

TOWN OF BOURNE, MASSACHUSETTS
FINANCIAL STATEMENTS AND
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2021



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**TOWN OF BOURNE, MASSACHUSETTS
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JUNE 30, 2021**

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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 (Town), as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's 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, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

During the fiscal year ended June 30, 2021, the Town adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. As a result, the Town reported a restatement for the change in accounting principle (see Note 1c). Our auditors' opinions were not modified with respect to this matter.

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 69 through 78) 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 April 8, 2022, on our consideration of the Town's 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's 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's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Boston, Massachusetts
April 8, 2022

**TOWN OF BOURNE, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

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, 2021.

Financial Highlights

- The assets and deferred outflows of resources of the Town exceed its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$12,621,120 (net position). The Town had an unrestricted deficit at the end of the current fiscal year totaling \$120,983,487.
- The Town's total net position increased by \$22,243,770.
- At the close of the fiscal year, the Town's governmental funds reported combined ending fund balances totaling \$35,007,195, an increase of \$753,228 in comparison with the prior year. The Town has an unassigned fund balance at the end of the current fiscal year totaling approximately \$10,849,154.
- At the end of the fiscal year, unassigned fund balance for the general fund totaled \$15,050,107, or 18.38% of total general fund expenditures and transfers out.
- The Town's bonded debt decreased by \$5,887,510 during the fiscal year.

Overview of the Basic Financial Statements

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

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

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

Government-Wide Financial Statements

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

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

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

**TOWN OF BOURNE, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

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 and community preservation (special revenue), both of which are considered to be major funds. Data from the other 10 governmental funds are combined into a single, aggregated presentation titled *nonmajor governmental funds*.

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

**TOWN OF BOURNE, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

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

The basic fiduciary funds financial statements can be found on pages 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 24-67 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 69-78.

**TOWN OF BOURNE, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

Government-Wide Financial Analysis

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

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Town's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$12,621,120 at the close of the fiscal year and are summarized as follows:

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Assets						
Current Assets	\$ 59,369,832	\$ 54,291,040	\$ 21,191,775	\$ 21,177,038	\$ 80,561,607	\$ 75,468,078
Noncurrent Assets (Excluding Capital Assets)	900,749	982,657	7,845,375	7,281,363	8,746,124	8,264,020
Capital Assets (Net)	146,321,207	147,149,351	22,652,907	18,533,706	168,974,114	165,683,057
Total Assets	<u>206,591,788</u>	<u>202,423,048</u>	<u>51,690,057</u>	<u>46,992,107</u>	<u>258,281,845</u>	<u>249,415,155</u>
Deferred Outflows of Resources	19,364,610	23,145,502	1,134,115	1,395,312	20,498,725	24,540,814
Liabilities						
Current Liabilities (Excluding Debt)	8,184,178	7,046,367	1,313,093	1,683,282	9,497,271	8,729,649
Noncurrent Liabilities (Excluding Debt)	99,665,008	168,779,431	14,798,910	18,444,368	114,463,918	187,223,799
Current Debt	10,213,768	9,442,364	4,951,123	5,731,617	15,164,891	15,173,981
Noncurrent Debt	45,974,292	50,815,951	3,508,384	3,873,344	49,482,676	54,689,295
Total Liabilities	<u>164,037,246</u>	<u>236,084,113</u>	<u>24,571,510</u>	<u>29,732,611</u>	<u>188,608,756</u>	<u>265,816,724</u>
Deferred Inflows of Resources	73,260,114	17,284,295	4,290,580	1,041,976	77,550,694	18,326,271
Net Position						
Net Investment in Capital Assets	92,473,803	90,906,419	17,339,545	12,078,927	109,813,348	102,985,346
Restricted	23,791,259	20,475,483	-	-	23,791,259	20,475,483
Unrestricted	(127,606,024)	(139,181,760)	6,622,537	5,533,905	(120,983,487)	(133,647,855)
Total Net Position	<u>\$ (11,340,962)</u>	<u>\$ (27,799,858)</u>	<u>\$ 23,962,082</u>	<u>\$ 17,612,832</u>	<u>\$ 12,621,120</u>	<u>\$ (10,187,026)</u>

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

An additional portion of the Town's net position (\$23,791,259) 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 \$6,622,537 that may be used to support business-type activities.

**TOWN OF BOURNE, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

Changes in Net Position

For the fiscal year ended June 30, 2021, the Town's total net position increased by \$22,243,770, compared to an increase of \$6,153,592 in the prior fiscal year. These amounts are summarized as follows:

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues						
Program Revenues:						
Charges for Services	\$ 6,826,141	\$ 5,616,054	\$ 17,578,204	\$ 16,987,442	\$ 24,404,345	\$ 22,603,496
Operating Grants and Contributions	20,866,667	17,835,431	133,594	421,904	21,000,261	18,257,335
Capital Grants and Contributions	1,041,257	1,364,240	2,654,468	741,662	3,695,725	2,105,902
General Revenues:						
Real Estate and Personal Property Taxes	54,633,420	52,527,787	-	-	54,633,420	52,527,787
Motor Vehicle and Other Excise Taxes	3,717,748	3,983,953	-	-	3,717,748	3,983,953
Penalties and Interest on Taxes	285,921	270,740	-	-	285,921	270,740
Payments in Lieu of Taxes	14,321	7,903	-	-	14,321	7,903
Community Preservation Surcharges	1,574,143	1,519,801	-	-	1,574,143	1,519,801
Grants and Contributions not Restricted to Specific Programs	2,145,926	2,181,129	-	-	2,145,926	2,181,129
Unrestricted Investment Income	271,183	552,496	-	-	271,183	552,496
Total Revenues	91,376,727	85,859,534	20,366,266	18,151,008	111,742,993	104,010,542
Expenses						
General Government	8,532,147	7,603,338	-	-	8,532,147	7,603,338
Public Safety	13,988,565	16,965,946	-	-	13,988,565	16,965,946
Education	46,314,622	49,820,371	-	-	46,314,622	49,820,371
Public Works	4,213,258	4,456,311	-	-	4,213,258	4,456,311
Health and Human Services	1,537,282	2,237,292	-	-	1,537,282	2,237,292
Culture and Recreation	2,454,184	2,212,333	-	-	2,454,184	2,212,333
Debt Service - Interest	1,755,410	1,883,896	-	-	1,755,410	1,883,896
Sewer	-	-	1,066,820	1,236,870	1,066,820	1,236,870
Landfill	-	-	9,636,935	11,440,593	9,636,935	11,440,593
Total Expenses	78,795,468	85,179,487	10,703,755	12,677,463	89,499,223	97,856,950
Change in Net Position Before Transfers	12,581,259	680,047	9,662,511	5,473,545	22,243,770	6,153,592
Transfers, Net	3,313,261	3,322,432	(3,313,261)	(3,322,432)	-	-
Change in Net Position	15,894,520	4,002,479	6,349,250	2,151,113	22,243,770	6,153,592
Net Position - Beginning of Year, as Restated	(27,235,482)	(31,802,337)	17,612,832	15,461,719	(9,622,650)	(16,340,618)
Net Position - End of Year	\$ (11,340,962)	\$ (27,799,858)	\$ 23,962,082	\$ 17,612,832	\$ 12,621,120	\$ (10,187,026)

Governmental activities increased the Town's net position by \$15,894,520. In the prior year, governmental activities increased the Town's net position by \$4,002,479. The key element of this change was a decrease in overall expenses due to a decrease in the net OPEB liability and changes to the related deferred outflows and inflows.

Business-type activities increased the Town's net position by \$6,349,250. In the prior year, business-type activities increased the Town's net position by \$2,151,113. The key element of this change is an increase in capital grants and contributions of approximately \$2,000,000 related to the wastewater treatment facility project.

**TOWN OF BOURNE, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

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 \$35,007,195, an increase of \$753,228 in comparison with the prior year. Unassigned fund balance totaled \$10,849,154 at June 30, 2021. The remainder of fund balance includes the following constraints:

- Nonspendable (\$47,720)
- Restricted (\$15,084,223)
- Committed (\$8,357,404)
- Assigned (\$668,694)

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 \$15,050,107, while total fund balance was \$24,268,388. 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 18.38% of total general fund expenditures and transfers out, while total fund balance represents 29.63% of that same amount.

The balance of the Town's general fund increased by \$2,168,907 during fiscal year 2021. Although the Town recognized an approximate \$9,500,000 budgetary surplus (excluding encumbrances and continuing appropriations), the Town anticipated utilizing approximately \$10,547,000 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 \$374,808 during the current fiscal year. The fund's receipts included community preservation surcharges (\$1,588,810), intergovernmental revenue (\$493,769), tax liens revenue (\$6,081), penalties and interest on taxes (\$5,955), departmental and other revenue (\$1,019) and investment income (\$13,450). Expenditures totaling approximately \$1,060,017 were incurred during the year. Additionally, a transfer of \$674,259 was made to the general fund to cover community preservation related debt service.

**TOWN OF BOURNE, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

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 (\$374,373) and \$6,996,910, respectively. The sewer and landfill enterprise funds had a change in net position for the year of \$2,610,119 and \$3,739,131, 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 \$77,856,228 was increased by \$4,786,214 (6.2%) during the fiscal year. The following table summarizes the increase:

<u>Purpose of Increase</u>	<u>Amount</u>	<u>Funding Source</u>
Transfer to Capital Stabilization	\$ 3,000,000	Unassigned Fund Balance
Transfer to OPEB Fund	735,000	Unassigned Fund Balance
Capital Projects	813,270	Unassigned Fund Balance
Debt Service	180,088	Unassigned Fund Balance
Unpaid Bills	57,856	Unassigned Fund Balance
	<u>\$ 4,786,214</u>	

During the year, revenues exceeded budgetary estimates, while expenditures and encumbrances and continuing appropriations were less than budgeted appropriations, resulting in a positive budget to actual variance of approximately \$4,045,000.

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 \$168,974,114 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, buildings and improvements, machinery and equipment and infrastructure. The total increase in the investment in capital assets for the current fiscal year totaled 2.0% (a 0.5% decrease for governmental activities and a 2.5% increase for business-type activities).

**TOWN OF BOURNE, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

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

- Bourne High School partial roof replacement (\$1,760,262)
- Police Station Facility construction (\$1,260,651)
- Road construction and paving (\$547,497)

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

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 28,146,686	\$ 28,146,686	\$ 4,009,658	\$ 4,009,658	\$ 32,156,344	\$ 32,156,344
Construction in Progress	1,446,672	1,800,077	136,150	3,210,132	1,582,822	5,010,209
Land Improvements	6,050,987	6,092,858	3,323,050	3,976,292	9,374,037	10,069,150
Buildings and Improvements	100,065,462	100,209,796	2,515,523	2,701,631	102,580,985	102,911,427
Machinery and Equipment	3,818,459	4,802,098	2,074,300	2,390,062	5,892,759	7,192,160
Infrastructure	6,792,941	6,097,836	10,594,226	2,245,931	17,387,167	8,343,767
Total Capital Assets	<u>\$ 146,321,207</u>	<u>\$ 147,149,351</u>	<u>\$ 22,652,907</u>	<u>\$ 18,533,706</u>	<u>\$ 168,974,114</u>	<u>\$ 165,683,057</u>

Additional information on the Town's capital assets can be found in Note 5 on pages 46-47 of this report.

Long-Term Debt

At the end of the current fiscal year, total debt outstanding was \$54,689,295 which is backed by the full faith and credit of the Town, and is summarized as follows:

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
General Obligation Bonds	\$ 50,737,700	\$ 55,974,942	\$ 3,873,344	\$ 4,493,995	\$ 54,611,044	\$ 60,468,937
MCWT Notes	78,251	107,868	-	-	78,251	107,868
Total Bonds and Notes	<u>\$ 50,815,951</u>	<u>\$ 56,082,810</u>	<u>\$ 3,873,344</u>	<u>\$ 4,493,995</u>	<u>\$ 54,689,295</u>	<u>\$ 60,576,805</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 NET POSITION
JUNE 30, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 23,840,741	\$ 17,632,414	\$ 41,473,155
Restricted Cash and Cash Equivalents	17,346,525	1,036,145	18,382,670
Investments	3,864,868	-	3,864,868
Restricted Investments	8,006,211	-	8,006,211
Receivables, Net of Allowance for Uncollectible Amounts:			
Real Estate and Personal Property Taxes	823,635	-	823,635
Tax and Utility Liens	586,431	27,109	613,540
Motor Vehicle and Other Excise Taxes	316,375	-	316,375
Community Preservation Surcharges	20,777	-	20,777
User Charges	-	2,496,107	2,496,107
Departmental and Other	1,690,354	-	1,690,354
Intergovernmental	1,203,315	-	1,203,315
Working Capital Deposit (Health Claims)	1,670,600	-	1,670,600
Total Current Assets	59,369,832	21,191,775	80,561,607
Noncurrent Assets:			
Restricted Cash and Cash Equivalents	-	7,845,375	7,845,375
Receivables, Net of Allowance for Uncollectible Amounts:			
Real Estate Tax Deferrals	90,374	-	90,374
Special Assessments	342,281	-	342,281
Tax Foreclosures	468,094	-	468,094
Capital Assets not being Depreciated	29,593,358	4,145,808	33,739,166
Capital Assets, Net of Accumulated Depreciation	116,727,849	18,507,099	135,234,948
Total Noncurrent Assets	147,221,956	30,498,282	177,720,238
Total Assets	206,591,788	51,690,057	258,281,845
DEFERRED OUTFLOWS OF RESOURCES			
Related to OPEB	14,581,570	853,990	15,435,560
Related to Pensions	4,783,040	280,125	5,063,165
Total Deferred Outflows of Resources	19,364,610	1,134,115	20,498,725
LIABILITIES			
Current Liabilities:			
Warrants Payable	3,131,122	1,219,483	4,350,605
Accrued Payroll	2,598,279	32,472	2,630,751
Other Liabilities	233,552	-	233,552
Accrued Interest	332,175	39,634	371,809
Accrued Health Claims Payable	643,000	-	643,000
Unearned Revenue	1,034,230	-	1,034,230
Compensated Absences	211,820	21,504	233,324
Short-Term Notes Payable	5,372,109	4,586,163	9,958,272
Long-Term Bonds and Notes Payable	4,841,659	364,960	5,206,619
Total Current Liabilities	18,397,946	6,264,216	24,662,162
Noncurrent Liabilities:			
Landfill Closure and Postclosure Care	-	8,880,001	8,880,001
Compensated Absences	1,906,378	193,540	2,099,918
Net OPEB Liability	58,766,153	3,441,721	62,207,874
Net Pension Liability	38,992,477	2,283,648	41,276,125
Long-Term Bonds and Notes Payable	45,974,292	3,508,384	49,482,676
Total Noncurrent Liabilities	145,639,300	18,307,294	163,946,594
Total Liabilities	164,037,246	24,571,510	188,608,756
DEFERRED INFLOWS OF RESOURCES			
Related to OPEB	67,499,256	3,953,187	71,452,443
Related to Pension	5,760,858	337,393	6,098,251
Total Deferred Inflows of Resources	73,260,114	4,290,580	77,550,694
NET POSITION			
Net Investment in Capital Assets	92,473,803	17,339,545	109,813,348
Restricted for:			
Employee Benefits	8,326,508	-	8,326,508
Community Preservation	5,180,002	-	5,180,002
Affordable Housing	582,549	-	582,549
Debt Service	192,183	-	192,183
Permanent Funds:			
Expendable	785,197	-	785,197
Nonexpendable	47,720	-	47,720
Other Specific Purposes	8,677,100	-	8,677,100
Unrestricted	(127,606,024)	6,622,537	(120,983,487)
Total Net Position	\$ (11,340,962)	\$ 23,962,082	\$ 12,621,120

See accompanying Notes to Basic Financial Statements.

TOWN OF BOURNE, MASSACHUSETTS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

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	\$ 8,532,147	\$ 635,505	\$ 2,210,244	\$ -	\$ (5,686,398)
Public Safety	13,988,565	5,173,676	179,862	-	(8,635,027)
Education	46,314,622	753,340	17,929,748	-	(27,631,534)
Public Works	4,213,258	43,014	219,107	547,488	(3,403,649)
Health and Human Services	1,537,282	175,400	238,220	-	(1,123,662)
Culture and Recreation	2,454,184	45,206	67,522	493,769	(1,847,687)
Community Development	-	-	21,964	-	21,964
Debt Service - Interest	1,755,410	-	-	-	(1,755,410)
Total Governmental Activities	78,795,468	6,826,141	20,866,667	1,041,257	(50,061,403)
Business-Type Activities:					
Sewer	1,066,820	1,154,217	9,198	2,654,468	2,751,063
Landfill	9,636,935	16,423,987	124,396	-	6,911,448
Total Business-Type Activities	10,703,755	17,578,204	133,594	2,654,468	9,662,511
Total Primary Government	\$ 89,499,223	\$ 24,404,345	\$ 21,000,261	\$ 3,695,725	\$ (40,398,892)

See accompanying Notes to Basic Financial Statements.

**TOWN OF BOURNE, MASSACHUSETTS
STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED JUNE 30, 2021**

	Primary Government		
	Governmental	Business-Type	
	Activities	Activities	Total
CHANGES IN NET POSITION			
Net Revenue (Expense) (from Previous Page)	\$ (50,061,403)	\$ 9,662,511	\$ (40,398,892)
General Revenues:			
Real Estate and Personal Property Taxes	54,633,420	-	54,633,420
Motor Vehicle and Other Excise Taxes	3,717,748	-	3,717,748
Penalties and Interest on Taxes	285,921	-	285,921
Payments in Lieu of Taxes	14,321	-	14,321
Community Preservation Surcharges	1,574,143	-	1,574,143
Grants and Contributions not Restricted to Specific Programs	2,145,926	-	2,145,926
Unrestricted Investment Income	271,183	-	271,183
Transfers, Net	3,313,261	(3,313,261)	-
Total General Revenues and Transfers	65,955,923	(3,313,261)	62,642,662
CHANGE IN NET POSITION	15,894,520	6,349,250	22,243,770
Net Position - Beginning of Year, as Restated	(27,235,482)	17,612,832	(9,622,650)
NET POSITION - END OF YEAR	<u>\$ (11,340,962)</u>	<u>\$ 23,962,082</u>	<u>\$ 12,621,120</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF BOURNE, MASSACHUSETTS
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2021**

	General	Community Preservation	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 23,840,741	\$ -	\$ -	\$ 23,840,741
Investments	3,864,868	-	-	3,864,868
Receivables, Net of Allowance for Uncollectible Amounts:				
Real Estate and Personal Property Taxes	823,635	-	-	823,635
Real Estate Tax Deferrals	90,374	-	-	90,374
Tax Liens	569,427	16,666	338	586,431
Motor Vehicle and Other Excise Taxes	316,375	-	-	316,375
Community Preservation Surcharges	-	20,777	-	20,777
Special Assessments	332,758	-	9,523	342,281
Departmental and Other	280	-	1,690,074	1,690,354
Intergovernmental	-	-	1,203,315	1,203,315
Tax Foreclosures	468,094	-	-	468,094
Restricted Assets:				
Cash and Cash Equivalents	192,183	5,154,816	11,053,513	16,400,512
Investments	-	-	259,376	259,376
Total Assets	<u>\$ 30,498,735</u>	<u>\$ 5,192,259</u>	<u>\$ 14,216,139</u>	<u>\$ 49,907,133</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Warrants Payable	\$ 1,298,010	\$ 12,257	\$ 426,915	\$ 1,737,182
Accrued Payroll	2,591,627	-	6,652	2,598,279
Other Liabilities	153,500	-	80,052	233,552
Unearned Revenue	-	-	1,034,230	1,034,230
Short-Term Notes Payable	-	-	5,372,109	5,372,109
Total Liabilities	<u>4,043,137</u>	<u>12,257</u>	<u>6,919,958</u>	<u>10,975,352</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue	2,187,210	37,442	1,699,934	3,924,586
FUND BALANCES				
Nonspendable	-	-	47,720	47,720
Restricted	192,183	5,142,560	9,749,480	15,084,223
Committed	8,357,404	-	-	8,357,404
Assigned	668,694	-	-	668,694
Unassigned	15,050,107	-	(4,200,953)	10,849,154
Total Fund Balances	<u>24,268,388</u>	<u>5,142,560</u>	<u>5,596,247</u>	<u>35,007,195</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 30,498,735</u>	<u>\$ 5,192,259</u>	<u>\$ 14,216,139</u>	<u>\$ 49,907,133</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF BOURNE, MASSACHUSETTS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2021**

	General	Community Preservation	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Real Estate and Personal Property Taxes	\$ 54,580,230	\$ -	\$ -	\$ 54,580,230
Motor Vehicle and Other Excise Taxes	3,920,445	-	-	3,920,445
Tax Liens	209,499	6,081	-	215,580
Payments in Lieu of Taxes	14,321	-	-	14,321
Community Preservation Surcharges	-	1,588,810	-	1,588,810
Charges for Services	-	-	2,299,805	2,299,805
Intergovernmental	15,158,447	493,769	7,982,692	23,634,908
Special Assessments	94,812	-	-	94,812
Penalties and Interest on Taxes	279,966	5,955	-	285,921
Licenses and Permits	777,639	-	-	777,639
Fines and Forfeitures	138,687	-	-	138,687
Departmental and Other	2,582,814	1,019	500,589	3,084,422
Contributions	-	-	173,311	173,311
Investment Income	271,183	13,450	21,828	306,461
Total Revenues	78,028,043	2,109,084	10,978,225	91,115,352
EXPENDITURES				
Current:				
General Government	4,698,803	-	2,287,732	6,986,535
Public Safety	10,737,469	-	1,937,840	12,675,309
Education	34,295,427	-	6,284,876	40,580,303
Public Works	2,324,856	-	610,067	2,934,923
Health and Human Services	954,925	47,478	77,539	1,079,942
Culture and Recreation	929,014	1,012,539	65,363	2,006,916
Pension Benefits	4,423,671	-	-	4,423,671
Employee Benefits	9,344,026	-	-	9,344,026
Property and Liability Insurance	1,686,013	-	-	1,686,013
Claims and Judgments	68,728	-	-	68,728
State and County Charges	4,823,096	-	-	4,823,096
Debt Service:				
Principal	5,085,617	-	-	5,085,617
Interest	2,060,820	-	-	2,060,820
Total Expenditures	81,432,465	1,060,017	11,263,417	93,755,899
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,404,422)	1,049,067	(285,192)	(2,640,547)
OTHER FINANCING SOURCES (USES)				
Transfers In	6,043,732	-	470,403	6,514,135
Premium from Issuance of Bonds and Notes	-	-	80,514	80,514
Transfers Out	(470,403)	(674,259)	(2,056,212)	(3,200,874)
Total Other Financing Sources (Uses)	5,573,329	(674,259)	(1,505,295)	3,393,775
NET CHANGE IN FUND BALANCES	2,168,907	374,808	(1,790,487)	753,228
Fund Balances - Beginning of Year, as Restated	22,099,481	4,767,752	7,386,734	34,253,967
FUND BALANCES - END OF YEAR	<u>\$ 24,268,388</u>	<u>\$ 5,142,560</u>	<u>\$ 5,596,247</u>	<u>\$ 35,007,195</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, 2021**

Total Governmental Fund Balances	\$ 35,007,195
Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	146,321,207
In the statement of net position, deferred outflows of resources are reported for amounts related to OPEB	14,581,570
In the statement of net position, deferred outflows of resources are reported for amounts related to pensions	4,783,040
In the statement of net position, deferred inflows of resources are reported for amounts related to OPEB	(67,499,256)
In the statement of net position, deferred inflows of resources are reported for amounts related to pensions	(5,760,858)
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.	3,924,586
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.	(332,175)
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	(50,815,951)
Compensated Absences	(2,118,198)
Net OPEB Liability	(58,766,153)
Net Pension Liability	(38,992,477)
An internal service fund is used by management to account for health insurance activities. The assets and liabilities of the internal service fund is reported as governmental activities in the statement of net position	<u>8,326,508</u>
Net Position of Governmental Activities	<u><u>\$ (11,340,962)</u></u>

See accompanying Notes to Basic Financial Statements.

TOWN OF BOURNE, MASSACHUSETTS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

Net Change in Fund Balances - Total Governmental Funds \$ 753,228

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	4,834,036
Depreciation	(5,646,372)

In the statement of activities, the loss on the disposal of capital assets is reported, whereas in the governmental funds the disposal is not reported as financial resources. As a result, the change in net position differs from the change in fund balance by the net book value of the capital assets disposed. (15,808)

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. (58,135,888)

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. (1,620,823)

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. 261,351

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	5,085,617
Amortization of Bond Premiums, Net	181,242

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. 43,653

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	248,632
Net OPEB Liability	67,336,904
Net Pension Liability	1,700,489

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. 868,259

Change in Net Position of Governmental Activities \$ 15,894,520

See accompanying Notes to Basic Financial Statements.

**TOWN OF BOURNE, MASSACHUSETTS
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2021**

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Sewer	Landfill	Total	
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 1,234,251	\$ 16,398,163	\$ 17,632,414	\$ -
Restricted Cash and Cash Equivalents	976,273	59,872	1,036,145	946,013
Restricted Investments	-	-	-	7,746,835
Receivables, Net of Allowance for Uncollectible Amounts:				
User Charges	48,721	2,447,386	2,496,107	-
Utility Liens	27,109	-	27,109	-
Working Capital Deposit	-	-	-	1,670,600
Total Current Assets	2,286,354	18,905,421	21,191,775	10,363,448
Noncurrent Assets:				
Restricted Cash and Cash Equivalents	-	7,845,375	7,845,375	-
Capital Assets not being Depreciated	59,354	4,086,454	4,145,808	-
Capital Assets, Net of Accumulated Depreciation	10,616,265	7,890,834	18,507,099	-
Total Noncurrent Assets	10,675,619	19,822,663	30,498,282	-
Total Assets	12,961,973	38,728,084	51,690,057	10,363,448
DEFERRED OUTFLOWS OF RESOURCES				
Related to OPEB	71,886	782,104	853,990	-
Related to Pension	23,580	256,545	280,125	-
Total Deferred Outflows of Resources	95,466	1,038,649	1,134,115	-
LIABILITIES				
Current Liabilities:				
Warrants Payable	919,897	299,586	1,219,483	1,393,940
Accrued Payroll	3,342	29,130	32,472	-
Accrued Interest	12,969	26,665	39,634	-
Accrued Health Claims Payable	-	-	-	643,000
Compensated Absences	60	21,444	21,504	-
Short-Term Notes Payable	4,586,163	-	4,586,163	-
Long-Term Bonds and Notes Payable	10,991	353,969	364,960	-
Total Current Liabilities	5,533,422	730,794	6,264,216	2,036,940
Noncurrent Liabilities:				
Landfill Closure and Post-Closure	-	8,880,001	8,880,001	-
Compensated Absences	545	192,995	193,540	-
Net OPEB Liability	289,712	3,152,009	3,441,721	-
Net Pension Liability	192,229	2,091,419	2,283,648	-
Long-Term Bonds and Notes Payable	32,808	3,475,576	3,508,384	-
Total Noncurrent Liabilities	515,294	17,792,000	18,307,294	-
Total Liabilities	6,048,716	18,522,794	24,571,510	2,036,940
DEFERRED INFLOWS OF RESOURCES				
Related to OPEB	332,765	3,620,422	3,953,187	-
Related to Pension	28,401	308,992	337,393	-
Total Deferred Inflows of Resources	361,166	3,929,414	4,290,580	-
NET POSITION				
Net Investment in Capital Assets	7,021,930	10,317,615	17,339,545	-
Restricted for:				
Employee Benefits	-	-	-	8,326,508
Unrestricted	(374,373)	6,996,910	6,622,537	-
Total Net Position	\$ 6,647,557	\$ 17,314,525	\$ 23,962,082	\$ 8,326,508

See accompanying Notes to Basic Financial Statements.

**TOWN OF BOURNE, MASSACHUSETTS
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2021**

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Sewer	Landfill	Total	
OPERATING REVENUES				
Charges for Services	\$ 1,148,877	\$ 16,423,987	\$ 17,572,864	\$ -
Penalties and Interest	5,340	-	5,340	-
Employer Contributions	-	-	-	8,496,868
Employee Contributions	-	-	-	2,934,514
Total Operating Revenues	1,154,217	16,423,987	17,578,204	11,431,382
OPERATING EXPENSES				
Cost of Service and Administration	583,724	7,158,938	7,742,662	-
Town of Wareham Assessment	188,478	-	188,478	-
Repairs and Maintenance	35,211	86,469	121,680	-
Depreciation	244,385	1,535,135	1,779,520	-
Closure and Postclosure Costs	-	708,601	708,601	-
Employee Benefits	-	-	-	11,303,303
Total Operating Expenses	1,051,798	9,489,143	10,540,941	11,303,303
OPERATING INCOME	102,419	6,934,844	7,037,263	128,079
NONOPERATING REVENUES (EXPENSES)				
Investment Income	9,198	124,396	133,594	740,180
Interest Expense	(15,022)	(147,792)	(162,814)	-
Total Nonoperating Revenues (Expenses), Net	(5,824)	(23,396)	(29,220)	740,180
INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	96,595	6,911,448	7,008,043	868,259
CAPITAL CONTRIBUTIONS AND TRANSFERS				
Capital Contributions	2,654,468	-	2,654,468	-
Transfers Out	(140,944)	(3,172,317)	(3,313,261)	-
Total Capital Contributions and Transfers	2,513,524	(3,172,317)	(658,793)	-
CHANGE IN NET POSITION	2,610,119	3,739,131	6,349,250	868,259
Net Position - Beginning of Year	4,037,438	13,575,394	17,612,832	7,458,249
NET POSITION - END OF YEAR	<u>\$ 6,647,557</u>	<u>\$ 17,314,525</u>	<u>\$ 23,962,082</u>	<u>\$ 8,326,508</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF BOURNE, MASSACHUSETTS
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2021**

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Sewer	Landfill	Total	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers and Users	\$ 1,170,880	\$ 15,329,496	\$ 16,500,376	\$ 2,934,514
Receipts from Interfund Services Provided	-	-	-	8,496,868
Payments to Vendors	(143,421)	(6,072,445)	(6,215,866)	-
Payments to Employees	(251,714)	(2,758,453)	(3,010,167)	-
Payments for Interfund Services Used	-	-	-	(10,799,207)
Net Cash Provided by Operating Activities	775,745	6,498,598	7,274,343	632,175
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers Out	(140,944)	(3,172,317)	(3,313,261)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from the Issuance of Bonds and Notes	4,586,163	-	4,586,163	-
Capital Contributions	2,654,468	-	2,654,468	-
Acquisition and Construction of Capital Assets	(5,317,272)	(581,449)	(5,898,721)	-
Principal Payments on Bonds and Notes	(924,629)	(4,806,988)	(5,731,617)	-
Interest Expense	(2,050)	(201,995)	(204,045)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	996,680	(5,590,432)	(4,593,752)	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Sales (Purchases) of Investments, Net	-	-	-	(1,515,850)
Investment Income	9,198	124,396	133,594	740,180
Net Cash Provided by Investing Activities	9,198	124,396	133,594	(775,670)
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,640,679	(2,139,755)	(499,076)	(143,495)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR (Includes \$8,125,545 and \$1,023,925 Reported as Restricted in the Landfill Enterprise Fund and Internal Service Fund, Respectively)	569,845	26,443,165	27,013,010	1,089,508
CASH AND CASH EQUIVALENTS - END OF YEAR (Includes \$976,273, \$7,905,247 and \$946,013 Reported as Restricted in the Sewer and Landfill Enterprise Funds and Internal Service Fund, Respectively)	\$ 2,210,524	\$ 24,303,410	\$ 26,513,934	\$ 946,013
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating Income (Loss)	\$ 102,419	\$ 6,934,844	\$ 7,037,263	\$ 128,079
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Adjustments Not Requiring Current Cash Flows:				
Depreciation	244,385	1,535,135	1,779,520	-
Net OPEB Liability	(325,764)	(3,834,367)	(4,160,131)	-
Net Pension Liability	(19,081)	(150,642)	(169,723)	-
Deferred Outflows of Resources Related to OPEB	16,988	226,720	243,708	-
Deferred Outflows of Resources Related to Pension	2,054	15,435	17,489	-
Deferred Onflows of Resources Related to OPEB	269,360	2,900,698	3,170,058	-
Deferred Inflows of Resources Related to Pension	6,106	72,440	78,546	-
Adjustments Requiring Current Cash Flows:				
Effect of Changes in Operating Assets and Liabilities:				
Utility Liens	(9,390)	-	(9,390)	-
User Charges	26,053	(1,094,491)	(1,068,438)	-
Working Capital Deposit	-	-	-	(76,600)
Warrants Payable	485,191	(772,358)	(287,167)	473,696
Accrued Payroll	(2,328)	(26,942)	(29,270)	-
Accrued Health Claims Payable	-	-	-	107,000
Landfill Closure and Postclosure Care	-	708,601	708,601	-
Compensated Absences	(20,248)	(16,475)	(36,723)	-
Total Adjustments	673,326	(436,246)	237,080	504,096
Net Cash Provided by Operating Activities	\$ 775,745	\$ 6,498,598	\$ 7,274,343	\$ 632,175

See accompanying Notes to Basic Financial Statements.

**TOWN OF BOURNE, MASSACHUSETTS
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2021**

	Other Postemployment Benefits Trust Fund	Private Purpose Trust Funds	Custodial Funds
ASSETS			
Cash and Cash Equivalents	\$ 92,722	\$ 88,813	\$ 135,870
Investments	5,536,421	-	-
Total Assets	5,629,143	88,813	135,870
LIABILITIES			
Warrants Payable	-	-	92,630
Accrued Payroll	-	-	390
Total Liabilities	-	-	93,020
NET POSITION			
Restricted for:			
Postemployment Benefits Other than Pensions	5,629,143	-	-
Individuals, Organizations, and Other Governments	-	88,813	42,850
Total Net Position	\$ 5,629,143	\$ 88,813	\$ 42,850

See accompanying Notes to Basic Financial Statements.

**TOWN OF BOURNE, MASSACHUSETTS
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2021**

	Other Postemployment Benefits Trust Fund	Private Purpose Trust Funds	Custodial Funds
ADDITIONS			
Contributions:			
Employer	\$ 4,714,125	\$ -	\$ -
Private Donations	-	5,000	-
Total Contributions	<u>4,714,125</u>	<u>5,000</u>	<u>-</u>
Net Investment Income:			
Net Appreciation in Fair Value of Investments	700,963	-	-
Interest	100,396	8,348	-
Total Investment Income	<u>801,359</u>	<u>8,348</u>	<u>-</u>
Less: Investment Expense	<u>(13,617)</u>	<u>-</u>	<u>-</u>
Net Investment Income	<u>787,742</u>	<u>8,348</u>	<u>-</u>
Fees Collected for Other Governments	<u>-</u>	<u>-</u>	<u>1,501,248</u>
Total Additions	5,501,867	13,348	1,501,248
DEDUCTIONS			
Retirement Benefits and Refunds	3,525,423	-	-
Fees Remitted to Other Governments	-	-	1,500,165
Total Deductions	<u>3,525,423</u>	<u>-</u>	<u>1,500,165</u>
CHANGE IN NET POSITION	1,976,444	13,348	1,083
Net Position - Beginning of Year, as Restated	<u>3,652,699</u>	<u>75,465</u>	<u>41,767</u>
NET POSITION - END OF YEAR	<u><u>\$ 5,629,143</u></u>	<u><u>\$ 88,813</u></u>	<u><u>\$ 42,850</u></u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General

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

B. Reporting Entity

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

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

The Town has also considered all potential component units for which it is financially accountable as well as other organizations for which the nature and/or significance of their relationship with the Town are such that exclusion would cause the Town's basic financial statements to be misleading or incomplete.

Fiduciary Fund Component Unit

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

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

Joint Venture

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

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Name	Purpose	Address	Fiscal Year 2021 Assessment
Upper Cape Cod Regional Technical School	Education	220 Sandwich Road Bourne, MA 02532	\$ 3,337,063

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

C. Implementation of New Accounting Principles

For the year ended June 30, 2021, the Town implemented the following pronouncements issued by the GASB:

- GASB Statement No. 84, *Fiduciary Activities*
- GASB Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*

The implementation of GASB Statement No. 84 resulted in certain activities formerly reported in the agency fund to be reported in the custodial fund of the fiduciary funds, the nonmajor governmental funds of the governmental funds and the governmental activities of the government-wide statements. As a result, the Town has restated its 2020 beginning net position and fund balance to reflect the implementation of this statement. The Town has also reclassified its Peebles Elementary School fund and Police Station fund from major governmental funds to nonmajor governmental funds. The effect of the change in accounting principle and reclassifications are as follows:

	Governmental Activities	Custodial Funds	Nonmajor Funds
Net Position/Fund Balance as of June 30, 2020, as Previously Reported	\$ (27,799,858)	\$ -	\$ 6,799,477
Reclassification of Peebles Elementary School Major Fund	-	-	(1,423,230)
Reclassification of Police Station Major Fund	-	-	1,446,111
Cumulative Effect of Application of GASB 84, Fiduciary Activities	564,376	41,767	564,376
Net Position/Fund Balance as of June 30, 2020, as Restated	<u>\$ (27,235,482)</u>	<u>\$ 41,767</u>	<u>\$ 7,386,734</u>

The implementation of GASB Statement No. 90 had no reporting impact for the Town.

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements

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

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

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

The following major governmental funds are reported:

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

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

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

- *Special revenue funds* are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.
- *Capital projects funds* are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

The following major proprietary funds are reported:

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

Additionally, the following proprietary fund type is reported:

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

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

The following fiduciary fund types are reported:

- The *other postemployment benefits trust fund* is used to account for resources accumulated to provide funding for future OPEB liabilities.
- The *private-purpose trust fund* is used to account for trust arrangements, other than those properly reported in the permanent fund, under which principal and investment income exclusively benefits individuals, private organizations, or other governments.
- The *custodial fund* is used to account for assets held in a custodial capacity. Such assets consist primarily of fees collected for other governments.

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Cash and Cash Equivalents and Investments

Government-Wide and Fund Financial Statements

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

G. Accounts Receivable

Government-Wide and Fund Financial Statements

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

Real Estate Taxes, Personal Property Taxes and Tax Liens

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

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

Motor Vehicle Excise Taxes

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

Community Preservation Surcharges

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

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

User Charges

Sewer

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

Landfill

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

Special Assessments

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

TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Intergovernmental receivables are considered 100% collectible.

I. Inventories

Government-Wide and Fund Financial Statements

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

J. Restricted Assets

Government-Wide and Fund Financial Statements

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

K. Capital Assets

Government-Wide and Proprietary Fund Financial Statements

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

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

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

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Proprietary Fund Financial Statements (Continued)

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

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

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

Governmental Fund Financial Statements

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

L. Interfund Receivables and Payables

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Interfund Transfers

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

N. Deferred Outflows of Resources

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

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

O. Deferred Inflows of Resources

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

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

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

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Net Position and Fund Balances

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

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

Net position has been “restricted” for the following:

“Employee benefits” represents amounts restricted for health insurance.

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

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

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

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

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

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

Governmental Funds Financial Statements (Fund Balances)

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

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

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

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Funds Financial Statements (Fund Balances) (Continued)

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

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

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

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

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

Q. Long-Term Debt

Government-Wide and Proprietary Fund Financial Statements

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

Governmental Fund Financial Statements

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

R. Investment Income

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

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

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

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, 2021**

NOTE 2 STEWARDSHIP COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

An annual budget is adopted for the general fund and community preservation fund (CPA). The original fiscal year 2021 approved budget for the general fund authorized \$77,856,228 in appropriations. During fiscal year 2021, supplemental appropriations totaling approximately \$4,786,214 were authorized. The original fiscal year 2021 approved budget for the CPA fund authorized \$1,663,159 in appropriations. During fiscal year 2021, subsequent reductions in appropriations totaling \$119,576 were authorized.

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

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

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 2 STEWARDSHIP COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

B. Fund Deficits

As of June 30, 2021, the following governmental fund deficits exist:

Fund	Amount	Funding Source
Capital Projects - Peebles Elementary School	\$ 1,466,546	Issuance of Debt
Capital Projects - BHS Roof Replacement	1,054,956	Issuance of Debt
Capital Projects - Ambulance	652,136	Issuance of Debt
Capital Projects - Catch Basin Cleaner	364,925	Issuance of Debt
Capital Projects - Keith Field	142,841	Issuance of Debt
Capital Projects - Police Cruisers	132,492	Issuance of Debt
COVID FEMA	129,661	Federal Grants
Capital Projects - Buzzards Bay Wastewater Management Plan	108,169	Issuance of Debt
Other Town Funds	93,028	State Grants
Other Capital Projects	46,356	Issuance of Debt
Other School Funds	9,843	Federal and State Grants
Total	<u>\$ 4,200,953</u>	

C. Expenditures in Excess of Appropriations

For the year ended June 30, 2021, expenditures exceeded appropriations for state and county charges.

NOTE 3 DEPOSITS AND INVESTMENTS

Town (Excluding OPEB Trust Fund)

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

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

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

TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Deposits - Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the Town's deposits may not be recovered. The Town's policy for custodial credit risk is to utilize FDIC and DIF insurance (when available) as well as collateralize certain deposit amounts. For uninsured and uncollateralized amounts, the Town monitors the creditworthiness of banks through Veribanc, or other bank credit worthiness reporting systems. In addition, unsecured deposits may not comprise more than 5% of a financial institutions asset and no more than 20% of the Town's cash. At June 30, 2021, the Town's bank balance of \$58,808,784 was not exposed to custodial credit risk. The carrying amount of the Town's deposits at year-end totaled \$59,158,677.

Investments Summary

The Town's investments (including short-term investments) at June 30, 2021 are presented below. All investments are presented by investment type, with debt securities presented by maturity.

Investment Type	Total Amount	Investment Maturities (in Years)			
		Less Than 1	1 - 5	6 - 10	More Than 10
Debt Securities:					
U.S. Treasuries	\$ 2,449,806	\$ 176,554	\$ 1,460,360	\$ 812,892	\$ -
U.S. Agencies	1,835,892	355,346	1,209,531	271,015	-
Corporate Bonds	1,767,169	179,354	1,002,658	585,157	-
Money Market Mutual Funds	4,467,696	4,467,696	-	-	-
Mutual Bond Funds	2,395,420	247,454	891,750	1,090,360	165,856
Fixed income securities	152,102	-	-	-	152,102
External Investment Pool	4,299,509	4,299,509	-	-	-
Total Debt Securities	17,367,594	<u>\$ 9,725,913</u>	<u>\$ 4,564,299</u>	<u>\$ 2,759,424</u>	<u>\$ 317,958</u>
Other Investments:					
Equity Securities	2,193,144				
Equity Mutual Funds	1,077,546				
Total Other Investments	<u>3,270,690</u>				
Total Investments	<u>\$ 20,638,284</u>				

Investments - Interest Rate Risk of Debt Securities

Interest rate risk for debt securities is the risk that changes in interest rates of debt securities will adversely affect the fair value of an investment. The Town's policy for interest rate risk is to hold short-term investments to maturity and limit long-term investments to periods not longer than 10 years, maintaining an average maturity no greater than five years for the portfolio with duration not more than 120% of the Barclay's Intermediate Government Bond Index.

TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Investments - Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town's policy for custodial credit risk is to limit exposure to only those institutions with proven financial strength. Capital adequacy of the firm and overall affirmative reputation in the municipal industry will also be considered. At June 30, 2021, the Town was not exposed to custodial credit risk.

Investments - Credit Risk of Debt Securities

Credit risk for debt securities is the risk that an issuer or other counterparty to a debt security will not fulfill its obligations. The Town's policy for credit risk of debt securities is to purchase investment grade securities with a high concentration in securities rated "A" or better. In addition, the Treasurer may invest unlimited funds in the MMDT and may place funds in investment funds that are included in the list of legal investments. As of June 30, 2021, 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	\$ 1,835,892	\$ -	\$ 1,835,892	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Corporate Bonds	1,767,169	111,249	155,622	-	263,345	217,511	327,055	220,692	242,931	228,764	-	-	-
Money Market Mutual Funds	4,467,696	-	-	-	-	-	-	-	-	-	-	-	4,467,696
Mutual Bond Funds	2,395,420	980,303	-	249,088	-	-	-	-	-	-	336,813	416,753	412,463
Fixed Income Securities	152,102	152,102	-	-	-	-	-	-	-	-	-	-	-
External Investment Pool	4,299,509	-	-	-	-	-	-	-	-	-	-	-	4,299,509
Total	<u>\$ 14,917,788</u>	<u>\$ 1,243,654</u>	<u>\$ 1,991,514</u>	<u>\$ 249,088</u>	<u>\$ 263,345</u>	<u>\$ 217,511</u>	<u>\$ 327,055</u>	<u>\$ 220,692</u>	<u>\$ 242,931</u>	<u>\$ 228,764</u>	<u>\$ 336,813</u>	<u>\$ 416,753</u>	<u>\$ 9,179,668</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, 2021, the Town was exposed to concentration of credit risk as follows:

Issuer	Fair Value	Percentage of Total Investments
Federal National Mortgage Association	\$ 1,384,944	6.7%

TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

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.	\$ 1,384,944

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, 2021:

Investment Type	Fair Value	Fair Value Measurements Using Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Equity Securities:			
Equities	\$ 2,193,144	\$ 2,193,144	\$ -
Equity Mutual Funds	1,077,546	1,077,546	-
Total Equity Securities	3,270,690	3,270,690	-
Debt Securities:			
U.S. Treasuries	2,449,806	2,449,806	-
U.S. Agencies	1,835,892	-	1,835,892
Corporate Bonds	1,767,169	-	1,767,169
Mutual Bond Funds	2,395,420	2,395,420	-
Fixed Income Securities	152,102	-	152,102
Total Debt Securities	8,600,389	4,845,226	3,603,061
Total Investments Measured at Fair Value	11,871,079	\$ 8,115,916	\$ 3,603,061
Investments Measured at Amortized Cost:			
Money Market Mutual Funds	4,467,696		
External Investment Pools	4,299,509		
Total Investments Measured at Amortized Cost	8,767,205		
Total Investments	\$ 20,638,284		

TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Investments – Fair Value Measurements (Continued)

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.

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, 2021, the Trust was not exposed to custodial credit risk.

Investments Summary

The Trust's investments at June 30, 2021 are presented below. All investments are presented by investment type, with debt securities presented by maturity.

Investment Type	Investment Maturities (in Years)				
	Total Amount	Less Than 1	1 - 5	6 - 10	More Than 10
Debt Securities:					
U.S. Treasuries	\$ 654,325	\$ 101,178	\$ 416,070	\$ 137,077	\$ -
U.S. Agencies	340,140	50,684	261,036	28,420	-
Corporate Bonds	617,931	76,140	375,880	165,911	-
Money Market Mutual Funds	92,722	92,722	-	-	-
Mutual Bond Funds	751,109	112,749	224,106	262,401	151,853
Total Debt Securities	2,456,227	<u>\$ 433,473</u>	<u>\$ 1,277,092</u>	<u>\$ 593,809</u>	<u>\$ 151,853</u>
Other Investments:					
Equity Securities	2,267,292				
Equity Mutual Funds	905,624				
Total Other Investments	<u>3,172,916</u>				
Total Investments	<u>\$ 5,629,143</u>				

Investments – Interest Rate Risk of Debt Securities

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

Investments – Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the Trust will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Trust does not have a policy for custodial credit risk of investments. At June 30, 2021, the Town was not exposed to custodial credit risk.

TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

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, 2021, 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*	BBB+*	BB*	B*	Unrated
U.S. Agencies	\$ 340,140	\$ -	\$ 340,140	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Corporate Bonds	617,931	-	54,157	56,934	162,690	156,432	133,296	54,422	-	-	-
Money Market Mutual Funds	92,722	-	-	-	-	-	-	-	-	-	92,722
Mutual Bond Funds	751,109	111,841	-	112,701	-	-	-	-	77,444	111,405	337,718
Total	<u>\$ 1,801,902</u>	<u>\$ 111,841</u>	<u>\$ 394,297</u>	<u>\$ 169,635</u>	<u>\$ 162,690</u>	<u>\$ 156,432</u>	<u>\$ 133,296</u>	<u>\$ 54,422</u>	<u>\$ 77,444</u>	<u>\$ 111,405</u>	<u>\$ 430,440</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, 2021, the Trust was exposed to concentration of credit risk as follows:

Issuer	Fair Value	Percentage of Total Investments
Federal National Mortgage Association	\$ 311,721	5.5%

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>\$ 311,721</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, 2021

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Investments – Fair Value Measurements (Continued)

The Trust has the following recurring fair value measurements as of June 30, 2021:

Investment Type	Fair Value	Fair Value Measurements Using	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Equity Securities:			
Equities	\$ 2,267,292	\$ 2,267,292	\$ -
Equity Mutual Funds	905,624	905,624	-
Total Equity Securities	3,172,916	3,172,916	-
Debt Securities:			
U.S. Treasuries	654,325	654,325	-
U.S. Agencies	340,140	-	340,140
Corporate Bonds	617,931	-	617,931
Mutual Bond Funds	751,109	751,109	-
Total Debt Securities	2,363,505	1,405,434	958,071
Total Investments Measured at Fair Value	5,536,421	<u>\$ 4,578,350</u>	<u>\$ 958,071</u>
Investments Measured at Amortized Cost:			
Money Market Mutual Funds	92,722		
Total Investments	<u>\$ 5,629,143</u>		

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

TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 4 ACCOUNTS RECEIVABLE

At June 30, 2021, receivables for the individual governmental funds, including the applicable allowances for uncollectible amounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Receivables:			
Real Estate and Personal Property Taxes	\$ 900,643	\$ (77,008)	\$ 823,635
Real Estate Tax Deferrals	90,374	-	90,374
Tax Liens	586,431	-	586,431
Motor Vehicle and Other Excise Taxes	597,182	(280,807)	316,375
Community Preservation Surcharges	20,777	-	20,777
Special Assessments	342,281	-	342,281
Departmental and Other	2,747,390	(1,057,036)	1,690,354
Intergovernmental	1,203,315	-	1,203,315
Total	<u>\$ 6,488,393</u>	<u>\$ (1,414,851)</u>	<u>\$ 5,073,542</u>

At June 30, 2021, receivables for the enterprise funds, including the applicable allowances for uncollectible amounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Receivables:			
User Charges	\$ 2,503,679	\$ (7,572)	\$ 2,496,107
Utility Liens	27,109	-	27,109
Total	<u>\$ 2,530,788</u>	<u>\$ (7,572)</u>	<u>\$ 2,523,216</u>

TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 5 CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2021, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Land	\$ 28,146,686	\$ -	\$ -	\$ 28,146,686
Construction in Progress	1,800,077	158,190	(511,595)	1,446,672
Total Capital Assets not Being Depreciated	29,946,763	158,190	(511,595)	29,593,358
Capital Assets Being Depreciated:				
Land Improvements	9,029,329	414,373	-	9,443,702
Buildings and Improvements	148,523,199	3,460,970	(22,583)	151,961,586
Machinery and Equipment	21,392,710	245,849	-	21,638,559
Infrastructure	10,035,076	1,066,249	-	11,101,325
Total Capital Assets Being Depreciated	188,980,314	5,187,441	(22,583)	194,145,172
Less Accumulated Depreciation for:				
Land Improvements	(2,936,471)	(456,244)	-	(3,392,715)
Buildings and Improvements	(48,313,403)	(3,589,496)	6,775	(51,896,124)
Machinery and Equipment	(16,590,612)	(1,229,488)	-	(17,820,100)
Infrastructure	(3,937,240)	(371,144)	-	(4,308,384)
Total Accumulated Depreciation	(71,777,726)	(5,646,372)	6,775	(77,417,323)
Total Capital Assets Being Depreciated, Net	117,202,588	(458,931)	(15,808)	116,727,849
Total Governmental Activities Capital Assets, Net	\$ 147,149,351	\$ (300,741)	\$ (527,403)	\$ 146,321,207
Business-Type Activities - Sewer Enterprise:				
Capital Assets not Being Depreciated:				
Construction in Progress	\$ 3,210,132	\$ 41,662	\$ (3,192,440)	\$ 59,354
Capital Assets Being Depreciated:				
Machinery and Equipment	1,059,513	-	-	1,059,513
Other	1,332,118	-	-	1,332,118
Infrastructure	7,361,391	8,468,050	-	15,829,441
Total Capital Assets Being Depreciated	9,753,022	8,468,050	-	18,221,072
Less Accumulated Depreciation for:				
Machinery and Equipment	(912,844)	(37,993)	-	(950,837)
Other	(1,332,118)	-	-	(1,332,118)
Infrastructure	(5,115,460)	(206,392)	-	(5,321,852)
Total Accumulated Depreciation	(7,360,422)	(244,385)	-	(7,604,807)
Total Capital Assets Being Depreciated, Net	2,392,600	8,223,665	-	10,616,265
Total Sewer Enterprise Capital Assets, Net	\$ 5,602,732	\$ 8,265,327	\$ (3,192,440)	\$ 10,675,619

TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 5 CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities - Landfill Enterprise:				
Capital Assets not Being Depreciated:				
Land	\$ 4,009,658	\$ -	\$ -	\$ 4,009,658
Construction in Progress	-	76,796	-	76,796
Total Capital Assets not Being Depreciated	4,009,658	76,796	-	4,086,454
Capital Assets Being Depreciated:				
Land Improvements	16,203,147	-	-	16,203,147
Buildings and Improvements	10,622,518	-	-	10,622,518
Machinery and Equipment	9,311,781	417,653	-	9,729,434
Infrastructure	-	87,000	-	87,000
Total Capital Assets Being Depreciated	36,137,446	504,653	-	36,642,099
Less Accumulated Depreciation for:				
Land Improvements	(12,226,855)	(653,242)	-	(12,880,097)
Buildings and Improvements	(7,920,887)	(186,108)	-	(8,106,995)
Machinery and Equipment	(7,068,388)	(695,422)	-	(7,763,810)
Infrastructure	-	(363)	-	(363)
Total Accumulated Depreciation	(27,216,130)	(1,535,135)	-	(28,751,265)
Total Capital Assets Being Depreciated, Net	8,921,316	(1,030,482)	-	7,890,834
Total Landfill Enterprise Capital Assets, Net	<u>\$ 12,930,974</u>	<u>\$ (953,686)</u>	<u>\$ -</u>	<u>\$ 11,977,288</u>
Total Business-Type Activities Capital Assets, Net	<u>\$ 18,533,706</u>	<u>\$ 7,311,641</u>	<u>\$ (3,192,440)</u>	<u>\$ 22,652,907</u>

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

Governmental Activities:	
General Government	\$ 487,825
Public Safety	1,071,170
Education	2,722,870
Public Works	1,012,213
Health and Human Services	18,959
Culture and Recreation	333,335
Total Depreciation Expense - Governmental Activities	<u>\$ 5,646,372</u>
Business-Type Activities:	
Sewer	\$ 244,385
Landfill	1,535,135
Total Depreciation Expense - Business-Type Activities	<u>\$ 1,779,520</u>

TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 6 INTERFUND TRANSFERS

Interfund transfers for the fiscal year ended June 30, 2021, are summarized as follows:

Transfers Out	Transfers In		Total
	General Fund	Nonmajor Governmental Funds	
General Fund	\$ -	\$ 470,403	\$ 470,403 (1)
Community Preservation Fund	674,259	-	674,259 (2)
Nonmajor Governmental Funds	2,056,212	-	2,056,212 (3)
Sewer Enterprise Fund	140,944	-	140,944 (4)
Landfill Enterprise Fund	3,172,317	-	3,172,317 (5)
Total	<u>\$ 6,043,732</u>	<u>\$ 470,403</u>	<u>\$ 6,514,135</u>

- (1) Represents budgeted transfer for boat excise and mooring revenue collected in the general fund of (\$420,403) and transfer to the special education reserve fund of (\$50,000).
- (2) Represents budgeted transfer to fund debt service.
- (3) Represents budgeted transfers to fund the fiscal year 2021 operating budget from the ambulance (\$1,325,000), waterway improvements (\$341,970), federal impact aid (\$156,750), special education reserve (\$100,000), circuit breaker fund (\$72,738), community septic management program (\$29,754) and conservation commission (\$30,000) special revenue funds.
- (4) Represents budgeted transfers of indirect costs.
- (5) Represents budgeted transfers of indirect costs (\$2,261,996) and host community fee (\$910,321) to the general fund.

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, 2021

NOTE 7 SHORT-TERM FINANCING (CONTINUED)

Details related to the short-term debt activity for the fiscal year ended June 30, 2021, is as follows:

Notes Payable – Governmental Funds

Type	Description	Maturity Date	Interest Rate	Balance at June 30, 2020	Increases	Decreases	Balance at June 30, 2021
BAN	Peebles School dtd 4/9/2020	04/09/21	1.15%	\$ 1,477,951	\$ -	\$ (1,477,951)	\$ -
BAN	High School Roof	04/09/21	1.15%	1,123,375	-	(1,123,375)	-
BAN	Ambulances	04/09/21	1.15%	686,000	-	(686,000)	-
BAN	DPW Truck	04/09/21	1.15%	369,038	-	(369,038)	-
BAN	DPW - Keith Field Lights	04/09/21	1.15%	205,000	-	(205,000)	-
BAN	Police Cruisers	04/09/21	1.15%	134,053	-	(134,053)	-
BAN	Road Repair - Elgin Road	11/13/20	2.00%	129,264	-	(129,264)	-
BAN	Road Repair - Nairn Road	11/13/20	2.00%	50,824	-	(50,824)	-
BAN	Peebles School Construction	02/01/22	2.00%	-	1,537,986	-	1,537,986
BAN	High School Roof	02/01/22	2.00%	-	1,160,429	-	1,160,429
BAN	Ambulances	02/01/22	2.00%	-	652,136	-	652,136
BAN	Keith Field Lights	02/01/22	2.00%	-	142,841	-	142,841
BAN	Police Cruisers	02/01/22	2.00%	-	132,492	-	132,492
BAN	Nuovo Road Repair	05/25/22	0.38%	-	46,356	-	46,356
BAN	School Water	02/01/22	2.00%	-	741,633	-	741,633
BAN	Clean Water Management Plan	02/01/22	2.00%	-	593,311	-	593,311
BAN	Basin Truck	02/01/22	2.00%	-	364,925	-	364,925
Total				<u>\$ 4,175,505</u>	<u>\$ 5,372,109</u>	<u>\$ (4,175,505)</u>	<u>\$ 5,372,109</u>

Notes Payable – Enterprise Funds

Type	Description	Maturity Date	Interest Rate	Balance at June 30, 2020	Increases	Decreases	Balance at June 30, 2021
BAN	ISWM - Packer	04/09/21	1.15%	\$ 365,000	\$ -	\$ (365,000)	\$ -
BAN	ISWM Phase V Liner Construction	11/15/20	2.00%	1,003,649	-	(1,003,649)	-
BAN	ISWM Phase V Liner Construction	11/15/20	2.00%	2,855,000	-	(2,855,000)	-
BAN	Sewer - BBWTF	04/09/21	0.79%	115,750	-	(115,750)	-
BAN	Sewer - Wet Well Lights, Waterline & Grates	04/09/21	0.79%	34,250	-	(34,250)	-
BAN	Sewer - MCWT - State Revolving Fund	04/10/21	0.00%	737,317	-	(737,317)	-
BAN	Wastewater	02/01/22	2.00%	-	1,186,606	-	1,186,606
BAN	Sewer - MCWT - State Revolving Fund	04/15/22	0.00%	-	3,399,557	-	3,399,557
Total				<u>\$ 5,110,966</u>	<u>\$ 4,586,163</u>	<u>\$ (5,110,966)</u>	<u>\$ 4,586,163</u>

Subsequent Events

On February 1, 2022, the Town paid down (with available funds) \$270,000 of \$6,512,359 BANs outstanding at June 30, 2021 and renewed \$6,242,359 of the BANs. The renewed BANs had an interest rate of 2.00% and a maturity date of February 1, 2023.

TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 8 LONG-TERM OBLIGATIONS

During the fiscal year ended June 30, 2021, the following changes occurred in long-term liabilities:

	Balance June 30, 2020	Increases	Decreases	Balance June 30, 2021	Current Portion
Governmental Activities:					
Bonds and Notes Payable	\$ 52,761,000	\$ -	\$ (5,056,000)	\$ 47,705,000	\$ 4,641,000
Notes from Direct Borrowing	107,868	-	(29,617)	78,251	19,417
Unamortized Bond Premiums	3,213,942	-	(181,242)	3,032,700	181,242
Total Bonds and Notes Payable	56,082,810	-	(5,266,859)	50,815,951	4,841,659
Compensated Absences	2,366,830	-	(248,632)	2,118,198	211,820
Total	<u>\$ 58,449,640</u>	<u>\$ -</u>	<u>\$ (5,515,491)</u>	<u>\$ 52,934,149</u>	<u>\$ 5,053,479</u>
Business-Type Activities:					
Bonds and Notes Payable	\$ 4,319,000	\$ -	\$ (594,000)	\$ 3,725,000	\$ 354,000
Unamortized Bond Premiums	174,995	-	(26,651)	148,344	10,960
Total Bonds and Notes Payable	4,493,995	-	(620,651)	3,873,344	364,960
Landfill Closure and Postclosure	8,171,400	1,088,313	(379,712)	8,880,001	-
Compensated Absences	251,767	-	(36,723)	215,044	21,504
Total	<u>\$ 12,917,162</u>	<u>\$ 1,088,313</u>	<u>\$ (1,037,086)</u>	<u>\$ 12,968,389</u>	<u>\$ 386,464</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.

NOTE 9 LONG-TERM DEBT

Details related to the outstanding indebtedness at June 30, 2021, and the debt service requirements are as follows:

Project	Maturity Date	Interest Rate	Outstanding at June 30, 2020	Issued	Redeemed	Outstanding at June 30, 2021
MCWT Pool 9 97-1038-1*	02/01/24	0.00%	\$ 37,668	\$ -	\$ (9,417)	\$ 28,251
MCWT Title V 97-1038*	02/01/26	0.00%	10,200	-	(10,200)	-
MCWT Pool 11 T5-97-1038-2*	07/15/25	0.00%	60,000	-	(10,000)	50,000
Land Acquisition	01/15/25	3.87%	725,000	-	(145,000)	580,000
School Plans	01/15/25	3.85%	75,000	-	(15,000)	60,000
Municipal Purpose Loan	07/01/27	4.25%	1,369,000	-	(184,000)	1,185,000
Municipal Purpose Loan	09/15/29	3.14%	2,959,000	-	(381,000)	2,578,000
Municipal Purpose Loan	09/15/31	1.50 % - 4.00%	1,218,000	-	(136,000)	1,082,000
Municipal Purpose Loan	12/15/15	2.00% - 3.00%	685,000	-	(145,000)	540,000
General Obligation Bonds Refunding	07/15/22	2.00%	1,090,000	-	(490,000)	600,000
Municipal Purpose Loan of 2015	12/01/35	2.00% - 5.00%	6,715,000	-	(530,000)	6,185,000
Municipal Purpose Loan of 2017	04/15/37	4.00% - 5.00%	5,810,000	-	(650,000)	5,160,000
School Project Loan 2018	04/01/38	3.00%-5.00%	9,000,000	-	(500,000)	8,500,000
Municipal Purpose Loan of 2018	11/15/38	4.00% - 5.00%	2,720,000	-	(575,000)	2,145,000
Municipal Purpose Loan of 2018	11/15/38	4.00% - 5.00%	15,365,000	-	(915,000)	14,450,000
Municipal Purpose Loan of 2020	05/15/40	2.00% - 5.00%	5,030,000	-	(390,000)	4,640,000
Total Governmental Funds			<u>\$ 52,868,868</u>	<u>\$ -</u>	<u>\$ (5,085,617)</u>	<u>\$ 47,783,251</u>

* Notes from direct borrowings

TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 9 LONG-TERM DEBT (CONTINUED)

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	
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	202,032	-	-	2,322,032
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>\$ 47,705,000</u>	<u>\$ 13,017,750</u>	<u>\$ 78,251</u>	<u>\$ -</u>	<u>\$ 60,722,750</u>

Bonds and Notes Payable – Enterprise Funds

Project	Maturity Date	Interest Rate	Outstanding at June 30,	Issued	Redeemed	Outstanding at June 30,
			2020			2021
ISWM Landfill Phase 3 Stage 3	07/01/27	3.14%	\$ 166,000	\$ -	\$ (21,000)	\$ 145,000
ISWM Landfill Phase IIA/IIIA Liner	09/15/29	3.14%	1,100,000	-	(110,000)	990,000
ISWM Landfill Processing Center	09/15/29	3.14%	168,000	-	(17,000)	151,000
ISWM Residential Recycling Center	09/15/29	3.14%	518,000	-	(52,000)	466,000
ISWM Road Repair	09/15/25	2.38%	105,000	-	(18,000)	87,000
ISWM Cap/Odor Mitigation	09/15/31	2.78%	132,000	-	(11,000)	121,000
ISWM Municipal Purpose Loan of 2015	12/01/35	2.00% - 5.00%	1,840,000	-	(115,000)	1,725,000
Sewer Replace Truck M-7	04/15/21	5.00%	20,000	-	(20,000)	-
ISWM 35 Ton Articulated Truck	04/15/21	5.00%	120,000	-	(120,000)	-
ISWM 15 5CY Wheel Loader	04/15/21	5.00%	95,000	-	(95,000)	-
Sewer Pumps	05/15/36	2.00% - 5.00%	55,000	-	(15,000)	40,000
Total Enterprise Funds			<u>\$ 4,319,000</u>	<u>\$ -</u>	<u>\$ (594,000)</u>	<u>\$ 3,725,000</u>

TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 9 LONG-TERM DEBT (CONTINUED)

Bonds and Notes Payable – Enterprise Funds (Continued)

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	1,869	116,869
Total	<u>\$ 3,725,000</u>	<u>\$ 726,320</u>	<u>\$ 4,451,320</u>

The Town is subject to various debt limits by statute and may issue additional general obligation debt under the normal debt limit. At June 30, 2021, the Town had the following authorized and unissued debt:

<u>Purpose</u>	<u>Amount</u>
Peebles Elementary	\$ 19,412,631
Wastewater Treatment Facility	2,800,000
Wastewater Treatment Facility	1,842,693
BHS Roof Replacement	987,835
Peebles Elementary Feasibility Study	350,000
Septic Disposal System	265,000
Total	<u>\$ 25,658,159</u>

TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 10 LANDFILL CLOSURE AND POSTCLOSURE CARE

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

The closure and postclosure care liability consist of the following at June 30, 2021:

Closure:	
Phase 4, Stage 2	\$ 1,474,935
Phase 5	1,159,899
Phase 6	1,415,684
Transfer Station	138,423
Total Closure	<u>4,188,941</u>
Postclosure Care	4,691,060
Total Closure and Postclosure Care Liability	<u><u>\$ 8,880,001</u></u>

The Phase 4, Stage 2 closure liability represents the cumulative amount reported based on the use of 100.0% capacity. The Phase 5 closure liability represents the cumulative amount reported based on the use of 99.5% capacity. The Phase 6 closure liability represents the cumulative amount reported based on the use of 40.1% capacity. The postclosure care liability represents the cumulative amount reported based on the use of 92.2% of the estimated capacity of the entire landfill.

Closure and postclosure care costs consist of the following at June 30, 2021:

Costs:	
Postclosure Care	\$ 181,942
Phase 3, Stage 3	(379,712)
Phase 4, Stage 2	4,315
Phase 5	25,958
Phase 6	872,067
Transfer Station	4,031
Total Closure and Postclosure Care Costs	<u><u>\$ 708,601</u></u>

These amounts are based on what it would cost to perform all closure and postclosure care in 2021. 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 \$2,600,000 as the remaining estimated capacity is filled.

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 10 LANDFILL CLOSURE AND POSTCLOSURE CARE (CONTINUED)

The Town is required by state laws and regulations to meet annual financial assurance requirements. At June 30, 2021, approximately \$7,800,000 has been set aside for closure and postclosure care costs.

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, 2020, the latest actuarial valuation, is as follows:

Active Plan Members	340
Retired Members of Beneficiaries Currently Receiving Benefits	554
Total	<u>894</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, 2021, employer contributions totaled \$4,714,125. The Trust did not receive contributions from any other sources.

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

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, 2021, were as follows:

Total OPEB Liability	\$ 67,837,017
Plan Fiduciary Net Position	5,629,143
Plan's Net OPEB Liability	<u>\$ 62,207,874</u>

Plan Fiduciary net Position as a Percentage of the Total OPEB Liability	8.30%
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Actuarial Assumptions – The total OPEB liability was determined by performing update procedures to roll the liability forward from the actuarial valuation as of June 30, 2020 to the June 30, 2021 measurement date. The following actuarial assumptions were applied to all periods included in the measurement, unless otherwise specified:

Investment Rate of Return:	6.50% as of June 30, 2021
Discount Rate:	6.50% (2.21% at June 30, 2020)
Inflation:	3.25% per year
Healthcare/Medical Cost Trend Rate:	
Non-Medicare	1.0% for one year, then 6.75% decreasing by 0.25% each year to an ultimate level of 4.5% per year
Medicare Medical	3.0% for one year, then 6.75% decreasing by 0.25% each year to an ultimate level of 4.5% per year
Dental	1.0% for one year, then 3.0%
Pre-Retirement Mortality Rates:	
Healthy Non-Teachers	RP-2014 Blue Collar Employee Mortality Table projected generationally with scale MP-2017.
Healthy Teachers	Pub-2010 Teachers Employee Headcount-weighted Mortality Table projected generationally with Scale MP-2020
Post-Retirement Mortality Rates:	
Healthy Non-Teachers	RP-2014 Blue Collar Employee Mortality Table projected generationally with scale MP-2017.
Healthy Teachers	Pub-2010 Teacher Healthy Retiree Headcount-weighted Mortality Table projected generationally with Scale MP-2020
Disabled Non-Teachers	RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year projected generationally with scale MP-2017.
Disabled Teachers	Pub-2010 Teacher Healthy Retiree Headcount-weighted Mortality Table projected generationally with Scale MP-2020

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Net Other Postemployment Benefits Liability (Plan) (Continued)

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

For the year ended June 30, 2021, the annual money-weighted rate of return on investments, net of investment expense, was 17.62%. 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, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	6.28%
International Equity - Developed Market	7.00%
International Equity - Emerging Market	8.82%
Core Fixed Income	0.38%
High Yield Fixed Income	2.97%
Real Estate	3.50%
Commodities	3.45%
Hedge Fund, GTAA, Risk Parity	2.35%
Private Equity	10.11%

Discount rate. The discount rate used to measure the total OPEB liability was 6.5% as of June 30, 2021. The OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

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, 2020	\$ 137,357,608	\$ 3,652,699	\$ 133,704,909
Changes for the Year:			
Service Cost	5,433,367	-	5,433,367
Interest	3,116,938	-	3,116,938
Changes of Assumptions	(71,095,699)	-	(71,095,699)
Differences Between Expected and Actual Experience	(3,449,774)	-	(3,449,774)
Benefits Payments	(3,525,423)	(3,525,423)	-
Contributions - Employer	-	4,714,125	(4,714,125)
Net Investment Income	-	787,742	(787,742)
Net Changes	<u>(69,520,591)</u>	<u>1,976,444</u>	<u>(71,497,035)</u>
Balances at June 30, 2021	<u>\$ 67,837,017</u>	<u>\$ 5,629,143</u>	<u>\$ 62,207,874</u>

Changes of Assumptions includes the following:

- Discount rate was updated from 2.21% as of June 30, 2020 to 6.50% as of June 30, 2021.
- Mortality assumption for Teachers was updated to be consistent with the companion pension fund.

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

	1% Decrease (5.5%)	Current Discount Rate (6.5%)	1% Increase (7.5%)
Net OPEB Liability	\$ 70,432,086	\$ 62,207,874	\$ 55,340,673

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	\$ 54,289,786	\$ 62,207,874	\$ 71,865,369

TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

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, 2021, the Town recognized OPEB expense of (\$5,233,256). At June 30, 2021, the Town reported deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 3,396,863
Changes of Assumptions	15,435,560	67,678,231
Net Difference Between Projected and Actual Earnings on OPEB Trust Investments	-	377,349
Total	<u>\$ 15,435,560</u>	<u>\$ 71,452,443</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>
2022	\$ (13,486,266)
2023	(11,158,473)
2024	(10,284,454)
2025	(8,663,445)
2026	(12,424,245)
Total	<u>\$ (56,016,883)</u>

NOTE 12 RISK FINANCING

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

The Town is self-insured for its health insurance activities. These activities are accounted for in the internal service fund where revenues are recorded when earned and expenses are recorded when incurred. Settled claims from these risks have not exceeded insurance coverage in the past three fiscal years.

The estimated "Incurred but Not Reported (IBNR)" claims are based on actual subsequent activity and historical trends. The liability at June 30, 2021 totaled \$643,000. Changes in the reported liability since July 1, 2019, 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 2020	\$ 596,000	\$ 9,575,047	\$ (9,635,047)	\$ 536,000
Fiscal Year 2021	536,000	9,909,363	(9,802,363)	643,000

TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 13 FUND BALANCES

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

	General	Community Preservation	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:				
Permanent Fund Principal	\$ -	\$ -	\$ 47,720	\$ 47,720
Restricted for:				
Debt Service	192,183	-	-	192,183
Community Preservation	-	5,142,560	-	5,142,560
Ambulance Receipts Reserved	-	-	1,586,572	1,586,572
Foundation Reserve	-	-	1,202,171	1,202,171
School Choice	-	-	804,586	804,586
Capital	-	-	1,172,035	1,172,035
Open Space	-	-	250,000	250,000
Affordable Housing	-	-	582,549	582,549
Community Development Block Grant	-	-	103,044	103,044
School Lunch	-	-	128,398	128,398
General Government	-	-	755,699	755,699
Public Safety	-	-	1,126,870	1,126,870
Education	-	-	1,464,057	1,464,057
Public Works	-	-	348,275	348,275
Health and Human Services	-	-	55,493	55,493
Culture and Recreation	-	-	169,731	169,731
Subtotal - Restricted	192,183	5,142,560	9,749,480	15,084,223
Committed to:				
Capital Stabilization	3,498,732	-	-	3,498,732
Continuing Appropriations	4,858,672	-	-	4,858,672
Subtotal - Committed	8,357,404	-	-	8,357,404
Assigned to:				
General Government	39,631	-	-	39,631
Public Safety	37,671	-	-	37,671
Education	489,491	-	-	489,491
Employee Benefits	85,455	-	-	85,455
Other	16,446	-	-	16,446
Subtotal - Assigned	668,694	-	-	668,694
Unassigned	15,050,107	-	(4,200,953)	10,849,154
Total	<u>\$ 24,268,388</u>	<u>\$ 5,142,560</u>	<u>\$ 5,596,247</u>	<u>\$ 35,007,195</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.

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 14 STABILIZATION FUNDS (CONTINUED)

The balance of the general stabilization and capital stabilization funds at June 30, 2021 total \$4,472,719 and \$3,498,732, respectively. These balances are reported in the general fund as unassigned and committed fund balance, respectively.

NOTE 15 PENSION PLAN

General Information About the Pension Plan

Plan description Employees of the Town deemed eligible by the Barnstable County Retirement Board are provided with pensions through the BCRA - a cost-sharing 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).

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 15 PENSION PLAN (CONTINUED)

General Information About the Pension Plan (Continued)

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

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

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

Contributions Chapter 32 of the MGL assigns authority to establish and amend contribution requirements of the plan. Employers are required to pay an actuarially determined annual appropriation. The total appropriation includes the amounts to pay the pension portion of each member's retirement allowance, an amount to amortize the actuarially determined unfunded liability to zero in accordance with the plan's funding schedule, and additional appropriations in accordance with adopted early retirement incentive programs. The pension fund appropriations are allocated amongst employers based on covered payroll. Active member employees contribute between 5 and 9% of their gross regular compensation. The percentage rate is keyed to the date upon which an employee's membership commences. Members hired on or after January 1, 1979, contribute an additional 2% of annual regular compensation in excess of \$30,000. Contributions to the pension plan from the Town were \$4,203,804 for the year ended June 30, 2021.

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

At June 30, 2021, the Town reported a liability of \$41,276,125 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2020, 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 forward the total pension liability to the measurement date. The Town's proportion of the net pension liability is a blended rate of the proportionate share of active employer's covered payroll, direct charges for early retirement incentives and the direct amortization of the actuarial determined net pension liability for employer members that no longer have active covered payroll. At December 31, 2020, the Town's proportion was 5.975%, compared to its proportion of 5.743% at December 31, 2019.

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

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, 2021, the Town recognized pension expense of \$4,050,449. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 225,984
Changes of Assumptions	3,630,163	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	1,433,002	1,055,898
Net Difference Between Projected and Actual Earnings on OPEB Trust Investments	-	4,816,369
Total	<u>\$ 5,063,165</u>	<u>\$ 6,098,251</u>

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ (367,102)
2023	491,765
2024	(1,315,816)
2025	(130,532)
2026	286,599
Total	<u>\$ (1,035,086)</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 forward to the December 31, 2020 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, 2021**

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	22.00%	6.28%
International Equity - Developed Markets	12.00%	7.00%
International Equity - Emerging Markets	5.00%	8.82%
Core Fixed Income	15.00%	3.80%
High-Yield Fixed Income	8.00%	2.97%
Real Estate	10.00%	3.50%
Commodities	4.00%	3.45%
Hedge Fund, GTAA, Risk Parity	10.00%	2.35%
Private Equity	14.00%	10.11%
Total	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, 2021**

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	\$ 55,827,312	\$ 41,276,125	\$ 29,048,973

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, 2021**

NOTE 16 MASSACHUSETTS TEACHERS RETIREMENT SYSTEM (CONTINUED)

General Information About the Pension Plan (Continued)

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

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, 2021. The Commonwealth's net pension liability associated with the Town was \$58,302,009.

The MTRS' net pension liability was measured as of June 30, 2020, 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, 2020.

For the year ended June 30, 2021, the Town recognized pension expense of \$7,201,133 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, 2021**

NOTE 16 MASSACHUSETTS TEACHERS RETIREMENT SYSTEM (CONTINUED)

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

Actuarial assumptions. The MTRS' total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of January 1, 2019 rolled forward to June 30, 2020. This valuation used the following assumptions:

Investment Rate of Return 7.15%

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

Mortality Rates: Pre-retirement – reflects Pub-2010 Teachers Employees mortality table (headcount weighted) projected generationally with Scale MP-2018 (gender distinct).

Postretirement – reflects Pub-2010 Teachers Retirees mortality table (headcount weighted) projected generationally with Scale MP-2018 (gender distinct).

Disability – assumed to be in accordance with the Pub-2010 Teachers Retirees mortality table (headcount weighted) projected generationally with Scale MP-2018 (gender distinct).

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

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

Investment assets of the MTRS are with the Pension Reserves Investment Trust (PRIT) Fund. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage. Best estimates of geometric rates of return for each major asset class included in the PRIT Fund's target asset allocation as of June 30, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	39.0%	4.8%
Core Fixed Income	15.0%	0.7%
Private Equity	13.0%	8.2%
Portfolio Completion Strategies	11.0%	3.2%
Real Estate	10.0%	3.5%
Value Added Fixed Income	8.0%	4.2%
Timber/Natural Resources	4.0%	4.1%
Total	100.0%	

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 16 MASSACHUSETTS TEACHERS RETIREMENT SYSTEM (CONTINUED)

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

Discount rate. The discount rate used to measure the MTRS' total pension liability was 7.15%. 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 \$26,000,000 for school construction, wastewater treatment facility construction and various other governmental projects.

Other significant commitments include the encumbrances and continuing appropriations outstanding for the general fund, which totaled \$5,527,366 at June 30, 2021.

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, 2021, cannot be ascertained, management believes any resulting liability should not materially affect the financial position of the Town at June 30, 2021.

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.

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**TOWN OF BOURNE, MASSACHUSETTS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
(NON-GAAP BUDGETARY BASIS)
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2021**

	Prior Year Encumbrances and Continuing Appropriations	Original Budget	Supplemental Appropriations and Transfers	Final Budget
REVENUES				
Real Estate and Personal Property Taxes	\$ -	\$ 54,365,486	\$ -	\$ 54,365,486
Motor Vehicle and Other Excise Taxes	-	3,685,895	-	3,685,895
Tax Liens	-	-	-	-
Payments in Lieu of Taxes	-	20,000	-	20,000
Intergovernmental	-	7,872,605	-	7,872,605
Special Assessments	-	-	-	-
Penalties and Interest on Taxes	-	175,000	-	175,000
Licenses and Permits	-	700,000	-	700,000
Fines and Forfeitures	-	130,000	-	130,000
Departmental and Other	-	2,281,560	-	2,281,560
Investment Income	-	100,000	-	100,000
Total Revenues	-	69,330,546	-	69,330,546
EXPENDITURES				
Current:				
General Government	2,158,931	5,109,678	38,198	7,306,807
Public Safety	1,136,235	11,094,058	710,230	12,940,523
Education	296,995	28,210,048	18,819	28,525,862
Public Works	40,956	3,117,461	103,879	3,262,296
Health and Human Services	14,510	1,127,488	-	1,141,998
Culture and Recreation	275	995,256	-	995,531
Pension Benefits	-	4,457,096	-	4,457,096
Employee Benefits	34,825	8,396,974	735,000	9,166,799
Property and Liability Insurance	-	1,686,013	-	1,686,013
Claims and Judgments	-	69,000	-	69,000
State and County Charges	-	4,725,428	-	4,725,428
Debt Service:				
Principal	-	5,100,625	180,088	5,280,713
Interest	-	2,085,700	-	2,085,700
Total Expenditures	3,682,727	76,174,825	1,786,214	81,643,766
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,682,727)	(6,844,279)	(1,786,214)	(12,313,220)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	6,447,890	-	6,447,890
Transfers Out	-	(1,681,403)	(3,000,000)	(4,681,403)
Total Other Financing Sources (Uses)	-	4,766,487	(3,000,000)	1,766,487
NET CHANGE IN FUND BALANCE	(3,682,727)	(2,077,792)	(4,786,214)	(10,546,733)
Fund Balance - Beginning of Year	16,881,180	16,881,180	16,881,180	16,881,180
FUND BALANCE - END OF YEAR	\$ 13,198,453	\$ 14,803,388	\$ 12,094,966	\$ 6,334,447

See accompanying independent auditors' report.

**TOWN OF BOURNE, MASSACHUSETTS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
(NON-GAAP BUDGETARY BASIS)
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2021**

	Actual	Current Year Encumbrances and Continuing Appropriations	Actual and Encumbrances and Continuing Appropriations	Variance Positive/ (Negative)
REVENUES				
Real Estate and Personal Property Taxes	\$ 54,600,101	\$ -	\$ 54,600,101	\$ 234,615
Motor Vehicle and Other Excise Taxes	3,920,445	-	3,920,445	234,550
Tax Liens	209,499	-	209,499	209,499
Payments in Lieu of Taxes	14,321	-	14,321	(5,679)
Intergovernmental	7,937,556	-	7,937,556	64,951
Special Assessments	94,812	-	94,812	94,812
Penalties and Interest on Taxes	279,966	-	279,966	104,966
Licenses and Permits	777,639	-	777,639	77,639
Fines and Forfeitures	138,687	-	138,687	8,687
Departmental and Other	2,602,572	-	2,602,572	321,012
Investment Income	107,524	-	107,524	7,524
Total Revenues	70,683,122	-	70,683,122	1,352,576
EXPENDITURES				
Current:				
General Government	4,698,803	2,022,288	6,721,091	585,716
Public Safety	10,737,469	1,433,856	12,171,325	769,198
Education	27,094,294	1,424,836	28,519,130	6,732
Public Works	2,324,856	509,374	2,834,230	428,066
Health and Human Services	954,925	20,823	975,748	166,250
Culture and Recreation	929,014	30,734	959,748	35,783
Pension Benefits	4,423,671	-	4,423,671	33,425
Employee Benefits	8,609,026	85,455	8,694,481	472,318
Property and Liability Insurance	1,686,013	-	1,686,013	-
Claims and Judgments	68,728	-	68,728	272
State and County Charges	4,823,096	-	4,823,096	(97,668)
Debt Service:				
Principal	5,085,617	-	5,085,617	195,096
Interest	2,060,820	-	2,060,820	24,880
Total Expenditures	73,496,332	5,527,366	79,023,698	2,620,068
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,813,210)	(5,527,366)	(8,340,576)	3,972,644
OTHER FINANCING SOURCES (USES)				
Transfers In	6,520,628	-	6,520,628	72,738
Transfers Out	(4,681,403)	-	(4,681,403)	-
Total Other Financing Sources (Uses)	1,839,225	-	1,839,225	72,738
NET CHANGE IN FUND BALANCE	(973,985)	(5,527,366)	(6,501,351)	4,045,382
Fund Balance - Beginning of Year	16,881,180	-	16,881,180	-
FUND BALANCE - END OF YEAR	<u>\$ 15,907,195</u>	<u>\$ (5,527,366)</u>	<u>\$ 10,379,829</u>	<u>\$ 4,045,382</u>

**TOWN OF BOURNE, MASSACHUSETTS
COMMUNITY PRESERVATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
(NON-GAAP BUDGETARY BASIS)
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2021**

	Prior Year Encumbrances and Continuing Appropriations	Original Budget	Supplemental Appropriations and Transfers	Final Budget
REVENUES				
Community Preservation Surcharges	\$ -	\$ 1,537,254	\$ -	\$ 1,537,254
Tax Liens	-	-	-	-
Penalties and Interest on Taxes	-	-	-	-
Intergovernmental	-	250,000	-	250,000
Investment Income	-	30,000	-	30,000
Total Revenues	-	1,817,254	-	1,817,254
EXPENDITURES				
Current:				
Health and Human Services	534,011	32,500	234,602	801,113
Culture and Recreation	2,485,078	956,400	(354,178)	3,087,300
Total Expenditures	3,019,089	988,900	(119,576)	3,888,413
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,019,089)	828,354	119,576	(2,071,159)
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	(674,259)	-	(674,259)
NET CHANGE IN FUND BALANCE	(3,019,089)	154,095	119,576	(2,745,418)
Fund Balance - Beginning of Year	4,767,752	4,767,752	4,767,752	4,767,752
FUND BALANCE - END OF YEAR	<u>\$ 1,748,663</u>	<u>\$ 4,921,847</u>	<u>\$ 4,887,328</u>	<u>\$ 2,022,334</u>

See accompanying independent auditors' report.

**TOWN OF BOURNE, MASSACHUSETTS
COMMUNITY PRESERVATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
(NON-GAAP BUDGETARY BASIS)
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2021**

	Actual	Current Year Encumbrances and Continuing Appropriations	Actual and Encumbrances and Continuing Appropriations	Variance Positive/ (Negative)
REVENUES				
Community Preservation Surcharges	\$ 1,588,810	\$ -	\$ 1,588,810	\$ 51,556
Tax Liens	6,081	-	6,081	6,081
Penalties and Interest on Taxes	5,955	-	5,955	5,955
Intergovernmental	493,769	-	493,769	243,769
Investment Income	13,450	-	13,450	(16,550)
Total Revenues	<u>2,108,065</u>	<u>-</u>	<u>2,108,065</u>	<u>290,811</u>
EXPENDITURES				
Current:				
Health and Human Services	47,478	753,635	801,113	-
Culture and Recreation	<u>1,012,539</u>	<u>2,038,168</u>	<u>3,050,707</u>	<u>36,593</u>
Total Expenditures	<u>1,060,017</u>	<u>2,791,803</u>	<u>3,851,820</u>	<u>36,593</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,048,048	(2,791,803)	(1,743,755)	327,404
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>(674,259)</u>	<u>-</u>	<u>(674,259)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	373,789	(2,791,803)	(2,418,014)	327,404
Fund Balance - Beginning of Year	<u>4,767,752</u>	<u>-</u>	<u>4,767,752</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 5,141,541</u>	<u>\$ (2,791,803)</u>	<u>\$ 2,349,738</u>	<u>\$ 327,404</u>

**TOWN OF BOURNE, MASSACHUSETTS
PENSION PLAN SCHEDULES
JUNE 30, 2021**

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Town's Proportion of The Net Pension Liability	5.975%	5.743%	5.867%	5.946%
Town's Proportionate Share of the Net Pension Liability	41,276,125	43,146,337	46,370,383	40,456,504
Town's Covered Payroll	18,721,222	17,242,916	17,017,066	16,534,981
Town's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	220.48%	250.23%	272.49%	244.67%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.82%	62.34%	57.63%	61.86%
	<u>2017</u>	<u>2016</u>	<u>2015</u>	
Town's Proportion of The Net Pension Liability	6.001%	6.197%	6.079%	
Town's Proportionate Share of the Net Pension Liability	42,164,706	39,022,403	34,318,522	
Town's Covered Payroll	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	254.24%	232.34%	215.24%	
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	57.28%	58.10%	60.43%	

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

See accompanying independent auditors' report.

**TOWN OF BOURNE, MASSACHUSETTS
PENSION PLAN SCHEDULES
JUNE 30, 2021**

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

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

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

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

**TOWN OF BOURNE, MASSACHUSETTS
PENSION PLAN SCHEDULES
JUNE 30, 2021**

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

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

See accompanying independent auditors' report.

**TOWN OF BOURNE, MASSACHUSETTS
OTHER POSTEMPLOYMENT BENEFITS SCHEDULES
JUNE 30, 2021**

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY (1)

	2021	2020	2019
Total OPEB Liability			
Service Cost	\$ 5,433,367	\$ 3,795,441	\$ 4,069,243
Interest	3,116,938	3,921,110	4,533,052
Differences between Actual and Expected Experience	(3,449,774)	-	(1,044,104)
Changes in Assumptions	(71,095,699)	23,153,337	(8,803,708)
Benefit Payments	(3,525,423)	(3,497,113)	(3,632,578)
Net Change in Total OPEB liability	(69,520,591)	27,372,775	(4,878,095)
Total OPEB Liability - Beginning	137,357,608	109,984,833	114,862,928
Total OPEB Liability - Ending (a)	<u>\$ 67,837,017</u>	<u>\$ 137,357,608</u>	<u>\$ 109,984,833</u>
Plan Fiduciary Net Position			
Contributions - Employer	\$ 4,714,125	\$ 4,378,993	\$ 6,087,516
Net Investment Income	787,742	115,288	200,593
Benefit Payments	(3,525,423)	(3,497,113)	(3,632,578)
Net Change in Plan Fiduciary Net Position	1,976,444	997,168	2,655,531
Plan Fiduciary Net Position - Beginning	3,652,699	2,655,531	-
Plan Fiduciary Net Position - Ending (b)	<u>\$ 5,629,143</u>	<u>\$ 3,652,699</u>	<u>\$ 2,655,531</u>
Town's Net OPEB Liability - Ending (a) - (b)	<u>\$ 62,207,874</u>	<u>\$ 133,704,909</u>	<u>\$ 107,329,302</u>
Plan's Fiduciary Net Position as a Percentage of the Total Liability	8.30%	2.66%	2.41%

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

SCHEDULE OF INVESTMENT RETURNS (PLAN) (1)

	2021	2020	2019
Annual Money-Weighted Rate of Return, Net of Investment Expense	17.62%	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, 2021**

SCHEDULE OF CONTRIBUTIONS (TOWN) (1)

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Actuarially Required Contribution	\$ 5,007,149	\$ 5,638,565	\$ 5,461,080
Contributions in Relation to the Actuarially Required Contribution	<u>(4,714,125)</u>	<u>(4,378,993)</u>	<u>(6,087,516)</u>
Contribution Deficiency (Excess)	<u><u>\$ 293,024</u></u>	<u><u>\$ 1,259,572</u></u>	<u><u>\$ (626,436)</u></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, 2021

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, 2021, is presented below:

General Fund

	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Financing Sources (Uses)</u>	<u>Fund Balance</u>
Budgetary Basis as Reported on the Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual	\$ 70,683,122	\$ 79,023,698	\$ 1,839,225	\$ 10,379,829
Adjustments and Reclassifications:				
Net Change in Recording 60-Day Receipts	(19,871)	-	-	389,742
To Record MTRS On-Behalf Payments	7,201,133	7,201,133	-	-
Encumbrances and Continuing Appropriations	-	(5,527,366)	-	5,527,366
Reclassifications:				
To Reclassify the Activity of the Stabilization Funds to the General Fund	163,659	-	2,999,104	7,971,451
To Reclassify the Activity of the OPEB Fund	-	735,000	735,000	-
GAAP Basis as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances	<u>\$ 78,028,043</u>	<u>\$ 81,432,465</u>	<u>\$ 5,573,329</u>	<u>\$ 24,268,388</u>

Community Preservation Fund

	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Financing Sources (Uses)</u>	<u>Fund Balance</u>
Budgetary Basis as Reported on the Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	\$ 2,108,065	\$ 3,851,820	\$ (674,259)	\$ 2,349,738
Adjustments:				
Net Change in Recording Expenditures	-	-	-	-
To Record Impact of Immaterial Adjustment	1,019			1,019
To Record Encumbrances and Continuing Appropriations	-	(2,791,803)	-	2,791,803
GAAP Basis as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances	<u>\$ 2,109,084</u>	<u>\$ 1,060,017</u>	<u>\$ (674,259)</u>	<u>\$ 5,142,560</u>

NOTE B – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Changes of Assumptions (2021): Discount rate was adjusted from 2.21% to 6.50%. Mortality assumption for Teachers was updated to be consistent with the companion pension fund.