

TOWN OF BOURNE, MASSACHUSETTS
FINANCIAL STATEMENTS AND
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022



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**TOWN OF BOURNE, MASSACHUSETTS
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JUNE 30, 2022**

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INDEPENDENT AUDITORS' REPORT

Honorable Select Board
Town of Bourne, Massachusetts

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Bourne, Massachusetts, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Bourne, Massachusetts' basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Bourne, Massachusetts, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Bourne, Massachusetts' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Bourne, Massachusetts' ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 25, 2023 on our consideration of the Town of Bourne, Massachusetts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Bourne, Massachusetts' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Bourne, Massachusetts' internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Boston, Massachusetts
May 25, 2023

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**TOWN OF BOURNE, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

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, 2022.

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 \$34,427,063 (net position). The Town had an unrestricted deficit at the end of the current fiscal year totaling \$105,101,862.
- The Town's total net position increased by \$21,805,943.
- At the close of the fiscal year, the Town's governmental funds reported combined ending fund balances totaling \$36,414,875, an increase of \$1,407,680 in comparison with the prior year. The Town has an unassigned fund balance at the end of the current fiscal year totaling approximately \$11,136,123.
- At the end of the fiscal year, unassigned fund balance for the general fund totaled \$15,348,234, or 18.46% of total general fund expenditures and transfers out.
- The Town's bonded debt decreased by \$1,188,304 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, 2022**

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

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

The government-wide financial statements can be found on pages 14-16 of this report.

Fund Financial Statements

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

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

Governmental Funds

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

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

The Town maintains 12 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund 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 17-20 of this report.

**TOWN OF BOURNE, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

Proprietary Funds

The Town maintains two types of proprietary funds.

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

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

The basic proprietary fund financial statements can be found on pages 21-23 of this report.

Fiduciary Funds

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

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

The basic fiduciary funds financial statements can be found on pages 24-25 of this report.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26-69 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Presented in this information are the budget comparisons for the general fund and community preservation fund, and certain pension and other postemployment benefits information, which can be found on pages 71-80.

**TOWN OF BOURNE, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

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 \$34,427,063 at the close of the fiscal year and are summarized as follows:

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Assets						
Current Assets	\$ 61,108,825	\$ 59,369,832	\$ 18,950,166	\$ 21,191,775	\$ 80,058,991	\$ 80,561,607
Noncurrent Assets (Excluding Capital Assets)	477,593	900,749	11,760,814	7,845,375	12,238,407	8,746,124
Capital Assets (Net)	146,178,140	146,321,207	21,144,892	22,652,907	167,323,032	168,974,114
Total Assets	<u>207,764,558</u>	<u>206,591,788</u>	<u>51,855,872</u>	<u>51,690,057</u>	<u>259,620,430</u>	<u>258,281,845</u>
Deferred Outflows of Resources	16,141,369	19,364,610	908,337	1,134,115	17,049,706	20,498,725
Liabilities						
Current Liabilities (Excluding Debt)	7,798,283	8,184,178	603,956	1,313,093	8,402,239	9,497,271
Noncurrent Liabilities (Excluding Debt)	92,012,677	99,665,008	15,003,112	14,798,910	107,015,789	114,463,918
Current Debt	9,402,412	10,213,768	1,551,566	4,951,123	10,953,978	15,164,891
Noncurrent Debt	41,627,633	45,974,292	7,161,739	3,508,384	48,789,372	49,482,676
Total Liabilities	<u>150,841,005</u>	<u>164,037,246</u>	<u>24,320,373</u>	<u>24,571,510</u>	<u>175,161,378</u>	<u>188,608,756</u>
Deferred Inflows of Resources	63,508,220	73,260,114	3,573,475	4,290,580	67,081,695	77,550,694
Net Position						
Net Investment in Capital Assets	96,416,364	92,473,803	14,699,165	17,339,545	111,115,529	109,813,348
Restricted	26,406,638	23,791,259	2,006,758	-	28,413,396	23,791,259
Unrestricted	(113,266,300)	(127,606,024)	8,164,438	6,622,537	(105,101,862)	(120,983,487)
Total Net Position	<u>\$ 9,556,702</u>	<u>\$ (11,340,962)</u>	<u>\$ 24,870,361</u>	<u>\$ 23,962,082</u>	<u>\$ 34,427,063</u>	<u>\$ 12,621,120</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 (\$28,413,396) 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 \$8,164,438 that may be used to support business-type activities.

**TOWN OF BOURNE, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

Changes in Net Position

For the fiscal year ended June 30, 2022, the Town's total net position increased by \$21,805,943, compared to an increase of \$22,243,770 in the prior fiscal year. These amounts are summarized as follows:

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues						
Program Revenues:						
Charges for Services	\$ 6,543,709	\$ 6,826,141	\$ 17,993,964	\$ 17,578,204	\$ 24,537,673	\$ 24,404,345
Operating Grants and Contributions	17,038,137	20,866,667	63,073	133,594	17,101,210	21,000,261
Capital Grants and Contributions	3,151,889	1,041,257	233,585	2,654,468	3,385,474	3,695,725
General Revenues:						
Real Estate and Personal Property Taxes	55,534,489	54,633,420	-	-	55,534,489	54,633,420
Motor Vehicle and Other Excise Taxes	5,416,402	3,717,748	-	-	5,416,402	3,717,748
Penalties and Interest on Taxes	224,079	285,921	-	-	224,079	285,921
Payments in Lieu of Taxes	-	14,321	-	-	-	14,321
Community Preservation Surcharges	1,622,720	1,574,143	-	-	1,622,720	1,574,143
Grants and Contributions not Restricted to Specific Programs	2,284,693	2,145,926	-	-	2,284,693	2,145,926
Unrestricted Investment Income	(128,699)	271,183	-	-	(128,699)	271,183
Total Revenues	91,687,419	91,376,727	18,285,380	20,366,266	109,972,799	111,742,993
Expenses						
General Government	7,160,930	8,532,147	-	-	7,160,930	8,532,147
Public Safety	14,087,659	13,988,565	-	-	14,087,659	13,988,565
Education	43,398,413	46,314,622	-	-	43,398,413	46,314,622
Public Works	4,316,397	4,213,258	-	-	4,316,397	4,213,258
Health and Human Services	1,741,916	1,537,282	-	-	1,741,916	1,537,282
Culture and Recreation	1,877,969	2,454,184	-	-	1,877,969	2,454,184
Debt Service - Interest	1,590,758	1,755,410	-	-	1,590,758	1,755,410
Sewer	-	-	1,573,989	1,066,820	1,573,989	1,066,820
Landfill	-	-	12,418,825	9,636,935	12,418,825	9,636,935
Total Expenses	74,174,042	78,795,468	13,992,814	10,703,755	88,166,856	89,499,223
Change in Net Position Before Transfers	17,513,377	12,581,259	4,292,566	9,662,511	21,805,943	22,243,770
Transfers, Net	3,384,287	3,313,261	(3,384,287)	(3,313,261)	-	-
Change in Net Position	20,897,664	15,894,520	908,279	6,349,250	21,805,943	22,243,770
Net Position - Beginning of Year	(11,340,962)	(27,235,482)	23,962,082	17,612,832	12,621,120	(9,622,650)
Net Position - End of Year	\$ 9,556,702	\$ (11,340,962)	\$ 24,870,361	\$ 23,962,082	\$ 34,427,063	\$ 12,621,120

Governmental activities increased the Town's net position by \$20,897,664. In the prior year, governmental activities increased the Town's net position by \$15,894,520. 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 \$908,279. In the prior year, business-type activities increased the Town's net position by \$6,349,250. The key element of this change is an increase in depreciation and a decrease in capital contributions.

**TOWN OF BOURNE, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

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 \$36,414,875, an increase of \$1,407,680 in comparison with the prior year. Unassigned fund balance totaled \$11,136,123 at June 30, 2022. The remainder of fund balance includes the following constraints:

- Nonspendable (\$46,541)
- Restricted (\$16,402,431)
- Committed (\$8,463,463)
- Assigned (\$366,317)

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 \$15,348,234, while total fund balance was \$24,343,190. 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 18.46% of total general fund expenditures and transfers out, while total fund balance represents 29.27% of that same amount.

The balance of the Town's general fund increased by \$74,802 during fiscal year 2022. Although the Town recognized an approximate \$8,960,000 budgetary surplus (excluding encumbrances and continuing appropriations), the Town anticipated utilizing approximately \$7,600,000 of reserves to fund the budget.

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

The fund balance of the community preservation fund (special revenue) increased by \$1,077,142 during the current fiscal year. The fund's receipts included community preservation surcharges (\$1,625,748), intergovernmental revenue (\$787,193), tax liens revenue (\$5,015), penalties and interest on taxes (\$5,557), and investment income (\$9,882). Expenditures totaling approximately \$704,518 were incurred during the year. Additionally, a transfer of \$651,735 was made to the general fund to cover community preservation related debt service.

**TOWN OF BOURNE, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

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 \$508,775 and \$7,655,663, respectively. The sewer and landfill enterprise funds had a change in net position for the year of (\$69,545) and \$977,824, 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 \$80,468,947 was increased by \$1,298,233 (1.6%) 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	\$ 310,000	Unassigned Fund Balance
Transfer to Climate Resiliency Stabilization Fund	150,000	Unassigned Fund Balance
Transfer to Special Education Reserve Fund	150,000	Unassigned Fund Balance
Transfer to OPEB Fund	515,000	Unassigned Fund Balance
Investment Grade Audit	71,500	Unassigned Fund Balance
Old Bridge Amendment	45,114	Unassigned Fund Balance
Environmental Remediation	50,000	Unassigned Fund Balance
Unpaid Bills	6,619	Unassigned Fund Balance
	<u>\$ 1,298,233</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 \$4,105,000.

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 \$167,323,032 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, buildings and improvements, machinery and equipment and infrastructure. The total increase in the investment in capital assets for the current fiscal year totaled 0.2% (a 0.3% increase for governmental activities and a 0.9% decrease for business-type activities).

**TOWN OF BOURNE, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

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

- Road construction and paving (\$2,364,685)
- Bourne Middle School roof (\$347,193)
- Technology Planning (\$280,835)

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

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 28,276,686	\$ 28,146,686	\$ 4,009,658	\$ 4,009,658	\$ 32,286,344	\$ 32,156,344
Construction in Progress	2,233,996	1,446,672	294,487	136,150	2,528,483	1,582,822
Land Improvements	5,742,822	6,050,987	1,353,404	3,323,050	7,096,226	9,374,037
Buildings and Improvements	96,554,808	100,065,462	2,331,815	2,515,523	98,886,623	102,580,985
Machinery and Equipment	4,303,816	3,818,459	2,378,849	2,074,300	6,682,665	5,892,759
Infrastructure	9,066,012	6,097,836	10,776,679	10,594,226	19,842,691	16,692,062
Total Capital Assets	<u>\$ 146,178,140</u>	<u>\$ 145,626,102</u>	<u>\$ 21,144,892</u>	<u>\$ 22,652,907</u>	<u>\$ 167,323,032</u>	<u>\$ 168,279,009</u>

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

Long-Term Debt

At the end of the current fiscal year, total debt outstanding was \$53,500,991 which is backed by the full faith and credit of the Town, and is summarized as follows:

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
General Obligation Bonds	\$ 45,915,458	\$ 50,737,700	\$ 7,526,699	\$ 3,873,344	\$ 53,442,157	\$ 54,611,044
MCWT Notes	58,834	78,251	-	-	58,834	78,251
MCWT Interim Loans	-	-	4,018,315	3,399,557	4,018,315	3,399,557
Total Bonds and Notes	<u>\$ 45,974,292</u>	<u>\$ 50,815,951</u>	<u>\$ 7,526,699</u>	<u>\$ 3,873,344</u>	<u>\$ 53,500,991</u>	<u>\$ 54,689,295</u>

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

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

Economic Factors and Next Year's Budgets and Rates

- The Town continues to reassess, recover and reconstitute from the effects of the pandemic and continue to back fill any open position. A human resources director was permanently appointed in July 2022 and more than 20 positions have been successfully filled in FY23.
- The FY23 general fund operating budget was approved in May 2022 in the amount of \$73,371,341 and increase of \$1,635,765 or 2.28% from the prior year.
- They FY23 Tax Levy increased 3.83% (including new growth and debt exclusions) and conservative budget measures were utilized in estimating other receipts.

**TOWN OF BOURNE, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

- All collective bargaining contracts were successfully bargained with a COLA increase of 2%/2.5%/2.5% for the period FY23 – FY25 – this will provide some stability for budgeting these years.
- Additional ARPA Coronavirus Local Fiscal Recovery Aid has been awarded by Barnstable County for the purchase of two ambulances and upgrades to the school technology plan in the amount of \$750,276 and \$107,115, respectively.
- Enterprise Funds continue to operate independent of general operations – no subsidies required.
- The Town entered into an Energy Service Contract to evaluate potential cost savings and making efficient improvements as needed to municipal facilities.

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, 2022

	Primary Government		
	Governmental	Business-type	Total
	Activities	Activities	
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 22,162,321	\$ 17,014,323	\$ 39,176,644
Restricted Cash and Cash Equivalents	18,631,143	353,578	18,984,721
Investments	5,688,881	-	5,688,881
Restricted Investments	8,565,769	-	8,565,769
Receivables, Net of Allowance for Uncollectible Amounts:			
Real Estate and Personal Property Taxes	690,792	-	690,792
Tax and Utility Liens	655,575	25,342	680,917
Motor Vehicle and Other Excise Taxes	442,820	-	442,820
Community Preservation Surcharges	17,748	-	17,748
User Charges	-	1,556,923	1,556,923
Special Assessments	1,977	-	1,977
Departmental and Other	2,081,839	-	2,081,839
Intergovernmental	377,060	-	377,060
Working Capital Deposit (Health Claims)	1,792,900	-	1,792,900
Total Current Assets	61,108,825	18,950,166	80,058,991
Noncurrent Assets:			
Restricted Cash and Cash Equivalents	-	11,760,814	11,760,814
Receivables, Net of Allowance for Uncollectible Amounts:			
Real Estate Tax Deferrals	90,374	-	90,374
Special Assessments	305,997	-	305,997
Tax Foreclosures	81,222	-	81,222
Capital Assets not being Depreciated	30,510,682	4,304,145	34,814,827
Capital Assets, Net of Accumulated Depreciation	115,667,458	16,840,747	132,508,205
Total Noncurrent Assets	146,655,733	32,905,706	179,561,439
Total Assets	207,764,558	51,855,872	259,620,430
DEFERRED OUTFLOWS OF RESOURCES			
Related to OPEB	11,314,452	636,640	11,951,092
Related to Pensions	4,826,917	271,697	5,098,614
Total Deferred Outflows of Resources	16,141,369	908,337	17,049,706
LIABILITIES			
Current Liabilities:			
Warrants Payable	2,448,253	512,554	2,960,807
Accrued Payroll	2,758,792	38,317	2,797,109
Tax refunds Payable	321,801	-	321,801
Other Liabilities	185,826	-	185,826
Accrued Interest	293,491	33,630	327,121
Accrued Health Claims Payable	609,000	-	609,000
Unearned Revenue	976,946	-	976,946
Compensated Absences	204,174	19,455	223,629
Short-Term Notes Payable	5,055,753	1,186,606	6,242,359
Long-Term Bonds, Notes, and Loans Payable	4,346,659	364,960	4,711,619
Total Current Liabilities	17,200,695	2,155,522	19,356,217
Noncurrent Liabilities:			
Landfill Closure and Postclosure Care	-	9,754,056	9,754,056
Compensated Absences	1,837,564	175,091	2,012,655
Net OPEB Liability	60,338,844	3,395,141	63,733,985
Net Pension Liability	29,836,269	1,678,824	31,515,093
Long-Term Bonds, Notes, and Loans Payable	41,627,633	7,161,739	48,789,372
Total Noncurrent Liabilities	133,640,310	22,164,851	155,805,161
Total Liabilities	150,841,005	24,320,373	175,161,378
DEFERRED INFLOWS OF RESOURCES			
Related to OPEB	50,963,083	2,867,586	53,830,669
Related to Pension	12,545,137	705,889	13,251,026
Total Deferred Inflows of Resources	63,508,220	3,573,475	67,081,695
NET POSITION			
Net Investment in Capital Assets	96,416,364	14,699,165	111,115,529
Restricted for:			
Employee Benefits	8,240,226	-	8,240,226
Community Preservation	6,255,808	-	6,255,808
Affordable Housing	580,932	-	580,932
Debt Service	165,176	-	165,176
Permanent Funds:			
Expendable	766,974	-	766,974
Nonexpendable	46,541	-	46,541
Other Specific Purposes	10,350,981	2,006,758	12,357,739
Unrestricted	(113,266,300)	8,164,438	(105,101,862)
Total Net Position	\$ 9,556,702	\$ 24,870,361	\$ 34,427,063

See accompanying Notes to Basic Financial Statements.

**TOWN OF BOURNE, MASSACHUSETTS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022**

Functions/Programs	Expenses	Program Revenues			Net Revenue (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
PRIMARY GOVERNMENT					
Governmental Activities:					
General Government	\$ 7,160,930	\$ 660,046	\$ 1,352,922	\$ -	\$ (5,147,962)
Public Safety	14,087,659	5,112,012	348,339	-	(8,627,308)
Education	43,398,413	445,517	14,650,070	-	(28,302,826)
Public Works	4,316,397	80,017	184,487	2,364,695	(1,687,198)
Health and Human Services	1,741,916	162,051	421,830	-	(1,158,035)
Culture and Recreation	1,877,969	84,066	53,696	787,194	(953,013)
Community Development	-	-	26,793	-	26,793
Debt Service - Interest	1,590,758	-	-	-	(1,590,758)
Total Governmental Activities	74,174,042	6,543,709	17,038,137	3,151,889	(47,440,307)
Business-Type Activities:					
Sewer	1,573,989	1,418,334	840	233,585	78,770
Landfill	12,418,825	16,575,630	62,233	-	4,219,038
Total Business-Type Activities	13,992,814	17,993,964	63,073	233,585	4,297,808
Total Primary Government	\$ 88,166,856	\$ 24,537,673	\$ 17,101,210	\$ 3,385,474	\$ (43,142,499)

See accompanying Notes to Basic Financial Statements.

**TOWN OF BOURNE, MASSACHUSETTS
STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED JUNE 30, 2022**

	Primary Government		
	Governmental	Business-Type	
	Activities	Activities	Total
CHANGES IN NET POSITION			
Net Revenue (Expense) (from Previous Page)	\$ (47,440,307)	\$ 4,297,808	\$ (43,142,499)
General Revenues:			
Real Estate and Personal Property Taxes	55,534,489	-	55,534,489
Motor Vehicle and Other Excise Taxes	5,416,402	-	5,416,402
Penalties and Interest on Taxes	224,079	-	224,079
Community Preservation Surcharges	1,622,720	-	1,622,720
Grants and Contributions not Restricted to			
Specific Programs	2,284,693	-	2,284,693
Unrestricted Investment Income	(128,699)	-	(128,699)
Loss on Disposal of Capital Assets	-	(5,242)	(5,242)
Transfers, Net	3,384,287	(3,384,287)	-
Total General Revenues and Transfers	68,337,971	(3,389,529)	64,948,442
CHANGE IN NET POSITION	20,897,664	908,279	21,805,943
Net Position - Beginning of Year	(11,340,962)	23,962,082	12,621,120
NET POSITION - END OF YEAR	<u>\$ 9,556,702</u>	<u>\$ 24,870,361</u>	<u>\$ 34,427,063</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF BOURNE, MASSACHUSETTS
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2022**

	General	Community Preservation	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 22,162,321	\$ -	\$ -	\$ 22,162,321
Investments	5,688,881	-	-	5,688,881
Receivables, Net of Allowance for Uncollectible Amounts:				
Real Estate and Personal Property Taxes	690,792	-	-	690,792
Real Estate Tax Deferrals	90,374	-	-	90,374
Tax Liens	636,879	18,358	338	655,575
Motor Vehicle and Other Excise Taxes	442,820	-	-	442,820
Community Preservation Surcharges	-	17,748	-	17,748
Special Assessments	302,729	-	5,245	307,974
Departmental and Other	360	-	2,081,479	2,081,839
Intergovernmental	-	-	377,060	377,060
Tax Foreclosures	81,222	-	-	81,222
Restricted Assets:				
Cash and Cash Equivalents	165,176	6,234,443	12,036,977	18,436,596
Investments	-	-	127,160	127,160
Total Assets	<u>\$ 30,261,554</u>	<u>\$ 6,270,549</u>	<u>\$ 14,628,259</u>	<u>\$ 51,160,362</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Warrants Payable	\$ 640,122	\$ 14,741	\$ 216,560	\$ 871,423
Accrued Payroll	2,750,465	-	8,327	2,758,792
Tax Refunds Payable	321,801	-	-	321,801
Other Liabilities	131,256	-	54,570	185,826
Unearned Revenue	-	-	976,946	976,946
Short-Term Notes Payable	-	-	5,055,753	5,055,753
Total Liabilities	3,843,644	14,741	6,312,156	10,170,541
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue	2,074,720	36,106	2,464,120	4,574,946
FUND BALANCES				
Nonspendable	-	-	46,541	46,541
Restricted	165,176	6,219,702	10,017,553	16,402,431
Committed	8,463,463	-	-	8,463,463
Assigned	366,317	-	-	366,317
Unassigned	15,348,234	-	(4,212,111)	11,136,123
Total Fund Balances	<u>24,343,190</u>	<u>6,219,702</u>	<u>5,851,983</u>	<u>36,414,875</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 30,261,554</u>	<u>\$ 6,270,549</u>	<u>\$ 14,628,259</u>	<u>\$ 51,160,362</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, 2022**

	General	Community Preservation	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Real Estate and Personal Property Taxes	\$ 55,560,321	\$ -	\$ -	\$ 55,560,321
Motor Vehicle and Other Excise Taxes	5,289,955	-	-	5,289,955
Tax Liens	176,449	5,015	-	181,464
Community Preservation Surcharges	-	1,625,748	-	1,625,748
Charges for Services	-	-	2,686,823	2,686,823
Intergovernmental	12,171,223	787,193	8,054,416	21,012,832
Special Assessments	92,753	-	-	92,753
Penalties and Interest on Taxes	218,522	5,557	-	224,079
Licenses and Permits	826,974	-	-	826,974
Fines and Forfeitures	131,739	-	-	131,739
Departmental and Other	2,844,936	-	554,907	3,399,843
Contributions	-	-	130,781	130,781
Investment Income (Loss)	(128,699)	9,882	(7,435)	(126,252)
Total Revenues	77,184,173	2,433,395	11,419,492	91,037,060
EXPENDITURES				
Current:				
General Government	5,083,152	-	1,237,413	6,320,565
Public Safety	12,061,834	-	872,432	12,934,266
Education	32,659,636	-	5,027,281	37,686,917
Public Works	3,336,285	-	2,648,619	5,984,904
Health and Human Services	1,047,830	269,543	74,342	1,391,715
Culture and Recreation	924,838	434,975	150,165	1,509,978
Pension Benefits	4,479,254	-	-	4,479,254
Employee Benefits	9,410,587	-	-	9,410,587
Property and Liability Insurance	1,714,932	-	-	1,714,932
Claims and Judgments	70,434	-	-	70,434
State and County Charges	5,039,014	-	-	5,039,014
Debt Service:				
Principal	4,660,417	-	-	4,660,417
Interest	1,905,505	-	-	1,905,505
Total Expenditures	82,393,718	704,518	10,010,252	93,108,488
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(5,209,545)	1,728,877	1,409,240	(2,071,428)
OTHER FINANCING SOURCES (USES)				
Transfers In	6,046,178	-	761,831	6,808,009
Premium from Issuance of Bonds and Notes	-	-	94,821	94,821
Transfers Out	(761,831)	(651,735)	(2,010,156)	(3,423,722)
Total Other Financing Sources (Uses)	5,284,347	(651,735)	(1,153,504)	3,479,108
NET CHANGE IN FUND BALANCES	74,802	1,077,142	255,736	1,407,680
Fund Balances - Beginning of Year	24,268,388	5,142,560	5,596,247	35,007,195
FUND BALANCES - END OF YEAR	<u>\$ 24,343,190</u>	<u>\$ 6,219,702</u>	<u>\$ 5,851,983</u>	<u>\$ 36,414,875</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, 2022**

Total Governmental Fund Balances	\$ 36,414,875
Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	146,178,140
In the statement of net position, deferred outflows of resources are reported for amounts related to OPEB.	11,314,452
In the statement of net position, deferred outflows of resources are reported for amounts related to pensions.	4,826,917
In the statement of net position, deferred inflows of resources are reported for amounts related to OPEB.	(50,963,083)
In the statement of net position, deferred inflows of resources are reported for amounts related to pensions.	(12,545,137)
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.	4,574,946
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.	(293,491)
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	(45,974,292)
Compensated Absences	(2,041,738)
Net OPEB Liability	(60,338,844)
Net Pension Liability	(29,836,269)
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.	8,240,226
Net Position of Governmental Activities	<u><u>\$ 9,556,702</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, 2022

Net Change in Fund Balances - Total Governmental Funds \$ 1,407,680

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	5,502,199
Depreciation	(5,645,266)

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. 13,269,055

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. (6,740,402)

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. 650,360

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	4,660,417
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. 38,684

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	76,460
Net OPEB Liability	(1,572,691)
Net Pension Liability	9,156,208

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. (86,282)

Change in Net Position of Governmental Activities	\$ 20,897,664
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See accompanying Notes to Basic Financial Statements.

**TOWN OF BOURNE, MASSACHUSETTS
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2022**

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Sewer	Landfill	Total	
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 1,154,772	\$ 15,859,551	\$ 17,014,323	\$ -
Restricted Cash and Cash Equivalents	296,096	57,482	353,578	194,547
Restricted Investments	-	-	-	8,438,609
Receivables, Net of Allowance for Uncollectible Amounts:				
User Charges	67,076	1,489,847	1,556,923	-
Utility Liens	25,342	-	25,342	-
Working Capital Deposit	-	-	-	1,792,900
Total Current Assets	1,543,286	17,406,880	18,950,166	10,426,056
Noncurrent Assets:				
Restricted Cash and Cash Equivalents	-	11,760,814	11,760,814	-
Capital Assets not being Depreciated	217,691	4,086,454	4,304,145	-
Capital Assets, Net of Accumulated Depreciation	10,793,179	6,047,568	16,840,747	-
Total Noncurrent Assets	11,010,870	21,894,836	32,905,706	-
Total Assets	12,554,156	39,301,716	51,855,872	10,426,056
DEFERRED OUTFLOWS OF RESOURCES				
Related to OPEB	58,871	577,769	636,640	-
Related to Pension	25,116	246,581	271,697	-
Total Deferred Outflows of Resources	83,987	824,350	908,337	-
LIABILITIES				
Current Liabilities:				
Warrants Payable	8,599	503,955	512,554	1,576,830
Accrued Payroll	4,473	33,844	38,317	-
Accrued Interest	9,688	23,942	33,630	-
Accrued Health Claims Payable	-	-	-	609,000
Compensated Absences	-	19,455	19,455	-
Short-Term Notes Payable	1,186,606	-	1,186,606	-
Long-Term Bonds, Notes, and Loans Payable	10,991	353,969	364,960	-
Total Current Liabilities	1,220,357	935,165	2,155,522	2,185,830
Noncurrent Liabilities:				
Landfill Closure and Post-Closure	-	9,754,056	9,754,056	-
Compensated Absences	-	175,091	175,091	-
Net OPEB Liability	313,954	3,081,187	3,395,141	-
Net Pension Liability	155,243	1,523,581	1,678,824	-
Long-Term Bonds, Notes, and Loans Payable	4,040,132	3,121,607	7,161,739	-
Total Noncurrent Liabilities	4,509,329	17,655,522	22,164,851	-
Total Liabilities	5,729,686	18,590,687	24,320,373	2,185,830
DEFERRED INFLOWS OF RESOURCES				
Related to OPEB	265,170	2,602,416	2,867,586	-
Related to Pension	65,275	640,614	705,889	-
Total Deferred Inflows of Resources	330,445	3,243,030	3,573,475	-
NET POSITION				
Net Investment in Capital Assets	6,069,237	8,629,928	14,699,165	-
Restricted for:				
Landfill Closure and Postclosure	-	2,006,758	2,006,758	-
Employee Benefits	-	-	-	8,240,226
Unrestricted	508,775	7,655,663	8,164,438	-
Total Net Position	\$ 6,578,012	\$ 18,292,349	\$ 24,870,361	\$ 8,240,226

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, 2022**

	<u>Business-Type Activities - Enterprise Funds</u>			Governmental Activities - Internal Service Funds
	<u>Sewer</u>	<u>Landfill</u>	<u>Total</u>	
OPERATING REVENUES				
Charges for Services	\$ 1,412,020	\$ 16,575,630	\$ 17,987,650	\$ -
Penalties and Interest	6,314	-	6,314	-
Employer Contributions	-	-	-	8,417,817
Employee Contributions	-	-	-	2,851,848
Total Operating Revenues	<u>1,418,334</u>	<u>16,575,630</u>	<u>17,993,964</u>	<u>11,269,665</u>
OPERATING EXPENSES				
Cost of Service and Administration	815,235	7,041,071	7,856,306	-
Town of Wareham Assessment	228,853	-	228,853	-
Repairs and Maintenance	42,907	107,592	150,499	-
Depreciation	489,366	2,780,691	3,270,057	-
Closure and Postclosure Costs	-	2,380,530	2,380,530	-
Employee Benefits	-	-	-	10,787,120
Total Operating Expenses	<u>1,576,361</u>	<u>12,309,884</u>	<u>13,886,245</u>	<u>10,787,120</u>
OPERATING INCOME	(158,027)	4,265,746	4,107,719	482,545
NONOPERATING REVENUES (EXPENSES)				
Investment Income (Loss)	840	62,233	63,073	(568,827)
Interest Expense	2,372	(108,941)	(106,569)	-
(Loss) on Disposal of Capital Assets	-	(5,242)	(5,242)	-
Total Nonoperating Revenues (Expenses), Net	<u>3,212</u>	<u>(51,950)</u>	<u>(48,738)</u>	<u>(568,827)</u>
INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(154,815)	4,213,796	4,058,981	(86,282)
CAPITAL CONTRIBUTIONS AND TRANSFERS				
Capital Contributions	233,585	-	233,585	-
Transfers Out	(148,315)	(3,235,972)	(3,384,287)	-
Total Capital Contributions and Transfers	<u>85,270</u>	<u>(3,235,972)</u>	<u>(3,150,702)</u>	<u>-</u>
CHANGE IN NET POSITION	(69,545)	977,824	908,279	(86,282)
Net Position - Beginning of Year	<u>6,647,557</u>	<u>17,314,525</u>	<u>23,962,082</u>	<u>8,326,508</u>
NET POSITION - END OF YEAR	<u>\$ 6,578,012</u>	<u>\$ 18,292,349</u>	<u>\$ 24,870,361</u>	<u>\$ 8,240,226</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF BOURNE, MASSACHUSETTS
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2022**

	<u>Business-Type Activities - Enterprise Funds</u>			Governmental Activities - Internal Service Funds
	<u>Sewer</u>	<u>Landfill</u>	<u>Total</u>	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers and Users	\$ 1,401,750	\$ 17,533,169	\$ 18,934,919	\$ 2,851,848
Receipts from Interfund Services Provided	-	-	-	8,417,817
Payments to Vendors	(1,799,765)	(6,502,387)	(8,302,152)	-
Payments to Employees	(229,988)	(3,074,306)	(3,304,294)	-
Payments for Interfund Services Used	-	-	-	(10,760,530)
Net Cash Provided by Operating Activities	(628,003)	7,956,476	7,328,473	509,135
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers Out	(148,315)	(3,235,972)	(3,384,287)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from the Issuance of Bonds and Notes	1,805,364	-	1,805,364	-
Capital Contributions	233,585	-	233,585	-
Acquisition and Construction of Capital Assets	(824,617)	(942,667)	(1,767,284)	-
Principal Payments on Bonds and Notes	(1,197,597)	(353,969)	(1,551,566)	-
Interest Expense	(913)	(111,664)	(112,577)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	15,822	(1,408,300)	(1,392,478)	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Sales (Purchases) of Investments, Net	-	-	-	(691,774)
Investment Income	840	62,233	63,073	(568,827)
Net Cash Provided (Used) by Investing Activities	840	62,233	63,073	(1,260,601)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(759,656)	3,374,437	2,614,781	(751,466)
CASH AND CASH EQUIVALENTS - BEGINNING 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
CASH AND CASH EQUIVALENTS - END OF YEAR (Includes \$296,096, \$11,818,296, and \$194,547 Reported as Restricted in the Sewer and Landfill Enterprise Funds and Internal Service Fund, Respectively)	\$ 1,450,868	\$ 27,677,847	\$ 29,128,715	\$ 194,547
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating Income (Loss)	\$ (158,027)	\$ 4,265,746	\$ 4,107,719	\$ 482,545
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Adjustments Not Requiring Current Cash Flows:				
Depreciation	489,366	2,780,691	3,270,057	-
Net OPEB Liability	24,242	(70,822)	(46,580)	-
Net Pension Liability	(36,986)	(567,838)	(604,824)	-
Deferred Outflows of Resources Related to OPEB	13,015	204,335	217,350	-
Deferred Outflows of Resources Related to Pension	(1,536)	9,964	8,428	-
Deferred Onflows of Resources Related to OPEB	(67,595)	(1,018,006)	(1,085,601)	-
Deferred Inflows of Resources Related to Pension	36,874	331,622	368,496	-
Adjustments Requiring Current Cash Flows:				
Effect of Changes in Operating Assets and Liabilities:				
Utility Liens	1,767	-	1,767	-
User Charges	(18,351)	957,539	939,188	-
Working Capital Deposit	-	-	-	(122,300)
Warrants Payable	(911,298)	204,369	(706,929)	182,890
Accrued Payroll	1,131	4,714	5,845	-
Accrued Health Claims Payable	-	-	-	(34,000)
Landfill Closure and Postclosure Care	-	874,055	874,055	-
Compensated Absences	(605)	(19,893)	(20,498)	-
Total Adjustments	(469,976)	3,690,730	3,220,754	26,590
Net Cash Provided by Operating Activities	\$ (628,003)	\$ 7,956,476	\$ 7,328,473	\$ 509,135

See accompanying Notes to Basic Financial Statements.

**TOWN OF BOURNE, MASSACHUSETTS
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2022**

	Other Postemployment Benefits Trust Fund	Private Purpose Trust Funds	Custodial Funds
ASSETS			
Cash and Cash Equivalents	\$ 116,127	\$ 86,484	\$ 49,352
Investments	<u>6,116,626</u>	<u>-</u>	<u>-</u>
Total Assets	6,232,753	86,484	49,352
LIABILITIES			
Warrants Payable	-	-	146
Accrued Payroll	<u>-</u>	<u>-</u>	<u>1,511</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>1,657</u>
NET POSITION			
Restricted for:			
Postemployment Benefits Other than Pensions	6,232,753	-	-
Individuals, Organizations, and Other Governments	<u>-</u>	<u>86,484</u>	<u>47,695</u>
Total Net Position	<u><u>\$ 6,232,753</u></u>	<u><u>\$ 86,484</u></u>	<u><u>\$ 47,695</u></u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF BOURNE, MASSACHUSETTS
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2022**

	Other Postemployment Benefits Trust Fund	Private Purpose Trust Funds	Custodial Funds
ADDITIONS			
Contributions:			
Employer	\$ 4,754,033	\$ -	\$ -
Private Donations	-	4,000	-
Total Contributions	4,754,033	4,000	-
Net Investment Income:			
Net Appreciation (Depreciation) in Fair Value of Investments	(552,864)	(6,329)	-
Interest	156,183	-	-
Total Investment Income	(396,681)	(6,329)	-
Less: Investment Expense	(18,126)	-	-
Net Investment Income	(414,807)	(6,329)	-
Fees Collected for Other Governments	-	-	1,456,563
Total Additions	4,339,226	(2,329)	1,456,563
DEDUCTIONS			
Retirement Benefits and Refunds	3,735,616	-	-
Fees Remitted to Other Governments	-	-	1,451,718
Total Deductions	3,735,616	-	1,451,718
CHANGE IN NET POSITION	603,610	(2,329)	4,845
Net Position - Beginning of Year	5,629,143	88,813	42,850
NET POSITION - END OF YEAR	<u>\$ 6,232,753</u>	<u>\$ 86,484</u>	<u>\$ 47,695</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

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, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Reporting Entity (Continued)

Joint Venture (Continued)

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

Name	Purpose	Address	Fiscal Year 2022 Assessment
Upper Cape Cod Regional Technical School	Education	220 Sandwich Road Bourne, MA 02532	\$ 3,274,672

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

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB statement No. 87, *Leases*. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The Town adopted the requirements effective July 1, 2021 and has applied the provisions of this standard to the beginning of the period. There was no reporting impact for the Town. For the fiscal year ended June 30, 2022, the Town also implemented GASB Statement No.'s 89, 92, 93 and 97, which had no reporting impact for the Town.

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

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, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Measurement Focus, Basis of Accounting, and Basis of Presentation (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, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fund Financial Statements (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, 2022**

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, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Accounts Receivable (Continued)

User Charges

Sewer

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

Landfill

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

Special Assessments

Special assessments consist of septic, sewer, and street betterments and are recorded as receivables in the fiscal year 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, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Allowance for Uncollectible Amounts

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, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Capital Assets

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, 2022**

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, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Net Position and Fund Balances

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

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

Net position has been “restricted” for the following:

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

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

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

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

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

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

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

Governmental Funds Financial Statements (Fund Balances)

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

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

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

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Net Position and Fund Balances (Continued)

Governmental Funds Financial Statements (Fund Balances) (Continued)

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

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

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

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

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

Q. Long-Term Debt

Government-Wide and Proprietary Fund Financial Statements

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

Governmental Fund Financial Statements

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

R. Investment Income

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

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

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

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, 2022**

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 2022 approved budget for the general fund authorized \$78,620,832 in appropriations. During fiscal year 2022, supplemental appropriations totaling approximately \$2,631,348 were authorized. The original fiscal year 2022 approved budget for the CPA fund authorized \$1,742,067 in appropriations. During fiscal year 2022, subsequent reductions in appropriations totaling \$141,264 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, 2022

NOTE 2 STEWARDSHIP COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

B. Fund Deficits

As of June 30, 2022, the following governmental fund deficits exist:

Fund	Amount	Funding Source
Capital Projects - Peebles Elementary School	\$ 1,576,958	Issuance of Debt
Capital Projects - BHS Roof Replacement	983,217	Issuance of Debt
Capital Projects - Ambulance	652,136	Issuance of Debt
Capital Projects - Buzzards Bay Wastewater Management Plan	302,547	Issuance of Debt
Other School Funds	181,155	Federal and State Grants
Capital Projects - Catch Basin Cleaner	179,925	Issuance of Debt
Other Town Funds	145,840	State Grants
Capital Projects - Keith Field	124,841	Issuance of Debt
Capital Projects - Police Cruisers	65,492	Issuance of Debt
Total	<u>\$ 4,212,111</u>	

NOTE 3 DEPOSITS AND INVESTMENTS

Town (Excluding OPEB Trust Fund)

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

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

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

TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Deposits - Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the Town's deposits may not be recovered. The Town's policy for custodial credit risk is to utilize FDIC and DIF insurance (when available) as well as collateralize certain deposit amounts. For uninsured and uncollateralized amounts, the Town monitors the creditworthiness of banks through Veribanc, or other bank credit worthiness reporting systems. In addition, unsecured deposits may not comprise more than 5% of a financial institution's assets and no more than 20% of the Town's cash. At June 30, 2022, the Town's bank balance of \$61,691,328 was not exposed to custodial credit risk. The carrying amount of the Town's deposits at year-end totaled \$57,254,012.

Investments Summary

The Town's investments (including short-term investments) at June 30, 2022, 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	\$ 3,619,563	\$ 289,323	\$ 2,218,717	\$ 1,111,523	\$ -
U.S. Agencies	1,890,715	429,335	1,050,705	410,675	-
Corporate Bonds	2,462,055	490,693	1,512,654	458,708	-
Money Market Mutual Funds	3,477,344	3,477,344	-	-	-
Mutual Bond Funds	2,669,123	270,057	976,466	1,264,227	158,373
External Investment Pool	9,326,658	9,326,658	-	-	-
Total Debt Securities	23,445,458	<u>\$ 14,283,410</u>	<u>\$ 5,758,542</u>	<u>\$ 3,245,133</u>	<u>\$ 158,373</u>
Other Investments:					
Equity Securities	2,552,832				
Equity Mutual Funds	1,060,362				
Total Other Investments	<u>3,613,194</u>				
Total Investments	<u>\$ 27,058,652</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, 2022

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, 2022, 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, 2022, the credit quality ratings of the Town's debt securities are as follows:

Investment Type	Total Amount	AAA*	AA+*	AA*	AA-*	A+*	A*
U.S. Agencies	\$ 1,890,715	\$ -	\$ 1,890,715	\$ -	\$ -	\$ -	\$ -
Corporate Bonds	2,462,055	99,342	149,134	132,912	492,517	197,690	524,793
Money Market Mutual Funds	3,477,344	-	-	-	-	-	-
Mutual Bond Funds	2,669,123	560,631	-	935,926	-	-	-
Fixed Income Securities	-	-	-	-	-	-	-
External Investment Pool	9,326,658	-	-	-	-	-	-
Total	<u>\$ 19,825,895</u>	<u>\$ 659,973</u>	<u>\$ 2,039,849</u>	<u>\$ 1,068,838</u>	<u>\$ 492,517</u>	<u>\$ 197,690</u>	<u>\$ 524,793</u>

Investment Type	A-*	BBB+*	BBB*	BB*	B*	Unrated
U.S. Agencies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Corporate Bonds	371,896	256,426	237,345	-	-	-
Money Market Mutual Funds	-	-	-	-	-	3,477,344
Mutual Bond Funds	-	-	-	321,858	419,368	431,340
Fixed Income Securities	-	-	-	-	-	-
External Investment Pool	-	-	-	-	-	9,326,658
Total	<u>\$ 371,896</u>	<u>\$ 256,426</u>	<u>\$ 237,345</u>	<u>\$ 321,858</u>	<u>\$ 419,368</u>	<u>\$ 13,235,342</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, 2022, the Town was not exposed to any concentration of credit risk.

TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Investments – Fair Value Measurements

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

The Town has the following recurring fair value measurements as of June 30, 2022:

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	\$ 2,552,832	\$ 2,552,832	\$ -
Equity Mutual Funds	1,060,362	1,060,362	-
Total Equity Securities	3,613,194	3,613,194	-
Debt Securities:			
U.S. Treasuries	3,619,563	3,619,563	-
U.S. Agencies	1,890,715	1,890,715	-
Corporate Bonds	2,462,055	-	2,462,055
Mutual Bond Funds	2,669,123	2,669,123	-
Total Debt Securities	10,641,456	8,179,401	2,462,055
Total Investments Measured at Fair Value	14,254,650	<u>\$ 11,792,595</u>	<u>\$ 2,462,055</u>
Investments Measured at Amortized Cost:			
Money Market Mutual Funds	3,477,344		
External Investment Pools	9,326,658		
Total Investments Measured at Amortized Cost	12,804,002		
Total Investments	<u>\$ 27,058,652</u>		

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

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, 2022, the Trust was not exposed to custodial credit risk.

Investments Summary

The Trust's investments at June 30, 2022, 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	\$ 809,318	\$ 49,957	\$ 505,959	\$ 253,402	\$ -
U.S. Agencies	315,361	99,947	190,331	25,083	-
Corporate Bonds	801,911	74,915	615,075	111,921	-
Money Market Mutual Funds	116,127	116,127	-	-	-
Mutual Bond Funds	855,379	139,975	264,433	291,448	159,523
Total Debt Securities	2,898,096	<u>\$ 480,921</u>	<u>\$ 1,575,798</u>	<u>\$ 681,854</u>	<u>\$ 159,523</u>
Other Investments:					
Equity Securities	2,294,105				
Equity Mutual Funds	1,040,552				
Total Other Investments	<u>3,334,657</u>				
Total Investments	<u>\$ 6,232,753</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, 2022, the Town was not exposed to custodial credit risk.

TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2022, the credit quality ratings of the Trust's debt securities (except U.S. Treasuries, which are backed by the full faith and credit of the United States) are as follows:

Investment Type	Total Amount	AAA*	AA+*	AA*	AA-*	A+*
U.S. Agencies	\$ 315,361	\$ -	\$ 315,361	\$ -	\$ -	\$ -
Corporate Bonds	801,911	72,080	50,168	66,456	294,331	148,989
Money Market Mutual Funds	116,127	-	-	-	-	-
Mutual Bond Funds	855,379	130,248	-	132,338	-	-
Total	<u>\$ 2,088,778</u>	<u>\$ 202,328</u>	<u>\$ 365,529</u>	<u>\$ 198,794</u>	<u>\$ 294,331</u>	<u>\$ 148,989</u>

Investment Type	A*	BBB+*	BB*	B*	Unrated
U.S. Agencies	\$ -	\$ -	\$ -	\$ -	\$ -
Corporate Bonds	120,647	49,240	-	-	-
Money Market Mutual Funds	-	-	-	-	116,127
Mutual Bond Funds	-	-	156,642	132,094	304,057
Total	<u>\$ 120,647</u>	<u>\$ 49,240</u>	<u>\$ 156,642</u>	<u>\$ 132,094</u>	<u>\$ 420,184</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, 2022, the Trust was not exposed to concentration of credit risk.

TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Investments – Fair Value Measurements

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

The Trust has the following recurring fair value measurements as of June 30, 2022:

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	\$ 2,294,105	\$ 2,294,105	\$ -
Equity Mutual Funds	1,040,552	1,040,552	-
Total Equity Securities	3,334,657	3,334,657	-
Debt Securities:			
U.S. Treasuries	809,318	809,318	-
U.S. Agencies	315,361	315,361	-
Corporate Bonds	801,911	-	801,911
Mutual Bond Funds	855,379	855,379	-
Total Debt Securities	2,781,969	1,980,058	801,911
Total Investments Measured at Fair Value	6,116,626	\$ 5,314,715	\$ 801,911
Investments Measured at Amortized Cost:			
Money Market Mutual Funds	116,127		
Total Investments	\$ 6,232,753		

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, 2022

NOTE 4 ACCOUNTS RECEIVABLE

At June 30, 2022, 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	\$ 779,289	\$ (88,497)	\$ 690,792
Real Estate Tax Deferrals	90,374	-	90,374
Tax Liens	655,575	-	655,575
Motor Vehicle and Other Excise Taxes	744,741	(301,921)	442,820
Community Preservation Surcharges	17,748	-	17,748
Special Assessments	307,974	-	307,974
Departmental and Other	3,384,541	(1,302,702)	2,081,839
Intergovernmental	377,060	-	377,060
Total	<u>\$ 6,357,302</u>	<u>\$ (1,693,120)</u>	<u>\$ 4,664,182</u>

At June 30, 2022, 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	\$ 1,579,780	\$ (22,857)	\$ 1,556,923
Utility Liens	25,342	-	25,342
Total	<u>\$ 1,605,126</u>	<u>\$ (22,857)</u>	<u>\$ 1,582,269</u>

TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 5 CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2022, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Land	\$ 28,146,686	\$ 130,000	\$ -	\$ 28,276,686
Construction in Progress	1,446,672	787,324	-	2,233,996
Total Capital Assets Not Being Depreciated	29,593,358	917,324	-	30,510,682
Capital Assets Being Depreciated:				
Land Improvements	9,443,702	160,502	-	9,604,204
Buildings and Improvements	151,961,586	158,776	-	152,120,362
Machinery and Equipment	21,638,559	1,587,593	(226,425)	22,999,727
Infrastructure	11,101,325	2,678,004	-	13,779,329
Total Capital Assets Being Depreciated	194,145,172	4,584,875	(226,425)	198,503,622
Less Accumulated Depreciation for:				
Land Improvements	(3,392,715)	(468,667)	-	(3,861,382)
Buildings and Improvements	(51,896,124)	(3,669,430)	-	(55,565,554)
Machinery and Equipment	(17,820,100)	(1,102,236)	226,425	(18,695,911)
Infrastructure	(4,308,384)	(404,933)	-	(4,713,317)
Total Accumulated Depreciation	(77,417,323)	(5,645,266)	226,425	(82,836,164)
Total Capital Assets Being Depreciated, Net	116,727,849	(1,060,391)	-	115,667,458
Total Governmental Activities Capital Assets, Net	\$ 146,321,207	\$ (143,067)	\$ -	\$ 146,178,140
Business-Type Activities - Sewer Enterprise:				
Capital Assets not Being Depreciated:				
Construction in Progress	\$ 59,354	\$ 158,337	\$ -	\$ 217,691
Capital Assets Being Depreciated:				
Machinery and Equipment	1,059,513	70,862	-	1,130,375
Other	1,332,118	-	-	1,332,118
Infrastructure	15,829,441	595,418	-	16,424,859
Total Capital Assets Being Depreciated	18,221,072	666,280	-	18,887,352
Less Accumulated Depreciation for:				
Machinery and Equipment	(950,837)	(22,993)	-	(973,830)
Other	(1,332,118)	-	-	(1,332,118)
Infrastructure	(5,321,852)	(466,373)	-	(5,788,225)
Total Accumulated Depreciation	(7,604,807)	(489,366)	-	(8,094,173)
Total Capital Assets Being Depreciated, Net	10,616,265	176,914	-	10,793,179
Total Sewer Enterprise Capital Assets, Net	\$ 10,675,619	\$ 335,251	\$ -	\$ 11,010,870

TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 5 CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities - Landfill Enterprise:				
Capital Assets not Being Depreciated:				
Land	\$ 4,009,658	\$ -	\$ -	\$ 4,009,658
Construction in Progress	76,796	-	-	76,796
Total Capital Assets not Being Depreciated	4,086,454	-	-	4,086,454
Capital Assets Being Depreciated:				
Land Improvements	16,203,147	-	-	16,203,147
Buildings and Improvements	10,622,518	-	-	10,622,518
Machinery and Equipment	9,729,434	884,667	(694,260)	9,919,841
Infrastructure	87,000	58,000	-	145,000
Total Capital Assets Being Depreciated	36,642,099	942,667	(694,260)	36,890,506
Less Accumulated Depreciation for:				
Land Improvements	(12,880,097)	(1,969,646)	-	(14,849,743)
Buildings and Improvements	(8,106,995)	(183,708)	-	(8,290,703)
Machinery and Equipment	(7,763,810)	(622,745)	689,018	(7,697,537)
Infrastructure	(363)	(4,592)	-	(4,955)
Total Accumulated Depreciation	(28,751,265)	(2,780,691)	689,018	(30,842,938)
Total Capital Assets Being Depreciated, Net	7,890,834	(1,838,024)	(5,242)	6,047,568
Total Landfill Enterprise Capital Assets, Net	<u>\$ 11,977,288</u>	<u>\$ (1,838,024)</u>	<u>\$ (5,242)</u>	<u>\$ 10,134,022</u>
Total Business-Type Activities Capital Assets, Net	<u>\$ 22,652,907</u>	<u>\$ (1,502,773)</u>	<u>\$ (5,242)</u>	<u>\$ 21,144,892</u>

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

Governmental Activities:	
General Government	\$ 480,345
Public Safety	1,084,330
Education	2,741,623
Public Works	989,602
Health and Human Services	18,959
Culture and Recreation	330,407
Total Depreciation Expense - Governmental Activities	<u>\$ 5,645,266</u>
Business-Type Activities:	
Sewer	\$ 489,366
Landfill	2,780,691
Total Depreciation Expense - Business-Type Activities	<u>\$ 3,270,057</u>

TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 6 INTERFUND TRANSFERS

Interfund transfers for the fiscal year ended June 30, 2022, are summarized as follows:

Transfers Out	Transfers In		
	General Fund	Nonmajor Governmental Funds	Total
General Fund	\$ -	\$ 761,831	\$ 761,831 (1)
Community Preservation Fund	651,735	-	651,735 (2)
Nonmajor Governmental Funds	2,010,156	-	2,010,156 (3)
Sewer Enterprise Fund	148,315	-	148,315 (4)
Landfill Enterprise Fund	3,235,972	-	3,235,972 (5)
Total	<u>\$ 6,046,178</u>	<u>\$ 761,831</u>	<u>\$ 6,808,009</u>

- (1) Represents budgeted transfer for boat excise and mooring revenue of (\$416,717), transfer to the Special Education Reserve fund of (\$300,000), and transfer to capital project for road repairs for Old Bridge Road of (\$45,114).
- (2) Represents budgeted transfer to fund debt service.
- (3) Represents budgeted transfers to fund the fiscal year 2022 operating budget from the ambulance (\$1,325,000), waterway improvements (\$340,000), federal impact aid (\$200,000), conservation commission (\$30,000), and community septic management program (\$19,485) special revenue funds. Also represents a budgeted transfer from the new DPW facility capital project fund (\$95,671).
- (4) Represents budgeted transfers of indirect costs (\$148,315).
- (5) Represents budgeted transfers of indirect costs (\$2,329,937) and host community fee (\$600,000) to the general fund, and a budgeted transfer to the capital stabilization fund (\$306,035).

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, 2022

NOTE 7 SHORT-TERM FINANCING (CONTINUED)

Details related to the short-term debt activity for the fiscal year ended June 30, 2022, is as follows:

Notes Payable – Governmental Funds

Type	Description	Maturity Date	Interest Rate	Balance at June 30, 2021	Increases	Decreases	Balance at June 30, 2022
BAN	Peebles School Construction	2/1/22	2.00%	\$ 1,537,986	\$ -	\$ (1,537,986)	\$ -
BAN	High School Roof	2/1/22	2.00%	1,160,429	-	(1,160,429)	-
BAN	Ambulances	2/1/22	2.00%	652,136	-	(652,136)	-
BAN	Keith Field Lights	2/1/22	2.00%	142,841	-	(142,841)	-
BAN	Police Cruisers	2/1/22	2.00%	132,492	-	(132,492)	-
BAN	Nuovo Road Repair	5/25/22	0.38%	46,356	-	(46,356)	-
BAN	School Water	2/1/22	2.00%	741,633	-	(741,633)	-
BAN	Clean Water Management Plan	2/1/22	2.00%	593,311	-	(593,311)	-
BAN	Basin Truck	2/1/22	2.00%	364,925	-	(364,925)	-
BAN	Peebles School Construction	2/1/23	2.00%	-	1,537,986	-	1,537,986
BAN	High School Roof	2/1/23	2.00%	-	1,160,429	-	1,160,429
BAN	Ambulances	2/1/23	2.00%	-	652,136	-	652,136
BAN	Keith Field Lights	2/1/23	2.00%	-	124,841	-	124,841
BAN	Police Cruisers	2/1/23	2.00%	-	65,492	-	65,492
BAN	School Water	2/1/23	2.00%	-	741,633	-	741,633
BAN	Clean Water Management Plan	2/1/23	2.00%	-	593,311	-	593,311
BAN	Basin Truck	2/1/23	2.00%	-	179,925	-	179,925
Total				<u>\$ 5,372,109</u>	<u>\$ 5,055,753</u>	<u>\$ (5,372,109)</u>	<u>\$ 5,055,753</u>

Notes Payable – Enterprise Funds

Type	Description	Maturity Date	Interest Rate	Balance at June 30, 2020	Increases	Decreases	Balance at June 30, 2021
BAN	Wastewater	2/1/22	2.00%	\$ 1,186,606	\$ -	\$ (1,186,606)	\$ -
BAN	Wastewater	2/1/23	2.00%	-	1,186,606	-	1,186,606
Total				<u>\$ 1,186,606</u>	<u>\$ 1,186,606</u>	<u>\$ (1,186,606)</u>	<u>\$ 1,186,606</u>

Subsequent Events

On February 1, 2023, the Town paid down (with available funds) \$1,789,079 of \$6,242,359 of BANs outstanding at June 30, 2022 and renewed \$4,453,280 of the BANs. The renewed BANs have an interest rate of 4.0% and a maturity date of February 1, 2024.

TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 8 LONG-TERM OBLIGATIONS

During the fiscal year ended June 30, 2022, the following changes occurred in long-term liabilities:

	Balance June 30, 2021	Increases	Decreases	Balance June 30, 2022	Current Portion
Governmental Activities:					
Bonds and Notes Payable	\$ 47,705,000	\$ -	\$ (4,641,000)	\$ 43,064,000	\$ 4,146,000
Notes from Direct Borrowing	78,251	-	(19,417)	58,834	19,417
Unamortized Bond Premiums	3,032,700	-	(181,242)	2,851,458	181,242
Total Bonds and Notes Payable	50,815,951	-	(4,841,659)	45,974,292	4,346,659
Compensated Absences	2,118,198	-	(76,460)	2,041,738	204,174
Total	<u>\$ 52,934,149</u>	<u>\$ -</u>	<u>\$ (4,918,119)</u>	<u>\$ 48,016,030</u>	<u>\$ 4,550,833</u>
Business-Type Activities:					
Bonds and Notes Payable	\$ 3,725,000	\$ -	\$ (354,000)	\$ 3,371,000	\$ 354,000
Unamortized Bond Premiums	148,344	-	(10,960)	137,384	10,960
MCWT Interim Loans	3,399,557	618,758	-	4,018,315	-
Total Bonds and Notes Payable	7,272,901	618,758	(364,960)	7,526,699	364,960
Landfill Closure and Postclosure	8,880,001	2,380,530	(1,506,475)	9,754,056	-
Compensated Absences	215,044	-	(20,498)	194,546	19,455
Total	<u>\$ 16,367,946</u>	<u>\$ 2,999,288</u>	<u>\$ (1,891,933)</u>	<u>\$ 17,475,301</u>	<u>\$ 384,415</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.

The Town has entered into non-interest bearing interim loan agreements with the Massachusetts Clean Water Trust (MCWT) to fund wastewater improvements. Amounts accrued and considered issued under new and existing interim loans during 2022 totaled \$4,018,315 in the sewer enterprise fund.

Subsequent Events

On December 14, 2022, the Town entered into a financing agreement with MCWT in the amount of \$3,341,513 which permanently financed a portion of the Town's interim loans outstanding on June 30, 2022. The loan has an interest rate of 2.0% and a maturity date of January 15, 2043.

TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 9 LONG-TERM DEBT

Details related to the outstanding indebtedness at June 30, 2022, and the debt service requirements are as follows:

Project	Maturity Date	Interest Rate	Outstanding at June 30, 2021	Issued	Redeemed	Outstanding at June 30, 2022
MCWT Pool 9 97-1038-1*	02/01/24	0.00%	\$ 28,251	\$ -	\$ (9,417)	\$ 18,834
MCWT Pool 11 T5-97-1038-2*	07/15/25	0.00%	50,000	-	(10,000)	40,000
Land Acquisition	01/15/25	3.87%	580,000	-	(145,000)	435,000
School Plans	01/15/25	3.85%	60,000	-	(15,000)	45,000
Municipal Purpose Loan	07/01/27	4.25%	1,185,000	-	(184,000)	1,001,000
Municipal Purpose Loan	09/15/29	3.14%	2,578,000	-	(381,000)	2,197,000
Municipal Purpose Loan	09/15/31	1.50 % - 4.00%	1,082,000	-	(111,000)	971,000
Municipal Purpose Loan	12/15/15	2.00% - 3.00%	540,000	-	(140,000)	400,000
General Obligation Bonds Refunding	07/15/22	2.00%	600,000	-	(395,000)	205,000
Municipal Purpose Loan of 2015	12/01/35	2.00% - 5.00%	6,185,000	-	(520,000)	5,665,000
Municipal Purpose Loan of 2017	04/15/37	4.00% - 5.00%	5,160,000	-	(395,000)	4,765,000
School Project Loan 2018	04/01/38	3.00%-5.00%	8,500,000	-	(500,000)	8,000,000
Municipal Purpose Loan of 2018	11/15/38	4.00% - 5.00%	2,145,000	-	(555,000)	1,590,000
Municipal Purpose Loan of 2018	11/15/38	4.00% - 5.00%	14,450,000	-	(915,000)	13,535,000
Municipal Purpose Loan of 2020	05/15/40	2.00% - 5.00%	4,640,000	-	(385,000)	4,255,000
Total Governmental Funds			<u>\$ 47,783,251</u>	<u>\$ -</u>	<u>\$ (4,660,417)</u>	<u>\$ 43,122,834</u>

* Notes from direct borrowings

Bonds and Notes Payable – Governmental Funds

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

Fiscal Year	Bonded Debt		Notes from Direct Borrowings		Total
	Principal	Interest	Principal	Interest	
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>\$ 43,064,000</u>	<u>\$ 11,221,347</u>	<u>\$ 58,834</u>	<u>\$ -</u>	<u>\$ 54,285,347</u>

TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 9 LONG-TERM DEBT (CONTINUED)

Bonds and Notes Payable – Enterprise Funds

Project	Maturity Date	Interest Rate	Outstanding at June 30, 2021	Issued	Redeemed	Outstanding at June 30, 2022
ISWM Landfill Phase 3 Stage 3	07/01/27	3.14%	\$ 145,000	\$ -	\$ (21,000)	\$ 124,000
ISWM Landfill Phase IIA/IIIA Liner	09/15/29	3.14%	990,000	-	(110,000)	880,000
ISWM Landfill Processing Center	09/15/29	3.14%	151,000	-	(17,000)	134,000
ISWM Residential Recycling Center	09/15/29	3.14%	466,000	-	(52,000)	414,000
ISWM Road Repair	09/15/25	2.38%	87,000	-	(18,000)	69,000
ISWM Cap/Odor Mitigation	09/15/31	2.78%	121,000	-	(11,000)	110,000
ISWM Municipal Purpose Loan of 2015	12/01/35	2.00% - 5.00%	1,725,000	-	(115,000)	1,610,000
Sewer Pumps	05/15/36	2.00% - 5.00%	40,000	-	(10,000)	30,000
Total Enterprise Funds			<u>\$ 3,725,000</u>	<u>\$ -</u>	<u>\$ (354,000)</u>	<u>\$ 3,371,000</u>

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

Fiscal Year	Principal	Interest	Total
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>\$ 3,371,000</u>	<u>\$ 602,786</u>	<u>\$ 3,973,786</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, 2022, the Town had the following authorized and unissued debt:

Purpose	Amount
Peebles Elementary	\$ 19,412,631
Wastewater Treatment Facility	2,800,000
Wastewater Treatment Facility	1,223,935
BHS Roof Replacement	950,781
BHS D Wing Roof Replacement	450,000
Peebles Elementary Feasibility Study	350,000
Total	<u>\$ 25,187,347</u>

TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2022:

Closure:	
Phase 4, Stage 2	\$ 421,887
Phase 5	955,504
Phase 6	3,183,912
Transfer Station	<u>142,576</u>
Total Closure	4,703,879
Postclosure Care	<u>5,050,177</u>
Total Closure and Postclosure Care Liability	<u><u>\$ 9,754,056</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 64.6% capacity. The postclosure care liability represents the cumulative amount reported based on the use of 95.4% of the estimated capacity of the entire landfill.

Closure and postclosure care costs consist of the following at June 30, 2022:

Costs:	
Postclosure Care	\$ 359,117
Phase 4, Stage 2	249,032
Phase 6	1,768,228
Transfer Station	<u>4,153</u>
Total Closure and Postclosure Care Costs	2,380,530
Less: Amounts Paid and Accrued	<u>(1,506,475)</u>
Net Increase to Landfill Liability	<u><u>\$ 874,055</u></u>

These amounts are based on what it would cost to perform all closure and postclosure care in 2022. 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 \$2,089,000 as the remaining estimated capacity is filled.

TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2022, approximately \$11,761,000 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, 2022, 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, 2022, employer contributions totaled \$4,754,033. The Trust did not receive contributions from any other sources.

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

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, 2022, were as follows:

Total OPEB Liability	\$ 69,966,738
Plan Fiduciary Net Position	6,232,753
Plan's Net OPEB Liability	<u>\$ 63,733,985</u>

Plan Fiduciary net Position as a Percentage of the Total OPEB Liability	8.91%
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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, 2022, 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, 2022
Discount Rate:	6.50% (6.5% at June 30, 2021)
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, 2022**

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, 2022, the annual money-weighted rate of return on investments, net of investment expense, was -6.48%. 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, 2022, are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	6.11%
International Equity - Developed Market	6.49%
International Equity - Emerging Market	8.12%
Core Fixed Income	0.38%
High Yield Fixed Income	2.48%
Real Estate	3.72%
Commodities	3.44%
Hedge Fund, GTAA, Risk Parity	2.63%
Private Equity	9.93%

Discount rate. The discount rate used to measure the total OPEB liability was 6.5% as of June 30, 2022. 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, 2022

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, 2021	\$ 67,837,017	\$ 5,629,143	\$ 62,207,874
Changes for the Year:			
Service Cost	1,479,274	-	1,479,274
Interest	4,386,063	-	4,386,063
Changes of Assumptions	-	-	-
Differences Between Expected and Actual Experience	-	-	-
Benefits Payments	(3,735,616)	(3,735,616)	-
Contributions - Employer	-	4,754,033	(4,754,033)
Net Investment Income	-	(414,807)	414,807
	<u>-</u>	<u>-</u>	<u>-</u>
Net Changes	<u>2,129,721</u>	<u>603,610</u>	<u>1,526,111</u>
Balances at June 30, 2022	<u>\$ 69,966,738</u>	<u>\$ 6,232,753</u>	<u>\$ 63,733,985</u>

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

	1% Decrease (5.5%)	Current Discount Rate (6.5%)	1% Increase (7.5%)
Net OPEB Liability	\$ 72,153,094	\$ 63,733,985	\$ 56,701,601

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	\$ 55,010,372	\$ 63,733,985	\$ 74,410,572

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

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, 2022, the Town recognized OPEB expense of (\$7,857,163). At June 30, 2022, 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	\$ -	\$ 2,647,884
Changes of Assumptions	11,576,670	51,182,785
Changes of benefit terms	-	-
Net Difference Between Projected and Actual Earnings on OPEB Trust Investments	374,422	-
Total	<u>\$ 11,951,092</u>	<u>\$ 53,830,669</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>
2023	\$ (10,995,713)
2024	(10,121,694)
2025	(8,500,685)
2026	(12,261,485)
Total	<u>\$ (41,879,577)</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, 2022, totaled \$609,000. Changes in the reported liability since July 1, 2020, 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 2021	\$ 536,000	\$ 9,909,363	\$ (9,802,363)	\$ 643,000
Fiscal Year 2022	643,000	10,787,120	(10,821,120)	609,000

TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

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	\$ -	\$ -	\$ 46,541	\$ 46,541
Restricted for:				
Debt Service	165,176	-	-	165,176
Community Preservation	-	6,219,702	-	6,219,702
Ambulance Receipts Reserved	-	-	1,912,686	1,912,686
Foundation Reserve	-	-	1,202,171	1,202,171
School Choice	-	-	804,586	804,586
Capital	-	-	153,602	153,602
Open Space	-	-	250,000	250,000
Affordable Housing	-	-	580,932	580,932
Community Development Block Grant	-	-	129,836	129,836
School Lunch	-	-	393,543	393,543
General Government	-	-	744,662	744,662
Public Safety	-	-	1,231,809	1,231,809
Education	-	-	2,107,319	2,107,319
Public Works	-	-	238,772	238,772
Health and Human Services	-	-	103,306	103,306
Culture and Recreation	-	-	164,329	164,329
Subtotal - Restricted	165,176	6,219,702	10,017,553	16,402,431
Committed to:				
Capital Stabilization	3,728,665	-	-	3,728,665
Climate Resiliency Stabilization	150,092	-	-	150,092
Continuing Appropriations	4,584,706	-	-	4,584,706
Subtotal - Committed	8,463,463	-	-	8,463,463
Assigned to:				
General Government	164,974	-	-	164,974
Education	40,183	-	-	40,183
Employee Benefits	129,506	-	-	129,506
Other	31,654	-	-	31,654
Subtotal - Assigned	366,317	-	-	366,317
Unassigned	15,348,234	-	(4,212,111)	11,136,123
Total	<u>\$ 24,343,190</u>	<u>\$ 6,219,702</u>	<u>\$ 5,851,983</u>	<u>\$ 36,414,875</u>

NOTE 14 STABILIZATION FUNDS

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

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 14 STABILIZATION FUNDS (CONTINUED)

The balance of the general stabilization, capital stabilization, and climate resiliency stabilization funds at June 30, 2022 total \$4,433,367, \$3,728,665, and \$150,092 respectively. The general stabilization fund is reported as unassigned fund balance in the general fund and the capital and climate resiliency stabilization funds are reported as committed fund balances in the general fund.

NOTE 15 PENSION PLAN

General Information About the Pension Plan

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

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

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

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

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

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.

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 15 PENSION PLAN (CONTINUED)

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).

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 \$4,271,908 for the year ended June 30, 2022.

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

At June 30, 2022, the Town reported a liability of \$31,515,093 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2022, for which update procedures were used to roll back the total pension liability to the measurement date. The Town's proportion of the net pension liability is a blended rate of the proportionate share of active employer's covered payroll, direct charges for early retirement incentives and the direct amortization of the actuarial determined net pension liability for employer members that no longer have active covered payroll. At December 31, 2021, the Town's proportion was 5.731%, compared to its proportion of 5.975% at December 31, 2020.

TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2022, the Town recognized pension expense of \$1,628,202. At June 30, 2022, 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	\$ -	\$ 221,156
Changes of Assumptions	3,952,213	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	1,146,401	1,994,961
Net Difference Between Projected and Actual Earnings on OPEB Trust Investments	-	11,034,909
Total	<u>\$ 5,098,614</u>	<u>\$ 13,251,026</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>
2023	\$ (1,433,450)
2024	(3,164,927)
2025	(2,024,920)
2026	(1,619,415)
2027	90,300
Total	<u>\$ (8,152,412)</u>

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of January 1, 2022, using the following actuarial assumptions applied to all periods included in the measurement that was rolled back to the December 31, 2021, measurement date:

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

TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

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%	6.11%
International Equity - Developed Markets	11.50%	6.49%
International Equity - Emerging Markets	4.50%	8.12%
Core Fixed Income	15.00%	0.38%
High-Yield Fixed Income	8.00%	2.48%
Real Estate	10.00%	3.72%
Timberland	4.00%	3.44%
Hedge Fund, GTAA, Risk Parity	10.00%	2.63%
Private Equity	15.00%	9.93%
Total	100.00%	

Discount rate. The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from employers will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 15 PENSION PLAN (CONTINUED)

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

Sensitivity of the Town's proportionate share of the net pension liability to changes in the discount rate. The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 6.90%, as well as what the Town proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.90%) or 1-percentage-point higher (7.90%) than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Town of Bourne's Proportionate Share of the Net Pension Liability	\$ 46,345,450	\$ 31,515,093	\$ 19,040,363

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, 2022**

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, 2022. The Commonwealth's net pension liability associated with the Town was \$49,114,118.

The MTRS' net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2021, rolled forward to June 30, 2021.

For the year ended June 30, 2022, the Town recognized pension expense of \$3,941,203 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, 2022**

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, 2021, measurement date was determined by an actuarial valuation as of January 1, 2021, rolled forward to June 30, 2021. This valuation used the following assumptions:

Investment Rate of Return 7.00%

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

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

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

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

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

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

Investment assets of the MTRS are with the Pension Reserves Investment Trust (PRIT) Fund. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage. Best estimates of geometric rates of return for each major asset class included in the PRIT Fund's target asset allocation as of June 30, 2021 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%	0.3%
Private Equity	13.0%	7.8%
Portfolio Completion Strategies	11.0%	2.9%
Real Estate	10.0%	3.7%
Value Added Fixed Income	8.0%	3.9%
Timber/Natural Resources	4.0%	4.3%
Total	100.0%	

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 16 MASSACHUSETTS TEACHERS RETIREMENT SYSTEM (CONTINUED)

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

Discount rate. The discount rate used to measure the MTRS' total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the Commonwealth's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rates. Based on those assumptions, the net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

NOTE 17 COMMITMENTS

The Town has entered into, or is planning to enter into, contracts totaling approximately \$25,000,000 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 \$4,951,024 at June 30, 2022.

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, 2022, cannot be ascertained, management believes any resulting liability should not materially affect the financial position of the Town at June 30, 2022.

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

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 19 SUBSEQUENT EVENT

On December 16, 2022, the Town entered into an equipment lease/purchase agreement with Banc of America Public Capital Corp to finance energy efficiency improvements through various facilities in the Town as required by the energy management savings agreement with Trane, Inc. Lease payments of \$441,257 will be paid annually through the lease term ending December 16, 2037.

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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, 2022**

	Prior Year Encumbrances and Continuing Appropriations	Original Budget	Supplemental Appropriations and Transfers	Final Budget
REVENUES				
Real Estate and Personal Property Taxes	\$ -	\$ 56,414,100	\$ -	\$ 56,414,100
Motor Vehicle and Other Excise Taxes	-	3,379,344	-	3,379,344
Tax Liens	-	-	-	-
Payments in Lieu of Taxes	-	20,000	-	20,000
Intergovernmental	-	8,266,281	-	8,266,281
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	-	2,911,250	-	2,911,250
Investment Income	-	100,000	-	100,000
Total Revenues	-	72,095,975	-	72,095,975
EXPENDITURES				
Current:				
General Government	2,022,288	6,478,155	122,762	8,623,205
Public Safety	1,433,856	12,071,469	4,357	13,509,682
Education	1,424,836	27,912,515	-	29,337,351
Public Works	509,374	3,046,863	45,114	3,601,351
Health and Human Services	20,823	1,127,351	1,000	1,149,174
Culture and Recreation	30,734	1,080,089	-	1,110,823
Pension Benefits	-	4,522,118	-	4,522,118
Employee Benefits	85,455	9,065,450	-	9,150,905
Property and Liability Insurance	-	1,725,688	-	1,725,688
Claims and Judgments	-	70,800	-	70,800
State and County Charges	-	5,346,340	-	5,346,340
Debt Service:				
Principal	-	4,955,451	-	4,955,451
Interest	-	1,926,827	-	1,926,827
Total Expenditures	5,527,366	79,329,116	173,233	85,029,715
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(5,527,366)	(7,233,141)	(173,233)	(12,933,740)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	6,441,976	-	6,441,976
Transfers Out	-	(1,139,831)	(1,125,000)	(2,264,831)
Total Other Financing Sources (Uses)	-	5,302,145	(1,125,000)	4,177,145
NET CHANGE IN FUND BALANCE	(5,527,366)	(1,930,996)	(1,298,233)	(8,756,595)
Fund Balance - Beginning of Year	15,907,195	15,907,195	15,907,195	15,907,195
FUND BALANCE - END OF YEAR	\$ 10,379,829	\$ 13,976,199	\$ 14,608,962	\$ 7,150,600

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, 2022**

	Actual	Current Year Encumbrances and Continuing Appropriations	Actual and Encumbrances and Continuing Appropriations	Variance Positive/ Negative
REVENUES				
Real Estate and Personal Property Taxes	\$ 56,125,395	\$ -	\$ 56,125,395	\$ (288,705)
Motor Vehicle and Other Excise Taxes	5,289,955	-	5,289,955	1,910,611
Tax Liens	176,449	-	176,449	176,449
Payments in Lieu of Taxes	-	-	-	(20,000)
Intergovernmental	8,230,020	-	8,230,020	(36,261)
Special Assessments	92,753	-	92,753	92,753
Penalties and Interest on Taxes	218,522	-	218,522	43,522
Licenses and Permits	826,974	-	826,974	126,974
Fines and Forfeitures	131,739	-	131,739	1,739
Departmental and Other	2,844,936	-	2,844,936	(66,314)
Investment Income	27,159	-	27,159	(72,841)
Total Revenues	73,963,902	-	73,963,902	1,867,927
EXPENDITURES				
Current:				
General Government	5,083,152	2,603,781	7,686,933	936,272
Public Safety	12,061,834	1,283,321	13,345,155	164,527
Education	28,718,433	612,307	29,330,740	6,611
Public Works	3,336,285	221,623	3,557,908	43,443
Health and Human Services	1,047,830	24,335	1,072,165	77,009
Culture and Recreation	924,838	76,151	1,000,989	109,834
Pension Benefits	4,479,254	-	4,479,254	42,864
Employee Benefits	8,895,587	129,506	9,025,093	125,812
Property and Liability Insurance	1,714,932	-	1,714,932	10,756
Claims and Judgments	70,434	-	70,434	366
State and County Charges	5,039,014	-	5,039,014	307,326
Debt Service:				
Principal	4,660,417	-	4,660,417	295,034
Interest	1,905,505	-	1,905,505	21,322
Total Expenditures	77,937,515	4,951,024	82,888,539	2,141,176
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,973,613)	(4,951,024)	(8,924,637)	4,009,103
OTHER FINANCING SOURCES (USES)				
Transfers In	6,537,647	-	6,537,647	95,671
Transfers Out	(2,264,831)	-	(2,264,831)	-
Total Other Financing Sources (Uses)	4,272,816	-	4,272,816	95,671
NET CHANGE IN FUND BALANCE	299,203	(4,951,024)	(4,651,821)	4,104,774
Fund Balance - Beginning of Year	15,907,195	-	15,907,195	-
FUND BALANCE - END OF YEAR	<u>\$ 16,206,398</u>	<u>\$ (4,951,024)</u>	<u>\$ 11,255,374</u>	<u>\$ 4,104,774</u>

See accompanying independent auditors' report.

**TOWN OF BOURNE, MASSACHUSETTS
COMMUNITY PRESERVATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
(NON-GAAP BUDGETARY BASIS)
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2022**

	Prior Year Encumbrances and Continuing Appropriations	Original Budget	Supplemental Appropriations and Transfers	Final Budget
REVENUES				
Community Preservation Surcharges	\$ -	\$ 1,605,394	\$ -	\$ 1,605,394
Tax Liens	-	-	-	-
Penalties and Interest on Taxes	-	-	-	-
Intergovernmental	-	250,000	-	250,000
Investment Income	-	20,000	-	20,000
Total Revenues	-	1,875,394	-	1,875,394
EXPENDITURES				
Current:				
Health and Human Services	753,635	121,482	(8,188)	866,929
Culture and Recreation	2,038,168	968,850	(133,076)	2,873,942
Total Expenditures	2,791,803	1,090,332	(141,264)	3,740,871
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,791,803)	785,062	141,264	(1,865,477)
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	(651,735)	-	(651,735)
NET CHANGE IN FUND BALANCE	(2,791,803)	133,327	141,264	(2,517,212)
Fund Balance - Beginning of Year	5,141,541	5,141,541	5,141,541	5,141,541
FUND BALANCE - END OF YEAR	<u>\$ 2,349,738</u>	<u>\$ 5,274,868</u>	<u>\$ 5,282,805</u>	<u>\$ 2,624,329</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, 2022**

	Actual	Current Year Encumbrances and Continuing Appropriations	Actual and Encumbrances and Continuing Appropriations	Variance Positive/ (Negative)
REVENUES				
Community Preservation Surcharges	\$ 1,625,748	\$ -	\$ 1,625,748	\$ 20,354
Tax Liens	5,015	-	5,015	5,015
Penalties and Interest on Taxes	5,557	-	5,557	5,557
Intergovernmental	787,193	-	787,193	537,193
Investment Income	9,882	-	9,882	(10,118)
Total Revenues	2,433,395	-	2,433,395	558,001
EXPENDITURES				
Current:				
Health and Human Services	269,543	597,386	866,929	-
Culture and Recreation	434,975	2,438,967	2,873,942	-
Total Expenditures	704,518	3,036,353	3,740,871	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,728,877	(3,036,353)	(1,307,476)	558,001
OTHER FINANCING SOURCES (USES)				
Transfers Out	(651,735)	-	(651,735)	-
NET CHANGE IN FUND BALANCE	1,077,142	(3,036,353)	(1,959,211)	558,001
Fund Balance - Beginning of Year	5,141,541	-	5,141,541	-
FUND BALANCE - END OF YEAR	<u>\$ 6,218,683</u>	<u>\$ (3,036,353)</u>	<u>\$ 3,182,330</u>	<u>\$ 558,001</u>

See accompanying independent auditors' report.

**TOWN OF BOURNE, MASSACHUSETTS
PENSION PLAN SCHEDULES
JUNE 30, 2022**

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

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

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

**TOWN OF BOURNE, MASSACHUSETTS
PENSION PLAN SCHEDULES
JUNE 30, 2022**

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

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

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

See accompanying independent auditors' report.

**TOWN OF BOURNE, MASSACHUSETTS
PENSION PLAN SCHEDULES
JUNE 30, 2022**

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

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

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

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

**TOWN OF BOURNE, MASSACHUSETTS
OTHER POSTEMPLOYMENT BENEFITS SCHEDULES
JUNE 30, 2022**

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY (1)

	2022	2021	2020	2019
Total OPEB Liability				
Service Cost	\$ 1,479,275	\$ 5,433,367	\$ 3,795,441	\$ 4,069,243
Interest	4,386,062	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	(3,735,616)	(3,525,423)	(3,497,113)	(3,632,578)
Net Change in Total OPEB liability	2,129,721	(69,520,591)	27,372,775	(4,878,095)
Total OPEB Liability - Beginning	67,837,017	137,357,608	109,984,833	114,862,928
Total OPEB Liability - Ending (a)	<u>\$ 69,966,738</u>	<u>\$ 67,837,017</u>	<u>\$ 137,357,608</u>	<u>\$ 109,984,833</u>
Plan Fiduciary Net Position				
Contributions - Employer	\$ 4,754,033	\$ 4,714,125	\$ 4,378,993	\$ 6,087,516
Net Investment Income	(414,807)	787,742	115,288	200,593
Benefit Payments	(3,735,616)	(3,525,423)	(3,497,113)	(3,632,578)
Net Change in Plan Fiduciary Net Position	603,610	1,976,444	997,168	2,655,531
Plan Fiduciary Net Position - Beginning	5,629,143	3,652,699	2,655,531	-
Plan Fiduciary Net Position - Ending (b)	<u>\$ 6,232,753</u>	<u>\$ 5,629,143</u>	<u>\$ 3,652,699</u>	<u>\$ 2,655,531</u>
Town's Net OPEB Liability - Ending (a) - (b)	<u>\$ 63,733,985</u>	<u>\$ 62,207,874</u>	<u>\$ 133,704,909</u>	<u>\$ 107,329,302</u>
Plan's Fiduciary Net Position as a Percentage of the Total Liability	8.91%	8.30%	2.66%	2.41%

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

SCHEDULE OF INVESTMENT RETURNS (PLAN) (1)

	2022	2021	2020	2019
Annual Money-Weighted Rate of Return, Net of Investment Expense	-6.48%	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, 2022**

SCHEDULE OF CONTRIBUTIONS (TOWN) (1)

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

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

TOWN OF BOURNE, MASSACHUSETTS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022

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, 2022, 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	\$ 73,963,902	\$ 82,888,539	\$ 4,272,816	\$ 11,255,374
Adjustments:				
Net Change in Recording 60-Day Receipts	(243,273)	-	-	146,469
Net Change in Recording Tax Refunds Payable	(321,801)	-	-	(321,801)
To Record MTRS On-Behalf Payments	3,941,203	3,941,203	-	-
Encumbrances and Continuing Appropriations	-	(4,951,024)	-	4,951,024
Reclassifications:				
To Reclassify the Activity of the Stabilization Funds to the General Fund	(155,858)	-	496,531	8,312,124
To Reclassify the Activity of the OPEB Fund	-	515,000	515,000	-
GAAP Basis as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances	<u>\$ 77,184,173</u>	<u>\$ 82,393,718</u>	<u>\$ 5,284,347</u>	<u>\$ 24,343,190</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	\$ 2,433,395	\$ 3,740,871	\$ (651,735)	\$ 3,182,330
Adjustments:				
Other	-	-	-	1,019
To Record Encumbrances and Continuing Appropriations	-	(3,036,353)	-	3,036,353
GAAP Basis as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances	<u>\$ 2,433,395</u>	<u>\$ 704,518</u>	<u>\$ (651,735)</u>	<u>\$ 6,219,702</u>