

**TOWN OF BOURNE, MASSACHUSETTS**

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

**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**



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**REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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# *Independent Auditors' Report*

## **Independent Auditors' Report**

To the Honorable Board of Selectmen  
Town of Bourne, Massachusetts

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Bourne, Massachusetts, as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town of Bourne, Massachusetts' basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Bourne, Massachusetts, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (located on pages 4 through 13) and general fund and community preservation fund budgetary comparisons and certain pension and other postemployment benefits information (located on pages 57 through 65) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2014, on our consideration of the Town of Bourne, Massachusetts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Bourne, Massachusetts' internal control over financial reporting and compliance.



**CliftonLarsonAllen**

Boston, Massachusetts  
March 28, 2014

## *Management's Discussion and Analysis*



TOWN OF BOURNE, MASSACHUSETTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2013

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, 2013.

***Financial Highlights***

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$99,580,899 (net position). Of this amount, \$5,666,235 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The Town's total net position increased \$2,102,099.
- As of the close of the fiscal year, the Town's governmental funds reported combined ending fund balances totaling \$30,659,228, an increase of \$5,041,887 in comparison with the prior year. Approximately \$9,174,000 represents unassigned fund balance.
- At the end of the fiscal year, unassigned fund balance for the general fund totaled \$9,412,758, or 14.8 percent of total general fund expenditures and transfers out.
- The Town's total bonded debt increased by \$1,803,748 during the fiscal year, with new debt issuances totaling \$5,621,500.

***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.).

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*).

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MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2013

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 15-17 of this report.

Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The 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, community preservation (special revenue) and debt service funds, each of which are considered to be major funds. Data from the other 9 governmental funds are combined into a single, aggregated presentation titled *nonmajor governmental funds*.

The basic governmental fund financial statements can be found on pages 18-21 of this report.

**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.

TOWN OF BOURNE, MASSACHUSETTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2013

*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 22-24 of this report.

#### **Fiduciary funds**

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

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

The basic fiduciary fund financial statements can be found on pages 25-26 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 27-56 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 is the budget comparisons for the general fund and community preservation fund, and certain pension and other post employment benefits information, which can be found on pages 57-65.

TOWN OF BOURNE, MASSACHUSETTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2013

***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 exceeded liabilities by \$99,580,899 at the close of the fiscal year and are summarized as follows:

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	2013	2012	2013	2012	2013	2012
<b>Assets</b>						
Current assets.....	\$ 41,765,284	\$ 36,461,742	\$ 11,243,440	\$ 11,972,328	\$ 53,008,724	\$ 48,434,070
Noncurrent assets (excluding capital assets).....	653,553	805,857	3,956,125	3,457,420	4,609,678	4,263,277
Capital assets (net).....	92,059,687	91,509,251	16,573,095	14,843,035	108,632,782	106,352,286
Total assets.....	134,478,524	128,776,850	31,772,660	30,272,783	166,251,184	159,049,633
<b>Liabilities</b>						
Current liabilities (excluding debt).....	5,267,130	5,714,729	1,346,817	625,468	6,613,947	6,340,197
Noncurrent liabilities (excluding debt).....	17,731,089	14,240,047	4,920,696	5,540,904	22,651,785	19,780,951
Current debt.....	7,266,301	2,771,497	1,916,118	1,096,255	9,182,419	3,867,752
Noncurrent debt.....	20,031,905	22,081,706	8,190,229	9,500,227	28,222,134	31,581,933
Total liabilities.....	50,296,425	44,807,979	16,373,860	16,762,854	66,670,285	61,570,833
<b>Net Position</b>						
Net investment in capital assets.....	72,783,221	68,198,525	10,557,608	8,386,478	83,340,829	76,585,003
Restricted.....	10,573,835	10,017,276	-	2,597,447	10,573,835	12,614,723
Unrestricted.....	825,043	5,753,070	4,841,192	2,526,004	5,666,235	8,279,074
Total net position.....	\$ 84,182,099	\$ 83,968,871	\$ 15,398,800	\$ 13,509,929	\$ 99,580,899	\$ 97,478,800

The largest portion of the Town's net position (83.7%) 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 (10.6%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (5.7% or \$5,666,235) may be used to meet the Town's ongoing obligations to citizens and creditors. Of this amount, \$825,043 may be used to support governmental activities and \$4,841,192 may be used to support business-type activities.

TOWN OF BOURNE, MASSACHUSETTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2013

Changes in Net Position

For the fiscal year ended June 30, 2013, the Town's total net position increased by \$2,102,099, compared to a decrease of \$845,798 in the prior fiscal year. These amounts are summarized as follows:

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	2013	2012	2013	2012	2013	2012
<b>Revenues</b>						
<i>Program Revenues:</i>						
Charges for services.....	\$ 5,520,979	\$ 4,913,194	\$ 13,492,918	\$ 12,268,189	\$ 19,013,897	\$ 17,181,383
Operating grants and contributions.....	17,819,030	15,149,754	38,792	104,376	17,857,822	15,254,130
Capital grants and contributions.....	806,261	1,030,154	-	-	806,261	1,030,154
<i>General Revenues:</i>						
Real estate and personal property taxes.....	38,071,168	36,674,537	-	-	38,071,168	36,674,537
Motor vehicle and other excise taxes.....	2,445,551	2,257,840	-	-	2,445,551	2,257,840
Penalties and interest on taxes.....	387,590	407,982	-	-	387,590	407,982
Payments in lieu of taxes.....	22,142	13,948	-	-	22,142	13,948
Community preservation surcharges.....	1,116,198	1,077,282	-	-	1,116,198	1,077,282
Grants and contributions not restricted to specific programs.....	1,751,033	1,750,890	-	-	1,751,033	1,750,890
Unrestricted investment income.....	40,356	100,920	-	-	40,356	100,920
Sale of foreclosed properties.....	402,000	-	-	-	402,000	-
Gain on sale of capital assets.....	2,451	1,105	-	-	2,451	1,105
Other.....	41,769	99,452	-	-	41,769	99,452
<b>Total revenues.....</b>	<b>68,426,528</b>	<b>63,477,056</b>	<b>13,531,710</b>	<b>12,372,565</b>	<b>81,958,238</b>	<b>75,849,623</b>
<b>Expenses</b>						
General government.....	4,884,938	4,406,818	-	-	4,884,938	4,406,818
Public safety.....	13,795,288	12,577,889	-	-	13,795,288	12,577,889
Education.....	43,607,907	43,509,828	-	-	43,607,907	43,509,828
Public works.....	4,428,870	3,635,219	-	-	4,428,870	3,635,219
Health and human services.....	1,850,901	1,485,056	-	-	1,850,901	1,485,056
Culture and recreation.....	1,629,556	1,664,123	-	-	1,629,556	1,664,123
Community development.....	807,549	88,726	-	-	807,549	88,726
Debt service - interest.....	769,715	797,411	-	-	769,715	797,411
Sewer.....	-	-	795,882	842,674	795,882	842,674
Landfill.....	-	-	7,285,533	7,687,675	7,285,533	7,687,675
<b>Total expenses.....</b>	<b>71,774,724</b>	<b>68,165,070</b>	<b>8,081,415</b>	<b>8,530,349</b>	<b>79,856,139</b>	<b>76,695,419</b>
Change in net position before transfers.....	(3,348,196)	(4,688,014)	5,450,295	3,842,216	2,102,099	(845,798)
Transfers, net.....	3,561,424	2,557,020	(3,561,424)	(2,557,020)	-	-
Change in net positions.....	213,228	(2,130,994)	1,888,871	1,285,196	2,102,099	(845,798)
Net position - beginning of year.....	83,968,871	86,099,865	13,509,929	12,224,733	97,478,800	98,324,598
Net position - end of year.....	<u>\$ 84,182,099</u>	<u>\$ 83,968,871</u>	<u>\$ 15,398,800</u>	<u>\$ 13,509,929</u>	<u>\$ 99,580,899</u>	<u>\$ 97,478,800</u>

Governmental activities increased the Town's net position by \$213,228. In the prior year, governmental activities decreased the Town's net position by \$2,130,994. The key elements of this change are the sale of foreclosed properties totaling \$402,000 and the Landfill enterprise fund's \$1,000,000 contribution (via transfer) to the new DPW facility capital project.

TOWN OF BOURNE, MASSACHUSETTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2013

Business-type activities increased the Town's net position by \$1,888,871. In the prior year, business-type activities increased the Town's net position by \$1,285,196. The key elements of this change are:

- Increase in revenues of approximately \$1,219,000, primarily resulting from an increase in waste volumes received for municipal solid waste
- Decrease in depreciation and closure costs of approximately \$517,000

*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 \$30,659,228, an increase of \$5,041,887 in comparison with the prior year. Approximately \$9,174,000 represents unassigned fund balance. The remainder of fund balance includes the following constraints:

- Nonspendable (\$35,341)
- Restricted (\$17,852,161)
- Committed (\$3,455,433)
- Assigned (\$142,668)

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 \$9,412,758, while total fund balance was \$13,331,235. 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 14.8% of total general fund expenditures and transfers out, while total fund balance represents 21.0% of that same amount.

The balance of the Town's general fund decreased by \$1,939,023 during fiscal year 2013. Although the Town recognized an approximate \$4,559,000 budgetary surplus (excluding encumbrances and continuing appropriations), the Town anticipated utilizing approximately \$5,460,000 of reserves to fund the budget.

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

The fund balance of the community preservation fund (special revenue) decreased by \$279,495 during the current fiscal year. The fund's receipts included community preservation surcharges (\$1,122,116), intergovernmental revenue (\$322,366), penalties and interest on taxes (\$8,249), tax liens revenue (\$3,206), investment income (\$3,102), and other revenue (\$696). Expenditures totaling approximately \$1,021,000 were incurred during the year and a transfer of \$718,184 was made to the general fund to cover community preservation related debt service.

The fund balance of the debt service fund increased by \$4,398,550 during the current fiscal year. The fund recognized \$4,295,000 of proceeds of refunding bonds (current) and a \$166,451 premium from the issuance of refunding bonds (current). Subsequent to year-end, the refunding transaction was completed as the bonds were retired with the payment of \$4,398,550.

TOWN OF BOURNE, MASSACHUSETTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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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 \$910,195 and \$3,930,997, respectively. The sewer and landfill enterprise funds had a change in net position for the year of (\$29,392) and \$1,918,263, 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 \$55,293,907 was increased by \$2,184,572 (4.0%) during the fiscal year. The following table summarizes the increase:

Purpose of Increase	Amount	Funding Source
Capital related to the new DPW Facility.....	\$ 500,000	Unassigned fund balance
Insurance expenses.....	320,000	Unassigned fund balance
Fire salaries and wages.....	255,325	Unassigned fund balance
Transfer to OPEB trust fund.....	250,000	Unassigned fund balance
Sagamore beach area emergency repairs.....	200,000	Transfer from stabilization fund
Environmental protection.....	145,000	Unassigned fund balance
Bourne community television cable payment.....	95,000	Unassigned fund balance
Dredging ramp & pier maintenance.....	84,575	Transfer from waterways special revenue fund
Department of natural resources expenses.....	65,000	Unassigned fund balance
Tideway sea wall repairs.....	50,000	Transfer from waterways special revenue fund
Town hall maintenance expenses.....	37,850	Unassigned fund balance
Police masonry repairs.....	30,000	Unassigned fund balance
Fire department portable radios.....	30,000	Unassigned fund balance
Finance department expenses.....	28,500	Unassigned fund balance
Canal centennial committee.....	25,000	Unassigned fund balance
Police cruisers.....	15,000	Unassigned fund balance
Fire department ambulance hardware/software.....	14,600	Unassigned fund balance
Police department cruiser computers.....	11,545	Transfers from capital projects/Unassigned fund balance
Selectmen expenses.....	9,000	Unassigned fund balance
Fire department operation dispatch system.....	8,876	Unassigned fund balance
ISWM working group expenses.....	3,550	Unassigned fund balance
Unpaid bills.....	3,151	Unassigned fund balance
Special education mini bus.....	2,000	Unassigned fund balance
Bourne veteran's memorial center trustees wages.....	600	Unassigned fund balance
Total increase.....	\$ <u>2,184,572</u>	

During the year, revenues and other financing sources exceeded budgetary estimates, while expenditures and encumbrances and continuing appropriations were less than budgeted appropriations, resulting in a positive budget to actual variance of approximately \$2,823,000.

TOWN OF BOURNE, MASSACHUSETTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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***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 \$108,632,782 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, buildings and improvements, machinery and equipment and infrastructure. The total increase in the investment in capital assets for the current fiscal year totaled 2.1% (a 0.5% increase for governmental activities and a 1.6% increase for business-type activities).

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

- Landfill liner (\$1,351,454)
- Main Street streetscape (\$1,221,471)
- Various DPW equipment (\$922,887)
- CPA land purchase (\$785,134)
- Road improvements (\$471,284)

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

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	2013	2012	2013	2012	2013	2012
Land.....	\$ 27,489,779	\$ 26,704,645	\$ 2,209,658	\$ 4,921,041	\$ 29,699,437	\$ 31,625,686
Construction in progress.....	216,983	75,050	190,000	-	406,983	75,050
Land Improvements.....	2,363,725	2,306,687	4,486,540	-	6,850,265	2,306,687
Buildings and improvements.....	52,975,749	55,187,670	4,005,638	-	56,981,387	55,187,670
Machinery and equipment.....	3,276,472	2,977,249	2,203,272	6,260,377	5,479,744	9,237,626
Infrastructure.....	5,736,979	4,257,950	3,477,987	3,661,617	9,214,966	7,919,567
Total capital assets.....	<u>\$ 92,059,687</u>	<u>\$ 91,509,251</u>	<u>\$ 16,573,095</u>	<u>\$ 14,843,035</u>	<u>\$ 108,632,782</u>	<u>\$ 106,352,286</u>

Additional information on the Town's capital assets can be found in Note 5 on pages 41-43 of this report.

**Long-Term Debt**

At the end of the current fiscal year, total bonded debt outstanding was \$37,203,433, which is backed by the full faith and credit of the Town, and is summarized as follows:

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	2013	2012	2013	2012	2013	2012
General obligation bonds.....	\$ 26,978,000	\$ 24,502,755	\$ 9,842,000	\$ 10,455,227	\$ 36,820,000	\$ 34,957,982
MWPAT notes.....	320,206	350,448	63,227	91,255	383,433	441,703
Total bonds and notes.....	<u>\$ 27,298,206</u>	<u>\$ 24,853,203</u>	<u>\$ 9,905,227</u>	<u>\$ 10,546,482</u>	<u>\$ 37,203,433</u>	<u>\$ 35,399,685</u>

The Town has a AA rating from Standard & Poor's for its most recent debt issuance on June 4, 2013.

Additional information on the Town's long-term debt can be found in Note 9 on pages 46-48 of this report.



TOWN OF BOURNE, MASSACHUSETTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2013

*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.

## *Basic Financial Statements*

TOWN OF BOURNE, MASSACHUSETTS  
STATEMENT OF NET POSITION  
JUNE 30, 2013

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents.....	\$ 14,330,261	\$ 8,904,310	\$ 23,234,571
Restricted cash and cash equivalents.....	19,555,629	813,940	20,369,569
Investments.....	1,167,909	-	1,167,909
Restricted investments.....	1,315,003	-	1,315,003
Receivables, net of allowance for uncollectible amounts:			
Real estate and personal property taxes.....	1,406,262	-	1,406,262
Tax liens.....	427,706	66,853	494,559
Motor vehicle and other excise taxes.....	424,643	-	424,643
Community preservation surcharges.....	43,685	-	43,685
User charges.....	-	1,412,268	1,412,268
Special assessments.....	285,370	1,899	287,269
Departmental and other.....	681,471	-	681,471
Intergovernmental.....	712,845	44,170	757,015
Working capital deposit (health claims).....	1,414,500	-	1,414,500
Total current assets.....	41,765,284	11,243,440	53,008,724
Noncurrent assets:			
Restricted cash and cash equivalents.....	-	3,891,323	3,891,323
Receivables, net of allowance for uncollectible amounts:			
Real estate tax deferrals.....	68,004	-	68,004
Special assessments.....	132,174	64,706	196,880
Intergovernmental.....	-	96	96
Tax foreclosures.....	453,375	-	453,375
Capital assets not being depreciated.....	27,706,762	2,399,658	30,106,420
Capital assets, net of accumulated depreciation.....	64,352,925	14,173,437	78,526,362
Total noncurrent assets.....	92,713,240	20,529,220	113,242,460
Total assets.....	134,478,524	31,772,660	166,251,184
<b>LIABILITIES</b>			
Current liabilities:			
Warrants payable.....	1,752,037	1,184,729	2,936,766
Accrued payroll.....	2,081,993	38,339	2,120,332
Tax refunds payable.....	386,393	-	386,393
Other liabilities.....	44,227	-	44,227
Liabilities due depositors.....	-	40,000	40,000
Accrued interest.....	286,107	65,422	351,529
Accrued health claims payable.....	535,739	-	535,739
Compensated absences.....	180,634	18,327	198,961
Long-term bonds and notes payable.....	7,266,301	1,916,118	9,182,419
Total current liabilities.....	12,533,431	3,262,935	15,796,366
Noncurrent liabilities:			
Landfill closure.....	-	3,741,478	3,741,478
Compensated absences.....	1,625,697	164,941	1,790,638
Net OPEB obligation.....	16,105,392	1,014,277	17,119,669
Long-term bonds and notes payable.....	20,031,905	8,190,229	28,222,134
Total noncurrent liabilities.....	37,762,994	13,110,925	50,873,919
Total liabilities.....	50,296,425	16,373,860	66,670,285
<b>NET POSITION</b>			
Net investment in capital assets.....	72,783,221	10,557,608	83,340,829
Restricted for:			
OPEB.....	250,099	-	250,099
Community preservation.....	4,436,018	-	4,436,018
Ambulance.....	1,329,045	-	1,329,045
Affordable housing.....	138,477	-	138,477
Debt service.....	70,277	-	70,277
Permanent funds:			
Expendable.....	177,986	-	177,986
Nonexpendable.....	35,341	-	35,341
Other specific purposes.....	4,136,592	-	4,136,592
Unrestricted.....	825,043	4,841,192	5,666,235
Total net position.....	\$ 84,182,099	\$ 15,398,800	\$ 99,580,899

The accompanying notes are an integral part of the financial statements.

TOWN OF BOURNE, MASSACHUSETTS  
STATEMENT OF ACTIVITIES  
FOR FISCAL YEAR ENDED JUNE 30, 2013

Functions/Programs	Expenses	Program Revenues			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense)/Revenue
Primary government:					
Governmental activities:					
General government.....	\$ 4,884,938	\$ 346,745	\$ 126,193	\$ -	\$ (4,412,000)
Public safety.....	13,795,288	3,852,441	369,963	-	(9,572,884)
Education.....	43,607,907	536,257	14,699,142	-	(28,372,508)
Public works.....	4,428,870	472,516	1,262,987	483,895	(2,209,472)
Health and human services.....	1,850,901	221,417	231,051	-	(1,398,433)
Culture and recreation.....	1,629,556	91,603	33,986	322,366	(1,181,601)
Community development.....	807,549	-	779,862	-	(27,687)
Debt service - interest.....	769,715	-	315,846	-	(453,869)
Total governmental activities.....	71,774,724	5,520,979	17,819,030	806,261	(47,628,454)
Business-type activities:					
Sewer.....	795,882	894,408	2,038	-	100,564
Landfill.....	7,285,533	12,598,510	36,754	-	5,349,731
Total business-type activities.....	8,081,415	13,492,918	38,792	-	5,450,295
Total primary government.....	\$ 79,856,139	\$ 19,013,897	\$ 17,857,822	\$ 806,261	\$ (42,178,159)

(Continued)

TOWN OF BOURNE, MASSACHUSETTS  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>Changes in net position:</b>			
Net (expense)/revenue (from previous page).....	\$ (47,628,454)	\$ 5,450,295	\$ (42,178,159)
<i>General revenues:</i>			
Real estate and personal property taxes.....	38,071,168	-	38,071,168
Motor vehicle and other excise taxes.....	2,445,551	-	2,445,551
Penalties and interest on taxes.....	387,590	-	387,590
Payments in lieu of taxes.....	22,142	-	22,142
Community preservation surcharges.....	1,116,198	-	1,116,198
Grants and contributions not restricted to specific programs.....	1,751,033	-	1,751,033
Unrestricted investment income.....	40,356	-	40,356
Sale of foreclosed properties.....	402,000	-	402,000
Gain on sale of capital assets.....	2,451	-	2,451
Other.....	41,769	-	41,769
<i>Transfers, net</i> .....	3,561,424	(3,561,424)	-
Total general revenues and transfers.....	47,841,682	(3,561,424)	44,280,258
Change in net position.....	213,228	1,888,871	2,102,099
Net position - beginning of year.....	83,968,871	13,509,929	97,478,800
Net position - end of year.....	\$ 84,182,099	\$ 15,398,800	\$ 99,580,899

The accompanying notes are an integral part of the financial statements.

(Concluded)

TOWN OF BOURNE, MASSACHUSETTS  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2013

ASSETS	General	Community Preservation	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents.....	\$ 14,328,360	\$ -	\$ -	\$ -	\$ 14,328,360
Investments.....	1,167,909	-	-	-	1,167,909
Receivables, net of allowance for uncollectible amounts:					
Real estate and personal property taxes.....	1,406,262	-	-	-	1,406,262
Real estate tax deferrals.....	68,004	-	-	-	68,004
Tax liens.....	418,310	9,396	-	-	427,706
Motor vehicle and other excise taxes.....	424,643	-	-	-	424,643
Community preservation surcharges.....	-	43,685	-	-	43,685
Special assessments.....	277,428	-	-	140,116	417,544
Departmental and other.....	160	-	-	681,311	681,471
Intergovernmental.....	87,875	-	-	624,970	712,845
Tax foreclosures.....	453,375	-	-	-	453,375
Restricted assets:					
Cash and cash equivalents.....	320,376	4,389,593	4,398,550	8,118,489	17,227,008
Investments.....	-	-	-	110,076	110,076
<b>TOTAL ASSETS.....</b>	<b>\$ 18,952,702</b>	<b>\$ 4,442,674</b>	<b>\$ 4,398,550</b>	<b>\$ 9,674,962</b>	<b>\$ 37,468,888</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES:</b>					
Warrants payable.....	\$ 464,790	\$ 6,655	\$ -	\$ 259,755	\$ 731,200
Accrued payroll.....	2,034,719	-	-	47,274	2,081,993
Tax refunds payable.....	386,393	-	-	-	386,393
Other liabilities.....	44,227	-	-	-	44,227
Deferred revenue.....	2,691,338	53,082	-	821,427	3,565,847
<b>TOTAL LIABILITIES.....</b>	<b>5,621,467</b>	<b>59,737</b>	<b>-</b>	<b>1,128,456</b>	<b>6,809,660</b>
<b>FUND BALANCES:</b>					
Nonspendable.....	-	-	-	35,341	35,341
Restricted.....	320,376	4,382,937	4,398,550	8,750,298	17,852,161
Committed.....	3,455,433	-	-	-	3,455,433
Assigned.....	142,668	-	-	-	142,668
Unassigned.....	9,412,758	-	-	(239,133)	9,173,625
<b>TOTAL FUND BALANCES.....</b>	<b>13,331,235</b>	<b>4,382,937</b>	<b>4,398,550</b>	<b>8,546,506</b>	<b>30,659,228</b>
<b>TOTAL LIABILITIES AND FUND BALANCES.....</b>	<b>\$ 18,952,702</b>	<b>\$ 4,442,674</b>	<b>\$ 4,398,550</b>	<b>\$ 9,674,962</b>	<b>\$ 37,468,888</b>

The accompanying notes are an integral part of the financial statements.

TOWN OF BOURNE, MASSACHUSETTS  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	General	Community Preservation	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Real estate and personal property taxes.....	\$ 38,234,038	\$ -	\$ -	\$ -	\$ 38,234,038
Motor vehicle and other excise taxes.....	2,380,910	-	-	-	2,380,910
Tax liens.....	135,830	3,206	-	-	139,036
Payments in lieu of taxes.....	22,142	-	-	-	22,142
Community preservation surcharges.....	-	1,122,116	-	-	1,122,116
Charges for services.....	-	-	-	2,741,273	2,741,273
Intergovernmental .....	12,689,470	322,366	-	6,741,216	19,753,052
Special assessments.....	245,040	-	-	-	245,040
Penalties and interest on taxes.....	379,341	8,249	-	-	387,590
Licenses and permits.....	576,708	-	-	-	576,708
Fines and forfeitures.....	135,035	-	-	-	135,035
Departmental and other.....	1,425,833	696	-	247,406	1,673,935
Contributions.....	-	-	-	191,068	191,068
Investment income.....	40,356	3,102	-	13,519	56,977
<b>TOTAL REVENUES.....</b>	<b>56,264,703</b>	<b>1,459,735</b>	<b>-</b>	<b>9,934,482</b>	<b>67,658,920</b>
<b>EXPENDITURES</b>					
Current:					
General government.....	3,158,344	814,335	62,901	1,325,343	5,360,923
Public safety.....	8,719,828	-	-	1,546,233	10,266,061
Education.....	22,231,045	-	-	4,200,988	26,432,033
Public works.....	2,516,391	-	-	1,038,555	3,554,946
Health and human services.....	1,016,808	127,765	-	312,982	1,457,555
Culture and recreation.....	783,917	78,946	-	121,049	983,912
Community development.....	-	-	-	807,549	807,549
Pension benefits.....	8,429,079	-	-	-	8,429,079
Employee benefits.....	7,141,325	-	-	-	7,141,325
Property and liability insurance.....	1,076,548	-	-	-	1,076,548
State and county charges.....	3,037,152	-	-	-	3,037,152
Debt service:					
Principal.....	2,771,497	-	-	-	2,771,497
Interest.....	796,674	-	-	-	796,674
<b>TOTAL EXPENDITURES.....</b>	<b>61,678,608</b>	<b>1,021,046</b>	<b>62,901</b>	<b>9,352,699</b>	<b>72,115,254</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....</b>	<b>(5,413,905)</b>	<b>438,689</b>	<b>(62,901)</b>	<b>581,783</b>	<b>(4,456,334)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in.....	4,685,624	-	-	2,777,762	7,463,386
Proceeds of bonds and notes.....	-	-	-	921,500	921,500
Premium from issuance of bonds and notes.....	134,807	-	-	14,588	149,395
Proceeds of refunding bonds.....	-	-	4,295,000	-	4,295,000
Premium from issuance of refunding bonds.....	-	-	166,451	-	166,451
Sale of foreclosed properties.....	402,000	-	-	-	402,000
Sale of capital assets.....	2,451	-	-	-	2,451
Transfers out.....	(1,750,000)	(718,184)	-	(1,433,778)	(3,901,962)
<b>TOTAL OTHER FINANCING SOURCES (USES)....</b>	<b>3,474,882</b>	<b>(718,184)</b>	<b>4,461,451</b>	<b>2,280,072</b>	<b>9,498,221</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>(1,939,023)</b>	<b>(279,495)</b>	<b>4,398,550</b>	<b>2,861,855</b>	<b>5,041,887</b>
<b>FUND BALANCES AT BEGINNING OF YEAR.....</b>	<b>15,270,258</b>	<b>4,662,432</b>	<b>-</b>	<b>5,684,651</b>	<b>25,617,341</b>
<b>FUND BALANCES AT END OF YEAR.....</b>	<b>\$ 13,331,235</b>	<b>\$ 4,382,937</b>	<b>\$ 4,398,550</b>	<b>\$ 8,546,506</b>	<b>\$ 30,659,228</b>

The accompanying notes are an integral part of the financial statements.

TOWN OF BOURNE, MASSACHUSETTS  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TOTAL FUND BALANCES TO THE STATEMENT OF NET POSITION  
JUNE 30, 2013

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Total governmental fund balances (page 18).....	\$	30,659,228
Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.....		92,059,687
Other assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.....		3,565,847
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.....		(286,107)
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.....		(27,298,206)
Compensated absences.....		(1,806,331)
Net OPEB obligation.....		(16,105,392)
An internal service fund is used by management to account for health insurance activities. The assets and liabilities of the internal service fund is reported as governmental activities in the statement of net position.....		<u>3,393,373</u>
Net position of governmental activities (page 15).....	\$	<u><u>84,182,099</u></u>

The accompanying notes are an integral part of the financial statements.



TOWN OF BOURNE, MASSACHUSETTS  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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Net change in fund balances - total governmental funds (page 19).....	\$ 5,041,887
<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.....	4,511,866
Depreciation.....	(3,961,430)
<p>Revenues in the statement of activities that do not provide current financial resources are deferred in the statement of revenues, expenditures and changes in fund balances. Therefore, the recognition of revenue for various types of 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 revenue.....</p>	
	47,312
<p>The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any impact on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. These amounts represent the related activity of the current period.</p>	
Bond proceeds.....	(921,500)
Proceeds of refunding bonds.....	(4,295,000)
Bond maturities.....	2,771,497
<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>	
	26,959
<p>Some expenses reported in the statement 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.....	10,646
Net OPEB obligation.....	(3,500,624)
<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>	
	<u>481,615</u>
Changes in net position of governmental activities (page 17).....	<u>\$ 213,228</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF BOURNE, MASSACHUSETTS  
PROPRIETARY FUNDS  
STATEMENT OF FUND NET POSITION  
JUNE 30, 2013

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Sewer	Landfill	Total	
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents.....	\$ 1,011,768	\$ 7,892,542	\$ 8,904,310	\$
Restricted cash and cash equivalents.....	7,200	806,740	813,940	2,330,522
Restricted investments.....	-	-	-	1,204,927
Receivables, net of allowance for uncollectible amounts:				
User charges.....	111,249	1,301,019	1,412,268	-
Utility liens.....	66,853	-	66,853	-
Special assessments.....	1,899	-	1,899	-
Intergovernmental.....	24,170	20,000	44,170	-
Working capital deposit.....	-	-	-	1,414,500
Total current assets.....	1,223,139	10,020,301	11,243,440	4,949,949
Noncurrent assets:				
Restricted cash and cash equivalents.....	-	3,891,323	3,891,323	-
Receivables, net of allowance for uncollectible amounts:				
Special assessments.....	64,706	-	64,706	-
Intergovernmental.....	96	-	96	-
Capital assets not being depreciated.....	-	2,399,658	2,399,658	-
Capital assets, net of accumulated depreciation.....	3,550,514	10,622,923	14,173,437	-
Total noncurrent assets.....	3,615,316	16,913,904	20,529,220	-
Total assets.....	4,838,455	26,934,205	31,772,660	4,949,949
<b>LIABILITIES</b>				
Current liabilities:				
Warrants payable.....	251,130	933,599	1,184,729	1,020,837
Accrued payroll.....	3,162	35,177	38,339	-
Liabilities due depositors.....	-	40,000	40,000	-
Accrued interest.....	644	64,778	65,422	-
Accrued health claims payable.....	-	-	-	535,739
Compensated absences.....	3,147	15,180	18,327	-
Long-term bonds and notes payable.....	76,118	1,840,000	1,916,118	-
Total current liabilities.....	334,201	2,928,734	3,262,935	1,556,576
Noncurrent liabilities:				
Landfill closure and postclosure care.....	-	3,741,478	3,741,478	-
Compensated absences.....	28,323	136,618	164,941	-
Net OPEB obligation.....	91,340	922,937	1,014,277	-
Long-term bonds and notes payable.....	11,109	8,179,120	8,190,229	-
Total noncurrent liabilities.....	130,772	12,980,153	13,110,925	-
Total liabilities.....	464,973	15,908,887	16,373,860	1,556,576
<b>FUND NET POSITION</b>				
Net investment in capital assets.....	3,463,287	7,094,321	10,557,608	-
Unrestricted.....	910,195	3,930,997	4,841,192	3,393,373
Total net position.....	\$ 4,373,482	\$ 11,025,318	\$ 15,398,800	\$ 3,393,373

The accompanying notes are an integral part of the financial statements.

TOWN OF BOURNE, MASSACHUSETTS  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Sewer	Landfill	Total	
<b>OPERATING REVENUES</b>				
Charges for services.....	\$ 877,436	\$ 12,598,510	\$ 13,475,946	\$ -
Penalties and interest.....	15,850	-	15,850	-
Employer contributions.....	-	-	-	6,753,539
Employee contributions.....	-	-	-	2,251,177
Other.....	1,122	-	1,122	-
<b>TOTAL OPERATING REVENUES.....</b>	<b>894,408</b>	<b>12,598,510</b>	<b>13,492,918</b>	<b>9,004,716</b>
<b>OPERATING EXPENSES</b>				
Cost of service and administration.....	382,254	5,567,922	5,950,176	-
Town of Wareham assessment.....	188,478	-	188,478	-
Repairs and maintenance.....	28,135	130,026	158,161	-
Depreciation.....	194,314	918,270	1,112,584	-
Closure costs.....	-	308,787	308,787	-
Employee benefits.....	-	-	-	8,643,498
<b>TOTAL OPERATING EXPENSES.....</b>	<b>793,181</b>	<b>6,925,005</b>	<b>7,718,186</b>	<b>8,643,498</b>
<b>OPERATING INCOME.....</b>	<b>101,227</b>	<b>5,673,505</b>	<b>5,774,732</b>	<b>361,218</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Intergovernmental.....	868	20,000	20,868	-
Investment income.....	1,170	16,754	17,924	120,397
Interest expense.....	(2,701)	(255,919)	(258,620)	-
Loss on disposal of capital assets.....	-	(104,609)	(104,609)	-
<b>TOTAL NONOPERATING REVENUES (EXPENSES), NET.....</b>	<b>(663)</b>	<b>(323,774)</b>	<b>(324,437)</b>	<b>120,397</b>
<b>INCOME BEFORE TRANSFERS.....</b>	<b>100,564</b>	<b>5,349,731</b>	<b>5,450,295</b>	<b>481,615</b>
<b>TRANSFERS</b>				
Transfers in.....	-	75,005	75,005	-
Transfers out.....	(129,956)	(3,506,473)	(3,636,429)	-
<b>TOTAL TRANSFERS.....</b>	<b>(129,956)</b>	<b>(3,431,468)</b>	<b>(3,561,424)</b>	<b>-</b>
<b>CHANGE IN FUND NET POSITION.....</b>	<b>(29,392)</b>	<b>1,918,263</b>	<b>1,888,871</b>	<b>481,615</b>
<b>FUND NET POSITION AT BEGINNING OF YEAR.....</b>	<b>4,402,874</b>	<b>9,107,055</b>	<b>13,509,929</b>	<b>2,911,758</b>
<b>FUND NET POSITION AT END OF YEAR.....</b>	<b>\$ 4,373,482</b>	<b>\$ 11,025,318</b>	<b>\$ 15,398,800</b>	<b>\$ 3,393,373</b>

The accompanying notes are an integral part of the financial statements.

TOWN OF BOURNE, MASSACHUSETTS  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Sewer	Landfill	Total	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers and users.....	\$ 934,219	\$ 12,819,142	\$ 13,753,361	\$ 2,251,177
Receipts from interfund services provided.....	-	-	-	6,753,539
Payments to vendors.....	(378,733)	(4,489,897)	(4,868,630)	-
Payments to employees.....	(141,826)	(1,469,894)	(1,611,720)	-
Payments for employee benefits.....	-	-	-	(8,794,899)
NET CASH FROM OPERATING ACTIVITIES.....	413,660	6,859,351	7,273,011	209,817
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers in.....	-	75,005	75,005	-
Transfers out.....	(129,956)	(3,506,473)	(3,636,429)	-
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES.....	(129,956)	(3,431,468)	(3,561,424)	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Proceeds from the issuance of bonds and notes.....	-	905,000	905,000	-
Premium from issuance of bonds and notes.....	-	223,467	223,467	-
Acquisition and construction of capital assets.....	(8,478)	(2,938,775)	(2,947,253)	-
Principal payments on bonds and notes.....	(80,914)	(1,467,000)	(1,547,914)	-
Interest expense.....	(1,553)	(302,657)	(304,210)	-
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....	(90,945)	(3,579,965)	(3,670,910)	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Sales/(purchases) of investments, net.....	-	-	-	231,998
Investment income.....	1,170	16,754	17,924	120,397
NET CASH FROM INVESTING ACTIVITIES.....	1,170	16,754	17,924	352,395
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	193,929	(135,328)	58,601	562,212
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b> (Includes \$8,478, \$5,932,337 and \$1,768,310 reported as restricted in the sewer and landfill enterprise funds and internal service fund, respectively).....	825,039	12,725,933	13,550,972	1,768,310
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b> (Includes \$7,200, \$4,698,063 and \$2,330,522 reported as restricted in the sewer and landfill enterprise funds and internal service fund, respectively).....	\$ 1,018,968	\$ 12,590,605	\$ 13,609,573	\$ 2,330,522
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES</b>				
Operating income.....	\$ 101,227	\$ 5,673,505	\$ 5,774,732	\$ 361,218
Adjustments to reconcile operating income to net cash from operating activities:				
Changes in assets and liabilities not requiring current cash flows:				
Depreciation.....	194,314	918,270	1,112,584	-
Net OPEB obligation.....	18,286	191,182	209,468	-
Effect of changes in operating assets and liabilities:				
User charges.....	5,918	220,632	226,550	-
Utility liens.....	(2,136)	-	(2,136)	-
Special assessments.....	36,029	-	36,029	-
Working capital deposit.....	-	-	-	(21,800)
Warrants payable.....	61,879	644,362	706,241	(256,947)
Accrued payroll.....	(4,532)	4,593	61	-
Liabilities due depositors.....	-	40,000	40,000	-
Accrued health claims payable.....	-	-	-	127,346
Landfill closure and postclosure care.....	-	(822,099)	(822,099)	-
Compensated absences.....	2,675	(11,094)	(8,419)	-
Total adjustments.....	312,433	1,185,846	1,498,279	(151,401)
NET CASH FROM OPERATING ACTIVITIES.....	\$ 413,660	\$ 6,859,351	\$ 7,273,011	\$ 209,817
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>				
Intergovernmental debt subsidies (MWPAT).....	\$ 49,208	\$ -	\$ 49,208	\$ -

The accompanying notes are an integral part of the financial statements.

TOWN OF BOURNE, MASSACHUSETTS  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2013

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<b>ASSETS</b>	Private Purpose Trust Funds	Agency Funds
Cash and cash equivalents.....	\$ 34,089	\$ 395,759
<b>LIABILITIES</b>		
Warrants payable.....	-	20,581
Liabilities due depositors.....	-	375,178
Total liabilities.....	-	395,759
<b>NET POSITION</b>		
Held in trust for other purposes.....	\$ 34,089	\$ -

The accompanying notes are an integral part of the financial statements.

TOWN OF BOURNE, MASSACHUSETTS  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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	<u>Private Purpose Trust Funds</u>
<b>ADDITIONS</b>	
Net investment income:	
Interest.....	\$ 1,167
<b>DEDUCTIONS</b>	
Other.....	<u>800</u>
CHANGE IN NET POSITION.....	367
NET POSITION AT BEGINNING OF YEAR.....	<u>33,722</u>
NET POSITION AT END OF YEAR.....	<u>\$ 34,089</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF BOURNE, MASSACHUSETTS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***A. General***

The basic financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described herein.

***B. Reporting Entity***

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

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

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

**Joint Venture**

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

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

***Upper Cape Cod Regional Technical School***

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. The Town's fiscal year 2013 assessment totaled approximately \$1,789,111. 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***

For the year ending June 30, 2013, the Town implemented the following pronouncements issued by the GASB:

- GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*
- GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*
- GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*

TOWN OF BOURNE, MASSACHUSETTS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013

- GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*

GASB Statement No. 63 identifies net position as the residual of all other elements presented in a statement of financial position, which amends the net asset reporting requirements of Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, and other pronouncements, by renaming net assets to net position and defining net position to incorporate the effects of deferred inflows and outflows.

The implementation of GASB Statement No.’s 60, 61 and 62 had no reporting impact for the Town.

#### ***D. Government-Wide and Fund Financial Statements***

##### **Government-Wide Financial Statements**

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

##### **Fund Financial Statements**

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

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

#### ***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.



TOWN OF BOURNE, MASSACHUSETTS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013

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

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

Fund Financial Statements

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

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

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. Property exempt from the surcharge consists of the first \$100,000 of all residential property and also property owned by low income or seniors with a low or moderate income as defined by Massachusetts Department of Revenue (DOR) guidelines. Disbursements from this fund must originate from the Community Preservation Committee and be approved by Town Meeting.

The *debt service fund* is used to account for the fiscal year 2013 current refunding transaction that was completed in fiscal year 2014 (see Note 9).

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.

TOWN OF BOURNE, MASSACHUSETTS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013

*Permanent funds* are used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the government's programs and benefit the government or its citizenry.

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

Proprietary funds distinguish operating revenues and expenses from 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 *private-purpose trust fund* is used to account for trust arrangements, other than those properly reported in the permanent fund, under which principal and investment income exclusively benefits individuals, private organizations, or other governments.

The *agency fund* is used to account for assets held in a custodial capacity. Such assets consist primarily of performance bonds and student activity funds. Agency funds do not present the results of operations or have a measurement focus.

#### ***F. Deposits and Investments***

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

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

TOWN OF BOURNE, MASSACHUSETTS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013

***G. Accounts Receivable***

**Government-Wide and Fund Financial Statements**

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

**Real Estate Taxes, Personal Property Taxes and Tax Liens**

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

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

**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 with exemptions for the first \$100,000 of residential property and property owned by qualified persons with low income and seniors (60+) with low or moderate income as defined by DOR guidelines. The surcharge is due with the real estate tax on August 1<sup>st</sup>, November 1<sup>st</sup>, February 1<sup>st</sup> and May 1<sup>st</sup> and are subject to penalties and interest if they are not paid by the respective due date. Overdue surcharges are included on the tax liens processed on delinquent real estate taxes. Surcharges are recorded as receivables in the fiscal year of the levy.

**User Charges**

*Sewer*

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

*Landfill*

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

**Special Assessments**

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

TOWN OF BOURNE, MASSACHUSETTS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013

**Departmental and Other**

Departmental and other receivables primarily consist primarily of ambulance accounts receivable and are recorded as receivables in the fiscal year accrued.

**Intergovernmental**

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

***H. Allowance for Uncollectible Amounts***

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

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

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

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

Intergovernmental receivables are considered 100% collectible.

***I. Inventories***

Government-Wide and Fund Financial Statements

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

***J. Restricted Assets***

Government-Wide and Fund Financial Statements

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

TOWN OF BOURNE, MASSACHUSETTS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013

**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. Donated capital assets are recorded at the estimated fair market value at the date of donation.

All purchases and construction costs in excess of \$25,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than one year.

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

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

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

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 FINANCIAL STATEMENTS  
JUNE 30, 2013

***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 net position. 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 Revenue***

Deferred revenue at the fund financial statement level represents billed receivables that do not meet the available criterion in accordance with the current financial resources measurement focus and the modified accrual basis of accounting. Deferred revenue is recognized as revenue in the conversion to the government-wide financial statements (full accrual).

***O. Net Position and Fund Balances***

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

Net position represents the residual difference between assets and deferred outflows less liabilities and deferred inflows. The Town had no deferred inflows or outflows at June 30, 2013. Net position is reported as restricted when amounts are restricted by outside parties for a specific future use.

Net position has been "restricted" for the following:

"OPEB" represents amounts restricted for other postemployment benefits.

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

"Ambulance" represents amounts restricted for ambulance related activities.

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

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

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

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

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

TOWN OF BOURNE, MASSACHUSETTS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013

Governmental Funds Financial Statements (Fund Balances)

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

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

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

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

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

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

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

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

***P. 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 deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

Governmental Fund Financial Statements

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

***Q. 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 FINANCIAL STATEMENTS  
JUNE 30, 2013

***R. 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.

***S. Post Retirement Benefits***

Government-Wide and Fund Financial Statements

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

***T. Use of Estimates***

Government-Wide and Fund Financial Statements

The preparation of basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure for contingent assets and liabilities at the date of the basic financial statements and the reported amounts of the revenues and expenditures/expenses during the fiscal year. Actual results could vary from estimates that were used.

***U. Total Column***

Government-Wide Financial Statements

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

Fund Financial Statements

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

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

***A. Budgetary Information***

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



TOWN OF BOURNE, MASSACHUSETTS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013

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

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

An annual budget is adopted for the general fund and community preservation fund in conformity with the guidelines described above. The original fiscal year 2013 approved budget for the general fund authorized approximately \$55,294,000 in appropriations and other amounts to be raised. During fiscal year 2013, supplemental appropriations totaling approximately \$2,185,000 were authorized. The original and final fiscal year 2013 approved budget for the community preservation fund authorized approximately \$2,426,000 in appropriations.

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

**B. Fund Deficits**

At June 30, 2013, the following governmental fund deficits exist:

Fund	Amount	Funding Source
Pumpout boat grant.....	\$ 75,971	State grant
Police detail.....	47,597	Charges for services
School lunch.....	41,957	Charges for services
Race to the top.....	26,858	State grant
Energy & environmental grant.....	17,890	State grant
Title I distribution.....	16,059	Federal grant
State 911 incentive grant.....	12,801	State grant

**NOTE 3 - DEPOSITS AND INVESTMENTS**

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

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

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

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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 does not have a policy for custodial credit risk. At June 30, 2013, \$956,322 of the Town's bank balance of \$51,746,195 was uninsured and uncollateralized.

Investments Summary

The Town's investments at June 30, 2013 are presented below. All investments are presented by investment type, with debt securities presented by maturity.

Investment Type	Fair Value	Investment Maturities (in Years)		
		Less Than 1	1 - 5	6 - 10
<u>Debt Securities:</u>				
U.S. Treasuries.....	\$ 632,836	\$ 50,592	\$ 418,692	\$ 163,552
U.S. Agencies.....	1,369,858	406,832	908,064	54,962
Corporate bonds.....	336,197	-	336,197	-
Money market mutual funds.....	1,545,242	1,545,242	-	-
Mutual bond funds.....	436,544	436,544	-	-
External investment pools.....	4,204,334	4,204,334	-	-
Total debt securities.....	8,525,011	\$ 6,643,544	\$ 1,662,953	\$ 218,514
<u>Other Investments:</u>				
Equity securities.....	406,857			
Equity mutual funds.....	410,773			
Total other investments.....	817,631			
Total investments.....	\$ 9,342,642			

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 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 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 does not have a policy for custodial credit risk of investments.

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At June 30, 2013, the Town's investments were exposed to custodial credit risk as follows:

Investment Type	Fair Value	Held by Counterparty's Trust or Agent
U.S. Treasuries.....	\$ 632,836	\$ 632,836
U.S. Agencies.....	1,369,858	1,369,858
Corporate bonds.....	336,197	336,197
Money market mutual funds.....	1,545,242	1,545,242
Mutual bond funds.....	436,544	436,544
Equity securities.....	406,857	406,857
Equity mutual funds.....	410,773	410,773
Total.....	\$ <u>5,138,307</u>	\$ <u>5,138,307</u>

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 does not have a policy for credit risk of debt securities. As of June 30, 2013, the credit quality ratings of the Town's debt securities are as follows:

Investment Type	Fair Value	Quality Ratings *		
		AA+	A	Unrated
Corporate bonds.....	\$ 336,197	\$ 143,375	\$ 192,822	\$ -
Money market mutual funds.....	1,545,242	-	-	1,545,242
Mutual bond funds.....	436,544	-	-	436,544
External investment pools.....	4,204,334	-	-	4,204,334
Total.....	\$ <u>6,522,317</u>	\$ <u>143,375</u>	\$ <u>192,822</u>	\$ <u>6,186,120</u>

\* Per the rating scale of Standard and Poor's (a national credit rating organization)

Investments - Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the Town's investment in a single issuer. The Town does not have a policy for concentration of credit risk. As of June 30, 2013, the Town was not exposed to concentration of credit risk.

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**NOTE 4 - ACCOUNTS RECEIVABLE**

At June 30, 2013, receivables for the individual major governmental funds and nonmajor, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible amounts, are as follows:

	Gross Amount	for Uncollectibles	Net Amount
<u>Receivables:</u>			
Real estate and personal property taxes... \$	1,548,810	\$ (142,548)	\$ 1,406,262
Real estate tax deferrals.....	68,004	-	68,004
Tax liens.....	427,706	-	427,706
Motor vehicle and other excise taxes.....	604,338	(179,695)	424,643
Community preservation surcharges.....	43,685	-	43,685
Special assessments.....	417,544	-	417,544
Departmental and other.....	1,176,056	(494,585)	681,471
Intergovernmental.....	712,845	-	712,845
	<u>\$ 4,998,988</u>	<u>\$ (816,828)</u>	<u>\$ 4,182,160</u>

At June 30, 2013, receivables for the sewer and landfill enterprise funds consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
User charges..... \$	1,471,626	\$ (59,358)	\$ 1,412,268
Utility liens.....	66,853	-	66,853
Special assessments.....	66,605	-	66,605
Intergovernmental.....	44,266	-	44,266
	<u>\$ 1,649,350</u>	<u>\$ (59,358)</u>	<u>\$ 1,589,992</u>

Governmental funds report *deferred revenue* in connection with receivables and other assets (tax foreclosures) for revenues that are not considered to be available to liquidate liabilities of the current period. The following identifies the various components of *deferred revenue* reported in the governmental funds:

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	General Fund	Community Preservation Fund	Nonmajor Governmental Funds	Total
<u>Receivable type:</u>				
Real estate and personal property taxes.....	\$ 1,049,418	\$ -	\$ -	\$ 1,049,418
Real estate tax deferrals.....	68,004	-	-	68,004
Tax liens.....	418,310	9,396	-	427,706
Motor vehicle and other excise taxes.....	424,803	-	-	424,803
Community preservation surcharges.....	-	43,686	-	43,686
Special assessments.....	277,428	-	140,116	417,544
Departmental and other.....	-	-	681,311	681,311
Tax foreclosures.....	453,375	-	-	453,375
Total.....	<u>\$ 2,691,338</u>	<u>\$ 53,082</u>	<u>\$ 821,427</u>	<u>\$ 3,565,847</u>

## NOTE 5 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2013, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 26,704,645	\$ 785,134	\$ -	\$ 27,489,779
Construction in progress.....	75,050	141,933	-	216,983
Total capital assets not being depreciated.....	<u>26,779,695</u>	<u>927,067</u>	<u>-</u>	<u>27,706,762</u>
<u>Capital assets being depreciated:</u>				
Land improvements.....	3,165,909	206,812	-	3,372,721
Buildings and improvements.....	84,911,172	217,636	-	85,128,808
Machinery and equipment.....	13,419,160	1,467,596	(90,428)	14,796,328
Infrastructure.....	5,890,039	1,692,755	-	7,582,794
Total capital assets being depreciated.....	<u>107,386,280</u>	<u>3,584,799</u>	<u>(90,428)</u>	<u>110,880,651</u>
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(859,222)	(149,774)	-	(1,008,996)
Buildings and improvements.....	(29,723,502)	(2,429,557)	-	(32,153,059)
Machinery and equipment.....	(10,441,911)	(1,168,373)	90,428	(11,519,856)
Infrastructure.....	(1,632,089)	(213,726)	-	(1,845,815)
Total accumulated depreciation.....	<u>(42,656,724)</u>	<u>(3,961,430)</u>	<u>90,428</u>	<u>(46,527,726)</u>
Total capital assets being depreciated, net.....	<u>64,729,556</u>	<u>(376,631)</u>	<u>-</u>	<u>64,352,925</u>
Total governmental activities capital assets, net.....	<u>\$ 91,509,251</u>	<u>\$ 550,436</u>	<u>\$ -</u>	<u>\$ 92,059,687</u>

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	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-Type Activities - Sewer Enterprise:</b>				
<u>Capital assets being depreciated:</u>				
Machinery and equipment.....	\$ 775,738	\$ 8,478	\$ -	\$ 784,216
Other.....	1,332,118	-	-	1,332,118
Infrastructure.....	7,326,791	-	-	7,326,791
Total capital assets being depreciated.....	9,434,647	8,478	-	9,443,125
<u>Less accumulated depreciation for:</u>				
Machinery and equipment.....	(701,005)	(10,684)	-	(711,689)
Other.....	(1,332,118)	-	-	(1,332,118)
Infrastructure.....	(3,665,174)	(183,630)	-	(3,848,804)
Total accumulated depreciation.....	(5,698,297)	(194,314)	-	(5,892,611)
Total capital assets being depreciated, net.....	3,736,350	(185,836)	-	3,550,514
Total sewer enterprise capital assets, net.....	\$ 3,736,350	\$ (185,836)	\$ -	\$ 3,550,514
<b>Business-Type Activities - Landfill Enterprise:</b>				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 2,209,658	\$ -	\$ -	\$ 2,209,658
Construction in progress.....	2,711,383	190,000	(2,711,383)	190,000
Total capital assets not being depreciated.....	4,921,041	190,000	(2,711,383)	2,399,658
<u>Capital assets being depreciated:</u>				
Land improvements.....	4,511,778	4,537,271	-	9,049,049
Buildings and improvements.....	10,622,518	-	-	10,622,518
Machinery and equipment.....	5,553,039	922,887	(759,635)	5,716,291
Total capital assets being depreciated.....	20,687,335	5,460,158	(759,635)	25,387,858
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(4,180,797)	(381,712)	-	(4,562,509)
Buildings and improvements.....	(6,429,524)	(187,356)	-	(6,616,880)
Machinery and equipment.....	(3,891,370)	(349,202)	655,026	(3,585,546)
Total accumulated depreciation.....	(14,501,691)	(918,270)	655,026	(14,764,935)
Total capital assets being depreciated, net.....	6,185,644	4,541,888	(104,609)	10,622,923
Total landfill enterprise capital assets, net.....	\$ 11,106,685	\$ 4,731,888	\$ (2,815,992)	\$ 13,022,581
Total business-type activities capital assets, net.....	\$ 14,843,035	\$ 4,546,052	\$ (2,815,992)	\$ 16,573,095

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

**Governmental Activities:**

General government.....	\$	125,302
Public safety.....		460,128
Education.....		2,489,571
Public works.....		542,798
Health and human services.....		5,670
Culture and recreation.....		337,961

Total depreciation expense - governmental activities..... \$ 3,961,430

**Business-Type Activities:**

Sewer.....	\$	194,314
Landfill.....		918,270

Total depreciation expense - business-type activities..... \$ 1,112,584

**NOTE 6 - INTERFUND TRANSFERS**

Interfund transfers for the fiscal year ended June 30, 2013, are summarized as follows:

Transfers Out:	Transfers In:			
	General Fund	Nonmajor Governmental Funds	Landfill Enterprise Fund	Total
General Fund.....	\$ -	\$ 1,750,000	\$ -	\$ 1,750,000 (1)
Community Preservation Fund.....	718,184	-	-	718,184 (2)
Nonmajor Governmental Funds....	1,358,773	-	75,005	1,433,778 (3)
Sewer Enterprise Fund.....	121,876	8,080	-	129,956 (4)
Landfill Enterprise Fund.....	2,486,791	1,019,682	-	3,506,473 (5)
	<u>\$ 4,685,624</u>	<u>\$ 2,777,762</u>	<u>\$ 75,005</u>	<u>\$ 7,538,391</u>

- (1) Represents transfers to the capital projects fund
- (2) Represents budgeted transfer to fund debt service
- (3) Represents budgeted transfers to fund a portion of the fiscal year 2013 operating budget from the ambulance fund (\$900,000), waterway improvements fund (\$209,575), federal impact aid fund (\$190,000), community septic management program (\$30,445), conservation commission receipts reserved fund (\$20,000) and capital project funds (\$8,753). Also represents a transfer from the insurance recovery fund to the landfill enterprise fund (\$75,005).
- (4) Represents budgeted transfer of indirect costs (\$121,876) and a transfer from the sewer enterprise fund to the capital projects fund (\$8,080).
- (5) Represents budgeted transfers of indirect costs (\$1,845,637) and the host community fees (\$475,000). Also represents additional transfer of host community fees (\$166,154) and transfers from the landfill enterprise fund to the capital projects fund (\$1,019,682).

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**NOTE 7 - SHORT-TERM FINANCING**

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

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

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

Details related to the short-term debt activity for the fiscal year ended June 30, 2013, is as follows:

***Notes Payable - Governmental Funds***

Type	Description	Origination Date	Maturity Date	Interest Rate	Balance at June 30, 2012	Increases	Decreases	Balance at June 30, 2013
SAN	Police cruisers.....	09/19/12	12/18/12	0.50%	\$ -	\$ 136,000	\$ (136,000)	\$ -
SAN	Police tasers.....	09/19/12	12/18/12	0.50%	-	65,500	(65,500)	-
SAN	High school bleachers.....	09/19/12	12/18/12	0.50%	-	44,000	(44,000)	-
SAN	School technology.....	09/19/12	12/18/12	0.50%	-	210,000	(210,000)	-
SAN	School maintenance trucks.....	09/19/12	12/18/12	0.50%	-	60,000	(60,000)	-
SAN	DPW trucks.....	09/19/12	12/18/12	0.50%	-	141,000	(141,000)	-
SAN	Clark field playground updates.....	09/19/12	12/18/12	0.50%	-	60,000	(60,000)	-
SAN	Pocasset playground updates.....	09/19/12	12/18/12	0.50%	-	75,000	(75,000)	-
SAN	Community building.....	09/19/12	12/18/12	0.50%	-	130,000	(130,000)	-
Total.....					\$ -	\$ 921,500	\$ (921,500)	\$ -

***Notes Payable - Enterprise Funds***

Type	Description	Origination Date	Maturity Date	Interest Rate	Balance at June 30, 2012	Increases	Decreases	Balance at June 30, 2013
BAN	Landfill liner - phase 4.....	12/19/11	12/18/12	1.25%	\$ 50,000	\$ -	\$ (50,000)	\$ -
SAN	ISWM compactor.....	09/19/12	12/18/12	0.50%	-	265,000	(265,000)	-
SAN	ISWM dozer.....	09/19/12	12/18/12	0.50%	-	235,000	(235,000)	-
Total.....					\$ 50,000	\$ 500,000	\$ (550,000)	\$ -

**Subsequent Events**

On December 9, 2013, the Town issued a \$575,000 state anticipation note for the purchase of a fire truck. The note bears interest at a rate of 0.50% and matures December 9, 2014.

On March 5, 2014, the Town issued a \$7,286,600 BAN for the construction of the DPW facility (\$3,000,000), landfill activities (\$1,820,000), roads (\$625,000) and various other governmental projects (\$1,841,600). The BAN is due December 2, 2014 and bears interest at a rate of 1.00%.



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**NOTE 8 - LONG-TERM OBLIGATIONS**

During the fiscal year ended June 30, 2013, the following changes occurred in long-term liabilities:

	Balance June 30, 2012	Increases	Decreases	Balance June 30, 2013	Current Portion
<b>Governmental Activities:</b>					
Bonds and notes payable.....	\$ 24,853,203	\$ 5,216,500	\$ (2,771,497)	\$ 27,298,206	\$ 7,266,301
Net OPEB obligation.....	12,604,768	5,626,060	(2,125,436)	16,105,392	-
Compensated absences.....	<u>1,816,977</u>	<u>-</u>	<u>(10,646)</u>	<u>1,806,331</u>	<u>180,634</u>
Total.....	<u>\$ 39,274,948</u>	<u>\$ 10,842,560</u>	<u>\$ (4,907,579)</u>	<u>\$ 45,209,929</u>	<u>\$ 7,446,935</u>
<b>Business-type Activities:</b>					
Bonds and notes payable.....	\$ 10,546,482	\$ 405,000	\$ (1,046,255)	\$ 9,905,227	\$ 1,916,118
Unamortized bond premiums.....	<u>-</u>	<u>223,467</u>	<u>(22,347)</u>	<u>201,120</u>	<u>-</u>
Total bonds and notes payable....	10,546,482	628,467	(1,068,602)	10,106,347	1,916,118
Net OPEB obligation.....	804,809	336,648	(127,180)	1,014,277	-
Landfill closure.....	4,563,577	820,413	(1,642,512)	3,741,478	-
Compensated absences.....	<u>191,687</u>	<u>-</u>	<u>(8,419)</u>	<u>183,268</u>	<u>18,327</u>
Total.....	<u>\$ 16,106,555</u>	<u>\$ 1,785,528</u>	<u>\$ (2,846,713)</u>	<u>\$ 15,045,370</u>	<u>\$ 1,934,445</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.

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**NOTE 9 - LONG-TERM DEBT**

Details related to the outstanding indebtedness at June 30, 2013, and the debt service requirements are as follows:

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

Project	Maturity Date	Interest Rate	Outstanding at June 30, 2012	Issued	Redeemed	Outstanding at June 30, 2013
MWPAT Pool 9 97-1038-1.....	02/01/24	0.00%	\$ 117,048	\$ -	\$ (9,842)	\$ 107,206
MWPAT Title V 97-1038.....	02/01/26	0.00%	93,400	-	(10,400)	83,000
MWPAT Pool 11 T5-97-1038-2.....	07/15/25	0.00%	140,000	-	(10,000)	130,000
Town Hall Repair.....	05/15/15	5.02%	380,000	-	(95,000)	285,000
Community Center.....	07/15/13	3.55%	2,664,000	-	(257,000)	2,407,000
Land for Community Center.....	07/15/13	3.47%	171,000	-	(19,000)	152,000
Police Remodeling.....	07/15/13	2.97%	12,000	-	(6,000)	6,000
Library Roof.....	07/15/13	3.19%	68,000	-	(14,000)	54,000
Land Acquisition.....	07/15/13	3.52%	724,000	-	(73,000)	651,000
Land Acquisition.....	07/15/13	3.53%	1,230,000	-	(123,000)	1,107,000
Land Acquisition.....	07/15/13	3.57%	576,000	-	(53,000)	523,000
Land Acquisition.....	01/15/25	3.87%	1,900,000	-	(150,000)	1,750,000
School Plans.....	01/15/25	3.85%	230,000	-	(20,000)	210,000
Municipal Purpose Loan.....	07/01/27	4.25%	3,361,000	-	(314,000)	3,047,000
Municipal Purpose Loan.....	09/15/29	3.14%	7,049,000	-	(869,000)	6,180,000
School Refunding.....	06/15/16	2.00% - 3.00%	685,000	-	(240,000)	445,000
Municipal Purpose Loan.....	09/15/31	1.50 % - 4.00%	3,589,255	-	(508,255)	3,081,000
Municipal Purpose Loan.....	12/15/15	2.00% - 3.00%	1,863,500	921,500	-	2,785,000
General obligation bonds refunding.....	07/15/22	2.00%	-	4,295,000	-	4,295,000
Total governmental funds.....			\$ 24,853,203	\$ 5,216,500	\$ (2,771,497)	\$ 27,298,206

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

Fiscal Year	Principal	Interest	Total
2014.....	\$ 7,266,301	\$ 695,092	\$ 7,961,393
2015.....	2,688,444	567,093	3,255,537
2016.....	2,336,444	495,600	2,832,044
2017.....	1,931,444	431,972	2,363,416
2018.....	1,669,444	383,377	2,052,821
2019.....	1,611,444	337,416	1,948,860
2020.....	1,565,817	293,858	1,859,675
2021.....	1,525,617	251,525	1,777,142
2022.....	1,390,417	210,153	1,600,570
2023.....	1,155,417	172,165	1,327,582
2024.....	830,417	139,572	969,989
2025.....	821,000	110,803	931,803
2026.....	649,000	81,724	730,724
2027.....	495,000	61,158	556,158
2028.....	480,000	42,731	522,731
2029.....	355,000	26,671	381,671
2030.....	344,000	13,161	357,161
2031.....	94,000	4,871	98,871
2032.....	89,000	1,613	90,613
Total.....	\$ 27,298,206	\$ 4,320,555	\$ 31,618,761

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

Project	Maturity Date	Interest Rate	Outstanding at June 30, 2012	Issued	Redeemed	Outstanding at June 30, 2013
MWPAT Sewer 91-21.....	02/01/14	0.00%	\$ 122,920	\$ -	\$ (81,312)	\$ 41,608
MWPAT Sewer 93-15.....	02/01/15	3.60%	31,562	-	(9,943)	21,619
Landfill Water Main.....	05/15/16	5.05%	20,000	-	(5,000)	15,000
Landfill Liner.....	01/15/16	3.77%	1,200,000	-	(300,000)	900,000
ISWM Landfill Phase 3 Stage 3.....	07/01/27	3.14%	334,000	-	(21,000)	313,000
Sewer Truck.....	09/15/12	3.14%	8,000	-	(8,000)	-
Sewer Replace Pumps and Panels.....	09/15/12	3.14%	6,000	-	(6,000)	-
Sewer Replace Pumps and Panels.....	09/15/13	3.14%	48,000	-	(24,000)	24,000
ISWM Landfill Phase IIA/IIIA Liner.....	09/15/29	3.14%	1,980,000	-	(110,000)	1,870,000
ISWM Komatsu 155A Dozer.....	09/15/13	3.14%	300,000	-	(150,000)	150,000
ISWM Gas Generator and App.....	09/15/13	3.14%	170,000	-	(85,000)	85,000
ISWM Landfill Processing Center.....	09/15/29	3.14%	312,000	-	(19,000)	293,000
ISWM Residential Recycling Center.....	09/15/29	3.14%	942,000	-	(54,000)	888,000
ISWM Road Repair.....	09/15/25	2.38%	250,000	-	(19,000)	231,000
ISWM Flare Skid.....	09/15/15	1.81%	335,000	-	(85,000)	250,000
ISWM CAT Mini Loader.....	09/15/14	0.98%	95,000	-	(33,000)	62,000
ISWM Ford 550 Container Truck.....	09/15/14	0.99%	72,000	-	(25,000)	47,000
ISWM Cap/Odor Mitigation.....	09/15/31	2.78%	220,000	-	(11,000)	209,000
ISWM Phase IV Landfill Liner.....	12/15/17	2.00% - 3.00%	4,100,000	-	-	4,100,000
ISWM Departmental Equipment	12/15/16	2.00% - 3.00%	-	405,000	-	405,000
Total enterprise funds.....			\$ 10,546,482	\$ 405,000	\$ (1,046,255)	\$ 9,905,227

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
2014.....	\$ 1,916,118	\$ 234,727	\$ 2,150,845
2015.....	1,603,109	203,025	1,806,134
2016.....	1,539,000	169,726	1,708,726
2017.....	1,149,000	134,211	1,283,211
2018.....	1,051,000	105,238	1,156,238
2019.....	229,000	89,316	318,316
2020.....	229,000	82,226	311,226
2021.....	229,000	75,130	304,130
2022.....	229,000	67,870	296,870
2023.....	229,000	145,004	374,004
2024.....	229,000	60,668	289,668
2025.....	229,000	44,040	273,040
2026.....	226,000	35,583	261,583
2027.....	210,000	112,215	322,215
2028.....	210,000	44,931	254,931
2029.....	190,000	11,941	201,941
2030.....	186,000	4,476	190,476
2031.....	11,000	591	11,591
2032.....	11,000	199	11,199
Total.....	\$ 9,905,227	\$ 1,621,117	\$ 11,526,344

TOWN OF BOURNE, MASSACHUSETTS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013

Current Refunding – June 2013

On June 4, 2013, the Town issued \$4,295,000 in current refunding bonds to refund \$4,355,000 of previously issued and outstanding bonds with an average interest rate of approximately 3.5%. The interest rate of the current refunding bonds is 2.0%.

The net proceeds of \$4,398,550 (after premium and payment of bond issuance costs) were used to subsequently retire the outstanding bonds, call premium and additional bond pay down on July 15, 2013.

As a result of this refunding, the Town will reduce its total gross debt service payments over the remaining life of the bonds by approximately \$453,000 and will realize an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$428,000.

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, 2013, the Town had the following authorized and unissued debt:

Purpose	Amount
DPW Facility.....	\$ 8,330,798
ISWM Phase IV Stage II liner.....	1,503,835
Road Repair Whimbrel Drive.....	625,000
Replace Fire Engine 125.....	575,000
Emergency Power Upgrades.....	410,000
ISWM 5 Cubic Yard Wheel load.....	300,000
Fire Ambulance 133.....	245,000
ISWM 25 Ton Hydraulic Exac.....	220,000
School - Technology Plan.....	214,000
DNR Hen Cove Pier & Dock.....	200,000
Police Cruisers.....	159,400
DPW T1 Dump/Sander Truck.....	145,000
ISWM R1 Recycle Truck.....	140,000
School Asbestos Abatement.....	110,000
Sewer Grinder Pumps.....	54,800
Fire Grant Match.....	50,000
Fire Replace Car 141.....	45,000
Police Portable Radios.....	35,400
DPW M2 1/2 Ton Pickup.....	33,000
Total.....	\$ <u>13,396,233</u>

**NOTE 10 – LANDFILL CLOSURE AND POSTCLOSURE CARE**

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

TOWN OF BOURNE, MASSACHUSETTS  
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The closure and postclosure care liability consist of the following at June 30, 2013:

<u>Closure:</u>	
Phase 2A/3A.....	\$ 353,918
Phase 3, Stage 3 South Side.....	595,563
Phase 4, Stage 1.....	716,133
Transfer station.....	<u>103,828</u>
Sub-total (closure).....	1,769,442
Postclosure care.....	<u>1,972,036</u>
Total closure and postclosure care liability.....	<u>\$ 3,741,478</u>

The Phase 2A/3A landfill closure liability represents the cumulative amount reported based on the use of 99% of the estimated capacity of the cell. The Phase 3, Stage 3 South Side landfill closure liability represents the cumulative amount reported based on the use of 100% capacity. The Phase 4, Stage 1 closure liability represents the cumulative amount reported based on the use of 31% of the estimated capacity of the cell. The postclosure care liability represents the cumulative amount reported based on the use of 61% of the estimated capacity of the entire landfill.

Closure and postclosure care costs consist of the following at June 30, 2013:

<u>Costs:</u>	
Postclosure care.....	\$ 89,578
Phase 2A/3A*.....	(511,626)
Phase 3, Stage 3 South Side.....	11,678
Phase 4, Stage 1.....	716,133
Transfer station.....	<u>3,024</u>
Total closure and postclosure care costs.....	308,787
Less: amounts paid toward closure.....	<u>(1,130,886)</u>
Net decrease to landfill liability.....	<u>\$ (822,099)</u>

\*Effect of change in estimate

These amounts are based on what it would cost to perform all closure and postclosure care in 2013. Based on current demographic information and engineering estimates of landfill consumption, the Town expects to close the landfill in approximately 2026. Actual cost may be higher due to inflation, changes in technology, or changes in regulations. The Town will recognize the remaining estimated cost of closure and postclosure care of approximately \$5,800,000 as the remaining estimated capacity is filled.

The Town is required by state laws and regulations to meet annual financial assurance requirements. At June 30, 2013, approximately \$3,891,000 of funds has been set aside for closure and postclosure care costs.

TOWN OF BOURNE, MASSACHUSETTS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013

**NOTE 11 - OTHER POST EMPLOYMENT BENEFITS**

**Plan Description** – The Town provides health and life insurance coverage for its retirees and their survivors (hereinafter referred to as the “Plan”) as a single-employer defined benefit Other Post Employment Benefit (OPEB) plan. Chapter 32B of the MGL assigns authority to establish and amend benefit provisions. Changes to plan design and contribution rates must be accomplished through the collective bargaining process. The Plan does not issue a stand alone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

The number of participants as of June 30, 2012, the latest actuarial valuation, is as follows:

Active employees.....	393
Retired employees and spouses.....	<u>404</u>
Total.....	<u><u>797</u></u>

**Funding Policy** - The contribution requirements of Plan members and the Town are established and may be amended by the Town. The required health insurance contribution rates of Plan members and the Town (including Medicare Part B) are 25% and 75%, respectively. The Plan members and Town each contribute 50% towards a \$5,000 term life insurance premium. The Town currently contributes enough money to the Plan to satisfy current obligations on a pay-as-you-go basis. The costs of administering the Plan are paid by the Town.

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

	<u>Amount</u>
Annual required contribution.....	\$ 5,848,696
Interest on net OPEB obligation.....	603,431
Adjustment to annual required contribution.....	<u>(489,419)</u>
Annual OPEB cost.....	5,962,708
Contributions made.....	<u>(2,252,616)</u>
Increase in net OPEB obligation.....	3,710,092
Net OPEB obligation at beginning of year.....	<u>13,409,577</u>
Net OPEB obligation at end of year.....	<u><u>\$ 17,119,669</u></u>

TOWN OF BOURNE, MASSACHUSETTS  
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Trend information regarding annual pension cost, the percentage of the annual pension cost contributed and the net pension obligation is as follows:

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost (AOPEBC)</u>	<u>Percentage of AOPEBC Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2011.....	\$ 6,007,877	37.1%	\$ 9,426,913
June 30, 2012.....	6,335,085	37.1%	13,409,577
June 30, 2013.....	5,962,708	37.8%	17,119,669

**Funded Status and Funding Progress** – The funded status of the Plan at June 30, 2012, the most recent actuarial valuation, was as follows:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (A)</u>	<u>Actuarial Accrued Liability (AAL) Projected Unit Credit (B)</u>	<u>Unfunded AAL (UAAL) (B-A)</u>	<u>Funded Ratio (A/B)</u>	<u>Covered Payroll (C)</u>	<u>UAAL as a Percentage of Covered Payroll ((B-A)/C)</u>
06/30/12	\$ -	\$ 73,492,873	\$ 73,492,873	-	\$ 32,108,828	229%

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

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

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

Valuation date:	June 30, 2012
Actuarial cost method:	Projected Unit Credit
Amortization method:	Amortization payments increasing at 4.0%
Remaining amortization period:	30 years (open)

TOWN OF BOURNE, MASSACHUSETTS  
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Interest discount rate:	4.50%
Medical/drug cost trend rate:	Health - 8.00% decreasing by 0.50% for 6 years to an ultimate level of 5.00% per year.
	Dental - 5.00% per year
Inflation rate:	4.0%

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

<b>Governmental Activities:</b>	
General government.....	\$ 343,054
Public safety.....	1,420,926
Education.....	3,318,192
Public works.....	300,764
Health and human services.....	133,119
Culture and recreation.....	<u>110,005</u>
Total AOPEBC - governmental activities.....	<u>5,626,060</u>
<b>Business-Type Activities:</b>	
Sewer.....	29,388
Landfill.....	<u>307,260</u>
Total AOPEBC - business-type activities.....	<u>336,648</u>
Total AOPEBC.....	<u>\$ 5,962,708</u>

**NOTE 12 - RISK FINANCING**

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

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

The estimated "Incurred But Not Reported (IBNR)" claims are based on actual subsequent activity and historical trends. The liability at June 30, 2013 totaled \$535,739. Changes in the reported liability since July 1, 2011, 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 2012.....	\$ 729,877	\$ 9,014,692	\$ (9,336,176)	\$ 408,393
Fiscal year 2013.....	408,393	8,786,906	(8,659,560)	535,739



TOWN OF BOURNE, MASSACHUSETTS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013

**NOTE 13 – FUND BALANCES**

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

	<u>General</u>	<u>Community Preservation</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Nonspendable:</b>					
Permanent fund principal.....	\$ -	\$ -	\$ -	\$ 35,341	\$ 35,341
<b>Restricted for:</b>					
Debt service.....	70,277	-	4,398,550	-	4,468,827
Community preservation.....	-	4,382,937	-	-	4,382,937
OPEB.....	250,099	-	-	-	250,099
Ambulance receipts reserved.....	-	-	-	1,329,045	1,329,045
Foundation reserve.....	-	-	-	1,039,632	1,039,632
School Choice.....	-	-	-	630,058	630,058
Capital.....	-	-	-	3,358,188	3,358,188
Open space.....	-	-	-	250,000	250,000
Affordable housing.....	-	-	-	138,477	138,477
Community development block grant.....	-	-	-	4,772	4,772
General government.....	-	-	-	103,863	103,863
Public safety.....	-	-	-	518,496	518,496
Education.....	-	-	-	879,532	879,532
Public works.....	-	-	-	374,378	374,378
Health and human services.....	-	-	-	23,573	23,573
Culture and recreation.....	-	-	-	100,284	100,284
Sub-total - Restricted.....	<u>320,376</u>	<u>4,382,937</u>	<u>4,398,550</u>	<u>8,750,298</u>	<u>17,852,161</u>
<b>Committed to:</b>					
Subsequent year's expenditures.....	1,500,000	-	-	-	1,500,000
Capital stabilization.....	362,450	-	-	-	362,450
Continuing appropriations.....	<u>1,592,983</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,592,983</u>
Sub-total - Committed.....	<u>3,455,433</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,455,433</u>
<b>Assigned to:</b>					
Education.....	140,319	-	-	-	140,319
Other.....	<u>2,349</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,349</u>
Sub-total - Assigned.....	<u>142,668</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>142,668</u>
<b>Unassigned.....</b>	<u>9,412,758</u>	<u>-</u>	<u>-</u>	<u>(239,133)</u>	<u>9,173,625</u>
	<u>\$ 13,331,235</u>	<u>\$ 4,382,937</u>	<u>\$ 4,398,550</u>	<u>\$ 8,546,506</u>	<u>\$ 30,659,228</u>

TOWN OF BOURNE, MASSACHUSETTS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013

**NOTE 14 – STABILIZATION FUNDS**

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

The balance of the general stabilization and capital stabilization funds at June 30, 2013 total \$2,547,002 and \$362,450, respectively. These balances are reported in the general fund as unassigned and committed fund balance, respectively.

**NOTE 15 – PENSION PLAN**

*Plan Description* – The Town contributes to the Barnstable County Retirement Association (the Association), a cost-sharing multiple-employer defined benefit pension plan administered by the Barnstable County Retirement Board. Substantially all employees of the Town are members of the Association, except for public school teachers and certain administrators who are members of the Commonwealth's Teachers Retirement System.

Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. The Association provides retirement, disability and death benefits to plan members and beneficiaries. Cost-of-living adjustments granted between 1981 and 1997 and any increases in other benefits imposed by the Commonwealth's state law during those years are borne by the Commonwealth and are deposited into the pension fund. Cost-of-living adjustments granted after 1997 must be authorized by the Barnstable County Retirement Board and are borne by the Association. The Association issues a publicly available report in accordance with guidelines established by the Commonwealth's Public Employee Retirement Administration Commission. That report may be obtained by contacting the System located at 750 Attucks Lane, Hyannis, Massachusetts, 01970. The Town's financial statements includes certain required supplementary information related to the Association that is not available in the Association's annual report.

*Funding Policy* – Chapter 32 of MGL governs the contributions of plan members and the Town. Plan members are required to contribute to the Association at rates ranging from 5% to 11% of annual covered compensation. The Town is required to pay into the Association its share of the system-wide actuarial determined contribution that is apportioned among the employers based on annual covered payroll. The Town's contributions to the Association for the fiscal years ended June 30, 2013, 2012, and 2011 were \$2,767,343, \$2,580,728, and \$2,503,929, respectively, which equaled its required contribution for each fiscal year.

**NOTE 16 – MASSACHUSETTS TEACHERS RETIREMENT SYSTEM**

Public school teachers and certain administrators are members of the Massachusetts Teachers Retirement System, to which the Town does not contribute. Pension benefits and administrative expenses paid by the Teachers Retirement Board are the legal responsibility of the Commonwealth. The amount of these on-behalf payments totaled approximately \$5,657,000 for the fiscal year ended June 30, 2013, and, accordingly, are reported in the general fund as intergovernmental revenues and pension expenditures.

TOWN OF BOURNE, MASSACHUSETTS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013

**NOTE 17 - COMMITMENTS**

The Town has approved the construction of a new public works facility. The total appropriation authorized is \$11,080,698, which will be funded by general fund, ISWM, stabilization and capital stabilization reserves totaling \$2,750,000, with the balance being funded through the issuance of long-term debt. No expenditures have been incurred at June 30, 2013.

Other significant commitments include the encumbrances and continuing appropriations outstanding for the general fund, which totaled \$1,735,651 at June 30, 2013.

**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, 2013, cannot be ascertained, management believes any resulting liability should not materially affect the financial position of the Town at June 30, 2013.

The Town participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of the Single Audit Act Amendments of 1996 through June 30, 2013, these programs are still subject to financial and compliance audits. The amount, if any, of expenditures, which may be disallowed by the granting agencies, cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

**NOTE 19 - FUTURE IMPLEMENTATION OF GASB PRONOUNCEMENTS**

The GASB has issued the following statements:

- Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which is required to be implemented during fiscal year 2014. Management does not believe the implementation of this Statement will significantly impact the basic financial statements.
- Statement No. 66, *Technical Corrections - 2012 - an amendment of GASB Statements No. 10 and No. 62*, which is required to be implemented during fiscal year 2014. Management does not believe the implementation of this Statement will impact the basic financial statements.
- Statement No. 67, *Financial Reporting for Pension Plans - an Amendment of GASB Statement No. 25*, which is required to be implemented during fiscal year 2014. Management has determined that the implementation of this Statement will not impact the basic financial statements.
- Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27*, which is required to be implemented during fiscal year 2015. The implementation of this Statement will represent a significant change in the accounting and reporting of pension expense and the related liability. For the first time, the Town will be required to recognize its long-term obligation for pension benefits as a liability and to more comprehensively measure the annual costs of pension benefits. The implementation of this Statement also expands pension related note disclosures and required supplementary information.
- Statement No. 69, *Government Combinations and Disposals of Government Operations*, which is required to be implemented during fiscal year 2015. Management does not believe the implementation of this Statement will impact the basic financial statements.

TOWN OF BOURNE, MASSACHUSETTS  
NOTES TO THE FINANCIAL STATEMENTS  
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- Statement No. 70, Accounting and Financial Reporting for Nonexchange Financial Guarantees, which is required to be implemented during fiscal year 2014. Management does not believe the implementation of this Statement will impact the basic financial statements.

This information is an integral part of the accompanying financial statements.

## *Required Supplementary Information*

TOWN OF BOURNE, MASSACHUSETTS  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
(NON-GAAP BUDGETARY BASIS)  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Prior Year Encumbrances and Continuing Appropriations	Original Budget	Supplemental Appropriations and Transfers	Final Budget
<b>REVENUES</b>				
Real estate and personal property taxes.....	\$ -	\$ 37,893,255	\$ -	\$ 37,893,255
Motor vehicle and other excise taxes.....	-	1,900,000	-	1,900,000
Tax liens.....	-	-	-	-
Payments in lieu of taxes.....	-	25,000	-	25,000
Intergovernmental.....	-	7,180,972	-	7,180,972
Special assessments.....	-	-	-	-
Penalties and interest on taxes.....	-	300,000	-	300,000
Licenses and permits.....	-	445,000	-	445,000
Fines and forfeitures.....	-	110,000	-	110,000
Departmental and other.....	-	1,280,000	-	1,280,000
Investment income.....	-	33,538	-	33,538
<b>TOTAL REVENUES.....</b>	<b>-</b>	<b>49,167,765</b>	<b>-</b>	<b>49,167,765</b>
<b>EXPENDITURES</b>				
Current:				
General government.....	320,632	3,129,733	313,049	3,763,414
Public safety.....	1,137,521	8,564,333	415,725	10,117,579
Education.....	146,634	22,249,111	39,771	22,435,516
Public works.....	191,613	2,147,851	285,819	2,625,283
Health and human services.....	7,466	990,162	36,552	1,034,180
Culture and recreation.....	65,390	828,016	(50,000)	843,406
Pension benefits.....	-	2,814,874	(32,500)	2,782,374
Employee benefits.....	-	7,998,110	(714,954)	7,283,156
Property and liability insurance.....	-	-	1,098,110	1,098,110
State and county charges.....	-	3,036,503	6,000	3,042,503
Debt service:				
Principal.....	-	2,771,497	-	2,771,497
Interest.....	-	763,717	37,000	800,717
<b>TOTAL EXPENDITURES.....</b>	<b>1,869,256</b>	<b>55,293,907</b>	<b>1,434,572</b>	<b>58,597,735</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....</b>	<b>(1,869,256)</b>	<b>(6,126,142)</b>	<b>(1,434,572)</b>	<b>(9,429,970)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in.....	-	4,376,142	343,329	4,719,471
Premium from issuance of bonds and notes.....	-	-	-	-
Sale of capital assets.....	-	-	-	-
Sale of foreclosed properties.....	-	-	-	-
Transfers out.....	-	-	(750,000)	(750,000)
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>-</b>	<b>4,376,142</b>	<b>(406,671)</b>	<b>3,969,471</b>
<b>NET CHANGE IN FUND BALANCE.....</b>	<b>(1,869,256)</b>	<b>(1,750,000)</b>	<b>(1,841,243)</b>	<b>(5,460,499)</b>
<b>FUND BALANCE AT BEGINNING OF YEAR.....</b>	<b>11,039,036</b>	<b>11,039,036</b>	<b>11,039,036</b>	<b>11,039,036</b>
<b>FUND BALANCE AT END OF YEAR.....</b>	<b>\$ 9,169,780</b>	<b>\$ 9,289,036</b>	<b>\$ 9,197,793</b>	<b>\$ 5,578,537</b>

See accompanying notes to required supplementary information.

	Actual	Current Year Encumbrances and Continuing Appropriations	Actual and Encumbrances and Continuing Appropriations	Variance Positive/ (Negative)
\$	38,220,961	\$ -	\$ 38,220,961	\$ 327,706
	2,380,910	-	2,380,910	480,910
	135,830	-	135,830	135,830
	22,142	-	22,142	(2,858)
	7,053,029	-	7,053,029	(127,943)
	245,040	-	245,040	245,040
	379,341	-	379,341	79,341
	576,708	-	576,708	131,708
	135,035	-	135,035	25,035
	1,425,833	-	1,425,833	145,833
	43,392	-	43,392	9,854
	<u>50,618,221</u>	<u>-</u>	<u>50,618,221</u>	<u>1,450,456</u>
	3,158,344	397,709	3,556,053	207,361
	8,719,828	1,081,738	9,801,566	316,013
	22,231,045	192,630	22,423,675	11,841
	2,516,391	51,303	2,567,694	57,589
	1,016,808	184	1,016,992	17,188
	783,917	11,839	795,756	47,650
	2,771,774	-	2,771,774	10,600
	7,141,858	248	7,142,106	141,050
	1,076,548	-	1,076,548	21,562
	3,037,152	-	3,037,152	5,351
	2,771,497	-	2,771,497	-
	803,471	-	803,471	(2,754)
	<u>56,028,633</u>	<u>1,735,651</u>	<u>57,764,284</u>	<u>833,451</u>
	<u>(5,410,412)</u>	<u>(1,735,651)</u>	<u>(7,146,063)</u>	<u>2,283,907</u>
	4,719,471	-	4,719,471	-
	134,807	-	134,807	134,807
	2,451	-	2,451	2,451
	402,000	-	402,000	402,000
	(750,000)	-	(750,000)	-
	<u>4,508,729</u>	<u>-</u>	<u>4,508,729</u>	<u>539,258</u>
	(901,683)	(1,735,651)	(2,637,334)	2,823,165
	<u>11,039,036</u>	<u>-</u>	<u>11,039,036</u>	<u>-</u>
\$	<u>10,137,353</u>	<u>(1,735,651)</u>	<u>8,401,702</u>	<u>2,823,165</u>

TOWN OF BOURNE, MASSACHUSETTS  
COMMUNITY PRESERVATION FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
(NON-GAAP BUDGETARY BASIS)  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Prior Year Encumbrances and Continuing Appropriations	Original Budget	Supplemental Appropriations and Transfers	Final Budget
<b>REVENUES</b>				
Community preservation surcharges.....	\$ -	\$ 1,100,540	\$ -	\$ 1,100,540
Intergovernmental .....	-	236,775	-	236,775
Tax liens.....	-	-	-	-
Penalties and interest on taxes.....	-	-	-	-
Departmental and other.....	-	-	-	-
Investment income.....	-	-	-	-
TOTAL REVENUES.....	-	1,337,315	-	1,337,315
<b>EXPENDITURES</b>				
Current:				
General government.....	33,871	1,520,549	-	1,554,420
Health and human services.....	500,514	50,667	-	551,181
Culture and recreation.....	595,159	136,554	-	731,713
TOTAL EXPENDITURES.....	1,129,544	1,707,770	-	2,837,314
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(1,129,544)	(370,455)	-	(1,499,999)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out.....	-	(718,184)	-	(718,184)
TOTAL OTHER FINANCING SOURCES (USES).....	-	(718,184)	-	(718,184)
NET CHANGE IN FUND BALANCE.....	(1,129,544)	(1,088,639)	-	(2,218,183)
FUND BALANCE AT BEGINNING OF YEAR.....	4,662,431	4,662,431	4,662,431	4,662,431
FUND BALANCE AT END OF YEAR..... \$	<u>3,532,887</u>	<u>\$ 3,573,792</u>	<u>\$ 4,662,431</u>	<u>\$ 2,444,248</u>

See accompanying notes to required supplementary information.



<u>Actual</u>	<u>Current Year Encumbrances and Continuing Appropriations</u>	<u>Actual and Encumbrances and Continuing Appropriations</u>	<u>Variance Positive/ (Negative)</u>
\$ 1,122,116	\$ -	\$ 1,122,116	\$ 21,576
322,366	-	322,366	85,591
3,206	-	3,206	3,206
8,249	-	8,249	8,249
696	-	696	696
3,102	-	3,102	3,102
<u>1,459,735</u>	<u>-</u>	<u>1,459,735</u>	<u>122,420</u>
814,335	740,085	1,554,420	-
127,765	423,416	551,181	-
78,946	652,767	731,713	-
<u>1,021,046</u>	<u>1,816,268</u>	<u>2,837,314</u>	<u>-</u>
438,689	(1,816,268)	(1,377,579)	122,420
<u>(718,184)</u>	<u>-</u>	<u>(718,184)</u>	<u>-</u>
<u>(718,184)</u>	<u>-</u>	<u>(718,184)</u>	<u>-</u>
(279,495)	(1,816,268)	(2,095,763)	122,420
<u>4,662,432</u>	<u>-</u>	<u>4,662,431</u>	<u>-</u>
<u>\$ 4,382,937</u>	<u>\$ (1,816,268)</u>	<u>\$ 2,566,668</u>	<u>\$ 122,420</u>

## PENSION PLAN SCHEDULES

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

### SCHEDULES OF FUNDING PROGRESS (ASSOCIATION)

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Entry Age (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
01/01/12	\$ 651,063,981	\$ 1,173,483,848	\$ 522,419,867	55.5%	\$ 239,437,303	218.2%
01/01/10	554,876,554	1,030,210,321	475,333,767	53.9%	234,374,075	202.8%
01/01/09	520,089,855	966,564,614	446,474,759	53.8%	249,971,296	178.6%
01/01/07	517,396,087	825,863,068	308,466,981	62.6%	226,391,633	136.3%
01/01/06	465,637,984	765,747,723	300,109,739	60.8%	215,474,180	139.3%
01/01/04	378,317,300	647,655,411	269,338,111	58.4%	190,614,004	141.3%

### SCHEDULE OF EMPLOYER CONTRIBUTIONS (ASSOCIATION)

Year Ended December 31	Annually Required Contributions (ARC)	Percentage of ARC Contributed (%)
2007	34,360,912	100
2008	36,943,817	100
2009	39,899,322	100
2010	43,893,051	100
2011	43,807,158	100
2012	46,702,087	100

The following schedule provides information related to the Town's portion of the Association's ARC:

### TOWN SHARE OF ASSOCIATION ARC

Fiscal Year Ended June 30	ARC	Percentage of ARC Contributed (%)	Town ARC as a Percentage of Association ARC (%)
2008	1,888,019	100	5.5%
2009	2,046,604	100	5.5%
2010	2,236,480	100	5.6%
2011	2,503,929	100	5.7%
2012	2,580,728	100	5.9%
2013	2,767,343	100	5.9%

## OTHER POSTEMPLOYMENT BENEFITS SCHEDULE

The following schedule provides information related to the Town's other postemployment benefits plan:

### SCHEDULES OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Projected Unit Credit (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
06/30/12	\$ -	\$ 73,492,873	\$ 73,492,873	-	\$ 32,108,828	229%
06/30/10	-	88,040,390	88,040,390	-	30,015,606	293%
06/30/08	-	74,937,141	74,937,141	-	27,668,817	271%

The significant change to the methods and assumptions used in the 2008 and 2010 actuarial valuations identified above that impacted the trends in the schedules of funding progress is the increase in the trend on medical and prescription drug costs.

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

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

TOWN OF BOURNE, MASSACHUSETTS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2013

**NOTE A - BUDGETARY - GAAP RECONCILIATION**

For budgetary financial reporting purposes, the Uniform Massachusetts Accounting System basis of accounting (established by the Commonwealth) is followed, which differs from the GAAP basis of accounting. A reconciliation of budgetary-basis to GAAP-basis results for the general fund and community preservation fund for the fiscal year ended June 30, 2013, is presented below:

***General Fund***

	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Financing Sources (Uses)</u>
Budgetary basis as reported on the schedule of revenues, expenditures and changes in fund balance - budget and actual.....	\$ 50,618,221	\$ 57,764,284	\$ 4,508,729
<u>Adjustments:</u>			
Net change in recording 60-day receipts.....	99,966	-	-
Net change in recording tax refunds payable.....	(86,891)	-	-
Net change in recording other revenues.....	(20,864)	-	-
To record MTRS on-behalf payments.....	5,657,305	5,657,305	-
Net change in recording short-term interest accrual.....	-	(6,797)	-
Net change in recording other expenditures.....	-	(533)	-
To record encumbrances and continuing appropriations.....	-	(1,735,651)	-
Total on GAAP basis of accounting.....	56,267,737	61,678,608	4,508,729
<u>Reclassifications:</u>			
To reclassify the activity of the stabilization funds to the general fund....	(3,133)	-	(1,283,847)
To reclassify the activity of the OPEB trust fund to the general fund	99	-	250,000
GAAP basis as reported on the statement of revenues, expenditures and changes in fund balances.....	<u>\$ 56,264,703</u>	<u>\$ 61,678,608</u>	<u>\$ 3,474,882</u>

***Community Preservation Fund***

	<u>Expenditures</u>
Budgetary basis as reported on the schedule of revenues, expenditures and changes in fund balance - budget and actual.....	\$ 2,837,314
<u>Adjustments:</u>	
To record encumbrances and continuing appropriations.....	<u>(1,816,268)</u>
GAAP basis as reported on the statement of revenues, expenditures and changes in fund balances.....	<u>\$ 1,021,046</u>

TOWN OF BOURNE, MASSACHUSETTS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2013

**NOTE B - PENSION PLAN**

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

Valuation date:	January 1, 2012
Actuarial cost method:	Entry age normal cost
Amortization method:	Increasing payments 6.00% per year through fiscal year 2015, 4.00% per year after fiscal year 2015 except for 2010 Early Retirement Incentive, which is a level payment.
Remaining amortization period:	26 years from July 1, 2012 for 2002 and 2003 Early Retirement Incentives, retiree sheriffs liability and remaining unfunded liability and 10 years from July 1, 2012 for 2010 Early Retirement Incentive
Asset valuation method:	5-year smoothing of investment returns greater (less) than expected
<u>Actuarial assumptions:</u>	
Investment rate of return:	7.875%
Projected salary increases:	4.75% - 5.25%
Cost of living adjustments:	3.00% of first \$14,000 of retirement income in fiscal 2013, increasing to \$15,000 in fiscal year 2014