

TOWN OF BOURNE, MASSACHUSETTS
FINANCIAL STATEMENTS AND
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023



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**TOWN OF BOURNE, MASSACHUSETTS
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JUNE 30, 2023**

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INDEPENDENT AUDITORS' REPORT

Honorable Select Board
Town of Bourne, Massachusetts

Report on the Audit of the Financial Statements

Opinions

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 year ended June 30, 2023, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the 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, 2023, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Bourne, Massachusetts, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Bourne, Massachusetts' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Town of Bourne, Massachusetts' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Bourne, Massachusetts' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, general fund and community preservation fund budgetary comparisons, and certain pension and other postemployment benefits information 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 February 21, 2024 on our consideration of the Town of Bourne, Massachusetts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Bourne, Massachusetts' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Bourne, Massachusetts' internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Boston, Massachusetts
February 21, 2024

**TOWN OF BOURNE, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

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, 2023.

Financial Highlights

- The assets and deferred outflows of resources of the Town exceed its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$57,970,878 (net position). The Town had an unrestricted deficit at the end of the current fiscal year totaling \$89,933,524.
- The Town's total net position increased by \$23,543,815.
- At the close of the fiscal year, the Town's governmental funds reported combined ending fund balances totaling \$45,250,182, an increase of \$8,835,307 in comparison with the prior year. The Town has an unassigned fund balance at the end of the current fiscal year totaling approximately \$13,676,332.
- At the end of the fiscal year, unassigned fund balance for the general fund totaled \$16,771,818, or 19.75% of total general fund expenditures and transfers out.
- The Town's bonded debt decreased by \$369,004 during the fiscal year.

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, 2023**

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 14-16 of this report.

Fund Financial Statements

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

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

Governmental Funds

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

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

The Town maintains 12 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund, community preservation (special revenue), and ambulance maintenance fund, all of which are considered to be major funds. Data from the other 9 governmental funds are combined into a single, aggregated presentation titled *nonmajor governmental funds*.

The basic governmental fund financial statements can be found on pages 17-20 of this report.

**TOWN OF BOURNE, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

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 21-23 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 custodial funds are reported and combined into a single, aggregate presentation in the fiduciary fund financial statements under the captions "private purpose trust funds" and "custodial funds," respectively.

The basic fiduciary funds financial statements can be found on pages 24-25 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 26-69 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 postemployment benefits information, which can be found on pages 71-81.

**TOWN OF BOURNE, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

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 \$57,970,878 at the close of the fiscal year and are summarized as follows:

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Assets						
Current Assets	\$ 69,742,677	\$ 61,108,825	\$ 20,687,273	\$ 18,950,166	\$ 90,429,950	\$ 80,058,991
Noncurrent Assets (Excluding Capital Assets)	1,024,956	477,593	14,333,876	11,760,814	15,358,832	12,238,407
Capital Assets (Net)	145,809,334	146,178,140	21,353,828	21,144,892	167,163,162	167,323,032
Total Assets	<u>216,576,967</u>	<u>207,764,558</u>	<u>56,374,977</u>	<u>51,855,872</u>	<u>272,951,944</u>	<u>259,620,430</u>
Deferred Outflows of Resources	15,533,467	16,141,369	835,295	908,337	16,368,762	17,049,706
Liabilities						
Current Liabilities (Excluding Debt)	8,652,305	7,798,283	639,108	603,956	9,291,413	8,402,239
Noncurrent Liabilities (Excluding Debt)	100,861,713	92,012,677	17,024,504	15,003,112	117,886,217	107,015,789
Current Debt	8,006,349	9,402,412	1,048,474	1,551,566	9,054,823	10,953,978
Noncurrent Debt	42,526,217	41,627,633	5,984,809	7,161,739	48,511,026	48,789,372
Total Liabilities	<u>160,046,584</u>	<u>150,841,005</u>	<u>24,696,895</u>	<u>24,320,373</u>	<u>184,743,479</u>	<u>175,161,378</u>
Deferred Inflows of Resources	44,228,035	63,508,220	2,378,314	3,573,475	46,606,349	67,081,695
Net Position						
Net Investment in Capital Assets	98,563,450	96,416,364	16,459,417	14,699,165	115,022,867	111,115,529
Restricted	30,061,731	26,406,638	2,819,804	2,006,758	32,881,535	28,413,396
Unrestricted	(100,789,366)	(113,266,300)	10,855,842	8,164,438	(89,933,524)	(105,101,862)
Total Net Position	<u>\$ 27,835,815</u>	<u>\$ 9,556,702</u>	<u>\$ 30,135,063</u>	<u>\$ 24,870,361</u>	<u>\$ 57,970,878</u>	<u>\$ 34,427,063</u>

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

An additional portion of the Town's net position (\$32,881,535) 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 \$10,855,842 that may be used to support business-type activities.

**TOWN OF BOURNE, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

Changes in Net Position

For the fiscal year ended June 30, 2023, the Town's total net position increased by \$23,543,815, compared to an increase of \$21,805,943 in the prior fiscal year. These amounts are summarized as follows:

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues						
Program Revenues:						
Charges for Services	\$ 7,762,925	\$ 6,543,709	\$ 20,245,486	\$ 17,993,964	\$ 28,008,411	\$ 24,537,673
Operating Grants and Contributions	20,133,415	17,038,137	718,868	57,831	20,852,283	17,095,968
Capital Grants and Contributions	2,216,894	3,151,889	1,839,221	233,585	4,056,115	3,385,474
General Revenues:						
Real Estate and Personal Property Taxes	58,416,330	55,534,489	-	-	58,416,330	55,534,489
Motor Vehicle and Other Excise Taxes	5,022,806	5,416,402	-	-	5,022,806	5,416,402
Penalties and Interest on Taxes	211,304	224,079	-	-	211,304	224,079
Payments in Lieu of Taxes	20,199	-	-	-	20,199	-
Community Preservation Surcharges	1,684,448	1,622,720	-	-	1,684,448	1,622,720
Grants and Contributions not Restricted to Specific Programs	2,564,057	2,284,693	-	-	2,564,057	2,284,693
Unrestricted Investment Income	911,615	(128,699)	-	-	911,615	(128,699)
Gain on Disposal of Capital Assets	-	-	115,000	-	115,000	-
Total Revenues	98,943,993	91,687,419	22,918,575	18,285,380	121,862,568	109,972,799
Expenses						
General Government	11,027,047	7,160,930	-	-	11,027,047	7,160,930
Public Safety	16,456,064	14,087,659	-	-	16,456,064	14,087,659
Education	46,997,579	43,398,413	-	-	46,997,579	43,398,413
Public Works	4,748,560	4,316,397	-	-	4,748,560	4,316,397
Health and Human Services	1,521,540	1,741,916	-	-	1,521,540	1,741,916
Culture and Recreation	1,830,510	1,877,969	-	-	1,830,510	1,877,969
Debt Service - Interest	1,614,246	1,590,758	-	-	1,614,246	1,590,758
Sewer	-	-	1,735,531	1,573,989	1,735,531	1,573,989
Landfill	-	-	12,387,676	12,418,825	12,387,676	12,418,825
Total Expenses	84,195,546	74,174,042	14,123,207	13,992,814	98,318,753	88,166,856
Change in Net Position Before Transfers	14,748,447	17,513,377	8,795,368	4,292,566	23,543,815	21,805,943
Transfers, Net	3,530,666	3,384,287	(3,530,666)	(3,384,287)	-	-
Change in Net Position	18,279,113	20,897,664	5,264,702	908,279	23,543,815	21,805,943
Net Position - Beginning of Year	9,556,702	(11,340,962)	24,870,361	23,962,082	34,427,063	12,621,120
Net Position - End of Year	\$ 27,835,815	\$ 9,556,702	\$ 30,135,063	\$ 24,870,361	\$ 57,970,878	\$ 34,427,063

Governmental activities increased the Town's net position by \$18,279,113. In the prior year, governmental activities increased the Town's net position by \$20,897,664. The key element of this change was an increase in overall expenses due to a financed purchase agreement for energy efficiency upgrades entered into by the Town in fiscal year 2023.

Business-type activities increased the Town's net position by \$5,264,702. In the prior year, business-type activities increased the Town's net position by \$908,279. The key element of this change is an increase in capital contributions related to loan forgiveness and subsidy payments for the Town's loan with Massachusetts Clean Water Trust.

**TOWN OF BOURNE, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

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 \$45,250,182, an increase of \$8,835,307 in comparison with the prior year. Unassigned fund balance totaled \$13,676,332 at June 30, 2023. The remainder of fund balance includes the following constraints:

- Nonspendable (\$46,541)
- Restricted (\$21,603,083)
- Committed (\$9,594,834)
- Assigned (\$329,392)

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 \$16,771,818, while total fund balance was \$27,033,465. 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 19.75% of total general fund expenditures and transfers out, while total fund balance represents 31.84% of that same amount.

The balance of the Town's general fund increased by \$2,690,275 during fiscal year 2023. Although the Town recognized an approximate \$9,331,000 budgetary surplus (excluding encumbrances and continuing appropriations), the Town anticipated utilizing approximately \$7,110,000 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 \$1,983,175 during the current fiscal year. The fund's receipts included community preservation surcharges (\$1,682,219), intergovernmental revenue (\$979,884), tax liens revenue (\$3,734), penalties and interest on taxes (\$5,015), and investment income (\$145,085). Expenditures totaling approximately \$378,009 were incurred during the year. Additionally, a transfer of \$454,753 was made to the general fund to cover community preservation related debt service.

The fund balance of the ambulance maintenance fund (special revenue) increased by \$249,385 during the current fiscal year. The fund's receipts were charges for services of \$1,865,823. Expenditures totaling \$116,438 were incurred during the year. Additionally, a transfer of \$1,500,000 was made to the general fund.

**TOWN OF BOURNE, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

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 \$945,247 and \$9,910,595, respectively. The sewer and landfill enterprise funds had a change in net position for the year of \$1,704,198 and \$3,560,504, 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 \$79,949,887 was increased by \$2,842,631 (3.56%) during the fiscal year. The following table summarizes the increase:

<u>Purpose of Increase</u>	<u>Amount</u>	<u>Funding Source</u>
Transfer to OPEB Fund	\$ 582,538	Unassigned Fund Balance
Replacement of 5 Cruisers	391,820	Unassigned Fund Balance
Public Safety Expenses	352,994	Raise and Appropriate and Other Available Funds
Transfer to Capital Stabilization	306,035	Unassigned Fund Balance
2 Mini Buses	170,000	Unassigned Fund Balance
Opioid Settlement Funds	167,317	Unassigned Fund Balance
Capital Program	165,000	Unassigned Fund Balance
Accrued Compensated Absences	150,000	Unassigned Fund Balance
Voting Equipment and Polls	150,000	Unassigned Fund Balance
Library Feasibility Study	150,000	Unassigned Fund Balance
Library Front Wall	100,000	Unassigned Fund Balance
General Government Expenses	65,300	Raise and Appropriate and Other Available Funds
Capital Program	50,000	Other Available Funds
Insurance	30,000	Raise and Appropriate and Other Available Funds
Public Works Expenses	10,490	Raise and Appropriate and Other Available Funds
Bike Funding	1,137	Unassigned Fund Balance
	<u>\$ 2,842,631</u>	

During the year, revenues exceeded budgetary estimates, while expenditures and encumbrances and continuing appropriations were less than budgeted appropriations, resulting in a positive budget to actual variance of approximately \$4,948,000.

**TOWN OF BOURNE, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

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 \$167,163,162 (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 decrease in the investment in capital assets for the current fiscal year totaled 0.1% (a 0.2% decrease for governmental activities and a 0.1% increase for business-type activities).

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

- Energy efficiency upgrades (\$2,092,095)
- Public safety vehicles (\$924,801)
- Chapter 90 highway improvements (\$744,275)

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

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 28,276,686	\$ 28,276,686	\$ 4,009,658	\$ 4,009,658	\$ 32,286,344	\$ 32,286,344
Construction in Progress	2,381,694	2,233,996	294,487	294,487	2,676,181	2,528,483
Land Improvements	5,318,048	5,742,822	658,610	1,353,404	5,976,658	7,096,226
Buildings and Improvements	95,012,359	96,554,808	2,148,908	2,331,815	97,161,267	98,886,623
Machinery and Equipment	4,702,563	4,303,816	3,208,177	2,378,849	7,910,740	6,682,665
Infrastructure	10,117,984	9,066,012	11,033,988	10,776,679	21,151,972	19,842,691
Total Capital Assets	<u>\$ 145,809,334</u>	<u>\$ 146,178,140</u>	<u>\$ 21,353,828</u>	<u>\$ 21,144,892</u>	<u>\$ 167,163,162</u>	<u>\$ 167,323,032</u>

Additional information on the Town's capital assets can be found in Note 5 on pages 48-49 of this report.

Long-Term Debt

At the end of the current fiscal year, total debt outstanding was \$53,112,570 which is backed by the full faith and credit of the Town, and is summarized as follows:

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
General Obligation Bonds	\$ 46,588,216	\$ 45,915,458	\$ 6,484,937	\$ 7,526,699	\$ 53,073,153	\$ 53,442,157
MCWT Notes	39,417	58,834	-	-	39,417	58,834
MCWT Interim Loans	-	-	-	4,018,315	-	4,018,315
Total Bonds and Notes	<u>\$ 46,627,633</u>	<u>\$ 45,974,292</u>	<u>\$ 6,484,937</u>	<u>\$ 11,545,014</u>	<u>\$ 53,112,570</u>	<u>\$ 57,519,306</u>

The Town has an AA+ rating from *Standard & Poor's* for its most recent debt issuance dated November 1, 2019.

Additional information on the Town's long-term debt can be found in Note 9 on pages 53-54 of this report.

**TOWN OF BOURNE, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

Economic Factors and Nest Year's Budgets and Rates

- Signs of economic recovery are evident in completed construction projects. The Tide at Bourne, a 55+ Apartment complex opened after more than four years of construction, a new gas station/store/apartment building is nearly completed in Buzzards Bay, and a portion of Bourne Scenic Park has been approved for sewer connection.
- The Town hosted an Open house with the MA Department of Transportation to provide updates on the Cape Cod Bridges Program.
- Bourne achieved its Green Community Status with the Massachusetts Department of Energy Resources.
- The FY24 general fund operating budget was approved in May 2023 in the amount of \$77,187,218 and increase of \$3,357,093 or 4.55% from the prior year.
- They FY24 Tax Levy increased 3.02% (including new growth and debt exclusions) and conservative budget measures were utilized in estimating other receipts.
- All collective bargaining contracts were successfully bargained with a COLA increase of 2%/2.5%/2.5% for the period FY23 – FY25 – this will provide some stability for budgeting these years.
- Enterprise Funds continue to operate independent of general operations – no subsidies required.
- Implementation of the Town's capital improvements in connection with the Energy Service Contract are well underway.
- The Town has received a grant and is partnering with the UMAS Collins Center for Public Management to review and update these policies.

Requests for Information

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

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TOWN OF BOURNE, MASSACHUSETTS
STATEMENT OF NET POSITION
JUNE 30, 2023

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 24,414,699	\$ 16,777,124	\$ 41,191,823
Restricted Cash and Cash Equivalents	24,268,559	420,872	24,689,431
Investments	6,007,535	-	6,007,535
Restricted Investments	8,618,909	-	8,618,909
Receivables, Net of Allowance for Uncollectible Amounts:			
Real Estate and Personal Property Taxes	834,520	-	834,520
Tax and Utility Liens	753,014	30,140	783,154
Motor Vehicle and Other Excise Taxes	474,634	-	474,634
Community Preservation Surcharges	19,977	-	19,977
User Charges	-	2,817,042	2,817,042
Special Assessments	396	-	396
Departmental and Other	2,166,126	-	2,166,126
Opioid Settlements	29,044	-	29,044
Intergovernmental	375,064	642,095	1,017,159
Working Capital Deposit (Health Claims)	1,780,200	-	1,780,200
Total Current Assets	69,742,677	20,687,273	90,429,950
Noncurrent Assets:			
Restricted Cash and Cash Equivalents	-	14,333,876	14,333,876
Receivables, Net of Allowance for Uncollectible Amounts:			
Real Estate Tax Deferrals	90,374	-	90,374
Special Assessments	254,116	-	254,116
Opioid Settlements	599,244	-	599,244
Tax Foreclosures	81,222	-	81,222
Capital Assets not being Depreciated	30,658,380	4,304,145	34,962,525
Capital Assets, Net of Accumulated Depreciation	115,150,954	17,049,683	132,200,637
Total Noncurrent Assets	146,834,290	35,687,704	182,521,994
Total Assets	216,576,967	56,374,977	272,951,944
DEFERRED OUTFLOWS OF RESOURCES			
Related to OPEB	7,437,023	399,918	7,836,941
Related to Pensions	8,096,444	435,377	8,531,821
Total Deferred Outflows of Resources	15,533,467	835,295	16,368,762
LIABILITIES			
Current Liabilities:			
Warrants Payable	2,738,567	527,655	3,266,222
Accrued Payroll	2,949,781	46,517	2,996,298
Tax refunds Payable	311,058	-	311,058
Other Liabilities	108,096	-	108,096
Accrued Interest	358,182	42,623	400,805
Accrued Health Claims Payable	663,200	-	663,200
Workers' Compensation Claims	305,081	-	305,081
Unearned Revenue	982,555	-	982,555
Compensated Absences	235,785	22,313	258,098
Short-Term Notes Payable	3,904,933	548,346	4,453,279
Long-Term Bonds, Notes, and Loans Payable	4,101,416	500,128	4,601,544
Total Current Liabilities	16,658,654	1,687,582	18,346,236
Noncurrent Liabilities:			
Landfill Closure and Postclosure Care	-	11,514,072	11,514,072
Compensated Absences	2,122,068	200,815	2,322,883
Net OPEB Liability	54,107,317	2,909,562	57,016,879
Net Pension Liability	44,632,328	2,400,055	47,032,383
Long-Term Bonds, Notes, and Loans Payable	42,526,217	5,984,809	48,511,026
Total Noncurrent Liabilities	143,387,930	23,009,313	166,397,243
Total Liabilities	160,046,584	24,696,895	184,743,479
DEFERRED INFLOWS OF RESOURCES			
Related to OPEB	42,419,825	2,281,080	44,700,905
Related to Pension	1,808,210	97,234	1,905,444
Total Deferred Inflows of Resources	44,228,035	2,378,314	46,606,349
NET POSITION			
Net Investment in Capital Assets	98,563,450	16,459,417	115,022,867
Restricted for:			
Employee Benefits	8,498,262	-	8,498,262
Community Preservation	8,244,042	-	8,244,042
Affordable Housing	597,873	-	597,873
Debt Service	141,060	-	141,060
Permanent Funds:			
Expendable	722,954	-	722,954
Nonexpendable	46,541	-	46,541
Other Specific Purposes	11,810,999	2,819,804	14,630,803
Unrestricted	(100,789,366)	10,855,842	(89,933,524)
Total Net Position	\$ 27,835,815	\$ 30,135,063	\$ 57,970,878

See accompanying Notes to Basic Financial Statements.

**TOWN OF BOURNE, MASSACHUSETTS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023**

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	\$ 11,027,047	\$ 1,432,471	\$ 2,738,582	\$ -	\$ (6,855,994)
Public Safety	16,456,064	5,442,397	610,698	-	(10,402,969)
Education	46,997,579	274,531	16,283,497	488,621	(29,950,930)
Public Works	4,748,560	355,878	20,617	748,389	(3,623,676)
Health and Human Services	1,521,540	161,917	365,014	-	(994,609)
Culture and Recreation	1,830,510	95,731	89,112	979,884	(665,783)
Community Development	-	-	25,895	-	25,895
Debt Service - Interest	1,614,246	-	-	-	(1,614,246)
Total Governmental Activities	84,195,546	7,762,925	20,133,415	2,216,894	(54,082,312)
Business-Type Activities:					
Sewer	1,735,531	1,727,020	27,075	1,839,221	1,857,785
Landfill	12,387,676	18,518,466	691,793	-	6,822,583
Total Business-Type Activities	14,123,207	20,245,486	718,868	1,839,221	8,680,368
Total Primary Government	\$ 98,318,753	\$ 28,008,411	\$ 20,852,283	\$ 4,056,115	\$ (45,401,944)

See accompanying Notes to Basic Financial Statements.

**TOWN OF BOURNE, MASSACHUSETTS
STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED JUNE 30, 2023**

	Primary Government		
	Governmental	Business-Type	
	Activities	Activities	Total
CHANGES IN NET POSITION			
Net Revenue (Expense) (from Previous Page)	\$ (54,082,312)	\$ 8,680,368	\$ (45,401,944)
General Revenues:			
Real Estate and Personal Property Taxes	58,416,330	-	58,416,330
Motor Vehicle and Other Excise Taxes	5,022,806	-	5,022,806
Penalties and Interest on Taxes	211,304	-	211,304
Payments in Lieu of Taxes	20,199	-	20,199
Community Preservation Surcharges	1,684,448	-	1,684,448
Grants and Contributions not Restricted to Specific Programs	2,564,057	-	2,564,057
Unrestricted Investment Income	911,615	-	911,615
Gain on Disposal of Capital Assets	-	115,000	115,000
Transfers, Net	3,530,666	(3,530,666)	-
Total General Revenues and Transfers	72,361,425	(3,415,666)	68,945,759
CHANGE IN NET POSITION	18,279,113	5,264,702	23,543,815
Net Position - Beginning of Year	9,556,702	24,870,361	34,427,063
NET POSITION - END OF YEAR	<u>\$ 27,835,815</u>	<u>\$ 30,135,063</u>	<u>\$ 57,970,878</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF BOURNE, MASSACHUSETTS
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2023**

	General	Community Preservation	Ambulance Maintenance	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 24,414,699	\$ -	\$ -	\$ -	\$ 24,414,699
Investments	6,007,535	-	-	-	6,007,535
Receivables, Net of Allowance for Uncollectible Amounts:					
Real Estate and Personal Property Taxes	834,520	-	-	-	834,520
Real Estate Tax Deferrals	90,374	-	-	-	90,374
Tax Liens	731,488	21,188	-	338	753,014
Motor Vehicle and Other Excise Taxes	474,634	-	-	-	474,634
Community Preservation Surcharges	-	19,977	-	-	19,977
Special Assessments	252,374	-	-	2,138	254,512
Departmental and Other	400	-	2,165,726	-	2,166,126
Opioid Settlements	628,288	-	-	-	628,288
Intergovernmental	-	-	-	375,064	375,064
Tax Foreclosures	81,222	-	-	-	81,222
Restricted Assets:					
Cash and Cash Equivalents	337,421	8,400,115	2,391,261	12,133,004	23,261,801
Investments	-	-	-	333,764	333,764
Total Assets	<u>\$ 33,852,955</u>	<u>\$ 8,441,280</u>	<u>\$ 4,556,987</u>	<u>\$ 12,844,308</u>	<u>\$ 59,695,530</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Warrants Payable	\$ 397,010	\$ 197,238	\$ -	\$ 233,678	\$ 827,926
Accrued Payroll	2,907,772	-	-	42,009	2,949,781
Tax Refunds Payable	311,058	-	-	-	311,058
Other Liabilities	52,017	-	-	56,079	108,096
Unearned Revenue	-	-	-	982,555	982,555
Workers' Compensation Claims	305,081	-	-	-	305,081
Short-Term Notes Payable	-	-	-	3,904,933	3,904,933
Total Liabilities	<u>3,972,938</u>	<u>197,238</u>	<u>-</u>	<u>5,219,254</u>	<u>9,389,430</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue	<u>2,846,552</u>	<u>41,165</u>	<u>2,165,726</u>	<u>2,475</u>	<u>5,055,918</u>
FUND BALANCES					
Nonspendable	-	-	-	46,541	46,541
Restricted	337,421	8,202,877	2,391,261	10,671,524	21,603,083
Committed	9,594,834	-	-	-	9,594,834
Assigned	329,392	-	-	-	329,392
Unassigned	16,771,818	-	-	(3,095,486)	13,676,332
Total Fund Balances	<u>27,033,465</u>	<u>8,202,877</u>	<u>2,391,261</u>	<u>7,622,579</u>	<u>45,250,182</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 33,852,955</u>	<u>\$ 8,441,280</u>	<u>\$ 4,556,987</u>	<u>\$ 12,844,308</u>	<u>\$ 59,695,530</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF BOURNE, MASSACHUSETTS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2023**

	General	Community Preservation	Ambulance Maintenance	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Real Estate and Personal Property Taxes	\$ 58,085,005	\$ -	\$ -	\$ -	\$ 58,085,005
Motor Vehicle and Other Excise Taxes	4,990,994	-	-	-	4,990,994
Tax Liens	133,670	3,734	-	-	137,404
Payments in Lieu of Taxes	20,199	-	-	-	20,199
Community Preservation Surcharges	-	1,682,219	-	-	1,682,219
Charges for Services	-	-	1,865,823	791,541	2,657,364
Intergovernmental	12,975,999	979,884	-	10,551,150	24,507,033
Special Assessments	65,055	-	-	2,975	68,030
Penalties and Interest on Taxes	206,289	5,015	-	-	211,304
Licenses and Permits	895,470	-	-	-	895,470
Fines and Forfeitures	122,126	-	-	-	122,126
Departmental and Other	3,287,857	-	-	669,342	3,957,199
Contributions	-	-	-	184,670	184,670
Investment Income	766,530	145,085	-	32,389	944,004
Total Revenues	81,549,194	2,815,937	1,865,823	12,232,067	98,463,021
EXPENDITURES					
Current:					
General Government	6,607,672	-	-	4,627,489	11,235,161
Public Safety	12,301,280	-	116,438	811,572	13,229,290
Education	32,965,614	-	-	6,670,389	39,636,003
Public Works	2,937,021	-	-	931,914	3,868,935
Health and Human Services	905,352	47,056	-	77,198	1,029,606
Culture and Recreation	947,116	330,953	-	154,073	1,432,142
Pension Benefits	4,678,538	-	-	-	4,678,538
Employee Benefits	10,010,197	-	-	-	10,010,197
Property and Liability Insurance	2,133,968	-	-	-	2,133,968
Claims and Judgments	71,297	-	-	-	71,297
State and County Charges	4,937,029	-	-	-	4,937,029
Debt Service:					
Principal	4,165,417	-	-	-	4,165,417
Interest	1,730,797	-	-	-	1,730,797
Total Expenditures	84,391,298	378,009	116,438	13,272,635	98,158,380
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,842,104)	2,437,928	1,749,385	(1,040,568)	304,641
OTHER FINANCING SOURCES (USES)					
Transfers In	6,049,889	-	-	517,510	6,567,399
Proceeds of Financed Purchase Agreements	-	-	-	5,000,000	5,000,000
Transfers Out	(517,510)	(454,753)	(1,500,000)	(564,470)	(3,036,733)
Total Other Financing Sources (Uses)	5,532,379	(454,753)	(1,500,000)	4,953,040	8,530,666
NET CHANGE IN FUND BALANCES	2,690,275	1,983,175	249,385	3,912,472	8,835,307
Fund Balances - Beginning of Year	24,343,190	6,219,702	2,141,876	3,710,107	36,414,875
FUND BALANCES - END OF YEAR	<u>\$ 27,033,465</u>	<u>\$ 8,202,877</u>	<u>\$ 2,391,261</u>	<u>\$ 7,622,579</u>	<u>\$ 45,250,182</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, 2023**

Total Governmental Fund Balances	\$ 45,250,182
Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	145,809,334
In the statement of net position, deferred outflows of resources are reported for amounts related to OPEB.	7,437,023
In the statement of net position, deferred outflows of resources are reported for amounts related to pensions.	8,096,444
In the statement of net position, deferred inflows of resources are reported for amounts related to OPEB.	(42,419,825)
In the statement of net position, deferred inflows of resources are reported for amounts related to pensions.	(1,808,210)
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.	5,055,918
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.	(358,182)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Bonds and Notes Payable, Net of Unamortized Premiums and Financed Purchases	(46,627,633)
Compensated Absences	(2,357,853)
Net OPEB Liability	(54,107,317)
Net Pension Liability	(44,632,328)
An internal service fund is used by management to account for health insurance activities. The assets and liabilities of the internal service fund are reported as governmental activities in the statement of net position.	<u>8,498,262</u>
Net Position of Governmental Activities	<u><u>\$ 27,835,815</u></u>

See accompanying Notes to Basic Financial Statements.

TOWN OF BOURNE, MASSACHUSETTS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

Net Change in Fund Balances - Total Governmental Funds	\$ 8,835,307
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. These amounts represent the related activity of the current period.</p>	
Capital Outlays	5,477,986
Depreciation	(5,846,792)
<p>In the statement of activities, deferred outflows and deferred inflows related to OPEB are amortized and recognized as OPEB expense. This amount represents the net change in deferred outflows and deferred inflows related to OPEB.</p>	
	4,665,829
<p>In the statement of activities, deferred outflows and deferred inflows related to pensions are amortized and recognized as pension expense. This amount represents the net change in deferred outflows and deferred inflows related to pensions.</p>	
	14,006,454
<p>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.</p>	
	480,972
<p>The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any impact on net 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.</p>	
Bond Maturities	4,165,417
Amortization of Bond Premiums, Net	181,242
Proceeds of Financed Purchase Agreements	(5,000,000)
<p>In the statement of activities, interest is accrued on outstanding long-term debt, whereas in the governmental funds interest is not reported until due. This amount represents the net change in accrued interest payable.</p>	
	(64,691)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported in the governmental funds. These amounts represent the net changes:</p>	
Compensated Absences	(316,115)
Net OPEB Liability	6,231,527
Net Pension Liability	(14,796,059)
<p>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.</p>	
	258,036
Change in Net Position of Governmental Activities	<u><u>\$ 18,279,113</u></u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF BOURNE, MASSACHUSETTS
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2023**

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Sewer	Landfill	Total	
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 748,110	\$ 16,029,014	\$ 16,777,124	\$ -
Restricted Cash and Cash Equivalents	-	420,872	420,872	1,006,758
Restricted Investments	-	-	-	8,285,145
Receivables, Net of Allowance for Uncollectible Amounts:				
User Charges	132,776	2,684,266	2,817,042	-
Utility Liens	30,140	-	30,140	-
Intergovernmental	642,095	-	642,095	-
Working Capital Deposit	-	-	-	1,780,200
Total Current Assets	1,553,121	19,134,152	20,687,273	11,072,103
Noncurrent Assets:				
Restricted Cash and Cash Equivalents	-	14,333,876	14,333,876	-
Capital Assets not being Depreciated	217,691	4,086,454	4,304,145	-
Capital Assets, Net of Accumulated Depreciation	11,030,948	6,018,735	17,049,683	-
Total Noncurrent Assets	11,248,639	24,439,065	35,687,704	-
Total Assets	12,801,760	43,573,217	56,374,977	11,072,103
DEFERRED OUTFLOWS OF RESOURCES				
Related to OPEB	31,983	367,935	399,918	-
Related to Pension	34,819	400,558	435,377	-
Total Deferred Outflows of Resources	66,802	768,493	835,295	-
LIABILITIES				
Current Liabilities:				
Warrants Payable	12,581	515,074	527,655	1,910,641
Accrued Payroll	4,634	41,883	46,517	-
Accrued Interest	42,623	-	42,623	-
Accrued Health Claims Payable	-	-	-	663,200
Compensated Absences	-	22,313	22,313	-
Short-Term Notes Payable	548,346	-	548,346	-
Long-Term Bonds, Notes, and Loans Payable	146,159	353,969	500,128	-
Total Current Liabilities	754,343	933,239	1,687,582	2,573,841
Noncurrent Liabilities:				
Landfill Closure and Post-Closure	-	11,514,072	11,514,072	-
Compensated Absences	-	200,815	200,815	-
Net OPEB Liability	232,691	2,676,871	2,909,562	-
Net Pension Liability	191,943	2,208,112	2,400,055	-
Long-Term Bonds, Notes, and Loans Payable	3,217,171	2,767,638	5,984,809	-
Total Noncurrent Liabilities	3,641,805	19,367,508	23,009,313	-
Total Liabilities	4,396,148	20,300,747	24,696,895	2,573,841
DEFERRED INFLOWS OF RESOURCES				
Related to OPEB	182,428	2,098,652	2,281,080	-
Related to Pension	7,776	89,458	97,234	-
Total Deferred Inflows of Resources	190,204	2,188,110	2,378,314	-
NET POSITION				
Net Investment in Capital Assets	7,336,963	9,122,454	16,459,417	-
Restricted for:				
Landfill Closure and Postclosure	-	2,819,804	2,819,804	-
Employee Benefits	-	-	-	8,498,262
Unrestricted	945,247	9,910,595	10,855,842	-
Total Net Position	\$ 8,282,210	\$ 21,852,853	\$ 30,135,063	\$ 8,498,262

See accompanying Notes to Basic Financial Statements.

**TOWN OF BOURNE, MASSACHUSETTS
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2023**

	<u>Business-Type Activities - Enterprise Funds</u>			Governmental Activities - Internal Service Funds
	<u>Sewer</u>	<u>Landfill</u>	<u>Total</u>	
OPERATING REVENUES				
Charges for Services	\$ 1,721,639	\$ 18,518,466	\$ 20,240,105	\$ -
Penalties and Interest	5,381	-	5,381	-
Employer Contributions	-	-	-	8,929,182
Employee Contributions	-	-	-	2,905,511
Total Operating Revenues	<u>1,727,020</u>	<u>18,518,466</u>	<u>20,245,486</u>	<u>11,834,693</u>
OPERATING EXPENSES				
Cost of Service and Administration	948,521	7,634,511	8,583,032	-
Town of Wareham Assessment	224,029	-	224,029	-
Repairs and Maintenance	14,535	195,342	209,877	-
Depreciation	515,102	1,375,577	1,890,679	-
Closure and Postclosure Costs	-	3,107,847	3,107,847	-
Employee Benefits	-	-	-	11,928,905
Total Operating Expenses	<u>1,702,187</u>	<u>12,313,277</u>	<u>14,015,464</u>	<u>11,928,905</u>
OPERATING INCOME (LOSS)	24,833	6,205,189	6,230,022	(94,212)
NONOPERATING REVENUES (EXPENSES)				
Investment Income	27,075	691,793	718,868	352,248
Interest Expense	(33,344)	(74,399)	(107,743)	-
Gain on Disposal of Capital Assets	-	115,000	115,000	-
Total Nonoperating Revenues (Expenses), Net	<u>(6,269)</u>	<u>732,394</u>	<u>726,125</u>	<u>352,248</u>
INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	18,564	6,937,583	6,956,147	258,036
CAPITAL CONTRIBUTIONS AND TRANSFERS				
Capital Contributions	1,839,221	-	1,839,221	-
Transfers Out	<u>(153,587)</u>	<u>(3,377,079)</u>	<u>(3,530,666)</u>	<u>-</u>
Total Capital Contributions and Transfers	<u>1,685,634</u>	<u>(3,377,079)</u>	<u>(1,691,445)</u>	<u>-</u>
CHANGE IN NET POSITION	1,704,198	3,560,504	5,264,702	258,036
Net Position - Beginning of Year	<u>6,578,012</u>	<u>18,292,349</u>	<u>24,870,361</u>	<u>8,240,226</u>
NET POSITION - END OF YEAR	<u><u>\$ 8,282,210</u></u>	<u><u>\$ 21,852,853</u></u>	<u><u>\$ 30,135,063</u></u>	<u><u>\$ 8,498,262</u></u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF BOURNE, MASSACHUSETTS
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2023**

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Sewer	Landfill	Total	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers and Users	\$ 1,014,427	\$ 17,324,047	\$ 18,338,474	\$ 2,905,511
Receipts from Interfund Services Provided	-	-	-	8,929,182
Payments to Vendors	(1,011,463)	(7,192,021)	(8,203,484)	-
Payments to Employees	(339,098)	(2,656,771)	(2,995,869)	-
Payments for Interfund Services Used	-	-	-	(11,528,194)
Net Cash Provided (Used) by Operating Activities	(336,134)	7,475,255	7,139,121	306,499
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers Out	(153,587)	(3,377,079)	(3,530,666)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from the Issuance of Bonds and Notes	3,949,402	-	3,949,402	-
Capital Contributions	1,839,221	-	1,839,221	-
Acquisition and Construction of Capital Assets	(752,871)	(1,231,744)	(1,984,615)	-
Principal Payments on Bonds and Notes	(5,273,473)	(344,000)	(5,617,473)	-
Bond Premium Amortization	(991)	(9,969)	(10,960)	-
Interest Expense	(1,400)	(98,341)	(99,741)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(240,112)	(1,684,054)	(1,924,166)	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Sales (Purchases) of Investments, Net	-	-	-	153,464
Investment Income	27,075	691,793	718,868	352,248
Net Cash Provided (Used) by Investing Activities	27,075	691,793	718,868	505,712
NET CHANGE IN CASH AND CASH EQUIVALENTS	(702,758)	3,105,915	2,403,157	812,211
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR (Includes \$296,096, \$11,818,296, and \$194,547 Reported as Restricted in the Sewer and Landfill Enterprise Funds and Internal Service Fund, Respectively)	1,450,868	27,677,847	29,128,715	194,547
CASH AND CASH EQUIVALENTS - END OF YEAR (Includes \$14,754,748, and \$1,006,758 Reported as Restricted in the Landfill Enterprise Funds and Internal Service Fund, Respectively)	\$ 148,110	\$ 30,783,762	\$ 31,531,872	\$ 1,006,758
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating Income (Loss)	\$ 24,833	\$ 6,205,189	\$ 6,230,022	\$ (94,212)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Adjustments Not Requiring Current Cash Flows:				
Depreciation	515,102	1,375,577	1,890,679	-
Net OPEB Liability	(81,263)	(404,316)	(485,579)	-
Net Pension Liability	36,700	684,531	721,231	-
Deferred Outflows of Resources Related to OPEB	26,888	209,834	236,722	-
Deferred Outflows of Resources Related to Pension	(9,703)	(153,977)	(163,680)	-
Deferred Outflows of Resources Related to OPEB	(82,742)	(503,764)	(586,506)	-
Deferred Inflows of Resources Related to Pension	(57,499)	(551,156)	(608,655)	-
Adjustments Requiring Current Cash Flows:				
Effect of Changes in Operating Assets and Liabilities:				
Utility Liens Receivables	(4,798)	-	(4,798)	-
User Charges Receivables	(65,700)	(1,194,419)	(1,260,119)	-
Intergovernmental Receivables	(642,095)	-	(642,095)	-
Working Capital Deposit	-	-	-	12,700
Warrants Payable	3,982	11,119	15,101	333,811
Accrued Payroll	161	8,039	8,200	-
Accrued Health Claims Payable	-	-	-	54,200
Landfill Closure and Postclosure Care	-	1,760,016	1,760,016	-
Compensated Absences	-	28,582	28,582	-
Total Adjustments	(360,967)	1,270,066	909,099	400,711
Net Cash Provided (Used) by Operating Activities	\$ (336,134)	\$ 7,475,255	\$ 7,139,121	\$ 306,499
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Gain on Sale of Capital Assets	-	115,000	115,000	-
Intergovernmental Debt Subsidies (MCWT/CCIWPF)	736,345	-	736,345	-
Total Noncash Investing, Capital, and Financing Activities	736,345	115,000	851,345	-

See accompanying Notes to Basic Financial Statements.

**TOWN OF BOURNE, MASSACHUSETTS
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2023**

	Other Postemployment Benefits Trust Fund	Private Purpose Trust Funds	Custodial Funds
ASSETS			
Cash and Cash Equivalents	\$ 197,144	\$ 88,402	\$ 58,160
Investments	<u>7,871,592</u>	<u>-</u>	<u>-</u>
Total Assets	8,068,736	88,402	58,160
LIABILITIES			
Warrants Payable	<u>-</u>	<u>-</u>	<u>1,008</u>
FIDUCIARY NET POSITION			
Restricted for:			
Postemployment Benefits Other than Pensions	8,068,736	-	-
Individuals, Organizations, and Other Governments	<u>-</u>	<u>88,402</u>	<u>57,152</u>
Total Fiduciary Net Position	<u><u>\$ 8,068,736</u></u>	<u><u>\$ 88,402</u></u>	<u><u>\$ 57,152</u></u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF BOURNE, MASSACHUSETTS
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2023**

	Other Postemployment Benefits Trust Fund	Private Purpose Trust Funds	Custodial Funds
ADDITIONS			
Contributions:			
Employer	\$ 4,857,775	\$ -	\$ -
Net Investment Income:			
Net Appreciation in Fair Value of Investments	498,674	4,018	-
Interest	206,451	-	-
Total Investment Income	705,125	4,018	-
Less: Investment Expense	(21,018)	-	-
Net Investment Income	684,107	4,018	-
Fees Collected for Other Governments	-	-	1,895,568
Total Additions	5,541,882	4,018	1,895,568
DEDUCTIONS			
Retirement Benefits and Refunds	3,705,899	-	-
Fees Remitted to Other Governments	-	-	1,886,111
Scholarships Awarded	-	2,100	-
Total Deductions	3,705,899	2,100	1,886,111
CHANGE IN FIDUCIARY NET POSITION	1,835,983	1,918	9,457
Fiduciary Net Position - Beginning of Year	6,232,753	86,484	47,695
FIDUCIARY NET POSITION - END OF YEAR	<u>\$ 8,068,736</u>	<u>\$ 88,402</u>	<u>\$ 57,152</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

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.

Fiduciary Fund Component Unit

The Town has included the Town of Bourne Other Postemployment Benefits Trust (OPEB Trust) as a component unit (fiduciary fund) in the reporting entity because of the significance of its operational and financial relationship with the Town.

The OPEB Trust was established for the sole purpose of providing funding for postemployment health care and other benefits provided by the Town. The OPEB Trust is governed by five trustees, which shall include the Town Finance Director, Town Treasurer, the current Chairman of the Board of Selectmen, the current Chairman of the Finance Committee, and a Town of Bourne Retiree. The OPEB Trust is presented using the accrual basis of accounting and is reported as an OPEB trust fund in the fiduciary funds financial statement. The OPEB Trust did not issue a separate audited financial statement.

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.

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Reporting Entity (Continued)

Joint Venture (Continued)

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.

Name	Purpose	Address	Fiscal Year 2023 Assessment
Upper Cape Cod Regional Technical School	Education	220 Sandwich Road Bourne, MA 02532	\$ 3,262,825

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.

C. Implementation of New Accounting Principles

The Governmental Accounting Standards Board (GASB) issued GASB Statement No. 96, Subscription-Based Information Technology Arrangements (GASB 96). GASB 96 establishes that a subscription-based information technology arrangement results in a right-to-use subscription asset, and a corresponding subscription liability. The adoption of GASB 96 had no effect on the Town's net position at June 30, 2023, or its changes in net position for the year then ended.

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 nonfiduciary 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, 2023**

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 (availability policy is within 60 days) 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.

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

Fund Financial Statements (Continued)

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

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

The following major governmental funds are reported:

The *general fund* is 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 *ambulance maintenance fund* is a special revenue fund used to account for ambulance billings and payments related to the Town's ambulance services.

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.

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

Fund Financial Statements (Continued)

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 nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The following major proprietary 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.

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 *other postemployment benefits trust fund* is used to account for resources accumulated to provide funding for future OPEB liabilities.
- 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 *custodial fund* is used to account for assets held in a custodial capacity. Such assets consist primarily of fees collected for other governments.

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 or amortized cost as further discussed in Note 3.

G. Accounts Receivable

Government-Wide and Fund Financial Statements

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

Real Estate Taxes, Personal Property Taxes and Tax Liens

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

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

Motor Vehicle Excise Taxes

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

Community Preservation Surcharges

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

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Accounts Receivable (Continued)

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 levied or assessed.

Departmental and Other

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

Intergovernmental

Various state and federal operating and capital grants are applied for and received annually. For nonexpenditure 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.

Opioid Settlements

Opioid settlements receivable represents the Town's allocation of national settlement proceeds from pharmaceutical distributors to be received in future years in accordance with the national settlement agreement as well as the subdivision agreement with the Commonwealth of Massachusetts.

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

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Allowance for Uncollectible Amounts (Continued)

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

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

Intergovernmental receivables are considered 100% collectible.

I. Inventories

Government-Wide and Fund Financial Statements

Inventories are recorded as expenditures at the time of purchase. Such inventories are not material in total to the government-wide and fund financial statements and therefore are not reported.

J. Restricted Assets

Government-Wide and Fund Financial Statements

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

K. Capital Assets

Government-Wide and Proprietary Fund Financial Statements

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

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

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.

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Capital Assets (Continued)

Government-Wide and Proprietary Fund Financial Statements (Continued)

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, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Interfund Transfers

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

N. Deferred Outflows of Resources

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

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

O. Deferred Inflows of Resources

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

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

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

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Net Position and Fund Balances

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

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

Net position has been “restricted” for the following:

“Employee benefits” represents amounts restricted for health insurance benefits.

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

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

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

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

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

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

Governmental Funds Financial Statements (Fund Balances)

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

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

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

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Net Position and Fund Balances (Continued)

Governmental Funds Financial Statements (Fund Balances) (Continued)

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.

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 noncontractual 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 effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

Governmental Fund Financial Statements

The face amount of governmental funds long-term debt is reported as other financing sources when the debt is issued. Bond premiums and discounts, as well as issuance costs, are recognized in the current period. Bond premiums are reported as other financing sources and bond discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual bond proceeds received, are reported as general government expenditures. 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, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. Compensated Absences

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

Government-Wide and Proprietary Fund Financial Statements

Vested or accumulated vacation and sick leave are reported as liabilities and expensed as incurred.

Governmental Fund Financial Statements

Vested or accumulated vacation and sick leave, which will be liquidated with expendable available financial resources, are reported as expenditures and fund liabilities upon employee retirements and resignations.

T. Pensions

Government-Wide and Fund Financial Statements

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

U. Postretirement Benefits

Government-Wide and Fund Financial Statements

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

V. Use of Estimates

Government-Wide and Fund Financial Statements

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and deferred outflows of resources and liabilities and deferred inflows of resources, 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, 2023

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 noncontinuing 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). The original fiscal year 2023 approved budget for the general fund authorized \$79,949,887 in appropriations. During fiscal year 2023, supplemental appropriations totaling \$2,842,631 were authorized. The original fiscal year 2023 approved budget for the CPA fund authorized \$1,509,321 in appropriations. During fiscal year 2023, subsequent reductions in appropriations totaling \$175,644 were authorized.

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

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

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 STEWARDSHIP COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

B. Fund Deficits

As of June 30, 2023, the following governmental fund deficits exist:

Fund	Amount	Funding Source
Capital Projects - Peebles Elementary School	\$ 1,057,806	Issuance of Debt
Capital Projects - BHS Roof Replacement	983,217	Issuance of Debt
Capital Projects - Buzzards Bay Wastewater Management Plan	457,728	Issuance of Debt
Capital Projects - Ambulance	326,068	Issuance of Debt
Capital Projects - Keith Field	112,936	Issuance of Debt
Capital Projects - Catch Basin Cleaner	89,962	Issuance of Debt
Other Town Funds	43,787	State Grants
Capital Projects - WWTP	19,326	Issuance of Debt
Other School Funds	4,656	Federal and State Grants
Total	<u>\$ 3,095,486</u>	

NOTE 3 DEPOSITS AND INVESTMENTS

Town (Excluding OPEB Trust Fund)

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 fiduciary funds are held separately from other Town funds.

TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

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 institution's assets and no more than 20% of the Town's cash. At June 30, 2023, the Town's bank balance of \$66,275,338 was not exposed to custodial credit risk. The carrying amount of the Town's deposits at year-end totaled \$64,623,032.

Investments Summary

The Town's investments (including short-term investments) at June 30, 2023, are presented below. All investments are presented by investment type, with debt securities presented by maturity.

Investment Type	Total Amount	Investment Maturities (in Years)			
		Less Than 1	1 - 5	6 - 10	More Than 10
Debt Securities:					
U.S. Treasuries	\$ 4,074,597	\$ 424,676	\$ 2,441,252	\$ 1,208,669	\$ -
U.S. Agencies	1,316,592	79,590	926,140	310,862	-
Corporate Bonds	2,557,432	216,861	1,829,530	511,041	-
Money Market Mutual Funds	6,033,563	6,033,563	-	-	-
Mutual Bond Funds	2,941,688	263,702	1,012,364	1,665,622	-
External Investment Pool	9,705,097	9,705,097	-	-	-
Total Debt Securities	26,628,969	<u>\$ 16,723,489</u>	<u>\$ 6,209,286</u>	<u>\$ 3,696,194</u>	<u>\$ -</u>
Other Investments:					
Equity Securities	2,750,277				
Equity Mutual Funds	985,858				
Total Other Investments	<u>3,736,135</u>				
Total Investments	<u>\$ 30,365,104</u>				

Investments - Interest Rate Risk of Debt Securities

Interest rate risk for debt securities is the risk that changes in interest rates of debt securities will adversely affect the fair value of an investment. The Town's policy for interest rate risk is to hold short-term investments to maturity and limit long-term investments to periods not longer than 10 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.

TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

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, 2023, the Town was not exposed to custodial credit risk.

Investments - Credit Risk of Debt Securities

Credit risk for debt securities is the risk that an issuer or other counterparty to a debt security will not fulfill its obligations. The Town'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, 2023, the credit quality ratings of the Town's debt securities are as follows:

Investment Type	Total Amount	AAA*	AA+*	AA*	AA-*	A+*	A*
U.S. Agencies	\$ 1,316,592	\$ -	\$ 1,316,592	\$ -	\$ -	\$ -	\$ -
Corporate Bonds	2,557,432	96,165	144,039	130,970	570,380	315,014	505,043
Money Market Mutual Funds	6,033,563	-	-	-	-	-	-
Mutual Bond Funds	2,941,688	402,727	-	1,314,699	175,432	-	-
External Investment Pool	9,705,097	-	-	-	-	-	-
Total	<u>\$ 22,554,372</u>	<u>\$ 498,892</u>	<u>\$ 1,460,631</u>	<u>\$ 1,445,669</u>	<u>\$ 745,812</u>	<u>\$ 315,014</u>	<u>\$ 505,043</u>

Investment Type	A-*	BBB+*	BBB*	BB*	B*	Unrated
U.S. Agencies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Corporate Bonds	361,557	199,965	234,300	-	-	-
Money Market Mutual Funds	-	-	-	-	-	6,033,563
Mutual Bond Funds	-	-	-	348,058	437,070	263,702
External Investment Pool	-	-	-	-	-	9,705,097
Total	<u>\$ 361,557</u>	<u>\$ 199,965</u>	<u>\$ 234,300</u>	<u>\$ 348,058</u>	<u>\$ 437,070</u>	<u>\$ 16,002,362</u>

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

Investments – Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the Town's investment in a single issuer. The Town's policy is for concentration of credit risk is to diversify the investment portfolio so the impact of potential losses from any one type of security or issuer will be minimized. As of June 30, 2023, the Town was not exposed to any concentration of credit risk.

TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Investments – Fair Value Measurements

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, 2023:

Investment Type	Fair Value	Fair Value Measurements Using	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Equity Securities:			
Equities	\$ 2,750,277	\$ 2,750,277	\$ -
Equity Mutual Funds	985,858	985,858	-
Total Equity Securities	3,736,135	3,736,135	-
Debt Securities:			
U.S. Treasuries	4,074,597	4,074,597	-
U.S. Agencies	1,316,592	1,316,592	-
Corporate Bonds	2,557,432	-	2,557,432
Mutual Bond Funds	2,941,688	2,941,688	-
Total Debt Securities	10,890,309	8,332,877	2,557,432
Total Investments Measured at Fair Value	14,626,444	<u>\$ 12,069,012</u>	<u>\$ 2,557,432</u>
Investments Measured at Amortized Cost:			
Money Market Mutual Funds	6,033,563		
External Investment Pools	9,705,097		
Total Investments Measured at Amortized Cost	15,738,660		
Total Investments	<u>\$ 30,365,104</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, 2023**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

OPEB Trust Fund (Trust)

Deposits – Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the Trust's deposits may not be recovered. The Trust does not have a policy for custodial credit risk of deposits. As of June 30, 2023, the Trust was not exposed to custodial credit risk.

Investments Summary

The Trust's investments at June 30, 2023, are presented below. All investments are presented by investment type, with debt securities presented by maturity.

Investment Type	Investment Maturities (in Years)				
	Total Amount	Less Than 1	1 - 5	6 - 10	More Than 10
Debt Securities:					
U.S. Treasuries	\$ 978,077	\$ 49,836	\$ 682,090	\$ 246,151	\$ -
U.S. Agencies	384,101	-	186,066	198,035	-
Corporate Bonds	849,743	99,171	706,163	44,409	-
Money Market Mutual Funds	197,145	197,145			-
Mutual Bond Funds	1,236,109	165,829	423,604	646,676	-
Total Debt Securities	3,645,175	<u>\$ 511,981</u>	<u>\$ 1,997,923</u>	<u>\$ 1,135,271</u>	<u>\$ -</u>
Other Investments:					
Equity Securities	3,367,104				
Equity Mutual Funds	1,056,457				
Total Other Investments	<u>4,423,561</u>				
Total Investments	<u>\$ 8,068,736</u>				

Investments – Interest Rate Risk of Debt Securities

Interest rate risk for debt securities is the risk that changes in interest rates of debt securities will adversely affect the fair value of an investment. The Trust does not have a policy for interest rate risk of debt securities.

Investments – Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the Trust will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Trust does not have a policy for custodial credit risk of investments. At June 30, 2023, the Town was not exposed to custodial credit risk.

TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

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 Trust does not have a policy for credit risk of debt securities. As of June 30, 2023, the credit quality ratings of the Trust's debt securities (except U.S. Treasuries, which are backed by the full faith and credit of the United States) are as follows:

Investment Type	Total Amount	AAA*	AA+*	AA*	AA-*	A+*
U.S. Agencies	\$ 384,101	\$ -	\$ 384,101	\$ -	\$ -	\$ -
Corporate Bonds	849,743	70,387	49,257	65,485	287,069	144,514
Money Market Mutual Funds	197,145	-	-	-	-	-
Mutual Bond Funds	1,236,109	330,644	-	158,153	104,415	-
Total	<u>\$ 2,667,098</u>	<u>\$ 401,031</u>	<u>\$ 433,358</u>	<u>\$ 223,638</u>	<u>\$ 391,484</u>	<u>\$ 144,514</u>

Investment Type	A*	BBB+*	BB*	B*	Unrated
U.S. Agencies	\$ -	\$ -	\$ -	\$ -	\$ -
Corporate Bonds	185,032	47,999	-	-	-
Money Market Mutual Funds	-	-	-	-	197,145
Mutual Bond Funds	-	-	211,617	265,451	165,829
Total	<u>\$ 185,032</u>	<u>\$ 47,999</u>	<u>\$ 211,617</u>	<u>\$ 265,451</u>	<u>\$ 362,974</u>

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

Investments – Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the Trust's investment in a single issuer. The Trust does not have a policy for concentration of credit risk. As of June 30, 2023, the Trust was not exposed to concentration of credit risk.

TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Investments – Fair Value Measurements

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 Trust has the following recurring fair value measurements as of June 30, 2023:

Investment Type	Fair Value	Fair Value Measurements Using	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Equity Securities:			
Equities	\$ 3,367,104	\$ 3,367,104	\$ -
Equity Mutual Funds	1,056,457	1,056,457	-
Total Equity Securities	4,423,561	4,423,561	-
Debt Securities:			
U.S. Treasuries	978,077	978,077	-
U.S. Agencies	384,101	384,101	-
Corporate Bonds	849,743	-	849,743
Mutual Bond Funds	1,236,109	1,236,109	-
Total Debt Securities	3,448,030	2,598,287	849,743
Total Investments Measured at Fair Value	7,871,591	<u>\$ 7,021,848</u>	<u>\$ 849,743</u>
Investments Measured at Amortized Cost:			
Money Market Mutual Funds	197,145		
Total Investments	<u>\$ 8,068,736</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, 2023

NOTE 4 ACCOUNTS RECEIVABLE

At June 30, 2023, receivables for the individual governmental funds, including the applicable allowances for uncollectible amounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Receivables:			
Real Estate and Personal Property Taxes	\$ 934,550	\$ (100,030)	\$ 834,520
Real Estate Tax Deferrals	90,374	-	90,374
Tax Liens	753,014	-	753,014
Motor Vehicle and Other Excise Taxes	791,964	(317,330)	474,634
Community Preservation Surcharges	19,977	-	19,977
Special Assessments	254,512	-	254,512
Departmental and Other	3,769,416	(1,603,290)	2,166,126
Opioid Settlements	628,288	-	628,288
Intergovernmental	375,064	-	375,064
Total	<u>\$ 7,617,159</u>	<u>\$ (2,020,650)</u>	<u>\$ 5,596,509</u>

At June 30, 2023, receivables for the enterprise funds, including the applicable allowances for uncollectible amounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Receivables:			
User Charges	\$ 2,825,982	\$ (8,940)	\$ 2,817,042
Utility Liens	30,140	-	30,140
Intergovernmental	642,095	-	642,095
Total	<u>\$ 2,856,122</u>	<u>\$ (8,940)</u>	<u>\$ 2,847,182</u>

TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 5 CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2023, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Land	\$ 28,276,686	\$ -	\$ -	\$ 28,276,686
Construction in Progress	2,233,996	147,698	-	2,381,694
Total Capital Assets Not Being Depreciated	30,510,682	147,698	-	30,658,380
Capital Assets Being Depreciated:				
Land Improvements	9,604,204	41,439	-	9,645,643
Buildings and Improvements	152,120,362	2,132,775	-	154,253,137
Machinery and Equipment	22,999,727	1,565,015	(108,618)	24,456,124
Infrastructure	13,779,329	1,591,059	-	15,370,388
Total Capital Assets Being Depreciated	198,503,622	5,330,288	(108,618)	203,725,292
Less Accumulated Depreciation for:				
Land Improvements	(3,861,382)	(466,213)	-	(4,327,595)
Buildings and Improvements	(55,565,554)	(3,675,224)	-	(59,240,778)
Machinery and Equipment	(18,695,911)	(1,166,268)	108,618	(19,753,561)
Infrastructure	(4,713,317)	(539,087)	-	(5,252,404)
Total Accumulated Depreciation	(82,836,164)	(5,846,792)	108,618	(88,574,338)
Total Capital Assets Being Depreciated, Net	115,667,458	(516,504)	-	115,150,954
Total Governmental Activities Capital Assets, Net	\$ 146,178,140	\$ (368,806)	\$ -	\$ 145,809,334
Business-Type Activities - Sewer Enterprise:				
Capital Assets not Being Depreciated:				
Construction in Progress	\$ 217,691	\$ -	\$ -	\$ 217,691
Capital Assets Being Depreciated:				
Machinery and Equipment	1,130,375	-	-	1,130,375
Other	1,332,118	-	-	1,332,118
Infrastructure	16,424,859	752,871	-	17,177,730
Total Capital Assets Being Depreciated	18,887,352	752,871	-	19,640,223
Less Accumulated Depreciation for:				
Machinery and Equipment	(973,830)	(26,790)	-	(1,000,620)
Other	(1,332,118)	-	-	(1,332,118)
Infrastructure	(5,788,225)	(488,312)	-	(6,276,537)
Total Accumulated Depreciation	(8,094,173)	(515,102)	-	(8,609,275)
Total Capital Assets Being Depreciated, Net	10,793,179	237,769	-	11,030,948
Total Sewer Enterprise Capital Assets, Net	\$ 11,010,870	\$ 237,769	\$ -	\$ 11,248,639

TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 5 CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities - Landfill Enterprise:				
Capital Assets not Being Depreciated:				
Land	\$ 4,009,658	\$ -	\$ -	\$ 4,009,658
Construction in Progress	76,796	-	-	76,796
Total Capital Assets not Being Depreciated	4,086,454	-	-	4,086,454
Capital Assets Being Depreciated:				
Land Improvements	16,203,147	-	-	16,203,147
Buildings and Improvements	10,622,518	-	-	10,622,518
Machinery and Equipment	9,919,841	1,346,744	(471,856)	10,794,729
Infrastructure	145,000	-	-	145,000
Total Capital Assets Being Depreciated	36,890,506	1,346,744	(471,856)	37,765,394
Less Accumulated Depreciation for:				
Land Improvements	(14,849,743)	(694,794)	-	(15,544,537)
Buildings and Improvements	(8,290,703)	(182,907)	-	(8,473,610)
Machinery and Equipment	(7,697,537)	(490,626)	471,856	(7,716,307)
Infrastructure	(4,955)	(7,250)	-	(12,205)
Total Accumulated Depreciation	(30,842,938)	(1,375,577)	471,856	(31,746,659)
Total Capital Assets Being Depreciated, Net	6,047,568	(28,833)	-	6,018,735
Total Landfill Enterprise Capital Assets, Net	\$ 10,134,022	\$ (28,833)	\$ -	\$ 10,105,189
Total Business-Type Activities Capital Assets, Net	\$ 21,144,892	\$ 208,936	\$ -	\$ 21,353,828

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

Governmental Activities:

General Government	\$ 514,052
Public Safety	1,146,555
Education	2,744,004
Public Works	1,108,072
Health and Human Services	18,959
Culture and Recreation	315,150
Total Depreciation Expense - Governmental Activities	<u>\$ 5,846,792</u>

Business-Type Activities:

Sewer	\$ 515,102
Landfill	1,375,577
Total Depreciation Expense - Business-Type Activities	<u>\$ 1,890,679</u>

TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 6 INTERFUND TRANSFERS

Interfund transfers for the fiscal year ended June 30, 2023, are summarized as follows:

Transfers Out	Transfers In		
	General Fund	Nonmajor Governmental Funds	Total
General Fund	\$ -	\$ 517,510	\$ 517,510 (1)
Community Preservation Fund	454,753	-	454,753 (2)
Ambulance Maintenance Fund	1,500,000	-	1,500,000 (3)
Nonmajor Governmental Funds	564,470	-	564,470 (4)
Sewer Enterprise Fund	153,587	-	153,587 (5)
Landfill Enterprise Fund	3,377,079	-	3,377,079 (6)
Total	<u>\$ 6,049,889</u>	<u>\$ 517,510</u>	<u>\$ 6,567,399</u>

- (1) Represents budgeted transfer for boat excise and mooring revenue of (\$417,510), and transfer to the Special Education Reserve fund of (\$100,000).
- (2) Represents budgeted transfer to fund debt service.
- (3) Represents budgeted transfers to fund the fiscal year 2023 operating budget from the ambulance maintenance fund (\$1,500,000),
- (4) Represents budgeted transfers to fund the fiscal year 2023 operating budget from waterway improvements (\$365,000), federal impact aid (\$150,000), conservation commission (\$30,000), and community septic management program (\$19,470) special revenue funds.
- (5) Represents budgeted transfers of indirect costs (\$153,587).
- (6) Represents budgeted transfer of indirect costs (\$2,390,996) to the general fund and host community fee (\$986,083) to the general fund, of which \$600,000 was budgeted.

NOTE 7 SHORT-TERM FINANCING

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

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

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

TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 7 SHORT-TERM FINANCING (CONTINUED)

Details related to the short-term debt activity for the fiscal year ended June 30, 2023, is as follows:

Notes Payable – Governmental Funds

Type	Description	Maturity Date	Interest Rate	Balance at June 30, 2022	Increases	Decreases	Balance at June 30, 2023
BAN	Peebles School Construction	2/1/23	2.00%	\$ 1,537,986	\$ -	\$ (1,537,986)	\$ -
BAN	High School Roof	2/1/23	2.00%	1,160,429	-	(1,160,429)	-
BAN	Ambulances	2/1/23	2.00%	652,136	-	(652,136)	-
BAN	Keith Field Lights	2/1/23	2.00%	124,841	-	(124,841)	-
BAN	Police Cruisers	2/1/23	2.00%	65,492	-	(65,492)	-
BAN	School Water	2/1/23	2.00%	741,633	-	(741,633)	-
BAN	Clean Water Management Plan	2/1/23	2.00%	593,311	-	(593,311)	-
BAN	Basin Truck	2/1/23	2.00%	179,925	-	(179,925)	-
BAN	Peebles School Construction	2/1/24	4.00%	-	1,057,806	-	1,057,806
BAN	High School Roof	2/1/24	4.00%	-	983,217	-	983,217
BAN	Ambulances	2/1/24	4.00%	-	326,068	-	326,068
BAN	Keith Field Lights	2/1/24	4.00%	-	112,936	-	112,936
BAN	School Wastewater	2/1/24	4.00%	-	741,633	-	741,633
BAN	Clean Water Management Plan	2/1/24	4.00%	-	593,311	-	593,311
BAN	Basin Truck	2/1/24	4.00%	-	89,962	-	89,962
Total				<u>\$ 5,055,753</u>	<u>\$ 3,904,933</u>	<u>\$ (5,055,753)</u>	<u>\$ 3,904,933</u>

Notes Payable – Enterprise Funds

Type	Description	Maturity Date	Interest Rate	Balance at June 30, 2022	Increases	Decreases	Balance at June 30, 2023
BAN	Wastewater	2/1/23	2.00%	\$ 1,186,606	\$ -	\$ (1,186,606)	\$ -
BAN	Wastewater	2/1/24	4.00%	-	548,346	-	548,346
Total				<u>\$ 1,186,606</u>	<u>\$ 548,346</u>	<u>\$ (1,186,606)</u>	<u>\$ 548,346</u>

Subsequent Event

On February 5, 2024, the Town paid down (with available funds) \$900,877 of BANs outstanding at June 30, 2023, and renewed \$3,552,402 of the BANs. The renewed BANs have an interest rate of 4.5% and a maturity date of January 30, 2025.

TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 8 LONG-TERM OBLIGATIONS

During the fiscal year ended June 30, 2023, the following changes occurred in long-term liabilities:

	Balance June 30, 2022	Increases	Decreases	Balance June 30, 2023	Current Portion
Governmental Activities:					
Bonds and Notes Payable	\$ 43,064,000	\$ -	\$ (4,146,000)	\$ 38,918,000	\$ 3,646,000
Notes from Direct Borrowing	58,834	-	(19,417)	39,417	19,417
Unamortized Bond Premiums	2,851,458	-	(181,242)	2,670,216	181,242
Energy Improvements Financed Purchase*	-	5,000,000	-	5,000,000	254,757
Total Bonds and Notes Payable and Financed Purchases	45,974,292	5,000,000	(4,346,659)	46,627,633	4,101,416
Compensated Absences	2,041,738	316,115	-	2,357,853	235,785
Total	<u>\$ 48,016,030</u>	<u>\$ 5,316,115</u>	<u>\$ (4,346,659)</u>	<u>\$ 48,985,486</u>	<u>\$ 4,337,201</u>
Business-Type Activities:					
Bonds and Notes Payable	\$ 3,371,000	\$ 3,341,513	\$ (354,000)	\$ 6,358,513	\$ 489,168
Unamortized Bond Premiums	137,384	-	(10,960)	126,424	10,960
MCWT Interim Loans	4,018,315	59,543	(4,077,858)	-	-
Total Bonds and Notes Payable	7,526,699	3,401,056	(4,442,818)	6,484,937	500,128
Landfill Closure and Postclosure	9,754,056	3,107,847	(1,347,831)	11,514,072	-
Compensated Absences	194,546	28,582	-	223,128	22,313
Total	<u>\$ 17,475,301</u>	<u>\$ 6,537,485</u>	<u>\$ (5,790,649)</u>	<u>\$ 18,222,137</u>	<u>\$ 522,441</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.

*On December 16, 2022, the Town entered into financed purchase agreement with Banc of America Public Capital Corp to finance (\$5,000,000) of energy efficiency improvements through various facilities in the Town as required by the energy management savings agreement with Trane, Inc. Payments of \$441,257 will be paid annually through the term, ending December 16, 2037.

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 9 LONG-TERM DEBT

Details related to the outstanding indebtedness at June 30, 2023, and the debt service requirements are as follows:

Project	Maturity Date	Interest Rate	Outstanding at June 30, 2022	Issued	Redeemed	Outstanding at June 30, 2023
MCWT Pool 9 97-1038-1*	02/01/24	0.00%	\$ 18,834	\$ -	\$ (9,417)	\$ 9,417
MCWT Pool 11 T5-97-1038-2*	07/15/25	0.00%	40,000	-	(10,000)	30,000
Land Acquisition	01/15/25	3.87%	435,000	-	(145,000)	290,000
School Plans	01/15/25	3.85%	45,000	-	(15,000)	30,000
Municipal Purpose Loan	07/01/27	4.25%	1,001,000	-	(184,000)	817,000
Municipal Purpose Loan	09/15/29	3.14%	2,197,000	-	(381,000)	1,816,000
Municipal Purpose Loan	09/15/31	1.50 % - 4.00%	971,000	-	(106,000)	865,000
Municipal Purpose Loan	12/15/15	2.00% - 3.00%	400,000	-	(100,000)	300,000
General Obligation Bonds Refunding	07/15/22	2.00%	205,000	-	(205,000)	-
Municipal Purpose Loan of 2015	12/01/35	2.00% - 5.00%	5,665,000	-	(500,000)	5,165,000
Municipal Purpose Loan of 2017	04/15/37	4.00% - 5.00%	4,765,000	-	(390,000)	4,375,000
School Project Loan 2018	04/01/38	3.00%-5.00%	8,000,000	-	(500,000)	7,500,000
Municipal Purpose Loan of 2018	11/15/38	4.00% - 5.00%	1,590,000	-	(330,000)	1,260,000
Municipal Purpose Loan of 2018	11/15/38	4.00% - 5.00%	13,535,000	-	(915,000)	12,620,000
Municipal Purpose Loan of 2020	05/15/40	2.00% - 5.00%	4,255,000	-	(375,000)	3,880,000
Subtotal Governmental Funds			43,122,834	-	(4,165,417)	38,957,417
Energy Improvements Financed Purchase*	12/16/37	3.73%	-	5,000,000	-	5,000,000
Total Governmental Funds			<u>\$ 43,122,834</u>	<u>\$ 5,000,000</u>	<u>\$ (4,165,417)</u>	<u>\$ 43,957,417</u>

* Notes from direct borrowings

Bonds and Notes Payable – Governmental Funds

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

Fiscal Year	Bonded Debt		Notes from Direct Borrowings and Financed Purchases		Total
	Principal	Interest	Principal	Interest	
2024	\$ 3,646,000	\$ 1,425,947	\$ 274,174	\$ 186,500	\$ 5,071,947
2025	3,476,000	1,266,602	274,259	176,998	4,742,602
2026	3,134,000	1,118,523	284,116	167,141	4,252,523
2027	2,885,000	989,834	284,341	156,916	3,874,834
2028	2,840,000	870,180	294,946	146,310	3,710,180
2029	2,705,000	756,072	305,948	135,309	3,461,072
2030	2,634,000	656,987	317,360	123,897	3,290,987
2031	2,354,000	568,697	329,197	112,059	2,922,697
2032	2,304,000	491,039	341,476	99,780	2,795,039
2033	2,155,000	416,548	354,213	87,043	2,571,548
2034	2,120,000	345,429	367,426	73,831	2,465,429
2035	2,120,000	273,844	381,131	60,126	2,393,844
2036	2,120,000	202,031	395,347	45,910	2,322,031
2037	1,755,000	135,525	410,093	31,164	1,890,525
2038	1,485,000	75,350	425,390	15,867	1,560,350
2039	985,000	23,700	-	-	1,008,700
2040	200,000	4,000	-	-	204,000
Total	<u>\$ 38,918,000</u>	<u>\$ 9,620,308</u>	<u>\$ 5,039,417</u>	<u>\$ 1,618,851</u>	<u>\$ 48,538,308</u>

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 9 LONG-TERM DEBT (CONTINUED)

Bonds and Notes Payable – Enterprise Funds

Project	Maturity Date	Interest Rate	Outstanding at June 30, 2022	Issued	Redeemed	Outstanding at June 30, 2023
ISWM Landfill Phase 3 Stage 3	07/01/27	3.14%	\$ 124,000	\$ -	\$ (21,000)	\$ 103,000
ISWM Landfill Phase IIA/IIIA Liner	09/15/29	3.14%	880,000	-	(110,000)	770,000
ISWM Landfill Processing Center	09/15/29	3.14%	134,000	-	(17,000)	117,000
ISWM Residential Recycling Center	09/15/29	3.14%	414,000	-	(52,000)	362,000
ISWM Road Repair	09/15/25	2.38%	69,000	-	(18,000)	51,000
ISWM Cap/Odor Mitigation	09/15/31	2.78%	110,000	-	(11,000)	99,000
ISWM Municipal Purpose Loan of 2015	12/01/35	2.00% - 5.00%	1,610,000	-	(115,000)	1,495,000
Sewer Pumps	05/15/36	2.00% - 5.00%	30,000	-	(10,000)	20,000
MCWT Pool 24 (CWP19-07)	01/15/43	2.00%	-	3,341,513	-	3,341,513
Total Enterprise Funds			<u>\$ 3,371,000</u>	<u>\$ 3,341,513</u>	<u>\$ (354,000)</u>	<u>\$ 6,358,513</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
2024	\$ 489,168	\$ 168,129	\$ 657,297
2025	492,105	146,905	639,010
2026	482,107	132,813	614,920
2027	469,173	119,330	588,503
2028	472,307	105,109	577,416
2029	455,508	91,391	546,899
2030	454,779	77,466	532,245
2031	283,122	67,056	350,178
2032	286,537	60,071	346,608
2033	279,026	53,139	332,165
2034	282,590	46,266	328,856
2035	286,233	39,249	325,482
2036	289,954	32,086	322,040
2037	178,757	26,718	205,475
2038	182,642	23,143	205,785
2039	186,611	19,490	206,101
2040	190,667	15,758	206,425
2041	194,811	11,945	206,756
2042	199,045	8,048	207,093
2043	203,371	2,034	205,405
Total	<u>\$ 6,358,513</u>	<u>\$ 1,246,146</u>	<u>\$ 7,604,659</u>

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, 2023, the Town did not have any authorized and unissued debt.

TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

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, 2023:

Closure:	
Phase 4, Stage 2	\$ 439,124
Phase 5	988,705
Phase 6	4,671,823
Transfer Station	159,198
Total Closure	<u>6,258,850</u>
Postclosure Care	<u>5,255,222</u>
Total Closure and Postclosure Care Liability	<u><u>\$ 11,514,072</u></u>

The Phase 4, Stage 2 closure liability represents the cumulative amount reported based on the use of 100.0% capacity. The Phase 5 closure liability represents the cumulative amount reported based on the use of 99.5% capacity. The Phase 6 closure liability represents the cumulative amount reported based on the use of 91.30% capacity. The postclosure care liability represents the cumulative amount reported based on the use of 84.02% of the estimated capacity of the entire landfill.

Closure and postclosure care costs consist of the following at June 30, 2023:

Costs:	
Postclosure Care	\$ 205,045
Phase 4, Stage 2	1,365,068
Phase 5	33,201
Phase 6	1,487,911
Transfer Station	16,622
Total Closure and Postclosure Care Costs	<u>3,107,847</u>
Less: Amounts Paid and Accrued	<u>(1,347,831)</u>
Net Increase to Landfill Liability	<u><u>\$ 1,760,016</u></u>

These amounts are based on what it would cost to perform all closure and postclosure care in 2023. Based on current demographic information and engineering estimates of landfill consumption, the Town expects to close the landfill in approximately 2029. 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 \$10,786,935 as the remaining estimated capacity is filled.

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 10 LANDFILL CLOSURE AND POSTCLOSURE CARE (CONTINUED)

The Town is required by state laws and regulations to meet annual financial assurance requirements. At June 30, 2023, approximately \$14,334,000 has been set aside for closure and postclosure care costs.

Subsequent Event

On August 31, 2023, the Town's application to expand the landfill to Phase 9 was approved and the permit was issued. Phase 9 is a vertical expansion over previously lined and landfilled areas. The gross available volume for Phase 9 will be approximately 1,255,000 cubic yards, which could extend the life of the landfill an additional five years to 2029.

NOTE 11 OTHER POSTEMPLOYMENT 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 Postemployment Benefit (OPEB) plan. The Plan is administered by the Town. 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 standalone, GAAP-basis audited financial report.

The Town has established (in accordance with GASB requirements) an OPEB trust fund that is reported in the fiduciary funds financial statements using the flow of economic resources measurement focus and the accrual basis of accounting. Contributions are recognized as additions in the period when they become due pursuant to formal commitments, statutory or contractual requirements. Benefits and refunds are recognized as deductions when incurred.

Plan assets are managed by the Town Treasurer serving as the custodian and trustee of the fund. Investment policies and objectives are established by trust agreement.

Plan membership as of June 30, 2023, the latest actuarial valuation, is as follows:

Active Plan Members	361
Retired Members of Beneficiaries Currently Receiving Benefits	584
Total	<u>945</u>

Benefits provided. The Town provides health insurance coverage for its retirees and survivors. 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, 2023**

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Contributions. 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. Also, Plan members and the Town contribute 25% and 75%, respectively, towards a \$5,000 term life insurance policy. The costs of administering the Plan are paid by the Town.

For the fiscal year ended June 30, 2023, employer contributions totaled \$4,857,775. The Trust did not receive contributions from any other sources.

Net Other Postemployment Benefits Liability (Plan)

The components of the net OPEB liability of the Plan as of June 30, 2023, were as follows:

Total OPEB Liability	\$ 65,085,615
Plan Fiduciary Net Position	<u>8,068,736</u>
Plan's Net OPEB Liability	<u><u>\$ 57,016,879</u></u>

Plan Fiduciary net Position as a Percentage of the Total OPEB Liability	12.40%
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Actuarial Assumptions. The total OPEB liability was determined by performing update procedures to roll the liability forward from the actuarial valuation as of June 30, 2022, to the June 30, 2023, measurement date. The following actuarial assumptions were applied to all periods included in the measurement, unless otherwise specified:

Investment Rate of Return:	6.50% as of June 30, 2023
Discount Rate:	6.50% (6.5% at June 30, 2022)
Inflation:	3.25% per year
Healthcare/Medical Cost Trend Rate:	
Non-Medicare	7% decreasing by 0.25% each year to an ultimate level of 4.50% per year
Medicare Medical	7% decreasing by 0.25% each year to an ultimate level of 4.50% per year
Dental	3.00%
Pre-Retirement Mortality Rates:	
Healthy Non-Teachers	RP-2014 Blue Collar Employee Mortality Table projected generationally with scale MP-2021.
Healthy Teachers	Pub-2010 Teachers Employee Headcount-weighted Mortality Table projected generationally with Scale MP-2021.
Post-Retirement Mortality Rates:	
Healthy Non-Teachers	RP-2014 Blue Collar Employee Mortality Table projected generationally with scale MP-2021.
Healthy Teachers	Pub-2010 Teacher Healthy Retiree Headcount-weighted Mortality Table projected generationally with Scale MP-2021.
Disabled Non-Teachers	RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year projected generationally with scale MP-2021.
Disabled Teachers	Pub-2010 Teacher Healthy Retiree Headcount-weighted Mortality Table projected generationally with Scale MP-2021.

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Net Other Postemployment Benefits Liability (Plan) (Continued)

Investment Policies and Rates of Return. The OPEB Trust's policy in regard to the allocation of invested assets is established and may be amended by the Trustees by a majority vote. It is the policy of the Trustees to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes.

For the year ended June 30, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 9.59%. The money-weighted rate of return expresses investment performance, net of investment expense.

The long-term expected real rate of return on OPEB 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 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 and subtracting expected investment expenses and a risk margin. Best estimates of arithmetic real rates of return for each major asset class included in the target allocation as of June 30, 2023, are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	6.59%
International Equity-Developed Market	6.87%
International Equity-Emerging Market	8.30%
Core Fixed Income	1.53%
High Yield Fixed Income	3.54%
Real Estate	3.44%
Commodities	4.01%
Hedge Fund, GTAA, Risk Parity	3.06%
Private Equity	9.49%

Discount rate. The discount rate used to measure the total OPEB liability was 6.5% as of June 30, 2023. The OPEB 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Changes in the Net OPEB Liability

Net Other Postemployment Benefits Liability (Town)

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances at June 30, 2022	\$ 69,966,738	\$ 6,232,753	\$ 63,733,985
Changes for the Year:			
Service Cost	1,529,642	-	1,529,642
Interest	4,528,721	-	4,528,721
Changes of Assumptions	(5,919,281)	-	(5,919,281)
Differences Between Expected and Actual Experience	(1,314,306)	-	(1,314,306)
Benefits Payments	(3,705,899)	(3,705,899)	-
Contributions - Employer	-	4,857,775	(4,857,775)
Net Investment Income	-	684,107	(684,107)
	<u>-</u>	<u>-</u>	<u>-</u>
Net Changes	<u>(4,881,123)</u>	<u>1,835,983</u>	<u>(6,717,106)</u>
Balances at June 30, 2023	<u>\$ 65,085,615</u>	<u>\$ 8,068,736</u>	<u>\$ 57,016,879</u>

Sensitivity of the net OPEB liability to changes in the discount rate. The following presents the net OPEB liability calculated using the discount rate of 6.5%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.5%) or 1-percentage-point higher (7.5%) than the current rate:

	1% Decrease (5.5%)	Current Discount Rate (6.5%)	1% Increase (7.5%)
Net OPEB Liability	\$ 64,426,394	\$ 57,016,879	\$ 50,781,810

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that is 1-percentage-point lower or 1-percentage-point higher than the current rates:

	1% Decrease	Base Trend	1% Increase
Net OPEB Liability	\$ 49,755,352	\$ 57,016,879	\$ 65,835,939

TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2023, the Town recognized OPEB expense of (\$6,874,943). At June 30, 2023, the Town reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 2,950,349
Changes of Assumptions	7,717,780	41,750,556
Changes of Benefit Terms	-	-
Net Difference Between Projected and Actual Earnings on OPEB Trust Investments	119,161	-
Total	<u>\$ 7,836,941</u>	<u>\$ 44,700,905</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2024	\$ (11,616,719)
2025	(9,995,710)
2026	(13,756,510)
2027	(1,495,025)
Total	<u>\$ (36,863,964)</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. Settled claims from these risks have not exceeded insurance coverage in the past three fiscal years.

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, 2023, totaled \$663,200. Changes in the reported liability since July 1, 2021, are as follows:

	Balance at Beginning of Fiscal Year	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Fiscal Year-End
Fiscal Year 2022	\$ 643,000	\$ 10,787,120	\$ (10,821,120)	\$ 609,000
Fiscal Year 2023	609,000	11,850,105	(11,795,905)	663,200

TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

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	Ambulance Maintenance	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:					
Permanent Fund Principal	\$ -	\$ -	\$ -	\$ 46,541	\$ 46,541
Restricted for:					
Debt Service	141,060	-	-	-	141,060
Opioid Settlement	196,361	-	-	-	196,361
Community Preservation	-	8,202,877	-	-	8,202,877
Ambulance Receipts Reserved	-	-	2,391,261	-	2,391,261
Foundation Reserve	-	-	-	944,690	944,690
School Choice	-	-	-	915,772	915,772
Capital	-	-	-	2,846,721	2,846,721
Open Space	-	-	-	250,000	250,000
Affordable Housing	-	-	-	597,873	597,873
Community Development Block Grant	-	-	-	83,622	83,622
School Lunch	-	-	-	368,916	368,916
General Government	-	-	-	408,366	408,366
Public Safety	-	-	-	1,483,135	1,483,135
Education	-	-	-	1,951,617	1,951,617
Public Works	-	-	-	477,651	477,651
Health and Human Services	-	-	-	167,075	167,075
Culture and Recreation	-	-	-	171,407	171,407
Other	-	-	-	4,679	4,679
Subtotal - Restricted	337,421	8,202,877	2,391,261	10,671,524	21,603,083
Committed to:					
Subsequent Year's Expenditures	1,223,181	-	-	-	1,223,181
Capital Stabilization	3,829,027	-	-	-	3,829,027
Climate Resiliency Stabilization	102,682	-	-	-	102,682
Continuing Appropriations	4,439,944	-	-	-	4,439,944
Subtotal - Committed	9,594,834	-	-	-	9,594,834
Assigned to:					
General Government	226,226	-	-	-	226,226
Public Safety	33,010	-	-	-	33,010
Education	37,791	-	-	-	37,791
Public works	15,262	-	-	-	15,262
Employee Benefits	14,200	-	-	-	14,200
Other	2,903	-	-	-	2,903
Subtotal - Assigned	329,392	-	-	-	329,392
Unassigned	16,771,818	-	-	(3,095,486)	13,676,332
Total	<u>\$ 27,033,465</u>	<u>\$ 8,202,877</u>	<u>\$ 2,391,261</u>	<u>\$ 7,622,579</u>	<u>\$ 45,250,182</u>

TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 14 STABILIZATION FUNDS

The Town maintains a general stabilization fund, a climate resiliency 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, capital stabilization, and climate resiliency stabilization funds at June 30, 2023 total \$4,681,756, \$3,829,027, and \$102,682 respectively. The general stabilization fund is reported as unassigned fund balance in the general fund and the capital and climate resiliency stabilization funds are reported as committed fund balances in the general fund.

NOTE 15 PENSION PLAN

General Information About the Pension Plan

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

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

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

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

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

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 15 PENSION PLAN (CONTINUED)

General Information About the Pension Plan (Continued)

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

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

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

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

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

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 \$4,461,164 for the year ended June 30, 2023.

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

At June 30, 2023, the Town reported a liability of \$47,032,383 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2022, for which update procedures were used to roll forward the total pension liability to the measurement date. The Town's 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, 2022, the Town's proportion was 5.667%, compared to its proportion of 5.731% at December 31, 2021.

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 15 PENSION PLAN (CONTINUED)

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

For the year ended June 30, 2023, the Town recognized pension expense of \$5,199,666. At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 146,390
Changes of Assumptions	2,479,269	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	859,800	1,759,054
Net Difference Between Projected and Actual Earnings on OPEB Trust Investments	5,192,752	-
Total	<u>\$ 8,531,821</u>	<u>\$ 1,905,444</u>

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2024	\$ 202,961
2025	1,330,996
2026	1,733,426
2027	3,420,726
2028	(61,732)
Total	<u>\$ 6,626,377</u>

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of January 1, 2022, using the following actuarial assumptions applied to all periods included in the measurement that was rolled forward to the December 31, 2022, measurement date:

Investment Rate of Return	6.90%, net of pension plan investment expense, including inflation (previously 7.15%).
Salary Increases	Varies by length of service with ultimate rates of 4.00% for Group 1, 4.25% for Group 2 and 4.50% for Group 4.
Mortality Rates:	<p>Pre-Retirement – The RP-2014 Blue Collar Employee Mortality Table projected generationally with Scale MP-2021.</p> <p>Healthy Retiree – The RP-2014 Blue Collar Healthy Annuitant Mortality Table projected generationally with Scale MP-2021.</p> <p>Disabled Retiree – The RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year and projected generationally with Scale MP-2021.</p>

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 15 PENSION PLAN (CONTINUED)

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

COLA: 3% of the first \$18,000 of retirement income

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	20.50%	6.59%
International Equity - Developed Markets	12.00%	6.87%
International Equity - Emerging Markets	4.50%	8.30%
Core Fixed Income	15.00%	1.53%
High-Yield Fixed Income	8.00%	3.54%
Real Estate	10.00%	3.44%
Timberland	4.00%	4.01%
Hedge Fund, GTAA, Risk Parity	10.00%	3.06%
Private Equity	16.00%	9.49%
Total	100.00%	

Discount rate. The discount rate used to measure the total pension liability was 6.90%. 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.

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 15 PENSION PLAN (CONTINUED)

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

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 6.90%, 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 (5.90%) or 1-percentage-point higher (7.90%) than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Town of Bourne's Proportionate Share of the Net Pension Liability	\$ 62,075,816	\$ 47,032,383	\$ 34,377,240

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

NOTE 16 MASSACHUSETTS TEACHERS RETIREMENT SYSTEM

General Information About the Pension Plan

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

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

Members become vested after 10 years of creditable service. A superannuation retirement allowance may be received upon the completion of 20 years of creditable service or upon reaching the age of 55 with 10 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.

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 16 MASSACHUSETTS TEACHERS RETIREMENT SYSTEM (CONTINUED)

General Information About the Pension Plan (Continued)

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, 2023. The Commonwealth's net pension liability associated with the Town was \$54,297,535.

The MTRS' net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2022, rolled forward to June 30, 2022.

For the year ended June 30, 2023, the Town recognized pension expense of \$4,466,502 associated with MTRS and revenue of the same amount for support provided by the Commonwealth.

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 16 MASSACHUSETTS TEACHERS RETIREMENT SYSTEM (CONTINUED)

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

Actuarial assumptions. The MTRS' total pension liability for the June 30, 2022, measurement date was determined by an actuarial valuation as of January 1, 2022, rolled forward to June 30, 2022. This valuation used the following assumptions:

Investment Rate of Return 7.00%

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: Pre-retirement – reflects Pub-2010 Teachers Employees mortality table (headcount weighted) projected generationally with Scale MP-2020 (gender distinct).

Postretirement – reflects Pub-2010 Teachers Retirees mortality table (headcount weighted) projected generationally with Scale MP-2020 (gender distinct).

Disability – assumed to be in accordance with the Pub-2010 Teachers Retirees mortality table (headcount weighted) projected generationally with Scale MP-2020 (gender distinct).

Other 3.5% interest rate credited to the annuity savings fund.

3.0% cost of living increase on the first \$13,000 per year.

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, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	38.0%	4.2%
Core Fixed Income	15.0%	0.5%
Private Equity	15.0%	7.3%
Portfolio Completion Strategies	10.0%	2.7%
Real Estate	10.0%	3.3%
Value Added Fixed Income	8.0%	3.7%
Timber/Natural Resources	4.0%	3.9%
Total	<u>100.0%</u>	

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 16 MASSACHUSETTS TEACHERS RETIREMENT SYSTEM (CONTINUED)

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

Discount rate. The discount rate used to measure the MTRS' total pension liability was 7.00%. 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's significant commitments include the encumbrances and continuing appropriations outstanding for the general fund, which totaled \$4,769,236 at June 30, 2023.

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, 2023, cannot be ascertained, management believes any resulting liability should not materially affect the financial position of the Town at June 30, 2023.

The Town participates in various federal and state grant programs, which are subject to program compliance audits. Accordingly, the Town's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Town anticipates such amounts, if any, will be immaterial.

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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
YEAR ENDED JUNE 30, 2023**

	Prior Year Encumbrances and Continuing Appropriations	Original Budget	Supplemental Appropriations and Transfers	Final Budget
REVENUES				
Real Estate and Personal Property Taxes	\$ -	\$ 57,930,921	\$ -	\$ 57,930,921
Motor Vehicle and Other Excise Taxes	-	3,539,116	16,511	3,555,627
Tax Liens	-	-	-	-
Payments in Lieu of Taxes	-	20,000	-	20,000
Intergovernmental	-	9,179,905	242,273	9,422,178
Special Assessments	-	-	-	-
Penalties and Interest on Taxes	-	175,000	-	175,000
Licenses and Permits	-	700,000	-	700,000
Fines and Forfeitures	-	130,000	-	130,000
Departmental and Other	-	2,329,116	-	2,329,116
Investment Income	-	25,000	-	25,000
Total Revenues	-	74,029,058	258,784	74,287,842
EXPENDITURES				
Current:				
General Government	2,603,781	5,903,930	903,754	9,411,465
Public Safety	1,283,321	12,184,600	789,814	14,257,735
Education	612,307	28,200,984	170,000	28,983,291
Public Works	221,623	2,917,483	60,490	3,199,596
Health and Human Services	24,335	982,255	-	1,006,590
Culture and Recreation	76,151	1,016,623	-	1,092,774
Pension Benefits	-	4,716,740	-	4,716,740
Employee Benefits	129,506	9,316,099	-	9,445,605
Property and Liability Insurance	-	1,798,890	30,000	1,828,890
Claims and Judgments	-	72,215	-	72,215
State and County Charges	-	5,306,058	-	5,306,058
Debt Service:				
Principal	-	4,761,700	-	4,761,700
Interest	-	1,713,800	-	1,713,800
Total Expenditures	4,951,024	78,891,377	1,954,058	85,796,459
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(4,951,024)	(4,862,319)	(1,695,274)	(11,508,617)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	6,095,306	250,000	6,345,306
Transfers Out	-	(1,058,510)	(888,573)	(1,947,083)
Total Other Financing Sources (Uses)	-	5,036,796	(638,573)	4,398,223
NET CHANGE IN FUND BALANCE	(4,951,024)	174,477	(2,333,847)	(7,110,394)
Fund Balance - Beginning of Year	16,206,398	16,206,398	16,206,398	16,206,398
FUND BALANCE - END OF YEAR	\$ 11,255,374	\$ 16,380,875	\$ 13,872,551	\$ 9,096,004

See accompanying independent auditors' report.

**TOWN OF BOURNE, MASSACHUSETTS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
(NON-GAAP BUDGETARY BASIS)
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2023**

	Actual	Current Year Encumbrances and Continuing Appropriations	Actual and Encumbrances and Continuing Appropriations	Variance Positive/ (Negative)
REVENUES				
Real Estate and Personal Property Taxes	\$ 58,027,018	\$ -	\$ 58,027,018	\$ 96,097
Motor Vehicle and Other Excise Taxes	4,990,994	-	4,990,994	1,435,367
Tax Liens	133,670	-	133,670	133,670
Payments in Lieu of Taxes	20,199	-	20,199	199
Intergovernmental	8,676,814	-	8,676,814	(745,364)
Special Assessments	65,055	-	65,055	65,055
Penalties and Interest on Taxes	206,289	-	206,289	31,289
Licenses and Permits	895,470	-	895,470	195,470
Fines and Forfeitures	122,126	-	122,126	(7,874)
Departmental and Other	3,091,496	-	3,091,496	762,380
Investment Income	630,724	-	630,724	605,724
Total Revenues	76,859,855	-	76,859,855	2,572,013
EXPENDITURES				
Current:				
General Government	6,607,672	2,035,149	8,642,821	768,644
Public Safety	12,301,280	1,928,846	14,230,126	27,609
Education	28,499,112	484,111	28,983,223	68
Public Works	2,937,021	188,937	3,125,958	73,638
Health and Human Services	905,352	4,376	909,728	96,862
Culture and Recreation	947,116	113,717	1,060,833	31,941
Pension Benefits	4,678,538	-	4,678,538	38,202
Employee Benefits	9,427,659	14,200	9,441,859	3,746
Property and Liability Insurance	1,828,887	-	1,828,887	3
Claims and Judgments	71,297	-	71,297	918
State and County Charges	4,937,029	-	4,937,029	369,029
Debt Service:				
Principal	4,165,417	-	4,165,417	596,283
Interest	1,730,797	-	1,730,797	(16,997)
Total Expenditures	79,037,177	4,769,336	83,806,513	1,989,946
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,177,322)	(4,769,336)	(6,946,658)	4,561,959
OTHER FINANCING SOURCES (USES)				
Transfers In	6,731,389	-	6,731,389	386,083
Transfers Out	(1,947,083)	-	(1,947,083)	-
Total Other Financing Sources (Uses)	4,784,306	-	4,784,306	386,083
NET CHANGE IN FUND BALANCE	2,606,984	(4,769,336)	(2,162,352)	4,948,042
Fund Balance - Beginning of Year	16,206,398	-	16,206,398	-
FUND BALANCE - END OF YEAR	<u>\$ 18,813,382</u>	<u>\$ (4,769,336)</u>	<u>\$ 14,044,046</u>	<u>\$ 4,948,042</u>

See accompanying independent auditors' report.

**TOWN OF BOURNE, MASSACHUSETTS
COMMUNITY PRESERVATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
(NON-GAAP BUDGETARY BASIS)
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2023**

	Prior Year Encumbrances and Continuing Appropriations	Original Budget	Supplemental Appropriations and Transfers	Final Budget
REVENUES				
Community Preservation Surcharges	\$ -	\$ 1,656,900	\$ -	\$ 1,656,900
Tax Liens	-	-	-	-
Penalties and Interest on Taxes	-	-	-	-
Intergovernmental	-	250,000	-	250,000
Investment Income	-	15,000	-	15,000
Total Revenues	-	1,921,900	-	1,921,900
EXPENDITURES				
Current:				
Health and Human Services	597,386	424,200	(100,643)	920,943
Culture and Recreation	2,438,967	630,368	(75,001)	2,994,334
Total Expenditures	3,036,353	1,054,568	(175,644)	3,915,277
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,036,353)	867,332	175,644	(1,993,377)
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	(454,753)	-	(454,753)
NET CHANGE IN FUND BALANCE	(3,036,353)	412,579	175,644	(2,448,130)
Fund Balance - Beginning of Year	6,218,683	6,218,683	6,218,683	6,218,683
FUND BALANCE - END OF YEAR	<u>\$ 3,182,330</u>	<u>\$ 6,631,262</u>	<u>\$ 6,394,327</u>	<u>\$ 3,770,553</u>

See accompanying independent auditors' report.

**TOWN OF BOURNE, MASSACHUSETTS
COMMUNITY PRESERVATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
(NON-GAAP BUDGETARY BASIS)
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2023**

	Actual	Current Year Encumbrances and Continuing Appropriations	Actual and Encumbrances and Continuing Appropriations	Variance Positive/ (Negative)
REVENUES				
Community Preservation Surcharges	\$ 1,682,219	\$ -	\$ 1,682,219	\$ 25,319
Tax Liens	3,734	-	3,734	3,734
Penalties and Interest on Taxes	5,015	-	5,015	5,015
Intergovernmental	979,884	-	979,884	729,884
Investment Income	145,085	-	145,085	130,085
Total Revenues	<u>2,815,937</u>	<u>-</u>	<u>2,815,937</u>	<u>894,037</u>
EXPENDITURES				
Current:				
Health and Human Services	47,057	873,886	920,943	-
Culture and Recreation	<u>141,131</u>	<u>2,853,203</u>	<u>2,994,334</u>	<u>-</u>
Total Expenditures	<u>188,188</u>	<u>3,727,089</u>	<u>3,915,277</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,627,749	(3,727,089)	(1,099,340)	894,037
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>(454,753)</u>	<u>-</u>	<u>(454,753)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	2,172,996	(3,727,089)	(1,554,093)	894,037
Fund Balance - Beginning of Year	<u>6,218,683</u>	<u>-</u>	<u>6,218,683</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 8,391,679</u>	<u>\$ (3,727,089)</u>	<u>\$ 4,664,590</u>	<u>\$ 894,037</u>

See accompanying independent auditors' report.

**TOWN OF BOURNE, MASSACHUSETTS
PENSION PLAN SCHEDULES
JUNE 30, 2023**

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

	2023	2022	2021	2020	2019
Town's Proportion of the Net Pension Liability	5.667%	5.732%	5.975%	5.743%	5.867%
Town's Proportionate Share of the Net Pension Liability	\$ 47,032,383	\$ 31,515,093	\$ 41,276,125	\$ 43,146,337	\$ 46,370,383
Town's Covered Payroll	\$ 18,615,132	\$ 18,128,233	\$ 18,721,222	\$ 17,242,916	\$ 17,017,066
Town's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	252.66%	173.85%	220.48%	250.23%	272.49%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	63.77%	75.07%	66.82%	62.34%	57.63%
	2018	2017	2016	2015	
Town's Proportion of The Net Pension Liability	5.946%	6.001%	6.197%	6.079%	
Town's Proportionate Share of the Net Pension Liability	\$ 40,456,504	\$ 42,164,706	\$ 39,022,403	\$ 34,318,522	
Town's Covered Payroll	\$ 16,534,981	\$ 16,584,878	\$ 16,795,291	\$ 15,944,474	
Town's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	244.67%	254.24%	232.34%	215.24%	
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	61.86%	57.28%	58.10%	60.43%	

- (1) Data is being accumulated annually to present 10 years of the reported information.
(2) Amounts presented were determined as of December 31 of the applicable fiscal year.

See accompanying independent auditors' report.

**TOWN OF BOURNE, MASSACHUSETTS
PENSION PLAN SCHEDULES
JUNE 30, 2023**

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Actuarially Required Contribution	\$ 4,461,164	\$ 4,271,908	\$ 4,203,804	\$ 3,781,187	\$ 3,738,770
Contributions in Relation to the Actuarially Required Contribution	<u>(4,461,164)</u>	<u>(4,271,908)</u>	<u>(4,203,804)</u>	<u>(3,840,170)</u>	<u>(3,738,770)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (58,983)</u>	<u>\$ -</u>
Town's Covered Payroll	\$ 18,615,132	\$ 18,128,233	\$ 18,721,222	\$ 17,242,916	\$ 17,017,066
Contributions as a Percentage of Covered Payroll	23.97%	23.56%	22.45%	21.93%	21.97%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	
Actuarially Required Contribution	\$ 3,511,643	\$ 3,401,770	\$ 3,352,724	\$ 3,160,253	
Contributions in Relation to the Actuarially Required Contribution	<u>(3,511,643)</u>	<u>(3,401,770)</u>	<u>(3,352,724)</u>	<u>(3,160,253)</u>	
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Town's Covered Payroll	\$ 16,534,981	\$ 16,584,878	\$ 16,795,291	\$ 15,944,474	
Contributions as a Percentage of Covered Payroll	21.24%	20.51%	19.96%	19.82%	

- (1) Data is being accumulated annually to present 10 years of the reported information.
(2) Amounts presented were determined as of December 31 of the applicable fiscal year.

See accompanying independent auditors' report.

**TOWN OF BOURNE, MASSACHUSETTS
PENSION PLAN SCHEDULES
JUNE 30, 2023**

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Town's Share of Net Pension Liability	\$ -	\$ -	\$ -	\$ -	\$ -
Commonwealth's Share of the Town's Net Pension Liability	<u>54,297,535</u>	<u>49,114,118</u>	<u>58,302,009</u>	<u>55,026,855</u>	<u>52,198,418</u>
Total	<u><u>\$ 54,297,535</u></u>	<u><u>\$ 49,114,118</u></u>	<u><u>\$ 58,302,009</u></u>	<u><u>\$ 55,026,855</u></u>	<u><u>\$ 52,198,418</u></u>
Town's Expense and Revenue Recognized for the Commonwealth's Support	\$ 4,466,502	\$ 3,941,203	\$ 7,201,133	\$ 6,672,961	\$ 5,289,554
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	57.75%	62.03%	50.67%	53.95%	54.84%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	
Town's Share of Net Pension Liability	\$ -	\$ -	\$ -	\$ -	
Commonwealth's Share of the Town's Net Pension Liability	<u>50,563,923</u>	<u>49,892,333</u>	<u>45,923,625</u>	<u>36,921,229</u>	
Total	<u><u>\$ 50,563,923</u></u>	<u><u>\$ 49,892,333</u></u>	<u><u>\$ 45,923,625</u></u>	<u><u>\$ 36,921,229</u></u>	
Town's Expense and Revenue Recognized for the Commonwealth's Support	\$ 5,277,504	\$ 5,089,345	\$ 3,724,815	\$ 2,565,095	
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	54.25%	52.73%	55.38%	61.64%	

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

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

**TOWN OF BOURNE, MASSACHUSETTS
OTHER POSTEMPLOYMENT BENEFITS SCHEDULES
JUNE 30, 2023**

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY (1)

	2023	2022	2021	2020	2019
Total OPEB Liability					
Service Cost	\$ 1,529,642	\$ 1,479,275	\$ 5,433,367	\$ 3,795,441	\$ 4,069,243
Interest	4,528,721	4,386,062	3,116,938	3,921,110	4,533,052
Differences between Actual and Expected Experience	(1,314,306)	-	(3,449,774)	-	(1,044,104)
Changes in Assumptions	(5,919,281)	-	(71,095,699)	23,153,337	(8,803,708)
Benefit Payments	(3,705,899)	(3,735,616)	(3,525,423)	(3,497,113)	(3,632,578)
Net Change in Total OPEB liability	(4,881,123)	2,129,721	(69,520,591)	27,372,775	(4,878,095)
Total OPEB Liability - Beginning	69,966,738	67,837,017	137,357,608	109,984,833	114,862,928
Total OPEB Liability - Ending (a)	<u>\$ 65,085,615</u>	<u>\$ 69,966,738</u>	<u>\$ 67,837,017</u>	<u>\$ 137,357,608</u>	<u>\$ 109,984,833</u>
Plan Fiduciary Net Position					
Contributions - Employer	\$ 4,857,775	\$ 4,754,033	\$ 4,714,125	\$ 4,378,993	\$ 6,087,516
Net Investment Income	684,107	(414,807)	787,742	115,288	200,593
Benefit Payments	(3,705,899)	(3,735,616)	(3,525,423)	(3,497,113)	(3,632,578)
Net Change in Plan Fiduciary Net Position	1,835,983	603,610	1,976,444	997,168	2,655,531
Plan Fiduciary Net Position - Beginning	6,232,753	5,629,143	3,652,699	2,655,531	-
Plan Fiduciary Net Position - Ending (b)	<u>\$ 8,068,736</u>	<u>\$ 6,232,753</u>	<u>\$ 5,629,143</u>	<u>\$ 3,652,699</u>	<u>\$ 2,655,531</u>
Town's Net OPEB Liability - Ending (a) - (b)	<u>\$ 57,016,879</u>	<u>\$ 63,733,985</u>	<u>\$ 62,207,874</u>	<u>\$ 133,704,909</u>	<u>\$ 107,329,302</u>
Plan's Fiduciary Net Position as a Percentage of the Total Liability	12.40%	8.91%	8.30%	2.66%	2.41%

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

SCHEDULE OF INVESTMENT RETURNS (PLAN) (1)

	2023	2022	2021	2020	2019
Annual Money-Weighted Rate of Return, Net of Investment Expense	9.59%	-6.48%	17.62%	5.88%	6.86%

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

See accompanying independent auditors' report.

**TOWN OF BOURNE, MASSACHUSETTS
OTHER POSTEMPLOYMENT BENEFITS SCHEDULES
JUNE 30, 2023**

SCHEDULE OF CONTRIBUTIONS (TOWN) (1)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Actuarially Required Contribution	\$ 5,046,851	\$ 5,172,168	\$ 5,007,149	\$ 5,638,565	\$ 5,461,080
Contributions in Relation to the Actuarially Required Contribution	<u>(4,857,775)</u>	<u>(4,754,033)</u>	<u>(4,714,125)</u>	<u>(4,378,993)</u>	<u>(6,087,516)</u>
Contribution Deficiency (Excess)	<u>\$ 189,076</u>	<u>\$ 418,135</u>	<u>\$ 293,024</u>	<u>\$ 1,259,572</u>	<u>\$ (626,436)</u>

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

TOWN OF BOURNE, MASSACHUSETTS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023

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, 2023, is presented below:

General Fund

	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Financing Sources (Uses)</u>	<u>Fund Balance</u>
Budgetary Basis as Reported on the Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual	\$ 76,859,855	\$ 83,806,513	\$ 4,784,306	\$ 14,044,046
Adjustments:				
Net Change in Recording 60-Day Receipts	47,244	-	-	193,713
Net Change in Recording Tax Refunds Payable	10,743	-	-	(311,058)
Net Change in Recording Workers Compensation Claims	-	305,081	-	(305,081)
Net Change in Recording Opioid Settlement Accrual	29,044	-	-	29,044
To Record MTRS On-Behalf Payments	4,466,502	4,466,502	-	-
Encumbrances and Continuing Appropriations	-	(4,769,336)	-	4,769,336
Reclassifications:				
To Reclassify the Activity of the Stabilization Funds to the General Fund	135,806	-	165,535	8,613,465
To Reclassify the Activity of the OPEB Fund	-	582,538	582,538	-
GAAP Basis as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances	<u>\$ 81,549,194</u>	<u>\$ 84,391,298</u>	<u>\$ 5,532,379</u>	<u>\$ 27,033,465</u>

Community Preservation Fund

	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Financing Sources (Uses)</u>	<u>Fund Balance</u>
Budgetary Basis as Reported on the Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	\$ 2,815,937	\$ 3,915,277	\$ (454,753)	\$ 4,664,590
Adjustments:				
Net Change in Recording Expenditures	-	189,821	-	(189,821)
To Record Encumbrances and Continuing Appropriations	-	(3,727,089)	-	3,727,089
GAAP Basis as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances	<u>\$ 2,815,937</u>	<u>\$ 378,009</u>	<u>\$ (454,753)</u>	<u>\$ 8,202,877</u>

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023**

NOTE B – PENSION PLAN (BARNSTABLE COUNTY RETIREMENT ASSOCIATION) SIGNIFICANT CHANGES IN ASSUMPTIONS

Changes of Assumptions (2020) – Net investment return assumption was lowered from 7.375% to 7.15%. The administrative expense assumption was changed from \$1.5M to \$1.85M.

Changes of Assumptions (2022) – Net investment return assumption was lowered from 7.15% to 6.90%. The mortality improvement scale was updated from Scale MP-2017 to Scale MP-2021.

NOTE C – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) SIGNIFICANT CHANGES IN ASSUMPTIONS

Changes of Assumptions (2020) – The discount rate was updated from 2.21% to 3.50%.

Changes of Assumptions (2021) – Expected rate of return on assets was lowered from 7.00% to 6.50%. The discount rate was updated from 2.21% to 6.50%.

Changes of Assumptions (2023) – Per capita healthcare costs, contributions and trends were updated to reflect current experience and future expectations. The mortality projection scale assumption was updated for both teachers and non-teachers.