

TOWN OF BOURNE, MASSACHUSETTS
FINANCIAL STATEMENTS AND
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2020



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**TOWN OF BOURNE, MASSACHUSETTS
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JUNE 30, 2020**

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INDEPENDENT AUDITORS' REPORT

Honorable Board of Selectmen
Town of Bourne, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Bourne, Massachusetts, as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town of Bourne, Massachusetts' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Bourne, Massachusetts, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

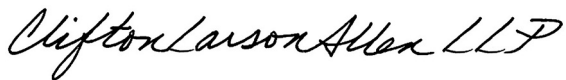
Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (located on pages 3 through 10), general fund and community preservation fund budgetary comparisons and certain pension and other postemployment benefits information (located on pages 73 through 81) 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 25, 2021, on our consideration of the Town of Bourne, Massachusetts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Bourne, Massachusetts' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Bourne, Massachusetts' internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Boston, Massachusetts
March 25, 2021

**TOWN OF BOURNE, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

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, 2020.

Financial Highlights

- The liabilities and deferred inflows of resources of the Town exceed its assets and deferred outflows of resources at the close of the most recent fiscal year by \$10,187,026 (net position). The Town had an unrestricted deficit at the end of the current fiscal year totaling \$133,647,855.
- The Town's total net position increased by \$6,153,592.
- At the close of the fiscal year, the Town's governmental funds reported combined ending fund balances totaling \$33,689,591, a decrease of \$4,083,289 in comparison with the prior year. The Town has an unassigned fund balance at the end of the current fiscal year totaling approximately \$14,701,628.
- At the end of the fiscal year, unassigned fund balance for the general fund totaled \$16,881,464, or 21.35% of total general fund expenditures and transfers out.
- The Town's bonded debt decreased by \$393,544 during the fiscal year, with new long-term debt issuances totaling \$5,085,000.

Overview of the Basic Financial Statements

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

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

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

Government-wide financial statements

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

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

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

**TOWN OF BOURNE, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

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

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

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

Fund financial statements

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

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

Governmental Funds

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

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

The Town maintains 12 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund, community preservation (special revenue), Peebles Elementary School (capital project), and Police Station (capital project), each of which are considered to be major funds. Data from the other 8 governmental funds are combined into a single, aggregated presentation titled *nonmajor governmental funds*.

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

**TOWN OF BOURNE, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

Proprietary funds

The Town maintains two types of proprietary funds.

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

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

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

Fiduciary funds

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

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

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

Notes to the basic financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24-71 of this report.

Required supplementary information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Presented in this information are the budget comparisons for the general fund and community preservation fund, and certain pension and other postemployment benefits information, which can be found on pages 73-81.

**TOWN OF BOURNE, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

Government-Wide Financial Analysis

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

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Town's liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$10,187,026 at the close of the fiscal year and are summarized as follows:

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Assets						
Current Assets	\$ 54,291,040	\$ 57,622,980	\$ 21,177,038	\$ 19,787,396	\$ 75,468,078	\$ 77,410,376
Noncurrent Assets (Excluding Capital Assets)	982,657	1,071,555	7,281,363	8,603,667	8,264,020	9,675,222
Capital Assets (Net)	147,149,351	136,739,062	18,533,706	15,473,224	165,683,057	152,212,286
Total Assets	202,423,048	195,433,597	46,992,107	43,864,287	249,415,155	239,297,884
Deferred Outflows of Resources	23,145,502	6,498,172	1,395,312	391,728	24,540,814	6,889,900
Liabilities						
Current Liabilities (Excluding Debt)	7,046,367	11,749,257	1,683,282	970,719	8,729,649	12,719,976
Noncurrent Liabilities (Excluding Debt)	168,779,431	145,920,628	18,444,368	15,639,932	187,223,799	161,560,560
Current Debt	9,442,364	6,205,157	5,731,617	6,591,841	15,173,981	12,796,998
Noncurrent Debt	50,815,951	50,656,279	3,873,344	4,434,205	54,689,295	55,090,484
Total Liabilities	236,084,113	214,531,321	29,732,611	27,636,697	265,816,724	242,168,018
Deferred Inflows of Resources	17,284,295	19,202,785	1,041,976	1,157,599	18,326,271	20,360,384
Net Position						
Net Investment in Capital Assets	90,906,419	90,512,984	12,078,927	8,507,505	102,985,346	99,020,489
Restricted	20,475,483	18,313,711	-	1,850,392	20,475,483	20,164,103
Unrestricted	(139,181,760)	(140,629,032)	5,533,905	5,103,822	(133,647,855)	(135,525,210)
Total Net Position	\$ (27,799,858)	\$ (31,802,337)	\$ 17,612,832	\$ 15,461,719	\$ (10,187,026)	\$ (16,340,618)

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

An additional portion of the Town's net position (\$20,475,483) represents resources that are subject to external restrictions on how they may be used.

The Town has no unrestricted net position available for the support of governmental activities. Such resources have been consumed with the recognition of net pension and other postretirement benefit liabilities. The Town has \$5,533,905 that may be used to support business-type activities.

**TOWN OF BOURNE, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

Changes in Net Position

For the fiscal year ended June 30, 2020, the Town's total net position increased by \$6,153,592, compared to an increase of \$12,355,540 in the prior fiscal year. These amounts are summarized as follows:

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues						
Program Revenues:						
Charges for Services	\$ 5,616,054	\$ 5,807,694	\$ 16,987,442	\$ 15,402,177	\$ 22,603,496	\$ 21,209,871
Operating Grants and Contributions	17,835,431	16,249,903	421,904	396,416	18,257,335	16,646,319
Capital Grants and Contributions	1,364,240	9,475,021	741,662	506,135	2,105,902	9,981,156
General Revenues:						
Real Estate and Personal Property Taxes	52,527,787	49,732,988	-	-	52,527,787	49,732,988
Motor Vehicle and Other Excise Taxes	3,983,953	3,883,163	-	-	3,983,953	3,883,163
Penalties and Interest on Taxes	270,740	181,510	-	-	270,740	181,510
Payments in Lieu of Taxes	7,903	7,895	-	-	7,903	7,895
Community Preservation Surcharges	1,519,801	1,421,942	-	-	1,519,801	1,421,942
Grants and Contributions not Restricted to Specific Programs	2,181,129	2,117,353	-	-	2,181,129	2,117,353
Unrestricted Investment Income	552,496	624,343	-	-	552,496	624,343
Other	-	56,696	-	-	-	56,696
Total Revenues	85,859,534	89,558,508	18,151,008	16,304,728	104,010,542	105,863,236
Expenses						
General Government	7,603,338	6,605,478	-	-	7,603,338	6,605,478
Public Safety	16,965,946	17,027,983	-	-	16,965,946	17,027,983
Education	49,820,371	47,273,754	-	-	49,820,371	47,273,754
Public Works	4,456,311	4,459,361	-	-	4,456,311	4,459,361
Health and Human Services	2,237,292	2,184,971	-	-	2,237,292	2,184,971
Culture and Recreation	2,212,333	2,436,805	-	-	2,212,333	2,436,805
Debt Service - Interest	1,883,896	1,783,311	-	-	1,883,896	1,783,311
Sewer	-	-	1,236,870	1,018,775	1,236,870	1,018,775
Landfill	-	-	11,440,593	10,717,258	11,440,593	10,717,258
Total Expenses	85,179,487	81,771,663	12,677,463	11,736,033	97,856,950	93,507,696
Change in Net Position Before Transfers	680,047	7,786,845	5,473,545	4,568,695	6,153,592	12,355,540
Transfers, Net	3,322,432	3,063,941	(3,322,432)	(3,063,941)	-	-
Change in Net Position	4,002,479	10,850,786	2,151,113	1,504,754	6,153,592	12,355,540
Net Position - Beginning of Year	(31,802,337)	(42,653,123)	15,461,719	13,956,965	(16,340,618)	(28,696,158)
Net Position - End of Year	<u>\$ (27,799,858)</u>	<u>\$ (31,802,337)</u>	<u>\$ 17,612,832</u>	<u>\$ 15,461,719</u>	<u>\$ (10,187,026)</u>	<u>\$ (16,340,618)</u>

Governmental activities increased the Town's net position by \$4,002,479. In the prior year, governmental activities increased the Town's net position by \$10,850,786. The key element of this change was a decrease in capital grants and contributions by approximately \$8,111,000 due to MSBA funding for construction of the Peebles Elementary School.

Business-type activities increased the Town's net position by \$2,151,113. In the prior year, business-type activities increased the Town's net position by \$1,504,754. The key element of this change is an increase in charges for services of approximately \$1,585,000, due to an increase in the landfill tax-levy in 2020.

**TOWN OF BOURNE, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

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 \$33,689,591, a decrease of \$4,083,289 in comparison with the prior year. Unassigned fund balance totaled \$14,701,628 at June 30, 2020. The remainder of fund balance includes the following constraints:

- Nonspendable (\$36,520)
- Restricted (\$13,955,631)
- Committed (\$4,917,707)
- Assigned (\$78,105)

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, the general fund's unassigned fund balance totaled \$16,881,464, while total fund balance was \$22,099,481. 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 21.35% of total general fund expenditures and transfers out, while total fund balance represents 27.95% of that same amount.

The balance of the Town's general fund increased by \$2,422,290 during fiscal year 2020. Although the Town recognized an approximate \$8,935,000 budgetary surplus (excluding encumbrances and continuing appropriations), the Town anticipated utilizing approximately \$5,958,000 of reserves to fund the budget.

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

The fund balance of the community preservation fund (special revenue) increased by \$457,871 during the current fiscal year. The fund's receipts included community preservation surcharges (\$1,522,218), intergovernmental revenue (\$391,082), tax liens revenue (\$6,523), penalties, and interest on taxes (\$6,116) and investment income (\$52,564). Expenditures totaling approximately \$820,994 were incurred during the year. Additionally, a transfer of \$699,638 was made to the general fund to cover community preservation related debt service.

The fund balance of the Peebles Elementary School fund (capital project) decreased by \$3,199,404 during the current fiscal year. The fund had intergovernmental revenue totaling \$591,925. Expenditures totaling approximately \$3,791,329 were incurred during the year.

**TOWN OF BOURNE, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

The fund balance of the Police Station fund (capital project) decreased by \$3,744,424 during the current fiscal year. The fund received proceeds of bonds and notes of \$4,050,000 and an additional premium from the issuance of bonds and notes of \$342,343. Expenditures totaling approximately \$8,136,767 were incurred during the year.

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 (\$596,866) and \$6,130,771, respectively. The sewer and landfill enterprise funds had a change in net position for the year of \$620,112 and \$1,531,001, 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 \$75,741,877 was increased by \$924,990 (1.2%) during the fiscal year. The following table summarizes the increase:

<u>Purpose of Increase</u>	<u>Amount</u>	<u>Funding Source</u>
Transfer to OPEB Fund	\$ 481,681	Unassigned fund balance
GF Budget Amendment	188,500	Unassigned fund balance
Capital Projects	123,000	Unassigned fund balance
Acquisition of County Land	100,000	Unassigned fund balance
Electronic Voting Machines	25,000	Unassigned fund balance
Unpaid Bills	6,809	Unassigned fund balance
	<u>\$ 924,990</u>	

During the year, revenues exceeded budgetary estimates, while expenditures and encumbrances and continuing appropriations were less than budgeted appropriations, resulting in a positive budget to actual variance of approximately \$5,252,000.

Capital Asset and Debt Administration

Capital assets

The Town's investment in capital assets for its governmental and business-type activities at the end of the fiscal year totaled \$165,683,057 (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 8.8% (a 6.8% increase for governmental activities and a 2.0% increase for business-type activities).

**TOWN OF BOURNE, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

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

- Police Station Facility construction in progress (\$7,986,331)
- Peebles Elementary School construction in progress (\$3,653,267)
- Ambulance Purchases (\$670,490)

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

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 28,146,686	\$ 28,146,686	\$ 4,009,658	\$ 4,009,658	\$ 32,156,344	\$ 32,156,344
Construction in Progress	1,800,077	38,934,977	3,210,132	690,812	5,010,209	39,625,789
Land Improvements	6,092,858	6,520,532	3,976,292	2,973,094	10,069,150	9,493,626
Buildings and Improvements	100,209,796	52,850,349	2,701,631	2,887,739	102,911,427	55,738,088
Machinery and Equipment	4,802,098	4,694,880	2,390,062	2,519,514	7,192,160	7,214,394
Infrastructure	6,097,836	5,591,638	2,245,931	2,392,407	8,343,767	7,984,045
Total Capital Assets	<u>\$ 147,149,351</u>	<u>\$ 136,739,062</u>	<u>\$ 18,533,706</u>	<u>\$ 15,473,224</u>	<u>\$ 165,683,057</u>	<u>\$ 152,212,286</u>

Additional information on the Town's capital assets can be found in Note 5 on pages 45-46 of this report.

Long-Term Debt

At the end of the current fiscal year, total debt outstanding was \$60,576,805 which is backed by the full faith and credit of the Town, and is summarized as follows:

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
General Obligation Bonds	\$ 55,974,942	\$ 55,700,660	\$ 4,493,995	\$ 5,132,004	\$ 60,468,937	\$ 60,832,664
MCWT Notes	107,868	137,685	-	-	107,868	137,685
Total Bonds and Notes	<u>\$ 56,082,810</u>	<u>\$ 55,838,345</u>	<u>\$ 4,493,995</u>	<u>\$ 5,132,004</u>	<u>\$ 60,576,805</u>	<u>\$ 60,970,349</u>

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

Additional information on the Town's long-term debt can be found in Note 9 on pages 50-52 of this report.

Requests for Information

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

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**TOWN OF BOURNE, MASSACHUSETTS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 22,127,147	\$ 18,887,465	\$ 41,014,612
Restricted Cash and Cash Equivalents	17,009,265	844,182	17,853,447
Investments	2,999,609	-	2,999,609
Restricted Investments	6,578,723	-	6,578,723
Receivables, Net of Allowance for Uncollectible Amounts:			
Real Estate and Personal Property Taxes	1,228,855	-	1,228,855
Tax and Utility Liens	363,469	17,719	381,188
Motor Vehicle and Other Excise Taxes	519,108	-	519,108
Community Preservation Surcharges	35,442	-	35,442
User Charges	-	1,427,672	1,427,672
Special Assessments	684	-	684
Departmental and Other	966,618	-	966,618
Intergovernmental	868,120	-	868,120
Working Capital Deposit (Health Claims)	1,594,000	-	1,594,000
Total Current Assets	54,291,040	21,177,038	75,468,078
Noncurrent Assets:			
Restricted Cash and Cash Equivalents	-	7,281,363	7,281,363
Receivables, Net of Allowance for Uncollectible Amounts:			
Real Estate Tax Deferrals	90,374	-	90,374
Special Assessments	424,189	-	424,189
Tax Foreclosures	468,094	-	468,094
Capital Assets not being Depreciated	29,946,763	7,219,790	37,166,553
Capital Assets, Net of Accumulated Depreciation	117,202,588	11,313,916	128,516,504
Total Noncurrent Assets	148,132,008	25,815,069	173,947,077
Total Assets	202,423,048	46,992,107	249,415,155
DEFERRED OUTFLOWS OF RESOURCES			
Related to OPEB	18,209,122	1,097,698	19,306,820
Related to Pensions	4,936,380	297,614	5,233,994
Total Deferred Outflows of Resources	23,145,502	1,395,312	24,540,814
LIABILITIES			
Current Liabilities:			
Warrants Payable	2,301,290	1,506,650	3,807,940
Accrued Payroll	3,087,462	61,742	3,149,204
Accrued Interest	375,829	80,868	456,697
Accrued Health Claims Payable	536,000	-	536,000
Unearned Revenue	362,364	-	362,364
Compensated Absences	236,683	25,176	261,859
Short-Term Notes Payable	4,175,505	5,110,966	9,286,471
Net OPEB Liability - Due within one year	146,739	8,846	155,585
Long-Term Bonds and Notes Payable	5,266,859	620,651	5,887,510
Total Current Liabilities	16,488,731	7,414,899	23,903,630
Noncurrent Liabilities:			
Landfill Closure and Postclosure Care	-	8,171,400	8,171,400
Compensated Absences	2,130,147	226,591	2,356,738
Net OPEB Liability	125,956,318	7,593,006	133,549,324
Net Pension Liability	40,692,966	2,453,371	43,146,337
Long-Term Bonds and Notes Payable	50,815,951	3,873,344	54,689,295
Total Noncurrent Liabilities	219,595,382	22,317,712	241,913,094
Total Liabilities	236,084,113	29,732,611	265,816,724
DEFERRED INFLOWS OF RESOURCES			
Related to OPEB	12,990,920	783,129	13,774,049
Related to Pension	4,293,375	258,847	4,552,222
Total Deferred Inflows of Resources	17,284,295	1,041,976	18,326,271
NET POSITION			
Net Investment in Capital Assets	90,906,419	12,078,927	102,985,346
Restricted for:			
Employee Benefits	7,458,249	-	7,458,249
Community Preservation	4,813,818	-	4,813,818
Affordable Housing	581,015	-	581,015
Debt Service	222,205	-	222,205
Permanent Funds:			
Expendable	223,620	-	223,620
Nonexpendable	36,520	-	36,520
Other Specific Purposes	7,140,056	-	7,140,056
Unrestricted	(139,181,760)	5,533,905	(133,647,855)
Total Net Position	\$ (27,799,858)	\$ 17,612,832	\$ (10,187,026)

See accompanying Notes to Basic Financial Statements.

**TOWN OF BOURNE, MASSACHUSETTS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

Functions/Programs	Expenses	Program Revenues			Net Revenue (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
PRIMARY GOVERNMENT					
Governmental Activities:					
General Government	\$ 7,603,338	\$ 355,583	\$ 1,257,496	\$ -	\$ (5,990,259)
Public Safety	16,965,946	4,455,380	139,073	-	(12,371,493)
Education	49,820,371	416,943	16,026,200	591,925	(32,785,303)
Public Works	4,456,311	51,592	66,546	381,233	(3,956,940)
Health and Human Services	2,237,292	246,214	241,743	-	(1,749,335)
Culture and Recreation	2,212,333	90,342	42,033	391,082	(1,688,876)
Community Development	-	-	62,340	-	62,340
Debt Service - Interest	1,883,896	-	-	-	(1,883,896)
Total Governmental Activities	85,179,487	5,616,054	17,835,431	1,364,240	(60,363,762)
Business-Type Activities:					
Sewer	1,236,870	1,235,826	14,203	741,662	754,821
Landfill	11,440,593	15,751,616	407,701	-	4,718,724
Total Business-Type Activities	12,677,463	16,987,442	421,904	741,662	5,473,545
Total Primary Government	\$ 97,856,950	\$ 22,603,496	\$ 18,257,335	\$ 2,105,902	\$ (54,890,217)

See accompanying Notes to Basic Financial Statements.

**TOWN OF BOURNE, MASSACHUSETTS
STATEMENT OF ACTIVITIES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

	Primary Government		
	Governmental	Business-Type	
	Activities	Activities	Total
CHANGES IN NET POSITION			
Net Revenue (Expense) (from Previous Page)	\$ (60,363,762)	\$ 5,473,545	\$ (54,890,217)
General Revenues:			
Real Estate and Personal Property Taxes	52,527,787	-	52,527,787
Motor Vehicle and Other Excise Taxes	3,983,953	-	3,983,953
Penalties and Interest on Taxes	270,740	-	270,740
Payments in Lieu of Taxes	7,903	-	7,903
Community Preservation Surcharges	1,519,801	-	1,519,801
Grants and Contributions not Restricted to Specific Programs	2,181,129	-	2,181,129
Unrestricted Investment Income	552,496	-	552,496
Transfers, Net	3,322,432	(3,322,432)	-
Total General Revenues and Transfers	64,366,241	(3,322,432)	61,043,809
CHANGE IN NET POSITION	4,002,479	2,151,113	6,153,592
Net Position - Beginning of Year	(31,802,337)	15,461,719	(16,340,618)
NET POSITION - END OF YEAR	<u>\$ (27,799,858)</u>	<u>\$ 17,612,832</u>	<u>\$ (10,187,026)</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF BOURNE, MASSACHUSETTS
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2020**

	General	Community Preservation	Peebles Elementary School	Police Station	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and Cash Equivalents	\$ 22,127,147	\$ -	\$ -	\$ -	\$ -	\$ 22,127,147
Investments	2,999,609	-	-	-	-	2,999,609
Receivables, Net of Allowance for Uncollectible Amounts:						
Real Estate and Personal Property Taxes	1,228,855	-	-	-	-	1,228,855
Real Estate Tax Deferrals	90,374	-	-	-	-	90,374
Tax Liens	352,508	10,623	-	-	338	363,469
Motor Vehicle and Other Excise Taxes	519,108	-	-	-	-	519,108
Community Preservation Surcharges	-	35,442	-	-	-	35,442
Special Assessments	407,915	-	-	-	16,958	424,873
Departmental and Other	240	-	-	-	966,378	966,618
Intergovernmental	-	-	-	-	868,120	868,120
Tax Foreclosures	468,094	-	-	-	-	468,094
Restricted Assets:						
Cash and Cash Equivalents	222,205	4,808,456	192,783	1,596,547	9,099,766	15,919,757
Investments	-	-	-	-	347,738	347,738
Total Assets	<u>\$ 28,416,055</u>	<u>\$ 4,854,521</u>	<u>\$ 192,783</u>	<u>\$ 1,596,547</u>	<u>\$ 11,299,298</u>	<u>\$ 46,359,204</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
LIABILITIES:						
Warrants Payable	\$ 630,320	\$ 40,703	\$ 138,062	\$ 150,436	\$ 421,525	\$ 1,381,046
Accrued Payroll	3,052,757	-	-	-	34,705	3,087,462
Unearned Revenue	-	-	-	-	362,364	362,364
Short-Term Notes Payable	-	-	1,477,951	-	2,697,554	4,175,505
Total Liabilities	<u>3,683,077</u>	<u>40,703</u>	<u>1,616,013</u>	<u>150,436</u>	<u>3,516,148</u>	<u>9,006,377</u>
DEFERRED INFLOWS OF RESOURCES:						
Unavailable Revenue	<u>2,633,497</u>	<u>46,066</u>	<u>-</u>	<u>-</u>	<u>983,673</u>	<u>3,663,236</u>
FUND BALANCES:						
Nonspendable	-	-	-	-	36,520	36,520
Restricted	222,205	4,767,752	-	1,446,111	7,519,563	13,955,631
Committed	4,917,707	-	-	-	-	4,917,707
Assigned	78,105	-	-	-	-	78,105
Unassigned	<u>16,881,464</u>	<u>-</u>	<u>(1,423,230)</u>	<u>-</u>	<u>(756,606)</u>	<u>14,701,628</u>
Total Fund Balances	<u>22,099,481</u>	<u>4,767,752</u>	<u>(1,423,230)</u>	<u>1,446,111</u>	<u>6,799,477</u>	<u>33,689,591</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 28,416,055</u>	<u>\$ 4,854,521</u>	<u>\$ 192,783</u>	<u>\$ 1,596,547</u>	<u>\$ 11,299,298</u>	<u>\$ 46,359,204</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF BOURNE, MASSACHUSETTS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2020**

	General	Community Preservation	Peebles Elementary School	Police Station	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Real Estate and Personal Property Taxes	\$ 52,051,267	\$ -	\$ -	\$ -	\$ -	\$ 52,051,267
Motor Vehicle and Other Excise Taxes	3,959,059	-	-	-	-	3,959,059
Tax Liens	230,641	6,523	-	-	-	237,164
Payments in Lieu of Taxes	7,903	-	-	-	-	7,903
Community Preservation Surcharges	-	1,522,218	-	-	-	1,522,218
Charges for Services	-	-	-	-	2,441,824	2,441,824
Intergovernmental	14,491,740	391,082	591,925	-	4,811,378	20,286,125
Special Assessments	94,783	-	-	-	-	94,783
Penalties and Interest on Taxes	264,624	6,116	-	-	-	270,740
Licenses and Permits	792,623	-	-	-	-	792,623
Fines and Forfeitures	127,184	-	-	-	-	127,184
Departmental and Other	2,965,050	-	-	-	230,847	3,195,897
Contributions	-	-	-	-	197,871	197,871
Investment Income	552,497	52,564	-	-	1,492	606,553
Total Revenues	<u>75,537,371</u>	<u>1,978,503</u>	<u>591,925</u>	<u>-</u>	<u>7,683,412</u>	<u>85,791,211</u>
EXPENDITURES						
Current:						
General Government	4,818,623	-	-	-	744,622	5,563,245
Public Safety	10,181,420	-	-	8,136,767	1,246,893	19,565,080
Education	33,104,768	-	3,791,329	-	3,882,603	40,778,700
Public Works	2,136,973	-	-	-	924,290	3,061,263
Health and Human Services	999,725	353,804	-	-	253,036	1,606,565
Culture and Recreation	851,686	467,190	-	-	291,384	1,610,260
Pension Benefits	4,071,935	-	-	-	-	4,071,935
Employee Benefits	8,871,273	-	-	-	-	8,871,273
Property and Liability Insurance	1,584,588	-	-	-	-	1,584,588
Claims and Judgments	67,276	-	-	-	-	67,276
State and County Charges	4,755,026	-	-	-	-	4,755,026
Debt Service:						
Principal	5,020,817	-	-	-	-	5,020,817
Interest	2,070,767	-	-	-	-	2,070,767
Total Expenditures	<u>78,534,877</u>	<u>820,994</u>	<u>3,791,329</u>	<u>8,136,767</u>	<u>7,342,828</u>	<u>98,626,795</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(2,997,506)</u>	<u>1,157,509</u>	<u>(3,199,404)</u>	<u>(8,136,767)</u>	<u>340,584</u>	<u>(12,835,584)</u>
OTHER FINANCING SOURCES (USES)						
Transfers In	5,938,705	-	-	-	656,134	6,594,839
Proceeds of Bonds and Notes	-	-	-	4,050,000	980,000	5,030,000
Premium from Issuance of Bonds and Notes	-	-	-	342,343	57,520	399,863
Transfers Out	(518,909)	(699,638)	-	-	(2,053,860)	(3,272,407)
Total Other Financing Sources (Uses)	<u>5,419,796</u>	<u>(699,638)</u>	<u>-</u>	<u>4,392,343</u>	<u>(360,206)</u>	<u>8,752,295</u>
NET CHANGE IN FUND BALANCES	<u>2,422,290</u>	<u>457,871</u>	<u>(3,199,404)</u>	<u>(3,744,424)</u>	<u>(19,622)</u>	<u>(4,083,289)</u>
Fund Balances at Beginning of Year	<u>19,677,191</u>	<u>4,309,881</u>	<u>1,776,174</u>	<u>5,190,535</u>	<u>6,819,099</u>	<u>37,772,880</u>
FUND BALANCES AT END OF YEAR	<u>\$ 22,099,481</u>	<u>\$ 4,767,752</u>	<u>\$ (1,423,230)</u>	<u>\$ 1,446,111</u>	<u>\$ 6,799,477</u>	<u>\$ 33,689,591</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF BOURNE, MASSACHUSETTS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TOTAL FUND BALANCES TO THE STATEMENT OF NET POSITION
JUNE 30, 2020**

Total Governmental Fund Balances	\$ 33,689,591
Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	147,149,351
In the statement of net position, deferred outflows of resources are reported for amounts related to OPEB	18,209,122
In the statement of net position, deferred outflows of resources are reported for amounts related to pensions	4,936,380
In the statement of net position, deferred inflows of resources are reported for amounts related to OPEB	(12,990,920)
In the statement of net position, deferred inflows of resources are reported for amounts related to pensions	(4,293,375)
Certain accounts receivable are not available to pay for current period expenditures and, therefore, are reported as deferred inflows of resources in the governmental funds.	3,663,236
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.	(375,829)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Bonds and Notes Payable, net of Unamortized Premiums	(56,082,810)
Compensated Absences	(2,366,830)
Net OPEB Liability	(126,103,057)
Net Pension Liability	(40,692,966)
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	7,458,249
Net Position of Governmental Activities	<u><u>\$ (27,799,858)</u></u>

See accompanying Notes to Basic Financial Statements.

TOWN OF BOURNE, MASSACHUSETTS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2020

Net Change in Fund Balances - Total Governmental Funds \$ (4,083,289)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. These amounts represent the related activity of the current period.

Capital Outlays	14,908,313
Depreciation	(4,498,024)

In the statement of activities, deferred outflows and deferred inflows related to OPEB are amortized and recognized as OPEB expense. This amount represents the net change in deferred outflows and deferred inflows related to OPEB. 22,841,768

In the statement of activities, deferred outflows and deferred inflows related to pensions are amortized and recognized as pension expense. This amount represents the net change in deferred outflows and deferred inflows related to pensions. (4,275,948)

Revenues in the statement of activities that do not provide current financial resources are reported as deferred inflows of resources in the statement of revenues, expenditures and changes in fund balances. Therefore, the recognition of revenue for certain accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred inflows of resources. 68,324

The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any impact on net position. Also, governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are amortized in the statement of activities. These amounts represent the related activity of the current period.

Bond Maturities	5,020,817
Amortization of Bond Premiums, Net	(235,282)
Proceeds of Bonds and Notes	(5,030,000)

In the statement of activities, interest is accrued on outstanding long-term debt, whereas in the governmental funds interest is not reported until due. This amount represents the net change in accrued interest payable. 22,289

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

These amounts represent the net changes:

Compensated Absences	(276,715)
Net OPEB Liability	(24,876,010)
Net Pension Liability	3,041,008

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.

1,375,228

Change in Net Position of Governmental Activities \$ 4,002,479

See accompanying Notes to Basic Financial Statements.

**TOWN OF BOURNE, MASSACHUSETTS
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2020**

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Sewer	Landfill	Total	
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 569,845	\$ 18,317,620	\$ 18,887,465	\$ -
Restricted Cash and Cash Equivalents	-	844,182	844,182	1,089,508
Restricted Investments	-	-	-	6,230,985
Receivables, Net of Allowance for Uncollectible Amounts:				
User Charges	74,777	1,352,895	1,427,672	-
Utility Liens	17,719	-	17,719	-
Working Capital Deposit	-	-	-	1,594,000
Total Current Assets	662,341	20,514,697	21,177,038	8,914,493
Noncurrent Assets:				
Restricted Cash and Cash Equivalents	-	7,281,363	7,281,363	-
Capital Assets not being Depreciated	3,210,132	4,009,658	7,219,790	-
Capital Assets, Net of Accumulated Depreciation	2,392,600	8,921,316	11,313,916	-
Total Noncurrent Assets	5,602,732	20,212,337	25,815,069	-
Total Assets	6,265,073	40,727,034	46,992,107	8,914,493
DEFERRED OUTFLOWS OF RESOURCES				
Related to OPEB	88,874	1,008,824	1,097,698	-
Related to Pension	25,634	271,980	297,614	-
Total Deferred Outflows of Resources	114,508	1,280,804	1,395,312	-
LIABILITIES				
Current Liabilities:				
Warrants Payable	434,706	1,071,944	1,506,650	920,244
Accrued Payroll	5,670	56,072	61,742	-
Accrued Interest	-	80,868	80,868	-
Accrued Health Claims Payable	-	-	-	536,000
Compensated Absences	2,085	23,091	25,176	-
Short-Term Notes Payable	887,317	4,223,649	5,110,966	-
Net OPEB Liability - Due within One Year	716	8,130	8,846	-
Long-Term Bonds and Notes Payable	37,312	583,339	620,651	-
Total Current Liabilities	1,367,806	6,047,093	7,414,899	1,456,244
Noncurrent Liabilities:				
Landfill Closure and Post-Closure	-	8,171,400	8,171,400	-
Compensated Absences	18,768	207,823	226,591	-
Net OPEB Liability	614,760	6,978,246	7,593,006	-
Net Pension Liability	211,310	2,242,061	2,453,371	-
Long-Term Bonds and Notes Payable	43,799	3,829,545	3,873,344	-
Total Noncurrent Liabilities	888,637	21,429,075	22,317,712	-
Total Liabilities	2,256,443	27,476,168	29,732,611	1,456,244
DEFERRED INFLOWS OF RESOURCES				
Related to OPEB	63,405	719,724	783,129	-
Related to Pension	22,295	236,552	258,847	-
Total Deferred Inflows of Resources	85,700	956,276	1,041,976	-
NET POSITION				
Net Investment in Capital Assets	4,634,304	7,444,623	12,078,927	-
Restricted for:				
Employee Benefits	-	-	-	7,458,249
Unrestricted	(596,866)	6,130,771	5,533,905	-
Total Net Position	\$ 4,037,438	\$ 13,575,394	\$ 17,612,832	\$ 7,458,249

See accompanying Notes to Basic Financial Statements.

**TOWN OF BOURNE, MASSACHUSETTS
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2020**

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Sewer	Landfill	Total	
OPERATING REVENUES				
Charges for Services	\$ 1,229,323	\$ 15,751,616	\$ 16,980,939	\$ -
Penalties and Interest	6,503	-	6,503	-
Employer Contributions	-	-	-	8,012,386
Employee Contributions	-	-	-	2,639,342
Total Operating Revenues	1,235,826	15,751,616	16,987,442	10,651,728
OPERATING EXPENSES				
Cost of Service and Administration	713,882	7,344,328	8,058,210	-
Town of Wareham Assessment	188,478	-	188,478	-
Repairs and Maintenance	112,365	136,303	248,668	-
Depreciation	221,895	2,279,491	2,501,386	-
Closure and Postclosure Costs	-	1,418,125	1,418,125	-
Employee Benefits	-	-	-	9,575,047
Total Operating Expenses	1,236,620	11,178,247	12,414,867	9,575,047
OPERATING INCOME (LOSS)	(794)	4,573,369	4,572,575	1,076,681
NONOPERATING REVENUES (EXPENSES)				
Investment Income	14,203	407,701	421,904	298,547
Interest Expense	(250)	(262,346)	(262,596)	-
Total Nonoperating Revenues (Expenses), Net	13,953	145,355	159,308	298,547
INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	13,159	4,718,724	4,731,883	1,375,228
CAPITAL CONTRIBUTIONS AND TRANSFERS				
Capital Contributions	741,662	-	741,662	-
Transfers Out	(134,709)	(3,187,723)	(3,322,432)	-
Total Capital Contributions and Transfers	606,953	(3,187,723)	(2,580,770)	-
CHANGE IN NET POSITION	620,112	1,531,001	2,151,113	1,375,228
Net Position at Beginning of Year	3,417,326	12,044,393	15,461,719	6,083,021
NET POSITION AT END OF YEAR	\$ 4,037,438	\$ 13,575,394	\$ 17,612,832	\$ 7,458,249

See accompanying Notes to Basic Financial Statements.

**TOWN OF BOURNE, MASSACHUSETTS
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020**

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Sewer	Landfill	Total	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers and Users	\$ 1,228,584	\$ 15,850,318	\$ 17,078,902	\$ 2,639,342
Receipts from Interfund Services Provided	-	-	-	8,012,386
Payments to Vendors	(436,835)	(5,138,984)	(5,575,819)	-
Payments to Employees	(151,075)	(1,728,681)	(1,879,756)	-
Payments for Interfund Services Used	-	-	-	(10,295,233)
Net Cash Provided by Operating Activities	<u>640,674</u>	<u>8,982,653</u>	<u>9,623,327</u>	<u>356,495</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers Out	<u>(134,709)</u>	<u>(3,187,723)</u>	<u>(3,322,432)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from the Issuance of Bonds and Notes	942,317	4,223,649	5,165,966	-
Premium from the Issuance of Bonds and Notes	4,955	-	4,955	-
Capital Contributions	741,662	-	741,662	-
Acquisition and Construction of Capital Assets	(2,587,421)	(2,974,447)	(5,561,868)	-
Principal Payments on Bonds and Notes	(20,000)	(6,543,042)	(6,563,042)	-
Interest Expense	(2,000)	(349,674)	(351,674)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(920,487)</u>	<u>(5,643,514)</u>	<u>(6,564,001)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Sales (Purchases) of Investments, Net	-	-	-	(589,457)
Investment Income	14,203	407,701	421,904	298,545
Net Cash Provided (Used) by Investing Activities	<u>14,203</u>	<u>407,701</u>	<u>421,904</u>	<u>(290,912)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>(400,319)</u>	<u>559,117</u>	<u>158,798</u>	<u>65,583</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR (Includes \$5,750, \$7,625,199 and \$800,478 reported as restricted in the sewer and landfill enterprise funds and internal service fund, respectively)	<u>970,164</u>	<u>25,884,048</u>	<u>26,854,212</u>	<u>1,023,925</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR (Includes \$10,226,994 and \$1,023,925 reported as restricted in the landfill enterprise fund and internal service fund, respectively)	<u>\$ 569,845</u>	<u>\$ 26,443,165</u>	<u>\$ 27,013,010</u>	<u>\$ 1,089,508</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	\$ (794)	\$ 4,573,369	\$ 4,572,575	\$ 1,076,681
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Adjustments Not Requiring Current Cash Flows:				
Depreciation	221,895	2,279,491	2,501,386	-
Net OPEB Liability	121,413	1,378,184	1,499,597	-
Net Pension Liability	(2,144)	(180,894)	(183,038)	-
Deferred outflows of resources related to OPEB	(88,874)	(1,008,824)	(1,097,698)	-
Deferred outflows of resources related to pension	6,082	88,032	94,114	-
Deferred inflows of resources related to OPEB	(22,611)	(256,659)	(279,270)	-
Deferred inflows of resources related to pension	14,587	149,060	163,647	-
Adjustments Requiring Current Cash Flows:				
Effect of Changes in Operating Assets and Liabilities:				
Utility Liens	(308)	-	(308)	-
User Charges	(6,934)	98,702	91,768	-
Working Capital Deposit	-	-	-	16,600
Warrants Payable	395,277	404,071	799,348	(676,786)
Accrued Payroll	1,887	15,588	17,475	-
Accrued Health Claims Payable	-	-	-	(60,000)
Landfill closure and postclosure care	-	1,418,125	1,418,125	-
Compensated Absences	1,198	24,408	25,606	-
Total Adjustments	<u>641,468</u>	<u>4,409,284</u>	<u>5,050,752</u>	<u>(720,186)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 640,674</u>	<u>\$ 8,982,653</u>	<u>\$ 9,623,327</u>	<u>\$ 356,495</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF BOURNE, MASSACHUSETTS
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2020**

	Other Postemployment Benefits Trust Fund	Private Purpose Trust Funds	Agency Funds
ASSETS			
Cash and Cash Equivalents	\$ 21,028	\$ 75,465	\$ 637,020
Investments	<u>3,631,671</u>	<u>-</u>	<u>-</u>
Total Assets	<u>3,652,699</u>	<u>75,465</u>	<u>\$ 637,020</u>
LIABILITIES			
Warrants Payable	-	-	4,156
Liabilities Due Depositors	<u>-</u>	<u>-</u>	<u>632,864</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>\$ 637,020</u>
NET POSITION			
Restricted for OPEB and Other Purposes	<u>\$ 3,652,699</u>	<u>\$ 75,465</u>	

See accompanying Notes to Basic Financial Statements.

**TOWN OF BOURNE, MASSACHUSETTS
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2020**

	Other Postemployment Benefits Trust Fund	Private Purpose Trust Funds
ADDITIONS		
Contributions:		
Employer	\$ 4,378,993	\$ -
Net Investment Income:		
Net Appreciation in Fair Value of Investments	38,748	-
Interest	86,197	8,348
Total Investment Income	124,945	8,348
Less: Investment Expense	(9,657)	-
Net Investment Income	115,288	8,348
Total Additions	4,494,281	8,348
DEDUCTIONS		
Retirement Benefits and Refunds	3,497,113	-
CHANGE IN NET POSITION	997,168	8,348
Net Position - Beginning of Year	2,655,531	67,117
NET POSITION - END OF YEAR	\$ 3,652,699	\$ 75,465

See accompanying Notes to Basic Financial Statements.

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General

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

B. Reporting Entity

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

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

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

Joint Venture

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

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

<u>Name</u>	<u>Purpose</u>	<u>Address</u>	<u>Fiscal Year 2020 Assessment</u>
Upper Cape Cod Regional Technical School	Education	220 Sandwich Road Bourne, MA 02532	\$ 2,808,720

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

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Implementation of New Accounting Principles

For the year ending June 30, 2020, the Town implemented the following pronouncement issued by the GASB:

- GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*

The implementation of this GASB Statement postponed the implementation dates of certain GASB Statements.

D. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

Fund Financial Statements

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

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

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.

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide Financial Statements (Continued)

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

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

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

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

Fund Financial Statements

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

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

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.

TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The following major governmental funds are reported:

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

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

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

The *Police Station fund* is a capital projects fund used to account for the accumulation of resources to construct a new police station.

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

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

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

Proprietary funds distinguish operating revenues and expenses from 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.

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The following major proprietary funds are reported:

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

Additionally, the following proprietary fund type is reported:

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

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

The following fiduciary fund types are reported:

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

F. Cash and Cash Equivalents and Investments

Government-Wide and Fund Financial Statements

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with an original maturity of three months or less from the date of acquisition. Investments are carried at fair value or amortized cost as further discussed in Note 3.

G. Accounts Receivable

Government-Wide and Fund Financial Statements

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

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Real Estate Taxes, Personal Property Taxes and Tax Liens

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

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

Motor Vehicle Excise Taxes

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

Community Preservation Surcharges

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

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.

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Special Assessments

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

Departmental and Other

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

Intergovernmental

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

H. Allowance for Uncollectible Amounts

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

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

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

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

Intergovernmental receivables are considered 100% collectible.

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Inventories

Government-Wide and Fund Financial Statements

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

J. Restricted Assets

Government-Wide and Fund Financial Statements

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

K. Capital Assets

Government-Wide and Proprietary Fund Financial Statements

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

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

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

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

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Proprietary Fund Financial Statements (Continued)

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

Governmental Fund Financial Statements

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

L. Interfund Receivables and Payables

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

Government-Wide Financial Statements

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

Fund Financial Statements

Transactions of a buyer/seller nature between funds are not eliminated from the individual fund statements. Receivables and payables resulting from these transactions are classified as "Due from other funds" or "Due to other funds" on the balance sheet.

M. Interfund Transfers

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

Government-Wide Financial Statements

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

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements

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

N. Deferred Outflows of Resources

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

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

O. Deferred Inflows of Resources

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

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

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

P. Net Position and Fund Balances

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

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

Net position has been “restricted” for the following:

“Employee benefits” represents amounts restricted for health insurance.

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED).

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

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

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

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

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

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

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

Governmental Funds Financial Statements (Fund Balances)

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

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

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

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

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

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Funds Financial Statements (Fund Balances) (Continued)

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

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

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

Q. Long-term Debt

Government-Wide and Proprietary Fund Financial Statements

Long-term debt is reported as liabilities in the government-wide and proprietary fund statements of net position. Material bond premiums and discounts are amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

Governmental Fund Financial Statements

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

R. Investment Income

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

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

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. Compensated Absences

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

Government-Wide and Proprietary Fund Financial Statements

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

Governmental Fund Financial Statements

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

T. Pensions

Government-Wide and Fund Financial Statements

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Barnstable County Retirement Association (BCRA) and additions to/deductions from BCRA's fiduciary net position have been determined on the same basis as they are reported by BCRA. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value, NAV, or amortized cost, as further discussed in Note 3.

U. Postretirement Benefits

Government-Wide and Fund Financial Statements

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

V. Use of Estimates

Government-Wide and Fund Financial Statements

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

TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 2 STEWARDSHIP COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

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

An annual budget is adopted for the general fund and community preservation fund (CPA) in conformity with the guidelines described above. The original fiscal year 2020 approved budget for the general fund authorized \$75,741,877 in appropriations. During fiscal year 2020, supplemental appropriations totaling approximately \$924,990 for the general fund were authorized. The original fiscal year 2020 approved budget for the CPA fund authorized \$2,156,591 in appropriations. During fiscal year 2020, subsequent reductions in appropriations totaling \$312,647 for the community preservation fund were authorized.

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

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

B. Fund Deficits

As of June 30, 2020, the following governmental fund deficits exist:

<u>Fund</u>	<u>Amount</u>	<u>Funding Source</u>
Peebles Elementary School Major Fund	\$ 1,423,230	Issuance of debt
Capital Projects - Ambulance	659,490	Issuance of debt
FEMA - CARES	55,235	Federal grants
Other Town Funds	26,465	State grants
Other School Funds	15,416	Federal and State grants
Total	<u>\$ 2,179,836</u>	

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 3 DEPOSITS AND INVESTMENTS

Town (excluding OPEB Trust Fund)

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

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

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

Deposits - Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the Town's deposits may not be recovered. The Town's policy for custodial credit risk is to utilize FDIC and DIF insurance (when available) as well as collateralize certain deposit amounts. For uninsured and uncollateralized amounts, the Town monitors the creditworthiness of banks through Veribanc, or other bank credit worthiness reporting systems. In addition, unsecured deposits may not comprise more than 5% of a financial institutions asset and no more than 20% of the Town's cash. At June 30, 2020, the Town's bank balance of \$60,229,217 was not exposed to custodial credit risk. The carrying amount of the Town's deposits at year-end totaled \$59,909,586.

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Investments Summary

The Town's investments (including short-term investments) at June 30, 2020 are presented below. All investments are presented by investment type, with debt securities presented by maturity.

Investment Type	Total Amount	Investment Maturities (in Years)			
		Less Than 1	1 - 5	6 - 10	More Than 10
<u>Debt Securities:</u>					
U.S. Treasuries	\$ 1,941,290	\$ 25,076	\$ 1,118,900	\$ 797,314	\$ -
U.S. Agencies	1,660,101	327,759	1,169,886	162,456	-
Corporate Bonds	1,257,233	178,182	938,436	140,615	-
Money Market Mutual Funds	3,186,768	3,186,768	-	-	-
Mutual Bond Funds	1,813,941	179,564	1,292,518	341,859	-
Fixed income securities	159,124	-	-	-	159,124
External Investment Pool	4,291,460	4,291,460	-	-	-
Total Debt Securities	14,309,917	\$ 8,188,809	\$ 4,519,740	\$ 1,442,244	\$ 159,124
<u>Other Investments:</u>					
Equity Securities	1,799,565				
Equity Mutual Funds	947,078				
Total Other Investments	2,746,643				
Total Investments	\$ 17,056,560				

Investments - Interest Rate Risk of Debt Securities

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

Investments - Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town's policy for custodial credit risk is to limit exposure to only those institutions with proven financial strength. Capital adequacy of the firm and overall affirmative reputation in the municipal industry will also be considered. At June 30, 2020, the Town was not exposed to custodial credit risk.

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Investments - Credit Risk of Debt Securities

Credit risk for debt securities is the risk that an issuer or other counterparty to a debt security will not fulfill its obligations. The Town's policy for credit risk of debt securities is to purchase investment grade securities with a high concentration in securities rated "A" or better. In addition, the Treasurer may invest unlimited funds in the MMDT and may place funds in investment funds that are included in the list of legal investments. As of June 30, 2020, the credit quality ratings of the Town's debt securities are as follows:

Investment Type	Total Amount	AAA*	AA+*	AA*	AA-*	A+*	A*	A-*	BBB+*	BBB*	BB*	B*	Unrated
U.S. Agencies	\$ 1,660,101	\$ -	\$ 1,660,101	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Corporate bonds	1,257,233	-	-	-	132,139	347,065	331,662	222,297	89,011	51,764	-	-	83,295
Money market mutual funds	3,186,768	-	-	-	-	-	-	-	-	-	-	-	3,186,768
Mutual bond funds	1,813,941	627,070	-	206,990	-	-	-	-	-	-	271,212	323,859	384,810
Fixed income securities	159,124	159,124	-	-	-	-	-	-	-	-	-	-	-
External investment pool	4,291,460	-	-	-	-	-	-	-	-	-	-	-	4,291,460
Total	<u>\$ 12,368,627</u>	<u>\$ 786,194</u>	<u>\$ 1,660,101</u>	<u>\$ 206,990</u>	<u>\$ 132,139</u>	<u>\$ 347,065</u>	<u>\$ 331,662</u>	<u>\$ 222,297</u>	<u>\$ 89,011</u>	<u>\$ 51,764</u>	<u>\$ 271,212</u>	<u>\$ 323,859</u>	<u>\$ 7,946,333</u>

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

Investments – Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the Town's investment in a single issuer. The Town's policy is for concentration of credit risk is to diversify the investment portfolio so the impact of potential losses from any one type of security or issuer will be minimized. As of June 30, 2020, the Town was exposed to concentration of credit risk as follows:

Issuer	Fair Value	Percentage of Total Investments
Federal National Mortgage Association	\$ 1,375,418	8.1%

Investments – Fair Values Highly Sensitive to Interest Rate Fluctuations

The Trust's investments include the following investments that are highly sensitive to interest rate fluctuations (to a greater degree than already indicated in the information above):

Highly Sensitive Investments	Fair Value at Year End
Mortgage backed securities. These securities are subject to early payment in a period of declining interest rates. The resultant reduction in expected total cash flows affects the fair value of these securities and makes the fair values of these securities highly sensitive to changes in interest rates.	<u>\$ 1,375,418</u>

TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Investments – Fair Value Measurements

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

The Town has the following recurring fair value measurements as of June 30, 2020:

Investment Type	Fair Value	Fair Value Measurements Using	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
<u>Equity Securities:</u>			
Equities	\$ 1,799,565	\$ 1,799,565	\$ -
Equity Mutual Funds	947,078	947,078	-
Total Equity Securities	2,746,643	2,746,643	-
<u>Debt Securities:</u>			
U.S. Treasuries	1,941,290	1,941,290	-
U.S. Agencies	1,660,101	1,660,101	-
Corporate Bonds	1,257,233	-	1,257,233
Mutual Bond Funds	1,813,941	1,813,941	-
Fixed Income Securities	159,124		159,124
Total Debt Securities	6,831,689	5,415,332	1,257,233
Total Investments Measured at Fair Value	9,578,332	\$ 8,161,975	\$ 1,257,233
<u>Investments measured at Amortized Cost:</u>			
Money Market Mutual Funds	3,186,768		
External Investment Pools	4,291,460		
Total Investments Measured at Amortized Cost	7,478,228		
Total Investments	\$ 17,056,560		

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

TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

OPEB Trust Fund (Trust)

Deposits – Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the Trust's deposits may not be recovered. The Trust does not have a policy for custodial credit risk of deposits. As of June 30, 2020, the Trust was not exposed to custodial credit risk.

Investments Summary

The Trust's investments at June 30, 2020 are presented below. All investments are presented by investment type, with debt securities presented by maturity.

Investment Type	Investment Maturities (in Years)				
	Total Amount	Less Than 1	1 - 5	6 - 10	More Than 10
<u>Debt Securities:</u>					
U.S. Treasuries	\$ 300,197	\$ -	\$ 160,445	\$ 139,752	\$ -
U.S. Agencies	345,687	50,450	210,955	84,282	-
Corporate Bonds	400,434	101,985	298,449	-	-
Money Market Mutual Funds	21,028	21,028	-	-	-
Mutual Bond Funds	465,205	-	317,306	100,483	47,416
Total Debt Securities	1,532,551	\$ 173,463	\$ 987,155	\$ 324,517	\$ 47,416
<u>Other Investments:</u>					
Equity Securities	1,536,607				
Equity Mutual Funds	583,541				
Total Other Investments	2,120,148				
Total Investments	\$ 3,652,699				

Investments – Interest Rate Risk of Debt Securities

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

Investments – Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the Trust will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Trust does not have a policy for custodial credit risk of investments. At June 30, 2020, the Town was not exposed to custodial credit risk.

TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Investments – Credit Risk of Debt Securities

Credit risk for debt securities is the risk that an issuer or other counterparty to a debt security will not fulfill its obligations. The Trust does not have a policy for credit risk of debt securities. As of June 30, 2020, the credit quality ratings of the Trust's debt securities (except U.S. Treasuries which are backed by the full faith and credit of the United States) are as follows:

Investment Type	Total Amount	AAA*	AA+*	AA*	AA-*	A+*	A*	A-*	BB*	B*	Unrated
U.S. Agencies	\$ 345,687	\$ -	\$ 345,687	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Corporate Bonds	400,434	-	55,170	-	54,549	102,721	132,797	55,197	-	-	-
Money Market Mutual Funds	21,028	-	-	-	-	-	-	-	-	-	21,028
Mutual Bond Funds	465,205	66,184	-	69,597	-	-	-	-	51,826	70,133	207,465
Total	<u>\$ 1,232,354</u>	<u>\$ 66,184</u>	<u>\$ 400,857</u>	<u>\$ 69,597</u>	<u>\$ 54,549</u>	<u>\$ 102,721</u>	<u>\$ 132,797</u>	<u>\$ 55,197</u>	<u>\$ 51,826</u>	<u>\$ 70,133</u>	<u>\$ 228,493</u>

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

Investments – Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the Trust's investment in a single issuer. The Trust does not have a policy for concentration of credit risk. As of June 30, 2020, the Trust was exposed to concentration of credit risk as follows:

Issuer	Fair Value	Percentage of Total Investments
Federal National Mortgage Association	\$ 315,894	8.6%

Investments – Fair Values Highly Sensitive to Interest Rate Fluctuations

The Trust's investments include the following investments that are highly sensitive to interest rate fluctuations (to a greater degree than already indicated in the information above):

Highly Sensitive Investments	Fair Value at Year End
Mortgage backed securities. These securities are subject to early payment in a period of declining interest rates. The resultant reduction in expected total cash flows affects the fair value of these securities and makes the fair values of these securities highly sensitive to changes in interest rates.	<u>\$ 315,894</u>

Investments – Fair Value Measurements

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

TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Investments – Fair Value Measurements (Continued)

The Trust has the following recurring fair value measurements as of June 30, 2020:

Investment Type	Fair Value	Fair Value Measurements Using	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
<u>Equity Securities:</u>			
Equities	\$ 1,536,607	\$ 1,536,607	\$ -
Equity Mutual Funds	583,541	583,541	-
Total Equity Securities	2,120,148	2,120,148	-
<u>Debt Securities:</u>			
U.S. Treasuries	300,197	300,197	-
U.S. Agencies	345,687	345,687	-
Corporate Bonds	400,434	-	400,434
Mutual Bond Funds	465,205	465,205	-
Total Debt Securities	1,511,523	1,111,089	400,434
Total Investments Measured at Fair Value	3,631,671	\$ 3,231,237	\$ 400,434
<u>Investments measured at Amortized Cost:</u>			
Money Market Mutual Funds	21,028		
Total Investments	\$ 3,652,699		

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

TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 4 ACCOUNTS RECEIVABLE

At June 30, 2020, receivables for the individual governmental funds, including the applicable allowances for uncollectible amounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Real Estate and Personal Property Taxes	\$ 1,297,993	\$ (69,138)	\$ 1,228,855
Real Estate Tax Deferrals	90,374	-	90,374
Tax Liens	363,469	-	363,469
Motor Vehicle and Other Excise Taxes	784,536	(265,428)	519,108
Community Preservation Surcharges	35,442	-	35,442
Special Assessments	424,873	-	424,873
Departmental and Other	2,284,085	(1,317,467)	966,618
Intergovernmental	868,120	-	868,120
Total	<u>\$ 6,148,892</u>	<u>\$ (1,652,033)</u>	<u>\$ 4,496,859</u>

At June 30, 2020, receivables for the enterprise funds, including the applicable allowances for uncollectible amounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
User Charges	\$ 1,446,063	\$ (18,391)	\$ 1,427,672
Utility Liens	17,719	-	17,719
Total	<u>\$ 1,463,782</u>	<u>\$ (18,391)</u>	<u>\$ 1,445,391</u>

TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 5 CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2020, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
<u>Capital Assets not Being Depreciated:</u>				
Land	\$ 28,146,686	\$ -	\$ -	\$ 28,146,686
Construction in Progress	38,934,977	839,897	(37,974,797)	1,800,077
Total Capital Assets not Being Depreciated	67,081,663	839,897	(37,974,797)	29,946,763
<u>Capital Assets Being Depreciated:</u>				
Land Improvements	9,002,704	26,625	-	9,029,329
Buildings and Improvements	98,703,987	49,819,212	-	148,523,199
Machinery and Equipment	20,220,295	1,358,559	(186,144)	21,392,710
Infrastructure	9,196,259	838,817	-	10,035,076
Total Capital Assets Being Depreciated	137,123,245	52,043,213	(186,144)	188,980,314
<u>Less accumulated depreciation for:</u>				
Land Improvements	(2,482,172)	(454,299)	-	(2,936,471)
Buildings and Improvements	(45,853,638)	(2,459,765)	-	(48,313,403)
Machinery and Equipment	(15,525,415)	(1,251,341)	186,144	(16,590,612)
Infrastructure	(3,604,621)	(332,619)	-	(3,937,240)
Total Accumulated Depreciation	(67,465,846)	(4,498,024)	186,144	(71,777,726)
Total Capital Assets Being Depreciated, Net	69,657,399	47,545,189	-	117,202,588
Total Governmental Activities Capital Assets, Net	\$ 136,739,062	\$ 48,385,086	\$ (37,974,797)	\$ 147,149,351
	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities - Sewer Enterprise:				
<u>Capital Assets not Being Depreciated:</u>				
Construction in Progress	\$ 690,812	\$ 2,550,580	\$ (31,260)	\$ 3,210,132
<u>Capital Assets Being Depreciated:</u>				
Machinery and Equipment	1,026,012	33,501	-	1,059,513
Other	1,332,118	-	-	1,332,118
Infrastructure	7,326,791	34,600	-	7,361,391
Total Capital Assets Being Depreciated	9,684,921	68,101	-	9,753,022
<u>Less Accumulated Depreciation for:</u>				
Machinery and Equipment	(872,025)	(40,819)	-	(912,844)
Other	(1,332,118)	-	-	(1,332,118)
Infrastructure	(4,934,384)	(181,076)	-	(5,115,460)
Total Accumulated Depreciation	(7,138,527)	(221,895)	-	(7,360,422)
Total Capital Assets Being Depreciated, Net	2,546,394	(153,794)	-	2,392,600
Total Sewer Enterprise Capital Assets, Net	\$ 3,237,206	\$ 2,396,786	\$ (31,260)	\$ 5,602,732

TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 5 CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities - Landfill Enterprise:				
<u>Capital Assets not Being Depreciated:</u>				
Land	\$ 4,009,658	\$ -	\$ -	\$ 4,009,658
<u>Capital Assets Being Depreciated:</u>				
Land Improvements	14,080,681	2,122,466	-	16,203,147
Buildings and Improvements	10,622,518	-	-	10,622,518
Machinery and Equipment	8,459,800	851,981	-	9,311,781
Total Capital Assets Being Depreciated	33,162,999	2,974,447	-	36,137,446
<u>Less Accumulated Depreciation for:</u>				
Land Improvements	(11,107,587)	(1,119,268)	-	(12,226,855)
Buildings and Improvements	(7,734,779)	(186,108)	-	(7,920,887)
Machinery and Equipment	(6,094,273)	(974,115)	-	(7,068,388)
Total Accumulated Depreciation	(24,936,639)	(2,279,491)	-	(27,216,130)
Total Capital Assets Being Depreciated, Net	8,226,360	694,956	-	8,921,316
Total Landfill Enterprise Capital Assets, Net	\$ 12,236,018	\$ 694,956	\$ -	\$ 12,930,974
Total Business-Type Activities Capital Assets, Net	\$ 15,473,224	\$ 3,091,742	\$ (31,260)	\$ 18,533,706

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

Governmental Activities:	
General Government	\$ 498,627
Public Safety	730,517
Education	1,952,748
Public Works	969,935
Health and Human Services	17,935
Culture and Recreation	328,262
Total Depreciation Expense - Governmental Activities	\$ 4,498,024
Business-Type Activities:	
Sewer	\$ 221,895
Landfill	2,279,491
Total Depreciation Expense - Business-Type Activities	\$ 2,501,386

TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 6 INTERFUND TRANSFERS

Interfund transfers for the fiscal year ended June 30, 2020, are summarized as follows:

Transfers Out	Transfers In		
	General Fund	Nonmajor Governmental Funds	Total
General Fund	\$ -	\$ 518,909	\$ 518,909 (1)
Community Preservation Fund	699,638	-	699,638 (2)
Nonmajor Governmental Funds	1,916,635	137,225	2,053,860 (3)
Sewer Enterprise Fund	134,709	-	134,709 (4)
Landfill Enterprise Fund	3,187,723	-	3,187,723 (5)
	<u>\$ 5,938,705</u>	<u>\$ 656,134</u>	<u>\$ 6,594,839</u>

- (1) Represents budgeted transfer for boat excise and mooring revenue collected in the general fund of (\$418,909) and transfer to the capital stabilization fund of (\$100,000).
(2) Represents budgeted transfer to fund debt service.
(3) Represents budgeted transfers to fund the fiscal year 2020 operating budget from the ambulance (\$1,325,000), waterway improvements (\$374,970), federal impact aid (\$156,750), community septic management program (\$29,915) and conservation commission (\$30,000) special revenue funds. Also represents a budgeted transfer of capital premiums to fund current year debt issuance costs (\$137,225).
(4) Represents budgeted transfers of indirect costs.
(5) Represents budgeted transfers of indirect costs (\$2,195,869) and host community fee (\$600,000) to the general fund, and a budgeted transfer to the capital stabilization fund (\$391,854).

NOTE 7 SHORT-TERM FINANCING

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

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

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

TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7 SHORT-TERM FINANCING (CONTINUED)

Details related to the short-term debt activity for the fiscal year ended June 30, 2020, is as follows:

Notes Payable – Governmental Funds

Type	Description	Origination Date	Maturity Date	Interest Rate	Balance at June 30, 2019	Increases	Decreases	Balance at June 30, 2020
BAN	Roads-Elgin	11/15/18	11/15/19	3.00%	\$ 240,000	\$ -	\$ (240,000)	\$ -
BAN	Roads-Narain	11/15/18	11/15/19	3.00%	75,000	-	(75,000)	-
BAN	Police Cruisers	4/12/19	4/12/20	2.19%	134,053	-	(134,053)	-
BAN	Basin Vac Truck DPW	4/12/19	4/12/20	2.19%	369,038	-	(369,038)	-
BAN	Lights Keith Field	4/12/19	4/12/20	2.19%	205,000	-	(205,000)	-
BAN	Peebles School dtd 4/9/2020	4/9/20	4/9/21	1.15%	-	1,477,951	-	1,477,951
BAN	High School Roof	4/9/20	4/9/21	1.15%	-	1,123,375	-	1,123,375
BAN	Ambulances	4/9/20	4/9/21	1.15%	-	686,000	-	686,000
BAN	DPW Truck	4/9/20	4/9/21	1.15%	-	369,038	-	369,038
BAN	DPW - Keith Field Lights	4/9/20	4/9/21	1.15%	-	205,000	-	205,000
BAN	Police Cruisers	4/9/20	4/9/21	1.15%	-	134,053	-	134,053
BAN	Road Repair - Elgin Road	11/15/19	11/13/20	2.00%	-	129,264	-	129,264
BAN	Road Repair - Nairn Road	11/15/19	11/13/20	2.00%	-	50,824	-	50,824
Total					<u>\$ 1,023,091</u>	<u>\$ 4,175,505</u>	<u>\$ (1,023,091)</u>	<u>\$ 4,175,505</u>

Notes Payable – Enterprise Funds

Type	Description	Origination Date	Maturity Date	Interest Rate	Balance at June 30, 2019	Increases	Decreases	Balance at June 30, 2020
BAN	ISWM Phase V 1 Liner	11/15/18	11/15/19	3.00%	\$ 3,575,000	\$ -	\$ (3,575,000)	\$ -
BAN	ISWM Phase V Liner	11/15/18	11/15/19	3.00%	1,341,687	-	(1,341,687)	-
BAN	ISWM Excavator	11/15/18	11/15/19	3.00%	267,355	-	(267,355)	-
BAN	ISWM Packer Truck	11/15/18	11/15/19	3.00%	260,000	-	(260,000)	-
BAN	Landfill-Land Acquisition	4/12/19	4/12/20	2.30%	450,000	-	(450,000)	-
BAN	ISWM - Packer	4/9/20	4/9/21	1.15%	-	365,000	-	365,000
BAN	ISWM Phase V Liner Construction	11/15/19	11/15/20	2.00%	-	1,003,649	-	1,003,649
BAN	ISWM Phase V Liner Construction	11/15/19	11/15/20	2.00%	-	2,855,000	-	2,855,000
BAN	Sewer - BBWTF	6/23/20	4/9/21	0.79%	-	115,750	-	115,750
BAN	Sewer - Replace Wet Well Lights, Waterline & Gre	6/23/20	4/9/21	0.79%	-	34,250	-	34,250
BAN	Sewer - MCWT - State Revolving Fund	4/11/20	4/10/21	0.00%	-	737,317	-	737,317
Total					<u>\$ 5,894,042</u>	<u>\$ 5,110,966</u>	<u>\$ (5,894,042)</u>	<u>\$ 5,110,966</u>

Subsequent Events

On November 13, 2020, the Town paid down (with available funds) \$1,073,038 of \$4,038,737 BANs outstanding at June 30, 2020 and renewed \$2,965,699 of the BANs. The renewed BANs had an interest rate of 0.590% and a maturity date of January 13, 2021. On January 13, 2021, the Town paid down (with available funds) the remaining \$2,965,699 of the BANs.

TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 8 LONG-TERM OBLIGATIONS

During the fiscal year ended June 30, 2020, the following changes occurred in long-term liabilities:

	Balance June 30, 2019	Increases	Decreases	Balance June 30, 2020	Current Portion
Governmental Activities:					
Bonds and Notes Payable	\$ 52,722,000	\$ 5,030,000	\$ (4,991,000)	\$ 52,761,000	\$ 5,056,000
Notes from Direct Borrowing	137,685	-	(29,817)	107,868	29,617
Unamortized Bond Premiums	2,978,660	399,863	(164,581)	3,213,942	181,242
Total Bonds and Notes Payable	55,838,345	5,429,863	(5,185,398)	56,082,810	5,266,859
Compensated Absences	2,090,115	276,715	-	2,366,830	236,683
Total	<u>\$ 57,928,460</u>	<u>\$ 5,706,578</u>	<u>\$ (5,185,398)</u>	<u>\$ 58,449,640</u>	<u>\$ 5,503,542</u>
Business-type Activities:					
Bonds and Notes Payable	\$ 4,933,000	\$ 55,000	\$ (669,000)	\$ 4,319,000	\$ 594,000
Unamortized Bond Premiums	199,004	4,955	(28,964)	174,995	26,651
Total Bonds and Notes Payable	5,132,004	59,955	(697,964)	4,493,995	620,651
Landfill Closure and Postclosure	6,753,275	1,418,125	-	8,171,400	-
Compensated Absences	226,161	25,606	-	251,767	25,176
Total	<u>\$ 12,111,440</u>	<u>\$ 1,503,686</u>	<u>\$ (697,964)</u>	<u>\$ 12,917,162</u>	<u>\$ 645,827</u>

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

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 9 LONG-TERM DEBT

Details related to the outstanding indebtedness at June 30, 2020, and the debt service requirements are as follows:

Project	Maturity Date	Interest Rate	Outstanding at June 30, 2019	Issued	Redeemed	Outstanding at June 30, 2020
MCWT Pool 9 97-1038-1*	02/01/24	0.00%	\$ 47,085	\$ -	\$ (9,417)	\$ 37,668
MCWT Title V 97-1038*	02/01/26	0.00%	20,600	-	(10,400)	10,200
MCWT Pool 11 T5-97-1038-2*	07/15/25	0.00%	70,000	-	(10,000)	60,000
Land Acquisition	01/15/25	3.87%	870,000	-	(145,000)	725,000
School Plans	01/15/25	3.85%	90,000	-	(15,000)	75,000
Municipal Purpose Loan	07/01/27	4.25%	1,553,000	-	(184,000)	1,369,000
Municipal Purpose Loan	09/15/29	3.14%	3,345,000	-	(386,000)	2,959,000
Municipal Purpose Loan	09/15/31	1.50 % - 4.00%	1,379,000	-	(161,000)	1,218,000
Municipal Purpose Loan	12/15/15	2.00% - 3.00%	830,000	-	(145,000)	685,000
General obligation bonds refunding	07/15/22	2.00%	1,590,000	-	(500,000)	1,090,000
Municipal Purpose Loan of 2015	12/01/35	2.00% - 5.00%	7,465,000	-	(750,000)	6,715,000
Municipal Purpose Loan of 2017	04/15/37	4.00% - 5.00%	6,465,000	-	(655,000)	5,810,000
School Project Loan 2018	04/01/38	3.00%-5.00%	9,500,000	-	(500,000)	9,000,000
Municipal Purpose Loan of 2018	11/15/38	4.00% - 5.00%	3,355,000	-	(635,000)	2,720,000
Municipal Purpose Loan of 2018	11/15/38	4.00% - 5.00%	16,280,000	-	(915,000)	15,365,000
Municipal Purpose Loan of 2020	05/15/40	2.00% - 5.00%	-	5,030,000	-	5,030,000
Total Governmental Funds			<u>\$ 52,859,685</u>	<u>\$ 5,030,000</u>	<u>\$ (5,020,817)</u>	<u>\$ 52,868,868</u>

*Notes from direct borrowings

Bonds and Notes Payable – Governmental Funds

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

Fiscal Year	Bonded Debt		Notes from Direct Borrowings		Total
	Principal	Interest	Principal	Interest	
2021	\$ 5,056,000	\$ 2,005,920	\$ 29,617	\$ -	\$ 7,061,920
2022	4,641,000	1,796,403	19,417	-	6,437,403
2023	4,146,000	1,601,040	19,417	-	5,747,040
2024	3,646,000	1,425,947	19,417	-	5,071,947
2025	3,476,000	1,266,603	10,000	-	4,742,603
2026	3,134,000	1,118,523	10,000	-	4,252,523
2027	2,885,000	989,834	-	-	3,874,834
2028	2,840,000	870,177	-	-	3,710,177
2029	2,705,000	756,072	-	-	3,461,072
2030	2,634,000	656,987	-	-	3,290,987
2031	2,354,000	568,697	-	-	2,922,697
2032	2,304,000	491,039	-	-	2,795,039
2033	2,155,000	416,548	-	-	2,571,548
2034	2,120,000	345,429	-	-	2,465,429
2035	2,120,000	273,844	-	-	2,393,844
2036	2,120,000	202,031	-	-	2,322,031
2037	1,755,000	135,525	-	-	1,890,525
2038	1,485,000	75,350	-	-	1,560,350
2039	985,000	23,700	-	-	1,008,700
2040	200,000	4,000	-	-	204,000
Total	<u>\$ 52,761,000</u>	<u>\$ 15,023,669</u>	<u>\$ 107,868</u>	<u>\$ -</u>	<u>\$ 67,580,669</u>

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 9 LONG-TERM DEBT (CONTINUED)

Bonds and Notes Payable – Enterprise Funds

Project	Maturity Date	Interest Rate	Outstanding at June 30, 2019	Issued	Redeemed	Outstanding at June 30, 2020
ISWM Landfill Phase 3 Stage 3	07/01/27	3.14%	\$ 187,000	\$ -	\$ (21,000)	\$ 166,000
ISWM Landfill Phase IIA/IIIA Liner	09/15/29	3.14%	1,210,000	-	(110,000)	1,100,000
ISWM Landfill Processing Center	09/15/29	3.14%	185,000	-	(17,000)	168,000
ISWM Residential Recycling Center	09/15/29	3.14%	570,000	-	(52,000)	518,000
ISWM Road Repair	09/15/25	2.38%	123,000	-	(18,000)	105,000
ISWM Cap/Odor Mitigation	09/15/31	2.78%	143,000	-	(11,000)	132,000
ISWM Municipal Purpose Loan of 2015	12/01/35	2.00% - 5.00%	2,045,000	-	(205,000)	1,840,000
Sewer Replace Truck M-7	04/15/21	5.00%	40,000	-	(20,000)	20,000
ISWM 35 Ton Articulated Truck	04/15/21	5.00%	240,000	-	(120,000)	120,000
ISWM 15 5CY Wheel Loader	04/15/21	5.00%	190,000	-	(95,000)	95,000
Sewer Pumps	05/15/36	2.00% - 5.00%	-	55,000	-	55,000
Total Enterprise Funds			<u>\$ 4,933,000</u>	<u>\$ 55,000</u>	<u>\$ (669,000)</u>	<u>\$ 4,319,000</u>

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

Fiscal Year	Principal	Interest	Total
2021	\$ 594,000	\$ 148,817	\$ 742,817
2022	354,000	123,534	477,534
2023	354,000	109,711	463,711
2024	354,000	95,544	449,544
2025	354,000	82,778	436,778
2026	341,000	71,448	412,448
2027	325,000	60,787	385,787
2028	325,000	49,450	374,450
2029	305,000	38,678	343,678
2030	301,000	27,763	328,763
2031	126,000	20,428	146,428
2032	126,000	16,586	142,586
2033	115,000	12,865	127,865
2034	115,000	9,272	124,272
2035	115,000	5,607	120,607
2036	115,000	1,870	116,870
Total	<u>\$ 4,319,000</u>	<u>\$ 875,138</u>	<u>\$ 5,194,138</u>

TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 9 LONG-TERM DEBT (CONTINUED)

The Town is subject to various debt limits by statute and may issue additional general obligation debt under the normal debt limit. At June 30, 2020, the Town had the following authorized and unissued debt:

<u>Purpose</u>	<u>Amount</u>
Peebles Elementary	\$ 19,412,631
Wastewater Treatment Facility	5,704,933
Wastewater Treatment Facility	2,800,000
BHS Roof Replacement	987,835
Peebles Elementary Feasibility Study	350,000
Septic Disposal System	265,000
Nuovo Road Street Betterment	<u>46,356</u>
Total	<u><u>\$ 29,566,755</u></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
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 10 LANDFILL CLOSURE AND POSTCLOSURE CARE (CONTINUED)

The closure and postclosure care liability consist of the following at June 30, 2020:

Closure:

Phase 3, Stage 3 South Side	\$ 379,712
Phase 4, Stage 2	1,470,620
Phase 5	1,133,941
Phase 6	543,617
Transfer Station	134,392
	<hr/>
Total Closure	3,662,282
Postclosure Care	4,509,118
	<hr/>
Total Closure and Postclosure Care Liability	\$ 8,171,400
	<hr/> <hr/>

The Phase 3, Stage 3, South Side landfill closure liability represents the cumulative amount reported based on the use of 100% capacity of the cell. The Phase 4, Stage 2 closure liability represents the cumulative amount reported based on the use of 100% capacity. The Phase 5 closure liability represents the cumulative amount reported based on the use of 99% capacity. The Phase 6 closure liability represents the cumulative amount reported based on the use of 16% capacity. The postclosure care liability represents the cumulative amount reported based on the use of 89% of the estimated capacity of the entire landfill.

Closure and postclosure care costs consist of the following at June 30, 2020:

Costs:

Postclosure Care	\$ 677,593
Phase 3, Stage 3	7,386
Phase 4, Stage 2	128,303
Phase 5	57,311
Phase 6	543,617
Transfer Station	3,915
	<hr/>
Total Closure and Postclosure Care Costs	\$ 1,418,125
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These amounts are based on what it would cost to perform all closure and postclosure care in 2020. Based on current demographic information and engineering estimates of landfill consumption, the Town expects to close the landfill in approximately 2024. Actual cost may be higher due to inflation, changes in technology, or changes in regulations. The Town will recognize the remaining estimated cost of closure and postclosure care of approximately \$3,600,000 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, 2020, approximately \$7,300,000 has been set aside for closure and postclosure care costs.

TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS

Plan Description – The Town provides health and life insurance coverage for its retirees and their survivors (hereinafter referred to as the Plan) as a single-employer defined benefit Other Postemployment Benefit (OPEB) plan. The Plan is administered by the Town. Chapter 32B of the MGL assigns authority to establish and amend benefit provisions. Changes to plan design and contribution rates must be accomplished through the collective bargaining process. The Plan does not issue a standalone, GAAP-basis audited financial report.

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

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

Plan membership as of June 30, 2018, the latest actuarial valuation, is as follows:

Active Plan Members	364
Retired Members of Beneficiaries Currently Receiving Benefits	<u>523</u>
Total	<u><u>887</u></u>

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

Contributions – The contribution requirements of Plan members and the Town are established and may be amended by the Town. The required health insurance contribution rates of Plan members and the Town (including Medicare Part B) are 25% and 75%, respectively. Also, Plan members and the Town contribute 25% and 75%, respectively, towards a \$5,000 term life insurance policy. The costs of administering the Plan are paid by the Town.

For the fiscal year ended June 30, 2020, employer contributions totaled \$4,378,993. The Trust did not receive contributions from any other sources.

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Net Other Postemployment Benefits Liability (Plan)

The components of the net OPEB liability of the Plan as of June 30, 2020, were as follows:

Total OPEB Liability	\$ 137,357,608
Plan Fiduciary Net Position	<u>3,652,699</u>
Plan's Net OPEB Liability	<u><u>\$ 133,704,909</u></u>
Plan Fiduciary net Position as a Percentage of the Total OPEB Liability	2.66%

Actuarial Assumptions – The total OPEB liability was determined by performing update procedures to roll the liability forward from the actuarial valuation as of June 30, 2018 to the June 30, 2020 measurement date. The following actuarial assumptions were applied to all periods included in the measurement, unless otherwise specified:

Investment Rate of Return:	7.00%, net of investment expense
Discount Rate:	2.21% (3.50% at June 30, 2019)
Inflation:	3.25% per year
Healthcare/Medical Cost Trend Rate:	
Non-Medicare	7.0% decreasing by 0.25% each year to an ultimate level of 4.5%
Medicare Medical	5.0% decreasing by 0.25% each year to an ultimate level of 4.5%
Dental	3.00%
Pre-Retirement Mortality Rates:	
Healthy Non-Teachers	RP-2014 Blue Collar Employee Mortality Table projected generationally with scale MP-2017.
Healthy Teachers	RP-2014 White Collar Employee Mortality Table projected generationally with scale MP-2016.
Post-Retirement Mortality Rates:	
Healthy Non-Teachers	RP-2014 Blue Collar Employee Mortality Table projected generationally with scale MP-2017.
Healthy Teachers	RP-2014 White Collar Employee Mortality Table projected generationally with scale MP-2016.
Disabled Non-Teachers	RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year projected generationally with scale MP-2017.
Disabled Teachers	RP-2014 Healthy Annuitant Table set forward four years and projected generationally with scale BB2D from 2014.

TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

For the year ended June 30, 2020, the annual money-weighted rate of return on investments, net of investment expense, was 5.88%. The money-weighted rate of return expresses investment performance, net of investment expense.

The long-term expected real rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and subtracting expected investment expenses and a risk margin. Best estimates of arithmetic real rates of return for each major asset class included in the target allocation as of June 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Rate of Return</u>
Domestic Equity	6.15%
International Equity-Developed Market	6.78%
International Equity-Emerging Market	8.65%
Core Fixed Income	1.11%
High Yield Fixed Income	3.51%
Real Estate	4.33%
Commodities	4.13%
Hedge Fund, GTAA, Risk Parity	3.19%
Private Equity	9.99%

Discount rate. The discount rate used to measure the total OPEB liability was 2.21%. The discount rate is a blend of the long-term expected rate of return on OPEB Trust assets and a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Changes in the Net OPEB Liability

Net Other Postemployment Benefits Liability (Town)

		Increase (Decrease)	
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances at June 30, 2019	\$ 109,984,833	\$ 2,655,531	\$ 107,329,302
Changes for the year:			
Service cost	3,795,441	-	3,795,441
Interest	3,921,110	-	3,921,110
Changes of assumptions	23,153,337	-	23,153,337
Benefits payments	(3,497,113)	(3,497,113)	-
Contributions - employer	-	4,378,993	(4,378,993)
Net investment income	-	115,288	(115,288)
Net Changes	<u>27,372,775</u>	<u>997,168</u>	<u>26,375,607</u>
Balances at June 30, 2020	<u><u>\$ 137,357,608</u></u>	<u><u>\$ 3,652,699</u></u>	<u><u>\$ 133,704,909</u></u>

Sensitivity of the net OPEB liability to changes in the discount rate. The following presents the net OPEB liability calculated using the discount rate of 2.21%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21%) or 1-percentage-point higher (3.21%) than the current rate:

	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
Net OPEB Liability	\$ 158,491,048	\$ 133,704,909	\$ 114,111,924

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

	1% Decrease	Base Trend	1% Increase
Net OPEB Liability	\$ 110,088,592	\$ 133,704,909	\$ 164,768,037

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

For the year ended June 30, 2020, the Town recognized OPEB expense of \$6,535,864. At June 30, 2020, the Town reported deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ -	\$ 696,070
Changes of Assumptions	19,294,450	13,077,979
Net Difference Between Projected and Actual Earnings on OPEB Trust Investments	<u>12,370</u>	<u>-</u>
Total	<u>\$ 19,306,820</u>	<u>\$ 13,774,049</u>

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	\$ (963,931)
2022	(963,931)
2023	1,363,862
2024	2,237,881
2025	<u>3,858,890</u>
Total	<u>\$ 5,532,771</u>

TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

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, 2020 totaled \$536,000. Changes in the reported liability since July 1, 2018, 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 2019	616,000	10,305,135	(10,325,135)	596,000
Fiscal Year 2020	596,000	9,575,047	(9,635,047)	536,000

TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 13 FUND BALANCES

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

	General	Community Preservation	Peebles Elementary School	Police Station Facility	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:						
Permanent Fund Principal	\$ -	\$ -	\$ -	\$ -	\$ 36,520	\$ 36,520
Restricted for:						
Debt Service	222,205	-	-	-	-	222,205
Community Preservation	-	4,767,752	-	-	-	4,767,752
Ambulance Receipts Reserved	-	-	-	-	1,473,191	1,473,191
Foundation Reserve	-	-	-	-	216,458	216,458
School Choice	-	-	-	-	121,950	121,950
Capital	-	-	-	-	461,430	461,430
Open Space	-	-	-	-	250,000	250,000
Affordable Housing	-	-	-	-	581,015	581,015
Community development block grant	-	-	-	-	88,260	88,260
School Lunch	-	-	-	-	157,220	157,220
General Government	-	-	-	-	137,634	137,634
Public Safety	-	-	-	1,446,111	984,506	2,430,617
Education	-	-	-	-	2,512,693	2,512,693
Public Works	-	-	-	-	356,037	356,037
Health and Human Services	-	-	-	-	68,872	68,872
Culture and Recreation	-	-	-	-	110,297	110,297
Sub-Total - Restricted	222,205	4,767,752	-	1,446,111	7,519,563	13,955,631
Committed to:						
Subsequent Year's Expenditures	838,464	-	-	-	-	838,464
Capital Stabilization	474,621	-	-	-	-	474,621
Continuing Appropriations	3,604,622	-	-	-	-	3,604,622
Sub-Total - Committed	4,917,707	-	-	-	-	4,917,707
Assigned to:						
General Government	16,820	-	-	-	-	16,820
Health and Human Services	14,510	-	-	-	-	14,510
Employee Benefits	34,825	-	-	-	-	34,825
Other	11,950	-	-	-	-	11,950
Sub-Total - Assigned	78,105	-	-	-	-	78,105
Unassigned	16,881,464	-	(1,423,230)	-	(756,606)	14,701,628
	<u>\$ 22,099,481</u>	<u>\$ 4,767,752</u>	<u>\$ (1,423,230)</u>	<u>\$ 1,446,111</u>	<u>\$ 6,799,477</u>	<u>\$ 33,689,591</u>

NOTE 14 STABILIZATION FUNDS

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

The balance of the general stabilization and capital stabilization funds at June 30, 2020 total \$4,334,068 and \$474,621, respectively. These balances are reported in the general fund as unassigned and committed fund balance, respectively.

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 15 PENSION PLAN

General Information About the Pension Plan

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

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

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

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

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

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

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

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

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 15 PENSION PLAN (CONTINUED)

General Information About the Pension Plan (Continued)

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

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

Contributions Chapter 32 of the MGL assigns authority to establish and amend contribution requirements of the plan. Employers are required to pay an actuarially determined annual appropriation. The total appropriation includes the amounts to pay the pension portion of each member's retirement allowance, an amount to amortize the actuarially determined unfunded liability to zero in accordance with the plan's funding schedule, and additional appropriations in accordance with adopted early retirement incentive programs. The pension fund appropriations are allocated amongst employers based on covered payroll. Active member employees contribute between 5 and 9% of their gross regular compensation. The percentage rate is keyed to the date upon which an employee's membership commences. Members hired on or after January 1, 1979, contribute an additional 2% of annual regular compensation in excess of \$30,000. Contributions to the pension plan from the Town were \$3,840,170 for the year ended June 30, 2020.

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

At June 30, 2020, the Town reported a liability of \$43,146,337 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020 for which update procedures were used to roll back the total pension liability to the measurement date. The Town's proportion of the net pension liability is a blended rate of the proportionate share of active employer's covered payroll, direct charges for early retirement incentives and the direct amortization of the actuarial determined net pension liability for employer members that no longer have active covered payroll. At December 31, 2019, the Town's proportion was 5.743%, compared to its proportion of 5.867% at December 31, 2018.

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 15 PENSION PLAN (CONTINUED)

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

For the year ended June 30, 2020, the Town recognized pension expense of \$5,149,836. At June 30, 2020, the Town reported deferred outflows of resources related to pensions of \$5,233,994 from changes of assumptions (\$5,016,057), and changes in proportion and differences between employer contributions and proportionate shares of contributions (\$217,936). At June 30, 2020, the Town reported deferred inflows of resources related to pensions of \$4,552,222 from differences between expected and actual experience (\$363,686), the net difference between projected and actual investment earnings on plan investments (\$2,578,488), and changes in proportion and differences between employer contributions and proportionate shares of contributions (\$1,610,048).

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 224,363
2022	71,772
2023	904,529
2024	(830,510)
2025	311,618
Total	<u>\$ 681,772</u>

Actuarial assumptions: The total pension liability was determined by an actuarial valuation as of January 1, 2020 using the following actuarial assumptions applied to all periods included in the measurement that was rolled back to the December 31, 2019 measurement date:

Investment Rate of Return	7.15%, net of pension plan investment expense, including inflation (previously 7.375%).
Salary Increases	Varies by length of service with ultimate rates of 4.25% for Group 1, 4.50% for Group 2 and 4.75% for Group 4.
Mortality Rates:	<p>Pre-Retirement - The RP-2014 Blue Collar Employee Mortality Table projected generationally with Scale MP-2017.</p> <p>Healthy Retiree - The RP-2014 Blue Collar Healthy Annuitant Mortality Table projected generationally with Scale MP-2017.</p> <p>Disabled Retiree - The RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year and projected generationally with Scale MP-2017.</p>

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 15 PENSION PLAN (CONTINUED)

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

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	21.00%	6.15%
International Equity - Developed Markets	13.00%	6.78%
International Equity - Emerging Markets	5.00%	8.65%
Core Fixed Income	15.00%	1.11%
High-Yield Fixed Income	8.00%	3.51%
Real Estate	10.00%	4.33%
Commodities	4.00%	4.13%
Hedge Fund, GTAA, Risk Parity	11.00%	3.19%
Private Equity	13.00%	9.99%
Totals	100.00%	

Discount rate: The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from employers will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 15 PENSION PLAN (CONTINUED)

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

Sensitivity of the Town's proportionate share of the net pension liability to changes in the discount rate. The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.15%, as well as what the Town proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.15%) or 1-percentage-point higher (8.15%) than the current rate:

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
Town of Bourne's Proportionate Share of the Net Pension Liability	\$ 56,739,630	\$ 43,146,337	\$ 31,726,404

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

NOTE 16 MASSACHUSETTS TEACHERS RETIREMENT SYSTEM

General Information About the Pension Plan

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

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

TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 16 MASSACHUSETTS TEACHERS RETIREMENT SYSTEM (CONTINUED)

Members become vested after ten years of creditable service. A superannuation retirement allowance may be received upon the completion of 20 years of creditable service or upon reaching the age of 55 with 10 years of service. Normal retirement for most employees occurs at age 65. Most employees who joined the system after April 1, 2012 cannot retire prior to age 60.

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

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

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

Since the Town does not contribute directly to MTRS, the Town does not report a proportionate share of the net pension liability of the MTRS at June 30, 2020. The Commonwealth's net pension liability associated with the Town was \$55,026,855.

The MTRS' net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2019 rolled forward to June 30, 2019.

For the year ended June 30, 2020, the Town recognized pension expense of \$6,672,961 associated with MTRS and revenue of the same amount for support provided by the Commonwealth.

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 16 MASSACHUSETTS TEACHERS RETIREMENT SYSTEM (CONTINUED)

Actuarial assumptions. The MTRS' total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of January 1, 2019 rolled forward to June 30, 2019. This valuation used the following assumptions:

Investment Rate of Return 7.25%

Salary Increases Salary increases are based on analyses of past experience but range from 4.0% to 7.5% depending on length of service

Mortality Rates: Pre-retirement – reflects RP-2014 White Collar Employees table projected generationally with Scale MP-2016 (gender distinct)

Postretirement – reflects RP-2014 White Collar Healthy Annuitant Table projected generationally with Scale 2016 (gender distinct)

Disability – assumed to be in accordance with the RP-2014 Healthy Annuitant table projected generationally with Scale MP-2016

Other 3.5% interest rate credited to the annuity savings fund

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

Investment assets of the MTRS are with the Pension Reserves Investment Trust (PRIT) Fund. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage. Best estimates of geometric rates of return for each major asset class included in the PRIT Fund's target asset allocation as of June 30, 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	39.0%	4.9%
Portfolio Completion Strategies	11.0%	3.9%
Core Fixed Income	15.0%	1.3%
Private Equity	13.0%	8.2%
Value Added Fixed Income	8.0%	4.7%
Real Estate	10.0%	3.6%
Timber/Natural Resources	4.0%	4.1%
Total	<u>100.0%</u>	

TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 16 MASSACHUSETTS TEACHERS RETIREMENT SYSTEM (CONTINUED)

Discount rate. The discount rate used to measure the MTRS' total pension liability was 7.35%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the Commonwealth's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rates. Based on those assumptions, the net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

NOTE 17 COMMITMENTS

The Town has entered into, or is planning to enter into, contracts totaling approximately \$30,000,000 for school construction, police station construction and various other governmental projects.

Other significant commitments include the encumbrances and continuing appropriations outstanding for the general fund, which totaled \$3,682,727 at June 30, 2020.

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, 2020, cannot be ascertained, management believes any resulting liability should not materially affect the financial position of the Town at June 30, 2020.

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

TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 19 FUTURE IMPLEMENTATION OF GASB PRONOUNCEMENTS

The GASB has issued the following statements:

- Statement No. 84, *Fiduciary Activities*, which is required to be implemented during fiscal year 2021. Management is currently evaluating the Statement's impact on the basic financial statements.
- Statement No. 87, *Leases*, which is required to be implemented during fiscal year 2022. Management is currently evaluating the Statement's impact on the basic financial statements.
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which is required to be implemented during fiscal year 2022. Management is currently evaluating the Statement's impact on the basic financial statements.
- Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*, which is required to be implemented during fiscal year 2021. Management is currently evaluating the Statement's impact on the basic financial statements.
- Statement No. 91, *Conduit Debt Obligations*, which is required to be implemented during fiscal year 2023. Management is currently evaluating the Statement's impact on the basic financial statements.
- Statement No. 92, *Omnibus 2020*, which is required to be implemented during fiscal year 2023. Management is currently evaluating the Statement's impact on the basic financial statements.
- Statement No. 93, *Replacement of Interbank Offered Rates*, which is required to be implemented during fiscal year 2022. Management is currently evaluating the Statement's impact on the basic financial statements.
- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which is required to be implemented during fiscal year 2023. Management is currently evaluating the Statement's impact on the basic financial statements.
- Statement No. 96, *Subscription-Based Technology Arrangements*, which is required to be implemented during fiscal year 2023. Management is currently evaluating the Statement's impact on the basic financial statements.

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 19 FUTURE IMPLEMENTATION OF GASB PRONOUNCEMENTS (CONTINUED)

- Statement No. 97, Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment for GASB Statements No. 14 and No. 84, and suppression of GASB Statement No. 32, which is required to be implemented during fiscal year 2022. Management is currently evaluating the Statement's impact on the basic financial statements.

These pronouncements will be implemented by their respective implementation dates.

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**TOWN OF BOURNE, MASSACHUSETTS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
(NON-GAAP BUDGETARY BASIS)
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020**

	Prior Year Encumbrances and Continuing Appropriations	Original Budget	Supplemental Appropriations and Transfers	Final Budget
REVENUES				
Real Estate and Personal Property Taxes	\$ -	\$ 52,433,709	\$ -	\$ 52,433,709
Motor Vehicle and Other Excise Taxes	-	3,770,000	-	3,770,000
Tax Liens	-	-	-	-
Payments in Lieu of Taxes	-	20,000	-	20,000
Intergovernmental	-	7,797,183	-	7,797,183
Special Assessments	-	-	-	-
Penalties and Interest on Taxes	-	168,896	-	168,896
Licenses and Permits	-	700,000	-	700,000
Fines and Forfeitures	-	130,000	-	130,000
Departmental and Other	-	2,306,560	-	2,306,560
Investment Income	-	250,000	-	250,000
Total Revenues	-	67,576,348	-	67,576,348
EXPENDITURES				
Current:				
General Government	1,368,348	6,276,829	316,068	7,961,245
Public Safety	1,155,915	10,917,698	127,241	12,200,854
Education	581,638	26,166,127	-	26,747,765
Public Works	65,398	2,739,620	-	2,805,018
Health and Human Services	19,161	1,090,661	-	1,109,822
Culture and Recreation	473	967,736	-	968,209
Pension Benefits	-	4,077,813	-	4,077,813
Employee Benefits	23,082	9,038,155	-	9,061,237
Property and Liability Insurance	-	1,585,110	-	1,585,110
Claims and Judgments	-	69,000	-	69,000
State and County Charges	-	5,087,696	-	5,087,696
Debt Service:				
Principal	-	5,020,817	-	5,020,817
Interest	-	2,175,706	-	2,175,706
Total Expenditures	3,214,015	75,212,968	443,309	78,870,292
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,214,015)	(7,636,620)	(443,309)	(11,293,944)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	6,346,851	-	6,346,851
Transfers Out	-	(528,909)	(481,681)	(1,010,590)
Total Other Financing Sources (Uses)	-	5,817,942	(481,681)	5,336,261
NET CHANGE IN FUND BALANCE	(3,214,015)	(1,818,678)	(924,990)	(5,957,683)
Fund Balance at Beginning of Year	13,903,945	13,903,945	13,903,945	13,903,945
FUND BALANCE AT END OF YEAR	\$ 10,689,930	\$ 12,085,267	\$ 12,978,955	\$ 7,946,262

See accompanying independent auditors' report.

**TOWN OF BOURNE, MASSACHUSETTS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
(NON-GAAP BUDGETARY BASIS)
BUDGET AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

Actual	Current Year Encumbrances and Continuing Appropriations	Actual and Encumbrances and Continuing Appropriations	Variance Positive/ (Negative)
\$ 52,357,971	\$ -	\$ 52,357,971	\$ (75,738)
3,959,059	-	3,959,059	189,059
230,641	-	230,641	230,641
7,903	-	7,903	(12,097)
7,758,619	-	7,758,619	(38,564)
94,783	-	94,783	94,783
264,624	-	264,624	95,728
792,623	-	792,623	92,623
127,184	-	127,184	(2,816)
3,025,210	-	3,025,210	718,650
402,592	-	402,592	152,592
<u>69,021,209</u>	<u>-</u>	<u>69,021,209</u>	<u>1,444,861</u>
4,818,623	2,158,931	6,977,554	983,691
10,181,420	1,136,235	11,317,655	883,199
26,431,807	296,995	26,728,802	18,963
2,136,973	40,956	2,177,929	627,089
999,725	14,510	1,014,235	95,587
851,686	275	851,961	116,248
4,071,935	-	4,071,935	5,878
8,389,592	34,825	8,424,417	636,820
1,584,588	-	1,584,588	522
67,276	-	67,276	1,724
4,755,026	-	4,755,026	332,670
5,020,817	-	5,020,817	-
2,070,767	-	2,070,767	104,939
<u>71,380,235</u>	<u>3,682,727</u>	<u>75,062,962</u>	<u>3,807,330</u>
<u>(2,359,026)</u>	<u>(3,682,727)</u>	<u>(6,041,753)</u>	<u>5,252,191</u>
6,346,851	-	6,346,851	-
<u>(1,010,590)</u>	<u>-</u>	<u>(1,010,590)</u>	<u>-</u>
<u>5,336,261</u>	<u>-</u>	<u>5,336,261</u>	<u>-</u>
2,977,235	(3,682,727)	(705,492)	5,252,191
<u>13,903,945</u>	<u>-</u>	<u>13,903,945</u>	<u>-</u>
<u>\$ 16,881,180</u>	<u>\$ (3,682,727)</u>	<u>\$ 13,198,453</u>	<u>\$ 5,252,191</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 YEAR ENDED JUNE 30, 2020**

	Prior Year Encumbrances and Continuing Appropriations	Original Budget	Supplemental Appropriations and Transfers	Final Budget
REVENUES				
Community Preservation Surcharges	\$ -	\$ 1,456,532	\$ -	\$ 1,456,532
Tax Liens	-	-	-	-
Penalties and Interest on Taxes	-	-	-	-
Intergovernmental	-	260,000	-	260,000
Investment Income	-	30,000	-	30,000
Total Revenues	-	1,746,532	-	1,746,532
EXPENDITURES				
Current:				
Health and Human Services	895,387	163,594	-	1,058,981
Culture and Recreation	2,008,149	1,293,359	(312,647)	2,988,861
Total Expenditures	2,903,536	1,456,953	(312,647)	4,047,842
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,903,536)	289,579	312,647	(2,301,310)
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	(699,638)	-	(699,638)
NET CHANGE IN FUND BALANCE	(2,903,536)	(410,059)	312,647	(3,000,948)
Fund Balance at Beginning of Year	4,481,047	4,481,047	4,481,047	4,481,047
FUND BALANCE AT END OF YEAR	<u>\$ 1,577,511</u>	<u>\$ 4,070,988</u>	<u>\$ 4,793,694</u>	<u>\$ 1,480,099</u>

See accompanying independent auditors' report.

**TOWN OF BOURNE, MASSACHUSETTS
COMMUNITY PRESERVATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
(NON-GAAP BUDGETARY BASIS)
BUDGET AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

<u>Actual</u>	<u>Current Year Encumbrances and Continuing Appropriations</u>	<u>Actual and Encumbrances and Continuing Appropriations</u>	<u>Variance Positive/ (Negative)</u>
\$ 1,522,218	\$ -	\$ 1,522,218	\$ 65,686
6,523	-	6,523	6,523
6,116	-	6,116	6,116
391,082	-	391,082	131,082
52,564	-	52,564	22,564
<u>1,978,503</u>	<u>-</u>	<u>1,978,503</u>	<u>231,971</u>
524,970	534,011	1,058,981	-
467,190	2,485,078	2,952,268	36,593
<u>992,160</u>	<u>3,019,089</u>	<u>4,011,249</u>	<u>36,593</u>
986,343	(3,019,089)	(2,032,746)	268,564
<u>(699,638)</u>	<u>-</u>	<u>(699,638)</u>	<u>-</u>
286,705	(3,019,089)	(2,732,384)	268,564
4,481,047	-	4,481,047	-
<u>\$ 4,767,752</u>	<u>\$ (3,019,089)</u>	<u>\$ 1,748,663</u>	<u>\$ 268,564</u>

**TOWN OF BOURNE, MASSACHUSETTS
PENSION PLAN SCHEDULES
JUNE 30, 2020**

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

	2020	2019	2018	2017	2016	2015
Town's Proportion of The Net Pension Liability	5.743%	5.867%	5.946%	6.001%	6.197%	6.079%
Town's Proportionate Share of the Net Pension Liability	43,146,337	46,370,383	40,456,504	42,164,706	39,022,403	34,318,522
Town's Covered Payroll	17,242,916	17,017,066	16,534,981	16,584,878	16,795,291	15,944,474
Town's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	250.23%	272.49%	244.67%	254.24%	232.34%	215.24%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.34%	57.63%	61.86%	57.28%	58.10%	60.43%

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

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

	2020	2019	2018	2017	2016	2015
Actuarially Required Contribution	\$ 3,781,187	\$ 3,738,770	\$ 3,511,643	\$ 3,401,770	\$ 3,352,724	\$ 3,160,253
Contributions in Relation to the Actuarially Required Contribution	(3,840,170)	(3,738,770)	(3,511,643)	(3,401,770)	(3,352,724)	(3,160,253)
Contribution Deficiency (Excess)	<u>\$ (58,983)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's Covered Payroll	\$ 17,242,916	\$ 17,017,066	\$ 16,534,981	\$ 16,584,878	\$ 16,795,291	\$ 15,944,474
Contributions as a Percentage of Covered Payroll	21.93%	21.97%	21.24%	20.51%	19.96%	19.82%

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

See accompanying independent auditors' report.

**TOWN OF BOURNE, MASSACHUSETTS
PENSION PLAN SCHEDULES
JUNE 30, 2020**

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

	2020	2019	2018	2017	2016	2015
Commonwealth's 100% Share of the Net Pension Liability Associated with the Town	\$ 55,026,855	\$ 52,198,418	\$ 50,563,923	\$ 49,892,333	\$ 45,923,625	\$ 36,921,229
Town's Expense and Revenue Recognized for the Commonwealth's Support	\$ 6,672,961	\$ 5,289,554	\$ 5,277,504	\$ 5,089,345	\$ 3,724,815	\$ 2,565,095
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	53.95%	54.84%	54.25%	52.73%	55.38%	61.64%

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

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

**TOWN OF BOURNE, MASSACHUSETTS
OTHER POSTEMPLOYMENT BENEFITS SCHEDULES
JUNE 30, 2020**

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY (1)

	<u>2020</u>	<u>2019</u>
Total OPEB Liability		
Service Cost	\$ 3,795,441	\$ 4,069,243
Interest	3,921,110	4,533,052
Differences between Actual and Expected Experience	-	(1,044,104)
Changes in Assumptions	23,153,337	(8,803,708)
Benefit Payments	<u>(3,497,113)</u>	<u>(3,632,578)</u>
Net Change in Total OPEB liability	27,372,775	(4,878,095)
Total OPEB Liability - Beginning	<u>109,984,833</u>	<u>114,862,928</u>
Total OPEB Liability - Ending (a)	<u><u>\$ 137,357,608</u></u>	<u><u>\$ 109,984,833</u></u>
Plan Fiduciary Net Position		
Contributions - Employer	4,378,993	\$ 6,087,516
Net Investment Income	115,288	200,593
Benefit Payments	<u>(3,497,113)</u>	<u>(3,632,578)</u>
Net Change in Plan Fiduciary Net Position	997,168	2,655,531
Plan Fiduciary Net Position - Beginning	<u>2,655,531</u>	<u>-</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 3,652,699</u></u>	<u><u>\$ 2,655,531</u></u>
Town's Net OPEB Liability - Ending (a) - (b)	<u><u>\$ 133,704,909</u></u>	<u><u>\$ 107,329,302</u></u>
Plan's Fiduciary Net Position as a Percentage of the Total Liability	2.66%	2.41%

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

SCHEDULE OF INVESTMENT RETURNS (PLAN) (1)

	<u>2020</u>	<u>2019</u>
Annual Money-Weighted Rate of Return, Net of Investment Expense	5.88%	6.86%

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

**TOWN OF BOURNE, MASSACHUSETTS
OTHER POSTEMPLOYMENT BENEFITS SCHEDULES
JUNE 30, 2020**

SCHEDULE OF CONTRIBUTIONS (TOWN) (1)

	<u>2020</u>	<u>2019</u>
Actuarially Required Contribution	\$ 5,638,565	\$ 5,461,080
Contributions in Relation to the Actuarially Required Contribution	<u>(4,378,993)</u>	<u>(6,087,516)</u>
Contribution Deficiency (Excess)	<u>\$ 1,259,572</u>	<u>\$ (626,436)</u>

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

TOWN OF BOURNE, MASSACHUSETTS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2020

NOTE A – BUDGETARY – GAAP RECONCILIATION

For budgetary financial reporting purposes, the Uniform Massachusetts Accounting System basis of accounting (established by the Commonwealth) is followed, which differs from the GAAP-basis (accounting principles generally accepted in the United States of American). A reconciliation of budgetary-basis to GAAP-basis results for the general fund and community preservation fund for the fiscal year ended June 30, 2020, is presented below:

General Fund

	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balance
Budgetary Basis as Reported on the Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual	\$ 69,021,209	\$ 75,062,962	\$ 5,336,261	\$ 13,198,453
<u>Adjustments and reclassifications:</u>				
Net Change in Recording 60-Day Receipts	(306,704)	-	-	433,612
To Record MTRS On-Behalf Payments	6,672,961	6,672,961	-	-
Encumbrances and Continuing Appropriations	-	(3,682,727)	-	3,682,727
To Record Impact of Prior Year Transfer Adjustment	-	-	-	(24,000)
<u>Reclassifications:</u>				
To Reclassify the Activity of the Stabilization Funds to the General Fund	149,905	-	(398,146)	4,808,689
To Reclassify the Activity of the OPEB Fund	-	481,681	481,681	-
GAAP Basis as Reported on the Statement of Revenues, expenditures and changes in fund balances	<u>\$ 75,537,371</u>	<u>\$ 78,534,877</u>	<u>\$ 5,419,796</u>	<u>\$ 22,099,481</u>

Community Preservation Fund

	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balance
Budgetary Basis as Reported on the Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	\$ 1,978,503	\$ 4,011,249	\$ (699,638)	\$ 1,748,663
<u>Adjustments:</u>				
Net Change in Recording Expenditures	-	(171,166)	-	-
To Record Encumbrances and Continuing Appropriations	-	(3,019,089)	-	3,019,089
GAAP Basis as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances	<u>\$ 1,978,503</u>	<u>\$ 820,994</u>	<u>\$ (699,638)</u>	<u>\$ 4,767,752</u>

