

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with an original maturity of three months or less from the date of acquisition. Investments are carried at fair value.

G. Accounts Receivable

Government-Wide and Fund Financial Statements

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

Real Estate Taxes, Personal Property Taxes and Tax Liens

Real estate and personal property taxes are levied and based on values assessed on January 1st of every year. Assessed values are established by the Board of Assessor's for 100% of the estimated fair market value. Taxes are due on August 1st, November 1st, February 1st and May 1st and are subject to penalties and interest if they are not paid by the respective due date.

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

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Motor Vehicle Excise Taxes

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

Community Preservation Surcharges

Community preservation surcharges are levied annually and at a rate of 3% of residents' real estate tax bills. The surcharge is due with the real estate tax on August 1st, November 1st, February 1st and May 1st and are subject to penalties and interest if they are not paid by the respective due date. Overdue surcharges are included on the tax liens processed on delinquent real estate taxes. Surcharges are recorded as receivables in the fiscal year of the levy.

User Charges

Sewer

Sewer user charges are levied semi-annually based on a flat fee determined by the sewer commissioners and are subject to penalties and interest if they are not paid by the respective due date. Sewer liens are processed annually and are included as a lien on the property owner's tax bill. Sewer charges are recorded as receivables in the fiscal year of the levy.

Landfill

Landfill user charges are assessed as activity occurs and are recorded as receivables in the fiscal year accrued.

Special Assessments

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

Departmental and Other

Departmental and other receivables primarily consist primarily of ambulance accounts receivable and are recorded as receivables when the services have been performed.

Intergovernmental

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

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Allowance for Uncollectible Amounts

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

- Personal property taxes
- Motor vehicle and other excise taxes
- User charges (landfill)
- Departmental and other

The following types of accounts receivable are secured via the lien process and are considered 100% collectible. Accordingly, an allowance for uncollectible amounts is not reported for the following accounts receivable:

- Real estate taxes and liens
- Community preservation surcharges
- Special assessments
- User charges (sewer)

Intergovernmental receivables are considered 100% collectible.

I. 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.

J. Restricted Assets

Government-Wide and Fund Financial Statements

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

K. Capital Assets

Government-Wide and Proprietary Fund Financial Statements

Capital assets, which consist of land, construction in progress, land improvements, buildings and improvements, machinery and equipment and infrastructure (e.g., roads, sewer mains, and similar items), are reported in the applicable governmental or business-type activities column of the government-wide financial statements.

Capital assets are recorded at historical cost or at estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at the estimated acquisition value at the date of donation.

TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

All purchases and construction costs in excess of \$20,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than one year.

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

Capital Asset Type	Estimated Useful Life (in years)
Land improvements	5-40
Buildings and improvements	15-40
Machinery and equipment	3-10
Infrastructure	20-50

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 subject to capitalization.

Governmental Fund Financial Statements

Capital asset costs are recorded as expenditures in the acquiring fund in the fiscal year of the purchase.

L. Interfund Receivables and Payables

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

Government-Wide Financial Statements

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

Fund Financial Statements

Transactions of a buyer/seller nature between 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.

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Interfund Transfers

During the course of its operations, resources are permanently reallocated between funds. These transactions are reported as transfers in and transfers out.

Government-Wide Financial Statements

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

Fund Financial Statements

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

N. Deferred Outflows of Resources

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

Deferred outflows of resources related to OPEB and pensions are reported in the government-wide and proprietary funds statements of net position.

O. Deferred Inflows of Resources

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

Unavailable revenue is reported in the governmental funds balance sheet. Unavailable revenue represents billed receivables that do not meet the available criterion in accordance with the current financial resources measurement focus and the modified accrual basis of accounting.

Deferred inflows of resources related to OPEB and pensions are reported in the government-wide and proprietary funds statements of net position.

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED).

P. Net Position and Fund Balances

Government-Wide Financial Statements and Proprietary Fund Financial Statements (Net Position)

Net position is reported as restricted when amounts are restricted by outside parties for a specific future use.

Net position has been “restricted” for the following:

“Employee benefits” represents amounts restricted for health insurance.

“OPEB” represents amounts restricted for other postemployment benefits.

“Community preservation” represents amounts restricted for open space, historic resource and affordable housing purposes.

“Affordable housing” represents amounts restricted for the creation and preservation of affordable housing within the Town.

“Debt service” represents amounts restricted for the future payment of long-term debt service costs.

“Permanent funds – expendable” represents amounts held in trust for which the expenditures are restricted by various trust agreements.

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

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

Governmental Funds Financial Statements (Fund Balances)

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

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

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

Committed — represents amounts that can be used only for specific purposes imposed by a formal action of Town Meeting, which is the highest level of decision-making authority for the Town. Committed amounts may be established, modified, or rescinded only through actions approved by Town Meeting.

TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assigned — represents amounts that do not meet the criteria to be classified as restricted or committed but are intended to be used for specific purposes. Under the Town's structure, only authorized assignments for non-contractual encumbrances can be made by individual department heads.

Unassigned – represents the residual fund balance for the General Fund and the negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting assigned fund balance amounts.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned and unassigned.

Encumbrance amounts have been assigned for specific purposes for which resources already have been allocated.

Q. 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 position. Material bond premiums and discounts are 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. Issuance costs are expensed in the year incurred.

R. Investment Income

Excluding the permanent funds, investment income derived from major and nonmajor governmental funds is legally assigned to the general fund unless otherwise directed by Massachusetts General Law (MGL).

Investment income from permanent, proprietary and fiduciary funds is retained in the funds.

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. 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.

T. Pensions

Government-Wide and Fund Financial Statements

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Barnstable County Retirement Association (BCRA) and additions to/deductions from BCRA's fiduciary net position have been determined on the same basis as they are reported by BCRA. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

U. Postretirement Benefits

Government-Wide and Fund Financial Statements

In addition to providing pension benefits and as more fully described in Note 11, the Town provides health insurance coverage for retired employees and their spouses.

V. Use of Estimates

Government-Wide and Fund Financial Statements

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America 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.

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

W. Total Column

Government-Wide Financial Statements

The total column presented on the government-wide financial statements represents consolidated financial information.

Fund Financial Statements

The total column presented on the fund financial statements is presented only to facilitate financial analysis. Data in this column is not the equivalent of consolidated financial information.

NOTE 2 STEWARDSHIP COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Municipal Law requires the adoption of a balanced budget that is approved by Town Meeting vote. The Finance Committee presents an annual budget to Town Meeting, which includes estimates of revenues and other financing sources and recommendations of expenditures and other financing uses. Town Meeting, which has full authority to amend and/or reject the budget or any line item, adopts the expenditure budget by majority vote.

Increases subsequent to the approval of the annual budget require Special Town Meeting approval.

The majority of appropriations are non-continuing which lapse at the end of each fiscal year. Others are continuing appropriations for which the governing body has authorized that an unspent balance from a prior fiscal year be carried forward and made available for spending in the current fiscal year.

Generally, expenditures may not exceed the legal level of spending (salaries, expenses and capital) authorized for an appropriation account. However, the Town is statutorily required to pay debt service and certain other costs, regardless of whether such amounts are appropriated.

An annual budget is adopted for the general fund and community preservation fund (CPA) in conformity with the guidelines described above. The original fiscal year 2018 approved budget for the general fund authorized \$69,453,788 in appropriations. During fiscal year 2018, supplemental appropriations totaling approximately \$602,084 for the general fund were authorized. The original fiscal year 2018 approved budget for the CPA fund authorized \$2,907,957 in appropriations. During fiscal year 2018, supplemental reduction in appropriations totaling \$62,684 for the community preservation fund were authorized.

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

The budgetary comparison schedules presented in the accompanying required supplementary information presents comparisons of the legally adopted budget, as amended, with actual results. The originally adopted budget is presented for purposes of comparison to the final, amended budget.

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

B. Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2018, expenditures exceeded appropriations for court judgments.

C. Fund Deficits

At June 30, 2018, the following governmental fund deficit exists:

<u>Fund</u>	<u>Amount</u>	<u>Funding Source</u>
Capital projects	\$ 388,357	Issuance of debt
State 911 incentive grant	5,680	State grant
Total	<u>\$ 394,037</u>	

NOTE 3 DEPOSITS AND INVESTMENTS

The municipal finance laws of the Commonwealth authorize the Town to invest temporarily idle cash in bank term deposits and certificates of deposits, and treasury and agency obligations of the United States government, with maturities of one year or less; U.S. treasury or agency repurchase agreements with maturities of not more than 90 days; money market accounts; and the state treasurer's investment pool – the Massachusetts Municipal Depository Trust (MMDT). The Treasurer also has expanded investment powers as it relates to certain trust funds (as defined by the Commonwealth), permanent funds and fiduciary funds.

The MMDT meets the criteria of an external investment pool and operates in accordance with applicable state laws and regulations. The Treasurer of the Commonwealth serves as Trustee. The reported value of the pool is the same as the fair value of pool shares.

A cash and investment pool is maintained that is available for use by all funds with unrestricted cash and investments. The deposits and investments of permanent funds and private purpose trust funds are held separately from other Town funds.

Deposits - Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the Town's deposits may not be recovered. The Town's policy for custodial credit risk is to utilize FDIC and DIF insurance (when available) as well as collateralize certain deposit amounts. For uninsured and uncollateralized amounts, the Town monitors the creditworthiness of banks through Veribanc, or other bank credit worthiness reporting systems. In addition, unsecured deposits may not comprise more than 5% of a financial institutions asset and no more than 20% of the Town's cash. At June 30, 2018, none of the Town's bank balance of \$58,325,233 was uninsured and uncollateralized. The carrying amount of cash and cash equivalents at year-end totaled \$55,480,327.

TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Investments Summary

The Town's investments (including short-term investments) at June 30, 2018 are presented below. All investments are presented by investment type, with debt securities presented by maturity.

Investment Type	Total Amount	Investment Maturities (in Years)		
		Less Than 1	1 - 5	6 - 10
<u>Debt Securities:</u>				
U.S. Treasuries	\$ 1,177,743	\$ -	\$ 569,877	\$ 607,866
U.S. Agencies	1,150,752	273,872	827,713	\$49,168
Corporate bonds	703,561	-	627,340	76,221
Money market mutual funds	1,614,214	1,614,214	-	-
Mutual bond funds	2,236,162	161,772	633,513	1,440,877
External investment pool	4,148,042	4,148,042	-	-
Total debt securities	11,030,474	\$ 6,197,900	\$ 2,658,443	\$ 2,174,132
<u>Other Investments:</u>				
Equity securities	1,007,123			
Equity mutual funds	1,958,356			
Total other investments	2,965,479			
Total investments	\$ 13,995,953			

Investments - Interest Rate Risk of Debt Securities

Interest rate risk for debt securities is the risk that changes in interest rates of debt securities will adversely affect the fair value of an investment. The Town's policy for interest rate risk is to hold short-term investments to maturity and limit long-term investments to periods not longer than ten years, maintaining an average maturity no greater than five years for the portfolio with duration not more than 120% of the Barclay's Intermediate Government Bond Index.

Investments - Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town's policy for custodial credit risk is to limit exposure to only those institutions with proven financial strength. Capital adequacy of the firm and overall affirmative reputation in the municipal industry will also be considered. At June 30, 2018, the Town was not exposed to custodial credit risk.

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Investments - Credit Risk of Debt Securities

Credit risk for debt securities is the risk that an issuer or other counterparty to a debt security will not fulfill its obligations. The Town's policy for credit risk of debt securities is to purchase investment grade securities with a high concentration in securities rated "A" or better. In addition, the Treasurer may invest unlimited funds in the MMDT and may place funds in investment funds that are included in the list of legal investments. As of June 30, 2018, the credit quality ratings of the Town's debt securities are as follows:

Investment Type	Total Amount	AAA*	AA+*	AA*	AA-*	A+*	A*	A-*	BBB+*	BBB*	BB*	B*	Unrated
U.S. Agencies	\$ 1,150,752	\$ -	\$ 1,150,752	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Corporate bonds	703,561	-	-	-	225,887	82,783	267,126	50,419	38,291	39,055	-	-	-
Money market mutual funds	1,614,214	-	-	-	-	-	-	-	-	-	-	-	1,614,214
Mutual bond funds	2,236,162	465,819	-	182,720	-	-	182,672	-	-	326,782	472,584	407,629	197,956
External investment pool	4,148,042	-	-	-	-	-	-	-	-	-	-	-	4,148,042
Total	\$ 9,852,731	\$ 465,819	\$ 1,150,752	\$ 182,720	\$ 225,887	\$ 82,783	\$ 449,798	\$ 50,419	\$ 38,291	\$ 365,837	\$ 472,584	\$ 407,629	\$ 5,960,212

* Per the rating scale of Standard and Poor's (a nationally recognized statistical rating organization)

Investments – Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the Town's investment in a single issuer. The Town's policy is for concentration of credit risk is to diversify the investment portfolio so the impact of potential losses from any one type of security or issuer will be minimized. As of June 30, 2018, the Town was not exposed to concentration of credit risk.

Investments – Fair Market Value

The Town categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

The Town has the following recurring fair value measurements as of June 30, 2018:

Investment Type	Fair Value	Fair Value Measurements Using	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
<u>Equity Securities:</u>			
Equities	\$ 1,007,123	\$ 1,007,123	\$ -
Equity Mutual Funds	1,958,356	1,958,356	-
Total Equity Securities	2,965,479	2,965,479	-
<u>Debt Securities:</u>			
U.S. Treasuries	1,177,743	1,177,743	-
U.S. Agencies	1,150,752	1,150,752	-
Corporate Bonds	703,561	-	703,561
Mutual Bond Funds	2,236,162	2,236,162	-
Total Debt Securities	5,268,218	4,564,657	703,561
Total Investments Measured at Fair Value	8,233,697	\$ 7,530,136	\$ 703,561
<u>Investments measured at Amortized Cost:</u>			
Money Market Mutual Funds	1,614,214		
External Investment Pools	4,148,042		
Total Investments measured at Amortized Cost	5,762,256		
Total Investments	\$ 13,995,953		

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 4 ACCOUNTS RECEIVABLE

At June 30, 2018, receivables for the individual governmental funds, including the applicable allowances for uncollectible amounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Real Estate and Personal Property Taxes	\$ 654,490	\$ (79,405)	\$ 575,085
Real Estate Tax Deferrals	90,374	-	90,374
Tax Liens	443,390	-	443,390
Motor Vehicle and Other Excise Taxes	687,581	(233,093)	454,488
Community Preservation Surcharges	17,035	-	17,035
Special Assessments	533,444	-	533,444
Departmental and Other	2,153,783	(1,274,614)	879,169
Intergovernmental	2,175,828	-	2,175,828
Total	<u>\$ 6,755,925</u>	<u>\$ (1,587,112)</u>	<u>\$ 5,168,813</u>

At June 30, 2018, receivables for the enterprise funds, including the applicable allowances for uncollectible amounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
User Charges	\$ 1,301,489	\$ (9,204)	\$ 1,292,285
Utility Liens	21,551	-	21,551
Total	<u>\$ 1,323,040</u>	<u>\$ (9,204)</u>	<u>\$ 1,313,836</u>

TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 5 CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2018, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
<u>Capital assets not being depreciated:</u>				
Land	\$ 28,146,686	\$ -	\$ -	\$ 28,146,686
Construction in progress	3,240,577	10,735,663	(1,566,488)	12,409,752
Total capital assets not being depreciated	31,387,263	10,735,663	(1,566,488)	40,556,438
<u>Capital assets being depreciated:</u>				
Land improvements	4,690,250	3,724,783	-	8,415,033
Buildings and improvements	97,441,973	434,717	-	97,876,690
Machinery and equipment	18,125,163	606,493	(202,778)	18,528,878
Infrastructure	8,724,430	36,339	-	8,760,769
Total capital assets being depreciated	128,981,816	4,802,332	(202,778)	133,581,370
<u>Less accumulated depreciation for:</u>				
Land improvements	(1,761,931)	(288,880)	-	(2,050,811)
Buildings and improvements	(41,210,918)	(2,309,206)	-	(43,520,124)
Machinery and equipment	(13,609,600)	(1,007,700)	169,976	(14,447,324)
Infrastructure	(2,970,356)	(315,104)	-	(3,285,460)
Total accumulated depreciation	(59,552,805)	(3,920,890)	169,976	(63,303,719)
Total capital assets being depreciated, net	69,429,011	881,442	(32,802)	70,277,651
Total governmental activities capital assets, net	<u>\$ 100,816,274</u>	<u>\$ 11,617,105</u>	<u>\$ (1,599,290)</u>	<u>\$ 110,834,089</u>
	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities - Sewer Enterprise:				
<u>Capital assets being depreciated:</u>				
Machinery and equipment	\$ 993,376	\$ 32,636	\$ -	\$ 1,026,012
Other	1,332,118	-	-	1,332,118
Infrastructure	7,326,791	-	-	7,326,791
Total capital assets being depreciated	9,652,285	32,636	-	9,684,921
<u>Less accumulated depreciation for:</u>				
Machinery and equipment	(791,209)	(39,690)	-	(830,899)
Other	(1,332,118)	-	-	(1,332,118)
Infrastructure	(4,572,524)	(180,930)	-	(4,753,454)
Total accumulated depreciation	(6,695,851)	(220,620)	-	(6,916,471)
Total capital assets being depreciated, net	2,956,434	(187,984)	-	2,768,450
Total sewer enterprise capital assets, net	<u>\$ 2,956,434</u>	<u>\$ (187,984)</u>	<u>\$ -</u>	<u>\$ 2,768,450</u>

TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 5 CAPITAL ASSETS (CONTINUED)

Business-Type Activities - Landfill Enterprise:

Capital assets not being depreciated:

Land	\$ 4,009,658	\$ -	\$ -	\$ 4,009,658
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Capital assets being depreciated:

Land improvements	12,418,926	-	-	12,418,926
Buildings and improvements	10,622,518	-	-	10,622,518
Machinery and equipment	8,028,502	381,376	-	8,409,878

Total capital assets being depreciated	31,069,946	381,376	-	31,451,322
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Less accumulated depreciation for:

Land improvements	(9,826,400)	(628,213)	-	(10,454,613)
Buildings and improvements	(7,362,563)	(186,108)	-	(7,548,671)
Machinery and equipment	(4,203,939)	(934,404)	-	(5,138,343)

Total accumulated depreciation	(21,392,902)	(1,748,725)	-	(23,141,627)
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Total capital assets being depreciated, net	9,677,044	(1,367,349)	-	8,309,695
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Total landfill enterprise capital assets, net	\$ 13,686,702	\$ (1,367,349)	\$ -	\$ 12,319,353
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Total business-type activities capital assets, net	\$ 16,643,136	\$ (1,555,333)	\$ -	\$ 15,087,803
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Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:

General Government	\$	286,081
Public Safety		560,053
Education		1,866,153
Public Works		867,221
Health and Human Services		6,680
Culture and Recreation		334,702

Total Depreciation Expense - Governmental Activities	\$	3,920,890
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Business-Type Activities:

Sewer	\$	220,620
Landfill		1,748,725

Total Depreciation Expense - Business-Type Activities	\$	1,969,345
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**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 6 INTERFUND TRANSFERS

Interfund transfers for the fiscal year ended June 30, 2018, are summarized as follows:

Transfers Out:	Transfers In:		
	General Fund	Nonmajor Governmental Funds	Total
General Fund	\$ -	\$ 437,730	\$ 437,730 (1)
Community Preservation Fund	679,954	-	679,954 (2)
Nonmajor Governmental Funds	2,088,497	-	2,088,497 (3)
Sewer Enterprise Fund	164,341	19,500	183,841 (4)
Landfill Enterprise Fund	3,242,196	-	3,242,196 (5)
	<u>\$ 6,174,988</u>	<u>\$ 457,230</u>	<u>\$ 6,632,218</u>

- (1) Represents budgeted transfer for closed articles.
(2) Represents budgeted transfer to fund debt service.
(3) Represents budgeted transfers to fund the fiscal year 2018 operating budget from the capital projects fund (\$113,809), and the ambulance (\$1,250,000), waterway improvements (\$381,278), federal impact aid (\$153,000), premium reserve (\$129,838), community septic management program (\$30,572) and conservation commission (\$30,000) special revenue funds.
(4) Represents budgeted transfers of indirect costs (\$164,341) and transfer from capital project funds (\$19,500).
(5) Represents budgeted transfers of indirect costs (\$2,442,196) and host community fee (\$600,000) to the general fund, and a budgeted transfer to the capital stabilization fund (\$200,000).

NOTE 7 SHORT-TERM FINANCING

Short-term debt may be authorized and issued to fund the following:

- Current operating costs prior to the collection of revenues through issuance of revenue anticipation notes (RAN) or tax anticipation notes (TAN).
- Capital project costs and other approved expenditures incurred prior to obtaining permanent financing through issuance of bond anticipation notes (BAN) or grant anticipation notes (GAN).

Short-term loans are general obligations and carry maturity dates that are limited by statute. Interest expenditures and expenses for short-term borrowings are accounted for in the general fund and enterprise funds, respectively.

TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 7 SHORT-TERM FINANCING (CONTINUED)

Details related to the short-term debt activity for the fiscal year ended June 30, 2018, is as follows:

Notes Payable – Governmental Funds

Type	Description	Origination Date	Maturity Date	Interest Rate	Balance at June 30, 2017	Increases	Decreases	Balance at June 30, 2018
BAN	DPW Public Works Facility	11/15/16	11/15/17	0.89%	\$ 200,000	\$ -	\$ (200,000)	\$ -
BAN	Road Repair Shaker Drive non-taxable	11/15/16	11/15/17	0.89%	157,849	-	(157,849)	-
BAN	Road Repair Shaker Drive taxable	11/15/16	11/15/17	1.20%	142,151	-	(142,151)	-
BAN	DNR Mo. Beach Marina Boat Ramp repair	11/15/16	11/15/17	0.89%	200,000	-	(200,000)	-
BAN	Schools BMS HVAC Mgt. System	11/15/16	11/15/17	0.89%	180,000	-	(180,000)	-
BAN	Schools Install VOIP Telephone system	11/15/16	11/15/17	0.89%	120,000	-	(120,000)	-
BAN	Schools Replace SPED mini Bus	11/15/16	11/15/17	0.89%	60,000	-	(60,000)	-
BAN	DPW Bucket Truck	11/15/16	11/15/17	0.89%	94,500	-	(94,500)	-
BAN	DPW T-3 Truck	11/15/16	11/15/17	0.89%	174,000	-	(174,000)	-
BAN	DPW Sidewalk Loader	11/15/16	11/15/17	0.89%	88,700	-	(88,700)	-
BAN	Fire Sagamore Station relocation buildout	11/15/16	11/15/17	0.89%	75,000	-	(75,000)	-
BAN	Police Cruisers	11/15/16	11/15/17	0.89%	125,404	-	(125,404)	-
BAN	Police Dispatch Console	11/15/16	11/15/17	0.89%	144,914	-	(144,914)	-
BAN	Peebles School Feasability Study	11/15/16	11/15/17	0.89%	75,000	-	(75,000)	-
BAN	Road Repair Laura Lane	4/14/17	4/15/18	1.24%	130,000	-	(130,000)	-
BAN	Road Betterment	11/15/17	11/15/18	1.70%	-	145,901	(140,000) *	5,901
BAN	Road Repair Shaker Drive non-taxable	11/15/17	11/15/18	2.25%	-	154,099	-	154,099
BAN	DNR Mo. Beach Marina Boat Ramp repair	11/15/17	11/15/18	2.25%	-	200,000	(185,000) *	15,000
BAN	Schools BMS HVAC Mgt. System	11/15/17	11/15/18	2.25%	-	180,000	(165,000) *	15,000
BAN	Schools Install VOIP Telephone system	11/15/17	11/15/18	2.25%	-	120,000	(115,000) *	5,000
BAN	Schools Replace SPED mini Bus	11/15/17	11/15/18	2.25%	-	60,000	(60,000) *	-
BAN	DPW Bucket Truck	11/15/17	11/15/18	2.25%	-	94,500	(94,500) *	-
BAN	DPW T-3 Truck	11/15/17	11/15/18	2.25%	-	174,000	(174,000) *	-
BAN	DPW Sidewalk Loader	11/15/17	11/15/18	2.25%	-	88,700	(88,000) *	700
BAN	Fire Sagamore Station relocation buildout	11/15/17	11/15/18	2.25%	-	75,000	(70,000) *	5,000
BAN	Police Cruisers	11/15/17	11/15/18	2.25%	-	125,404	(125,000) *	404
BAN	Police Dispatch Console	11/15/17	11/15/18	2.25%	-	144,914	(144,000) *	914
BAN	DPW Public Works Facility	11/15/17	11/15/18	2.25%	-	200,000	(190,000) *	10,000
BAN	Buzzards Bay Park	4/12/18	11/15/18	3.00%	-	555,000	(510,000) *	45,000
BAN	Wastewater Planning	4/12/18	11/15/18	3.00%	-	335,000	(315,000) *	20,000
BAN	DPW M-3	4/12/18	11/15/18	3.00%	-	45,000	(45,000) *	-
BAN	DPW T-16 Dump Sander	4/12/18	11/15/18	3.00%	-	176,000	(176,000) *	-
BAN	DPW Kubota Mini Excavator	4/12/18	11/15/18	3.00%	-	67,000	(67,000) *	-
BAN	Road Repair Elgin Road	4/12/18	11/15/18	3.00%	-	240,000	-	240,000
BAN	Road Repair Laura Lane	4/12/18	11/15/18	3.00%	-	49,000	(48,000) *	1,000
BAN	Road Repair Nairn Road	4/12/18	11/15/18	3.00%	-	75,000	-	75,000
BAN	School Technology Plan-Voice IP System	4/12/18	11/15/18	3.00%	-	210,000	(200,000) *	10,000
BAN	School Asbestos Abatement	4/12/18	11/15/18	3.00%	-	150,000	(140,000) *	10,000
BAN	Police Cruisers	4/12/18	11/15/18	3.00%	-	134,053	(134,000) *	53
BAN	Community Building Security	4/12/18	11/15/18	3.00%	-	75,000	(74,500) *	500
BAN	School-SPED Bus	4/12/18	11/15/18	3.00%	-	62,000	(57,000) *	5,000
BAN	Fire Car	4/12/18	11/15/18	3.00%	-	38,000	(38,000) *	-
Total					<u>\$ 1,967,518</u>	<u>\$ 3,973,571</u>	<u>\$ (5,322,518)</u>	<u>\$ 618,571</u>

Notes Payable – Enterprise Funds

Type	Description	Origination Date	Maturity Date	Interest Rate	Balance at June 30, 2017	Increases	Decreases	Balance at June 30, 2018
BAN	ISWM 20 Metric Ton Excavator	11/15/16	11/15/17	0.89%	\$ 267,355	\$ -	\$ (267,355)	\$ -
BAN	ISWM Phase V Liner Construction	11/15/16	11/15/17	0.89%	1,352,120	-	(1,352,120)	-
BAN	ISWM Land Purchase	4/15/17	4/16/18	1.24%	1,350,000	-	(1,350,000)	-
BAN	ISWM Land Purchase	4/12/18	4/12/19	3.00%	-	1,350,000	-	1,350,000
BAN	ISWM R-3 Multi-Purpose Packer Truck	4/12/18	11/15/18	3.00%	-	260,000	-	260,000
BAN	ISWM Phase V Liner Construction	11/15/17	11/15/18	2.25%	-	1,352,120	-	1,352,120
BAN	ISWM 20 Metric Ton Excavator	11/15/17	11/15/18	2.25%	-	267,355	-	267,355
Total					<u>\$ 2,969,475</u>	<u>\$ 3,229,475</u>	<u>\$ (2,969,475)</u>	<u>\$ 3,229,475</u>

TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

Subsequent Events

*On November 15, 2018, the Town issued General Obligation Bonds of \$19,635,000. A portion of the proceeds were used to retire BAN's outstanding at June 30, 2018. Accordingly, the liabilities are reported as a long-term debt obligation at June 30, 2018.

On November 15, 2018, the Town reissued BANs totaling \$2,194,475 and issued new BANs totaling \$5,759,042 with a premium of \$65,308, an interest rate of 3.25% and a maturity date of November 15, 2019.

NOTE 8 LONG-TERM OBLIGATIONS

During the fiscal year ended June 30, 2018, the following changes occurred in long-term liabilities:

	Balance June 30, 2017	Increases	Decreases	Balance June 30, 2018	Current Portion
Governmental Activities:					
Bonds and Notes Payable	\$ 31,056,573	\$ 13,355,000	\$ (3,715,444)	\$ 40,696,129	\$ 4,116,444
Unamortized Bond Premiums	1,126,237	603,340	(63,903)	1,665,674	89,042
Total Bonds and Notes Payable	32,182,810	13,958,340	(3,779,347)	42,361,803	4,205,486
Compensated Absences	2,007,802	-	(48,902)	1,958,900	195,889
Total	<u>\$ 34,190,612</u>	<u>\$ 13,958,340</u>	<u>\$ (3,828,249)</u>	<u>\$ 44,320,703</u>	<u>\$ 4,401,375</u>
Business-type Activities:					
Bonds and Notes Payable	\$ 7,586,000	\$ -	\$ (1,744,000)	\$ 5,842,000	\$ 909,000
Unamortized Bond Premiums	278,950	-	(51,147)	227,803	28,799
Total Bonds and Notes Payable	7,864,950	-	(1,795,147)	6,069,803	937,799
Landfill Closure and Postclosure	3,705,766	886,866	-	4,592,632	-
Compensated Absences	250,895	-	(29,229)	221,666	22,166
Total	<u>\$ 11,821,611</u>	<u>\$ 886,866</u>	<u>\$ (1,824,376)</u>	<u>\$ 10,884,101</u>	<u>\$ 959,965</u>

Except for debt service related to acquisitions by the community preservation fund (major fund), the governmental activities long-term liabilities are generally liquidated by the general fund.

TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 9 LONG-TERM DEBT

Details related to the outstanding indebtedness at June 30, 2018, and the debt service requirements are as follows:

Project	Maturity Date	Interest Rate	Outstanding at June 30, 2017	Issued	Redeemed	Outstanding at June 30, 2018
MCWT Pool 9 97-1038-1	02/01/24	0.00%	\$ 67,173	\$ -	\$ (10,044)	\$ 57,129
MCWT Title V 97-1038	02/01/26	0.00%	41,400	-	(10,400)	31,000
MCWT Pool 11 T5-97-1038-2	07/15/25	0.00%	90,000	-	(10,000)	80,000
Land Acquisition	01/15/25	3.87%	1,160,000	-	(145,000)	1,015,000
School Plans	01/15/25	3.85%	130,000	-	(20,000)	110,000
Municipal Purpose Loan	07/01/27	4.25%	1,921,000	-	(184,000)	1,737,000
Municipal Purpose Loan	09/15/29	3.14%	4,200,000	-	(444,000)	3,756,000
Municipal Purpose Loan	09/15/31	1.50 % - 4.00%	1,701,000	-	(161,000)	1,540,000
Municipal Purpose Loan	12/15/15	2.00% - 3.00%	1,125,000	-	(150,000)	975,000
General obligation bonds refunding	07/15/22	2.00%	2,640,000	-	(535,000)	2,105,000
Municipal Purpose Loan of 2015	12/01/35	2.00% - 5.00%	10,170,000	-	(1,370,000)	8,800,000
Municipal Purpose Loan of 2017	04/15/37	4.00% - 5.00%	7,811,000	-	(676,000)	7,135,000
School Project Loan 2018	04/01/38	3.00%-5.00%	-	10,000,000	-	10,000,000
Municipal Purpose Loan of 2018	11/15/38	4.00% - 5.00%	-	3,355,000	-	3,355,000
Total governmental funds			<u>\$ 31,056,573</u>	<u>\$ 13,355,000</u>	<u>\$ (3,715,444)</u>	<u>\$ 40,696,129</u>

Bonds and Notes Payable – Governmental Funds

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

Fiscal Year	Principal	Interest	Total
2019	\$ 4,116,444	\$ 1,404,115	\$ 5,520,559
2020	4,105,817	1,331,983	5,437,800
2021	3,780,617	1,173,400	4,954,017
2022	3,360,417	1,020,028	4,380,445
2023	2,875,417	889,665	3,765,082
2024	2,380,417	775,322	3,155,739
2025	2,331,000	676,978	3,007,978
2026	2,124,000	586,523	2,710,523
2027	1,880,000	508,834	2,388,834
2028	1,835,000	439,427	2,274,427
2029	1,700,000	375,572	2,075,572
2030	1,629,000	316,087	1,945,087
2031	1,374,000	263,497	1,637,497
2032	1,324,000	221,039	1,545,039
2033	1,175,000	181,748	1,356,748
2034	1,140,000	145,829	1,285,829
2035	1,140,000	109,444	1,249,444
2036	1,140,000	72,831	1,212,831
2037	775,000	41,525	816,525
2038	505,000	16,550	521,550
2039	5,000	100	5,100
Total	<u>\$ 40,696,129</u>	<u>\$ 10,550,497</u>	<u>\$ 51,241,526</u>

TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 9 LONG-TERM DEBT (CONTINUED)

Bonds and Notes Payable –Enterprise Funds

Project	Maturity Date	Interest Rate	Outstanding at June 30, 2017	Issued	Redeemed	Outstanding at June 30, 2018
ISWM Landfill Phase 3 Stage 3	07/01/27	3.14%	\$ 229,000	\$ -	\$ (21,000)	\$ 208,000
ISWM Landfill Phase IIA/IIIA Liner	09/15/29	3.14%	1,430,000	-	(110,000)	1,320,000
ISWM Landfill Processing Center	09/15/29	3.14%	220,000	-	(18,000)	202,000
ISWM Residential Recycling Center	09/15/29	3.14%	675,000	-	(53,000)	622,000
ISWM Road Repair	09/15/25	2.38%	159,000	-	(18,000)	141,000
ISWM Cap/Odor Mitigation	09/15/31	2.78%	165,000	-	(11,000)	154,000
ISWM Phase IV Landfill Liner	12/15/17	2.00% - 3.00%	820,000	-	(820,000)	-
ISWM Municipal Purpose Loan of 2015	12/01/35	2.00% - 5.00%	2,890,000	-	(425,000)	2,465,000
Sewer Municipal Purpose Loan of 2015	12/01/18	5.00%	40,000	-	(20,000)	20,000
Sewer Replace Truck M-7	04/15/21	5.00%	80,000	-	(20,000)	60,000
ISWM 35 Ton Articulated Truck	04/15/21	5.00%	488,000	-	(128,000)	360,000
ISWM 15 5CY Wheel Loader	04/15/21	5.00%	390,000	-	(100,000)	290,000
Total Enterprise Funds			<u>\$ 7,586,000</u>	<u>\$ -</u>	<u>\$ (1,744,000)</u>	<u>\$ 5,842,000</u>

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

Fiscal Year	Principal	Interest	Total
2019	\$ 909,000	\$ 206,403	\$ 1,115,403
2020	669,000	172,214	841,214
2021	579,000	146,393	725,393
2022	344,000	121,633	465,633
2023	344,000	108,311	452,311
2024	344,000	94,544	438,544
2025	344,000	82,278	426,278
2026	341,000	71,449	412,449
2027	325,000	60,787	385,787
2028	325,000	49,450	374,450
2029	305,000	38,678	343,678
2030	301,000	27,763	328,763
2031	126,000	20,428	146,428
2032	126,000	16,586	142,586
2033	115,000	12,865	127,865
2034	115,000	9,272	124,272
2035	115,000	5,607	120,607
2036	115,000	1,868	116,868
Total	<u>\$ 5,842,000</u>	<u>\$ 1,246,529</u>	<u>\$ 7,088,529</u>

TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 9 LONG-TERM DEBT (CONTINUED)

The Town is subject to various debt limits by statute and may issue additional general obligation debt under the normal debt limit. At June 30, 2018, the Town had the following authorized and unissued debt:

Purpose	Amount
Peebles Elementary School	\$ 27,419,042
Police Station	15,107,545
Wastewater Treatment Facility	6,558,000
ISWM Phase VI Liner	3,600,000
Fire Dept Engine 125	695,000
School BHS Replace A Wing Roof	400,000
Peebles Elementary School Study	350,000
DPW Basin Vac Truck	370,500
Recreation Lights at Keith Field	205,000
Police Cruisers	134,053
Sewer Repl. Wet Well Lights, and other	34,250
Total	<u>\$ 54,873,390</u>

Subsequent Events

On November 15, 2018, the Town issued General Obligation Bonds of \$19,635,000 with premium of \$1,444,149, an interest rate of 4.00-5.00%, and a maturity date of November 15, 2038. A portion of the proceeds were used to retire \$3,355,000 in BAN's outstanding at June 30, 2018. Accordingly, those amounts are reported as long-term debt at June 30, 2018. The remaining proceeds of \$16,280,000 were authorized for the following purposes:

- Police Station construction (\$10,000,000)
- Peebles School construction (\$5,630,000)
- Purchase of a fire engine (\$650,000)

NOTE 10 LANDFILL CLOSURE AND POSTCLOSURE CARE

The Town currently operates an active landfill. State and federal laws and regulations require the Town to place a final cover on each landfill cell when it stops accepting waste and to perform certain maintenance and monitoring functions for 30 years after final closure of the site. Although the majority of closure and postclosure care costs will be paid only near or after the date that a landfill site stops accepting waste, the Town reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each statement of net position date.

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 10 LANDFILL CLOSURE AND POSTCLOSURE CARE (CONTINUED)

The closure and postclosure care liability consist of the following at June 30, 2018:

<u>Closure:</u>	
Phase 3, Stage 3 South Side	\$ 457,486
Phase 4, Stage 2	1,032,633
Phase 5	580,400
Transfer Station	126,677
	<hr/>
Total Closure	2,197,196
Postclosure care	2,395,436
	<hr/>
Total closure and postclosure care liability	<u>\$ 4,592,632</u>

The Phase 3, Stage 3, South Side landfill closure liability represents the cumulative amount reported based on the use of 100% capacity of the cell. The Phase 4, Stage 2 closure liability represents the cumulative amount reported based on the use of 74% capacity. The Phase 5 closure liability represents the cumulative amount reported based on the use of 54% capacity. The postclosure care liability represents the cumulative amount reported based on the use of 75% of the estimated capacity of the entire landfill.

Closure and postclosure care costs consist of the following at June 30, 2018:

<u>Costs:</u>	
Postclosure Care	\$ 87,202
Phase 3, Stage 3	13,325
Phase 4, Stage 2	202,249
Phase 5	580,400
Transfer Station	3,690
	<hr/>
Total closure and postclosure care costs	886,866
Less: Amounts Paid and Accrued	-
	<hr/>
Net Increase to Landfill Liability	<u>\$ 886,866</u>

These amounts are based on what it would cost to perform all closure and postclosure care in 2018. Based on current demographic information and engineering estimates of landfill consumption, the Town expects to close the landfill in approximately 2024. Actual cost may be higher due to inflation, changes in technology, or changes in regulations. The Town will recognize the remaining estimated cost of closure and postclosure care of approximately \$4,900,000 as the remaining estimated capacity is filled.

The Town is required by state laws and regulations to meet annual financial assurance requirements. At June 30, 2018, approximately \$7,400,000 has been set aside for closure and postclosure care costs.

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 11 OTHER POST EMPLOYMENT BENEFITS

Plan Description – The Town provides health 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 and no assets have been placed in a trust that meets the criteria in paragraph 4 of Statement 75.

The number of participants as of June 30, 2016, the latest actuarial valuation, is as follows:

Active plan members	396
Retired members of beneficiaries currently receiving benefits	499
Total	<u>895</u>

Benefits provided – The Town provides health insurance coverage for its retirees and survivors. Chapter 32B of the MGL assigns authority to establish and amend benefit provisions. The required health insurance contribution rates of Plan members and the Town (including Medicare Part B) are 25% and 75%, respectively. The Plan members and Town each contribute 50% towards a \$5,000 term life insurance premium. The Town currently contributes enough money to the Plan to satisfy current obligations on a pay-as-you-go basis. The costs of administering the Plan are paid by the Town.

Total OPEB Liability – The Town's total OPEB liability of \$115,123,697 was measured as of June 30, 2017, and was determined by an actuarial valuation as of July 1, 2016, which has been rolled forward to the June 30, 2017 measurement date.

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 11 OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Actuarial Assumptions. The total OPEB liability in the July 1, 2016 actuarial valuation and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate: 3.58%

Healthcare/Medical Cost Trend Rate:

Under 65 3.0% for 1 year, then 7.0% decreasing by 0.5% each year to ultimate level of 4.5% per year

Over 65 2.2% for 1 year, then 7.0% decreasing by 0.5% each year to ultimate level of 4.5% per year

Pre-Retirement Mortality:

Healthy Non-Teachers RP-2000 Employee Mortality Table projected generationally with Scale BB2D from 2009

Healthy Teachers RP-2014 White Collar Employee Mortality Table projected generationally with Scale MP-2016

Post-Retirement Mortality:

Healthy Non-Teachers RP-2000 Employee Mortality Table projected generationally with Scale BB2D from 2000

Healthy Teachers RP-2014 White Collar Employee Mortality Table projected generationally with Scale MP-2016

Disabled Non-Teachers RP-2000 Healthy Annuitant Table projected generationally with Scale BB2D from 2015

Disabled Teachers RP-2014 Healthy Annuitant Table set forward 4 years and projected generationally with Scale BB2B from 2014

Changes in the Total OPEB Liability –

	<u>Increase (Decrease)</u>
	<u>Total OPEB</u>
	<u>Liability</u>
Balance at June 30, 2017	\$ 123,963,662
Changes for the year:	
Service cost	4,754,881
Interest	3,622,483
Changes of Assumptions	(13,966,752)
Benefits payments	(3,250,577)
Net Changes	<u>(8,839,965)</u>
Balance at June 30, 2018	<u>\$ 115,123,697</u>

TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 11 OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.58%) or 1 percentage-point higher (4.58%) than the current rate:

	1% Decrease (2.58%)	Current Discount Rate (3.58%)	1% Increase (4.58%)
Net OPEB Liability	\$ 134,779,081	\$ 115,123,697	\$ 99,439,130

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower or 1-percentage-point higher (4.75%) than the current healthcare trend rates:

	1% Decrease	Current Trend Rate	1% Increase
Net OPEB Liability	\$ 97,891,212	\$ 115,123,697	\$ 137,911,163

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources – For the year ended June 30, 2018, the Town recognized OPEB expense of \$6,049,572. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ -	\$ (11,638,960)
Contributions subsequent to the measurement date	3,396,853	-
Total	\$ <u>3,396,853</u>	\$ <u>(11,638,960)</u>

The \$3,396,853 reported as deferred outflows of resources resulted from contributions made subsequent to the measurement date and will be recognized as a reduction in the Total OPEB liability during fiscal year 2019. All other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30	
2019	\$ (2,327,792)
2020	(2,327,792)
2021	(2,327,792)
2022	(2,327,792)
2023	(2,327,792)
Total	\$ <u>(11,638,960)</u>

TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 12 RISK FINANCING

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

The Town is self-insured for its health insurance activities. These activities are accounted for in the internal service fund where revenues are recorded when earned and expenses are recorded when incurred.

The estimated "Incurred but Not Reported (IBNR)" claims are based on actual subsequent activity and historical trends. The liability at June 30, 2018 totaled \$616,000. Changes in the reported liability since July 1, 2016, are as follows:

	Balance at Beginning of Fiscal Year	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Fiscal Year-end
Fiscal year 2017	\$ 602,000	\$ 8,615,169	\$ (8,647,169)	\$ 570,000
Fiscal year 2018	570,000	8,051,619	(8,005,619)	616,000

TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 13 FUND BALANCES

The constraints on fund balances as listed in aggregate in the Governmental Funds Balance Sheet are detailed as follows:

	General	Community Preservation	Peebles Elementary School	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:					
Permanent Fund Principal	\$ -	\$ -	\$ -	\$ 35,341	\$ 35,341
Restricted for:					
Debt Service	290,270	-	-	-	290,270
OPEB	1,863,337	-	-	-	1,863,337
Community Preservation	-	3,550,373	-	-	3,550,373
Ambulance Receipts Reserved	-	-	-	1,761,737	1,761,737
Foundation Reserve	-	-	-	216,458	216,458
School Choice	-	-	-	121,950	121,950
Capital	-	-	-	3,355,000	3,355,000
Open Space	-	-	-	250,000	250,000
Affordable Housing	-	-	-	571,390	571,390
Community development block grant	-	-	-	25,639	25,639
School Lunch	-	-	-	176,394	176,394
General Government	-	-	-	444,586	444,586
Public Safety	-	-	-	785,621	785,621
Education	-	-	6,702,923	1,379,730	8,082,653
Public Works	-	-	-	338,113	338,113
Health and Human Services	-	-	-	77,518	77,518
Culture and Recreation	-	-	-	144,722	144,722
Sub-Total - Restricted	2,153,607	3,550,373	6,702,923	9,648,858	22,055,761
Committed to:					
Subsequent Year's Expenditures	1,095,696	-	-	-	1,095,696
Capital Stabilization	1,128,198	-	-	-	1,128,198
Continuing Appropriations	2,214,391	-	-	-	2,214,391
Sub-Total - Committed	4,438,285	-	-	-	4,438,285
Assigned to:					
General government	32,321	-	-	-	32,321
Education	31,748	-	-	-	31,748
Other	98,771	-	-	-	98,771
Sub-Total - Assigned	162,840	-	-	-	162,840
Unassigned	14,140,175	-	-	(394,037)	13,746,138
	<u>\$ 20,894,907</u>	<u>\$ 3,550,373</u>	<u>\$ 6,702,923</u>	<u>\$ 9,290,162</u>	<u>\$ 40,438,365</u>

NOTE 14 STABILIZATION FUNDS

The Town maintains a general stabilization fund and a capital stabilization fund that were established under MGL Chapter 40, Section 5B. Appropriations in and out of the stabilization funds require two-thirds vote of Town Meeting. Investment income is retained by the funds.

The balance of the general stabilization and capital stabilization funds at June 30, 2018 total \$3,933,512 and \$1,128,198, respectively. These balances are reported in the general fund as unassigned and committed fund balance, respectively.

TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 15 PENSION PLAN

General Information about the Pension Plan

Plan description Employees of the Town deemed eligible by the Barnstable County Retirement Board are provided with pensions through the BCRA - a cost-sharing multiple employer defined benefit pension plan administered by the Barnstable County Retirement Board. Membership in the BCRA is mandatory immediately upon the commencement of employment for all permanent employees (except for school department employees who serve in a teaching capacity) working a minimum of 25 hours per week. The BCRA issues a publicly available financial report that can be obtained by contacting the BCRA located at 750 Attucks Lane, Hyannis, Massachusetts, 02601.

Benefits provided. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. The plan provides for retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation for those hired prior to April 2, 2012. For persons who became members on or after April 2, 2012, average salary is the average annual rate of regular compensation received during the five consecutive years that produce the highest average, or, if greater, during the last five years (whether or not consecutive) preceding retirement. Benefit payments are based upon a member's age, length of creditable service, level of compensation, and group classification.

There are three classes of membership in the plan; Group 1, Group 2 and Group 4. Group 1 consists of general employees which includes clerical and administrative positions. Group 2 consists of positions that have been specified as hazardous. Lastly, Group 4 consists of police officers, firefighters, and other hazardous positions.

Any individual in Group 1 or Group 2 whose membership began before January 1, 1978, and who maintains an annuity savings fund account, is eligible to receive a superannuation retirement allowance at age 55 or later, regardless of how many years of credible service he or she has completed.

There are no minimum vesting requirements for individuals in Group 4.

Members in Groups 1 and 2, hired after January 1, 1978 and prior to April 2, 2012, are eligible to receive a superannuation retirement allowance upon the completion of 20 years of service or upon the completion of 10 years of service and upon reaching the age of 55.

Members in Groups 1 and 2, hired on or after April 2, 2012, are eligible to receive a superannuation retirement allowance upon the completion of 10 years of service and upon reaching the age of 60 (Group 1) or age 55 (Group 2).

A retirement allowance consists of two parts: an annuity and a pension. A member's accumulated total deductions and the interest they generate constitute the annuity. The differential between the total retirement benefit and the annuity is the pension.

Members who become permanently and totally disabled for further duty may be eligible to receive a disability retirement allowance. The amount of benefits to be received in such cases is dependent on several factors, including whether or not the disability is work related, the member's age, years of creditable service, level of compensation, veterans' status and group classification.

Survivor benefits are extended to eligible beneficiaries of members whose death occurs prior to or following retirement.

TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 15 PENSION PLAN (CONTINUED)

Contributions Chapter 32 of the MGL assigns authority to establish and amend contribution requirements of the plan. Employers are required to pay an actuarially determined annual appropriation. The total appropriation includes the amounts to pay the pension portion of each member's retirement allowance, an amount to amortize the actuarially determined unfunded liability to zero in accordance with the plan's funding schedule, and additional appropriations in accordance with adopted early retirement incentive programs. The pension fund appropriations are allocated amongst employers based on covered payroll. Active member employees contribute between 5 and 9% of their gross regular compensation. The percentage rate is keyed to the date upon which an employee's membership commences. Members hired on or after January 1, 1979, contribute an additional 2% of annual regular compensation in excess of \$30,000. Contributions to the pension plan from the Town were \$3,511,643 for the year ended June 30, 2018.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2018, the Town reported a liability of \$40,456,504 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2018 for which update procedures were used to roll back the total pension liability to the measurement date. The Town proportion of the net pension liability is a blended rate of the proportionate share of active employer's covered payroll, direct charges for early retirement incentives and the direct amortization of the actuarial determined net pension liability for employer members that no longer have active covered payroll. At December 31, 2017, the Town proportion was 5.946%, compared to its proportion of 6.001% at December 31, 2016.

For the year ended June 30, 2018, the Town recognized pension expense of \$4,573,849. At June 30, 2018, the Town reported deferred outflows of resources related to pensions of \$5,403,104 from changes of assumptions (\$5,041,589) and changes in proportion and differences between employer contributions and proportionate shares of contributions (\$361,515). At June 30, 2018, the Town reported deferred inflows of resources related to pensions of \$4,281,959 from differences between expected and actual experience (\$579,579), the net difference between projected and actual investment earnings on pension plan investments (\$2,640,349), and changes in proportion and differences between employer contributions and proportionate shares of contributions (\$1,062,031).

The amounts reported as deferred outflows of resources related to pensions and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30</u>	
2019	\$ 565,317
2020	550,946
2021	(180,982)
2022	(334,847)
2023	520,711
Totals	<u>\$ 1,121,145</u>

TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 15 PENSION PLAN (CONTINUED)

Actuarial assumptions: The total pension liability was determined by an actuarial valuation as of January 1, 2018 using the following actuarial assumptions applied to all periods included in the measurement that was rolled back to the December 31, 2017 measurement date:

Investment rate of return	7.375%, net of pension plan investment expense, including inflation (previously 7.625%).
Salary increases	Varies by length of service with ultimate rates of 4.00% for Group 1, 4.25% for Group 2 and 4.50% for Group 4.
Mortality Rates:	<p>Pre-Retirement - The RP-2014 Blue Collar Employee Mortality Table projected generationally with Scale MP-2017.</p> <p>Healthy Retiree - The RP-2014 Blue Collar Healthy Annuitant Mortality Table projected generationally with Scale MP-2017.</p> <p>Disabled Retiree - The RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year and projected generationally with Scale MP-2017.</p>
Cost-of-living adjustment	3% of the first \$18,000 of retirement income.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	17.50%	6.15%
International Equity - Developed Markets	15.50%	7.11%
International Equity - Emerging Markets	6.00%	9.41%
Core Fixed Income	12.00%	1.68%
High-Yield Fixed Income	10.00%	4.13%
Real Estate	10.00%	4.90%
Commodities	4.00%	4.71%
Hedge Fund, GTAA, Risk Parity	13.00%	3.94%
Private Equity	12.00%	10.28%
Totals	100.00%	

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 15 PENSION PLAN (CONTINUED)

Discount rate: The discount rate used to measure the total pension liability was 7.375%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from employers will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Town's proportionate share of the net pension liability to changes in the discount rate. The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.375%, as well as what the Town proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.375%) or 1-percentage-point higher (8.375%) than the current rate:

	1% Decrease (6.375%)	Current Discount Rate (7.375%)	1% Increase (8.375%)
Town of Bourne's Proportionate Share of the Net Pension Liability	\$ 53,065,531	\$ 40,456,504	\$ 29,854,785

Pension plan fiduciary net position Detailed information about the pension plan's fiduciary net position is available in the separately issued BCRA financial report.

NOTE 16 MASSACHUSETTS TEACHERS RETIREMENT SYSTEM

General Information about the Pension Plan

Plan description. Public school teachers and certain administrators are provided with pensions through the Massachusetts Teachers' Retirement System (MTRS), a cost-sharing multiple-employer defined benefit pension plan administered by the Massachusetts Teachers' Retirement Board. The MTRS is part of the Commonwealth of Massachusetts' (Commonwealth) reporting entity and does not issue a stand-alone audited financial report. The MTRS is reported as a Pension Trust Fund in the Commonwealth's audited financial statements that can be obtained at <http://www.mass.gov/osc/publications-and-reports/financial-reports/cafr-reports.html>.

Benefits provided. MTRS provides retirement, disability, survivor and death benefits to members and their beneficiaries. Massachusetts General Laws (MGL) establishes uniform benefit requirements. These requirements provide for superannuation retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. For employees hired after April 1, 2012, retirement allowances are calculated on the basis of the last five years or any five consecutive years, whichever is greater in terms of compensation. Benefit payments are based upon a member's age, length of creditable service, and group creditable service, and group classification. The authority for amending these provisions rests with the Massachusetts Legislature.

TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 16 MASSACHUSETTS TEACHERS RETIREMENT SYSTEM (CONTINUED)

Members become vested after ten years of creditable service. A superannuation retirement allowance may be received upon the completion of twenty years of creditable service or upon reaching the age of 55 with ten years of service. Normal retirement for most employees occurs at age 65. Most employees who joined the system after April 1, 2012 cannot retire prior to age 60.

Contributions. The MTRS' funding policies have been established by Chapter 32 of the MGL. The Legislature has the authority to amend these policies. The annuity portion of the MTRS retirement allowance is funded by employees, who contribute a percentage of their regular compensation. Member contributions for MTRS vary depending on the most recent date of membership, ranging from 5-11% of regular compensation. Members hired in 1979 or subsequent contribute an additional 2% of regular compensation in excess of \$30,000.

The Commonwealth is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers. Therefore, the Town is considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributing entity in MTRS.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Since the Town does not contribute directly to MTRS, the Town does not report a proportionate share of the net pension liability of the MTRS at June 30, 2018. The Commonwealth's net pension liability associated with the Town was \$50,563,923.

The MTRS' net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2017 rolled forward to June 30, 2017.

For the year ended June 30, 2018, the Town recognized pension expense of \$5,277,504 associated with MTRS and revenue of the same amount for support provided by the Commonwealth.

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 16 MASSACHUSETTS TEACHERS RETIREMENT SYSTEM (CONTINUED)

Actuarial assumptions. The MTRS' total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of January 1, 2017 rolled forward to June 30, 2017. This valuation used the following assumptions:

Investment rate of return	7.5%
Salary increases	Salary increases are based on analyses of past experience but range from 4.0% to 7.5% depending on length of service
Mortality Rates:	<p>Pre-retirement - reflects RP-2014 White Collar Employees table projected generationally with Scale MP-2016 (gender distinct)</p> <p>Post-retirement - reflects RP-2014 White Collar Healthy Annuitant Table projected generationally with Scale 2016 (gender distinct)</p> <p>Disability – assumed to be in accordance with the RP-2014 Healthy Annuitant table projected generationally with Scale BB and a base year of 2014 set forward 4 years</p>
Other	<p>3.5% interest rate credited to the annuity savings fund</p> <p>3.0% cost of living increase on the first \$13,000 per year</p>

Investment assets of the MTRS are with the Pension Reserves Investment Trust (PRIT) Fund. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage. Best estimates of geometric rates of return for each major asset class included in the PRIT Fund's target asset allocation as of June 30, 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	40.0%	5.0%
Portfolio Completion Strategies	13.0%	3.6%
Core Fixed Income	12.0%	1.1%
Private Equity	11.0%	6.6%
Value Added Fixed Income	10.0%	3.8%
Real Estate	10.0%	3.6%
Timber/Natural Resources	4.0%	3.2%
Hedge Funds	0.0%	3.6%
Total	100.0%	

TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 16 MASSACHUSETTS TEACHERS RETIREMENT SYSTEM (CONTINUED)

Discount rate. The discount rate used to measure the MTRS' total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the Commonwealth's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rates. Based on those assumptions, the net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension plan fiduciary net position. Detailed information about the MTRS' fiduciary net position is available in the Commonwealth's audited financial statements.

NOTE 17 COMMITMENTS

The Town has entered into, or is planning to enter into, contracts totaling approximately \$55,000,000 for school construction, police station construction and various other governmental projects.

Other significant commitments include the encumbrances and continuing appropriations outstanding for the general fund, which totaled \$2,377,231 at June 30, 2018.

NOTE 18 CONTINGENCIES

Various legal actions and claims are pending against the Town. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any, at June 30, 2018, cannot be ascertained, management believes any resulting liability should not materially affect the financial position of the Town at June 30, 2018.

The Town participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), these programs are still subject to financial and compliance audits. The amount, if any, of expenditures, which may be disallowed by the granting agencies, cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 19 FUTURE IMPLEMENTATION OF GASB PRONOUNCEMENTS

The GASB has issued the following statements:

- Statement No. 83, *Certain Asset Retirement Obligations*, which is required to be implemented during fiscal year 2019. Management is currently evaluating the Statement's impact on the basic financial statements.
- Statement No. 84, *Fiduciary Activities*, which is required to be implemented during fiscal year 2020. Management is currently evaluating the Statement's impact on the basic financial statements.
- Statement No. 87, *Leases*, which is required to be implemented during fiscal year 2021. Management is currently evaluating the Statement's impact on the basic financial statements.
- Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, which is required to be implemented during fiscal year 2019. Management is currently evaluating the Statement's impact on the basic financial statements.
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which is required to be implemented during fiscal year 2021. Management is currently evaluating the Statement's impact on the basic financial statements.
- Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*, which is required to be implemented during fiscal year 2020. Management is currently evaluating the Statement's impact on the basic financial statements.

These pronouncements will be implemented by their respective implementation dates.

**TOWN OF BOURNE, MASSACHUSETTS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
(NON-GAAP BUDGETARY BASIS)
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018**

	Prior Year Encumbrances and Continuing Appropriations	Original Budget	Supplemental Appropriations and Transfers	Final Budget
REVENUES				
Real Estate and Personal Property Taxes	\$ -	\$ 47,111,304	\$ -	\$ 47,111,304
Motor Vehicle and Other Excise Taxes	-	3,149,967	-	3,149,967
Tax Liens	-	-	-	-
Payments in Lieu of Taxes	-	20,000	-	20,000
Intergovernmental	-	7,700,765	-	7,700,765
Special Assessments	-	-	-	-
Penalties and Interest on Taxes	-	225,000	-	225,000
Licenses and Permits	-	625,000	-	625,000
Fines and Forfeitures	-	125,000	-	125,000
Departmental and Other	-	2,258,506	-	2,258,506
Investment Income	-	39,709	-	39,709
Total Revenues	-	61,255,251	-	61,255,251
EXPENDITURES				
Current:				
General Government	621,055	4,875,000	214,584	5,710,639
Public Safety	1,038,687	10,141,765	86,000	11,266,452
Education	307,090	25,130,833	-	25,437,923
Public Works	20,970	2,783,443	1,500	2,805,913
Health and Human Services	2,433	975,202	-	977,635
Culture and Recreation	1,250	877,239	-	878,489
Pension Benefits	-	3,747,220	-	3,747,220
Employee Benefits	35,350	8,301,020	300,000	8,636,370
Property and Liability Insurance	-	1,396,063	-	1,396,063
Claims and Judgments	-	-	-	-
State and County Charges	-	4,711,222	-	4,711,222
Debt Service:				
Principal	-	3,715,444	-	3,715,444
Interest	-	1,122,030	-	1,122,030
Total Expenditures	2,026,835	67,776,481	602,084	70,405,400
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,026,835)	(6,521,230)	(602,084)	(9,150,149)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	5,963,372	379,838	6,343,210
Transfers Out	-	(1,677,307)	-	(1,677,307)
Total Other Financing Sources (Uses)	-	4,286,065	379,838	4,665,903
NET CHANGE IN FUND BALANCE	(2,026,835)	(2,235,165)	(222,246)	(4,484,246)
Fund Balance at Beginning of Year	12,707,887	12,707,887	12,707,887	12,707,887
FUND BALANCE AT END OF YEAR	\$ 10,681,052	\$ 10,472,722	\$ 12,485,641	\$ 8,223,641

See accompanying independent auditors' report.

Actual	Current Year Encumbrances and Continuing Appropriations	Actual and Encumbrances and Continuing Appropriations	Variance Positive/ (Negative)
\$ 46,545,305	\$ -	\$ 46,545,305	\$ (565,999)
3,914,228	-	3,914,228	764,261
362,607	-	362,607	362,607
15,104	-	15,104	(4,896)
7,608,366	-	7,608,366	(92,399)
153,790	-	153,790	153,790
180,740	-	180,740	(44,260)
731,358	-	731,358	106,358
151,680	-	151,680	26,680
2,771,522	-	2,771,522	513,016
188,015	-	188,015	148,306
62,622,715	-	62,622,715	1,367,464

4,278,731	923,356	5,202,087	508,552
10,210,602	823,244	11,033,846	232,606
25,027,988	392,447	25,420,435	17,488
2,475,381	180,256	2,655,637	150,276
940,975	1,453	942,428	35,207
845,548	99	845,647	32,842
3,678,791	-	3,678,791	68,429
7,978,541	56,376	8,034,917	601,453
1,352,153	-	1,352,153	43,910
81,341	-	81,341	(81,341)
4,536,043	-	4,536,043	175,179
3,715,444	-	3,715,444	-
1,097,300	-	1,097,300	24,730
66,218,838	2,377,231	68,596,069	1,809,331

(3,596,123)	(2,377,231)	(5,973,354)	3,176,795
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6,343,210	-	6,343,210	-
(1,677,307)	-	(1,677,307)	-
4,665,903	-	4,665,903	-

1,069,780	(2,377,231)	(1,307,451)	3,176,795
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12,707,887	-	12,707,887	-
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\$ 13,777,667	\$ (2,377,231)	\$ 11,400,436	\$ 3,176,795
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**TOWN OF BOURNE, MASSACHUSETTS
COMMUNITY PRESERVATION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
(NON-GAAP BUDGETARY BASIS)
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018**

	Prior Year Encumbrances and Continuing Appropriations	Original Budget	Supplemental Appropriations and Transfers	Final Budget
REVENUES				
Community Preservation Surcharges	\$ -	\$ 1,300,063	\$ -	\$ 1,300,063
Tax Liens	-	-	-	-
Penalties and Interest on Taxes	-	-	-	-
Intergovernmental	-	250,000	-	250,000
Investment Income	-	10,000	-	10,000
Total Revenues	-	1,560,063	-	1,560,063
EXPENDITURES				
Current:				
Health and Human Services	589,543	250,528	-	840,071
Culture and Recreation	2,717,352	1,977,475	(62,684)	4,632,143
Total Expenditures	3,306,895	2,228,003	(62,684)	5,472,214
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,306,895)	(667,940)	62,684	(3,912,151)
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	(679,954)	-	(679,954)
NET CHANGE IN FUND BALANCE	(3,306,895)	(1,347,894)	62,684	(4,592,105)
Fund Balance at Beginning of Year	4,477,900	4,477,900	4,477,900	4,477,900
FUND BALANCE AT END OF YEAR	<u>\$ 1,171,005</u>	<u>\$ 3,130,006</u>	<u>\$ 4,540,584</u>	<u>\$ (114,205)</u>

See accompanying independent auditors' report.

Actual	Current Year Encumbrances and Continuing Appropriations	Actual and Encumbrances and Continuing Appropriations	Variance Positive/ (Negative)
1,353,908	\$ -	\$ 1,353,908	\$ 53,845
10,013	-	10,013	10,013
4,286	-	4,286	4,286
249,510	-	249,510	(490)
50,489	-	50,489	40,489
1,668,206	-	1,668,206	108,143
96,435	743,636	840,071	-
1,819,344	1,544,365	3,363,709	1,268,434
1,915,779	2,288,001	4,203,780	1,268,434
(247,573)	(2,288,001)	(2,535,574)	1,376,577
(679,954)	-	(679,954)	-
(927,527)	(2,288,001)	(3,215,528)	1,376,577
4,477,900	-	4,477,900	-
<u>\$ 3,550,373</u>	<u>\$ (2,288,001)</u>	<u>\$ 1,262,372</u>	<u>\$ 1,376,577</u>

**TOWN OF BOURNE, MASSACHUSETTS
PENSION PLAN SCHEDULES
JUNE 30, 2018**

**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY –
BARNSTABLE COUNTY RETIREMENT ASSOCIATION (1) (2)**

	2018	2017	2016	2015
Town's proportion of the net pension liability	5.946%	6.001%	6.197%	6.079%
Town's proportionate share of the net pension liability	40,456,504	42,164,706	39,022,403	34,318,522
Town's covered payroll	16,534,981	16,584,878	16,795,291	15,944,474
Town's proportionate share of the net pension liability as a percentage of its covered payroll	244.67%	254.24%	232.34%	215.24%
Plan fiduciary net position as a percentage of the total pension liability	61.86%	57.28%	58.10%	60.43%

(1) Data is being accumulated annually to present 10 years of the reported information

(2) Amounts presented were determined as of December 31 of the applicable fiscal year

SCHEDULE OF CONTRIBUTIONS – BARNSTABLE COUNTY RETIREMENT ASSOCIATION (1) (2)

	2018	2017	2016	2015
Actuarially Required Contribution	\$ 3,511,643	\$ 3,401,770	\$ 3,352,724	\$ 3,160,253
Contributions in Relation to the Actuarially Required Contribution	(3,511,643)	(3,401,770)	(3,352,724)	(3,160,253)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
Town's Covered Payroll	\$ 16,534,981	\$ 16,584,878	\$ 16,795,291	\$ 15,944,474
Contributions as a Percentage of Covered Payroll	21.24%	20.51%	19.96%	19.82%

(1) Data is being accumulated annually to present 10 years of the reported information

(2) Amounts presented were determined as of December 31 of the applicable fiscal year

**TOWN OF BOURNE, MASSACHUSETTS
PENSION PLAN SCHEDULES
JUNE 30, 2018**

**SCHEDULE OF SPECIAL FUNDING AMOUNTS OF THE NET PENSION LIABILITY
MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM (1) (2)**

	2018	2017	2016	2015
Commonwealth's 100% share of the net pension liability associated with the Town	\$ 50,563,923	\$ 49,892,333	\$ 45,923,625	\$ 36,921,229
Town's expense and revenue recognized for the Commonwealth's support	\$ 5,277,504	\$ 5,089,345	\$ 3,724,815	\$ 2,565,095
Plan fiduciary net position as a percentage of the total pension liability	54.25%	52.73%	55.38%	61.64%

(1) Data is being accumulated annually to present 10 years of the reported information

(2) Amounts presented were determined as of December 31 of the applicable fiscal year

**TOWN OF BOURNE, MASSACHUSETTS
OTHER POSTEMPLOYMENT BENEFITS SCHEDULE
JUNE 30, 2018**

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY (1) (2)

	<u>2018</u>
Total OPEB Liability	
Service cost	\$ 4,754,881
Interest on unfunded liability	3,622,483
Benefits payments	(3,250,577)
Changes of assumptions	<u>(13,966,752)</u>
Net change in Total OPEB liability	(8,839,965)
Total OPEB liability - beginning	<u>123,963,662</u>
Total OPEB liability - ending	<u>\$ 115,123,697</u>
Covered employee payroll	31,899,022
Total OPEB liability as a percentage of covered employee payroll	360.90%

(1) Data is being accumulated annually to present 10 years of the reported information

(2) Amounts presented were determined as of June 30th of the prior fiscal year

TOWN OF BOURNE, MASSACHUSETTS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2018

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 (accounting principles generally accepted in the United States of American). A reconciliation of budgetary-basis to GAAP-basis results for the general fund and community preservation fund for the fiscal year ended June 30, 2018, is presented below:

General Fund

	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balance
Budgetary Basis as Reported on the Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual	\$ 62,622,715	\$ 68,596,069	\$ 4,665,903	\$ 11,400,436
<u>Adjustments and reclassifications:</u>				
Net Change in Recording 60-Day Receipts	(100,908)	-	-	230,714
Net Change in Recording Short-Term Interest Accrual	-	28,078	-	(38,521)
To Record MTRS On-Behalf Payments	5,277,504	5,277,504	-	-
Encumbrances and Continuing Appropriations	-	(2,377,231)	-	2,377,231
<u>Reclassifications:</u>				
To Reclassify the Activity of the Stabilization Funds to the General Fund	24,615	-	356,000	5,061,710
To Reclassify the Activity of the OPEB Fund to the General Fund	88,706	-	715,355	1,863,337
GAAP Basis as Reported on the Statement of Revenues, expenditures and changes in fund balances	<u>\$ 67,912,632</u>	<u>\$ 71,524,420</u>	<u>\$ 5,737,258</u>	<u>\$ 20,894,907</u>

Community Preservation Fund

	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balance
Budgetary Basis as Reported on the Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	\$ 1,668,206	\$ 4,203,780	\$ (679,954)	\$ 1,262,372
<u>Adjustments:</u>				
To Record Encumbrances and Continuing Appropriations	-	(2,288,001)	-	2,288,001
GAAP Basis as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances	<u>\$ 1,668,206</u>	<u>\$ 1,915,779</u>	<u>\$ (679,954)</u>	<u>\$ 3,550,373</u>

