

**TOWN OF BOURNE, MASSACHUSETTS**

**FINANCIAL STATEMENTS AND  
REQUIRED SUPPLEMENTARY INFORMATION**

**JUNE 30, 2016**



**TOWN OF BOURNE, MASSACHUSETTS  
TABLE OF CONTENTS  
JUNE 30, 2016**

<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1</b>
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	<b>3</b>
<b>FINANCIAL STATEMENTS</b>	
<b>STATEMENT OF NET POSITION</b>	<b>12</b>
<b>STATEMENT OF ACTIVITIES</b>	<b>13</b>
<b>GOVERNMENTAL FUNDS – BALANCE SHEET</b>	<b>15</b>
<b>GOVERNMENTAL FUNDS – STATEMENT OF REVENUES, EXPENDITURES AND CHANGES     IN FUND BALANCES</b>	<b>16</b>
<b>RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TOTAL FUND     BALANCES TO THE STATEMENT OF NET POSITION</b>	<b>17</b>
<b>RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN     FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES</b>	<b>18</b>
<b>PROPRIETARY FUNDS – STATEMENT OF NET POSITION</b>	<b>19</b>
<b>PROPRIETARY FUNDS – STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET     POSITION</b>	<b>20</b>
<b>PROPRIETARY FUNDS – STATEMENT OF CASH FLOWS</b>	<b>21</b>
<b>FIDUCIARY FUNDS – STATEMENT OF FIDUCIARY NET POSITION</b>	<b>22</b>
<b>FIDUCIARY FUNDS – STATEMENT OF CHANGES IN FIDUCIARY NET POSITION</b>	<b>23</b>
<b>NOTES TO BASIC FINANCIAL STATEMENTS</b>	<b>24</b>
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
<b>GENERAL FUND – SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND     BALANCE – BUDGET AND ACTUAL</b>	<b>65</b>
<b>COMMUNITY PRESERVATION FUND – SCHEDULE OF REVENUES, EXPENDITURES AND     CHANGES IN FUND BALANCE – BUDGET AND ACTUAL</b>	<b>67</b>
<b>PENSION PLAN SCHEDULES</b>	<b>69</b>
<b>OTHER POST EMPLOYMENT BENEFITS SCHEDULE</b>	<b>71</b>
<b>NOTES TO REQUIRED SUPPLEMENTARY INFORMATION</b>	<b>72</b>

## 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, 2016, 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, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (located on pages 3 through 11), general fund and community preservation fund budgetary comparisons and certain pension and other postemployment benefits information (located on pages 65 through 72) 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 December 28, 2016, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Bourne, Massachusetts' internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Boston, Massachusetts  
December 28, 2016

**TOWN OF BOURNE, MASSACHUSETTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2016**

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, 2016.

***Financial Highlights***

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$59,233,040 (net position). The Town had an unrestricted deficit at the end of the current fiscal year totaling \$36,520,285.
- The Town's total net position decreased \$764,414.
- At the close of the fiscal year, the Town's governmental funds reported combined ending fund balances totaling \$25,683,112 an increase of \$1,097,696 in comparison with the prior year. The Town has an unassigned fund balance at the end of the current fiscal year totaling approximately \$10,862,000.
- At the end of the fiscal year, unassigned fund balance for the general fund totaled \$11,743,214, or 19.3% of total general fund expenditures and transfers out.
- The Town's bonded debt decreased by \$3,119,676 during the fiscal year, with no new debt issuances.

***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, 2016**

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 and community preservation (special revenue), each of which are considered to be major funds. Data from the other 10 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, 2016**

**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 65-72.



**TOWN OF BOURNE, MASSACHUSETTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2016**

**Government-Wide Financial Analysis**

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

**Net Position**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Town's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$59,233,040 at the close of the fiscal year and are summarized as follows:

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
<b>Assets</b>						
Current Assets	\$ 40,833,127	\$ 38,436,852	\$ 15,140,613	\$ 14,442,437	\$ 55,973,740	\$ 52,879,289
Noncurrent Assets (Excluding Capital Assets)	1,105,551	629,283	5,655,237	4,347,697	6,760,788	4,976,980
Capital Assets (Net)	99,011,553	98,747,606	14,606,132	14,387,960	113,617,685	113,135,566
Total Assets	140,950,231	137,813,741	35,401,982	33,178,094	176,352,213	170,991,835
<b>Deferred Outflows of Resources</b>	3,466,148	55,402	212,405	3,371	3,678,553	58,773
<b>Liabilities</b>						
Current Liabilities (Excluding Debt)	5,742,743	6,900,624	1,209,690	406,015	6,952,433	7,306,639
Noncurrent Liabilities (Excluding Debt)	64,729,642	56,877,002	7,828,834	7,754,520	72,558,476	64,631,522
Current Debt	6,217,023	2,614,844	4,414,462	1,583,693	10,631,485	4,198,537
Noncurrent Debt	23,820,563	26,619,615	6,834,769	8,296,841	30,655,332	34,916,456
Proceeds of refunding bonds						
Total Liabilities	100,509,971	93,012,085	20,287,755	18,041,069	120,797,726	111,053,154
<b>Net Position</b>						
Net Investment in Capital Assets	71,216,969	74,180,988	5,652,996	8,174,246	76,869,965	82,355,234
Restricted	16,805,210	13,771,393	1,883,760	177,127	18,688,970	13,948,520
Unrestricted	(44,115,771)	(43,095,323)	7,789,876	6,789,023	(36,325,895)	(36,306,300)
Total Net Position	\$ 43,906,408	\$ 44,857,058	\$ 15,326,632	\$ 15,140,396	\$ 59,233,040	\$ 59,997,454

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 (\$18,688,970) 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 \$7,789,876 that may be used to support business-type activities.

**TOWN OF BOURNE, MASSACHUSETTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2016**

**Changes in Net Position**

For the fiscal year ended June 30, 2016, the Town's total net position decreased by \$764,414, compared to a decrease of \$169,544 in the prior fiscal year. These amounts are summarized as follows:

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
<b>Revenues</b>						
Program Revenues:						
Charges for Services	\$ 5,899,983	\$ 5,786,359	\$ 14,130,896	\$ 15,256,372	\$ 20,030,879	\$ 21,042,731
Operating Grants and Contributions	15,356,249	13,170,714	78,206	93,561	15,434,455	13,264,275
Capital Grants and Contributions	1,005,534	838,901	-	-	1,005,534	838,901
General Revenues:						
Real Estate and Personal Property Taxes	42,893,530	40,718,190	-	-	42,893,530	40,718,190
Motor Vehicle and Other Excise Taxes	3,477,074	3,187,627	-	-	3,477,074	3,187,627
Penalties and Interest on Taxes	269,912	344,771	-	-	269,912	344,771
Payments in Lieu of Taxes	17,162	17,715	-	-	17,162	17,715
Community Preservation Surcharges	1,224,503	1,176,141	-	-	1,224,503	1,176,141
Grants and Contributions not Restricted to Specific Programs	1,933,045	1,885,772	-	-	1,933,045	1,885,772
Unrestricted Investment Income	59,290	77,484	-	-	59,290	77,484
Sale of Foreclosed Properties	273,486	-	-	-	273,486	-
Sale of Other Assets	400,000	-	-	-	400,000	-
Other	91,438	271,647	-	-	91,438	271,647
<b>Total Revenues</b>	<b>72,901,206</b>	<b>67,475,321</b>	<b>14,209,102</b>	<b>15,349,933</b>	<b>87,110,308</b>	<b>82,825,254</b>
<b>Expenses</b>						
General Government	6,315,330	5,753,828	-	-	6,315,330	5,753,828
Public Safety	16,425,101	15,331,812	-	-	16,425,101	15,331,812
Education	45,652,831	42,859,168	-	-	45,652,831	42,859,168
Public Works	4,065,451	4,260,882	-	-	4,065,451	4,260,882
Health and Human Services	1,838,180	1,910,714	-	-	1,838,180	1,910,714
Culture and Recreation	2,288,969	1,893,609	-	-	2,288,969	1,893,609
Community Development	353,342	474,551	-	-	353,342	474,551
Debt Service - Interest	840,707	747,448	-	-	840,707	747,448
Sewer	-	-	1,006,901	897,384	1,006,901	897,384
Landfill	-	-	9,087,910	8,865,402	9,087,910	8,865,402
<b>Total Expenses</b>	<b>77,779,911</b>	<b>73,232,012</b>	<b>10,094,811</b>	<b>9,762,786</b>	<b>87,874,722</b>	<b>82,994,798</b>
Change in Net Position Before Transfers	(4,878,705)	(5,756,691)	4,114,291	5,587,147	(764,414)	(169,544)
Transfers, Net	3,928,055	2,904,552	(3,928,055)	(2,904,552)	-	-
Change in Net Position	(950,650)	(2,852,139)	186,236	2,682,595	(764,414)	(169,544)
Net Position - Beginning of Year	44,857,058	47,709,197	15,140,396	12,457,801	59,997,454	60,166,998
Net Position - End of Year	<u>\$ 43,906,408</u>	<u>\$ 44,857,058</u>	<u>\$ 15,326,632</u>	<u>\$ 15,140,396</u>	<u>\$ 59,233,040</u>	<u>\$ 59,997,454</u>

Governmental activities decreased the Town's net position by \$950,650. In the prior year, governmental activities decreased the Town's net position by \$2,852,139. The key elements of this change are increased transfers from the landfill enterprise fund (\$1,000,000) for the public works facility and one-time revenues related to the sale of foreclosed properties (\$273,486) and the sale of other assets (\$400,000).

Business-type activities increased the Town's net position by \$186,236. In the prior year, business-type activities increased the Town's net position by \$2,682,595. The key elements of this change are increased transfers from the landfill enterprise fund (\$1,000,000) for the public works facility and a decrease in closure and post closure care costs of approximately \$360,000.

**TOWN OF BOURNE, MASSACHUSETTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2016**

***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 \$25,683,112, an increase of \$1,097,696 in comparison with the prior year. Unassigned fund balance totaled \$10,861,939 at June 30, 2016. The remainder of fund balance includes the following constraints:

- Nonspendable (\$35,341)
- Restricted (\$11,399,549)
- Committed (\$3,205,356)
- Assigned (\$180,927)

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 \$11,743,214, while total fund balance was \$16,302,530. 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 19.3% of total general fund expenditures and transfers out, while total fund balance represents 26.8% of that same amount.

The balance of the Town's general fund increased by \$3,885,954 during fiscal year 2016. Although the Town recognized an approximate \$6,524,000 budgetary surplus (excluding encumbrances and continuing appropriations), the Town anticipated utilizing approximately \$2,878,000 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) increased by \$181,248 during the current fiscal year. The fund's receipts included community preservation surcharges (\$1,240,890), intergovernmental revenue (\$392,617), tax liens revenue (\$16,285), penalties and interest on taxes (\$6,589) and investment income (\$5,272). Expenditures totaling approximately \$863,000 were incurred during the year. Additionally, a transfer of \$637,444 was made to the general fund to cover community preservation related debt service and a transfer of \$19,586 was received from the general fund to close old articles.

**TOWN OF BOURNE, MASSACHUSETTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2016**

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 \$700,329 and \$7,089,547, respectively. The sewer and landfill enterprise funds had a change in net position for the year of (\$136,202) and \$322,438, 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 \$61,902,599 was increased by \$905,315 (1.5%) during the fiscal year. The following table summarizes the increase:

Purpose of Increase	Amount	Funding Source
Snow and Ice Expenses	\$ 275,000	Unassigned fund balance
Replacement of Ambulance 136	260,000	Transfer from ambulance
Transfer to OPEB Trust Fund	200,000	Unassigned fund balance
Fund Town's Contractual Compensated Absences	150,000	Unassigned fund balance
School Department Expenses	105,002	Unassigned fund balance
Budget Amendment to general governmental salaries & expenses	104,459	Transfer from waterway improvements
Annual Dredging	100,000	Transfer from waterway improvements
Fire Station Operation & Feasibility Study	90,000	Transfer from capital stabilization
Town Hall Selective Roofing	75,000	Unassigned fund balance
Budget Amendment to general governmental salaries & expenses	70,000	Transfer from ambulance
BHS Install A/C Library/Media Center	60,000	Unassigned fund balance
Municipal Harbor Plan	60,000	Transfer from waterway improvements
Community Buidling Maintenance	50,235	Transfer from insurance recovery
Town Hall Selective Flooring & Office	50,000	Transfer from capital projects
Lifepac 100 AED's	50,000	Transfer from capital projects
Portable Radios	48,285	Unassigned fund balance
Flooring Replace BMS & Admin Bldg	35,000	Transfer from capital projects
Soundproofing BES & BHS	31,973	Unassigned fund balance
Soundproofing BES & BHS	28,027	Transfer from capital projects
Technology Plan	23,094	Transfer from capital projects
Plows	22,000	Unassigned fund balance
Buzzards Bay Fire Station HVAC and Mechanical Upgrades	20,403	Transfer from capital projects
Town Hall Selective Flooring & Office	12,500	Unassigned fund balance
Replace Y-52 Animal Control Vehicle	9,826	Transfer from capital projects
Unpaid Bills	3,195	Unassigned fund balance
Budget Amendment to general governmental salaries & expenses	(1,028,684)	Unassigned fund balance
	<u>\$ 905,315</u>	

During the year, revenues and other financing sources 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 \$4,360,000.

**TOWN OF BOURNE, MASSACHUSETTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2016**

***Capital Asset and Debt Administration***

Capital assets

The Town's investment in capital assets for its governmental and business-type activities at the end of the fiscal year totaled \$113,617,685 (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 0.4% (a 0.2% increase for governmental activities and a 0.2% increase for business-type activities).

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

- ISWM land purchase (\$1,800,000)
- DPW facility project (\$1,674,652)
- Various DPW equipment (\$659,688)
- Road improvements (\$493,206)
- Various police vehicles (\$402,714)
- Land improvements at marinas (\$313,554)

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

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 28,146,686	\$ 28,146,686	\$ 4,009,658	\$ 2,209,658	\$ 32,156,344	\$ 30,356,344
Construction in Progress	371,205	9,790,116	-	-	371,205	9,790,116
Land Improvements	2,283,314	2,137,216	1,247,076	2,912,264	3,530,390	5,049,480
Buildings and Improvements	57,951,178	48,809,597	3,446,063	3,632,178	61,397,241	52,441,775
Machinery and Equipment	4,269,503	4,079,120	2,968,138	2,517,733	7,237,641	6,596,853
Infrastructure	5,989,667	5,784,871	2,935,197	3,116,127	8,924,864	8,900,998
Total Capital Assets	<u>\$ 99,011,553</u>	<u>\$ 98,747,606</u>	<u>\$ 14,606,132</u>	<u>\$ 14,387,960</u>	<u>\$ 113,617,685</u>	<u>\$ 113,135,566</u>

Additional information on the Town's capital assets can be found in Note 5 on pages 42-44 of this report.

**TOWN OF BOURNE, MASSACHUSETTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2016**

Long-Term Debt

At the end of the current fiscal year, total debt outstanding was \$35,716,917, which is backed by the full faith and credit of the Town, and is summarized as follows:

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
General Obligation Bonds	\$ 26,996,669	\$ 28,696,598	\$ 8,491,231	\$ 9,880,534	\$ 35,487,900	\$ 38,577,132
MCWT Notes	229,017	259,461	-	-	229,017	259,461
Total Bonds and Notes	<u>\$ 27,225,686</u>	<u>\$ 28,956,059</u>	<u>\$ 8,491,231</u>	<u>\$ 9,880,534</u>	<u>\$ 35,716,917</u>	<u>\$ 38,836,593</u>

The Town has an AA+ rating from Standard & Poor's for its most recent debt issuance dated December 1, 2015.

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.

**TOWN OF BOURNE, MASSACHUSETTS**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2016**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 16,926,325	\$ 12,189,889	\$ 29,116,214
Restricted Cash and Cash Equivalents	12,892,744	506,095	13,398,839
Investments	1,331,976	-	1,331,976
Restricted Investments	4,356,823	-	4,356,823
Receivables, Net of Allowance for Uncollectible Amounts:			
Real Estate and Personal Property Taxes	595,292	-	595,292
Tax and Utility Liens	691,697	32,608	724,305
Motor Vehicle and Other Excise Taxes	561,149	-	561,149
Community Preservation Surcharges	12,787	-	12,787
User Charges	-	2,412,021	2,412,021
Special Assessments	40,448	-	40,448
Departmental and Other	944,110	-	944,110
Intergovernmental	903,076	-	903,076
Working Capital Deposit (Health Claims)	1,576,700	-	1,576,700
Total Current Assets	40,833,127	15,140,613	55,973,740
Noncurrent Assets:			
Restricted Cash and Cash Equivalents	-	5,655,237	5,655,237
Receivables, Net of Allowance for Uncollectible Amounts:			
Real Estate Tax Deferrals	81,404	-	81,404
Special Assessments	543,146	-	543,146
Tax Foreclosures	481,001	-	481,001
Capital Assets not being Depreciated	28,517,891	4,009,658	32,527,549
Capital Assets, Net of Accumulated Depreciation	70,493,662	10,596,474	81,090,136
Total Noncurrent Assets	100,117,104	20,261,369	120,378,473
Total Assets	140,950,231	35,401,982	176,352,213
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Related to Pensions	3,466,148	212,405	3,678,553
<b>LIABILITIES</b>			
Current Liabilities:			
Warrants Payable	2,092,929	1,082,472	3,175,401
Accrued Payroll	2,299,245	35,282	2,334,527
Tax refunds Payable	185,385	-	185,385
Other Liabilities	56,629	-	56,629
Accrued Interest	226,895	71,644	298,539
Accrued Health Claims Payable	602,000	-	602,000
Workers' Compensation Claims	93,112	-	93,112
Compensated Absences	186,548	20,292	206,840
Short-Term Notes Payable	2,811,900	2,758,000	5,569,900
Long-Term Bonds and Notes Payable	3,405,123	1,656,462	5,061,585
Total Current Liabilities	11,959,766	5,624,152	17,583,918
Noncurrent Liabilities:			
Landfill Closure and Postclosure Care	-	3,771,477	3,771,477
Compensated Absences	1,678,934	182,624	1,861,558
Net OPEB Obligation	26,268,149	1,634,889	27,903,038
Net Pension Liability	36,782,559	2,239,844	39,022,403
Long-Term Bonds and Notes Payable	23,820,563	6,834,769	30,655,332
Total Noncurrent Liabilities	88,550,205	14,663,603	103,213,808
Total Liabilities	100,509,971	20,287,755	120,797,726
<b>NET POSITION</b>			
Net Investment in Capital Assets	71,216,969	5,652,996	76,869,965
Restricted for:			
Employee Benefits	4,353,488	-	4,353,488
OPEB	780,289	-	780,289
Community Preservation	5,042,838	-	5,042,838
Education	1,368,868	-	1,368,868
Ambulance	1,469,656	-	1,469,656
Affordable Housing	573,248	-	573,248
Debt Service	392,744	-	392,744
Permanent Funds:			
Expendable	191,528	-	191,528
Nonexpendable	35,341	-	35,341
Other Specific Purposes	2,597,210	1,883,760	4,480,970
Unrestricted	(44,115,771)	7,789,876	(36,325,895)
Total Net Position	\$ 43,906,408	\$ 15,326,632	\$ 59,233,040

See accompanying Notes to Basic Financial Statements.

**TOWN OF BOURNE, MASSACHUSETTS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2016**

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	\$ 6,315,330	\$ 438,000	\$ 967,633	\$ -	\$ (4,909,697)
Public Safety	16,425,101	4,338,146	745,146	-	(11,341,809)
Education	45,652,831	696,526	12,789,095	116,401	(32,050,809)
Public Works	4,065,451	31,959	142,528	496,516	(3,394,448)
Health and Human Services	1,838,180	272,216	267,160	-	(1,298,804)
Culture and Recreation	2,288,969	123,136	31,292	392,617	(1,741,924)
Community Development	353,342	-	372,708	-	19,366
Debt Service - Interest	840,707	-	40,687	-	(800,020)
Total Governmental Activities	77,779,911	5,899,983	15,356,249	1,005,534	(55,518,145)
Business-Type Activities:					
Sewer	1,006,901	996,033	6,650	-	(4,218)
Landfill	9,087,910	13,134,863	71,556	-	4,118,509
Total Business-Type Activities	10,094,811	14,130,896	78,206	-	4,114,291
Total Primary Government	\$ 87,874,722	\$ 20,030,879	\$ 15,434,455	\$ 1,005,534	\$ (51,403,854)

See accompanying Notes to Basic Financial Statements.



**TOWN OF BOURNE, MASSACHUSETTS  
STATEMENT OF ACTIVITIES (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2016**

	Primary Government		
	Governmental	Business-Type	
	Activities	Activities	Total
<b>CHANGES IN NET POSITION</b>			
Net Revenue (Expense) (from Previous Page)	\$ (55,518,145)	\$ \$ 4,114,291	\$ \$ (51,403,854)
General Revenues:			
Real Estate and Personal Property Taxes	42,893,530	-	42,893,530
Motor Vehicle and Other Excise Taxes	3,477,074	-	3,477,074
Penalties and Interest on Taxes	269,912	-	269,912
Payments in Lieu of Taxes	17,162	-	17,162
Community Preservation Surcharges	1,224,503	-	1,224,503
Grants and Contributions not Restricted to Specific Programs	1,933,045	-	1,933,045
Unrestricted Investment Income	59,290	-	59,290
Sale of Foreclosed Properties	273,486	-	273,486
Sale of Other Assets	400,000	-	400,000
Other	91,438	-	91,438
Transfers, Net	3,928,055	(3,928,055)	-
Total General Revenues and Transfers	54,567,495	(3,928,055)	50,639,440
<b>CHANGE IN NET POSITION</b>	(950,650)	186,236	(764,414)
Net Position - Beginning of Year	44,857,058	15,140,396	59,997,454
<b>NET POSITION - END OF YEAR</b>	<u>\$ 43,906,408</u>	<u>\$ \$ 15,326,632</u>	<u>\$ \$ 59,233,040</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF BOURNE, MASSACHUSETTS  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2016**

	General	Community Preservation	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 16,926,325	\$ -	\$ -	\$ 16,926,325
Investments	1,331,976	-	-	1,331,976
Receivables, Net of Allowance for Uncollectible Amounts:				
Real Estate and Personal Property Taxes	595,292	-	-	595,292
Real Estate Tax Deferrals	81,404	-	-	81,404
Tax Liens	673,026	18,671	-	691,697
Motor Vehicle and Other Excise Taxes	561,149	-	-	561,149
Community Preservation Surcharges	-	12,787	-	12,787
Special Assessments	511,104	-	72,490	583,594
Departmental and Other	-	-	944,110	944,110
Intergovernmental	-	-	903,076	903,076
Tax Foreclosures	481,001	-	-	481,001
Restricted Assets:				
Cash and Cash Equivalents	204,414	5,036,657	6,125,759	11,366,830
Investments	768,619	-	341,917	1,110,536
<b>Total Assets</b>	<b>\$ 22,134,310</b>	<b>\$ 5,068,115</b>	<b>\$ 8,387,352</b>	<b>\$ 35,589,777</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>LIABILITIES:</b>				
Warrants Payable	\$ 507,502	\$ 25,222	\$ 166,802	\$ 699,526
Accrued Payroll	2,245,106	55	54,084	2,299,245
Tax Refunds Payable	185,385	-	-	185,385
Other Liabilities	56,629	-	-	56,629
Accrued Short-Term Interest	16,987	-	-	16,987
Workers' Compensation Claims	93,112	-	-	93,112
Short-Term Notes Payable	-	-	2,811,900	2,811,900
<b>Total Liabilities</b>	<b>3,104,721</b>	<b>25,277</b>	<b>3,032,786</b>	<b>6,162,784</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Unavailable Revenue	2,727,059	31,458	985,364	3,743,881
<b>FUND BALANCES:</b>				
Nonspendable	-	-	35,341	35,341
Restricted	1,173,033	5,011,380	5,215,136	11,399,549
Committed	3,205,356	-	-	3,205,356
Assigned	180,927	-	-	180,927
Unassigned	11,743,214	-	(881,275)	10,861,939
<b>Total Fund Balances</b>	<b>16,302,530</b>	<b>5,011,380</b>	<b>4,369,202</b>	<b>25,683,112</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 22,134,310</b>	<b>\$ 5,068,115</b>	<b>\$ 8,387,352</b>	<b>\$ 35,589,777</b>

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, 2016**

	General	Community Preservation	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Real Estate and Personal Property Taxes	\$ 42,361,223	\$ -	\$ -	\$ 42,361,223
Motor Vehicle and Other Excise Taxes	3,349,104	-	-	3,349,104
Tax Liens	605,009	16,285	1,028	622,322
Payments in Lieu of Taxes	17,162	-	-	17,162
Community Preservation Surcharges	-	1,240,890	-	1,240,890
Charges for Services	-	-	3,145,926	3,145,926
Intergovernmental	7,440,336	392,617	5,730,630	13,563,583
Special Assessments	84,879	-	-	84,879
Penalties and Interest on Taxes	263,322	6,589	-	269,911
Licenses and Permits	804,345	-	-	804,345
Fines and Forfeitures	115,121	-	-	115,121
Departmental and Other	2,456,362	-	294,453	2,750,815
Contributions	-	-	265,331	265,331
Investment Income	60,120	5,272	11,869	77,261
Total Revenues	<u>57,556,983</u>	<u>1,661,653</u>	<u>9,449,237</u>	<u>68,667,873</u>
<b>EXPENDITURES</b>				
Current:				
General Government	4,192,188	320	217,836	4,410,344
Public Safety	9,016,491	-	2,123,757	11,140,248
Education	23,887,467	-	5,290,322	29,177,789
Public Works	2,177,228	-	2,825,065	5,002,293
Health and Human Services	885,302	186,339	204,971	1,276,612
Culture and Recreation	743,301	675,888	150,197	1,569,386
Community Development	-	-	353,342	353,342
Pension Benefits	3,416,290	-	-	3,416,290
Employee Benefits	8,145,018	-	-	8,145,018
Property and Liability Insurance	1,320,652	-	-	1,320,652
State and County Charges	3,847,537	-	-	3,847,537
Debt Service:				
Principal	2,336,444	-	-	2,336,444
Interest	841,617	-	-	841,617
Total Expenditures	<u>60,809,535</u>	<u>862,547</u>	<u>11,165,490</u>	<u>72,837,572</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(3,252,552)</u>	<u>799,106</u>	<u>(1,716,253)</u>	<u>(4,169,699)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	5,818,752	19,586	1,100,000	6,938,338
Premium from Issuance of Bonds and Notes	662,298	-	-	662,298
Sale of Foreclosed Properties	273,486	-	-	273,486
Sale of Other Assets	400,000	-	-	400,000
Sale of Capital Assets	3,556	-	-	3,556
Transfers Out	(19,586)	(637,444)	(2,353,253)	(3,010,283)
Total Other Financing Sources (Uses)	<u>7,138,506</u>	<u>(617,858)</u>	<u>(1,253,253)</u>	<u>5,267,395</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>3,885,954</u>	<u>181,248</u>	<u>(2,969,506)</u>	<u>1,097,696</u>
Fund Balances at Beginning of Year	<u>12,416,576</u>	<u>4,830,132</u>	<u>7,338,708</u>	<u>24,585,416</u>
<b>FUND BALANCES AT END OF YEAR</b>	<u>\$ 16,302,530</u>	<u>\$ 5,011,380</u>	<u>\$ 4,369,202</u>	<u>\$ 25,683,112</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, 2016**

Total Governmental Fund Balances (page 15)	\$ 25,683,112
Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	99,011,553
In the statement of net position, deferred outflows of resources are reported for amounts related to pensions	3,466,148
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.	3,743,881
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.	(209,898)
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	(27,225,686)
Compensated Absences	(1,865,482)
Net OPEB Obligation	(26,268,149)
Net Pension Liability	(36,782,559)
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	<div style="border-top: 1px solid black;">4,353,488</div>
Net Position of Governmental Activities (page 12)	<div style="border-top: 3px double black;">\$ 43,906,408</div>

*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, 2016**

Net Change in Fund Balances - Total Governmental Funds (page 16)	\$ 1,097,696
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	3,912,463
Depreciation	(3,601,992)
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.	(46,524)
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.	3,410,746
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.	(209,212)
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	2,336,444
Amortization of Bond Premiums	(606,071)
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.	(14,620)
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	(89,336)
Net OPEB Obligation	(3,339,964)
Net Pension Liability	(4,432,273)
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.	631,993
Change in Net Position of Governmental Activities (page 14)	<u>\$ (950,650)</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF BOURNE, MASSACHUSETTS  
PROPRIETARY FUNDS  
STATEMENT OF NET POSITION  
JUNE 30, 2016**

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Sewer	Landfill	Total	
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 1,089,001	\$ 11,100,888	\$ 12,189,889	\$ -
Restricted Cash and Cash Equivalents	-	506,095	506,095	1,525,913
Restricted Investments	-	-	-	3,246,287
Receivables, Net of Allowance for Uncollectible Amounts:				
User Charges	75,545	2,336,476	2,412,021	-
Utility Liens	32,608	-	32,608	-
Working Capital Deposit	-	-	-	1,576,700
Total Current Assets	<u>1,197,154</u>	<u>13,943,459</u>	<u>15,140,613</u>	<u>6,348,900</u>
Noncurrent Assets:				
Restricted Cash and Cash Equivalents	-	5,655,237	5,655,237	-
Capital Assets not being Depreciated	-	4,009,658	4,009,658	-
Capital Assets, Net of Accumulated Depreciation	<u>3,150,632</u>	<u>7,445,842</u>	<u>10,596,474</u>	<u>-</u>
Total Noncurrent Assets	<u>3,150,632</u>	<u>17,110,737</u>	<u>20,261,369</u>	<u>-</u>
Total Assets	<u>4,347,786</u>	<u>31,054,196</u>	<u>35,401,982</u>	<u>6,348,900</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Related to Pension	<u>19,070</u>	<u>193,335</u>	<u>212,405</u>	<u>-</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Warrants Payable	134,352	948,120	1,082,472	1,393,412
Accrued Payroll	2,586	32,696	35,282	-
Accrued Interest	-	71,644	71,644	-
Accrued Health Claims Payable	-	-	-	602,000
Compensated Absences	3,616	16,676	20,292	-
Short-Term Notes Payable	80,000	2,678,000	2,758,000	-
Long-Term Bonds and Notes Payable	<u>14,800</u>	<u>1,641,662</u>	<u>1,656,462</u>	<u>-</u>
Total Current Liabilities	<u>235,354</u>	<u>5,388,798</u>	<u>5,624,152</u>	<u>1,995,412</u>
Noncurrent Liabilities:				
Landfill Closure and Post-Closure	-	3,771,477	3,771,477	-
Compensated Absences	32,541	150,083	182,624	-
Net OPEB Obligation	145,570	1,489,319	1,634,889	-
Net Pension Liability	197,230	2,042,614	2,239,844	-
Long-Term Bonds and Notes Payable	<u>40,000</u>	<u>6,794,769</u>	<u>6,834,769</u>	<u>-</u>
Total Noncurrent Liabilities	<u>415,341</u>	<u>14,248,262</u>	<u>14,663,603</u>	<u>-</u>
Total Liabilities	<u>650,695</u>	<u>19,637,060</u>	<u>20,287,755</u>	<u>1,995,412</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	3,015,832	2,637,164	5,652,996	-
Restricted for:				
Landfill Closure and Postclosure	-	1,883,760	1,883,760	-
Employee Benefits	-	-	-	4,353,488
Unrestricted	<u>700,329</u>	<u>7,089,547</u>	<u>7,789,876</u>	<u>-</u>
Total Net Position	<u>\$ 3,716,161</u>	<u>\$ 11,610,471</u>	<u>\$ 15,326,632</u>	<u>\$ 4,353,488</u>

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, 2016**

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Sewer	Landfill	Total	
<b>OPERATING REVENUES</b>				
Charges for Services	\$ 986,320	\$ 13,134,863	\$ 14,121,183	\$ -
Penalties and Interest	9,713	-	9,713	-
Employer Contributions	-	-	-	7,938,224
Employee Contributions	-	-	-	2,641,967
Total Operating Revenues	<u>996,033</u>	<u>13,134,863</u>	<u>14,130,896</u>	<u>10,580,191</u>
<b>OPERATING EXPENSES</b>				
Cost of Service and Administration	560,052	5,950,210	6,510,262	-
Town of Wareham Assessment	188,478	-	188,478	-
Repairs and Maintenance	53,519	42,808	96,327	-
Depreciation	202,384	2,376,122	2,578,506	-
Closure and Postclosure Costs	-	402,163	402,163	-
Employee Benefits	-	-	-	10,058,466
Total Operating Expenses	<u>1,004,433</u>	<u>8,771,303</u>	<u>9,775,736</u>	<u>10,058,466</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(8,400)</u>	<u>4,363,560</u>	<u>4,355,160</u>	<u>521,725</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment Income	2,260	32,806	35,066	110,268
Premium from Issuance of Bonds and Notes	3,233	-	3,233	-
Interest Expense	(1,312)	(215,129)	(216,441)	-
Loss on Disposal of Capital Assets	-	(62,727)	(62,727)	-
Total Nonoperating Revenues (Expenses), Net	<u>4,181</u>	<u>(245,050)</u>	<u>(240,869)</u>	<u>110,268</u>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<u>(4,219)</u>	<u>4,118,510</u>	<u>4,114,291</u>	<u>631,993</u>
<b>TRANSFERS</b>				
Transfers Out	<u>(131,983)</u>	<u>(3,796,072)</u>	<u>(3,928,055)</u>	<u>-</u>
<b>CHANGE IN NET POSITION</b>	<u>(136,202)</u>	<u>322,438</u>	<u>186,236</u>	<u>631,993</u>
Net Position at Beginning of Year	<u>3,852,363</u>	<u>11,288,033</u>	<u>15,140,396</u>	<u>3,721,495</u>
<b>NET POSITION AT END OF YEAR</b>	<u>\$ 3,716,161</u>	<u>\$ 11,610,471</u>	<u>\$ 15,326,632</u>	<u>\$ 4,353,488</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF BOURNE, MASSACHUSETTS  
PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2016**

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Sewer	Landfill	Total	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from Customers and Users	\$ 1,007,061	\$ 12,379,346	\$ 13,386,407	\$ 2,641,967
Receipts from Interfund Services Provided	-	-	-	7,938,224
Payments to Vendors	(579,464)	(4,203,582)	(4,783,046)	-
Payments to Employees	(152,402)	(1,580,736)	(1,733,138)	-
Payments for Interfund Services Used	-	-	-	(9,728,732)
Net Cash Provided (Used) by Operating Activities	275,195	6,595,028	6,870,223	851,459
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers Out	(131,983)	(3,796,072)	(3,928,055)	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Proceeds from the Issuance of Bonds and Notes	80,000	2,678,000	2,758,000	-
Premium from the Issuance of Bonds and Notes	3,233	199,374	202,607	-
Acquisition and Construction of Capital Assets	(122,500)	(2,736,905)	(2,859,405)	-
Principal Payments on Bonds and Notes	-	(1,539,000)	(1,539,000)	-
Interest Expense	(1,312)	(276,897)	(278,209)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(40,579)	(1,675,428)	(1,716,007)	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Sales (Purchases) of Investments, Net	-	-	-	(1,580,420)
Investment Income	2,260	32,806	35,066	110,268
Net Cash Provided (Used) by Investing Activities	2,260	32,806	35,066	(1,470,152)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	104,893	1,156,334	1,261,227	(618,693)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b> (Includes \$26, \$5,793,491 and \$2,144,606 reported as restricted in the sewer and landfill enterprise funds and internal service fund, respectively)	984,108	16,105,886	17,089,994	2,144,606
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b> (Includes \$6,161,332 and \$1,525,913 reported as restricted in the landfill enterprise fund and internal service fund, respectively)	\$ 1,089,001	\$ 17,262,220	\$ 18,351,221	\$ 1,525,913
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
Operating Income (Loss)	\$ (8,400)	\$ 4,363,560	\$ 4,355,160	\$ 521,725
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Adjustments Not Requiring Current Cash Flows:				
Depreciation	202,384	2,376,122	2,578,506	-
Net OPEB Obligation	18,360	186,138	204,498	-
Net Pension Liability	24,385	247,223	271,608	-
Deferred outflows of resources related to pension	(18,774)	(190,260)	(209,034)	-
Adjustments Requiring Current Cash Flows:				
Effect of Changes in Operating Assets and Liabilities:				
Utility Liens	1,811	-	1,811	-
User Charges	8,800	(755,517)	(746,717)	-
Special Assessments	417	-	417	-
Working Capital Deposit	-	-	-	(72,300)
Warrants Payable	45,283	793,167	838,450	340,034
Accrued Payroll	(1,788)	(20,597)	(22,385)	-
Accrued Health Claims Payable	-	-	-	62,000
Landfill closure and postclosure care	-	(399,093)	(399,093)	-
Compensated Absences	2,717	(5,715)	(2,998)	-
Total Adjustments	283,595	2,231,468	2,515,063	329,734
Net Cash Provided (Used) by Operating Activities	\$ 275,195	\$ 6,595,028	\$ 6,870,223	\$ 851,459

See accompanying Notes to Basic Financial Statements.



**TOWN OF BOURNE, MASSACHUSETTS  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2016**

	Private Purpose Trust Funds	Agency Funds
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 38,053	\$ 1,145,743
<b>LIABILITIES</b>		
Warrants Payable	-	85,670
Accrued Payroll	-	589
Liabilities Due Depositors	-	1,059,484
Total Liabilities	-	\$ 1,145,743
<b>NET POSITION</b>		
Held in Trust for Other Purposes	\$ 38,053	

*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, 2016**

	Private Purpose Trust Funds
<b>ADDITIONS</b>	
Net Investment Income:	
Interest	\$ 1,270
<b>DEDUCTIONS</b>	
Other	400
<b>CHANGE IN NET POSITION</b>	870
Net Position - Beginning of Year	37,183
<b>NET POSITION - END OF YEAR</b>	<b>\$ 38,053</b>

*See accompanying Notes to Basic Financial Statements.*

**TOWN OF BOURNE, MASSACHUSETTS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

**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 2016 Assessment
<u>Name</u>	<u>Purpose</u>	<u>Address</u>	
Upper Cape Cod Regional Technical School	Education	220 Sandwich Road Bourne, MA 02532	3,294,382

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, 2016**

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

***C. Implementation of New Accounting Principles***

For the year ending June 30, 2016, the Town implemented the following pronouncements issued by the GASB:

- GASB Statement No. 72, *Fair Value Measurement and Application*
- GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*

The implementation of GASB Statement No. 72 required certain disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques related to the Town's investments.

Implementation of GASB Statement No. 76 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, 2016**

**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, 2016**

**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 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, 2016**

**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 1<sup>st</sup> of every year. Assessed values are established by the Board of Assessor's for 100% of the estimated fair market value. Taxes are due on August 1<sup>st</sup>, November 1<sup>st</sup>, February 1<sup>st</sup> and May 1<sup>st</sup> and are subject to penalties and interest if they are not paid by the respective due date.

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

**TOWN OF BOURNE, MASSACHUSETTS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

**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 1<sup>st</sup>, November 1<sup>st</sup>, February 1<sup>st</sup> and May 1<sup>st</sup> and are subject to penalties and interest if they are not paid by the respective due date. 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 service 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, 2016**

**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.

- 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 fair market value at the date of donation.

**TOWN OF BOURNE, MASSACHUSETTS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**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:

<u>Capital Asset Type</u>	<u>Estimated Useful Life (in years)</u>
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, 2016**

**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 pensions are reported in the government-wide financial statements statement 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.

**TOWN OF BOURNE, MASSACHUSETTS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

**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:

“OPEB” represents amounts restricted for other postemployment benefits.

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

“Education” represents amounts restricted for various education purposes.

“Ambulance” represents amounts restricted for ambulance related activities.

“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, 2016**

**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, 2016**

**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. Post Retirement 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, 2016**

**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 2016 approved budget for the general fund authorized approximately \$61,903,000 in appropriations. During fiscal year 2016, supplemental appropriations totaling approximately \$905,000 for the general fund were authorized. The original fiscal year 2016 approved budget for the CPA fund authorized approximately \$2,091,000 in appropriations. During fiscal year 2016, the Town voted to rescind projects totaling approximately \$815,000.

**TOWN OF BOURNE, MASSACHUSETTS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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

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

The budgetary comparison schedules presented in the accompanying 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.

***B. Fund Deficits***

At June 30, 2016, the following governmental funds deficits exist:

<u>Fund</u>	<u>Amount</u>	<u>Funding Source</u>
Capital Projects	\$ 858,862	Long-Term Debt
Education Grants	16,044	State grants
Other Grants	6,369	State grants
Total	<u>\$ 881,275</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, 2016, \$1,578,491 of the Town's bank balance of \$46,336,870 was uninsured and uncollateralized.



**TOWN OF BOURNE, MASSACHUSETTS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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

Investments Summary

The Town's investments (including short-term investments) at June 30, 2016 are presented below. All investments are presented by investment type, with debt securities presented by maturity.

Investment Type	Fair Value	Investment Maturities (in Years)		
		Less Than 1	1 - 5	6 - 10
<u>Debt Securities:</u>				
U.S. Treasuries	\$ 740,796	\$ 228,531	\$ 135,461	\$ 376,805
U.S. Agencies	1,648,957	654,359	994,598	-
Corporate bonds	328,964	-	328,964	-
Money market mutual funds	549,921	549,921	-	-
Mutual bond funds	1,294,481	373,717	131,063	789,701
External investment pool	4,106,966	4,106,966	-	-
Total debt securities	8,670,085	\$ 5,913,493	\$ 1,590,086	\$ 1,166,506
<u>Other Investments:</u>				
Equity securities	548,499			
Equity mutual funds	1,127,102			
Total other investments	1,675,601			
Total investments	\$ 10,345,686			100390
				50970.5

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, 2016, the Town was not exposed to custodial credit risk.

**TOWN OF BOURNE, MASSACHUSETTS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

**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, 2016, the credit quality ratings of the Town's debt securities are as follows:

Investment Type	Fair Value	AAA*	AA+*	AA-*	A*	BBB*	B*	Unrated
U.S. Agencies	\$ 1,648,957	\$ -	\$ 1,648,957	\$ -	\$ -	\$ -	\$ -	\$ -
Corporate bonds	328,964	-	135,512	55,464	137,988	-	-	-
Money market mutual funds	549,921	-	-	-	-	-	-	549,921
Mutual bond funds	1,294,481	224,643	-	-	75,544	265,327	570,564	158,403
External investment pool	4,106,966	-	-	-	-	-	-	4,106,966
Total	<u>\$ 7,929,289</u>	<u>\$ 224,643</u>	<u>\$ 1,784,469</u>	<u>\$ 55,464</u>	<u>\$ 213,532</u>	<u>\$ 265,327</u>	<u>\$ 570,564</u>	<u>\$ 4,815,290</u>

\* Per the rating scale of Standard and Poors (a national credit 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, 2016, the Town's exposure to concentration of credit risk was as follows:

Issuer	Fair Value	Percentage of Total Investments
Federal Home Loan Mortgage Corporation	\$ 932,495	9.0%

**TOWN OF BOURNE, MASSACHUSETTS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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

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.

The Town has the following recurring fair value measurements as of June 30, 2016:

Investment Type	Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>Equity Securities:</u>				
Equities	\$ 548,499	\$ 548,499	\$ -	\$ -
Equity Mutual Funds	1,127,102	1,127,102	-	-
Total Equity Securities	<u>1,675,601</u>	<u>1,675,601</u>	<u>-</u>	<u>-</u>
<u>Debt Securities:</u>				
U.S. Treasuries	740,796	26,174	714,622	-
U.S. Agencies	1,648,957	-	1,648,957	-
Corporate Bonds	328,964	-	328,964	-
Mutual Bond Funds	1,294,481	1,294,481	-	-
Total Debt Securities	<u>4,013,198</u>	<u>1,320,655</u>	<u>2,692,543</u>	<u>-</u>
Total Investments Measured at Fair Value	<u>\$ 5,688,799</u>	<u>\$ 2,996,256</u>	<u>\$ 2,692,543</u>	<u>\$ -</u>

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, 2016**

**NOTE 4 ACCOUNTS RECEIVABLE**

At June 30, 2016, receivables for the individual major governmental funds, nonmajor governmental funds, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible amounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Real Estate and Personal Property Taxes	\$ 696,406	\$ (101,114)	\$ 595,292
Real Estate Tax Deferrals	81,404	-	81,404
Tax Liens	691,697	-	691,697
Motor Vehicle and Other Excise Taxes	772,896	(211,747)	561,149
Community Preservation Surcharges	12,787	-	12,787
Special Assessments	583,594	-	583,594
Departmental and Other	2,058,428	(1,114,318)	944,110
Intergovernmental	903,076	-	903,076
Total	<u>\$ 5,800,288</u>	<u>\$ (1,427,179)</u>	<u>\$ 4,373,109</u>

At June 30, 2016, receivables for the enterprise funds, including the applicable allowances for uncollectible amounts, are as follows:

	Gross Amount	for Uncollectibles	Net Amount
<u>Receivables:</u>			
User Charges	\$ 2,485,633	\$ (73,612)	\$ 2,412,021
Utility Liens	32,608	-	32,608
Total	<u>\$ 2,518,241</u>	<u>\$ (73,612)</u>	<u>\$ 2,444,629</u>

**TOWN OF BOURNE, MASSACHUSETTS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 5 CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2016, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
<u>Capital assets not being depreciated:</u>				
Land	\$ 28,146,686	\$ -	\$ -	\$ 28,146,686
Construction in progress	9,790,116	87,217	(9,506,128)	371,205
Total capital assets not being depreciated	37,936,802	87,217	(9,506,128)	28,517,891
<u>Capital assets being depreciated:</u>				
Land improvements	3,470,284	313,554	-	3,783,838
Buildings and improvements	85,451,993	11,391,437	-	96,843,430
Machinery and equipment	16,832,373	1,133,177	(635,419)	17,330,131
Infrastructure	8,155,487	493,206	-	8,648,693
Total capital assets being depreciated	113,910,137	13,331,374	(635,419)	126,606,092
<u>Less accumulated depreciation for:</u>				
Land improvements	(1,333,068)	(167,456)	-	(1,500,524)
Buildings and improvements	(36,642,396)	(2,249,856)	-	(38,892,252)
Machinery and equipment	(12,753,253)	(896,270)	588,895	(13,060,628)
Infrastructure	(2,370,616)	(288,410)	-	(2,659,026)
Total accumulated depreciation	(53,099,333)	(3,601,992)	588,895	(56,112,430)
Total capital assets being depreciated, net	60,810,804	9,729,382	(46,524)	70,493,662
Total governmental activities capital assets, net	\$ 98,747,606	\$ 9,816,599	\$ (9,552,652)	\$ 99,011,553

**TOWN OF BOURNE, MASSACHUSETTS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 5 CAPITAL ASSETS (CONTINUED)**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-Type Activities - Sewer Enterprise:</b>				
<u>Capital assets being depreciated:</u>				
Machinery and equipment	\$ 848,168	\$ 122,500	\$ -	\$ 970,668
Other	1,332,118	-	-	1,332,118
Infrastructure	7,326,791	-	-	7,326,791
Total capital assets being depreciated	9,507,077	122,500	-	9,629,577
<u>Less accumulated depreciation for:</u>				
Machinery and equipment	(733,779)	(21,454)	-	(755,233)
Other	(1,332,118)	-	-	(1,332,118)
Infrastructure	(4,210,664)	(180,930)	-	(4,391,594)
Total accumulated depreciation	(6,276,561)	(202,384)	-	(6,478,945)
Total capital assets being depreciated, net	3,230,516	(79,884)	-	3,150,632
Total sewer enterprise capital assets, net	<u>\$ 3,230,516</u>	<u>\$ (79,884)</u>	<u>\$ -</u>	<u>\$ 3,150,632</u>
<b>Business-Type Activities - Landfill Enterprise:</b>				
<u>Capital assets not being depreciated:</u>				
Land	\$ 2,209,658	\$ 1,800,000	\$ -	\$ 4,009,658
<u>Capital assets being depreciated:</u>				
Land improvements	10,641,287	-	-	10,641,287
Buildings and improvements	10,622,518	-	-	10,622,518
Machinery and equipment	6,466,770	936,905	(572,389)	6,831,286
Total capital assets being depreciated	27,730,575	936,905	(572,389)	28,095,091
<u>Less accumulated depreciation for:</u>				
Land improvements	(7,729,023)	(1,665,188)	-	(9,394,211)
Buildings and improvements	(6,990,340)	(186,115)	-	(7,176,455)
Machinery and equipment	(4,063,426)	(524,819)	509,662	(4,078,583)
Total accumulated depreciation	(18,782,789)	(2,376,122)	509,662	(20,649,249)
Total capital assets being depreciated, net	8,947,786	(1,439,217)	(62,727)	7,445,842
Total landfill enterprise capital assets, net	<u>\$ 11,157,444</u>	<u>\$ 360,783</u>	<u>\$ (62,727)</u>	<u>\$ 11,455,500</u>
Total business-type activities capital assets, net	<u>\$ 14,387,960</u>	<u>\$ 280,899</u>	<u>\$ (62,727)</u>	<u>\$ 14,606,132</u>

**TOWN OF BOURNE, MASSACHUSETTS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 5 CAPITAL ASSETS (CONTINUED)**

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

Governmental Activities:	
General Government	\$ 182,941
Public Safety	534,764
Education	1,875,305
Public Works	659,227
Health and Human Services	11,793
Culture and Recreation	<u>337,962</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 3,601,992</u>
Business-Type Activities:	
Sewer	\$ 202,384
Landfill	<u>2,376,124</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 2,578,507</u>

**NOTE 6 INTERFUND TRANSFERS**

Interfund transfers for the fiscal year ended June 30, 2016, are summarized as follows:

Transfers Out:	Transfers In:			
	General Fund	Community Preservation Fund	Nonmajor Governmental Funds	Total
General Fund	\$ -	\$ 19,586	\$ -	\$ 19,586 (1)
Community Preservation Fund	637,444	-	-	637,444 (2)
Nonmajor Governmental Funds	2,253,253	-	100,000	2,353,253 (3)
Sewer Enterprise Fund	131,983	-	-	131,983 (4)
Landfill Enterprise Fund	<u>2,796,072</u>	<u>-</u>	<u>1,000,000</u>	<u>3,796,072 (5)</u>
	<u>\$ 5,818,752</u>	<u>\$ 19,586</u>	<u>\$ 1,100,000</u>	<u>\$ 6,938,338</u>

(1) Represents budgeted transfer for closed articles.

(2) Represents budgeted transfer to fund debt service.

(3) Represents budgeted transfers to fund a portion of the fiscal year 2016 operating budget from the capital projects fund (\$216,350), and the ambulance (\$1,330,000), waterway improvements (\$375,445), federal impact aid (\$220,621), insurance recovery (\$50,235), community septic management program (\$30,602) and conservation commission (\$30,000) special revenue funds, and a budgeted transfer to the capital projects fund from the waterway improvement special revenue fund for capital articles (\$100,000).

(4) Represents budgeted transfers of indirect costs.

(5) Represents budgeted transfers of indirect costs (\$1,986,364), host community fees (\$600,000), transfer to capital stabilization fund (\$209,708) and a transfer from the landfill enterprise capital fund to the capital projects fund for a capital contribution related to the DPW facility project (\$1,000,000).

**TOWN OF BOURNE, MASSACHUSETTS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 7 SHORT-TERM FINANCING**

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

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

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

Details related to the short-term debt activity for the fiscal year ended June 30, 2016, is as follows:

**Notes Payable – Governmental Funds**

Type	Description	Origination Date	Maturity Date	Interest Rate	Balance at June 30, 2015	Increases	Decreases	Balance at June 30, 2016
BAN	Police Cruisers	12/2/14	12/2/15	2.00%	\$ 15,400	\$ -	\$ (15,400)	\$ -
BAN	Fire Ambulance	12/2/14	12/2/15	2.00%	7,000	-	(7,000)	-
BAN	Road Repairs	12/2/14	12/2/15	2.00%	164,000	-	(164,000)	-
BAN	Fire Engine	12/2/14	12/2/15	2.00%	12,000	-	(12,000)	-
BAN	DPW Street Sweeper	12/2/14	12/2/15	2.00%	30,000	-	(30,000)	-
BAN	Fire Radio Box	12/2/14	12/2/15	2.00%	38,000	-	(38,000)	-
BAN	Police Cruisers	12/2/14	12/2/15	2.00%	12,000	-	(12,000)	-
BAN	Outdoor Recreational Facility Reconstruction (Jackson Field Track)	3/24/16	3/24/17	2.25%	-	675,000	-	675,000
BAN	Public Works Facility	3/24/16	3/24/17	2.25%	-	400,000	-	400,000
BAN	School Feasibility Study Bonds	3/24/16	3/24/17	2.25%	-	275,000	-	275,000
BAN	Ambulance	3/24/16	3/24/17	2.25%	-	252,000	-	252,000
BAN	S-2 25 CY Packer	3/24/16	3/24/17	2.25%	-	250,000	-	250,000
BAN	S-3 16 CY Packer	3/24/16	3/24/17	2.25%	-	250,000	-	250,000
BAN	School Technology	3/24/16	3/24/17	2.25%	-	175,000	-	175,000
BAN	T-6 Sander Plow	3/24/16	3/24/17	2.25%	-	161,000	-	161,000
BAN	Police Cruisers	3/24/16	3/24/17	2.25%	-	138,900	-	138,900
BAN	Taylors Point Marina Parking lot Paving	3/24/16	3/24/17	2.25%	-	125,000	-	125,000
BAN	Asbestos Abatement	3/24/16	3/24/17	2.25%	-	110,000	-	110,000
Total					<u>\$ 278,400</u>	<u>\$ 2,811,900</u>	<u>\$ (278,400)</u>	<u>\$ 2,811,900</u>

**Notes Payable – Enterprise Funds**

Type	Description	Origination Date	Maturity Date	Interest Rate	Balance at June 30, 2015	Increases	Decreases	Balance at June 30, 2016
BAN	Replacement Sewer Truck M-7	3/24/16	3/24/17	2.25%	\$ -	\$ 80,000	\$ -	\$ 80,000
BAN	Land Acquisition (Solid Waste Facility)	3/24/16	3/24/17	2.25%	-	1,800,000	-	1,800,000
BAN	35 Ton Articulated Truck	3/24/16	3/24/17	2.25%	-	488,000	-	488,000
BAN	15 SCY Wheel Loader	3/24/16	3/24/17	2.25%	-	390,000	-	390,000
Total					<u>\$ -</u>	<u>\$ 2,758,000</u>	<u>\$ -</u>	<u>\$ 2,758,000</u>



**TOWN OF BOURNE, MASSACHUSETTS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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

**Subsequent Event**

On November 15, 2016, the Town issued BAN's totaling \$3,456,993 at interest rates ranging between 0.89% and 1.20%, and a maturity date of November 15, 2017.

**NOTE 8 LONG-TERM OBLIGATIONS**

During the fiscal year ended June 30, 2016, the following changes occurred in long-term liabilities:

	Balance June 30, 2015	Increases	Decreases	Balance June 30, 2016	Current Portion
<b>Governmental Activities:</b>					
Bonds and Notes Payable	\$ 28,956,059	\$ -	\$ (2,336,444)	\$ 26,619,615	\$ 3,374,042
Unamortized Bond Premiums	-	621,611	(15,540)	606,071	31,081
Total Bonds and Notes Payable	28,956,059	621,611	(2,351,984)	27,225,686	3,405,123
Net OPEB Obligation	22,928,185	5,995,440	(2,655,476)	26,268,149	-
Net Pension Liability	32,350,286	7,591,406	(3,159,133)	36,782,559	-
Compensated Absences	1,776,146	89,336	-	1,865,482	186,548
Total	<u>\$ 86,010,676</u>	<u>\$ 14,297,793</u>	<u>\$ (8,166,593)</u>	<u>\$ 92,141,876</u>	<u>\$ 6,996,794</u>
<b>Business-type Activities:</b>					
Bonds and Notes Payable	\$ 9,768,800	\$ -	\$ (1,539,000)	\$ 8,229,800	\$ 1,601,800
Unamortized Bond Premiums	111,734	199,374	(49,677)	261,431	54,662
Total Bonds and Notes Payable	9,880,534	199,374	(1,588,677)	8,491,231	1,656,462
Net OPEB Obligation	1,430,391	367,086	(162,588)	1,634,889	-
Net Pension Liability	1,968,236	465,199	(193,591)	2,239,844	-
Landfill Closure and Postclosure	4,170,570	402,163	(801,256)	3,771,477	-
Compensated Absences	205,914	-	(2,998)	202,916	20,292
Total	<u>\$ 17,655,645</u>	<u>\$ 1,433,822</u>	<u>\$ (2,749,110)</u>	<u>\$ 16,340,357</u>	<u>\$ 1,676,754</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, 2016**

**NOTE 9 LONG-TERM DEBT**

Details related to the outstanding indebtedness at June 30, 2016, and the debt service requirements are as follows:

***Bonds and Notes Payable – Governmental Funds***

Project	Maturity Date	Interest Rate	Outstanding at June 30, 2015	Issued	Redeemed	Outstanding at June 30, 2016
MCWT Pool 9 97-1038-1	02/01/24	0.00%	\$ 87,261	\$ -	\$ (10,044)	\$ 77,217
MCWT Title V 97-1038	02/01/26	0.00%	62,200	-	(10,400)	51,800
MCWT Pool 11 T5-97-1038-2	07/15/25	0.00%	110,000	-	(10,000)	100,000
Town Hall Repair	05/15/15	5.02%	95,000	-	(95,000)	-
Land Acquisition	01/15/25	3.87%	1,450,000	-	(145,000)	1,305,000
School Plans	01/15/25	3.85%	170,000	-	(20,000)	150,000
Municipal Purpose Loan	07/01/27	4.25%	2,419,000	-	(314,000)	2,105,000
Municipal Purpose Loan	09/15/29	3.14%	5,093,000	-	(449,000)	4,644,000
School Refunding	06/15/16	2.00% - 3.00%	100,000	-	(100,000)	-
Municipal Purpose Loan	09/15/31	1.50 % - 4.00%	2,086,000	-	(224,000)	1,862,000
Municipal Purpose Loan	12/15/15	2.00% - 3.00%	1,941,000	-	(409,000)	1,532,000
General obligation bonds refunding	07/15/22	2.00%	3,730,000	-	(550,000)	3,180,000
Municipal Purpose Loan of 2015	12/01/35	2.00% - 5.00%	11,612,598	-	-	11,612,598
Total governmental funds			<u>\$ 28,956,059</u>	<u>\$ -</u>	<u>\$ (2,336,444)</u>	<u>\$ 26,619,615</u>

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
2017	\$ 3,374,042	\$ 867,424	\$ 4,241,466
2018	3,039,444	748,514	3,787,958
2019	2,946,444	634,928	3,581,372
2020	2,315,817	542,995	2,858,812
2021	2,055,617	472,412	2,528,029
2022	1,910,417	404,790	2,315,207
2023	1,655,417	341,302	1,996,719
2024	1,330,417	283,709	1,614,126
2025	1,291,000	237,740	1,528,740
2026	1,089,000	199,286	1,288,286
2027	895,000	169,296	1,064,296
2028	880,000	140,119	1,020,119
2029	755,000	112,059	867,059
2030	709,000	87,074	796,074
2031	459,000	67,834	526,834
2032	454,000	53,626	507,626
2033	365,000	40,835	405,835
2034	365,000	29,429	394,429
2035	365,000	17,794	382,794
2036	365,000	5,931	370,931
Total	<u>\$ 26,619,615</u>	<u>\$ 5,457,097</u>	<u>\$ 32,076,712</u>

**TOWN OF BOURNE, MASSACHUSETTS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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

***Bonds and Notes Payable –Enterprise Funds***

Project	Maturity Date	Interest Rate	Outstanding at June 30, 2015	Issued	Redeemed	Outstanding at June 30, 2016
Landfill Water Main	05/15/16	5.05%	\$ 5,000	\$ -	\$ (5,000)	\$ -
Landfill Liner	01/15/16	3.77%	300,000	-	(300,000)	-
ISWM Landfill Phase 3 Stage 3	07/01/27	3.14%	271,000	-	(21,000)	250,000
ISWM Landfill Phase IIA/IIIA Liner	09/15/29	3.14%	1,650,000	-	(110,000)	1,540,000
ISWM Landfill Processing Center	09/15/29	3.14%	256,000	-	(18,000)	238,000
ISWM Residential Recycling Center	09/15/29	3.14%	781,000	-	(53,000)	728,000
ISWM Road Repair	09/15/25	2.38%	195,000	-	(18,000)	177,000
ISWM Flare Skid	09/15/15	1.81%	82,000	-	(82,000)	-
ISWM Cap/Odor Mitigation	09/15/31	2.78%	187,000	-	(11,000)	176,000
ISWM Phase IV Landfill Liner	12/15/17	2.00% - 3.00%	2,460,000	-	(820,000)	1,640,000
ISWM Departmental Equipment	12/15/16	2.00% - 3.00%	199,000	-	(101,000)	98,000
ISWM Municipal Purpose Loan of 2015	12/01/35	2.00% - 5.00%	3,328,000	-	-	3,328,000
Sewer Municipal Purpose Loan of 2015	12/01/18	5.00%	54,800	-	-	54,800
Total Enterprise Funds			<u>\$ 9,768,800</u>	<u>\$ -</u>	<u>\$ (1,539,000)</u>	<u>\$ 8,229,800</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
2017	\$ 1,601,800	\$ 260,368	\$ 1,862,168
2018	1,496,000	208,950	1,704,950
2019	669,000	170,903	839,903
2020	434,000	148,714	582,714
2021	344,000	134,643	478,643
2022	344,000	121,633	465,633
2023	344,000	193,017	537,017
2024	344,000	102,931	446,931
2025	344,000	84,677	428,677
2026	341,000	71,449	412,449
2027	325,000	145,493	470,493
2028	325,000	75,118	400,118
2029	305,000	46,028	351,028
2030	301,000	35,113	336,113
2031	126,000	27,778	153,778
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	1,869	116,869
Total	<u>\$ 8,229,800</u>	<u>\$ 1,873,014</u>	<u>\$ 10,102,814</u>

**TOWN OF BOURNE, MASSACHUSETTS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**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, 2016, the Town had the following authorized and unissued debt:

Purpose	Amount
ISWM Phase V Liner Construction	\$ 1,745,000
School Feasibility Study	425,000
ISWM 20 Metric Ton Excavator	315,000
Road Repair Shaker Drive	300,000
Dept. of Public Works Facility	200,000
DNR Monument Beach Marina Boat Pump	200,000
Schools BMS HVAC Management System	180,000
DPW T03 Truck	174,000
Police Dispatch Console	144,914
Police Cruisers	125,404
Schools Install VOIP Telephone system	120,000
DPW Bucket Truck	94,500
DPW Sidewalk Loader	88,700
Fire Sagamore Station buildout	75,000
Schools Replace Sped Mini Bus	60,000
Total	<u>\$ 4,247,518</u>

**TOWN OF BOURNE, MASSACHUSETTS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**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.

The closure and postclosure care liability consist of the following at June 30, 2016:

<u>Closure:</u>	
Phase 3, Stage 3 South Side	\$ 655,798
Phase 4, Stage 1	262,851
Phase 4, Stage 2	453,908
Transfer Station	113,456
	<hr/>
Total Closure	1,486,013
Postclosure care	2,285,464
Total closure and postclosure care liability	<u><u>\$ 3,771,477</u></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 1 closure liability represents the cumulative amount reported based on the use of 100% capacity. The Phase 4, Stage 2 closure liability represents the cumulative amount reported based on the use of 39% of the estimated capacity of the cell. The postclosure care liability represents the cumulative amount reported based on the use of 71% of the estimated capacity of the entire landfill.

Closure and postclosure care costs consist of the following at June 30, 2016:

Postclosure Care	\$ 89,791
Phase 2A/3A	2,190
Phase 3, Stage 3 South Side	30,470
Phase 4, Stage 2	276,407
Transfer Station	3,305
	<hr/>
Total closure and postclosure care costs	402,163
Less: Amounts Paid and Accrued	<u>(801,256)</u>
Net Decrease to Landfill Liability	<u><u>\$ (399,093)</u></u>

**TOWN OF BOURNE, MASSACHUSETTS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 10 LANDFILL CLOSURE AND POSTCLOSURE CARE (CONTINUED)**

These amounts are based on what it would cost to perform all closure and postclosure care in 2016. Based on current demographic information and engineering estimates of landfill consumption, the Town expects to close the landfill in approximately 2026. 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 \$5,118,000 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, 2016, approximately \$5,655,000 of funds has been set aside for closure and postclosure care costs.

**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 since there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

The number of participants as of June 30, 2014, the latest actuarial valuation, is as follows:

Active Employees	387
Retired Employees, Beneficiaries and Dependents	<u>438</u>
Total	<u><u>825</u></u>

**Funding Policy** - The contribution requirements of Plan members and the Town are established and may be amended by the Town. 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.

**TOWN OF BOURNE, MASSACHUSETTS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 11 OTHER POST EMPLOYMENT BENEFITS (CONTINUED)**

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

	<u>Amount</u>
Annual Required Contribution	\$ 6,155,422
Interest on Net OPEB Obligation	1,096,136
Adjustment to annual required contribution	<u>(889,032)</u>
Annual OPEB Cost	6,362,526
Contributions Made	<u>(2,818,064)</u>
Increase in Net OPEB Obligation	3,544,462
Net OPEB Obligation at Beginning of Year	<u>24,358,576</u>
Net OPEB Obligation at End of Year	<u><u>\$ 27,903,038</u></u>

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

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost (AOPEBC)</u>	<u>Percentage of AOPEBC Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2014	6,287,804	35.7%	21,161,474
June 30, 2015	6,039,334	47.1%	24,358,576
June 30, 2016	6,362,526	44.3%	27,903,038

**Funded Status and Funding Progress** – The funded status of the Plan at June 30, 2014, the most recent actuarial valuation, was as follows:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (A)</u>	<u>Actuarial Accrued Liability (AAL) Projected Unit Credit (B)</u>	<u>Unfunded AAL (UAAL) (B-A)</u>	<u>Funded Ratio (A/B)</u>	<u>Covered Payroll (C)</u>	<u>UAAL as a Percentage of Covered Payroll ((B-A)/C)</u>
06/30/14	\$ -	\$ 75,865,247	\$ 75,865,247	0.0%	\$ 28,072,966	270.2%

**TOWN OF BOURNE, MASSACHUSETTS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 11 OTHER POST EMPLOYMENT BENEFITS (CONTINUED)**

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

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

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

Valuation date:	June 30, 2014
Actuarial cost method:	Projected Unit Credit
Amortization method:	Amortization payments increasing at 4.0%
Remaining amortization period:	30 years (open)
Interest discount rate:	4.50%
Medical/Prescription drug cost trend rate:	
Under 65:	10.0% decreasing by 2.0% for one year and 0.5% for six years to an ultimate level of 5.0% per year
Over 65:	10.0% decreasing by 0.5% for ten years to an ultimate level of 5.0% per year
GIC Medical/Prescription Drug Cost Trend Rate:	6.5% for 1 year, 6.0% for 8 years, 5.5% for 1 year and finally an ultimate level of 5.0% per year
Dental:	5.0%
Inflation rate:	4.0%



**TOWN OF BOURNE, MASSACHUSETTS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 11 OTHER POST EMPLOYMENT BENEFITS (CONTINUED)**

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

Governmental Activities:	
General government	\$ 346,770
Public safety	1,639,135
Education	3,505,784
Public works	263,964
Health and human services	123,296
Culture and recreation	116,491
	<hr/>
Total AOPEBC - governmental activities	5,995,440
	<hr/>
Business-Type Activities:	
Sewer	32,957
Landfill	334,129
	<hr/>
Total AOPEBC - business-type activities	367,086
	<hr/>
Total AOPEBC	<u><u>\$ 6,362,526</u></u>

**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, 2016 totaled \$602,000. Changes in the reported liability since July 1, 2014, are as follows:

	Balance at Beginning of Fiscal Year	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Fiscal Year-end
	<hr/>	<hr/>	<hr/>	<hr/>
Fiscal year 2015	\$ 620,000	\$ 9,236,504	\$ (9,316,504)	\$ 540,000
Fiscal year 2016	540,000	9,790,732	(9,728,732)	602,000

**TOWN OF BOURNE, MASSACHUSETTS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**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	Nonmajor Governmental Funds	Total Governmental Funds
<b>Nonspendable:</b>				
Permanent Fund Principal	\$ -	\$ -	\$ 35,341	\$ 35,341
<b>Restricted for:</b>				
Debt Service	392,744	-	-	392,744
Community Preservation	-	5,011,380	-	5,011,380
OPEB	780,289	-	-	780,289
Ambulance Receipts Reserved	-	-	1,617,263	1,617,263
Foundation Reserve	-	-	17,533	17,533
School Choice	-	-	247,525	247,525
Open Space	-	-	250,000	250,000
Affordable Housing	-	-	573,248	573,248
School Lunch	-	-	55,018	55,018
General Government	-	-	87,760	87,760
Public Safety	-	-	698,215	698,215
Education	-	-	1,104,787	1,104,787
Public Works	-	-	364,100	364,100
Health and Human Services	-	-	54,173	54,173
Culture and Recreation	-	-	145,514	145,514
Sub-Total - Restricted	1,173,033	5,011,380	5,215,136	11,399,549
<b>Committed to:</b>				
Subsequent Year's Expenditures	892,405	-	-	892,405
Capital Stabilization	329,461	-	-	329,461
Continuing Appropriations	1,983,490	-	-	1,983,490
Sub-Total - Committed	3,205,356	-	-	3,205,356
<b>Assigned to:</b>				
Education	161,663	-	-	161,663
Other	19,264	-	-	19,264
Sub-Total - Assigned	180,927	-	-	180,927
<b>Unassigned</b>	11,743,214	-	(881,275)	10,861,939
	\$ 16,302,530	\$ 5,011,380	\$ 4,369,202	\$ 25,683,112

**TOWN OF BOURNE, MASSACHUSETTS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

**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, 2016 total \$3,545,542 and \$363,742, respectively. These balances are reported in the general fund as unassigned and committed fund balance, respectively.

**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 multiemployer 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).

**TOWN OF BOURNE, MASSACHUSETTS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 15 PENSION PLAN (CONTINUED)**

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.

*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 \$3,352,724 for the year ended June 30, 2016.

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

At June 30, 2016, the Town reported a liability of \$39,022,403 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2014 for which update procedures were used to roll forward 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, 2015, the Town proportion was 6.197%, which compared to a proportion of 6.079% at December 31, 2014.

For the year ended June 30, 2016, the Town recognized pension expense of \$4,436,825. At June 30, 2016, the Town reported deferred outflows of resources related to pensions of \$3,678,553 from the net difference between projected and actual investment earnings on plan investments (\$3,096,654) and changes in proportion (\$581,899).

**TOWN OF BOURNE, MASSACHUSETTS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 15 PENSION PLAN (CONTINUED)**

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

<u>Year Ended June 30</u>	
2017	\$ 894,288
2018	894,288
2019	894,288
2020	879,308
2021	<u>116,381</u>
Totals	<u>\$ 3,678,553</u>

*Actuarial assumptions* Total pension liability was determined using the following actuarial assumptions:

Inflation rate: 4.00%

Salary increases Varies by length of service with ultimate rates of 4.25% for Group 1, 4.50% for Group 2 and 4.75% for Group 4.

Mortality Rates: Pre-Retirement - The RP-2000 Employee Mortality Table projected generationally with a Scale AA from 2010

Healthy Retiree - The RP-2000 Healthy Annuitant Mortality Table projected generationally with a Scale AA from 2010.

Disabled Retiree - The RP-2000 Healthy Annuitant Mortality Table set forward three years for males only projected generationally with Scale AA from 2010

Investment rate of return 7.75%, net of pension plan investment expense, including inflation (previously 7.875%)

The actuarial assumptions used in the January 1, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2013 to January 1, 2014.

**TOWN OF BOURNE, MASSACHUSETTS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 15 PENSION PLAN (CONTINUED)**

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	20%	6.6%
International Equity - Developed Markets	16%	7.1%
International Equity - Emerging Markets	7%	9.4%
Core Fixed Income	13%	2.2%
High-Yield Fixed Income	10%	4.7%
Real Estate	10%	4.4%
Commodities	4%	4.4%
Hedge Fund, GTAA, Risk Parity	10%	3.9%
Private Equity	10%	11.7%
Totals	100%	

*Discount rate* The discount rate used to measure the total pension liability was 7.75%. 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 7.75%, 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 (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Town of Bourne's Proportionate Share of the Net Pension Liability	\$ 49,486,211	\$ 39,022,403	\$ 30,141,889

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

**TOWN OF BOURNE, MASSACHUSETTS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

**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.

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, 2016. The Commonwealth's net pension liability associated with the Town was \$45,923,625.

The MTRS' net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2015 rolled forward to June 30, 2015.

**TOWN OF BOURNE, MASSACHUSETTS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 16 MASSACHUSETTS TEACHERS RETIREMENT SYSTEM (CONTINUED)**

For the year ended June 30, 2016, the Town recognized pension expense of \$3,724,815 associated with MTRS and revenue of the same amount for support provided by the Commonwealth.

*Actuarial assumptions.* The MTRS' total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of January 1, 2015 rolled forward to June 30, 2015. 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 Employees table projected generationally with Scale BB and a base year of 2014 (gender distinct)</p> <p>Post-retirement - reflects RP-2014 Employees table projected generationally with Scale BB and a base year of 2014 (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 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, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	40%	6.9%
Core Fixed Income	13%	2.4%
Private Equity	10%	8.5%
Real Estate	10%	6.5%
Value Added Fixed Income	10%	5.8%
Hedge Funds	9%	5.8%
Portfolio Completion Strategies	4%	5.5%
Timber/Natural Resources	4%	6.6%
Total	100%	



**TOWN OF BOURNE, MASSACHUSETTS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**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 approved the construction of the phase V liner at the landfill. The total appropriation authorized is \$2,250,000, which will be funded by ISWM reserves of \$3,332, capital article transfers of \$501,668 and the balance being funded through the issuance of long-term debt.

Other significant commitments include the encumbrances and continuing appropriations outstanding for the general fund, which totaled \$2,164,416 at June 30, 2016.

**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, 2016, cannot be ascertained, management believes any resulting liability should not materially affect the financial position of the Town at June 30, 2016.

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, 2016**

**NOTE 19 FUTURE IMPLEMENTATION OF GASB PRONOUNCEMENTS**

The GASB has issued the following statements:

- Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, which is required to be implemented during fiscal year 2017. Management is evaluating the Statement's future impact on the basic financial statements.
- Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which is required to be implemented during fiscal year 2017. Management is currently evaluating the Statement's impact on the basic financial statements.
- Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which is required to be implemented during fiscal year 2018. The implementation of the Statement, among other things, will require the Authority, for the first time, to record the entire other postemployment benefits liability in the statements of net position.
- Statement No. 77, *Tax Abatement Disclosures*, which is required to be implemented during fiscal year 2017. Management is evaluating the Statement's future impact on the basic financial statements.
- Statement No. 81, *Irrevocable Split-Interest Agreements*, which is required to be implemented during fiscal year 2017. Management is evaluating the Statement's future impact on the basic financial statements.
- Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No.73*, which is required to be implemented during fiscal year 2017. Management is currently evaluating the Statement's impact on the basic financial statements.

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**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, 2016**

	Prior Year Encumbrances and Continuing Appropriations	Original Budget	Supplemental Appropriations and Transfers	Final Budget
<b>REVENUES</b>				
Real Estate and Personal Property Taxes	\$ -	\$ 42,359,947	\$ -	\$ 42,359,947
Motor Vehicle and Other Excise Taxes	-	2,830,000	-	2,830,000
Tax Liens	-	-	-	-
Payments in Lieu of Taxes	-	20,000	-	20,000
Intergovernmental	-	7,316,871	-	7,316,871
Special Assessments	-	-	-	-
Penalties and Interest on Taxes	-	225,000	-	225,000
Licenses and Permits	-	585,000	-	585,000
Fines and Forfeitures	-	130,000	-	130,000
Departmental and Other	-	2,156,592	-	2,156,592
Investment Income	-	30,000	-	30,000
Total Revenues	-	55,653,410	-	55,653,410
<b>EXPENDITURES</b>				
Current:				
General Government	331,864	4,381,625	205,952	4,919,441
Public Safety	748,769	9,194,706	478,622	10,422,097
Education	293,150	24,174,376	(112,923)	24,354,603
Public Works	48,195	2,028,543	199,848	2,276,586
Health and Human Services	545	981,917	(8,318)	974,144
Culture and Recreation	109	807,856	(41,482)	766,483
Pension Benefits	-	3,537,422	(85,451)	3,451,971
Employee Benefits	-	8,297,500	(55,175)	8,242,325
Property and Liability Insurance	-	1,242,110	82,490	1,324,600
State and County Charges	-	3,969,642	-	3,969,642
Debt Service:				
Principal	-	2,336,444	-	2,336,444
Interest	-	950,458	22,166	972,624
Total Expenditures	1,422,632	61,902,599	685,729	64,010,960
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(1,422,632)	(6,249,189)	(685,729)	(8,357,550)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	4,748,000	951,043	5,699,043
Premium from Issuance of Bonds and Notes	-	-	-	-
Sale of Capital Assets	-	-	-	-
Sale of Foreclosed Properties	-	-	-	-
Sale of Other Assets	-	-	-	-
Transfers Out	-	-	(219,586)	(219,586)
Total Other Financing Sources (Uses)	-	4,748,000	731,457	5,479,457
<b>NET CHANGE IN FUND BALANCE</b>	(1,422,632)	(1,501,189)	45,728	(2,878,093)
Fund Balance at Beginning of Year	8,110,148	8,110,148	8,110,148	8,110,148
<b>FUND BALANCE AT END OF YEAR</b>	\$ 6,687,516	\$ 6,608,959	\$ 8,155,876	\$ 5,232,055

See accompanying independent auditors' report.

Actual	Current Year Encumbrances and Continuing Appropriations	Actual and Encumbrances and Continuing Appropriations	Variance Positive/ (Negative)
\$ 42,623,276	\$ -	\$ 42,623,276	\$ 263,329
3,349,104	-	3,349,104	519,104
605,009	-	605,009	605,009
17,162	-	17,162	(2,838)
7,440,336	-	7,440,336	123,465
84,879	-	84,879	84,879
263,322	-	263,322	38,322
804,345	-	804,345	219,345
115,121	-	115,121	(14,879)
2,456,362	-	2,456,362	299,770
28,688	-	28,688	(1,312)
<u>57,787,604</u>	<u>-</u>	<u>57,787,604</u>	<u>2,134,194</u>

4,192,188	560,890	4,753,078	166,363
9,047,151	1,101,932	10,149,083	273,014
23,887,468	466,663	24,354,131	472
2,177,228	26,958	2,204,186	72,400
885,302	990	886,292	87,852
743,301	-	743,301	23,182
3,416,290	-	3,416,290	35,681
8,145,019	6,983	8,152,002	90,323
1,320,652	-	1,320,652	3,948
3,847,537	-	3,847,537	122,105
2,336,444	-	2,336,444	-
961,458	-	961,458	11,166
<u>60,960,038</u>	<u>2,164,416</u>	<u>63,124,454</u>	<u>886,506</u>

<u>(3,172,434)</u>	<u>(2,164,416)</u>	<u>(5,336,850)</u>	<u>3,020,700</u>
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5,699,043	-	5,699,043	-
662,298	-	662,298	662,298
3,556	-	3,556	3,556
273,486	-	273,486	273,486
400,000	-	400,000	400,000
(219,586)	-	(219,586)	-
<u>6,818,797</u>	<u>-</u>	<u>6,818,797</u>	<u>1,339,340</u>

3,646,363	(2,164,416)	1,481,947	4,360,040
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<u>8,110,148</u>	<u>-</u>	<u>8,110,148</u>	<u>-</u>
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<u>\$ 11,756,511</u>	<u>\$ (2,164,416)</u>	<u>\$ 9,592,095</u>	<u>\$ 4,360,040</u>
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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, 2016**

	Prior Year Encumbrances and Continuing Appropriations	Original Budget	Supplemental Appropriations and Transfers	Final Budget
<b>REVENUES</b>				
Community Preservation Surcharges	\$ -	\$ 1,182,948	\$ -	\$ 1,182,948
Tax Liens	-	-	-	-
Penalties and Interest on Taxes	-	-	-	-
Intergovernmental	-	350,000	-	350,000
Investment Income	-	8,000	-	8,000
Total Revenues	-	1,540,948	-	1,540,948
<b>EXPENDITURES</b>				
Current:				
General Government	757,624	-	(757,304)	320
Health and Human Services	335,592	325,980	(25,571)	636,001
Culture and Recreation	1,690,555	1,127,930	(32,057)	2,786,428
Total Expenditures	2,783,771	1,453,910	(814,932)	3,422,749
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(2,783,771)	87,038	814,932	(1,881,801)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	19,586	19,586
Transfers Out	-	(637,444)	-	(637,444)
Total Other Financing Sources (Uses)	-	(637,444)	19,586	(617,858)
<b>NET CHANGE IN FUND BALANCE</b>	(2,783,771)	(550,406)	834,518	(2,499,659)
Fund Balance at Beginning of Year	4,830,132	4,830,132	4,830,132	4,830,132
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$ 2,046,361</u>	<u>\$ 4,279,726</u>	<u>\$ 5,664,650</u>	<u>\$ 2,330,473</u>

See accompanying independent auditors' report.

Actual	Current Year Encumbrances and Continuing Appropriations	Actual and Encumbrances and Continuing Appropriations	Variance Positive/ (Negative)
1,240,891	\$ -	\$ 1,240,891	\$ 57,943
16,285	-	16,285	16,285
6,589	-	6,589	6,589
392,617	-	392,617	42,617
5,272	-	5,272	(2,728)
<u>1,661,654</u>	<u>-</u>	<u>1,661,654</u>	<u>120,706</u>
320	-	320	-
186,339	449,662	636,001	-
675,888	2,110,540	2,786,428	-
<u>862,547</u>	<u>2,560,202</u>	<u>3,422,749</u>	<u>-</u>
799,107	(2,560,202)	(1,761,095)	120,706
19,586	-	19,586	-
<u>(637,444)</u>	<u>-</u>	<u>(637,444)</u>	<u>-</u>
<u>(617,858)</u>	<u>-</u>	<u>(617,858)</u>	<u>-</u>
181,249	(2,560,202)	(2,378,953)	120,706
4,830,132	-	4,830,133	-
<u>\$ 5,011,381</u>	<u>\$ (2,560,202)</u>	<u>\$ 2,451,180</u>	<u>\$ 120,706</u>

**TOWN OF BOURNE, MASSACHUSETTS  
PENSION PLAN SCHEDULES  
JUNE 30, 2016**

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

	<u>2015</u>	<u>2016</u>
Town's proportion of the net pension liability	6.079%	6.197%
Town's proportionate share of the net pension liability	34,318,522	39,022,403
Town's covered-employee payroll	15,944,474	16,795,291
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	215.24%	232.34%
Plan fiduciary net position as a percentage of the total pension liability	60.43%	58.10%

(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)**

	<u>2015</u>	<u>2016</u>
Actuarially Required Contribution	\$ 3,160,253	\$ 3,352,724
Contributions in Relation to the Actuarially Required Contribution	<u>(3,160,253)</u>	<u>(3,352,724)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Town's Covered-Employee Payroll	\$ 15,944,474	\$ 16,795,291
Contributions as a Percentage of Covered Employee Payroll	19.82%	19.96%

(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, 2016**

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

	<u>2015</u>	<u>2016</u>
Commonwealth's 100% share of the net pension liability associated with the Town	\$ 36,921,229	\$ 45,923,625
Town's expense and revenue recognized for the Commonwealth's support	\$ 2,565,095	\$ 3,724,815
Plan fiduciary net position as a percentage of the total pension liability	61.64%	55.38%

(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, 2016**

**SCHEDULES OF FUNDING PROGRESS**

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Projected Unit Credit (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
06/30/14	\$ -	\$ 75,865,247	\$ 75,865,247	0.0%	\$ 28,072,966	270.2%
06/30/12	-	73,492,873	73,492,873	0.0%	32,108,828	228.9%
06/30/10	-	88,040,390	88,040,390	0.0%	30,015,606	293.3%

The significant changes in the methods and assumptions used in the June 30, 2014 actuarial valuation that impacted trends in the schedule of funding progress are as follows:

- The healthcare/medical cost trend rate was increased to 10.0% decreasing by 2.0% for 1 year and 0.5% for 6 years to an ultimate level of 5% (previously 8.0% decreasing by 0.5% for 6 years.)

The significant changes in the methods and assumptions used in the June 30, 2012 actuarial valuation that impacted trends in the schedule of funding progress are as follows:

- The amortization method reflects payments increasing at 4.0% (previously 4.5%).
- The interest discount rate was lowered from 5.0% to 4.5%.
- The healthcare/medical cost trend rates were lowered to 8.0% decreasing by 0.5% for 6 years to an ultimate level of 5% (previously 10.0% decreasing by 0.75% for 6 years and by 0.5% for 1 year to an ultimate level of 5.0%)

**TOWN OF BOURNE, MASSACHUSETTS**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2016**

**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, 2016, 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	\$ 57,787,604	\$ 63,124,454	\$ 6,818,797	\$ 9,592,095
<u>Adjustments and reclassifications:</u>				
Net Change in Recording 60-Day Receipts	(319,388)	-	-	(319,388)
Net Change in Recording Tax Refunds Payable	47,086	-	-	47,086
Net Change in Recording Workers Compensation Claims	-	(30,660)	-	30,660
Net Change in Recording Short-Term Interest Accrual	-	(119,843)	-	119,843
Net Change in Recording Other Expenditures	-	-	-	(32,004)
Encumbrances and Continuing Appropriations		(2,164,416)	-	2,164,416
To Reclassify the Activity of the Stabilization Funds to the General Fund	34,422	-	119,708	3,909,284
To Reclassify the Activity of the OPEB Fund to the General Fund	7,259	-	200,001	790,538
	<u>7,259</u>	<u>-</u>	<u>200,001</u>	<u>790,538</u>
GAAP Basis as Reported on the Statement of Revenues, expenditures and changes in fund balances	<u>\$ 57,556,983</u>	<u>\$ 60,809,535</u>	<u>\$ 7,138,506</u>	<u>\$ 16,302,530</u>

***Community Preservation Fund***

	Expenditures	Fund Balance
Budgetary Basis as Reported on the Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	\$ 3,422,749	\$ 2,451,180
<u>Adjustments:</u>		
Net Change in Recording Expenditures	-	(2)
To Record Encumbrances and Continuing Appropriations	(2,560,202)	2,560,202
GAAP Basis as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances	<u>\$ 862,547</u>	<u>\$ 5,011,380</u>