

TOWN OF BELLINGHAM, MASSACHUSETTS

**REPORT ON EXAMINATION OF
BASIC FINANCIAL STATEMENTS**

JUNE 30, 2014

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INDEPENDENT AUDITORS REPORT

To the Honorable Board of Selectmen
Town of Bellingham, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Bellingham, Massachusetts, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town of Bellingham's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Bellingham, Massachusetts, as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, retirement system schedules of funding progress and employer contributions and other post-employment benefits – schedules of funding progress and employer contributions on pages 3-9, 57 and 58 – 59 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 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 June 29, 2015, on our consideration of the Town of Bellingham, Massachusetts's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Bellingham, Massachusetts's internal control over financial reporting and compliance.



June 29, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Bellingham (the Town), we offer readers of the Town's basic financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2014. We encourage readers to consider the information presented here in this report.

Overview of the Financial Statements:

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements consist of three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes 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 assets and liabilities, with the difference between the two 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 the cash flows*. Thus, revenues and expenses reported in this statement for some items will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions and activities of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions and activities that are intended to recover all or a significant portion of their costs through user fees or charges (business-type activities). The governmental activities of the Town include the broad functions of general government, public safety, education, public works, sewer, human services, culture and recreation, pension benefits, employee benefits, interest and state and county charges. The business type activities include costs relating to water and sanitation activities.

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 of the Town can be divided into three categories: governmental funds, proprietary funds, and 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 funds financial statements focus on the *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable 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 financial statements 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 impact 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 of Bellingham adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the budget.

Proprietary Funds - *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town has two enterprise funds:

- *Water Enterprise Fund* accounts for the water activity of the Town.
- *Trash (Sanitation) Enterprise Fund* accounts for the trash collection and disposal activities of the Town.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* included in the government-wide financial statements because the resources of the funds are *not* available to support the Town's own functions and activities. The accounting used for fiduciary funds is much like that used for proprietary funds.

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

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 funds financial statements.

Government-wide Financial Analysis:

The chart on the following page summarizes key financial components of the Town's Statement of Net Position.

Net position of \$52.9 million reflect the Town's investment in capital assets (e.g. land, buildings, machinery and equipment, vehicles, infrastructure, and construction in progress) less any related debt used to acquire those assets that remains outstanding. The Town uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Although the Town's investment in 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 capital assets themselves, cannot be used to liquidate these liabilities. Total net position decreased from \$77.3 to \$75.0 million from the prior fiscal year, a decrease of \$2.3 million. Of this change in net position, a decrease of \$2,515,721 was attributable to governmental activities and an increase of \$200,382 was attributable to business-type activities. A decrease in net position means that the change in total liabilities exceeded the change in total assets. An increase in net position means that the change in total assets exceeded the change in total liabilities.

The Town increased its total liabilities by \$4,768,579 over the previous fiscal year. Correspondingly, the Town's total assets increased by \$2,156,050 over the previous year.

An additional portion of the Town's net position totaling \$10.4 million represents resources that are subject to external restrictions on how they may be used. The restricted net position relate to government activities.

Town of Bellingham - Condensed Statement of Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	FY 2014	FY 2013	FY 2014	FY 2013	FY 2014	FY 2013
Assets:						
Current assets	\$ 31,137,805	\$ 32,306,242	\$ 2,091,188	\$ 1,650,518	\$ 33,228,993	\$ 33,956,760
Noncurrent assets (excluding capital)	14,675,271	17,219,671	-	-	14,675,271	17,219,671
Capital assets	67,842,291	65,672,657	17,799,780	14,244,007	85,642,071	79,916,664
Total assets	113,655,367	\$ 97,978,899	19,890,968	15,894,525	133,546,335	131,093,095
Liabilities:						
Current liabilities (excluding debt)	5,758,510	4,704,451	1,529,904	180,569	7,288,414	4,885,020
Noncurrent liabilities (excluding debt)	15,526,353	12,773,454	512,496	491,660	16,038,849	13,265,114
Current debt	6,180,455	5,439,440	3,083,085	452,195	9,263,540	5,891,635
Noncurrent debt	24,272,614	27,848,069	1,675,000	1,880,000	25,947,614	29,728,069
Total liabilities	51,737,932	\$ 50,765,414	6,800,485	3,004,424	58,538,417	53,769,838
Net Position:						
Net investment in capital assets	39,825,855	37,180,704	13,098,337	11,968,454	52,924,192	49,149,158
Restricted	10,423,803	10,414,445	-	-	10,423,803	10,414,445
Unrestricted	11,667,777	16,838,007	(7,854)	921,647	11,659,923	17,759,654
Total net position	\$ 61,917,435	\$ 64,433,156	\$ 13,090,483	\$ 12,890,101	\$ 75,007,918	\$ 77,323,257

The remaining balance of unrestricted net position totaling \$11.6 million – or 15.5% of total net position may be used to meet the Town's on-going obligations to its citizens and creditors.

At the end of the current fiscal year, the Town is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental.

The governmental activities net position decreased by \$2,515,721 as a result of current operations, i.e. current year's expenditures exceeded current year's revenues. The Town's governmental activities revenues increased by \$1.1 million or 1.9%. The primary contributors to the increase in revenues were operating grants and contributions (\$803,348) and real estate and personal property taxes (\$623,162). The Town's governmental activities expenses increased by \$2.9 million over the prior fiscal year or 4.9%. The largest contributor to the expense increase was employee benefits (\$992,087); while public works, education, and public safety expenditures all increased as compared with the prior year.

The business-type activities net position increased by \$200,382 as a result of current operations. This change in net position is primarily attributable to investment in capital assets.

Town of Bellingham - Condensed Statement of Activities

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>FY 2014</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2013</u>
Revenues						
<i>Program Revenues:</i>						
Charges for services	\$ 4,990,654	\$ 5,257,071	\$ 3,862,482	\$ 3,740,127	\$ 8,853,136	\$ 8,997,198
Operating grants and contributions	17,795,214	16,991,866	37,457	31,403	17,832,671	17,023,269
Capital grants and contributions	540,535	704,025	-	-	540,535	704,025
<i>General Revenues:</i>						
Real Estate and personal property taxes	32,538,978	31,915,816	-	-	32,538,978	31,915,816
Motor vehicle and other excise taxes	2,173,906	2,185,620	-	-	2,173,906	2,185,620
Nonrestricted grants and contributions	1,918,076	1,595,947	-	-	1,918,076	1,595,947
Unrestricted investment income	58,203	267,242	-	-	58,203	267,242
Other revenues	250,050	248,992	-	-	250,050	248,992
Total Revenues	<u>60,265,616</u>	<u>59,166,579</u>	<u>3,899,939</u>	<u>3,771,530</u>	<u>64,165,555</u>	<u>62,938,109</u>
Expenses:						
General Government	2,911,363	3,276,727	-	-	2,911,363	3,276,727
Public Safety	5,805,484	5,237,800	-	-	5,805,484	5,237,800
Education	29,352,037	28,529,190	-	-	29,352,037	28,529,190
Public Works	2,891,641	2,402,382	-	-	2,891,641	2,402,382
Sewer	958,138	797,017	-	-	958,138	797,017
Human Services	619,676	542,247	-	-	619,676	542,247
Culture and Recreation	854,712	736,086	-	-	854,712	736,086
Employee Benefits	17,284,978	16,292,891	-	-	17,284,978	16,292,891
State and County Assessments	946,581	807,076	-	-	946,581	807,076
Interest	970,189	1,026,728	-	-	970,189	1,026,728
Water	-	-	2,259,597	2,130,797	2,259,597	2,130,797
Sanitation	-	-	1,626,498	1,376,989	1,626,498	1,376,989
Total Expenses	<u>62,594,799</u>	<u>59,648,144</u>	<u>3,886,095</u>	<u>3,507,786</u>	<u>66,480,894</u>	<u>63,155,930</u>
Transfers	<u>(186,538)</u>	<u>(190,593)</u>	<u>186,538</u>	<u>190,593</u>	<u>-</u>	<u>-</u>
Change in Net Position	<u>(2,515,721)</u>	<u>(672,158)</u>	<u>200,382</u>	<u>454,337</u>	<u>(2,315,339)</u>	<u>(217,821)</u>
Net Position - beginning	<u>\$ 64,433,156</u>	<u>\$ 65,105,314</u>	<u>\$ 13,187,291</u>	<u>\$ 12,732,954</u>	<u>77,620,447</u>	<u>77,838,268</u>
Net Position - ending	<u>\$ 61,917,435</u>	<u>\$ 64,433,156</u>	<u>\$ 13,387,673</u>	<u>\$ 13,187,291</u>	<u>\$ 75,305,108</u>	<u>\$ 77,620,447</u>

The water and sanitation business-type activities revenues and expenses did not materially change as compared to the previous fiscal year.

Financial Analysis of the Governmental Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds - The focus of the Town's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Town's financing requirements. In particular, unreserved 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, governmental funds reported combined ending fund balances of \$13.9 million, a decrease of (\$3,716,580) in comparison with the prior year. Approximately \$2.4 million of this amount constitutes *unassigned fund balance*, which is available for spending at the Town's discretion.

The general fund is the chief operating fund. At the end of the current fiscal year, unassigned fund balance of the general fund was \$5.1 million, while the total fund balance was \$9.6 million. Unassigned fund balance represents 9.4% of total general fund expenditures.

General fund revenues for FY 2014 were \$53.9 million with property taxes (\$32.4 million) and intergovernmental (\$17.6 million) the major components of the Town's revenue sources. General Fund expenditures were \$54.3 million for FY 2014 with education (\$24.0 million), employee benefits (\$12.8 million) and public safety (\$6.2 million) the major components of spending. The fund balance of the general fund increased by \$216,355.

The Town has established multiple stabilization funds, which are found within the General Fund fund balance. The stabilization fund has accumulated a fund balance of nearly \$1.3 million which represents 2.3% of general fund expenditures. The capital stabilization fund has an ending fund balance of \$0.5 million or 1.0% of general fund expenditures. The Town also maintains a tax stabilization fund, with an ending fund balance of approximately \$1.9 million or 3.4% of general fund expenditures. These funds can be used for general or capital purposes upon Town Meeting approval. The town has targeted no stabilization funds to be used for fiscal 2014 budgetary funding.

General Fund Budget Highlights

There were modest overall changes between the original and final expenditures budget of the Town in most functional areas; additional public works expenses represent most of the increases, which was offset by reductions in interest expense. The Town budgeted \$47.5 million of revenues and \$51.1 million of expenditures. There were increases of \$713,558 between the original and final expenditure budgets of the Town.

Capital Assets and Debt Administration

Capital assets – In conjunction with the operating budget, the Town annually prepared capital budgets for the upcoming fiscal year.

The Town's investment in capital assets for governmental and business-type activities as of June 30, 2014, amounts to \$85.6 million, net of accumulated depreciation. The investment in capital assets includes land, buildings and improvements, machinery and equipment, vehicles, infrastructure, and construction in process.

	Governmental Activities	Business-type Activities	Total
Land	\$ 12,307,759	\$ 3,573,100	\$ 15,880,859
Buildings and Improvements	36,495,204	13,539	36,508,743
Machinery and Equipment	2,910,868	442,034	3,352,902
Vehicles	1,044,199	225,842	1,270,041
Infrastructure	13,689,869	9,548,291	23,238,160
Construction in Progress	1,394,392	3,996,974	5,391,366
Total	<u>\$ 67,842,291</u>	<u>\$ 17,799,780</u>	<u>\$ 85,642,071</u>

Long term debt – Governmental activities outstanding long-term debt as of June 30, 2014, totaled \$27.8 million of which \$19.7 million (66.3%) is for school building construction, subject to an annual reimbursement from the Commonwealth of Massachusetts of 76% of principal and interest for twenty (20) years, and \$5.5 million (18.4%) is for road construction and repairs. The governmental activities (business-type activities debt is not included) long-term debt consists of the following:

Education (reimbursable)	\$ 19,415,000	69.72%
Educational (non-reimbursable)	285,000	1.02%
Sewer	1,643,069	5.90%
Public Works	5,482,500	19.69%
Human Services	305,000	1.10%
Public Safety	55,000	0.20%
General Government	<u>662,500</u>	<u>2.38%</u>
Total	<u>\$ 27,848,069</u>	<u>100.00%</u>

The Town's credit rating was reviewed in December 2012. Moody's Investors Service assigned a rating of Aa2, and Standard & Poors assigned a rating of AA.

Economic Factors and Next Year's Budgets and Rates

The Town's leadership (elected and appointed officials) considered many factors when setting the fiscal 2014 budget and tax rates including the following:

- One of the most significant financial factors was the local aid, including Chapter 70 school assistance, received from the state, which has decreased from the FY '09 level due to the state's general economic down cycle and a change in the education reform formula.
- The fiscal 2014 residential tax rate was set at \$14.66 and the commercial/industrial tax rate was set at \$17.91. Residential property values remained nearly unchanged from FY 2013 and commercial/ industrial/personal property values increased an average of 1%. The excess levy capacity for fiscal 2014 was \$35,394.
- The Board of Selectmen voted during their classification hearing to maintain the split tax rate for the various classes of property within the town. On a state wide ranking, the Town of Bellingham ranks 212th in the amount of tax dollars paid by the average single family taxpayer; with a rank of 1 being the highest bill in the state and 338 being the lowest reported bill in the state.
- The Board of Selectmen, as Water and Sewer Commissioners, voted not to change water and sewer rates in FY2014; however, a substantial increase to the capital improvement fees is anticipated for FY2015. Furthermore, the billing system will change from a semi-annual system to a quarterly system in FY 2015.
- Fiscal 2015 and beyond may prove to be challenging as the current economic condition of both state and federal governments have shown signs of improvement. The projected state local aid increase for Fiscal 2015 is modestly higher than aid received during Fiscal Year 2014; an indicator of possible financial improvements at the state level.

Request for Information

This financial report is designed to provide a general overview of the Town's finances for all of those with an interest in the Town's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, Town Hall Annex, 10 Mechanic Street, Bellingham, MA 02019.

TOWN OF BELLINGHAM, MASSACHUSETTS
STATEMENT OF NET POSITION
JUNE 30, 2014

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<u>ASSETS</u>			
CURRENT:			
CASH AND SHORT-TERM INVESTMENTS	\$ 24,741,651	\$ 1,303,123	\$ 26,044,774
INVESTMENTS	27,521	-	27,521
RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:			
REAL ESTATE AND PERSONAL PROPERTY TAXES	812,593	-	812,593
TAX LIENS	1,018,606	-	1,018,606
MOTOR VEHICLE EXCISE TAXES	238,982	-	238,982
USER FEES	272,105	788,065	1,060,170
DEPARTMENTAL AND OTHER	870,179	-	870,179
INTERGOVERNMENTAL	2,880,935	-	2,880,935
SPECIAL ASSESSMENTS	163,674	-	163,674
PREPAID EXPENSES	111,559	-	111,559
NONCURRENT:			
RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:			
INTERGOVERNMENTAL	14,268,222	-	14,268,222
SPECIAL ASSESSMENTS	407,049	-	407,049
CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	67,842,291	17,799,780	85,642,071
TOTAL ASSETS	113,655,367	19,890,968	133,546,335
<u>LIABILITIES</u>			
CURRENT:			
ACCOUNTS PAYABLE	1,697,613	1,491,335	3,188,948
ACCRUED LIABILITIES	2,278,266	24,843	2,303,109
HEALTH CLAIMS PAYABLE	1,403,569	-	1,403,569
OTHER LIABILITIES	9,000	-	9,000
ACCRUED INTEREST	250,591	13,726	264,317
DEFERRED AMOUNT ON REFUNDING	3,591	-	3,591
BONDS AND NOTES PAYABLE	6,180,455	3,083,085	9,263,540
LANDFILL POSTCLOSURE CARE COSTS	3,000	-	3,000
COMPENSATED ABSENCES	112,880	-	112,880
NONCURRENT:			
DEFERRED AMOUNT ON REFUNDING	56,045	-	56,045
BONDS AND NOTES PAYABLE	24,272,614	1,675,000	25,947,614
LANDFILL POSTCLOSURE CARE COSTS	30,000	-	30,000
COMPENSATED ABSENCES	1,015,925	-	1,015,925
POSTEMPLOYMENT BENEFITS	14,424,383	512,496	14,936,879
TOTAL LIABILITIES	51,737,932	6,800,485	58,538,417
<u>NET POSITION</u>			
NET INVESTMENT IN CAPITAL ASSETS	39,825,855	13,098,337	52,924,192
RESTRICTED FOR:			
PERMANENT FUNDS:			
EXPENDABLE	41,634	-	41,634
OTHER PURPOSES	10,382,169	-	10,382,169
UNRESTRICTED	11,667,777	(7,854)	11,659,923
TOTAL NET POSITION	\$ 61,917,435	\$ 13,090,483	\$ 75,007,918

See accompanying notes to the basic financial statements

**TOWN OF BELLINGHAM, MASSACHUSETTS
STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2014**

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUE
PRIMARY GOVERNMENT:					
GOVERNMENTAL ACTIVITIES:					
GENERAL GOVERNMENT	\$ 2,911,363	\$ 202,275	\$ 168,977	\$ -	\$ (2,540,111)
PUBLIC SAFETY	5,805,484	1,596,985	336,748	-	(3,871,751)
EDUCATION	29,352,037	1,217,205	10,004,010	-	(18,130,822)
PUBLIC WORKS	2,891,641	126,590	1,632	531,944	(2,231,475)
SEWER	958,138	1,089,925	1,268	-	133,055
HUMAN SERVICES	619,676	52,124	243,015	8,591	(315,946)
CULTURE & RECREATION	854,712	18,124	75,948	-	(760,640)
EMPLOYEE BENEFITS	17,284,978	687,426	6,963,616	-	(9,633,936)
STATE & COUNTY ASSESSMENTS	946,581	-	-	-	(946,581)
INTEREST	970,189	-	-	-	(970,189)
TOTAL GOVERNMENTAL ACTIVITIES	62,594,799	4,990,654	17,795,214	540,535	(39,268,396)
BUSINESS-TYPE ACTIVITIES:					
WATER	2,259,597	2,353,541	36,893	-	130,837
SANITATION	1,626,498	1,508,941	564	-	(116,993)
TOTAL BUSINESS-TYPE ACTIVITIES	3,886,095	3,862,482	37,457	-	13,844
TOTAL PRIMARY GOVERNMENT	\$ 66,480,894	\$ 8,853,136	\$ 17,832,671	\$ 540,535	\$ (39,254,552)

See accompanying notes to the basic financial statements

(continued)

**TOWN OF BELLINGHAM, MASSACHUSETTS
STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2014**

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
CHANGES IN NET ASSETS:			
NET (EXPENSE) REVENUE FROM PREVIOUS PAGE	\$ (39,268,396)	\$ 13,844	\$ (39,254,552)
GENERAL REVENUES:			
REAL ESTATE AND PERSONAL PROPERTY TAXES, NET OF TAX REFUNDS PAYABLE	32,227,563	-	32,227,563
TAX LIENS	311,415	-	311,415
MOTOR VEHICLE EXCISE TAXES	2,173,906	-	2,173,906
PENALTIES AND INTEREST ON TAXES	229,379	-	229,379
GRANTS AND CONTRIBUTIONS NOT RESTRICTED TO SPECIFIC PROGRAMS	1,918,076	-	1,918,076
UNRESTRICTED INVESTMENT INCOME	58,203	-	58,203
MISCELLANEOUS	20,671	-	20,671
TRANSFERS, NET	(186,538)	186,538	-
TOTAL GENERAL REVENUES AND TRANSFERS	36,752,675	186,538	36,939,213
CHANGE IN NET POSITION	(2,515,721)	200,382	(2,315,339)
NET POSITION:			
BEGINNING OF YEAR	64,433,156	12,890,101	77,323,257
END OF YEAR	\$ 61,917,435	\$ 13,090,483	\$ 75,007,918

See accompanying notes to the basic financial statements

(concluded)

**TOWN OF BELLINGHAM, MASSACHUSETTS
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2014**

ASSETS	GENERAL	ROAD IMPROVEMENTS	ATHLETIC FIELDS	POLICE STATION	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
CASH AND SHORT-TERM INVESTMENTS	\$ 12,352,871	\$ 2,726,656	\$ 176,885	\$ 250,838	\$ 4,464,581	\$ 19,971,831
INVESTMENTS	-	-	-	-	27,521	27,521
RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:						
REAL ESTATE AND PERSONAL PROPERTY TAXES	812,593	-	-	-	-	812,593
TAX LIENS	1,018,606	-	-	-	-	1,018,606
MOTOR VEHICLE EXCISE TAXES	238,982	-	-	-	-	238,982
USER FEES	-	-	-	-	272,105	272,105
DEPARTMENTAL AND OTHER	5,756	-	-	-	864,423	870,179
INTERGOVERNMENTAL	16,531,101	-	-	-	618,056	17,149,157
SPECIAL ASSESSMENTS	103,593	-	-	-	467,130	570,723
TOTAL ASSETS	\$ 31,063,502	\$ 2,726,656	\$ 176,885	\$ 250,838	\$ 6,713,816	\$ 40,931,697
LIABILITIES AND FUND BALANCES						
LIABILITIES:						
ACCOUNTS PAYABLE	\$ 798,790	\$ 330,061	\$ -	\$ 483,001	\$ 85,761	\$ 1,697,613
ACCRUED LIABILITIES	2,077,071	-	-	-	201,195	2,278,266
OTHER LIABILITIES	9,000	-	-	-	-	9,000
NOTES PAYABLE	-	-	1,355,000	750,000	500,000	2,605,000
TOTAL LIABILITIES	2,884,861	330,061	1,355,000	1,233,001	786,956	6,589,879
DEFERRED INFLOWS OF RESOURCES:						
DEFERRED PROPERTY TAXES	1,960,010	-	-	-	-	1,960,010
DEFERRED INTERGOVERNMENTAL REVENUE	16,531,101	-	-	-	308,554	16,839,655
DEFERRED OTHER REVENUE	109,349	-	-	-	1,553,658	1,663,007
TOTAL DEFERRED INFLOWS OF RESOURCES	18,600,460	-	-	-	1,862,212	20,462,672
FUND BALANCES:						
RESTRICTED	1,865,994	2,396,595	-	-	4,596,362	8,858,951
COMMITTED	677,253	-	-	-	-	677,253
ASSIGNED	1,917,202	-	-	-	-	1,917,202
UNASSIGNED	5,117,732	-	(1,178,115)	(982,163)	(531,714)	2,425,740
TOTAL FUND BALANCES	9,578,181	2,396,595	(1,178,115)	(982,163)	4,064,648	13,879,146
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES	\$ 31,063,502	\$ 2,726,656	\$ 176,885	\$ 250,838	\$ 6,713,816	\$ 40,931,697

See accompanying notes to the basic financial statements

**TOWN OF BELLINGHAM, MASSACHUSETTS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FISCAL YEAR ENDED JUNE 30, 2014**

	GENERAL	ROAD IMPROVEMENTS	ATHLETIC FIELDS	POLICE STATION	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:						
REAL ESTATE AND PERSONAL PROPERTY TAXES,						
NET OF TAX REFUNDS	\$ 32,425,727	\$ -	\$ -	\$ -	\$ -	\$ 32,425,727
MOTOR VEHICLE EXCISE TAXES	2,248,628	-	-	-	-	2,248,628
PENALTIES AND INTEREST ON TAXES	229,379	-	-	-	-	229,379
INTERGOVERNMENTAL	17,650,658	-	-	-	2,727,619	20,378,277
CHARGES FOR SERVICES	-	-	-	-	2,117,047	2,117,047
CHARGES FOR SERVICES - SEWER	-	-	-	-	1,124,557	1,124,557
INVESTMENT INCOME	46,108	-	-	-	13,775	59,883
CONTRIBUTIONS & DONATIONS	-	-	-	-	177,154	177,154
DEPARTMENTAL	1,351,128	-	-	-	196,942	1,548,070
TOTAL REVENUES	53,951,628	-	-	-	6,357,094	60,308,722
EXPENDITURES:						
CURRENT:						
GENERAL GOVERNMENT	2,386,313	-	-	-	292,877	2,679,190
PUBLIC SAFETY	6,162,651	-	-	982,163	251,088	7,395,902
EDUCATION	24,043,117	-	1,083,409	-	4,091,670	29,218,196
PUBLIC WORKS	2,455,509	1,041,949	-	-	431,058	3,928,516
SEWER	-	-	-	-	958,138	958,138
HUMAN SERVICES	278,112	-	-	-	285,793	563,905
CULTURE & RECREATION	716,537	-	-	-	105,301	821,838
EMPLOYEE BENEFITS	12,776,896	-	-	-	-	12,776,896
STATE & COUNTY ASSESSMENTS	946,581	-	-	-	-	946,581
DEBT SERVICE:						
PRINCIPAL	3,584,440	-	-	-	-	3,584,440
INTEREST	965,162	-	-	-	-	965,162
TOTAL EXPENDITURES	54,315,318	1,041,949	1,083,409	982,163	6,415,925	63,838,764
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(363,690)	(1,041,949)	(1,083,409)	(982,163)	(58,831)	(3,530,042)
OTHER FINANCING SOURCES (USES)						
OPERATING TRANSFERS IN	889,347	-	-	-	37,764	927,111
OPERATING TRANSFERS OUT	(309,302)	-	-	-	(804,347)	(1,113,649)
TOTAL OTHER FINANCING SOURCES (USES)	580,045	-	-	-	(766,583)	(186,538)
NET CHANGE IN FUND BALANCES	216,355	(1,041,949)	(1,083,409)	(982,163)	(825,414)	(3,716,580)
FUND BALANCES AT BEGINNING OF YEAR	9,361,826	3,438,544	(94,706)	-	4,890,062	17,595,726
FUND BALANCES AT END OF YEAR	\$ 9,578,181	\$ 2,396,595	\$ (1,178,115)	\$ (982,163)	\$ 4,064,648	\$ 13,879,146

See accompanying notes to the basic financial statements

**TOWN OF BELLINGHAM, MASSACHUSETTS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TOTAL FUND BALANCES TO THE STATEMENT OF NET POSITION
JUNE 30, 2014**

TOTAL GOVERNMENTAL FUND BALANCES		\$ 13,879,146
CAPITAL ASSETS (NET) USED IN GOVERNMENTAL ACTIVITIES ARE NOT FINANCIAL RESOURCES AND, THEREFORE, ARE NOT REPORTED IN THE FUNDS		67,842,291
ACCOUNTS RECEIVABLE ARE NOT AVAILABLE TO PAY FOR CURRENT-PERIOD EXPENDITURES AND, THEREFORE, ARE DEFERRED IN THE FUNDS		20,462,672
INTERNAL SERVICE FUNDS ARE USED BY MANAGEMENT TO ACCOUNT FOR EMPLOYEES' AND RETIREES' HEALTH INSURANCE, UNEMPLOYMENT, WORKMEN'S COMPENSATION AND BUILDING INSURANCE ACTIVITIES.		
THE ASSETS AND LIABILITIES OF THE INTERNAL SERVICE FUNDS ARE INCLUDED IN THE GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION		3,477,810
IN THE STATEMENT OF ACTIVITIES, INTEREST IS ACCRUED ON OUTSTANDING LONG-TERM DEBT, WHEREAS IN GOVERNMENTAL FUNDS INTEREST IS NOT REPORTED UNTIL DUE		(250,591)
LONG-TERM LIABILITIES ARE NOT DUE AND PAYABLE IN THE CURRENT PERIOD AND, THEREFORE, ARE NOT REPORTED IN THE GOVERNMENTAL FUNDS		
BONDS AND NOTES PAYABLE	(27,848,069)	
OTHER POSTEMPLOYMENT BENEFITS (OPEB)	(14,424,383)	
DEFERRED AMOUNT ON REFUNDING	(59,636)	
COMPENSATED ABSENCES	(1,128,805)	
LANDFILL POSTCLOSURE CARE COSTS	<u>(33,000)</u>	
NET EFFECT OF REPORTING LONG-TERM LIABILITIES		<u>(43,493,893)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ 61,917,435</u>

See accompanying notes to the basic financial statements

TOWN OF BELLINGHAM, MASSACHUSETTS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2014

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ (3,716,580)

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.

CAPITAL OUTLAY	4,786,419	
DEPRECIATION EXPENSE	<u>(2,616,785)</u>	
NET EFFECT OF REPORTING CAPITAL ASSETS		2,169,634

REVENUES IN THE STATEMENT OF ACTIVITIES THAT DO NOT PROVIDE CURRENT FINANCIAL RESOURCES ARE FULLY DEFERRED IN THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES. THEREFORE, THE RECOGNITION OF REVENUE FOR VARIOUS TYPES OF ACCOUNTS RECEIVABLE (I.E. REAL ESTATE AND PERSONAL PROPERTY, MOTOR VEHICLE EXCISE, ETC.) DIFFER BETWEEN THE TWO STATEMENTS. THIS AMOUNT REPRESENTS THE NET CHANGE IN DEFERRED REVENUE (2,059,907)

THE ISSUANCE OF LONG-TERM DEBT (E.G., BONDS) 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 EFFECT ON NET ASSETS. ALSO, GOVERNMENTAL FUNDS REPORT THE EFFECT OF ISSUANCE COSTS, PREMIUMS, DISCOUNTS, AND SIMILAR ITEMS WHEN DEBT IS FIRST ISSUED, WHEREAS THESE AMOUNTS ARE DEFERRED AND AMORTIZED IN THE STATEMENT OF ACTIVITIES.

DEBT SERVICE PRINCIPAL PAYMENTS	3,584,440	
DEFERRED AMOUNT ON REFUNDING	<u>3,591</u>	
NET EFFECT OF REPORTING LONG-TEM DEBT		3,588,031

SOME EXPENSES REPORTED IN THE STATEMENT OF ACTIVITIES DO NOT REQUIRE THE USE OF CURRENT FINANCIAL RESOURCES AND, THEREFORE, ARE NOT REPORTED AS EXPENDITURES IN THE GOVERNMENTAL FUNDS.

NET CHANGE IN COMPENSATED ABSENCES ACCRUAL	70,733	
NET CHANGE IN LANDFILL POSTCLOSURE CARE ACCRUAL	3,000	
NET CHANGE IN ACCRUED INTEREST ON LONG-TERM DEBT	(8,618)	
NET CHANGE IN OTHER POSTEMPLOYMENT BENEFITS	<u>(2,889,367)</u>	
NET EFFECT OF RECORDING LONG-TERM LIABILITIES		(2,824,252)

INTERNAL SERVICE FUNDS ARE USED BY MANAGEMENT TO ACCOUNT FOR HEALTH INSURANCE, UNEMPLOYMENT, WORKERS' COMPENSATION, AND BUILDING INSURANCE ACTIVITIES

THE NET ACTIVITY OF INTERNAL SERVICE FUNDS IS REPORTED WITH GOVERNMENTAL ACTIVITIES		<u>327,353</u>
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ (2,515,721)**

See accompanying notes to the basic financial statements

**TOWN OF BELLINGHAM, MASSACHUSETTS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FISCAL YEAR ENDED JUNE 30, 2014**

		BUDGETED AMOUNTS					
	PRIOR YEAR CARRYFORWARD ARTICLES & ENCUMBRANCES	CURRENT YEAR INITIAL BUDGET	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL BUDGETARY AMOUNTS	CURRENT YEAR CARRYFORWARD ARTICLES & ENCUMBRANCES	VARIANCE OVER (UNDER)
REVENUES:							
REAL ESTATE AND PERSONAL PROPERTY TAXES, NET OF TAX REFUNDS	\$ -	\$ 32,071,777	\$ 32,071,777	\$ 32,071,777	\$ 32,425,727	\$ -	\$ 353,950
MOTOR VEHICLE EXCISE TAXES	-	1,875,000	1,875,000	1,875,000	2,248,628	-	373,628
PENALTIES & INTEREST ON TAXES	-	190,000	190,000	190,000	229,379	-	39,379
INTERGOVERNMENTAL	-	12,290,291	12,290,291	12,290,291	12,521,260	-	230,969
INVESTMENT INCOME	-	40,000	40,000	40,000	36,637	-	(3,363)
DEPARTMENTAL	-	1,050,874	1,050,874	1,050,874	1,351,128	-	300,254
TOTAL REVENUES	-	47,517,942	47,517,942	47,517,942	48,812,759	-	1,294,817
EXPENDITURES:							
CURRENT:							
GENERAL GOVERNMENT	480,954	2,579,577	3,060,531	3,011,932	2,386,313	308,205	317,414
PUBLIC SAFETY	526,561	5,758,024	6,284,585	6,302,585	6,162,651	49,957	89,977
EDUCATION	228,202	24,001,627	24,229,829	24,229,829	24,043,117	174,354	12,358
PUBLIC WORKS	98,171	1,846,873	1,945,044	2,727,821	2,455,509	249,759	22,553
HUMAN SERVICES	18,262	262,518	280,780	300,780	278,112	3,109	19,559
CULTURE & RECREATION	18,387	715,112	733,499	743,499	716,537	12,699	14,263
EMPLOYEE BENEFITS	-	7,664,217	7,664,217	7,711,717	7,656,089	-	55,628
STATE & COUNTY ASSESSMENTS	-	819,061	819,061	819,061	946,581	-	(127,520)
DEBT SERVICE:							
PRINCIPAL	-	3,584,440	3,584,440	3,584,440	3,584,440	-	-
INTEREST	-	1,746,137	1,746,137	1,630,017	956,571	450,110	223,336
TOTAL EXPENDITURES	1,370,537	48,977,586	50,348,123	51,061,681	49,185,920	1,248,193	627,568
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,370,537)	(1,459,644)	(2,830,181)	(3,543,739)	(373,161)	(1,248,193)	1,922,385
OTHER FINANCING SOURCES (USES):							
OPERATING TRANSFERS IN	-	785,847	785,847	785,847	889,347	-	103,500
OPERATING TRANSFERS OUT	-	(296,538)	(296,538)	(309,302)	(309,302)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	489,309	489,309	476,545	580,045	-	103,500
NET CHANGE IN FUND BALANCE	(1,370,537)	(970,335)	(2,340,872)	(3,067,194)	206,884	(1,248,193)	2,025,885
BUDGETARY FUND BALANCE, BEGINNING OF YEAR	5,893,009	5,893,009	5,893,009	5,893,009	5,893,009	-	-
BUDGETARY FUND BALANCE, END OF YEAR	\$ 4,522,472	\$ 4,922,674	\$ 3,552,137	\$ 2,825,815	\$ 6,099,893	\$ (1,248,193)	\$ 2,025,885

See accompanying notes to the basic financial statements

**TOWN OF BELLINGHAM, MASSACHUSETTS
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2014**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
<u>ASSETS</u>	<u>WATER</u>	<u>SANITATION</u>	<u>TOTAL</u>	
CURRENT:				
CASH AND SHORT-TERM INVESTMENTS	\$ 1,030,769	\$ 272,354	\$ 1,303,123	\$ 4,769,820
USER FEES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:	499,176	288,889	788,065	-
PREPAID EXPENSES	-	-	-	111,559
TOTAL CURRENT ASSETS	1,529,945	561,243	2,091,188	4,881,379
NONCURRENT:				
CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	17,799,780	-	17,799,780	-
TOTAL ASSETS	19,329,725	561,243	19,890,968	4,881,379
<u>LIABILITIES</u>				
CURRENT:				
ACCOUNTS PAYABLE	1,382,162	109,173	1,491,335	-
ACCRUED LIABILITIES	23,625	1,218	24,843	-
HEALTH CLAIMS PAYABLE	-	-	-	1,403,569
ACCRUED INTEREST	13,726	-	13,726	-
BONDS AND NOTES PAYABLE	3,083,085	-	3,083,085	-
TOTAL CURRENT LIABILITIES	4,502,598	110,391	4,612,989	1,403,569
NONCURRENT:				
BONDS AND NOTES PAYABLE	1,675,000	-	1,675,000	-
OTHER POSTEMPLOYMENT BENEFITS	480,887	31,609	512,496	-
TOTAL NONCURRENT LIABILITIES	2,155,887	31,609	2,187,496	-
TOTAL LIABILITIES	6,658,485	142,000	6,800,485	1,403,569
NET POSITION				
NET INVESTMENT IN CAPITAL ASSETS	13,098,337	-	13,098,337	-
UNRESTRICTED	(427,097)	419,243	(7,854)	3,477,810
TOTAL NET POSITION	\$ 12,671,240	\$ 419,243	\$ 13,090,483	\$ 3,477,810

See accompanying notes to the basic financial statements

**TOWN OF BELLINGHAM, MASSACHUSETTS
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
FISCAL YEAR ENDED JUNE 30, 2014**

	BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
	WATER	SANITATION	TOTAL	
<u>OPERATING REVENUES:</u>				
CHARGES FOR SERVICES	\$ 2,353,541	\$ 1,508,941	\$ 3,862,482	\$ -
EMPLOYER CONTRIBUTIONS	-	-	-	7,649,300
EMPLOYEE CONTRIBUTIONS	-	-	-	687,426
DEPARTMENTAL & OTHER INCOME	35,397	-	35,397	1,323,590
TOTAL OPERATING REVENUES	2,388,938	1,508,941	3,897,879	9,660,316
<u>OPERATING EXPENSES:</u>				
GENERAL SERVICES	1,742,982	1,637,191	3,380,173	-
DEPRECIATION	400,250	-	400,250	-
EMPLOYEE BENEFITS	31,529	(10,693)	20,836	9,338,748
TOTAL OPERATING EXPENSES	2,174,761	1,626,498	3,801,259	9,338,748
OPERATING INCOME (LOSS)	214,177	(117,557)	96,620	321,568
<u>NON-OPERATING REVENUES (EXPENSES):</u>				
INVESTMENT INCOME	1,496	564	2,060	5,785
INTEREST EXPENSE	(84,836)	-	(84,836)	-
TOTAL NON-OPERATING REVENUES (EXPENSES), NET	(83,340)	564	(82,776)	5,785
INCOME (LOSS) BEFORE OPERATING TRANSFERS	130,837	(116,993)	13,844	327,353
<u>OPERATING TRANSFERS:</u>				
OPERATING TRANSFERS IN	271,538	-	271,538	-
OPERATING TRANSFERS OUT	(85,000)	-	(85,000)	-
TOTAL OPERATING TRANSFERS	186,538	-	186,538	-
CHANGE IN NET POSITION	317,375	(116,993)	200,382	327,353
NET POSITION AT BEGINNING OF YEAR	12,353,865	536,236	12,890,101	3,150,457
NET POSITION AT END OF YEAR	\$ 12,671,240	\$ 419,243	\$ 13,090,483	\$ 3,477,810

See accompanying notes to the basic financial statements

TOWN OF BELLINGHAM, MASSACHUSETTS
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FISCAL YEAR ENDED JUNE 30, 201

	BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
	WATER	SANITATION	TOTAL	
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>				
EMPLOYER CONTRIBUTIONS	\$ -	\$ -	\$ -	\$ 7,649,300
EMPLOYEE CONTRIBUTIONS	-	-	-	687,426
RECEIPTS FROM CUSTOMERS AND USERS	2,313,338	1,476,164	3,789,502	1,323,590
PAYMENTS TO SUPPLIERS	(900,263)	(1,515,724)	(2,415,987)	(8,222,271)
PAYMENTS TO EMPLOYEES	(776,326)	(25,990)	(802,316)	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	636,749	(65,550)	571,199	1,438,045
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>				
OPERATING TRANSFERS IN	271,538	-	271,538	-
OPERATING TRANSFERS OUT	(85,000)	-	(85,000)	-
NET CASH PROVIDED (USES) BY NONCAPITAL FINANCING ACTIVITIES	186,538	-	186,538	-
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>				
PROCEEDS FROM THE ISSUANCE OF BONDS AND NOTES	2,630,890	-	2,630,890	-
PRINCIPAL PAYMENTS ON BONDS AND NOTES	(205,000)	-	(205,000)	-
ACQUISITION AND CONSTRUCTION OF CAPITAL ASSETS	(2,771,859)	-	(2,771,859)	-
INTEREST EXPENSE	(81,537)	-	(81,537)	-
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES:	(427,506)	-	(427,506)	-
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>				
INTEREST RECEIVED	1,496	564	2,060	5,785
NET INCREASE (DECREASE) IN CASH AND SHORT-TERM INVESTMENTS	397,277	(64,986)	332,291	1,443,830
CASH AND SHORT-TERM INVESTMENTS - BEGINNING OF YEAR	633,492	337,340	970,832	3,325,990
CASH AND SHORT-TERM INVESTMENTS - END OF YEAR	<u>\$ 1,030,769</u>	<u>\$ 272,354</u>	<u>\$ 1,303,123</u>	<u>\$ 4,769,820</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</u>				
OPERATING INCOME (LOSS)	<u>\$ 214,177</u>	<u>\$ (117,557)</u>	<u>\$ 96,620</u>	<u>\$ 321,568</u>
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
DEPRECIATION	400,250	-	400,250	-
(INCREASE) DECREASE IN ACCOUNTS RECEIVABLE	(75,600)	(32,778)	(108,378)	-
(INCREASE) DECREASE IN DEPOSITS	-	-	-	284,162
INCREASE (DECREASE) IN ACCOUNTS PAYABLE	66,393	95,478	161,871	-
INCREASE (DECREASE) IN HEALTH CLAIMS PAYABLE	-	-	-	832,315
INCREASE (DECREASE) IN POSTEMPLOYMENT BENEFITS	31,529	(10,693)	20,836	-
TOTAL ADJUSTMENTS	422,572	52,007	474,579	1,116,477
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 636,749</u>	<u>\$ (65,550)</u>	<u>\$ 571,199</u>	<u>\$ 1,438,045</u>

See accompanying notes to the basic financial statements

**TOWN OF BELLINGHAM, MASSACHUSETTS
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2014**

	POSTEMPLOYMENT BENEFITS TRUST	PRIVATE PURPOSE TRUST FUNDS	AGENCY FUNDS
<u>ASSETS</u>			
CASH AND SHORT-TERM INVESTMENTS	\$ 350,627	\$ 460,489	\$ 652,320
INVESTMENTS	-	30,771	-
TOTAL ASSETS	<u>350,627</u>	<u>491,260</u>	<u>652,320</u>
<u>LIABILITIES</u>			
ACCOUNTS PAYABLE	-	-	29,869
OTHER LIABILITIES	-	-	622,451
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>652,320</u>
<u>NET POSITION</u>			
NET POSITION - HELD IN TRUST FOR OPEB AND OTHER PURPOSES	<u>\$ 350,627</u>	<u>\$ 491,260</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements

**TOWN OF BELLINGHAM, MASSACHUSETTS
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FISCAL YEAR ENDED JUNE 30, 2014**

	POSTEMPLOYMENT BENEFITS TRUSTS	PRIVATE PURPOSE TRUST FUNDS
<u>ADDITIONS:</u>		
CONTRIBUTIONS:		
CONTRIBUTIONS FROM GOVERNMENT	\$ 100,000	\$ -
NET INVESTMENT INCOME (LOSS):		
INVESTMENT INCOME	512	1,082
	<hr/>	<hr/>
TOTAL ADDITIONS	100,512	1,082
	<hr/>	<hr/>
<u>DEDUCTIONS:</u>		
EDUCATIONAL SCHOLARSHIPS	-	6,400
	<hr/>	<hr/>
CHANGE IN NET POSITION	100,512	(5,318)
	<hr/>	<hr/>
NET POSITION AT BEGINNING OF YEAR	250,115	496,578
	<hr/>	<hr/>
NET POSITION AT END OF YEAR	\$ 350,627	\$ 491,260
	<hr/> <hr/>	<hr/> <hr/>

See accompanying notes to the basic financial statements

TOWN OF BELLINGHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of the Town of Bellingham, Massachusetts (the Town) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the recognized standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant Town accounting policies:

A. Reporting Entity

Primary Government

The Town is a municipal corporation that is governed by a five member Board of Selectmen (the Board). The Board is responsible for appointing a Town Administrator whose responsibility is to manage the day to day operations. For financial reporting purposes, the Town has included all funds, organizations, account groups, agencies, boards, commissions and institutions. The Town has also considered all potential component units, blended or discretely presented, for which it is financially accountable as well as other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the basic financial statements to be misleading or incomplete. Blended component units, although legally separate entities, are, in substance, part of the government's operations and discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the government. It has been determined that there are no component units (blended or discretely presented) for inclusion in the primary government's financial reporting entity.

Joint Venture

Municipal joint ventures pool resources to share the costs, risks and rewards of providing services to their participants, the general public or others. The Town is a participant in the following joint venture:

<u>Name</u>	<u>Purpose</u>	<u>Address</u>	<u>Annual Assessment</u>
Blackstone Valley Vocational Regional School District	To provide vocational education	65 Pleasant Street Upton, MA 01568	\$ 873,431

The Blackstone Valley Vocational Regional School District (the District) is governed by a thirteen (13) member school committee consisting of one (1) elected representative from the Town of Bellingham. The Town is indirectly liable for debt and other expenditures of the District and is assessed annually for its share of the operating and capital costs. Separate financial statements may be obtained by writing to the Treasurer of the District at the above address. The Town has an equity interest of approximately 4.90% in the joint venture.

TOWN OF BELLINGHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

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.

Major Fund Criteria

A fund is considered major if it is the primary operating fund of the Town or it meets the following criteria:

- a. If the total assets, liabilities, revenues, or expenditures/expenses of an individual governmental or enterprise fund are at least 10 percent of the corresponding element (assets, liabilities, etc.) for all funds of that category or type (total governmental or total enterprise funds), *and*
- b. If the total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding element for all governmental and enterprise funds combined.

Additionally, any other governmental or enterprise fund that management believes is particularly significant to the basic financial statements may be reported as a major fund.

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

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the liabilities are incurred. Real estate and personal property taxes are recognized as revenues in the fiscal year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

TOWN OF BELLINGHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

The statement of activities demonstrates the degree to which the direct expenses of a particular 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:

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

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

For the most part, the effect of interfund activity has been removed from the government-wide financial statements. Exceptions are charges between the general fund and the various enterprise funds. Elimination of these charges would distort the direct costs and program revenues reported for the functions affected.

Fund Financial Statements

Governmental Fund Financial Statements

Governmental fund financial statements are reported using the 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., when they become both 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 interest on general long-term debt which is recognized when due, and the non-current portion of compensated absences, postemployment benefits, and landfill post closure care costs which are recognized when the obligations are expected to be liquidated with current expendable available resources.

In applying the susceptible to accrual concept to intergovernmental revenues, there are essentially two types of revenues. In one, moneys must be expended on the specific purpose or project before any amounts will be paid to the Town; therefore, revenues are recognized based upon the expenditures incurred. In the other, moneys are virtually unrestricted and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

The Town considers property taxes as available if they are due and collected within 60 days after fiscal year-end. Licenses and permits, user charges, fines and forfeitures, and miscellaneous revenues are recorded as revenues when received. Investment earnings are recorded as earned.

TOWN OF BELLINGHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

The Town reports the following major governmental funds:

- The *General fund* is the primary operating fund of the Town. It is used to account for all financial resources, except those that are required to be accounted for in another fund.
- The *Road Improvements* fund is a capital project fund used to account for the repair of the various Towns roadways.
- The *Athletic Fields* fund is a capital project fund used to account for the renovation and installation costs of the high school athletic field and track.
- The *Police Station* fund is a capital project fund used to account for the construction of the new police station.
- The *Nonmajor Governmental funds* consist of other special revenue, capital projects and permanent funds that are aggregated and presented in the *nonmajor governmental funds* column on the governmental funds financial statements. The following describes the general use of these fund types:
 - The *Special Revenue fund* is used to account for the proceeds of specific revenue sources (other than permanent funds or capital projects funds) that are restricted by law or administrative action to expenditures for specified purposes.
 - The *Capital Projects fund* is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by enterprise and trust funds).

Proprietary Fund Financial Statements

Proprietary fund financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, 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 *Water Enterprise fund* is used to account for water activities.
- The *Sanitation Enterprise fund* is used to account for the operations of the trash collection 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 municipal building insurance, worker's compensation, unemployment compensation, and health insurance.

TOWN OF BELLINGHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

Fiduciary Fund Financial Statements

Fiduciary fund 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 by the Town in a trustee capacity for others that cannot be used to support the governmental programs.

The following fiduciary fund types are reported:

- The *Private-Purpose trust fund* is used to account for trust arrangements, other than those properly reported in the permanent fund (nonmajor governmental funds), under which principal and investment income exclusively benefit individuals, private organizations, or other governments.
- The *Postemployment Benefits Trust* fund is used to account for assets held to fund future postemployment benefits of current and retired employees.
- The *Agency fund* is used to account for assets held in a purely custodial capacity.

Government-Wide and Fund Financial Statements

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide, proprietary fund, and fiduciary funds financial statements to the extent that those standards do not conflict with or contradict guidance of the *Governmental Accounting Standards Board*. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

D. Cash and Investments

Government-Wide and Fund Financial Statements

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

E. Accounts Receivable

Government-Wide and Fund Financial Statements

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

TOWN OF BELLINGHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

Real Estate, Personal Property Taxes and Tax Liens

Real estate and personal property taxes are based on values assessed as of each January 1 and are normally due on the subsequent August 1, November 1, February 1, and May 1. Property taxes that remain unpaid after the respective due dates are subject to penalties and interest charges. By law, all taxable property in the Commonwealth must be assessed at 100% of fair market value. Once levied which is required to be at least 30 days prior to the due date, these taxes are recorded as receivables in the fiscal year of levy. Based on the Town's experience, most property taxes are collected during the year in which they are assessed. Liening of properties on which taxes remain unpaid occurs annually. The Town ultimately has the right to foreclose on all properties where the taxes remain unpaid.

A statewide property tax limitation statute known as "Proposition 2 ½" limits the amount of increase in property tax levy in any fiscal year. Generally, Proposition 2 ½ limits the total levy to an amount not greater than 2 ½ % of the total assessed value of all taxable property within the Town. Secondly, the tax levy cannot increase by more than 2 ½ % of the prior year's levy plus the taxes on property newly added to the tax rolls. Certain provisions of Proposition 2 ½ can be overridden by a Town-wide referendum.

Real estate receivables are secured via the tax lien process and are considered 100% collectible. Accordingly, an allowance for uncollectibles is not reported.

Personal property taxes cannot be secured through the lien process. The allowance of uncollectibles is estimated based on historical trends and specific account analysis.

Motor Vehicle Excise

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. The tax calculation is the fair value of the vehicle multiplied by \$25 per \$1,000 of value.

The allowance for uncollectibles is estimated based on historical trends and specific account analysis.

Water and Sewer

User fees are levied semi-annually based on individual meter readings and are subject to penalties and interest if they are not paid by the respective due date. Water and sewer liens are processed in December of every year and included as a lien on the property owner's tax bill. Water and sewer charges and related liens are recorded as receivables in the fiscal year of the levy.

Since the receivables are secured via the lien process, these accounts are considered 100% collectible and therefore do not report an allowance for uncollectibles.

Departmental and Other

Departmental and other receivables consist primarily of ambulance receivables and are recorded as receivables in the fiscal year accrued. The allowance for uncollectibles is estimated based on historical trends and specific account analysis.

TOWN OF BELLINGHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

Special Assessments

Governmental activities special assessments consist primarily of Sewer and Title V receivables which are recorded as receivables in the fiscal year accrued. Since the receivables are secured via the lien process, these assets are considered 100% collectable and therefore do not report an allowance for uncollectibles.

Intergovernmental

Various federal and state grants for operating and capital purposes are applied for and received annually. For non-expenditure driven grants, receivables are recognized as soon as all eligibility requirements imposed by the provider have been met. For expenditure driven grants, receivables are recognized when the qualifying expenditures are incurred and all other grant requirements are met. These receivables are considered 100% collectible and therefore do not report an allowance for uncollectibles.

F. Deferred Amount on Refunding

The Town has advance refunded a portion of its long-term debt. This amount represents the difference between the new debt and the old debt, and it will be amortized as a component of interest expense over the remaining life of the old debt.

G. Inventories

Government-Wide and Fund Financial Statements

Inventories of the governmental funds and the water and sanitation enterprise funds are recorded as expenditures, at the time of purchase. Such inventories are not material in total to the basic financial statements, and therefore are not reported.

H. Capital Assets

Government-Wide and Proprietary Fund Financial Statements

Capital assets, which include land, buildings, machinery and equipment, vehicles, infrastructure (e.g., water mains, roadways, and similar items), and construction in progress are reported in the applicable governmental or business-type activities column of the government-wide financial statements, and the proprietary fund 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 fair market value at the date of donation. Except for the capital assets of the governmental activities column in the government-wide financial statements, construction period interest is capitalized on constructed capital assets if material.

All purchases and construction costs in excess of \$15,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of five years or greater.

TOWN OF BELLINGHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

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>Asset Class</u>	<u>Estimated Useful Life (in years)</u>
Buildings	40
Machinery and equipment	5-10
Vehicles	5-15
Infrastructure	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.

Governmental Fund Financial Statements

Capital asset costs are recorded as expenditures in the fiscal year of purchase for the various funds.

I. Interfund Receivables and Payables

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

Government-Wide Financial Statements

Transactions of a buyer/seller nature between and within governmental funds and internal service 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 and within 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.

J. Interfund Transfers

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

TOWN OF BELLINGHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

Government-Wide Financial Statements

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

Fund Financial Statements

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

K. Deferred Inflows of Resources

Although certain revenues are measurable, they are not available. Available means collected within the current period, or expected to be collected soon enough thereafter, to be used to pay liabilities of the current period. Deferred inflows of resources at the fund level, represents the amount of assets that have been recognized, but the related revenue has not been recognized since it is not available. Deferred inflows of resources at the fund level consist of the succeeding year property tax revenue, Intergovernmental revenue, and other revenue not collected within sixty days after year-end.

L. Net Position and Fund Equity

Government-Wide Financial Statements (Net Position)

Net position are classified into three components:

- a. *Net investment in capital assets* – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. *Restricted net position* – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Net position have been “restricted” for the following:

- *Permanent funds -expendable* represents amounts held in trust for which the expenditures are restricted by various trust agreements.
 - *Other specific purposes* represent restrictions placed on assets from outside parties.
- c. *Unrestricted net position* – All other net position that do not meet the definition of “restricted” or “net investment in capital assets”

TOWN OF BELLINGHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

Fund Financial Statements (Fund Balances)

The Town uses the following criteria for fund balance classification:

- For *restricted* fund balance: when constraints placed on the use of the resources are either (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.
- For *committed* fund balance: (1) the government's highest level of decision-making authority and (2) the formal action that is required to be taken to establish (and modify or rescind) a fund balance commitment.
- For *assigned* fund balance: (1) the body or official authorized to assign amounts to a specific purpose and (2) the policy established by the governing body pursuant to which the authorization is given.
- For *unassigned* fund balance: is the residual classification for the general fund. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

The Town uses the following criteria for fund balance policies and procedures:

- When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the unrestricted amount will be considered to have been spent.
- When an expenditure is incurred for purposes for which committed, assigned, or unassigned fund balance is available, the least restricted amount will be considered to have been spent.

M. Long-term debt

Government-Wide and Proprietary Fund Financial Statements

Long-term debt is reported as liabilities in the government-wide and proprietary fund statement of net position. Material bond premiums and discounts are deferred and 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. 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.

TOWN OF BELLINGHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

N. 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 Laws (MGL).

O. Compensated Absences

Employees are granted sick and vacation leave in varying amounts. Upon retirement, termination or death, certain employees are compensated for unused sick and vacation leave (subject to certain limitations) at their then current rates of pay.

Government-Wide Financial Statements

The total amount to be paid in future years is presented in the governmental activities column of the government wide statement of net position. The liability for vacation leave is based on the amount earned but not used; for sick leave, it is based on the amount accumulated at the balance sheet date (vesting method).

Governmental Fund Financial Statements

The portion of the liability related to unused sick and vacation time that has matured or is due as of June 30, 2014 is recorded in the governmental fund financial statement.

P. Post Retirement Benefits

Government-Wide and Fund Financial Statements

In addition to providing pension benefits, health and life insurance coverage is provided for retired employees and their survivors in accordance with Chapter 32B, of Massachusetts General Laws, under various contributory plans. The cost of providing health and life insurance is recognized by recording the employer's 50% share of insurance premiums in the general fund in the fiscal year paid. All benefits are provided through third-party insurance carriers and health maintenance organizations that administer, assume, and pay all claims.

Q. Use of Estimates

Government-Wide and Fund Financial Statements

The preparation of the accompanying 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 of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could vary from estimates that were used.

TOWN OF BELLINGHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

R. Total Column

Government-Wide Financial Statements

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

Fund Financial Statements

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

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Basis of Accounting

Pursuant to Chapter 44, Section 32 of the Massachusetts General Laws, the Town adopts an annual budget for the general fund. The budgets for all departments and operations of the Town, except that of the public schools, are prepared under the direction of the Town Administrator. The School Department budget is prepared under the direction of the School Committee. The level of expenditures may not legally exceed appropriations for each department or undertaking in the following categories: (1) salaries and wages; (2) ordinary maintenance; and (3) capital outlays.

The majority of appropriations are non-continuing which lapse at the end of each fiscal year. Others are continuing appropriations for which the governing body has authorized that an unspent balance from a prior fiscal year be carried forward and made available for spending in the current fiscal year. These carry forwards are included as part of the subsequent fiscal year's original budget.

Original and supplemental appropriations are enacted upon by a Town Meeting vote. Management may not amend the budget without seeking the approval of the governing body. The Town's Finance Committee can legally transfer funds from its reserve fund to other appropriations within the budget without seeking Town Meeting approvals. The original fiscal year 2014 approved budget authorized \$48,977,586 in current year appropriations and other amounts to be raised and \$1,370,537 in encumbrances and appropriations carried over from previous fiscal years. Supplemental appropriations of \$713,558 were approved at one Town Meeting during fiscal year 2014.

The Chief Financial Officer has the responsibility to ensure that budgetary controls are maintained and monitored through the accounting system.

TOWN OF BELLINGHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

B. Budgetary -GAAP Reconciliation

For budgetary financial reporting purposes, the Uniform Municipal Accounting System basis of accounting (established by the Commonwealth) is followed, which differs from the GAAP basis of accounting. A reconciliation of budgetary-basis to GAAP-basis results for the general fund for the fiscal year ended June 30, 2014, is presented below:

Net change in fund balance - budgetary basis	\$ 206,884
Basis of accounting differences:	
Net stabilization fund activity	9,471
Increase in revenue for on-behalf payments - MTRS	5,120,807
Increase in expenditures for on-behalf payments - MTRS	(5,120,807)
Increase in revenue for the MWPAT subsidy	8,591
Increase in expenditures for the MWPAT subsidy	<u>(8,591)</u>
Net change in fund balance - GAAP basis	<u><u>\$ 216,355</u></u>

C. Deficit Fund Balances

Several individual fund deficits exist within the special revenue funds and governmental and water enterprise capital projects funds. These individual deficits will be eliminated through subsequent fiscal year budget transfers, grants or proceeds from long-term debt during fiscal year 2015.

NOTE 3 – DEPOSITS AND INVESTMENTS

State and local statutes place certain limitations on the nature of deposits and investments available to the Town. Deposits (including demand deposits, term deposits and certificates of deposit) in any one financial institution may not exceed certain levels unless collateralized by the financial institutions involved.

Deposits

▪ *Custodial Credit Risk - Deposits*

Custodial credit risk is the risk that in the event of bank failure, the Town's deposits may not be returned. Massachusetts General Law Chapter 44, Section 55, limits the deposits "in a bank or trust company, or banking company to an amount not exceeding sixty percent (60%) of the capital and surplus of such bank or trust company or banking company, unless satisfactory security is given to it by such bank or trust company or banking company for such excess."

The Town does not have a formal deposit policy for custodial credit risk.

The Town carries deposits that are fully insured by FDIC insurance, DIF insurance and SIF insurance. The Town also carries deposits that are not collateralized and are uninsured, or collateral held by the pledging bank's trust department not in the Town's name.

TOWN OF BELLINGHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

The following table illustrates how much of the Town's bank deposits are insured, and how much of the Town's bank deposits are uninsured, uncollateralized, or collateral held by the pledging bank's trust department not in the Town's name as of June 30, 2014:

TOTAL BANK BALANCES		<u>\$ 26,811,982</u>
BANK BALANCES COVERED BY INSURANCE		
FDIC	2,795,746	
DIF	5,089,333	
SIF	<u>7,061,998</u>	
TOTAL INSURED BALANCES		14,947,077
BALANCES SUBJECT TO CUSTODIAL CREDIT RISK		
BANK BALANCES COLLATERALIZED WITH SECURITIES HELD BY THE PLEDGING FINANCIAL INSTITUTION'S TRUST DEPARTMENT OR AGENT BUT NOT IN THE TOWN'S NAME	7,441,300	
BANK BALANCES UNINSURED & UNCOLLATERALIZED	<u>4,423,605</u>	
TOTAL BALANCES SUBJECT TO CUSTODIAL CREDIT RISK		<u>11,864,905</u>
TOTAL BANK BALANCES		<u>\$ 26,811,982</u>

Investments

Investments can also be made in securities issued by or unconditionally guaranteed by the U.S. government or agencies that have a maturity of less than one year from the date of purchase, repurchase agreement guaranteed by the U.S. government or agencies that have a maturity of less than one year from the date of purchase, repurchase agreements guaranteed by such securities with maturity dates of no more than 90 days from the date of purchase, and units in the Massachusetts Municipal Depository Trust (MMDT). The Treasurer of the Commonwealth of Massachusetts oversees the financial management of the MMDT, a local investment pool for cities, towns, and other state and local agencies within the Commonwealth. The Town's fair value of its investment in MMDT represents their value of the pool's shares. The Town's Trust Funds have expanded investment powers including the ability to invest in equity securities, corporate bonds, annuities and other specified investments.

The composition of the Town's bank recorded deposits and investments fluctuates depending primarily on the timing of property tax receipts, proceeds from borrowings, collections of state and federal aid, and capital outlays throughout the year.

a) Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. For short-term investments that were purchased using surplus revenues, Massachusetts General Law Chapter 44, Section 55, limits the Town's investments to the top rating issued by at least one nationally recognized statistical rating organization (NRSROs).

TOWN OF BELLINGHAM, MASSACHUSETTS
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Presented below is the actual rating as of year-end for each investment type of the Town.

<u>Investment type</u>	<u>Fair value</u>	<u>Minimum Legal Rating</u>	<u>Exempt from Disclosure</u>
Certificates of Deposit	<u>\$ 58,292</u>	<u>N/A</u>	<u>\$ 58,292</u>

b) Custodial Credit Risk

For an investment, this is the risk that, in the event of a failure by the counterparty, the Town will not be able to recover the value of its investments or collateral security that are in possession of an outside party. The Town has no custodial credit risk exposure related to the certificates of deposit because they are fully insured by the FDIC, Depositor's Insurance Fund (DIF), and shared insurance fund (SIF).

The Town does have an investment policy for custodial credit risk.

c) Interest Rate Risk

Interest rate risk is the risk of changes in market interest rates which will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the risk its fair value to change with the market interest rates. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Information about the sensitivity of the fair values of the Town's investments to market interest rate fluctuations is as follows:

<u>Investment type</u>	<u>Fair value</u>	<u>Investment maturities (in years) Less than 1</u>
Certificates of Deposits	<u>\$ 58,292</u>	<u>\$ 58,292</u>

d) Concentration of Credit Risk

The Town places no limit on the amount the government may invest in any one issuer. More than 5% of the Town's investments are in the following securities:

<u>Issuer</u>	<u>Percentage of Total Investments</u>
Middlesex Savings Bank - Certificate of Deposit	43%
Rockland Trust Company - Certificates of Deposit	31%
Charles River Bank - Certificate of Deposit	17%

TOWN OF BELLINGHAM, MASSACHUSETTS
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JUNE 30, 2014

NOTE 4 – RECEIVABLES

The receivables at June 30, 2014 for the Town’s individual major, nonmajor governmental funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Receivables:	Gross Amount	Allowance for Uncollectibles	Net Amount
Real estate and personal property taxes	\$ 843,236	\$ (30,643)	\$ 812,593
Tax liens	1,018,606	-	1,018,606
Motor vehicles excise taxes	309,291	(70,309)	238,982
User fees	272,105	-	272,105
Departmental and other	1,267,959	(397,780)	870,179
Intergovernmental	17,149,157	-	17,149,157
Special assessments	570,723	-	570,723
Total	<u>\$ 21,431,077</u>	<u>\$ (498,732)</u>	<u>\$ 20,932,345</u>

The receivables at June 30, 2014 for the enterprise funds consist of the following:

Receivables:	Gross Amount	Allowance for Uncollectibles	Net Amount
<i>Water</i>			
User fees	\$ 499,176	\$ -	\$ 499,176
<i>Sanitation</i>			
User fees	288,889	-	288,889
Total	<u>\$ 788,065</u>	<u>\$ -</u>	<u>\$ 788,065</u>

TOWN OF BELLINGHAM, MASSACHUSETTS
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Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with revenues that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred inflows of resources reported in the governmental funds were as follows:

Deferred Inflows of Resources Analysis

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
<u>Deferred Inflows:</u>			
Deferred property taxes	\$ 1,960,010	\$ -	\$ 1,960,010
Deferred intergovernmental revenue	16,531,101	308,554	16,839,655
Deferred other revenue	<u>109,349</u>	<u>1,553,658</u>	<u>1,663,007</u>
Total	<u><u>\$ 18,600,460</u></u>	<u><u>\$ 1,862,212</u></u>	<u><u>\$ 20,462,672</u></u>

TOWN OF BELLINGHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2014, was as follows:

Governmental Activities:	Beginning Balance	Increases	Decreases/ Adjustments	Ending Balance
<i>Capital assets not being depreciated:</i>				
Land	\$ 12,307,759	\$ -	\$ -	\$ 12,307,759
Construction in progress	1,479,579	1,382,163	(1,467,350)	1,394,392
Total capital assets not being depreciated	13,787,338	1,382,163	(1,467,350)	13,702,151
<i>Capital assets being depreciated:</i>				
Buildings	65,528,569	1,108,367	130,239	66,767,175
Machinery and equipment	11,096,116	953,321	-	12,049,437
Vehicles	4,344,382	116,301	(173,668)	4,287,015
Infrastructure	20,275,075	1,226,268	1,337,111	22,838,454
Total capital assets being depreciated	101,244,142	3,404,257	1,293,682	105,942,081
<i>Less accumulated depreciation for:</i>				
Buildings	(28,958,735)	(1,313,236)	-	(30,271,971)
Machinery and equipment	(8,662,432)	(476,137)	-	(9,138,569)
Vehicles	(3,139,418)	(277,066)	173,668	(3,242,816)
Infrastructure	(8,598,238)	(550,347)	-	(9,148,585)
Total accumulated depreciation	(49,358,823)	(2,616,786)	173,668	(51,801,941)
Total capital assets being depreciated, net	51,885,319	787,471	1,467,350	54,140,140
Total governmental activities capital assets, net	\$ 65,672,657	\$ 2,169,634	\$ -	\$ 67,842,291

TOWN OF BELLINGHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

Business-Type Activities:	Beginning Balance	Increases	Decreases/ Adjustments	Ending Balance
<i>Capital assets not being depreciated:</i>				
Land	\$ 3,573,100	\$ -	\$ -	\$ 3,573,100
Construction in progress	234,872	3,762,101	-	3,996,973
Total capital assets not being depreciated	3,807,972	3,762,101	-	7,570,073
<i>Capital assets being depreciated:</i>				
Buildings	129,700	-	-	129,700
Machinery and equipment	1,392,531	-	-	1,392,531
Vehicles	768,556	74,792	-	843,348
Infrastructure	13,756,149	119,130	-	13,875,279
Total capital assets being depreciated	16,046,936	193,922	-	16,240,858
<i>Less accumulated depreciation for:</i>				
Buildings	(115,583)	(578)	-	(116,161)
Machinery and equipment	(888,428)	(62,068)	-	(950,496)
Vehicles	(568,616)	(48,890)	-	(617,506)
Infrastructure	(4,038,274)	(288,714)	-	(4,326,988)
Total accumulated depreciation	(5,610,901)	(400,250)	-	(6,011,151)
Total capital assets being depreciated, net	10,436,035	(206,328)	-	10,229,707
Total business-type activities capital assets, net	\$ 14,244,007	\$ 3,555,773	\$ -	\$ 17,799,780

TOWN OF BELLINGHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
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Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General government	\$ 248,587
Public safety	344,034
Education	1,277,336
Public works	627,853
Human services	86,102
Culture and recreation	32,874
	<hr/>
Total depreciation expense - governmental activities	<u><u>\$ 2,616,786</u></u>
 Business-Type Activities:	
Water	\$ 400,250
Sanitation	-
	<hr/>
Total depreciation expense - business-type activities	<u><u>\$ 400,250</u></u>

NOTE 6 – INTERFUND TRANSFERS

Interfund transfers for the fiscal year ended June 30, 2014, are summarized as follows:

	Operating Transfers In:			
	General Fund	Nonmajor Governmental Funds	Water Enterprise Fund	Total
Operating Transfers Out:				
General Fund	\$ -	\$ 37,764	\$ 271,538	\$ 309,302 (1)
Nonmajor Governmental Funds	785,847	-	-	785,847 (2)
Nonmajor Governmental Funds	18,500	-	-	18,500 (3)
Water Enterprise Fund	85,000	-	-	85,000 (3)
	<hr/>	<hr/>	<hr/>	<hr/>
Total	<u><u>\$ 889,347</u></u>	<u><u>\$ 37,764</u></u>	<u><u>\$ 271,538</u></u>	<u><u>\$ 1,198,649</u></u>

- (1) Represents budgeted transfers to various nonmajor governmental funds and the water enterprise fund.
- (2) Represents various budgeted transfers to supplement the operating budget.
- (3) Represents other transfers.

TOWN OF BELLINGHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 7 – SHORT -TERM FINANCING

Under state law, and with the appropriate authorization, the Town is authorized to borrow funds on a temporary basis as follows:

- To fund current operations prior to the collection of revenues by issuing revenue anticipation notes (RANS).
- To fund grants prior to reimbursement by issuing grant anticipation notes (GANS).
- To fund Capital project costs incurred prior to selling permanent debt by issuing bond anticipation notes (BANS).
- To fund current project costs and other approved expenditures incurred, that are approved to be reimbursed by the Commonwealth, through the issuance of State Aid anticipated notes (SANS).

Short-term loans are general obligations of the Town and maturity dates are governed by statute. Interest expenditures/expenses for short-term borrowings are accounted for in the general fund and the water enterprise fund respectively.

The following is a summary of changes in short-term debt for the year ended June 30, 2014:

<u>Purpose</u>	<u>Rate (%)</u>	<u>Due Date</u>	<u>Balance at June 30, 2013</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	<u>Balance at June 30, 2014</u>
<u>Governmental Funds</u>						
Multi-purpose	1.00%	6/26/2014	\$ 1,855,000	\$ -	\$ (1,855,000)	\$ -
Multi-purpose	1.75%	9/5/2014	-	2,605,000	-	2,605,000
Total Governmental Funds			<u>\$ 1,855,000</u>	<u>\$ 2,605,000</u>	<u>\$ (1,855,000)</u>	<u>\$ 2,605,000</u>
<u>Water Enterprise Fund</u>						
Multi-purpose	1.00%	6/26/2014	\$ 247,195	\$ -	\$ (247,195)	\$ -
MWPAT Interim Loan Note	0.00%		-	1,880,890	-	1,880,890
Multi-purpose	1.75%	9/5/2014	-	997,195	-	997,195
Total Business-Type Activities			<u>\$ 247,195</u>	<u>\$ 2,878,085</u>	<u>\$ (247,195)</u>	<u>\$ 2,878,085</u>

TOWN OF BELLINGHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 8 – LONG-TERM DEBT

The Town is subject to a dual-level, general debt limit: the normal debt limit and the double debt limit. Such limits are equal to 5% and 10%, respectively, of the valuation of taxable property in the Town as last equalized by the Commonwealth's Department of Revenue. Debt may be authorized up to the normal debt limit without state approval. Authorizations under the double debt limit however, require the approval of the Commonwealth's Emergency Finance Board. Additionally, there are many categories of general long-term debt which are exempt from the debt limit but are subject to other limitations.

The following is a summary of the changes in long-term debt for the year ended June 30, 2014:

Bonds and Notes Payable Schedule – Governmental Funds

Project	Interest Rate (%)	Outstanding at June 30, 2013	Issued	Redeemed	Outstanding at June 30, 2014
Tile V Septic	Var.%	\$ 73,325	\$ -	\$ 10,610	\$ 62,715
School - Refunding	2.57%	15,415,000	-	1,755,000	13,660,000
Senior Center - Refunding	2.48%	355,000	-	50,000	305,000
Sewer	1.68%	479,400	-	244,400	235,000
School	1.68%	30,600	-	15,600	15,000
Title V Septic	Var.%	100,184	-	9,972	90,212
Land Acquisition	3.96%	665,000	-	57,500	607,500
Town Hall Construction	3.96%	725,000	-	62,500	662,500
Roads	3.96%	240,000	-	120,000	120,000
Title V Septic	Var.%	195,000	-	15,000	180,000
Multiple Purposes	3.74%	1,010,000	-	165,000	845,000
Multiple Purposes	4.40%	44,000	-	44,000	-
Title V Septic	0.00%	200,000	-	9,858	190,142
School Construction - Refunding	1.87%	6,380,000	-	625,000	5,755,000
Multiple Purposes	1.47%	5,220,000	-	385,000	4,835,000
Title V Septic	0.00%	300,000	-	15,000	285,000
Total		<u>\$ 31,432,509</u>	<u>\$ -</u>	<u>\$ 3,584,440</u>	<u>\$ 27,848,069</u>

TOWN OF BELLINGHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
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The annual debt service requirements for principal and interest for Governmental bonds and notes outstanding at June 30, 2014 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 3,575,455	\$ 852,666	\$ 4,428,121
2016	3,200,281	761,265	3,961,546
2017	3,255,296	674,908	3,930,204
2018	3,280,311	586,874	3,867,185
2019	3,360,325	471,377	3,831,702
2020-2024	9,555,658	767,621	10,323,279
2025-2029	1,520,261	50,760	1,571,021
2030-2033	100,482	-	100,482
	<u>\$ 27,848,069</u>	<u>\$ 4,165,471</u>	<u>\$ 32,013,540</u>

Massachusetts School Building Authority Reimbursements

Chapter 645 of the Act of 1948 as amended (“Chapter 645”) created a statewide school building assistance program. Pursuant to this program, cities and towns issued bonds for eligible school building projects and were reimbursed over a period of years by the Commonwealth according to a statutory percentage for such city or town.

Legislation enacted as part of the Commonwealth’s Fiscal 2001 budget repealed 645 and created a new school building assistance program codified as Chapter 70B of the Massachusetts General Laws. Among other changes, the new program includes grants for alternatives to construction and calculates grants for each project based on a number of factors. The new legislation does not affect the reimbursement percentages for bonds previously issued under Chapter 645, and the grants for certain “grandfathered” projects will be based on the statutory percentages provided for in Chapter 645.

The Town has been approved for a 76% percent state school construction grant through the Massachusetts School Building Authority (MSBA) to cover eligible project costs, including debt service associated with the financing of these projects, subject to annual appropriation by the state legislature. The Town received \$2,262,880 from scheduled annual payments in FY 2014 from the MSBA for completed school construction projects.

TOWN OF BELLINGHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

Bonds and Notes Payable Schedule – Water Enterprise Fund

Project	Interest Rate (%)	Outstanding at June 30, 2013	Issued	Redeemed	Outstanding at June 30, 2014
Water	3.78%	\$ 650,000	\$ -	\$ 50,000	\$ 600,000
Water - 2005	3.96%	420,000	-	85,000	335,000
Water - 2008	3.86%	600,000	-	40,000	560,000
Water - 2008	3.82%	415,000	-	30,000	385,000
Total		<u>\$ 2,085,000</u>	<u>\$ -</u>	<u>\$ 205,000</u>	<u>\$ 1,880,000</u>

The annual debt service requirements for principal and interest for water enterprise fund bonds and notes outstanding at June 30, 2014 are as follows:

Fiscal Year	Principal	Interest	Total
2015	\$ 205,000	\$ 73,938	\$ 278,938
2016	145,000	65,912	210,912
2017	145,000	60,738	205,738
2018	140,000	55,262	195,262
2019	140,000	49,663	189,663
2020-2024	700,000	166,275	866,275
2025-2028	405,000	35,900	440,900
Total	<u>\$ 1,880,000</u>	<u>\$ 507,688</u>	<u>\$ 2,387,688</u>

TOWN OF BELLINGHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

Loans Authorized and Unissued

As of June 30, 2014, the Town has loans authorized and unissued as follows:

<u>Description</u>	<u>Date Authorized</u>	<u>Amount</u>
Failing Sewer Systems	5/24/1995	\$ 50,000
Remediated Sewer	5/25/2011	300,000
Middle School Boilers	6/13/2011	277,129
Remediated Sewer	5/23/2012	300,000
Water Treatment Design & Construction	10/10/2012	2,704,930
Remediated Sewer	5/22/2013	300,000
Pumper Truck	10/9/2013	530,000
Police Station	10/9/2013	6,050,000
Total		<u><u>\$ 10,512,059</u></u>

Changes in Long-term Liabilities

The following is a summary of changes in long-term liabilities for the fiscal year ended June 30, 2014:

<u>Governmental Activities:</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Bonds and notes payable	\$ 31,432,509	\$ -	\$ (3,584,440)	\$ 27,848,069	\$ 3,575,455
Compensated absences	1,199,538	-	(70,733)	1,128,805	112,880
Landfill postclosure care costs	36,000	-	(3,000)	33,000	3,000
OPEB (Note 12)	11,535,016	2,889,367	-	14,424,383	-
Total governmental activities long-term liabilities	<u><u>\$ 44,203,063</u></u>	<u><u>\$ 2,889,367</u></u>	<u><u>\$ (3,658,173)</u></u>	<u><u>\$ 43,434,257</u></u>	<u><u>\$ 3,691,335</u></u>
 <u>Business-Type Activities:</u>	 <u>Beginning Balance</u>	 <u>Additions</u>	 <u>Reductions</u>	 <u>Ending Balance</u>	 <u>Current Portion</u>
Bonds and notes payable	\$ 2,085,000	\$ -	\$ (205,000)	\$ 1,880,000	\$ 205,000
OPEB (Note 12)	491,660	20,836	-	512,496	-
Total business-type activities long-term liabilities	<u><u>\$ 2,576,660</u></u>	<u><u>\$ 20,836</u></u>	<u><u>\$ (205,000)</u></u>	<u><u>\$ 2,392,496</u></u>	<u><u>\$ 205,000</u></u>

The governmental activities long-term liabilities are generally liquidated by the general fund.

TOWN OF BELLINGHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

Overlapping Debt

The Town pays assessments under formulas which include debt service payments to other governmental agencies providing services to the Town, (commonly referred to as overlapping debt). The following summary sets forth the long-term debt of such governmental agencies and the estimated share being financed by the Town as of June 30, 2014:

<u>Agency</u>	<u>Total Long-Term Debt Outstanding</u>	<u>Town's Estimated Share</u>	<u>Town's Indirect Debt</u>
Norfolk County	\$ 12,625,000	1.914%	\$ 241,643
Blackstone Valley Vocational Regional School District			
School Construction Bonds	<u>4,455,000</u>	4.90%	<u>218,295</u>
	<u>\$ 17,080,000</u>		<u>\$ 459,938</u>

TOWN OF BELLINGHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 9 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

The Town has classified its governmental fund balances with the following hierarchy.

	GENERAL FUND	ROAD IMPROVEMENTS MAJOR FUND	HIGH SCHOOL ATHLETIC FIELDS MAJOR FUND	POLICE STATION MAJOR FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL
Restricted For:						
General Government	\$ -	\$ -	\$ -	\$ -	\$ 516,194	\$ 516,194
Public Safety	-	-	-	-	551,422	551,422
Education	-	-	-	-	527,436	527,436
Public Works	-	-	-	-	299,836	299,836
Sewer	-	-	-	-	786,244	786,244
Human Services	-	-	-	-	681,055	681,055
Culture & Recreation	-	-	-	-	135,006	135,006
Employee Benefits	-	-	-	-	1,057,535	1,057,535
Tax Stabilization	1,865,994	-	-	-	-	1,865,994
Makor Fund - DPW - Road Improv	-	2,396,595	-	-	-	2,396,595
Expendable Trust Funds	-	-	-	-	41,634	41,634
	<u>1,865,994</u>	<u>2,396,595</u>	<u>-</u>	<u>-</u>	<u>4,596,362</u>	<u>8,858,951</u>
Committed To:						
Continuing Appropriations						
General Government	227,962	-	-	-	-	227,962
Public Safety	49,662	-	-	-	-	49,662
Education	174,354	-	-	-	-	174,354
Public Works	220,573	-	-	-	-	220,573
Culture & Recreation	4,701	-	-	-	-	4,701
	<u>677,252</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>677,252</u>
Assigned To:						
Encumbered For:						
General Government	80,244	-	-	-	-	80,244
Public Safety	295	-	-	-	-	295
Public Works	29,186	-	-	-	-	29,186
Human Services	3,109	-	-	-	-	3,109
Culture & Recreation	7,997	-	-	-	-	7,997
Debt Service	450,110	-	-	-	-	450,110
Subsequent Years Expenditures	800,002	-	-	-	-	800,002
Capital Stabilization Fund	546,259	-	-	-	-	546,259
	<u>1,917,202</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,917,202</u>
Unassigned						
General Fund	3,851,698	-	-	-	-	3,851,698
General Fund Stabilization	1,266,035	-	-	-	-	1,266,035
Nonmajor Governmental Funds	-	-	-	-	(4,778)	(4,778)
Capital Projects						
Public Safety	-	-	-	(982,163)	-	(982,163)
Education	-	-	(1,178,115)	-	-	(1,178,115)
Public Works	-	-	-	-	(500,000)	(500,000)
Sewer	-	-	-	-	(26,937)	(26,937)
	<u>5,117,733</u>	<u>-</u>	<u>(1,178,115)</u>	<u>(982,163)</u>	<u>(531,715)</u>	<u>2,425,740</u>
Total Governmental Fund Balances	<u>\$ 9,578,181</u>	<u>\$ 2,396,595</u>	<u>\$ (1,178,115)</u>	<u>\$ (982,163)</u>	<u>\$ 4,064,647</u>	<u>\$ 13,879,145</u>

TOWN OF BELLINGHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 10 – STABILIZATION FUND

The Town has established several funds where the Town has set aside amounts for emergency and capital needs. These funds consist of the following;

- The *Stabilization Fund* is used to account for any appropriation, as approved by a 2/3 vote at the Annual or Special Town Meeting for additions or reductions to the fund. Any interest shall be added to and become part of the fund. The Stabilization fund balance is \$1,266,035 as of June 30, 2014. The fund was established under chapter 40, sub-section 5B of the Massachusetts General Law.
- The *Capital Investment Stabilization Fund* is used to account for appropriations funding the acquisition, repair, replacement, extension, reconstruction, enlarging and/or additions to capital equipment, and pay notes, bonds, or certificates of indebtedness issued to pay for the cost of such acquisition, repair, replacement, extension, reconstruction, enlarging and additions. The Town may appropriate into and out of the fund at Annual or Special Town Meeting by 2/3 vote. The capital investment stabilization fund balance is \$546,259 as of June 30, 2014. This fund was established under Chapter 40 sub-section 5B of **MGL**.
- The *Tax Rate Stabilization Fund* may be used to mitigate the loss of taxes and revenues resulting from the termination of any in lieu of tax agreement between the Town and any power and electric generating plant located in the Town. Town Meeting may appropriate an amount not to exceed 30% of the amount raised in the preceding fiscal year by the taxation of real estate and tangible personal property. The tax stabilization fund balance is \$1,865,994 as of June 30, 2014.

NOTE 11 – RISK FINANCING

The Town is exposed to various risks of loss related to torts; theft of, damage to or destruction of assets; errors and omissions; injuries to employees; employee's health and life; and natural disasters.

Buildings are fully insured against fire, theft, and natural disaster (except for losses due to flood or earthquake) to the extent that losses exceed \$1,000 per incident. Buildings are fully insured against flood and earthquake damage, to the extent that losses exceed \$25,000 per incident.

The Town's workers compensation program is premium-based. The policy is limited to Massachusetts Statutory Benefits.

The Town is insured for general liability; however, Chapter 258 of the Massachusetts General Laws limits the Town's liability to a maximum of \$100,000 per claim in all matters except in actions relating to federal civil rights, eminent domain and breach of contract. Such claims are charged to the general fund. There were no such claims in 2014.

TOWN OF BELLINGHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

The Town has a variety of contributory health care options including self-insured and third party insured health care programs for its employees and retirees. There are 569 employees and retirees who participate in the Town's health care programs. For those 369 employees electing a Health Maintenance Organization (HMO), the town contributes 80% of the costs. For those 7 employees and retirees over 65 years old electing a Health Maintenance Organization (HMO), the town contributes 50% of the costs. For those 3 employees and retirees electing the Blue Cross and Blue Shield Master Health Plus Plan (self-insured full indemnity plan), the Town contributes either 65% or 80% of the premium costs depending on whether the employee/retiree is on the town-side or school-side. For those 162 employees and retirees over 65 years old electing the premium-based supplementary Medex insurance, the Town contributes 50% of the costs. Stop loss insurance is carried on all self-insured health care claims in excess of \$150,000 individually.

The Town's health insurance activities are accounted for in the internal service fund where revenues are recorded when earned and expenses are recorded when the liability is incurred. Liabilities for self-insured claims are reported when it is probable that a loss has been incurred and the amount can be reasonably estimated. These losses include an estimate of claims that have been incurred but not recorded. As of June 30, 2014 and June 30, 2013, the only such liabilities are those related to the Town's self-insured health care program. The Town established a liability based on historical trends for the previous fiscal years. Changes in the self-insured liability account in fiscal year 2014 and 2013 were as follows:

	Healthcare	
	2014	2013
Liability at beginning of fiscal year	\$ 571,254	\$ 660,823
Claims incurred for current fiscal year and Changes in provisions for prior year	8,336,715	6,673,185
Claims payments for current fiscal year	<u>(7,504,400)</u>	<u>(6,762,754)</u>
Liability at end of fiscal year	<u>\$ 1,403,569</u>	<u>\$ 571,254</u>

NOTE 12 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, requires the following disclosures with regard to the retiree medical, dental, and life insurance benefits:

Plan Description. Town of Bellingham Other Postemployment Benefits Plan (OPEB) is a single-employer defined benefit healthcare plan administered by the Town of Bellingham. The Plan provides medical, dental and life insurance benefits to eligible retirees and their spouses. Town meeting vote is the authority to establish and amend benefit provisions to the Town. The Town has accepted various sections of Massachusetts General laws Chapter 32B to provide ½ of the premium cost of retirees' health and life insurance costs.

Funding Policy. The contribution requirements of plan members and the Town are established and may be amended by Town Meeting vote. The required contribution is based on the projected pay-as-you-go financing requirements. For Fiscal Year 2014, total Town premiums plus implicit costs for the retiree medical program are \$1,116,119.

TOWN OF BELLINGHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

Annual OPEB Cost and Net OPEB Obligation. The Town's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Town's annual OPEB cost for the fiscal year, the amount actually contributed to the plan, and changes in the Town's net OPEB obligation to the plan:

	<u>Total</u>
Annual required contribution	\$ 3,428,854
Interest on net OPEB obligation	491,067
Adjustment to annual required contribution (ARC)	(682,656)
Amortization of actuarial <gains>/losses	<u>789,057</u>
Annual OPEB cost (expense)	4,026,322
Contributions made	<u>(1,116,119)</u>
Increase in net OPEB obligation	2,910,203
Net OPEB obligation - beginning of year	<u>12,026,676</u>
Net OPEB obligation - end of year	<u><u>\$ 14,936,879</u></u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 and the five preceding years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Increase in Net OPEB Obligation</u>	<u>Net OPEB Obligation</u>
6/30/2009	\$ 2,956,183	23.8%	\$ 2,252,798	\$ 4,408,887
6/30/2010	\$ 2,915,339	33.6%	\$ 1,936,906	\$ 6,345,793
6/30/2011	\$ 2,868,492	35.0%	\$ 1,864,667	\$ 8,210,460
6/30/2012	\$ 2,878,755	30.3%	\$ 2,007,140	\$ 10,217,600
6/30/2013	\$ 3,020,362	40.1%	\$ 1,809,076	\$ 12,026,676
6/30/2014	\$ 4,026,322	27.7%	\$ 2,910,203	\$ 14,936,879

TOWN OF BELLINGHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

Funded Status and Funding Progress. As of July 1, 2013, the most recent actuarial valuation date, the plan was 0.61% funded. The actuarial liability for benefits was \$41.029 million, and the actuarial value of assets was \$250,115, resulting in an unfunded actuarial accrued liability (UAAL) of \$40.779 million. The covered payroll (annual payroll of active employees covered by the plan) was \$24.329 million, and the ratio of the UAAL to the covered payroll was 167.6%.

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

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

In the July 1, 2013, actuarial valuation, the projected unit credit actuarial cost method was used. Under this method, the normal cost and actuarial liability are both based on an accrual of projected benefits over the period for which benefits are accrued. The normal cost is the actuarial present value of one year's benefit accrual on this basis. The actuarial accrued liability is the actuarial present value of the projected benefit times the ratio of past service to total service. The actuarial assumptions included a 4.00% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 5% in 2014. Both rates included a 2.5% inflation assumption. The actuarial value of assets is equal to the market value of the plan's assets. The UAAL is being amortized as a level dollar amount over 30 years at transition. The remaining amortization period at July 1, 2014, was 23 years.

NOTE 13 – PENSION PLAN

A. Plan Descriptions

The Town contributes to the Norfolk County Contributory Retirement System (the "System"), a cost sharing, multiple-employer, defined benefit pension plan administered by the Norfolk County Retirement Board. Substantially, all employees are members of the "System" except for public school teachers and certain school administrators who are members of the Massachusetts Teachers' Retirement System (MTRS) to which the Town does not contribute.

TOWN OF BELLINGHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

The “System” and the MTRS are contributory defined benefit plans and membership in both the “System” and the MTRS is mandatory upon commencement of employment for all permanent, full-time employees. The “System” and the MTRS provide retirement, disability and death benefits to plan members and beneficiaries.

Chapter 32 of the Massachusetts General Laws assigns authority to establish and amend benefit provisions of the plan, and grant cost-of-living increases, to the State legislature. The “System” issues a publicly available financial report, which can be obtained through the Commonwealth of Massachusetts, Public Employee Retirement Administration Commission (“PERAC”), One Ashburton Place, Boston, Massachusetts 02108.

B. Funding Policies

Norfolk County Contributory Retirement System

Plan members are required to contribute to the “System” at rates ranging from 5% to 11% of annual covered compensation. The Town is required to pay into the “System”, its share of the remaining system-wide, actuarially determined, contribution plus administration costs, which are apportioned among the employers, based on active covered payroll. The Commonwealth of Massachusetts reimburses the “system” for a portion of the benefit payments for the cost of living increases. The contributions to the “System” for years ended June 30, 2014, 2013, and 2012 were \$1,841,366, \$1,761,179, and \$1,727,382, respectively, which were equal to its required contributions for each of these years.

Massachusetts Teachers’ Retirement System

Plan members (at varying rates of annual covered compensation) and the Commonwealth of Massachusetts fund contributions to the MTRS. The Commonwealth of Massachusetts contributed “on-behalf” payments to the MTRS totaling \$5,120,807 for fiscal year 2014. In accordance with GASB Statement No. 24, these on-behalf” payments have been recorded in the general fund as intergovernmental revenues and pension expenditures.

NOTE 14 – COMMITMENTS AND CONTINGENCIES

The Town participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of the Single Audit Act Amendments of 1996 through June 30, 2014, 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 it is believed the amount, if any, would not be material.

The Town’s landfill was closed in 1996 by order of the Department of Environmental Protection (DEP). The DEP approved the capping construction of the landfill in December 1996. The Town is responsible for post-closure monitoring of the site for thirty years (11 years remaining), and the estimated liability has been recorded in the Statement of Net Assets, Governmental Activities. The \$33,000 reported as landfill post-closure liability at June 30, 2014 is based on what it would cost to perform all post-closure care at June 30, 2014. Actual costs may be higher due to inflation, changes in technology or changes in regulations.

TOWN OF BELLINGHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

Various legal actions and claims are pending. 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, 2014, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2014.

NOTE 15 – GREATER ATTLEBOROUGH TAUNTON REGIONAL TRANSIT AUTHORITY

The Town participates in the Greater Attleborough Taunton Regional Transit Authority (GATRA) Dial-A-Ride program. The Town receives monthly reimbursements for the cost of the program net of any donations received. The following table summarizes the program expenses for fiscal year 2014.

Description	Amount
Dial-A-Ride Program costs	\$ 137,177

NOTE 16 – PRIOR PERIOD ADJUSTMENT

The Water enterprise fund beginning balance has been restated to reflect a revision of fixed assets and accumulated depreciation as of June 30, 2013. The schedule below displays the effect of these revisions TO the beginning balances.

Description	Primary Government	Water Enterprise Fund
	Business-type Activities	
Balances at June 30, 2013, as previously reported	\$ 13,187,291	\$ 12,651,055
To Restate the Net Book Value of Fixed Assets	(297,190)	(297,190)
Balances at June 30, 2013, as restated	\$ 12,890,101	\$ 12,353,865

TOWN OF BELLINGHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 16 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During fiscal year 2014, the following GASB pronouncements were implemented:

The GASB issued **Statement #65**, *Items previously reported as Assets and Liabilities*, was implemented in fiscal year 2014. This pronouncement requires no additional disclosure and will not impact the basic financial statements.

The GASB issued **Statement #66**, *Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62*, was implemented in fiscal year 2014. This pronouncement requires no additional disclosure and will not impact the basic financial statements.

The GASB issued **Statement #67**, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 27*, was implemented in fiscal year 2014. This pronouncement requires no additional disclosure and will not impact the basic financial statements.

Future GASB Pronouncements:

The GASB issued **Statement #68**, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, which is required to be implemented in fiscal year 2015. Management's current assessment is that this pronouncement will have a significant impact on the basic financial statements.

The GASB issued **Statement #69**, *Government Combinations and Disposals of Government Operations*, which is required to be implemented in fiscal year 2015. Management's current assessment is that this pronouncement will not have a significant impact on the basic financial statements.

The GASB issued **Statement #70**, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, which is required to be implemented in fiscal year 2015. Management's current assessment is that this pronouncement will not have a significant impact on the basic financial statements.

The GASB issued **Statement #71**, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, which is required to be implemented in fiscal year 2015. Management's current assessment is that this pronouncement will have a significant impact on the basic financial statements.

**TOWN OF BELLINGHAM, MASSACHUSETTS
REQUIRED SUPPLEMENTARY INFORMATION
NORFOLK COUNTY REGIONAL RETIREMENT SYSTEM
JUNE 30, 2014**

The following schedules are presented in accordance with GASB Statement No. 27:

Schedules of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b - a)/c]
1/1/2012	\$ 696,682,779	\$ 1,247,596,772	\$ 550,913,993	55.8%	\$246,722,941	223.3%
1/1/2012	608,235,096	1,128,960,288	520,725,192	53.9%	229,095,409	227.3%
1/1/2010	600,790,835	1,001,881,055	401,090,220	60.0%	223,332,595	179.6%
1/1/2008	596,157,147	907,719,124	311,561,977	65.7%	223,814,977	139.2%
1/1/2007	533,077,948	855,677,413	322,599,465	62.3%	219,620,865	146.9%
1/1/2005	467,186,566	762,900,650	295,714,084	61.2%	196,639,163	150.4%
1/1/2003	415,150,776	675,275,257	260,124,481	61.5%	185,281,985	140.4%
1/1/2000	371,646,793	533,959,970	162,313,177	69.6%	163,542,978	99.2%
1/1/1997	258,771,070	392,463,080	133,692,010	65.9%	126,219,194	105.9%
1/1/1993	151,546,609	291,472,940	139,926,331	52.0%	107,482,975	130.2%

Schedule of Employer Contributions

Fiscal Year Ended June 30	System Wide			Town of Bellingham	
	Annual Required Contributions	(A) Actual Contributions	Percentage Contributed	(B) Actual Contributions	(B/A) Town's Percentage of System Wide Actual Contributions
2014	\$ 42,461,369	\$ 42,461,369	100%	\$ 1,841,366	4.34%
2013	44,800,000	44,800,000	100%	1,761,179	3.93%
2012	42,714,639	42,714,639	100%	1,727,382	4.04%
2011	41,206,587	41,206,587	100%	1,700,781	4.13%
2010	39,749,857	39,749,857	100%	1,647,627	4.14%
2009	38,920,499	38,920,499	100%	1,567,321	4.03%
2008	33,104,903	33,104,903	100%	1,402,912	4.24%
2007	32,877,890	32,877,890	100%	1,374,851	4.18%
2006	31,755,708	31,755,708	100%	1,177,162	3.71%
2005	28,238,996	28,238,996	100%	1,011,064	3.58%

**TOWN OF BELLINGHAM, MASSACHUSETTS
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFITS
JUNE 30, 2014**

The following schedules are presented in accordance with GASB Statement No. 45:

Schedules of Funding Progress and Employer Contributions

Projected Schedule of Funding Progress:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) · Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b - a)/c]
7/1/2007	\$ -	\$ 26,373,114	\$ 26,373,114	0.0%	\$ 20,187,489	130.6%
7/1/2008	\$ -	\$ 28,880,529	\$ 28,880,529	0.0%	\$ 21,249,635	135.9%
7/1/2009	\$ -	\$ 32,709,572	\$ 32,709,572	0.0%	\$ 22,648,000	144.4%
7/1/2011	\$ -	\$ 30,634,032	\$ 30,634,032	0.0%	\$ 21,363,804	143.4%
7/1/2013	\$ 250,115	\$ 41,028,677	\$ 40,778,562	0.6%	\$ 24,329,350	167.6%

Schedule of Employer Contributions:

Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed *	Increase in Net OPEB Obligation	Net OPEB Obligation
2008	\$ 2,896,269	25.6%	\$ 2,156,089	\$ 2,156,089
2009	\$ 2,956,183	23.8%	\$ 2,252,798	\$ 4,408,887
2010	\$ 2,915,338	33.6%	\$ 1,936,906	\$ 6,345,793
2011	\$ 2,868,492	35.0%	\$ 1,864,667	\$ 8,210,460
2012	\$ 2,878,755	30.3%	\$ 2,007,140	\$ 10,217,600
2013	\$ 3,020,362	31.8%	\$ 1,809,076	\$ 12,026,676
2014	\$ 4,026,322	27.7%	\$ 2,910,203	\$ 14,936,879

* Based on expected premium payments.

**TOWN OF BELLINGHAM, MASSACHUSETTS
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFITS
JUNE 30, 2014**

The required information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	July 1, 2013
Discount Rate	4.00%
Medical Trend	8% grading down to 5% in Year 2014 and thereafter
Cost Method	Projected Unit Credit Actuarial Cost Method
Amortization Method	Level Dollar Amortization over 30 years at transition
Remaining Amortization Period	23 years at July 1, 2014
Mortality	RP-2000 Table for males RP-2000 Table for females

Participation	It was assumed that 80% of the employees eligible to receive retirement benefits would enroll in the retiree medical and dental plans upon retirement. For life insurance plans, it was assumed that 80% of eligible employees would elect coverage upon retirement.
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Plan Participants:

Current retirees, beneficiaries, and dependants	237
Current active members/participants	486
Total	<u>723</u>